Reno-Tahoe Airport Authority

Reno, Nevada

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the years ended June 30, 2017 and 2016

RENO-TAHOE AIRPORT AUTHORITY
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November 30, 2017

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, 2016 through June 30, 2017. 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 design of the internal accounting controls employed by the RTAA are 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, 2017 are presented in the Management's Discussion and Analysis ("MD&A") found at the beginning of the Financial Section.

This Comprehensive Annual Financial Report reflects 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 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 2017 CAFR meets these program standards and it will be submitted to the GFOA for review.

REPORTING ENTITY

The RTAA is a quasi-municipal corporation 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 the 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 that is home to approximately 200 based aircraft, as well as the famous Reno National Championship Air Races. With 5,170 acres, RTS is also part of a public private partnership between the RTAA and a private developer to create an airport-centric business park.

Together, the RTAA's airports have an estimated $2 billion annual economic impact on the local economy.

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

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

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

As defined by the FAA, RNO is a small hub airport, which served 3.820 million passengers in FY 2016-17. RNO is home to the following passenger air carriers: Alaska, Allegiant, American, Delta, JetBlue, Southwest, United, and Volaris. Starting in November 2017, Frontier Airlines will also begin service to RNO.

In the past year, the RTAA added or announced new or additional non-stop service to Atlanta (ATL), Chicago O' Hare (ORD), Dallas Love Field (DAL), Denver (DEN), Oakland (OAK), Long Beach (LGB), and San Jose (SJC).

RNO saw year-over-year growth in passenger numbers in Calendar Year 2016 for a second consecutive year. Prior to 2015, the previous calendar year-over-year increase was registered in 2005. RNO served 3,650,830 passengers in 2016, representing an increase of 6.4% when compared to 2015. This increase reflects the growing regional economy and the partnership with tourism, business, ski and economic development organizations to attract travelers to the region.

In June 2017, RNO served 367,600 passengers, an increase of 8.5% as compared to the same period last year. In fact, the airport has experienced positive passenger growth for the past twenty-six (26) consecutive months.

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, the largest industrial park in the world at completion and home to the Tesla Gigafactory.

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

Air cargo represented approximately 22% of total RNO landed weight for FY 2016–17, which is a significant factor in lowering overall landing fee costs for all carriers.

RNO recorded the highest air cargo volume in 2016. During the year, RNO handled 156,410,910 pounds of air cargo, an increase of 13.0% when compared to 2015.

In the first six months of 2017, RNO handled 75,410,300 pounds of cargo, an increase of 2.2% when compared to the same period in 2016. This growth indicates the continued strength in the economy as well as the growing business diversification in Northern Nevada.

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

ECONOMIC CONDITION AND OUTLOOK

National Economic Outlook

The U.S. economy closed out 2016 on a firm foundation and the 2017 outlook is to continue moderate growth. While the U.S. economy is in its eighth consecutive year of expansion, one of the longest periods of economic expansion in U.S. history, economists add a hint of disappointment that economic growth has been slower than previous recoveries.

The financial markets in early 2017 reflected greater optimism with the election of Donald Trump as President and the Republicans obtaining control of the House and Senate. This perspective reflected the view that it will be easier to get legislation passed and a campaign platform of greater infrastructure spending, lower individual and business income taxes, and increased military spending. The reality to this point has been much different with Congress stalemated on health care and little progress on the other large agenda items.

While it is not clear how much or little of the new President's package will become law, the potential of greater infrastructure spending may have a direct benefit to U.S. Airports. The RTAA is identifying and prioritizing its capital improvement needs to react quickly if additional funding becomes available. This effort fits perfectly with the current RNO Master Planning project currently underway as further discussed in the "Major Initiatives" section in this Introduction.

Most economists are forecasting that the Gross Domestic Product (GDP) will register solid growth between the 2.0% to 2.5% range and the economy will keep the unemployment rate below 5% or full employment. GDP in 2016 registered a modest increase of 1.6%. The U.S. unemployment rate of 4.2% in September 2017 is the lowest jobless rate since February 2001.

The U.S. economy is not experiencing significant inflation and continued lower oil prices have allowed the twenty-five (25) U.S. scheduled service passenger airlines to report an after-tax net profit as a group for the seventh consecutive year.

According to the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS), U.S. scheduled passenger airlines reported an after-tax net profit of $13.5 billion in 2016, down from $24.8 billion in 2015.

According to Airlines for America (A4A), improved and stable profitability has boosted additional investment in airline capacity, employee wages and reinvestment in improving the customer experience.

In December 2016, the Federal Reserve raised the Fed Funds rate to a range of 0.50% to 0.75%, an increase of 0.25% from the previous rate increase in December 2015. In March and June of 2017, the Federal Reserve announced further rate increases of 0.25% each time with the current rate of 1.00% to 1.25%. With this latest increase, most economists anticipate that the Fed will consider increasing once more in the second half of the year.

The Fed Funds rate controls short-term interest rates, such as banks' prime rate, LIBOR, adjustable-rate and interest-only loans, and credit card rates.

Despite these increases, interest rates remain near historic lows and credit-worthy borrowers should continue to have access to inexpensive loans and mortgages. However, higher interest rates and price appreciation in real estate are never good news for home sales.

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

Despite periods of financial market volatility and political uncertainty, the forecast outlook for the U.S. economy is no significant change and it is likely to proceed at a moderate pace.

Regional Economic Outlook

In 2016, Northern Nevada's recovery gained momentum as the region continued to experience economic revitalization. Experts are bullish on Nevada's overall economy in 2017 and our region has finally recovered from the Great Recession of 2008-2009.

According to the Nevada Department of Employment, Training and Rehabilitation (DETR) Nevada's economy grew in each of the past 14 quarters with Gross Domestic Product (GDP), exceeding the national economy in the past four quarters. All of the State's major sectors of employment have added jobs in 2016 with construction experiencing the greatest percentage growth at 7.3 percent. In addition, Gallup's 2016 Job Index survey reported that Nevada climbed from last place to first place in job creation.

While Nevada's mainstay gaming and tourism sectors show renewed vigor, the efforts to diversify the economy have economists bullish about the region's outlook. One of the largest drivers is Tesla Motor's new $5 billion "Gigafactory" under construction 17 miles east of Sparks. The forecast is the battery manufacturing facility will generate 6,500 direct on-site jobs and 10,700 indirect jobs.

In addition to the significant employment at Tesla, this project has put Northern Nevada on the national map for high tech manufacturing and data centers, software development, research and development including unmanned aircraft systems, and investors willing to finance these ventures. An additional factor is that many self-employed and entrepreneurial individuals and firms are leaving California for tax reasons.

According to the state data, Northern Nevada has added more than 30,000 jobs since January 2012 and, over the next five years, the Economic Development Authority of Western Nevada (EDAWN) is estimating over 50,000 new jobs are coming to the Reno/Sparks area. This represents continued growth in the transportation, warehousing, manufacturing and advanced technology sectors.

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 June 2017 unemployment rate to 4.0%, a decrease of 9.3% from the recession peak and modestly below the state and national average.

For nearly two years, RCG Economics, the firm hired in 2015 to provide a Northern Nevada Regional Growth Forecast for the Economic Planning Indicator Committee (EPIC) and EDAWN, has plotted job and population growth in northwestern Nevada as compared to its forecast. The actual results are tracking very closely with the medium forecast scenario (Scenario B) of jobs in our region projected to grow by 52,400 jobs from 2015 to 2019.

The U.S. Census Bureau named Nevada the second-fastest growing state and 12th fastest for total population change in the nation in 2016. The Silver State's population grew to about 2.94 million in 2016, a 1.95% increase from the previous year. Only Utah grew at a faster rate of 2.03%. In 2015, Nevada ranked the fourth-fastest growing state with a growth rate of 1.85%.

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

While enjoying the benefits of this growth, our region also faces the challenges of investing in needed infrastructure (transportation, utilities and schools), building and maintaining affordable housing, attracting talent, and providing a trained workforce. As a first step, Washoe County voters approved in 2016 an increase in sales taxes to support funding of public school infrastructure.

The following long-term factors positively influenced FY 2016-17 financial results with continued impact anticipated in the future:

- 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". In cooperation with Panasonic and other strategic partners, the Gigafactory's stated goal is to produce batteries for significantly less cost using economies of scale, innovative manufacturing, reduction of waste, and the benefit of locating most of the manufacturing process in one facility. Workers are currently in the process of installing machinery Panasonic will use to process raw materials into battery cells. Tesla will then take the cells and configure them into packs for cars and other products.

  With Tesla's mission to transition to sustainable transportation, the company has a planned production rate of 500,000 relatively inexpensive cars per year (Model 3). While Tesla has recently experienced some production bottlenecks on the Model 3, once fully operational this level of production will supply today's entire worldwide production of lithium ion batteries.

  In addition, Tesla is launching a new product line of large batteries that store energy in homes and even larger batteries that do the same for utilities and businesses. The idea is to pair the new Tesla products with solar panels, either on the rooftops of homes or in large-scale solar farms, which will store excess energy generated during the day for use at night at no cost. Battery production at the "Gigafactory" is about more than cars.

  In January 2017, the Governor announced that electric motors and gearboxes for the Model 3 will be manufactured at the "Gigafactory". This expanded manufacturing will yield more than $350 million in additional capital investment and will result in 550 additional skilled jobs.

  The economic impact of this $5 billion, 5 million-square-foot factory goes beyond just the jobs at the plant. The additional high quality jobs will ripple through the economy as employees and suppliers buy new homes, shop at local businesses and increase the tax base.

  It is no wonder that 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.

- <u>Technology / Data Center Facilities</u>

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

  As a result of all these regional benefits, Apple, Inc. is rapidly building out its $1 billion data center, which hosts various online services. This facility provides services such as the iTunes store, the App Store, and Apple's iCloud data storage and synchronizing services. Located on 345 acres approximately 11 miles east of Sparks, Apple's operations currently are comprised of 14 buildings and 412,000 square feet of space. Several sources report that Apple is now pursuing additional space at the site to power its iCloud services.

  On January 26, 2017, NV Energy, the state's largest electric utility, and Apple reached an agreement to build a solar plant to supply Apple's renewable energy needs at its Reno data center. According to NV Energy, the 200-megawatt project will add "hundreds of jobs" and increase the 1,900 megawatts of clean renewable power already produced for the utility's customers. The ability to provide innovative companies such as Apple and Tesla clean renewable energy resources is important to the region's ability to attract such firms.

  With Apple so well respected by other corporations, its new data center facility resulted in other corporations giving Northern Nevada a closer look.

  The best example is the opening of SUPERNAP Data Center by Switch in the Tahoe-Reno Industrial Center on November 1, 2016. Named Tahoe Reno 1, the 130-megawatt facility of 1.3 million square feet of space is the first of several data center buildings planned for the project. Once completed, the campus will house seven buildings totaling 6.49 million square feet of space and likely be the largest data center in the world.

  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 eBay, DreamWorks, Activision, eHarmony and Boeing. Switch is a global technology solutions company born and bred in Nevada.

  The data center will be a critical link in a new fiber loop, which will connect Los Angeles, Las Vegas, Reno-Sparks and the San Francisco Bay Area. The $4 billion 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 with 50 million people in 14 milliseconds with both redundancy and scalability.

  With the internet growing at an exponential rate, our proximity to the Bay Area and all of this data needed to be stored somewhere, the Tahoe-Reno Industrial Center (TRIC) and the region will enjoy data center investment into the future.

  In addition, data centers are constantly replacing approximately 1/3 of their equipment every year and much of this equipment is shipped into RNO via air cargo. With equipment costs of approximately $10 million per megawatt, the Apple data center will be shipping approximately $200 million per year in air cargo to refurbish its 60-megawatt facility.

In April 2017, another major high tech firm, Google, acquired more than 1,200 acres at TRIC. While Google has not broken ground on a new data center facility and the plans for the site are unknown, the announcement has generated significant attention to the tremendous growth in manufacturing and technology in Northern Nevada.

- Industrial Real Estate Market

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 within Washoe County indicated 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 accounted for 37% of the vacant industrial lands in Washoe County and 60% in the City of Reno listed above. While lands owned by the RTAA are only available for long-term lease rather than sale, which may influence the location choices made by industrial businesses, the Reno-Stead Airport (RTS) can accommodate growth of businesses that need large sites.

With available land being scarce 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.

Land Development – Reno Stead Airport

To address growing interest, the RTAA in early 2016, upon approval of the Board of Trustees, completed a competitive process, executed a Memorandum of Understanding (MOU), negotiated and completed a Master Development Agreement, and executed a ground lease for Phase 1 of 90 acres with Dermody Properties, doing business as DP RTA Stead, LLC (DP).

On December 8, 2016, the Board of Trustees approved a formal award to DP to serve as the exclusive master real estate developer and to execute a 50-year Phase 1 Ground Lease at RTS.

Dermody Properties is a national developer of industrial and commercial properties ranked among the 10 largest privately held industrial developers in the nation. Since 1960, the company has developed over 35 million square feet of industrial space including parks, speculative facilities, and build-to-suits for lease or purchase.

Upon execution of the Master Development Agreement and Ground Lease, the first critical step is for DP to obtain funding of the first phase of off-site and on-site infrastructure estimated to be approximately $7.5 million, which includes $5 million to construct the Gateway Entrance off-site improvements and $2.5 million to construct Phase I on-site improvements. To fund the costs of this infrastructure, DP will seek funding from State and/or Federal sources and the conditions under Phase I Ground Lease are contingent and conditional on DP securing infrastructure by June 30, 2018.

With the execution of the ground lease, DP affirmed its commitment to make good faith efforts toward obtaining the infrastructure funding.

The size and importance of this development effort will require a systematic, prudent and cooperative approach by all parties and RTAA staff in FY 2017-18 will be actively involved in assisting and supporting the master developer in its effort to market RTS, fund infrastructure and attract tenants.

Based on research and experience in the Reno-Sparks region, as well as national experience, DP believes that the RTS will become a Class "A" master planned, high-tech, airport-centric business park that serves as one of the premier economic development opportunities in Northern Nevada.

Land Development – Reno-Tahoe International Airport

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.

With this achievement, the Board of Trustees adopted new RNO General Aviation Commercial Minimum Standards on December 8, 2016 to attract aviation businesses and private sector capital to RNO aeronautical land. In FY 2017-18, staff will continue to market vacant property and, depending upon market demand, may issue Request for Proposals and/or enter into due diligence on one or more vacant parcels.

In addition, the RTAA executed a ground lease with JMA Reno Holding, LLC (JMA) on February 28, 2017 for an Aloft Hotel at the Gateway Center located at the southwest corner of Plumb Lane and Terminal Way. The lease is for fifty (50) years for approximately 3.0 acres on the northern portion of the property and an exclusive three (3) year option to lease approximately 4.5 acres south of the Hyatt Place.

JMA is proposing to develop the vacant land with a two-phased, master plan approach. JMA believes a "Master Planned Center" (Center) is critical for the success of the entire Gateway Center, including the existing Hyatt Place Hotel. JMA's vision includes a mixture of hotels, Class A office space, and the right mix of restaurant(s) that create an energy and vitality to stand-alone.

As the first phase of the Center development, JMA will construct the Aloft Hotel under an agreement with Marriot International, Inc. (formerly Starwood). This firm owns, operates, franchises and manages hotels, resorts, spas, residences, and vacation ownership properties under its 11 owned brands.

In addition to the JMA development, the RTAA will see significant financial benefits in FY 2017-18 from the 50-year agreement with Atlantic Aviation for Fixed Base Operator (FBO) services at RNO originally executed in 2013 and amended in 2015. Under this agreement, Atlantic invested approximately $15 million in a new FBO/Hangar facility, apron rehabilitation and a fuel storage facility at their existing site.

As part of this agreement, Atlantic Aviation agreed to purchase two box hangars located on its leasehold, whose ownership reverted to the RTAA on July 1, 2017, for $1.85 million plus an investment of $200,000 in refurbishments. In addition, the ground rent increased to fair market value on July 1, 2017 as compared to the rent established under the previous FBO agreement originally executed in 1987.

- <u>Unmanned Aircraft Systems</u>

The Federal Aviation Administration (FAA) selected Nevada as one of six test sites for unmanned aircraft systems (UAS) in December 2013. Historically, unmanned aircraft received many names including “drones”, “remotely piloted vehicles (RPV)”, “unmanned aerial vehicles (UAV)”, “models”, and “radio control (R/C) aircraft.”

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

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

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

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

During FY 2016-17, RTS was host and provided operational support for three (3), multi-day UAS testing sessions by the National Aeronautics and Space Administration (NASA). The effort tested NASA software by providing a live, virtual environment of simulated air traffic. The on-going purpose is to expand use of existing UAS test ranges for the development of sense-and-avoid technologies.

In addition to supporting UAS testing as a means to attract economic development at RTS, the RTAA’s President/CEO Marily Mora in 2016 received an appointment to the Drone Advisory Committee (DAC) established by the FAA. This committee provides an open venue for the FAA and key decision-makers supporting the safe integration of Unmanned Aircraft Systems (UAS) into the National Airspace System (NAS).

On January 31, 2017, the RTAA hosted a meeting of the DAC in Reno-Tahoe. This meeting included approximately thirty-five (35) DAC members and a subcommittee, which includes the appointment of RTAA’s Executive Vice President/COO Dean Schultz, of about seventy (70) UAS users and affiliates. This meeting gave the RTAA a chance to present UAS capabilities at RTS and the economic development opportunities at both Airports.

Going into FY 2017-18, RTAA staff will continue to provide operational support to the UAS testing efforts. In conjunction with this effort, staff will be building relationships with UAS companies and working with the Governor's Office of Economic Development (GOED), NIAS, regional economic development partners and Dermody Properties to promote development at RTS.

With the RTAA's President/CEO appointment to the Drone Advisory Committee (DAC), the RTAA, who is one of only two airport representatives on the 35-member committee, will be establishing contacts and promoting opportunities at RTS for testing and developing future UAS technology.

- Tourism Update

Tourism in Northern Nevada continues to strengthen and improve. According to the UNR Center for Regional Studies, visitor counts for 2016 hit 4.9 million as compared to 4.7 million in 2015. In addition, the Reno-Sparks Convention and Visitor Authority (RSCVA) is projecting taxable room rates to exceed $300 million by the end of FY 2016-17, the second time in Washoe County's history. The first time was immediately preceding the recession.

Washoe County room occupancy percentages of 77.1 percent for the month of June 2017 are 4.3 percent above the 73.9 percent level for the same month last year, according to the RSCVA.

Convention Visitor Update

Recent good news is the announcement by Safari Club International Annual Hunters' Convention announced its return to Reno starting in 2019 for three years. The convention, last held in Reno in 2013, drew 20,000 people from 103 countries annually.

Starting in 2018, Interbike, the largest annual U.S. cycling trade show, announced it has selected Reno-Tahoe as the new home for its annual trade show and the site of the newly created Interbike Marketweek. A two-day consumer festival and a day-and-a-half trade demo event at the Northstar California Resort at Lake Tahoe will precede the three-day trade show at the RSCVA convention center. Interbike has committed to the convention center through 2022.

According to the RSCVA, Interbike Marketweek will bring $21 million to our region and represents the largest trade show ever booked in our community with 25,000 attendees and 1,200 cycling-related brands annually.

Gaming Market Update

For the Fiscal Year ending June 30, 2017, the Gaming Control Board reported statewide gaming revenues of more than $11.4 billion, an increase of 2.9% above the same period last year. This increase marks the sixth annual increase in the past seven fiscal years. This increase comes at a time when casinos generate more earnings from restaurants, shopping, entertainment, and room rentals than on gaming.

In Washoe County, gaming revenues have come up from their recession lows; however, they have not yet reached pre-recession levels. Industry experts expect further increases in 2017, but not at a very fast pace. In FY 2016-17, Washoe County casinos reported gaming revenues of $805.47 million, an increase of $16.1 million or 2.0% higher than the previous fiscal year.

With the upswing in the economy, 2016 continued to renew interest and investment in gaming properties. Reno's Eldorado Resorts recently acquired MGM Resorts' fifty percent (50%) stake in the Silver Legacy Resort Casino as well as neighboring Circus Circus. Eldorado Resorts own the three largest hotel-casinos in downtown Reno. With this acquisition, $50 million of renovations for the three connected properties includes improvements to over 4,100 guest rooms, introduction of new restaurant concepts, nightlife and resort amenities.

In January 2017, the Nugget Casino Resort in Sparks began a $25 million renovation project with a focus on upgrades to the hotel rooms and the convention space.

In addition, other hotel/casino operators in the Greater Reno-Sparks Area are investing heavily in their properties with completed or in progress renovations including $10 million at the Atlantis Casino Resort Spa, $40 million at the Grand Sierra Resort, $10 million at the Peppermill Resort Hotel, and $10 million at the Whitney Peak Hotel.

The hotel/casinos at Lake Tahoe are also investing heavily with completed or in progress renovations including $60 million at the Hard Rock Hotel and Casino, $27 million at the Lake Tahoe Hyatt in Incline Village, $24 million at MontBleu Resort Casino & Spa in South Lake Tahoe, and $10 million at Cal Neva Resort in North Lake Tahoe. In addition, the Ritz-Carlton, located at Northstar Mountain, announced plans for a new beach club facility with direct access to the lake.

Skiing Market Update

According to a recent Ski Lake Tahoe/Sierra Ski Marketing Council Regional Economic Impact Study, skier visits to all major Lake Tahoe ski resorts was 3.758 million during the 2015-16 season, an increase of 1.038 million or 38% over the 2013-14 drought impacted season.

With the recent record-breaking rain and snow this winter, which has ended the punishing five-year drought impacting California and Nevada, the FY 2016-17 ski season has almost been impacted by too much snow. Lake Tahoe ski resorts enjoyed some of the best conditions this decade. The snowstorms doubled the snowpack in parts of the Sierras, runoff from which provides California and Northern Nevada with much of their year-round water supply, are reporting twice the normal amount of rain and snow.

Reno experienced its wettest winter on record and many Lake Tahoe-area ski resorts continued to host Fourth of July skiing and snowboarding. Squaw Valley Resort closed its winter season on July 15, 2017 marking its latest closing date in the history of the resort.

Figures from the National Ski Areas Association (NSAA) released in January 2017 illustrate just how significant the impact of this year's El Niño was on the West. According to preliminary data from the NSAA, to which U.S. ski areas annually report visits and other information, visits for the southwest region (California, Nevada and Arizona) increased by 53.1 percent over the previous year, reaching a total of 7.38 million.

Bowling Tournament Update

With the National Bowling Stadium in downtown Reno, championship bowling has always represented an important influx of visitors to our community. On January 15, 2015, the U.S. Bowling Congress, the RSCVA and the City of Reno executed a contract that will keep six bowling tournaments in town through 2026.

Reno will next host the Women’s Championship in 2018 with the Open Championship returning in 2020.

Air Service Market Update

Passenger Airlines

The 2016 financial results for the 10 publicly traded U.S. airlines (Alaska Airlines, Allegiant Airlines, American Airlines, Delta Air Lines, Hawaiian Airline, JetBlue Airways, Southwest Airlines, Spirit Airlines, United Airlines and Virgin America) continues to reflect profitable operations due primarily to lower fuel costs. These airlines collectively reported pre-tax earnings of $22.3 billion in 2016 as compared to $23.3 billion in 2015, a decrease of $1.0 billion or approximately 4%. Collectively, these airlines reported a pre-tax profit margin of 14.2% in 2016 as compared to 14.7% the previous year.

According to Airlines for America (A4A), the industry trade group, the airlines combined operating revenues in 2016 were $ 157.1 billion, a decrease of 1% from $158.6 billion in 2015. This result reflects 5.2% in lower fares offset by 3.1% traffic growth.

Combined 2016 airline operating expenses totaled $132.5 billion, up 0.9% or $1.2 billion as labor costs grew 9.3%. With fuel costs being down 17% in 2016 as compared to the prior year, this lower fuel cost has allowed the airlines to increase employment and wages. Full-time equivalent (FTE) employment at U.S. passenger airlines reached over 411,100 jobs in 2016, the highest level since 2007.

A4A also reported that every U.S. flight in 2016 needed to fill two out of every 3 seats or 67% to avoid losing money. With load factors over the past five years ranging from 77% to 84%, a decrease of the breakeven point from 81% in 2011 to 66.8% in 2015 represents the improving profitability.

The improved airline cash flow in 2016 has allowed U.S. airlines to retire debt, acquire new aircraft, upgrade facilities, expand Wi-Fi, deploy more seats and reward investors. According to A4A, customers are seeing domestic seat supply at its highest level since 2005. Traffic on all U.S. airlines reached record highs in 2016 with enplaned passengers rising 3.1% to 823 million.

The passenger airline industry downplays its significant improvement in financial results with its focus on reminding the public that the industry remains a low-margin business.

For FY 2016-17, RNO's total passenger traffic of 3.820 million was significantly up by 7.2% as compared to the same period last year and up 6.0% as compared to the FY 2016-17 adopted budget.

Starting in June 2015, the positive economic winds and cumulative efforts of the community and RTAA staff rewarded RNO with twenty-six (26) month-over-month increases in passenger traffic as compared to the prior year.

The signatory airlines of Alaska, Delta, Southwest and United reported approximately 92,700 more enplaned passengers in FY 2016-17 than the same period last year. Lower enplaned passengers by American of 14,900 partially offset this increase.

In addition, the impact of service by RTAA's non-signatory airlines (Allegiant, JetBlue and Volaris) has resulted in 52,900 additional passengers in FY 2016-17.

This significant increase reflects the impact of the following new air service:

1. Starting March 16, 2016, Alaska Airlines began non-stop daily flights between RNO and John Wayne Airport, Orange County (SNA). Horizon Air, Alaska's sister carrier, flies the route with a 76-seat Bombardier Q400 aircraft. This new service offers a Southern California alternative to Los Angeles International Airport (LAX) and allows local travelers easier access to amusement parks in Orange County.

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

3. Starting on August 15, 2016, JetBlue gave travelers another option of travel between RNO and the Los Angeles basin with a new non-stop daily flight to Long Beach. JetBlue flies the new route with a 150-seat Airbus 320 with convenient mid-day service for business travelers.

4. On December 19, 2016, Delta Air Lines began non-stop seasonal flights between RNO and Atlanta International Airport. The flight operated once a week, Saturday arrival and Sunday departure through March 26, 2017. The airline utilized a 180-seat Boeing 757 aircraft on this route.

5. Southwest Airlines began once a week seasonal non-stop flights between RNO and Dallas Love Field Airport (DAL) on January 7, 2017. Starting on March 12, 2017, the airline increased the number of flights between RNO and DAL from one flight a week to two flights a week. The additional flight will operate on Sundays.

6. Starting February 5, 2017, Allegiant Air increased the number of flights between RNO and Las Vegas from three times a week to six times a week. The airline provides this service from Sunday through Friday.

Looking forward to FY 2017-18, the following new service announcements will have a positive impact on passenger and aircraft activity:

1. Starting June 4, 2017, Southwest Airlines offers daily, non-stop service to San Jose International Airport (SJC), adding to the travel options between Reno and the Bay Area. Alaska Airlines currently serve the RNO-SJC route with its 76-seat Q-400 aircraft.

2. Starting June 8, 2017, United Airlines offers daily, non-stop seasonal service to Chicago O'Hare International Airport (ORD), adding to the summer travel options between Reno and Chicago. American Airlines currently provides non-stop daily service between RNO and ORD and Southwest provides service to Chicago Midway (MDW).

Frontier Airlines will be returning to RNO after a ten-year absence. The new service will begin on Nov. 21, 2017 with three (3) times a week to Denver International Airport (DEN). An Airbus 320 with 180 seats will serve this route.

The Denver based, ultra-low cost carrier offers many connections from the Mile High City including service to more than 55 cities in the United States, Mexico and the Dominican Republic on approximately 275 daily flights. United Airlines and Southwest Airlines also serve the Denver market.

Frontier's return to our region is a testament to the area's economic success and the hard work of our air service team and our community partners. This announcement brings the total to nine (9) airlines serving RNO, which is truly impressive for a community of our size.

Cargo Airlines

Air cargo experienced record lift in Calendar Year 2016. During the year, RNO handled 156,410,910 pounds of air cargo, an increase of 13.1% when compared to the year 2015.

In the first six months of 2017, RNO handled 75,410,300 pounds of cargo, an increase of 2.2% when compared to the same period in 2016. This growth indicates the continued strength in the economy as well as the growing business diversification in Northern Nevada.

Nevada has become the West Coast distribution hub due to its strategic location with the Reno/Sparks area providing next-day ground service to almost every major U.S. city in the western United States. This growing sector of the region's economy includes the presence of major warehousing, pharmaceutical, e-commerce and distribution facilities including such companies as Amazon, Walmart, Petco, Urban Outfitters, eBay, Zulily and 1-800-Flowers.com.

This growing sector of the economy, along with growth in industrial development areas such as the Tahoe-Reno Industrial Center, has played a key role in cargo growth at RNO.

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. In the near future, the north cargo facilities will likely be near capacity and the master plan, as discussed in the section "Major Initiatives" below, is evaluating options to address the long-term solution, which may include improvements to the southwest quadrant of RNO.

In addition to cargo-only carriers, passenger airlines also provide cargo services at RNO. In FY 2016-17, passenger airlines accounted for approximately 3% of all cargo, of which Southwest Airlines represent 85% of this total.

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

MAJOR INITIATIVES

Strategic Plan

To help guide the future of the RTAA, the Board of Trustees (Trustees) in June 2013 approved a Strategic Plan for FY 2013-14 through FY 2017-18. This five-year plan serves as a guide to staff as it faces an ever-changing aviation industry and economic cycles.

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 engage in 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 should reflect positively on 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.

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

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

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

C. 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.

D. 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.

E. 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.

With the current Strategic Plan expiring on June 30, 2018, the RTAA will be updating this plan to reflect a changing operating environment and anticipated future growth. The proposed update schedule will enable the Trustees to have preliminary recommendations of the long-term Master Plan effort prior to the plan update.

Air Service Development

The success in expanding service by existing carriers as outlined in the Air Service Market Update reflects the combined efforts of the RTAA and a regional partnership with the Regional Air Service Corporation (RASC), comprised of convention and visitor bureaus, hotels, casinos, ski resorts, and various business groups. In addition, the community partnerships with the RSCVA, EDAWN and local chambers of commerce and associations have all played an important role in the recent success.

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

The Summit gave the RTAA an opportunity to showcase the Reno-Tahoe area to (a) sixty-two (62) airline representatives (approximately ½ were executive level or higher) many of whom had never been to Reno-Tahoe; (b) sixteen (16) media representatives; and (c) ten (10) aircraft manufacturer representatives.

Staff is committed to building on this success by continuing its aggressive marketing program that includes the following:

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

In mid-spring through early summer of 2017, the RTAA executed the first phase of a new Community Outreach Advertising Campaign. The campaign's primary goal was to educate local residents in the RNO catchment area on the flights and airline options available.

The second phase of the Community Outreach Advertising will reflect the results and lessons learned from the first campaign.

(b) Continue to work with the RASC and the local community to develop risk mitigation resources (i.e. marketing and/or funding) to bring new air service to RNO.

With the FAA policy restricting the use of RTAA 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

The 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.

(c) Host airline representatives to the Reno-Tahoe region as guests to highlight the area by private invitations, air service training, special event attendance and more.

(d) Continue on-going aggressive airline marketing to attract new and maintain existing air service including the following:

- Hold eight (8) meetings with existing passenger airlines with market analysis and local economic updates.
- Present at least thirty-five (35) market analyses of new routes and supporting market data.
- Schedule at least one meeting with the existing three (3) cargo carriers outlining air cargo opportunities.
- Package RTAA incentives and marketing support with community-derived resources focused on risk mitigation to pursue new opportunities.

(e) Provide funding for an additional Customs and Border Protection officer to reduce processing times to enter the United States by international passengers.

On December 16, 2016, President Obama signed the Cross-Border Trade Enhancement Act into law. This law gives the RTAA the opportunity to participate in a U.S. Customs and Border Protection (CBP) program that allows the Airport to reimburse the government for up to five additional full-time CBP officers.

With recent acceptance of the RTAA into this program, the RTAA will have the ability to cut passenger wait times at the custom’s checkpoints, thus providing a better experience for existing passengers and to encourage new international flights.

(f) In accordance with the FAA's Policy and Procedures Concerning the Use of Airport Revenue and Board adopted policy, RTAA revenue may provide the following financial incentives:

1. Waiver or reduction of airport fee and charges, and

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

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. However, incentive programs may not promote general economic development and cannot take the form of a direct payment to a carrier or to any provider of goods and services to that carrier.

Master Plan – Reno Tahoe International Airport (RNO)

On October 27, 2016, the RTAA held a RNO Master Plan Press Conference to announce the 16-month master planning process that will address airport growth, aviation industry changes, and Federal Aviation Administration (FAA) standards.

An airport master plan is a study that provides a 20-year comprehensive guide for future airport development, which satisfies aviation demand in a fiscally feasible manner. The framework for an airport master plan begins with a documented inventory of existing features and conditions, followed by development of a FAA approved forecast, which leads directly into an analysis of the inventory to identify which, if any, airfield, terminal, and/or landside facilities will not meet the forecasted demand.

If facility deficiencies are identified, alternative solutions are evaluated before recommendations presented on a preferred capital improvement plan. The next step is an implementation strategy and financial analysis and plan of finance.

The FAA does not require an Airport master plan, however, this planning study is recommended and a consideration in terms of grant assurance obligations. The last airport master plan for RNO was completed in 1991.

On September 8, 2016, the FAA awarded an AIP grant of $1.875 million to the RTAA, which represents 93.75% of the project budget of $2.0 million. Passenger Facility Charges are funding the local share required of the RTAA of $125,000.

The RTAA established a Master Plan Working Group (MPWG), which includes twenty-four (24) key stakeholders. This committee is integral in goal setting and the subsequent review of inventory, forecasts, alternatives, and the ultimate development concept. The MPWG will have a significant impact on the direction of the master plan and the future long-term development of RNO.

In addition, the RTAA will conduct eleven (11) Community Listening Sessions, aka Town Halls, to engage and collect feedback from specific groups and organizations within the community. In some cases, Community Listening Sessions will focus on specific issues or areas of RNO.

RTAA staff will be fully engaged in conducting this planning effort in FY 2017-18. With preliminary results scheduled to be available in early 2018, this effort will be critical in establishing future facility needs as the Northern Nevada economy grows and will provide critical information as the Board of Trustees goes forward with its strategic planning efforts.

FINANCIAL INFORMATION

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

The RTAA has several funds that accumulate money for specific and discretionary purposes. These are not the governmental purpose type funds usually seen in governmental accounting, but debt related accounts. The RTAA’s revenue bond resolutions establish the funds and their payment priority. 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 table below outlines the statutory requirements:

Statutory Date	Calendar Date	Action
April 15th	April 15, 2017	Tentative budget filed with the Nevada Department of Taxation
Seven to 14 days before the Third Thursday in May	May 9, 2017	Notice of Budget Public Hearing published
Third Thursday in May	May 18, 2017	Hold Public Hearing
On or Before June 1st	May 18, 2017	Adopt Budget.

Pursuant to airline agreements, airlines that have signed agreements with RTAA must also review the budget. Adoption of a resolution by the RTAA's Board of Trustees is required for any subsequent changes to the budget and the amendment submitted to the Nevada Department of Taxation for approval.

INTERNAL CONTROLS

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

REPORTING ACHIEVEMENT

The Government Finance Officers Association ("GFOA") of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the RTAA for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This was the 30th consecutive year that the RTAA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Comprehensive Annual Financial Report must be easily readable, efficiently organized, and conform to the program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

INDEPENDENT AUDIT

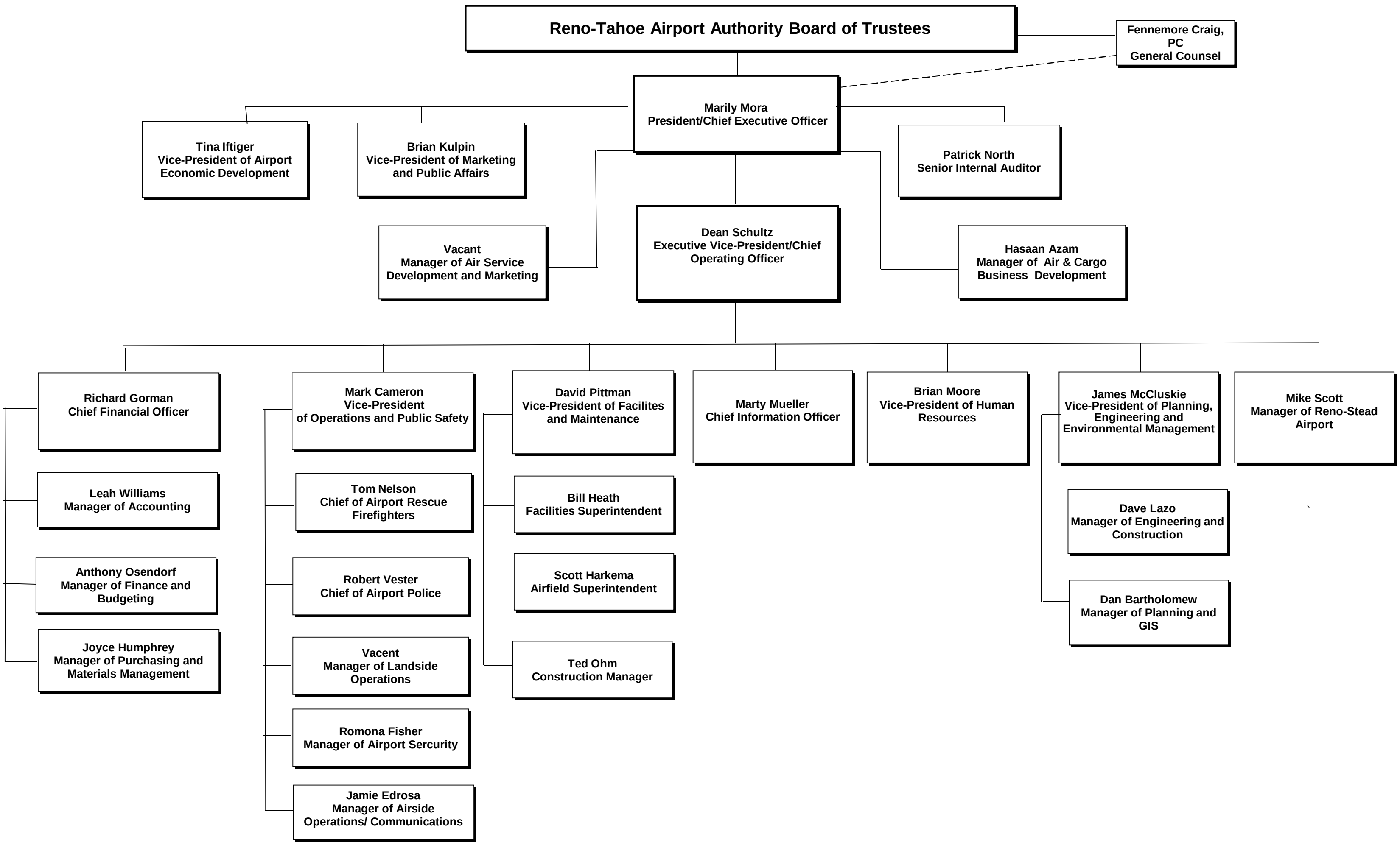
Nevada Revised Statutes 354.624 and the RTAA revenue bond resolutions require that the RTAA have its financial statements audited each year by an Independent Certified Public Accountant. In addition, the receipt of Federal funds and Passenger Facility Charges, to assist in funding capital improvement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

Respectfully submitted,

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

RENO-TAHOE AIRPORT AUTHORITY
JUNE 30, 2017

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


Reno-Tahoe Airport Authority Board of Trustees
Fennemore Craig, PC General Counsel
Marily Mora President/Chief Executive Officer
Tina Iftiger Vice-President of Airport Economic Development
Brian Kulpin Vice-President of Marketing and Public Affairs
Patrick North Senior Internal Auditor
Vacant Manager of Air Service Development and Marketing
Dean Schultz Executive Vice-President/Chief Operating Officer
Hasaan Azam Manager of Air & Cargo Business Development
Richard Gorman Chief Financial Officer
Leah Williams Manager of Accounting
Anthony Osendorf Manager of Finance and Budgeting
Joyce Humphrey Manager of Purchasing and Materials Management
Mark Cameron Vice-President of Operations and Public Safety
Tom Nelson Chief of Airport Rescue Firefighters
Robert Vester Chief of Airport Police
Vacent Manager of Landside Operations
Romona Fisher Manager of Airport Sercurity
Jamie Edrosa Manager of Airside Operations/ Communications
David Pittman Vice-President of Facilites and Maintenance
Bill Heath Facilities Superintendent
Scott Harkema Airfield Superintendent
Ted Ohm Construction Manager
Marty Mueller Chief Information Officer
Brian Moore Vice-President of Human Resources
James McCluskie Vice-President of Planning, Engineering and Environmental Management
Dave Lazo Manager of Engineering and Construction
Dan Bartholomew Manager of Planning and GIS
Mike Scott Manager of Reno-Stead Airport

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Reno-Tahoe Airport Authority

Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Financial Section

Reno-Tahoe Airport Authority

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Reno-Tahoe Airport Authority (the "Authority") as of and for the years ended June 30, 2017 and 2016 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, 2017 and 2016, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Funding Progress-Other Postemployment Benefits, and the Schedule of RTAA's Proportionate Share of the Net Pension Liability and the Schedule of Pension Plan Contributions, as listed in the Table of Contents, 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, Statistical Section, the Schedule of Revenues and Expenses, Comparison of Budget to Actual, the Schedule of Debt Service Requirements on Bonds and Notes, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as listed in the Table of Contents, 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 17, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
November 17, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) of the Reno-Tahoe Airport Authority ("RTAA" or "Authority") provides an introduction and overview of the major activities affecting the operations and the financial performance of the RTAA for the fiscal years ended June 30, 2017 and 2016. 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 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 provide readers with a broad overview of the RTAA's finances.

Statement of Net Position

The following presents the RTAA's financial position as of June 30:

	2017	2016	% Change	2015	% Change
Assets:					
Current Assets	$ 55,962,515	$ 51,346,966	9%	$ 43,211,318	19%
Current Assets – Restricted	24,001,161	20,736,450	16%	23,127,639	-10%
Capital Assets, Net	369,754,712	396,244,756	-8%	414,420,116	-4%
Other Assets	1,383,599	1,383,599	0%	1,383,599	0%
Deferred Outflows of Resources	9,579,295	5,505,409	74%	5,914,475	-7%
Total Assets and Deferred Outflows of Resources	$ 460,681,282	$ 475,217,180	-3%	$ 488,057,147	-3%
Liabilities:					
Current Liabilities	$ 7,866,669	$ 8,628,373	-9%	$ 7,640,030	13%
Liabilities Payable from Restricted Assets	5,089,136	4,815,081	6%	5,036,327	-4%
Non-Current Liabilities	58,518,765	58,131,486	1%	60,441,018	-4%
Deferred Inflows of Resources	2,924,381	4,219,146	-31%	7,579,121	-44%
Total Liabilities and Deferred Inflows of Resources	74,398,951	75,794,086	-2%	80,696,496	-6%
Net Position:					
Net Investment in Capital Assets	345,904,676	367,749,013	-6%	382,231,061	-4%
Restricted Net Position	23,692,496	20,371,555	16%	22,459,489	-9%
Unrestricted Net Position	16,685,159	11,302,526	48%	2,670,101	323%
Total Net Position	386,282,331	399,423,094	-3%	407,360,651	-2%
Total Liabilities and Net Position	$ 460,681,282	$ 475,217,180	-3%	$ 488,057,147	-2%

Financial position as of June 30, 2017:

Total assets and deferred outflows of resources of $460.681 million reflect a decrease of 3% or $14.536 million as compared to 2016.

Current Assets (unrestricted) increased by 9% or $4.625 million. This increase represents the RTAA's portion of revenue sharing pursuant to the current airline agreement. This agreement provides that the RTAA's net available revenues after debt service are split equally (50%-50%) between the signatory airlines and the RTAA through a revenue sharing formula. Revenue sharing represents the sum of the RTAA's total revenues less total expenses less debt service and other identified requirements. The additional funds increase unrestricted cash and investments.

Current Assets (restricted) decreased by $3.265 or 16%, primarily a result of higher unliquidated Passenger Facility Charge (PFC) funds of $2.666 million and Customer Facility Charge (CFC) funds of $1.243 million.

Capital Assets, Net of $369.755 million decreased by $26.490 million or 7% as compared to the prior year. This net decrease resulted from an increase in accumulated depreciation of $34.334 million partially offset by the addition of $7.844 million of new capital assets.

Other Assets are comprised of regional road impact credits with the Regional Transportation Commission (RTC) of Washoe County. The regional road impact fee is a one-time assessment to pay for new roads or improvements to existing roads necessary to serve traffic from a new development. This fee is paid at the time a building permit is issued. The RTAA owns credits, which currently expire on June 26, 2033, as an offset to this fee that can use as needed or sold to others.

Deferred outflows of resources are comprised of the following: (1) pension contributions of $5.147 million to the Public Employees Retirement System (PERS) of the State of Nevada after the net pension liability measurement date of June 30, 2016; (2) the difference between the actual and proportionate share of contribution of $917,630; and (3) the net difference between projected and actual investment earnings on pension plan investments of $3.515 million. The differences identified are based on a Schedule of Employer Allocations, Schedule of Pension Amounts by Employer and Related Notes provided by PERS.

Total liabilities and deferred inflows of resources of $74.399 million decreased 2% for the year ended June 30, 2017. The RTAA's total liabilities registered $71.475 million, a small decrease of $100,370 thousand dollars. This decrease primarily reflects $4.235 million in lower outstanding revenue bonds and $936,000 in lower accrued payroll significantly offset by an increase to pension liability of $5.202 million.

As required by GASB 68 and other associated pronouncements, two deferred inflows of resources were recorded this year: (1) the differences in economic and demographic factors used in the projected actuarial assumptions and actual experiences of $2.532 million; and (2) the difference between the actual and proportionate share of contribution of $392,408. Economic and demographic factors include employee mortality, payroll increases, retirements, and turnover. The differences identified are based on a Schedule of Employer Allocations, Schedule of Pension Amounts by Employer and Related Notes provided by PERS.

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, 2017, the RTAA had $345.905 million of net investment in capital assets. The RTAA uses these capital assets to provide services to the airlines, passengers, visitors and service providers at the Airport; consequently, these assets are not available for future spending.

An additional portion of the RTAA's net position of $23.692 million or 6% at June 30, 2017 represents resources that are subject to use restrictions. This represents an increase of $3.321 million or 16% above last year.

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

		2017
Revenue Bond Operations and Maintenance	$	6,784,625
Renewal and Replacement		782,051
Passenger Facility Charge Projects		11,303,191
Debt Service-Senior Lien Bonds and Subordinate Lien Revenue Notes		4,776,306
Other Reserve Purposes		46,323
	$	23,692,496

As of June 30, 2017, the remaining unrestricted net position of $16.685 million or 4.3% of total net positon are available to meet any of the RTAA's on-going obligations.

For the Fiscal Year ended June 30, 2016:

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

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

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

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

Other Assets are comprised of regional road impact credits with the Regional Transportation Commission (RTC) of Washoe County. The regional road impact fee is a one-time assessment to pay for new roads or improvements to existing roads necessary to serve traffic from a new development. This fee is paid at the time a building permit is issued. The RTAA owns credits, which currently expire on June 26, 2013, as an offset to this fee that can use as needed or sold to others.

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

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

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

The largest portion of the RTAA's total net position each year represents investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets. At June 30, 2016, there was a $367.749 million net investment in capital assets. The RTAA uses these capital assets to provide services to the airlines, passengers, visitors and service providers at the Airport; consequently, these assets are not available for future spending.

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

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

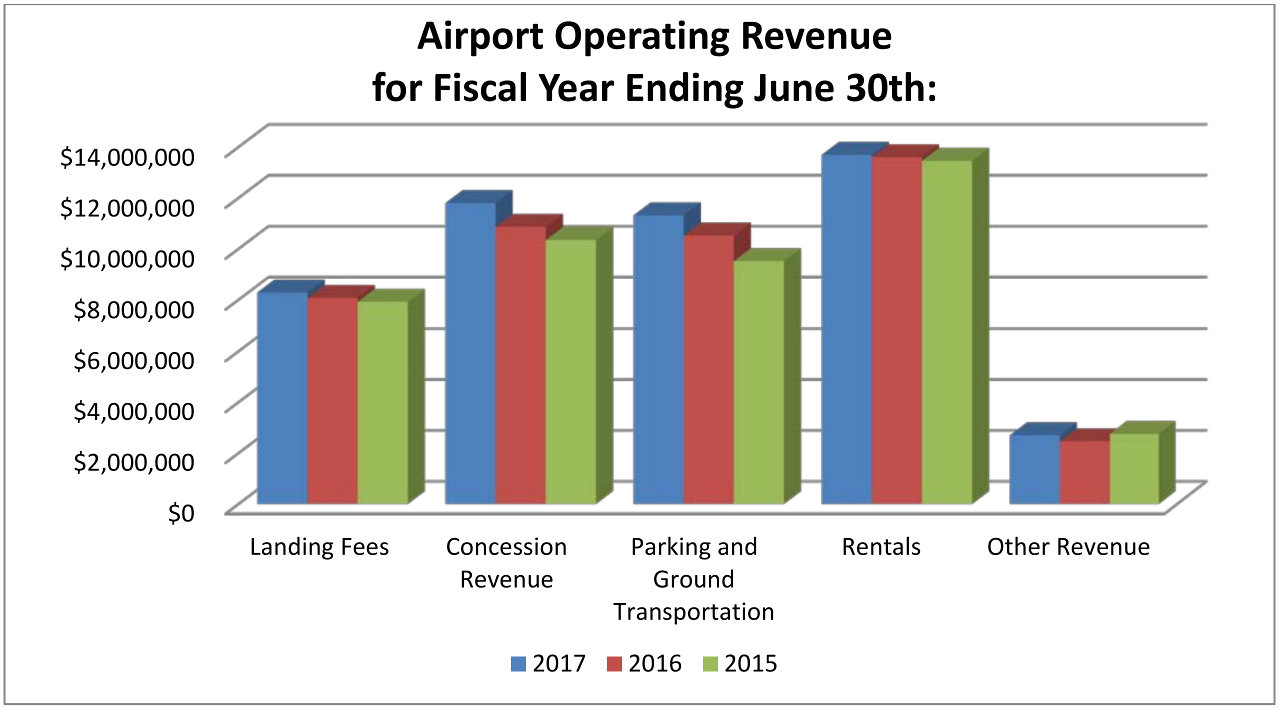
	2016
Revenue Bond Operations and Maintenance	$ 6,614,174
Renewal and Replacement	798,814
Passenger Facility Charge Projects	8,623,418
Debt Service-Senior Lien Bonds and Subordinate Lien Revenue Notes	4,303,412
Other Reserve Purposes	31,737
	$ 20,371,555

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

Revenues

Rents, Fees and other charges generate operating revenues used to finance the RTAA's operations. The table below represents operating revenues by source for the years ended June 30:

	2017	2016	% Change	2015	% Change
Landing Fees	$ 8,285,922	$ 8,071,097	3%	$ 7,916,995	2%
Concession Revenue	11,798,086	10,861,366	9%	10,344,733	5%
Parking and Ground Trans.	11,316,885	10,519,785	8%	9,515,946	11%
Rentals	13,688,849	13,599,106	1%	13,456,901	1%
Reimbursements for Services	2,531,223	2,419,689	5%	2,647,105	-9%
Other Revenue	168,024	42,873	292%	106,844	-60%
Total Operating Revenues	$ 47,788,989	$ 45,513,916	5%	$ 43,988,524	4%



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 airline passenger tickets, collected by the airline, and forwarded to the RTAA (less a handling fee charged by the airlines).

The RTAA invests the $4.50 per enplaned passenger revenue to preserve or enhance safety, security, and capacity, to reduce noise, or to enhance competition at RNO.

(3) Customer Facility Charge (CFC) Revenue. Implemented in August 2012, the RTAA earns a $1.25 fee on each rental car transaction day. The CFC revenues, collected and remitted by the rental car companies, fund property management, repairs, and improvements to RTAA-owned rental car facilities.

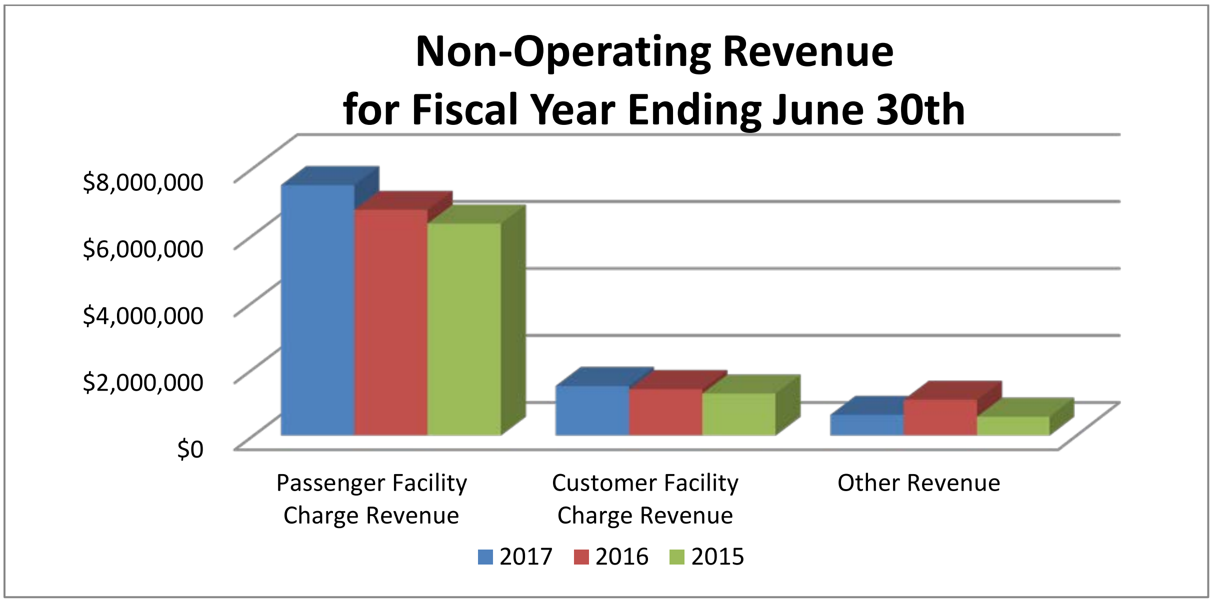
(4) Jet Fuel Tax Revenue. A one cent per gallon of fuel for jet or turbine aircraft sold, distributed or used is collected by Washoe County and remitted to the RTAA as outlined in Nevada Revised Statute 365.170.

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

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

	2017	2016	% Change	2015	% Change
Interest Income	$ 305,497	$ 694,721	-56%	$ 286,481	142%
Passenger Facility Charge Revenue	7,480,732	6,740,165	11%	6,332,093	6%
Customer Facility Charge Revenue	1,481,004	1,385,061	7%	1,252,480	11%
Jet Fuel Tax Revenue	298,124	268,287	11%	246,059	9%
Gain (Loss) on Sale of Capital Assets	13,298	105,471	-87%	29,533	257%
Total Non-Operating Revenues	$ 9,578,655	$ 9,193,705	4%	$ 8,146,646	13%

The graph below present the Airport's non-operating revenues by source for fiscal years ended 2017, 2016, and 2015.



An Analysis of Significant Changes in Revenues for Fiscal Year 2016-2017 is as follows:

Enplaned passenger traffic was up 7.3%, as compared to the same period last year and total revenues of $57.368 million for Fiscal Year 2016-2017 increased 5% above the prior year.

Landing Fees and Rentals of $21.975 million represent 38% of the RTAA's total revenues. Airline landing fees and terminal rental revenues of $13.526 million represents 62% of the total revenues from these two categories, which result from cost recovery provisions of the airline use and 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 28% of total operating revenue.

Concession Revenue of $11.798 million, which includes auto rental, gaming, food and beverage, merchandising, advertising, and other concessions, comprises 21% of the RTAA's total revenues for fiscal year 2016-17. Concession revenue was 9% above the results in the prior year.

Parking and Ground Transportation revenues account for 20% of total revenue. Parking revenue in FY 2016-17 of $11.316 million increased by $797,100 or 8% above the prior year.

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

Reimbursements for Services and Other Revenue make up 5% of total RTAA revenue. Reimbursements for services of $2.531 million represent a slight increase of 5% 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 $168,024 represents miscellaneous revenue and late fees collected by the RTAA.

Non-Operating Revenues of $9.579 million increased 4% as compared to the prior year. This increase reflects higher Passenger Facility Charge (PFC) revenue, Customer Facility Charge (CFC) fees on rental car transactions due to higher passenger traffic and Jet Fuel revenue. This increase is offset by lower Interest Income due primarily to the reversal of an unrealized gain on the market value of investments of $255,166 in FY 2015-16 in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Passenger Facility Charges (PFCs) comprise 13% of total revenue. Based on enplaned passenger traffic, the airlines collect and remit this revenue to the RTAA monthly. PFC revenues are up 11% from the prior year. The current collection rate is $4.50.

During Fiscal Year 2016-17, the RTAA recorded a Gain on Sale of Capital Assets of $13,298, which included two surplus property sales.

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

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

Landing Fees and Rentals of $21.670 million represent 40% of the RTAA’s total revenues. Airline landing fees and terminal rental revenues of $13.678 million represent 63% of the total revenues from these two categories, which result from cost recovery provisions of airline operating and terminal building lease agreements. The landing fee or rental revenues, therefore, are not accurate indicators of the level of activity at the Reno-Tahoe International Airport (RNO). Airline-derived revenue is 30% of total operating revenue.

Parking and Ground Transportation revenues of $10.520 million account for 19% of total revenue, an increase of $1.004 million or 11% above the prior year. Currently, the parking rates are set at $1.00 for the first 30 minutes, $2.00 for the first hour, and an additional $1.00 per hour, with maximum amounts of $24.00 per day for short-term, $14.00 per day for the long-term garage and $10.00 per day for long-term surface lot parking. These rates have remained unchanged since December of 2009.

As depicted in the above graph, Concession Revenue of $10.861 million, which includes auto rental, gaming, food and beverage, merchandising, advertising, and other concessions, comprised 20% of the RTAA’s total revenues for Fiscal Year 2015-16. Concession revenue increased 5% this year primarily driven by the increase in passenger traffic.

Reimbursements for Services and Other Revenue make up 5% of RTAA's total revenues. Reimbursements for services of $2.420 million represent a decrease of 9% over 2015. The Baggage Handling System (BHS) Charge is the largest revenue source in this category and reflects a 100% cost recovery of the direct maintenance costs of operating the system less any reimbursement from the Transportation Security Administration (TSA) for direct costs associated with their screening equipment.

Non-Operating Revenues of $9.194 million increased 13% or $1.047 million over last year. This increase includes higher interest income of $408,240, passenger facility charges of $408,072 and customer facility charge revenue of $132,581. Interest income represents the earnings on investments and is 1% of total revenue.

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

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

Expenses

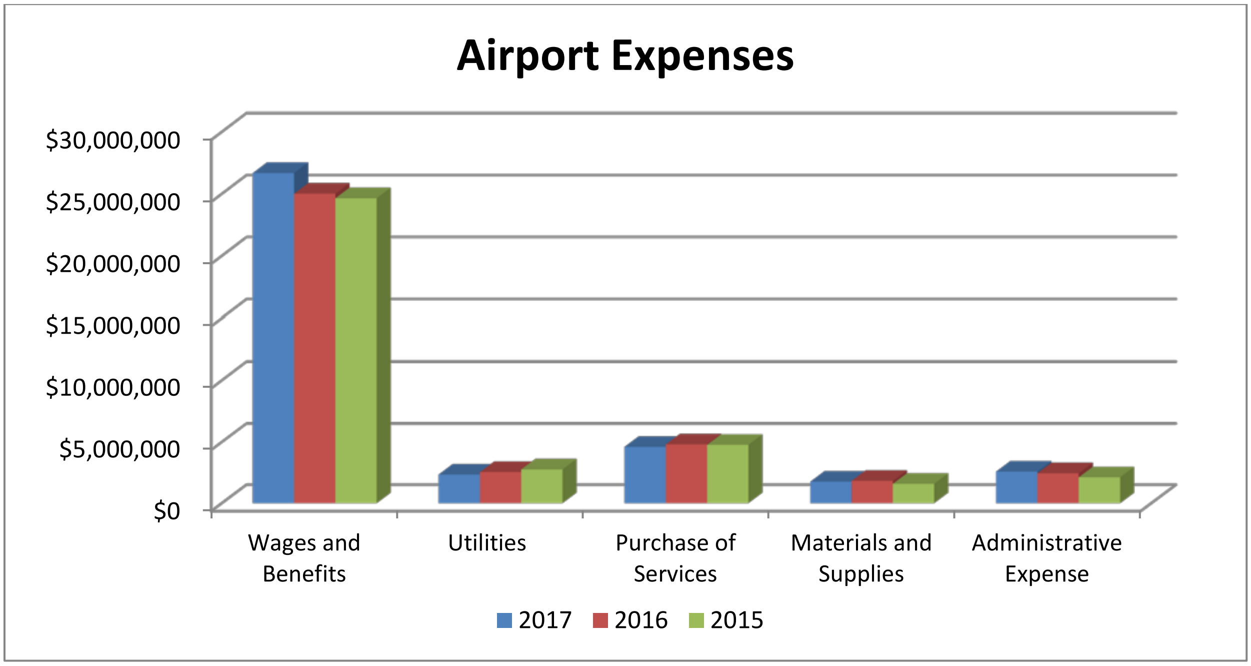
RTAA's total operating expenses registered approximately $37.938 million in FY 2016-17, an increase of $1,321,207 or 4% above the prior year results. Non-operating expense, which includes interest expense, of $616,855 thousand decreased by 56% below the prior year results.

Total operating and non-operating expenses of $38.562 million increased 1% or $520,871 from the prior year.

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

	2017	2016	% Change	2015	% Change
Employee Wages and Benefits	$ 26,672,375	$ 25,007,616	7%	$ 24,638,525	1%
Utilities and Communications	2,337,577	2,540,504	-8%	2,757,835	-8%
Purchase of Services	4,595,802	4,803,679	-4%	4,763,544	1%
Materials and Supplies	1,753,352	1,821,369	-4%	1,582,278	15%
Administrative Expenses	2,579,040	2,443,771	6%	2,113,887	16%
Total Operating Expenses	37,938,146	36,616,939	4%	35,856,069	2%
Interest Expense and other Non-Operating Expenses	624,669	1,425,005	-56%	1,376,012	-8%
Total Expenses	$ 38,562,815	$ 38,041,944	1%	$ 37,232,081	2%

The graph that follows presents the Airport's expenses for fiscal years ended 2017, 2016 and 2015.



An Analysis of Significant Changes in Expenses for Fiscal Year 2016-2017 is as follows:

Employee Wages and Benefits of $26.672 million comprise 69% of total expenses, a 7% increase over the prior year's total of $25.008 million.

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

	2017	2016	Change	% Change
Salary	$17,126,571	$16,658,757	$ 467,814	3%
Overtime, Standby, Holiday Worked	1,125,209	1,049,440	75,769	7%
Employee Benefits	8,433,145	7,317,727	1,115,418	15%
Post-Employment Health Plan	(12,550)	(18,308)	5,758	-31%
Total Employee Wages and Benefits	$26,672,375	$25,007,616	$1,664,759	7%

Employee salaries have increased $467,814 or 3% over the prior year results. With no increase in overall staffing, this increase reflects salary increases established under collective bargaining agreements and management and civil service employee guidelines.

Overtime, standby and holiday worked payments also increased $75,769 or 7% over the prior year. This increase is primarily due to hours associated with snow removal operations.

Employee benefit costs increased by $1,115,418 or 15% above last year due primarily to a reduction in the pension expense credit of $820,991 based on the actuarial study completed by the Nevada Public Employee Retirement System (PERS) as of June 30, 2016. This study was completed in accordance with Governmental Accounting Standard Board (GASB), Statement 68, "Accounting and Financial Reporting for Pensions". In FY 2015-16, a credit to pension expense of $987,387 was recorded as compared to a credit of $166,396 in the current year.

In addition, the increase in benefit costs reflects higher employee and retiree medical insurance costs of $229,273 and worker's compensation of $81,228.

Utilities and Communications expense of $2.338 million registered a decrease of 8% from the prior year. This decrease reflects continued savings in both electricity and natural gas from the prior year. Utilities and communications represent 6% of total expenses.

Purchase of Services expense, which includes professional and other purchased services, of $4.596 million, decreased by $207,876 over the prior year. This decrease was primarily due to savings associated with data processing services. Purchase of services expense represents 12% of expenses.

Materials and supplies expense of $1.753 million decreased approximately $68,017 or 4% under the prior year. This savings reflects lower overall supply usage including runway and taxiway, machinery, thermoplastic and jet bridge repair supplies. Supplies and Materials represent 4% of total expenses.

Administrative expenses of $2.579 million comprise 7% of total costs, an increase of approximately $135,269 or 6% from the prior fiscal year. This increase reflects higher costs associated with organizational training and air service development.

Interest expense decreased from $1.284 million in FY 2015-16 to $616,855 in FY 2016-17, a decrease of $667,198 or 52%. This decrease reflects the impact of the refunding of the Series 2005 Bonds on September 30, 2015 and lower interest expenses due on the maturing subordinate lien notes.

See the Debt Administration discussion within the MD&A.

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

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

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

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

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

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

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

This savings in medical insurance reflects not replicating the initial, one-time RTAA contribution into the newly created Health Reimbursement Accounts (HRA) and Health Savings Accounts (HAS) in Fiscal Year 2014-15 of $215,000. In FY 2015-16, the RTAA only contributed to HSA accounts for employees with higher deductible plans than are less expensive to the RTAA.

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

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

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

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

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

Interest expense in FY 2015-16 was $1.284 million, a decrease of $91,959 or 7%. This decrease reflects the impact of the refunding of the Series 2015 Bonds on September 30, 2015 and lower interest expenses on the maturing subordinate lien notes.

Additional detail is provided in the Debt Administration discussion within the MD&A.

Summary of Changes in Net Position

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

	2017	2016	% Change	2015	% Change
OPERATING REVENUES					
Landing fees	$ 8,285,922	$ 8,071,097	3%	$ 7,91,995	2%
Concession revenue	11,798,086	10,861,366	9%	10,344,733	5%
Parking and ground trans.	11,316,885	10,519,785	8%	9,515,946	11%
Rentals	13,688,849	13,599,106	1%	13,456,901	1%
Reimbursements for services	2,531,223	2,419,689	5%	2,647,105	-9%
Other revenue	168,024	42,873	292%	106,844	-60%
Total Operating Revenues	$47,788,989	$45,513,916	5%	$43,988,524	3%

	2017	2016	% Change	2015	% Change
OPERATING EXPENSES					
Employee wages and benefits	$26,672,375	$25,007,616	7%	$24,638,525	1%
Utilities and communications	2,337,577	2,540,504	-8%	2,757,835	-8%
Purchase of services	4,595,802	4,803,679	-4%	4,763,544	1%
Materials and supplies	1,753,352	1,821,369	-4%	1,582,278	15%
Administrative expenses	2,579,040	2,443,771	6%	2,113,887	16%
Total Operating Expenses	$37,938,146	$36,616,939	2%	$35,856,069	2%
Operating Income Before Depreciation and Amortization	9,850,843	8,896,977	4%	8,132,455	9%
Depreciation and Amortization	34,462,715	34,613,731	0%	34,958,476	-1%
Operating Loss	$(24,611,872)	$(25,716,754)	-4%	$(26,826,021)	-4%
NON-OPERATING REVENUE (EXPENSES)					
Interest income	$ 305,497	$ 694,721	-56%	$ 286,481	143%
Passenger facility charges	7,480,732	6,740,165	11%	6,332,093	6%
Customer facility charges	1,481,004	1,385,061	7%	1,252,480	11%
Jet fuel tax revenue	298,124	268,287	11%	246,059	9%
Gain on sale of Capital Assets	13,298	105,471	-87%	29,533	257%
Non-operating expense	(7,814)	(140,952)	0%	-	100%
Interest expense	(616,855)	(1,284,053)	-52%	(1,376,012)	-7%
Total non-operating revenues (expenses)	8,953,986	7,768,700	15%	6,770,634	15%
Loss before Capital Contributions	(15,657,886)	(17,948,054)	-13%	(20,055,387)	-11%
Capital Contributions	2,517,123	10,010,497	-75%	4,867,414	106%
Decrease in Net Position	(13,140,763)	(7,937,557)	66%	(15,187,973)	-48%
Net Position, Beginning of Year	399,423,094	407,360,651	-2%	455,379,896	-11%
Adjustment to Net Position, Beginning of Year	-	-	0%	(32,831,272)	0%
Net Position, End of Year	$386,282,331	$399,423,094	-3%	$407,360,651	-2%

An Analysis of Significant Changes in Net Position for Fiscal Year 2016-2017 is as follows:

Total operating revenues increased 5% while total operating expenses increased by 2%. A review of these two categories has been provided earlier in the MD&A.

Depreciation and amortization expense of $34.463 million was $151,016 or less than 1% lower than the prior year due the full depreciation of certain assets in the prior year.

Interest income decreased by $389,224 or 56%. The decrease is mainly due to the year-end mark to market adjustment made for fiscal year ended June 30, 2016, which recorded earned interest revenue of approximately $255,166. This adjustment was reversed in fiscal year 2016-2017.

Interest expense decreased $667,198 or 52% as compared to the prior year. This decrease is a reflection of incremental lower interest payments due and the early repayment of $2.913 million of the 2011B Subordinate Lien Notes and the refinancing of the 2005 Bonds with the 2015 Bond.

Passenger facility charge revenue increased by 11% and jet fuel tax revenue also increased by 11%. Gain on sale of capital assets was $13,298 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 75% this year as compared to 2015-2016. The grant contributions include reimbursements for runway, taxiway and apron rehabilitation and the RTAA Master Plan.

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

Total operating revenues increased 3% while total operating expenses increased by 2%. A view of these two categories has been provided earlier in the MD&A.

Depreciation and amortization expense of $34.614 million decreased slightly by $344,745 or 1% due to the full depreciation of certain assets in the prior year.

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

Interest expense decreased $91,959 or 7% as compared to the prior year. This decrease reflects the impact of the refunding of the Series 2015 Bonds on September 30, 2015 and lower interest expenses as due to lower principal outstanding on subordinate lien notes.

Additional detail is provided in the Debt Administration discussion within the MD&A.

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

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

CAPITAL ASSETS

The RTAA's investment in capital assets as of June 30, 2017 was $369.755 million, net of depreciation a decrease of $26,490,044. This investment in capital assets includes land, construction in progress, improvements, buildings, and equipment and development rights. The total decrease in the investment in capital assets for the Fiscal Year 2015-16 was 4% or $18.175 million.

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

	2017	2016	2015
Non depreciable:			
Land	$172,476,937	$172,476,937	$172,549,179
Construction in Progress	7,398,194	19,957,459	8,334,194
Development rights	2,924,038	2,924,038	2,924,038
Depreciable:			
Improvements, Buildings, and Equipment	186,955,543	200,886,322	230,612,705
Total	$ 369,754,712	$ 396,244,756	$414,420,116

Major Capital Asset Events during Fiscal Year 2016-17 included the following:

Federal grants funded $2.517 million of capital projects in Fiscal Year 2016-17. Completed projects included apron and taxiway rehabilitation projects at both RNO and RTS and the purchase of an Airport Rescue and Fire Fighting (ARFF) truck.

In the terminal building, the RTAA completed various roof repairs including replacement of 4,431 square feet of older roofing above the skywalk roof, and a stairway installation and expansion from the existing concourse roof to accommodate the consolidated security checkpoint. This staircase increases the safe access to the new roof. In addition, a service animal relief area was added to the terminal building.

In addition, the RTAA completed a $3.801 million upgrade to the Customs and Border Protection (CBP) facility to enable the introduction of new scheduled international air service. This investment permitted the first such service since 1999 and positioned this facility to accommodate additional international service in future. This project modified the interior layout and function of spaces per current U.S. CBP Technical Design Standards and the Americans with Disabilities Act (ADA) access requirements.

Technology upgrade projects completed this year included (1) camera installations throughout the terminal and outlying areas to provide improved visibility; (2) phone system upgrade to replace an outdated system; and (3) network intrusion prevention and detection system.

The RTAA also completed several projects to upgrade properties for lease outside of the terminal building including asphalt rehabilitation at the public storage operation and major maintenance / upgrades at RTAA owned general aviation hangars.

Equipment purchases included an airfield snow blower funded under PFC Application #12.

Movable equipment purchased this year includes a two bobcat toolcats, one placed in service at RNO and one at RTS and three new vehicles. The bobcat toolcats, which are utility work vehicles, support snow removal and regular maintenance functions.

The three vehicles consist of two standard cab trucks that are used by Building Maintenance departments, and a four wheel drive sport utility vehicle for use by the Director of Facilities and Maintenance. All vehicles meet the replacement requirement set through the vehicle replacement policy.

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

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

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

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

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

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

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

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

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

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

In addition, the RTAA completed several hangar and maintenance facility improvements at both RNO and RTS properties including a restroom addition for general aviation tenants, an airfield maintenance door replacement, a rain gutter replacement, and the completion of the central disposal facility (CDF) upgrade. The CDF facility, a PFC funded project, provides disposal services for ground service equipment used in support of airline operations.

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

DEBT ADMINISTRATION

As of June 30, 2017, the RTAA had approximately $22.492 million in debt comprised of $19.435 million of senior lien revenue bonds (Series 2015 Airport Refunding Bond), $2.670 million of subordinate lien revenue note (Series 2011A, Subordinate Lien Revenue Note - Fixed Rate portion), and $387,000 of subordinate lien revenue note (Series 2011B, Subordinate Lien Revenue Note- Variable Rate portion).

Senior Lien Debt

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

As of June 30, 2017, the only senior lien bond outstanding is the Series 2015, Airport Revenue Refunding Bond (2015 Bonds) for $19,435,000.

On September 30, 2015, the proceeds from the 2015 Bond were used to redeem the Airport Revenue Refunding Bonds, Series 2005 (the "Series 2005 Bonds"), which were outstanding as of July 1, 2015 in the amount of $20,940,000, and the cost of issuance necessary to execute this transaction.

The Series 2015 Bond is a direct loan originally of $20,690,000 secured through a Request for Proposals process. 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 2015 Bond reflects the remaining outstanding debt from 1996 bonds issued to construct the RTAA's three story, 2,400 space parking garage, a new roadway system to accommodate the parking garage, and a passenger skyway to connect the parking garage to the terminal.

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 interest rate on the Series 2015 Bond is 2.75% with an eleven (11) year term consistent with the refunded Series 2005 Bonds. With the refunding, 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%.

Subordinate Lien Debt

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

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

- Series "2011A" Subordinate Lien Revenue Note - Fixed Rate portion. The RTAA has obtained and deposited $15.000 million of notes, as a fixed rate obligation with a final maturity of July 1, 2017. Interest on the 2011A Note over the six-year term was locked-in at 2.75% with payments semiannually starting on January 1, 2012. Principal payments are made annually on July 1 commencing on July 1, 2012, with the final payment on July 1, 2017. Principal payments are structured such that the total annual payments of principal and interest on the 2011A Note are approximately level from FY 2012 through FY 2018.

- Series "2011B" Subordinate Lien Revenue Note - Variable Rate portion. The RTAA structured $15.000 million of the loan as a variable rate note, which also has a final maturity of July 1, 2017. The 2011B Note served as a flexible borrowing instrument such that the RTAA could borrow under the Note for the two year period through May 31, 2013 in increments of $1.000 million or greater. After any draw under the 2011B Note has been outstanding for a period greater than one year, the RTAA can make repayment at any time.

  The RTAA made two draws on the 2011B Note in fiscal year 2012-2013: (1) the first draw was on March 1, 2013 for $4.000 million and (2) the second was on 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 cap on the 2011 B Notes is 12%.

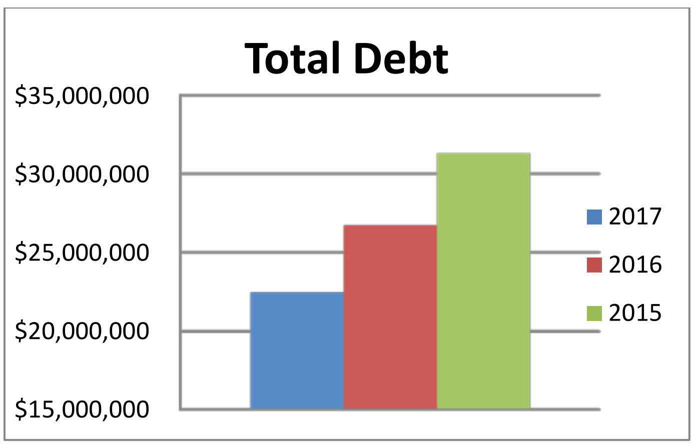
The annual borrowing rate on the 2011 B Variable Rate Notes during FY 2016-17 was 2.194% for the period of July 1, 2016 to December 31, 2016 and 2.441% for the period of January 1, 2017 to June 30, 2017.

On July 1, 2017, the RTAA made full repayment on both series of Subordinate Lien Notes with an estimated annual reduction in RTAA debt service of $3.139 million in FY 2017-18.

Debt Summary

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

	2017	2016	2015
2005	$ --	$ --	$ 22,360,000
2011 A	2,670,000	5,270,000	7,800,000
2011 B	387,000	767,000	1,137,000
2015	19,435,000	20,690,000	--
Total Debt	$ 22,492,000	$ 26,727,000	$ 31,297,000



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

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

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

PASSENGER FACILITY CHARGE (PFC)

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

For the fiscal year ended June 30, 2017, the RTAA collected PFCs, including interest earnings thereon, totaling $7.480 million. PFCs are collected by airlines on their passengers' tickets and remitted monthly to the RTAA. These funds are spent on a list of projects reviewed by the airlines in a process prescribed by the FAA. This funding must be segregated from all other Airport revenues.

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

AIRLINE SIGNATORY RATES AND CHARGES

The RTAA and the airlines successfully negotiated an airline use and lease agreement effective July 1, 2015 for a term of five years. In 2016-2017, airline signatories to the agreement include five passenger and two cargo airlines.

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

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

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

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

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

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

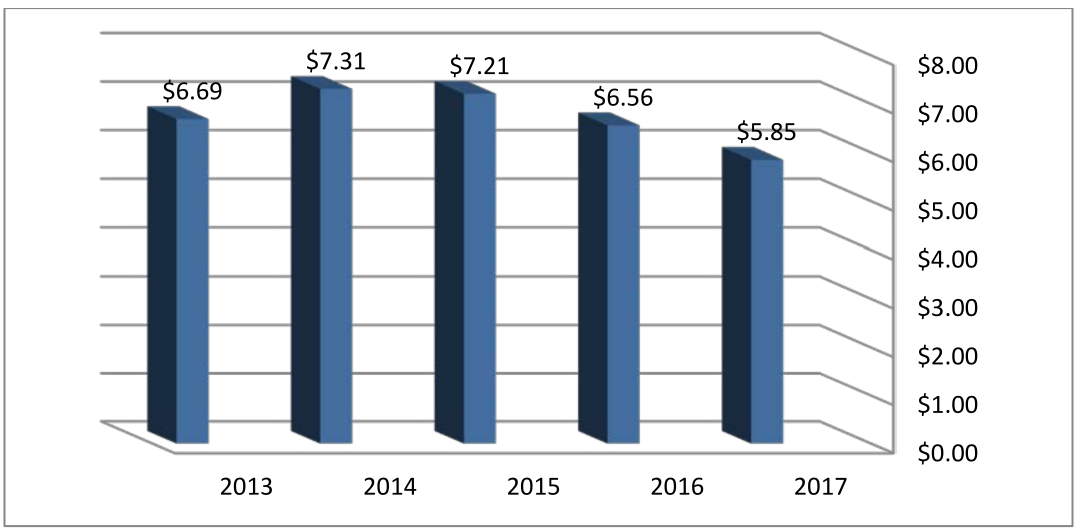
	2017	2016	% Change	2015	% Change
Landing Fee Rate (Per 1,000 pound units)	$ 2.62	$ 2.78	-6%	$2. 97	-6%
Terminal Rental Rate (Average) (Per square foot annually)	$40.48	$46.72	-13%	$49.43	-5%

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

The cost per enplaned passenger for RTAA in the 2016-17 fiscal year was calculated to be $5.85 as compared to $6.56 in the prior year, which compares favorably to the 2016 median ratio for U.S. airports of $8.45 per Moody's Investor Services "Airports -US Medians: Continued economic growth underpins financial performance" report published in October 2017.

The chart below presents the history of the airline derived revenue per enplaned passenger.

Airline-Derived Revenue per Enplaned Passenger



REQUESTS FOR INFORMATION

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

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	$ 10,154,461	$ 10,745,342
Investments	41,462,759	35,420,759
Accounts receivable, net	3,221,930	2,890,439
Grants receivable	594	1,199,503
Interest receivable	84,504	60,743
Inventory	829,188	811,470
Other current assets	209,079	218,710
Total Unrestricted Assets	55,962,515	51,346,966
Restricted Assets:		
Cash and cash equivalents	6,976,297	6,552,647
Investments	16,978,631	14,157,535
Interest receivable	46,233	26,268
Total Restricted Assets	24,001,161	20,736,450
Total Current Assets	79,963,676	72,083,416
NON-CURRENT ASSETS		
Capital Assets:		
Non-depreciable	182,799,169	195,358,434
Depreciable	718,163,891	697,760,245
Less accumulated depreciation and amortization	531,208,348	496,873,923
Total Capital Assets	369,754,712	396,244,756
Other Assets:		
Road credits	1,383,599	1,383,599
Total Other Assets	1,383,599	1,383,599
Total Non-Current Assets	371,138,311	397,628,355
Total Assets	451,101,987	469,711,771
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions after measurement date	5,146,592	4,742,955
Pension difference between actual and proportionate share of contribution	917,630	762,454
Pension Investments-Net Difference-projected and actual earnings	3,515,073	-
Total Deferred Outflows of Resources	9,579,295	5,505,409
Total Assets and Deferred Outflows of Resources	$ 460,681,282	$ 475,217,180

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF NET POSITION (continued)
AS OF JUNE 30, 2017 AND 2016

	2017	2016
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	$ 4,491,539	$ 3,956,384
Construction contracts payable	1,349,566	1,553,557
Rents received in advance	1,006,248	1,163,280
Accrued payroll	1,019,316	1,955,152
Total payable from unrestricted assets	7,866,669	8,628,373
Payable from Restricted Assets:		
Current portion of long-term debt	4,772,000	4,235,000
Accrued interest	308,666	364,895
Construction contracts payable	8,470	215,186
Total payable from restricted assets	5,089,136	4,815,081
Total Current Liabilities	12,955,805	13,443,454
NON-CURRENT LIABILITIES		
Revenue bonds and subordinate notes, net	17,720,000	22,492,000
Net other postemployment benefits obligation	334,653	347,203
Accrued payroll, net of current portion	1,110,270	1,075,525
Deposits	413,968	373,227
Reclamation liability	1,128,118	1,234,030
Net pension liability	37,811,756	32,609,501
Total Non-Current Liabilities	58,518,765	58,131,486
Total Liabilities	71,474,570	71,574,940
DEFERRED INFLOWS OF RESOURCES		
Pension - Difference-projected and actual earnings on plan investments	-	1,766,347
Pension - Difference between expected and actual pension experience	2,531,973	2,452,799
Pension - Difference between actual and proportionate share of contribution	392,408	-
Total Deferred Inflows of Resources	2,924,381	4,219,146
NET POSITION		
Net investment in capital assets	345,904,676	367,749,013
Restricted for:		
Revenue bond operations and maintenance	6,784,625	6,614,174
Renewal and replacement	782,051	798,814
Passenger facility charge projects	11,303,191	8,623,418
Debt service	4,776,306	4,303,412
Other reserve purposes	46,323	31,737
Total Restricted	23,692,496	20,371,555
Unrestricted	16,685,159	11,302,526
Total Net Position	386,282,331	399,423,094
Total Liabilities and Net Position	$ 460,681,282	$ 475,217,180

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, 2017 AND 2016

	2017	2016
OPERATING REVENUES		
Landing fees	$ 8,285,922	$ 8,071,097
Concession revenue	11,798,086	10,861,366
Parking and ground transportation	11,316,885	10,519,785
Rentals	13,688,849	13,599,106
Reimbursements for services	2,531,223	2,419,689
Other revenue	168,024	42,873
Total operating revenues	47,788,989	45,513,916
OPERATING EXPENSES		
Employee wages and benefits	26,672,375	25,007,616
Utilities and communications	2,337,577	2,540,504
Purchase of services	4,595,802	4,803,679
Materials and supplies	1,753,352	1,821,369
Administrative expenses	2,579,040	2,443,771
Total operating expenses	37,938,146	36,616,939
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	9,850,843	8,896,977
Total depreciation and amortization	34,462,715	34,613,731
OPERATING INCOME (LOSS)	(24,611,872)	(25,716,754)
NON-OPERATING REVENUES (EXPENSES)		
Interest income and gain (loss) of investments	305,497	694,721
Passenger facility charge revenue	7,480,732	6,740,165
Customer facility charge revenue	1,481,004	1,385,061
Jet fuel tax revenue	298,124	268,287
Gain (loss) on sale of capital assets	13,298	105,471
Non-operating expenses	(7,814)	(140,952)
Interest expense	(616,855)	(1,284,053)
Total non-operating revenues (expenses)	8,953,986	7,768,700
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(15,657,886)	(17,948,054)
CAPITAL CONTRIBUTIONS	2,517,123	10,010,497
CHANGE IN NET POSITION	(13,140,763)	(7,937,557)
NET POSITION, BEGINNING OF YEAR	399,423,094	407,360,651
NET POSITION, END OF YEAR	$ 386,282,331	$ 399,423,094

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 47,341,206	$ 46,032,836
Cash paid to employees and for benefits	(27,752,413)	(25,804,027)
Cash paid to suppliers	(10,844,614)	(11,369,508)
Net cash provided by operating activities	8,744,179	8,859,301
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Jet fuel tax revenue	298,124	268,287
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	3,716,031	9,851,206
Passenger facility charge revenue	7,480,732	6,740,165
Customer facility charge revenue	1,481,004	1,385,061
Acquisition and construction of capital assets	(8,383,378)	(16,000,642)
Proceeds from sale of capital assets	13,298	106,967
Principal paid on bonds	(4,235,000)	(25,260,000)
Proceeds from sale of note	-	20,690,000
Cash paid for note issue costs	-	(117,594)
Interest paid on bonds	(673,084)	(1,149,844)
Non-operating expenses	(7,812)	(23,358)
Net cash provided by (used in) capital and related financing activities	(608,209)	(3,778,039)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of interest	533,707	391,513
Sale (purchase) of investments	(9,135,032)	(8,206,245)
Net cash provided by (used in) investing activities	(8,601,325)	(7,814,732)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(167,231)	(2,465,183)
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,297,988	19,763,171
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	$ 17,130,757	$ 17,297,988

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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

	2017	2016
Operating income (loss)	$ (24,611,872)	$ (25,716,754)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	34,462,715	34,613,731
(Increase) Decrease in Assets:		
Accounts receivable, net	(331,491)	401,868
Inventory	(17,718)	(16,651)
Other current assets	9,631	73,884
Increase (Decrease) in Liabilities:		
Accounts payable	535,155	353,160
Rents received in advance	(157,032)	99,507
Accrued payroll	(901,092)	209,284
Deposits and unearned revenues	40,741	17,545
Net OPEB obligation	(12,550)	(18,308)
Net pension liability and related deferred outflows and inflows of resources	(166,396)	(987,387)
Reclamation liability	(105,912)	(170,578)
Net cash provided by operating activities	$ 8,744,179	$ 8,859,301

Noncash activities:

The unrealized gain (loss) on investments was ($16,771) at June 30, 2017 and $255,166 at June 30, 2016.

	2017	2016
Capital assets included in construction contracts payable	$ 1,358,036	$ 1,768,743
Capital Contributions		
Total Capital Contributions	$ 2,517,123	$ 10,010,497
Grants Receivable (June 30, 2017 and 2016)	(594.00)	(1,199,503.00)
Grants Receivable (June 30, 2016 and 2015)	1,199,503.00	1,040,212.00
	$ 3,716,032	$ 9,851,206

See accompanying notes to financial statements.

1. Organization and Reporting Entity

A. Organization

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

B. Reporting Entity

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

i. Composition of the Board.

The governing boards of the following jurisdictions appointed nine members to the Board of Trustees as follows: (1) four members by the City of Reno, (2) two members by the City of Sparks, (3) two members by Washoe County, and (4) one member by the Reno-Sparks Convention & Visitors Authority (RSCVA). The Board directs the President/CEO, who is responsible for management and 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 account for the following activities:

i. Financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or

2. Summary of Significant Accounting Policies (Continued)

ii. 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.

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, which includes Passenger Facility Charges and Customer Facility Charges.

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 2017 and 2016 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 Nevada 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, 2017 and June 30, 2016.

D. Cash, Cash Equivalents and Investments

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

2. Summary of Significant Accounting Policies (Continued)

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.

F. Capitalization of Interest

RTAA capitalizes, as a part of the historical cost of constructing assets for its own use, a portion of the net interest cost incurred during the construction period. See Note 6 for additional detail on Debt. For the years ended June 30, 2017 and 2016, total interest cost incurred was $616,855 and $1,284,053, respectively.

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

For the years ended June 30, 2017 and 2016, no interest was capitalized.

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

RTAA has recorded a net pension liability for its proportionate share of the difference between the total pension liabilities and the fiduciary net positions of Public Employees Retirement System (PERS) of the State of Nevada (System). For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS, additions to /deductions from the PERS fiduciary net position have been determined on the same basis as 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 include a separate section for the deferred outflows of resources. *Deferred outflows of resources* represent a consumption of net assets, which applies to the future and not recognized as an outflow of resources (expense) until that period.

RTAA has three items for the year ending June 30, 2017 that qualify for reporting in this category. These items are associated with 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 date of net the pension liability measurement of June 30, 2016.

The second deferred outflow item represents differences the unamortized difference between actual and a higher proportional contributions to PERS and increases in the RTAA's allocation share as provided in the schedule of employer allocations of the PERS system for the year ending June 30, 2016.

2. Summary of Significant Accounting Policies (Continued)

With an RTAA's actual retirement contributions as compared to its calculated proportional share of contributions and the proportionate share percentage likely to change from measurement date to measurement date, the financial impact and subsequent amortization over the expected remaining service life are calculated, summarized, and reported by PERS separately for each year.

With an individual employer's retirement contributions as compared to its proportional share and the proportionate share likely to change from measurement date to measurement date, the financial impact and subsequent amortization over the expected remaining service life are calculated separately for each year.

The third item discloses changes in the RTAA's net pension liability resulting from the net difference between projected and actual earnings on pension investments. 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) used to finance the payment of pension benefits. This deferred outflow of resources represents lower actual returns as compared to projected earning rate estimated for receipt in future years as of June 30, 2016.

In addition to liabilities, the statements of net position include a separate section for deferred inflows of resources. *Deferred inflows of resources* represent the acquisition of net assets, which will apply to the future and not recognized as an inflow of resources (revenue) until that period.

The RTAA has two deferred inflows associated with GASB 68, *Accounting and Financial Reporting for Pension.*

The first 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 second deferred inflow of resources item represents the differences the unamortized difference between actual and a lower proportional contributions to PERS and decreases in the RTAA's allocation share as provided in the schedule of employer allocations of the PERS system for the year ending June 30, 2016.

With an RTAA's actual retirement contributions as compared to its calculated proportional share of contributions and the proportionate share percentage likely to change from measurement date to measurement date, the financial impact and subsequent amortization over the expected remaining service life are calculated, summarized and reported by PERS separately for each year.

Therefore, the statements of net position report includes both a deferred outflow of resources and a deferred inflow of resources associated with RTAA actual retirement contributions and its allocated proportionate share of contributions.

In Note 10, Pension Plan, additional information outlines the deferred outflows and inflows of resources related to PERS.

2. Summary of Significant Accounting Policies (Continued)

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. After 880 hours, sick pay also vests for certain represented employees.

The liability for the compensated absences is included in both the current and non-current portion of accrued payroll. As of June 30, 2017 and 2016, liabilities related to compensated absences were $1,848,290 and $1,959,732, respectively.

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

Landing fees, terminal rents, and BHS charges are set based and collected on estimates of airline activity, revenues and expenses. The actual landing fees, terminal rental rates, and BHS charges due from the signatory airlines are calculated on actual year-end results in accordance with the Airline Use and Lease Agreement. Any over-collections and under-collections are netted and recorded on the Statements of Net Position as an accounts receivable or accounts payable.

For the years ended June 30, 2017 and 2016, the payables outstanding associated with the airline year-end settlement are $2,476,935 and $1,980,745, respectively.

J. Net Position

The following categories comprise the RTAA's net position:

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 deplete restricted net position, if permitted, 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. PFC collections fund several FAA approved projects. The airlines collect and remit

2. Summary of Significant Accounting Policies (Continued)

PFC revenues monthly to the RTAA. The RTAA recognizes these revenues as 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 lessee. The CFC revenues fund the following projects: (1) renewal and replacement improvements to the Quick Turnaround (QTA) facility and the Service Facility Area, and (2) the on-going overhead and maintenance of the QTA. In addition, five percent of the CFC receipts reimburse the RTAA to cover reasonable costs associated with accounting, administering, and managing the CFC Program.

The rental car concessionaires collect and remit CFC revenues monthly to the RTAA. These revenues are included in non-operating revenues.

M. Capital Contributions

The Airport Improvement Program (AIP) of the Federal Aviation Administration (FAA) funds a significant portion of eligible costs for airport capital improvements along with matching funds provided by the RTAA or through the PFC program. In addition, the Transportation Security Administration (TSA) funds certain approved capital projects associated with passenger and luggage screening.

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.

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. Payment of this fee is typically required upon issuance of a building permit. The RTAA owns credits for the fees and can use them as needed or sell them to others until the credits expire June 26, 2033. The value of these credits was determined by Washoe County, who provided the credits to the RTAA.

O. Recent Accounting Pronouncements Adopted/Implemented:

As of June 30, 2017, the RTAA has adopted the following new Governmental Accounting Standards Board (GASB) Statements. The adoption of these standards had no significant effect on the RTAA's net position or changes therein.

- GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans
- GASB Statement No. 77, Tax Abatement Disclosures

2. Summary of Significant Accounting Policies (Continued)

- GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans
- GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14
- GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73

Recent Accounting Pronouncements: In addition, GASB has issued the following statements that have not yet been implemented by the RTAA. The full financial impact has not yet been determined, but it is expected that GASB Statement No. 75 and GASB Statement No. 87 will have an impact on the financial statements of the RTAA. GASB Statement No. 75 is effective for periods beginning after June 15, 2017, while GASB Statement No. 87 is effective for periods beginning after December 15, 2019.

- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions
- GASB Statement No. 81, Irrevocable Split-Interest Agreements
- GASB Statement No. 83, Certain Asset Retirement Obligations
- GASB Statement No. 84, Fiduciary Activities
- GASB Statement No. 85, Omnibus 2017
- GASB Statement No. 86, Certain Debt Extinguishments Issues
- GASB Statement No. 87, Leases

The RTAA will continue to evaluate GASB Statements and determine if these statements will have a financial impact and require implementation in future reporting periods.

3. Cash, Cash Equivalents and Investments

The RTAA accounts for its investments at fair value. Cash, Cash Equivalents and Investments consist of the following as of June 30:

	2017	2016
Cash	$6,252,158	$8,638,727
Cash Equivalents:		
Short-Term Investments in Money Market Mutual Funds	10,878,600	8,659,262
Total Cash and Cash Equivalents	17,130,758	17,297,989
Investments:		
State of Nevada Local Government Investment Pool	8,852,755	6,305,976
Washoe County Investment Pool	16,295,272	16,212,200
Certificates of Deposit	6,994,520	6,025,518
Commercial Paper	3,489,080	4,742,730
US Government Agency Securities (Mortgage Backed Securities) maturing within five years	22,809,763	16,291,870
Total Investments	58,441,390	49,578,294
Total Cash, Cash Equivalents and Investments	$75,572,148	$66,876,283
Less: Unrestricted Cash, Cash Equivalents and Investments	(51,617,220)	(46,166,101)
Total Restricted Cash, Cash Equivalents and Investments	$23,954, 928	$20,710,182

3. Cash, Cash Equivalents and Investments (Continued)

The balance of cash and cash equivalents as of June 30, 2017 and 2016 was $17,130,758 and $17,175,269, respectively. The difference relates to outstanding checks and deposits activity.

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

Under GASB Statement No. 72, *Fair Value Measurement and Application*, fair value represents the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Statement No. 72 further expands those disclosures to categorize fair values according to their relative reliability and to describe positions held in many alternative investments. Valuation inputs establish the hierarchy used to measure the fair value of the asset as follows: (a) Level 1 inputs are quoted prices in active markets for identical assets; (b) Level 2 inputs are significant other observable inputs; and (c) Level 3 inputs are significant unobservable inputs.

Below is the categorization of the RTAA's total cash, cash equivalents and investments as of June 30, 2017 by fair market value using the categories of relative reliability:

	Fair Value Measurements Using			
	Total Cash, Cash Equivalents, and Investments 6/30/2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
US Agencies	$ 22,809,763		$ 22,809,763	$ -
Commercial Paper	3,489,080	-	3,489,080	-
Negotiable Certificates of Deposit	6,994,520	-	6,994,520	-
Total Debt Securities	33,293,363	-	$ 33,293,363	$ -
Investments at Net Asset Value (NAV)				
Washoe County Investment Pool	16,295,272			
Local Government Investment Pool	8,852,755			
Total Investments at the NAV	25,148,027			
Investments at Cost /Amortized Costs				
Money Market Funds	10,878,600			
Cash				
Collateralized Bank Deposits	6,252,158			
Total Cash, Cash Equivalents and Investments	$ 75,572,148			

3. Cash, Cash Equivalents and Investments (Continued)

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

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

<u>Investment Policies</u>
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. By purchasing a combination of shorter term and longer-term investments and timing their maturities, the RTAA's meets its cash flow and liquidity needs. 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, 2017 and 2016 are the following statutorily approved investments:

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

<u>US Government Agency Securities (Mortgage-Backed Securities).</u> These securities are issued by a U.S. government-sponsored agency with backing by the federal government, but not guaranteed 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.

3. Cash, Cash Equivalents and Investments (Continued)

Commercial Paper. Commercial Paper is a money-market security issued by large banks and corporations to obtain funding to meet short-term debt obligations. An issuing bank or corporation promises to pay the face amount on the maturity date specified on the note. Commercial paper is usually sold at a discount from face value, and carries higher interest repayment rates than U.S. Treasury or federal agency securities.

Money Market Mutual Funds. These funds invest in short-term (one day to one year) debt obligations such as Treasury bills, certificates of deposit, commercial paper, and repurchase agreements. The main goal is the preservation of principal, accompanied by modest dividends. Money market funds are liquid investments, and therefore, financial institutions use these funds to store money pending long-term investment.

Certificate of Deposit (“CD”). A Certificate of Deposit or CD is a time deposit offered by a financial institution. The Federal Deposit Insurance Corporation (FDIC) insures CD similar to savings accounts. 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, an investment policy also controls the parameters used to invest pool assets.

Investment in the LGIP is carried at fair value, which is the same as the value of pool shares. By pooling funds, participating local governments benefit from economies of scale, full-time portfolio management, diversification, and liquidity. The external investment pool is not registered with the Securities and Exchange Commission as an investment company.

The LGIP investment policy allows for investments in banker’s acceptances, commercial paper, corporate notes, money market funds, negotiable certificates of deposit, repurchase agreements, tax-exempt municipal bonds, time certificates of deposit, U.S. Treasury securities, U.S. agency securities, and asset-backed securities, with the objective of preserving the principal investment and providing a competitive return.

The fair value of the investment in this type has been determined using a Net Asset Value (NAV) calculation. The NAV is calculated daily by dividing the total value of the securities and other assets, less any liabilities, by the total outstanding shares of the fund. RTAA is able to withdraw funds from the pool upon written notice and LGIP shall comply at the first reasonable opportunity. However, the LGIP may charge the RTAA any penalty or loss of interest resulting from the withdrawal of funds if necessary to meet the request. The RTAA has no unfunded commitments as of June 30, 2017.

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

3. Cash, Cash Equivalents and Investments (Continued)

registered with the Securities and Exchange Commission as an investment company.

The WCIP investment policy allows for investments as indicated, with the objective of achieving long term financial sustainability. The fair value of the investment in this type has been determined using the NAV. The NAV is calculated daily by dividing the total value of the securities and other assets, less any liabilities, by the total outstanding shares of the fund. RTAA is able to withdraw funds from the pool upon delivery of written notice and the Treasurer shall comply at the first reasonable opportunity presented by the markets and in consideration of the types of investments used in the Pool. The RTAA has no unfunded commitments as of June 30, 2017.

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.

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

Interest Rate Risk

As of June 30, 2017, the RTAA's cash, cash equivalents and investments have the following maturity distributions:

3. Cash, Cash Equivalents and Investments (Continued)

	Maturity				
	0 to 1 Month	1 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years
Cash	$ 6,252,158	$ -	$ -	$ -	$ -
Money Market Mutual Funds	10,878,600	-	-	-	-
State of Nevada Local Government Investment Pool	-	8,852,755	-	-	-
Certificates of Deposit	-	6,494,910	499,610	-	-
Commercial Paper	-	3,489,080	-	-	-
US Government Agency Securities	-	4,496,661	10,843,650	7,469,452	
Washoe County Investment Pool	-	-	-	16,295,272	-
Grand Total	$ 17,130,758	$ 23,333,406	$ 11,343,260	$ 23,764,724	$ -

As of June 30, 2016, cash, cash equivalents and investments have the following maturity distributions:

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

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.

3. Cash, Cash Equivalents and Investments (Continued)

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

The LGIP and WCIP are unrated external investment pools subject to NRS 355.171 Public Investment statutory requirements on authorized and prohibited investments.

At June 30, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016, the following investments equaled or exceeded 5% of the RTAA's total cash, cash equivalents and investments:

RTAA Credit Risk Concentration by Issuer		
	2017	**2016**
Washoe County Investment Pool	22%	24%
Fidelity Governmental Fund 57 (money market)	14%	10%
Local Government Investment Pool	12%	9%
Wells Fargo Collateralized Deposit	2%	3%
Federal Home Loan Bank	1%	6%
Federal Home Loan Mortgage Corporation	17%	12%
Other less than 5% individually	32%	36%

4. Accounts and Grants Receivable

The following amounts represent receivables due to the RTAA at June 30, 2017 and 2016:

	2017	**2016**
Current, unrestricted:		
Accounts Receivable	$3,400,116	$3,066,811
Less Allowance for Uncollectible	(178,186)	(176,372)
Net Accounts Receivable	3,221,930	2,890,439
Grants Receivable	594	1,199,503
Total Current Accounts and Grants Receivable	$3,222,524	$4,089,942

The grants receivable in the accompanying Statements of Net Position represent reimbursements due for project costs under Federal Aviation Administration (FAA) and Transportation Security Administration (TSA) grants. When received, these amounts are deposited to the RTAA's Revenue Account, pursuant to the bond resolutions, as discussed in Note 6. All amounts due under FAA and TSA grants are subject to final approval by the FAA or TSA and are subject to the annual

4. Accounts and Grants Receivable (Continued)

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, 2017 are as follows:

	Balance July 1, 2016	Additions and Transfers	Deletions and Transfers	Balance June 30, 2017
Capital Assets, not being depreciated/amortized				
Land	$ 172,476,937	$ --	$ --	$ 172,476,937
Construction in progress	19,957,459	7,755,965	(20,315,230)	7,398,194
Development rights	2,924,038	--	--	2,924,038
Total Capital Assets, not being depreciated/amortized	195,358,434	7,755,965	(20,315,230)	182,799,169
Capital Assets, being depreciated/amortized				
Improvements	355,232,297	13,431,004	(17,507)	368,645,794
Buildings	276,800,993	4,340,029	-	281,141,022
Equipment	65,726,954	2,778,410	(128,289)	68,377,075
Total Capital Assets, being depreciated/amortized	697,760,244	20,549,443	(145,796)	718,163,891
Less accumulated depreciation/amortization for:				
Improvements	254,841,199	15,687,796	--	270,528,995
Buildings	195,145,107	14,124,464	--	209,269,571
Equipment	46,887,616	4,650,455	(128,289)	51,409,782
Total Accumulated Depreciation/Amortization	496,873,922	34,462,715	(128,289)	531,208,348
Total Capital Assets, being depreciated/amortized, net	200,886,322	(13,913,272)	(17,507)	186,955,543
Net Capital Assets	$ 396,244,756	$ (6,157,307)	$ (20,332,737)	$ 369,754,712

5. Capital Assets (Continued)

Capital asset balances and changes for the year ended June 30, 2016 are as follows:

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

The straight-line method at various rates allocates the costs of property and equipment over the useful lives of assets for depreciation. The estimated lives by general classification are as follows:

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

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

6. Long-Term Debt

As of June 30, 2017, the RTAA had $22.492 million in debt comprised of $19.435 million of senior lien revenue bonds (Series 2015 Airport Refunding bonds), $2.670 million of subordinate lien

6. Long-Term Debt (continued)

revenue note (Series 2011A, Subordinate Lien Revenue Note – Fixed Rate Portion), and $387,000 of subordinate lien revenue note (Series 2011B, Subordinate Lien Revenue Note - Variable Rate).

The following is the long–term debt activity for the year ended June 30, 2017 and 2016:

	Balance July 1, 2016	New Debt	Principal Repayment	Premium Amortization	Balance June 30, 2017
Revenue Bonds:					
Series 2015	$ 20,690,000	$ -	$1,255,000	$ --	$19,435,000
Total Revenue Bond Debt	20,690,000	--	1,255,000	--	19,435,000
Less Current Portion	(1,255,000)				(1,715,000)
Noncurrent Revenue Bonds	19,435,000				17,720,000
Subordinate Notes:					
Series 2011 A-Fixed Rate	5,270,000	--	2,600,000	--	2,670,000
Series 2011 B-Variable Rate	767,000	--	380,000	--	387,000
Total Subordinate Notes	6,037,000	--	2,980,000	--	3,057,000
Less Current Portion	(2,980,000)				(3,057,000)
Noncurrent Subordinate Notes	3,057,000				-
Noncurrent Portion Debt Outstanding	$ 22,492,000				$17,720,000

	Balance July 1, 2015	New Debt	Principal Repayment	Premium Amortization	Balance June 30, 2016
Series 2005	$ 22,360,000	$ --	$22,360,000	$ --	$ --
Unamortized Premium	820,280	-	-	820,280	-
Series 2015	--	20,690,000	--	--	20,690,000
Total Revenue Bond Debt	23,180,280	20,690,000	22,360,000	820,280	20,690,000
Less Current Portion	(1,420,000)				(1,225,000)
Noncurrent Revenue Bonds	21,760,280				19,435,000
Subordinate Notes:					
Series 2011 A-Fixed Rate	7,800,000	--	2,530,000	--	5,270,000
Series 2011 B-Variable Rate	1,137,000	--	370,000	--	767,000
Total Subordinate Notes	8,937,000	--	2,900,000	-	6,037,000
Less Current Portion	(2,900,000)				(2,980,000)
Noncurrent Subordinate Notes	6,037,000				3,057,000
Noncurrent Portion Debt Outstanding	$ 27,797,280				$ 22,492,000

6. Long-Term Debt (Continued)

Bond Resolutions

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

Gross Revenues are defined as all income and revenues received or accrued under generally accepted accounting principles derived directly or indirectly by the RTAA from the operation and use of and otherwise pertaining to the Airport System, or for any service rendered by the RTAA in the operation thereof. Gross revenues are deposited at least weekly in the Revenue Fund.

Operation and maintenance expenses are paid from these revenues. The remaining funds are applied monthly, as outlined in the Bond Resolution, in the following amounts and order of priority:

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

B. Operating and Maintenance Reserve Fund – from amounts remaining after the above allocations and the payment of debt service on any subordinate securities, this fund receives an allocation in the amount necessary to reinstate over a one-year period a minimum reserve of 17% or two months of the RTAA's currently budgeted operation and maintenance expenses.

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

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

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

Pursuant to the bond resolutions, the Revenue Fund, the Operation and Maintenance Fund, the Operation and Maintenance Reserve Fund, the Renewal and Replacement Fund, the Special Fund and the General Purpose Fund may be held by the RTAA. The Bond Fund and all accounts therein are held by a commercial bank who serves as the Paying Agent and Trustee.

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

The revenue bond resolutions require the RTAA to meet a rate maintenance covenant (see Note 8), 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, 2017 and 2016.

6. Long-Term Debt (Continued)

Series 2005 Bonds

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

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

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

Series 2015 Bond

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

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

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

Bond Year ending July 1	Principal	Interest	Total
2017	1,715,000	534,463	2,249,463
2018	1,760,000	487,300	2,247,300
2019	1,810,000	438,900	2,248,900
2020	1,860,000	389,125	2,249,125
2021-2026	12,290,000	1,210,000	13,500,000

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. See Note 8 for further information on the Rate Maintenance Covenant.

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

6. Long-Term Debt (Continued)

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.

- 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.

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, 2017 was 2.44%. The interest rate on the 2011B Note is capped at 12%.

6. Long-Term Debt (Continued)

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 PFC's 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, 2017 and 2016, the RTAA has applied a total of $10.170 million and $8.357 million, respectively, of PFC revenues toward debt service during the entire term on the Subordinate Lien Notes beginning with the August 29, 2011 approval date.

The RTAA collected $7.481 million and $6.740 million of PFC revenue annually during the years ended June 30, 2017 and 2016, respectively.

Maturities of subordinate notes, reflecting the early repayment, will require the following principal and interest payments (based on amounts outstanding at June 30, 2017):

	Principal	Interest	Total
Subordinate Note-Series 2011A Fixed Rate Note Year Ended July 1, 2017	$ 2,670,000	$ 36,713	$ 2,706,713
Subordinate Note-Series 2011B Variable Rate (a) Note Year Ended July 1, 2017	$ 387,000	$ 4,723	$ 391,723

(a) Interest payments for the Subordinate Note-Series 2011B Variable Rate Notes for 2017 were calculated using the interest rate in effect on January 1, 2016 of 2.07% for the July 1 2017 payment and the interest rate in effect on July 1 2016 of 2.19% for the payment January 1, 2017. The interest rate is reset semiannually and is based upon the LIBOR rate as previously noted. The interest rate in effect for the final payment on July 1, 2017 is 2.44%.

7. Non-Current Liabilities

Other long–term liability activity for the year ended June 30, 2017 and 2016 is summarized below:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Due Within One Year
Net other postemployment benefits obligation	$ 347,203	$ 175,778	$ 188,328	$ 334,653	$ -
Compensated absences	1,959,732	319,487	430,929	1,848,290	738,020
Deposits	373,227	123,879	83,138	413,968	-
Reclamation liability	1,234,030	31,502	137,414	1,128,118	-
Total	$ 3,914,192	$ 650,646	$ 839,809	$ 3,725,029	$ 738,020

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

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, 2017 and June 30, 2016:

	2017	**2016**
Airport Systems Revenues:		
Airline Fees and Rentals:		
Landing fees	$ 7,285,989	$ 7,166,407
Terminal building space rental	6,240,044	6,511,115
Total Airline Fees and Rentals	13,526,033	13,677,522
Non-Airline Revenues:		
Other aircraft fees	999,933	904,690
Concession fees	11,798,086	10,861,366
Parking and ground transportation	11,316,885	10,519,785
Other rentals	7,448,805	7,087,994
Reimbursement for services	2,531,223	2,419,689
Other operating revenues	168,024	42,873
Non-operating revenues	2,359,805	2,147,967
	36,622,761	33,984,364
Gross pledged revenues	$ 50,148,794	$ 47,661,886
Airport system operation and maintenance expenses	(38,112,913)	(36,616,939)
(Gain)/Loss on Sale of Capital Assets	(13,298)	(105,471)
Airline revenue sharing	3,176,955	2,347,074
35% of gaming revenue	(341,751)	(374,991)
Net Pledged Revenues	$ 14,857,787	$ 12,911,559
Debt Service Coverage Required	$ 2,811,829	$ 2,887,856
Debt Service Coverage Minimum Requirement is equal to 125% of Senior Lien Debt Service as calculated below:		
125% of Senior Lien Revenue Bond Debt Service	$ 2,811,829	$ 2,887,856
100% of Senior Lien Debt Service	$ 2,249,463	$ 2,310,285

8. Rate Maintenance Covenant

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.

	2017	2016
Net Pledged Revenues	$ 14,857,787	$ 12,911,559
100% Senior Lien Debt Service	(2,249,463)	(2,310,285)
Pledged Passenger Facility Charge Revenue	1,812,790	1,813,919
Subordinate Net Revenues	$ 14,421,114	$ 12,415,193
Subordinate Lien Debt Service Coverage Required	$ 3,453,332	$ 3,454,061
Minimum Debt Service Coverage Requirement for Subordinate Lien debt is calculated below:		
110% of Subordinate Lien Debt Service	$ 3,453,332	$ 3,454,061
100% of Subordinate Lien Debt Service	$ 3,098,436	$ 3,140,055

9. Leases

Substantially all of the property owned by the RTAA is subject to non-cancelable leases and concession agreements. The concession revenue shown in the accompanying Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2017 of $11,798,086 and June 30, 2016 of $10,861,366 result from concessions calculated as a percentage of the gross receipts or are attributable to specified minimum payments.

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

2018	$ 24,982,159
2019	13,648,596
2020	12,883,636
2021	5,041,758
2022	4,854,272
2023-2028	21,666,459
Total	$ 83,076,880

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

10. Pension Plan (Continued)

Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These plan provisions may only be amended through legislation.

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

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

B. Benefits

Benefits for plan members are funded under one of two methods; the employer pay contribution plan or the employer/employee paid contribution plan. All of the employees of the RTAA are under the employer pay contribution plan where the RTAA is required to contribute all amounts due under the plan. The contribution requirements of the RTAA are established by Chapter 286 of the Nevada Revised Statutes. The funding mechanism and benefits may only be amended through legislation.

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

	Contribution Rates		
Fiscal Year	Regular	Police/Fire	Total Contribution
2017-2018	28.00%	40.50%	$ -
2016-2017	28.00%	40.50%	$5,146,592
2015-2016	28.00%	40.50%	$4,742,955
2014-2015	25.75%	40.50%	$4,392,385

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

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

10. Pension Plan (Continued)

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

C. Vesting

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

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

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

D. Member Contributions

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

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

E. Termination

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

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

10. Pension Plan (Continued)

Based on a Schedule of Employer Allocations, Schedule of Pension Amounts by Employer and Related Notes provided by the Public Employee Retirement System of Nevada (PERS), the RTAA reported the net pension liability, total deferred outflow of resources, deferred inflows of resources, and pension expense as of June 30, 2017 and June 30, 2016.

The RTAA's proportional share reflects the actuarial valuation date as of June 30, 2016 and June 30, 2015 (PERS Actuarial Reports), respectively. Due to the difference between the valuation date of the PERS Actuarial Reports and payments made in advance of the RTAA's reporting date, pension contributions are recognized as a deferred outflow of resources.

As of June 30, 2017, RTAA is reporting a liability of $37,811,756 for its proportionate share of the net pension liability. This represents an increase of $5,202,255 as compared to $32,609,501 reported as of June 30, 2016. The RTAA's proportion of the net pension liability reflects the RTAA's contributions to the pension plan relative to the contributions of all participating entities.

At June 30, 2017 the RTAA's proportion share of the net pension liability, based on the RTAA's contributions to the pension plan relative to the contribution of all participating entities, is 0.2810 percent of the total. This compares to the prior year's proportion share of 0.2846 percent of the total and fiscal year 2015's proportion share of 0.28198 percent of the total.

For the year ended June 30, 2017 and 2016, the RTAA recognized pension expense of $4,810,542 and $3,995,255, respectively.

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, 2017, the RTAA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ --	$ 2,531,973
Net difference between projected and actual earnings on pension plan investments	3,515,073	--
Change in proportion and differences between RTAA contributions and proportionate share of contributions	917,630	392,408
RTAA contributions subsequent to the measurement date	5,146,592	--
Total	$ 9,579,295	$ 2,924,381

10. Pension Plan (Continued)

The deferred outflows of resources of $5,146,592 relates to RTAA pension contributions made subsequent to the total pension measurement date of June 30, 2016 that will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year, which was 6.48 years. Investment gains and losses are amortized over a fixed five-year period.

Deferred outflows/ (inflows) related to pensions excluding pension contributions made subsequent to the measurement date and the change in proportion and differences between actual contributions and proportionate share contributions will be recognized as follows:

Year ended June 30:	
2018	$ (163,829)
2017	(163,829)
2018	1,373,860
2019	716,460
2020	(195,053)
2021	(59,287)
Total	$ 1,508,322

At June 30, 2016, the RTAA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

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

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

10. Pension Plan (Continued)

Deferred outflows/ (inflows) related to pensions excluding pension contributions made subsequent to the measurement date and the change in proportion and differences between actual contributions and proportionate share contributions will be recognized as follows:

Year ended June 30:	
2017	$ (1,166,512)
2018	(1,166,512)
2019	(1,166,512)
2020	390,798
2021	(274,813)
2022	(73,140)
Total	$ (3,456,692)

Assumptions

The net pension liability reported as of June 30, 2017 and 2016 were determined using the following assumptions in the PERS Actuarial Reports, applied to all periods included in the measurement:

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

The following actuarial assumptions determined the mortality rates:

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

The actuarial assumptions used in the PERS Actuarial Report as of the June 30, 2016 reflect the experience review completed in 2013. The assumptions in the PERS Actuarial Report as of June 30, 2016 were based on an experience study for the period from July 1, 2006 through June 30, 2012.

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

10. Pension Plan (Continued)

<u>Assume Asset Allocation</u>

The PERS Board establishes the target asset allocations for the investment portfolio and the 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.

The following was PERS adopted policy target asset allocation as of both June 30, 2017 and 2016.

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

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

G. Discount rate

The discount rate used in the PERS Actuarial Reports to measure the total pension liability is 8.00%. The projection of cash flows used to determine the discount rate assumed plan contributions 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 plan members in the future and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position is 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 is applied to all periods of projected benefit payments to determine the total pension liability.

H. Future Payroll Growth

In projecting plan contributions as described above, fund experience is projected to be consistent with the valuation assumptions, except that estimated payroll grows at 5% per year for both 2017 and 2016 fiscal years.

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

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

10. Pension Plan (Continued)

		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	2017	$55,424,647	$37,811,756	$23,158,047
RTAA's proportionate share of the net pension liability	2016	$49,690,349	$32,609,501	$18,405,583

11. Capital Contributions

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

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

Contributions from other sources for the year ended June 30, 2017 represents a contribution to help defer the costs of purchase of central heating upgrades to buildings occupied by tenants.

The RTAA has received capital contributions as follows:

	Inception to Date	Year Ended 2017	Year Ended 2016
Federal	$440,923,211	$2,480,975	$9,834,319
State	280,741	7,438	9,571
Other Sources	26,626,439	28,710	166,607
Total	$467,830,391	$2,517,123	$10,010,497

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, 2017:

Airfield	$ 834,052
Terminal	18,000
Reno-Stead Airport	2,255,275
Other	1,190,094
Total Outstanding Commitments	$ 4,297,421

Financial resources for these projects will come from Federal Aviation Administration grants, Passenger Facility Charge revenue, the General Purpose Fund, and Special Fund. In 2000, the RTAA

12. Commitments and Contingencies (Continued)

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, requires those parties identified to perform environmental investigation, monitoring, and remediation for any contamination found. 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 bank balance of this fund is $1.111 million dollars for year ended 2017 and $1.226 million dollars for year ended 2016. Included in this balance are $297,531 for 2017 and $322,953 for 2016, which reflects the added funds as noted below.

During the 2011-2012 fiscal year, an updated study was completed, which identified additional remediation costs of $5.48 million that would be required over the next 23 years. Based on the 18.5% share allocated to the RTAA, additional expense and a related liability of $474,912 was recorded and $475,000 was added to the fund for the RTAA share.

The reclamation liability at June 30, 2017 and 2016 is $1,128,118 and $1,234,030, respectively.

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

13. Risk Management

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

14. Other Postemployment Benefits

The RTAA recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability for other postemployment benefits, and obtains information useful in assessing potential demands on the RTAA's future cash flows. At June 30, 2017 and 2016, respectively, the net other postemployment benefit liability for the two plans outlined below was $334,653 and $347,203. Currently, the RTAA finances the liability on the pay-as-you go basis.

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

14. Other Postemployment Benefits (Continued)

A. RTAA Group Health Plan

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

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

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

i. At the date of retirement, the employee occupies a full-time or a part-time position with the RTAA and is currently enrolled in RTAA Group Health Insurance coverage;

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

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

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

v. The employee is not eligible for Medicare.

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

Funding Policy: The full premium cost of the RTAA Retirees Insurance Coverage is paid by the retiree, with no contribution made by the RTAA. Qualified retirees are eligible to participate in the plan with blended rates that reflect the RTAA workforce, thereby benefitting from an implicit subsidy. As of June 30, 2017 and June 30, 2016, there was one retiree participating in the plan.

Annual OPEB Cost and Net OPEB Obligation: The RTAA had an actuarial valuation performed for the plan as of January 1, 2016 and a roll forward 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, 2017.

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, 2017 and 2016, the plan was funded on a "pay as you go" basis and no contribution was made to fund the actuarial determined liability.

14. Other Postemployment Benefits (Continued)

For fiscal year 2017, the RTAA's employer contribution, which is the value of the plan's implicit rate subsidy, for retirees' benefits was estimated to be $7,365. For fiscal year 2016, the RTAA's employer contribution, which is the value of the plan's implicit rate subsidy, for retirees' benefits, was $6,790.

Fiscal Year Ended June 30	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	$ (34,308)	$ 8,547	-24.91%	$ 105,143
2016	$ (21,268)	$ 6,790	-31.93%	$ 77,085
2017	$ (22,321)	$ 7,365	-33.00%	$ 47,399

The net OPEB obligation as of June 30, 2017 and 2016 was calculated as follows:

	2017	2016
Determination of Annual Required Contribution:		
Normal Cost	$ -	$ -
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	15,168	12,175
Interest to June 30	298	239
Annual Required Contribution (ARC)	$ 15,466	$ 12,414
Determination of Net OPEB Obligation:		
Annual Required Contribution	$ 15,466	$ 12,414
Interest on Net OPEB Obligation	3,083	4,206
Adjustment to ARC	(40,870)	(37,888)
Annual OPEB Cost	(22,321)	(21,268)
Estimated RTAA Contribution - Retiree Benefits	(7,365)	(6,790)
Increase (Decrease) in Net OPEB Obligation	(29,686)	(28,058)
Net OPEB Obligation, Beginning of Year	77,085	105,143
Net OPEB Obligation, End of Year	$ 47,399	$ 77,085
Funded Status and Funding Progress:		
Actuarial Accrued Liability (AAL)	$ 29,753	$ 35,138
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 29,753	$ 35,138
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%	0.00%
Covered Payroll (Active Plan Members as of June 30)	N/A	N/A
UAAL as Percentage of Covered Payroll	N/A	N/A

14. Other Postemployment Benefits (Continued)

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

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

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

In the January 1, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4% valuation interest rate on investments and an annual healthcare trend rate beginning at 7.5% for fiscal year 2016 and declining to an ultimate trend of 5.0% for the 2021 and later fiscal years. These rates include a 2.75% inflation assumption.

The actuarial value of plan assets was not determined since the RTAA has not advanced funded its obligation. The group of retirees covered currently by the RTAA Plan is essentially a closed group and there are no active employees who will be entitled to elect coverage when they retire. Accordingly, amortization has changed from open to closed, from level percent of pay to level dollar, and the amortization period is reduced to coincide with the average remaining time until the retiree is eligible for Medicare (3 years).

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

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

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

14. Other Postemployment Benefits (Continued)

Funding Policy: The RTAA is required to provide a subsidy to the plan of each retiree that has joined the PEBP. Contribution requirements for plan members and the participating employers are assessed by the PEBP Board annually. The contributions required for PEBP subsidies depends on the date of retirement, prior years of Public Employees Retirement System (PERS) service former employees earned while working for the RTAA, and number of qualifying employers. The subsidies are determined by years of service and range from a minimum of $16 to a maximum of $774 per month for the year ended June 30, 2017; subsidies ranged from a minimum of $15 to a maximum $772 per month for the year ended June 30, 2016. 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 $116,858 for 35 retirees, which equaled the required contribution. The prior year's contribution to PEBP was $123,621 for 38 retirees, which equaled the required contribution.

Annual OPEB Cost and Net OPEB Obligations: The RTAA had an actuarial valuation performed for the plan as of January 1, 2016 and a roll forward for 2017. For the plan year 2015, the RTAA had a roll forward of the actuarial valuation performed for the plan as of January 1, 2013. The valuations were done to determine the funded status of the plan as well as the RTAA's annual required contribution (ARC) for the fiscal years ended June 30, 2017 and 2016.

As of June 30, 2017 and 2016, 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
2015	$ 150,775	$ 142,808	94.72%	$ 260,368
2016	$ 133,372	$ 123,621	92.69%	$ 270,119
2017	$ 133,944	$ 116,858	87.24%	$ 287,205

14. Other Postemployment Benefits (Continued)

The net OPEB obligation as of June 30, 2017 and 2016 calculate as follows:

	2017	2016
Determination of Annual Required Contribution:		
Normal Cost	$ -	$ -
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	143,579	141,578
Interest to June 30	2,820	2,781
Annual Required Contribution (ARC)	$ 146,399	$ 144,359
Determination of Net OPEB Obligation:		
Annual Required Contribution	$ 146,399	$ 144,359
Interest on Net OPEB Obligation	10, 830	10,415
Adjustment to ARC	(23,235)	(21,402)
Annual OPEB Cost	133,944	133,372
Retiree Benefit Payments Paid by the RTAA	(116,858)	(123,621)
Increase (Decrease) in Net OPEB Obligation	17,086	9,751
Net OPEB Obligation, Beginning of Year	270,119	260,368
Net OPEB Obligation, End of Year	$ 287,205	$ 270,119
Funded Status and Funding Progress:		
Actuarial Accrued Liability (AAL)	$ 1,739,944	$1,791,288
Actuarial Accrued Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 1,739,944	$ 1,791,288
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%	0.00%
Covered Payroll (Active Plan Members as of June 30)	N/A	N/A
UAAL as a Percentage of Covered Payroll	N/A	N/A

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

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

14. Other Postemployment Benefits (Continued)

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

In the January 1, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4% valuation interest rate on investments and an annual healthcare trend rate beginning at 7.5% for fiscal year 2016 and declining to an ultimate trend of 5.0% for the 2021 and later fiscal years. These rates include a 2.75% inflation assumption.

The actuarial valuation of plan assets was not determined as the RTAA has not advanced funded its obligation. The group of retirees covered by PEBP is a closed group and there are no active employees entitled to elect this coverage when they retire. The amortization period has been reduced to coincide with the average remaining lifetime of retirees in the plan.

Accordingly, the unfunded PEBP liability is being amortized over a closed 17 year period, with level dollar payments.

15. Post-Employment Health Plan – Defined Contribution Plan

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

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

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

Sick Leave Balance	Amount of Sick Leave Contributed to Employee's PEHP Account
100-199 hours	5 hours
200-299 hours	10 hours
300-399 hours	25 hours
400-499 hours	35 hours
500-599 hours	50 hours

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

Sick Leave Balance	Amount of Sick Leave Contributed to Employee's PEHP Account
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, 2017, $213,054 was contributed to the PEHP plan. For the year ended June 30, 2016, $225,159 was contributed to the PEHP plan.

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

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

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

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

D. Once a member has accumulated 880 hours of sick leave, RTAA shall contribute annually in December of each year 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, 2017, $4,687 was contributed to the RTAA Police Officers Association plan. For the year ended June 30, 2016, $496 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, 2017

Reno-Tahoe Airport Authority Group Health Plan

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a/b) Funded Ratio	(b-a) Unfunded Accrued Actuarial Liability (UAAL)	(c) Covered Payroll	[(b-a) / c] UAAL as a Percent of Covered Payroll
January 1, 2016	$ -	$ 31,715	0%	$ 31,715	$ N/A	N/A
January 1, 2013	-	56,910	0%	56,910	N/A	N/A
January 1, 2011	-	280,420	0%	280,420	14,242,488	1.97%

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

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a/b) Funded Ratio	(b-a) Unfunded Accrued Actuarial Liability (UAAL)	(c) Covered Payroll	[(b-a) / c] UAAL as a Percent of Covered Payroll
January 1, 2016	$ -	$ 1,729,285	0%	$ 1,729,285	$ N/A	N/A
January 1, 2013	-	2,198,149	0%	2,198,149	N/A	N/A
January 1, 2011	-	4,474,745	0%	4,474,745	N/A	N/A

Note 1 - SCHEDULE OF FUNDING PROGRESS

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

Note 2 - TREND DATA

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

Note 3 - PEBP and RTAA Group Health Plan

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

RENO-TAHOE AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE RTAA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEARS ENDED JUNE 30, 2015 - 2017 [a]
(unaudited)

	2015 [b]	2016 [b]	2017 [b]
RTAA's proportion of the net pension liability	0.2820%	0.2846%	0.2810%
RTAA's proportionate share of the net pension liability	$29,388,235	$32,609,501	$37,811,756
RTAA's covered payroll	$15,137,166	$15,511,214	$15,831,440
RTAA's proportion of the net pension liability as a percentage of its covered payroll	194.15%	210.23%	238.84%
Plan fiduciary net position as a percentage of the total pension liability	76.3%	75.1%	72.2%

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

RENO-TAHOE AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2015 - 2017
(unaudited)

	2015	2016	2017
Statutorily required contribution	$ 4,392,386	$ 4,742,955	$ 5,146,592
Contributions in relation to the statutorily required contribution	4,392,386	4,742,955	5,146,592
Annual contribution deficiency (excess)	$ -	$ -	$ -
Percent funded	100%	100%	100%
Authority's covered payroll	$ 15,511,214	$ 15,831,440	$ 17,041,362
Contributions as a percentage of covered payroll	28.32%	29.96%	30.20%

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

RENO-TAHOE AIRPORT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES AND EXPENSES

COMPARISON OF BUDGET TO ACTUAL

YEAR ENDED JUNE 30, 2017

	Original Budget	Final Amended Budget	Actual	Variance To Final Budget
Operating revenues:				
Landing fees	$ 8,430,481	$ 8,430,481	$ 8,285,922	$ (144,559)
Concession revenue	10,791,000	10,791,000	11,798,086	1,007,086
Parking and ground transportation	10,113,000	10,113,000	11,316,885	1,203,885
Rentals	15,564,500	15,564,500	13,688,849	(1,875,651)
Reimbursements for services	2,646,808	2,646,808	2,531,223	(115,585)
Other revenue	61,200	61,200	168,024	106,824
Total Operating Revenues	47,606,989	47,606,989	47,788,989	182,000
Operating expenses:				
Employee wages and benefits	27,282,682	27,282,682	26,672,375	610,307
Utilities and communications	2,942,950	2,942,950	2,337,577	605,373
Purchase of services	5,322,685	5,322,685	4,595,802	726,883
Materials and supplies	1,848,975	1,848,975	1,753,352	95,623
Administrative expenses	2,893,279	2,893,279	2,579,040	314,239
Total Operating Expenses before Depreciation and Amortization	40,290,571	40,290,571	37,938,146	2,352,425
Depreciation and amortization	37,000,000	37,000,000	34,462,715	2,537,285
Total Operating Expenses	77,290,571	77,290,571	72,400,861	4,889,710
Operating Income (Loss)	(29,683,582)	(29,683,582)	(24,611,872)	5,071,710
Non-operating revenues (expenses):				
Interest income	334,000	334,000	305,497	(28,503)
Passenger facility charge revenue	6,775,300	6,775,300	7,480,732	705,432
Customer facility charge revenue	1,371,100	1,371,100	1,481,004	109,904
Jet fuel tax revenue	258,800	258,800	298,124	39,324
Gain (loss) on sale of capital assets	-	-	13,298	13,298
Non-operating expenses	-	-	(7,814)	(7,814)
Interest expense	(615,452)	(615,452)	(616,855)	(1,403)
Total Non-Operating Revenues (Expenses	8,123,748	8,123,748	8,953,986	830,238
Income (Loss) Before Capital Contributions	$(21,559,834)	$ (21,559,834)	$ (15,657,886)	$ 5,901,948

RENO-TAHOE AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DEBT SERVICE REQUIREMENTS ON BONDS AND NOTES
JUNE 30, 2017

Bond Year Ended July 1	Airport Revenue Subordinate Lien Revenue Notes Series 2011A Principal	Airport Revenue Subordinate Lien Revenue Notes Series 2011A Interest	Airport Revenue Subordinate Lien Revenue Notes Series 2011B Principal	Airport Revenue Subordinate Lien Revenue Notes Series 2011B Interest *	Airport Revenue Refunding Bond Series 2015 Principal	Airport Revenue Refunding Bond Series 2015 Interest	Total
2017	$ 2,670,000	$ 36,713	$ 387,000	$ 4,723	$ 1,715,000	$ 534,462	$ 5,347,898
2018	-	-	-	-	1,760,000	487,300	2,247,300
2019	-	-	-	-	1,810,000	438,900	2,248,900
2020	-	-	-	-	1,860,000	389,125	2,249,125
2021	-	-	-	-	1,910,000	337,975	2,247,975
2022	-	-	-	-	1,965,000	285,450	2,250,450
2023	-	-	-	-	2,020,000	231,412	2,251,412
2024	-	-	-	-	2,070,000	175,863	2,245,863
2025	-	-	-	-	2,130,000	118,937	2,248,937
2026	-	-	-	-	2,195,000	60,363	2,255,363
	$ 2,670,000	$ 36,713	$ 387,000	$ 4,723	$ 19,435,000	$ 3,059,787	$ 25,593,223

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

Statistical Section

Reno-Tahoe Airport Authority

STATISTICAL SECTION EXPLANATIONS

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operation Information

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

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

RENO-TAHOE AIRPORT AUTHORITY
NET POSITION AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2008 - 2017
(unaudited)

	2008	2009	2010	2011	2012
Operating revenues					
Landing fees	$8,503,502	$8,020,650	$9,157,170	$6,134,543	$7,793,050
Concession revenue	15,610,371	14,267,318	14,400,176	11,727,995	10,649,435
Parking and ground transportation	10,285,079	9,102,015	8,738,391	8,927,778	8,742,195
Rentals	12,100,223	12,172,296	10,378,966	12,235,790	12,499,901
Reimbursements for services	630,653	957,499	1,838,355	2,368,283	2,407,854
Other revenue	13,206	82,970	18,300	42,411	68,099
Total operating revenues	47,143,034	44,602,748	44,531,358	41,436,800	42,160,534
Nonoperating revenues					
Interest income	2,440,071	1,814,681	347,571	286,887	210,110
Passenger facility charge revenue	9,931,917	7,688,656	7,737,810	7,346,775	6,806,898
Customer facility charge revenue	-	-	-	-	-
Jet fuel tax income	400,006	313,204	304,912	319,073	304,048
Gain on sale of capital assets	89,009	544,222	9,641	3,226	8,014
Total nonoperating revenues	12,861,003	10,360,763	8,399,934	7,955,961	7,399,707
Total revenues	60,004,037	54,963,511	52,931,292	49,392,761	49,560,241
Operating expense					
Employee wages and benefits	22,612,550	21,868,506	21,148,848	22,421,307	23,094,222
Utilities and communications	2,655,511	2,978,879	3,234,216	2,934,201	2,626,376
Purchase of services	3,039,115	3,037,358	3,218,502	4,176,135	4,019,245
Materials and supplies	1,651,664	1,424,020	1,611,574	1,855,013	1,871,019
Administrative expenses	1,976,701	1,911,933	1,922,140	2,028,418	2,234,156
	31,935,541	31,220,696	31,135,280	33,415,074	33,845,018
Depreciation and amortization	22,000,778	21,904,868	23,624,026	23,521,743	30,253,602
Total operating expenses	53,936,319	53,125,564	54,759,306	56,936,817	64,098,620
Nonoperating expenses					
Loss on debt defeasance	-	-	207,881	-	-
Reclamation expenses	-	-	-	-	474,912
Non-operating expense	-	-	-	-	-
Interest expense	2,834,064	2,417,329	2,146,371	1,542,358	1,315,921
Total nonoperating expenses	2,834,064	2,417,329	2,354,252	1,542,358	1,790,833
Total expenses	56,770,383	55,542,893	57,113,558	58,479,175	65,889,453
Capital contributions	31,014,332	14,759,282	24,330,343	35,581,288	10,298,935
Increase (Decrease) in Net Position	$34,247,986	$14,179,900	$20,148,077	$26,494,874	($6,030,277)
Net Position at Year-End					
Net Investment in capital assets	$310,515,372	$354,630,181	$381,032,297	$413,692,789	$415,582,335
Restricted	50,911,600	29,015,626	21,539,564	24,195,980	19,148,691
Unrestricted	54,566,580	46,527,645	47,749,668	38,927,634	36,055,100
Total Net Position	$415,993,552	$430,173,452	$450,321,529	$476,816,403	$470,786,126

RENO-TAHOE AIRPORT AUTHORITY
NET POSITION AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2008 - 2017
(unaudited)

	2013	2014	2015	2016	2017
Operating revenues					
Landing fees	$7,380,804	$7,440,496	$7,916,995	$8,071,097	$8,285,922
Concession revenue	10,478,433	10,301,098	10,344,733	10,861,366	11,798,086
Parking and ground transportation	8,914,030	8,983,926	9,515,946	10,519,785	11,316,885
Rentals	11,967,776	13,282,322	13,456,901	13,599,106	13,688,849
Reimbursements for services	2,579,738	2,632,002	2,647,105	2,419,689	2,531,223
Other revenue	92,093	34,596	106,844	42,873	168,024
Total operating revenues	41,412,874	42,674,440	43,988,524	45,513,916	47,788,989
Nonoperating revenues					
Interest income	67,781	289,281	286,481	694,721	305,497
Passenger facility charge revenue	6,453,403	6,601,269	6,332,093	6,740,165	7,480,732
Customer facility charge revenue	1,088,981	1,263,517	1,252,480	1,385,061	1,481,004
Jet fuel tax income	276,338	264,586	246,059	268,287	298,124
Gain on sale of capital assets	32,003	5,631	29,533	105,471	13,298
Total nonoperating revenues	7,918,506	8,424,284	8,146,646	9,193,705	9,578,655
Total revenues	49,331,380	51,098,724	52,135,170	54,707,621	57,367,644
Operating expense					
Employee wages and benefits	23,255,693	24,301,598	24,638,525	25,007,616	26,672,375
Utilities and communications	2,559,355	2,774,328	2,757,835	2,540,504	2,337,577
Purchase of services	4,588,047	4,770,478	4,763,544	4,803,679	4,595,802
Materials and supplies	1,850,565	1,749,084	1,582,278	1,821,369	1,753,352
Administrative expenses	2,273,581	2,563,199	2,113,887	2,443,771	2,579,040
	34,527,241	36,158,687	35,856,069	36,616,939	37,938,146
Depreciation and amortization	33,189,676	35,816,772	34,958,476	34,613,731	34,462,715
Total operating expenses	67,716,917	71,975,459	70,814,545	71,230,670	72,400,861
Nonoperating expenses					
Loss on debt defeasance	-	-	-	-	-
Reclamation expenses	-	-	-	-	-
Non-operating expense	-	-	-	140,952	7,814
Interest expense	1,460,898	1,545,697	1,376,012	1,284,053	616,855
Total nonoperating expenses	1,460,898	1,545,697	1,376,012	1,425,005	624,669
Total expenses	69,177,815	73,521,156	72,190,557	72,655,675	73,025,530
Capital contributions	14,651,900	12,210,737	4,867,414	10,010,497	2,517,123
Increase (Decrease) in Net Position	($5,194,535)	($10,211,695)	($15,187,973)	($7,937,557)	($13,140,763)
Net Position at Year-End					
Net Investment in capital assets	$412,444,732	$395,050,506	$382,231,061	$367,749,013	$345,904,676
Restricted	14,720,733	22,897,188	22,459,489	20,371,555	23,692,496
Unrestricted	38,426,126	37,432,202	2,670,101	11,302,526	16,685,159
Total Net Position	$465,591,591	$455,379,896	$407,360,651	$399,423,094	$386,282,331

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2008 - 2017
(unaudited)

	2008	2009	2010	2011	2012
Operating Revenues	$47,143,034	$44,602,748	$44,531,358	$41,436,800	$42,160,534
Operating Expenses	(31,935,541)	(31,220,696)	(31,135,280)	(33,415,074)	(33,845,018)
Operating Income before Depreciation and Amortization	15,207,493	13,382,052	13,396,078	8,021,726	8,315,516
Depreciation and Amortization	(22,000,778)	(21,904,868)	(23,624,026)	(23,521,743)	(30,253,602)
Operating Income (Loss)	(6,793,285)	(8,522,816)	(10,227,948)	(15,500,017)	(21,938,086)
Nonoperating Revenues and (Expenses):					
Interest Income	2,440,071	1,814,681	347,571	286,887	210,110
PFC Revenue	9,931,917	7,688,656	7,737,810	7,346,775	6,806,898
CFC Revenue	-	-	-	-	-
Jet Fuel Tax Revenue	400,006	313,204	304,912	319,073	304,048
Interest Expense	(2,834,064)	(2,417,329)	(2,146,371)	(1,542,358)	(1,315,921)
Gain (Loss) on Sale of Capital Assets	89,009	544,222	9,641	3,226	8,014
Non-operating expenses	-	-	-	-	-
Gain (Loss) on Sale of Easements	-	-	-	-	70,637
Reclamation Expenses	-	-	-	-	(474,912)
Gain (Loss) on Debt Defeasance	-	-	(207,881)	-	-
	10,026,939	7,943,434	6,045,682	6,413,603	5,608,874
Income (Loss) Before Capital Contributions	$3,233,654	($579,382)	($4,182,266)	($9,086,414)	($16,329,212)

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, 2008- 2017
(unaudited)

	2013	2014	2015	2016	2017
Operating Revenues	$41,412,874	$42,674,440	$43,988,524	$45,513,916	$47,788,989
Operating Expenses	(34,527,241)	(36,158,687)	(35,856,069)	(36,616,939)	(37,938,146)
Operating Income before Depreciation and Amortization	6,885,633	6,515,753	8,132,455	8,896,977	9,850,843
Depreciation and Amortization	(33,189,676)	(35,816,772)	(34,958,476)	(34,613,731)	(34,462,715)
Operating Income (Loss)	(26,304,043)	(29,301,019)	(26,826,021)	(25,716,754)	(24,611,872)
Nonoperating Revenues and (Expenses):					
Interest Income	67,781	289,281	286,481	694,721	305,497
PFC Revenue	6,453,403	6,601,269	6,332,093	6,740,165	7,480,732
CFC Revenue	1,088,981	1,263,517	1,252,480	1,385,061	1,481,004
Jet Fuel Tax Revenue	276,338	264,586	246,059	268,287	298,124
Interest Expense	(1,460,898)	(1,545,697)	(1,376,012)	(1,284,053)	(616,855)
Gain (Loss) on Sale of Capital Assets	32,003	5,631	29,533	105,471	13,298
Non-operating expenses	-	-	-	(140,952)	(7,814)
Gain (Loss) on Sale of Easements	-	-	-	-	-
Reclamation Expenses	-	-	-	-	-
Gain (Loss) on Debt Defeasance	-	-	-	-	-
	6,457,608	6,878,587	6,770,634	7,768,700	8,953,986
Income (Loss) Before Capital Contributions	($19,846,435)	($22,422,432)	($20,055,387)	($17,948,054)	($15,657,886)

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, 2008-2017
(unaudited)

	2008	2009	2010	2011	2012
Airlines - Landing Fees Only					
Alaska/Horizon	$ 486,348	$ 530,531	$ 464,362	$ 234,561	$ 19,049
American Airlines	886,944	475,216	567,034	418,736	499,548
Delta	237,722	138,633	388,775	297,922	522,361
Fed Ex	482,404	472,658	588,786	420,983	578,381
Jet Blue	-	-	-	-	-
Sky West	268,331	302,178	520,360	12,477	-
Southwest	3,479,612	3,574,278	4,614,487	2,637,384	3,442,903
United	564,843	624,754	710,570	599,606	667,687
UPS	324,172	330,133	417,670	243,003	354,818
US Airways	-	288,960	627,073	399,961	472,953
Total:	$ 6,730,376	$ 6,737,341	$ 8,899,117	$ 5,264,633	$ 6,557,700
Rental Cars - Concession Leases Only					
Advantage	$ 331,069	$ 121,870	$ 175,662	$ 197,109	$ 205,928
Avis/Budget	1,822,000	1,268,385	1,254,954	1,406,645	1,462,576
Alamo/ National	1,196,774	876,612	930,385	1,039,715	986,217
Dollar/Thrifty	1,300,000	820,997	822,933	845,807	830,192
Enterprise	1,330,346	619,832	786,176	996,820	950,649
Payless	-	-	-	-	-
Hertz	1,791,561	1,364,751	1,447,168	1,512,460	1,393,391
Total:	$ 7,771,750	$ 5,072,447	$ 5,417,278	$ 5,998,556	$ 5,828,953
Other Concession Leases					
IGT	$ 3,491,388	$ 1,407,513	$ 2,234,661	$ 2,256,664	$ 1,790,472
Paradise Gift Shops	1,156,652	887,355	916,445	923,381	714,600
SSP America, Inc.	952,053	748,384	783,755	871,916	823,646
Younger Agency Advertising	1,019,036	945,315	828,219	845,357	825,559
Clear Channel	-	-	-	-	-
Forever Heather	-	-	-	26,851	44,686
Total:	$ 6,619,129	$ 3,988,567	$ 4,763,080	$ 4,924,169	$ 4,198,963
Parking and Ground Transportation	$ 10,285,079	$ 9,102,015	$ 8,738,391	$ 8,927,778	$ 8,742,195
Total:	$ 31,406,334	$ 24,900,370	$ 27,817,866	$ 25,115,136	$ 25,327,811

Note: Each year the RTAA reports largest tenant revenue payors.

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL REVENUE PAYERS
FOR THE YEARS ENDED JUNE 30, 2008-2017
(unaudited)

	2013	2014	2015	2016	2017
Airlines - Landing Fees Only					
Alaska/Horizon	$ 290,576	$ 341,556	$ 580,120	$ 623,357	$ 642,969
American Airlines	533,388	592,839	715,170	1,308,569	1,125,206
Delta	416,790	406,794	455,739	426,813	433,298
Fed Ex	585,585	782,244	888,324	968,838	932,842
Jet Blue	-	-	11,198	13,515	238,725
Sky West	-	-	-	-	-
Southwest	3,068,489	2,751,016	2,642,052	2,576,418	2,699,800
United	613,229	657,735	720,757	724,254	701,646
UPS	440,067	451,188	518,289	660,717	654,977
US Airways	475,990	542,374	608,778	-	-
Total:	$ 6,424,114	$ 6,525,746	$ 7,140,427	$ 7,302,481	$ 7,429,463
Rental Cars - Concession Leases Only					
Advantage	$ 252,957	$ 229,167	$ -	$ -	$ -
Avis/Budget	1,518,405	1,493,707	1,482,869	1,620,958	1,777,825
Alamo/ National	923,862	1,026,907	1,269,575	1,411,955	1,554,676
Dollar/Thrifty	881,351	840,070	805,775	757,453	750,745
Enterprise	929,817	879,344	806,729	978,067	1,183,386
Payless	-	20,833	320,499	314,189	317,940
Hertz	1,455,966	1,421,777	1,375,025	1,506,355	1,606,381
Total:	$ 5,962,358	$ 5,911,805	$ 6,060,472	$ 6,588,977	$ 7,190,953
Other Concession Leases					
IGT	$ 1,697,814	$ 1,322,752	$ 1,266,307	$ 1,071,402	$ 974,166
Paradise Gift Shops	705,250	901,000	901,000	944,071	1,016,968
SSP America, Inc.	835,653	929,240	887,963	992,984	1,221,761
Younger Agency Advertising	757,754	670,850	-	-	-
Clear Channel	-	-	640,403	564,210	663,436
Forever Heather	41,865	65,531	43,819	34,855	29,462
Total:	$ 4,038,336	$ 3,889,373	$ 3,739,492	$ 3,607,522	$ 3,905,792
Parking and Ground Transportation	$ 8,914,030	$ 8,983,926	$ 9,515,946	$ 10,519,785	$ 11,316,885
Total:	$ 25,338,838	$ 25,310,850	$ 26,456,337	$ 28,018,765	$ 29,843,093

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL OPERATING REVENUE SOURCES
FOR THE YEARS ENDED JUNE 30, 2008-2017
(unaudited)

	2008	2009	2010	2011	2012
Landing fees	$ 8,503,502	$ 8,020,650	$ 9,157,170	$ 6,134,543	$ 7,793,050
Concession revenue	15,610,371	14,267,318	14,400,176	11,727,995	10,649,435
Parking and ground transportation	10,285,079	9,102,015	8,738,391	8,927,778	8,742,195
Rentals	12,100,223	12,172,296	10,378,966	12,235,790	12,499,901
Reimbrusement for Services	630,653	957,499	1,838,355	2,368,283	2,407,854
Toal Operating Revenue	47,129,828	44,519,778	44,513,058	41,394,389	42,092,435
Interest Income	2,440,071	1,814,681	347,571	286,887	210,110
Total	$ 49,569,899	$ 46,334,459	$ 44,860,629	$ 41,681,276	$ 42,302,545

Note: Top revenue sources per the Statements of Revenues. Expenses and changes in net Position for the current year including interest income and excluding other revenue.

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL OPERATING REVENUE SOURCES
FOR THE YEARS ENDED JUNE 30, 2008-2017
(unaudited)

	2013	2014	2015	2016	2017
Landing fees	$ 7,380,804	$ 7,440,496	$ 7,916,995	$ 8,071,097	$ 8,285,922
Concession revenue	10,478,433	10,301,098	10,344,733	10,861,366	11,798,086
Parking and ground transportation	8,914,030	8,983,926	9,515,946	10,519,785	11,316,885
Rentals	11,967,776	13,282,322	13,456,901	13,599,106	13,688,849
Reimbrusement for Services	2,579,738	2,632,003	2,647,105	2,419,689	2,531,223
Toal Operating Revenue	41,320,781	42,639,845	43,881,680	45,471,043	47,620,965
Interest Income	67,781	289,281	286,481	694,721	305,497
Total	$ 41,388,562	$ 42,929,126	$ 44,168,161	$ 46,165,764	$ 47,926,462

RENO-TAHOE AIRPORT AUTHORITY REVENUE
RATES AND COST PER ENPLANEMENTS
FOR THE YEARS ENDED JUNE 30, 2008-2017
(unaudited)

	Landing Fee (a)		RON (Ramp Over Night) (a)			
Year	Signatory	Non-Signatory	Signatory	Non-Signatory	Terminal Rental Rate Average	Cost per Enplanements
2017	$ 2.62	$ 2.79	$ 73.00	$ 73.00	$ 40.48	$ 5.85
2016	2.78	2.94	70.00	70.00	46.72	6.56
2015	2.97	3.06	60.00	60.00	49.43	7.21
2014	2.80	2.78	55.00 (b)	55.00 (b)	53.24	7.31
2013	2.64	2.81	0.37	0.62	45.42	6.38
2012	2.59	2.83	0.38	0.71	48.93	6.81
2011	1.83	1.89	0.29	0.47	46.57	5.45
2010	3.02	3.87	0.47	0.97	46.38	6.26
2009	2.28	2.82	0.35	0.71	55.39	6.23
2008	2.02	2.45	0.30	0.61	58.43	5.52

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

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

Notes: The RTAA and certain airlines negotiated an Airline Use and Lease Agreement effective July 1, 1996 which remained in effect through June 20 2010. Starting on July 1, 2010, the RTAA and the airlines executed a series of two five-year airline agreements effective through June 30, 2020.

RENO-TAHOE AIRPORT AUTHORITY

SCHEDULE OF DEBT AND OBLIGATION COVERAGES

FOR THE YEARS ENDED JUNE 30, 2008-2017

(unaudited)

YEAR	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Gross Pledged Revenues [1]	$ 50,148,794	$ 47,661,886	$ 45,766,095	$ 44,371,827	$ 43,026,765	$ 42,768,868	$ 42,021,602	$ 45,086,530	$ 46,053,401	$ 48,937,846
Transfers- LOI Bond	-	-	-	-	-	-	-	650,117	644,911	641,856
G/L on Sale of Assets	(13,298)	(105,471)	(29,533)	(5,631)	-	-	-	-	-	-
Airline Revenue Sharing	3,176,955	2,347,074	1,494,648	1,213,722	1,587,800	1,926,162	3,594,787	1,516,737	1,892,768	1,867,149
35% Gaming Revenue	(341,751)	(374,991)	(443,208)	(462,963)	(550,386)	(626,665)	(789,832)	(780,474)	(946,661)	(1,221,986)
Direct Operating Expense [2]	(38,112,913)	(37,603,816)	(35,856,069)	(36,158,687)	(34,527,241)	(33,845,018)	(33,415,074)	(31,135,280)	(31,220,696)	(31,935,541)
Net Pledged Revenue (Available for Debt and Obligation Payments)	$ 14,857,787	$ 11,924,682	$ 10,931,933	$ 8,958,268	$ 9,536,938	$ 10,223,347	$ 11,411,483	$ 15,337,630	$ 16,423,723	$ 18,289,324
Debt Service (Senior Lien Debt Service)	2,249,463	2,310,285	2,521,300	2,516,500	2,523,900	2,521,150	6,893,650	11,268,725	10,768,625	10,770,476
Debt Service Coverage Ratio - Senior Lien Debt Service	6.61	5.16	4.34	3.56	3.78	4.06	1.66	1.36	1.53	1.70
Net Pledged Revenue (Available for Subordinate Notes)	$ 12,608,324	$ 9,614,397	$ 8,410,633	$ 6,441,768	$ 7,013,038	$ 7,702,197	-	-	-	-
Pledged PFC Revenue	1,812,790	1,813,919	1,808,804	2,079,176	1,491,202	1,383,833	-	-	-	-
Pledged Revenue (Available for Subordinate Notes)	14,421,114	11,428,316	10,219,437	8,520,944	8,504,240	9,086,030	-	-	-	-
Debt Service (Subordinate Lien Debt Service)	3,139,393	3,140,055	3,134,943	4,150,028	2,777,586	2,781,875	-	-	-	-
Debt Service - Coverage Ratio - Subordinate Lien Debt Service	4.59	3.64	3.26	2.05	3.06	3.27	-	-	-	-

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

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

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2008 - 2017
(unaudited)

	2008	2009	2010	2011	2012
Operating Revenues	$47,143,034	$44,602,748	$44,531,358	$41,436,800	$42,160,534
Trust Fund Investment Interest Income	1,794,812	1,450,653	555,172	584,802	608,334
Gross Pledged Revenues	48,937,846	46,053,401	45,086,530	42,021,602	42,768,868
Transfers - General Purpose Fund for LOI Bond Debt Service	641,856	644,911	650,117	-	-
Operating Expenses	(31,935,541)	(31,220,696)	(31,135,280)	(33,415,074)	(33,845,018)
G/L on Sale of Capital Assets	-	-	-	-	-
Airline Revenue Share Prior Year	1,867,149	1,892,768	1,516,737	3,594,787	1,926,162
35% of Gaming Revenues	(1,221,986)	(946,661)	(780,474)	(789,832)	(626,665)
Net Pledged Revenues - Senior Lien Bonds	$18,289,324	$16,423,723	$15,337,630	$11,411,483	$10,223,347
125% of Senior Lien Revenue Bond Debt Service	$13,463,095	$13,460,781	$14,085,906	$8,617,063	$3,151,438
Senior Lien Debt Service	$10,770,476	$10,768,625	$11,268,725	$6,893,650	$2,521,150
Net Pledged Revenues - Subordinate Lien Notes	$7,518,848	$5,655,098	$4,068,905	$4,517,833	$7,702,197
Pledged Passenger Facility Charges	-	-	-	-	1,383,833
Pledged Revenues - Subordinate Lien Notes	$7,518,848	$5,655,098	$4,068,905	$4,517,833	$9,086,030
110% of Subordinate Lien Debt Service	$ -	$ -	$ -	$ -	$3,060,063
Subordinate Lien Debt Service	$ -	$ -	$ -	$ -	$2,781,875
Rate Maintenance Minimum Revenues	$13,463,095	$13,460,781	$14,085,906	$8,617,063	$6,211,501

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2008- 2017
(unaudited)

	2013	2014	2015	2016	2017
Operating Revenues	$42,863,935	$44,208,178	$45,512,494	$47,294,719	$49,616,816
Trust Fund Investment Interest Income	162,830	163,649	253,601	367,167	531,978
Gross Pledged Revenues	43,026,765	44,371,827	45,766,095	47,661,886	50,148,794
Transfers - General Purpose Fund for LOI Bond Debt Service	-	-	-	-	-
Operating Expenses	(34,527,241)	(36,158,687)	(35,856,069)	(37,603,816)	(38,112,913)
G/L on Sale of Capital Assets	-	(5,631)	(29,533)	(105,471)	(13,298)
Airline Revenue Share Prior Year	1,587,800	1,213,722	1,494,648	2,347,074	3,176,955
35% of Gaming Revenues	(550,386)	(462,963)	(443,208)	(374,991)	(341,751)
Net Pledged Revenues - Senior Lien Bonds	$9,536,938	$8,958,268	$10,931,933	$11,924,682	$14,857,787
125% of Senior Lien Revenue Bond Debt Service	$3,154,875	$3,145,625	$3,151,625	$2,887,856	$2,811,829
Senior Lien Debt Service	$2,523,900	$2,516,500	$2,521,300	$2,310,285	$2,249,463
Net Pledged Revenues - Subordinate Lien Notes	$7,016,041	$6,441,768	$8,410,633	$9,614,397	$12,608,324
Pledged Passenger Facility Charges	1,491,202	2,079,176	1,808,804	1,813,919	1,812,790
Pledged Revenues - Subordinate Lien Notes	$8,507,243	$8,520,944	$10,219,437	$11,428,316	$14,421,114
110% of Subordinate Lien Debt Service	$3,055,345	$4,559,531	$3,448,437	$3,454,061	$3,453,332
Subordinate Lien Debt Service	$2,777,586	$4,145,028	$3,134,943	$3,140,055	$3,139,393
Rate Maintenance Minimum Revenues	$6,210,220	$7,705,156	$6,600,062	$6,341,917	$6,265,161

RENO-TAHOE AIRPORT AUTHORITY
RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE
FOR THE YEARS ENDED JUNE 30, 2008 - 2017
(unaudited)

	2008	2009	2010	2011	2012
Outstanding Debt					
Revenue bonds	$60,810,000	$53,045,000	$40,700,000	$31,620,000	$26,270,000
Unamortized premium	2,278,837	1,806,117	1,327,738	1,118,564	1,043,993
Notes payable	-	-	-	15,000,000	15,000,000
Total outstanding debt	$63,088,837	$52,533,163	$42,027,738	$47,738,564	$42,313,993
Enplaned Passengers	2,427,364	1,945,848	1,886,677	1,901,850	1,780,812
Outstanding debt per enplaned passenger	$26	$27	$22	$25	$24
Debt Service					
Principal	$7,365,000	$7,765,000	$8,180,000	$9,080,000	$5,350,000
Interest	3,400,468	3,005,476	2,588,625	2,188,725	1,543,650
Total debt service	$10,765,468	$10,770,476	$10,768,625	$11,268,725	$6,893,650
Total Expenses	56,770,383	55,542,893	56,905,677	58,479,175	65,889,453
Ratio of debt service to total expenses	18.96%	19.39%	18.92%	19.27%	10.46%

Note 1: No debt-to-personal-income ratio is shown because personal income information is not available for the RTAA trade area. See schedule of Operational Statistical Summary for enplanements.

RENO-TAHOE AIRPORT AUTHORITY
RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE
FOR THE YEARS ENDED JUNE 30, 2008 - 2017
(unaudited)

	2013	**2014**	**2015**	**2016**	**2017**
Outstanding Debt					
Revenue bonds	$25,025,000	$23,715,000	$22,360,000	$20,690,000	$19,435,000
Unamortized premium	969,422	894,851	820,280	-	-
Notes payable	18,015,000	15,615,000	8,937,000	6,037,000	3,057,000
Total outstanding debt	$42,522,998	$40,224,851	$32,117,280	$26,727,000	$22,492,000
Enplaned Passengers	1,756,471	1,658,187	1,656,293	1,778,611	1,909,187
Outstanding debt per enplaned passenger	$24	$24	$19	$15	$12
Debt Service					
Principal	$3,710,000	$5,125,000	$4,320,000	$4,235,000	$4,772,000
Interest	1,591,486	1,541,528	1,336,243	588,367	616,855
Total debt service	$5,301,486	$6,666,528	$5,656,243	$4,823,367	$5,388,855
Total Expenses	69,177,815	73,521,156	72,190,557	72,514,723	73,017,716
Ratio of debt service to total expenses	7.66%	9.07%	7.84%	6.65%	7.38%

Note 1: No debt-to-personal-income ratio is shown because personal income information is not available for the RTAA trade area. See schedule of Operational Statistical Summary for enplanements.

RENO-TAHOE AIRPORT AUTHORITY
POPULATION IN AIR TRADE AREA
FOR THE CALENDAR YEARS 2007-2016
(unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nevada										
County										
Churchill	24,891	24,896	24,897	24,877	24,637	24,375	24,063	23,989	24,200	24,198
Douglas	45,406	45,180	45,464	46,997	46,886	46,996	47,118	47,536	47,710	48,020
Humboldt	17,523	17,763	18,260	16,528	16,735	17,048	17,363	17,279	17,019	16,842
Lyon	52,479	53,022	52,641	51,980	51,871	51,327	51,557	51,789	52,585	53,179
Pershing	6,376	6,291	6,286	6,753	6,734	6,749	6,877	6,698	6,634	6,560
Storey	4,193	4,341	4,441	4,010	3,896	3,935	3,942	3,912	3,987	4,051
Washoe	406,079	410,443	414,820	421,407	425,710	429,908	433,731	440,078	446,903	453,616
Carson City	54,939	54,867	55,176	55,274	55,439	54,838	54,080	54,522	54,521	54,742
Subtotal	611,886	616,803	621,985	627,826	631,908	635,176	638,731	645,803	653,559	661,208
California										
County										
Alpine	1,145	1,061	1,041	1,175	1,102	1,129	1,159	1,116	1,110	1,071
El Dorado	175,689	176,075	178,447	181,058	180,938	180,561	181,737	183,087	184,452	185,625
Lassen	35,031	34,574	34,473	34,895	34,200	33,658	32,163	31,749	31,345	30,870
Mono	12,801	12,774	12,927	14,202	14,309	14,348	14,074	13,997	13,909	13,981
Nevada	97,027	97,118	97,751	98,764	98,612	98,292	98,200	98,893	98,877	99,107
Placer	332,920	341,945	348,552	348,432	357,138	361,682	367,309	371,694	375,391	380,531
Plumas	20,615	20,275	20,122	20,007	19,765	19,399	18,859	18,606	18,409	18,627
Sierra	3,328	3,263	3,174	3,240	3,113	3,086	3,047	3,003	2,967	2,947
Subtotal	678,556	687,085	696,487	701,773	709,177	712,155	716,548	722,145	726,460	732,759
Total	1,290,442	1,303,888	1,318,472	1,329,599	1,341,085	1,347,331	1,355,279	1,367,948	1,380,019	1,393,967
Percentage increase	2.56%	1.04%	1.12%	0.84%	0.86%	0.47%	0.59%	0.93%	0.88%	1.01%
Unemployment rate Washoe County	4.3%	6.8%	11.1%	12.9%	12.6%	11.0%	9.4%	7.6%	6.3%	5.0%

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

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

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

	Calendar year 2016		Calendar year 2007	
Employer	Rank	Employees	Rank	Employees
Washoe County School District	1	8,500-8,999	1	7,000-7,499
University of Nevada-Reno	2	4,500-4,999	2	4,000-4,499
Renown Regional Medical Center	3	2,500-2,999	5	2,000-2,499
Washoe County	4	2,500-2,999	3	3,000-3,499
Peppermill Hotel Casino-Reno	5	2,000-2,499	7	2,000-2,499
Grand Sierra Resort & Casino	6	2,000-2,499	-	-
Atlantis Casino Resort	7	1,500-1,999	9	1,500-1,999
International Game Technology	8	1,500-1,999	4	2,500-2,999
Silver Legacy Resort Casino	9	1,500-1,999	6	2,000-2,499
Truckee Meadows Community College	10	1,000-1,499	-	
City of Reno	11	1,000-1,499	8	2,000-2,499
Sparks Nugget, Inc.	-	1,000-1,499	10	1,500-1,999

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

www.nevadaworkforce.com/top-employers
https://www.nvenergy.com/business/economicdevelopment/county/washoe/busoverview.cfm
Book of Lists Northern Nevada Business Weekly 2017

RENO-TAHOE AIRPORT AUTHORITY
EMPLOYEES
FOR THE YEARS ENDED JUNE 30, 2008-2017
(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
2017	9.0	52.0	68.0	43.0	15.0	20.0	74.5	272.5
2016	9.0	52.0	68.0	42.0	15.0	20.0	73.5	270.5
2015	9.0	52.0	68.0	42.0	15.0	20.0	73.5	270.5
2014	9.0	52.0	68.0	42.0	15.0	20.0	71.5	268.5
2013	9.0	50.0	69.0	43.0	15.0	20.0	70.5	267.5
2012	9.0	52.0	69.0	43.0	15.0	20.0	68.5	267.5
2011	9.0	53.0	69.0	43.0	15.0	20.0	68.5	268.5
2010	9.0	51.0	69.0	43.0	15.0	20.0	65.5	263.5
2009	9.0	51.0	69.0	43.0	15.0	20.0	68.5	275.5
2008	9.0	51.0	67.0	43.0	15.0	20.0	64.5	269.5

* 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, 2008 - 2017
(unaudited)

Year	Enplanements	Airport Growth	Landed Weights	Airport Growth	Air Carrier Operations	Airport Growth
2017	1,909,187	7.3%	2,808,680	8.0%	43,347	9.5%
2016	1,778,611	7.4%	2,599,963	8.8%	39,579	9.6%
2015	1,656,293	-0.1%	2,390,031	0.1%	36,122	4.1%
2014	1,658,187	-5.6%	2,388,387	-5.3%	34,687	-5.7%
2013	1,756,471	-1.4%	2,522,804	-5.6%	36,800	-8.3%
2012	1,780,812	-6.4%	2,672,914	-7.7%	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	-19.8%	3,097,929	-17.1%	49,811	-15.8%
2008	2,427,364	-2.2%	3,736,173	-2.7%	59,153	9.8%

RENO-TAHOE AIRPORT AUTHORITY

RENO-TAHOE INTERNATIONAL AIRPORT

ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE

FOR THE YEARS ENDED JUNE 30, 2008 - 2017

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

Rounding errors may occur.

Continued

RENO-TAHOE AIRPORT AUTHORITY

RENO-TAHOE INTERNATIONAL AIRPORT

ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE

FOR THE YEARS ENDED JUNE 30, 2008 - 2017

	2012			2013			2014		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	78,491	4%	-34%	113,819	6%	45%	124,581	8%	9%
Allegiant Air	1,988	0%	-62%	7,590	0%	282%	21,578	1%	184%
Aloha Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	185,797	10%	-8%	201,472	11%	8%	208,919	13%	4%
Continental	17,727	1%	14%	-	0%	-100%	-	0%	n.a
Delta	165,462	9%	21%	133,014	8%	-20%	126,904	8%	-5%
Frontier	-	0%	-100%	271	0%	n.a	-	0%	-100%
JetBlue Airways	-	0%	n.a	272	0%	n.a	-	0%	-100%
Mesa	-	0%	-100%	-	0%	n.a	-	0%	n.a
Skywest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Southwest	967,792	54%	-6%	945,143	54%	-2%	815,160	49%	-14%
United	220,653	12%	-11%	210,530	12%	-5%	214,531	13%	2%
US Airways (America West)	141,880	8%	0%	143,559	8%	1%	144,760	9%	1%
Volaris	-	0%	n.a	-	0%	n.a	-	0%	n.a
Other	1,022	0%	125%	1,073	0%	5%	1,754	0%	63%
	1,780,812	100%	-6%	1,756,743	100%	-1%	1,658,187	100%	-6%

Continued

RENO-TAHOE AIRPORT AUTHORITY

RENO-TAHOE INTERNATIONAL AIRPORT

ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE

FOR THE YEARS ENDED JUNE 30, 2008 - 2017

	2015			2016			2017		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	178,579	11%	43%	204,286	11%	14%	226,117	12%	11%
Allegiant Air	20,061	1%	-7%	19,047	1%	-5%	31,504	2%	65%
Aloha Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	221,434	13%	6%	385,363	22%	74%	370,451	19%	-4%
Continental	-	0%	n.a	-	0%	n.a	-	0%	n.a
Delta	119,649	7%	-6%	128,189	7%	7%	136,418	7%	6%
Frontier	-	0%	n.a	165	0%	n.a	-	0%	-100%
JetBlue Airways	3,346	0%	n.a	41,143	2%	1130%	77,686	4%	89%
Mesa	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Southwest	734,786	44%	-10%	763,006	43%	4%	816,323	43%	7%
United	214,864	13%	0%	216,996	12%	1%	226,272	12%	4%
US Airways (America West)	154,331	9%	7%	-	0%	-100%	-	0%	n.a
Volaris	6,959	0%	n.a	17,070	1%	145%	20,966	1%	23%
Other	2,284	0%	30%	3,346	0%	46%	3,450	0%	3%
	1,656,293	100%	0%	1,778,611	100%	7%	1,909,187	100%	7%

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2008 - 2017
(unaudited)

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

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, 2008 - 2017
(unaudited)

	2011			2012			2013		
Scheduled Airline	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska / Horizon Air	125,780	4%	-12%	75,706	3%	-40%	112,694	4%	49%
Allegiant Air	10,618	0%	-65%	-	0%	-100%	7,650	0%	n.a
Aloha Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	225,413	8%	30%	195,901	7%	-13%	206,613	8%	5%
Atlantic Southeast	-	0%	n.a	-	0%	n.a	-	0%	n.a
Continental	19,674	1%	n.a	24,587	1%	25%	-	0%	-100%
Delta	161,192	6%	56%	204,847	8%	27%	161,684	6%	-21%
Frontier	807	0%	50%	-	0%	-100%	-	0%	n.a
JetBlue Airways	-	0%	n.a	-	0%	n.a	-	0%	n.a
Mesa	221	0%	-97%	-	0%	-100%	-	0%	n.a
Northwest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	6,207	0%	-96%	-	0%	-100%	-	0%	n.a
Southwest	1,424,216	49%	1%	1,350,158	51%	-5%	1,190,140	47%	-12%
United	322,040	11%	47%	261,838	10%	-19%	237,421	9%	-9%
US Airways (America West)	216,418	7%	13%	185,472	7%	-14%	184,243	7%	-1%
Volaris	-	0%	n.a	-	0%	n.a	-	0%	n.a
Airborne Express	-	0%	n.a	-	0%	n.a	-	0%	n.a
Federal Express	228,274	8%	27%	226,816	8%	-1%	226,398	9%	0%
United Parcel Service	131,984	5%	3%	139,144	5%	5%	170,193	7%	22%
Other	23,755	1%	30%	8,445	0%	-64%	25,768	1%	205%
	2,896,599	100%	5%	2,672,914	100%	-8%	2,522,804	100%	-6%

Continued

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2008 - 2017
(unaudited)

	2014			2015			2016			2017		
Scheduled Airline	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska / Horizon Air	122,862	5%	9%	189,675	8%	54%	212,173	8%	12%	234,218	8%	10%
Allegiant Air	24,413	1%	219%	23,003	1%	-6%	21,866	1%	-5%	36,073	1%	65%
Aloha Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	213,251	9%	3%	233,599	10%	10%	441,718	17%	89%	409,575	15%	-7%
Atlantic Southeast	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Continental	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Delta	146,329	6%	-9%	148,955	6%	2%	144,923	6%	-3%	157,875	6%	9%
Frontier	-	0%	n.a	-	0%	n.a	145	0%	n.a	-	0%	-100%
JetBlue Airways	-	0%	n.a	3,555	0%	n.a	46,072	2%	1196%	87,084	3%	89%
Mesa	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Northwest	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Southwest	989,574	41%	-17%	864,660	36%	-13%	873,884	34%	1%	983,684	35%	13%
United	236,595	10%	0%	235,831	10%	0%	245,891	9%	4%	255,760	9%	4%
US Airways (America West)	195,099	8%	6%	199,824	8%	2%	-	0%	-100%	-	0%	n.a
Volaris	-	0%	n.a	8,141	0%	n.a	19,612	1%	141%	23,234	1%	18%
Airborne Express	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Federal Express	281,383	12%	24%	290,218	12%	3%	329,884	13%	14%	339,683	12%	3%
United Parcel Service	162,298	7%	-5%	168,878	7%	4%	225,495	9%	34%	238,302	8%	6%
Other	16,584	1%	-36%	23,692	1%	43%	38,300	1%	62%	43,193	2%	13%
	2,388,387	100%	-5%	2,390,031	100%	0%	2,599,963	100%	9%	2,808,680	100%	8%

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2017
(unaudited)

Reno-Tahoe International Airport

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

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

Reno Stead Airport

Location:	11 miles northwest of Downtown Reno	
Elevation:	5,045 ft	
Area:	5,000 acres	
Runways and Facilities:		
	Runway 08/26	7,600 x 150 ft
	Runway 14/32	9,080 x 150 ft

Created in 1977 by State Legislature
Nine-member Board

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2008 - 2017
(unaudited)

	2017 (c)	2016 (b)	2015	2014	2013	2012	2011	2010 (a)	2009	2008
Terminal Space - square feet										
Airlines	175,985	175,221	175,221	175,221	175,221	160,622	160,622	160,622	154,875	154,875
Ground Transportation	2,883	2,883	2,883	2,883	2,883	3,103	3,103	3,103	3,103	3,103
Concession Space	37,167	37,167	37,167	37,167	37,167	34,952	34,952	34,952	18,825	18,825
Public Areas	196,959	197,723	197,723	197,723	197,723	194,406	194,406	194,406	157,081	157,081
RTAA	45,309	45,309	45,309	45,309	45,309	45,795	45,795	45,795	36,271	36,271
Unfinished Areas	-	-	-	-	-	-	-	-	5,426	5,426
	458,303	458,303	458,303	458,303	458,303	438,878	438,878	438,878	375,581	375,581
Passenger Boarding Gates	23	23	23	23	23	23	23	23	23	23
Parking - Number of Spaces										
Short -Term (b)	300	300	450	450	450	450	450	450	450	450
Long-Term	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Surface Lot	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,565
	3,482	3,482	3,632	3,632	3,632	3,632	3,632	3,632	3,632	3,665
Cargo - square feet										
Building	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500
Landside	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Airside	591,250	591,250	591,250	591,250	591,250	591,250	591,250	591,250	591,250	591,250
	808,750	808,750	808,750	808,750	808,750	808,750	808,750	808,750	808,750	808,750

(a) Terminal Space adjustments in 2010 reflects the building expansion associated with the Integrated Explosive Detections System (ABC Project) and remeasurement of concession, public areas, and RTAA dedicated space.
(b) In 2016, the decrease in short-term parking spaces reflect the expansion of the rental car return area in the parking garage to accommodate increasing rental car activity.
(c) In 2017, the increase in airline square footage reflects the installation of kiosks in the public queuing area.

Source: Terminal Square Footage - Financial Scenario Model FY 2017 Settlement -Terminal Rent Tab

Compliance Section

Reno-Tahoe Airport Authority

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

Board of Trustees
Reno-Tahoe Airport Authority
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Reno-Tahoe Airport Authority (the "Authority") as of and for the year ended June 30, 2017, 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 17, 2017.

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 17, 2017

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

Board of Trustees
Reno-Tahoe Airport Authority
Reno, Nevada

Report on Compliance for Each Major Federal Program

We have audited the Reno-Tahoe Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2017. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
November 17, 2017

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

DESCRIPTION OF PROJECT	PERCENT OF PARTICIPATION	CFDA NUMBER*	FEDERAL PROJECT NUMBER	GRANT AMOUNT	REIMBURSEMENTS RECEIVED July 1, 2016 to June 30,2017	REIMBURSEMENTS RECEIVED Cumulative Thru June 30, 2017	REIMBURSEABLE EXPENSES July 1, 2016 to June 30,2017	REIMBURSEABLE EXPENSES Cumulative Thru June 30, 2017
United States Department of Transportation								
Federal Aviation Administration								
Airport Improvement Program								
Construction								
Rehabilitate TWY "C" (Phase 1, Design)	93.75%	20.106	3-32-0017-100	$ 561,708.00	$ 19,322.00	$ 561,708.00	$ 14,290.00	$ 561,708.00
TW C Connectors	93.75%	20.106	3-32-0017-101	8,547,351	1,541,480	8,547,351	370,036	8,547,351
Update Master Plan Study	93.75%	20.106	3-32-0017-102	1,875,000	632,610	632,610	632,610	632,610
Rehabilitation Taxiway, Design (Taxiway C, Phase 1)	93.75%	20.106	3-32-0018-032	316,363	7,969	316,363	-	316,363
Rehabilitation Taxiway, Construction (Taxiway C, Phase 2)	93.75%	20.106	3-32-0018-033	1,623,054	1,462	1,623,054	1,462	1,623,054
Rehabilitation Taxiway, Construction (Taxiway C, Phase 2)	93.75%	20.106	3-32-0018-034	1,440,960	11,697	1,440,960	-	1,440,960
Rehabilitate Apron, Design Only	93.75%	20.106	3-32-0018-035	258,750	191,448	191,448	191,745	191,745
Reconstruct Runway (Runway 8/26)	93.75%	20.106	3-32-0018-036	20,531,250	354,778	354,778	355,075	355,075
Reconstruct Apron	93.75%	20.106	3-32-0018-037	2,223,055		-		-
Equipment								
ARFF Vehicle	93.75%	20.106	3-32-0017-099	952,284	919,118	952,284	917,219	952,284
				38,329,775	3,679,884	14,620,556	2,482,437	14,621,150
United States Department of Homeland Security								
Transportation Security Administration								
Aviation and Transportation Security Act								
Security								
National Explosives Detection Canine Team Program	Fixed	97.072	HSTS02-15-H-NCP471	757,500	45,645	345,060	133,363	436,363
Law Enforcement Officer Reimbursement Agreement Program	Fixed	97.090	HSTS02-16-H-SLR658	683,400	212,060	212,060	290,380	363,520
				1,440,900	257,705	557,120	423,743	799,883
Department of Justice								
Criminal Division								
Department of Justice Asset Forfeiture Program								
Equitable Sharing								
Direct Payments for Specified Use	Fixed	16.922	15-5042-0-2-752	15,907	6,605	15,907	2,895	5,136
United States Department of Transportation								
Pipeline and Hazardous Materials Safety Administration								
Hazardous Materials Transportation Uniform Safety Grant								
Hazardous Materials Emergency Preparedness Grant								
Training	Fixed	20.703	69-5282-0-2-407	7,639	3,493	7,639	3,493	7,639
Department of Public Safety, Office of Traffic Safety								
National Priority Safety Programs								
Traffic Safety Information Systems	Fixed	20.606 (C)	LFD-2017-RTAA-00007	12,913			12,913	
				$ 39,807,134	$ 3,947,687	$ 15,201,222	$ 2,925,481	$ 15,433,808

See accompanying notes to Supplementary Schedule of Expenditures of Federal Awards

1. Basis of Presentation:

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

2. Basis of Accounting:

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

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

3. Special Tests and Provisions:

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

Section 1 – Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) 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 2 CFR 200.516(a)?	______ Yes	X No

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

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

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

None reported.

Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

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, 2017.

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, 2017.

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, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated November 17, 2017 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges collected and expended is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
November 17, 2017

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED
FOR THE YEAR ENDED JUNE 30, 2017

Balance July 1, 2016	$	8,609,026
Collection of Passenger Facility Charges, July 1, 2016 through June 30, 2017		7,401,836
Interest earnings		65,664
Proceeds expended for Passenger Facility Charge Projects July 1, 2016 through June 30, 2017		(4,782,981)
Balance June 30, 2017	$	11,293,544

Summary of Auditor's Results

We have issued an unmodified opinion, dated November 17, 2017 on the financial statements of the Reno-Tahoe Airport Authority as of and for the year ended June 30, 2017.

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 17, 2017 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
P.O. Box 12490
Reno, NV 89510-2490