Reno-Tahoe Airport Authority

Reno, Nevada

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2018

RENO-TAHOE AIRPORT AUTHORITY
Reno, Nevada

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FOR THE YEAR ENDED JUNE 30, 2018

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Reno-Tahoe Airport Authority

November 30, 2018

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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, 2017, through June 30, 2018. The staff of the RTAA prepared this report and is responsible for the information it contains. The purpose of this report is to present fully and fairly 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 is 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 fiscal year ended June 30, 2018, 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 2018 CAFR also meets these program standards and 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, 1977. 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 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.

The RTAA owns and operates the Reno-Tahoe International Airport (RNO) and the Reno-Stead Airport (RTS). RTS is a general aviation facility that is home to approximately 200-based aircraft, as well as the famous Reno National Championship Air Races. 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 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.

As defined by the FAA, RNO is a small hub airport, which served 4.128 million passengers in the fiscal year 2017-18. RNO is home to the following passenger air carriers: Alaska, Allegiant, American, Delta, Frontier, JetBlue, Southwest, United, and Volaris. In the past year, the RTAA added or announced new or additional non-stop service to Chicago O'Hare, Denver, and San Jose. In November 2018, California Pacific Airlines began service from RNO to Carlsbad, California.

RNO experienced year-over-year growth in passenger enplanements in fiscal year 2017-18 for a fourth consecutive year. During the year RNO enplanements reached 2,064,968, an increase of 8% over the prior fiscal year. This increase reflects the growing regional economy and the partnership with tourism, business, ski, and economic development organizations to attract travelers to the region.

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 the 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.

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 12 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 18% of total RNO landed weight for the fiscal year 2017–18, which is a significant factor in lowering overall landing fee costs for all carriers.

Total landed weight, including airlines and air cargo totaled 2.9 billion pounds during fiscal year 2017-18, an increase of 2% over the prior fiscal year. The air cargo landed weight component, however, experienced a decline from 611.8 million to 511.7 million pounds. The decline was primarily driven by a decrease in FedEx flights during the fiscal year. Factors contributing to the fewer flights and the related reduced landed weight include route changes and a new distribution center in the region that now handles more ground cargo transportation that previously utilized air cargo service.

The Presence of major warehousing, pharmaceutical, e-commerce, and distribution facilities in the region has played a key role in air cargo. In addition, recent growth of industrial development such as the Tahoe-Reno Industrial Center continues to spur air cargo activity and economic diversity.

ECONOMIC CONDITION AND OUTLOOK

National Economic Outlook

The national economy began 2018 with positive momentum marked by stronger consumer spending and improving business investment; however, volatility has returned to the economy. The major downward correction in the U.S. and global equity markets in early 2018 demonstrates that while the fundamentals of the U.S. economy remain strong, there is great political and policy uncertainty going forward.

With the enactment of tax reform in December 2017, the economy received a significant economic stimulus from fiscal policy, which should boost long-term growth in the U.S. In 2018, the tax cuts, particularly for businesses and individuals in low or no tax states such as Nevada, are expected to encourage more investment and spending. The housing sector in high-tax states is at risk and many economists expressed concern about the effect of higher federal deficits in the long-term.

The new tax reform law also had several provisions that significantly impacted the municipal bond market. The new law repealed the authority to issue tax-exempt advance refunding bonds after December 31, 2017. While this currently does not impact the RTAA, the future flexibility to take advantage of lower interest rates, after the initial bond funding of any new RNO Master Plan projects, is eliminated. Advance refunding issuance has represented about 20% of total municipal bond issuance over the last several years.

While the law retains the authority to issue private activity bonds (PABs) used by the RTAA to obtain tax-exempt bond funding for terminal and landside development, the Joint Tax Committee estimated that the elimination of PABs would have produced nearly $39 billion in federal tax revenue over ten years. Several bond-underwriting firms expressed concern that the temptation to use this revenue to fund other federal initiatives may put this critical funding source for airports in jeopardy.

The Trump administration has proposed $200 billion of federal funding over a 10-year period for public infrastructure and has suggested that an additional $1.3 trillion in spending by cities, states, and the private sector investment will result. This spending would be offset by unspecified budget cuts. While many are in favor of infrastructure investment, many economists are skeptical of both the funding from budget cuts and that the federal funding will spur that much in local funding. However, it is a positive trend that a growing consensus has developed around the need to invest in infrastructure including upgrading U.S. airports.

In July 2018, the FAA issued “Supplemental Guidance on the Airport Improvement Program for Fiscal Years 2018-2020”, which outlined the process to distribute an additional $1 billion in discretionary Airport Improvement Program (AIP) funding. Funding under this program is prioritized to primarily assist non-primary airports that are classified as Regional, Local, or Basic airports and not located within a Metropolitan Statistical Area or primary airports that are classified as small or “nonhub” airports. RNO is classified as a “small hub” airport by the FAA and meets the criteria for “Priority Consideration” as defined in the statute.

In June 2018, the Federal Reserve raised the Fed Funds rate to a range of 1.75 % to 2.00%, an increase of 0.25% from the previous rate increase in March 2018. With this latest increase, most economists anticipate that the Fed will consider increasing the rate two more times in the calendar year 2018. 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 low and credit-worthy borrowers should continue to have access to affordable loans and mortgages. The upside of modestly higher interest rates is the positive impact on the RTAA’s investment earnings derived from our investment portfolio.

Despite periods of financial market volatility and political uncertainty, the U.S. economic outlook is not forecasted to change significantly and it is likely to proceed at a moderate pace. Household spending is also projected to benefit from a sturdy labor market and solid housing gains, while business investment should remain resilient because of fiscal stimulus and tax relief. The potential impact of the current imposition of new tariffs by the U.S and its trading partners on global economic growth is uncertain.

Regional Economic Outlook

In 2017, Northern Nevada continued its positive momentum as the region continued to experience economic growth. According to the Nevada Department of Employment, Training, and Rehabilitation (DETR), Nevada's economy grew in each of the past 16 quarters with Gross Domestic Product (GDP), exceeding the national economy in six of the past nine quarters. The GDP for the Reno statistical area totaled $23.1 billion in 2017, an increase of $1.2 billion or 5.6% from 2016. The Reno GDP has realized steady increases since 2013.

Based on labor market information from the third quarter (July through September) of 2018, the state continues to see positive trends across a range of measures, including personal income, job gains, privates sector growth, small business employment, and low unemployment rates. According to the U.S. Bureau of Economic Analysis, personal income in the state for the 2nd quarter of 2018 reached $145 billion, up 5.8% from a year ago. That increase continues a trend where personal income has increased in 32 of the past 33 quarters starting in 2010. The average personal income growth has exceeded that for the U.S. over 16 of the past 18 quarters.

According to the Nevada Research & Analysis Bureau, the state has added 43,500 jobs through September 2018, since the same month last year, a gain of 3.2%. National employment grew by 1.7% over that period, meaning Nevada is growing almost twice as fast as the national average. Manufacturing is growing at the fastest rate, up 14.8% and construction has added the most jobs with a gain of 7,800 jobs or 9.5%. Education and health services grew by 5%. All told, the state’s long-term employment is expected to continue to expand and to be one of the fastest growing in the nation.

A closer look of employment increases shows that Reno added jobs at a faster rate than the state in September 2018. In Reno, 9,200 jobs were added during the year through September 2018, translating to a growth rate of 4%. Included in this growth were 3,400 goods-producing jobs and 5,100 service-providing jobs. The unemployment rate in Nevada as of September 2018 is 4.5%. This is down from 4.9% a year ago, and is the lowest rate since July 2007, nearly 11 years ago. Nationally, the unemployment rate decreased by 0.2 percentage points from July to September 2018, and is the lowest rate since December of 1969. Washoe County’s unemployment rate of 4.5% is down by half a percentage point relative to the first nine months of 2017.

Nevada has the second highest population growth in the country. In March 2018, the Nevada Demographer's Office released its 2017 population estimates, which show the state has added an estimated 33,300 people to its population since 2016. This translates to a gain of 1.1 percent. Northwest Nevada grew to an estimated population of 614,400. A growing population base translates into more consumers. In the first six months of the fiscal year 2017-18, statewide taxable sales increased 4.3% over the same period last year.

The data discussed above supports an optimistic picture with continued job growth and expansion, low unemployment, and increasing personal income. 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.

The following long-term factors positively influenced the fiscal year 2017-18 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. On August 15, 2018, Tesla officials reported having completed 5 million square feet which will be the largest building in the world when complete.

  The economic impact of this $5 billion facility goes beyond just the jobs at the plant. The additional high-quality jobs will continue to 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.

- Technology / Data Center Facilities

  The Union Pacific's "Overland Route" with the Interstate 80 (I-80) corridor and railroad Right-of-Ways (ROWs), which passes through Reno/Sparks, also serves as a primary east/west, state-of-the-art digital and fiber optic highway for internet traffic. The 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.

  In January 2018, Apple held a groundbreaking ceremony for its new Reno warehouse, which will support the data center. The building to be located in downtown Reno's tourism improvement district (Tessera District) was a significant component of the deal associated with Apple's investment starting in 2012. By moving equipment through the district, Apple can earn the full benefit from the abatements it negotiated. The Apple data center delivers billions of iMessages, more than a billion photos and tens of millions of Facetime video calls around the world each day.

  Apple's data center now spans 1.1 million square feet with employment projected to reach 100 employees. Steve Hill, the former head of the Governor's Office of Economic Development (GOED), credited Apple's arrival for the current wave of high technology businesses coming to the area. At the time of Apple's announcement in the immediate aftermath of the Great Recession, it was predicted that the economic benefits of Apple's new facility would likely multiply with other corporations likely to give 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 will 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.

- Land Development – Reno-Tahoe International Airport

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 fifty (50) year lease is 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-phase, 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 restaurants that create an energy and vitality to stand-alone. As the first phase of the Center development, JMA is constructing the Aloft Hotel under an agreement with Marriot International, Inc. Construction began in fall 2018.

In addition to the JMA development, the RTAA saw significant financial benefits in fiscal year 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.

On August 9, 2018, the RTAA Board of Trustees authorized an agreement calling for a 50-year land lease with Dermody Properties on land owned by the RTAA at RNO. The lease agreement is for the development of approximately 48 acres of land commonly known as Home Gardens South. The purpose of the development is to create a Class-A light industrial park.

- Unmanned Aircraft Systems

The Federal Aviation Administration (FAA) selected Nevada as one of six test sites for unmanned aircraft systems (UAS) in December 2013. With 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 RTS being one of the most accessible, non-military ranges in the Nevada test site, RTAA 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. For example, during the fiscal year 2017-18, RTS hosted 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 the use of existing UAS test ranges for the development of sense-and-avoid technologies.

In fiscal year 2018-2019, 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), regional economic development partners to promote development at RTS.

- Tourism Update

Tourism in Northern Nevada continues to strengthen and improve. According to the UNR Center for Regional Studies, visitor counts for 2017 reached 5 million as compared to 4.9 million in 2016. During the first seven months of the fiscal year 2017-18 ending January 31, 2018, the taxable room rates registered $28.175 million or 13.9% above the same period last year.

Convention Visitors Update

Recent good news is the announcement by Safari Club International Annual Hunters' Convention of 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.

Beginning in September 2018, Reno became home to the largest annual U.S. cycling trade show called Interbike. They 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 preceded 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 brings $21 million annually 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, 2018, the Gaming Control Board reported statewide gaming revenues of more than $11.8 billion, an increase of 3.21% above the same period last year. This increase marks the seventh annual increase in the past eight 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 2018, but not at a very fast pace. In the fiscal year 2017-18, Washoe County casinos reported gaming revenues of $857.12 million, an increase of $51.65 million or 6.41% higher than the previous fiscal year.

Skiing Market Update

Snow in the early part of the fiscal year 2017-18 ski season was not as plentiful as the record-setting total in the prior year, which ended a punishing five-year drought impacting California and Nevada. According to Inntopia in its monthly DestiMetrics market briefing, the lack of early snowfall for Tahoe-area ski resorts led to a drop-off in bookings for the remainder of the ski season.

Despite this lack of early snow, the region was blessed with large storms in February and March 2018. After below-average precipitation to start the season, the "miracle" storms resulted in one of the snowiest months of March on record. While the last snow allowed the resorts to stay open longer and extend the ski season, operators prefer to have snow early rather than late.

According to the California Ski Industry Association, ski visits at California and Nevada resorts dropped 14% in the 2017-18 season with 6.03 million visitors as compared to 7 million visitors during the 2016-17 season.

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 recently completed hosting the 2018 Women's Championship and its more than 17,000 competing bowlers over a 74-day period that ended on July 1, 2018. The Open Championship will return to Reno in 2020.

- **Air Service Market Update**

Passenger Airlines

For the first quarter of 2018, U.S. airlines faced a series of challenges due to a host of winter storms, power outages, airport construction and understaffing at air traffic control towers. According to Airlines for America (A4A), both labor and jet-fuel prices are on the rise and, despite a 7% increase in revenue, the industry saw lower profitability as compared to the first quarter in 2017. Crude oil prices are the highest level since 2014 with an increase of 60 percent in June 2018 as compared to the same period last year.

RNO passengers are currently served by the following air passenger carriers: Allegiant, Alaska, American, Delta, Frontier, JetBlue, Southwest, United, and Volaris. In November 2018, California Pacific became the 10th passenger air carrier to provide scheduled service to RNO. The airline offers non-stop flights between Reno and Carlsbad, California.

Starting in June 2015, the positive economic winds and cumulative efforts of the community and RTAA staff continue to be rewarded with RNO registering forty (40) consecutive months of year-over-year monthly passenger growth. For the six months of 2018 ending June 30, 2018, enplaned passengers are 1.013 million, a 6.0% increase as compared to the same period last year.

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

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. The RNO-SJC route is currently served by Alaska Airlines on a 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).

3. Starting November 21, 2017, Frontier returned to RNO after a ten-year absence. The new service is three (3) times a week to Denver International Airport (DEN) on an Airbus 320 with 180 seats. The frequency of this new service increased to four (4) times a week starting April 10, 2018.

The Denver-based, ultra-low cost carrier offers many connections from Denver to cities in the United States, Mexico and the Dominican Republic. United Airlines and Southwest Airlines also serve the Denver market at RNO.

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.

In fiscal year 2018-19, the following new service announcements will have a positive impact on passenger and aircraft activity:

1. On March 11, 2018, Alaska Airlines increased the number of non-stop flights between Reno and Portland from two flights a day to three flights a day.

2. On April 9, 2018, United Airlines increased the number of daily flights between Reno and Los Angeles from one flight a day to twice a day. In June 2018, the airline increased the frequency on this route from twice a day to three times a day.

3. On November 2, 2018, California Pacific Airlines began non-stop flights between Reno and Carlsbad, California. This flight will operate four days a week on Mondays, Wednesdays, Fridays, and Sundays. The airline will utilize 50-seat Embraer 145 aircraft for these flights.

Cargo Airlines

The Reno/Sparks area has become the West Coast distribution hub due to its strategic location providing next-day ground service to almost every major U.S. city in the western United States. This 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 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 in recent years.

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 RNO Master Plan, as discussed in a later section below, is evaluating options to address the long-term solution, which may include improvements to the southwest quadrant of RNO.

MAJOR INITIATIVES

Strategic Initiatives

To help guide the future of the RTAA, on June 14, 2018, the Board of Trustees approved an updated Strategic Plan for fiscal years 2018-19 through 2022-23. The update replaced the original Strategic Plan, which expired on June 30, 2018. With the significant improvement in the regional economy and an ever-changing aviation industry, the updated plan reflects input from the RTAA employees, the public and interested stakeholders. The purpose and desired outcomes of the updated plan include the following:

- **Shared Vision**: A strategic vision for the organization that is shared by staff and the Board of Trustees.
- **Strategic Direction**: Core strategies that will help guide the RTAA over the next 5 years.
- **Roadmap:** A high-level plan to guide priority setting and serve as a helpful road map for staff and the Board of Trustees.
- **Planning Structure:** Long-term goals and performance measures that support the strategic priorities and provide a planning structure for objectives setting and annual action plans.
- **Agility/Flexibility:** A living plan that provides direction, but is also flexible and broad enough to incorporate constant change in the aviation industry.

The updated plan consists of the following components, beginning with the broadest, long-term elements to the more specific, short-range and tactical activities: (1) Vision Statement; (2) Mission Statement; (3) Strategic Priorities and Support Strategies; (4) Long-Term Goals; (5) Key Performance Indicators; and (6) Short-Term/Annual Objectives.

The Vision Statement aims to provide modern, safe, convenient facilities and deliver customer satisfaction that is a source of community pride and serves as a significant contributor to regional economic health.

Our Mission Statement of *We Move You! We Bring the World to Reno-Tahoe and Reno-Tahoe to the World* is directed by the following eight (8) adopted Strategic Priorities:

1. Passenger and Air Cargo Service: Enhance air service by retaining and increasing passenger and air cargo service.

2. Safety and Security: Safety and security of all is our priority 24/7, 365.

3. General Aviation: Foster an atmosphere to encourage general aviation growth at both airports.

4. Customer Experience: Enhance services and provide a positive and convenient environment for all.

5. People: With our employees being the current and future strength of our organization, our focus is on development, succession planning and making the RTAA the employer of choice.

6. Financial Diversification and Growth: Grow and diversify non-airline revenues at both Airports.

7. Facilities for Future: Optimize infrastructure to address market demand.

8. Sustainability: Operate and manage with a holistic approach reflecting sustainability and environmental stewardship.

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.

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).

RTAA completed Phase I of the Community Outreach Advertising Campaign in July 2017. The primary goal of the campaign was to educate local residents in the RNO catchment area on the flights and airline options available.

Phase II of the Community Outreach Campaign will begin in the first quarter of 2019 and have a broader focus, to include not only non-stop destinations but one-stop domestic and international destinations as well.

(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.

(e) Continue funding for an additional Customs and Border Protection officer to reduce processing times to enter the United States by international passengers. The additional CBP officer began in July 2018.

(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 for 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 focus on destination marketing of the region, 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 June 14, 2018, the RTAA approved a comprehensive RNO Master Plan following an 18-month development process. In general, the 2018 Master Plan addresses development plans to meet future aviation demand for the next 20 years. The vitality of air transportation as a community industry makes it important that requirements for new, improved, or expanded airport facilities be anticipated in planning. The scope of the Master Plan focuses on identifying the development and facilities needed to support the FAA-approved forecast. The last airport master plan was completed in 1991.

The Master Plan project team provided numerous opportunities for community and user input. Formal outreach included eight (8) Master Plan Working Group meetings, four (4) general public information meetings, 36 RTAA employee and tenant meetings, 26 RTAA Executive and Management meetings, five (5) RTAA Board meetings and retreats, 13 airport committee meetings, 23 community briefings, 11 one-on-one community leadership meetings, and two (2) online surveys. This list is in addition to the numerous email notifications and solicitations for feedback sent to a number of airport email distribution lists over the course of the project. Newspaper advertisements were purchased in the *Reno Gazette-Journal* for all public opens houses, and social media platforms were utilized to solicit input and encourage participation. Additionally, the Master Plan project was a standing item, open for public comment, on the Planning & Construction Committee agenda for the duration of the 18-month project.

The Master Plan is organized into six (6) core elements, including the following:

- An inventory of facilities and levels of activity currently existing at the airport, and how they changed over time,
- Aviation forecasts to understand future demand and volume of passengers and cargo, the number of based aircraft, and total aircraft operations,
- Facility requirements, as determined in a demand and capacity analysis, to measure the gap between existing facilities and the future facilities needed based on the FAA-approved forecast,
- An analysis of potential airport development alternatives and environmental considerations to meet the future needs as defined by the facility requirements analysis,
- A financial feasibility analysis and implementation plan to determine the financial feasibility of the preferred development plan and to identify an implementation strategy to facilitate development while preserving the financial capacity of the RTAA and mitigating potential impacts on rates and charges, and
- Airport Layout Plan sets to provide graphical depictions of the preferred improvements.

The rough order of magnitude estimates for the Master Plan's preferred development plan results in a funding need of approximately $1.636 billion over the next 20 years in three planning periods, including short-term, medium-term and long-term. Within the short-term planning period, RTAA anticipates the need for a variety of capital projects totaling an estimated $361.0 million. Major projects in the short term include:

- Construction of an 11-gate replacement Concourse C including new passenger boarding bridges,
- Incorporation of a new and expanded Customs and Border Protection facility within the new Concourse C;
- Construction of new administrative office space at the northwest elbow of new Concourse C,
- Improvements in the terminal ticket hall, including expanded passenger circulation areas, new landside restrooms, and potentially an expanded baggage claim and a new airside/landside connection for arriving passengers,,
- Improvements to passenger terminal wayfinding and signage,
- Airfield improvements, including the terminal apron and deicing pads,
- Construction of a new Consolidated Rental Car (CONRAC) facility, quick-turn-around area, and restoration of the public parking garage to public parking only, and
- Third-party development of new and expanded general aviation facilities.

The mid-term or intermediate capital projects planned for the next 6 to 10 year are currently estimated to total approximately $527.9 million. Major projects in the mid-term horizon include:

- Construction of an 11-gate replacement Concourse B including new passenger boarding bridges,
- Expansion of the security screening check point, if required by new Transportation Security Administration (TSA) facility and technology requirements,
- Airfield improvements, including the terminal apron and deicing pads,
- Temporary expansion of the air cargo apron, if needed as a result of the expanded terminal apron area,
- Improvements to maintenance facilities, and
- Third-party development of new and expanded general aviation facilities.

Approximately $746.7 million of capital projects are forecasted in the long-term (10+ years). Tentative projects for the long-term include:

- Construction of a new air cargo apron in the southwest quadrant and third-party development of associated buildings and landside improvements,
- Construction of a new third concourse pier, including new passenger loading bridges,
- Airfield improvements, including the terminal apron and deicing pads,
- Construction of a new addition or expansion to the existing public parking garage, and
- Third-party development of new and expanded general aviation facilities.

The financial forecast and proposed funding plan was developed with the objective to maximize the use of external resources and minimize the amount of funding from local sources. The primary funding sources include:

- FAA Airport Improvement Program (AIP) Grants,
- Local RTAA funds (including Passenger Facility Charges, Customer Facility Charges, airport revenue bonds and RTAA cash), and
- Third-party funds.

It should be noted that the financial feasibility analysis determined that under the FAA-approved forecast scenario, or under a low-growth scenario, the long-term development plan would need to be revisited prior to implementation to determine viability. As a result, the RTAA is proceeding with preliminary steps on short-term and mid-term development projects only.

Currently the Master Plan is under review by the FAA. Once accepted by the FAA, the next step calls for deploying the implementation strategy and plan of finance. These efforts are currently being readied for implementation.

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 are recognized when earned, not when received. Expenses are recognized when incurred, not when paid. 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, 2018	Tentative budget filed with the Nevada Department of Taxation
Not more than 14 nor less than 7 days before the date set for the hearing	May 11, 2018	Notice of Budget Public Hearing published
Not sooner than the third Monday in May and not later than the last day in May	May 22, 2018	Hold Public Hearing
On or Before June 1st	May 22, 2018	Adopt Budget.

Pursuant to airline agreements, airlines that have signed agreements with the 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, 2017. This was the 31st 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

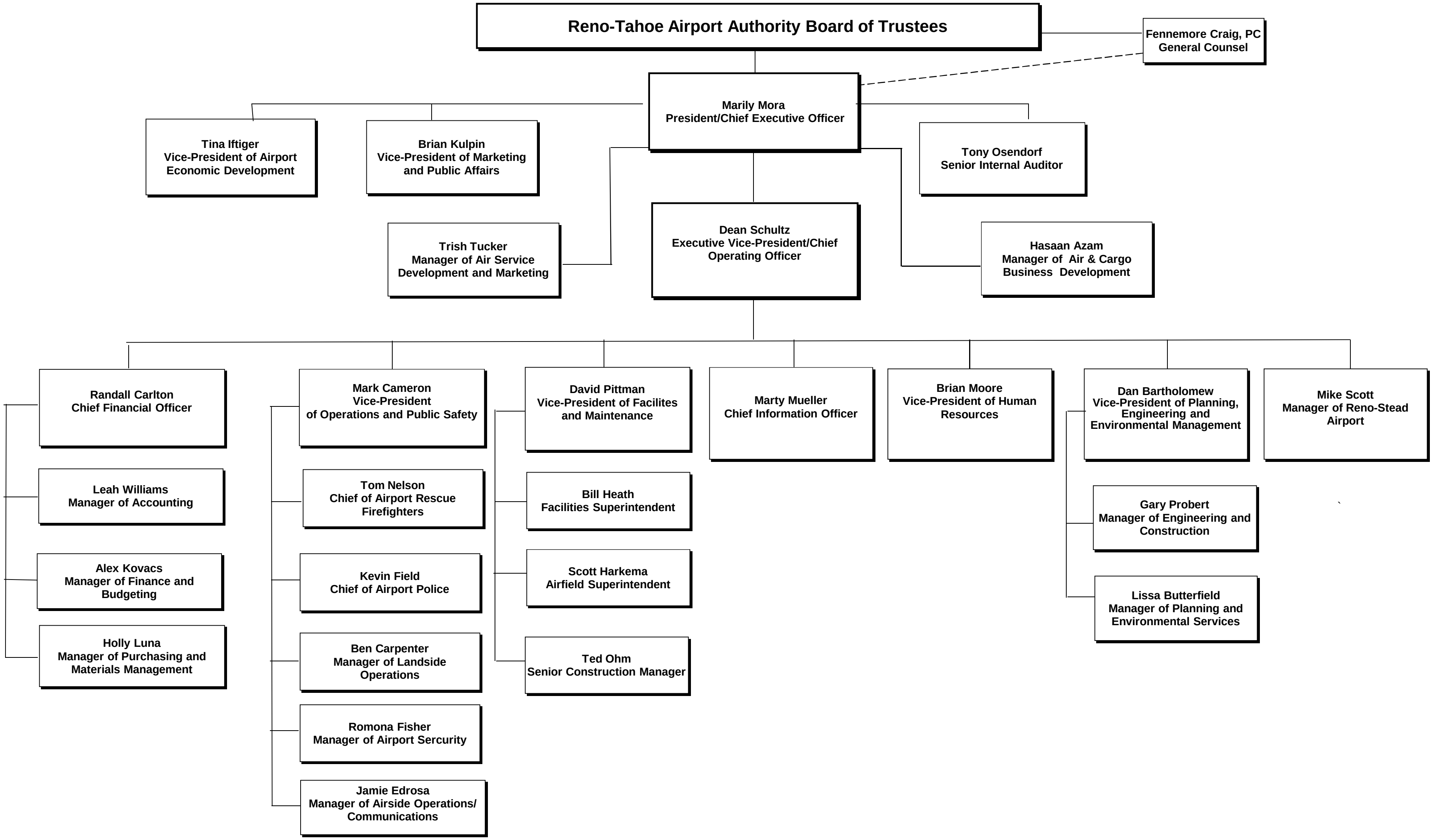
Nevada Revised Statutes 354.624 requires that the RTAA have its financial statements audited each year by an Independent Certified Public Accountant. In addition, the receipt of Federal funds and Passenger Facility Charges, to assist in funding capital improvement projects and security-related costs, 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, 2018

Staff	Title
Marily M. Mora, A.A.E.	President/CEO
Dean Schultz, A.A.E.	Executive Vice President/COO
Dan Bartholomew	Vice-President of Planning, Engineering and Environmental Management
Mark Cameron	Vice-President of Operations and Public Safety
Randall Carlton	Chief Financial Officer
Tina Iftiger	Vice-President of Airport Economic Development
Brian Kulpin	Vice-President of Marketing and Public Affairs
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
Tony Osendorf
Senior Internal Auditor
Trish Tucker
Manager of Air Service Development and Marketing
Dean Schultz
Executive Vice-President/Chief Operating Officer
Hasaan Azam
Manager of Air & Cargo Business Development
Randall Carlton
Chief Financial Officer
Leah Williams
Manager of Accounting
Alex Kovacs
Manager of Finance and Budgeting
Holly Luna
Manager of Purchasing and Materials Management
Mark Cameron
Vice-President of Operations and Public Safety
Tom Nelson
Chief of Airport Rescue Firefighters
Kevin Field
Chief of Airport Police
Ben Carpenter
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
Senior Construction Manager
Marty Mueller
Chief Information Officer
Brian Moore
Vice-President of Human Resources
Dan Bartholomew
Vice-President of Planning, Engineering and Environmental Management
Gary Probert
Manager of Engineering and Construction
Lissa Butterfield
Manager of Planning and Environmental Services
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, 2017

Christopher P. Morrill

Executive Director/CEO

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Financial Section

Reno-Tahoe
Airport Authority

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Reno-Tahoe Airport Authority (the "Authority") as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2018, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2018, the Authority adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, which resulted in a restatement of the Authority's beginning net position as of July 1, 2017 of approximately $1.5 million. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of RTAA's Proportionate Share of the Net Pension Liability, the Schedule of Pension Plan Contributions, and the Schedule of Changes in RTAA's Total OPEB Liability and Related Ratios 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.

Supplementary 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.

Prior Year Partial Comparative Information

The Authority's basic financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended June 30, 2017 from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 30, 2018 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 LLP

Crowe LLP

Indianapolis, Indiana
November 30, 2018

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 year ended June 30, 2018. 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:

	2018	2017	% Change
Assets:			
Current Assets	$ 63,012,817	$ 55,962,515	13%
Current Assets – Restricted	26,691,757	24,001,161	11%
Capital Assets, Net	360,917,989	369,754,712	-2%
Other Assets	1,383,599	1,383,599	0%
Total Assets	452,006,162	451,101,987	0%
Deferred outflows of resources	6,296,212	9,579,295	-34%
Liabilities:			
Current Liabilities	15,214,452	7,866,669	93%
Liabilities Payable from Restricted Assets	2,509,399	5,089,136	-51%
Non-Current Liabilities	58,205,605	58,518,764	-1%
Total Liabilities	75,929,456	71,474,569	6%
Deferred inflows of resources	2,822,845	2,924,381	-3%
Net Position:			
Net Investment in Capital Assets	334,863,315	345,904,676	-3%
Restricted Net Position	26,448,099	23,692,496	12%
Unrestricted Net Position	18,238,659	16,685,159	9%
Total Net Position	$ 379,550,073	$ 386,282,331	-2%

Financial position as of June 30, 2018:

Total assets of $452.006 million reflect a small increase of 0.2% or $904 thousand as compared to 2017.

Current Assets (unrestricted) increased by 13% or $7.05 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) increased by $2.690 million or 11%, primarily a result of higher unliquidated Passenger Facility Charge (PFC) funds of $5.314 million and Customer Facility Charge (CFC) funds of $1.020 million and a decrease in 2011AB Note Fund of $3.10 million.

Capital Assets, Net of $360.918 million decreased by $8.836 million or 2% as compared to the prior year. This net decrease resulted from an increase in accumulated depreciation of $31.094 million partially offset by the addition of $19.790 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 be used as needed or sold to others.

Total liabilities of $75.929 million increased 6% or $4.4 million dollars for the year ended June 30, 2018. This increase primarily reflects $6.479 million in higher outstanding contruction contracts payable and a drecrease in outstanding revenue bonds of $3.012 million and an increase to postemployment benefits liability of $1.422 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, 2018, the RTAA had $334.863 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 $26.448 million or 7% at June 30, 2018 represents resources that are subject to use restrictions. This represents an increase of $2.756 million or 12% above last year. The restricted net position is not available for spending because it has already been committed as follows:

	2018
Revenue Bond Operations and Maintenance	$ 7,184,954
Renewal and Replacement	780,098
Passenger Facility Charge Projects	16,651,127
Debt Service	1,774,643
Other Reserve Purposes	57,277
	$ 26,448,099

As of June 30, 2018, the remaining unrestricted net position of $18.239 million or 4.8% of total net positon are available to meet any of the RTAA's on-going obligations.

The following presents the RTAA's deferred outflows and inflows as of June 30:

	2018	2017	% Change
Deferred Outflows of Resources	$ 6,296,212	$ 9,579,295	-34%
Deferred Inflows of Resources	$ 2,822,845	$ 2,924,381	-3%

Deferred outflows of resources are comprised of the following: (1) pension contributions of $2.575 million to the Public Employees Retirement System (PERS) of the State of Nevada after the net pension liability measurement date of June 30, 2017; (2) the difference between the actual and proportionate share of contribution of $814,655; (3) the net difference between projected and actual investment earnings on pension plan investments of $247,566; and (4) the pension changes in actuarial assumptions of $2.530 million. The differences identified are based on a Schedule of Employer Allocations, Schedule of Pension Amounts by Employer and Related Notes provided by PERS. The final deferred outflow is associated with total Other Postemployment Benefits (OPEB) liability and added GASB 75 reporting requirements. This outflow is OPEB contributions of $129,571.

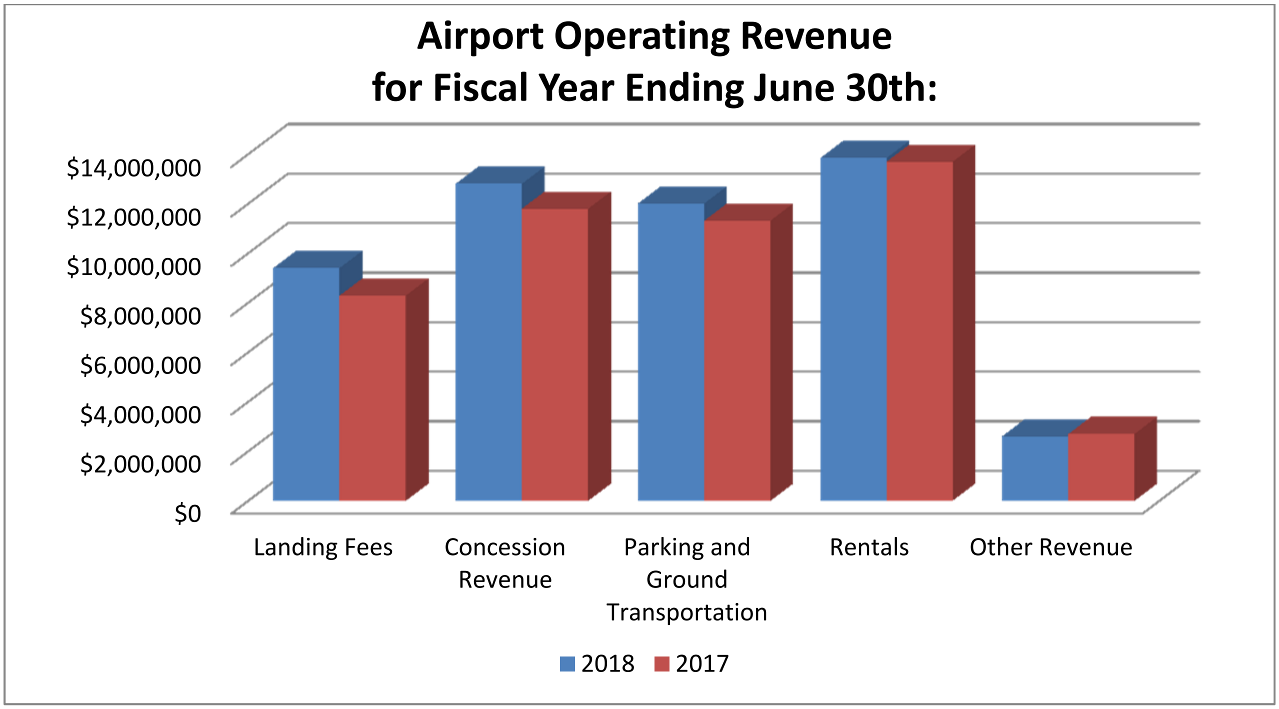
As required by GASB 68 and other associated pronouncements, two deferred inflows of resources were recorded this year: (1) the differences in economic and demographic factors used in the projected actuarial assumptions and actual experiences of $2.502 million; and (2) the difference between the actual and proportionate share of contribution of $320,801. 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 and OPEB will be further explained in the Notes to the Financial Statements under the Footnote #10, Pension Plan and Footnote #14, Other Postemployment Benefits footnote.

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:

	2018	**2017**	**% Change**
Landing Fees	$ 9,397,172	$ 8,285,922	13%
Concession Revenue	12,802,725	11,798,086	9%
Parking and Ground Transportation	12,009,701	11,316,885	6%
Rentals	13,838,446	13,688,849	1%
Reimbursements for Services	2,416,793	2,531,223	-5%
Other Revenue	190,432	168,024	13%
Total Operating Revenues	$ 50,655,269	$ 47,788,989	6%



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 $4.50 per enplaned passenger fees are used 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 receives 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. Beginning July, 2017, CFC per rental car transaction day fees increased to $3.50. The rate increase reflecrs the RTAA efforts to begin funding for design of a Consolidated Rental Car Facility (CONRAC) identified as a short-term facility need in the recently adopted RNO Master Plan.

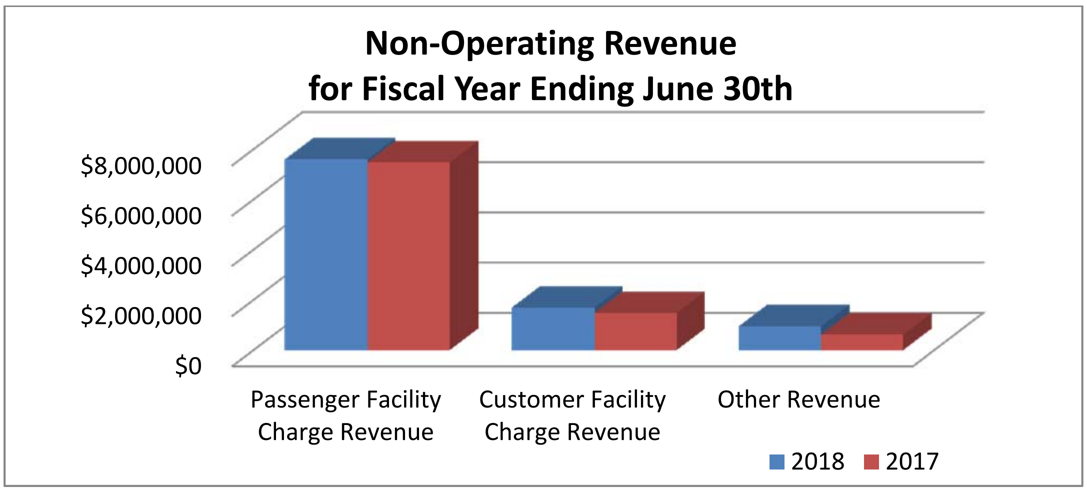
(4) Jet Fuel Tax Revenue. A one cent per gallon of fuel for jet or turbine aircraft sold, distributed or used is collected by Washoe County and remitted to the RTAA as outlined in Nevada Revised Statute 365.170.

(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:

	2018	2017	% Change
Interest Income	$ 461,370	$ 305,497	51%
Passenger Facility Charge Revenue	7,587,771	7,480,732	1%
Customer Facility Charge Revenue	1,692,038	1,481,004	14%
Jet Fuel Tax Revenue	310,500	298,124	4%
Gain (Loss) on Sale of Capital Assets	169,208	13,298	1172%
Total Non-Operating Revenues	$ 10,220,887	$ 9,578,655	7%

The graph below present the Airport's non-operating revenues by source for fiscal years ended 2018 and 2017.



An Analysis of Significant Changes in Revenues for Fiscal Year 2017-2018 is as follows:

Enplaned passenger traffic was up 8.2%, as compared to the same period last year and total revenues of $60.876 million for Fiscal Year 2017-2018 increased 6% above the prior year.

Landing Fees and Rentals of $23.236 million represent 37% of the RTAA's total revenues. Airline landing fees and terminal rental revenues of $14.564 million represents 63% 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 23% of total operating revenue.

Concession Revenue of $12.803 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 2017-2018. Concession revenue was 9% above the results in the prior year.

Parking and Ground Transportation revenues account for 19% of total revenue. Parking revenue in fiscal year 2017-2018 of $12.010 million increased by $692,816 or 6% 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 4% of total RTAA revenue. Reimbursements for services of $2.417 million represent a slight decrease of 4% 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 $190,432 represents miscellaneous revenue and late fees collected by the RTAA.

Non-Operating Revenues of $10,220,887 million increased 7% 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 loss on the market value of investments of $16,771 in fiscal year 2016-2017 in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Passenger Facility Charges (PFCs) comprise 12% of total revenue. Based on enplaned passenger traffic, the airlines collect and remit this revenue to the RTAA monthly. PFC revenues are up 1% from the prior year. The current collection rate is $4.50.

During fiscal year 2017-2018, the RTAA recorded a Gain on Sale of Capital Assets of $169,208, which included two surplus property sales.

Expenses

RTAA's total operating expenses registered approximately $43.730 million in fiscal year 2017-2018, an increase of $5,792,124 or 15% above the prior year results. Employee benefit costs increased by $4,049,096 or 48% above last year. This increase consists of an increase in benefit costs of $254,180 and a one-time expense to Pension Expense of $3,794,916. This one-time expense to pension costs is due to GASB 82 which clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

Overtime, standby and holiday worked payments decreased by $2,211 or under 1% over the prior year. This decrease is primarily due to hours associated with snow removal operations.

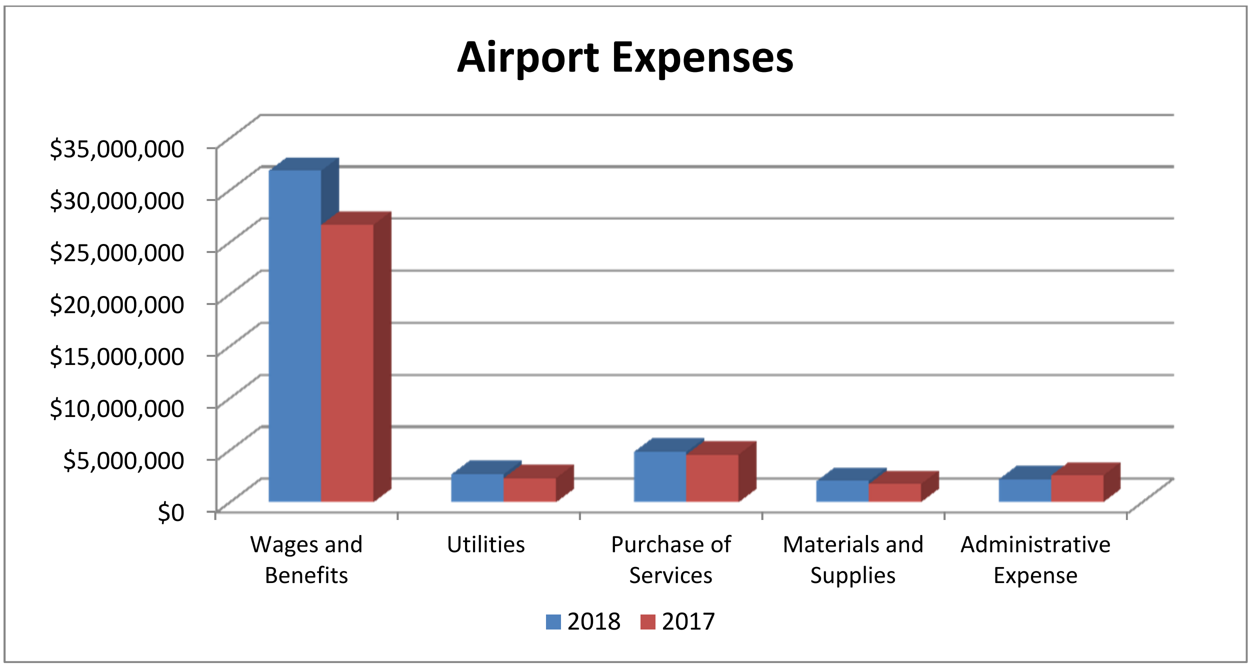
Non-operating expense, which is interest expense, of $487,308 thousand decreased by 21% below the prior year results.

Total operating and non-operating expenses of $44,217,577 million increased 15% or $5.655 million from the prior year.

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

	2018	2017	% Change
Employee Wages and Benefits	$ 31,878,959	$ 26,672,375	20%
Utilities and Communications	2,709,495	2,337,577	16%
Purchase of Services	4,866,467	4,595,802	6%
Materials and Supplies	2,050,694	1,753,352	17%
Administrative Expenses	2,224,655	2,579,040	-14%
Total Operating Expenses	43,730,270	37,938,146	15%
Interest Expense and other Non-Operating Expenses	487,308	624,669	-21%
Total Expenses	$ 44,217,578	$ 38,562,815	15%

The graph that follows presents the Airport's expenses for fiscal years ended 2018 and 2017.



An Analysis of Significant Changes in Expenses for Fiscal Year 2017-2018 is as follows:

Employee Wages and Benefits of $31.879 million comprise 72% of total expenses, a 20% increase over the prior year's total of $26.672 million.

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

	2018	2017	Change	% Change
Salary	$18,273,720	$17,126,571	$1,147,149	7%
Overtime, Standby, Holiday Worked	1,122,998	1,125,209	(2,211)	(0%)
Employee Benefits	12,482,241	8,433,145	4,049,096	48%
Post-Employment Health Plan	-	(12,550)	12,550	100%
Total Employee Wages and Benefits	$31,878,959	$26,672,375	$5,206,584	20%

Employee salaries have increased $1,147,149 or 7% over the prior year results. This increase reflects salary increases established under collective bargaining agreements and management and civil service employee guidelines but also includes an increase of five (5) additional staff members. The new positions include operations personell and administrative employees.

Utilities and Communications expense of $2.710 million registered an increase of 16% from the prior year. This increase higher costs associated with electricity from the prior year. Utilities and communications represent 6% of total expenses.

Purchase of services expense, which includes professional and other purchased services, of $4.866 million, increased by $270,665 over the prior year. This increase was primarily due to higher costs associated with consultant services and contracted services. Purchase of services expense represents 11% of expenses.

Materials and supplies expense of $2.051 million increased approximately $297,342 or 17% above the prior year. This increase reflects higher overall supply usage including runway and taxiway materials, machinery,and thermoplastic and jet bridge repair supplies. Materials and supplies represent 5% of total expenses.

Administrative expenses of $2.225 million comprise 5% of total costs, a decrease of approximately $354,385 or 14% from the prior fiscal year. This decrease reflects lower costs associated with conference sponsorship and air service development.

Interest expense decreased $129,547 or 21% below previous year. This decrease reflects the impact of the final payment of the Series 2005 Bonds on July 1, 2017 and lower interest expenses due on the maturing subordinate lien notes.

See the Debt Administration discussion within the MD&A.

Summary of Changes in Net Position

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

	2018	2017	% Change
OPERATING REVENUES			
Landing fees	$ 9,397,172	$ 8,285,922	13%
Concession revenue	12,802,725	11,798,086	9%
Parking and ground trans.	12,009,701	11,316,885	6%
Rentals	13,838,446	13,688,849	1%
Reimbursements for services	2,416,793	2,531,223	-5%
Other revenue	190,432	168,024	13%
Total Operating Revenues	$ 50,655,269	$ 47,788,989	6%
OPERATING EXPENSES			
Employee wages and benefits	$ 31,878,959	$ 26,672,375	20%
Utilities and communications	2,709,495	2,337,577	16%
Purchase of services	4,866,467	4,595,802	6%
Materials and supplies	2,050,694	1,753,352	17%
Administrative expenses	2,224,655	2,579,040	-14%
Total Operating Expenses	$ 43,730,270	$ 37,938,146	15%
Operating Income Before Depreciation and Amortization	6,924,999	9,850,843	-30%
Depreciation and Amortization	31,094,092	34,462,715	-10%
Operating Loss	$ (24,169,093)	$ (24,611,872)	-2%
NON-OPERATING REVENUE (EXPENSES)			
Interest income	$ 461,370	$ 305,497	51%
Passenger facility charges	7,587,771	7,480,732	1%
Customer facility charges	1,692,038	1,481,004	14%
Jet fuel tax revenue	310,500	298,124	4%
Gain on sale of Capital Assets	169,208	13,298	1172%
Non-operating expense	-	(7,814)	100%
Interest expense	(487,308)	(616,855)	-21%
Total non-operating revenues (expenses)	9,733,579	8,953,986	9%
Loss before Capital Contributions	(14,435,514)	(15,657,886)	8%
Capital Contributions	9,200,524	2,517,123	266%
Decrease in Net Position	(5,234,990)	(13,140,763)	-60%
Net Position, Beginning of Year (as originally reported)	386,282,331	399,423,094	-3%
Cumulative effect of GASB 75 implementation	(1,497,268)	-	-100%
Net Position, Beginning of Year (as restated)	384,785,063	-	100%
Net Position, End of Year	$ 379,550,073	$ 386,282,331	2%

An Analysis of Significant Changes in Net Position for Fiscal Year 2017-2018 is as follows:

Total operating revenues increased 6% while total operating expenses increased by 15%. A review of these two categories has been provided earlier in the MD&A.

Depreciation and amortization expense of $31.094 million was $3.369 million or 10% lower than the prior year due the full depreciation of certain assets in the prior year.

Interest income increased by $155,873 or 51%. The increase is mainly due a higher rate of return on investments as the economy improves.

Interest expense decreased $129,547 or 21% 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 1% and jet fuel tax revenue also increased by 4%. These increases reflect the increased passengers and fuel usage this past year. Gain on sale of capital assets was $169,208 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, increased 266% this year as compared to fiscal year 2016-2017. The grant contributions include reimbursements for runway, taxiway and apron rehabilitation and the RTAA Master Plan.

CAPITAL ASSETS

The RTAA's investment in capital assets as of June 30, 2018 was $360.918 million, net of depreciation a decrease of $8.837 million. This investment in capital assets includes land, construction in progress, improvements, buildings, and equipment and development rights.

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

	2018	2017
Non depreciable:		
Land	$172,449,078	$172,476,937
Construction in Progress	23,122,034	7,398,194
Development rights	2,924,038	2,924,038
Depreciable:		
Improvements, Buildings, and Equipment	162,422,838	186,955,543
Total	$ 360,917,989	$ 369,754,712

Major Capital Asset Events during Fiscal Year 2017-2018 included the following:

Federal grants funded over $15.333 million of capital projects in fiscal year 2017-2018. Projects included the 20 year Master Plan for RNO and runway rehabilitation at RTS. The runway at RTS was completed early in fiscal year 18-19.

In the terminal building, the RTAA completed a restroom remodel, the landside office remodal, and a building control system upgrade. The building control system will provide area temperature zones and monitoring in the baggage claim and administrative areas.

Technology upgrade projects completed this year included (1) camera installations throughout the terminal and outlying areas to provide improved visibility; (2) biometric access; and (3) TSA checkpoint redundant security surveillance 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, rental car facilities, and major maintenance / upgrades at RTAA owned general aviation hangars.

Movable equipment purchased this year includes five vehicles, a forklift, sweeper, and scrubber all placed in service at RNO. The five vehicles consist of one standard cab trucks that are used by RTS, 3 super duty trucks used by Airfield Maintainence and a four wheel drive sport utility vehicle for use by the Marketing department. 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.

The RTAA also continued multiple projects at the RTS, including hangar lighting improvements, window replacements, and replacement of the maintainence shop rain gutters.

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

DEBT ADMINISTRATION

As of June 30, 2018, the RTAA had approximately $17.720 million in debt comprised of $17.720 million of senior lien revenue bonds (Series 2015 Airport Refunding Bond). The final payment of $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) was paid on July 1, 2017.

<u>Senior Lien Debt</u>

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

As of June 30, 2018, the only senior lien bond outstanding is the Series 2015, Airport Revenue Refunding Bond (2015 Bonds) for $17,720,000.

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%.

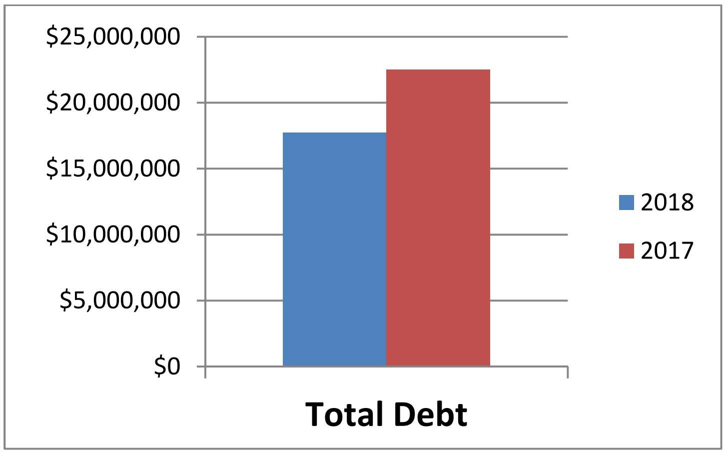
  The annual borrowing rate on the 2011 B Variable Rate Notes during FY 2017-2018 was 2.441% for the period of January 1, 2017 to June 30, 2017.

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 fiscal year 2017-18.

Debt Summary

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

	2018	2017
2011 A	$ --	$ 2,670,000
2011 B	--	387,000
2015	17,720,000	19,435,000
Total Debt	$ 17,720,000	$ 22,492,000



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 was 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, 2018, the RTAA collected PFCs, including interest earnings thereon, totaling $7.588 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 2017-2018, airline signatories to the agreement include five passenger and two cargo airlines.

The airline agreements' rate setting formula is 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 signatory airlines are shown below:

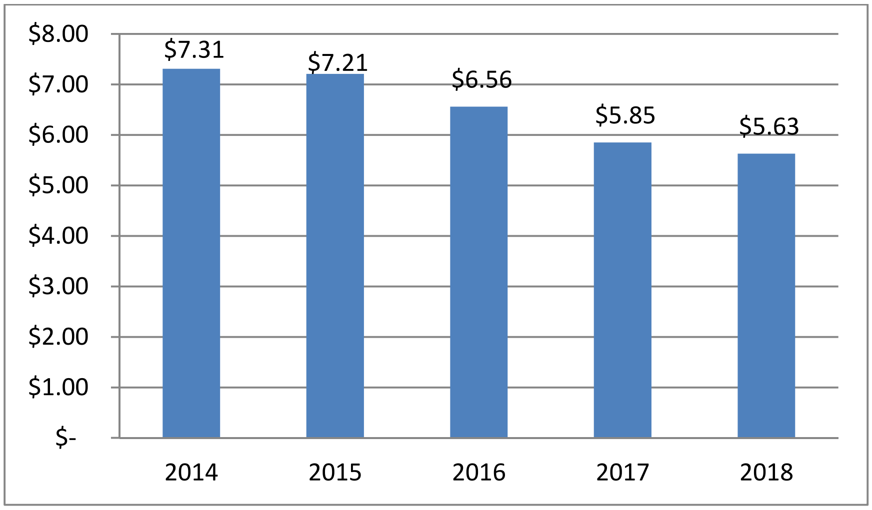
	2018	2017	% Change
Landing Fee Rate (Per 1,000 pound units)	$ 2.99	$ 2.62	14%
Terminal Rental Rate (Average) (Per square foot annually)	$53.39	$40.48	32%

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, that are landing fees and terminal rents, 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 2017-18 fiscal year was calculated to be $5.63 as compared to $5.85 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 cost per enplaned passenger.

Cost per Enplaned Passenger



REQUESTS FOR INFORMATION

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

RENO-TAHOE AIRPORT AUTHORITY
STATEMENT OF NET POSITION AS
OF JUNE 30, 2018
with comparative amounts at June, 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	$ 11,695,747	$ 10,154,461
Investments	46,355,956	41,462,759
Accounts receivable, net	3,600,629	3,221,930
Grants receivable	13,346	594
Interest receivable	158,919	84,504
Inventory	749,705	829,188
Other current assets	438,515	209,079
Total Unrestricted Assets	63,012,817	55,962,515
Restricted Assets:		
Cash and cash equivalents	5,450,820	6,976,297
Investments	21,153,577	16,978,631
Interest receivable	87,360	46,233
Total Restricted Assets	26,691,757	24,001,161
Total Current Assets	89,704,574	79,963,676
NON-CURRENT ASSETS		
Capital Assets:		
Non-depreciable	198,495,151	182,799,169
Depreciable	722,258,086	718,163,891
Less accumulated depreciation and amortization	559,835,248	531,208,348
Total Capital Assets	360,917,989	369,754,712
Other Assets:		
Road credits	1,383,599	1,383,599
Total Other Assets	1,383,599	1,383,599
Total Non-Current Assets	362,301,588	371,138,311
Total Assets	452,006,162	451,101,987
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions after measurement date	2,574,913	5,146,592
Pension difference between actual and proportionate share of contributions	814,655	917,630
Pension investments net difference between actual and projected earnings	247,566	3,515,073
Pension changes in actuarial assumptions	2,529,507	-
OPEB contributions after measurement date	129,571	-
Total Deferred Outflows of Resources	6,296,212	9,579,295
Total Assets and Deferred Outflows of Resources	$ 458,302,374	$ 460,681,282

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENT OF NET POSITION (continued)
AS OF JUNE 30, 2018
with comparative amounts at June, 2017

	2018	2017
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	4,437,382	$ 4,491,539
Construction contracts payable	7,828,933	1,349,566
Rents received in advance	1,437,526	1,006,248
Accrued payroll	1,510,611	1,019,316
Total payable from unrestricted assets	15,214,452	7,866,669
Payable from Restricted Assets:		
Current portion of long-term debt	1,760,000	4,772,000
Accrued interest	243,658	308,666
Construction contracts payable	505,741	8,470
Total payable from restricted assets	2,509,399	5,089,136
Total Current Liabilities	17,723,851	12,955,805
NON-CURRENT LIABILITIES		
Revenue bonds and subordinate notes, net	15,960,000	17,720,000
Accrued payroll, net of current portion	999,880	1,110,270
Deposits	354,642	413,968
Reclamation liability	1,005,162	1,128,118
Net OPEB liability	1,756,763	334,653
Net pension liability	38,129,158	37,811,756
Total Non-Current Liabilities	58,205,605	58,518,765
Total Liabilities	75,929,456	71,474,570
DEFERRED INFLOWS OF RESOURCES		
Pension difference between actual and expected pension experience	2,502,044	2,531,973
Pension difference between actual and proportionate share of contribution	320,801	392,408
Total Deferred Inflows of Resources	2,822,845	2,924,381
NET POSITION		
Net investment in capital assets	334,863,315	345,904,676
Restricted for:		
Revenue bond operations and maintenance	7,184,954	6,784,625
Renewal and replacement	780,098	782,051
Passenger facility charge projects	16,651,127	11,303,191
Debt service	1,774,643	4,776,306
Other reserve purposes	57,277	46,323
Total Restricted	26,448,099	23,692,496
Unrestricted	18,238,659	16,685,159
Total Net Position	379,550,073	386,282,331
Total Liabilities and Net Position	$ 458,302,374	$ 460,681,282

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2018
with comparative amounts at June, 2017

	2018	2017
OPERATING REVENUES		
Landing fees	$ 9,397,172	$ 8,285,922
Concession revenue	12,802,725	11,798,086
Parking and ground transportation	12,009,701	11,316,885
Rentals	13,838,446	13,688,849
Reimbursements for services	2,416,793	2,531,223
Other revenue	190,432	168,024
Total operating revenues	50,655,269	47,788,989
OPERATING EXPENSES		
Employee wages and benefits	31,878,959	26,672,375
Utilities and communications	2,709,495	2,337,577
Purchase of services	4,866,467	4,595,802
Materials and supplies	2,050,694	1,753,352
Administrative expenses	2,224,655	2,579,040
Total operating expenses	43,730,270	37,938,146
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	6,924,999	9,850,843
Total depreciation and amortization	31,094,092	34,462,715
OPERATING INCOME (LOSS)	(24,169,093)	(24,611,872)
NON-OPERATING REVENUES (EXPENSES)		
Interest income and gain (loss) of investments	461,370	305,497
Passenger facility charge revenue	7,587,771	7,480,732
Customer facility charge revenue	1,692,038	1,481,004
Jet fuel tax revenue	310,500	298,124
Gain (loss) on sale of capital assets	169,208	13,298
Non-operating expenses	-	(7,814)
Interest expense	(487,308)	(616,855)
Total non-operating revenues (expenses)	9,733,579	8,953,986
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(14,435,514)	(15,657,886)
CAPITAL CONTRIBUTIONS	9,200,524	2,517,123
CHANGE IN NET POSITION	(5,234,990)	(13,140,763)
NET POSITION, BEGINNING OF YEAR (as originally stated)	386,282,331	399,423,094
Cumulative effect of GASB 75 implementation	(1,497,268)	-
NET POSITION, BEGINNING OF YEAR (restated)	384,785,063	399,423,094
NET POSITION, END OF YEAR	$ 379,550,073	$ 386,282,331

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
with comparative amounts at June, 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 50,648,521	$ 47,341,206
Cash paid to employees and for benefits	(28,074,261)	(27,752,413)
Cash paid to suppliers	(12,178,377)	(10,852,426)
Net cash provided by operating activities	10,395,883	8,736,367
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Jet fuel tax revenue	310,500	298,124
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	7,337,772	3,716,031
Passenger facility charge revenue	7,587,771	7,480,732
Customer facility charge revenue	1,692,038	1,481,004
Acquisition and construction of capital assets	(15,304,222)	(8,383,378)
Proceeds from sale of capital assets	2,042,699	13,298
Principal paid on bonds	(4,772,000)	(4,235,000)
Interest paid on bonds	(552,316)	(673,084)
Net cash provided by (used in) capital and related financing activities	(1,968,258)	(600,397)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of interest	720,327	533,707
Sale of investments	69,058,348	38,619,002
Purchase of investments	(78,500,990)	(47,754,034)
Net cash provided by (used in) investing activities	(8,722,315)	(8,601,325)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,810	(167,231)
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,130,757	17,297,988
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	$ 17,146,567	$ 17,130,757

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED JUNE 30, 2018
with comparative amounts at June, 2017

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

	2018	2017
Operating income (loss)	$ (24,169,093)	$ (24,611,872)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	31,094,092	34,462,715
(Increase) Decrease in Assets:		
Accounts receivable, net	(378,699)	(331,491)
Inventory	79,483	(17,718)
Other current assets	(229,436)	1,819
Increase (Decrease) in Liabilities:		
Accounts payable	(54,157)	535,155
Rents received in advance	431,278	(157,032)
Accrued payroll	380,905	(901,092)
Deposits and unearned revenues	(59,326)	40,741
Net OPEB liability and related deferred outflows of resources	(204,728)	(12,550)
Net pension liability and related deferred outflows and inflows of resources	3,628,520	(166,396)
Reclamation liability	(122,956)	(105,912)
Net cash provided by operating activities	$ 10,395,883	$ 8,736,367

Noncash activities:

The unrealized gain (loss) on investments was ($391,270) at June 30, 2018 and ($16,771) at June 30, 2017.

	2018	2017
Capital assets included in construction contracts payable	$ 8,334,674	$ 1,358,036
Capital Contributions		
Total Capital Contributions	$ 9,200,524	$ 2,517,123
Non-cash capital contribution - building	(1,850,000)	-
Grants Receivable (June 30, 2018 and 2017)	(13,346)	(594)
Grants Receivable (June 30, 2017 and 2016)	594	1,199,503
	$ 7,337,772	$ 3,716,032

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 RTAA 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 year 2018 is 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 year ended June 30, 2018.

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.

E. Inventory

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

2. Summary of Significant Accounting Policies (Continued)

F. Capitalization of Interest

RTAA capitalizes, as a part of the historical cost of constructing assets for its own use, a portion of the net interest cost incurred during the construction period. See Note 6 for additional detail on Debt. For the year ended June 30, 2018, total interest cost incurred was $487,308.

For the year ended June 30, 2018, 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 four items relating to the net pension liability for the year ending June 30, 2018. 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 of $2,574,913 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, 2017.

The second deferred outflow item of $814,655 represents the unamortized difference between actual and 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, 2018.

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.

2. Summary of Significant Accounting Policies (Continued)

The third item of $247,566 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, 2018.

For the year ended June 30, 2017, the following assumptions were changed. Net Investment Return decreased from 8.00% to 7.50%, the Consumer Price Index decreased from 3.50% to 2.75%.

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 of $2,502,044 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 of $320,801 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, 2018.

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.

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.

2. Summary of Significant Accounting Policies (Continued)

The liability for the compensated absences is included in both the current and non-current portion of accrued payroll. As of June 30, 2018 liabilities related to compensated absences were $1,985,339.

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 year ended June 30, 2018, the payable outstanding associated with the airline year-end settlement is $2,060,591.

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 bond resolution debt requirements, 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 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.

2. Summary of Significant Accounting Policies (Continued)

The rental car concessionaires collect and remit CFC revenues monthly to the RTAA. These revenues are included in non-operating revenues. Beginning July 1, 2018 the fee increased to $3.50.

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 12,585 credits valued at $1,383,599 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, 2018, the RTAA has adopted the following new Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). RTAA adopted the Statement during the year ended June 30, 2018 and the adoption resulted in a decrease in net position at July 1, 2017 of $1,497,268 to reflect the beginning of year total OPEB liability and deferred outflow of resources.
- GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73. The adoption of this standard had no significant effect on RTAA's net position or changes therein.
- GASB Statement No. 85, Omnibus 2017. The adoption of this standard had no significant effect on RTAA's net position or changes therein.
- GASB Statement No. 86, Certain Debt Extinguishment Issues. The adoption of this standard had no significant effect on RTAA's net position or changes therein.

2. Summary of Significant Accounting Policies (Continued)

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.

- GASB Statement No. 83, Certain Asset Retirement Obligations
- GASB Statement No. 84, Fiduciary Activities
- GASB Statement No. 87, Leases
- GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- GASB Statement NO. 90, Majority Equity Interests

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:

	2018
Cash	$ 7,099,809
Cash Equivalents:	
Short-Term Investments in Money Market Mutual Funds	10,046,758
Total Cash and Cash Equivalents	17,146,567
Investments:	
State of Nevada Local Government Investment Pool	7,398,155
Washoe County Investment Pool	2,133,705
Certificates of Deposit	749,285
US Treasury Notes	22,417,075
US Government Agency Securities (Mortgage Backed Securities) maturing within five years	34,811,313
Total Investments	67,509,533
Total Cash, Cash Equivalents and Investments	$ 84,656,100
Less: Unrestricted Cash, Cash Equivalents and Investments	(58,051,703)
Total Restricted Cash, Cash Equivalents and Investments	$ 26,604,397

The balance of cash and cash equivalents as of June 30, 2018 was $17,146,567. 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.

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, 2018 by fair market value using the categories of relative reliability:

Fair Value Measurements Using

	Total Cash, Cash Equivalents, and Investments	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	6/30/2018	(Level 1)	(Level 2)	(Level 3)
Investments by Fair Value Level				
Debt Securities				
US Agencies	$ 34,811,313	$ -	$ 34,811,333	$ -
US Treasury Notes	22,417,075	22,417,075	-	-
Negotiable Certificates of Deposit	749,285	-	749,285	-
Total Debt Securities	57,977,673	22,417,075	$ 35,560,598	$ -
Investments at Net Asset Value (NAV)				
Washoe County Investment Pool	2,133,705			
Local Government Investment Pool	7,398,155			
Total Investments at the NAV	9,531,860			
Investments at Cost /Amortized Costs				
Money Market Funds	10,046,758			
Cash				
Collateralized Bank Deposits	7,099,809			
Total Cash, Cash Equivalents and Investments	$ 84,656,100			

Investment Policies

In accordance with NRS 355 Public Investments, the RTAA's bond resolution and the RTAA's investment policy, the RTAA manages its exposure to interest rate risk by regular evaluation of the RTAA's cash position to determine the amount of short and long-term funds available for investment within the context of the entire portfolio and its cash flow and liquidity needs. 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, 2018 are the following statutorily approved investments:

US Government Agency Securities (Mortgage-Backed Securities). 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

3. Cash, Cash Equivalents and Investments (Continued)

investments include Federal National Mortgage Association, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Banks.

US Treasury Notes. US Treasury Notes are issued by the United States government in order to pay for government projects. They are backed by the U.S, government making them low risk. Interest payments on the notes are made every six months until maturity wich is usually not less than one year or more than seven years.

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.

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

The WCIP investment policy allows for investments as indicated, with the objective of achieving long term financial sustainability. The fair value of the investment in this type has been determined using the NAV. The NAV is calculated daily by dividing the total value of the securities and other assets, less any liabilities, by the total outstanding shares of the fund. RTAA is able to withdraw funds from the pool 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, 2018.

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.

3. Cash, Cash Equivalents and Investments (Continued)

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

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, 2018.

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.

Collateralized Bank Deposits. 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).

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.

3. Cash, Cash Equivalents and Investments (Continued)

Interest Rate Risk

As of June 30, 2018, the RTAA's cash, cash equivalents and investments have the following maturity distributions:

	Maturity				
	0 to 1 Month	1 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years
Cash	$ 7,099,809	$ -	$ -	$ -	$ -
Money Market Mutual Funds	10,046,758	-	-	-	-
State of Nevada Local Government Investment Pool	-	7,398,155	-	-	-
Certificates of Deposit	-	749,285	-	-	-
Washoe County Investment Pool	-	2,133,705	-	-	-
U.S. Treasury Notes	1,500,000	11,842,489	6,023,061	2,461,275	590,250
US Government Agency Securities	-	15,898,800	15,778,757	2,064,425	1,069,331
Grand Total	$ 18,646,567	$ 38,022,434	$ 21,801,818	$ 4,525,700	$ 1,659,581

Credit Risk

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

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

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

At June 30, 2018, Standard & Poor's had rated US Government Agency Securities (mortgage-backed securities) and U.S. Treasury Notes as AA+ and the Fidelity Government Fund 57 (money market funds) as AAA.

3. Cash, Cash Equivalents and Investments (Continued)

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, 2018, the following investments equaled or exceeded 5% of the RTAA's total cash, cash equivalents and investments:

	2018
Washoe County Investment Pool	2%
Fidelity Governmental Fund 57 (money market)	12%
Local Government Investment Pool	9%
Wells Fargo Collateralized Deposit	8%
Federal Home Loan Bank	13%
Federal Home Loan Mortgage Corporation	19%
US Treasuries	29%
Other less than 5% individually	8%

4. Accounts and Grants Receivable

The following amounts represent receivables due to the RTAA at June 30, 2018:

	2018
Current, unrestricted:	
Accounts Receivable	$3,778,831
Less Allowance for Uncollectible	(178,202)
Net Accounts Receivable	3,600,629
Grants Receivable	13,346
Total Current Accounts and Grants Receivable	$3,613,975

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. 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.

5. Capital Assets (Continued)

Capital asset balances and changes for the year ended June 30, 2018 are as follows:

	Balance July 1, 2017	Additions and Transfers	Deletions and Transfers	Balance June 30, 2018
Capital Assets, not being depreciated/amortized				
Land	$ 172,476,937	$ --	$(27,858)	$ 172,449,079
Construction in progress	7,398,194	21,459,802	(5,735,962)	23,122,034
Development rights	2,924,038	--	--	2,924,038
Total Capital Assets, not being depreciated/amortized	182,799,169	21,459,802	(5,763,820)	198,495,151
Capital Assets, being depreciated/amortized				
Improvements	368,645,794	2,215,285	(449,321)	370,411,758
Buildings	281,141,022	2,225,376	(2,506,006)	280,860,392
Equipment	68,377,075	3,986,044	(1,377,183)	70,985,936
Total Capital Assets, being depreciated/amortized	718,163,891	8,426,705	(4,332,510)	722,258,086
Less accumulated depreciation/amortization for:				
Improvements	270,528,995	15,788,952	(449,321)	285,868,626
Buildings	209,269,571	11,058,587	(646,218)	219,681,940
Equipment	51,409,782	4,246,986	(1,372,086)	54,284,682
Total Accumulated Depreciation/Amortization	531,208,348	31,094,525	(2,467,625)	559,835,248
Total Capital Assets, being depreciated/amortized, net	186,955,543	(22,667,820)	(1,864,885)	162,422,837
Net Capital Assets	$ 369,754,712	$ (1,208,018)	$ (7,628,705)	$ 360,917,989

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, 2018, the RTAA had $17.720 million in debt comprised of senior lien revenue bonds (Series 2015 Airport Refunding bonds).

The following is the long–term debt activity for the year ended June 30, 2018:

	Balance July 1, 2017	New Debt	Principal Repayment	Premium Amortization	Balance June 30, 2018
Revenue Bonds:					
Series 2015	$19,435,000	$ -	$1,715,000	$ --	$17,720,000
Total Revenue Bond Debt	19,435,000	--	1,715,000	--	17,720,000
Less Current Portion	(1,715,000)		--	---	(1,760,000)
Noncurrent Revenue Bonds	17,720,000				15,960,000
Subordinate Notes:					
Series 2011 A-Fixed Rate	2,670,000	--	2,670,000	--	-
Series 2011 B-Variable Rate	387,000	--	387,000	--	-
Total Subordinate Notes	3,057,000	--	3,057,000	--	-
Less Current Portion	(3,057,000)				-
Noncurrent Subordinate Notes	-				-
Noncurrent Portion Debt Outstanding	$17,720,000				$15,960,000

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.

6. Long-Term Debt (Continued)

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 debt outstanding does 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, 2018.

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:

6. Long-Term Debt (Continued)

Bond Year ending July 1	Principal	Interest	Total
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
2023-2026	8,415,000	586,575	9,001,575

The terms and conditions governing the 2015 Bond are established under a new Bond Resolution No. 526. 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 issuance of Subordinate Lien Airport Revenue Notes ("Subordinate Notes"). With a maximum principal amount of $30 million, the Subordinate Notes had 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.

6. Long-Term Debt (Continued)

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

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, 2018 was 2.56%. The interest rate on the 2011B Note is capped at 12%.

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

The RTAA has also covenanted in the 2011 Subordinate Note Resolution that the RTAA will apply Passenger Facility Charges (PFCs) to the repayment of PFC eligible debt service under the Notes, provided that the amount of PFCs applied toward debt service will not exceed a cumulative total of $18 million in fiscal year 2011-12 through fiscal year 2017-18.

The RTAA collected $7.588 million of PFC revenue annually during the year ended June 30, 2018.

7. Non-Current Liabilities

Other long–term liability activity for the year ended June 30, 2018 is summarized below:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Due Within One Year
Compensated absences	$ 1,848,290	$ 547,025	$ 409,976	$ 1,985,339	$ 985,459
Deposits	413,968	110,291	169,617	354,642	-
Reclamation liability	1,128,118	33,971	156,927	1,005,162	-
Total	$ 3,390,376	$ 691,287	$ 736,520	$ 3,345,146	$ 985,459

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.

8. Rate Maintenance Covenant (Continued)

Pledged revenues consist of the following at June 30, 2018:

	2018
Airport Systems Revenues:	
Airline Fees and Rentals:	
Landing fees	$ 8,324,377
Terminal building space rental	5,756,498
Total Airline Fees and Rentals	14,080,875
Non-Airline Revenues:	
Other aircraft fees	1,072,793
Concession fees	12,802,725
Parking and ground transportation	$ 12,009,701
Other rentals	8,064,246
Reimbursement for services	2,416,791
Other operating revenues	190,432
Non-operating revenues	3,007,527
	39,564,216
Gross pledged revenues	$ 53,645,091
Airport system operation and maintenance expenses	(40,306,317)
(Gain)/Loss on Sale of Capital Assets	(169,208)
Airline revenue sharing	4,352,412
35% of gaming revenue	(374,379)
Net Pledged Revenues	$ 17,147,599
Debt Service Coverage Required	$ 2,247,300
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	$ 2,809,125
100% of Senior Lien Debt Service	$ 2,247,300

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 year ended June 30, 2018 of $12,802,725 result from concessions calculated as a percentage of the gross receipts or are attributable to specified minimum payments.

9. Leases (Continued)

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

2019	24,090,606
2020	22,468,234
2021	14,879,900
2022	13,974,126
2023	13,844,594
2024-2029	20,114,103
Total	$ 109,371,563

10. Pension Plan

A. Purpose and History

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

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 plan 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 two years as follows:

10. Pension Plan (Continued)

	Contribution Rates		
Fiscal Year	Regular	Police/Fire	Total Contribution
2017-2018	28.00%	40.50%	$5,149,826
2016-2017	28.00%	40.50%	$5,146,592

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.

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.

10. Pension Plan (Continued)

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

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, 2018.

The RTAA's proportional share reflects the actuarial valuation date as of June 30, 2017 (PERS Actuarial Reports). 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, 2018, RTAA is reporting a liability of $38,129,158 for its proportionate share of the total net pension liability. This represents an increase of $317,402 as compared to $37,811,756 reported as of June 30, 2017. 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, 2018 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 0.2867 percent of the total. This compares to the prior year's proportion share of 0.2810 percent of the total.

For the year ended June 30, 2018, the RTAA recognized pension expense of $8,778,346.

<u>Changes since measurement date</u>

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

10. Pension Plan (Continued)

Deferred Outflows and Inflows of Resources

At June 30, 2018, 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	$ --	$ 2,502,044
Changes of assumptions	2,529,507	--
Net difference between projected and actual earnings on pension plan investments	247,566	--
Change in proportion and differences between RTAA contributions and proportionate share of contributions	814,655	320,801
RTAA contributions subsequent to the measurement date	2,574,913	--
Total	$ 6,166,641	$ 2,822,845

The deferred outflows of resources of $2,574,913 relates to RTAA's pension employer contributions made after the measurement date of June 30, 2017, but before the end of the RTAA's reporting period of June 30, 2018 will be recognized as a reduction of the net pension liability in the subsequent fiscal year ended June 30, 2019.

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 6.39 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:	
2019	$ (586,606)
2020	982,328
2021	325,766
2022	(549,325)
2023	405,021
2024	191,726
Total	$ 768,883

10. Pension Plan (Continued)

Assumptions

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

Inflation rate	2.75%
Payroll growth	5.00% including inflation
Investment rate of return	7.50%
Productivity pay increase	0.5%
Projected salary increases	Regular: 4.25% to 9.15% depending on service Police/Fire: 4.55% to 13.9% depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other Assumptions	Same as those used in the June 30, 2017 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, 2017 reflect the experience review completed in 2017. For the year ended June 30, 2017, the following assumptions were changed. Net investment Return decreased from 8.00% to 7.50%, the Consumer Price Index decreased from 3.50% to 2.75%.

Assumed Asset Allocation

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 June 30, 2018.

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 2.75%

10. Pension Plan (Continued)

G. Discount rate

The discount rate used in the PERS Actuarial Reports to measure the total pension liability is 7.50%. The projection of cash flows used to determine the discount rate assumed the employee and employer contributions will be made at the rate specified in statute. Based on those assumptions, the pension plan's fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments for current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

H. 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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
RTAA's proportionate share of the net pension liability	$57,640,642	$38,129,158	$21,924,566

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, represent reversion of a fixed based operations building and attached aircraft hangar facility, pursuant to the expiration of lease agreements.

The RTAA has received capital contributions as follows:

	Inception to Date	Year Ended 2018
Federal	$448,235,841	$7,312,630
State	303,036	22,295
Other Sources	28,492,038	1,865,599
Total	$477,030,915	$9,200,524

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, 2018:

Airfield	4,109,882
Terminal	493,842
Reno-Stead Airport	8,668,426
Other	618,353
Total Outstanding Commitments	$ 13,890,503

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 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 remediationfor 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%, abd tge 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 $1.002 million dollars for year ended 2018.

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, 2018 is $1,005,162.

The RTAA is a defendant in certain litigations 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. There has been no decreases in insurance coverage over the past 3 years.

14. Other Postemployment Benefits

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 (RTAA GHP); and (B) if retired prior to September 1, 2008, coverage under the State of Nevada's Public Employees Benefits Program (PEBP). Each plan provides medical benefits to eligible RTAA retirees and beneficiaries.

A. RTAA Group Health Plan

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

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

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

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

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

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

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

v. The employee is not eligible for Medicare.

Eligibility requirements, benefits levels and contributions are governed by the RTAA and can be amended by the RTAA. The plan is not audited.

Funding Policy: Funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. Pay–as-you-go, is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate. The RTAA funds on the pay-as-you-go basis using the discount rate based on the Bond Buyer General Obligation 20-Bond Index. As of the beginning and end of the Measurement Period, use of this index results in discount rates of 2.85% as of June 30, 2016 and 3.53% as of June 30, 2017.

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

14. Other Postemployment Benefits (Continued)

June 30, 2018 there was one retiree participating in the plan. RTAA made contributions of $9,207 during fiscal year 2018, which equaled the required contribution.

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

Plan Description and Eligibility: For employees who retired prior to September 1, 2008, Nevada Revised Statute ("NRS") 287.023 allows retired employees of governmental entities within the State of Nevada to join the State's Public Employees Benefits Program (PEBP), an agent multiple-employer defined benefit OPEB plan administered by a nine member governing board. PEBP provides medical, prescription, vision, life and accident insurance, and dental for retirees. Retirees can choose between a self-funded preferred provider organization (PPO) and a health maintenance organization (HMO) plan. RTAA makes contributions as outlined below under the section titled

"Funding Policy" and retirees are responsible for payment of unsubsidized premiums. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan, and no financial reports are issued.

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

Funding Policy: The RTAA is required to provide a subsidy to the plan of each retiree that has joined the PEBP. Contribution requirements for plan members and the participating employers are assessed by the PEBP Board annually. The contributions required for PEBP subsidies depends on the date of retirement, prior years of Public Employees Retirement System (PERS) service former employees earned while working for the RTAA, and number of qualifying employers. The subsidies are determined by years of service and range from a minimum of $2 to a maximum of $876 per month for the year ended June 30, 2018. 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. As of the January 1, 2016 actuarial valuation, there were 40 retirees receiving benefits. The current year contribution was $120,364 for 36 retirees actively receiving benefits in fiscal year 2018, which equaled the required contribution. As of June 30, 2018, the plan was funded on a "pay as you go" basis and no contribution was made to fund the actuarial determined liability.

Total OPEB Liability

The RTAA GHP total OPEB liability of $22,397 and the PEBP total OPEB liability of $1,734,366 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date resulting in a total OPEB liability of $1,756,763 for the year ended June 30, 2018.

Actuarial assumptions and other inputs

The total OPEB liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs for both plans. Applied to all periods included in the measurement, unless otherwise specified:

14. Other Postemployment Benefits (Continued)

Actuarial Assumptions:

<table>
<tr><td>Valuation Date</td><td>January 1, 2016</td></tr>
<tr><td>Funding Method</td><td>Entry Age Normal Cost, closed group, level percent of pay</td></tr>
<tr><td>Asset Valuation Method</td><td>Market value of assets
($0; no OPEB trust has been established)</td></tr>
<tr><td>Discount Rate</td><td>2.85% as of June 30, 2016
3.53% as of June 30, 2017</td></tr>
<tr><td>Participants Valued</td><td>1 RTAA Plan retiree
Current PEBP Retirees</td></tr>
<tr><td>Salary Increase</td><td>Not applicable; no active employees in plan</td></tr>
<tr><td>Assumed Wage Inflation</td><td>Not applicable: no active employees in plan</td></tr>
<tr><td>General Inflation Rate</td><td>2.75%</td></tr>
<tr><td>Mortality</td><td>Non-disabled life rates for Regular employees:
Males: RP-2000 Combined Healthy Table
Females: RP-2000 Combined Healthy Table set back 1 year</td></tr>
<tr><td>Medicare Eligibility</td><td>Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.</td></tr>
<tr><td>Participation Rate</td><td>Retirees: All retirees currently covered by PEBP are assumed to retain their existing election until death. The RTAA Plan retiree's coverage is assumed to end at the retiree's age 65.</td></tr>
<tr><td>Healthcare Trend</td><td>RTAA plan medical premiums and per capita claims costs and RTAA's subsidy toward the cost of PEBP retiree coverage are assumed to increase at the following rates:
<table>
<tr><th colspan="3">PEBP Subsidies</th></tr>
<tr><th>Effective July 1</th><th>Pre-Medicare Subsidy Increase</th><th>Medicare Subsidy Increase</th></tr>
<tr><td>2017</td><td>Actual</td><td>Actual</td></tr>
<tr><td>2018</td><td>6.50%</td><td>4.50%</td></tr>
<tr><td>2019</td><td>6.00%</td><td>4.50%</td></tr>
<tr><td>2020</td><td>5.75%</td><td>4.50%</td></tr>
<tr><td>2021</td><td>5.50%</td><td>4.50%</td></tr>
<tr><td>2022</td><td>5.25%</td><td>4.50%</td></tr>
<tr><td>2023 & later</td><td>5.00%</td><td>4.50%</td></tr>
</table>
</td></tr>
<tr><td>Discount Rate</td><td>The discount rate was changed from 2.85% on June 30, 2016 to 3.53% on June 30, 2017, based on the published change in return for the applicable municipal bond index.</td></tr>
</table>

14. Other Postemployment Benefits (Continued)

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Mortality rates used in this valuation are based on the most recently published report of the Nevada Public Employees Retirement System, dated June 30, 2015, except for a different basis used to project future mortality improvements.

GASB 75 allows reporting liabilities as of any fiscal year end based on: (1) a valuation date no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a measurement date up to one year prior to the close of the fiscal year. The following dates were used for this report:

Valuation Date	January 1, 2016
Measurement Date	June 30, 2017
Measurement Period	June 30, 2016 to June 30, 2017
Fiscal Year End	June 30, 2018

This is the first valuation reflecting the requirements of GASB 75. There are no benefit changes from those in place at the time the January 2016 valuation was prepared. The assumptions used to develop the information in this report are the same assumptions used for the 2016 valuation, except for the different discount rates applied as required by GASB 75. Liabilities at the beginning and end of the measurement period were each determined rolling forward the results from January 2016 to June 30, 2016 and June 30, 2017, respectively.

Changes in the Total OPEB Liability

The total OPEB liability as of June 30, 2018 was calculated as follows:

	RTAA	PEBP	Total OPEB Liability
Balance at 6/30/2017	$29,233	$1,926,910	$1,956,143
Service Cost	-	-	-
Interest	728	53,252	53,980
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(199)	(128,938)	(129,137)
Benefit payments	(7,365)	(116,858)	(124,223)
Net Changes	(6,836)	(192,544)	(199,380)
Balance at 6/30/2018	$22,397	$1,734,366	$1,756,763

The net OPEB liability reported at June 30, 2017 on the Statement of Net Position was reported under GASB 45 while the balance at June 30, 2017 reported in the table above is reported under GASB 75 which was adopted during fiscal year 2018.

14. Other Postemployment Benefits (Continued)

Changes of assumptions reflect the change in the discount rate from 2.85% in 2017 to 3.53% in 2018.

Benefit payments include actual payments made to the State of Nevada for retirees of $116,858 and the implicit amount of $7,365 for the year ended 2018.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the RTAA, as well as what the RTAA's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.53%) or 1 percentage point higher (4.53%) than the current discount rate:

	1% Decrease 2.53%	Discount Rate 3.53%	1% Increase 4.53%
Total OPEB Liability	$1,982,536	$1,756,763	$1,568,317

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability to the RTAA, as well as what the RTAA's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	Current Trend -1%	Current Trend	Current Trend +1%
Total OPEB Liability	$1,577,442	$1,756,763	$1,966,790

Healthcare cost trend rate prior to eligibility for Medicare was assumed to start at 6.5% and grade sown to 5% for years 2023 and thereafter; medical cost inflation for those covered by Medicare in 4.5% per year. The impact of a 1% increase or decrease in these assumptions in shown in the chart above.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the RTAA recognized actuarially determined OPEB expense (income) of ($75,157). At June 30, 2018, the RTAA reported deferred outflows of resources and deferred inflows of resources related to OPEB for both plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
RTAA contributions subsequent to the measurement date	129,571	--

The deferred outflows of resources of $129,571 relates to RTAA's OPEB contributions made after the measurement date of June 30, 2017, but before the end of the RTAA's reporting period of June 30, 2018 will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year ended June 30, 2019. These contributions included $120,364 for the PEBP plan and $9,207 for the RTAA plan, which were made during fiscal year 2018. There are no other deferred outflows/inflows of resources to be recognized in OPEB expense in future years.

15. Post-Employment Health Plan – Defined Contribution Plan

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

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

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

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

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

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, 2018, $233,324 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:

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

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, 2018, $8,890 was contributed to the RTAA Police Officers Association plan.

RENO-TAHOE AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE RTAA'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

		2018
Total OPEB Liability		
Service Cost	$	-
Interest Cost		53,980
Changes of Benefit Terms		-
Differences between expected and actual experience		-
Assumption Changes		(129,137)
Benefit Payments		(124,223)
Net change in total OPEB liability		(199,380)
Total OPEB Liability-beginning		1,956,143
Total OPEB Liability-ending	$	1,756,763

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.

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

There are no assets accumulated in a trust to pay related benefits.

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 - 2018 [a]

	2015 [b]	2016 [b]	2017 [b]	2018 [b]
RTAA's proportion of the net pension liability	0.2820%	0.2846%	0.2810%	0.2867%
RTAA's proportionate share of the net pension liability	$29,388,235	$32,609,501	$37,811,756	$38,129,158
RTAA's covered payroll	$15,137,166	$15,511,214	$15,831,440	$17,041,362
RTAA's proportion of the net pension liability as a percentage of its covered payroll	194.15%	210.23%	238.84%	223.74%
Plan fiduciary net position as a percentage of the total pension liability	76.3%	75.1%	72.2%	74.4%

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

RENO-TAHOE AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S PENSION
CONTRIBUTIONS FOR THE YEARS ENDED
JUNE 30, 2015 - 2018

	2015	2016	2017	2018
Statutorily required contribution	$ 4,392,386	$ 4,742,955	$ 5,146,592	$ 5,149,826
Contributions in relation to the statutorily required contribution	4,392,386	4,742,955	5,146,592	5,149,826
Annual contribution deficiency (excess	$ -	$ -	$ -	$ -
Percent funded	100%	100%	100%	100%
Authority's covered payroll	$ 15,511,214	$ 15,831,440	$ 17,041,362	$ 17,204,432
Contributions as a percentage of covered payroll	28.32%	29.96%	30.20%	29.93%

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
SUPPLEMENTARY INFORMATION
SCHEDULE OF DEBT SERVICE REQUIREMENTS ON BONDS AND NOTES
JUNE 30, 2018

Bond Year Ended July 1	Airport Revenue Refunding Bond Series 2015 Principal	Airport Revenue Refunding Bond Series 2015 Interest	Total
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
	$ 17,720,000	$ 2,525,325	$ 20,245,325

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENSES
COMPARISON OF BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2018

	Original Budget	Final Amended Budget	Actual	Variance To Final Budget
Operating revenues:				
Landing fees				
Concession revenue	$ 9,537,704	$ 9,537,704	$ 9,397,172	$ (140,532)
Parking and ground transportation	11,652,700	11,652,700	12,802,725	1,150,025
Rentals	11,330,900	11,330,900	12,009,701	678,801
Reimbursements for services	15,212,150	15,212,150	13,838,446	(1,373,704)
Other revenue	2,592,581	2,592,581	2,416,793	(175,788)
Total Operating Revenues	36,700	36,700	190,432	153,732
	50,362,735	50,362,735	50,655,269	292,534
Operating expenses:				
Employee wages and benefits	28,843,415	28,843,415	31,878,959	(3,035,544)
Utilities and communications	2,741,145	2,741,145	2,709,495	31,650
Purchase of services	5,731,568	5,731,568	4,866,467	865,101
Materials and supplies	1,949,869	1,949,869	2,050,694	(100,825)
Administrative expenses	2,834,142	2,834,142	2,224,655	609,487
Total Operating Expenses before Depreciation and Amortization	42,100,139	42,100,139	43,730,270	(1,630,130)
Depreciation and amortization	35,750,000	35,750,000	31,094,092	4,655,908
Total Operating Expenses	77,850,139	77,850,139	74,824,362	3,025,778
Operating Income (Loss)	(27,487,404)	(27,487,404)	(24,169,093)	3,318,312
Non-operating revenues (expenses):				
Interest income	483,500	483,500	461,370	(22,130)
Passenger facility charge revenue	7,351,400	7,351,400	7,587,771	236,371
Customer facility charge revenue	1,493,900	1,493,900	1,692,038	198,138
Jet fuel tax revenue	276,400	276,400	310,500	34,100
Gain (loss) on sale of capital assets	-	-	169,208	169,208
Interest expense	(487,300)	(487,300)	(487,308)	(8)
Total Non-Operating Revenues (expenses)	9,117,900	9,117,900	9,733,579	615,678
Income (Loss) Before Capital Contributions	$ (18,369,504)	$ (18,369,504)	$ (14,435,514)	$ 3,933,990

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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, 2009 - 2018
(unaudited)

	2009	2010	2011	2012	2013
Operating revenues					
Landing fees	$8,020,650	$9,157,170	$6,134,543	$7,793,050	$7,380,804
Concession revenue	14,267,318	14,400,176	11,727,995	10,649,435	10,478,433
Parking and ground transportation	9,102,015	8,738,391	8,927,778	8,742,195	8,914,030
Rentals	12,172,296	10,378,966	12,235,790	12,499,901	11,967,776
Reimbursements for services	957,499	1,838,355	2,368,283	2,407,854	2,579,738
Other revenue	82,970	18,300	42,411	68,099	92,093
Total operating revenues	44,602,748	44,531,358	41,436,800	42,160,534	41,412,874
Nonoperating revenues					
Interest income	1,814,681	347,571	286,887	210,110	67,781
Passenger facility charge revenue	7,688,656	7,737,810	7,346,775	6,806,898	6,453,403
Customer facility charge revenue	-	-	-	-	1,088,981
Jet fuel tax income	313,204	304,912	319,073	304,048	276,338
Gain on sale of capital assets	544,222	9,641	3,226	8,014	32,003
Total nonoperating revenues	10,360,763	8,399,934	7,955,961	7,399,707	7,918,506
Total revenues	54,963,511	52,931,292	49,392,761	49,560,241	49,331,380
Operating expense					
Employee wages and benefits	21,868,506	21,148,848	22,421,307	23,094,222	23,255,693
Utilities and communications	2,978,879	3,234,216	2,934,201	2,626,376	2,559,355
Purchase of services	3,037,358	3,218,502	4,176,135	4,019,245	4,588,047
Materials and supplies	1,424,020	1,611,574	1,855,013	1,871,019	1,850,565
Administrative expenses	1,911,933	1,922,140	2,028,418	2,234,156	2,273,581
	31,220,696	31,135,280	33,415,074	33,845,018	34,527,241
Depreciation and amortization	21,904,868	23,624,026	23,521,743	30,253,602	33,189,676
Total operating expenses	53,125,564	54,759,306	56,936,817	64,098,620	67,716,917
Nonoperating expenses					
Loss on debt defeasance	-	207,881	-	-	-
Reclamation expenses	-	-	-	474,912	-
Non-operating expense	-	-	-	-	-
Interest expense	2,417,329	2,146,371	1,542,358	1,315,921	1,460,898
Total nonoperating expenses	2,417,329	2,354,252	1,542,358	1,790,833	1,460,898
Total expenses	55,542,893	57,113,558	58,479,175	65,889,453	69,177,815
Capital contributions	14,759,282	24,330,343	35,581,288	10,298,935	14,651,900
Change in Net Position	$14,179,900	$20,148,077	$26,494,874	($6,030,277)	($5,194,535)
Net Position at Year-End					
Net Investment in capital assets	$354,630,181	$381,032,297	$413,692,789	$415,582,335	$412,444,732
Restricted	29,015,626	21,539,564	24,195,980	19,148,691	14,720,733
Unrestricted	46,527,645	47,749,668	38,927,634	36,055,100	38,426,126
Total Net Position	$430,173,452	$450,321,529	$476,816,403	$470,786,126	$465,591,591

Note: Years prior to 2015 have not been adjusted for GASB 68 to 71. Years prior to 2018 have not been adjusted for GASB 75.

RENO-TAHOE AIRPORT AUTHORITY
NET POSITION AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2009 - 2018
(unaudited)

	2014	2015	2016	2017	2018
Operating revenues					
Landing fees	$7,440,496	$7,916,995	$8,071,097	$8,285,922	$9,397,172
Concession revenue	10,301,098	10,344,733	10,861,366	11,798,086	12,802,725
Parking and ground transportation	8,983,926	9,515,946	10,519,785	11,316,885	12,009,701
Rentals	13,282,322	13,456,901	13,599,106	13,688,849	13,838,446
Reimbursements for services	2,632,002	2,647,105	2,419,689	2,531,223	2,416,793
Other revenue	34,596	106,844	42,873	168,024	190,432
Total operating revenues	42,674,440	43,988,524	45,513,916	47,788,989	50,655,269
Nonoperating revenues					
Interest income	289,281	286,481	694,721	305,497	461,370
Passenger facility charge revenue	6,601,269	6,332,093	6,740,165	7,480,732	7,587,771
Customer facility charge revenue	1,263,517	1,252,480	1,385,061	1,481,004	1,692,038
Jet fuel tax income	264,586	246,059	268,287	298,124	310,500
Gain on sale of capital assets	5,631	29,533	105,471	13,298	169,208
Total nonoperating revenues	8,424,284	8,146,646	9,193,705	9,578,655	10,220,887
Total revenues	51,098,724	52,135,170	54,707,621	57,367,644	60,876,156
Operating expense					
Employee wages and benefits	24,301,598	24,638,525	25,007,616	26,672,375	31,878,959
Utilities and communications	2,774,328	2,757,835	2,540,504	2,337,577	2,709,495
Purchase of services	4,770,478	4,763,544	4,803,679	4,595,802	4,866,467
Materials and supplies	1,749,084	1,582,278	1,821,369	1,753,352	2,050,694
Administrative expenses	2,563,199	2,113,887	2,443,771	2,579,040	2,224,655
	36,158,687	35,856,069	36,616,939	37,938,146	43,730,270
Depreciation and amortization	35,816,772	34,958,476	34,613,731	34,462,715	31,094,092
Total operating expenses	71,975,459	70,814,545	71,230,670	72,400,861	74,824,362
Nonoperating expenses					
Loss on debt defeasance	-	-	-	-	-
Reclamation expenses	-	-	-	-	-
Non-operating expense	-	-	140,952	7,814	-
Interest expense	1,545,697	1,376,012	1,284,053	616,855	487,308
Total nonoperating expenses	1,545,697	1,376,012	1,425,005	624,669	487,308
Total expenses	73,521,156	72,190,557	72,655,675	73,025,530	75,311,670
Capital contributions	12,210,737	4,867,414	10,010,497	2,517,123	9,200,524
Change in Net Position	($10,211,695)	($15,187,973)	($7,937,557)	($13,140,763)	($5,234,990)
Net Position at Year-End					
Net Investment in capital assets	$395,050,506	$382,231,061	$367,749,013	$345,904,676	$334,863,315
Restricted	22,897,188	22,459,489	20,371,555	23,692,496	26,448,099
Unrestricted	37,432,202	2,670,101	11,302,526	16,685,159	18,238,659
Total Net Position	$455,379,896	$407,360,651	$399,423,094	$386,282,331	$379,550,073

Note: Years prior to 2015 have not been adjusted for GASB 68 to 71. Years prior to 2018 have not been adjusted for GASB 75.

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2009 - 2018
(unaudited)

	2009	2010	2011	2012	2013
Operating Revenues	$44,602,748	$44,531,358	$41,436,800	$42,160,534	$41,412,874
Operating Expenses	(31,220,696)	(31,135,280)	(33,415,074)	(33,845,018)	(34,527,241)
Operating Income before Depreciation and Amortization	13,382,052	13,396,078	8,021,726	8,315,516	6,885,633
Depreciation and Amortization	(21,904,868)	(23,624,026)	(23,521,743)	(30,253,602)	(33,189,676)
Operating Income (Loss)	(8,522,816)	(10,227,948)	(15,500,017)	(21,938,086)	(26,304,043)
Nonoperating Revenues and (Expenses):					
Interest Income	1,814,681	347,571	286,887	210,110	67,781
PFC Revenue	7,688,656	7,737,810	7,346,775	6,806,898	6,453,403
CFC Revenue	-	-	-	-	1,088,981
Jet Fuel Tax Revenue	313,204	304,912	319,073	304,048	276,338
Interest Expense	(2,417,329)	(2,146,371)	(1,542,358)	(1,315,921)	(1,460,898)
Gain (Loss) on Sale of Capital Assets	544,222	9,641	3,226	8,014	32,003
Non-operating expenses	-	-	-	-	-
Gain (Loss) on Sale of Easements	-	-	-	70,637	-
Reclamation Expenses	-	-	-	(474,912)	-
Gain (Loss) on Debt Defeasance	-	(207,881)	-	-	-
	7,943,434	6,045,682	6,413,603	5,608,874	6,457,608
Income (Loss) Before Capital Contributions	($579,382)	($4,182,266)	($9,086,414)	($16,329,212)	($19,846,435)

Note: Years prior to 2015 have not been adjusted for GASB 68 to 71. Years prior to 2018 have not been adjusted for GASB 75.

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2009- 2018
(unaudited)

	2014	2015	2016	2017	2018
Operating Revenues	$42,674,440	$43,988,524	$45,513,916	$47,788,989	$50,655,269
Operating Expenses	(36,158,687)	(35,856,069)	(36,616,939)	(37,938,146)	(43,730,270)
Operating Income before Depreciation and Amortization	6,515,753	8,132,455	8,896,977	9,850,843	6,924,999
Depreciation and Amortization	(35,816,772)	(34,958,476)	(34,613,731)	(34,462,715)	(31,094,092)
Operating Income (Loss)	(29,301,019)	(26,826,021)	(25,716,754)	(24,611,872)	(24,169,093)
Nonoperating Revenues and (Expenses):					
Interest Income	289,281	286,481	694,721	305,497	461,370
PFC Revenue	6,601,269	6,332,093	6,740,165	7,480,732	7,587,771
CFC Revenue	1,263,517	1,252,480	1,385,061	1,481,004	1,692,038
Jet Fuel Tax Revenue	264,586	246,059	268,287	298,124	310,500
Interest Expense	(1,545,697)	(1,376,012)	(1,284,053)	(616,855)	(487,308)
Gain (Loss) on Sale of Capital Assets	5,631	29,533	105,471	13,298	169,208
Non-operating expenses	-	-	(140,952)	(7,814)	-
Gain (Loss) on Sale of Easements	-	-	-	-	-
Reclamation Expenses	-	-	-	-	-
Gain (Loss) on Debt Defeasance	-	-	-	-	-
	6,878,587	6,770,634	7,768,700	8,953,986	9,733,579
Income (Loss) Before Capital Contributions	($22,422,432)	($20,055,387)	($17,948,054)	($15,657,886)	($14,435,514)

Note: Years prior to 2015 have not been adjusted for GASB 68 to 71. Years prior to 2018 have not been adjusted for GASB 75.

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL REVENUE PAYERS
FOR THE YEARS ENDED JUNE 30, 2009-2018
(unaudited)

	2009	2010	2011	2012	2013
Airlines - Landing Fees Only					
Alaska/Horizon	$ 530,531	$ 464,362	$ 234,561	$ 19,049	$ 290,576
American Airlines	475,216	567,034	418,736	499,548	533,388
Delta	138,633	388,775	297,922	522,361	416,790
Fed Ex	472,658	588,786	420,983	578,381	585,585
Jet Blue	-	-	-	-	-
Sky West	302,178	520,360	12,477	-	-
Southwest	3,574,278	4,614,487	2,637,384	3,442,903	3,068,489
United	624,754	710,570	599,606	667,687	613,229
UPS	330,133	417,670	243,003	354,818	440,067
US Airways	288,960	627,073	399,961	472,953	475,990
Total:	$ 6,737,341	$ 8,899,117	$ 5,264,633	$ 6,557,700	$ 6,424,114
Rental Cars - Concession Leases Only					
Advantage	$ 121,870	$ 175,662	$ 197,109	$ 205,928	$ 252,957
Avis/Budget	1,268,385	1,254,954	1,406,645	1,462,576	1,518,405
Alamo/ National	876,612	930,385	1,039,715	986,217	923,862
Dollar/Thrifty	820,997	822,933	845,807	830,192	881,351
Enterprise	619,832	786,176	996,820	950,649	929,817
Payless	-	-	-	-	-
Hertz	1,364,751	1,447,168	1,512,460	1,393,391	1,455,966
Total:	$ 5,072,447	$ 5,417,278	$ 5,998,556	$ 5,828,953	$ 5,962,358
Other Concession Leases					
IGT	$ 1,407,513	$ 2,234,661	$ 2,256,664	$ 1,790,472	$ 1,697,814
Paradise Gift Shops	887,355	916,445	923,381	714,600	705,250
SSP America, Inc.	748,384	783,755	871,916	823,646	835,653
Younger Agency Advertising	945,315	828,219	845,357	825,559	757,754
Clear Channel	-	-	-	-	-
Forever Heather	-	-	26,851	44,686	41,865
Total:	$ 3,988,567	$ 4,763,080	$ 4,924,169	$ 4,198,963	$ 4,038,336
Parking and Ground Transportation	$ 9,102,015	$ 8,738,391	$ 8,927,778	$ 8,742,195	$ 8,914,030
Total:	$ 24,900,370	$ 27,817,866	$ 25,115,136	$ 25,327,811	$ 25,338,838

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

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL REVENUE PAYERS
FOR THE YEARS ENDED JUNE 30, 2009-2018
(unaudited)

	2014	2015	2016	2017	2018
Airlines - Landing Fees Only					
Alaska/Horizon	$ 341,556	$ 580,120	$ 623,357	$ 642,969	$ 638,296
American Airlines	592,839	715,170	1,308,569	1,125,206	1,253,063
Delta	406,794	455,739	426,813	433,298	507,079
Fed Ex	782,244	888,324	968,838	932,842	716,310
Jet Blue	-	11,198	13,515	238,725	281,464
Sky West	-	-	-	-	-
Southwest	2,751,016	2,642,052	2,576,418	2,699,800	3,188,270
United	657,735	720,757	724,254	701,646	919,786
UPS	451,188	518,289	660,717	654,977	707,324
US Airways	542,374	608,778	-	-	-
Total:	$ 6,525,746	$ 7,140,427	$ 7,302,481	$ 7,429,463	$ 8,211,592
Rental Cars - Concession Leases Only					
Advantage	$ 229,167	$ -	$ -	$ -	$ -
Avis/Budget	1,493,707	1,482,869	1,620,958	1,777,825	1,993,895
Alamo/ National	1,026,907	1,269,575	1,411,955	1,554,676	1,720,779
Dollar/Thrifty	840,070	805,775	757,453	750,745	920,885
Enterprise	879,344	806,729	978,067	1,183,386	1,360,048
Payless	20,833	320,499	314,189	317,940	286,503
Hertz	1,421,777	1,375,025	1,506,355	1,606,381	1,781,205
Total:	$ 5,911,805	$ 6,060,472	$ 6,588,977	$ 7,190,953	$ 8,063,315
Other Concession Leases					
IGT	$ 1,322,752	$ 1,266,307	$ 1,071,402	$ 974,166	$ 1,102,412
Paradise Gift Shops	901,000	901,000	944,071	1,016,968	1,014,199
SSP America, Inc.	929,240	887,963	992,984	1,221,761	1,484,628
Younger Agency Advertising	670,850	-	-	-	-
Clear Channel	-	640,403	564,210	663,436	699,857
Forever Heather	65,531	43,819	34,855	29,462	35,958
Total:	$ 3,889,373	$ 3,739,492	$ 3,607,522	$ 3,905,792	$ 4,337,054
Parking and Ground Transportation	$ 8,983,926	$ 9,515,946	$ 10,519,785	$ 11,316,885	$ 12,802,725
Total:	$ 25,310,850	$ 26,456,337	$ 28,018,765	$ 29,843,093	$ 33,414,686

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL OPERATING REVENUE SOURCES
FOR THE YEARS ENDED JUNE 30, 2009-2018
(unaudited)

	2009	2010	2011	2012	2013
Landing fees	$ 8,020,650	$ 9,157,170	$ 6,134,543	$ 7,793,050	$ 7,380,804
Concession revenue	14,267,318	14,400,176	11,727,995	10,649,435	10,478,433
Parking and ground transportation	9,102,015	8,738,391	8,927,778	8,742,195	8,914,030
Rentals	12,172,296	10,378,966	12,235,790	12,499,901	11,967,776
Reimbrusement for Services	957,499	1,838,355	2,368,283	2,407,854	2,579,738
Toal Operating Revenue	44,519,778	44,513,058	41,394,389	42,092,435	41,320,781
Interest Income	1,814,681	347,571	286,887	210,110	67,781
Total	$ 46,334,459	$ 44,860,629	$ 41,681,276	$ 42,302,545	$ 41,388,562

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, 2009-2018
(unaudited)

	2014	2015	2016	2017	2018
Landing fees	$ 7,440,496	$ 7,916,995	$ 8,071,097	$ 8,285,922	$ 9,397,172
Concession revenue	10,301,098	10,344,733	10,861,366	11,798,086	12,802,725
Parking and ground transportation	8,983,926	9,515,946	10,519,785	11,316,885	12,009,701
Rentals	13,282,322	13,456,901	13,599,106	13,688,849	13,838,446
Reimbrusement for Services	2,632,003	2,647,105	2,419,689	2,531,223	2,416,793
Toal Operating Revenue	42,639,845	43,881,680	45,471,043	47,620,965	50,464,837
Interest Income	289,281	286,481	694,721	305,497	461,370
Total	$ 42,929,126	$ 44,168,161	$ 46,165,764	$ 47,926,462	$ 50,926,207

RENO-TAHOE AIRPORT AUTHORITY
REVENUE RATES AND COST PER ENPLANEMENTS
FOR THE YEARS ENDED JUNE 30, 2009-2018
(unaudited)

	Landing Fee (a)		RON (Ramp Over Night) (a)			
Year	Signatory	Non-Signatory	Signatory	Non-Signatory	Terminal Rental Rate Average	Cost per Enplanements
2018	$ 2.95	$ 2.99	$ 77.00	$ 77.00	$ 35.14	$ 5.63
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

(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, 2009-2018

(unaudited)

YEAR	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Gross Pledged Revenues [1]	$ 53,645,091	$ 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
Transfers- LOI Bond	-	-	-	-	-	-	-	-	650,117	644,911
G/L on Sale of Assets	(169,208)	(13,298)	(105,471)	(29,533)	(5,631)	-	-	-	-	-
Airline Revenue Sharing	4,352,412	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
35% Gaming Revenue	(374,379)	(341,751)	(374,991)	(443,208)	(462,963)	(550,386)	(626,665)	(789,832)	(780,474)	(946,661)
Direct Operating Expense [2]	(40,306,317)	(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)
Net Pledged Revenue (Available for Debt and Obligation Payments)	$ 17,147,599	$ 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
Debt Service (Senior Lien Debt Service)	2,247,300	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
Debt Service Coverage Ratio - Senior Lien Debt Service	7.63	6.61	5.16	4.34	3.56	3.78	4.06	1.66	1.36	1.53
Net Pledged Revenue (Available for Subordinate Notes)	$ 14,900,299	$ 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)	14,900,299	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, 2009 - 2018
(unaudited)

	2009	2010	2011	2012	2013
Operating Revenues	$44,602,748	$44,531,358	$41,436,800	$42,160,534	$42,863,935
Trust Fund Investment Interest Income	1,450,653	555,172	$584,802	608,334	162,830
Gross Pledged Revenues	46,053,401	45,086,530	42,021,602	42,768,868	43,026,765
Transfers - General Purpose Fund for LOI Bond Debt Service	644,911	650,117	0	-	-
Operating Expenses	(31,220,696)	(31,135,280)	(33,415,074)	(33,845,018)	(34,527,241)
G/L on Sale of Capital Assets	-	-	-	-	-
Airline Revenue Share Prior Year	1,892,768	1,516,737	3,594,787	1,926,162	1,587,800
35% of Gaming Revenues	(946,661)	(780,474)	(789,832)	(626,665)	(550,386)
Net Pledged Revenues - Senior Lien Bonds	$16,423,723	$15,337,630	$11,411,483	$10,223,347	$9,536,938
125% of Senior Lien Revenue Bond Debt Service	$13,460,781	$14,085,906	$8,617,063	$3,151,438	$3,154,875
Senior Lien Debt Service	$10,768,625	$11,268,725	$6,893,650	$2,521,150	$2,523,900
Net Pledged Revenues - Subordinate Lien Notes	$5,655,098	$4,068,905	$4,517,833	$7,702,197	$7,016,041
Pledged Passenger Facility Charges	-	-	-	1,383,833	1,491,202
Pledged Revenues - Subordinate Lien Notes	$5,655,098	$4,068,905	$4,517,833	$9,086,030	$8,507,243
110% of Subordinate Lien Debt Service	$ -	$ -	$ -	$3,060,063	$3,055,345
Subordinate Lien Debt Service	$ -	$ -	$ -	$2,781,875	$2,777,586
Rate Maintenance Minimum Revenues	$13,460,781	$14,085,906	$8,617,063	$6,211,501	$6,210,220

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2009- 2018
(unaudited)

	2014	2015	2016	2017	2018
Operating Revenues	$44,208,178	$45,512,494	$47,294,719	$49,616,816	$52,809,309
Trust Fund Investment Interest Income	163,649	253,601	367,167	531,978	835,781
Gross Pledged Revenues	44,371,827	45,766,095	47,661,886	50,148,794	53,645,090
Transfers - General Purpose Fund for LOI Bond Debt Service	-	-	-	-	-
Operating Expenses	(36,158,687)	(35,856,069)	(37,603,816)	(38,112,913)	(40,306,317)
G/L on Sale of Capital Assets	(5,631)	(29,533)	(105,471)	(13,298)	(169,208)
Airline Revenue Share Prior Year	1,213,722	1,494,648	2,347,074	3,176,955	4,352,412
35% of Gaming Revenues	(462,963)	(443,208)	(374,991)	(341,751)	(374,379)
Net Pledged Revenues - Senior Lien Bonds	$8,958,268	$10,931,933	$11,924,682	$14,857,787	$17,147,598
125% of Senior Lien Revenue Bond Debt Service	$3,145,625	$3,151,625	$2,887,856	$2,811,829	$2,809,125
Senior Lien Debt Service	$2,516,500	$2,521,300	$2,310,285	$2,249,463	$2,247,300
Net Pledged Revenues - Subordinate Lien Notes	$6,441,768	$8,410,633	$9,614,397	$12,608,324	$14,900,298
Pledged Passenger Facility Charges	2,079,176	1,808,804	1,813,919	1,812,790	-
Pledged Revenues - Subordinate Lien Notes	$8,520,944	$10,219,437	$11,428,316	$14,421,114	$14,900,298
110% of Subordinate Lien Debt Service	$4,559,531	$3,448,437	$3,454,061	$3,453,332	$ -
Subordinate Lien Debt Service	$4,145,028	$3,134,943	$3,140,055	$3,139,393	-
Rate Maintenance Minimum Revenues	$7,705,156	$6,600,062	$6,341,917	$6,265,161	$2,809,125

RENO-TAHOE AIRPORT AUTHORITY
RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE
FOR THE YEARS ENDED JUNE 30, 2009 - 2018
(unaudited)

	2009	2010	2011	2012	2013
Outstanding Debt					
Revenue bonds	$53,045,000	$40,700,000	$31,620,000	$26,270,000	$25,025,000
Unamortized premium	1,806,117	1,327,738	1,118,564	1,043,993	969,422
Notes payable	-	-	15,000,000	15,000,000	18,015,000
Total outstanding debt	$52,533,163	$42,027,738	$47,738,564	$42,313,993	$42,522,998
Enplaned Passengers	1,945,848	1,886,677	1,901,850	1,780,812	1,756,471
Outstanding debt per enplaned passenger	$27	$22	$25	$24	$24
Debt Service					
Principal	$7,765,000	$8,180,000	$9,080,000	$5,350,000	$3,710,000
Interest	3,005,476	2,588,625	2,188,725	1,543,650	1,591,486
Total debt service	$10,770,476	$10,768,625	$11,268,725	$6,893,650	$5,301,486
Total Expenses	55,542,893	56,905,677	58,479,175	65,889,453	69,177,815
Ratio of debt service to total expenses	19.39%	18.92%	19.27%	10.46%	7.66%

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, 2009 - 2018
(unaudited)

	2014	2015	2016	2017	2018
Outstanding Debt					
Revenue bonds	$23,715,000	$22,360,000	$20,690,000	$19,435,000	$15,960,000
Unamortized premium	894,851	820,280	-	-	-
Notes payable	15,615,000	8,937,000	6,037,000	3,057,000	-
Total outstanding debt	$40,224,851	$32,117,280	$26,727,000	$22,492,000	$15,960,000
Enplaned Passengers	1,658,187	1,656,293	1,778,611	1,909,187	2,064,968
Outstanding debt per enplaned passenger	$24	$19	$15	$12	$8
Debt Service					
Principal	$5,125,000	$4,320,000	$4,235,000	$4,772,000	$1,760,000
Interest	1,541,528	1,336,243	588,367	616,855	487,308
Total debt service	$6,666,528	$5,656,243	$4,823,367	$5,388,855	$2,247,308
Total Expenses	73,521,156	72,190,557	72,514,723	73,017,716	75,311,669
Ratio of debt service to total expenses	9.07%	7.84%	6.65%	7.38%	2.98%

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 2008-2017
(unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nevada										
County										
Churchill	24,896	24,897	24,877	24,637	24,375	24,063	23,989	24,200	24,198	24,230
Douglas	45,180	45,464	46,997	46,886	46,996	47,118	47,536	47,710	48,020	48,309
Humboldt	17,763	18,260	16,528	16,735	17,048	17,363	17,279	17,019	16,842	16,826
Lyon	53,022	52,641	51,980	51,871	51,327	51,557	51,789	52,585	53,179	54,122
Pershing	6,291	6,286	6,753	6,734	6,749	6,877	6,698	6,634	6,560	6,508
Storey	4,341	4,441	4,010	3,896	3,935	3,942	3,912	3,987	4,051	4,006
Washoe	410,443	414,820	421,407	425,710	429,908	433,731	440,078	446,903	453,616	460,587
Carson City	54,867	55,176	55,274	55,439	54,838	54,080	54,522	54,521	54,742	54,745
Subtotal	616,803	621,985	627,826	631,908	635,176	638,731	645,803	653,559	661,208	669,333
California										
County										
Alpine	1,061	1,041	1,175	1,102	1,129	1,159	1,116	1,110	1,071	1,120
El Dorado	176,075	178,447	181,058	180,938	180,561	181,737	183,087	184,452	185,625	188,987
Lassen	34,574	34,473	34,895	34,200	33,658	32,163	31,749	31,345	30,870	31,163
Mono	12,774	12,927	14,202	14,309	14,348	14,074	13,997	13,909	13,981	14,168
Nevada	97,118	97,751	98,764	98,612	98,292	98,200	98,893	98,877	99,107	99,814
Placer	341,945	348,552	348,432	357,138	361,682	367,309	371,694	375,391	380,531	386,166
Plumas	20,275	20,122	20,007	19,765	19,399	18,859	18,606	18,409	18,627	18,742
Sierra	3,263	3,174	3,240	3,113	3,086	3,047	3,003	2,967	2,947	2,999
Subtotal	687,085	696,487	701,773	709,177	712,155	716,548	722,145	726,460	732,759	743,159
Total	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	1,412,492
Percentage increase	1.04%	1.12%	0.84%	0.86%	0.47%	0.59%	0.93%	0.88%	1.01%	2.35%
Unemployment rate Washoe County	6.8%	11.1%	12.9%	12.6%	11.0%	9.4%	7.6%	6.3%	5.0%	3.5%

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 2017 AND 2008
(unaudited)

	Calendar year 2017		Calendar year 2008	
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	3000-3499	5	2,000-2,499
Washoe County	4	2,500-2,999	3	3,000-3,499
Peppermill Hotel Casino-Reno	6	2,000-2,499	7	2,000-2,499
Grand Sierra Resort & Casino	5	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	10	1,500-1,999	6	2,000-2,499
Truckee Meadows Community College	-	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
Saint Mary's Regional Medical Center	9	1500-1999	-	-

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, 2009-2018
(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
2018	9.0	54.0	68.0	44.0	16.0	20.0	75.5	277.5
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

* 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, 2009 - 2018
(unaudited)

Year	Enplanements	Airport Growth	Landed Weights	Airport Growth	Air Carrier Operations	Airport Growth
2018	2,064,968	8.2%	2,859,499	1.8%	48,303	11.4%
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%

RENO-TAHOE AIRPORT AUTHORITY

RENO-TAHOE INTERNATIONAL AIRPORT

ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE

FOR THE YEARS ENDED JUNE 30, 2009 - 2018

	2009			2010			2011			2012		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	177,743	9%	-19%	141,403	7%	-20%	118,207	6%	-16%	78,491	4%	-34%
Allegiant Air	36,148	2%	184%	13,948	1%	-61%	5,230	0%	-63%	1,988	0%	-62%
American	173,989	9%	-9%	163,971	9%	-6%	201,748	11%	23%	185,797	10%	-8%
Continental	15,046	1%	-79%	-	0%	-100%	15,584	1%	n.a	17,727	1%	14%
Delta	50,249	3%	-50%	93,341	5%	86%	137,094	7%	47%	165,462	9%	21%
Frontier	-	0%	-100%	253	0%	n.a	381	0%	51%	-	0%	-100%
JetBlue Airways	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Mesa	-	0%	-100%	7,197	0%	n.a	38	0%	-99%	-	0%	-100%
Skywest	120,743	6%	8%	139,577	7%	16%	-	0%	-100%	-	0%	n.a
Southwest	1,052,348	54%	-11%	1,022,318	54%	-3%	1,032,811	54%	1%	967,792	54%	-6%
United	208,228	11%	-6%	161,396	9%	-22%	248,322	13%	54%	220,653	12%	-11%
US Airways (America West)	95,466	5%	-39%	140,501	7%	47%	141,980	7%	1%	141,880	8%	0%
Volaris	-			-		n.a	-	0%	n.a	-	0%	n.a
Other	15,888	1%	-73%	2,772	0%	-83%	455	0%	-84%	1,022	0%	125%
	1,945,848	100%	-18%	1,886,677	100%	-3%	1,901,850	100%	1%	1,780,812	100%	-6%

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, 2009 - 2018

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

Continued

RENO-TAHOE AIRPORT AUTHORITY

RENO-TAHOE INTERNATIONAL AIRPORT

ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE

FOR THE YEARS ENDED JUNE 30, 2009 - 2018

	2016			2017			2018		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	204,286	11%	14%	226,117	12%	11%	212,427	10%	-6%
Allegiant Air	19,047	1%	-5%	31,504	2%	65%	30,663	1%	-3%
American	385,363	22%	74%	370,451	19%	-4%	383,996	19%	4%
Continental	-	0%	n.a	-	0%	n.a	-	0%	n.a
Delta	128,189	7%	7%	136,418	7%	6%	152,435	7%	12%
Frontier	165	0%	n.a	-	0%	-100%	18,271	1%	n.a
JetBlue Airways	41,143	2%	1130%	77,686	4%	89%	80,494	4%	4%
Mesa	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Southwest	763,006	43%	4%	816,323	43%	7%	901,470	44%	10%
United	216,996	12%	1%	226,272	12%	4%	265,271	13%	17%
US Airways (America West)	-	0%	-100%	-	0%	n.a	-	0%	n.a
Volaris	17,070	1%	145%	20,966	1%	23%	17,234	1%	-18%
Other	3,346	0%	46%	3,450	0%	3%	2,707	0%	-22%
	1,778,611	100%	7%	1,909,187	100%	7%	2,064,968	100%	8%

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2009 - 2018
(unaudited)

	2009			2010			2011		
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	184,624	6%	-23%	142,752	5%	-23%	125,780	4%	-12%
Allegiant Air	48,064	2%	-21%	30,692	1%	-36%	10,618	0%	-65%
Aloha Airlines	-	0%	-100%	-	0%	n.a	-	0%	n.a
American	208,428	7%	-7%	173,591	6%	-17%	225,413	8%	30%
Atlantic Southeast	-	0%	n.a	-	0%	n.a	-	0%	n.a
Continental	17,374	1%	-78%	-	0%	-100%	19,674	1%	n.a
Delta	60,804	2%	-48%	103,373	4%	70%	161,192	6%	56%
Frontier	-	0%	-100%	537	0%	n.a	807	0%	50%
JetBlue Airways	-	0%	n.a	-	0%	n.a	-	0%	n.a
Mesa	50,673	2%	10%	7,497	0%	-85%	221	0%	-97%
Northwest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	132,534	4%	0%	158,717	6%	20%	6,207	0%	-96%
Southwest	1,567,666	51%	-9%	1,408,964	51%	-10%	1,424,216	49%	1%
United	274,015	9%	-2%	218,469	8%	-20%	322,040	11%	47%
US Airways (America West)	126,737	4%	-41%	191,455	7%	51%	216,418	7%	13%
Volaris	-	0%	n.a	-	0%	n.a	-	0%	n.a
Airborne Express	35,632	1%	-50%	-	0%	-100%	-	0%	n.a
Federal Express	207,306	7%	-13%	180,343	7%	-13%	228,274	8%	27%
United Parcel Service	144,795	5%	-10%	127,978	5%	-12%	131,984	5%	3%
Other	39,277	1%	-62%	18,302	1%	-53%	23,755	1%	30%
	3,097,929	100%	-17%	2,762,670	100%	-11%	2,896,599	100%	5%

Continued

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, 2009 - 2018
(unaudited)

	2012			2013			2014		
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	75,706	3%	-40%	112,694	4%	49%	122,862	5%	9%
Allegiant Air	-	0%	-100%	7,650	0%	n.a	24,413	1%	219%
Aloha Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	195,901	7%	-13%	206,613	8%	5%	213,251	9%	3%
Atlantic Southeast	-	0%	n.a	-	0%	n.a	-	0%	n.a
Continental	24,587	1%	25%	-	0%	-100%	-	0%	n.a
Delta	204,847	8%	27%	161,684	6%	-21%	146,329	6%	-9%
Frontier	-	0%	-100%	-	0%	n.a	-	0%	n.a
JetBlue Airways	-	0%	n.a	-	0%	n.a	-	0%	n.a
Mesa	-	0%	-100%	-	0%	n.a	-	0%	n.a
Northwest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	-	0%	-100%	-	0%	n.a	-	0%	n.a
Southwest	1,350,158	51%	-5%	1,190,140	47%	-12%	989,574	41%	-17%
United	261,838	10%	-19%	237,421	9%	-9%	236,595	10%	0%
US Airways (America West)	185,472	7%	-14%	184,243	7%	-1%	195,099	8%	6%
Volaris	-	0%	n.a	-	0%	n.a	-	0%	n.a
Airborne Express	-	0%	n.a	-	0%	n.a	-	0%	n.a
Federal Express	226,816	8%	-1%	226,398	9%	0%	281,383	12%	24%
United Parcel Service	139,144	5%	5%	170,193	7%	22%	162,298	7%	-5%
Other	8,445	0%	-64%	25,768	1%	205%	16,584	1%	-36%
	2,672,914	100%	-8%	2,522,804	100%	-6%	2,388,388	100%	-5%

Continued

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2009 - 2018
(unaudited)

	2015			2016			2017			2018		
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	189,675	8%	54%	212,173	8%	12%	234,218	8%	10%	213,477	7%	-9%
Allegiant Air	23,003	1%	-6%	21,866	1%	-5%	36,073	1%	65%	32,959	1%	-9%
Aloha Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	233,599	10%	10%	441,718	17%	89%	409,575	15%	-7%	419,085	15%	2%
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	148,955	6%	2%	144,923	6%	-3%	157,875	6%	9%	168,798	6%	7%
Frontier	-	0%	n.a	145	0%	n.a	-	0%	-100%	19,339	1%	n.a
JetBlue Airways	3,555	0%	n.a	46,072	2%	1196%	87,084	3%	89%	94,135	3%	8%
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	864,660	36%	-13%	873,884	34%	1%	983,684	35%	13%	1,066,311	37%	8%
United	235,831	10%	0%	245,891	9%	4%	255,760	9%	4%	307,621	11%	20%
US Airways (America West)	199,824	8%	2%	-	0%	-100%	-	0%	n.a	-	0%	n.a
Volaris	8,141	0%	n.a	19,612	1%	141%	23,234	1%	18%	17,752	1%	-24%
Airborne Express	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Federal Express	290,218	12%	3%	329,884	13%	14%	339,683	12%	3%	239,569	8%	-29%
United Parcel Service	168,878	7%	4%	225,495	9%	34%	238,302	8%	6%	236,563	8%	-1%
Other	23,692	1%	43%	38,300	1%	62%	43,193	2%	13%	43,890	2%	2%
	2,390,031	100%	0%	2,599,963	100%	9%	2,808,680	100%	8%	2,859,499	100%	2%

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2018
(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	11,001 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:	5,050 ft	
Area:	5,000 acres	
Runways and Facilities:		
	Runway 08/26	7,608 x 150 ft
	Runway 14/32	9,000 x 150 ft

Created in 1977 by State Legislature
Nine-member Board

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2009 - 2018
(unaudited)

	2018 (d)	2017 (c)	2016 (b)	2015	2014	2013	2012	2011	2010 (a)	2009
Terminal Space - square feet										
Airlines	169,230	175,985	175,221	175,221	175,221	175,221	160,622	160,622	160,622	154,875
Ground Transportation	2,883	2,883	2,883	2,883	2,883	2,883	3,103	3,103	3,103	3,103
Concession Space	37,604	37,167	37,167	37,167	37,167	37,167	34,952	34,952	34,952	18,825
Public Areas	196,189	196,959	197,723	197,723	197,723	197,723	194,406	194,406	194,406	157,081
RTAA	52,397	45,309	45,309	45,309	45,309	45,309	45,795	45,795	45,795	36,271
Unfinished Areas	-	-	-	-	-	-	-	-	-	5,426
	458,303	458,303	458,303	458,303	458,303	458,303	438,878	438,878	438,878	375,581
Passenger Boarding Gates	23	23	23	23	23	23	23	23	23	23
Parking - Number of Spaces										
Short -Term (b)	296	300	300	450	450	450	450	450	450	450
Long-Term	1,462	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Surface Lot	1,630	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532
	3,388	3,482	3,482	3,632	3,632	3,632	3,632	3,632	3,632	3,632
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.

(d) In 2018, the decrease in parking spaces reflects a reconfiguration of the parking areas to maximize efficiency.

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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 30, 2018.

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 LLP

Crowe LLP

Indianapolis, Indiana
November 30, 2018

Crowe LLP
Independent Member Crowe Global

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 the Authority's major federal program for the year ended June 30, 2018. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 on the Authority's major federal program 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 its major federal program for the year ended June 30, 2018.

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 LLP

Crowe LLP

Indianapolis, Indiana
November 30, 2018

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

DATE	DESCRIPTION OF PROJECT	PERCENT OF PARTICIPATION	CFDA NUMBER*	FEDERAL PROJECT NUMBER	GRANT AMOUNT	REIMBURSEMENTS RECEIVED July 1, 2017 to June 30,2018	REIMBURSEMENTS RECEIVED Cumulative Thru June 30, 2018	REIMBURSEABLE EXPENSES July 1, 2017 to June 30,2018	REIMBURSEABLE EXPENSES Cumulative Thru June 30, 2018
	United States Department of Transportation								
	Federal Aviation Administration								
	Airport Improvement Program								
	Construction								
09/13/16	Update Master Plan Study	93.75%	20.106	3-32-0017-102	1,875,000	716,707	1,349,317	729,017	1,361,627
08/16/17	Reno Runway 16R-34L - Design	93.75%	20.106	3-32-0017-103	5,961,034	10,887	10,887	11,158	11,158
06/30/16	Rehabilitate Apron, Design Only	93.75%	20.106	3-32-0018-035	258,750	30,048	221,496	29,986	221,731
09/21/16	Reconstruct Runway (Runway 8/26)	93.75%	20.106	3-32-0018-036	20,531,250	4,443,029	4,797,807	4,442,997	4,798,072
06/22/17	Reconstruct Apron	93.75%	20.106	3-32-0018-037	2,223,055	2,099,207	2,099,207	2,099,472	2,099,472
					30,849,089	7,299,878	8,478,714	7,312,630	8,492,060
	United States Department of Homeland Security								
	Transportation Security Administration								
	Aviation and Transportation Security Act								
	Security								
01/01/15	National Explosives Detection Canine Team Program	Fixed	97.072	HSTS02-15-H-NCP471	757,500	179,534	524,594	169,637	606,000
04/01/16	Law Enforcement Officer Reimbursement Agreement Program	Fixed	97.090	HSTS02-16-H-SLR658	683,400	359,870	571,930	258,030	621,550
					1,440,900	539,404	1,096,524	427,667	1,227,550
	Department of Justice								
	Criminal Division								
	Department of Justice Asset Forfeiture Program								
	Equitable Sharing								
8/14/2014	Direct Payments for Specified Use	Fixed	16.922	15-5042-0-2-752	25,342	9,435	25,342	2,936	8,072
	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	8,614	975	8,614	975	8,614
	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	12,913	-	12,913
					$ 32,336,858	$ 7,862,605	$ 9,622,107	$ 7,744,208	$ 9,749,209

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 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.

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, 2018.

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, 2018.

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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated November 30, 2018 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 LLP

Crowe LLP

Indianapolis, Indiana
November 30, 2018

Summary of Auditor's Results

We have issued an unmodified opinion, dated November 30, 2018 on the financial statements of the Reno-Tahoe Airport Authority as of and for the year ended June 30, 2018.

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

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

We have issued an unmodified opinion, dated November 30, 2018 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
SUPPLEMENTARY SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED
FOR THE YEAR ENDED JUNE 30, 2018

Balance July 1, 2017	$	11,293,544
Collection of Passenger Facility Charges, July 1, 2017 through June 30, 2018		7,389,663
Interest earnings		164,240
Proceeds expended for Passenger Facility Charge Projects July 1, 2017 through June 30, 2018		(2,186,918)
Balance June 30, 2018	$	16,660,529

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Reno-Tahoe Airport Authority

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Reno, NV 89510-2490