



Comprehensive Annual Financial Report

For the year ended June 30, 2019

Reno, Nevada



Reno-Tahoe
Airport
Authority

RENO-TAHOE AIRPORT AUTHORITY
Reno, Nevada

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

**Prepared by
Accounting Division**

**Randall O. Carlton
Chief Financial Officer**

**RENO-TAHOE AIRPORT AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

Table of Contents

I.	<u>Introductory Section</u> (Unaudited)	<u>Page(s)</u>
	Letter of Transmittal	1-12
	Board of Trustees and Senior Management.....	13
	Organization Chart.....	14
	Certificate of Achievement for Excellence in Financial Reporting.....	15
II.	<u>Financial Section</u>	
	Independent Auditor's Report	16-17
	Management's Discussion and Analysis	18-31
	Basic Financial Statements:	
	Statement of Net Position	32-33
	Statement of Revenues, Expenses and Changes in Net Position.....	34
	Statement of Cash Flows	35-36
	Notes to Financial Statements	37-65
	Required Supplementary Information:	
	Schedule of Changes in the RTAA's Total OPEB Liability and Related Ratios	66
	Schedule of RTAA's Proportionate Share of the Net Pension Liability	67
	Schedule of Pension Plan Contributions.....	68
	Supplementary Information:	
	Schedule of Debt Service Requirements on Bonds and Notes	690
	Schedule of Revenues and Expenses, Comparison of Budget to Actual.....	70
III.	<u>Statistical Section</u> (Unaudited)	
	Statistical Section Explanations.....	71
	Financial Trends	
	Net Position and Changes in Net Position	72-73
	Summary of Operating Results.....	74-75
	Revenue Capacity	
	Principal Revenue Payers	76-77
	Principal Revenue Sources	78-79
	Revenue Rates and Cost per Enplanements.....	80
	Debt Capacity	
	Schedule of Debt and Obligation Coverages.....	81
	Rate Maintenance Covenant Performance.....	82-83
	Ratios of Outstanding Debt and Debt Service	84-85
	Demographic and Economic Information	
	Population in Air Trade Area	86
	Principal Employers	87
	Operating Information	
	Employees	88

Operational Statistical Summary	89
Enplanements and Market Share by Scheduled Airline	90-92
Landed Weights and Market Share by Scheduled Airline.....	93-95
Capital Asset Information.....	96-97

IV. **Compliance Section**

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	98-99
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance	100-101
Schedule of Expenditures of Federal Awards.....	102
Notes to Schedule of Expenditures of Federal Awards	103
 Schedule of Findings and Questioned Costs.....	 104
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	105-106
Schedule of Passenger Facility Charges Collected and Expended	107
Schedule of Passenger Facility Charges Findings and Questioned Costs	108



November 30, 2019

Board of Trustees
Reno-Tahoe Airport Authority
Reno, Nevada

This report is the Comprehensive Annual Financial Report (“CAFR”) of the Reno-Tahoe Airport Authority (“RTAA” or “Authority”) for the fiscal year July 1, 2018, through June 30, 2019. The staff of 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 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 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 RTAA. A narrative overview and analysis of the financial activities of RTAA that occurred during the fiscal year ended June 30, 2019, are presented in the Management’s Discussion and Analysis (“MD&A”) found at the beginning of the Financial Section.

This CAFR 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 2019 CAFR meets these program standards and will be submitted to the GFOA for review.

REPORTING ENTITY

RTAA is a quasi-municipal corporation created by the Nevada State Legislature and began operation on July 1, 1978. The act creating 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. 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 serve a four year term and the terms are staggered to ensure the continued presence of experienced members. Each member can serve two terms.

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 63rd 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 4.298 million passengers in fiscal year 2018-19. RNO is home to the following passenger air carriers: Alaska Airlines, Allegiant, American Airlines, Delta Airlines, Frontier Airlines, JetBlue, Southwest Airlines, United Airlines, and Volaris.

RNO experienced year-over-year growth in passenger enplanements in fiscal year 2018-19 for a fifth consecutive year. During the year, RNO enplanements reached 2,149,759, an increase of 4% 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 14 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 20% of total RNO landed weight for the fiscal year 2018–19, which is a significant factor in lowering overall landing fee costs for all carriers.

Total landed weight, including airlines and air cargo, totaled 3.9 billion pounds during fiscal year 2018-19, an increase of 6% 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 U.S. economic outlook continues to be healthy according to key economic indicators. The most critical indicator is the Gross Domestic Product (GDP) which measures the nation's production output. The GDP growth rate is expected to remain between 2 to 3%. There is, however, a growing viewpoint suggesting that growth will slow in 2019 from the 2.9% of 2018 to a range from 2% to 2.5%. The main drivers in this forecast point to growing concern over trade conflict and inflation reducing the purchasing power and impacting behavior of the consumer. In any event, a year that finished with GDP growth of 2.9% is marked as a good year.

With the national economy in its tenth consecutive year of expansion, one of the longest periods of economic expansion in U.S. history, the unemployment rate fell to 3.8% in February 2019, a decline from 4% for January 2019. Although there are mixed outlooks, the U.S. economy is less vulnerable to global developments than most other developed nations. For example, even the most sensitive sector, manufacturing, derives most of its strength from domestic sources. The question however is if this domestic backdrop will remain resilient and keep the expansion going. In July 2018, the U.S. set a new record for the longest period of economic expansion. Our national outlook for 2019-20 is guarded optimism. We believe that the current expansion will continue albeit at a slower pace.

Regional Economic Outlook

Reno recently ranked sixth on the list of "most dynamic mid-sized cities" in the United States according to a recent report by real estate site Point2 Homes. In the report, Reno placed 16th overall out of the 150 urban areas included in the rankings. While a diverse and wide range of cities made the list, the one thing that they all had in common was robust growth. Among the 18 indicators used, were median home price appreciation, the share of occupied homes, the number of new companies in the area, school enrollment rates and migration.

According to the Nevada Department of Employment, Training and Rehabilitation, since the beginning of 2019, 14,800 new jobs were added to the Reno-Sparks economy, representing a 6.0% growth rate compared to the national growth rate of 1.4%. By comparison, the combined statistical area of Reno-Carson City-Fernley had an unemployment rate of 3.1% in September 2019, decreasing 0.5% from the previous year.

For the 12 consecutive months ending in September 2018, Nevada led the nation in job growth. According to Kiplinger, "Nevada is a standout regionally and nationally with payrolls set to grow by 3.0% this year." Kiplinger attributes the strong economy to low taxation rates, a healthy housing market, new companies relocating to the region and strong visitor volumes.

New development continues at a robust pace in the region. The following long-term factors positively influenced the fiscal year 2018-2019 financial results and will continue to have impact in the future:

- Neon Line District

The Neon Line District is a \$1 billion mixed-use development located west of downtown Reno. Phase one is complete and Jacobs Entertainment's work on Reno's new Neon Line District moves to phase two, which involves, among other things, installation of eight historic neon signs and two sculptures. The new \$1 billion mixed-use district runs from downtown Reno's West Street to Keystone Avenue and from Interstate 80 South to West Second Street. Four sculptures have already been installed, with two additional pieces being added this fall. Construction is expected to be complete in summer of

2021. According to Jacobs Entertainment, The Reno Neon Line will be a half-mile long ribbon of color, light, sound, art, entertainment and experiences that will focus national attention on a revitalized urban environment.

- 101 North Virginia and T3 North Project

The 97,000-square-foot building, which was the former Woolworth's building in downtown Reno, will undergo a "gigantic facelift," including a remodel of the building exterior that replaces the facade with floor-to-ceiling glass windows. Inside, the first floor will target retail businesses and feature 18-foot ceilings and a modernized lobby. The top seven floors will offer office space with new interiors.

The T3 North project will be even bigger and will include residential units as well. The project includes a 459,300-square-foot high-rise residential tower that will be 17 stories tall and comprises 448 total units. In addition to ground-level retail, the tower will also have riverfront property facing the Truckee River.

- Victory Logistics District

The arrival of companies such as Tesla, Apple and Google has put a spotlight on Northern Nevada as an industrial location. Victory Logistics District, a planned 4,300 acre commercial and industrial park, is just 30 minutes east of Reno-Sparks and will be developed over a series of phases. The first phase will include approximately 7.5 million square feet of industrial space and is expected to be built out within seven to ten years. This project will incorporate LEED certification which is an acronym that stands for Leadership in Energy and Environmental Design. LEED Certification refers to buildings that have been designed, built and maintained using best practice strategies for green building and energy efficiency.

Overall there are a variety of new projects in the works for the region, in various phases of being built out such as Rancharra, Park Lane and the University of Nevada Reno's Gateway District.

Land Development – Reno-Tahoe International Airport

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.

Construction on the Aloft Hotel continues to move forward on schedule with an anticipated hotel construction completion date of February 2020 and a tentative Grand Opening event in March 2020. The construction is approximately 70% complete. JMA's option on the land to the south of the Hyatt Place Hotel expires March 2020. JMA continues to assess market demand by product type. JMA has shifted their focus for the option site from office to retail, as well as food and beverage.

A new Consolidated Rental Car Facility (CONRAC) project has been initiated. The project includes relocating the rental car Ready/Return and Quick Turn Around facilities from the first floor of the public parking garage and the surface lot located immediately north of the garage. The rental car companies selected Conrac Solutions as their representative for design, build, finance, operate and maintain partner on the CONRAC. Recently, the Board authorized additional funds to conduct further analysis of the Phase 1 Feasibility Study Report.

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 continued 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 Reno Sparks Convention & Visitors Authority (RSCVA), visitor counts for 2019 fiscal year reached 4.9 million.

- Convention Visitors Update

The mission of the Reno-Sparks Convention & Visitors Authority is to attract overnight visitors to Reno Tahoe lodging properties through tourism marketing, convention sales and facility operations, featuring local amenities, attractions and events; thereby enhancing the economic benefit and quality of life for Northern Nevada. Through marketing and sales efforts, the RSCVA supports local businesses and residents by helping to maximize revenues and employment opportunities throughout northern Nevada.

The Washoe County Average Daily Rate (ADR) for all lodging properties for the 12 months ending June 30, 2019 is \$115.53. This is an increase of \$11.12 per room or 10.7% higher, from the year prior. For the 41 businesses classified as hotel properties in the county, the ADR is \$121.09. This is an increase of 10.5% year-over-year. For the first time in the destination's history, taxable room revenue in Washoe County exceeded \$401 million.

- Gaming Market Update

For the Fiscal Year ending June 30, 2019, the Gaming Control Board reported statewide gaming revenues of more than \$11.3 billion, an increase of .24% above the same period last year. 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 2019, but not at a very fast pace. In the fiscal year 2018-19, Washoe County casinos reported gaming revenues of \$854.58 million, a decrease of \$3 million or 2% lower than the previous fiscal year.

- Skiing Market Update

The average snowfall across all Nevada and California resorts is around 300 inches; in 2018 the average snowfall was 400 inches with five resorts receiving more than 600 inches of snow. With the large snow pack, the resorts were able to offer an extended snow season which in turn increased ski visitors.

According to the California Ski Industry Association, ski visits at California and Nevada resorts increased 17% in the 2018 season with 7.3 million visitors as compared to 6.03 million visitors during the 2017 season.

- Bowling Tournament Update

The National Bowling Stadium in downtown Reno is the only facility of its kind dedicated to bowling, it is often referred to as the “Taj Mahal of Tenpins”. The stadium consists of 363,000 square feet and has a capacity of 1100 guests and is most recognized for its 80 foot aluminum geodesic dome. The stadium has an ongoing renovation which includes the addition of the Kingpin Club and bowling lanes on the ground floor. 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.

AIR SERVICE MARKET UPDATE

Passenger Airlines

According to Bureau of Transportation Statistics, U.S. airlines and foreign airlines serving the U.S. carried an all-time high of 1.0 billion system-wide (domestic and international) scheduled service passengers in 2018, 4.8% more than the previous record high of 965.4 million reached in 2017. The year-over-year system-wide increase resulted from a 4.9% rise in the number of passengers on domestic flights (777.9 million passengers in 2018) and 4.4% growth in passengers on U.S. and foreign airlines' flights to and from the U.S. (233.6 million passengers in 2018). System-wide passengers include those on scheduled domestic flights plus those on scheduled flights to and from the United States.

RNO passengers are currently served by the following air passenger carriers: Allegiant, Alaska, American, Delta, Frontier, JetBlue, Southwest, United, and Volaris. The most recent available data indicates continued growth in enplaned passengers. As of June 30, 2019, there were 2,149,759 enplaned passengers, an increase of 4.1% when compared to the same twelve month period of the prior fiscal year. The number of total passengers the month of June 2019 was 397,211, an increase of 2.1% over June 2018, representing the 49th consecutive month with year-over-year monthly increases. Also in June 2019, there were 2,022 departures to 21 non-stop destinations. Total seat capacity increased 9.2% and flights increased 6.0% when compared to June 2018. This increase reflects the impact of the following new air service:

- Starting 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.
- Starting 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.

- American Airlines increased the number of daily flights between Reno and Phoenix from three to four/five flights a day from February 15, 2018, through May 3, 2018.
- American Airlines increased the number of daily flights between Reno and Los Angeles from four to five flights a day from April 4, 2018, through May 3, 2018.
- Starting March 2, 2018, Delta increased the number of daily flights between Reno and Salt Lake City from four flights a day to five flights a day.
- Starting March 8, 2018, Southwest Airlines increased the number of daily flights between Reno and Denver from one flight a day to twice a day.

Looking ahead to FY 2019-20, the following new service announcements are expected to have a positive impact on passenger and aircraft activity:

- Starting April 5, 2019, American Airlines will increase the number of flights between Reno and Dallas from twice a day to three times a day. From June 7, 2019, until August 20, 2019, the airline will offer this flight four times a day.
- Starting June 6, 2019, Alaska Airlines will increase the number of flights between Reno and Portland from three times a day to four times a day.
- Alaska Airlines offers non-stop flights between Reno and Seattle four times a day. The airline will offer this service five times a day from January 7, 2020, until May 12, 2020.
- From December 19, 2019, until January 6, 2020, American Airlines will increase the number of flights between Reno and Dallas from three times a day to four times a day.
- Southwest Airlines will increase the number of flights between Reno and San Diego from twice a day to three times a day starting June 9, 2019. Two to four times a day from November 2, 2019, until January 3, 2020, before returning to the three times a day schedule.
- Southwest Airlines' non-stop seasonal flight between Reno and Dallas Love Field was temporarily suspended on August 4, 2019. This flight will return as a Saturday/Sunday service on March 7, 2020.
- Delta Air Lines' non-stop flight between Reno and Atlanta will operate daily from December 21, 2019, until January 5, 2020, four times a week from February 14, 2020, until April 29, 2020, five times per week from May 1, 2020, until May 31, 2020 and daily starting June 1, 2020.
- Volaris offers non-stop flights between Reno and Guadalajara, Mexico, three days a week. The airline will add a fourth weekly flight from November 6, 2019, until March 6, 2020 and the flight will operate five days a week from December 17, 2019, until January 7, 2020.

Cargo Airlines

Nevada has become a major west coast distribution hub due to its strategic location with the Reno/Sparks area providing next-day ground service to almost every major U.S. city in the western United States. This 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.

The most recent available data as June 2019 (twelve months ended June 30, 2019) indicates RNO handled 148,039,575 pounds of air cargo, slightly greater than 148,033,285 when compared to the same twelve month period of the prior fiscal year. For the last three months of FY 2018-19 (April to June 2019) RNO handled 35,470,102 pounds of air cargo, an increase of 0.5% when compared to the same period in the prior fiscal year.

MAJOR INITIATIVES

Master Plan – Reno Tahoe International Airport (RNO)

In January 2019, the Federal Aviation Administration (FAA) accepted the RNO Master Plan as submitted by RTAA in June 2018. 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 rough order of magnitude cost 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 ticketing 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, RTAA is proceeding with short-term and mid-term development projects only.

RTAA has initiated five (5) Master Plan projects:

- Airfield Runway Incursion Mitigation Improvements (south of Atlantic Aviation apron),
- Airfield Runway Incursion Mitigation Improvements (south end of Taxiway Alpha),
- Terminal Development – Ticketing Hall Expansion,
- Terminal Development – Concourse C Replacement, and the
- CONRAC facility.

Strategic Initiatives

To help guide the future of 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 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 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 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 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, Economic Development Authority of Western Nevada (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).
 - Build awareness for all air service options (Cities/Airlines)
 - Develop a strategy that would provide promotional benefits beyond the campaign timeframe
 - Develop a campaign that would engage our community and get them excited about air service
 - Develop a campaign that would start a conversation about air service and RNO
 - Provide value and partnership to airlines that serve RNO
- (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.

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.

FINANCIAL INFORMATION

While 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.

RTAA has several accounts 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. 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 RTAA's contract with the purchasers of the revenue bonds. This contract specifies how RTAA will manage its money so that it will have sufficient funds to operate RTAA 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 RTAA's revenue bond resolutions. The table below outlines the statutory requirements:

Statutory Date	Calendar Date	Action
April 15 th	April 15, 2019	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 14, 2019	Notice of Budget Public Hearing published

Not sooner than the third Monday in May and not later than the last day in May	May 23, 2019	Hold Public Hearing
On or Before June 1st	May 23, 2019	Adopt Budget.

Pursuant to airline agreements, airlines that have signed agreements with RTAA must also review the budget. Adoption of a resolution by 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 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 RTAA for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the 32nd consecutive year that 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. 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 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 RTAA's auditors, Crowe LLP, are included herein.

Respectfully submitted,

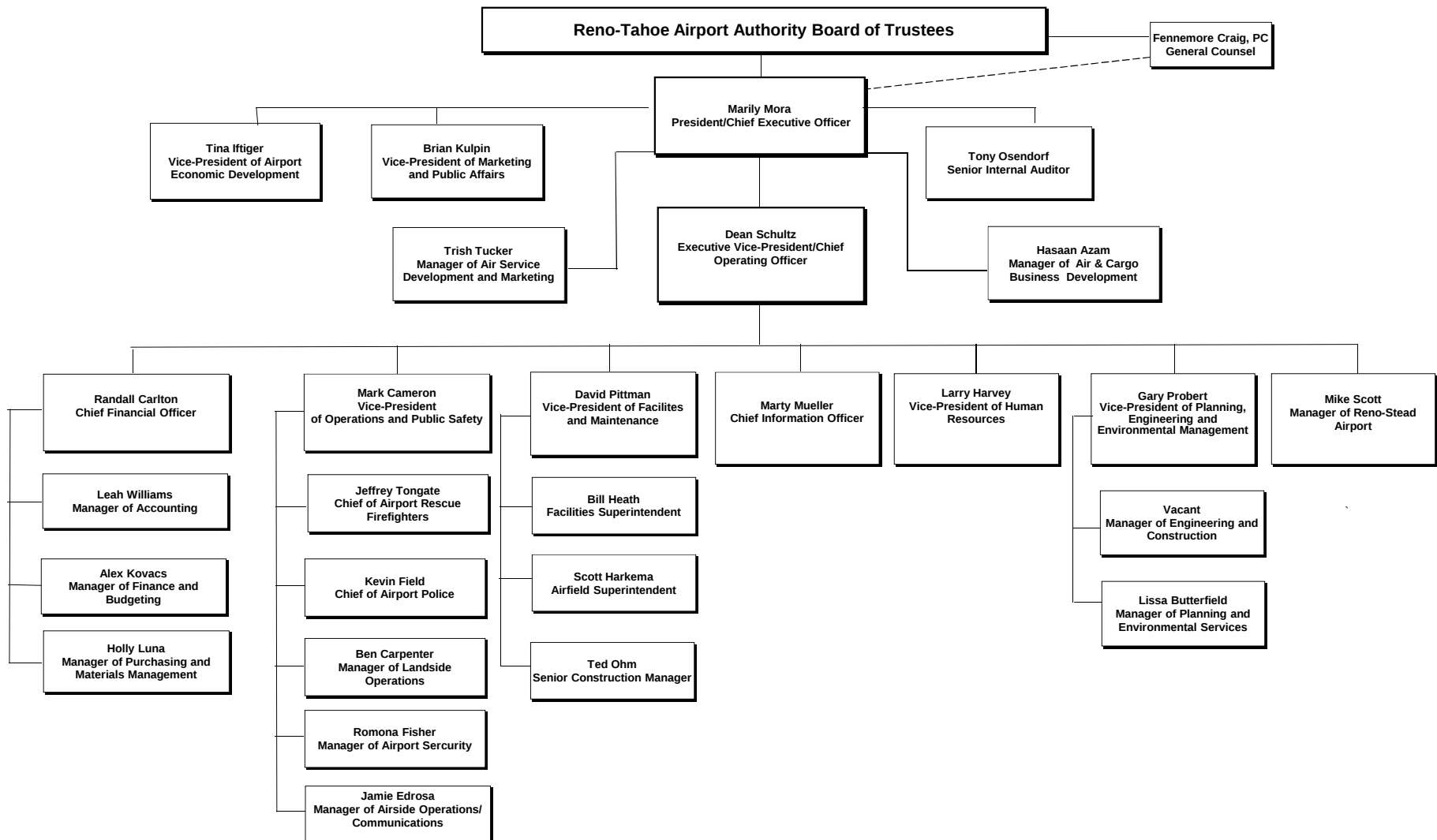
Marily M. Mora, A.A.E.
President/CEO

RENO-TAHOE AIRPORT AUTHORITY
JUNE 30, 2019



<u>Board of Trustees</u>	<u>Position</u>	<u>Term Expires</u>	<u>Represents</u>
Carol Chaplin	Chair	June 2021	Reno-Sparks Convention & Visitors Authority
Jessica Sferrazza	Vice Chair	June 2023	City of Reno
Lisa Gianoli	Treasurer	June 2023	Washoe County
Shaun Carey	Secretary	June 2023	City of Sparks
Nat Carasali	Trustee	June 2021	Washoe County
Daniel Farahi	Trustee	June 2021	City of Reno
Richard Jay	Trustee	June 2021	City of Reno
Jenifer Rose	Trustee	June 2023	City of Reno
Art Sperber	Trustee	June 2021	City of Sparks

<u>Staff</u>	<u>Title</u>
Marily M. Mora, A.A.E.	President/CEO
Dean Schultz, A.A.E.	Executive Vice President/COO
Mark Cameron	Vice-President of Operations and Public Safety
Randall Carlton	Chief Financial Officer
Tina Iftiger	Vice-President of Airport Economic Development
Larry Harvey	Vice-President of Human Resources
Brian Kulpin	Vice-President of Marketing and Public Affairs
Larry Harvey	Vice-President of Human Resources
Marty Mueller	Chief Information Officer
David Pittman	Vice-President of Facilities and Maintenance
Gary Probert	Vice-President of Planning, Engineering and Environmental Management
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, 2018

Christopher P. Morill

Executive Director/CEO

Financial Section

wemoveyou



Reno-Tahoe
Airport
Authority

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, 2019 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, 2019, 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.

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 Comparative Information

The financial statements include summarized prior year comparative information. Such information does not include all of the information required or sufficient detail 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, 2018 from which such summarized information was derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019 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

Indianapolis, Indiana
November 26, 2019

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, 2019. 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:

	2019	2018	\$ Change	% Change
Assets:				
Current Assets	\$ 68,672,433	\$ 63,012,817	\$ 5,659,616	9%
Current Assets – Restricted	33,216,580	26,691,757	6,524,823	24%
Capital Assets, Net	352,809,207	360,917,989	(8,108,782)	-2%
Other Assets	1,383,599	1,383,599	-	0%
Total Assets	456,081,819	452,006,162	4,075,657	1%
Deferred outflows of resources	6,527,051	6,296,212	230,839	4%
Liabilities:				
Current Liabilities	9,708,742	15,214,452	(5,505,710)	-36%
Liabilities Payable from				
Restricted Assets	2,580,697	2,509,399	71,298	3%
Non-Current Liabilities	55,954,045	58,205,605	(2,251,560)	-4%
Total Liabilities	68,243,484	75,929,456	(7,685,972)	-10%
Deferred inflows of resources	3,211,365	2,822,845	388,520	14%
Net Position:				
Net Investment in				
Capital Assets	336,079,326	334,863,315	1,216,011	0%
Restricted Net Position	32,997,130	26,448,099	6,549,031	25%
Unrestricted Net Position	22,077,566	18,238,659	3,838,907	21%
Total Net Position	\$ 391,154,022	\$ 379,550,073	\$ 11,603,949	3%

Financial position as of June 30, 2019:

Total assets of \$456.082 million reflect an increase of 1% or \$4.076 million as compared to 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Current Assets (unrestricted) increased by 9% or \$5.660 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 \$6.525 million or 24%, primarily a result of higher unliquidated Passenger Facility Charge (PFC) funds of \$6.110 million, interest receivable and additional Operation and Maintenance funds.

Capital Assets, Net of \$352.809 million decreased by \$8.109 million or 2% as compared to the prior year. This net decrease resulted from an increase in accumulated depreciation of \$27.656 million partially offset by the addition of \$19.547 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 \$68.243 million decreased 10% or \$7.686 million dollars for the year ended June 30, 2019. This decrease primarily reflects a decrease of \$7.610 million in lower outstanding construction contracts payable and a decrease in outstanding revenue bonds of \$1.760 million and an increase to accounts payable liability of \$1.132 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, 2019, the RTAA had \$336.079 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 \$32.997 million or 8% of the total net position at June 30, 2019 represents resources that are subject to use restrictions. This represents an increase of \$6.549 million or 25% above last year. The restricted net position is not available for spending because it has already been committed as follows:

	2019
Revenue Bond Operations and Maintenance	\$ 7,466,546
Renewal and Replacement	799,354
Passenger Facility Charge Projects	22,804,675
Debt Service	1,873,312
Other Reserve Purposes	53,244
	\$ 32,977,131

As of June 30, 2019, the remaining unrestricted net position of \$22.078 million or 6% of total net position are available to meet any of the RTAA's on-going obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

		2019	2018	\$ Change	% Change
Deferred Outflows of Resources	\$	6,527,051	\$ 6,296,212	230,839	4%
Deferred Inflows of Resources	\$	3,211,365	\$ 2,822,845	388,520	14%

Deferred outflows of resources are comprised of the following: (1) pension contributions of \$2.574 million to the Public Employees Retirement System (PERS) of the State of Nevada after the net pension liability measurement date of June 30, 2018; (2) the difference between the actual and proportionate share of contribution of \$645,876; (3) the pension changes in actuarial assumptions of \$1.994 million. The differences identified are based on a Schedule of Employer Allocations, Schedule of Pension Amounts by Employer and Related Notes provided by PERS.; and (4) pension difference between expected and actual pension experience of \$1.185million. The final deferred outflow is associated with total Other Postemployment Benefits (OPEB) liability. This outflow is OPEB contributions of \$128,486.

As required by GASB 68 and other associated pronouncements, three deferred inflows of resources were recorded this year: (1) pension difference between actual and projected earnings on plan investments of \$180,133; (2) the differences in economic and demographic factors used in the projected actuarial assumptions and actual experiences of \$1.756 million; and (3) the difference between the actual and proportionate share of contribution of \$1.275 million. 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.

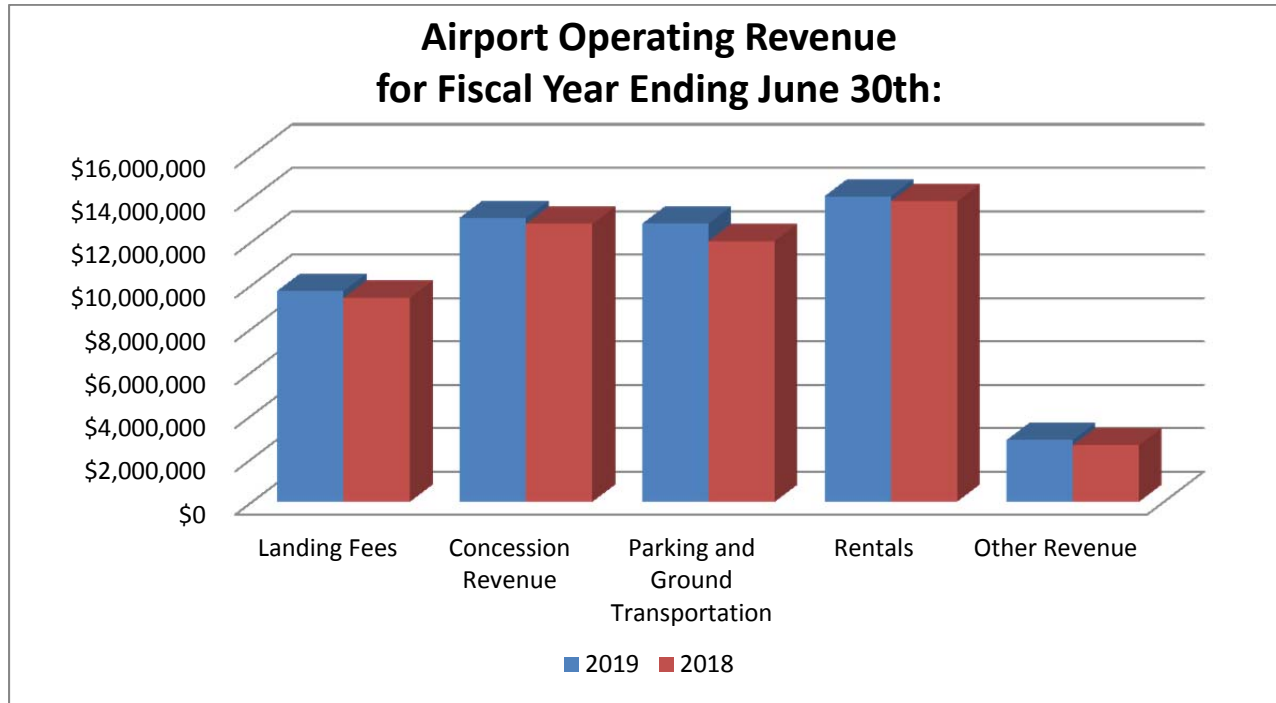
The deferred outflows and inflows related to the RTAA's pension plan and OPEB will be further explained in the Notes to the Financial Statements under the Footnote #10, Pension Plan and Footnote #14, Other Postemployment Benefits footnote.

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:

	2019	2018	\$ Change	% Change
Landing Fees	\$ 9,719,482	\$ 9,397,172	\$ 322,310	3%
Concession Revenue	13,086,886	12,802,725	284,161	2%
Parking and Ground Transportation	12,817,675	12,009,701	807,974	7%
Rentals	14,078,153	13,838,446	239,707	2%
Reimbursements for Services	2,671,073	2,416,793	254,280	11%
Other Revenue	176,468	190,432	(13,964)	-7%
Total Operating Revenues	\$ 52,549,737	\$ 50,655,269	\$ 1,894,468	4%

MANAGEMENT'S DISCUSSION AND ANALYSIS



Non-operating revenues are composed of the following:

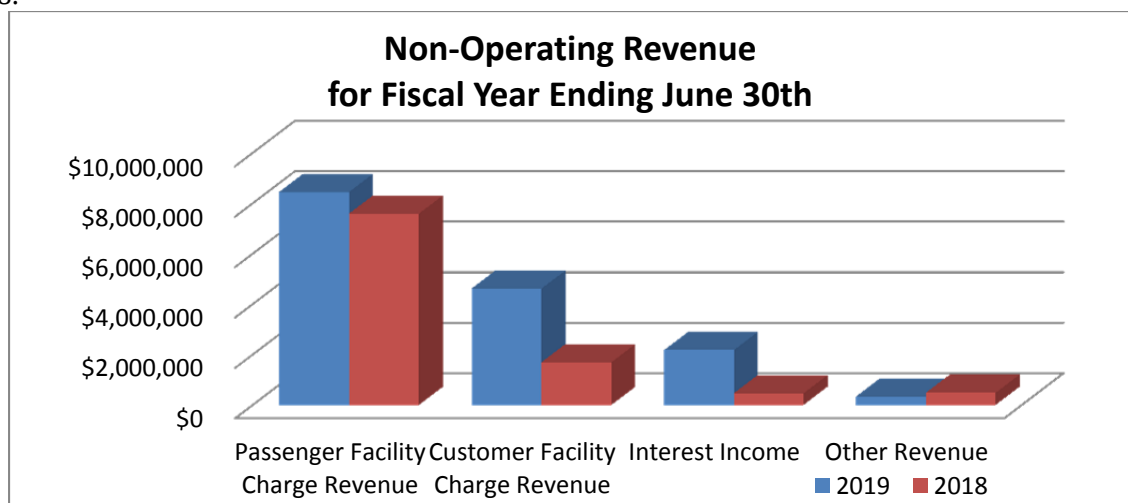
- (1) Interest Income. Interest earnings on the funds the RTAA has on deposit.
- (2) Passenger Facility Charge (PFC) Revenue. Initially authorized through the Aviation Safety and Capacity Expansion Act of 1990, this Act allowed public agencies that manage commercial airports, to charge each enplaning 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 CFC revenues, collected and remitted by the rental car companies, fund property management, repairs, and improvements to RTAA-owned rental car facilities. Beginning July, 2018, CFC per rental car transaction day fees increased to \$3.50 from \$1.25. The rate increase reflects 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	2019	2018	\$ Change	% Change
Interest Income	\$ 2,168,829	\$ 461,370	\$ 1,707,459	370%
Passenger Facility Charge Revenue	8,443,673	7,587,771	855,902	11%
Customer Facility Charge Revenue	4,613,478	1,692,038	2,921,440	173%
Jet Fuel Tax Revenue	306,035	310,500	(4,465)	-1%
Gain (Loss) on Sale of Capital Assets	25,070	169,208	(144,138)	-85%
Total Non-Operating Revenues	\$ 15,557,085	\$ 10,220,887	\$ 5,336,198	52%

The graph below present the Airport's non-operating revenues by source for fiscal years ended 2019 and 2018.



An Analysis of Significant Changes in Revenues for Fiscal Year 2018-2019 is as follows:

Enplaned passenger traffic was up 4%, as compared to the same period last year and total revenues of \$68.107 million for Fiscal Year 2018-2019 increased 12% above the prior year.

Landing Fees and Rentals of \$23.798 million represent 35% of the RTAA's total revenues. Airline landing fees and terminal rental revenues of \$14.690 million represents 62% of the total revenues from these two categories, which result from cost recovery provisions of the airline use and lease agreements. The landing fee and terminal rental revenues, therefore, reflect RTAA costs to operate and maintain facilities used by the airlines and do not serve as accurate indicators of the level of activity at the Airport. Airline-derived revenue is 22% of total operating revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Concession Revenue of \$13.087 million, which includes auto rental, gaming, food and beverage, merchandising, advertising, and other concessions, comprises 19% of the RTAA's total revenues for fiscal year 2018-2019. Concession revenue was 2% above the results in the prior year.

Parking and Ground Transportation revenues account for 19% of total revenue. Parking revenue in fiscal year 2018-2019 of \$12.818 million increased by \$807,974 or 7% 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 \$2.671 million represent an increase of 11% 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 \$176,468 represents miscellaneous revenue and late fees collected by the RTAA.

Non-Operating Revenues of \$15,557,085 million increased 52% as compared to the prior year. This increase reflects higher CFC revenue of \$2.921 million due to the rate increase from \$1.25 to \$3.50 for rental car transaction day fees. Interest income increased 370% or \$1.707 million which reflects increased earnings and the reversal of an unrealized loss on the market value of investments of \$391,270 in fiscal year 2017-2018 and an unrealized gain of \$476,028 in fiscal year 2018-2019 in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Passenger Facility Charge (PFC) revenue increased \$855,902 due to higher passenger traffic.

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 11% from the prior year. The current collection rate is \$4.50.

During fiscal year 2018-2019, the RTAA recorded a Gain on Sale of Capital Assets of \$25,070, which included two surplus property sales.

Expenses

RTAA's total operating expenses registered approximately \$42.321 million in fiscal year 2018-2019, a decrease of \$1.409 million or 3% below the prior year results. Employee benefit costs decreased by \$3,279,839 or 26% below last year. This decrease consists of the one-time expense to Pension Expense of \$3,794,916 in the prior year and is offset by an increase in benefit costs of \$515,077. This one-time expense to pension costs was due to GASB 82 which clarifies those 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).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Salary expenses increased 3% due to average wage increases for merit throughout the year. Overtime, standby and holiday worked payments increased by \$202,939 or 18% over the prior year. This increase reflects hours associated with snow removal operations.

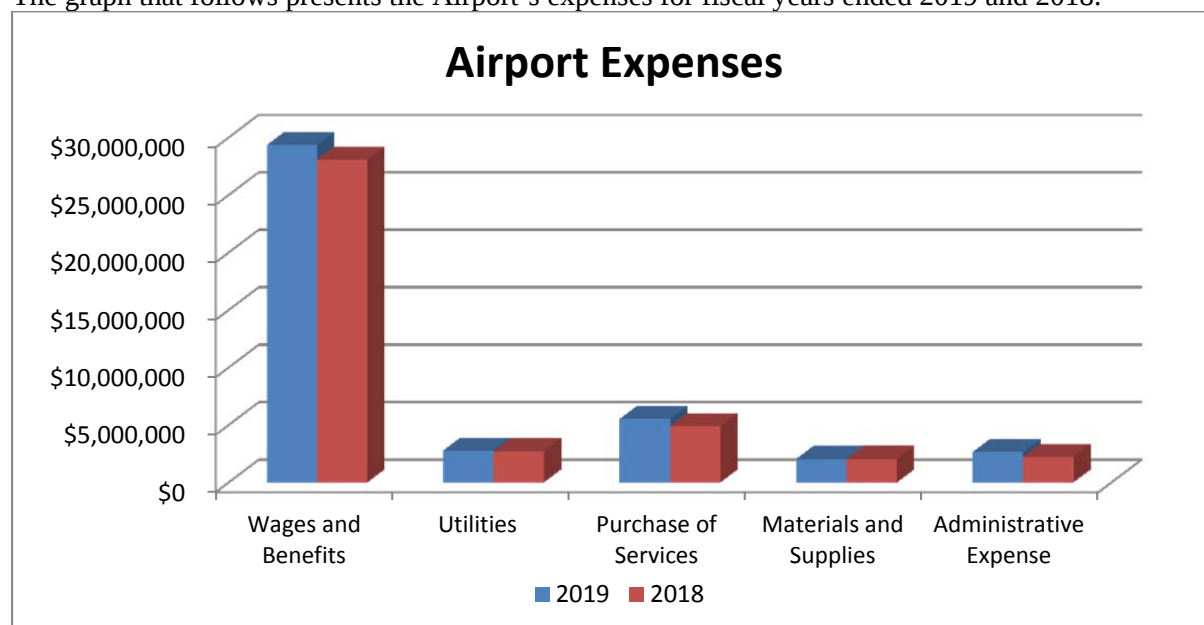
Non-operating expense, which is interest expense, of \$438,892 decreased by 10% below the prior year results.

Total operating and non-operating expenses of \$42.759 million decreased 3% or \$1.458 million from the prior year.

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

	2019	2018	\$ Change	% Change
Employee Wages and Benefits	\$ 29,334,325	\$28,084,043	\$1,250,282	4%
GASB 82 Adjustment	-	3,794,916	(3,794,916)	na
Utilities and Communications	2,772,620	2,709,495	63,125	2%
Purchase of Services	5,521,530	4,866,467	655,063	13%
Materials and Supplies	2,045,295	2,050,694	(5,399)	0%
Administrative Expenses	2,646,733	2,224,655	422,078	19%
Total Operating Expenses	42,320,503	43,730,270	(1,409,767)	-3%
Interest Expense and other Non-Operating Expenses	438,892	487,308	(48,416)	-10%
Total Expenses	\$ 42,759,395	\$44,217,578	\$ (1,458,183)	-3%

The graph that follows presents the Airport's expenses for fiscal years ended 2019 and 2018.



* Does not include GASB 82 adjustment

MANAGEMENT'S DISCUSSION AND ANALYSIS

An Analysis of Significant Changes in Expenses for Fiscal Year 2018-2019 is as follows:

Employee Wages and Benefits of \$29.334 million comprise 68% of total expenses, an 8% decrease over the prior year's total of \$31.879 million.

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

	2019	2018	\$ Change	% Change
Salary	\$18,805,986	\$18,273,720	\$ 532,266	3%
Overtime, Standby, Holiday Worked	1,325,937	1,122,998	202,939	18%
Employee Benefits	9,202,402	12,482,241	(3,279,839)	-26%
Total Employee Wages and Benefits	\$29,334,325	\$31,878,959	(\$2,544,634)	-8%

Employee salaries have increased \$532,266 or 3% over the prior year results. With no increase in overall staffing, this increase reflects salary increases established under collective bargaining agreements and management and civil service employee guidelines as well as vacancies throughout the year. Overtime slightly increased \$202,939. Employee benefits decrease of 26% is solely due to the decrease in the Pension expense which was a one-time expense in the prior year due to GASB 82.

Utilities and Communications expense of \$2.773 million registered an increase of 2% from the prior year. Utilities and communications represent 6% of total expenses.

Purchase of Services expense, which includes professional and other purchased services, of \$5.522 million, increased by \$665,063 over the prior year. This increase was primarily due to higher costs associated with consultant services and contracted services. Purchase of services expense represents 13% of expenses.

Materials and supplies expense of \$2.045 million decreased \$5,399 from the prior year. Materials and supplies represent 5% of total expenses.

Administrative expenses of \$2.647 million comprise 6% of total costs, an increase of approximately \$422,078 or 19% from the prior fiscal year. This increase reflects higher costs associated with air service development, membership dues and travel.

Interest expense decreased slightly by \$48,416 or 10% below previous year. This decrease reflects the lower interest expenses due on the maturing subordinate lien notes.

See the Debt Administration discussion within the MD&A.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary of Changes in Net Position

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

	2019	2018	\$ Change	% Change
OPERATING REVENUES				
Landing fees	\$ 9,719,482	\$ 9,397,172	\$ 322,310	3%
Concession revenue	13,086,886	12,802,725	284,161	2%
Parking and ground trans.	12,817,675	12,009,701	807,974	7%
Rentals	14,078,153	13,838,446	239,707	2%
Reimbursements for services	2,671,073	2,416,793	254,280	11%
Other revenue	176,468	190,432	(13,964)	-7%
Total Operating Revenues	\$ 52,549,737	\$ 50,655,269	\$ 1,894,468	4%
OPERATING EXPENSES				
Employee wages and benefits	\$ 29,334,325	\$ 31,878,959	\$ (2,544,634)	-8%
Utilities and communications	2,772,620	2,709,495	63,125	2%
Purchase of services	5,521,530	4,866,467	655,063	13%
Materials and supplies	2,045,295	2,050,694	(5,399)	0%
Administrative expenses	2,646,733	2,224,655	422,078	19%
Total Operating Expenses	\$ 42,320,503	\$ 43,730,270	\$ (1,409,767)	3%
Operating Income Before Depreciation and Amortization	10,229,234	6,924,999	3,304,235	40%
Depreciation and Amortization	27,801,203	31,094,092	(3,292,889)	-11%
Operating Loss	\$ (17,571,969)	\$ (24,169,093)	\$ 6,597,123	-27%
NON-OPERATING REVENUE (EXPENSES)				
Interest income	\$ 2,168,829	\$ 461,370	\$ 1,707,459	370%
Passenger facility charges	8,443,673	7,587,771	855,902	11%
Customer facility charges	4,613,478	1,692,038	2,921,440	173%
Jet fuel tax revenue	306,035	310,500	(4,465)	-1%
Gain on sale of Capital Assets	25,070	169,208	(144,138)	-85%
Interest expense	(438,892)	(487,308)	48,416	-10%
Total non-operating revenues (expenses)	15,118,193	9,733,579	5,384,615	55%
Loss before Capital Contributions	(2,453,776)	(14,435,514)	11,981,738	-83%
Capital Contributions	14,057,725	9,200,524	4,857,201	53%
Increase in Net Position	11,603,949	(5,234,990)	16,838,939	-322%
Net Position, Beginning of Year	379,550,073	384,785,063	(5,234,990)	-1%
Net Position, End of Year	\$ 391,154,022	\$ 379,550,073	\$ 11,603,949	3%

MANAGEMENT'S DISCUSSION AND ANALYSIS

An Analysis of Significant Changes in Net Position for Fiscal Year 2018-2019 is as follows:

Total operating revenues increased 4% while total operating expenses decreased by 3%. A review of these two categories has been provided earlier in the MD&A.

Depreciation and amortization expense of \$27.801 million was \$3.293 million or 11% lower than the prior year due the full depreciation of certain assets in the prior year.

Interest income increased by \$1.707 million or 370%. The increase is mainly due a unrealized gain and reversal from last year as previously discussed.

Interest expense decreased \$48,416 or 10% as compared to the prior year. This decrease is a reflection of incremental lower interest payments due.

Passenger facility charge revenue increased by 11% and CFC fees increased 173% while jet fuel tax revenue decreased slightly by 1%. These increases reflect the increased passengers and the increase in CFC fees from \$1.25 to \$3.50 per transaction day this fiscal year. Gain on sale of capital assets was \$25,070 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 63% this year as compared to fiscal year 2017-2018. 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, 2019 was \$352.809 million, a net decrease of \$8.108 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:

	2019	2018	\$ Change	% Change
Non depreciable:				
Land	\$172,449,078	\$172,449,078	\$ -	-%
Construction in Progress	12,229,151	23,122,034	(10,892,883)	-47%
Development rights	2,924,038	2,924,038	-	-%
Depreciable:				
Improvements, Buildings, and Equipment	165,206,940	162,422,839	2,784,101	2%
Total	\$ 352,809,207	\$ 360,917,989	\$ 8,108,782	-2%

Major Capital Asset Events during Fiscal Year 2018-2019 included the following:

Federal grants funded over \$14.003 million of capital projects in fiscal year 2018-2019. Projects included the runway rehabilitation at RNO and RTS. The runway at RTS was completed early in fiscal year 2018-2019.

In the terminal building, the RTAA completed a restroom remodel in the administrative office, new carpeting in the administrative offices, communication line replacement, and the ready return lot

MANAGEMENT'S DISCUSSION AND ANALYSIS

reconfiguration. The ready return lot reconfiguration will provide additional spaces and a better flow for the rental cars.

Technology upgrade projects completed this year included LED lighting in various areas to provide improved visibility and communications line replacement.

Machinery and Equipment purchased this year includes exercise equipment for the Police, a paint striper, mower and a new scissor lift.

Movable equipment purchased this year includes six vehicles and a Quitekat prowler. The six vehicles consist of a two crew cab trucks for the Police department, two four wheel drive trucks used by Airfield Maintenance, a crew cab for Airside Operations and a four wheel drive sport utility vehicle for use by the Operation Administration 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.

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

DEBT ADMINISTRATION

As of June 30, 2019, the RTAA has \$15.960 million in debt comprised of senior lien revenue bonds (Series 2015 Airport Refunding Bond).

Senior Lien Debt

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

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.

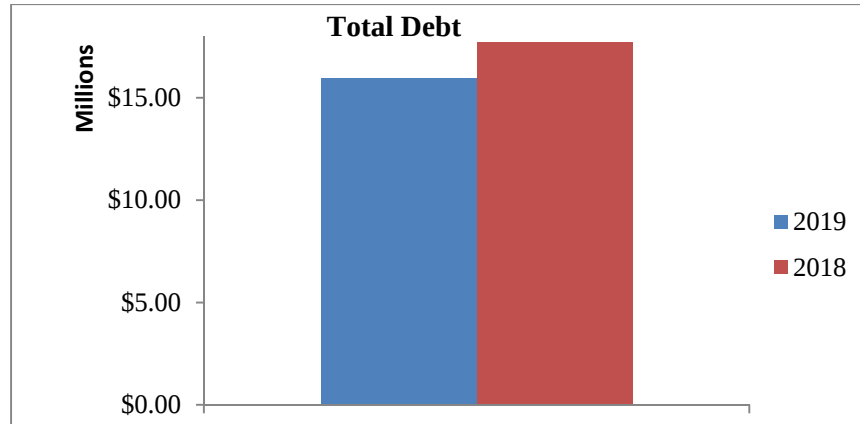
The interest rate on the Series 2015 Bond is 2.75% with an eleven (11) year term consistent with the refunded Series 2005 Bonds. With the refunding, the RTAA will benefit from \$2.917 million of gross savings or \$2.519 million on a present value basis in lower debt service payments. This represents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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Summary

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

	2019	2018	\$ Change	% Change
Total Debt – 2015 Bonds	\$ 15,960,000	\$ 17,720,000	\$(1,760,000)	-9.93%



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 footnotes 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, 2019, the RTAA collected PFCs, including interest earnings thereon, totaling \$8.444 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2018-2019, 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:

	2019	2018	\$ Change	% Change
Landing Fee Rate (Per 1,000 pound units)	\$ 2.84	\$ 2.95	\$(0.11)	-4%
Terminal Rental Rate (Average) (Per square foot annually)	\$38.49	\$34.82	\$3.67	11%

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

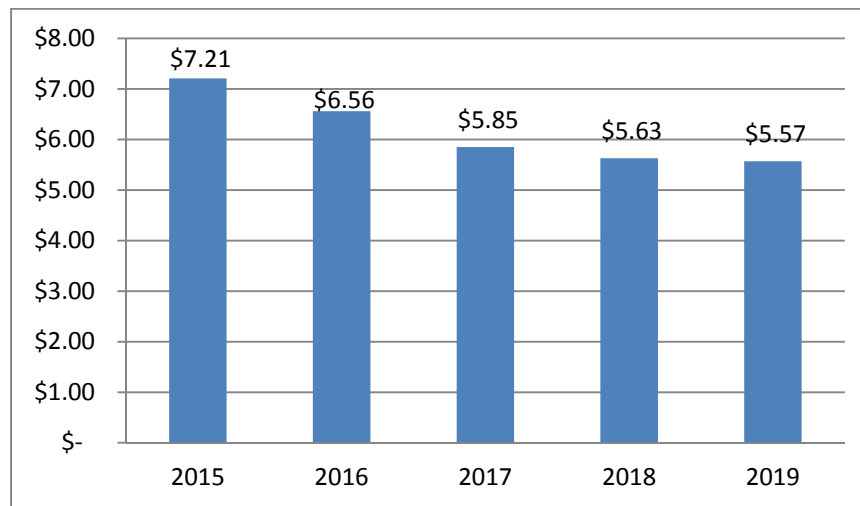
MANAGEMENT’S DISCUSSION AND ANALYSIS

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 2018-19 fiscal year was calculated to be \$5.57 as compared to \$5.63 in the prior year.

The chart below presents the history of the cost per enplaned passenger.

Cost per Enplaned Passenger



CURRENTLY KNOWN FACTS

In January 2019, the RTAA completed a Master Plan. During this process the Master Plan addressed development plans to meet future aviation demand for the next 20 years. After a review of the Master Plan the RTAA management team has decided to focus with proceeding on five short-term and mid-term development projects only. The 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 will include:

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

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, 2019
with comparative amounts at June, 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 8,291,487	\$ 11,695,747
Investments	54,187,862	46,355,956
Accounts receivable, net	4,565,394	3,600,629
Grants receivable	4,880	13,346
Interest receivable	268,726	158,919
Inventory	766,235	749,705
Other current assets	587,849	438,515
Total Unrestricted Current Assets	68,672,433	63,012,817
Restricted Assets:		
Cash and cash equivalents	2,338,218	5,450,820
Investments	30,734,970	21,153,577
Interest receivable	143,392	87,360
Total Restricted Current Assets	33,216,580	26,691,757
Total Current Assets	101,889,013	89,704,574
NON-CURRENT ASSETS		
Capital Assets:		
Non-depreciable	187,602,267	198,495,151
Depreciable	752,697,944	722,258,086
Less accumulated depreciation and amortization	587,491,004	559,835,248
Total Capital Assets	352,809,207	360,917,989
Other Assets:		
Road credits	1,383,599	1,383,599
Total Non-Current Assets	354,192,806	362,301,588
Total Assets	456,081,819	452,006,162
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions after measurement date	2,573,729	2,574,913
Pension difference between actual and proportionate share of contributions	645,876	814,655
Pension investments net difference between actual and projected earnings	-	247,566
Pension changes in actuarial assumptions	1,993,684	2,529,507
Pension difference between expected and actual pension experience	1,185,276	-
OPEB contributions after measurement date	128,486	129,571
Total Deferred Outflows of Resources	6,527,051	6,296,212
Total Assets and Deferred Outflows of Resources	\$ 462,608,870	\$ 458,302,374

RENO-TAHOE AIRPORT AUTHORITY
STATEMENT OF NET POSITION (continued)
AS OF JUNE 30, 2019
with comparative amounts at June, 2018

	2019	2018
LIABILITIES		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	5,829,685	4,437,382
Construction contracts payable	218,634	7,828,933
Rents received in advance	2,071,337	1,437,526
Accrued payroll and compensated absences	1,589,085	1,510,611
Total Current Unrestricted Liabilities	9,708,741	15,214,452
Payable from Restricted Assets:		
Current portion of long-term debt	1,810,000	1,760,000
Accrued interest	219,450	243,658
Construction contracts payable	551,247	505,741
Total Restricted Current Liabilities	2,580,697	2,509,399
Total Current Liabilities	12,289,438	17,723,851
NON-CURRENT LIABILITIES		
Revenue bonds and subordinate notes, net	14,150,000	15,960,000
Accrued payroll and compensated absences, net of current portion	1,045,147	999,880
Deposits	401,956	354,642
Reclamation liability	872,824	1,005,162
Net OPEB liability	1,648,752	1,756,763
Net pension liability	37,835,366	38,129,158
Total Non-Current Liabilities	55,954,045	58,205,605
Total Liabilities	68,243,483	75,929,456
DEFERRED INFLOWS OF RESOURCES		
Pension difference between actual and projected earnings on plan investments	180,133	-
Pension difference between actual and expected pension experience	1,756,211	2,502,044
Pension difference between actual and proportionate share of contribution	1,275,021	320,801
Total Deferred Inflows of Resources	3,211,365	2,822,845
NET POSITION		
Net investment in capital assets	336,079,326	334,863,315
Restricted for:		
Revenue bond operations and maintenance	7,466,546	7,184,954
Renewal and replacement	799,354	780,098
Passenger facility charge projects	22,804,675	16,651,127
Debt service	1,873,311	1,774,643
Other reserve purposes	53,244	57,277
Total Restricted	32,997,130	26,448,099
Unrestricted	22,077,566	18,238,659
Total Net Position	391,154,022	379,550,073
Total Liabilities and Net Position	\$ 462,608,870	\$ 458,302,374

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2019
with comparative amounts at June, 2018

	2019	2018
OPERATING REVENUES		
Landing fees	\$ 9,719,482	\$ 9,397,172
Concession revenue	13,086,886	12,802,725
Parking and ground transportation	12,817,675	12,009,701
Rentals	14,078,153	13,838,446
Reimbursements for services	2,671,073	2,416,793
Other revenue	176,468	190,432
Total operating revenues	<u>52,549,737</u>	<u>50,655,269</u>
OPERATING EXPENSES		
Employee wages and benefits	29,334,325	31,878,959
Utilities and communications	2,772,620	2,709,495
Purchase of services	5,521,530	4,866,467
Materials and supplies	2,045,295	2,050,694
Administrative expenses	2,646,733	2,224,655
Total operating expenses	<u>42,320,503</u>	<u>43,730,270</u>
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	10,229,234	6,924,999
Total Depreciation and Amortization	<u>27,801,203</u>	<u>31,094,092</u>
OPERATING INCOME (LOSS)	<u>(17,571,969)</u>	<u>(24,169,093)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income and gain (loss) of investments	2,168,829	461,370
Passenger facility charge revenue	8,443,673	7,587,771
Customer facility charge revenue	4,613,478	1,692,038
Jet fuel tax revenue	306,035	310,500
Gain on sale of capital assets	25,070	169,208
Interest expense	(438,892)	(487,308)
Total non-operating revenues (expenses)	<u>15,118,193</u>	<u>9,733,579</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(2,453,776)	(14,435,514)
CAPITAL CONTRIBUTIONS	<u>14,057,725</u>	<u>9,200,524</u>
CHANGE IN NET POSITION	<u>11,603,949</u>	<u>(5,234,990)</u>
NET POSITION, BEGINNING OF YEAR	<u>379,550,073</u>	<u>384,785,063</u>
NET POSITION, END OF YEAR	<u>\$ 391,154,022</u>	<u>\$ 379,550,073</u>

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
with comparative amounts at June, 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 52,266,097	\$ 50,648,521
Cash paid to employees and for benefits	(29,454,706)	(28,074,261)
Cash paid to suppliers	(11,892,076)	(12,178,377)
Net cash provided by operating activities	10,919,315	10,395,883
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Jet fuel tax revenue	306,035	310,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	14,066,191	7,337,772
Passenger facility charge revenue	8,443,673	7,587,771
Customer facility charge revenue	4,613,478	1,692,038
Acquisition and construction of capital assets	(27,257,214)	(15,304,222)
Proceeds from sale of capital assets	25,070	2,042,699
Principal paid on bonds	(1,760,000)	(4,772,000)
Interest paid on bonds	(463,100)	(552,316)
Net cash provided by (used in) capital and related financing activities	(2,331,902)	(1,968,258)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of interest	1,135,691	720,327
Purchase of investments	(99,993,909)	(78,500,990)
Sale of investments	83,447,908	69,058,348
Net cash provided by (used in) investing activities	(15,410,310)	(8,722,315)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,516,862)	15,810
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,146,567	17,130,757
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 10,629,705</u>	<u>\$ 17,146,567</u>

Continued

RENO-TAHOE AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED JUNE 30, 2019
with comparative amounts at June, 2018

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

	2019	2018
Operating income (loss)	\$ (17,571,969)	\$ (24,169,093)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	27,801,203	31,094,092
(Increase) Decrease in Assets:		
Accounts receivable, net	(964,764)	(378,699)
Inventory	(16,530)	79,483
Other current assets	(149,334)	(229,436)
Increase (Decrease) in Liabilities:		
Accounts payable	1,392,304	(54,157)
Rents received in advance	633,811	431,278
Accrued payroll	123,740	380,905
Deposits and unearned revenues	47,314	(59,326)
Net OPEB liability and related deferred outflows of resources	(106,926)	(204,728)
Net pension liability and related deferred outflows and inflows of resources	(137,196)	3,628,520
Reclamation liability	(132,338)	(122,956)
Net cash provided by operating activities	<u>\$ 10,919,315</u>	<u>\$ 10,395,883</u>

Noncash activities:

The unrealized gain (loss) on investments was 476,028 at June 30, 2019 and (\$391,270) at June 30, 2018.

Capital assets included in construction contracts payable	\$ 769,881	\$ 8,334,674
Capital Contributions		
Total Capital Contributions	\$ 14,057,725	\$ 9,200,524
Non-cash capital contribution - building	-	(1,850,000)
Grants Receivable (June 30, 2019 and 2018)	(4,880)	(13,346)
Grants Receivable (June 30, 2018 and 2017)	13,346	594
	<u>\$ 14,066,191</u>	<u>\$ 7,337,772</u>

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. Organization and Reporting Entity

A. Organization

The Reno-Tahoe Airport Authority (“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:

- 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 RTAA departments. RTAA is responsible for the day-to-day operations at the two airports.

- Accounting for Fiscal Matters.

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

- 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

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

2. Summary of Significant Accounting Policies (Continued)

- 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 2019 are 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.

- Public hearings on the tentative budget are held the third week of May.
- On or before June 1, the final budget is adopted by a majority vote of the Board of Trustees.
- 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.
- The budget was not amended from that originally filed for the year ended June 30, 2019.

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.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, total interest cost incurred was \$438,892. For the year ended June 30, 2019, no interest was capitalized.

G. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position may report a separate section for deferred outflows of resources and deferred inflows of resources, respectively. These separate financial statement elements represent the consumption or addition to net position that applies to a future reporting period(s) and as such will not be recognized as flows of resources (expenses/revenues) until then.

RTAA has five items relating to deferred outflows and three deferred inflows 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*.

- Pension contributions after measurement date. These contributions are those made after the measurement date through the fiscal year end (July 1st – June 30th) resulting in a cash outlay not yet recognized under GASB 68. This amount is deferred and recognized in the following fiscal year. This item is presented as a deferred outflow of resources.
- Pension difference between actual and proportionate share of contributions. This represents the unamortized difference between actual and proportional contributions to PERS and increases in RTAA's allocation share as provided in the schedule of employer allocations of the PERS system for the year ending June 30, 2019.
- Pension changes in actuarial assumptions. These amounts represent the difference resulting from a change in assumptions used to measure the underlying net pension/OPEB liability/asset. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources.
- Pension difference between expected and actual pension experience. These amounts represent the difference in expected and actual pension/OPEB experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources shown net if there are unamortized balances for categories.
- Pension difference between actual and projected earnings on plan investments. These amounts represent the difference in projected and actual earnings on pension plan assets. These differences are deferred and amortized over a closed five-year period. This item can be presented as both a deferred outflow and deferred inflow of resources and is combined annually as a single net unamortized balance.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

2. Summary of Significant Accounting Policies (Continued)

In Note 10, Pension Plan, and Note 14, Other Postemployment Benefits, additional information outlines the deferred outflows and inflows of resources.

H. Compensated Absences

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

The liability for the compensated absences is included in both the current and non-current portion of accrued payroll. As of June 30, 2019 liabilities related to compensated absences were \$2,086,281.

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, 2019, the payable outstanding associated with the airline year-end settlement is \$2,668,127.

J. Net Position

The following categories comprise RTAA's net position:

- 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.
- Restricted – Net Position that has external constraints placed on it by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through contribution provision of enabling legislation.
- Unrestricted – Unrestricted net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

2. Summary of Significant Accounting Policies (Continued)

At times, RTAA will fund outlays for a particular purpose from both restricted and unrestricted resources. RTAA's policy is to deplete restricted net position, if permitted, before unrestricted net position is applied.

K. Passenger Facility Charge (PFC) Revenue

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 RTAA and recognize these revenues as non-operating revenues.

L. Customer Facility Charge (CFC) Revenue

Effective August 2012, RTAA implemented a \$1.25 Customer Facility Charge (CFC) per transaction day on each individual vehicle rental collected by each participating rental car lessee. July 1, 2018 the rate increased to \$3.50 then to \$4.50 effective July 1, 2019. 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, .11 per rental day of the CFC receipts reimburse the RTAA to cover reasonable costs associated with accounting, administering, and managing the CFC Program.

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

M. Capital Contributions

The Airport Improvement Program (AIP) of the Federal Aviation Administration (FAA) funds a significant portion of eligible costs for airport capital improvements along with matching funds provided by 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. RTAA owns credits for the fees and can use them as needed or sell them to others until the credits expire June 26, 2033. The value of these credits was determined by Washoe County, who provided the credits to RTAA.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

2. Summary of Significant Accounting Policies (Continued)

O. Recent Accounting Pronouncements Adopted/Implemented:

As of June 30, 2019, RTAA has adopted the following new Governmental Accounting Standards Board (GASB) Statements. The adoption of these standards had no significant effect on the RTAA's net position or changes therein.

- GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- GASB Statement No. 83, Certain Asset Retirement Obligations

Recent Accounting Pronouncements: In addition, GASB has issued the following statements that have not yet been implemented by RTAA. The full financial impact has not yet been determined.

- GASB Statement No. 84, Fiduciary Activities
- GASB Statement No. 87, Leases
- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- GASB Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61
- GASB Statement No. 91, Conduit Debt Obligations

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

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

	2019
Cash	\$8,168,672
Cash Equivalents	
Short-Term Investments in Money Market Mutual Funds	2,461,033
Total Cash and Cash Equivalents	10,629,705
Investments	
State of Nevada Local Government Investment Pool	19,857,285
Washoe County Investment Pool	794
US Government Agency Securities (Mortgage Backed Securities) maturing within five years	65,064,753
Total Investments	84,922,832
Total Cash, Cash Equivalents and Investments	95,552,537
Less: Unrestricted Cash, Cash Equivalents and Investments	(62,479,349)
Total Restricted Cash, Cash Equivalents and Investments	\$33,073,188

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

3. Cash, Cash Equivalents and Investments (Continued)

The balance of cash and cash equivalents as of June 30, 2019 was \$10,629,705. 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.

GASB Statement No. 72, Fair Value Measurement and Application, defines fair value, establishes a framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows: Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets; Level 2 inputs are other observable inputs; Level 3 inputs are unobservable.

The estimated fair values of RTAA's U.S. Treasury obligations, commercial paper, notes, bonds and other obligations issued by U.S. Corporations are based on quoted market prices provided by recognized broker dealers (Level 1 inputs). The estimated fair value of U.S. Agency securities is based on matrix pricing model that maximizes the use of observable inputs for similar securities as provided by recognized broker dealers (Level 2 inputs).

Below is the categorization of RTAA's total cash, cash equivalents and investments as of June 30, 2019 by fair market value using the categories of relative reliability:

Fair Value Measurements Using

	Total Cash, Cash Equivalents, and Investments 6/30/2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
US Agencies	\$ 38,934,498	\$ -	\$ 38,934,498	\$ -
US Treasury Notes	26,130,255	26,130,255	-	-
Total Debt Securities	<u>65,064,753</u>	<u>\$ 26,130,255</u>	<u>\$ 38,934,498</u>	<u>\$ -</u>
Investments at Net Asset Value (NAV)				
Washoe County Investment Pool	794			
Local Government Investment Pool	19,857,285			
Total Investments at the NAV	<u>19,858,079</u>			
Investments at Cost/Amortized Costs				
Money Market Funds	<u>2,461,033</u>			
Cash				
Collateralized Bank Deposits	<u>8,168,672</u>			
Total Cash, Cash Equivalents and Investments	<u>\$ 95,552,537</u>			

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

3. Cash, Cash Equivalents and Investments (Continued)

Investment Policies

In accordance with NRS 355 Public Investments, RTAA's bond resolution and RTAA's investment policy, RTAA manages its exposure to interest rate risk by regular evaluation of 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, RTAA meets its cash flow and liquidity needs. RTAA uses specific identification for calculating unrealized gains or losses for investment valuation.

Included in RTAA's investment portfolio as of June 30, 2019 are the following statutorily approved investments:

Demand Deposits, Time and Savings Deposits including Negotiable Order of Withdrawal (NOW) accounts.

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).

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 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 which 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.

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.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

3. Cash, Cash Equivalents and Investments (Continued)

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

The fair value of the investment in this type has been determined using 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 RTAA any penalty or loss of interest resulting from the withdrawal of funds if necessary to meet the request. RTAA has no unfunded commitments as of June 30, 2019.

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 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. RTAA has no unfunded commitments as of June 30, 2019.

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

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

3. Cash, Cash Equivalents and Investments (Continued)

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.

Custodial Credit Risk

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

Interest Rate Risk

As of June 30, 2019, 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	Total
Cash	\$ 8,168,672	\$ -	\$ -	\$ -	\$ -	\$ 8,168,672
Money Market Mutual Funds	2,461,033	-	-	-	-	2,461,033
State of Nevada Local Government Investment Pool	-	19,857,285	-	-	-	19,587,285
U.S. Treasury	1,499,480	11,925,068	8,025,363	4,680,344	-	26,130,255
U.S. Government Agency Securities	1,491,076	13,479,325	11,123,144	12,133,965	706,988	38,934,498
Washoe County Investment Pool	794	-	-	-	-	794
Grand Total	\$ 13,621,055	\$ 45,261,678	\$ 19,148,507	\$ 16,814,309	\$ 706,988	\$ 95,552,537

Credit Risk

State statutes, RTAA's revenue bond resolution and RTAA's investment policy authorize investments in direct obligations of, or obligations guaranteed by the United States of America. 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.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

3. Cash, Cash Equivalents and Investments (Continued)

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, 2019, Standard & Poor's had rated US Government Agency Securities (mortgage-backed securities) as AA+ and the Fidelity Government Fund 57 (money market funds) as AAA.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of RTAA's investment in a single issue. RTAA places no limit on the amount the RTAA may invest in any one issuer.

At June 30, 2019, the following investments equaled or exceeded 5% of RTAA's total cash, cash equivalents and investments:

	2019
Local Government Investment Pool	21%
Wells Fargo Collateralized Deposit	9%
Federal Home Loan Bank	27%
Federal Home Loan Mortgage Corporation	13%
US Treasuries	27%
Other less than 5% individually	3%
	100%

4. Accounts and Grants Receivable

The following amounts represent receivables due to RTAA at June 30, 2019:

	2019
Current, unrestricted:	
Accounts Receivable	\$4,743,596
Less Allowance for Uncollectible	(178,202)
Net Accounts Receivable	4,565,394
Grants Receivable	4,880
Total Current Accounts and Grants Receivable	\$4,570,274

The grants receivable in the accompanying Statements of Net Position represent reimbursements due for project costs under FAA and TSA compliance audit by RTAA's independent auditor. However, RTAA believes that the receivable amounts recorded result from qualified expenses and, accordingly, an allowance for doubtful accounts is not required.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

5. Capital Assets

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

Capital asset balances and changes for the year ended June 30, 2019 are as follows:

	Balance July 1, 2018	Additions and Transfers	Deletions and Transfers	Balance June 30, 2019
Capital Assets, not being depreciated/amortized				
Land	\$ 172,449,079	\$ -	\$ -	\$ 172,449,079
Construction in progress	23,122,034	19,366,821	(30,259,705)	12,229,150
Development rights	2,924,038	--	--	2,924,038
Total Capital Assets, not being depreciated/amortized	198,495,151	19,366,821	(30,259,705)	187,602,267
Capital Assets, being depreciated/amortized				
Improvements	370,411,758	27,697,584	-	398,109,342
Buildings	280,860,392	2,216,748	-	283,077,140
Equipment	70,985,936	670,972	(145,446)	71,511,462
Total Capital Assets, being depreciated/amortized	722,258,086	30,585,304	(145,446)	752,697,944
Less accumulated depreciation/amortization for:				
Improvements	285,868,626	12,956,653	-	298,825,279
Buildings	219,681,940	10,659,890	-	230,341,830
Equipment	54,284,682	4,184,659	(145,446)	58,323,895
Total Accumulated Depreciation/Amortization	559,835,248	27,801,202	(145,446)	587,491,004
Total Capital Assets, being depreciated/amortized, net	162,422,838	2,784,102	-	165,206,939
Net Capital Assets	\$ 360,917,989	\$ 22,150,923	\$ (30,259,705)	\$ 352,809,207

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:

	<u>Years</u>
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.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

6. Long-Term Debt

As of June 30, 2019, RTAA had \$15.96 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, 2019:

	Balance <u>July 1, 2018</u>	New <u>Debt</u>	Principal <u>Repayment</u>	Balance <u>June 30, 2019</u>
Revenue Bonds:				
Series 2015	\$ 17,720,000	\$ -	\$ (1,760,000)	\$ 15,960,000
Total Revenue Bond Debt	17,720,000	-	(1,760,000)	15,960,000
Less Current Portion	(1,760,000)	-	-	(1,810,000)
Noncurrent Portion Debt				
Outstanding	<u>\$ 15,960,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,150,000</u>

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 RTAA from the operation and use of and otherwise pertaining to the Airport System, or for any service rendered by 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 RTAA’s currently budgeted operation and maintenance expenses.
- C. Renewal and Replacement Fund- \$10,000 per month until a specified maximum amount (currently \$780,000 but not less than \$600,000) determined by RTAA is accumulated as an emergency capital account.
- D. Remaining funds are transferred then to 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.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

6. Long-Term Debt (Continued)

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

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

The revenue bond resolutions require the RTAA to meet a rate maintenance covenant (see Note 8), whereby its annual revenues, after deducting operation and maintenance expenses and 35% of gaming concession revenues, must equal at least 125% of the revenue bond debt service requirement to be paid from such revenues. Agreements with airlines provide for this coverage and the rate maintenance covenant continues to be met for the years ended June 30, 2019.

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:

<u>Bond Year ending July 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2024-2026	6,395,000	355,163	6,750,163

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.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

6. Long-Term Debt (Continued)

The Airport System Revenue Master Bond Resolution adopted by the Authority's Board requires the Authority to restrict a certain amount of assets as discussed in Note 8. The Resolution also requires the Authority to comply with a debt service coverage financial covenant. At June 30, 2019, the Authority was in compliance with this financial covenant. Additionally, the bonds are subject to federal arbitrage regulations. As of June 30, 2019, there was no liability for arbitrage rebate. The Resolution also contains the following key provisions in case of an Event of default that has not been remedied: 1) the Bonds are not subject to acceleration as to the payment of principal or interest or other payment, 2) Trustee has the right to prioritize application of revenues and other moneys, and 3) Trustee has the right to appoint a receiver based upon filing of judicial proceeding.

7. Non-Current Liabilities

Other long-term liability activity for the year ended June 30, 2019 is summarized below:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Due Within One Year
Compensated absences	\$ 1,985,339	\$ 484,322	\$ (383,380)	\$ 2,086,281	\$ 1,041,134
Deposits	354,642	188,066	(140,752)	401,956	-
Reclamation liability	1,005,162	60,007	(192,345)	872,824	-
Total	<u>\$ 3,345,143</u>	<u>\$ 732,395</u>	<u>\$ (716,477)</u>	<u>\$ 3,361,061</u>	<u>\$ 1,041,134</u>

8. Rate Maintenance Covenant

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

Pledged revenues consist of the following at June 30, 2019:

	2019
Airport Systems Revenues:	
Airline Fees and Rentals:	
Landing fees	\$ 8,665,365
Terminal building space rental	6,025,282
Total Airline Fees and Rentals	<u>14,690,647</u>
Non-Airline Revenues:	
Other aircraft fees	1,054,116
Concession fees	13,086,886
Parking and ground transportation	12,817,675
Other rentals	8,052,872
Reimbursement for services	2,671,072
Other operating revenues	176,468
Non-operating revenues	<u>1,514,403</u>
	<u>39,373,492</u>
Gross pledged revenues	<u>\$ 54,064,139</u>

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

8. Rate Maintenance Covenant (Continued)

	2019
Airport system operation and maintenance expenses	\$ (42,552,009)
(Gain)/Loss on Sale of Capital Assets	(25,070)
Airline revenue sharing	4,214,000
Transfer Customer Facility Charge expenses	642,557
35% of gaming revenue	390,756)
Net Pledged Revenues	<u>\$ 15,952,861</u>
Debt Service Coverage Required	<u>\$ 2,248,900</u>
Debt Service Coverage Minimum Requirement is equal to 125% of Senior Lien Debt Service as calculated below:	
125% of Senior Lien Revenue Bond Debt Service	<u>\$ 2,811,125</u>
100% of Senior Lien Debt Service	<u>\$ 2,248,900</u>

9. Leases

Substantially all of the property owned by RTAA is subject to non-cancelable leases and concession agreements. The concession revenue shown in the accompanying Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2019 of \$13,086,886 results from concessions calculated as a percentage of the gross receipts, or attributable to specified minimum payments.

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

2020	24,336,510
2021	15,284,820
2022	14,641,078
2023	14,518,247
2024	5,553,459
2025-2029	<u>19,178,358</u>
Total	<u>\$ 93,512,472</u>

10. Pension Plan

A. Purpose and History

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 (NRS) establishes the benefit provisions provided to the participants of PERS. These plan provisions may only be amended through legislation.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

10. Pension Plan (Continued)

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

Pension plan fiduciary net position

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

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

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

<u>Contribution Rates</u>			
<u>Fiscal Year</u>	<u>Regular</u>	<u>Police/Fire</u>	<u>Total Contribution</u>
2018-2019	28.00%	40.50%	\$5,383,749
2017-2018	28.00%	40.50%	\$5,149,826

Benefits, as required by the NRS, 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 2.25% 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.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

10. Pension Plan (Continued)

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. Regular members who entered the System on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

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

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

D. Member Contributions

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

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

E. Termination

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

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

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

10. Pension Plan (Continued)

Based on a Schedule of Employer Allocations, Schedule of Pension Amounts by Employer and Related Notes provided by the PERS, RTAA reported the net pension liability, total deferred outflow of resources, deferred inflows of resources, and pension expense as of June 30, 2019.

RTAA's proportional share reflects the actuarial valuation date as of June 30, 2018 (PERS Actuarial Reports). Due to the difference between the valuation date of the PERS Actuarial Reports and payments made in advance of RTAA's reporting date, pension contributions are recognized as a deferred outflow of resources.

As of June 30, 2019, RTAA is reporting a liability of \$37,853,366 for its proportionate share of the net pension liability. This represents a decrease of \$293,792 as compared to \$38,129,158 reported as of June 30, 2018. RTAA's proportion of the net pension liability reflects RTAA's contributions to the pension plan relative to the contributions of all participating entities.

At June 30, 2019 RTAA's proportion share of the net pension liability, based on RTAA's contributions to the pension plan relative to the contribution of all participating entities, is 0.2774 percent of the total. This compares to the prior year proportion share of 0.2867 percent of the total.

For the year ended June 30, 2019, RTAA recognized pension expense of \$5,243,141.

Changes since measurement date

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

Deferred Outflows and Inflows of Resources

At June 30, 2019, RTAA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,185,276	\$ 1,756,211
Changes of assumptions	1,993,684	-
Net difference between projected and actual earnings on pension plan investments	-	180,133
Change in proportion and differences between RTAA contributions and proportionate share of contributions	645,876	1,275,021
RTAA contributions subsequent to the measurement date	2,573,729	-
Total	\$ 6,398,565	\$ 3,211,365

The deferred outflows of resources of \$2,573,729 relates to RTAA pension contributions made after the measurement date of June 30, 2018, but before the end of RTAA's reporting period of June 30, 2019 will be recognized as a reduction of the net pension liability in the subsequent fiscal year ended June 30, 2020.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

10. Pension Plan (Continued)

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 6.22 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:	
2020	766,665
2021	131,303
2022	(716,307)
2023	207,533
2024	217,555
2025	(146,565)
2026	153,287
Total	\$ 613,471

Assumptions

The net pension liability reported as of June 30, 2018 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	0.50%
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, 2018 funding actuarial valuation.

The following actuarial assumptions determined the mortality rates:

Pre-Retirement:	Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016.
Healthy:	Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for members at age 50 to the mortality rate at age 50 from the Employee mortality tables. The mortality rates are then projected to 2020 with Scale MP-2016.
Disabled:	Headcount-Weighted RP-2014 Disabled Retire Table set forward four years.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

10. Pension Plan (Continued)

The actuarial assumptions used in the PERS Actuarial Report as of the June 30, 2018 reflect the experience review issued October 16, 2017.

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 Stocks	42%	5.50%
International Stocks	18%	5.75%
U.S Bonds	30%	0.25%
Private Markets	10%	6.80%

*The PERS' long-term inflation assumption was 2.75%

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, 2018 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, 2018.

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

The following presents RTAA's net pension liability using the discount rate of 7.50%, as well as what 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	\$57,697,401	\$37,835,366	\$21,331,171

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

11. Capital Contributions

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

RTAA has received capital contributions as follows:

	Inception to Date	Year Ended 2019
Federal	\$ 462,239,806	\$ 14,003,965
State	306,536	3,501
Other Sources	28,542,297	50,259
Total	<u>\$ 491,088,639</u>	<u>\$ 14,057,725</u>

12. Commitments and Contingencies

RTAA has outstanding commitments for various construction projects. The following is a summary of the more significant of these commitments at June 30, 2019:

Airfield	\$ 2,354,767
Terminal	96,694
Reno-Stead Airport	38,888
Other	362,006
Total Outstanding Commitments	<u>\$ 2,852,355</u>

Financial resources for these projects will come from FAA grants, Passenger Facility Charge revenue, the General Purpose Fund, and Special Fund. In 2000, 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 remediation for any contamination found. Other parties to this Consent Decree are the City of Reno, U.S. Department of Defense by and through the U.S. Army Corps of Engineers and various Lear entities. These parties utilize an allocation for costs to address the contamination as follows: U.S. Army Corps of Engineers 51%, City of Reno 12%, Lear entities 18.5% and RTAA 18.5%.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

12. Commitments and Contingencies (Continued)

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 \$854,497 dollars for year ended 2019.

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 RTAA share.

The reclamation liability at June 30, 2019 is \$872,824.

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

13. Risk Management

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. RTAA also provides employees with health, dental, vision and prescription benefits. These benefits (except vision and dental which are self-funded) are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

14. Other Postemployment Benefits

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

As of June 30, 2019 there were no retirees participating in the RTAA Group Health Plan and the RTAA will no longer avail the plan to retirees. Due to immateriality and the closing of the plan to retirees, the RTAA opted to not have an actuarial valuation performed on the departing retiree.

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.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

14. Other Postemployment Benefits (Continued)

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

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

Plan Description and Eligibility

For employees who retired prior to September 1, 2008, 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 RTAA on or after September 1, 2008 are eligible to participate in this plan as a retiree at RTAA's expense.

Funding Policy

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 RTAA, and number of qualifying employers. The subsidies are determined by years of service and range from a minimum of \$16 to a maximum of \$876 per month for the year ended June 30, 2019. Subsidies for retiree premiums are paid directly to the State PEBP when due.

RTAA's obligation for subsidies is limited to payment of the statutorily required contribution. The current year contribution to PEBP was \$128,486 for 36 retirees, which equaled the required, contribution. As of June 30, 2019, the plan was funded on a "pay as you go" basis and no contribution was made to fund the actuarial determined liability.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs. Applied to all periods included in the measurement, unless otherwise specified:

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

14. Other Postemployment Benefits (Continued)

Actuarial Assumptions:

Valuation Date	June 30, 2018																								
Measurement Date	June 30, 2018																								
Funding Method	Entry Age Normal Cost, closed group, level percent of pay																								
Asset Valuation Method	Market value of assets (\$0; no OPEB trust has been established)																								
Discount Rate	3.53% as of June 30, 2017 3.89% as of June 30, 2018																								
Participants Valued	Only current PEBP Retirees																								
Salary Increase	Not applicable; no active employees in plan																								
General Inflation Rate	2.5% per year																								
Mortality	The basic mortality rates used are based on the published report of the Nevada Public Employees Retirement System, dated June 30, 2017. <u>Non-disabled life rates for Regular employees:</u> Males and Females: Headcount-Weighted RP-2014 Healthy Annuitant Table set forward 1 year <u>Disabled life rates for Regular & Safety employees:</u> Males and Females: Headcount-Weighted RP-2014 Disabled Retiree Table, set forward 4 years																								
Medicare Eligibility	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.																								
Participation Rate	All retirees currently covered by PEBP are assumed to retain their existing election until death.																								
Healthcare Trend	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>2018</td><td>Actual</td><td>Actual</td></tr><tr><td>2019</td><td>6.25%</td><td>4.50%</td></tr><tr><td>2020</td><td>6.00%</td><td>4.50%</td></tr><tr><td>2021</td><td>5.75%</td><td>4.50%</td></tr><tr><td>2023</td><td>5.25%</td><td>4.50%</td></tr><tr><td>2024</td><td>5.25%</td><td>4.50%</td></tr></table>	PEBP Subsidies			Effective July 1	Pre-Medicare Subsidy Increase	Medicare Subsidy Increase	2018	Actual	Actual	2019	6.25%	4.50%	2020	6.00%	4.50%	2021	5.75%	4.50%	2023	5.25%	4.50%	2024	5.25%	4.50%
PEBP Subsidies																									
Effective July 1	Pre-Medicare Subsidy Increase	Medicare Subsidy Increase																							
2018	Actual	Actual																							
2019	6.25%	4.50%																							
2020	6.00%	4.50%																							
2021	5.75%	4.50%																							
2023	5.25%	4.50%																							
2024	5.25%	4.50%																							
Discount Rate	The discount rate was changed from 3.53% on June 30, 2017 to 3.89% on June 30, 2018, based on the published change in return for the applicable municipal bond index.																								

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

14. Other Postemployment Benefits (Continued)

Assumption Changes Reflected During Current Measurement Period:

Mortality assumption - Mortality table assumptions were updated to be consistent with those used in the June 2017 Nevada PERS retirement plan valuation covering County employees.

Mortality improvement - Future rates of mortality were projected to improve on a generational basis using MacLeod Watts Scale 2018 rather than MacLeod Watts Scale 2014; this new scale generally results in slightly lower improvement (shorter retiree life expectancy).

Healthcare Trend – Increased the assumed healthcare trend by .25% per year for 2019 through 2023 applicable to the subsidy provided to pre-Medicare PEBP retirees.

SB 522 Impact – Reflected the transition in additional subsidy amounts shifted to employers for pre-Medicare retirees.

Changes in the Total OPEB Liability

The net OPEB liability of June 30, 2019 was calculated as follows:

	<u>RTAA</u>	<u>PEBP</u>	<u>Total OPEB Liability</u>
Balance at 6/30/2017	\$ 22,397	\$1,734,366	\$1,756,763
Service Cost	-	-	-
Interest	-	59,099	59,099
Changes of benefit terms	(22,397)	-	(22,397)
Differences between expected and actual experience	-	(42,484)	(42,484)
Changes of assumptions	-	18,135	18,135
Benefit payments	-	(120,364)	(120,364)
Net Changes	(22,397)	(85,614)	(108,011)
Balance at 6/30/2019	<u>\$ -</u>	<u>\$1,648,752</u>	<u>\$1,648,752</u>

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for the fiscal year end 2019 is 3.89%. Healthcare cost trend rate prior to eligibility for Medicare was assumed to start at 6.25% and grade down to 5% for years 2014 and thereafter; medical cost inflation for those covered by Medicare is 4.5% per year. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

14. Other Postemployment Benefits (Continued)

Change in Discount	Current – 1% 2.89%	Current 3.89%	Current +1% 4.89%
Total OPEB Liability	1,857,536	1,648,752	1,476,691
Increase (Decrease)	208,999		(172,061)
% Increase (Decrease)	12.7%		-10.4%
Net OPEB Liability (Asset)	1,857,751	1,648,752	1,476,691
Increase (Decrease)	208,999		(172,061)
% Increase (Decrease)	12.7%		-10.4%
Change in Healthcare Cost	Current Trend -1%	Current Trend	Current Trend +1%
Total OPEB Liability	1,483,417	1,648,752	1,845,185
Increase (Decrease)	(165,335)		196,433
% Increase (Decrease)	-10.0%		11.9%
Net OPEB Liability (Asset)	1,483,417	1,648,752	1,845,185
Increase (Decrease)	(165,335)		196,433
% Increase (Decrease)	-10.0%		11.9%

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
RTAA contributions subsequent to the measurement date	128,486	--

The deferred outflow of resources of \$128,486 relates to RTAA's OPEB contributions made after the measurement date of June 30, 2018, but before the end of RTAA's reporting period of June 30, 2019.

15. Post-Employment Health Plan – Defined Contribution Plan

Plan Description and Eligibility

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 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:

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

- A. Each July 1st, 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, 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 Contribution 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, 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, 2019, \$226,383 was contributed to the PEHP plan.

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

- A. Upon the plan's inception, RTAA contributed a one time lump sum payment in the amount of \$900 into the plan for each officer.
- B. Each pay period, \$31 of each member's salary will be put into their plan account.
- C. Once a member has accumulated eighty (80) hours of compensatory time, RTAA shall contribute 100% of that member's compensatory time in excess of eighty (80) hours into their plan account at 100% of their base pay.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

- D. 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, 2019 \$11,703 was contributed to the RTAA Police Officers Association plan. The plan for employees covered by the collective bargaining agreement with the Reno Airport Fire Fighters Association is funded under the following provisions:

- A. Effective October 1, 2017 – June 30, 2021, the employer will contribute \$92.31 each pay period (26 pay periods per year) into each employee's individual plan account.
- B. An amount equal to \$60.00 of each employee's salary per pay period (26 pay periods per year) shall be contributed into his/her plan account.
- C. If an employee has greater than 116 hours of compensatory time as of the last pay period of any fiscal year (prior to any roll-over of hours), the employer shall contribute 20 hours of that employee's compensatory time into their plan account at 100% of their base pay.
- D. If an employee has greater than 200 hours of vacation accrual as of the last pay period of any fiscal year, the employer shall contribute 20 hours of that employee's vacation accrual into their plan account at 100% of their base pay.
- E. If an employee has not used his/her floating holiday as of the last pay period of any fiscal year, the employer shall contribute that employee's floating holiday (12 hours) into their plan account at 100% of their base pay.
- F. If an employee with the indicated years of service has greater than 600 hours of sick accrual as of the last pay period of any fiscal year, the employer shall contribute 20 hours of that employee's sick accrual into their plan account at the indicated percentage of their base pay:

Years of Service	% of Base Pay
5 but less than 10	12.5%
10 but less than 20	25%
20 or more	50%

For the year ended June 30, 2019 \$49,298 was contributed to the Reno Airport Fire Fighters 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, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ -	\$ -
Interest Cost	59,099	53,980
Changes of Benefit Terms (a)	(22,397)	-
Differences between expected and actual experience	(42,484)	-
Assumption Changes	18,135	(129,137)
Benefit Payments	(120,364)	(124,223)
Net change in total OPEB liability	<u>(108,011)</u>	<u>(199,380)</u>
Total OPEB Liability-beginning	1,756,763	1,956,143
Total OPEB Liability-ending	<u>\$ 1,648,752</u>	<u>\$ 1,756,763</u>

RTAA's Covered Payroll (b)	\$0	\$0
----------------------------	-----	-----

(a) The RTAA Group Health Plan no longer has retirees.

(b) The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

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

RENO-TAHOE AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE RTAA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEARS ENDED JUNE 30, 2015 - 2019 ^(a)

	<u>2015</u> ^(b)	<u>2016</u> ^(b)	<u>2017</u> ^(b)	<u>2018</u> ^(b)	<u>2019</u> ^(b)
RTAA's proportion of the net pension liability	0.2800%	0.2846%	0.2810%	0.2867%	0.2774%
RTAA's proportionate share of the net pension liability	\$29,388,235	\$32,609,501	\$37,811,756	\$38,129,158	\$37,835,366
RTAA's covered payroll	\$15,137,166	\$15,511,214	\$15,831,440	\$17,041,362	\$17,204,432
RTAA's proportion of the net pension liability as a percentage of its covered payroll	194.15%	210.23%	238.84%	223.74%	219.92%
Plan fiduciary net position as a percentage of the total pension liability	76.3%	75.1%	72.2%	74.4%	75.2%

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

(b) Actuarial Studies used to calculate total and RTAA net pension liability are completed as of June 30th in the previous fiscal year. Covered payroll also reflects the previous year to match the liability.

RENO-TAHOE AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION PLAN
CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2015 - 2019

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Statutorily required contribution	\$ 4,392,386	\$ 4,742,955	\$ 5,146,592	\$ 5,149,826	\$ 5,147,458
Contributions in relation to the statutorily required contribution	<u>4,392,386</u>	<u>4,742,955</u>	<u>5,146,592</u>	<u>5,149,826</u>	<u>5,147,458</u>
Annual contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Percent funded	100%	100%	100%	100%	100%
Authority's covered payroll	\$ 15,511,214	\$ 15,831,440	\$ 17,041,362	\$ 17,204,432	\$ 17,709,373
Contributions as a percentage of covered payroll	28.32%	29.96%	30.20%	29.93%	29.07%

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, 2019

Bond Year Ended July 1	Airport Revenue Refunding Bond Series 2015		Total
	Principal	Interest	
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
	<u>\$ 15,960,000</u>	<u>\$ 2,038,025</u>	<u>\$ 17,998,025</u>

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES
COMPARISON OF BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance To Final Budget
Operating revenues:				
Landing fees	\$ 9,924,121	\$ 9,924,121	\$ 9,719,482	\$ (204,639)
Concession revenue	12,980,000	12,980,000	13,086,886	106,886
Parking and ground transportation	12,182,500	12,182,500	12,817,675	635,175
Rentals	15,667,900	15,667,900	14,078,153	(1,589,747)
Reimbursements for services	2,625,264	2,625,264	2,671,073	45,809
Other revenue	55,400	55,400	176,468	121,068
Total Operating Revenues	53,435,185	53,435,185	52,549,737	(885,448)
Operating expenses:				
Employee wages and benefits	30,478,815	30,478,815	29,334,325	1,144,490
Utilities and communications	2,582,230	2,582,230	2,772,620	(190,390)
Purchase of services	5,865,023	5,865,023	5,521,530	343,493
Materials and supplies	2,121,373	2,121,373	2,045,295	76,078
Administrative expenses	3,096,788	3,096,788	2,646,734	450,054
Total Operating Expenses before Depreciation and Amortization	44,144,229	44,144,229	42,320,503	1,823,726
Depreciation and amortization	35,000,000	35,000,000	27,801,203	7,198,797
Total Operating Expenses	79,144,229	79,144,229	70,121,706	9,022,523
Operating Income (Loss)	(25,709,044)	(25,709,044)	(17,571,969)	8,137,075
Non-operating revenues (expenses):				
Interest income	784,800	784,800	2,168,829	1,384,029
Passenger facility charge revenue	7,889,900	7,889,900	8,443,673	553,773
Customer facility charge revenue	4,422,200	4,422,200	4,613,478	191,278
Jet fuel tax revenue	322,800	322,800	306,035	(16,765)
Gain (loss) on sale of capital assets	-	-	25,070	25,070
Non-operating expenses	-	-	-	-
Interest expense	(438,900)	(438,900)	(438,892)	8
Total Non-Operating Revenues (Expenses)	12,980,800	12,980,800	15,118,193	2,137,393
Income (Loss) Before Capital Contributions	\$(12,728,244)	\$ (12,728,244)	\$ (2,453,776)	\$ 10,274,468

Statistical Section

wemoveyou



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, 2010 - 2019
(unaudited)

	2010	2011	2012	2013	2014
Operating revenues					
Landing fees	\$9,157,170	\$6,134,543	\$7,793,050	\$7,380,804	\$7,440,496
Concession revenue	14,400,176	11,727,995	10,649,435	10,478,433	10,301,098
Parking and ground transportation	8,738,391	8,927,778	8,742,195	8,914,030	8,983,926
Rentals	10,378,966	12,235,790	12,499,901	11,967,776	13,282,322
Reimbursements for services	1,838,355	2,368,283	2,407,854	2,579,738	2,632,002
Other revenue	18,300	42,411	68,099	92,093	34,596
Total operating revenues	44,531,358	41,436,800	42,160,534	41,412,874	42,674,440
Nonoperating revenues					
Interest income	347,571	286,887	210,110	67,781	289,281
Passenger facility charge revenue	7,737,810	7,346,775	6,806,898	6,453,403	6,601,269
Customer facility charge revenue	-	-	-	1,088,981	1,263,517
Jet fuel tax income	304,912	319,073	304,048	276,338	264,586
Gain on sale of capital assets	9,641	3,226	8,014	32,003	5,631
Total nonoperating revenues	8,399,934	7,955,961	7,399,707	7,918,506	8,424,284
Total revenues	52,931,292	49,392,761	49,560,241	49,331,380	51,098,724
Operating expense					
Employee wages and benefits	21,148,848	22,421,307	23,094,222	23,255,693	24,301,598
Utilities and communications	3,234,216	2,934,201	2,626,376	2,559,355	2,774,328
Purchase of services	3,218,502	4,176,135	4,019,245	4,588,047	4,770,478
Materials and supplies	1,611,574	1,855,013	1,871,019	1,850,565	1,749,084
Administrative expenses	1,922,140	2,028,418	2,234,156	2,273,581	2,563,199
	31,135,280	33,415,074	33,845,018	34,527,241	36,158,687
Depreciation and amortization	23,624,026	23,521,743	30,253,602	33,189,676	35,816,772
Total operating expenses	54,759,306	56,936,817	64,098,620	67,716,917	71,975,459
Nonoperating expenses					
Loss on debt defeasance	207,881	-	-	-	-
Reclamation expenses	-	-	474,912	-	-
Non-operating expense	-	-	-	-	-
Interest expense	2,146,371	1,542,358	1,315,921	1,460,898	1,545,697
Total nonoperating expenses	2,354,252	1,542,358	1,790,833	1,460,898	1,545,697
Total expenses	57,113,558	58,479,175	65,889,453	69,177,815	73,521,156
Capital contributions	24,330,343	35,581,288	10,298,935	14,651,900	12,210,737
Change in Net Position	\$20,148,077	\$26,494,874	(\$6,030,277)	(\$5,194,535)	(\$10,211,695)
Net Position at Year-End					
Net Investment in capital assets	\$381,032,297	\$413,692,789	\$415,582,335	\$412,444,732	\$395,050,506
Restricted	21,539,564	24,195,980	19,148,691	14,720,733	22,897,188
Unrestricted	47,749,668	38,927,634	36,055,100	38,426,126	37,432,202
Total Net Position	\$450,321,529	\$476,816,403	\$470,786,126	\$465,591,591	\$455,379,896

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

RENO-TAHOE AIRPORT AUTHORITY
NET POSITION AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2010 - 2019
(unaudited)

	2015	2016	2017	2018	2019
Operating revenues					
Landing fees	\$7,916,995	\$8,071,097	\$8,285,922	\$9,397,172	\$9,719,482
Concession revenue	10,344,733	10,861,366	11,798,086	12,802,725	13,086,886
Parking and ground transportation	9,515,946	10,519,785	11,316,885	12,009,701	12,817,675
Rentals	13,456,901	13,599,106	13,688,849	13,838,446	14,078,153
Reimbursements for services	2,647,105	2,419,689	2,531,223	2,416,793	2,671,073
Other revenue	106,844	42,873	168,024	190,432	176,468
Total operating revenues	43,988,524	45,513,916	47,788,989	50,655,269	52,549,737
Nonoperating revenues					
Interest income	286,481	694,721	305,497	461,370	2,168,829
Passenger facility charge revenue	6,332,093	6,740,165	7,480,732	7,587,771	8,443,673
Customer facility charge revenue	1,252,480	1,385,061	1,481,004	1,692,038	4,613,478
Jet fuel tax income	246,059	268,287	298,124	310,500	306,035
Gain on sale of capital assets	29,533	105,471	13,298	169,208	25,070
Total nonoperating revenues	8,146,646	9,193,705	9,578,655	10,220,887	15,557,085
Total revenues	52,135,170	54,707,621	57,367,644	60,876,156	68,106,822
Operating expense					
Employee wages and benefits	24,638,525	25,007,616	26,672,375	31,878,959	29,334,325
Utilities and communications	2,757,835	2,540,504	2,337,577	2,709,495	2,772,620
Purchase of services	4,763,544	4,803,679	4,595,802	4,866,467	5,521,530
Materials and supplies	1,582,278	1,821,369	1,753,352	2,050,694	2,045,295
Administrative expenses	2,113,887	2,443,771	2,579,040	2,224,655	2,646,733
	35,856,069	36,616,939	37,938,146	43,730,270	42,320,503
Depreciation and amortization	34,958,476	34,613,731	34,462,715	31,094,092	27,801,203
Total operating expenses	70,814,545	71,230,670	72,400,861	74,824,362	70,121,706
Nonoperating expenses					
Loss on debt defeasance	-	-	-	-	-
Reclamation expenses	-	-	-	-	-
Non-operating expense	-	140,952	7,814	-	-
Interest expense	1,376,012	1,284,053	616,855	487,308	438,892
Total nonoperating expenses	1,376,012	1,425,005	624,669	487,308	438,892
Total expenses	72,190,557	72,655,675	73,025,530	75,311,670	70,560,598
Capital contributions	4,867,414	10,010,497	2,517,123	9,200,524	14,057,725
Change in Net Position	(\$15,187,973)	(\$7,937,557)	(\$13,140,763)	(\$5,234,990)	\$11,603,949
Net Position at Year-End					
Net Investment in capital assets	\$382,231,061	\$367,749,013	\$345,904,676	\$334,863,315	\$336,079,326
Restricted	22,459,489	20,371,555	23,692,496	26,448,099	32,997,130
Unrestricted	2,670,101	11,302,526	16,685,159	18,238,659	22,077,566
Total Net Position	\$407,360,651	\$399,423,094	\$386,282,331	\$379,550,073	\$391,154,022

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2010 - 2019
(unaudited)

	2010	2011	2012	2013	2014
Operating Revenues	\$44,531,358	\$41,436,800	\$42,160,534	\$41,412,874	\$42,674,440
Operating Expenses	(31,135,280)	(33,415,074)	(33,845,018)	(34,527,241)	(36,158,687)
Operating Income before Depreciation and Amortization	13,396,078	8,021,726	8,315,516	6,885,633	6,515,753
Depreciation and Amortization	(23,624,026)	(23,521,743)	(30,253,602)	(33,189,676)	(35,816,772)
Operating Income (Loss)	(10,227,948)	(15,500,017)	(21,938,086)	(26,304,043)	(29,301,019)
Nonoperating Revenues and (Expenses):					
Interest Income	347,571	286,887	210,110	67,781	289,281
PFC Revenue	7,737,810	7,346,775	6,806,898	6,453,403	6,601,269
CFC Revenue	-	-	-	1,088,981	1,263,517
Jet Fuel Tax Revenue	304,912	319,073	304,048	276,338	264,586
Interest Expense	(2,146,371)	(1,542,358)	(1,315,921)	(1,460,898)	(1,545,697)
Gain (Loss) on Sale of Capital Assets	9,641	3,226	8,014	32,003	5,631
Non-operating expenses	-	-	-	-	-
Gain (Loss) on Sale of Easements	-	-	70,637	-	-
Reclamation Expenses	-	-	(474,912)	-	-
Gain (Loss) on Debt Defeasance	(207,881)	-	-	-	-
	6,045,682	6,413,603	5,608,874	6,457,608	6,878,587
Income (Loss) Before Capital Contributions	(\$4,182,266)	(\$9,086,414)	(\$16,329,212)	(\$19,846,435)	(\$22,422,432)

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

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2010 - 2019
(unaudited)

	2015	2016	2017	2018	2019
Operating Revenues	\$43,988,524	\$45,513,916	\$47,788,989	\$50,655,269	\$52,549,737
Operating Expenses	(35,856,069)	(36,616,939)	(37,938,146)	(43,730,270)	(42,320,503)
Operating Income before Depreciation and Amortization	8,132,455	8,896,977	9,850,843	6,924,999	10,229,234
Depreciation and Amortization	(34,958,476)	(34,613,731)	(34,462,715)	(31,094,092)	(27,801,203)
Operating Income (Loss)	(26,826,021)	(25,716,754)	(24,611,872)	(24,169,093)	(17,571,969)
Nonoperating Revenues and (Expenses):					
Interest Income	286,481	694,721	305,497	461,370	2,168,829
PFC Revenue	6,332,093	6,740,165	7,480,732	7,587,771	8,443,673
CFC Revenue	1,252,480	1,385,061	1,481,004	1,692,038	4,613,478
Jet Fuel Tax Revenue	246,059	268,287	298,124	310,500	306,035
Interest Expense	(1,376,012)	(1,284,053)	(616,855)	(487,308)	(438,892)
Gain (Loss) on Sale of Capital Assets	29,533	105,471	13,298	169,208	25,070
Non-operating expenses	-	(140,952)	(7,814)	-	-
Gain (Loss) on Sale of Easements	-	-	-	-	-
Reclamation Expenses	-	-	-	-	-
Gain (Loss) on Debt Defeasance	-	-	-	-	-
	6,770,634	7,768,700	8,953,986	9,733,579	15,118,193
Income (Loss) Before Capital Contributions	(\$20,055,387)	(\$17,948,054)	(\$15,657,886)	(\$14,435,514)	(\$2,453,776)

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

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL REVENUE PAYERS
FOR THE YEARS ENDED JUNE 30, 2010-2019
(unaudited)

	2010	2011	2012	2013	2014
<u>Airlines - Landing Fees Only</u>					
Alaska/Horizon	\$ 464,362	\$ 234,561	\$ 19,049	\$ 290,576	\$ 341,556
American Airlines	567,034	418,736	499,548	533,388	592,839
Delta	388,775	297,922	522,361	416,790	406,794
Fed Ex	588,786	420,983	578,381	585,585	782,244
Jet Blue	-	-	-	-	-
Sky West	520,360	12,477	-	-	-
Southwest	4,614,487	2,637,384	3,442,903	3,068,489	2,751,016
United	710,570	599,606	667,687	613,229	657,735
UPS	417,670	243,003	354,818	440,067	451,188
US Airways	627,073	399,961	472,953	475,990	542,374
Total:	\$ 8,899,117	\$ 5,264,633	\$ 6,557,700	\$ 6,424,114	\$ 6,525,746
<u>Rental Cars - Concession Leases Only</u>					
Advantage	\$ 175,662	\$ 197,109	\$ 205,928	\$ 252,957	\$ 229,167
Avis/Budget	1,254,954	1,406,645	1,462,576	1,518,405	1,493,707
Alamo/ National	930,385	1,039,715	986,217	923,862	1,026,907
Dollar/Thrifty	822,933	845,807	830,192	881,351	840,070
Enterprise	786,176	996,820	950,649	929,817	879,344
Payless	-	-	-	-	20,833
Hertz	1,447,168	1,512,460	1,393,391	1,455,966	1,421,777
Total:	\$ 5,417,278	\$ 5,998,556	\$ 5,828,953	\$ 5,962,358	\$ 5,911,805
<u>Other Concession Leases</u>					
IGT	\$ 2,234,661	\$ 2,256,664	\$ 1,790,472	\$ 1,697,814	\$ 1,322,752
Paradise Gift Shops	916,445	923,381	714,600	705,250	901,000
SSP America, Inc.	783,755	871,916	823,646	835,653	929,240
Younger Agency Advertising	828,219	845,357	825,559	757,754	670,850
Clear Channel	-	-	-	-	-
Forever Heather	-	26,851	44,686	41,865	65,531
Total:	\$ 4,763,080	\$ 4,924,169	\$ 4,198,963	\$ 4,038,336	\$ 3,889,373
Parking and Ground Transportation	\$ 8,738,391	\$ 8,927,778	\$ 8,742,195	\$ 8,914,030	\$ 8,983,926
Total:	\$ 27,817,866	\$ 25,115,136	\$ 25,327,811	\$ 25,338,838	\$ 25,310,850

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

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL REVENUE PAYERS
FOR THE YEARS ENDED JUNE 30, 2010-2019
(unaudited)

	2015	2016	2017	2018	2019
<u>Airlines - Landing Fees Only</u>					
Alaska/Horizon	\$ 580,120	\$ 623,357	\$ 642,969	\$ 638,296	\$ 745,193
American Airlines	715,170	1,308,569	1,125,206	1,253,063	1,313,727
Delta	455,739	426,813	433,298	507,079	566,983
Fed Ex	888,324	968,838	932,842	716,310	878,731
Jet Blue	11,198	13,515	238,725	281,464	281,296
Sky West	-	-	-	-	-
Southwest	2,642,052	2,576,418	2,699,800	3,188,270	3,305,577
United	720,757	724,254	701,646	919,786	1,111,373
UPS	518,289	660,717	654,977	707,324	903,450
US Airways	608,778	-	-	-	-
Total:	\$ 7,140,427	\$ 7,302,481	\$ 7,429,463	\$ 8,211,592	\$ 9,106,330
<u>Rental Cars - Concession Leases Only</u>					
Advantage	\$ -	\$ -	\$ -	\$ -	\$ -
Avis/Budget	1,482,869	1,620,958	1,777,825	1,993,895	2,061,629
Alamo/ National	1,269,575	1,411,955	1,554,676	1,720,779	1,840,898
Dollar/Thrifty	805,775	757,453	750,745	920,885	1,038,332
Enterprise	806,729	978,067	1,183,386	1,360,048	1,448,153
Payless	320,499	314,189	317,940	286,503	340,580
Hertz	1,375,025	1,506,355	1,606,381	1,781,205	1,859,856
Total:	\$ 6,060,472	\$ 6,588,977	\$ 7,190,953	\$ 8,063,315	\$ 8,589,448
<u>Other Concession Leases</u>					
IGT	\$ 1,266,307	\$ 1,071,402	\$ 974,166	\$ 1,102,412	\$ 1,149,390
Paradise Gift Shops	901,000	944,071	1,016,968	1,014,199	1,138,086
SSP America, Inc.	887,963	992,984	1,221,761	1,484,628	1,527,992
Younger Agency Advertising	-	-	-	-	-
Clear Channel	640,403	564,210	663,436	699,857	768,828
Forever Heather	43,819	34,855	29,462	35,958	-
Total:	\$ 3,739,492	\$ 3,607,522	\$ 3,905,792	\$ 4,337,054	\$ 4,584,296
Parking and Ground Transportation	\$ 9,515,946	\$ 10,519,785	\$ 11,316,885	\$ 12,009,701	\$ 12,817,675
Total:	\$ 26,456,337	\$ 28,018,765	\$ 29,843,093	\$ 32,621,662	\$ 35,097,749

RENO-TAHOE AIRPORT AUTHORITY
 PRINCIPAL OPERATING REVENUE SOURCES
 FOR THE YEARS ENDED JUNE 30, 2010-2019
 (unaudited)

	2010	2011	2012	2013	2014
Landing fees	\$ 9,157,170	\$ 6,134,543	\$ 7,793,050	\$ 7,380,804	\$ 7,440,496
Concession revenue	14,400,176	11,727,995	10,649,435	10,478,433	10,301,098
Parking and ground transportation	8,738,391	8,927,778	8,742,195	8,914,030	8,983,926
Rentals	10,378,966	12,235,790	12,499,901	11,967,776	13,282,322
Reimbursement for Services	1,838,355	2,368,283	2,407,854	2,579,738	2,632,003
Total Operating Revenue	44,513,058	41,394,389	42,092,435	41,320,781	42,639,845
Interest Income	347,571	286,887	210,110	67,781	289,281
Total	\$ 44,860,629	\$ 41,681,276	\$ 42,302,545	\$ 41,388,562	\$ 42,929,126

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, 2010-2019
 (unaudited)

	2015	2016	2017	2018	2019
Landing fees	\$ 7,916,995	\$ 8,071,097	\$ 8,285,922	\$ 9,397,172	\$ 9,719,482
Concession revenue	10,344,733	10,861,366	11,798,086	12,802,725	13,086,886
Parking and ground transportation	9,515,946	10,519,785	11,316,885	12,009,701	12,817,675
Rentals	13,456,901	13,599,106	13,688,849	13,838,446	14,078,153
Reimbursement for Services	2,647,105	2,419,689	2,531,223	2,416,793	2,671,073
Total Operating Revenue	43,881,680	45,471,043	47,620,965	50,464,837	52,373,269
Interest Income	286,481	694,721	305,497	461,370	2,168,829
Total	\$ 44,168,161	\$ 46,165,764	\$ 47,926,462	\$ 50,926,207	\$ 54,542,098

RENO-TAHOE AIRPORT AUTHORITY
REVENUE RATES AND COST PER ENPLANEMENTS
FOR THE YEARS ENDED JUNE 30, 2010-2019
(unaudited)

Year	Landing Fee (a)		RON (Ramp Over Night) (a)		Terminal Rental Rate Average	Cost per Enplanements
	Signatory	Non-Signatory	Signatory	Non-Signatory		
2019	\$ 3.14	\$ 3.14	\$ 77.00	\$ 77.00	\$ 38.49	\$ 5.57
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 (b)	60.00 (b)	49.43	7.21
2014	2.80	2.78	55.00	55.00	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

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

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

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

Notes: The RTAA and certain airlines negotiated an Airline Use and Lease Agreement effective July 1, 1996 which remained in effect through June 20, 2010. Starting on July 1, 2010, the 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, 2010-2019
(unaudited)

YEAR	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Gross Pledged Revenues ⁽¹⁾	\$ 54,064,139	\$ 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
Transfers- LOI Bond	-	-	-	-	-	-	-	-	-	650,117
Transfers- CFC Expenses	642,557	-	-	-	-	-	-	-	-	-
G/L on Sale of Assets	(25,070)	(169,208)	(13,298)	(105,471)	(29,533)	(5,631)	-	-	-	-
Airline Revenue Sharing	4,214,000	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
35% Gaming Revenue	(390,756)	(374,379)	(341,751)	(374,991)	(443,208)	(462,963)	(550,386)	(626,665)	(789,832)	(780,474)
Direct Operating Expense ⁽²⁾	(42,552,009)	(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)
Net Pledged Revenue (Available for Debt and Obligation Payments)	\$ 15,952,861	\$ 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
Debt Service (Senior Lien Debt Service)	2,248,900	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
Debt Service Coverage Ratio - Senior Lien Debt Service	7.09	7.63	6.61	5.16	4.34	3.56	3.78	4.06	1.66	1.36
Net Pledged Revenue (Available for Subordinate Notes)	\$ 13,703,961	\$ 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)	13,703,961	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.

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2010 - 2019
(unaudited)

	2010	2011	2012	2013	2014
Operating Revenues	\$44,531,358	\$41,436,800	\$42,160,534	\$42,863,935	\$44,208,178
Trust Fund Investment Interest Income	555,172	\$584,802	608,334	162,830	163,649
Gross Pledged Revenues	45,086,530	42,021,602	42,768,868	43,026,765	44,371,827
Transfers - General Purpose Fund for LOI Bond Debt Service	650,117	-	-	-	-
Transfers- Customer Facility Charges for Operating Expenses	-	-	-	-	-
Operating Expenses	(31,135,280)	(33,415,074)	(33,845,018)	(34,527,241)	(36,158,687)
G/L on Sale of Capital Assets	-	-	-	-	(5,631)
Airline Revenue Share Prior Year	1,516,737	3,594,787	1,926,162	1,587,800	1,213,722
35% of Gaming Revenues	(780,474)	(789,832)	(626,665)	(550,386)	(462,963)
Net Pledged Revenues - Senior Lien Bonds	\$15,337,630	\$11,411,483	\$10,223,347	\$9,536,938	\$8,958,268
125% of Senior Lien Revenue Bond Debt Service	\$14,085,906	\$8,617,063	\$3,151,438	\$3,154,875	\$3,145,625
Senior Lien Debt Service	\$11,268,725	\$6,893,650	\$2,521,150	\$2,523,900	\$2,516,500
Net Pledged Revenues - Subordinate Lien Notes	\$4,068,905	\$4,517,833	\$7,702,197	\$7,016,041	\$6,441,768
Pledged Passenger Facility Charges	-	-	1,383,833	1,491,202	2,079,176
Pledged Revenues - Subordinate Lien Notes	\$4,068,905	\$4,517,833	\$9,086,030	\$8,507,243	\$8,520,944
110% of Subordinate Lien Debt Service	\$ -	\$ -	\$3,060,063	\$3,055,345	\$4,559,531
Subordinate Lien Debt Service	\$ -	\$ -	\$2,781,875	\$2,777,586	\$4,145,028
Rate Maintenance Minimum Revenues	\$14,085,906	\$8,617,063	\$6,211,501	\$6,210,220	\$7,705,156

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2010 - 2019
(unaudited)

	2015	2016	2017	2018	2019
Operating Revenues	\$45,512,494	\$47,294,719	\$49,616,816	\$52,809,309	\$52,880,841
Trust Fund Investment Interest Income	253,601	367,167	531,978	835,781	1,183,298
Gross Pledged Revenues	45,766,095	47,661,886	50,148,794	53,645,090	54,064,139
Transfers - General Purpose Fund for LOI Bond Debt Service	-	-	-	-	-
Transfers- Customer Facility Charges for Operating Expenses	-	-	-	-	642,557
Operating Expenses	(35,856,069)	(37,603,816)	(38,112,913)	(40,306,317)	(42,552,009)
G/L on Sale of Capital Assets	(29,533)	(105,471)	(13,298)	(169,208)	(25,070)
Airline Revenue Share Prior Year	1,494,648	2,347,074	3,176,955	4,352,412	4,214,000
35% of Gaming Revenues	(443,208)	(374,991)	(341,751)	(374,379)	(390,756)
Net Pledged Revenues - Senior Lien Bonds	\$10,931,933	\$11,924,682	\$14,857,787	\$17,147,598	\$15,952,861
125% of Senior Lien Revenue Bond Debt Service	\$3,151,625	\$2,887,856	\$2,811,829	\$2,809,125	\$2,811,125
Senior Lien Debt Service	\$2,521,300	\$2,310,285	\$2,249,463	\$2,247,300	\$2,248,900
Net Pledged Revenues - Subordinate Lien Notes	\$8,410,633	\$9,614,397	\$12,608,324	\$14,900,298	\$13,703,961
Pledged Passenger Facility Charges	1,808,804	1,813,919	1,812,790	-	-
Pledged Revenues - Subordinate Lien Notes	\$10,219,437	\$11,428,316	\$14,421,114	\$14,900,298	\$13,703,961
110% of Subordinate Lien Debt Service	\$3,448,437	\$3,454,061	\$3,453,332	\$ -	\$ -
Subordinate Lien Debt Service	\$3,134,943	\$3,140,055	\$3,139,393	\$ -	\$ -
Rate Maintenance Minimum Revenues	\$6,600,062	\$6,341,917	\$6,265,161	\$2,809,125	\$2,811,125

RENO-TAHOE AIRPORT AUTHORITY
RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE
FOR THE YEARS ENDED JUNE 30, 2010 - 2019
(unaudited)

	2010	2011	2012	2013	2014
Outstanding Debt					
Revenue bonds	\$40,700,000	\$31,620,000	\$26,270,000	\$25,025,000	\$23,715,000
Unamortized premium	1,327,738	1,118,564	1,043,993	969,422	894,851
Notes payable	-	15,000,000	15,000,000	18,015,000	15,615,000
Total outstanding debt	<u>\$42,027,738</u>	<u>\$47,738,564</u>	<u>\$42,313,993</u>	<u>\$42,522,998</u>	<u>\$40,224,851</u>
Enplaned Passengers	1,886,677	1,901,850	1,780,812	1,756,471	1,658,187
Outstanding debt per enplaned passenger	<u>\$22</u>	<u>\$25</u>	<u>\$24</u>	<u>\$24</u>	<u>\$24</u>
Debt Service					
Principal	\$8,180,000	\$9,080,000	\$5,350,000	\$3,710,000	\$5,125,000
Interest	2,588,625	2,188,725	1,543,650	1,591,486	1,541,528
Total debt service	<u>\$10,768,625</u>	<u>\$11,268,725</u>	<u>\$6,893,650</u>	<u>\$5,301,486</u>	<u>\$6,666,528</u>
Total Expenses	56,905,677	58,479,175	65,889,453	69,177,815	73,521,156
Ratio of debt service to total expenses	<u>18.92%</u>	<u>19.27%</u>	<u>10.46%</u>	<u>7.66%</u>	<u>9.07%</u>

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, 2010 - 2019
(unaudited)

	2015	2016	2017	2018	2019
Outstanding Debt					
Revenue bonds	\$22,360,000	\$20,690,000	\$19,435,000	\$17,720,000	\$15,960,000
Unamortized premium	820,280	-	-	-	-
Notes payable	8,937,000	6,037,000	3,057,000	-	-
Total outstanding debt	<u>\$32,117,280</u>	<u>\$26,727,000</u>	<u>\$22,492,000</u>	<u>\$17,720,000</u>	<u>\$15,960,000</u>
Enplaned Passengers	1,656,293	1,778,611	1,909,187	2,064,968	2,363,085
Outstanding debt per enplaned passenger	<u>\$19</u>	<u>\$15</u>	<u>\$12</u>	<u>\$8.581</u>	<u>\$6.754</u>
Debt Service					
Principal	\$4,320,000	\$4,235,000	\$4,772,000	\$1,760,000	\$1,810,000
Interest	1,336,243	588,367	616,855	487,308	438,900
Total debt service	<u>\$5,656,243</u>	<u>\$4,823,367</u>	<u>\$5,388,855</u>	<u>\$2,247,308</u>	<u>\$2,248,900</u>
Total Expenses	72,190,557	72,514,723	73,017,716	75,311,669	70,560,599
Ratio of debt service to total expenses	<u>7.84%</u>	<u>6.65%</u>	<u>7.38%</u>	<u>2.98%</u>	<u>3.19%</u>

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 2009-2018
(unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Nevada										
<u>County</u>										
Churchill	24,897	24,877	24,637	24,375	24,063	23,989	24,200	24,198	24,230	24,440
Douglas	45,464	46,997	46,886	46,996	47,118	47,536	47,710	48,020	48,309	48,467
Humboldt	18,260	16,528	16,735	17,048	17,363	17,279	17,019	16,842	16,826	16,786
Lyon	52,641	51,980	51,871	51,327	51,557	51,789	52,585	53,179	54,122	55,808
Pershing	6,286	6,753	6,734	6,749	6,877	6,698	6,634	6,560	6,508	6,666
Storey	4,441	4,010	3,896	3,935	3,942	3,912	3,987	4,051	4,006	4,029
Washoe	414,820	421,407	425,710	429,908	433,731	440,078	446,903	453,616	460,587	465,735
Carson City	55,176	55,274	55,439	54,838	54,080	54,522	54,521	54,742	54,745	55,414
Subtotal	621,985	627,826	631,908	635,176	638,731	645,803	653,559	661,208	669,333	677,345
California										
<u>County</u>										
Alpine	1,041	1,175	1,102	1,129	1,159	1,116	1,110	1,071	1,120	1,101
El Dorado	178,447	181,058	180,938	180,561	181,737	183,087	184,452	185,625	188,987	190,678
Lassen	34,473	34,895	34,200	33,658	32,163	31,749	31,345	30,870	31,163	30,802
Mono	12,927	14,202	14,309	14,348	14,074	13,997	13,909	13,981	14,168	14,250
Nevada	97,751	98,764	98,612	98,292	98,200	98,893	98,877	99,107	99,814	99,696
Placer	348,552	348,432	357,138	361,682	367,309	371,694	375,391	380,531	386,166	393,149
Plumas	20,122	20,007	19,765	19,399	18,859	18,606	18,409	18,627	18,742	18,804
Sierra	3,174	3,240	3,113	3,086	3,047	3,003	2,967	2,947	2,999	2,987
Subtotal	696,487	701,773	709,177	712,155	716,548	722,145	726,460	732,759	743,159	751,467
Total	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	1,428,812
Percentage increase	1.12%	0.84%	0.86%	0.47%	0.59%	0.93%	0.88%	1.01%	1.33%	1.16%
Unemployment rate										
Washoe County	11.1%	12.9%	12.6%	11.0%	9.4%	7.6%	6.3%	5.0%	3.5%	2.3%

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

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

Note: 2019 Data not available

RENO-TAHOE AIRPORT AUTHORITY
 PRINCIPAL EMPLOYERS WITHIN AIR TRADE AREA
 FOR THE CALENDAR YEARS ENDED 2018 AND 2009
 (unaudited)

Employer	Calendar year 2018		Calendar year 2009	
	Rank	Employees	Rank	Employees
Washoe County School District	1	8,500-8,999	1	8,500-8,999
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	2,500-2,999
Grand Sierra Resort & Casino	5	2,000-2,499	-	-
Peppermill Hotel Casino-Reno	6	2,000-2,499	6	2,000-2,499
Atlantis Casino Resort	7	1,500-1,999	10	1,500-1,999
International Game Technology	8	1,500-1,999	4	2,500-2,999
Saint Mary's Regional Medical Center	9	1500-1999	9	1,500-1,999
Silver Legacy Resort Casino	10	1,500-1,999	7	1,500-1,999
City of Reno	-	1,000-1,499	8	1,500-1,999

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

www.nevadaworkforce.com/top-employers

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

Book of Lists Northern Nevada Business Weekly

2019

RENO-TAHOE AIRPORT AUTHORITY
EMPLOYEES
FOR THE YEARS ENDED JUNE 30, 2010-2019
(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
2019	9.0	55.0	67.5	44.0	16.0	20.0	75.0	277.5
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

* 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, 2010 - 2019
 (unaudited)

Year	Enplanements	Airport Growth	Landed Weights	Airport Growth	Air Carrier Operations	Airport Growth
2019	2,149,759	4.1%	3,039,273	6.3%	47,970	-0.7%
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	-22.3%	2,762,670	-26.1%	43,140	-27.1%

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2010-2019
(unaudited)

Scheduled Airline	2010			2011			2012			2013		
	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	141,403	7%	-20%	118,207	6%	-16%	78,491	4%	-34%	113,819	6%	45%
Allegiant Air	13,948	1%	-61%	5,230	0%	-63%	1,988	0%	-62%	7,590	0%	282%
American	163,971	9%	-6%	201,748	11%	23%	185,797	10%	-8%	201,472	11%	8%
Continental	-	0%	-100%	15,584	1%	n.a	17,727	1%	14%	-	0%	-100%
Delta	93,341	5%	86%	137,094	7%	47%	165,462	9%	21%	133,014	8%	-20%
Frontier	253	0%	n.a	381	0%	51%	-	0%	-100%	271	0%	n.a
JetBlue Airways	-	0%	n.a	-	0%	n.a	-	0%	n.a	272	0%	n.a
Mesa	7,197	0%	n.a	38	0%	-99%	-	0%	-100%	-	0%	n.a
Skywest	139,577	7%	16%	-	0%	-100%	-	0%	n.a	-	0%	n.a
Southwest	1,022,318	54%	-3%	1,032,811	54%	1%	967,792	54%	-6%	945,143	54%	-2%
United	161,396	9%	-22%	248,322	13%	54%	220,653	12%	-11%	210,530	12%	-5%
US Airways (America West)	140,501	7%	47%	141,980	7%	1%	141,880	8%	0%	143,559	8%	1%
Volaris	-		n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Other	2,772	0%	-83%	455	0%	-84%	1,022	0%	125%	1,073	0%	5%
	1,886,677	100%	-3%	1,901,850	100%	1%	1,780,812	100%	-6%	1,756,743	100%	-1%

Rounding errors may occur.

Continued

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2010-2019
(unaudited)

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

Continued

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2010-2019
(unaudited)

Scheduled Airline	2017			2018			2019		
	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	226,117	12%	11%	212,427	10%	-6%	208,312	10%	-2%
Allegiant Air	31,504	2%	65%	30,663	1%	-3%	41,681	2%	36%
American	370,451	19%	-4%	383,996	19%	4%	384,766	18%	0%
Continental	-	0%	n.a	-	0%	n.a	-	0%	n.a
Delta	136,418	7%	6%	152,435	7%	12%	165,441	8%	9%
Frontier	-	0%	-100%	18,271	1%	n.a	26,709	1%	46%
JetBlue Airways	77,686	4%	89%	80,494	4%	4%	78,164	4%	-3%
Mesa	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Southwest	816,323	43%	7%	901,470	44%	10%	909,515	42%	1%
United	226,272	12%	4%	265,271	13%	17%	311,716	15%	18%
US Airways (America West)	-	0%	n.a	-	0%	n.a	-	0%	n.a
Volaris	20,966	1%	23%	17,234	1%	-18%	19,819	1%	15%
Other	3,450	0%	3%	2,707	0%	-22%	3,636	0%	34%
	1,909,187	100%	7%	2,064,968	100%	8%	2,149,759	100%	4%

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2010-2019
(unaudited)

Scheduled Airline	2010			2011			2012		
	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska / Horizon Air	142,752	5%	-23%	125,780	4%	-12%	75,706	3%	-40%
Allegiant Air	30,692	1%	-36%	10,618	0%	-65%	-	0%	-100%
Aloha Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	173,591	6%	-17%	225,413	8%	30%	195,901	7%	-13%
Atlantic Southeast	-	0%	n.a	-	0%	n.a	-	0%	n.a
Continental	-	0%	-100%	19,674	1%	n.a	24,587	1%	25%
Delta	103,373	4%	70%	161,192	6%	56%	204,847	8%	27%
Frontier	537	0%	n.a	807	0%	50%	-	0%	-100%
JetBlue Airways	-	0%	n.a	-	0%	n.a	-	0%	n.a
Mesa	7,497	0%	-85%	221	0%	-97%	-	0%	-100%
Northwest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	158,717	6%	20%	6,207	0%	-96%	-	0%	-100%
Southwest	1,408,964	51%	-10%	1,424,216	49%	1%	1,350,158	51%	-5%
United	218,469	8%	-20%	322,040	11%	47%	261,838	10%	-19%
US Airways (America West)	191,455	7%	51%	216,418	7%	13%	185,472	7%	-14%
Volaris	-	0%	n.a	-	0%	n.a	-	0%	n.a
Airborne Express	-	0%	-100%	-	0%	n.a	-	0%	n.a
Federal Express	180,343	7%	-13%	228,274	8%	27%	226,816	8%	-1%
United Parcel Service	127,978	5%	-12%	131,984	5%	3%	139,144	5%	5%
Other	18,302	1%	-53%	23,755	1%	30%	8,445	0%	-64%
									n.a
	2,762,670	100%	-11%	2,896,599	100%	5%	2,672,914	100%	-8%

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, 2010-2019
(unaudited)

	2013			2014			2015		
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	112,694	4%	49%	122,862	5%	9%	189,675	8%	54%
Allegiant Air	7,650	0%	n.a	24,413	1%	219%	23,003	1%	-6%
Aloha Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	206,613	8%	5%	213,251	9%	3%	233,599	10%	10%
Atlantic Southeast	-	0%	n.a	-	0%	n.a	-	0%	n.a
Continental	-	0%	-100%	-	0%	n.a	-	0%	n.a
Delta	161,684	6%	-21%	146,329	6%	-9%	148,955	6%	2%
Frontier	-	0%	n.a	-	0%	n.a	-	0%	n.a
JetBlue Airways	-	0%	n.a	-	0%	n.a	3,555	0%	n.a
Mesa	-	0%	n.a	-	0%	n.a	-	0%	n.a
Northwest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Southwest	1,190,140	47%	-12%	989,574	41%	-17%	864,660	36%	-13%
United	237,421	9%	-9%	236,595	10%	0%	235,831	10%	0%
US Airways (America West)	184,243	7%	-1%	195,099	8%	6%	199,824	8%	2%
Volaris	-	0%	n.a	-	0%	n.a	8,141	0%	n.a
Airborne Express	-	0%	n.a	-	0%	n.a	-	0%	n.a
Federal Express	226,398	9%	0%	281,383	12%	24%	290,218	12%	3%
United Parcel Service	170,193	7%	22%	162,298	7%	-5%	168,878	7%	4%
Other	25,768	1%	205%	16,584	1%	-36%	23,692	1%	43%
	2,522,804	100%	-6%	2,388,388	100%	-5%	2,390,031	100%	0%

Continued

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2010-2019
(unaudited)

	2016			2017			2018			2019		
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	212,173	8%	12%	234,218	8%	10%	213,477	7%	-9%	237,323	8%	11%
Allegiant Air	21,866	1%	-5%	36,073	1%	65%	32,959	1%	-9%	43,831	1%	33%
Aloha Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	441,718	17%	89%	409,575	15%	-7%	419,085	15%	2%	418,385	14%	0%
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	144,923	6%	-3%	157,875	6%	9%	168,798	6%	7%	180,568	6%	7%
Frontier	145	0%	n.a	-	0%	-100%	19,339	1%	n.a	25,565	1%	32%
JetBlue Airways	46,072	2%	1196%	87,084	3%	89%	94,135	3%	8%	89,585	3%	-5%
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	873,884	34%	1%	983,684	35%	13%	1,066,311	37%	8%	1,052,732	35%	-1%
United	245,891	9%	4%	255,760	9%	4%	307,621	11%	20%	353,941	12%	15%
US Airways (America West)	-	0%	-100%	-	0%	n.a	-	0%	n.a	-	0%	n.a
Volaris	19,612	1%	141%	23,234	1%	18%	17,752	1%	-24%	20,807	1%	17%
Airborne Express	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Federal Express	329,884	13%	14%	339,683	12%	3%	239,569	8%	-29%	279,851	9%	17%
United Parcel Service	225,495	9%	34%	238,302	8%	6%	236,563	8%	-1%	287,723	9%	22%
Other	38,300	1%	62%	43,193	2%	13%	43,890	2%	2%	48,965	2%	12%
	2,599,963	100%	9%	2,808,680	100%	8%	2,859,499	100%	2%	3,039,273	100%	6%

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2019
(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, 2010-2019
(unaudited)

	2019	2018 (d)	2017 (c)	2016 (b)	2015	2014	2013	2012	2011	2010 (a)
Terminal Space - square feet										
Airlines	176,871	169,230	175,985	175,221	175,221	175,221	175,221	160,622	160,622	160,622
Ground Transportation	2,883	2,883	2,883	2,883	2,883	2,883	2,883	3,103	3,103	3,103
Concession Space	37,604	37,604	37,167	37,167	37,167	37,167	37,167	34,952	34,952	34,952
Public Areas	196,189	196,189	196,959	197,723	197,723	197,723	197,723	194,406	194,406	194,406
RTAA	44,885	52,397	45,309	45,309	45,309	45,309	45,309	45,795	45,795	45,795
Unfinished Areas	-	-	-	-	-	-	-	-	-	-
	<u>458,432</u>	<u>458,303</u>	<u>458,303</u>	<u>458,303</u>	<u>458,303</u>	<u>458,303</u>	<u>458,303</u>	<u>438,878</u>	<u>438,878</u>	<u>438,878</u>
Passenger Boarding Gates	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>
Parking - Number of Spaces										
Short -Term (b)	295	296	300	300	450	450	450	450	450	450
Long-Term	1,630	1,630	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Surface Lot	1,462	1,462	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532
	<u>3,387</u>	<u>3,388</u>	<u>3,482</u>	<u>3,482</u>	<u>3,632</u>	<u>3,632</u>	<u>3,632</u>	<u>3,632</u>	<u>3,632</u>	<u>3,632</u>
Cargo - square feet										
Building	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500
Landside	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Airside	591,250	591,250	591,250	591,250	591,250	591,250	591,250	591,250	591,250	591,250
	<u>808,750</u>	<u>808,750</u>	<u>808,750</u>	<u>808,750</u>	<u>808,750</u>	<u>808,750</u>	<u>808,750</u>	<u>808,750</u>	<u>808,750</u>	<u>808,750</u>

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

(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 2019 Settlement -Terminal Rent Tab

Compliance Section

wemoveyou



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, 2019, 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 26, 2019.

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.

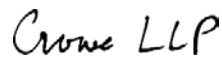
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

A handwritten signature in black ink that reads "Crowe LLP". The script is cursive and fluid.

Crowe LLP

Indianapolis, Indiana
November 26, 2019

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, 2019. 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, 2019.

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

Indianapolis, Indiana
November 26, 2019

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

DATE	DESCRIPTION OF PROJECT	PERCENT OF PARTICIPATION	CFDA NUMBER*	FEDERAL PROJECT NUMBER	GRANT AMOUNT	REIMBURSEMENTS RECEIVED		REIMBURSEABLE EXPENSES	
						July 1, 2018 to June 30,2019	Cumulative Thru June 30, 2019	July 1, 2018 to June 30,2019	Cumulative Thru June 30, 2019
	United States Department of Transportation Federal Aviation Administration Airport Improvement Program								
	<u>Construction</u>								
09/13/16	Update Master Plan Study	93.75%	20.106	3-32-0017-102	1,875,000	217,696	1,567,013	205,386	1,567,013
08/16/17	Reno Runway 16R-34L - Design	93.75%	20.106	3-32-0017-103	5,961,034	2,202,097	2,212,984	2,201,826	2,212,984
06/18/19	Reno Runway 16R-34L Reconstruction	93.75%	20.106	3-32-0017-104	14,614,312	-	-	4,880	4,880
06/30/16	Rehabilitate Apron, Design Only	93.75%	20.106	3-32-0018-035	238,349	16,853	238,349	16,618	238,349
09/21/16	Reconstruct Runway (Runway 8/26)	93.75%	20.106	3-32-0018-036	20,531,250	11,424,366	16,222,173	11,424,101	16,222,173
06/22/17	Reconstruct Apron	93.75%	20.106	3-32-0018-037	2,250,626	151,419	2,250,626	151,154	2,250,626
					45,470,571	14,012,431	22,491,145	14,003,965	22,496,025
	United States Department of Homeland Security Transportation Security Administration Aviation and Transportation Security Act								
	<u>Security</u>								
01/01/15	National Explosives Detection Canine Team Program	Fixed	97.072	HSTS02-15-H-NCP471	757,500	223,086	747,680	151,500	757,500
04/01/16	Law Enforcement Officer Reimbursement Agreement Program	Fixed	97.090	HSTS02-16-H-SLR658	1,672,573	290,810	862,740	292,390	913,940
					2,430,073	513,896	1,610,420	443,890	1,671,440
	Department of Justice Criminal Division Department of Justice Asset Forfeiture Program								
	<u>Equitable Sharing</u>								
8/14/2014	Direct Payments for Specified Use	Fixed	16.922	15-5042-0-2-752	25,342	-	25,342	1,409	9,481
	United States Department of Transportation Pipeline and Hazardous Materials Safety Administration Hazardous Materials Transportation Uniform Safety Grant								
	<u>Hazardous Materials Emergency Preparedness Grant</u>								
	Training	Fixed	20.703	69-5282-0-2-407	8,614	-	8,614	-	8,614
					\$ 47,934,600	\$ 14,526,327	\$ 24,135,521	\$ 14,449,264	\$ 24,185,560

See accompanying notes to Supplementary Schedule of Expenditures of Federal Awards

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2019

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.

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2019

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, 2019.

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, 2019.

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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated November 26, 2019 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 26, 2019

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED
FOR THE YEAR ENDED JUNE 30, 2019

Balance July 1, 2018	\$ 16,660,529
Collection of Passenger Facility Charges, July 1, 2018 through June 30, 2019	8,043,613
Interest earnings	356,289
Proceeds expended for Passenger Facility Charge Projects July 1, 2018 through June 30, 2019	\$ (2,481,113)
Balance June 30, 2019	<u><u>\$ 22,579,319</u></u>

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGES FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2019

Summary of Auditor's Results

We have issued an unmodified opinion, dated November 26, 2019 on the financial statements of the Reno-Tahoe Airport Authority as of and for the year ended June 30, 2019.

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 26, 2019 on the Reno-Tahoe Airport Authority's compliance for the passenger facility charge program.

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

Findings Relating to the Financial Statements

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

Findings and Questioned Costs for the Passenger Facility Charge Program

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

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

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

Reno-Tahoe Airport Authority

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

wemoveyou



Reno-Tahoe
Airport
Authority