



Comprehensive Annual Financial Report

For the year ended June 30, 2020



**Reno-Tahoe
Airport
Authority**

Reno, Nevada

RENO-TAHOE AIRPORT AUTHORITY
Reno, Nevada

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

**Prepared by
Accounting Department**

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November 30, 2020

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, 2019, through June 30, 2020. The staff of the RTAA prepared this report and is responsible for the information it contains. The purpose of this report is to present fully and fairly the financial position, operating results, and cash flows of the RTAA.

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

This CAFR contains financial statements and statistical data that fully disclose all the material financial operations of the RTAA. A narrative overview and analysis of the financial activities of the RTAA that occurred during the fiscal year ended June 30, 2020, are presented in the Management’s Discussion and Analysis (“MD&A”) found at the beginning of the Financial Section.

This Comprehensive Annual Financial Report reflects guidelines recommended by the Government Finance Officers Association of the United States and Canada (“GFOA”). The GFOA awards a Certificate of Achievement to those entities whose annual financial reports conform to the high standards of public financial reporting, including generally accepted accounting principles issued by the Governmental Accounting Standards Board. It is our belief that the accompanying 2020 CAFR also meets these program standards and will be submitted to the GFOA for review.

REPORTING ENTITY

The RTAA is a quasi-municipal corporation created by the Nevada State Legislature and began operation on July 1, 1977. The act creating the RTAA provides that it will serve a public use and will facilitate safe and convenient air travel and transport to and from the Reno-Tahoe area. The RTAA is an independent entity that is not part of any other unit of local government and does not use local property or sales tax revenue to fund its operation.

The City of Reno, City of Sparks, Washoe County and the Reno-Sparks Convention & Visitors Authority (“RSCVA”) appoint the nine-member Board of Trustees that governs the RTAA. Four members appointed by the City of Reno, two by the City of Sparks, two by Washoe County and a ninth board

member by the RSCVA. The Board of Trustees serve a four-year term, and terms are staggered to ensure the continued presence of experienced members.

The RTAA owns and operates the Reno-Tahoe International Airport (RNO) and the Reno-Stead Airport (RTS). RTS is a general aviation facility that is home to approximately 200-based aircraft, as well as the famous Reno National Championship Air Races. According to the latest available Federal Aviation Administration (“FAA”) statistics, RNO is the 65th 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 small hub commercial airport located four miles southeast of Reno’s central business district. RTS is a general aviation airport located 11 miles northwest of the central business district. Carson City, the capital of Nevada, is 30 miles south of Reno. The closest competing commercial airport is 115 miles away in Sacramento, California. Commercial air service for the public are provided by Alaska Airlines, Allegiant, American Airlines, Delta Airlines, Frontier Airlines, JetBlue, Southwest Airlines, United Airlines, and Volaris. In fiscal year 2018-2019, the last full pre COVID-19 year, RNO served 2.149 enplaned passengers.

The presence of major warehousing, pharmaceutical, e-commerce, and distribution facilities in the region has played a key role in air cargo at RNO. In addition, recent growth of industrial development such as the Tahoe-Reno Industrial Center continues to spur air cargo activity and economic diversity. 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 north of the RNO 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. Total landed weight, including airlines and air cargo totaled 3.9 billion pounds during fiscal year 2018-19 (pre COVID-19).

ECONOMIC CONDITION AND OUTLOOK

The COVID-19 pandemic has had a significant impact on airline and tourism industries due to the resulting travel restrictions as well as slump in demand among travelers. The tourism industry has been massively affected by the spread of COVID-19 as many countries have introduced travel restrictions to contain its spread. The United Nations World Tourism Organization estimated that global international tourist arrivals might decrease by 20% to 30% in 2020, leading to a potential loss of \$30 to \$50 billion. At times, conflicting and unilateral travel restrictions occurred regionally and many tourist attractions around the world, such as museums, amusement parks, and sports venues closed.

According to the Congressional Budget Office (CBO), in May 2020 the expected economic impact of COVID-19 on the economy was summarized as follows:

- The unemployment rate increased from 3.5% in February to 14.7% in April, representing a decline of more than 25 million people employed, plus another 8 million persons that exited the labor force.

- Job declines were focused on industries that rely on "in-person interactions" such as retail, education, health services, leisure and hospitality. For example, 8 of the 17 million leisure and hospitality jobs were lost in March and April.
- The economic impact was expected to hit smaller and newer businesses harder, as they typically have less financial cushion.
- Real (inflation-adjusted) consumer spending fell 17% from February to April, as social distancing reached its peak. In April, car and light truck sales were 49% below the late 2019 monthly average. Mortgage applications fell 30% in April 2020 versus April 2019.
- Real GDP was forecast to fall at a nearly 38% annual rate in the second quarter, or 11.2% versus the prior quarter, with a return to growth of 5.0% in Q3 and 2.5% in Q4 2020. However, real GDP was not expected to regain its Q4 2019 level until 2022 or later.
- The unemployment rate was forecast to average 11.5% in 2020 and 9.3% in 2021.

The CBO also forecasted in April 2020 that the federal budget deficit in fiscal year 2020 would be \$3.7 trillion (17.9% of GDP), versus the January estimate of \$1 trillion (4.6% of GDP). This increase reflected relief legislation such as the CARES Act.

Regarding the Reno regional area economy, we have learned a lesson from the Great Recession of relying too heavily on tourism and gaming. The greater Reno area has since become far more diversified and the growth in recent years has been significant. The Reno area has developed a strong reputation for where businesses can come to increase their bottom line and grow, enjoy Nevada's business friendly environment and be closer in proximity to customers, a skilled workforce and logistics. These fundamentals have not changed even during the COVID-19 pandemic. Companies like Tesla, Switch, Microsoft, Apple, Rackspace, Amazon, Zulily, Patagonia, Urban Outfitters, Thrive Market, Petco and Panasonic all call Northern Nevada home for critical business functions.

The diversity of industry in Northern Nevada is expected to provide a solid foundation for recovery and long-term growth following the COVID-19 pandemic. In the meantime, and the foreseeable future, Nevada will be working through the economic impacts. In April employment levels dropped to 2012 levels and the unemployment rate reached 30.1% according to the Nevada Department of Employment, Training and Rehabilitation (DETR). This was the highest level of any state in any period for which data is available going back to 1976, according to DETR.

Prior to the start of the current COVID-19 recession, the U.S. was experiencing the longest expansion on record. Although Nevada was hit hard in the last recession, Nevada outpaced the nation in employment growth for 88 months straight by the end of 2019. The state also realized 107 consecutive months of employment growth. Consistent with these trends, RTAA experienced 57 consecutive months of growth in passenger traffic until March 2020.

In March 2020, this growth came to a halt as the effects of the COVID-19 pandemic started to set in around the country. States throughout the country responded to the pandemic with many, including Nevada, taking the step of shutting down non-essential business and requiring social distancing measures. According to DETR, these shutdowns resulted in nearly a third of Nevada's labor force falling inactive and making Nevada the hardest hit state in terms of labor force impacts.

Nevada's unique industry composition has contributed to the magnitude of the impacts the State is experiencing, particularly due to our exposure to service-based industries such as leisure and hospitality. By April, Nevada had lost 287,300 jobs since the start of the pandemic (comparing February to April) or 21.1%. These impacts were felt through the economy resulting in nearly all industries in the state seeing job losses. However, the magnitude of those declines varied across industries. Service providing industries were hit hardest with losses of 22%, while goods producing industries experienced a decline of 3%.

Service providing industries that saw the largest declines from February to April were accommodation and food services with a 45% decline.

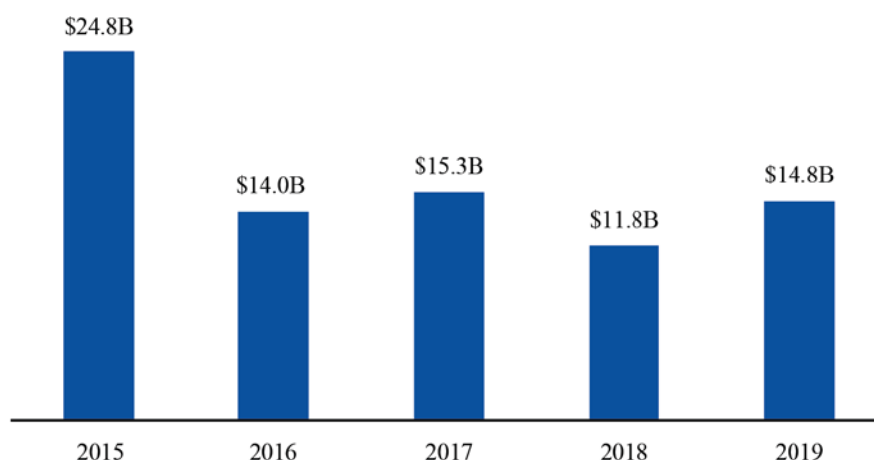
Nevada started to reopen in May as early signs of recovery became visible. May preliminary Current Employment Statistics (CES) estimates show that seasonally adjusted employment increased by 32,700 from April to May. Job growth was 2.9% and came in stronger than the US average of 1.9%. Nevada's seasonally adjusted employment total is at 1,173,900 jobs in May; on par with employment levels seen in the state back in 2012. Although employment increased from April to May, many of the state's industries are still down from the same time last year with varied magnitudes. Industries deemed non-essential continue to be the most affected. Data forthcoming in June may tell a different story as some reopening measures have been rescinded or modified facing recent spikes in COVID-19.

AIR SERVICE MARKET UPDATE

Passenger Airlines

U.S. scheduled passenger airlines reported a 2019 after-tax net profit of \$14.8 billion, the 7th consecutive annual after-tax profit and a pre-tax operating profit of \$20.8 billion, the 11th consecutive annual pre-tax profit.

Net Income 2015-2019, U.S. Scheduled Passenger Airlines
Billions of Dollars (\$)



Source: Bureau of Transportation Statistics

Total 2019 operating revenue was \$196.2 billion. The airlines collected \$145.2 billion from fares, 74 percent of total operating revenue. Total 2019 operating expenses were \$175.4 billion, of which fuel costs accounted for \$32.8 billion, or 18.7 percent, and labor costs accounted for \$60.3 billion, or 34.4 percent. The airlines collected \$5.8 billion in baggage fees, 2.9 percent of total operating revenue, and \$2.8 billion from reservation change fees, 1.4 percent of total operating revenue. The first-quarter 2020, however, the airlines incurred an after-tax net loss of \$5.2 billion and a pre-tax operating loss of \$4.6 billion as the COVID-19 pandemic began to impact the industry. The first-quarter losses follow 27 consecutive quarterly after-tax net profits and 35 consecutive quarterly pre-tax operating profits.

Results for All 23 Scheduled U.S. Passenger Airlines (after-tax net income)



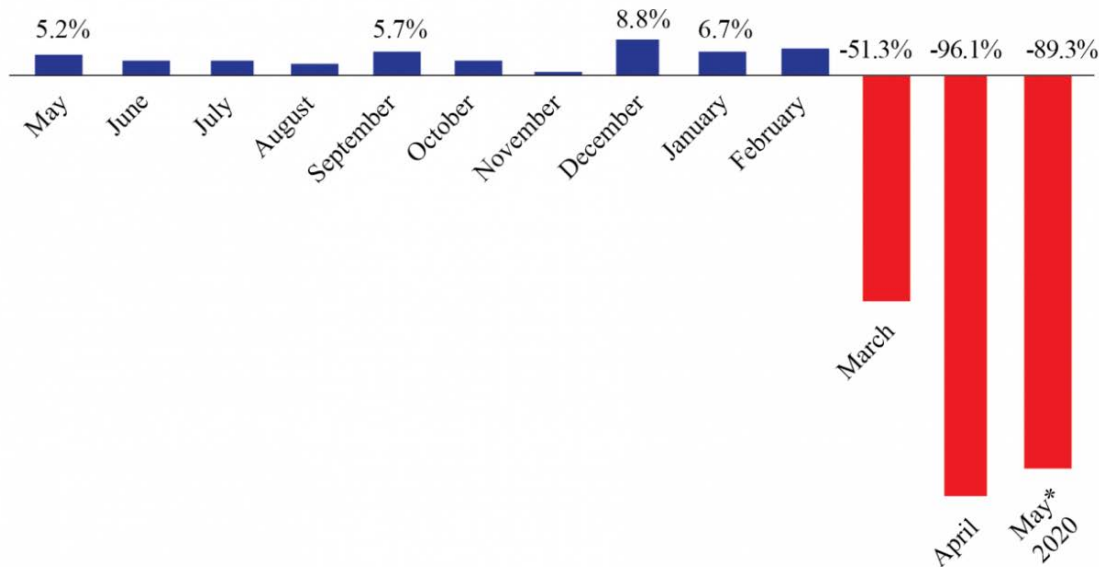
Passenger Activity

Since its emergence as a global pandemic in February of 2020, COVID-19 has been an unprecedented shock to the airline and travel industries. Travel demand has been decimated by restrictions on broad every-day activities as well as specifically on travel. Although, hard restrictions are in place for international travel, softer regulations and typically voluntary quarantines driven by local governments have allowed for some amount of domestic travel. The impact on demand, now well documented, was dramatic and immediate.

U.S. airlines carried 89% fewer scheduled service passengers in May 2020 than in May 2019, according to data filed with the Bureau of Transportation Statistics (BTS) by 20 airlines that carry more than 90% of the passengers. Despite the large drop from May 2019 to May 2020, U.S. airlines carried more than twice as many passengers in May 2020 than in April 2020. The 89% decline in the number of passengers would be the second largest year-to-year decrease following the 96% decline from April 2019 to April 2020. The large airlines carried 7.9 million passengers in May 2020, up from 3.0 million passengers on all U.S. airlines in April 2020, which was the lowest monthly total in BTS records dating back to 1974. The previous low was 14.6 million passengers in February 1975.

The number of U.S. airlines international passengers declined 98% from May 2019 to May 2020, after a 99% decrease from April 2019 to April 2020. In May 2020, the large airlines carried 182,000 passengers compared to 132,000 in April 2020. The declines beginning in March followed 22 consecutive months of increases from the same month of the previous year, dating back to May 2018.

U.S. Airlines Passengers Percent Change from the Previous Year



*May 2020 data is preliminary

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. For the twelve months ended June 30, 2020, RNO handled 143,983,647 pounds of air cargo, slightly less than 148,033,285 when compared to the same twelve-month period of the prior fiscal year.

MAJOR INITIATIVES

Strategic Initiatives

On June 14, 2018, the Board of Trustees approved a Strategic Plan for the fiscal years 2018-19 through 2022-23, as amended December 12, 2019. The Strategic Plan reflects extensive input from the Board, 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 Strategic 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 the Future: Optimize infrastructure to address market demand.
8. Sustainability: Operate and manage with a holistic approach reflecting sustainability and environmental stewardship.

On December 12, 2019, the Board approved an update to the Strategic Plan to incorporate input from the Board and RTAA staff and adjust direction of Facilities for the Future from “substantively” to “transformative” to accommodate the increasing demands and dynamics of the airport and customer experience. A second adjustment in this update elevated Safety & Security from “sustain” to “transformative” to address interests in upgrading public safety and security for all airport stakeholders.

Air Service Development

The success in expanding service by existing carriers reflects the combined efforts of the RTAA and a regional partnership with the Regional Air Service Corporation (RASC), comprised of convention and visitor bureaus, hotels, casinos, ski resorts, and various business groups. In addition, the community partnerships with the RSCVA, EDAWN and local chambers of commerce and associations have all played an important role in the recent success. Staff is committed to building on this success by continuing its aggressive marketing program that includes the following:

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

- 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.

The FAA allows promotional incentives to air carriers for new service to (a) increase travel using the airport and/or (b) promote competition at the airport. However, incentive programs may not focus on destination marketing of the region, may not promote general economic development, and cannot take the form of a direct payment to a carrier or to any provider of goods and services to that carrier.

Land Development – Reno Tahoe International Airport (RNO)

RTAA executed a ground lease with JMA Ventures, LLC under the special purpose vehicle of JMA Reno Holding, LLC (JMA) on February 28, 2017 for an Aloft Hotel at the Gateway Center located at the southwest corner of Plumb Lane and Terminal Way. The lease is for fifty (50) years for approximately 3.0 acres on the northern portion of the property and an exclusive three (3) year option to lease approximately 4.5 acres south of the Hyatt Place Hotel. The Aloft Hotel opened in May 2020.

Beyond the Aloft Hotel, JMA's vision includes a "Master Planned Center" with a mixture of hotels, Class A office space, and the right mix of restaurant(s) that create energy and vitality. To achieve this vision, JMA retained CBRE to market the option site. JMA exercised their option to lease in March 2020. Due to change in Class A office market conditions and COVID-19, we anticipate an extended negotiating period to ensure we have the best product mix for a successful center.

Included in RTAA's Master Plan program of projects, the new Consolidated Rental Car Facility (ConRAC) project is underway. The ConRAC project includes relocating the rental car ready/return operations from the first floor of the public parking garage and the quick turnaround facilities from the surface lot located immediately north of the garage. The relocations will address rental car demand for additional space and RNO's need for additional public parking. The rental car companies requested RTAA address the relocation and new facilities as a tenant improvement project. The rental car tenants selected Conrac Solutions as their representative for design, build, finance, operations and maintenance partner on the ConRAC.

In February 2019, RTAA entered an Exclusive Option to Ground Lease agreement with the rental car companies to conduct a Phase I Feasibility Study of the proposed Master Plan site. In March 2020, the RTAA Board approved a larger alternative site and authorized Phase II for Conrac Solutions to begin project scoping, design and developing a guaranteed maximum price to complete the ConRAC project. Phase II is underway and anticipated to take 18 months to complete. At its completion, the next step will be to seek Board consideration for Phase III of the project authorizing Conrac Solutions to move forward with private financing and construction. The construction period is expected to be completed within 18 to 24 months following Board approval of Phase III and fulfillment of any pending National Environmental Policy Act (NEPA) or other development requirements.

The funding source for the ConRAC project is exclusively from a Customer Facility Charge (CFC) rate collected from rental car customers. CFCs are also used to fund the maintenance and repair of existing rental car facilities and Phase II of the ConRAC project discussed previously. Upon the beginning of Phase II, CFC revenues are expected to be obligated as security and repayment of a financing plan proposed by the Conrac Solutions. This plan expects to fund and finance the total ConRAC project development costs through completion and final acceptance by RTAA. The financing structure calls for Conrac Solutions to raise 80% of the funding from privately issued bonds and the remaining funding from a private equity partnership offering and collected CFCs funds.

The ConRAC project financing plan proposed by Conrac Solutions is "off balance sheet" from RTAA's perspective. RTAA general revenues are not to be pledged for this private financing structure of bonds and equity partnership. RTAA's bonding capacity is not expected to be impeded by the Conrac Solutions private financing. The current CFC rate, effective July 1, 2020, was increased from \$4.50 to \$5.50 per rental car per transaction day.

The General Aviation (GA) facilities at RNO are located both on the west and east sides of the airfield. Consistent with the Board's policy of consolidating GA facilities and increase investment to the east side, RTAA issued a Request for Proposal (RFP) on January 7, 2019, for the development and/or re-development of five parcels totaling 150 gross acres on the east side of the airfield. Four of the parcels are vacant land and one parcel contains existing structures. The RFP solicited proposals for the private

investment and development of a second fixed based operator for maintenance services, hangars and other GA facilities.

The RFP resulted with the RTAA Board authorizing in December 2019, to negotiate and execute a 50-year ground lease with Stellar Aviation of Reno-Tahoe, LLC (Stellar). The proposed ground lease includes a nine acre portion of a parcel located on Rock Boulevard and Mill Street (Parcel A-1); a three-year development option on an eight acre parcel located at Rock Boulevard South of Mill Street (Parcel A-2); a four-year development option on a six acre portion of Parcel A-1; an interim three-year fixed based operator lease located at 485 South Rock Boulevard; and an interim five-year fuel storage facility license at 335 ½ South Rock Boulevard. In March 2020, Stellar Aviation began operations in their temporary facilities at GA East. Staff is currently negotiating the ground lease for the nine-acre site.

RTAA owns vacant land know as Home Gardens South. This 50-acre parcel is located at the southeast corner of McCarran Boulevard and Airway Drive and has been broadly advertised for commercial development by way of developer outreach, broker networks and RTAA's website for roughly 10 years. There was also a competitive process initiated by RTAA in 2013. A plan came forward and was approved by RTAA but was later nullified due to new building height restrictions issued by the Federal Aviation Administration. Alternatives to adjust to the lower heights were not viable at that time. While there has been interest in the property over the years, a viable project hasn't come to fruition. Some of the property considerations that have hindered development are building height restrictions, a portion of the property being in Flood Zone A, and limited ingress and egress points.

Recently RTAA is once again in a position in which there are multiple expressions of interest in Home Gardens South and a competitive process is underway through a *best and final offer* (BAFO) request from each party. On June 16, 2020, a BAFO solicitation was distributed to the three parties expressing interest. The solicitation invited interested parties to submit a BAFO to RTAA no later than July 23, 2020. RTAA received one proposal to develop a Class-A, institutional grade mixed use industrial and commercial center. The developer envisions the center will be a mixture of industrial and commercial buildings and will have outside amenities that reflect a park-like atmosphere, such as a walking path, outdoor exercise equipment and two outdoor plazas with pergolas and benches and tables.

Land Development – Reno Stead Airport (RTS)

RTAA owns approximately 37% or 2,400 total acres of the vacant industrial lands in Washoe County and 60% of the City of Reno land zoned for industrial or mixed use. As such, RTAA has been focused on improving the utilization of vacant land at the airports to attract aeronautical and non-aeronautical companies. One example is the development of an airport centric business park on undeveloped RTS land.

A key piece of this vision was put into place in early 2016 when the Board of Trustees completed a competitive process and executed a Memorandum of Understanding (MOU) with Dermody Properties, operating under the special purpose vehicle of DP RTA Stead, LLC (DP). Dermody Properties is a national developer of industrial and commercial properties having been ranked among the 10 largest privately held industrial developers in the nation. Since 1960, the company has developed over 35 million square feet of industrial space including parks, speculative facilities, and build-to-suits for lease or purchase.

RTAA has also entered into a Master Development Agreement with DP for Phase 1 to develop the first 90 acres. This formal award names DP as the exclusive master real estate developer in a 50-year Phase 1 Ground Lease as approved by RTAA on December 8, 2016. The vision calls for a 1,700-acre master planned airport centric business park which includes the National Championship Air Races. The agreements anticipate the first critical step is for DP to obtain funding guarantees for Phase I estimated at \$7.5 million to construct the business park entrance and associated site improvements. On December 3, 2018, DP issued a letter of commitment to self-fund those improvements from Dermody internal sources.

The agreements call for DP to complete construction of the Phase 1 improvements by December 31, 2020. DP has commenced with civil engineering, and other processes to ensure compliance with FAA and NEPA requirements of their development.

RTAA staff is also collaborating with the Washoe County Regional Transportation Commission, City of Reno, Truckee Meadows Water Authority, and Washoe County on a concept to integrate RTS with the North Valley community and improve utilities and roads in the region. These improvements will support the attraction of high-wage jobs as well as help address the current jobs/housing imbalance and related commuter traffic issues. The North Valleys is a fast-growing region that is home to residential development as well as manufacturing and logistics. The planned RTS developments will further support economic vitality and diversification of the entire metro area by increasing opportunities for technological innovation, advanced manufacturing, and logistics industry advancement.

The North Valley concept will require permanent public easements which fall under the purview of the FAA and require an Airport Layout Plan change, which in turn triggers a NEPA review. RTAA is currently requesting FAA's written determination that FAA no longer has the authority to take a position on the east-west Lemon Road utility corridor under the FAA Reauthorization Act of 2018 signed into law in October 2018. Should the FAA agree, all discretionary FAA approvals would be eliminated, and the improvement process would be substantially streamlined. Regardless of the FAA process, RTAA continues in collaboration with regional stakeholders to pursue the vision of creating a regional, transportation-oriented business park. To accomplish this vision, the RTS region will need access to state-of-the-art data transmission, transportation, clean energy, sustainable water, and other supporting infrastructure. A combination of Federal, State, local, and private funding will be necessary to satisfy the upfront costs associated with this infrastructure.

FINANCIAL INFORMATION

While the RTAA is a quasi-governmental entity, the generally accepted accounting principles applicable to an enterprise fund governmental entity apply. RTAA's financial statements are prepared on an accrual basis. Revenues are recognized when earned, not when received. Expenses are recognized when incurred, not when paid. Financial policies are set to conform to generally accepted accounting principles and the accrual basis of accounting. There were no unusual financial policies or one-time activities during the current period.

The RTAA has several funds that accumulate money for specific and discretionary purposes. These are not the governmental purpose type funds usually seen in governmental accounting, but debt related accounts. The RTAA's revenue bond resolutions establish the funds and their payment priority. These funds are common in the airport industry's revenue bond resolutions.

The revenue bond resolutions are the RTAA's contract with the purchasers of the revenue bonds. This contract specifies how the RTAA will manage its money so that it will have sufficient funds to operate the Airport system, and to pay the interest and principal due.

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

Statutory Date	Calendar Date	Action
April 15 th	April 14, 2020	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 12, 2020	Notice of Budget Public Hearing published
Not sooner than the third Monday in May and not later than the last day in May	May 21, 2020	Hold Public Hearing
On or Before June 1st	May 21, 2020	Adopt Budget.

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

INTERNAL CONTROLS

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

REPORTING ACHIEVEMENT

The Government Finance Officers Association ("GFOA") of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the RTAA for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the 33rd consecutive year that the RTAA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Comprehensive Annual Financial Report must be easily readable, efficiently organized, and conform to the program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The RTAA believes this current report continues to meet the Certificate of Achievement Program's requirements and will submit this report to the GFOA to determine its eligibility for another certificate.

INDEPENDENT AUDIT

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

Respectfully submitted,



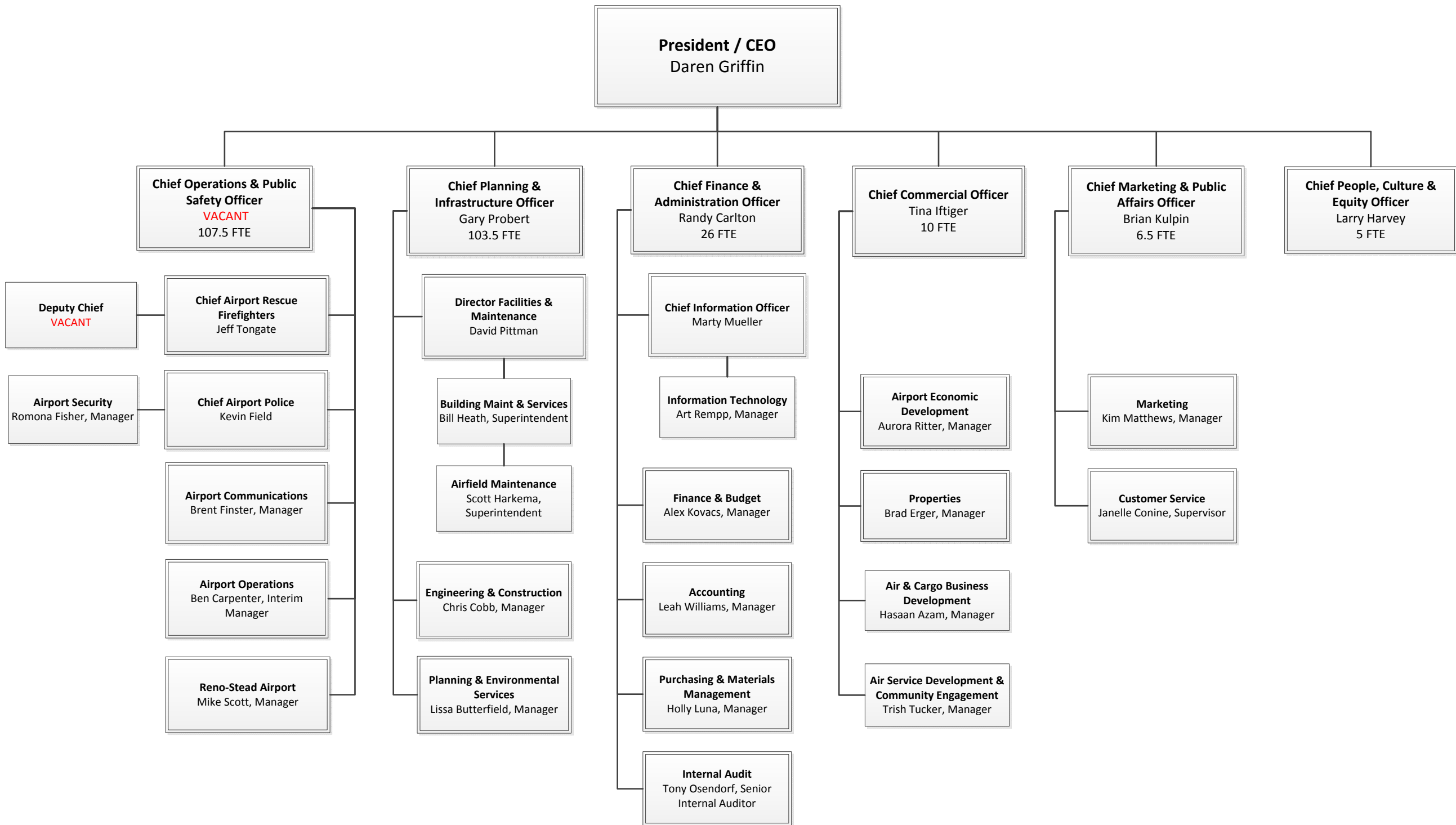
Daren Griffin, A.A.E.
President/CEO

RENO-TAHOE AIRPORT AUTHORITY
JUNE 30, 2020



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

<u>Staff</u>	<u>Title</u>
Daren Griffin, A.A.E.	President/CEO
Vacant	Chief Operations & Public Safety Officer
Gary Probert	Chief Planning & Infrastructure Officer
Randall Carlton	Chief Finance & Administration Officer
Tina Iftiger	Chief Commercial Officer
Brian Kulpin	Chief Marketing & Public Affairs Officer
Larry Harvey	Chief People, Culture & Equity Officer





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**Reno-Tahoe Airport Authority
Nevada**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



Financial Section

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Reno-Tahoe Airport Authority (the "Authority") as of and for the year ended June 30, 2020 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, 2020, 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 (SEFA) 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 (except for the cumulative thru June 30, 2020 amounts on the SEFA) 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 (except for the cumulative thru June 30, 2020 amounts) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

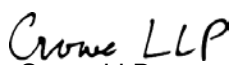
The Introductory Section, Statistical Section, and cumulative thru June 30, 2020 amounts on the SEFA have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Prior Year Comparative Information

We have previously audited the Authority's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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
December 22, 2020

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, 2020. 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, 2020 and 2019:

	2020	2019	\$ Change	% Change
Assets:				
Current Assets	\$ 69,714,300	\$ 68,672,433	\$ 1,470,816	2%
Current Assets – Restricted	28,793,214	33,216,580	(4,423,366)	-13%
Capital Assets, Net	365,510,123	352,809,207	12,700,916	4%
Other Assets	1,383,599	1,383,599	-	0%
Total Assets	465,401,236	456,081,819	9,748,366	2%
Deferred outflows of resources	6,489,560	6,527,051	(37,491)	-1%
Current Liabilities	9,885,020	9,708,742	176,278	2%
Payable from Restricted Assets	2,575,045	2,580,697	(5,652)	0%
Non-Current Liabilities	54,193,881	55,954,045	(1,760,164)	-3%
Total Liabilities	66,653,946	68,243,484	(1,589,538)	-2%
Deferred inflows of resources	4,001,939	3,211,365	790,574	25%
Net Position:				
Net Investment Capital Assets	348,801,466	336,079,326	12,722,140	4%
Restricted Net Position	28,598,653	32,997,130	(4,398,477)	-13%
Unrestricted Net Position	23,834,792	22,077,566	1,757,226	8%
Total Net Position	\$ 401,234,911	\$ 391,154,022	\$ 10,080,889	3%

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial position as of June 30, 2020:

Total assets of \$465.401 million reflect an increase of 2% or \$9.748 million as compared to 2019.

Current Assets (unrestricted) increased by 2% or \$1.471 million. This increase represents the increase of accounts receivable of \$2.267 which reflects a three-month deferral of revenues as relief for some airlines and concessioners due the immediate downturn in passenger traffic related to the COVID 19 pandemic.

Current Assets (restricted) decreased by \$4.423 million or 13%, due to lower balances in restricted investments. This decrease is primarily attributed to PFC funded projects during the year. Capital Assets of \$365.510 million increased by \$12.700 million or 4% as compared to the prior year. This net increase is the result of a \$40.222 increase of new capital assets offset by an increase of accumulated depreciation of \$27.520 million.

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 \$66.654 million decreased 2% or \$1.590 million dollars for the year ended June 30, 2020. A significant factor for the decline is due to retiring \$1.810 million in outstanding revenue bonds.

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, 2020, the RTAA had \$348.801 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 \$28.598 million or 7% of the total net position at June 30, 2020, represents resources that are subject to use restrictions. This represents a decrease of \$4.398 million or 13% below last year. The restricted net position is not available for spending due to the commitments following:

	<u>2020</u>
Revenue Bond Operations and Maintenance	\$ 7,715,546
Renewal and Replacement	821,553
Passenger Facility Charge Projects	18,023,290
Debt Service	1,959,780
Other Reserve Purposes	78,484
	<u>\$ 28,598,653</u>

As of June 30, 2020, the remaining unrestricted net position of \$23.835 million, or 5% of total net position, represents liquidity available to meet any of the RTAA's on-going obligations.

The following presents the RTAA's deferred outflows and inflows as of June 30, 2020 and 2019:

	2020	2019	\$ Change	% Change
Deferred Outflows of Resources	\$ 6,489,560	\$ 6,527,051	(37,491)	1%
Deferred Inflows of Resources	\$ 4,001,939	\$ 3,211,365	790,574	25%

MANAGEMENT'S DISCUSSION AND ANALYSIS

As required by GASB 68 and other accounting pronouncements, deferred outflows of resources is the recognition of “consumed” net assets that is applicable to a future reporting period. This recognition includes: (1) pension contributions of \$2.690 million to the Public Employees Retirement System (PERS) of the State of Nevada after the measurement date of June 30, 2019; (2) the difference between the actual and proportionate share of contribution owed of \$703,499; (3) the pension value changes in actuarial assumptions of \$1.550 million; differences identified on the Schedule of Employer Allocations, Schedule of Pension Amounts by Employer and Related Notes provided by PERS; (4) pension differences between expected and actual pension experience of \$1.429 million; and (5) contributions related to Other Postemployment Benefits (OPEB) liability of \$115,638.

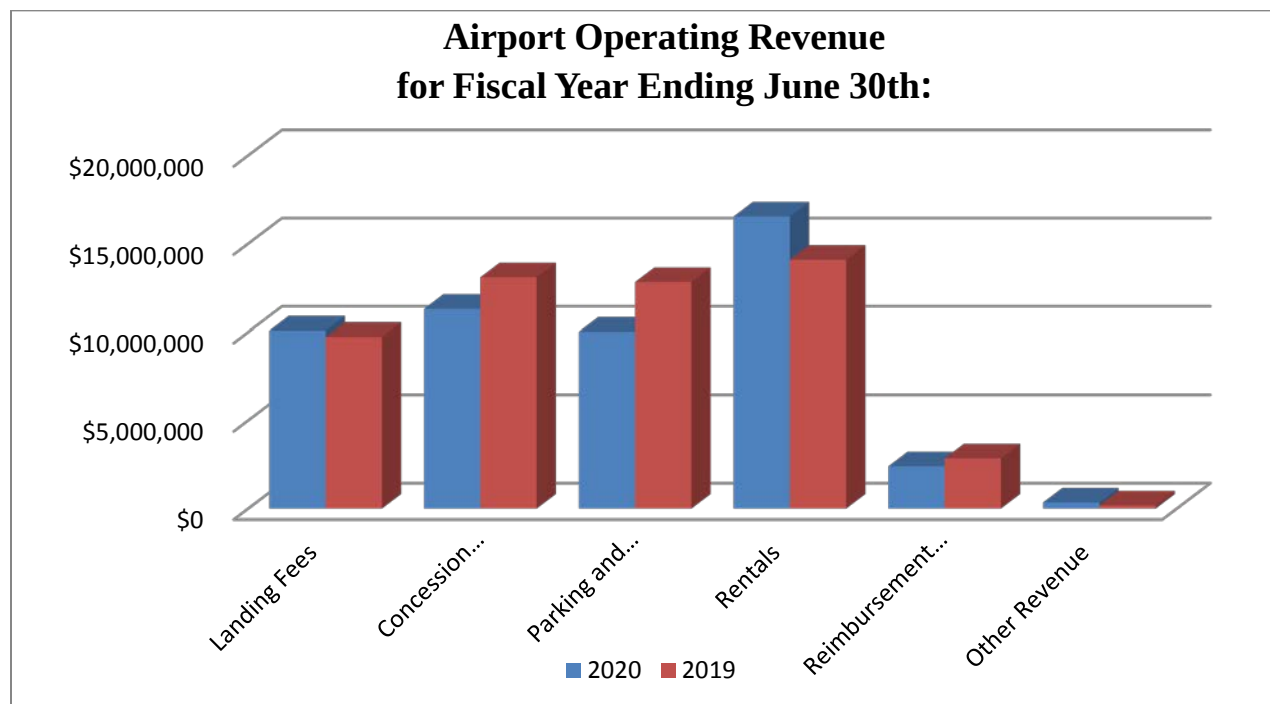
Conversely a deferred *inflow* of resources is the recognition of “acquired” resources of net assets applicable to a future reporting period. This recognition includes: (1) pension difference between actual and projected earnings on plan investments of \$1,895,819; (2) the differences in economic and demographic factors used in the projected actuarial assumptions and actual experiences of \$1.099 million; and (3) the difference between the actual and proportionate share of contribution of \$1.007 million. Actuarial assumptions are adjusted for economic and demographic factors, including employee mortality, payroll increases, retirements, and turnover. The deferred outflows and inflows related to the RTAA’s pension plan and OPEB are further explained in the Notes to the Financial Statements under the Footnote #10, Pension Plan and Footnote #14, Other Postemployment Benefits footnote.

Operating Revenues

Revenues are defined as “operating” for those revenue categories used to finance RTAA’s operation and maintenance of RNO and RTS airports. Included are landing fees, concession revenues, parking and other charges. The table below represents operating revenues by source for the years ended June 30, 2020 and 2019:

	2020	2019	\$ Change	% Change
Landing Fees	\$ 10,077,732	\$ 9,719,482	\$ 358,250	4%
Concession Revenue	11,301,837	13,086,886	(1,785,049)	-14%
Parking and Ground Transportation	10,012,455	12,817,675	(2,805,220)	-22%
Rentals	16,534,688	14,078,153	2,456,535	17%
Reimbursements for Services	2,397,717	2,671,073	(273,356)	-10%
Other Revenue	345,296	176,468	168,828	96%
Total Operating Revenues	\$ 50,669,725	\$ 52,549,737	\$ (1,880,012)	-4%

MANAGEMENT'S DISCUSSION AND ANALYSIS



An Analysis of Significant Changes in Operating Revenues for Fiscal Year 2019-2020 is as follows:

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic. The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. Federal and state governments have implemented measures to contain the virus, including social distancing, travel restrictions, border closures, limitations on public gatherings, work from home, supply chain logistical changes, and closure of non-essential businesses. Due to the pandemic the RTAA experienced a downturn in passenger traffic beginning in March that continues through the next reporting period. This downturn is reflected in certain revenues that are below prior years outcomes.

A key metric associated with RTAA operating revenues is the number of enplaned passengers at RNO. Due to the pandemic, the number of enplaned passengers significantly declined beginning in March 2020 by as much as 97% in comparison to the same period of the prior year. Prior to the decline, the RTAA operating revenues for the first three quarters of the fiscal year performed above budgeted forecasts that help offset the severe decline in the final quarter of the fiscal year. Overall, operating revenues of \$50.670 declined 4% from the prior year.

Landing fees of \$10.078 million represented 20% of the RTAA's total operating revenues and an increase of 4% over the prior year. Although passenger counts declined significantly once the pandemic began, commercial airlines adjusted routes, schedules, aircraft and received \$25 billion of CARES Act funding to offset losses and help sustain aircraft operations. As a result, landing fee revenues were less impacted at the beginning of the pandemic.

Concession and parking revenues however, dependent on the number of passengers in the RNO terminal, were impacted immediately. Concession revenues are generated from auto rental, gaming, food and beverage, merchandising, advertising, and other concessions, and comprised 22% of the RTAA's total operating revenues for fiscal year 2019-2020. Concession revenues of \$11.302 was 14% below the results from the prior year due to the impacts of the pandemic and decline of passengers at RNO.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Parking and Ground Transportation revenues of \$10.012 million accounted for 20% of total operating revenue. Due to the pandemic, parking revenues declined \$2.805 or 22% below 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. A study was prepared to examine rate increase alternatives however the plan was deferred due to the pandemic.

Reimbursements for services and the other revenue category generated \$2.398 million or 4% of total RTAA operating revenue. Reimbursements for services increased 17% over last year. Revenues in this category includes charges to use RTAA's baggage handling system 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 \$345,296 represents miscellaneous revenue, such as late fees collected by the RTAA and rebates.

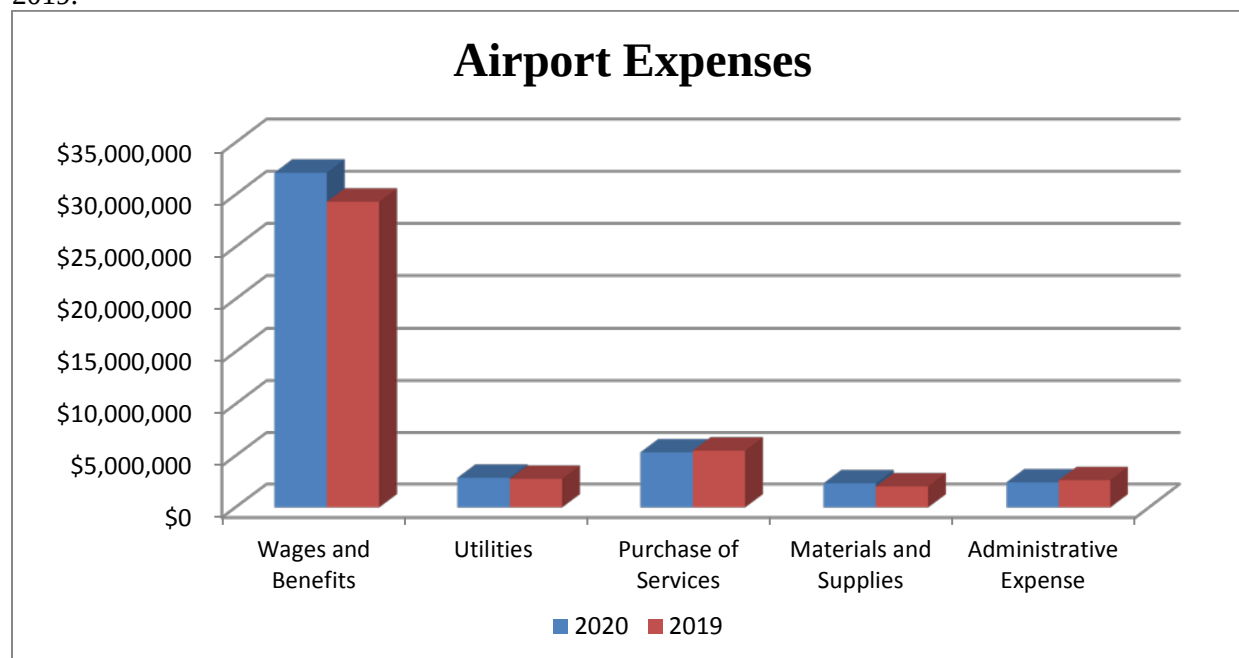
Operating Expenses

RTAA's total operating expenses totaled \$45.192 million in fiscal year 2019-2020, an increase of \$2.871 million or 7% above the prior year results. Of all operating expenses, 71% were costs associated with employee wages and benefits of a workforce of 280.8 employees. The following is a summary of expenses (excluding depreciation and amortization) by source for the years ended June 30, 2020 and 2019:

	2020	2019	\$ Change	% Change
Employee Wages and Benefits	\$32,120,112	\$29,334,325	\$2,785,787	10%
Utilities and Communications	2,881,068	2,772,620	108,448	4%
Purchase of Services	5,418,705	5,521,530	(102,825)	-2%
Materials and Supplies	2,340,685	2,045,295	295,390	14%
Administrative Expenses	2,431,355	2,646,733	(215,379)	-8%
Total Operating Expenses	\$45,191,925	\$42,320,503	\$2,871,421	7%

MANAGEMENT'S DISCUSSION AND ANALYSIS

The graph that follows presents the RTAA's operating expenses for fiscal years ended June 30, 2020 and 2019.



An Analysis of Significant Changes in Operating Expenses for Fiscal Year 2019-2020 is as follows:

Employee Wages and Benefits of \$32.120 million comprise 71% of total expenses, a 9.5% increase over the prior year total of \$29.334 million. The following table outlines the major categories of expenses within employee wages and benefits for the years ending June 30, 2020 and 2019:

	2020	2019	\$ Change	% Change
Salary	\$19,740,954	\$18,805,986	\$ 934,968	5%
Overtime, Standby, Holiday Worked	1,288,044	1,325,937	(37,893)	-3%
Employee Benefits	11,091,114	9,202,402	1,888,712	21%
Total Employee Wages and Benefits	\$32,120,112	\$29,334,325	\$ 2,785,787	9%

Employee salaries have increased \$934,968 or 5% 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 decreased \$37,892. Employee benefits increased 21% due to increases in pension and related retirement benefit expenses of \$1,888,712. These expenses are further explained in footnote #10 and #14.

Utilities and communications expenses of \$2.881 million increased 4% from the prior year and represents 6% of total operating expenses. This category includes electric, water, sewer service, telephone and other utility services.

Purchase of Services expense includes professional and technical services and totaled \$5.419 million, a decrease by \$102,825 from the prior year. The decrease was primarily due to lower costs associated with consultant services and contracted services. Purchase of services expense represents 12% of expenses.

Expenses for materials and supplies totaled \$2.341 million, an increase of \$295,390 from the prior year. Materials and supplies represent 5% of total expenses. The administrative expense category includes travel,

MANAGEMENT'S DISCUSSION AND ANALYSIS

training, air service development, insurance and other general expenses. In total, the category incurred \$2.431 million in cost, a decrease of approximately \$215,379 or 8% from the prior fiscal year. This decrease reflects lower costs associated with air service development and travel.

Non-Operating Revenues and Expenses

The category of non-operating revenues contains sources and uses of RTAA funding not directly associated with supporting the operations of the airports or funding intended or restricted for specific uses. Included in this grouping are the items following: interest income, Passenger Facility Charges, Customer Facility Charges, jet fuel taxes and interest expense on RTAA bond payments. The following is a summary of non-operating revenues and expenses for the years ended June 30, 2020 and 2019:

	2020	2019	\$ Change	% Change
Interest Income	\$ 2,324,420	\$ 2,168,829	\$ 155,591	7%
Passenger Facility Charge Revenue	7,607,924	8,443,673	(835,749)	-10%
Customer Facility Charge Revenue	4,891,406	4,613,478	277,928	6%
Jet Fuel Tax Revenue	263,135	306,035	(42,900)	-14%
Gain (Loss) on Sale of Capital Assets	28,196	25,070	3,126	12%
Other Non-Operating Revenues	617,197	-	617,197	-%
Interest Expense	(389,125)	(438,892)	46,767	-11
Total	\$15,343,153	\$15,118,193	\$ 224,960	2%

An Analysis of Significant Changes in Non-Operating Revenues and Expenses for Fiscal Year 2019-2020 is as follows:

Interest income increased 7% which reflects increased earnings on balances invested by RTAA in accordance with established investment policies to ensure safety, liquidity and a market rate of return.

Passenger Facility Charges (PFCs) are derived from a \$4.50 fee per enplaned passenger at RNO as authorized by the FAA under the Aviation Safety and Capacity Expansion Act of 1990. This Act authorizes public agencies that manage commercial airports to collect a facility charge of up to \$4.50 per passenger. The charges are collected by the commercial airlines and utilized by the RTAA to preserve or enhance safety, security, reduce noise or support the movement of passengers. PFCs declined 10% due to the decline in enplaned passengers as a result of the pandemic. Airlines collect and remit this revenue to the RTAA monthly.

Customer Facility Charges (CFCs) are paid by customers utilizing rental cars based at RNO. Implemented in August 2012, the CFCs are collected and remitted by the rental car companies and fund property management, repairs, and improvements to RTAA-owned rental car facilities. Beginning July 1, 2019, CFC per rental car transaction day fees increased to \$4.50 from \$3.50. The rate increase reflects the RTAA efforts to begin funding for design of a Consolidated Rental Car Facility (CONRAC) identified in the RNO Master Plan.

Jet fuel tax revenues are derived from a one cent per gallon on 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. These revenues are used by the RTAA to support air service development objectives and other discretionary expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

During fiscal year 2019-2020, the RTAA recorded a gain on the sale of capital assets of \$28,196 as a result of two surplus property auctions.

Non-Operating other revenues increased \$617,197 and includes \$562,281 from the CARES Act. This funding is permissible for any eligible use as airport revenues. During the fiscal year, RTAA utilized CARES Act funding to reimburse debt service.

Interest expense of \$389,125 decreased slightly by \$49,767 or 11% below previous year. This decrease reflects the lower interest expenses due the retirement of debt.

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, 2020 and 2019:

	2020	2019	\$ Change	% Change
OPERATING REVENUES				
Landing fees	\$ 10,077,732	\$ 9,397,172	\$ 358,251	4%
Concession revenue	11,301,837	13,086,886	(1,785,050)	-14%
Parking and ground trans.	10,012,455	12,817,675	(2,805,220)	-22%
Rentals	16,534,688	14,078,153	2,456,535	17%
Reimbursements for services	2,397,717	2,671,073	(273,355)	-10%
Other revenue	345,296	176,468	168,828	96%
Total Operating Revenues	50,669,725	52,549,737	(1,880,011)	-4%
OPERATING EXPENSES				
Employee wages and benefits	32,120,112	29,334,325	2,785,787	10%
Utilities and communications	2,881,069	2,772,620	108,448	4%
Purchase of services	5,418,705	5,521,530	(102,825)	-2%
Materials and supplies	2,340,685	2,045,295	295,391	14%
Administrative expenses	2,431,355	2,646,733	(215,379)	8%
Total Operating Expenses	45,191,925	42,320,503	2,871,422	7%
Operating Income Before Depreciation and Amortization	5,477,800	10,229,234	(4,751,434)	-46%
Depreciation and Amortization	27,608,618	27,801,203	(192,585)	-1%
Operating Loss	(22,130,818)	(17,571,969)	(4,558,849)	26%
NON-OPERATING REVENUE (EXPENSES)				
Interest income	2,324,420	2,168,829	155,591	7%
Passenger facility charges	7,607,924	8,443,673	(835,749)	-10%
Customer facility charges	4,891,406	4,613,478	277,928	6%
Jet fuel tax revenue	263,135	306,035	(42,900)	-14%
Gain on sale of Capital Assets	28,196	25,070	3,126	12%
Non-operating revenue	617,197		617,197	100%
Interest expense	(389,125)	(438,892)	(49,767)	-11%
Total non-operating revenues (expenses)	15,343,153	15,118,193	224,960	1%
Loss before Capital Contributions	(6,787,665)	(2,453,776)	(4,333,889)	177%
Capital Contributions	16,868,554	14,057,725	2,810,829	20%
Increase in Net Position	10,080,889	11,603,949	(1,523,060)	-13%
Net Position, Beginning of Year	391,154,022	379,550,073	11,603,949	3%
Net Position, End of Year	\$ 401,234,911	\$ 391,154,022	\$ 10,080,889	3%

MANAGEMENT'S DISCUSSION AND ANALYSIS

An Analysis of Significant Changes in Net Position for Fiscal Year 2019-2020 is as follows:

Total operating revenues decreased 4% while total operating expenses increased by 7%. A review of these two categories has been provided earlier in the MD&A.

Depreciation and amortization expense of \$27.608 million was \$192,585 or 1% lower than the prior year due the full depreciation of certain assets in the prior year.

Interest income increased by \$155,591 or 7%. The increase is mainly due to unrealized gain on the value of investments. Interest expense decreased \$49,767 or 11% as compared to the prior year due to the retirement of RTAA bonds.

Capital contributions, which are primarily comprised of federal grants from the Federal Aviation Administration, increased 20% this year as compared to fiscal year 2018-2019. The grant contributions include reimbursements for runway, taxiway and apron rehabilitation.

CAPITAL ASSETS

The RTAA's investment in capital assets as of June 30, 2020 was \$365.510 million, a net increase of \$12.70 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, 2020 and 2019:

	2020	2019	\$ Change	% Change
Non depreciable:				
Land	\$ 172,449,078	\$ 172,449,078	\$ -	-%
Construction in Progress	41,723,244	12,229,151	29,494,093	71%
Development rights	2,924,038	2,924,038	-	%
Depreciable:				
Improvements, Buildings, and Equipment	148,413,763	165,206,940	(16,793,177)	-11%
Total	\$ 365,510,123	\$ 352,809,207	\$ 12,700,916	9%

Major Capital Asset Events during Fiscal Year 2019-2020 included the following:

Federal grants funded over \$16.868 million of capital projects in fiscal year 2019-2020. Projects included the runway rehabilitation at RNO, RTS Parking Apron, and RTS Taxiway A. In the terminal building, the RTAA completed planter wall refurbishment of the parking structure, roof replacement on the parking office building, remodeling the briefing room and Canine Sergeant's office at the police station, the badging and the information technology office remodel in the administrative offices.

Technology upgrade projects completed this year included replacing the TSA checkpoint cameras, warehouse camera replacement, baggage handling system camera integration, LED lighting replacement in several locations around the airport, parking system upgrade, a new interactive employee training system, and installed in-terminal surveillance station.

Machinery and Equipment purchased this year includes a digital radio system upgrade, turbo blast 500 cold air blower, Mauldin Tack 3,000 tank, two plow kits, two sand spreaders, one ton bridge crane, and a loader with plow.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Movable equipment purchased this year includes six vehicles, portable heaters, water-blasting vehicle and a snowplow. The six vehicles consist of one Tahoe for RTS, two four-wheel drive trucks and one four-wheel drive dump truck used by Airfield Maintenance, and one for Building Maintenance. All vehicles met 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 adding to the value of capital assets. For additional information on Capital Assets, see Notes to the Financial Statements, Note 5.

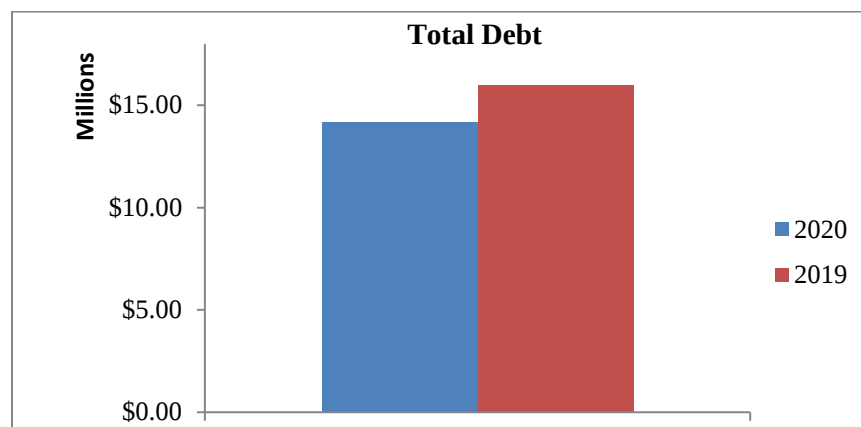
DEBT ADMINISTRATION

As of June 30, 2020, the RTAA has \$14.150 million in debt comprised of senior lien revenue bonds (Series 2015 Airport Refunding Bond). 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 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 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 terms and conditions governing the 2015 Bond are established under Bond Resolution No. 526. 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 refunding will capture approximately \$2.917 million of gross savings or \$2.519 million on a present value basis in lower debt service payments over the life of the bonds. This represents a net present value savings as a percentage of refunding bonds of 12.03%.

The following presents the RTAA's outstanding debt for the years ended June 30, 2020 and 2019:

	2020	2019	\$ Change	% Change
Total Debt – 2015 Bonds	\$ 14,150,000	\$ 15,960,000	\$(1,810,000)	-13%



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 bond debt service. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2020, the RTAA collected PFCs, including interest earnings thereon, totaling \$7.608 million. PFCs are collected by airlines on their passengers' tickets and remitted monthly to the RTAA. These funds are spent on a list of projects reviewed by the airlines in a process prescribed by the FAA. This funding must be segregated from all other Airport revenues. For further details, see the Summary Schedule of Passenger Facility Charges Collected and Expended in the Compliance Section of this report.

AIRLINE SIGNATORY RATES AND CHARGES

The RTAA and the airlines successfully negotiated an airline use and lease agreement effective July 1, 2015 for a term of five years. In 2019-2020, the agreement was extended for 3 years and includes seven "signatory airlines" including five passenger and two cargo airlines. The airline agreement establishes the airline rate setting formula and the airport model is known as a hybrid rate setting formula. In this formula, the RTAA airports are divided into cost six cost centers, including: Airfield, Terminal Building, Baggage Handlings System (BHS), Landside (Parking and Ground Transportation), Other, and Reno-Stead Airport. The airline cost centers of the Airfield and Terminal Building are used in the calculation of the landing fee and 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.

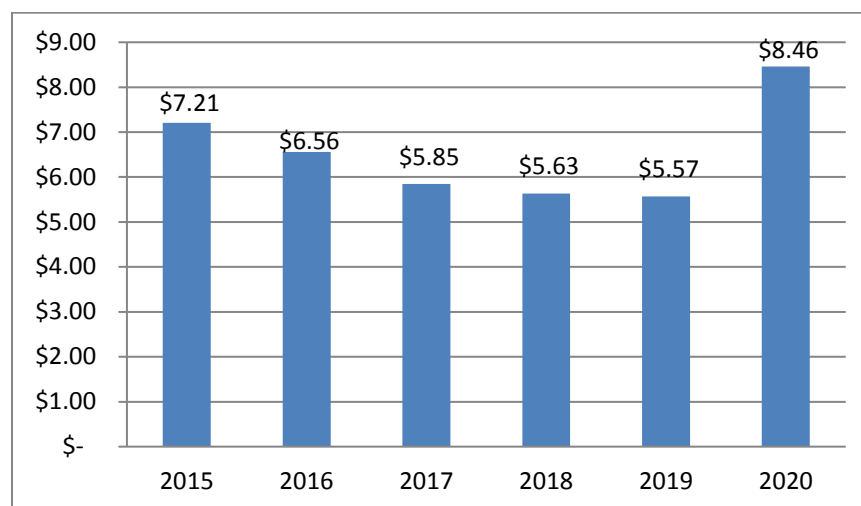
MANAGEMENT'S DISCUSSION AND ANALYSIS

The final rates and charges for the signatory airlines are shown below for the fiscal year ended June 30, 2020 and 2019:

	2020	2019	\$ Change	% Change
Landing Fee Rate (Per 1,000-pound units)	\$ 3.23	\$ 2.84	\$.39	14%
Terminal Rental Rate (Average) (Per square foot annually)	\$55.31	\$38.49	\$16.82	44%

Comparing the operating results of airports is difficult. The landing fee and terminal rental rates of airports are often not comparable because of the different airline operating agreements used to calculate those fees. As a result, an airport's impact to signatory airline tenants is benchmarked on a ratio of total fees paid by the airlines that are landing fees and terminal rents to the RTAA divided by the number of passengers boarding aircraft. The RTAA targets to maintain a reasonable cost structure for the airlines to attract and retain air service to community. The cost per enplaned passenger for RTAA for the fiscal year ended June 30, 2020, was calculated to be \$8.46 as compared to \$5.57 in the prior year. The chart below presents the history of the cost per enplaned passenger.

Cost per Enplaned Passenger



CURRENTLY KNOWN FACTS

As a result of the COVID-19 pandemic, the operations and business results of RTAA were significantly impacted during the fourth quarter of FY2020. RTAA cannot predict the extent and duration of the impact on its activities, including operating revenues. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain it.

RTAA is a recipient of the CARES Act which provides funds to eligible U.S. airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic. In March 2020, RTAA was awarded \$30.96 million in funds from the CARES Act.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 Department, 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, 2020
with comparative amounts at June, 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 5,134,155	\$ 8,291,487
Investments	55,583,191	54,187,862
Accounts receivable, net	6,832,592	4,565,394
Grants receivable	591,945	4,880
Interest receivable	233,323	268,726
Inventory	807,496	766,235
Other current assets	531,598	587,849
Total Unrestricted Assets	69,714,300	68,672,433
Restricted Assets:		
Cash and cash equivalents	2,249,584	2,338,218
Investments	26,402,705	30,734,970
Interest receivable	140,925	143,392
Total Restricted Assets	28,793,214	33,216,580
Total Current Assets	98,507,514	101,889,013
NON-CURRENT ASSETS		
Capital Assets:		
Non-depreciable	217,096,360	187,602,267
Depreciable	763,425,627	752,697,944
Less accumulated depreciation and amortization	615,011,864	587,491,004
Total Capital Assets	365,510,123	352,809,207
Other Assets:		
Road credits	1,383,599	1,383,599
Total Non-Current Assets	366,893,722	354,192,806
Total Assets	465,401,236	456,081,819
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions after measurement date	2,690,448	2,573,729
Pension difference between actual and proportionate share of contributions	703,499	645,876
Pension changes in actuarial assumptions	1,550,906	1,993,684
Pension difference between expected and actual pension experience	1,429,069	1,185,276
OPEB contributions after measurement date	115,638	128,486
Total Deferred Outflows of Resources	6,489,560	6,527,051
Total Assets and Deferred Outflows of Resources	\$ 471,890,796	\$ 462,608,870

RENO-TAHOE AIRPORT AUTHORITY
STATEMENT OF NET POSITION (continued)
AS OF JUNE 30, 2020
with comparative amounts at June, 2019

	2020	2019
LIABILITIES		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	\$ 5,020,245	\$ 5,829,686
Construction contracts payable	2,038,173	218,634
Rents received in advance	1,338,569	2,071,337
Accrued payroll and compensated absences	1,488,033	1,589,085
Total current unrestricted assets	<u>9,885,020</u>	<u>9,708,742</u>
Payable from Restricted Assets:		
Current portion of long-term debt	1,860,000	1,810,000
Accrued interest	194,562	219,450
Construction contracts payable	520,483	551,247
Total restricted current liabilities	<u>2,575,045</u>	<u>2,580,697</u>
Total Current Liabilities	<u>12,460,065</u>	<u>12,289,439</u>
NON-CURRENT LIABILITIES		
Revenue bonds and subordinate notes, net	12,290,000	14,150,000
Accrued payroll and compensated absences, net of current portion	902,784	1,045,147
Deposits	523,438	401,956
Reclamation liability	714,853	872,824
Net OPEB liability	1,653,130	1,648,752
Net pension liability	38,109,676	37,835,366
Total Non-Current Liabilities	<u>54,193,881</u>	<u>55,954,045</u>
Total Liabilities	<u>66,653,946</u>	<u>68,243,484</u>
DEFERRED INFLOWS OF RESOURCES		
Pension difference between actual and projected earnings on plan investments	1,895,819	180,133
Pension difference between actual and expected pension experience	1,099,225	1,756,211
Pension difference between actual and proportionate share of contribution	1,006,895	1,275,021
Total Deferred Inflows of Resources	<u>4,001,939</u>	<u>3,211,365</u>
NET POSITION		
Net investment in capital assets	<u>348,801,466</u>	<u>336,079,326</u>
Restricted for:		
Revenue bond operations and maintenance	7,715,546	7,466,546
Renewal and replacement	821,553	799,354
Passenger facility charge projects	18,023,290	22,804,675
Debt service	1,959,780	1,873,311
Other reserve purposes	78,484	53,244
Total Restricted	<u>28,598,653</u>	<u>32,997,130</u>
Unrestricted	<u>23,834,792</u>	<u>22,077,566</u>
Total Net Position	<u>401,234,911</u>	<u>391,154,022</u>
Total Liabilities and Net Position	<u>\$ 471,890,796</u>	<u>\$ 462,608,871</u>

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020
with comparative amounts at June, 2019

	2020	2019
OPERATING REVENUES		
Landing fees	\$ 10,077,732	\$ 9,719,482
Concession revenue	11,301,837	13,086,886
Parking and ground transportation	10,012,455	12,817,675
Rentals	16,534,688	14,078,153
Reimbursements for services	2,397,717	2,671,073
Other revenue	345,296	176,468
Total operating revenues	<u>50,669,725</u>	<u>52,549,737</u>
OPERATING EXPENSES		
Employee wages and benefits	32,120,112	29,334,325
Utilities and communications	2,881,068	2,772,620
Purchase of services	5,418,705	5,521,530
Materials and supplies	2,340,685	2,045,295
Administrative expenses	2,431,355	2,646,733
Total operating expenses	<u>45,191,925</u>	<u>42,320,503</u>
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	5,477,800	10,229,234
Total depreciation and amortization	<u>27,608,618</u>	<u>27,801,203</u>
OPERATING INCOME (LOSS)	<u>(22,130,818)</u>	<u>(17,571,969)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income and gain (loss) of investments	2,324,420	2,168,829
Passenger facility charge revenue	7,607,924	8,443,673
Customer facility charge revenue	4,891,406	4,613,478
Jet fuel tax revenue	263,135	306,035
Gain on sale of capital assets	28,196	25,070
Non-operating revenues	617,197	-
Interest expense	(389,125)	(438,892)
Total non-operating revenues (expenses)	<u>15,343,153</u>	<u>15,118,193</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(6,787,665)	(2,453,776)
CAPITAL CONTRIBUTIONS	<u>16,868,554</u>	<u>14,057,725</u>
CHANGE IN NET POSITION	<u>10,080,889</u>	<u>11,603,949</u>
NET POSITION, BEGINNING OF YEAR	<u>391,154,022</u>	<u>379,550,073</u>
NET POSITION, END OF YEAR	<u><u>\$ 401,234,911</u></u>	<u><u>\$ 391,154,022</u></u>

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
with comparative amounts at June, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 47,791,241	\$ 52,266,097
Cash paid to employees and for benefits	(31,256,773)	(29,454,706)
Cash paid to suppliers	(14,024,235)	(11,892,076)
Net cash provided by operating activities	2,510,233	10,919,315
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Jet fuel tax revenue	263,135	306,035
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	16,281,489	14,066,191
Passenger facility charge revenue	7,607,924	8,443,673
Customer facility charge revenue	4,891,406	4,613,478
Acquisition and construction of capital assets	(38,520,759)	(27,257,214)
Proceeds from sale of capital assets	28,196	25,070
Principal paid on bonds	(1,810,000)	(1,760,000)
Non Operating Revenue	617,197	-
Interest paid on bonds	(414,013)	(463,100)
Net cash provided by (used in) capital and related financing activities	(11,318,560)	(2,331,902)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of interest	1,626,053	1,135,691
Purchase of investments	(119,694,278)	(99,993,909)
Sale of investments	123,367,451	83,447,908
Net cash provided by (used in) investing activities	5,299,226	(15,410,310)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,245,966)	(6,516,862)
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,629,705	17,146,567
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 7,383,739	\$ 10,629,705

Continued

RENO-TAHOE AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED JUNE 30, 2020
with comparative amounts at June, 2019

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

	2020	2019
Operating (loss) income	\$ (22,130,818)	\$ (17,571,969)
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation and amortization	27,608,618	27,801,203
(Increase) Decrease in Assets:		
Accounts receivable, net	(2,267,198)	(964,764)
Inventory	(41,261)	(16,530)
Other current assets	56,251	(149,334)
Increase (Decrease) in Liabilities:		
Accounts payable	(809,441)	1,392,304
Rents received in advance	(732,768)	633,811
Accrued payroll	(243,414)	123,740
Deposits and unearned revenues	121,482	47,314
Net OPEB liability and related deferred outflows of resources	17,226	(106,926)
Net pension liability and related deferred outflows and inflows of resources	1,089,527	(137,196)
Reclamation liability	(157,971)	(132,338)
Net cash provided by operating activities	<u>\$ 2,510,233</u>	<u>\$ 10,919,315</u>

Noncash activities:

The unrealized gain (loss) on investments was 736,237 at June 30, 2020 and \$476,028 at June 30, 2019.

Capital assets included in construction contracts payable	\$ 2,558,656	\$ 769,881
Capital Contributions		
Total Capital Contributions	\$ 16,868,554	\$ 14,057,725
Non-cash capital contribution - building	-	-
Grants Receivable (June 30, 2020 and 2019)	(591,945)	(4,880)
Grants Receivable (June 30, 2019 and 2018)	4,880	13,346
	<u>\$ 16,281,489</u>	<u>\$ 14,066,191</u>

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Organization and Reporting Entity

A. Organization

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

B. Reporting Entity

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

i. Composition of the Board.

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

ii. Accounting for Fiscal Matters.

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

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

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. RTAA uses the economic resources measurement focus, whereby revenues and expenses are recognized in the period earned or incurred, regardless of when the related cash flows take place. All transactions are accounted for in a single enterprise fund.

Enterprise funds account for the following activities:

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

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

- ii. The governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

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

B. Use of Estimates

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

C. Budgets

RTAA adheres to the Local Government Budget and Finance Act established by Nevada state statute. The filing deadlines and procedures during fiscal year 2019-2020 were as follows:

- i. On or before April 15, the RTAA files a preliminary operating budget with the State Department of Taxation.
- ii. A public hearing on the proposed budget with the Board of Trustees on the Thursday following the third Monday in the month of May.
- iii. On or before June 1, the final budget is adopted by a majority vote of the Board of Trustees.
- iv. 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.
- v. The budget was amended to increase expenses by \$165,000 on February 13, 2020, and \$3,021,787 on March 12, 2020.

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, 2020

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, 2020, total interest cost incurred was \$389,125. For the year ended June 30, 2020, 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.

The statement of net position contains items relating to deferred outflows and 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*. A description of the deferred outflow and inflow items is as follows:

- Pension contributions after measurement date for pensions and OPEB. These contributions are those made after the measurement date through the fiscal year end 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 the 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 or 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 or 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.
- Pension difference between actual and proportionate share of contribution. These amounts represent the differences the unamortized difference between actual and lower proportional contributions to PERS and decreases in the RTAA's allocation share as provided in the schedule of employer allocations of the PERS system for the year ending June 30, 2019.

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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, 2020, liabilities related to compensated absences were \$2,131,958.

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. To provide airlines relief during the pandemic, the RTAA agreed to waive the final landing fee settlement due to the RTAA of approximately \$537,000 at June 30, 2020.

J. Net Position

The following categories comprise the RTAA's net position:

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

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

K. Passenger Facility Charge (PFC) Revenue

Currently, the RTAA has approval from the FAA to impose and use a PFC of \$4.50 per enplaned passenger. PFC collections fund several FAA approved projects to improve or renew passenger

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safety, conveyance or related facilities. The airlines collect and remit PFC revenues monthly to the RTAA. The RTAA recognizes these revenues as non-operating revenues.

L. Customer Facility Charge (CFC) Revenue

Effective August 2012, the RTAA implemented a \$1.25 Customer Facility Charge (CFC) per transaction day on each individual vehicle rental collected by each participating rental car lessee. July 1, 2019 the rate increased to \$4.50 and July 1, 2020 increased to \$5.50. 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 the RTAA. These revenues are included in non-operating revenues.

M. Capital Contributions

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

Capital funding provided under government grants and agreements are considered earned as the related allowable expenses are incurred. Grants and related agreements for the acquisition and construction of land, property and certain types of equipment are reported in the Statements of Revenues, Expenses and Changes in Net Position, after non-operating revenue and expenses, as capital contributions.

N. Regional Road Impact Fee Credits

The regional road impact fee is a one-time assessment to pay for new roads or improvements to existing roads necessary to serve traffic from a new development. Payment of this fee is typically required upon issuance of a building permit. The RTAA owns credits for the fees and can use them as needed or sell them to others until the credits expire June 26, 2033. The value of these credits was determined by Washoe County, who provided the credits to the RTAA.

O. Recent Accounting Pronouncements Adopted/Implemented:

As of June 30, 2020, the RTAA has adopted the following new Governmental Accounting Standards Board (GASB) Statements. The adoption of these standards had no significant effect on the RTAA's net position or changes therein. Adopted: *GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance*. In addition, GASB has issued the following statements that have not yet been implemented, required or determined applicable by the 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 Construction*

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- GASB Statement No. 90, *Majority Equity Interests*
- GASB Statement No. 91, *Conduit Debt Obligations*
- GASB Statement No. 92, *Omnibus 2020*
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*
- GASB Statement No. 94, *Public-Private and Public and Public-Public Partnerships and Availability Payment Arrangements*
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*

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

P. Recent Events

In December 2019, a novel strain of coronavirus spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In March 2020, the State of Nevada declared that all non-essential businesses would be closed to help mitigate the spread of COVID-19. In early May 2020, certain businesses began reopening within the state of Nevada, including casinos, which were allowed to reopen on June 4, 2020. The operations and business results of RTAA have been significantly impacted by this event during the fourth quarter of FY2020. RTAA cannot predict the extent and duration of the impact on its activities, including fluctuations in passenger traffic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain it.

RTAA is a recipient of the CARES Act which provides funds to eligible U.S. airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic. In March 2020, RTAA was awarded \$30.96 million in funds from the CARES act. At June 30, 2020, RTAA incurred \$562,281 of eligible expenses in relation to the cost-reimbursement federal grant and recognized a \$562,281 grant receivable and non-operating revenue. The remaining grant award is expected to be expended in FY 2021

As of June 30, 2020, RTAA has \$60.7 million of unrestricted cash and investments, which are sufficient to cover budgeted expenditures for FY 2021. Management has not included any contingencies in the financial statements specific to this event.

Q. Prior Year Comparative Information

The financial statements include summarized certain prior year comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended June 30, 2019 from which such summarized information was derived

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3. Cash, Cash Equivalents and Investments

The RTAA accounts for its investments at fair value. Cash, Cash Equivalents and Investments consist of the following as of June 30, 2020:

	2020
Cash	\$ 5,134,155
Cash Equivalents (Money Market, Short-Term)	2,249,584
Total Cash and Cash Equivalents	7,383,739
Investments:	
State of Nevada Local Government Pool	22,447,952
US Government Agency Securities	59,537,945
Total Investments	81,985,897
Total Cash, Cash Equivalents, Investments	89,369,636
Less: Unrestricted Cash, Cash Equivalents, Investments	(60,717,346)
Total Restricted Cash, Cash Equivalents, Investments	\$ 28,652,290

The balance of cash and cash equivalents as of June 30, 2020, was \$7,383,739. 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 the 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 the RTAA's total cash, cash equivalents and investments as of June 30, 2020 by fair market value using the categories of relative reliability:

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	Total Cash, Cash Equivalents, and Investments	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	June 30, 2020	(Level 1)	(Level 2)	(Level 3)
Investments by Fair Value Level:				
US Agencies	\$ 41,926,944	\$ -	\$ 41,926,944	\$ -
US Treasury Notes	17,611,001	17,611,001	-	-
Total Investments by Fair Value Level	59,537,945	\$ 17,611,001	\$ 41,926,944	\$ -
Investments at Net Asset Value (NAV):				
State of Nevada Local Government Pool	22,447,952			
Total Investments at Net Asset Value (NAV)	22,447,952			
Investments at Cost/Amortized Cost:				
Money Market Funds	2,249,584			
Cash:				
Collateralized Bank Deposits	5,134,155			
Total Cash, Cash Equivalents and Investments	<u>\$ 89,369,636</u>			

Investment Policies

In accordance with NRS 355 Public Investments, the RTAA's bond resolution and the RTAA's investment policy, the RTAA manages its exposure to interest rate risk by regular evaluation of the RTAA's cash position to determine the amount of short and long-term funds available for investment within the context of the entire portfolio and its cash flow and liquidity needs. By purchasing a combination of shorter term and longer-term investments and timing their maturities, the RTAA's meets its cash flow and liquidity needs. The RTAA uses specific identification for calculating unrealized gains or losses for investment valuation. Included in the RTAA's investment portfolio as of June 30, 2020 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

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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.

The LGIP investment policy allows for investments in bankers’ 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 may withdraw funds from the pool upon written notice and LGIP shall comply at the first reasonable opportunity. However, the LGIP may charge the RTAA any penalty or loss of interest resulting from the withdrawal of funds if necessary, to meet the request. The RTAA has no unfunded commitments as of June 30, 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:
 - i. Are purchased from a registered broker-dealer;
 - ii. At the time of purchase, have a remaining term to maturity of no more than 5 years;
 - iii. Are rated by a nationally recognized rating service as “A” or its equivalent, or better;
 - iv. Such investments must not, in aggregate value, exceed 20 percent of the total portfolio as determined on the date of purchase; and
 - v. Not more than 25 percent of such investments may be in notes, bonds and other unconditional obligations issued by any one corporation.

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- 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.
- D. 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, 2020, the RTAA’s cash, cash equivalents and investments have the following maturity distributions:

Maturity Distribution

	0 to 1 Month	1 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years	Total
Cash	\$ 5,134,155	\$ -	\$ -	\$ -	\$ -	\$ 5,134,155
Money Market Funds	2,249,584	-	-	-	-	2,249,584
State of Nevada Local Government Pool	-	22,447,952	-	-	-	22,447,952
US Treasury Securities	-	14,922,649	2,688,352	-	-	17,611,001
US Government Agency Securities	-	11,133,158	19,078,490	11,715,296	-	41,926,944
Total Cash, Cash Equivalents, Securities	\$ 7,383,739	\$ 48,503,759	\$ 21,766,842	\$ 11,715,296	\$ -	\$ 89,369,636

Credit Risk

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

The RTAA’s investment policy also permits investment in the State of Nevada Local Government Investment Pool (LGIP), 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 is unrated external investment pools subject to NRS 355.171 Public Investment statutory requirements on authorized and prohibited investments.

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At June 30, 2020, 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 the RTAA's investment in a single issue. The RTAA places no limit on the amount the RTAA may invest in any one issuer. As of June 30, 2020, the following investments equaled or exceeded 5% of the RTAA's total cash, cash equivalents and investments:

Investment Types	2020
Local Government Investment Pool	25%
Wells Fargo Collateralized Deposit	6%
Federal Home Loan Bank	40%
Federal Home Loan Mortgage Corporation	6%
US Treasuries	20%
Other less than 5% individually	3%
	100%

4. Accounts and Grants Receivable

The following amounts represent receivables due to the RTAA at June 30, 2020:

Accounts and Grants Receivable	2020
Current, Unrestricted:	
Accounts Receivable	\$ 7,011,592
Less: Allowance for Uncollectable	<u>(179,000)</u>
Net Accounts Receivable	6,832,592
Grants Receivable	<u>591,945</u>
Total Current Accounts Receivable	\$ 6,240,647

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

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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, 2020, are as follows:

	Balance July 1, 2019	Additions and Transfers	Deletions and Transfers	Balance June 30, 2020
Capital Assets, not depreciated/amortized				
Land	\$ 172,449,079	\$ -	\$ -	\$ 172,449,079
Construction in progress	12,229,150	39,019,079	(9,524,986)	41,723,243
Development rights	2,924,038	-	-	2,924,038
Total Capital Assets, not depreciated/amortized	187,602,267	39,019,079	(9,524,986)	217,096,360
Capital Assets, depreciated/amortized				
Improvements	398,109,342	3,114,203	-	401,223,545
Buildings	283,077,140	607,640	-	283,684,780
Equipment	71,511,462	7,093,599	(87,758)	78,517,303
Total Capital Assets, depreciated/amortized	752,697,944	10,815,442	(87,758)	763,425,628
Less accumulated depreciation/amortization				
Improvements	298,825,279	13,236,542	-	312,061,821
Buildings	230,341,830	10,724,207	-	241,066,037
Equipment	58,323,895	3,647,869	(87,758)	61,884,006
Total accumulated depreciation/amortization	587,491,004	27,608,618	(87,758)	615,011,864
Total Capital Assets depreciated/amortized, net	165,206,940	(16,793,176)	-	148,413,764
Net Capital Assets	\$ 352,809,207	\$ 22,225,903	\$ (9,524,986)	\$ 365,510,124

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.

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6. Long-Term Debt

As of June 30, 2020, the RTAA had \$14.15 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, 2020:

	Balance July 1, 2019	New Debt	Principal Repayment	Premium Amortization	Balance June 30, 2020
Revenue Bonds:					
Series 2015 Bonds	\$ 15,960,000	\$ -	\$ (1,810,000)	\$ -	\$ 14,150,000
Total Revenue Bonds	15,960,000	-	(1,810,000)	-	14,150,000
Less: Current Portion	(1,810,000)	-	-	-	(1,860,000)
Debt Outstanding	\$ 14,150,000	\$ -	\$ (1,810,000)	\$ -	\$ 12,290,000

Bond Resolution

The revenue bond resolution established certain cash and investments sub-accounts (referred to as "Funds"). These Funds provide accountability for bond proceeds and pledged revenues to assure adherence to restrictions on expenses. Gross Revenues are defined as all income and revenues received or accrued under generally accepted accounting principles derived directly or indirectly by the RTAA from the operation and use of and otherwise pertaining to the Airport System, or for any service rendered by the RTAA in the operation thereof. Gross revenues are deposited at least weekly in the Revenue Fund. Operation and maintenance expenses are paid from these revenues. The remaining funds are applied monthly, as outlined in the Bond Resolution, in the following amounts and order of priority:

- Bond Fund Interest and Principal Accounts – deposited in amounts sufficient to meet the next required debt service payment on the revenue bonds.
- Operating and Maintenance Reserve Fund – from amounts remaining after the above allocations and the payment of debt service on any subordinate securities, this fund receives an allocation in the amount necessary to reinstate over a one-year period a minimum reserve of 17% or two months of the RTAA's currently budgeted operation and maintenance expenses.
- Renewal and Replacement Fund- \$10,000 per month until a specified maximum amount (currently \$780,000 but not less than \$600,000) determined by the RTAA is accumulated as an emergency capital account.
- Remaining funds are transferred then to the RTAA's Special Fund in an amount aggregating 35% of annual gaming concession revenues.
- Any remaining funds are transferred to the General Purpose Fund, to be used for additional construction, maintenance or other Airport obligations.

Pursuant to the bond resolution, 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.

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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, 2020.

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</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2025-2026	4,325,000	179,300	4,504,300

The terms and conditions governing the 2015 Bond are established under a Bond Resolution No. 526. See Note 8 for further information on the Rate Maintenance Covenant. The Resolution also requires the Authority to comply with a debt service coverage financial covenant. At June 30, 2020, the Authority was in compliance with this financial covenant. Additionally, the bonds are subject to federal arbitrage regulations. As of June 30, 2020, 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.

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7. Non-Current Liabilities

Other long-term liability activity for the year ended June 30, 2020 is summarized below:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Due Within One Year
Compensated absences	\$2,086,281	\$ 703,780	\$ (658,103)	\$ 2,131,958	\$ 1,213,126
Deposits	401,956	247,851	(126,369)	523,438	-
Reclamation liability	872,824	33,050	(191,020)	714,854	-
Total	\$3,361,061	\$ 984,681	\$ (975,492)	\$ 3,370,250	\$ 1,213,126

8. Rate Maintenance Covenant

The RTAA's senior lien debt is limited by the outstanding bond resolution requirement that net revenues (operating revenues less operating expenses and other adjustments) pledged to pay debt service exceed 125% of annual senior lien debt service. Airport system pledged revenues consist of the following at June 30, 2020:

	2020
Airline Fees and Rentals:	
Landing Fees	\$ 9,047,945
Terminal Building Rentals	7,977,833
Total Airline Fees and Rentals	17,025,778
Non-Airline Pledged Revenues:	
Other aircraft fees	1,029,788
Concession fees	11,301,837
Parking and ground transportation	10,012,455
Other rentals	8,556,856
Reimbursement for services	2,397,717
Other operating revenues	345,296
Non-operating revenues	2,240,076
Total Non-Airline Pledged Revenues	35,884,025
Gross Pledged Revenues	\$ 52,909,803
Adjustments to Pledged Revenues:	
Operating and maintenance expenses	(44,037,667)
Gain/sale on sale of capital assets	(28,196)
Airline revenue sharing	2,452,933
Customer facility charge expenses	417,714
Gaming revenue (35%)	(286,561)
Total Adjustments to Pledged Revenues	(41,481,777)
Net Pledged Revenues	\$ 11,428,026
Debt Service Payment	2,249,125
125% Coverage Requirement	2,811,406
Actual coverage percent	508.11%
Rate covenant test achieved	Yes

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9. Leases

Substantially all the property owned by the 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, 2020, of \$11,301,837 results from concessions calculated as a percentage of the gross receipts or are attributable to specified minimum payments. Future minimum payments due to the RTAA under such non-cancelable agreements are as follows for the years ended June 30:

2021	22,684,014
2022	21,535,657
2023	21,076,990
2024	6,033,195
2025	5,164,578
2026-2031	16,248,098
Total	\$ 92,742,532

10. Pension Plan

A. Purpose and History

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

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

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

B. Benefits

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

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The 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>Fiscal Year</u>	<u>Contribution Rates</u>		<u>Total Contribution</u>
	<u>Regular</u>	<u>Police/Fire</u>	
2019-2020	29.25%	42.50%	\$5,771,419
2018-2019	28.00%	40.50%	\$5,383,749

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

Monthly benefit allowances for members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.25% 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.

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

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plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only.

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

E. Termination

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

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

Based on a Schedule of Employer Allocations, Schedule of Pension Amounts by Employer and Related Notes provided by the Public Employee Retirement System of Nevada (PERS), the RTAA reported the net pension liability, total deferred outflow of resources, deferred inflows of resources, and pension expense as of June 30, 2020.

The RTAA's proportional share reflects the actuarial valuation date as of June 30, 2019 (PERS Actuarial Reports). Due to the difference between the valuation date of the PERS Actuarial Reports and payments made in advance of the RTAA's reporting date, pension contributions are recognized as a deferred outflow of resources.

As of June 30, 2020, RTAA is reporting a liability of \$38,109,676 for its proportionate share of the net pension liability. This represents an increase of \$274,310 as compared to \$37,853,366 reported as of June 30, 2019. The RTAA's proportion of the net pension liability reflects the RTAA's contributions to the pension plan relative to the contributions of all participating entities.

At June 30, 2020 the RTAA's proportion share of the net pension liability, based on the RTAA's contributions to the pension plan relative to the contribution of all participating entities, is 0.2795 percent of the total. This compares to the prior year's proportion share of 0.2774 percent of the total. For the year ended June 30, 2020, the RTAA recognized pension expense of \$7,002,702.

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, 2020, the RTAA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,429,069	\$ 1,099,225
Changes of assumptions	1,550,9064	-
Net difference between projected and actual earnings on pension plan investments	-	1,895,819
Change in proportion and differences between RTAA contributions and proportionate share of contributions	703,499	1,006,895
RTAA contributions subsequent to the measurement date	2,690,448	-

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Total	\$ 6,373,922	\$ 4,001,939
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The deferred outflows of resources of \$2,690,448 relates to RTAA pension contributions made after the measurement date of June 30, 2019, but before the end of the RTAA's reporting period of June 30, 2020 will be recognized as a reduction of the net pension liability in the subsequent fiscal year ended June 30, 2021.

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 6.18 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:	Amount
2021	51,687
2022	(802,008)
2023	128,586
2024	138,955
2025	140,332
2026	23,983
Total	(318,465)

Assumptions

The net pension liability reported as of June 30, 2019 was determined using the following assumptions in the PERS Actuarial Reports, applied to all periods included in the measurement:

Inflation rate	2.75%
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
Investment rate of return	7.50%
Other Assumptions	Same as those used in the June 30, 2019 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.
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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.

The actuarial assumptions used in the PERS Actuarial Report as of the June 30, 2019 reflect the experience review issued December 6, 2019.

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, 2019.

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic Stocks	42%	5.50%
International Stocks	18%	5.50%
U.S Bonds	28%	0.75%
Private Markets	12%	6.65%

*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, 2019 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, 2019.

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

The following presents the RTAA's net pension liability using the discount rate of 7.50%, as well as what the RTAA net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
RTAA's proportionate share of the net pension liability	\$58,123,293	\$38,109,676	\$21,488,626

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11. Capital Contributions

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

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

Contributions from other sources for the year ended June 30, represent reversion of a fixed based operations building and attached aircraft hangar facility, pursuant to the expiration of lease agreements. The RTAA has received capital contributions as follows:

Source	Inception To Date	Year Ended 2020
Federal	\$ 478,324,183	\$ 16,084,377
State	306,536	-
Other Sources	29,326,474	784,177
Total	\$ 507,957,193	\$ 16,868,554

12. Commitments and Contingencies

The RTAA has outstanding commitments for various construction projects. The following is a summary of the more significant of these commitments at June 30, 2020:

Airfield	\$ 3,990,025
Terminal	384,398
Reno-Stead Airport	5,104
Other	<u>13,518</u>
Total Outstanding Commitments	<u>\$ 4,393,046</u>

Financial resources for these projects will come from Federal Aviation Administration grants, Passenger Facility Charge revenue, the General Purpose Fund, and Special Fund. In 2000, the RTAA entered into a Consent Decree in the case captioned "Nevada Division of Environmental Protection vs. United States of America et al." The Consent Decree, which relates to certain land located at the Reno-Stead Airport, requires those parties identified to perform environmental investigation, monitoring, and remediation for any contamination found. Other parties to this Consent Decree are the City of Reno, U.S. Department of Defense by and through the U.S. Army Corps of Engineers and various Lear entities. These parties utilize an allocation for costs to address the contamination as follows: U.S. Army Corps of Engineers 51%, City of Reno 12%, Lear entities 18.5% and the RTAA 18.5%.

Previously, U.S. Army Corps of Engineers paid \$2.62 million to prefund these costs and the Lear entities paid \$1.57 million as a settlement to end participation. The bank balance of this fund is \$709,750 for year ended 2020.

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

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\$475,000 was added to the fund for the RTAA share. The reclamation liability at June 30, 2020 is \$714,853.

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

13. Risk Management

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

14. Other Postemployment Benefits

The RTAA provides other postemployment benefits (OPEB) for eligible retirees through one plan: State of Nevada's Public Employees Benefits Program (PEBP) if retired prior to September 1, 2008. This plan provides medical benefits to eligible RTAA retirees and beneficiaries.

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

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

Funding Policy: The RTAA is required to provide a subsidy to the plan of each retiree that has joined the PEBP. Contribution requirements for plan members and the participating employers are assessed by the PEBP Board annually. The contributions required for PEBP subsidies depends on the date of retirement, prior years of Public Employees Retirement System (PERS) service former employees earned while working for the RTAA, and number of qualifying employers. The subsidies are determined by years of service and range from a minimum of \$3 to a maximum of \$1,795 per month for the year ended June 30, 2020. Subsidies for retiree premiums are paid directly to the State PEBP when due.

The RTAA's obligation for subsidies is limited to payment of the statutorily required contribution. The current year contribution to PEBP was \$115,638 for 36 retirees, which equaled the required, contribution. As of June 30, 2020, the plan was funded on a "pay as you go" basis and no contribution was made to fund the actuarial determined liability.

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Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs. Applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019																											
Measurement Date	June 30, 2019																											
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	3.89% as of June 30, 2018 3.51% as of June 30, 2019																											
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 in this valuation (before projected improvements) 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>2022</td><td>5.50%</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%	2022	5.50%	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%																										
2022	5.50%	4.50%																										
2023	5.25%	4.50%																										
2024	5.25%	4.50%																										

RENO-TAHOE AIRPORT AUTHORITY
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Discount Rate	The discount rate was changed from 3.89% on June 30, 2018 to 3.51% on June 30, 2019, based on the published change in return for the applicable municipal bond index which is the Bond Buyer General Obligation Municipal Bond 20 Year Index.
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Changes in the Total OPEB Liability: The net OPEB liability of June 30, 2020 was calculated as follows:

Balance at Fiscal Year Ending 6/30/2019 Measurement Date 6/30/2018	\$1,648,752
Changes During the Period:	
Interest Cost	61,637
Benefit Payments	(128,486)
Assumption Changes	71,227
Net Changes in Fiscal Year 2019-2020	4,378
Balance at Fiscal Year Ending 6/30/2020 Measurement Date 6/30/2019	\$1,653,130

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate: The discount rate used for the fiscal year end 2020 is 3.51%. Healthcare cost trend rate prior to eligibility for Medicare was assumed to start at 6.25% and grade down to 5% for years 2024 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.

Change in Discount Rate	Current – 1% 2.51%	Current 3.51%	Current +1% 4.51%
Net OPEB Liability (Asset)	1,867,474	1,653,130	1,476,198
Increase (Decrease)	214,344		(176,932)
% Increase (Decrease)	13.0%		-10.7%
Change in Healthcare Cost Trend Rate	Current Trend -1%	Current Trend	Current Trend +1%
Net OPEB Liability (Asset)	1,487,356	1,653,130	1,850,085
Increase (Decrease)	(165,774)		196,955
% 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	115,638	--

The deferred outflow of resources of \$115,638 relates to RTAA's OPEB contributions made after the measurement date of June 30, 2019, but before the end of the RTAA's reporting period of June 30, 2020.

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JUNE 30, 2020

15. Post-Employment Health Plan – Defined Contribution Plan

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

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

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

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

- B. Each July 1 for those employees with accrued vacation leave balances greater than two-hundred (200) hours as of the last pay period in June, the RTAA shall contribute twenty (20) hours from each employee's accrued vacation account into the employee's individual PEHP plan account at 100% of the employee's base rate of pay on June 30. All contributions will be made on a pre- tax basis.
- C. Each July 1 for those employees that have not used the Floating Holiday as of the last pay period in June, the RTAA will convert the Floating Holiday hours at the employee's base rate of pay on June 30 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, 2020, \$217,009 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.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

- B. Each pay period, \$31 of each member's salary will be put into their plan account.
- C. Once a member has accumulated eighty (80) hours of compensatory time, RTAA shall contribute 100% of that member's compensatory time in excess of eighty (80) hours into their plan account at 100% of their base pay.
- D. 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, 2020 \$10,716 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, 2020 \$39,993 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 YEARS ENDED JUNE 30, 2018 - 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ -	\$ -	\$ -
Interest Cost	61,637	59,099	53,980
Changes of Benefit Terms (a)	-	(22,397)	-
Differences between expected and actual experience	-	(42,484)	-
Assumption Changes	71,227	18,135	(129,137)
Benefit Payments	<u>(128,486)</u>	<u>(120,364)</u>	<u>(124,223)</u>
Net change in total OPEB liability	4,378	(108,011)	(199,380)
Total OPEB Liability-beginning	<u>1,648,752</u>	<u>1,756,763</u>	<u>1,956,143</u>
Total OPEB Liability-ending	<u><u>\$ 1,653,130</u></u>	<u><u>\$ 1,648,752</u></u>	<u><u>\$ 1,756,763</u></u>
 RTAA's Covered Payroll (b)	 \$0	 \$0	 \$0

(a) For fiscal year end 2019 the RTAA Group Health Plan no longer had 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 - 2020 ^(a)

	<u>2015 ^(b)</u>	<u>2016 ^(b)</u>	<u>2017 ^(b)</u>	<u>2018 ^(b)</u>	<u>2019 ^(b)</u>	<u>2020 ^(b)</u>
RTAA's proportion of the net pension liability	0.2800%	0.2846%	0.2810%	0.2867%	0.2774%	0.2795%
RTAA's proportionate share of the net pension liability	\$29,388,235	\$32,609,501	\$37,811,756	\$38,129,158	\$37,835,366	\$38,109,676
RTAA's covered payroll	\$15,137,166	\$15,511,214	\$15,831,440	\$17,041,362	\$17,204,432	\$17,709,373
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%	215.19%
Plan fiduciary net position as a percentage of the total pension liability	76.3%	75.1%	72.2%	74.4%	75.2%	76.46%

(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 amount reflects the previous year to match the liability.

RENO-TAHOE AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2015 - 2020

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Statutorily required contribution	\$ 4,392,386	\$ 4,742,955	\$ 5,146,592	\$ 5,149,826	\$ 5,383,749	5,771,419
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>5,383,749</u>	<u>5,771,419</u>
Annual contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	<u>-</u>
Percent funded	100%	100%	100%	100%	100%	100%
Authority's covered payroll	\$ 15,511,214	\$ 15,831,440	\$ 17,041,362	\$ 17,204,432	\$ 17,709,373	\$ 18,298,781
Contributions as a percentage of covered payroll	28.32%	29.96%	30.20%	29.93%	30.40%	31.54%

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.

Note: Amounts reported above for statutorily required contributions include employer and employee contributions made to the Plan. RTAA contributes the employees' share on their behalf.

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY INFORMATION
SCHEDULE OF DEBT SERVICE REQUIREMENTS ON BONDS AND NOTES
JUNE 30, 2020

Bond Year Ended July 1	Airport Revenue Refunding Bond Series 2015		Total
	Principal	Interest	
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>\$ 14,150,000</u>	<u>\$ 1,599,125</u>	<u>\$ 15,749,125</u>

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES
COMPARISON OF BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2020

	Original Budget	Final Amended Budget	Actual	Variance To Final Budget
Operating revenues:				
Landing fees	\$ 10,776,907	\$ 10,776,907	\$ 10,077,732	\$ (699,175)
Concession revenue	13,367,100	13,367,100	11,301,837	(2,065,263)
Parking and ground transportation	12,761,100	12,761,100	10,012,455	(2,748,645)
Rentals	16,278,600	16,278,600	16,534,688	256,088
Reimbursements for services	2,840,928	2,840,928	2,397,717	(443,211)
Other revenue	81,000	81,000	345,296	264,296
Total Operating Revenues	56,105,635	56,105,635	50,669,725	(5,435,910)
Operating expenses:				
Employee wages and benefits	32,247,216	32,247,216	32,120,112	127,104
Utilities and communications	2,891,009	2,891,009	2,881,069	9,940
Purchase of services	5,705,526	5,870,526	5,418,705	451,821
Materials and supplies	2,434,638	2,434,638	2,340,685	93,953
Administrative expenses	3,463,286	3,463,286	2,431,355	1,031,931
Total Operating Expenses before Depreciation and Amortization	46,741,674	46,906,674	45,191,925	1,714,748
Depreciation and amortization	35,000,000	35,000,000	27,608,618	7,391,382
Total Operating Expenses	81,741,674	81,906,674	72,800,543	9,106,130
Operating Income (Loss)	(25,636,039)	(25,801,039)	(22,130,818)	3,670,221
Non-operating revenues (expenses):				
Interest income	946,700	946,700	2,324,420	1,377,720
Passenger facility charge revenue	8,007,600	8,007,600	7,607,924	(399,676)
Customer facility charge revenue	5,966,100	5,966,100	4,891,406	(1,074,694)
Jet fuel tax revenue	330,900	330,900	263,135	(67,765)
Gain (loss) on sale of capital assets	-	-	28,196	28,196
Non Operating Revenue	-	-	617,197	617,197
Interest expense	(414,013)	(414,013)	(389,125)	24,888
Total Non-Operating Revenues (Expenses)	14,837,287	14,837,287	15,343,153	505,866
Income (Loss) Before Capital Contributions	\$ (10,798,752)	\$ (10,963,752)	\$ (6,787,665)	\$ 4,176,087



Statistical Section

STATISTICAL SECTION EXPLANATIONS

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operation Information

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

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

RENO-TAHOE AIRPORT AUTHORITY
NET POSITION AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2011 - 2020
(unaudited)

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

RENO-TAHOE AIRPORT AUTHORITY
NET POSITION AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2011 - 2020
(unaudited)

	2016	2017	2018	2019	2020
Operating revenues					
Landing fees	\$ 8,071,097	\$ 8,285,922	\$ 9,397,172	\$ 9,719,482	\$ 10,077,732
Concession revenue	10,861,366	11,798,086	12,802,725	13,086,886	11,301,837
Parking and ground transportation	10,519,785	11,316,885	12,009,701	12,817,675	10,012,455
Rentals	13,599,106	13,688,849	13,838,446	14,078,153	16,534,688
Reimbursements for services	2,419,689	2,531,223	2,416,793	2,671,073	2,397,717
Other revenue	42,873	168,024	190,432	176,468	345,296
Total operating revenues	45,513,916	47,788,989	50,655,269	52,549,737	50,669,725
Nonoperating revenues					
Interest income	694,721	305,497	461,370	2,168,829	2,324,420
Passenger facility charge revenue	6,740,165	7,480,732	7,587,771	8,443,673	7,607,924
Customer facility charge revenue	1,385,061	1,481,004	1,692,038	4,613,478	4,891,406
Jet fuel tax income	268,287	298,124	310,500	306,035	263,135
Gain on sale of capital assets	105,471	13,298	169,208	25,070	28,196
Misc Revenue	-	-	-	-	617,197
Total nonoperating revenues	9,193,705	9,578,655	10,220,887	15,557,085	15,732,278
Total revenues	54,707,621	57,367,644	60,876,156	68,106,822	66,402,003
Operating expense					
Employee wages and benefits	25,007,616	26,672,375	31,878,959	29,334,325	32,120,112
Utilities and communications	2,540,504	2,337,577	2,709,495	2,772,620	2,881,068
Purchase of services	4,803,679	4,595,802	4,866,467	5,521,530	5,418,705
Materials and supplies	1,821,369	1,753,352	2,050,694	2,045,295	2,340,685
Administrative expenses	2,443,771	2,579,040	2,224,655	2,646,733	2,431,355
	36,616,939	37,938,146	43,730,270	42,320,503	45,191,925
Depreciation and amortization	34,613,731	34,462,715	31,094,092	27,801,203	27,608,618
Total operating expenses	71,230,670	72,400,861	74,824,362	70,121,706	72,800,543
Nonoperating expenses					
Loss on debt defeasance	-	-	-	-	-
Reclamation expenses	-	-	-	-	-
Non-operating expense	140,952	7,814	-	-	-
Interest expense	1,284,053	616,855	487,308	438,892	389,125
Total nonoperating expenses	1,425,005	624,669	487,308	438,892	389,125
Total expenses	72,655,675	73,025,530	75,311,670	70,560,598	73,189,668
Capital contributions	10,010,497	2,517,123	9,200,524	14,057,725	16,868,554
Change in Net Position	\$ (7,937,557)	\$ (13,140,763)	\$ (5,234,990)	\$ 11,603,949	\$ 10,080,889
Net Position at Year-End					
Net Investment in capital assets	\$ 367,749,013	\$ 345,904,676	\$ 334,863,315	\$ 336,079,326	\$ 348,801,466
Restricted	20,371,555	23,692,496	26,448,099	32,997,130	28,598,653
Unrestricted	11,302,526	16,685,159	18,238,659	22,077,566	23,834,792
Total Net Position	\$ 399,423,094	\$ 386,282,331	\$ 379,550,073	\$ 391,154,022	\$ 401,234,911

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2011 - 2020
(unaudited)

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

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

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2011 - 2020
(unaudited)

	2016	2017	2018	2019	2020
Operating Revenues	\$ 45,513,916	\$ 47,788,989	\$ 50,655,269	\$ 52,549,737	\$ 50,669,725
Operating Expenses	(36,616,939)	(37,938,146)	(43,730,270)	(42,320,503)	(45,191,925)
Operating Income before Depreciation and Amortization	8,896,977	9,850,843	6,924,999	10,229,234	5,477,800
Depreciation and Amortization	(34,613,731)	(34,462,715)	(31,094,092)	(27,801,203)	(27,608,618)
Operating Income (Loss)	(25,716,754)	(24,611,872)	(24,169,093)	(17,571,969)	(22,130,818)
Nonoperating Revenues and (Expenses):					
Interest Income	694,721	305,497	461,370	2,168,829	2,324,420
PFC Revenue	6,740,165	7,480,732	7,587,771	8,443,673	7,607,924
CFC Revenue	1,385,061	1,481,004	1,692,038	4,613,478	4,891,406
Jet Fuel Tax Revenue	268,287	298,124	310,500	306,035	263,135
Interest Expense	(1,284,053)	(616,855)	(487,308)	(438,892)	(389,125)
Gain (Loss) on Sale of Capital Assets	105,471	13,298	169,208	25,070	28,196
Non-operating expenses	(140,952)	(7,814)	-	-	617,197
Gain (Loss) on Sale of Easements	-	-	-	-	-
Reclamation Expenses	-	-	-	-	-
Gain (Loss) on Debt Defeasance	-	-	-	-	-
	7,768,700	8,953,986	9,733,579	15,118,193	15,343,153
Income (Loss) Before Capital Contributions	\$ (17,948,054)	\$ (15,657,886)	\$ (14,435,514)	\$ (2,453,776)	\$ (6,787,665)

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, 2011-2020
(unaudited)

	2011	2012	2013	2014	2015
<u>Airlines - Landing Fees Only</u>					
Alaska/Horizon	\$ 234,561	\$ 19,049	\$ 290,576	\$ 341,556	\$ 580,120
American Airlines	418,736	499,548	533,388	592,839	715,170
Delta	297,922	522,361	416,790	406,794	455,739
Fed Ex	420,983	578,381	585,585	782,244	888,324
Jet Blue	-	-	-	-	11,198
Sky West	12,477	-	-	-	-
Southwest	2,637,384	3,442,903	3,068,489	2,751,016	2,642,052
United	599,606	667,687	613,229	657,735	720,757
UPS	243,003	354,818	440,067	451,188	518,289
US Airways	399,961	472,953	475,990	542,374	608,778
Total:	\$ 5,264,633	\$ 6,557,700	\$ 6,424,114	\$ 6,525,746	\$ 7,140,427
<u>Rental Cars - Concession Leases Only</u>					
Advantage	\$ 197,109	\$ 205,928	\$ 252,957	\$ 229,167	\$ -
Avis/Budget	1,406,645	1,462,576	1,518,405	1,493,707	1,482,869
Alamo/ National	1,039,715	986,217	923,862	1,026,907	1,269,575
Dollar/Thrifty	845,807	830,192	881,351	840,070	805,775
Enterprise	996,820	950,649	929,817	879,344	806,729
Payless	-	-	-	20,833	320,499
Hertz	1,512,460	1,393,391	1,455,966	1,421,777	1,375,025
Total:	\$ 5,998,556	\$ 5,828,953	\$ 5,962,358	\$ 5,911,805	\$ 6,060,472
<u>Other Concession Leases</u>					
IGT	\$ 2,256,664	\$ 1,790,472	\$ 1,697,814	\$ 1,322,752	\$ 1,266,307
Paradise Gift Shops	923,381	714,600	705,250	901,000	901,000
SSP America, Inc.	871,916	823,646	835,653	929,240	887,963
Younger Agency Advertising	845,357	825,559	757,754	670,850	-
Clear Channel	-	-	-	-	640,403
Forever Heather	26,851	44,686	41,865	65,531	43,819
Total:	\$ 4,924,169	\$ 4,198,963	\$ 4,038,336	\$ 3,889,373	\$ 3,739,492
Parking and Ground Transportation	\$ 8,927,778	\$ 8,742,195	\$ 8,914,030	\$ 8,983,926	\$ 9,515,946
Total:	\$ 25,115,136	\$ 25,327,811	\$ 25,338,838	\$ 25,310,850	\$ 26,456,337

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

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL REVENUE PAYERS
FOR THE YEARS ENDED JUNE 30, 2011-2020
(unaudited)

	2016	2017	2018	2019	2020
<u>Airlines - Landing Fees Only</u>					
Alaska/Horizon	\$ 623,357	\$ 642,969	\$ 638,296	\$ 745,193	\$ 711,620
American Airlines	1,308,569	1,125,206	1,253,063	1,313,727	1,331,551
Delta	426,813	433,298	507,079	566,983	534,997
Fed Ex	968,838	932,842	716,310	878,731	882,829
Jet Blue	13,515	238,725	281,464	281,296	226,627
Sky West	-	-	-	-	-
Southwest	2,576,418	2,699,800	3,188,270	3,305,577	2,854,752
United	724,254	701,646	919,786	1,111,373	1,026,505
UPS	660,717	654,977	707,324	903,450	1,023,053
US Airways	-	-	-	-	-
Total:	\$ 7,302,481	\$ 7,429,463	\$ 8,211,592	\$ 9,106,330	\$ 8,591,934
<u>Rental Cars - Concession Leases Only</u>					
Advantage	\$ -	\$ -	\$ -	\$ -	\$ -
Avis/Budget	1,620,958	1,777,825	1,993,895	2,061,629	1,951,327
Alamo/ National	1,411,955	1,554,676	1,720,779	1,840,898	1,826,983
Dollar/Thrifty	757,453	750,745	920,885	1,038,332	1,055,493
Enterprise	978,067	1,183,386	1,360,048	1,448,153	1,430,990
Payless	314,189	317,940	286,503	340,580	301,284
Hertz	1,506,355	1,606,381	1,781,205	1,859,856	1,817,455
Total:	\$ 6,588,977	\$ 7,190,953	\$ 8,063,315	\$ 8,589,448	\$ 8,383,532
<u>Other Concession Leases</u>					
IGT	\$ 1,071,402	\$ 974,166	\$ 1,102,412	\$ 1,149,390	\$ 851,669
Paradise Gift Shops	944,071	1,016,968	1,014,199	1,138,086	1,091,785
SSP America, Inc.	992,984	1,221,761	1,484,628	1,527,992	1,161,992
Younger Agency Advertising	-	-	-	-	-
Clear Channel	564,210	663,436	699,857	768,828	828,974
Forever Heather	34,855	29,462	35,958	-	-
Total:	\$ 3,607,522	\$ 3,905,792	\$ 4,337,054	\$ 4,584,296	\$ 3,934,420
Parking and Ground Transportation	\$ 10,519,785	\$ 11,316,885	\$ 12,009,701	\$ 12,817,675	\$ 10,012,455
Total:	\$ 28,018,765	\$ 29,843,093	\$ 32,621,662	\$ 35,097,749	\$ 30,922,341

RENO-TAHOE AIRPORT AUTHORITY
 PRINCIPAL OPERATING REVENUE SOURCES
 FOR THE YEARS ENDED JUNE 30, 2011-2020
 (unaudited)

	2011	2012	2013	2014	2015
Landing fees	\$ 6,134,543	\$ 7,793,050	\$ 7,380,804	\$ 7,440,496	\$ 7,916,995
Concession revenue	11,727,995	10,649,435	10,478,433	10,301,098	10,344,733
Parking and ground transportation	8,927,778	8,742,195	8,914,030	8,983,926	9,515,946
Rentals	12,235,790	12,499,901	11,967,776	13,282,322	13,456,901
Reimbursement for Services	2,368,283	2,407,854	2,579,738	2,632,003	2,647,105
Toal Operating Revenue	41,394,389	42,092,435	41,320,781	42,639,845	43,881,680
Interest Income	286,887	210,110	67,781	289,281	286,481
Total	\$ 41,681,276	\$ 42,302,545	\$ 41,388,562	\$ 42,929,126	\$ 44,168,161

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, 2011-2020
 (unaudited)

	2016	2017	2018	2019	2020
Landing fees	\$ 8,071,097	\$ 8,285,922	\$ 9,397,172	\$ 9,719,482	\$ 10,077,732
Concession revenue	10,861,366	11,798,086	12,802,725	13,086,886	11,301,837
Parking and ground transportation	10,519,785	11,316,885	12,009,701	12,817,675	10,012,455
Rentals	13,599,106	13,688,849	13,838,446	14,078,153	16,534,688
Reimbursement for Services	2,419,689	2,531,223	2,416,793	2,671,073	2,397,717
Total Operating Revenue	45,471,043	47,620,965	50,464,837	52,373,269	50,324,429
Interest Income	694,721	305,497	461,370	2,168,829	2,324,420
Total	\$ 46,165,764	\$ 47,926,462	\$ 50,926,207	\$ 54,542,098	\$ 52,648,849

RENO-TAHOE AIRPORT AUTHORITY
REVENUE RATES AND COST PER ENPLANEMENTS
FOR THE YEARS ENDED JUNE 30, 2011-2020
(unaudited)

Year	Landing Fee (a)		RON (Ramp Over Night) (a)		Terminal Rental Rate Average	Cost per Enplanements
	Signatory	Non-Signatory	Signatory	Non-Signatory		
2020	\$ 3.23	\$ 3.23	\$ 78.00	\$ 78.00	\$ 55.31	\$ 8.46
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

(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, 2011-2020
(unaudited)

YEAR	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Gross Pledged Revenues ⁽¹⁾	\$ 52,909,801	\$ 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
Transfers- CFC Expenses	417,741	642,557	-	-	-	-	-	-	-	-
G/L on Sale of Assets	(28,196)	(25,070)	(169,208)	(13,298)	(105,471)	(29,533)	(5,631)	-	-	-
Airline Revenue Sharing	2,452,933	4,214,022	4,352,412	3,176,955	2,347,074	1,494,648	1,213,722	1,587,800	1,926,162	3,594,787
35% Gaming Revenue	(286,561)	(390,756)	(374,379)	(341,751)	(374,991)	(443,208)	(462,963)	(550,386)	(626,665)	(789,832)
Direct Operating Expense ⁽²⁾	(44,037,667)	(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)
Net Pledged Revenue (Available for Debt and Obligation Payments)	\$ 11,428,051	\$ 15,952,883	\$ 17,147,599	\$ 14,857,787	\$ 11,924,682	\$ 10,931,933	\$ 8,958,268	\$ 9,536,938	\$ 10,223,347	\$ 11,411,483
Debt Service (Senior Lien Debt Service)	2,249,125	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
Debt Service Coverage Ratio - Senior Lien Debt Service	5.08	7.09	7.63	6.61	5.16	4.34	3.56	3.78	4.06	1.66
Net Pledged Revenue (Available for Subordinate Notes)	\$ 9,178,926	\$ 13,703,983	\$ 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)	9,178,926	13,703,983	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, 2011 - 2020
(unaudited)

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

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2011- 2020
(unaudited)

	2016	2017	2018	2019	2020
Operating Revenues	\$ 47,294,719	\$ 49,616,816	\$ 52,809,309	\$ 52,880,841	\$ 50,669,726
Trust Fund Investment Interest Income	367,167	531,978	835,781	1,183,298	2,240,075
Gross Pledged Revenues	47,661,886	50,148,794	53,645,090	54,064,139	52,909,801
Transfers - General Purpose Fund for LOI Bond Debt Service	-	-	-		
Transfers- Customer Facility Charges for Operating Expenses	-	-	-	642,557	417,741
Operating Expenses	(37,603,816)	(38,112,913)	(40,306,317)	(42,552,009)	(44,037,667)
G/L on Sale of Capital Assets	(105,471)	(13,298)	(169,208)	(25,070)	(28,196)
Airline Revenue Share Prior Year	2,347,074	3,176,955	4,352,412	4,214,000	2,452,933
35% of Gaming Revenues	(374,991)	(341,751)	(374,379)	(390,756)	(286,561)
Net Pledged Revenues - Senior Lien Bonds	\$ 11,924,682	\$ 14,857,787	\$ 17,147,598	\$ 15,952,861	\$ 11,428,051
125% of Senior Lien Revenue Bond Debt Service	\$ 2,887,856	\$ 2,811,829	\$ 2,809,125	\$ 2,811,125	\$ 2,811,406
Senior Lien Debt Service	\$ 2,310,285	\$ 2,249,463	\$ 2,247,300	\$ 2,248,900	\$ 2,249,125
Net Pledged Revenues - Subordinate Lien Notes	\$ 9,614,397	\$ 12,608,324	\$ 14,900,298	\$ 13,703,961	\$ 9,178,926
Pledged Passenger Facility Charges	1,813,919	1,812,790	-	-	-
Pledged Revenues - Subordinate Lien Notes	\$ 11,428,316	\$ 14,421,114	\$ 14,900,298	\$ 13,703,961	\$ 9,178,926
110% of Subordinate Lien Debt Service	\$ 3,454,061	\$ 3,453,332	\$ -	\$ -	\$ -
Subordinate Lien Debt Service	\$ 3,140,055	\$ 3,139,393	\$ -	\$ -	\$ -
Rate Maintenance Minimum Revenues	\$ 6,341,917	\$ 6,265,161	\$ 2,809,125	\$ 2,811,125	\$ 2,811,406

RENO-TAHOE AIRPORT AUTHORITY
RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE
FOR THE YEARS ENDED JUNE 30, 2011 - 2020
(unaudited)

	2011	2012	2013	2014	2015
Outstanding Debt					
Revenue bonds	\$ 31,620,000	\$ 26,270,000	\$ 25,025,000	\$ 23,715,000	\$ 22,360,000
Unamortized premium	1,118,564	1,043,993	969,422	894,851	820,280
Notes payable	15,000,000	15,000,000	18,015,000	15,615,000	8,937,000
Total outstanding debt	<u>\$ 47,738,564</u>	<u>\$ 42,313,993</u>	<u>\$ 42,522,998</u>	<u>\$ 40,224,851</u>	<u>\$ 32,117,280</u>
Enplaned Passengers	1,901,850	1,780,812	1,756,471	1,658,187	1,656,293
Outstanding debt per enplaned passenger	<u>\$ 25</u>	<u>\$ 24</u>	<u>\$ 24</u>	<u>\$ 24</u>	<u>\$ 19</u>
Debt Service					
Principal	\$ 9,080,000	\$ 5,350,000	\$ 3,710,000	\$ 5,125,000	\$ 4,320,000
Interest	2,188,725	1,543,650	1,591,486	1,541,528	1,336,243
Total debt service	<u>\$ 11,268,725</u>	<u>\$ 6,893,650</u>	<u>\$ 5,301,486</u>	<u>\$ 6,666,528</u>	<u>\$ 5,656,243</u>
Total Expenses	58,479,175	65,889,453	69,177,815	73,521,156	72,190,557
Ratio of debt service to total expenses	<u>19.27%</u>	<u>10.46%</u>	<u>7.66%</u>	<u>9.07%</u>	<u>7.84%</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, 2011 - 2020
(unaudited)

	2016	2017	2018	2019	2020
Outstanding Debt					
Revenue bonds	\$ 20,690,000	\$ 19,435,000	\$ 17,720,000	\$ 15,960,000	\$ 14,150,000
Unamortized premium	-	-	-	-	-
Notes payable	6,037,000	3,057,000	-	-	-
Total outstanding debt	<u>\$ 26,727,000</u>	<u>\$ 22,492,000</u>	<u>\$ 17,720,000</u>	<u>\$ 15,960,000</u>	<u>\$ 14,150,000</u>
Enplaned Passengers	1,778,611	1,909,187	2,064,968	2,149,759	1,690,171
Outstanding debt per enplaned passenger	<u>\$ 15</u>	<u>\$ 12</u>	<u>\$ 9</u>	<u>\$ 7</u>	<u>\$ 8</u>
Debt Service					
Principal	\$ 4,235,000	\$ 4,772,000	\$ 1,760,000	\$ 1,810,000	\$ 1,860,000
Interest	588,367	616,855	487,308	438,900	389,125
Total debt service	<u>\$ 4,823,367</u>	<u>\$ 5,388,855</u>	<u>\$ 2,247,308</u>	<u>\$ 2,248,900</u>	<u>\$ 2,249,125</u>
Total Expenses	72,514,723	73,017,716	75,311,669	70,560,599	73,189,668
Ratio of debt service to total expenses	<u>6.65%</u>	<u>7.38%</u>	<u>2.98%</u>	<u>3.19%</u>	<u>3.07%</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
POPULATION IN AIR TRADE AREA
FOR THE CALENDAR YEARS 2009-2019
(unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Nevada										
<u>County</u>										
Churchill	24,877	24,637	24,375	24,063	23,989	24,200	24,198	24,230	24,440	24,909
Douglas	46,997	46,886	46,996	47,118	47,536	47,710	48,020	48,309	48,467	48,905
Humboldt	16,528	16,735	17,048	17,363	17,279	17,019	16,842	16,826	16,786	16,831
Lyon	51,980	51,871	51,327	51,557	51,789	52,585	53,179	54,122	55,808	57,510
Pershing	6,753	6,734	6,749	6,877	6,698	6,634	6,560	6,508	6,666	6,725
Storey	4,010	3,896	3,935	3,942	3,912	3,987	4,051	4,006	4,029	4,123
Washoe	421,407	425,710	429,908	433,731	440,078	446,903	453,616	460,587	465,735	471,519
Carson City	55,274	55,439	54,838	54,080	54,522	54,521	54,742	54,745	55,414	55,916
Subtotal	627,826	631,908	635,176	638,731	645,803	653,559	661,208	669,333	677,345	686,438
California										
<u>County</u>										
Alpine	1,175	1,102	1,129	1,159	1,116	1,110	1,071	1,120	1,101	1,129
El Dorado	181,058	180,938	180,561	181,737	183,087	184,452	185,625	188,987	190,678	192,843
Lassen	34,895	34,200	33,658	32,163	31,749	31,345	30,870	31,163	30,802	30,573
Mono	14,202	14,309	14,348	14,074	13,997	13,909	13,981	14,168	14,250	14,444
Nevada	98,764	98,612	98,292	98,200	98,893	98,877	99,107	99,814	99,696	99,755
Placer	348,432	357,138	361,682	367,309	371,694	375,391	380,531	386,166	393,149	398,329
Plumas	20,007	19,765	19,399	18,859	18,606	18,409	18,627	18,742	18,804	18,807
Sierra	3,240	3,113	3,086	3,047	3,003	2,967	2,947	2,999	2,987	3,005
Subtotal	701,773	709,177	712,155	716,548	722,145	726,460	732,759	743,159	751,467	758,885
Total	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	1,445,323
Percentage increase	1.97%	0.86%	0.47%	0.59%	0.93%	0.88%	1.01%	1.33%	1.16%	1.16%
Unemployment rate										
Washoe County	12.9%	12.6%	11.0%	9.4%	7.6%	6.3%	5.0%	3.5%	2.3%	3.2%

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

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

RENO-TAHOE AIRPORT AUTHORITY
 PRINCIPAL EMPLOYERS WITHIN AIR TRADE AREA
 FOR THE CALENDAR YEARS ENDED 2019 AND 2010
 (unaudited)

Employer	Calendar year 2019		Calendar year 2010	
	Rank	Employees	Rank	Employees
Renown Regional Medical Center	1	5,000-9,999	4	2,000-2,499
AMERCO	2	1,000-4,999	-	-
Circus Circus	3	1,000-4,999	-	-
Eldorado Resort Casino	4	1,000-4,999	-	-
Grand Sierra Resort & Casino	5	1,000-4,999	-	-
Harrah's Reno Casino	6	1,000-4,999	-	-
International Game Technology (IGT)	7	1,000-4,999	6	2,000-2,499
Nevada System of Higher Education	8	1,000-4,999	-	-
Nugget	9	1,000-4,999	-	-
Peppermill Hotel Casino-Reno	10	1,000-4,999	5	2,000-2,499
Saint Mary's Regional Medical Center	11	1,000-4,999	8	1,500-1,999
Silver Legacy Resort Casino	12	1,000-4,1000	7	1,500-1,999
Washoe County School District	-	-	1	8,500-8,999
University of Nevada-Reno	-	-	2	4,000-4,499
Washoe County	-	-	3	2,500-2,999
Atlantas Casino Resort	-	-	9	1,500-1,999
City of Reno	-	-	10	1,500-1,999

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

www.nevadaworkforce.com/top-employers

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

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2020

RENO-TAHOE AIRPORT AUTHORITY
EMPLOYEES
FOR THE YEARS ENDED JUNE 30, 2011-2020
(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
2020	9.0	55.0	67.5	44.5	16.0	20.0	77.5	280.5
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

* 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, 2011 - 2020
 (unaudited)

Year	Enplanements	Airport Growth	Landed Weights	Airport Growth	Air Carrier Operations	Airport Growth
2020	1,690,171	-21.4%	2,789,987	-8.2%	41,797	-12.9%
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	-21.6%	2,896,599	-22.5%	44,035	-25.6%

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2011-2020

Scheduled Airline	2011			2012			2013			2014		
	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	118,207	6%	-33%	78,491	4%	-34%	113,819	6%	45%	124,581	8%	45%
Allegiant Air	5,230	0%	-86%	1,988	0%	-62%	7,590	0%	282%	21,578	1%	282%
American	201,748	11%	16%	185,797	10%	-8%	201,472	11%	8%	208,919	13%	8%
Continental	15,584	1%	4%	17,727	1%	14%	-	0%	-100%	-	0%	-100%
Delta	137,094	7%	173%	165,462	9%	21%	133,014	8%	-20%	126,904	8%	-20%
Frontier	381	0%	n.a	-	0%	-100%	271	0%	n.a	-	0%	n.a
JetBlue Airways	-	0%	n.a	-	0%	n.a	272	0%	n.a	-	0%	n.a
Mesa	38	0%	n.a	-	0%	-100%	-	0%	n.a	-	0%	n.a
Skywest	-	0%	-100%	-	0%	n.a	-	0%	n.a	-	0%	n.a
Southwest	1,032,811	54%	-2%	967,792	54%	-6%	945,143	54%	-2%	815,160	49%	-2%
United	248,322	13%	19%	220,653	12%	-11%	210,530	12%	-5%	214,531	13%	-5%
US Airways (America West)	141,980	7%	49%	141,880	8%	0%	143,559	8%	1%	144,760	9%	1%
Volaris	-	n.a		-	0%	n.a	-	0%	n.a	-	0%	n.a
Other	455	0%	-97%	1,022	0%	125%	1,073	0%	5%	1,754	0%	5%
	1,901,850	100%	-2%	1,780,812	100%	-6%	1,756,743	100%	-1%	1,658,187	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, 2011-2020

Scheduled Airline	2015			2016			2017		
	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	178,579	11%	57%	204,286	11%	14%	226,117	12%	14%
Allegiant Air	20,061	1%	164%	19,047	1%	-5%	31,504	2%	-5%
American	221,434	13%	10%	385,363	22%	74%	370,451	19%	74%
Continental	-	0%	n.a	-	0%	n.a	-	0%	n.a
Delta	119,649	7%	-10%	128,189	7%	7%	136,418	7%	7%
Frontier	-	0%	-100%	165	0%	n.a	-	0%	n.a
JetBlue Airways	3,346	0%	1130%	41,143	2%	1130%	77,686	4%	1130%
Mesa	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Southwest	734,786	44%	-22%	763,006	43%	4%	816,323	43%	4%
United	214,864	13%	2%	216,996	12%	1%	226,272	12%	1%
US Airways (America West)	154,331	9%	8%	-	0%	-100%	-	0%	-100%
Volaris	6,959	0%	n.a	17,070	1%	145%	20,966	1%	145%
Other	2,284	0%	113%	3,346	0%	46%	3,450	0%	46%
	1,656,293	100%	-6%	1,778,611	100%	7%	1,909,187	100%	7%

Continued

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2011-2020

Scheduled Airline	2018			2019			2020		
	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	212,427	10%	-6%	208,312	10%	-2%	172,563	10%	-17%
Allegiant Air	30,663	1%	-3%	41,681	2%	36%	35,224	2%	-15%
American	383,996	19%	4%	384,766	18%	0%	347,656	21%	-10%
Continental	-	0% n.a		-	0%	n.a	-	0%	n.a
Delta	152,435	7%	12%	165,441	8%	9%	128,574	8%	-22%
Frontier	18,271	1% n.a		26,709	1%	46%	19,390	1%	-27%
JetBlue Airways	80,494	4%	4%	78,164	4%	-3%	52,825	3%	-32%
Mesa	-	0% n.a		-	0%	n.a	-	0%	n.a
Skywest	-	0% n.a		-	0%	n.a	-	0%	n.a
Southwest	901,470	44%	10%	909,515	42%	1%	658,668	39%	-28%
United	265,271	13%	17%	311,716	15%	18%	253,093	15%	-19%
US Airways (America West)	-	0% n.a		-	0%	n.a	-	0%	n.a
Volaris	17,234	1%	-18%	19,819	1%	15%	19,937	1%	1%
Other	2,707	0%	-22%	3,636	0%	34%	2,241	0%	-38%
	2,064,968	100%	8%	2,149,759	100%	4%	1,690,171	100%	-21%

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2011-2020
(unaudited)

Scheduled Airline	2011			2012			2013		
	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska / Horizon Air	125,780	4%	-23%	75,706	3%	-40%	112,694	4%	49%
Allegiant Air	10,618	0%	-36%	-	0%	-100%	7,650	0%	n.a
American	225,413	8%	-17%	195,901	7%	-13%	206,613	8%	5%
Continental	19,674	1%	-100%	24,587	1%	25%	-	0%	-100%
Delta	161,192	6%	70%	204,847	8%	27%	161,684	6%	-21%
Frontier	807	0%	n.a	-	0%	-100%	-	0%	n.a
JetBlue Airways	-	0%	n.a	-	0%	n.a	-	0%	n.a
Mesa	221	0%	-85%	-	0%	-100%	-	0%	n.a
Skywest	6,207	0%	20%	-	0%	-100%	-	0%	n.a
Southwest	1,424,216	49%	-10%	1,350,158	51%	-5%	1,190,140	47%	-12%
United	322,040	11%	-20%	261,838	10%	-19%	237,421	9%	-9%
US Airways (America West)	216,418	7%	51%	185,472	7%	-14%	184,243	7%	-1%
Volaris	-	0%	n.a	-	0%	n.a	-	0%	n.a
Federal Express	228,274	8%	-13%	226,816	8%	-1%	226,398	9%	0%
United Parcel Service	131,984	5%	-12%	139,144	5%	5%	170,193	7%	22%
Other	23,755	1%	-53%	8,445	0%	-64%	25,768	1%	205%
									n.a
	2,896,599	100%	-5%	2,672,914	100%	-8%	2,522,804	100%	-6%

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, 2011-20
(unaudited)

	2014			2015			2016		
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	122,862	5%	9%	189,675	8%	54%	212,173	8%	12%
Allegiant Air	24,413	1%	219%	23,003	1%	-6%	21,866	1%	-5%
American	213,251	9%	3%	233,599	10%	10%	441,718	17%	89%
Continental	-	0%	n.a	-	0%	n.a	-	0%	n.a
Delta	146,329	6%	-9%	148,955	6%	2%	144,923	6%	-3%
Frontier	-	0%	n.a	-	0%	n.a	145	0%	n.a
JetBlue Airways	-	0%	n.a	3,555	0%	n.a	46,072	2%	1196%
Mesa	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Southwest	989,574	41%	-17%	864,660	36%	-13%	873,884	34%	1%
United	236,595	10%	0%	235,831	10%	0%	245,891	9%	4%
US Airways (America West)	195,099	8%	6%	199,824	8%	2%	-	0%	-100%
Volaris	-	0%	n.a	8,141	0%	n.a	19,612	1%	141%
Federal Express	281,383	12%	24%	290,218	12%	3%	329,884	13%	14%
United Parcel Service	162,298	7%	-5%	168,878	7%	4%	225,495	9%	34%
Other	16,584	1%	-36%	23,692	1%	43%	38,300	1%	62%
	2,388,388	100%	-5%	2,390,031	100%	0%	2,599,963	100%	9%

Continued

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2011-2020
(unaudited)

	2017			2018			2019			2020		
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	234,218	8%	10%	213,477	7%	-9%	237,323	8%	11%	220,316	8%	-7%
Allegiant Air	36,073	1%	65%	32,959	1%	-9%	43,831	1%	33%	40,800	1%	-7%
American	409,575	15%	-7%	419,085	15%	2%	418,385	14%	0%	412,245	15%	-1%
Continental	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Delta	157,875	6%	9%	168,798	6%	7%	180,568	6%	7%	166,235	6%	-8%
Frontier	-	0%	-100%	19,339	1%	n.a	25,565	1%	32%	20,019	1%	-22%
JetBlue Airways	87,084	3%	89%	94,135	3%	8%	89,585	3%	-5%	70,163	3%	-22%
Mesa	-	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	983,684	35%	13%	1,066,311	37%	8%	1,052,732	35%	-1%	883,824	32%	-16%
United	255,760	9%	4%	307,621	11%	20%	353,941	12%	15%	317,803	11%	-10%
US Airways (America West)	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Volaris	23,234	1%	18%	17,752	1%	-24%	20,807	1%	17%	21,948	1%	5%
Federal Express	339,683	12%	3%	239,569	8%	-29%	279,851	9%	17%	273,322	10%	-2%
United Parcel Service	238,302	8%	6%	236,563	8%	-1%	287,723	9%	22%	316,735	11%	10%
Other	43,193	2%	13%	43,890	2%	2%	48,965	2%	12%	46,578	2%	-5%
	2,808,680	100%	8%	2,859,499	100%	2%	3,039,273	100%	6%	2,789,988	100%	-8%

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2020
(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, 2011-2020
(unaudited)

	2020	2019	2018 (c)	2017 (b)	2016 (a)	2015	2014	2013	2012	2011
Terminal Space - square feet										
Airlines	176,871	176,871	169,230	175,985	175,221	175,221	175,221	175,221	160,622	160,622
Ground Transportation	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	3,103	3,103
Concession Space	37,604	37,604	37,604	37,167	37,167	37,167	37,167	37,167	34,952	34,952
Public Areas	196,189	196,189	196,189	196,959	197,723	197,723	197,723	197,723	194,406	194,406
RTAA	44,885	44,885	52,397	45,309	45,309	45,309	45,309	45,309	45,795	45,795
Unfinished Areas	-	-	-	-	-	-	-	-	-	-
	<u>458,432</u>	<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>
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	295	296	300	300	450	450	450	450	450
Long-Term	1,630	1,630	1,630	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Surface Lot	<u>1,469</u>	<u>1,462</u>	<u>1,462</u>	<u>1,532</u>	<u>1,532</u>	<u>1,532</u>	<u>1,532</u>	<u>1,532</u>	<u>1,532</u>	<u>1,532</u>
	<u>3,394</u>	<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>
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	<u>591,250</u>	<u>591,250</u>	<u>591,250</u>	<u>591,250</u>	<u>591,250</u>	<u>591,250</u>	<u>591,250</u>	<u>591,250</u>	<u>591,250</u>	<u>591,250</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>	<u>808,750</u>

(a) 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.

(b) In 2017, the increase in airline square footage reflects the installation of kiosks in the public queuing area.

(c) 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

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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 22, 2020.

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) as a basis for designing 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.

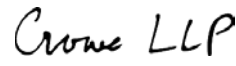
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 from 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 financial statements. 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Crowe LLP

Indianapolis, Indiana
December 22, 2020

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, 2020. 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, 2020.

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
December 22, 2020

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

DATE	DESCRIPTION OF PROJECT	PERCENT OF PARTICIPATION	CFDA NUMBER	FEDERAL PROJECT NUMBER	GRANT AMOUNT	REIMBURSEMENTS RECEIVED		REIMBURSEABLE EXPENSES	
						July 1, 2019 to June 30, 2020	Cumulative Thru June 30, 2020	July 1, 2019 to June 30, 2020	Cumulative Thru June 30, 2020
	United States Department of Transportation Federal Aviation Administration Airport Improvement Program								
	Construction								
09/13/16	Update Master Plan Study	93.75%	20.106	3-32-0017-102	1,567,013	-	1,567,013	-	1,567,013
08/16/17	Reno Runway 16R-34L - Design	93.75%	20.106	3-32-0017-103	5,961,034	1,570,128	3,783,112	1,599,215	3,812,199
06/18/19	Reno Runway 16R-34L Reconstruction Phase 1	93.75%	20.106	3-32-0017-104	14,614,312	13,215,871	13,215,871	13,211,234	13,216,114
	Reno Runway 16R-34L Reconstruction Phase 2	93.75%	20.106	3-32-0017-105	10,000,000	1,227	1,227	1,288	1,288
	Reno Runway 16R-34L Reconstruction Phase 2	100.00%	20.106	3-32-0017-106	31,705,245	324,084	324,084	324,146	324,146
	Reno CARES Act Grant	100.00%	20.106	3-32-0017-107	30,957,866	-	-	562,281	562,281
09/21/16	Reconstruct Runway (Runway 8/26)	93.75%	20.106	3-32-0018-036	16,222,173	-	16,222,173	-	16,222,173
	Reconstruct Apron - Design	93.75%	20.106	3-32-0018-038	1,083,053	948,283	948,283	948,495	948,495
	CARES Act Grant	100.00%	20.106	3-32-0018-040	30,000	-	-	-	-
					112,140,696	16,059,593	36,061,763	16,646,658	36,653,708
	United States Department of Homeland Security Transportation Security Administration Aviation and Transportation Security Act								
	Security								
01/01/15	National Explosives Detection Canine Team Program	Fixed	97.072	HSTS02-15-H-NCP471	820,625	36,178	783,858	63,125	820,625
04/01/16	Law Enforcement Officer Reimbursement Agreement Program	Fixed	97.090	HSTS02-16-H-SLR658	1,672,573	251,450	1,114,190	282,840	1,196,780
					2,493,198	287,628	1,898,048	345,965	2,017,405
	Department of Justice Criminal Division Department of Justice Asset Forfeiture Program								
	Equitable Sharing								
8/14/2014	Direct Payments for Specified Use	Fixed	16.922	15-5042-0-2-752	33,085	7,743	33,085	765	9,481
	United States Department of Transportation Pipeline and Hazardous Materials Safety Administration Hazardous Materials Transportation Uniform Safety Grant								
	Hazardous Materials Emergency Preparedness Grant								
	Training	Fixed	20.703	69-5282-0-2-407	8,614	-	8,614	-	8,614
					\$ 114,675,593	\$ 16,354,964	\$ 38,001,510	\$ 16,993,388	\$ 38,689,208

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, 2020

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, 2020

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, 2020.

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, 2020.

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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated December 22, 2020, 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

Indianapolis, Indiana
December 22, 2020

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED
FOR THE YEAR ENDED JUNE 30, 2020

Balance July 1, 2019	\$ 22,579,319
Collection of Passenger Facility Charges, July 1, 2019 through June 30, 2020	7,135,803
Interest earnings	474,242
Proceeds expended for Passenger Facility Charge Projects July 1, 2019 through June 30, 2020	\$ (12,589,334)
Balance June 30, 2020	<u><u>\$ 17,600,031</u></u>

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGES FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2020

Summary of Auditor's Results

We have issued an unmodified opinion, dated December 22, 2020 on the financial statements of the Reno-Tahoe Airport Authority as of and for the year ended June 30, 2020.

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 December 22, 2020 on the Reno-Tahoe Airport Authority's compliance for the passenger facility charge program.

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

Findings Relating to the Financial Statements

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

Findings and Questioned Costs for the Passenger Facility Charge Program

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

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

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



Reno-Tahoe Airport Authority

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