

2009 Comprehensive Annual Financial Report



Metropolitan Nashville Airport Authority™

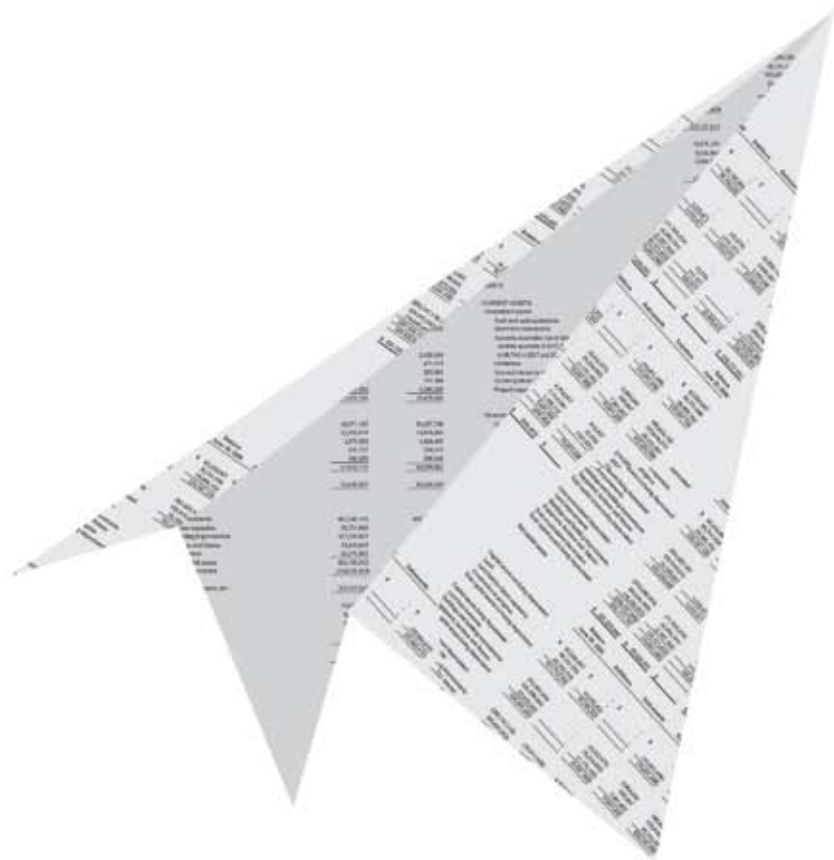
A Six Sigma Organization

June 30, 2009

Nashville, Tennessee • A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee

2009 Comprehensive Annual Financial Report

For the Fiscal Year Ended **June 30, 2009**
Prepared by the Finance Department



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A Six Sigma Organization

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Introductory Section

Metropolitan Nashville Airport Authority | Comprehensive Annual Financial Report

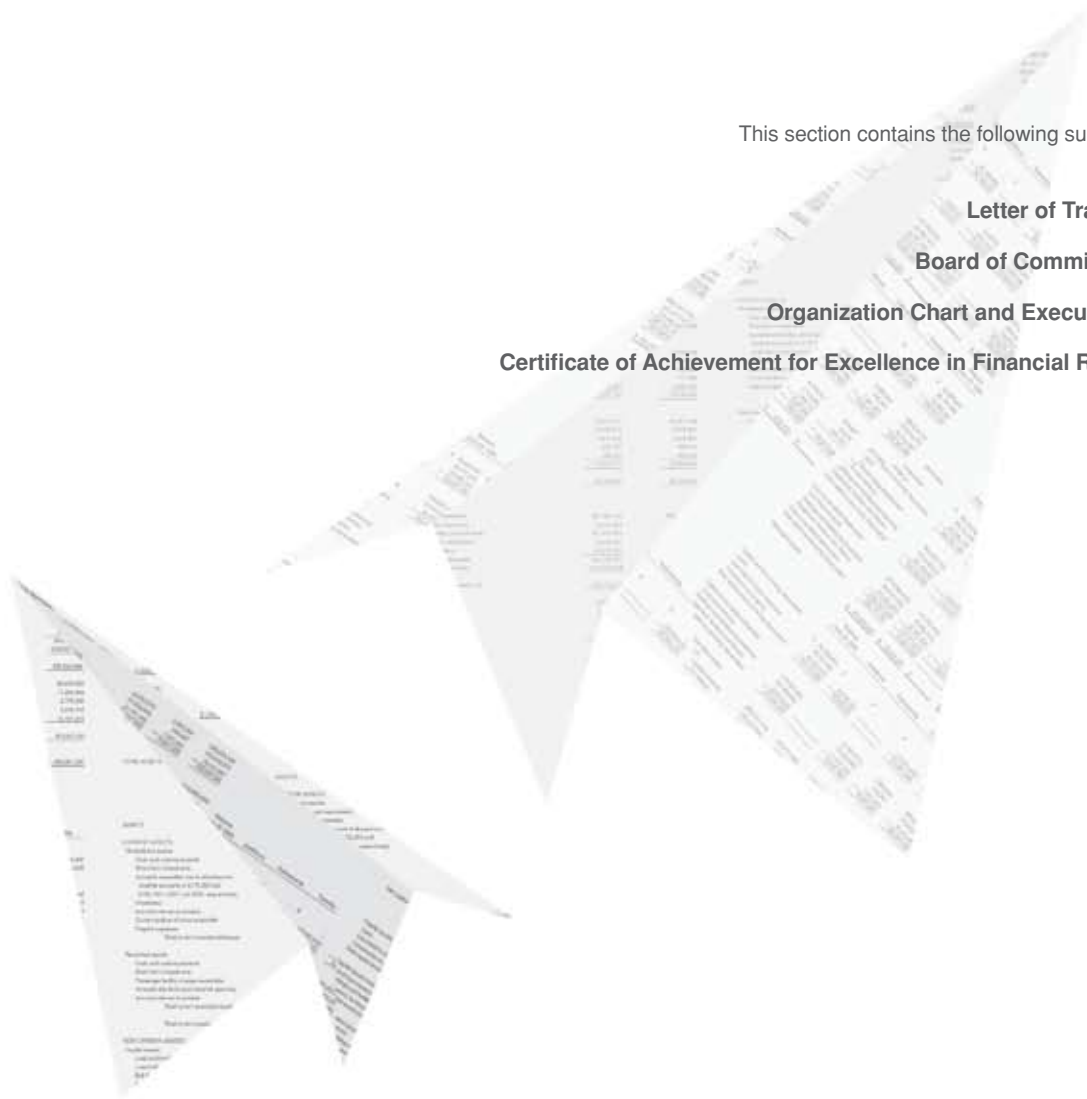
This section contains the following subsections:

Letter of Transmittal

Board of Commissioners

Organization Chart and Executive Staff

Certificate of Achievement for Excellence in Financial Reporting





Metropolitan Nashville Airport Authority

One Terminal Drive, Suite 501 • Nashville, TN 37214-4114 • 615-275-1600

October 15, 2009

To the Board of Commissioners of the Metropolitan Nashville Airport Authority:

The Comprehensive Annual Financial Report (“CAFR”) of the Metropolitan Nashville Airport Authority (the “Authority”) for the fiscal year ended June 30, 2009, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the finance department of the Authority. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority’s financial activities have been included.

The Authority is a metropolitan airport authority created February 9, 1970, pursuant to state statute and is an independent political subdivision of the State of Tennessee. The major purposes of the Authority are the development, financing and operation of the Nashville International Airport (BNA) and John C. Tune Airport, a general aviation reliever airport. These activities collectively provided the framework to deliver the Nashville Airports Experience, the Authority’s core competency, to nearly 10 million passengers and many other stakeholders in fiscal year 2009. The Authority also owns MNAA Properties Corporation (“MPC”), a Tennessee nonprofit corporation, whose purpose is to support and facilitate the operations of the Authority and to help the economic development of the surrounding area. The Authority has all the powers of a governmental entity necessary to accomplish its purpose, such as acquiring land and constructing airport facilities; issuing revenue bonds and other tax-exempt indebtedness; maintaining its own police and aircraft rescue and firefighting (“ARFF”); and setting rates, charges and rentals for activities on airport properties. Based upon the criteria set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, it has been determined that the Authority is a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee.

A Board of Commissioners governs the Authority and serves without compensation. The Board of Commissioners is made up of ten members, nine of whom are appointed by the Mayor with the tenth being the Mayor. The Metropolitan Council of Nashville and Davidson County confirms all appointments. The appointments are four-year terms, and terms are staggered to provide for continuity of airport development and management. By state law, the Commissioners represent different professional and management disciplines, including engineering, aviation, law, commerce, finance and industry. The Board appoints the Authority’s President, who is the chief executive and administrative officer responsible for day-to-day operations and planning for both Authority airports and MPC. The President heads a full-time staff of professional and technical personnel totaling budgeted headcount for fiscal year 2009 of 302 positions.

A significant portion of day-to-day operations and planning relates to fiscal management. Staff-prepared operating and capital budgets are reviewed by various committees of the Board of Commissioners and legally adopted by the full Board of Commissioners. In the case of the Nashville International Airport, the annual capital and operating budgets are additionally reviewed and approved by the eight airlines that have committed to the residual lease agreement. This agreement expires September 30, 2017. Although budget programs are approved by the Board of Commissioners, individual expenditures, whether for capital or operating purposes, must comply with the Authority’s bylaws and policies and procedural requirements for competitive acquisition.

The Authority utilizes a cash management and investment policy intended to achieve maximum financial return while minimizing risk of loss on all available funds. The trust indenture and supplemental resolutions, which govern the investment of bond proceeds, generally authorizes the Authority to invest in direct obligations of or obligations guaranteed by the U.S. government, obligations issued or guaranteed by specific agencies of the U.S. government, secured certificates of deposit, secured repurchase agreements, and specifically rated obligations of state governments, commercial paper, and money market funds. The carrying amount and market value of the investments at June 30, 2009, and 2008, were \$14,969,945 and \$40,563,327, respectively, as the Authority chose to maintain higher cash balances rather than investing during the year. For more detailed information relating to the Authority’s cash and investments, refer to Note 3, Cash and Cash Equivalents and Investments, to the Authority’s financial statements included in the financial section of this CAFR.

Another top priority of the Authority is to protect MNAA assets to the greatest degree economically feasible to comply with all statutory and revenue bond trust indenture requirements. The Authority's exposure to loss has been minimized through the acquisition of a \$300,000,000 general liability policy that requires self-retention of \$5,000 per occurrence and a \$50,000 aggregate deductible. Additionally, real and personal property is insured for \$239,886,437 with various deductibles depending upon the loss category involved. The Authority's tenant and contractor insurance requirements and indemnifications have been coordinated with the aforementioned policies to further reduce the risk of loss through actions beyond management's control.

ECONOMIC CONDITIONS AND OUTLOOK

Nashville, America's Friendliest City for 2009 according to Travel & Leisure magazine, experienced an economic environment more favorable than other regions of Tennessee and the United States during fiscal year 2009. Unemployment averaged 7.40% for the Nashville – Davidson – Murfreesboro Metropolitan Statistical Area ("Nashville MSA") compared with 8.37% for Tennessee, and 7.57% for the nation as a whole according to the U.S. Bureau of Labor Statistics. Additional information is provided in the statistical section of this report. The average unemployment rates for the Nashville MSA, State of Tennessee, and United States during fiscal years 2009, 2008, and 2007 were as follows:

	Nashville MSA	Tennessee	United States
June 30, 2009	7.40%	8.37%	7.57%
June 30, 2008	4.45%	5.29%	4.95%
June 30, 2007	4.28%	5.23%	4.54%

POLICOM Corporation placed the Nashville MSA in the top five of the 366 MSAs in its annual economic strength survey for 2009. This independent economic research firm specializes in analyzing local and state economies and determines if an economy is growing or declining, and what is causing this to happen and offers ideas and solutions to improve the situation. The Nashville MSA has ranked in the top five in each of the last five years. Another entity, Inc., (at inc.com) analyzed growth for the Nashville MSA and identified seven different industries represented by the top ten firms in terms of percentage growth for the past year. Those entities represented health, business products and services, construction, security, government services, advertising and marketing, as well as human resources with growth rates for the top position from 727.4% (Simplex Healthcare) to the tenth position at an annual growth rate of 313.2% (Sitters Etc.). The Nashville Area Chamber of Commerce was named 2009 Chamber of the Year by the American Chamber of Commerce Executives at its annual convention in July 2009. The Nashville Chamber and its members collaborate to play a key role in promoting the economic strength and quality of life those who live in Middle Tennessee enjoy.

On March 6, 2009, Standard & Poor's Ratings Services published an "A" rating on the Authority's airport revenue bonds. This rating was based on the Authority's low cost structure, strong competitive position, and diversity of revenue sources. On December 3, 2004, Moody's Investors Service assigned a rating of "A2" with a stable outlook to the airport revenue bonds. It considered some of the same strengths that Standard & Poor's did when issuing its rating and reaffirmed its "A1" rating with a negative outlook in 2009 for the Series 2009A revenue bonds issued in March 2009. The negative outlook was attached in 2008 due to a portion of the Authority's fixed rate debt insured by one carrier. To help address this matter, the Authority entered into an agreement with a financial institution later that year to provide a \$15 million letter of credit to support meeting debt service obligations. However, it is not anticipated that this letter of credit will ever be drawn on.

MAJOR INITIATIVES AND DEVELOPMENTS

The focus at BNA the past three years has been some major airfield and landside roadway work and the comprehensive terminal renovation program. Several signatory airlines have been involved in bankruptcy, reorganization, or merger proceedings during this time, with the addition of United to signatory status and merging of Northwest into Delta restoring the signatory number to eight carriers. Service schedules have been adjusted throughout the year to anticipate seasonal demand. Service has declined from June 2007, when there were 202 daily departures, to 188 last year and 190 for June 2009. As the first phase of the terminal renovation program was completed, BNA's efforts were recognized when Airport Revenue News, a leading concessions trade publication, announced that BNA earned awards in the medium airport division for the Best Concessions Management Team, Airport with the Best Customer Service, and Airport with the Most Unique Services. In conjunction with the roadway work, BNA launched a frequent parker program allowing travelers to earn free parking, enjoy easier access in and out of gated parking lots, and to make payments online. This program began November 1, 2008.

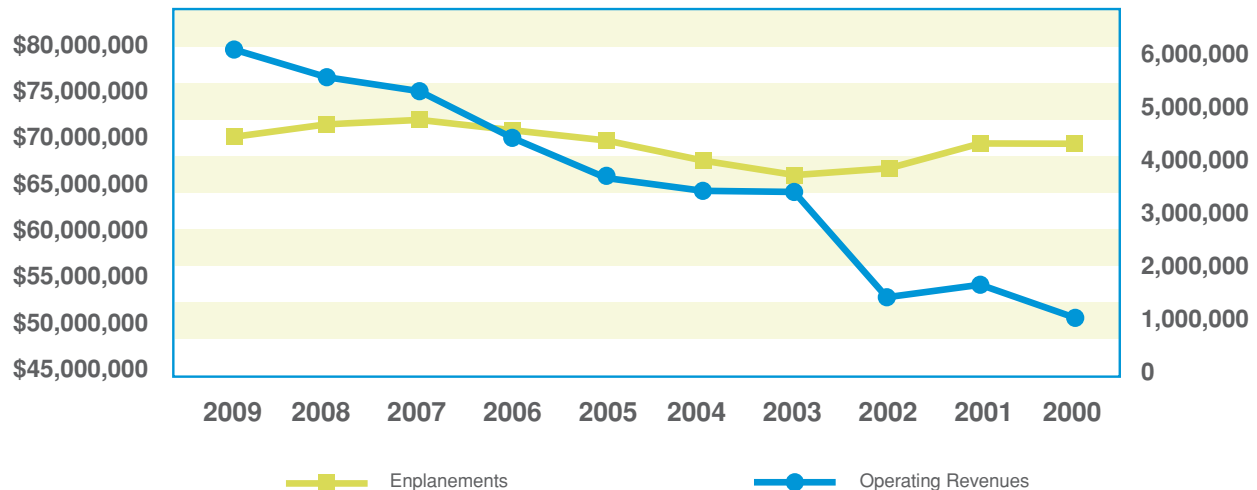
The Authority issued \$36 million in revenue bonds in March 2009, to finance most of the next phase of terminal renovation improvements. This work is scheduled for completion in 2011. The final planning is underway for a consolidated rental car facility ("CONRAC") to be built adjacent to the existing short-term lot. It is anticipated that construction will begin in early 2010. The estimated \$65 million facility will be funded by special facility revenue bonds. The sole revenue stream for the bonds will be customer facility charges (CFCs). The Authority began collecting a \$4.00 CFC in January 2008 and expects to increase the CFC to \$4.50 beginning in January 2010. CFC collections have been used to pay CONRAC design and project costs incurred to date.

MPC continued to operate the two multi-tenant buildings it acquired the previous year, challenged by the pressures of increasing vacancy rates in surrounding office buildings. However, several capital and maintenance projects at International Plaza, including a fitness center and food services, will help retain tenants and attract others to this nine-story building just west of BNA's airfield. The perimeter road and runway overlay projects at John C. Tune Airport were completed during the year, and Authority staff is considering options for additional airfield work in the coming years.

Outlook for Fiscal Year 2010

Airports nationwide have been reevaluating projections for everything from operating revenue to enplanements to capital project programming, and the Authority is no exception. We anticipate no growth in passenger activity or flight schedules. Early indications are that revenues are at or near budgeted amounts, and every effort is being made to control expenditures. Parking revenue is down, a trend experienced nationwide. Other concession revenue is experiencing a slight increase. Phase II of the terminal renovation project is under way. The Authority anticipates funding and construction of a new CONRAC facility in early 2010. One of the major runways will be reconstructed and out of service for the year. A modest capital program is addressing the most urgent needs. Non-signatory activity continues to decline, and the signatory carriers are increasing their load factors with a combination of fewer and smaller aircraft. Staff is planning for level enplanement activity and no erosion in operating revenues in the coming year.

Operating Revenues and Enplanements



FINANCIAL INFORMATION

Financial Position and Results of Operations

Management's Discussion and Analysis ("MD&A"), starting on page 16 summarizes the Authority's Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets and reviews the changes from the beginning to the end of fiscal year 2009 as well as certain comparisons of the current year to the prior two years. The actual financial statements and related footnotes are presented on pages 25 to 51. The information contained in the MD&A should be considered in conjunction with the information contained in this report.

Internal Control Structure Framework

The financial statements of the Authority are prepared following generally accepted accounting principles applicable to governmental unit enterprise funds. This results in financial statements prepared on the full accrual basis.

Internal control is a process affected by an entity's governing board, management, and other personnel and designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) safeguarding of assets from loss from unauthorized use or disposition; (b) execution of transactions in accordance with management's authorization; (c) reliability of financial records for preparing financial statements and maintaining accountability for assets; (d) effectiveness and efficiency of operations; and (e) compliance with applicable laws and regulations.

Internal controls, no matter how well-designed and operated, can provide only reasonable assurance to management and the board regarding achievement of an entity's control objectives. The likelihood of achievement is affected by limitations inherent to internal control. Such limitations include:

1. Human judgment in decision-making can be faulty;
2. Breakdowns in internal controls can occur due to errors or mistakes;
3. Controls can be circumvented by the collusion of two or more people, or management override of internal controls;
4. Costs of an entity's internal controls should not exceed the benefits that are expected to be derived; and
5. Custom, culture and the corporate governance system inhibit irregularities by management, but they are not absolute deterrents.

All internal control evaluations occur within the above framework. We believe that the Authority's internal controls adequately meet the objectives listed above.

OTHER INFORMATION

Independent Audit

The Authority's independent auditor, Crosslin & Associates, PC, has rendered an unqualified opinion that the Authority's financial statements as of and for the years ended June 30, 2009, and 2008, present fairly, in all material respects, the Authority's financial position, changes in net assets and cash flows. The Authority participates in the federal single audit program, which consists of a single audit of all federally funded programs administered by the Authority. Participation in the single audit program is mandatory as a condition for continued funding eligibility. The single audit performed by Crosslin & Associates, PC, met the requirements set forth by the State of Tennessee and the Federal Single Audit Act of 1996 and related Office of Management and Budget Circular A-133. The independent auditors' reports issued based upon work performed in accordance with those requirements noted no instances of material noncompliance by the Authority with any applicable state or federal laws or regulations for the fiscal years ending June 30, 2009, and 2008.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Nashville Airport Authority for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008.

LETTER OF TRANSMITTAL

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. 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. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this CAFR would not be possible without the desire of the Authority's Board of Commissioners and senior management to maintain the Authority as a model of excellence with respect to management of Nashville International Airport, John C. Tune Airport, and MNAA Properties Corporation in an effort to meet the air service needs of Middle Tennessee and the surrounding communities.

Respectfully submitted,



Stan Van Ostran
Vice President and CFO



Jamesina McLeod
Controller

Chairman

James H. Cheek, III
Bass, Berry & Sims, P.L.C.

Vice Chair

Juli H. Mosley, P.E.

Secretary

Dr. A. Dexter Samuels
Tennessee State University

Commissioners

Jack O. Bovender, Jr.
HCA Inc.

Karl F. Dean
Mayor, Metropolitan Government of Nashville & Davidson County

Rod Essig
Creative Artists Agency

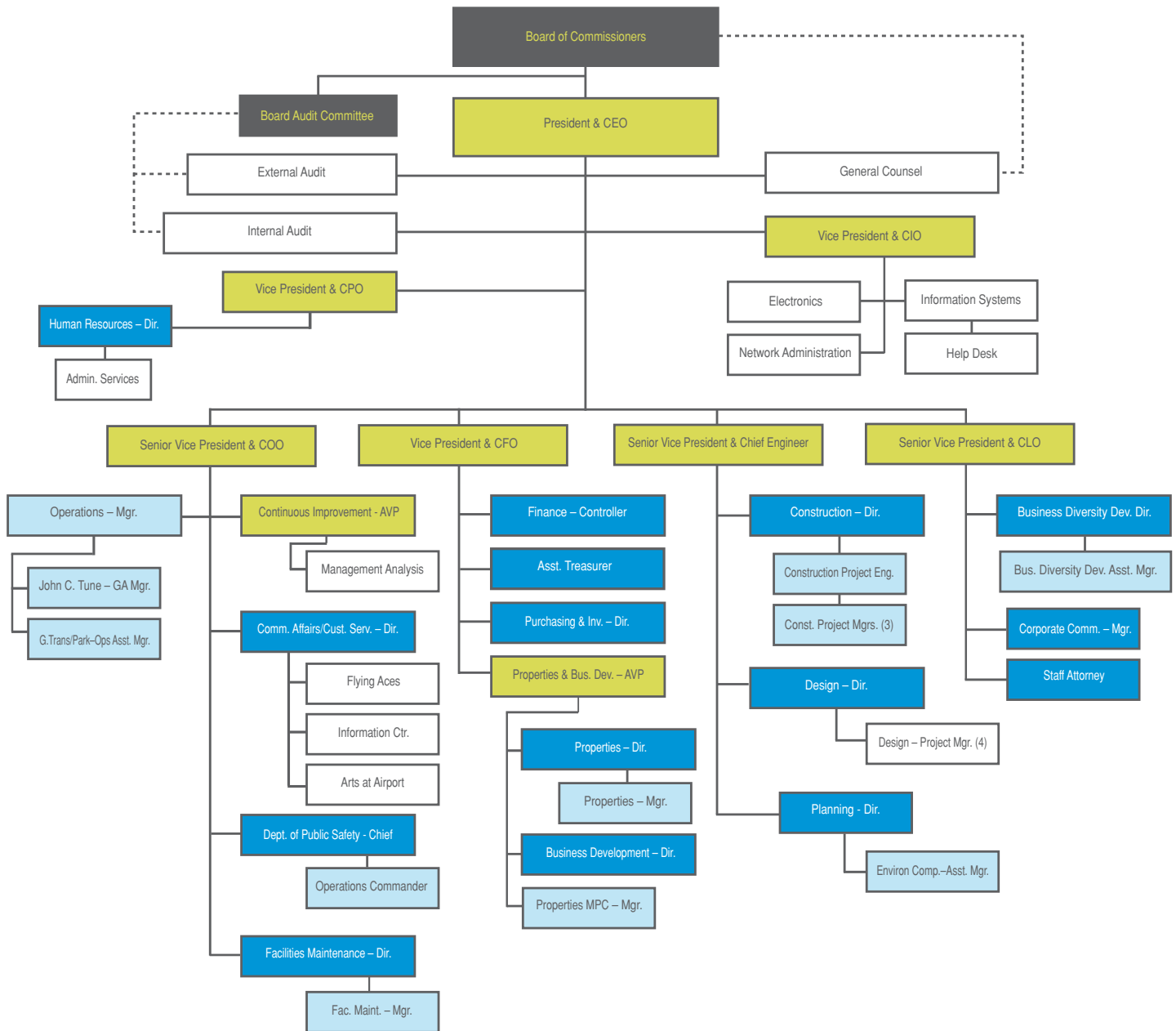
Frank M. Garrison
Overton Capital Management

Robert J. Joslin
Joslin and Son Signs

Bill A. Martin
Cushion Employer Services Corporation

Robert J. Walker
Walker, Tipps & Malone

METROPOLITAN NASHVILLE AIRPORT AUTHORITY ORGANIZATION CHART AS OF JUNE 30, 2009



Executive Staff (As of June 30, 2009)

Raul L. Regalado, C.A.E.

President & Chief Executive Officer

Montford O. Burgess

Senior Vice President & Chief Operating Officer

Robert Watson

Senior Vice President, Legal Affairs & Government Affairs
& Chief Legal Officer

Kinney Baxter

Senior Vice President & Chief Engineer

Stan Van Ostran

Vice President & Chief Financial Officer

Vanessa Hickman

Vice President & Chief Information Officer

Walt Matwijec

Assistant Vice President, Continuous Improvement

John Howard

Assistant Vice President, Properties and Business Development

Amy Armstrong

Assistant Vice President, Human Resources

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Nashville
Airport Authority, Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Financial Section

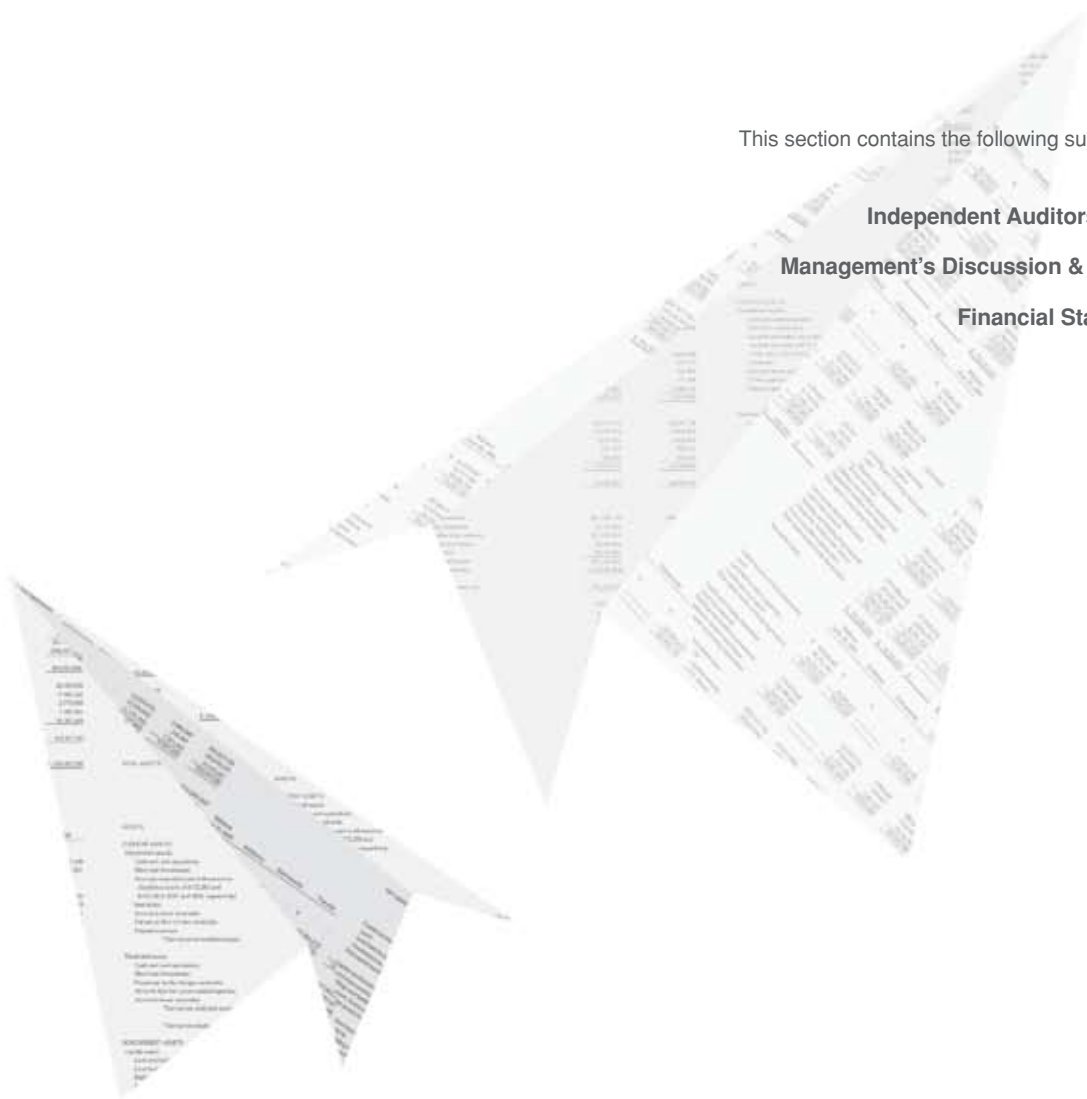
Metropolitan Nashville Airport Authority | Comprehensive Annual Financial Report

This section contains the following subsections:

Independent Auditors' Report

Management's Discussion & Analysis

Financial Statements





Board of Commissioners
Metropolitan Nashville Airport Authority
Nashville, Tennessee

We have audited the accompanying statements of net assets of the Metropolitan Nashville Airport Authority (the "Authority"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, as of June 30, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Metropolitan Nashville Airport Authority as of June 30, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the schedules of funding progress, as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. This required supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Metropolitan Nashville Airport Authority's basic financial statements. The introductory section, and the statistical section, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of the Authority's management. The introductory section and statistical section have not been subjected to the auditing procedures applied in our audits of the basic financial statements and, accordingly, we express no opinion on them.

The schedule of net assets information by entity, the schedule of revenues, expenses and changes in net assets information by entity, and the schedule of airport revenue bonds, principal and interest requirements by fiscal year, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of the Authority's management. Such information has been subjected to the auditing procedures applied in our 2009 audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Crosslin & Associates, P.C.

Nashville, Tennessee
October 23, 2009

The following Management's Discussion and Analysis ("MD&A") of the Metropolitan Nashville Airport Authority (the "Authority") is presented to assist the reader in focusing on significant financial issues, by providing an overview of the Authority's financial activity, and in identifying changes in the Authority's financial position. Management encourages the reader to consider the MD&A in conjunction with the information contained in the Authority's financial statements.

BASIC FINANCIAL STATEMENTS

The Authority's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The Authority is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when paid. Capital assets are capitalized and (except land and construction in progress) are depreciated over their useful lives. Please refer to Note 2 to the financial statements for a summary of the Authority's significant accounting policies.

The *Statement of Net Assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the Authority's financial position.

The *Statement of Revenues, Expenses and Changes in Net Assets* presents information showing the change in the Authority's net assets during the fiscal year. All changes in net assets are reported when the underlying events occur, regardless of timing of related cash flows. Thus, revenues and expenses are recorded and reported in this statement for some items that will result in cash flows in future periods.

The *Statement of Cash Flows* relates to the inflows and outflows of cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in this statement. A reconciliation is provided within the Statement of Cash Flows to assist in understanding the difference between cash flows from operating activities and operating income.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

AIRPORT ACTIVITY HIGHLIGHTS

There was a variety of milestones and events to highlight in fiscal year 2009, despite traffic declines and the overall contraction in the economy. Terminal Renovation Phase I and associated projects such as the flight information display system replacement, all part of the comprehensive terminal renovation program, were completed during the year for \$46 million, on time and under budget. The Authority began the ambitious multi-year, multi-phase renovation program in October 2006. More than 30 new food, beverage, and retail vendors now serve the public at BNA, along with new meeter-greeter areas, a consolidated security checkpoint with 12 screening lanes as well as access to the checkpoint area through self-select lanes designated by signage that direct passengers based on their travel needs and knowledge (Expert, Casual, and Family/Special Assistance). Nashville International Airport also became the first airport location of Redbox, the fully automated DVD rental system. Efficient navigation from landside to airside and the availability of national and local concession brands all further enhanced the Nashville Airports Experience. Two runways, Runway 13-31 (the crosswind and longest runway at BNA) and Runway 2R-20L (the eastern-most runway and that runs north/south) re-opened during the year after concrete pavement and joint repairs, safety area improvements, and taxiway work. These airfield projects represented most of the \$40 million in land improvement projects capitalized during the year. The lone runway at John C. Tune Airport, where approximately 150 customers have aircraft based, reopened after being closed for rehabilitation and repaving. In addition, a new hangar, ramp, roadway and entrance to the property were completed in 2009.

Just as these projects were wrapping up, others began. Design continued for renovation and replacement of restrooms, floor and wall coverings, HVAC units, airline gate hold rooms, and baggage claim under Terminal Renovation Phase II. A few of these construction elements were under way by the end of the fiscal year. Much needed roof repairs continued under a multi-phase roof replacement program. In 2002, several explosive trace detection machines were installed in the ticketing lobby and the ticketing curbside. To accommodate this activity, the ticket counters in the lobby were moved out 11 feet, and various additions and alterations took place curbside. A new project for an in-line explosive detection system ("EDS") began this year and will remove the existing machines, restore lobby space, and install a new automated sort controlled, outbound baggage handling system with two separate, in-line screening matrices. This project has been anticipated since 2002 and is expected to be completed around the end of 2010 at a cost of \$32 million, funded primarily through federal and state grant dollars.

Outside the terminal, more activity took place. A project to improve navigation on the terminal ring road thoroughfare began during the year. The ring road surrounds the airport's short- and long-term parking lots and provides access to the terminal and access to the planned consolidated rental car facility ("CONRAC"). This \$15 million phase of a more comprehensive

Terminal Access Roadway Improvements ("TARI") project will be completed in October 2009. The Economic Recovery and Reinvestment Act of 2009 will pay for the \$4.8 million Terminal Apron Rehab and Reconstruction project that includes milling and removal of existing pavement, 3.6 acres of apron reconstruction to concrete, apron lighting, signage, shoulder grading, pavement marking, and apron crack and trench drain repairs. About 10% of the project was completed at fiscal year end, but the project is expected to be finished in November 2009. Reconstruction of Runway 2L-20R began during the year and is expected to be operational by the end of calendar year 2010. Most of the 7,703-foot-long runway will be replaced along with shoulder widening and installation of in-pavement lights and centerline lights on the 2L approach only.

Traffic declined during the year in every category. In 2009 there were 4,460,962 enplanements, down 8.6% from 4,880,360 the prior year and off 9.7% from 4,938,191 in 2007. This decline influenced parking and concession revenues, passenger facility charge collections, and other revenue and expense activity sensitive to passenger traffic. Aircraft operations declined 12.3% from 203,890 operations in 2008 to 178,731 in 2009. This downward trend began in 2007 when 217,561 operations occurred, resulting in a decrease of 17.8% from 2007 to 2009. Cargo activity also declined at an aggressive rate of 17.2% in 2009, down to 65,632 tons from 79,266 tons the prior year and off 12.4% since 2007 when there were 74,921 tons of cargo reported. China Airlines maintained a presence at BNA throughout the year, however, gave notice of its intention to suspend operations, and left the Nashville market shortly after year-end in August 2009. Further declines in cargo traffic are expected in the coming year. Passenger aircraft market share was dominated by Southwest Airlines as it captured 52.5% of enplanement activity in 2009 compared to 50.7% in the prior year and 49.3% in 2007.

The big news from the air service perspective was the merger of Northwest Airlines with Delta Air Lines, preserving the Delta brand. Delta's consolidation of services at BNA went very smoothly. All carriers adjusted their flight schedules to anticipate seasonal demand throughout the year. Thirteen carriers continued to provide more than 370 average daily arriving and departing flights at Nashville International Airport with direct air service to 70 markets. There were no new entrants during the year. Republic Airways Holdings is in the process of purchasing Frontier Airlines out of bankruptcy, and is continuing scheduled operations under the Frontier name. United Airlines was restored to signatory airline status, and eight signatory carriers captured 85.6% of the total enplanements, up from 84.3% in 2008 but down slightly from 86.0% in 2007. Daily departures stabilized at 190 for a typical weekday in June 2009 compared to 188 at the end of 2008 and 202 for 2007.

The following shows major indicators of the activity during the past three fiscal years:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Enplanements	4,460,962	4,880,360	4,938,191
% increase (decrease)	(8.6%)	(1.2%)	4.3%
Aircraft landed weight (all – 000)	6,431,869	7,004,753	7,179,472
% increase (decrease)	(8.2%)	(2.4%)	3.9%
Aircraft operations (all)	178,731	203,890	217,561
% increase (decrease)	(12.3%)	(6.3%)	0.5%
Cargo activity (tons)	65,632	79,266	74,921
% increase (decrease)	(17.2%)	5.8%	1.5%
Load factors	70.2%	71.4%	70.0%
% increase (decrease)	(1.7%)	2.0%	0.1%

Load factors are the percentages of seats occupied on all passenger aircraft, both arriving and departing airplanes. A decline from 71.4% of the seats occupied to 70.2% represents a declining trend at a rate of 1.7% while the actual percentage of seats not filled changed 1.2%. Total passenger activity declined 8.8% to 8,913,741, from 9,772,467 in 2008 and down 9.8% from 9,881,745 in 2007.

SUMMARY OF OPERATIONS AND CHANGES IN NET ASSETS

The following represents the Authority's summary of changes in net assets over the past three fiscal years with % Change representing the change from 2008 to 2009 and 2007 to 2009:

	2009	2008	%Change	2007	%Change
Operating revenues	\$ 80,252,252	\$ 76,315,326	5.2%	\$ 74,899,596	7.1%
Operating expenses	(53,076,173)	(50,444,188)	5.2%	(44,599,143)	19.0%
Operating income before depreciation	27,176,079	25,871,138	5.0%	30,300,453	(10.3%)
Depreciation	(25,151,547)	(20,424,563)	23.1%	(18,121,419)	38.8%
Operating income	2,024,532	5,446,575	(62.8%)	12,179,034	(83.4%)
Nonoperating revenues	20,519,666	21,727,074	(5.6%)	18,194,793	12.8%
Nonoperating expenses	(15,298,162)	(16,195,124)	(5.5%)	(15,426,246)	(0.8%)
Income before capital contributions	7,246,036	10,978,525	(34.0%)	14,947,581	(51.5%)
Capital contributions	24,316,658	22,299,530	9.0%	13,168,339	84.7%
Increase in net assets	31,562,694	33,278,055	(5.2%)	28,115,920	12.3%
Net assets, beginning of year	282,656,396	249,378,341	13.3%	221,262,421	27.7%
Net assets, end of year	\$314,219,090	\$282,656,396	11.2%	\$249,378,341	26.0%

OPERATING AND NONOPERATING REVENUE HIGHLIGHTS

Eight signatory carriers operate under a residual lease agreement and are responsible to provide the funds if revenues are insufficient to cover the operating costs, including annual debt service, at Nashville International Airport. In 2009, the signatory rental rates were adjusted to provide additional revenue to cover operating expenses. This is the reason for the operating revenue increase in 2009. As a function of the agreement's rate computation, most of the additional \$7,265,000 these airlines paid was charged to main terminal rent and landing fees. The total contribution made by these carriers of \$17,017,714 was the most they have paid to the Authority to operate at BNA since 2004 when signatory airline operating revenue was \$18,545,916. Despite the increase in fees, this airport continues to be one of the most affordable at a cost of \$4.45 per signatory enplaned passenger.

Parking lot revenue continued to be the primary source of operating revenue and declined by \$2,230,290 or 7.3% over the prior year. Over the two-year period, however, revenue increased 1.4%, or \$380,251. Parking traffic declined in 2009 due to a combination of reduced passenger activity and the TARI project previously mentioned. This project is not expected to be complete until October. In addition to the impact on parking due to the TARI project, the planned CONRAC facility would eliminate approximately 1,400 long-term parking spaces. A comprehensive analysis to rebrand and reconfigure public parking in various other locations on airport property is currently underway. All other lots, including the new \$4.1 million employee parking lot, were fully operational when needed. The number of transactions in the short-term, long-term, economy, and overflow lots declined 13.9% from 1,728,149 in 2008 to 1,488,071 in 2009.

Additional sources of operating revenue continued to contribute to the net assets of the Authority. Concessions, space rentals, and other revenue represented \$35,059,805 or 43.7% of operating income in 2009. This is less than 1% lower than \$35,382,575 or 46.4% of operating income in 2008 and is encouraging since the number of travelers at BNA declined during the year. The transition to the new food and beverage, as well as news and gift concession programs, was completed and earned national recognition from industry media. Public response to the new restaurant mix was favorable with a 9.8% revenue increase, or \$250,976. The increase since 2007 was 12.2%, or \$304,628. Concession revenue for news and gift shops increased as well, an amazing 33.6% or \$573,836 over the prior year. There was actually a fractional decline from 2007 to 2008 during the height of the construction. The number, variety, and square footage dedicated to this type of revenue source proved very popular as the results demonstrate. Car rental revenue struggled nationwide during the past two years as the economy contracted. At BNA the 13.4% decline of \$1,412,315 outpaced the passenger traffic decline. Over two years, a \$984,861 or a 9.7% reduction in revenue was very similar to passenger activity. The most dramatic indication of the emerging trends at the Nashville International Airport was that the main terminal non-signatory rental revenue shrank to \$636,356 from \$1,709,021 in just one year, 62.8%. This source of revenue was off 73.0% over two years as regional and other non-signatory carriers vacated markets all over the country. This was part of the reason for the \$7.265 million true-up the signatory carriers paid late in the year to make up for the shortfall. The completion of a general aviation land use plan at BNA will provide guidance to staff in pursuing some additional sources of operating revenue, with several sites already identified for development or revitalization.

MANAGEMENT'S DISCUSSION AND ANALYSIS

At John C. Tune Airport, operating revenues were level with 2008 at \$653,586 versus \$652,797. This is encouraging as many private and corporate aircraft owners have flooded the market nationwide with aircraft for sale. Most hangar spaces were occupied, and the recently completed capital work has generated some renewed interest in the reliever airport. The two properties owned by MPC were in their first full year of operation, and the transition continued with the Authority making needed building improvements. A challenging rental market in the vicinity of the Airport has resulted in occupancy rates around 70% instead of the desired 85% or greater at the International Plaza building. The four tenants under the previous owner at the multi-purpose building continued their presence during the year, and Staff continues to work with an outside firm to generate interest with potential tenants for both locations.

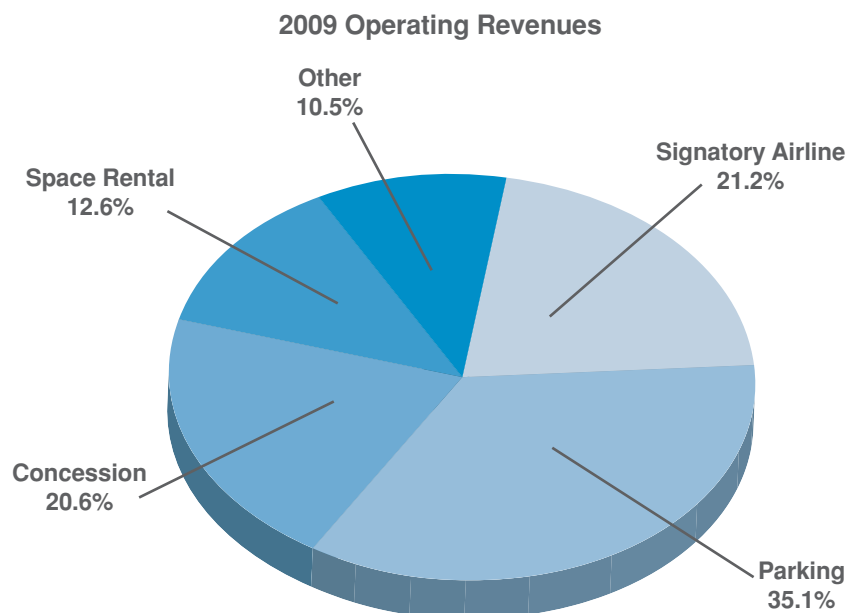
The following represents a summary of Authority revenues for the fiscal years ended June 30, 2009, 2008, and 2007, with % Change representing the change from 2008 to 2009 and 2007 to 2009:

	2009	2008	%Change	2007	%Change
Operating revenues					
Signatory airline	\$ 17,017,714	\$ 10,527,728	61.6%	\$ 13,116,169	29.7%
Parking	28,174,733	30,405,023	(7.3%)	27,794,482	1.4%
Concession	16,558,935	17,164,513	(3.5%)	16,631,319	(0.4%)
Space rental	10,077,305	11,050,944	(8.8%)	10,135,718	(0.6%)
Other	8,423,565	7,167,118	17.5%	7,221,908	16.6%
Total operating revenues	80,252,252	76,315,326	5.2%	74,899,596	7.1%
Nonoperating revenues					
Investment income	1,642,936	4,603,766	(64.3%)	4,931,594	(66.7%)
Passenger facility charges	11,480,154	12,836,344	(10.6%)	13,237,806	(13.3%)
Customer facility charges	7,648,876	4,259,428	79.6%	-	100.0%
Gain (Loss) on disposal of property	(252,300)	27,536	100.0%	25,393	100.0%
Total nonoperating revenues	20,519,666	21,727,074	(5.6%)	18,194,793	12.8%
Capital contributions	24,316,658	22,299,530	9.0%	13,169,339	84.6%
Total revenues and capital contributions	\$125,088,576	\$120,341,930	3.9%	\$106,263,728	17.7%

Nonoperating revenue activity for the Authority became very predictable as the year progressed. Only the most conservative investments were considered, and most cash remained in very liquid accounts. This cash-preservation strategy worked well with an unintended consequence of a 64.3% reduction in investment income, off 66.7% over two years. Fiscal year 2009 marked the first full year collecting the customer facility charge ("CFC"). This \$4.00 per contract day fee that rental car agencies collect and remit to the Authority is being used to pay for the planning, design, construction, financing, maintenance, and operation of a consolidated rental car facility as well as other costs, fees, and expenses that may be paid from CFC proceeds. The modest decline in nonoperating revenue was attributable to the passenger facility charge ("PFC") collections during the year, closely mirroring the 8.6% enplanement decline. This follows a national trend whereby travelers were cashing in their frequent flyer miles for 'free' tickets, therefore not resulting in any PFC collected. The percentage of tickets at BNA resulting in a \$3.00 PFC (\$2.89 net to the Authority after the airline deducts its handling fee) was about 89%. This compared with roughly 92% in each of the two prior years, similar to the average across the country.

Capital contributions reached the highest level in the past ten years at \$24,316,658. Most of the State of Tennessee funding supported the TARI and In-Line EDS projects, both still very active at the end of the fiscal year. State grant funding at John C. Tune Airport helped finish the north ramp development, extension of the perimeter road, and the Runway 2-20 repair projects. The Department of Homeland Security Administration grant for the EDS project provided \$4,764,640 during the year at BNA. Federal Aviation Administration grants supported various projects with the most dollars spent on reconstructing Runway 13-31 in the amount of \$7,391,582. No federal dollars were spent at the reliever airport in 2009. At least as much nonoperating revenue from state and federal resources is anticipated in the coming year due to the commencement of Runway 2L-20R reconstruction, In-Line EDS, the comprehensive ramp repair project, and others.

The following chart shows the major sources of operating revenues for the fiscal year ended June 30, 2009:



OPERATING AND NONOPERATING EXPENSES HIGHLIGHTS

The following represents the Authority's summary of operating expenses for the fiscal years ended June 30, 2009, 2008, and 2007, with % Change representing the change from 2008 to 2009 and 2007 to 2009:

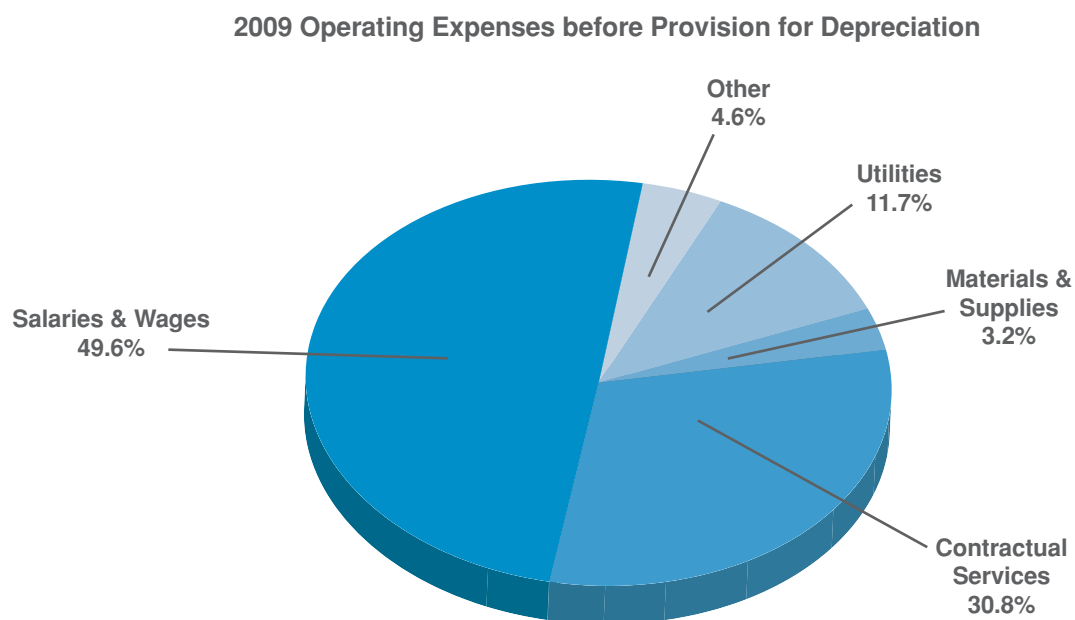
	2009	2008	%Change	2007	%Change
Operating expenses					
Salaries and wages	\$ 26,339,723	\$23,690,248	11.2%	\$ 20,379,376	29.2%
Contractual services	16,358,604	16,299,124	0.4%	14,430,214	13.4%
Materials and supplies	1,704,622	2,228,830	(23.5%)	2,437,293	(30.1%)
Utilities	6,231,268	5,537,335	12.5%	4,408,582	41.3%
Other	<u>2,441,956</u>	<u>2,688,651</u>	(9.2%)	<u>2,943,678</u>	(17.0%)
Total operating expenses before provision for depreciation	<u>53,076,173</u>	<u>50,444,188</u>	5.2%	<u>44,599,143</u>	19.0%
Provision for depreciation	<u>25,151,547</u>	<u>20,424,563</u>	23.1%	<u>18,121,419</u>	38.8%
Nonoperating expenses					
Interest expense	13,823,696	14,504,722	(4.7%)	14,396,542	(4.0%)
Loss on derivative financial instruments	1,474,466	1,690,402	(12.8%)	318,614	(362.8%)
Other nonoperating expense	-	-	0.0%	711,090	100%
Total nonoperating expenses	<u>15,298,162</u>	<u>16,195,124</u>	(5.5%)	<u>15,426,246</u>	(0.8%)
Total expenses	<u>\$93,525,882</u>	<u>\$87,063,875</u>	7.4%	<u>\$78,146,808</u>	19.7%

Authority staff continued to work diligently to control expenditures at all three entities. Salaries and wages increased due to the non-cash charge for other postemployment benefits ("OPEB") increasing the obligation by \$5,043,087. This item is not included in the computation for signatory rates. However, if OPEB liabilities are funded with debt or a trust fund, then cash flows to service the related debt or trust funding will be included in the rate structure. The 2009 OPEB charge compares with \$2,529,829 in 2008, the first year of recognizing this unfunded liability. The plan was closed to new entrants on January 1, 2009, in order to better manage future costs of this employee benefit. Refer to Note 16 for more information on OPEB. Pension cost, also a non-cash item, was \$1,665,239 in 2009, up \$384,152 or 30.0% from the prior year. This was as a result of the pension asset investment performance during the year being unable to offset the costs of the program. Since 2007, pension cost increased \$525,009 or 46.0%. There continue to be no employees at MPC, three at John C. Tune Airport, and 270 at BNA. During fiscal year 2009, 13 employees took advantage of an early retirement incentive plan opportunity that required them to retire on or before June 30, 2009.

Contractual services were renegotiated or brought in-house wherever possible. This operating item included \$858,959 spent on CONRAC-related activity, all paid for with dollars collected from CFCs. Necessary repairs were undertaken at International Plaza, accounting for much of the \$1,495,264 spent on operating items. Management authorized only the most critical expenditures at John C. Tune as it is conserving cash in anticipation of some major capital work in coming years. The increase in utility costs was anticipated, due to rate increases and construction-related activity. New chillers installed during the year will help offset some future increases in rates and usage. In two years, operating expenses increased \$8,477,030 or 19.0%, and OPEB accounted for \$7,572,913 of this amount. Depreciation increased dramatically at BNA as all completed projects of the terminal renovation program were capitalized along with multimillion-dollar airfield projects. The original terminal, built in 1987, had not fully depreciated by the time the Phase I improvements were placed in service. However, some individual elements had.

Nonoperating activity included interest owed on \$249,925,000 in long-term debt, monthly interest payments on the two MPC loans, and a small amount associated with a line of credit with a local financial institution during the construction of In-Line EDS. A similar arrangement will be entered into when Runway 2L-20R is reconstructed. Remarketing fees associated with some of the variable debt spiked for a short time during the year and retreated to more favorable levels by the end of the year. No bonds were refunded during the year, but the Series 2009A bonds were issued in March 2009 to provide funds sufficient to pay for the Phase II terminal renovation construction. The only interest expense at John C. Tune resulted from a short-term note with BNA early in the year to pay for Runway 2-20 reconstruction. This was repaid two months later when grant reimbursements were received. The low interest rates contributed to the additional losses on the derivatives associated with bonds and loans. Refer to Notes 5 through 8 for more information on long-term debt, loans, and derivatives.

This chart shows the major cost components of the Authority's operating expenses for the year ended June 30, 2009:



For further information about each of the three MNAA entities, please refer to the schedule of revenues, expenses, and changes in net assets information by entity for the year ended June 30, 2009, in the supplementary information section later in this report.

FINANCIAL POSITION SUMMARY

The Statements of Net Assets depict the Authority's financial position as of one point in time – June 30 – and include all assets and liabilities of the Authority. The Authority's assets exceeded liabilities by \$314,219,090, a \$31,562,694 or 11.1% increase over 2008 and a two-year increase of \$64,840,749 or 26.0% over 2007. In the current year, the capital program and CFC collections were responsible for the increase. Over two years, the increase was a combination of operational income and capital activity funded with federal and state dollars.

Following is a condensed summary of the Authority's financial position at June 30, 2009, 2008, and 2007. The % Change reflects changes from 2008 to 2009 and 2007 to 2009 as follows:

	2009	2008	%Change	2007	%Change
Assets					
Current assets	\$138,007,855	\$110,849,165	24.5%	\$ 95,096,920	45.1%
Noncurrent and capital assets	<u>462,525,003</u>	<u>443,663,579</u>	4.3%	<u>424,093,155</u>	9.1%
Total assets	<u>\$600,532,858</u>	<u>\$554,512,744</u>	8.3%	<u>\$519,190,075</u>	15.7%
Liabilities					
Current liabilities	\$ 44,077,363	\$ 45,446,204	(3.0%)	\$ 40,852,673	7.9%
Noncurrent liabilities	<u>242,236,405</u>	<u>226,410,144</u>	7.0%	<u>228,959,061</u>	5.8%
Total liabilities	<u>286,313,768</u>	<u>271,856,348</u>	5.3%	<u>269,811,734</u>	6.1%
Net assets					
Invested in capital assets, net of debt	235,035,655	202,605,751	16.0%	150,379,604	56.3%
Restricted	68,634,046	70,242,815	(2.3%)	74,876,391	(8.3%)
Unrestricted	<u>10,549,389</u>	<u>9,807,830</u>	7.6%	<u>24,122,346</u>	(56.3%)
Total net assets	<u>314,219,090</u>	<u>282,656,396</u>	11.1%	<u>249,378,341</u>	26.0%
Total liabilities and net assets	<u>\$600,532,858</u>	<u>\$554,512,744</u>	8.3%	<u>\$519,190,075</u>	15.7%

Current assets increased \$27,158,690 or 24.5% due to proceeds from the Series 2009A bonds issued to pay for Terminal Renovation Phase II in the next two years. As investments matured, cash balances increased or were reinvested in very conservative and low yield investments. Collections from PFCs have exceeded expenditures since MNAA began participating in the program in the mid-1990s, building up a balance of \$33 million at the end of 2008. This balance declined to less than \$26 million at June 30, 2009, as dollars were used to support pay-as-you-go PFC projects and debt service on the Series 2003 special revenue PFC bond and the Series 2008B and Series 2009A bonds, both issued under MNAA's master resolution due to more favorable pricing.

Liabilities increased \$14,457,420 or 5.3% from one year earlier reflecting the impact of debt service reductions offset by issuance of the Series 2009A bonds in the amount of \$36,000,000 and the increasing OPEB balance of \$7,572,913. Noncurrent liabilities specifically increased \$15,826,261 or 7.0%. In contrast, current unrestricted liabilities decreased from \$16,279,071 to \$9,126,315 as the Authority continued to meet its obligations in a timely fashion. There were also fewer outstanding invoices at year-end than in the prior year. Current liabilities overall increased only slightly, 3.0% or \$1,368,841 in 2009. This compares with a two-year increase of \$3,224,690 or 7.9% on the \$40,852,673 balance reported at June 30, 2007.

The portion of the Authority's net assets shown below, \$68,634,046, represents 21.8% of total net assets. This compares with \$70,242,815 in restricted net assets at June 30, 2008, or 24.9%, and \$74,876,391 or 30.0% of total net assets in 2007. These resources are subject to restrictions on use. The restricted net assets are not available for new spending as they have already been committed as follows:

Passenger facility charge projects	\$ 30,014,741
Debt service	32,430,731
Other	<u>6,188,574</u>
Total restricted net assets	<u>\$ 68,634,046</u>

The unrestricted net assets of \$10,549,389 may be used to meet the Authority's ongoing obligations. This represents a slight increase from \$9,807,830 in 2008 and is less than half the \$24,122,346 balance available two years earlier in 2007. Those reserves were used to pay for capital projects that received no funding from other sources.

For further information about the Authority's financial position by entity, please refer to the schedule of net assets information by entity at June 30, 2009, in the supplementary information section later in this report.

CASH MANAGEMENT POLICIES AND CASH FLOW ACTIVITIES

All cash receipts are deposited daily into interest-bearing accounts. All investments are in compliance with the laws of the State of Tennessee and the Investment Policy adopted by the Authority's Board of Commissioners. The proceeds from issuance of the Series 2009A bond, to cover construction costs on Terminal Renovation Phase II, accounts for the increase of cash and cash equivalents at June 30, 2009.

	2009	2008	2007
Cash flows provided by (used in):			
Operating	\$ 26,658,600	\$ 32,899,204	\$ 35,828,414
Non-capital financing	(1,341,987)	(1,344,510)	(1,354,471)
Capital and related financing	(8,165,269)	(42,978,508)	(30,326,611)
Investing	26,981,622	15,742,938	(23,355,783)
Net increase in cash and cash equivalents	44,132,966	4,319,124	27,503,115
Cash and cash equivalents:			
Beginning of year	67,840,463	63,521,339	36,018,224
End of year	\$ 111,973,429	\$ 67,840,463	\$ 63,521,339

CAPITAL ACTIVITIES

Capital assets, net of accumulated depreciation, increased from \$420,827,810 to \$442,763,034 at year-end. This \$21,935,224 or 5.2% increase was due to the various project activity occurring both landside and on the airfield mentioned earlier. A similar trend is likely in 2010 and beyond as several large projects are under consideration at this time. Staff continued to secure federal and state support for eligible projects. Additional funding is provided through PFCs, airline rates and charges, and the issuance of debt. Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method. Note 4 provides additional information about the additions, retirements, and transfers during the years ended June 30, 2009 and 2008.

DEBT ADMINISTRATION

The Authority issued Airport Improvement Revenue Bond Series 2009A in the amount of \$36,000,000 on March 31, 2009, to pay for most of Phase II of the comprehensive terminal renovation project. Interest payments in the total amount of \$382,942 were made during the year, and the first principal payment, \$715,000, is due on July 1, 2010. This bond matures on July 1, 2019, and was issued at a \$180,568 premium. As of June 30, 2009, the Authority's balance of outstanding long-term revenue bonds was \$249,925,000 compared with \$238,325,000 at the end of the prior year. The current portion of revenue bonds totaled \$26,170,000 and is due on July 1, 2009. This amount would have been higher, however the Authority tendered \$980,000 of 2003 PFC bonds early. The only bond issued under the PFC resolution will mature July 1, 2012, with \$14,145,000 in principal owed on or before that date. In addition, the Series 2008B bonds were issued under the MNAA master resolution but are being paid for under a unique arrangement. A PFC application approved in 2003 included reimbursements for projects undertaken in the 1990s. These dollars are being reimbursed back to the Authority as needed to cover both principal and interest payments until maturity. Under PFC Application 14, approved during fiscal year 2009, debt service on the Series 2009A will also be paid with PFC collections. However, this bond series was actually issued under the MNAA master resolution as a general airport revenue bond rather than as a special revenue bond (under the PFC resolution) resulting in lower financing costs. Refer to Note 5 for more information about long-term debt.

A summary of the Authority's bonds that remained outstanding at June 30, 2009, is as follows:

<u>Series Description</u>	<u>Beginning Balance</u>	<u>New Bonds</u>	<u>Principal Repayment</u>	<u>Ending Balance</u>
Series 1995 Revenue Bonds	\$ 46,875,000	\$ -	\$ (4,100,000)	\$ 42,775,000
Series 1998A Revenue Bonds	7,435,000	-	(1,625,000)	5,810,000
Series 1998C Revenue Bonds	20,010,000	-	(1,860,000)	18,150,000
Series 2001A Revenue Bonds	62,180,000	-	(6,150,000)	56,030,000
Series 2003 PFC Revenue Bonds	18,675,000	-	(4,530,000)	14,154,000
Series 2003B Revenue Bonds	17,945,000	-	(335,000)	17,610,000
Series 2008A Revenue Bonds	37,600,000	-	(5,800,000)	31,800,000
Series 2008B Revenue Bonds	27,605,000	-	-	27,605,000
Series 2009A Revenue Bonds	-	36,000,000	-	36,000,000
Total	<u>\$238,325,000</u>	<u>\$36,000,000</u>	<u>\$(24,400,000)</u>	<u>\$249,925,000</u>

More detailed information about the Authority's debt can be found in Note 5 to the financial statements.

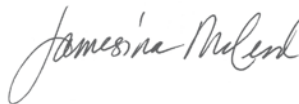
REQUEST FOR INFORMATION

This financial report is designed to provide detail information on the Authority's operations to the Authority's Board of Commissioners, management, investors, creditors, customers and all others with an interest in the Authority's financial affairs and to demonstrate the Authority's accountability for the assets it controls and the funds it receives and expends. Questions concerning any of the information provided in this report or any request for additional information should be made in writing to MNAA, One Terminal Drive, Suite 501, Nashville, Tennessee, 37214-4114, or by calling (615) 275-1600.

Respectfully Submitted,



Stan Van Ostran
Vice President and CFO
Nashville, Tennessee



Jamesina McLeod
Controller

STATEMENTS OF NET ASSETS
JUNE 30, 2009 AND 2008

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 23,381,738	\$ 24,844,223
Short-term investments	196,641	1,986,197
Accounts receivable (net of allowance for doubtful accounts of \$86,484 and \$112,741, respectively)	5,927,326	2,394,058
Inventories	425,140	446,335
Accrued interest receivable	51,103	100,689
Prepaid expenses and other	892,794	1,212,018
Total current unrestricted assets	<u>30,874,742</u>	<u>30,983,520</u>
Restricted assets:		
Cash and cash equivalents	88,591,691	42,996,240
Short-term investments	10,826,130	32,894,847
Passenger facility charges receivable	1,495,791	930,404
Customer facility charges receivable	685,512	832,804
Amounts due from governmental agencies	5,483,457	2,106,704
Accrued interest receivable	50,532	104,646
Total current restricted assets	<u>107,133,113</u>	<u>79,865,645</u>
Total current assets	<u>138,007,855</u>	<u>110,849,165</u>
NONCURRENT ASSETS:		
Capital assets:		
Land and land improvements	509,009,664	469,124,672
Land held for future expansion	36,701,068	36,701,068
Buildings and building improvements	171,150,808	156,272,307
Equipment, furniture and fixtures	50,436,887	44,528,367
Construction in progress	32,813,869	48,447,958
Total capital assets	800,112,296	755,074,372
Less accumulated depreciation	<u>(357,349,262)</u>	<u>(334,246,562)</u>
Total capital assets, net	<u>442,763,034</u>	<u>420,827,810</u>
Restricted investments	18,018	978,683
Unrestricted investments	3,929,156	4,703,600
Deferred bond issue costs	2,782,067	2,422,427
Other assets	<u>13,032,728</u>	<u>14,731,059</u>
Total noncurrent assets	<u>462,525,003</u>	<u>443,663,579</u>
TOTAL ASSETS	<u>\$ 600,532,858</u>	<u>\$ 554,512,744</u>

LIABILITIES AND NET ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Trade accounts payable	\$ 6,565,078	\$ 13,163,279
Accrued payroll and related items	2,113,237	2,667,792
Current maturities of notes payable	448,000	448,000
Total payable from unrestricted assets	<u>9,126,315</u>	<u>16,279,071</u>
Payable from restricted assets:		
Trade accounts payable	4,339,137	1,249,122
Accrued interest payable	4,441,911	4,498,011
Current maturities of airport revenue bonds	26,170,000	23,420,000
Total payable from restricted assets	<u>34,951,048</u>	<u>29,167,133</u>
Total current liabilities	<u>44,077,363</u>	<u>45,446,204</u>
NONCURRENT LIABILITIES:		
Airport revenue bonds less current maturities (net of unamortized deferred amount on refunding of \$7,675,177 and \$9,493,871, respectively)	216,260,391	205,411,129
Notes payable, less current maturities	7,825,333	8,273,333
Synthetic advance refunding, Series 2001A	2,577,768	3,308,619
Fair value of derivative financial instruments	4,334,856	2,860,390
Deferred interest income	1,686,297	2,044,693
Deferred rental income	1,978,847	1,982,151
Other postemployment benefits obligation	7,572,913	2,529,829
Total noncurrent liabilities	<u>242,236,405</u>	<u>226,410,144</u>
Total liabilities	<u>286,313,768</u>	<u>271,856,348</u>
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS:		
Invested in capital assets - net of related debt	235,035,655	202,605,751
Restricted:		
Passenger facility charge projects	30,014,741	34,949,517
Debt service	32,430,731	31,048,968
Other	6,188,574	4,244,330
Total restricted net assets	<u>68,634,046</u>	<u>70,242,815</u>
Unrestricted net assets	<u>10,549,389</u>	<u>9,807,830</u>
Total net assets	<u>314,219,090</u>	<u>282,656,396</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$600,532,858</u>	<u>\$554,512,744</u>

See accompanying notes to financial statements.

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES:		
Signatory airline	\$ 17,017,714	\$ 10,527,728
Parking	28,174,733	30,405,023
Concession	16,558,935	17,164,513
Space rental	10,077,305	11,050,944
Other	8,423,565	7,167,118
	<u>80,252,252</u>	<u>76,315,326</u>
OPERATING EXPENSES:		
Salaries and wages	26,339,723	23,690,248
Contractual services	16,358,604	16,299,124
Materials and supplies	1,704,622	2,228,830
Utilities	6,231,268	5,537,335
Other	2,441,956	2,688,651
	<u>53,076,173</u>	<u>50,444,188</u>
OPERATING INCOME BEFORE PROVISION FOR DEPRECIATION	27,176,079	25,871,138
PROVISION FOR DEPRECIATION	<u>25,151,547</u>	<u>20,424,563</u>
OPERATING INCOME	<u>2,024,532</u>	<u>5,446,575</u>
NONOPERATING REVENUES:		
Investment income	1,642,936	4,603,766
Passenger facility charges	11,480,154	12,836,344
Customer facility charges	7,648,876	4,259,428
(Loss) gain on disposal of property and equipment	(252,300)	27,536
	<u>20,519,666</u>	<u>21,727,074</u>
NONOPERATING EXPENSES:		
Interest expense	13,823,696	14,504,722
Loss on derivative financial instruments	1,474,466	1,690,402
	<u>15,298,162</u>	<u>16,195,124</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	7,246,036	10,978,525
CAPITAL CONTRIBUTIONS	<u>24,316,658</u>	<u>22,299,530</u>
INCREASE IN NET ASSETS	31,562,694	33,278,055
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>282,656,396</u>	<u>249,378,341</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 314,219,090</u>	<u>\$ 282,656,396</u>

See accompanying notes to financial statements.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 76,716,760	\$ 76,289,729
Cash paid to employees	(21,851,194)	(21,074,845)
Cash paid to suppliers	(25,765,010)	(19,627,029)
Other payments	<u>(2,441,956)</u>	<u>(2,688,651)</u>
Net cash provided by operating activities	<u>26,658,600</u>	<u>32,899,204</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments on long-term debt	(335,000)	(325,000)
Interest paid on long-term debt	<u>(1,006,987)</u>	<u>(1,019,510)</u>
Net cash used in noncapital financing activities	<u>(1,341,987)</u>	<u>(1,344,510)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Receipt of passenger facility charges	10,914,767	13,779,339
Receipt of customer facility charges	7,796,168	3,426,624
Purchases of property and equipment	(47,414,719)	(63,099,797)
Proceeds from sale of property and equipment	75,648	32,511
Interest paid on long-term debt	(11,389,045)	(11,923,555)
Proceeds from issuance of long-term debt, net of refundings	36,180,568	18,280,000
Payment of bond issue costs	(755,561)	(820,963)
Payments on long-term debt	(24,513,000)	(22,718,220)
Repayment related to debt service forward delivery agreement	-	(1,080,000)
Contributions from governmental agencies	<u>20,939,905</u>	<u>21,145,553</u>
Net cash used in capital and related financing activities	<u>(8,165,269)</u>	<u>(42,978,508)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(35,173,191)	(87,163,281)
Proceeds from the sale and maturities of investments	60,942,382	98,568,343
Interest received on investments	<u>1,212,431</u>	<u>4,337,876</u>
Net cash provided by investing activities	<u>26,981,622</u>	<u>15,742,938</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	44,132,966	4,319,124
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>67,840,463</u>	<u>63,521,339</u>
End of year	<u>\$ 111,973,429</u>	<u>\$ 67,840,463</u>

See accompanying notes to financial statements.

(Continued)

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
RECONCILIATION OF OPERATING INCOME		
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 2,024,532	\$ 5,446,575
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for depreciation	25,151,547	20,424,563
Amortization of deferred real estate leasing commission	1,080	1,080
Amortization of deferred rental income	(34,904)	(34,904)
Changes in operating assets and liabilities:		
Increase in accounts receivable	(3,533,268)	(22,829)
Decrease in inventories	21,195	36,309
Decrease (increase) in prepaid expenses	319,224	(210,636)
Decrease in other assets	1,697,251	917,951
(Decrease) increase in trade accounts payable	(3,508,186)	3,694,636
(Decrease) increase in accrued payroll and related items	(554,555)	85,574
Increase in deferred rental income	31,600	31,056
Increase in other postemployment benefit obligation	5,043,084	2,529,829
Net cash provided by operating activities	<u>\$ 26,658,600</u>	<u>\$ 32,899,204</u>
CASH AND CASH EQUIVALENTS - END OF YEAR		
CONSIST OF:		
Unrestricted cash and cash equivalents	\$ 23,381,738	\$ 24,844,223
Restricted cash and cash equivalents	<u>88,591,691</u>	<u>42,996,240</u>
	<u>\$ 111,973,429</u>	<u>\$ 67,840,463</u>

NONCASH INVESTING AND FINANCING ACTIVITIES:

During 2009 and 2008, \$2,214,615 and \$2,562,919, respectively, were charged to interest expense for amortization of deferred bond issue costs and amortization of deferred loss on refunding of debt.

During 2009 and 2008, interest expense was reduced by \$730,851 and \$787,172, respectively, for the amortization of the synthetic advance refunding.

During 2009 and 2008, \$358,396 and \$427,615, respectively, were included in interest income related to the amortization of deferred interest income.

During 2009 and 2008, losses of \$1,474,466 and \$1,690,402, respectively, were recognized for the change in fair value of derivative financial instruments.

See accompanying notes to financial statements.

1. METROPOLITAN NASHVILLE AIRPORT AUTHORITY

The creation of Metropolitan Nashville Airport Authority (the "Authority") was authorized by Public Chapter 174 of the Public Acts of the 86th General Assembly of the State of Tennessee, 1969 Session. The Metropolitan Council of The Metropolitan Government of Nashville and Davidson County, Tennessee ("Metropolitan Government") created the Authority to operate as a separate enterprise. The Authority owns and operates Nashville International Airport and John C. Tune Airport, a general aviation reliever airport. Based upon the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, The Financial Reporting Entity, it has been determined that the Authority is a component unit of the Metropolitan Government.

The Authority's Board of Commissioners consists of ten members who serve without compensation, nine of whom are appointed by the Metropolitan Government Mayor and approved by the Metropolitan Government Council, with the tenth being the Mayor (or his designee). There are provisions whereby commissioners may be removed by vote of the Metropolitan Government Council. All appointments to the Authority are for a term of four years. The terms are staggered to provide for continuity of Airport development and management. The Board of Commissioners appoints a president and charges him with the responsibility for day-to-day operations.

During April 2007, the Board of Commissioners of the Authority approved an interlocal cooperation agreement with the Industrial Development Board of the Metropolitan Government. As a result of this action, MNAA Properties Corporation ("MPC"), a Tennessee nonprofit corporation, was formed for the purpose of supporting and facilitating the operations of the Authority and to help the economic development of the surrounding area. The Commissioners of the Authority constitute the Board of Directors of MPC. For financial reporting purposes, MPC is a blended component unit of the Authority. A capital contribution of \$9,000,000 was transferred from the Authority to MPC in August 2007. During fiscal year 2008, MPC Holdings, LLC, a limited liability company in which MPC is the sole member, purchased two separate multi-tenant buildings and commenced operation. Both facilities are on Nashville International Airport property. It is currently expected that no other property or assets of the Authority will be pledged or committed to support MPC or any subsidiaries of MPC.

The accompanying financial statements also include the accounts of the Arts at the Airport Foundation, a nonprofit organization that facilitates the display and performance of artists within the Nashville International Airport terminal. The Arts at the Airport Foundation qualifies as a component unit of the Authority due to it being fiscally dependent on the Authority and due to the Authority's appointment of the voting majority of its governing board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Basis of Presentation

The financial statements of the Authority are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred. The financial statements include the operations of the Nashville International Airport, John C. Tune Airport, and MPC as noted above.

The Authority applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has elected to apply all Financial Accounting Standards Board ("FASB") Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the useful lives of capital assets, the fair value of derivative financial instruments, the allowance for doubtful accounts, other postemployment benefits obligation, and certain self-insured liabilities. Actual results could differ from those estimates.

Budgets

The Authority is required to prepare an annual operating budget to obtain the support of the Airline Affairs Committee, which is composed of the eight signatory airlines, and the approval of the Board of Commissioners. A five-year capital improvement program, including modifications and reasons therefore, is also required to be submitted each year. In addition, an operating

budget and capital improvement program are submitted to the Board of Commissioners for approval for John C. Tune Airport and MPC.

The Authority is not required to demonstrate statutory compliance with its annual operating budget. Accordingly, budgetary data is not included in the basic financial statements. All budgets are prepared in accordance with bond covenants and airport lease and use agreements. Unexpended operating appropriations lapse at year-end.

Operating and Nonoperating Revenues and Expenses

The Authority distinguishes operating revenues and operating expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations. Revenues from space rental and fees, landing fees, parking and other miscellaneous income are reported as operating revenues. Transactions that are capital, financing or investing related, are reported as nonoperating revenues. Such nonoperating revenues include passenger facility charges (PFCs) as described in Note 9 and customer facility charges (CFCs) as described in Note 10. 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 nonoperating expenses.

The Authority's operating revenues are presented in five components as follows:

Signatory Airline - Signatory Airline revenue consists of the revenues earned from eight signatory airlines primarily for terminal space rentals and landing fees. Terminal rents and landing fees charged to the signatory airlines are based on a residual agreement which takes into account all eligible revenues, expenses and debt service of the Authority. The residual agreement is designed to minimize the landing fees and terminal rents of the signatory airlines while assuring the payment of all net operating costs and debt service relating to the Authority (see Note 12).

Parking - Parking revenue is generated primarily from the operation of Authority-owned parking facilities at Nashville International Airport.

Concession - Concession revenue is generated through concessionaires and tenants who pay monthly fees for using airport facilities to offer their goods and services to the public. Payments to the Authority are based on negotiated agreements with concessionaires to remit amounts usually based either on a minimum guarantee or on a percentage of gross receipts.

Space Rental - Space rental revenue includes nonsignatory airline terminal space rental, car rental companies' space rental, and certain other income received from leases of Authority-owned property.

Other - Other revenue consists primarily of nonsignatory airline landing fees, cargo airline landing fees and the Authority's portion of fixed-base operators' fuel sales.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term investments with original maturities of three months or less.

Investments

Investments consist primarily of U.S. government securities and corporate bonds. Investments are accounted for in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires that certain investments be recorded at fair value (e.g., quoted market prices). Short-term, highly liquid debt instruments that have a remaining maturity at time of purchase of one year or less are reported at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors.

Amounts Due from Governmental Agencies

The Authority has grants for aid in construction from the Federal Airport Improvement Program ("AIP"), the American Recovery and Reinvestment Act of 2009 ("ARRA"), and the U.S. Department of Homeland Security ("DHS"). Amounts due from governmental agencies under the terms of grant agreements are accrued as the related reimbursable costs are incurred.

Inventories

Inventories are stated at the lower of cost or market under the first-in, first-out method and consist primarily of supplies and maintenance repair parts.

Restricted Assets

Restricted assets consist of cash and cash equivalents, investments and other resources which are restricted legally or by enabling legislation. The Authority's restricted assets are to be used for purposes specified in the respective bond indentures, other authoritative or legal documents as is the case with the collection of CFCs for building a consolidated rental car facility, or for purposes specified by the PFC program, as administered by the Federal Aviation Administration.

When restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then use unrestricted resources as needed.

Capital Assets

Capital assets are stated at cost, except for contributions of property received from governmental agencies, which are recorded at fair value at the time of contribution. The Authority's policy is to capitalize assets with a cost of \$5,000 or more at Nashville International Airport and \$10,000 at John C. Tune Airport and MNA Properties Corporation. Routine maintenance and repairs are expensed as incurred. Net interest cost incurred during the construction of facilities is capitalized as part of the cost. Provision for depreciation of property and equipment is made on a basis considered adequate to depreciate the cost of depreciable assets over their estimated useful lives and is computed on the straight-line method.

Asset lives used in the calculation of depreciation are generally as follows:

Land improvements	20 to 30 years
Buildings and building improvements	10 to 30 years
Equipment, furniture and fixtures	3 to 15 years

Derivative Financial Instruments

The Authority's derivative financial instruments are accounted for at fair value in accordance with Statement of Financial Accounting Standards ("SFAS") No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended, with any gains or losses resulting from the fair value measurements being recorded as nonoperating.

Deferred Bond Issue Costs

Deferred bond issue costs incurred in connection with issuance of the airport revenue bonds are being amortized to interest expense using the effective interest method over the term of the respective bonds.

Postemployment Benefits

Postemployment benefits are accounted for under GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, assets, note disclosures, and, if applicable, required supplementary information.

Postemployment health care benefits other than pension benefits are accounted for under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which establishes standards for the measurement, recognition, and display of postemployment health care benefits expense and related liabilities, assets, note disclosures, and, if applicable, required supplementary information.

Compensated Absences

Compensated absences are accrued as payable when earned by employees and are cumulative from one fiscal year to the next. The compensated absences liability is reported with accrued payroll and related items in the financial statements.

Self-insurance

The Authority is self-insured, up to certain limits, for employee group health insurance claims. The Authority has purchased reinsurance in order to limit its exposure. The cost of claims reported and an estimate of claims incurred but not reported are charged to operating expenses. Liabilities for unpaid claims are accrued based on management's estimate using historical experience and current trends. The appropriateness of the self-insurance accrued liabilities are continually reviewed and updated by management.

Deferred Revenue

Deferred revenue consists of deferred interest income and deferred rental income. Deferred interest income relates to the Authority's debt forward delivery agreements entered into in connection with certain bond financing transactions. The deferred interest income is being amortized to income using the effective interest method over the term of the related agreements. Deferred rental income represents lease rentals, received in advance, for certain ground leases entered into with developers. The deferred rental income is being recognized in income on a straight-line basis over the terms of the related leases.

Components of Net Assets

The Authority's net asset classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, capital lease obligations or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted net assets - This component of net assets represents restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law or through constitutional provisions or enabling legislation.

Unrestricted net assets - This component of net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Taxes

The Authority is exempt from payment of federal and state income, property, and certain other taxes.

Fair Value Measurements

Effective January 1, 2008, the Authority adopted SFAS No. 157, *Fair Value Measurements*, which established a framework for measuring fair value in accordance with GAAP, and expands disclosures about the use of fair value measures. The adoption of SFAS No. 157 did not have an impact on the Authority's financial position or operating results. Assets recorded at fair value in the statements of financial position are categorized based on the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by SFAS No. 157, are as follows:

Level 1 - Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Authority's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Reclassifications

Certain reclassifications have been made to the fiscal year 2008 financial information in order to conform with the presentation adopted for fiscal year 2009.

Recent Accounting Pronouncements

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB 51 provides guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents, and trademarks. GASB 51 provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets. The requirements of GASB 51 are applicable to the Authority in fiscal year 2010, and management is currently evaluating the impact of the requirements on the financial statements.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement is intended to improve how state and local governments report information about derivative instruments in their financial statements. Specifically, GASB 53 requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. GASB 53 also addresses hedge accounting requirements, providing specific criteria that governments will use to determine whether a derivative instrument results in an effective hedge. The requirements of GASB 53 are applicable to the Authority in fiscal year 2010, and management is currently evaluating the impact of the requirements on the financial statements.

In March 2009, the GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. It is intended to make it easier for preparers of state and local government financial statements to identify and apply the "GAAP hierarchy," which consists of sources of accounting principles used in the preparation of financial statements so that they are presented in conformity with GAAP and the framework for selecting those principles. GASB 55 was effective upon issuance and contributes to the GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source. The Authority's financial statements have been prepared under the GAAP hierarchy prescribed in GASB 55.

In March 2009, the GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. GASB 56 incorporates accounting and financial reporting guidance previously only contained in the AICPA auditing literature into the GASB's accounting and financial reporting literature for state and local governments. GASB 56 addresses three issues from the AICPA's literature: (1) related party transactions; (2) going concern considerations; and (3) subsequent events. GASB 56 brings existing guidance (to the extent appropriate in a governmental environment) without substantive changes into the GASB's body of standards. GASB 56 is part of the GASB's effort to codify all generally accepted accounting principles for state and local governments so that they derive from a single source. This is intended to make it easier for preparers of state and local government financial statements to identify and apply relevant accounting guidance. GASB 56 was effective April 16, 2009, and the Authority's financial statements have been prepared in accordance with the provisions of the Statement.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Authority's deposit and investment policy is governed by the laws of the State of Tennessee and bond trust indentures and supplemental resolutions, which govern the investment of bond proceeds. Permissible investments generally include direct obligations of, or obligations guaranteed by, the U.S. Government, obligations issued or guaranteed by specific agencies of the U.S. Government, secured certificates of deposit, secured repurchase agreements, and specifically rated obligations of state governments, commercial paper, and money market funds.

Cash and Cash Equivalents

The Authority's unrestricted and restricted cash and cash equivalent bank balances totaling \$113,225,858 and \$65,178,542 at June 30, 2009 and 2008, respectively (with a carrying value of \$111,973,429 and \$67,840,463) represent a variety of time deposits and cash equivalents with banks.

All cash deposits are in a single financial institution and are carried at cost plus interest, which approximates fair value. Cash deposits are required by state statute to be secured and collateralized by such institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance.

The Authority's financial institution is a member of the state of Tennessee's Bank Collateral Pool that collateralizes public funds accounts including those of the Authority. Financial institutions participating in the Collateral Pool determine the aggregate balance of their public fund accounts and the required collateral for the Authority. The amount of collateral required to secure

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AS OF AND FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

these public deposits must be equal to 105% of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

Cash equivalents are held at another financial institution, and consist of money market and other short-term investments with original maturities of three months or less. Cash equivalents are collateralized at 105%, as required by state statute.

Investments

As of June 30, 2009, the Authority had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1–5	6–10
U.S. agencies	\$ 7,476,220	\$ 4,277,470	\$ 3,198,750	\$ -
Corporate bonds	2,001,160	2,001,160	-	-
Asset-backed securities	298,122	-	298,122	-
Mortgage-backed securities	646,943	196,641	201,802	248,500
Certificate of deposit	4,547,500	4,547,500	-	-
	<u>\$ 14,969,945</u>	<u>\$ 11,022,771</u>	<u>\$ 3,698,674</u>	<u>\$ 248,500</u>

As of June 30, 2008, the Authority had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1–5	6–10
U.S. agencies	\$ 22,945,098	\$ 19,261,431	\$ 3,683,667	\$ -
Commercial paper	9,327,596	9,327,596	-	-
Corporate bonds	2,023,332	1,598,272	425,060	-
Asset-backed securities	224,824	-	224,824	-
Mortgage-backed securities	1,348,732	-	829,476	519,256
Certificate of deposit	4,693,745	4,693,745	-	-
	<u>\$ 40,563,327</u>	<u>\$ 34,881,044</u>	<u>\$ 5,163,027</u>	<u>\$ 519,256</u>

The carrying amount of investments is reflected in the accompanying statements of net assets as follows:

	2009	2008
Short-term unrestricted investments	\$ 196,641	\$ 1,986,197
Short-term restricted investments	10,826,130	32,894,847
Noncurrent unrestricted investments	3,929,156	4,703,600
Noncurrent restricted investments	18,018	978,683
	<u>\$ 14,969,945</u>	<u>\$ 40,563,327</u>

Interest Rate Risk - The investment policy states that the portfolio may be allocated among U.S. Treasury Obligations (0 - 100%), U.S. Agency Instruments (0 - 100%), Repurchase Agreements (0 - 20%), Commercial Paper (0 - 25%), Money Market Mutual Funds (0 - 25%), Corporate Debt (0 - 15%), Asset Backed Securities (0 - 25%), and CMOs/Mortgage Backed Securities (0 - 25%). In addition, the maximum maturity of investments is 270 days (commercial paper), 180 days (repurchase agreements), 365 days (certificates of deposit, time deposits, and bankers acceptances), five years (all other corporate debt), and ten years (all other investments). To control the volatility of the portfolio and limit exposure to interest rate risk, the Authority's Chief Financial Officer determines a duration target for the portfolio, which typically will not exceed three years.

Credit Risk - The investment policy specifies acceptable credit ratings by instrument type but overall long-term credit ratings range from "A2" to "AAA" by Moody's and "A" to "AAA" by Standard & Poor's. Acceptable short-term credit rating levels are "A1" or better by Standard & Poor's and "P1" or better by Moody's.

Custodial Credit Risk - All investment securities purchased by the Authority or held as collateral on either deposits or investments are held in third-party safekeeping at a financial institution, acting solely as agent of the Authority and qualified to act in this capacity. As a means to limit custodial credit risk, all trades of marketable securities are executed on the basis of delivery versus payment and avoid the physical delivery of securities (bearer form) to ensure that securities are deposited with a custodian prior to the release of Authority funds. The Authority's unrestricted and restricted investments at June 30, 2009 and 2008, are all insured by securities held by the Authority's agent in the Authority's name.

Concentration of Credit Risk - The investment policy requires that no more than 10% of the Authority's portfolio may be invested in the securities of any single issuer with a maturity of less than 365 days and not more than 5% of the Authority's portfolio may be invested in the securities of any single issuer with a maturity greater than one year except that 100% of the Authority's portfolio may be invested in U.S. Treasury Obligations and U.S. Agency Instruments.

Forward Delivery Agreements

In August 1994, the Authority entered into a Forward Delivery Agreement ("1994 FDA") with a financial institution for the continuous investment of the Series 1991A principal and interest investments through the term of the bonds; Series 1991C principal and interest investments through June 2009; and Series 1993 principal investments through June 2009. The future investment earnings under these contracts, discounted at the financial institution's cost of funds on the contract date, were received by the Authority in an upfront, lump-sum payment of \$2,870,735. The amount of the upfront payment was recorded as deferred interest income and is being amortized into income over the term of the agreement. The Series 1991C principal and interest investments were replaced with the Series 2001A principal and interest investments upon refunding of the Series 1991C bonds with the Series 2001A bonds (See Note 5).

In November 1999, the Authority entered into a Debt Service Forward Delivery Agreement ("1999 DSFDA") with a financial institution for the continuous investment of the Series 1991C principal and interest investments from July 2009 through the term of the bonds; Series 1993 principal investments from July 2009 through the term of the bonds; Series 1995 principal and interest investments through the term of the bonds; Series 1998A principal and interest investments through the term of the bonds; and Series 1998C principal and interest investments through the term of the bonds. The present value of future investment earnings under the 1999 DSFDA was received by the Authority in an upfront, lump-sum payment of \$3,275,000. These proceeds were used to fund a portion of the construction of the short-term parking lot expansion. The amount of the upfront payment was recorded as deferred interest income and is being amortized into income over the term of the agreement. The Series 1991C principal and interest investments were replaced with the Series 2001A principal and interest investments upon refunding of the Series 1991C bonds with the Series 2001A bonds. The 1993 principal and interest investments were replaced with the Series 2008A principal and interest investments upon refunding of the Series 1993 bonds with the Series 2008A bonds (See Note 5).

In November 2001, the Authority entered into a Debt Service Forward Delivery Agreement ("2001 DSFDA") with a financial institution for the continuous investment of the Series 1993 bond reserve fund through the term of the bonds. The present value of future investment earnings under the 2001 DSFDA was received by the Authority in an upfront, lump-sum payment of \$1,325,000. These proceeds were used to fund various capital improvement projects. The amount of the upfront payment was recorded as deferred interest income and was being amortized into income over the term of the agreement. This agreement was terminated in June 2008 when Series 1993 bonds were refunded with the Series 2008A bonds. A termination payment of \$1,080,000 was paid at that time. The balance of unamortized deferred interest income at the time of termination was \$832,953.

The remaining unearned amounts relating to the forward delivery agreements were \$1,686,297 and \$2,044,693 at June 30, 2009 and 2008, respectively. Such amounts are reported as deferred interest income in the accompanying statements of net assets.

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

4. CAPITAL ASSETS

Capital assets and related accumulated depreciation activity for the years ended June 30, 2009 and 2008, were as follows:

	Balance June 30, 2008	Additions	Retirements	Transfers	Balance June 30, 2009
Capital assets not being depreciated:					
Land	\$ 62,659,897	\$ -	\$ -	\$ -	\$ 62,659,897
Land held for future expansion	36,701,068	-	-	-	36,701,068
Construction in progress	48,447,958	47,406,516	-	(63,040,605)	32,813,869
Total capital assets not being depreciated	147,808,923	47,406,516	-	(63,040,605)	132,174,834
Capital assets being depreciated:					
Land improvements	406,464,775	-	(950,908)	40,835,900	446,349,767
Buildings and building improvements	156,272,307	-	-	14,878,501	171,150,808
Equipment, furniture and fixtures	44,528,367	8,203	(1,425,887)	7,326,204	50,436,887
Total capital assets being depreciated	607,265,449	8,203	(2,376,795)	63,040,605	667,937,462
Less accumulated depreciation:					
Land improvements	(238,333,893)	(14,245,702)	723,811	-	(251,855,784)
Buildings and building improvements	(74,581,589)	(7,002,384)	-	-	(81,583,973)
Equipment, furniture and fixtures	(21,331,080)	(3,903,461)	1,325,036	-	(23,909,505)
Total accumulated depreciation	(334,246,562)	(25,151,547)	2,048,847	-	(357,349,262)
Total capital assets being depreciated	273,018,887	(25,143,344)	(327,948)	63,040,605	310,588,200
Net capital assets	\$ 420,827,810	\$ 22,263,172	\$ (327,948)	\$ -	\$ 442,763,034

	Balance June 30, 2007	Additions	Retirements	Transfers	Balance June 30, 2008
Capital assets not being depreciated:					
Land	\$ 62,659,897	\$ -	\$ -	\$ -	\$ 62,659,897
Land held for future expansion	36,701,068	-	-	-	36,701,068
Construction in progress	46,276,385	63,099,797	-	(60,928,224)	48,447,958
Total capital assets not being depreciated	145,637,350	63,099,797	-	(60,928,224)	147,808,923
Capital assets being depreciated:					
Land improvements	387,482,242	-	-	18,982,533	406,464,775
Buildings and building improvements	127,250,001	-	-	29,022,306	156,272,307
Equipment, furniture and fixtures	31,813,649	-	(208,667)	12,923,385	44,528,367
Total capital assets being depreciated	546,545,892	-	(208,667)	60,928,224	607,265,449
Less accumulated depreciation:					
Land improvements	(226,337,938)	(11,955,955)	-	-	(238,333,893)
Buildings and building improvements	(69,016,881)	(5,564,708)	-	-	(74,581,589)
Equipment, furniture and fixtures	(18,670,872)	(2,863,900)	203,692	-	(21,331,080)
Total accumulated depreciation	(314,025,691)	(20,424,563)	203,692	-	(334,246,563)
Total capital assets being depreciated	232,520,201	(20,424,563)	(4,975)	60,928,224	273,018,887
Net capital assets	\$ 378,157,551	\$ 42,675,234	\$ (4,975)	\$ -	\$ 420,827,810

5. AIRPORT BONDS

Airport Improvement Revenue Bonds, Adjustable Rate Refunding Series 1993

During October 1993, the Authority issued Series 1993 bonds in the principal amount of \$53,500,000. The bonds were issued to provide funds to refund \$11,400,000 aggregate principal amount of the Authority's Airport Revenue Bonds, Series 1989B and \$36,000,000 aggregate principal amount of the Authority's Airport Revenue Bonds, Series 1991B. The Series 1989B bonds were redeemed on July 1, 1998, at a redemption price of 102% of the principal amount thereof, while the Series 1991B bonds were redeemed on July 1, 2001, at a redemption price of 102% of the principal amount thereof.

The Series 1993 bonds were refunded in their entirety with the Series 2008A bonds in June 2008. See further discussion of the 2008A bonds below.

The Authority entered into an interest rate swap agreement on the Series 1993 bonds. This swap agreement continued uninterrupted with the Series 2008A bonds (See Note 8).

Airport Improvement Revenue Bonds, Adjustable Rate Refunding Series 1995

During June 1995, the Authority issued Series 1995 bonds in the principal amount of \$74,810,000. The bonds were issued to provide funds to refund \$74,810,000 aggregate principal amount of the Authority's Airport Revenue Bonds, Series 1985. The Series 1995 bonds were issued bearing interest at a weekly rate. To manage its exposure to market risks from fluctuations in interest rates, the Authority entered into a forward interest rate swap agreement (the "1995 Swap Agreement") eliminating any basis risk to the Authority, resulting in a net fixed rate of 9.29% on the Series 1995 bonds.

During January 1998, the Series 1995 bonds were remarketed with a fixed rate. In connection with the remarketing, the 1995 Swap Agreement was terminated requiring the Authority to pay a Termination Payment. The Termination Payment was funded through the issuance of the Series 1998A and Series 1998B bonds (discussed below). The remarketing of the Series 1995 bonds and termination of the 1995 Swap Agreement resulted in a difference between the remarketing price and the net carrying amount of the original debt of \$19,804,773 (including unamortized loss on refunding of Series 1985 bonds of \$4,224,093). In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities*, the difference is reported in the accompanying financial statements as a deduction from long-term debt, and is being charged to operations through the year 2016 using the effective interest method. The Authority completed the remarketing and termination of the 1995 Swap Agreement to reduce its total debt service payments over 17 years by \$681,220. No significant economic gain or loss resulted from this refunding transaction.

The Series 1995 bonds contain serial bonds at interest rates ranging from 4.70% to 5.00%, maturing in progressive annual amounts ranging from \$4,510,000 on July 1, 2009, to \$7,990,000 on July 1, 2015. At the option of the Authority, the Series 1995 bonds maturing on and after July 1, 2009, may be repaid at 101% of the principal balance outstanding, declining to 100% on July 1, 2010.

Airport Improvement Revenue Bonds, Series 1998

During December 1997, the Authority issued Series 1998A and Series 1998B bonds in the principal amount of \$19,695,000 and \$9,740,000, respectively. The bonds were issued for the purpose of paying the Termination Payment under the 1995 Swap Agreement entered into in connection with the Series 1995 Bonds. The Series 1998A issue contains serial bonds at interest rates ranging from 4.80% to 5.15%, maturing in decreasing annual amounts ranging from \$1,480,000 on July 1, 2009, to \$350,000 on July 1, 2014. At the option of the Authority, the 1998A bonds maturing on and after July 1, 2009, may be repaid at 101% of the principal balance outstanding, declining to 100% on July 1, 2010. The Series 1998B bonds have been repaid and there is no outstanding balance at June 30, 2009 or 2008.

During March 1998, the Authority issued Series 1998C bonds in the principal amount of \$32,660,000. The bonds were issued to provide funds to refund \$30,940,000 aggregate principal amount of the Authority's Airport Revenue Bonds, Series 1989A. The 1998C issue contains serial bonds at the interest rate of 5.38% (except bonds maturing July 1, 2011, at 5.00%), maturing in annual amounts ranging from \$1,960,000 on July 1, 2009, to \$1,900,000 on July 1, 2016. At the option of the Authority, the bonds may be repaid beginning July 1, 2009, at 101% of the principal balance outstanding, declining to 100% on July 1, 2010.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,710,369. The difference, reported in the accompanying financial statements as a deduction from long-term debt, is being charged to operations through the year 2017 using the effective interest method. The Authority completed the advance refunding to reduce its total debt service payments over 19 years by \$3,511,337 and to obtain an economic gain of approximately \$2,300,000.

Airport Improvement Revenue Bonds, Series 2001A

During April 2001, the Authority issued Series 2001A bonds in the principal amount of \$91,930,000. The bonds were issued to provide funds to refund \$91,930,000 aggregate principal amount of the Authority's Airport Revenue Bonds, Series 1991C. The proceeds from the issue were used to redeem the series 1991C bonds on July 1, 2001, at a redemption price of 102% of the principal amount thereof.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,701,472. The difference, reported in the accompanying financial statements as a deduction from long-term debt, is being charged to operations through the year 2015 using the effective-interest method. The Authority completed the advance refunding to facilitate the upfront payment under the synthetic advance refunding (discussed below) and to obtain an economic gain of approximately \$5,500,000. The economic gain is inclusive of funds made available through the upfront payment resulting from the synthetic advance refunding (discussed below).

The Series 2001A issue contains serial bonds at an interest rate of 6.60% maturing in progressive annual amounts ranging from \$6,555,000 on July 1, 2009, to \$9,615,000 on July 1, 2015.

Synthetic Advance Refunding, Series 2001A

During September 1998, the Authority completed a synthetic advance refunding of \$91,930,000 of the callable Airport Revenue Bonds, Series 1991C (the "1991C Bonds"), to take advantage of significantly lower interest rates.

As discussed above, during April 2001, the Authority issued debt (the "2001A Bonds"), the proceeds of which were used to redeem the long-term portion of the outstanding 1991C Bonds on July 1, 2001.

The Authority accelerated annual savings resulting from the synthetic advance refunding transaction. This was done through an off-market swap in which the fixed-rate liability was set at an artificially higher interest rate such that its net debt service liability approximated that of the refunded 1991C Bonds. In exchange for the higher payments, the Authority received a net upfront payment of \$7,947,134 based on the increased value of the swap. The net upfront payment was recorded as a deferred credit upon receipt and will be credited to interest expense over the term of the Airport Revenue Bonds, Series 2001A. Interest accretion began upon receipt resulting in a charge to operations, based upon the discount rate used in determining the present value of the accelerated annual savings, with a corresponding increase in the deferred credit.

Passenger Facility Charge and Airport Improvement Revenue Bonds, Series 2003

During July 2003, the Authority issued Refunding Series 2003 bonds in the principal amount of \$32,020,000. These bonds were issued together with other available funds of the Authority to provide funds to refund \$29,885,000 aggregate principal amount of the Authority's Passenger Facility Charge and Airport Improvement Revenue Bonds, Series 1992, to fund a reserve with respect to the Series 2003 bonds and to pay for certain costs in connection with issuance of the bonds. The Series 1992 bonds were redeemed on July 24, 2003, at a redemption price of 101% of the principal amount thereof.

The refunding resulted in a difference between the reacquisition and the net carrying amount of the old debt of \$988,946. The difference, reported in the accompanying financial statements as a deduction from long-term debt, is being charged to operations through the year 2012 using the effective interest method.

The Series 2003 bonds initially bore interest at a weekly rate determined by SunTrust Capital Markets, Inc. Subject to the satisfaction of certain conditions in the Supplemental Resolution, the Authority may from time to time change the method of determining the interest rate on the Series 2003 Bonds to a daily rate, weekly rate, a commercial paper rate or a fixed rate. The bonds mature in progressive annual amounts ranging from \$2,660,000 on July 1, 2009, to \$3,925,000 on July 1, 2012. During June 2009, the Authority paid \$980,000 for bonds maturing on July 1, 2009, thereby reducing the amount due on July 1, 2009.

Airport Improvement Revenue Bonds, Series 2003B

During November 2003, the Authority issued Series 2003B taxable bonds in the principal amount of \$19,585,000. These bonds were issued to provide funding for a portion of the projected unfunded liability of the Metropolitan Nashville Airport Authority Retirement Plan for Employees and to pay for the cost of issuance of the bonds.

The Series 2003B bonds contain serial bonds at interest rates ranging from 4.13% to 5.94%, maturing in progressive annual amounts ranging from \$350,000 on July 1, 2009, to \$1,280,000 on July 1, 2033. The 2003B bonds are subject to an extraordinary optional redemption, in whole at any time, at a redemption price equal to the principal amount plus accrued interest to the date of redemption only in the event of the destruction or damage to all or substantially all of the Nashville International Airport or the condemnation of the airport facility.

Airport Improvement Revenue Bonds, Series 2006

During December 2006, the Authority issued Series 2006 bonds in the principal amount of \$18,285,000. The bonds were issued to provide funds for a portion of the first phase of the multiple-phase terminal renovation project that began in October 2006. The Series 2006 bonds were issued bearing interest at a weekly variable rate. These bonds were refunded with the Series 2008B bonds in June 2008.

Airport Improvement Bonds, Series 2007A

During August 2007, the Authority issued Series 2007A bonds in the principal amount of \$8,700,000. The bonds were issued to provide funds for a portion of the first phase of the multi-phase terminal renovation project that began in October 2006. The Series 2007A bonds were issued bearing interest at a weekly variable rate. These bonds were refunded with the Series 2008B bonds in June 2008.

Airport Improvement Revenue Bonds, Refunding Series 2008A

During June 2008, the Authority issued Refunding Series 2008A in the principal amount of \$37,600,000. These bonds were issued to provide funds to refund \$37,600,000 aggregate outstanding principal amount of the Authority's Series 1993 bonds. The purpose of the refunding was to replace the liquidity facility agreement with a direct-pay letter of credit. There was no significant economic gain as a result of the refunding. There were no changes to the debt service schedule or other terms of the bonds. The refunding of the Series 1993 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,124,070. This difference, reported in the accompanying financial statements as a deduction from long-term debt, is being charged to operations through fiscal year 2020 using the effective interest method.

The Series 2008A issue contains serial bonds bearing interest at a weekly variable rate. In order to limit its exposure to changes in interest rates, the Authority transferred its existing 1993 interest rate swap agreement to the 2008A bonds ("2008A Swap Agreement"), resulting in a fixed interest rate of 4.49% (See Note 8). The 2008A bonds mature in various annual amounts ranging from \$6,100,000 on July 1, 2009, to \$3,800,000 on July 1, 2019.

Airport Improvement Revenue Bonds, Refunding Series 2008B

During June 2008, the Authority issued Refunding Series 2008B in the principal amount of \$27,605,000. These bonds were issued to provide funds to refund \$26,985,000 aggregate outstanding principal amounts of both the Series 2006 and Series 2007A bonds and to pay for costs of issuance. The purpose of the refunding was to replace the liquidity facility with a direct pay letter of credit. There were no significant changes to the terms of the bonds, and there was no significant economic gain as a result of the refunding.

The refunding of the Series 2006 and 2007A bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$547,608. This difference, reported in the accompanying financial statements as a deduction from long-term debt, is being charged to operations through fiscal year 2018 using the effective interest method.

The Series 2008B issue contains serial bonds bearing interest at a weekly variable rate. To manage its exposure to market risks from fluctuations in interest rates, the Authority entered into an interest rate swap agreement (the "2008B Swap Agreement") eliminating any basis risk to the Authority, resulting in a net fixed rate of 3.32% on the Series 2008B bonds (See Note 8). The Series 2008B bonds mature in various progressive annual amounts ranging from \$2,555,000 on July 1, 2009, to \$3,590,000 on July 1, 2018.

Airport Improvement Revenue Bonds, Series 2009A

During March 2009, the Authority issued Series 2009A bonds in the principal amount of \$36,000,000. The bonds were issued to provide funds for the majority of the costs associated with the second phase of the terminal renovation project, to fund a deposit to the debt service reserve account for the Series 2009A bonds, and to pay for the cost of issuance of the bonds.

The Series 2009A bonds contain serial bonds at interest rates ranging from 3.00% to 5.25%, maturing in progressive annual amounts ranging from \$715,000 on July 1, 2010, to \$7,970,000 on July 1, 2019. The debt service reserve account and interest earned on that account will be used to pay a portion of the final principal payment on July 1, 2019.

In summary, all of the Authority's bonds, except for the Series 2003 PFC Bonds, were issued under the General Resolution and are secured by a pledge of and lien on net revenues derived by the Authority from the operation of the airports. The 2003 PFC Bonds were issued under the PFC Resolution and were secured by an additional pledge of and lien on PFC revenues less operating expenses. The Authority is also using PFC revenues that were approved under PFC Program Applications 11 and 14 for its annual debt service costs on the 2008B bonds and the Series 2009A bonds (See Note 9).

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

The following shows the composition of restricted cash and cash equivalents and investments as of June 30, 2009 and 2008 (the restricted funds relate primarily to airport bonds and related activity):

	<u>2009</u>	<u>2008</u>
Principal and Interest Funds:		
Airport Improvement Revenue Bonds,		
Adjustable Rate Refunding, Series 1995	\$ 5,556,007	5,559,129
Airport Improvement Revenue Bonds, Series 1998	4,050,012	3,940,647
Airport Improvement Revenue Bonds Series 2001A	8,339,482	8,143,230
Airport Improvement Revenue Bonds, Series 2003B	407	846,260
PFC and Airport Improvement Revenue Bonds, Series 2003	3,065,676	3,642,913
Airport Improvement Revenue Bonds, Series 2008A	6,166,650	5,736,369
Airport Improvement Revenue Bonds, Series 2008B	5,708,243	5,370,407
Airport Improvement Revenue Bonds, Series 2009A	382,943	-
Bond Reserve Funds:		
PFC and Airport Improvement Revenue Bonds, Series 2003	4,776,843	4,670,632
Airport Improvement Revenue Bonds, Series 2009A	3,603,631	-
Construction Funds:		
PFC and Airport Improvement Revenue Bonds, Series 2003	22,318,841	29,332,451
Airport Improvement Revenue Bonds, Series 2006	-	4,332,466
Airport Improvement Revenue Bonds, Series 2007	-	1,899,495
Airport Improvement Revenue Bonds, Series 2009A	29,964,041	-
Other Funds (not bond related):		
CFC Construction Funds	5,070,575	2,417,088
Capital Sales Assistance Funds	<u>432,488</u>	<u>978,683</u>
	<u>\$ 99,435,839</u>	<u>\$ 76,869,770</u>

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

Revenue bond activity for the year ended June 30, 2009, is summarized as follows:

Series Description	Balance June 30, 2008	New Borrowings	Principal Repayment	Refundings	Amortization	Balance June 30, 2009
Series 1995	\$ 46,875,000	\$ -	\$ (4,100,000)	\$ -	\$ -	\$ 42,775,000
Series 1998A	7,435,000	-	(1,625,000)	-	-	5,810,000
Series 1998C	20,010,000	-	(1,860,000)	-	-	18,150,000
Series 2001A	62,180,000	-	(6,150,000)	-	-	56,030,000
Series 2003 PFC	18,675,000	-	(4,530,000)	-	-	14,145,000
Series 2003B	17,945,000	-	(335,000)	-	-	17,610,000
Series 2008A	37,600,000	-	(5,800,000)	-	-	31,800,000
Series 2008B	27,605,000	-	-	-	-	27,605,000
Series 2009A	-	36,000,000	-	-	-	36,000,000
Total	238,325,000	36,000,000	(24,400,000)	-	-	249,925,000
Plus unamortized premium on Series 2009A	-	180,568	-	-	-	180,568
Less unamortized deferred amount on refunding	(9,493,871)	-	-	-	1,818,694	(7,675,177)
	<u>228,831,129</u>	<u>\$ 36,180,568</u>	<u>\$ (24,400,000)</u>	<u>\$ -</u>	<u>\$ 1,818,694</u>	<u>242,430,391</u>
Less current portion	(23,420,000)					(26,170,000)
	<u>\$ 205,411,129</u>					<u>\$ 216,260,391</u>

Revenue bond activity for the year ended June 30, 2008, is summarized as follows:

Series Description	Balance June 30, 2007	New Borrowings	Principal Repayment	Refundings	Amortization	Balance June 30, 2008
Series 1993	\$ 43,200,000	\$ -	\$ (5,600,000)	\$ (37,600,000)	\$ -	\$ -
Series 1995	50,600,000	-	(3,725,000)	-	-	46,875,000
Series 1998A	9,185,000	-	(1,750,000)	-	-	7,435,000
Series 1998C	21,770,000	-	(1,760,000)	-	-	20,010,000
1999 Subordinated Note	409,553	-	(409,553)	-	-	-
Series 2001A	67,945,000	-	(5,765,000)	-	-	62,180,000
Series 2003 PFC	22,145,000	-	(3,470,000)	-	-	18,675,000
Series 2003B	18,270,000	-	(325,000)	-	-	17,945,000
Series 2006	18,285,000	-	-	(18,285,000)	-	-
Series 2007A	-	8,700,000	-	(8,700,000)	-	-
Series 2008A	-	37,600,000	-	-	-	37,600,000
Series 2008B	-	27,605,000	-	-	-	27,605,000
Total	251,809,553	73,905,000	(22,804,553)	(64,585,000)	-	238,325,000
Less unamortized deferred amount on refunding	(10,813,988)	-	-	(799,825)	2,119,942	(9,493,871)
	<u>240,995,565</u>	<u>\$ 73,905,000</u>	<u>\$ (22,804,553)</u>	<u>\$ (65,384,825)</u>	<u>\$ 2,119,942</u>	<u>228,831,129</u>
Less current portion	(22,593,543)					(23,420,000)
	<u>\$ 218,402,022</u>					<u>\$ 205,411,129</u>

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

Aggregate maturities of revenue bonds at June 30, 2009, are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 26,170,000	\$ 11,739,890	\$ 37,909,890
2011	29,260,000	10,712,182	39,972,182
2012	31,135,000	9,208,676	40,343,676
2013	27,825,000	7,876,708	35,701,708
2014	25,175,000	6,518,121	31,693,121
2015-2019	85,355,000	14,319,960	99,674,960
2020-2024	15,000,000	3,660,103	18,660,103
2025-2029	4,285,000	2,364,564	6,649,864
2030-2034	5,720,000	888,922	6,608,922
	<u>\$ 249,925,000</u>	<u>\$ 67,289,426</u>	<u>\$317,214,426</u>

The interest amounts on the variable rate debt that have interest rate swap agreements associated with them were computed based on the fixed rates in the agreements plus an estimate for additional fees where applicable. The Series 2003 PFC bond's interest computation was based on the weekly reset in place at June 30, 2009, of 1.85%.

During September 2008, the Authority entered into a \$15,000,000 line-of-credit agreement with a financial institution. Proceeds from the line-of-credit shall be used solely to pay accrued debt services on certain bond issues designated for refunding by the Authority. There were no draws on the line-of-credit as of the date of issuance of these financial statements. The line-of-credit bears interest at LIBOR plus 40 basis points and expires in September 2010.

6. OTHER NONCURRENT DEBT - MPC NOTES PAYABLE

In October 2007, MPC Holdings, LLC, entered into a term note in the amount of \$7,600,000 with a financial institution. Proceeds were used to replenish MPC Holdings, LLC's cash balance shortly after its purchase of International Plaza for \$7,500,000 plus associated costs in September 2007. The variable rate loan was entered into bearing interest at a monthly rate. Principal payments are due in level monthly installments of \$31,667. The obligation matures in November 2012, at which time the remaining balance will be \$5,700,000. The principal balance at June 30, 2009, was \$6,998,333. The note is collateralized by the building. In order to reduce its exposure to fluctuations in interest rates, MPC Holdings, LLC, entered into an interest rate swap agreement ("2007 MPC Swap Agreement") that fixes the interest rate at 5.67% (See Note 8).

In March 2008, MPC Holdings, LLC, entered into a term note in the amount of \$1,360,000 with a financial institution. Proceeds were used to purchase a multi-purpose building on airport property from a major tenant. The variable rate loan was entered into bearing interest at a monthly rate. Principal payments are due in level monthly installments of \$5,666. The obligation matures in February 2013, at which time the remaining balance will be \$1,020,000. The principal balance at June 30, 2009, was \$1,275,000. The note is collateralized by the building. MPC Holdings, LLC, entered into an interest rate swap agreement ("2008 MPC Swap Agreement") that fixes the interest rate at 4.33% (See Note 8).

The aggregate principal maturities of the MPC notes payable are \$448,000 in fiscal years 2010, 2011, and 2012 and \$6,929,333 in fiscal year 2013. As part of its loan agreements, MPC is required to comply with debt covenants, including certain financial ratios and minimum balance requirements. As of June 30, 2009, MPC was not in compliance with certain financial covenants; however, MPC has obtained an appropriate waiver of the non-compliance from the financial institution.

7. OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities activity for the years ended June 30, 2009 and 2008, is summarized as follows:

Other Noncurrent Liabilities Description	Balance June 30, 2008	Net Cash Receipts (Repayments)	Amortization	Loss on Derivative Instruments	Balance June 30, 2009
Synthetic advance refunding, Series 2001A	\$ 3,308,619	\$ -	\$ (730,851)	\$ -	\$ 2,577,768
Fair value of derivative financial instruments	2,860,390	-	-	1,474,466	4,334,856
Deferred interest income	2,044,693	-	(358,396)	-	1,686,297
Deferred rental income	1,982,151	31,600	(34,904)	-	1,978,847
	<u>\$10,195,853</u>	<u>\$ 31,600</u>	<u>\$(1,124,151)</u>	<u>\$ 1,474,466</u>	<u>\$ 10,577,768</u>

Other Noncurrent Liabilities Description	Balance June 30, 2007	Net Cash Receipts (Repayments)	Amortization	Loss on Derivative Instruments	Balance June 30, 2008
Synthetic advance refunding, Series 2001A	\$ 4,095,791	\$ -	\$ (787,172)	\$ -	\$ 3,308,619
Fair value of derivative financial instruments	1,169,988	-	-	1,690,402	2,860,390
Deferred interest income	3,305,261	(832,953)	(427,615)	-	2,044,693
Deferred rental income	1,985,999	31,056	(34,904)	-	1,982,151
	<u>\$10,557,039</u>	<u>\$ (801,897)</u>	<u>\$(1,249,691)</u>	<u>\$ 1,690,402</u>	<u>\$ 10,195,853</u>

8. DERIVATIVE FINANCIAL INSTRUMENTS

1993/2008A Interest Rate Swap Agreement - In connection with the Series 1993 bonds, so as to manage its exposure to market risks from fluctuations in interest rates, the Authority entered into an interest rate swap agreement dated November 1, 1993, (the "1993 Swap Agreement") with a bank (the "1993 Swap Provider"). In general, the 1993 Swap Agreement provides that the Authority will pay a fixed rate of 4.49% to the 1993 Swap Provider on a notional amount equal to the principal amount of the Series 1993 bonds outstanding, and the 1993 Swap Provider will pay interest at the rates borne by the Series 1993 bonds. Arrangements made in the 1993 Swap Agreement do not alter the Authority's obligation to pay the principal of, premium, if any, and interest on the Series 1993 bonds. During 2008, in connection with the refunding of the Series 1993 bonds with the Series 2008A bonds, the 1993 Swap Agreement was transferred from the 1993 bonds to the 2008A bonds. All the terms of the 1993 Swap Agreement remained intact and apply to the Series 2008A bonds.

2008B Interest Rate Swap Agreement - In connection with the Series 2008B bonds, so as to manage its exposure to market risks from fluctuations in interest rates, the Authority entered into an interest rate swap agreement dated June 9, 2008, (the "2008B Swap Agreement") with a bank (the "2008B Swap Provider"). In general, the 2008B Swap Agreement provides that the Authority will pay a fixed rate of 3.32% to the 2008B Swap Provider on a notional amount equal to the principal amount of the Series 2008B bonds outstanding, and the 2008B Swap Provider will pay interest at the rates borne by the Series 2008B bonds. Arrangements made in the 2008B Swap Agreement do not alter the Authority's obligation to pay the principal of, premium, if any, and interest on the 2008B bonds.

MPC 2007 Interest Rate Swap Agreement - In October 2007, MPC Holdings, LLC, entered into an interest rate swap agreement (the "2007 MPC Swap Agreement") in order to manage its exposure to market risks from fluctuations in interest rates in connection with a term loan used to purchase a multi-tenant structure. In general, this agreement provides that MPC will pay a fixed rate of 5.67% on the outstanding principal amount. This agreement terminates November 1, 2012, to correspond with the termination of the loan.

MPC 2008 Interest Rate Swap Agreement - In March 2008, MPC Holdings, LLC, entered into an interest rate swap agreement (the "2008 MPC Swap Agreement") in order to manage its exposure to market risks from fluctuations in interest rates in

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

connection with a term loan used to purchase a multi-purpose structure. In general, this agreement provides that MPC will pay a fixed rate of 4.33% on the outstanding principal amount. This agreement terminates March 1, 2013, to correspond with the termination of the loan.

Since the counterparties to all of the Authority swap agreements are major financial institutions, the Authority does not anticipate credit related losses from nonperformance by such counterparties.

In accordance with SFAS No. 133, the Authority has recorded the fair values of the interest rate swap agreements in the respective statements of net assets. The fair values of these financial instruments at June 30, 2009, have been calculated taking into consideration current and anticipated interest rates. The change in the fair values of these financial instruments for the years ended June 30, 2009 and 2008, has been recorded as loss on derivative financial instruments in the statements of revenues, expenses and changes in net assets under nonoperating expenses.

The following presents the (asset)/liability fair values of the interest rate swaps as of June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
1993/2008A Swap Agreement	\$ 2,577,115	\$ 2,446,422
2008B Swap Agreement	1,098,645	188,519
2007 MPC Swap Agreement	603,144	249,844
2008 MPC Swap Agreement	55,952	(24,395)
	<u>\$ 4,334,856</u>	<u>\$ 2,860,390</u>

9. PASSENGER FACILITY CHARGES

On January 1, 1993, the airlines began collecting a Passenger Facility Charge ("PFC") on qualifying enplaning passengers at Nashville International Airport on behalf of the Authority. PFCs are fees imposed on enplaning passengers by airports to finance eligible airport related projects that preserve or enhance safety, capacity, or security of the national air transportation system, reduce noise from an airport that is part of such system, or furnish opportunities for enhanced competition between or among air carriers. Both the fee and intended projects must be reviewed and approved by the Federal Aviation Administration ("FAA"). Federal guidance on the PFC program has been updated from time to time since 1993, and the current maximum fee that can be authorized through federal regulation is \$4.50 per enplaning passenger. PFCs are recorded as nonoperating revenue. PFC revenue during fiscal years 2009 and 2008 totaled \$11,480,154 and \$12,836,344, respectively.

The Authority has received approval from the FAA to impose a \$3.00 PFC. The following project summary has been approved by the FAA as of June 30, 2009:

Airfield development	\$ 182,379,025
Terminal development	26,727,200
Land acquisition	132,818,236
	<u>\$ 341,924,461</u>

As of June 30, 2009, cumulative expenditures to date on approved PFC projects totaled \$187,548,988.

10. CUSTOMER FACILITY CHARGES

On January 1, 2008, the Authority began requiring the car rental companies at Nashville International Airport to charge a Customer Facility Charge ("CFC") to be used to pay, or to reimburse the Authority, for costs, fees and expenses associated with the planning, design, construction, financing, maintenance and operation of the Consolidated Rental Car Facility ("CONRAC facility"), and other costs, fees and expenses that may be paid from CFC proceeds. The CFC is a \$4.00 per transaction day fee and is collected by the on-Airport car rental companies from each of their customers and subsequently remitted to the Authority. The Authority has the right to pledge the CFC proceeds as collateral security for the payment of any debt obligations incurred by the Authority in connection with the planning, design, construction, financing, maintenance and operation of the CONRAC facility. CFCs are recorded as nonoperating revenue. CFC revenue during fiscal years 2009 and 2008 totaled \$7,648,876 and \$4,259,428, respectively. Restricted net assets relating to CFCs totaled \$ 5,756,087 and \$3,249,892 at June 30, 2009, and 2008, respectively, and are included in other restricted net assets in the statements of net assets. As of June 30, 2009, the CONRAC facility continued in the design phase.

11. SPECIAL FACILITY REVENUE BONDS

Special Facility Revenue Bonds, Series 2005

During April 2005, the Authority issued \$9,500,000 of Special Facility Revenue Bonds, Series 2005, on behalf of Embraer Aircraft Maintenance Services, Inc. The bonds were issued to finance the development and construction of an aircraft maintenance facility at Nashville International Airport.

The outstanding Special Facility Revenue Bonds, Series 2005, are special obligations of the Authority and the debt service thereon shall be payable solely from revenues provided by Embraer Aircraft Maintenance Services, Inc., pursuant to a special facility sublease agreement or from letter of credit drawings made by the trustee. Since these bonds do not represent a claim on the Authority's assets or require the Authority to incur future obligations, they represent conduit debt and have not been recorded in the Authority's financial statements.

Special Facility Revenue Bonds, Series 2006

During July 2006, the Authority approved an amendment to the ground lease with Aero Nashville, LLC, whereby the Authority agreed to issue \$6,515,000 of Special Facility Revenue Bonds, Series 2006, on behalf of Aero Nashville, LLC. Aero Nashville is an affiliate of Aeroterm US, Inc., the firm selected by Federal Express Corporation to be the developer of a 69,000-square-foot cargo and support facility on approximately 15 acres of land at Nashville International Airport in 2005.

The outstanding Special Facility Revenue Bonds, Series 2006, are special obligations of the Authority and the debt service thereon shall be payable solely from revenues provided by Aero Nashville, LLC, pursuant to a special facility sublease agreement or from letter of credit drawings made by the trustee. Since these bonds do not represent a claim on the Authority's assets or require the Authority to incur future obligations, they represent conduit debt and have not been recorded in the Authority's financial statements.

12. AIRLINE LEASE AGREEMENTS

During the year ended June 30, 1975, the Authority entered into long-term lease agreements with certain of the airlines serving Nashville for use of the facilities at Nashville International Airport. Rentals and fees due under terms of the leases are based upon the Authority's projected cost of providing the facilities to the airlines. Costs recovered through rentals and fees include expenses of operating and maintaining the airport plus 110% of debt service on all bonds outstanding.

These long-term lease agreements have been subsequently amended and restated with extension through September 14, 2017, which is 30 years from the occupancy date of the airport terminal.

13. RISK MANAGEMENT AND INSURANCE ARRANGEMENTS

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; illnesses or injuries to employees; and natural disasters.

Self-insured employee medical benefit claims are accrued as incurred in accordance with GASB Statement No. 30, *Risk Financing Omnibus*. The liability for reported claims and claims incurred but not reported, an estimate of which is based on historical experience and management projections, is reported with accrued payroll and related items in the financial statements. This liability does not include nonincremental claims adjustment expenses.

The following summarizes the changes in the estimated claims payable liability:

	2009	2008
Balance—Beginning of year	\$ 284,638	\$ 356,360
Provision for incurred claims	3,655,397	3,250,627
Claim payments	(3,562,548)	(3,322,349)
Balance—End of year	<u>\$ 377,487</u>	<u>\$ 284,638</u>

Compensated absences is another component of the Authority's employee benefits program. Based on years of service, employees earn annual leave and may accumulate earned hours to certain limits for future use. The accrued annual leave liability increased \$99,904 in fiscal year 2009 to an ending balance of \$1,230,748 at June 30, 2009, up from \$1,130,844 at June 30, 2008. Payments of \$49,342 and \$171,021 were made during the years ended June 30, 2009 and 2008, respectively. The

change in accrued compensated absences balance is charged to salaries and wages expense.

The Authority carries commercial insurance for other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

14. COMMITMENTS AND CONTINGENCIES

Estimated costs of completion of construction in progress at June 30, 2009, relate to various projects. These amounts are as follows:

Amount to be directly reimbursed by governmental agencies under existing governmental contracts	\$ 45,108,610
Amount to be funded by passenger facility charges collected	46,829,628
Amount to be funded by customer facility charges collected	59,285,108
Amount to be funded by the Authority	<u>4,727,292</u>
	<u>\$155,950,638</u>

In February 2009, the Authority entered into a \$7,500,000 line of credit loan agreement with a financial institution to provide bridge financing on the In-Line EDS project. Over half the funding for this project is expected to be received from the Department of Homeland Security (DHS), and it is unclear how long it may take to be reimbursed for ongoing costs associated with the project. The interest rate on any outstanding balance is 3.34%, payable monthly. As costs are incurred, draws are made on the credit line; when grant revenue is received, the credit line is paid down. However, DHS retains 5% of every invoice amount until the project is finalized. Therefore, there will continue to be an increasing balance on the line of credit as the project progresses. The balance at June 30, 2009, was \$2,080,996 as a draw had just been made and not yet reimbursed by DHS. This line of credit is available through June 30, 2011. Project completion is expected several months earlier. The balance outstanding on the line of credit is reported in accounts payable in the accompanying statement of net assets.

The Authority is a defendant to various legal proceedings incidental to its operations. In the opinion of management and the Authority's legal counsel, while the ultimate outcome of these matters, including an estimate of potential loss, cannot presently be determined, any losses sustained would not be material to the Authority's financial position or operations. Additionally, any losses sustained would be recoverable through the Authority's leases with certain airlines discussed in Note 12.

15. RETIREMENT BENEFIT PLANS

Effective September 1989, the Authority adopted a single-employer public employee retirement system ("PERS") for its employees whereby the net assets available for benefits relative to the Authority's employees were transferred from the Metropolitan Government's pension system to the Metropolitan Nashville Airport Authority Retirement Plan for Employees (the "Plan"). Certain Authority employees participate in the pension system of the Metropolitan Government of Nashville and Davidson County, Tennessee, a cost-sharing multiple employer PERS. Employees participate in either "Fund B" (pension benefits for credited service other than credited Fire and Police service) or "Fund C" (pension benefits for credited Fire and Police service) of the Metropolitan Employees' Benefit Trust Fund (the "Fund"). New employees of the Authority and those previously selecting the new Metropolitan Nashville Airport Authority's single-employer PERS are not eligible for participation in the Metropolitan Government's pension system. As a result of the relatively few number of employee participants, additional postemployment benefits information in regards to the Fund has not been presented.

The Plan is a non-contributory defined benefit pension plan administered by the Authority. The plan provides retirement, disability and death benefits to plan members and beneficiaries. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Authority. Benefit provisions are established and may be amended by the Authority. Effective June 27, 2003, the plan was closed to new participants; therefore, employees hired after June 27, 2003, are not eligible to participate in the Plan. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Metropolitan Nashville Airport Authority, One Terminal Drive, Suite 501, Nashville, Tennessee, 37214, or by calling (615) 275-1600.

For the year ended June 30, 2009, the Authority's annual pension cost of \$1,665,239 was equal to the annual required contribution of \$1,478,412 less interest in the amount of \$1,092,652 on the net pension asset plus the annual required contribution adjustment of \$1,279,479. For the year ended June 30, 2008, the Authority's annual pension cost of \$1,281,087 was equal to the annual required contribution of \$1,094,240 less interest in the amount of \$1,195,139 on the net pension asset

plus the annual required contribution adjustment of \$1,381,986. No actual contribution was made to the Plan during 2009 or 2008 due to a contribution of \$19,000,000 made in 2004 through the issuance of Airport Improvement Revenue Bonds, Series 2003B (See Note 5). The annual required contribution for the current year was determined as part of the July 1, 2008, actuarial valuation using the projected unit credit method.

The following table presents the annual pension cost, percentage of annual pension cost contributed, and the net pension asset for the years ended June 30, 2009, 2008, and 2007:

<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation (Assets)</u>
2009	\$1,665,239	-%	\$(11,992,912)
2008	1,281,087	-%	(13,658,151)
2007	1,140,231	-%	(14,939,238)

The funded status of the pension plan as of the valuation date, July 1, 2008, is detailed below:

Actuarial accrued liability (a)	\$35,683,005
Actuarial value of plan assets (b)	<u>30,589,830</u>
Unfunded actuarial accrued liability (a) - (b)	<u>\$ 5,093,175</u>
Funded ratio (b) / (a)	85.7%
Covered payroll (c)	\$ 8,940,848
Unfunded actuarial accrued liability as a percentage of covered payroll [(a) - (b)] / (c)	57.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the projected salary increases. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Significant actuarial methods and assumptions as of July 1, 2008, which were confirmed with the issuance of the July 1, 2009, actuarial valuation, are detailed below:

Actuarial valuation method	Projected unit credit method
Amortization method	Level percentage over 30 years
Discount rate	8.0%
Asset valuation method	3-year weighted average of asset gains and losses
Rate of investment return	8.0% per annum for funding purposes
Projected salary increases	4.0%
Cost-of-living adjustments	None in the current year

The Authority announced an early retirement incentive program (ERIP) in March 2009. Thirteen employees took advantage of the opportunity and completed their service to the organization on or before June 30, 2009. The employees were able to choose between adding three years of service or three years of age to their retiree benefit computation. The 2009 ERIP is expected to add \$469,690 to the accumulated benefit balance. See further information in the Pension Plan Schedule of Funding Progress (unaudited) in the required supplementary information section.

16. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Authority provides postemployment health care benefits to all employees who retire under either the Authority's PERS or the Metropolitan Government's PERS.

Under the Authority's PERS, the Authority pays approximately 75% of the medical, dental, vision, and prescription coverage

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

cost, with the retirees paying the remaining 25%. The Authority also pays 100% of the premium cost of a \$10,000 life insurance policy on each retiree. In addition, the retirees have the option to pay 100% of the cost of supplemental life insurance coverage. Currently, 81 retirees are receiving benefits under the PERS. The monthly contribution requirements for participants in the Authority's medical plan range from \$3 (single "Core Wellness" premium) to \$225 (family "Core Plus" premium). The plan was closed to new entrants on January 1, 2009. Therefore, any employee hired on or after this date will not be eligible for any postemployment benefits through the Authority.

Fiscal year 2008 was the first year of implementation for GASB Statement No. 45 as described in Note 2. For the year ended June 30, 2009, the Authority's annual OPEB cost of \$6,362,894 was equal to the annual required contribution of \$6,402,374 plus interest on the net OPEB obligation of \$101,193 less the amortization on the net OPEB obligation of \$140,673. The Authority's contributions during fiscal years 2009 and 2008 totaled \$1,319,807 and \$644,171, respectively. The Authority's annual OPEB cost, percentage of annual OPEB cost contributed, and the net OPEB obligation for 2009 and 2008 are as follows:

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$6,362,894	20.7%	\$7,572,913
2008	3,174,000	20.3%	2,529,829

The funded status of the medical plan as of the most recent actuarial valuation date, July 1, 2008, is detailed below:

Actuarial accrued liability (a)	\$52,084,263
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability (a) - (b)	<u>\$52,084,263</u>
Funded ratio (b) / (a)	<u>-%</u>
Covered payroll (c)	\$13,075,350
Unfunded actuarial accrued liability as a percentage of covered payroll [(a) - (b)] / (c)	398.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The July 1, 2008, actuarial valuation was reaffirmed by the July 1, 2009, valuation in which the following significant actuarial methods and assumptions were used:

Actuarial valuation method	Entry age normal method
Amortization method	Level percentage over 30 years
Discount rate	4.00%
Health care cost trend rate	9% graded down uniformly to 5% for 2012 and beyond
Mortality	RP-2000 Combined Mortality Table
Retirement rates	Varying rates beginning with 10% at age 55 to 100% retirement at age 65

The Authority adopted the requirements of GASB Statement No. 45 during fiscal year 2008. It elected to apply the provisions of the Statement on a prospective basis, and accordingly, the disclosures presented in Note 16, and the information in the OPEB

Plan Schedule of Funding Progress (unaudited) in the required supplementary information section, are presented for fiscal years 2009 and 2008 only.

On April 22, 2009, the Board of Commissioners approved MNAA Resolution 2009-07 establishing an investment trust for the purpose of funding OPEB as provided in Tennessee Code Annotated, Title 8, Chapter 50, Part 12. The Tennessee State Funding Board approved the formation of the trust on June 17, 2009. There is no obligation to fund the trust, and management is currently working to develop a plan whereby cash contributions would be made to help offset the anticipated increased outflows in future years to cover retiree benefits.

Under the Metropolitan Government's PERS, the Authority pays 75% of the cost of medical and dental coverage, while the retirees pay the remaining 25%. The Authority also pays 100% of the premium cost of a \$10,000 life insurance policy on each retiree. Currently, 17 retirees are receiving benefits under the PERS. During the years ended June 30, 2009, and 2008, payments of \$23,650 and \$36,665, respectively, were made to the Metropolitan Government for postemployment benefits under this PERS.

17. DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits the deferral of a portion of salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets of the plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, and accordingly, the related assets of the plan are not reflected on the Authority's statement of net assets. Beginning January 1, 2001, the Authority's matching contributions have been made to a deferred compensation plan created in accordance with Internal Revenue Code Section 401(a). Amounts contributed by the Authority to the deferred compensation plan were \$662,844 and \$601,320 in 2009 and 2008, respectively.

18. LAND LEASES AND LAND OPTIONS

The Authority leases, or has entered into options to lease, several tracts of land to developers. The leases expire in 2058. In accordance with the terms of the lease agreements, the Authority received advance rental payments totaling \$2,533,613. This amount is being amortized into income over the terms of the leases. The unamortized amount was \$1,701,767 and \$1,736,671 at June 30, 2009 and 2008, respectively. The buildings and any other improvements constructed on the land become the property of the Authority upon the expiration or termination of the leases.

19. MAJOR CUSTOMERS

The two largest airlines serving Nashville International Airport accounted for approximately 63.4% and 62.4% of the total enplanements of 4,460,962 and 4,880,360 in fiscal years 2009 and 2008, respectively.

20. INFORMATION ON AUTHORITY OPERATING RESULTS BY ENTITY

Operating income (loss) consists of revenues from operations less operating expenses and depreciation. Nonoperating items such as interest income, passenger facility charges, customer facility charges, and interest expense are not considered in determining operating income (loss).

	Nashville International Airport	John C. Tune Airport	MNAA Properties Corporation	Total
Year Ended June 30, 2009				
Operating revenues	\$ 77,430,891	\$ 693,713	\$ 2,127,648	\$ 80,252,252
Operating expenses	51,175,683	405,226	1,495,264	53,076,173
Provision for depreciation	23,581,781	997,541	572,225	25,151,547
Operating income (loss)	<u>\$ 2,673,427</u>	<u>\$ (709,054)</u>	<u>\$ 60,159</u>	<u>\$ 2,024,532</u>

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	Nashville International Airport	John C. Tune Airport	MNAA Properties Corporation	Total
Year Ended June 30, 2008				
Operating revenues	\$ 74,041,224	\$ 696,220	\$ 1,577,882	\$ 76,315,326
Operating expenses	48,993,890	413,299	1,036,999	50,444,188
Provision for depreciation	19,241,605	872,602	310,356	20,424,563
Operating income (loss)	\$ 5,805,729	\$ (589,681)	\$ 230,527	\$ 5,446,575

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Required disclosures concerning the estimated fair value of financial instruments are presented below. The estimated fair value amounts have been determined based on the Authority's assessment of available market information and appropriate valuation methodologies. The following table summarizes required fair value disclosures and measurements at June 30, 2009:

	Carrying Amount	Estimated Fair Value	Assets/ Liabilities Measured at Fair Value	Fair Value Measurements at Reporting Date Using		
				Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents	\$111,973,429	\$111,973,429	\$111,973,429	\$111,973,429	\$ -	\$ -
Investments	14,969,945	14,969,945	14,969,945	12,023,720	2,946,225	-
Long-term Debt	250,703,724	284,289,318	-	-	-	-
Derivative Financial Instruments	4,334,856	4,334,856	4,334,856	-	4,334,856	-

The following methods were used to estimate fair value of each class of significant financial instruments:

Cash and Cash Equivalents (both restricted and nonrestricted) Accounts Receivable, Accounts Payable, and Accrued Liabilities - Carrying amount approximates fair value due to short-term nature of those instruments.

Investments (both restricted and unrestricted) - Fair value is estimated based upon quoted market prices, where available, and on Level 2 inputs.

Long-term Debt - Fair value is estimated based upon market prices, and discounted cash flow analysis based on the current incremental borrowing rate.

Derivative Financial Instruments - The fair value is estimated based on quotes from dealers of these instruments (see Note 8).

The fair value estimates presented herein are based on pertinent information available to management as of June 30, 2009. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of the financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

22. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through October 23, 2009 the issuance date of the financial statements, and has determined that there are no subsequent events that require disclosure.

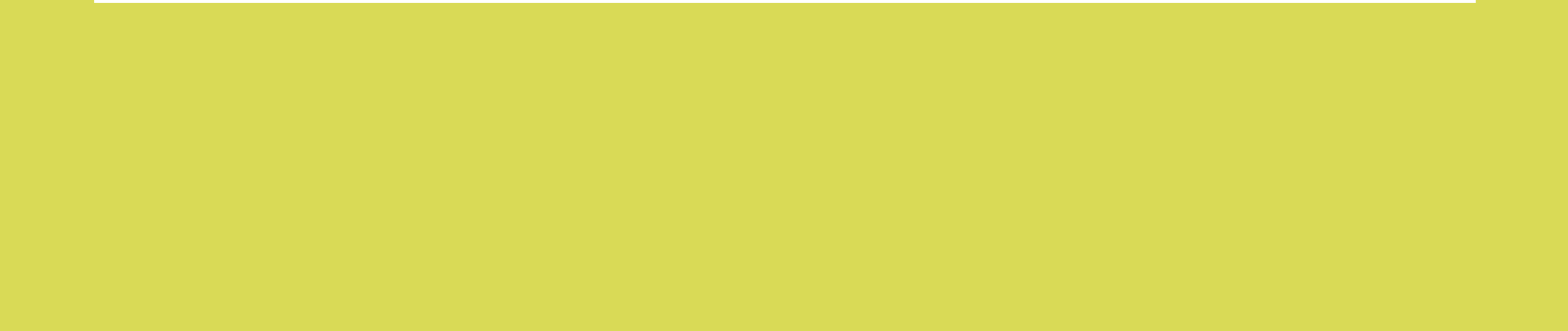
**REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF FUNDING PROGRESS
JUNE 30, 2009 (UNAUDITED)**

PENSION PLAN:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Underfunded) Overfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	
July 1, 2006	\$ 31,266,571	\$ 29,890,861	\$ 1,375,710	104.60%	\$ 9,215,800	(14.93%)
July 1, 2007	31,554,953	33,173,924	(1,618,971)	95.12%	8,612,671	18.80%
July 1, 2008	30,589,830	35,683,005	(5,093,175)	85.73%	8,940,848	56.97%

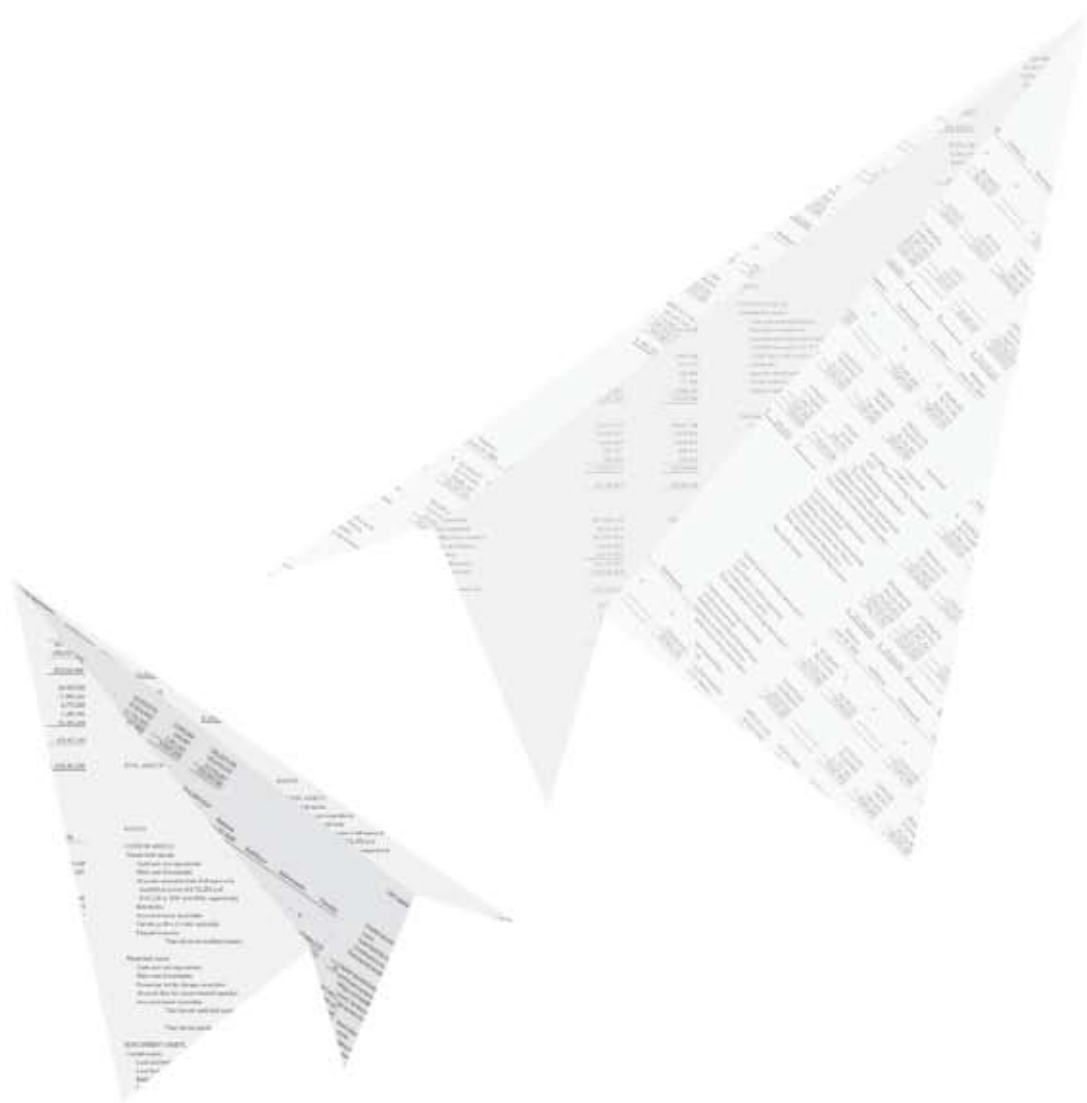
OPEB PLAN:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Underfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	
July 1, 2007	\$ -	\$ 26,394,000	\$(26,394,000)	- %	\$ 13,278,414	198.77%
July 1, 2008	-	52,084,263	(52,084,263)	- %	13,075,350	398.34%



Supplementary Information

Metropolitan Nashville Airport Authority | Comprehensive Annual Financial Report



**SCHEDULE OF NET ASSETS INFORMATION BY ENTITY
FOR THE YEAR ENDED JUNE 30, 2009**

	Nashville International Airport	John C. Tune Airport	MNA Properties Corporation	Total
ASSETS				
CURRENT ASSETS:				
Unrestricted assets:				
Cash and cash equivalents	\$ 14,889,333	\$ 837,782	\$ 7,654,623	\$ 23,381,738
Short-term investments	196,641	-	-	196,641
Accounts receivable—net of allowance for doubtful accounts of \$86,484	5,864,713	9,500	53,113	5,927,326
Inventories	425,140	-	-	425,140
Accrued interest receivable	51,103	-	-	51,103
Due from (to) other funds	18,801	(15,411)	(3,390)	-
Prepaid expenses and other	892,794	-	-	892,794
Total current unrestricted assets	<u>22,338,525</u>	<u>831,871</u>	<u>7,704,346</u>	<u>30,874,742</u>
Restricted assets:				
Cash and cash equivalents	88,591,691	-	-	88,591,691
Short-term investments	10,826,130	-	-	10,826,130
Passenger facility charges receivable	1,495,791	-	-	1,495,791
Customer facility charges receivable	685,512	-	-	685,512
Amounts due from governmental agencies	5,192,137	291,320	-	5,483,457
Accrued interest receivable	50,532	-	-	50,532
Total current restricted assets	<u>106,841,793</u>	<u>291,320</u>	<u>-</u>	<u>107,133,113</u>
Total current assets	<u>129,180,318</u>	<u>1,123,191</u>	<u>7,704,346</u>	<u>138,007,855</u>
NONCURRENT ASSETS:				
Capital assets:				
Land and land improvements	487,221,190	21,788,474	-	509,009,664
Land held for future expansion	36,701,068	-	-	36,701,068
Buildings and building improvements	157,454,066	3,778,077	9,918,665	171,150,808
Equipment, furniture and fixtures	50,143,294	293,593	-	50,436,887
Construction in progress	30,933,032	1,526,893	353,944	32,813,869
Total capital assets	762,452,650	27,387,037	10,272,609	800,112,296
Less accumulated depreciation	<u>(343,191,350)</u>	<u>(13,275,331)</u>	<u>(882,581)</u>	<u>(357,349,262)</u>
Total capital assets, net	<u>419,261,300</u>	<u>14,111,706</u>	<u>9,390,028</u>	<u>442,763,034</u>
Restricted investments	18,018	-	-	18,018
Unrestricted investments	3,929,156	-	-	3,929,156
Deferred bond issue costs	2,751,085	-	30,982	2,782,067
Other assets	12,688,934	-	343,794	13,032,728
Total noncurrent assets	<u>438,648,493</u>	<u>14,111,706</u>	<u>9,764,804</u>	<u>462,525,003</u>
TOTAL ASSETS	<u>\$ 567,828,811</u>	<u>\$ 15,234,897</u>	<u>\$ 17,469,150</u>	<u>\$ 600,532,858</u>

	Nashville International Airport	John C. Tune Airport	MNAA Properties Corporation	Total
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Payable from unrestricted assets:				
Trade accounts payable	\$ 6,245,533	\$ 79,887	\$ 239,658	\$ 6,565,078
Accrued payroll and related items	2,106,800	6,437	-	2,113,237
Current maturities of notes payable	-	-	448,000	448,000
Total payable from unrestricted assets	<u>8,352,333</u>	<u>86,324</u>	<u>687,658</u>	<u>9,126,315</u>
Payable from restricted assets:				
Trade accounts payable	4,339,137	-	-	4,339,137
Accrued interest payable	4,441,911	-	-	4,441,911
Current maturities of airport revenue bonds	26,170,000	-	-	26,170,000
Total payable from restricted assets	<u>34,951,048</u>	<u>-</u>	<u>-</u>	<u>34,951,048</u>
Total current liabilities	<u>43,303,381</u>	<u>86,324</u>	<u>687,658</u>	<u>44,077,363</u>
NONCURRENT LIABILITIES:				
Airport revenue bonds (net of unamortized deferred amount on refunding of \$7,675,177)	216,260,391	-	-	216,260,391
Notes payable, less current maturities	-	-	7,825,333	7,825,333
Synthetic advance refunding, Series 2001A	2,577,768	-	-	2,577,768
Fair value of derivative financial instruments	3,675,760	-	659,096	4,334,856
Deferred interest income	1,686,297	-	-	1,686,297
Deferred rental income	1,918,165	12,511	48,171	1,978,847
Other postemployment benefits obligation	7,572,913	-	-	7,572,913
Total noncurrent liabilities	<u>233,691,294</u>	<u>12,511</u>	<u>8,532,600</u>	<u>242,236,405</u>
Total liabilities	<u>276,994,675</u>	<u>98,835</u>	<u>9,220,258</u>	<u>286,313,768</u>
COMMITMENTS AND CONTINGENCIES	-	-	-	-
NET ASSETS:				
Invested in capital assets—net of related debt	<u>219,776,273</u>	<u>14,111,706</u>	<u>1,147,676</u>	<u>235,035,655</u>
Restricted:				
Passenger facility charge projects	30,014,741	-	-	30,014,741
Debt service	32,430,731	-	-	32,430,731
Customer facility charge projects	6,188,574	-	-	6,188,574
Total restricted net assets	<u>68,634,046</u>	<u>-</u>	<u>-</u>	<u>68,634,046</u>
Unrestricted net assets	<u>2,423,817</u>	<u>1,024,356</u>	<u>7,101,216</u>	<u>10,549,389</u>
Total net assets	<u>290,834,136</u>	<u>15,136,062</u>	<u>8,248,892</u>	<u>314,219,090</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 567,828,811</u>	<u>\$ 15,234,867</u>	<u>\$ 17,469,150</u>	<u>\$ 600,532,858</u>

See independent auditors' report.

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS INFORMATION BY ENTITY
FOR THE YEAR ENDED JUNE 30, 2009**

	Nashville International Airport	John C. Tune Airport	MNAA Properties Corporation	Total
OPERATING REVENUES:				
Signatory airline	\$ 17,017,714	\$ -	\$ -	\$ 17,017,714
Parking	28,174,733	-	-	28,174,733
Concession	16,558,935	-	-	16,558,935
Space rental	7,358,221	653,586	2,065,498	10,077,305
Other	8,321,288	40,127	62,150	8,423,565
	<u>77,430,891</u>	<u>693,713</u>	<u>2,127,648</u>	<u>80,252,252</u>
OPERATING EXPENSES:				
Salaries and wages	26,141,152	198,571	-	26,339,723
Contractual services	15,550,228	136,624	671,752	16,358,604
Materials and supplies	1,655,961	32,066	16,595	1,704,622
Utilities	5,668,565	31,856	530,847	6,231,268
Other	2,159,777	6,109	276,070	2,441,956
	<u>51,175,683</u>	<u>405,226</u>	<u>1,495,264</u>	<u>53,076,173</u>
OPERATING INCOME BEFORE PROVISION FOR DEPRECIATION	26,255,208	288,487	632,384	27,176,079
PROVISION FOR DEPRECIATION	<u>23,581,781</u>	<u>997,541</u>	<u>572,225</u>	<u>25,151,547</u>
OPERATING INCOME (LOSS)	<u>2,673,427</u>	<u>(704,054)</u>	<u>60,159</u>	<u>2,024,532</u>
NONOPERATING REVENUES:				
Investment income	1,564,968	6,890	71,078	1,642,936
Passenger facility charges	11,480,154	-	-	11,480,154
Customer facility charges	7,648,876	-	-	7,648,876
Loss on disposal of property and equipment	(227,750)	(24,550)	-	(252,300)
	<u>20,466,248</u>	<u>40,002</u>	<u>71,078</u>	<u>20,519,666</u>
NONOPERATING EXPENSES:				
Interest expense	13,340,569	1,250	481,877	13,823,696
Loss on derivative financial instruments	1,040,819	-	433,647	1,474,466
	<u>14,381,388</u>	<u>1,250</u>	<u>915,524</u>	<u>15,298,162</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	8,758,287	(727,964)	(784,287)	7,246,036
CAPITAL CONTRIBUTIONS	<u>22,245,092</u>	<u>2,071,566</u>	<u>-</u>	<u>24,316,658</u>
INCREASE (DECREASE) IN NET ASSETS	31,033,379	1,343,602	(784,287)	31,562,694
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>259,830,757</u>	<u>13,792,460</u>	<u>9,033,179</u>	<u>282,656,396</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$290,834,136</u>	<u>\$ 15,136,062</u>	<u>\$ 8,248,892</u>	<u>\$314,219,090</u>

See independent auditors' report.

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**SCHEDULE OF AIRPORT REVENUE BONDS, PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
JUNE 30, 2009**

Year Ending June 30,	Series 1995 Revenue Bonds		Series 1998A Revenue Bonds		Series 1998C Revenue Bonds		Series 2001A Revenue Bonds		Series 2003 PFC Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 4,510,000	\$ 2,006,588	\$ 1,480,000	\$ 252,325	\$ 1,960,000	\$ 914,694	\$ 6,555,000	\$ 3,481,665	\$ 2,660,000	\$ 212,473
2011	4,960,000	1,781,563	1,315,000	184,588	2,075,000	806,253	6,985,000	3,034,845	3,735,000	143,375
2012	5,455,000	1,527,511	1,120,000	124,370	2,185,000	695,863	7,450,000	2,558,490	3,825,000	72,612
2013	6,000,000	1,242,500	900,000	73,645	2,305,000	579,291	7,940,000	2,050,620	3,925,000	
2014	6,600,000	927,500	645,000	34,473	2,435,000	451,903	8,465,000	1,509,255		
2015	7,260,000	581,000	350,000	9,013	2,570,000	317,394	9,020,000	932,250		
2016	7,990,000	199,750			2,720,000	175,225	9,615,000	317,295		
2017					1,900,000	51,063				
2018										
2019										
2020										
2021										
2022										
2023										
2024										
2025										
2026										
2027										
2028										
2029										
2030										
2031										
2032										
2033										
2034										
Totals	42,775,000	8,266,412	5,810,000	678,414	18,150,000	3,991,686	56,030,000	13,884,420	14,145,000	428,460
Bond Premium	-	-	-	-	-	-	-	-	-	-
Loss on Refunding:	(3,859,280)	-	-	-	(570,772)	-	(745,866)	-	(89,130)	-
Net	\$38,915,720	\$ 8,266,412	\$ 5,810,000	\$ 678,414	\$17,579,228	\$ 3,991,686	\$55,284,134	\$13,884,420	\$14,055,870	\$ 428,460

**SCHEDULE OF AIRPORT REVENUE BONDS, PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
JUNE 30, 2009**

Series 2003B Revenue Bonds		Series 2008A Revenue Bonds		Series 2008B Revenue Bonds		Series 2009A Revenue Bonds		Total Debt Service		
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
\$ 350,000	\$ 999,653	\$ 6,100,000	\$ 1,153,930	\$ 2,555,000	\$ 1,578,150	\$ -	\$ 1,140,412	\$26,170,000	\$11,739,890	\$ 37,909,890
365,000	983,355	6,400,000	866,570	2,710,000	1,407,420	715,000	1,504,213	29,260,000	10,712,182	39,972,182
380,000	964,842	6,700,000	565,740	2,820,000	1,229,760	1,200,000	1,469,488	31,135,000	9,208,676	40,343,676
400,000	945,459	100,000	561,250	2,935,000	1,044,855	3,320,000	1,379,088	27,825,000	7,876,708	35,701,708
420,000	924,977	100,000	556,760	3,055,000	852,390	3,455,000	1,260,863	25,175,000	6,518,121	31,693,121
445,000	903,043	200,000	547,780	3,180,000	652,050	3,555,000	1,129,050	26,580,000	5,071,580	31,651,580
465,000	879,515	200,000	538,800	3,310,000	443,520	3,715,000	977,656	28,015,000	3,531,761	31,546,761
490,000	853,928	1,200,000	484,920	3,450,000	226,170	3,860,000	825,394	10,900,000	2,441,475	13,341,475
515,000	826,340	3,400,000	332,260	3,590,000		4,020,000	661,625	11,525,000	1,820,225	13,345,225
545,000	797,243	3,600,000	170,620			4,190,000	487,056	8,335,000	1,454,919	9,789,919
575,000	765,551	3,800,000				7,970,000	197,7000	12,345,000	963,251	13,308,251
610,000	731,067							610,000	731,067	1,341,067
645,000	694,547							645,000	694,547	1,339,547
680,000	655,989							680,000	655,989	1,335,989
720,000	615,249							720,000	615,249	1,335,249
760,000	571,725							760,000	571,725	1,331,725
805,000	525,245							805,000	525,245	1,330,245
855,000	475,943							855,000	475,943	1,330,943
905,000	423,671							905,000	423,671	1,328,671
960,000	368,280							960,000	368,280	1,328,280
1,015,000	309,623							1,015,000	309,623	1,324,623
1,075,000	247,550							1,075,000	247,550	1,322,550
1,140,000	181,764							1,140,000	181,764	1,321,764
1,210,000	111,969							1,210,000	111,969	1,321,969
1,280,000	38,016							1,280,000	38,016	1,318,016
17,610,000	15,794,544	31,800,000	5,778,630	27,605,000	7,434,315	36,000,000	11,032,545	249,925,000	67,289,426	317,214,426
-	-	-	-	-	-	180,568	-	180,568	-	180,568
-	-	(1,930,973)	-	(479,156)	-	-	-	(7,675,177)	-	(7,675,177)
\$17,610,000	\$15,794,544	\$29,869,027	\$ 5,778,630	\$27,125,844	\$ 7,434,315	\$ 36,180,568	\$11,032,545	\$242,430,391	\$67,289,426	\$309,719,817

**This schedule intends to present the cash outflow requirements for payment of principal and interest on the Authority's bonds. Payment of principal on bonds is made annually on July 1. Payment of interest on fixed rate bonds is made semiannually on July 1 and January 1. Payment of interest on variable rate bonds is generally made monthly.*

See independent auditors' report.

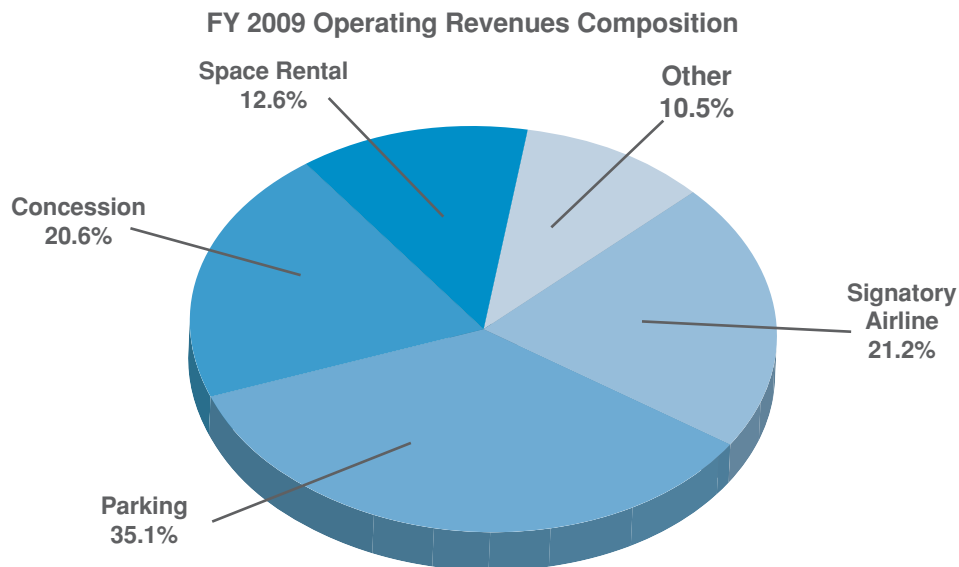
Statistical Section

Metropolitan Nashville Airport Authority | Comprehensive Annual Financial Report

Statistical information differs from financial statements because it usually covers more than one fiscal year and may present non-accounting data. Implementation of an accounting system in 1999 makes it impractical for the Authority to present 10 years of historic information in some instances. Available financial trend data is presented to assist the reader in understanding the Authority's primary business activities and to identify emerging financial trends. Operational data further supports this. The residual lease agreement with eight signatory airlines dictates their responsibility to cover any revenue shortfall in the form of rates and charges. Therefore, special attention is placed on operating revenues, operating expenses, and related indicators. Readers are interested in the Authority's debt burden as it provides some insight as to the ability of the Authority to finance major capital projects such as runways, taxiways, and terminal improvements in the future. Finally, demographic, economic, and operating information is presented to further explain the interrelationship of key indicators in Middle Tennessee with the activities of the Authority.

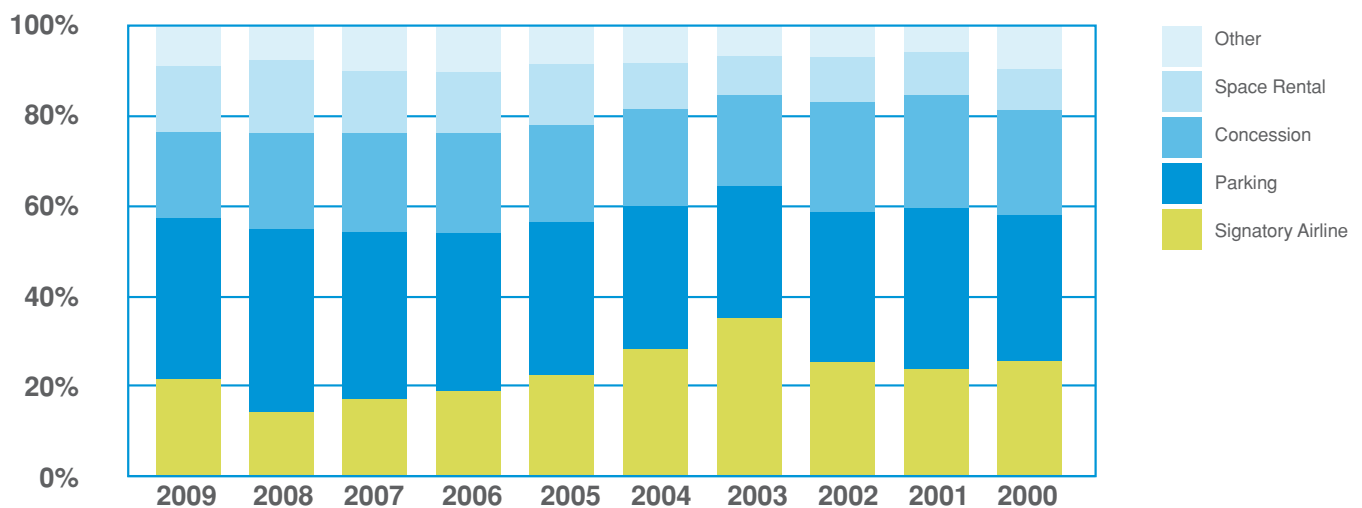
Metropolitan Nashville Airport Authority Operating Revenues Analysis (000s)

Operating Revenues	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Signatory airline	\$17,017	\$ 10,528	\$ 13,116	\$ 13,559	\$ 15,165	\$ 18,546	\$ 22,804	\$ 13,612	\$ 13,193	\$ 13,284
Parking	28,175	30,405	27,795	25,159	22,788	20,575	18,654	17,965	19,655	16,803
Concession	16,559	17,165	16,631	15,598	14,482	13,706	13,460	13,011	13,806	12,483
Space rental	10,077	11,051	10,136	9,889	8,935	7,028	5,526	5,195	5,157	4,474
Other	8,424	7,167	7,222	6,928	5,400	4,865	3,981	3,510	2,940	4,806
Total	\$ 80,252	\$ 76,316	\$ 74,900	\$ 71,133	\$ 66,770	\$ 64,720	\$ 64,425	\$ 53,293	\$ 54,751	\$ 51,850



Operating revenues have increased 54.8% since 2000. Enplanements are 0.3% lower in 2009 than they were in 2000. The most significant dollar increase in revenue over this time period is reflected in parking revenue at \$11.4 million, a 67.7% increase. The signatory airlines operate under a residual agreement expiring in 2017 whereby they are responsible to cover any revenue shortfall. There was a \$7.3 million shortfall in 2009 that the airlines offset in the form of higher rates. Revenues averaged \$15.1 million since 2000.

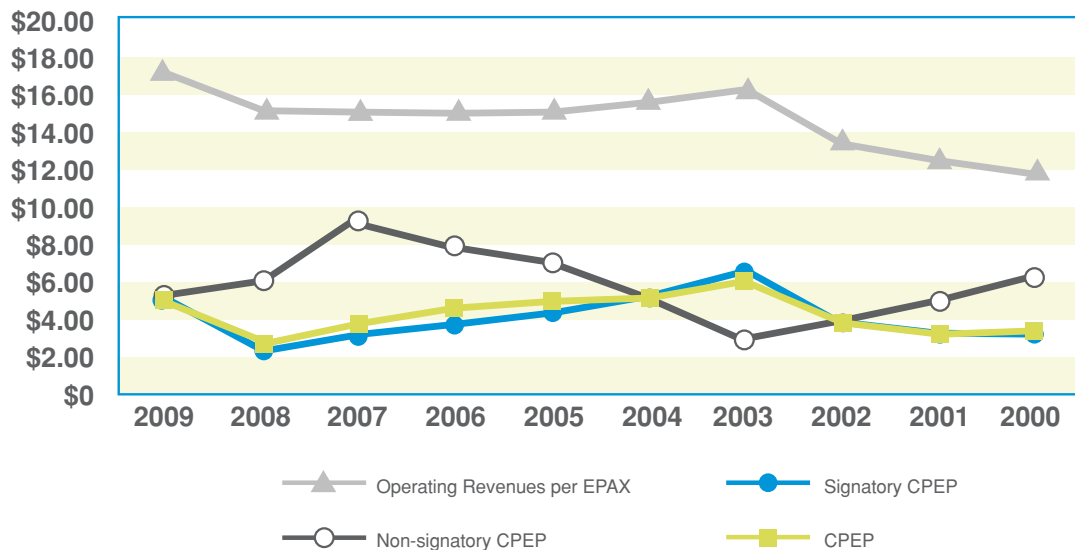
10-year Revenues Composition



Nashville International Airport - Cost Per Enplaned Passenger (CPEP) (000s)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Signatory Airlines:										
Space and Ramp Fees	\$ 13,358	\$ 9,293	\$ 11,504	\$ 12,838	\$ 13,498	\$ 14,655	\$ 15,514	\$ 11,204	\$ 10,754	\$ 10,648
Landing Fees	3,660	1,235	1,612	721	1,667	3,891	7,290	2,408	2,439	2,636
Total Signatory Revenue	17,018	10,528	13,116	13,559	15,165	18,546	22,804	13,612	13,193	13,284
Signatory Enplaned (000)	3,820	4,195	4,247	3,874	3,716	3,622	3,532	3,699	4,258	4,281
Cost per Signatory Enplaned	\$ 4.45	\$ 2.51	\$ 3.09	\$ 3.50	\$ 4.08	\$ 5.12	\$ 6.46	\$ 3.68	\$ 3.10	\$ 3.10
Non-signatory Airlines:										
Space and Ramp Fees	\$ 649	\$ 2,081	\$ 3,027	\$ 3,520	\$ 2,652	\$ 604	\$ 10	\$ 24	\$ 126	\$ 280
Landing Fees	2,486	2,748	3,216	3,068	2,362	2,148	1,263	1,097	837	821
Total Non-signatory Revenue	3,135	4,829	6,243	6,588	5,014	2,752	1,273	1,121	963	1,101
Non-signatory Enplaned (000)	639	683	692	861	720	543	465	298	199	174
Cost per Non-signatory Enplaned	\$ 4.91	\$ 7.07	\$ 9.02	\$ 7.65	\$ 6.96	\$ 5.07	\$ 2.74	\$ 3.76	\$ 4.84	\$ 6.33
Summary Analysis:										
Total Signatory & Non-signatory Revenue	\$ 20,153	\$ 15,357	\$ 19,359	\$ 20,147	\$ 20,179	\$ 21,298	\$ 24,077	\$ 14,733	\$ 14,156	\$ 14,385
Blended Cost per Enplaned	\$ 4.52	\$ 3.15	\$ 3.92	\$ 4.25	\$ 4.55	\$ 5.11	\$ 6.02	\$ 3.68	\$ 3.16	\$ 3.22
Operating Revenues (BNA only)	\$ 77,431	\$ 74,041	\$ 74,541	\$ 70,512	\$ 66,351	\$ 64,306	\$ 64,011	\$ 52,897	\$ 54,368	\$ 51,478
Total Enplaned (includes charters)	4,461	4,880	4,938	4,736	4,438	4,167	3,998	4,004	4,474	4,474
Operating Revenues per Enplaned	\$ 17.36	\$ 15.17	\$ 15.10	\$ 14.89	\$ 14.95	\$ 15.43	\$ 16.01	\$ 13.21	\$ 12.15	\$ 11.51

Enplanement (EPAX) Revenues Analysis



Metropolitan Nashville Airport Authority Operating Revenues Analysis - Activity Detail (000s)

Signatory and Non-signatory rate history effective July 1 of each year.

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Signatory Rates										
Landing Fee	\$ 0.30	\$ 0.19	\$ 0.29	\$ 0.12	\$ 0.29	\$ 0.17	\$ 1.19	\$ 0.38	\$ 0.35	\$ 0.39
Ramp	62.36	71.20	95.80	104.97	114.40	114.33	118.20	95.51	90.26	91.20
Main Terminal	50.03	63.24	81.91	90.08	90.91	88.34	91.34	64.02	59.87	60.50
North Concourse	20.61	29.82	39.04	43.64	45.59	43.49	44.85	33.89	30.43	30.75
South Concourse	21.61	22.24	25.45	24.87	26.87	27.47	27.90	19.33	18.68	18.45

The signatory FY04 rates were effective for the last half of the year and changed from rates similar to those published for FY03.

The signatory FY09 rates are the original rates. The \$7.265 million year-end true-up was charged to landing fees and main terminal rents.

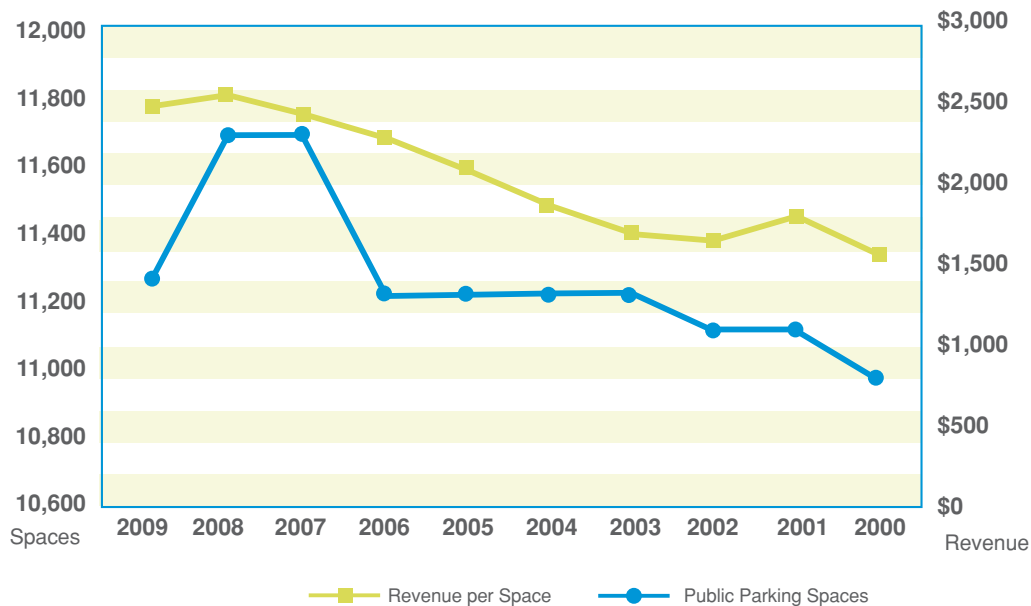
The signatory FY10 rates effective July 1, 2009, have been set at \$0.90 (LF), \$97.44 (R), \$75.76 (MT), \$35.97 (NC), and \$35.14 (SC).

Non-signatory Rates

Landing Fee	\$ 3.43	\$ 3.26	\$ 3.24	\$ 2.91	\$ 2.71	\$ 2.97	\$ 3.01	\$ 2.53	\$ 2.43	\$ 2.55
Ramp	324.14	317.96	304.37	297.52	289.61	293.07	289.95	272.00	262.77	260.50
Main Terminal	234.87	195.11	176.79	173.44	155.59	151.81	150.22	141.18	135.15	123.61
North Concourse	84.91	88.87	80.67	80.45	77.67	76.78	75.77	76.38	74.39	71.93
South Concourse	88.32	84.76	67.48	67.13	64.19	61.43	60.53	60.99	59.22	54.95

The non-signatory FY10 rates effective July 1, 2009, have been set at \$3.52 (LF), \$287.29 (R), \$233.32 (MT), \$89.86 (NC), and \$88.27 (SC).

Public Parking Analysis



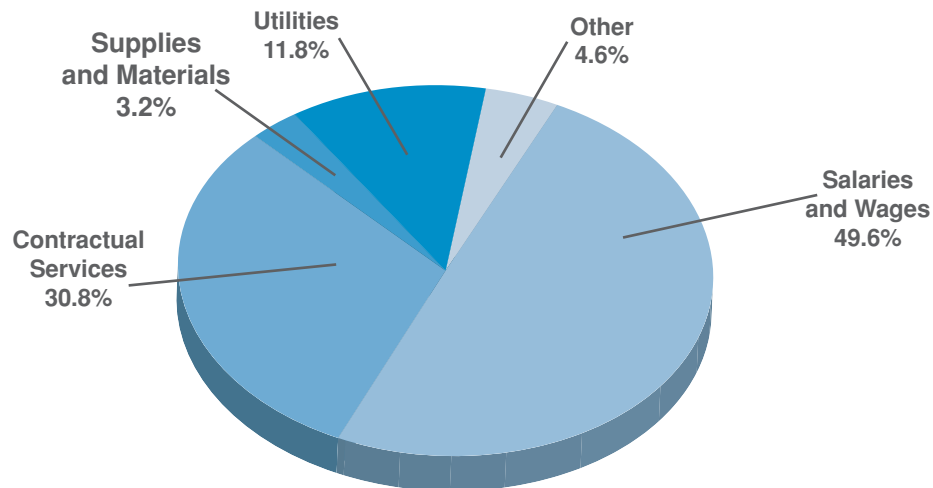
Parking Lot Revenue (000)	\$ 28,175	\$ 30,405	\$ 27,794	\$ 25,159	\$ 22,788	\$ 20,575	\$ 18,654	\$ 17,965	\$ 19,655	\$ 16,803
Spaces Available (actual)	11,275	11,675	11,675	11,216	11,216	11,216	11,216	11,112	11,112	10,974
Revenue per Space	\$ 2,499	\$ 2,604	\$ 2,381	\$ 2,243	\$ 2,032	\$ 1,834	\$ 1,663	\$ 1,617	\$ 1,769	\$ 1,531

Fiscal year 2009 began with 3,883 long-term, 1,706 short-term, 3,957 economy, and 2,129 overflow spaces - all for public use. A 1,150-space valet lot on airport property was in its first full year of operating for FY09, having been placed in service in November 2007. Various phases of the Terminal Access Roadway Improvement ("TARI") project have rendered hundreds of long-term spaces unusable. When the project is finished, about 400 long-term lot spaces in front of the terminal will have been permanently forfeited. A new 50-space cell phone lot will be open in October as the TARI project is wrapping up.

Metropolitan Nashville Airport Authority Operating Expenses Analysis (000s)

Operating Expenses	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Salaries and wages	\$ 26,340	\$ 23,690	\$ 20,379	\$ 18,657	\$ 16,412	\$ 16,249	\$ 16,301	\$ 16,361	\$ 15,760	\$ 14,567
Contractual services	16,359	16,299	14,430	12,917	12,454	11,424	11,260	10,005	9,693	8,794
Supplies and materials	1,705	2,229	2,437	1,702	1,894	1,565	2,042	1,721	1,773	1,928
Utilities	6,231	5,537	4,409	4,178	3,662	3,427	3,368	3,229	3,364	3,180
Depreciation	25,152	20,425	18,121	17,640	17,546	17,967	17,742	17,608	15,880	16,832
Other	2,442	2,689	2,944	3,295	2,274	2,580	2,639	2,233	2,585	2,085
Total	\$ 78,229	\$ 70,869	\$ 62,720	\$ 58,389	\$ 54,242	\$ 53,212	\$ 53,352	\$ 51,157	\$ 49,055	\$ 47,386

FY 2009 Operating Expenses before Provision for Depreciation



2008 was the first year implementing GASB Statement No. 45 recognizing other postemployment benefits (OPEB) expenses and related assets and liabilities. This component of Salaries was \$2,529,829 in 2008 and \$5,043,084 in 2009. Therefore, the unfunded liability increased to \$7,572,913 at June 30, 2009. Escalating utility costs are expected to continue to challenge the Authority's management. Recent facility improvements will mitigate some of those increases.

Total Passengers and Operating Expenses (before Depreciation) (000s)



**Metropolitan Nashville Airport Authority Schedule of Capital Assets
At June 30 for Each Year Presented**

	2009	%	2008	2007	2006	2005	2004	2003	2002	2001
Land	\$ 62,659,897	47.4%	\$ 62,659,897	\$ 62,659,897	\$ 62,659,897	\$ 62,659,897	\$ 62,633,055	\$ 62,725,146	\$ 62,725,146	\$ 61,225,276
Land held for future expansion	36,701,068	27.8%	36,701,068	36,701,068	36,701,068	36,701,068	36,701,068	36,701,068	36,701,068	36,701,068
Construction in progress	32,813,869	24.8%	48,447,956	46,276,385	29,986,164	22,352,319	11,120,299	9,893,301	9,856,095	3,259,643
Total capital assets not being depreciated	132,174,834	100.0%	147,808,921	145,637,350	129,347,129	121,713,284	110,454,422	109,319,515	109,282,309	101,185,987
Land improvements	446,349,767	66.8%	406,464,775	387,482,242	369,423,129	370,981,655	369,854,122	358,100,635	361,109,732	359,678,807
Buildings and building improvements	171,150,808	25.6%	156,272,307	127,250,001	123,618,070	126,696,865	126,696,865	125,609,435	119,946,469	119,741,122
Equipment, furniture and fixtures	50,436,887	7.6%	44,528,369	31,813,649	29,163,887	22,972,560	21,367,619	20,949,181	20,040,290	19,236,541
Total capital assets being depreciated	667,937,462	100.0%	607,265,451	546,545,892	522,205,086	520,651,080	517,918,606	504,659,251	501,096,491	498,656,470
Less accumulated depreciation	(357,349,262)	53.5%	(334,246,562)	(314,025,691)	(296,027,349)	(287,025,150)	(270,291,950)	(252,335,482)	(234,609,204)	(217,393,859)
Net capital assets	\$442,763,034	-	\$420,827,810	\$378,157,551	\$355,524,866	\$355,339,214	\$358,081,078	\$361,643,284	\$375,769,596	\$382,448,598

**Ratios of Outstanding Revenue Bond Debt as a Percentage of Total Revenue Bond Debt
At June 30 for Each Year Presented**

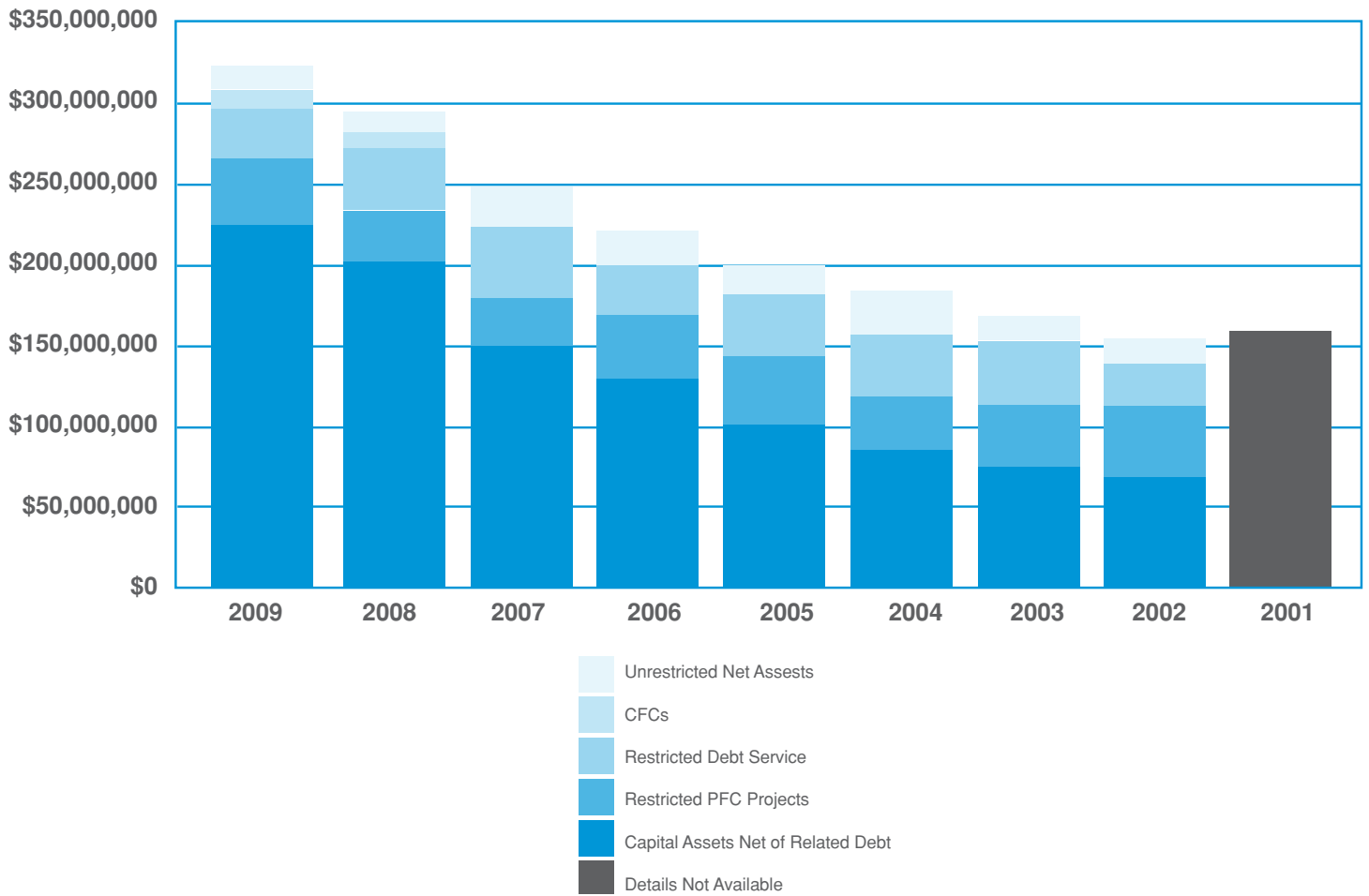
	2009	%	2008	2007	2006	2005	2004	2003	2002	2001
Series 1991 A Revenue Bonds	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,410,000	\$ 12,965,000	\$ 16,305,000
Series 1991 C Revenue Bonds	-	-	-	-	-	-	-	-	-	95,775,000
Series 1992 PFC Revenue Bonds	-	-	-	-	-	-	-	35,465,000	38,025,000	40,450,000
Series 1993 Revenue Bonds	-	-	-	43,200,000	48,500,000	52,000,000	52,700,000	53,400,000	53,500,000	53,500,000
Series 1995 Revenue Bonds	42,775,000	17.1%	46,875,000	50,600,000	53,990,000	57,070,000	59,870,000	62,415,000	64,730,000	66,835,000
Series 1998 A Revenue Bonds	5,810,000	2.3%	7,435,000	9,185,000	11,035,000	12,955,000	14,930,000	16,945,000	18,985,000	19,695,000
Series 1998 B Revenue Bonds	-	-	-	-	-	-	-	-	-	1,330,000
Series 1998 C Revenue Bonds	18,150,000	7.3%	20,010,000	21,770,000	23,445,000	25,035,000	26,550,000	27,985,000	29,355,000	30,660,000
Series 2001 A Revenue Bonds	56,030,000	22.4%	62,180,000	67,945,000	73,355,000	78,425,000	83,200,000	87,695,000	91,930,000	91,930,000
Series 2003 PFC Revenue Bonds	14,145,000	5.7%	18,675,000	22,145,000	25,525,000	28,825,000	32,020,000	-	-	-
Series 2003 A Revenue Bonds	-	-	-	-	-	1,505,000	5,650,000	-	-	-
Series 2003 B Revenue Bonds	17,610,000	7.0%	17,945,000	18,270,000	18,590,000	18,900,000	18,900,000	-	-	-
Series 2006 Revenue Bonds	-	-	-	18,285,000	-	-	-	-	-	-
Series 2008A Revenue Bonds	31,800,000	12.7%	37,600,000	-	-	-	-	-	-	-
Series 2008B Revenue Bonds	27,605,000	11.0%	27,605,000	-	-	-	-	-	-	-
Series 2009A Revenue Bonds	36,000,000	14.5%	-	-	-	-	-	-	-	-
Total Revenue Bonds	249,925,000	100.0%	238,325,000	251,400,000	254,440,000	274,715,000	293,820,000	293,315,000	309,490,000	416,480,000
Series 1999 Subordinated Note	-	-	-	409,553	771,227	771,227	935,776	1,090,340	1,235,525	1,371,900
Plus unamortized premium on Series 2009A	180,568	-	-	-	-	-	-	-	-	-
Less unamortized deferred amount on refunding	(7,675,177)	-	(9,493,871)	(10,813,988)	(12,636,036)	(15,047,310)	(17,654,125)	(19,251,919)	(21,690,417)	(21,412,334)
Net Outstanding Debt	\$242,430,391	-	\$228,831,129	\$240,995,565	\$242,575,191	\$260,438,917	\$277,101,651	\$275,153,421	\$289,035,108	\$ 396,439,566
Enplanements	4,460,962		4,880,360	4,938,191	4,735,910	4,438,392	4,166,820	3,997,980	4,004,407	4,474,163
Net Outstanding Debt per Enplanement	\$54.34		\$46.89	\$48.80	\$51.22	\$58.68	\$66.50	\$68.82	\$72.18	\$88.61

The addition of the Series 2009A Revenue Bonds and the decline in enplanements combined to increase the debt balance per enplaned by 16% over the prior year.

**Metropolitan Nashville Airport Authority Change in Net Assets
As of June 30 for Each of the Years Presented**

	2009	2008	2007	2006	2005	2004	2003	2002	2001
Operating revenues									
Signatory airline	\$ 17,017,714	\$ 10,527,728	\$ 13,116,169	\$ 13,559,361	\$ 15,164,912	\$ 18,545,916	\$ 22,803,489	\$ 13,611,398	\$ 13,193,249
Parking	28,174,733	30,405,023	27,794,482	25,159,487	22,787,740	20,575,301	18,654,487	17,965,180	19,654,353
Concession	16,558,935	17,164,513	16,631,319	15,597,529	14,481,791	13,705,715	13,460,263	13,011,370	13,805,999
Space rental	10,077,305	11,050,944	10,135,718	9,888,852	8,935,551	7,028,387	5,525,643	5,195,128	5,157,182
Other	8,423,565	7,167,118	7,221,908	6,928,048	5,399,869	4,864,672	3,980,905	3,509,873	2,940,136
Total operating revenues	\$80,252,252	76,315,326	74,899,596	71,133,277	66,769,863	64,719,991	64,424,787	53,292,949	54,750,919
Operating expenses									
Salaries and wages	26,339,723	23,690,248	20,379,376	18,657,132	16,412,494	16,248,675	16,301,303	16,361,252	15,759,952
Contractual services	16,358,604	16,299,124	14,430,214	12,916,582	12,453,870	11,424,236	11,259,823	10,005,484	9,693,111
Materials and supplies	1,704,622	2,228,830	2,437,293	1,702,182	1,894,344	1,564,994	2,042,158	1,720,968	1,773,385
Utilities	6,231,268	5,537,335	4,408,582	4,178,081	3,662,175	3,426,793	3,367,944	3,228,803	3,363,815
Other	2,441,956	2,688,651	2,943,678	3,294,627	2,274,072	2,579,608	2,639,054	2,233,035	2,585,520
Total operating expenses	53,076,173	50,444,188	44,599,143	40,748,604	36,696,955	35,244,306	35,610,282	33,549,542	33,175,783
Provision for depreciation	25,151,547	20,424,563	18,121,419	17,640,198	17,546,203	17,966,519	17,741,820	17,607,702	15,879,569
Nonoperating revenues									
Investment income	1,642,936	4,603,766	4,931,594	2,889,516	2,769,432	1,053,385	3,583,967	3,949,999	6,593,176
Passenger facility charges	11,480,154	12,836,344	13,237,806	12,577,969	11,640,065	10,790,953	10,763,881	10,698,503	12,303,122
Customer facility charges	7,648,876	4,259,428	-	-	-	-	-	-	-
Other nonoperating revenue	(252,300)	27,536	25,393	-	-	432,405	622,280	649,103	530,062
Total nonoperating revenues	20,519,666	21,727,074	18,194,793	15,467,485	14,409,497	12,276,743	14,970,128	15,297,605	19,426,360
Nonoperating expenses									
Interest expense	13,823,696	14,504,722	14,396,542	15,629,637	16,416,304	16,943,386	18,549,633	17,164,475	20,981,659
Other nonoperating expenses	1,474,466	1,690,402	1,029,704	(1,649,398)	938,762	(3,973,366)	548,238	4,410,561	(5,226,452)
Total nonoperating expenses	15,298,162	16,195,124	15,426,246	13,980,239	17,355,066	12,970,020	19,097,871	21,575,036	15,755,207
Capital contributions	24,316,658	22,299,530	13,168,339	6,244,876	6,970,112	5,655,203	3,433,673	3,131,916	1,199,221
Increase in net assets	31,562,694	33,278,055	28,115,920	20,476,597	16,551,248	16,471,092	10,378,615	(1,009,810)	10,565,941
Total net assets - end of year	\$314,219,090	\$282,656,396	\$249,378,341	\$221,262,421	\$200,785,824	\$184,234,576	\$167,763,484	\$157,384,869	\$158,394,679

Net Assets as of June 30 for Each of the Years Presented



Net Assets:

	2009	2008	2007	2006	2005	2004	2003	2002	2001
Invested in capital assets, net of related debt	\$235,035,655	\$202,605,751	\$150,379,604	\$128,751,172	\$101,464,942	\$84,315,495	\$78,131,588	\$74,172,612	n/a
Restricted - passenger facility charge projects	\$30,014,741	\$34,949,517	\$29,759,895	\$40,849,597	\$43,257,624	\$34,400,719	\$39,046,042	\$42,211,448	n/a
Restricted - debt service	\$32,430,731	\$31,048,968	\$45,116,496	\$30,076,175	\$37,642,339	\$39,170,732	\$36,217,489	\$26,168,318	n/a
Restricted - customer facility charge projects	\$6,188,574	\$4,244,330	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Unrestricted net assets	\$10,549,389	\$9,807,830	\$24,122,346	\$21,585,477	\$18,420,919	\$26,347,630	\$14,368,365	\$14,832,491	n/a
Total Net Assets	\$314,219,090	\$282,656,396	\$249,378,341	\$221,262,421	\$200,785,824	\$184,234,576	\$167,763,484	\$157,384,869	\$158,394,679

Nashville International Airport (BNA & PFC Programs) Debt Service Coverage Analysis (000s)

Description	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Operating Revenue	\$ 77,431	\$74,041	\$74,231	\$70,512	\$66,351	\$63,919	\$64,011	\$52,897	\$54,368	\$51,478
Less Operating Expenses (net of non-cash items)*	(44,468)	(45,176)	(43,094)	(39,510)	(35,901)	(32,588)	(35,475)	(33,447)	(33,084)	(30,468)
Less Capital Items Funded with Operating Revenues	(1,476)	(1,922)	-	-	-	-	-	-	-	-
Change in Working Capital & Other Items	(9,188)	3,022	3,786	4,229	(2,415)	4,720	(1,563)	62	(1,487)	(2,921)
Add Interest Income	1,565	4,252	4,877	2,837	2,734	1,035	3,560	3,911	6,552	4,275
Add Passenger Facility Charges	11,480	12,836	13,238	12,578	11,640	10,791	10,764	10,699	12,303	12,148
Add PFC Transfers	9,878	3,086	3,000	3,000	3,000	3,000	-	-	-	-
Add CONRAC-related Operating Expenses	863	-	-	-	-	-	-	-	-	-
Add Transfer from CIF**	6,767	9,152	6,005	7,599	6,828	6,486	9,429	18,074	13,764	14,796
COVERAGE CASH FLOW	\$52,852	\$59,291	\$62,043	\$61,245	\$52,237	\$57,363	\$50,726	\$52,196	\$52,416	\$49,308
INTEREST***	11,847	12,422	13,013	13,615	14,265	14,725	16,878	16,350	17,532	18,209
PRINCIPAL****	26,170	23,420	22,594	20,450	19,269	17,845	17,845	16,320	15,196	14,133
TOTAL DEBT SERVICE	\$38,017	\$35,842	\$35,607	\$34,065	\$33,534	\$32,570	\$34,723	\$32,670	\$32,728	\$32,342
DEBT SERVICE COVERAGE	139.0%	165.4%	174.2%	179.8%	155.8%	176.1%	146.1%	159.8%	160.2%	152.5%

*Pension expense and Other Postemployment Benefits (OPEB) expense

**Capital Improvement Fund

***INTEREST includes interest expense and related financing costs incurred during the fiscal year.

****PRINCIPAL is the scheduled portion of principal payable on the airport revenue bonds due July 1 of the subsequent year.

PFCs are covering the debt service on the 2003 PFC (thru Applications 1 & 2), 2008B bond (thru Application 11), and 2009 A bond (thru Application 14).

Working Capital & Other Changes	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Decrease (Increase) in:										
Accounts Receivable	\$(3,655)	\$ 139	\$ 38	\$(336)	\$(216)	\$1,336	\$(934)	\$(325)	\$ 147	\$ 711
PFC Receivable	(565)	943	(344)	(65)	(133)	565	(181)	512	(258)	(265)
Receivables from Gov't Agencies	(3,237)	(1,033)	(736)	(175)	38	26	204	(302)	1,332	(639)
Inventory	21	12	(61)	55	55	(51)	58	117	31	(84)
Prepaid Expenses	320	(211)	39	(121)	29	34	(43)	(277)	(120)	31
Due to/from Other Airports	16	(21)	(14)	247	40	46	66	35	38	38
Increase (Decrease) in:										
Accounts Payable	(1,551)	3,241	4,299	3,233	(2,427)	1,838	(475)	82	(1,596)	(1,452)
Accrued Payroll	(555)	85	133	157	(106)	139	(169)	590	(61)	233
Other Adjustments:										
Amortization of Def Real Estate	1	1	1	1	1	1	1	1	1	1
Amortization of Def Rental Income (Appreciation)/Depreciation	(35)	(35)	(35)	(35)	(35)	(35)	(46)	(103)	(181)	(63)
of Investments	(176)	(74)	491	908	330	821	(80)	(209)	(770)	581
(Gain)/Loss on Disposal of PP&E	228	(25)	(25)	360	9	-	36	(59)	(50)	(2,013)
Working Capital & Other Changes	\$(9,188)	\$3,022	\$3,786	\$4,229	\$(2,415)	\$4,720	\$(1,563)	\$ 62	\$(1,487)	\$(2,921)

STATISTICAL INFORMATION

Nashville International Airport (only BNA for 1995, 1998A, 1998C, 2001A, 2003B, 2008A Bonds) Debt Service Coverage Analysis (000s)

Description	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Operating Revenue	\$76,435	\$74,041	\$74,541	\$70,512	\$66,351	\$63,919	\$64,011	\$52,897	\$54,368	\$51,478
Less Operating Expenses (net of non-cash items)	(44,463)	(45,176)	(43,094)	(39,510)	(35,901)	(32,588)	(35,475)	(33,447)	(33,084)	(30,468)
Less Capital Items Funded with Operating Revenues	(1,476)	(1,922)	-	-	-	-	-	-	-	-
Change in Working Capital & Other Items	(11,712)	4,061	793	3,522	(184)	2,195	(1,382)	(450)	(1,229)	(2,656)
Add Interest Income	1,436	2,440	2,618	1,407	1,423	757	2,025	2,160	4,555	2,249
Add CONRAC-related Operating Expenses	863	-	-	-	-	-	-	-	-	-
Add Other PFC Transfers	6,077	3,000	3,000	3,000	3,000	3,000	-	-	-	-
Add Transfer from CIF*	6,767	9,152	6,005	7,599	6,828	6,486	9,429	18,074	13,764	14,796
COVERAGE CASH FLOW	\$33,927	\$45,596	\$43,863	\$46,530	\$41,517	\$43,769	\$38,608	\$39,234	\$38,374	\$35,399
INTEREST	9,629	11,729	12,147	12,725	13,544	13,951	14,708	14,038	15,090	15,647
PRINCIPAL	19,975	19,870	19,124	17,150	16,074	15,135	15,285	13,895	12,896	11,948
TOTAL DEBT SERVICE	\$29,604	\$31,599	\$31,271	\$29,875	\$29,618	\$29,086	\$29,993	\$27,933	\$27,986	\$27,595
DEBT SERVICE COVERAGE	114.6%	144.3%	140.3%	155.8%	140.2%	150.5%	128.7%	140.5%	137.1%	128.3%

*Capital Improvement Fund

Nashville International Airport (only PFC for 2003PFC, 2008B, 2009A Bonds) Debt Service Coverage Analysis (000s)

Description	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Passenger Facility Charges (net)	\$11,480	\$12,836	\$12,929	\$12,578	\$11,640	\$10,791	\$10,764	\$10,699	\$12,303	\$12,148
Add Other PFC Receipts*	996	-	-	-	-	-	-	-	-	-
Less Operating Expenses	(5)	-	-	-	-	-	-	-	-	-
Add PFC Transfers**	3,801	86	-	-	-	-	-	-	-	-
Change in Working Capital & Other Items	2,524	(1,039)	2,992	707	(2,229)	2,525	(181)	512	(258)	(265)
Add Interest Income	129	1,812	2,259	1,430	1,309	279	1,535	1,751	1,997	2,026
COVERAGE CASH FLOW	\$18,925	\$13,695	\$18,180	\$14,715	\$10,720	\$13,595	\$12,118	\$12,962	\$14,042	\$13,909
INTEREST	2,218	693	866	890	721	774	2,170	2,312	2,442	2,562
PRINCIPAL	6,195	3,550	3,470	3,300	3,195	2,710	2,560	2,425	2,300	2,185
TOTAL DEBT SERVICE	\$ 8,413	\$ 4,243	\$ 4,336	\$ 4,190	\$ 3,916	\$ 3,484	\$ 4,730	\$ 4,737	\$ 4,742	\$ 4,747
DEBT SERVICE COVERAGE	224.9%	322.8%	419.3%	351.2%	273.8%	390.3%	256.2%	273.6%	296.1%	293.0%

*Proceeds from sale of PFC-funded property in FY09.

**PFC collections from Application 11 projects in the 1990s are being drawn to pay all Series 2008B debt service.

Nashville International Airport Passenger Enplanements Market Share

	% of Total	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
SIGNATORY AIRLINES											
American Airlines	10.9%	485,037	569,878	537,270	511,263	405,642	404,473	394,741	459,884	448,155	528,165
American Eagle	3.6%	158,588	143,476	139,338	139,691	148,527	91,112	47,698	14,970	18,854	17,807
Continental Express d/b/a ExpressJet	3.7%	166,732	211,931	214,507	196,633	67,513	-	-	-	-	-
Delta Air Lines Inc.	3.8%	170,821	186,493	276,209	268,272	329,373	296,148	328,344	375,817	515,790	569,408
Frontier Airlines	2.5%	112,954	121,853	120,921	96,023	66,344	2,046	-	-	-	-
Northwest Airlines Inc.	3.8%	170,974	220,949	306,451	338,020	372,211	355,339	334,019	310,036	352,263	379,399
Southwest Airlines	52.5%	2,341,657	2,474,183	2,435,801	2,396,765	2,097,881	2,089,884	2,019,190	2,065,784	2,190,997	1,988,147
TWA	0.0%	-	-	-	-	-	-	-	50,426	128,389	132,676
United Airlines/Comair	0.8%	35,327	81,958	106,866	112,353	108,084	77,733	98,917	63,753	160,683	215,882
US Airways	4.0%	177,989	184,660	216,102	220,104	248,946	214,379	235,533	244,062	302,781	317,026
Sub Total	85.6%	3,820,079	4,195,381	4,353,465	4,279,124	3,844,521	3,531,114	3,458,442	3,584,732	4,117,912	4,148,510
Note: Northwest Airlines Inc. and Delta Air Lines Inc. merged during FY2009. However, enplanement data continued to be reported separately throughout the year.											
NON-SIGNATORY AIRLINES											
Air Canada d/b/a Jazz Air	0.4%	19,025	21,138	19,471	11,219	9,894	17,689	19,520	20,395	26,933	28,944
Air Wisconsin	1.2%	55,347	47,476	50,069	45,414	36,447	43,331	19,466	31,549	22,477	-
American Connection/Chautauqua	0.5%	21,222	14,211	21,899	13,965	10,092	13,322	72,111	-	-	-
Astral Aviation d/b/a Skyway	0.6%	26,139	27,387	22,097	20,695	15,101	12,787	13,494	11,985	11,124	8,074
Continental Airlines	0.0%	696	288	110	344	113,293	170,460	172,331	176,600	181,295	191,334
Delta/Chautauqua	0.9%	38,463	39,816	36,306	21,763	54,716	64,511	15,563	-	-	-
Delta Connection/Atlantic Coast	0.0%	-	-	-	-	6,990	25,972	16,829	24,276	5,863	-
JetBlue Airways	0.0%	-	40,219	65,273	-	-	-	-	-	-	-
Mesa Airlines	1.7%	75,315	94,816	207,224	190,725	208,941	104,977	3,982	5,508	13,877	11,858
Regionsair Inc	0.0%	-	-	229	7,400	15,085	16,784	20,800	13,727	10,832	11,506
Republic	1.0%	45,458	53,616	26,104	14,995	-	-	-	-	-	-
US Air d/b/a US Air Express	0.0%	-	-	49	5,591	5,519	4,804	-	13,556	13,577	14,605
Various/Trans State Airlines	0.9%	41,586	59,315	42,673	26,023	34,026	33,983	10,557	1,899	-	-
United/Skywest	1.6%	72,035	67,357	44,788	57,951	17,624	15,309	21,049	-	-	-
All Others (includes Charters)	5.5%	245,597	219,340	48,434	40,701	66,143	111,777	153,836	120,180	70,273	58,826
Sub Total	14.4%	640,883	684,979	584,726	456,786	593,871	635,706	539,538	419,675	356,251	325,147
TOTAL	100.0%	4,460,962	4,880,360	4,938,191	4,735,910	4,438,392	4,166,820	3,997,980	4,004,407	4,474,163	4,473,657

Enplanement History



JetBlue Airways Corporation began service in 2006 in a non-signatory carrier status and terminated service in January 2008.

Continental Airlines officially transitioned from signatory to non-signatory status during 2007.

The percentage of signatory enplanements declined from 86.0% in 2007 to 84.3% in 2008. This trend is expected to reverse as the signatory agreement nears expiration in 2017.

Southwest Airlines gained market share to 52.5% from 50.7% the prior year as it was one of few carriers with increased enplanements.

Passenger Airline – Aircraft Analysis



Nashville International Airport Passenger Airline Landed Weights (000s)

	% of Total	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
SIGNATORY AIRLINES											
American Airlines	11.0%	649,016	689,632	655,872	634,563	567,963	624,363	585,052	755,178	725,448	798,569
American Eagle	3.5%	208,495	187,228	183,165	176,907	201,774	108,377	58,641	32,413	37,889	25,568
Continental Express d/b/a ExpressJet	3.0%	178,362	213,733	217,946	210,740	74,135	-	-	-	-	-
Delta Air Lines Inc.	3.7%	215,579	220,001	332,566	324,574	449,781	435,374	490,498	672,503	902,990	960,768
Frontier Airlines	2.4%	140,062	150,367	156,727	136,359	104,454	-	-	-	-	-
Northwest Airlines Inc.	3.7%	217,913	262,432	390,255	451,613	508,023	501,271	511,171	454,697	529,846	535,730
Southwest Airlines	56.3%	3,320,830	3,612,516	3,585,140	3,483,250	3,566,231	3,566,775	3,560,773	3,577,728	3,585,272	3,226,360
TWA	0.0%	-	-	-	-	-	-	-	93,869	212,066	219,643
United Airlines/Comair	0.8%	45,394	98,618	132,699	139,071	151,207	113,857	131,318	80,652	56,917	92,167
US Airways	3.8%	226,038	229,738	286,557	276,570	326,295	300,443	375,039	427,338	496,831	504,236
Sub Total	88.1%	5,201,689	5,664,265	5,940,927	5,833,647	5,949,863	5,650,460	5,712,492	6,094,378	6,547,259	6,363,042

Note: Northwest Airlines Inc. and Delta Air Lines Inc. merged during FY2009. However, landed weight data continued to be reported separately throughout the year.

NON-SIGNATORY AIRLINES

Air Canada d/b/a Jazz Air	0.5%	30,390	29,845	28,848	17,375	17,014	29,281	33,765	35,457	45,567	46,680
Air Wisconsin	1.3%	76,469	67,210	64,719	60,771	41,344	52,969	21,103	35,120	18,252	-
American Connection/Chautauqua	0.6%	33,815	22,069	35,093	17,686	15,707	20,448	80,207	6,777	-	-
Astral Aviation d/b/a Skyway	0.0%	-	-	-	-	-	19,953	23,605	23,126	19,620	13,144
Continental Airlines	0.0%	2,126	960	640	656	143,285	223,020	228,955	256,644	253,386	285,965
Delta/Chautauqua	0.7%	39,711	42,535	39,345	26,567	68,125	81,621	20,848	-	-	-
Independence Air	0.0%	-	-	-	34,310	96,350	-	-	-	-	-
JetBlue Airways	0.0%	-	53,009	87,962	-	-	-	-	-	-	-
Mesa Airlines	1.9%	112,812	158,261	232,618	209,875	189,865	63,588	-	-	-	-
Pinnacle Airlines	1.8%	106,045	69,143	28,858	-	-	-	-	-	-	-
Regionsair	0.0%	-	-	375	9,943	27,675	26,988	34,886	23,394	16,983	18,106
Skyway	0.7%	43,193	38,778	30,046	30,760	23,605	31,725	22,419	5,546	-	-
Trans States Airlines	0.9%	54,718	72,332	56,697	33,897	48,943	43,228	10,978	2,350	-	-
Skywest	1.4%	81,313	85,437	60,141	63,303	19,130	17,625	22,560	-	-	-
United Express/Atlantic Coast	0.0%	-	-	-	-	9,930	83,801	127,746	97,952	50,305	50,243
All Others (includes charters)	2.0%	118,946	108,825	52,582	14,896	19,516	119,298	89,628	119,748	107,345	70,880
Sub Total	11.9%	699,538	748,404	717,924	520,039	720,489	813,545	716,700	606,114	511,458	485,019

TOTAL PASSENGER

CARRIER WEIGHT (000)	100.0%	5,901,227	6,412,669	6,658,851	6,353,686	6,670,352	6,464,005	6,429,192	6,700,492	7,058,716	6,848,061
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CARGO & MISC

CARRIER WEIGHT (000)		530,230	567,459	520,621	557,889	629,406	588,017	540,335	477,160	599,964	518,723
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TOTAL WEIGHT

ALL AIRCRAFT (000)		6,431,457	6,980,128	7,179,472	6,911,575	7,299,758	7,052,022	6,969,527	7,177,652	7,658,680	7,366,784
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% PASSENGER

CARRIER WEIGHT		92%	92%	93%	92%	91%	92%	92%	93%	92%	93%
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NUMBER OF DAILY DEPARTURES

	190	188	202	197	213	203	203	204	209	200
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China Airlines was the only signatory cargo carrier with service in and out of Nashville International Airport. However, it announced its intention to leave the market August 2009. Commercial passenger carriers continue to aggressively match aircraft flight scheduling with passenger demand. The seasonal aircraft mix stabilized during FY2009. Differences between total gross landed weight summarized here and carrier-specific activity are attributable to adjustments made during the year.

Nashville International Airport Activity

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Daily Departures	190	188	202	197	213	203	203	204	209	200

This represents a typical business day during June of each fiscal year and the number of departures scheduled for that particular day. Charter activity continues to take place at BNA. However, much of this support services activity is being reported with scheduled service.

Aircraft Operations

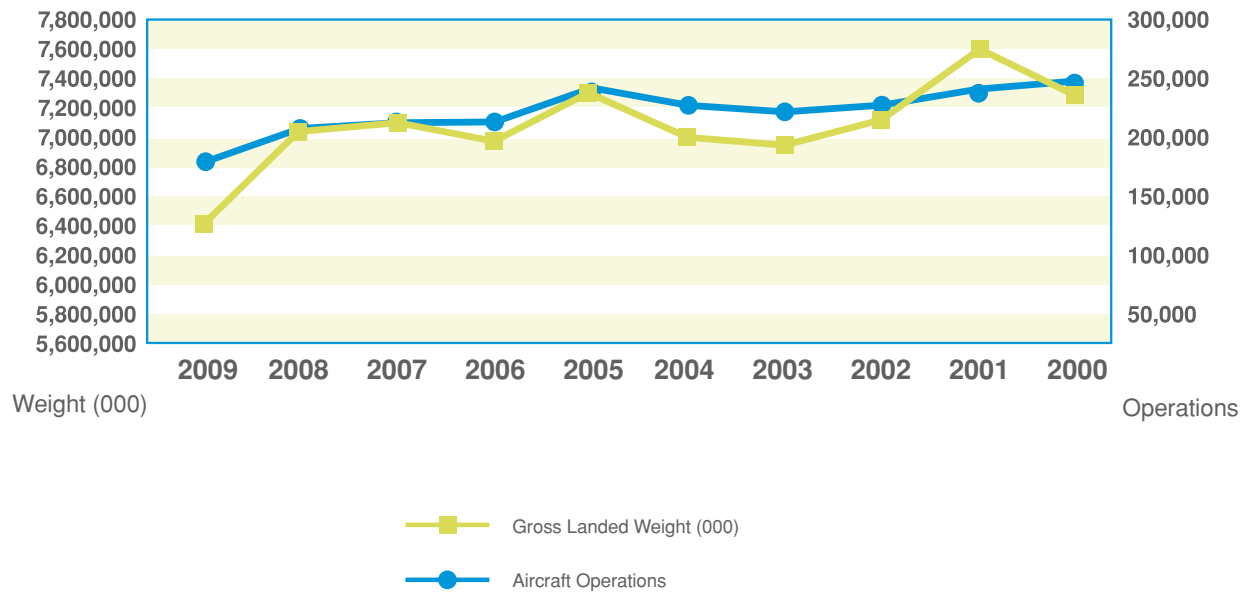
Cargo Carrier	3,080	3,750	4,380	5,592	5,702	5,340	5,184	5,052	5,377	3,678
Charter Carrier (All)	18	20	-	14	-	8	36	142	65,357	75,996
General Aviation	29,511	38,441	44,792	46,268	51,429	54,443	53,012	60,128	40,899	53,616
General Aviation Air Taxi	54,297	61,583	68,086	68,381	36,954	9,052	13,602	23,288	109,907	91,627
Signatory Carrier	50,610	55,661	47,880	43,489	91,747	121,258	120,358	115,532	4,175	4,519
Military Aircraft	3,853	3,102	3,186	3,547	3,947	3,600	3,541	3,827	18,472	18,620
Non-signatory Carrier	37,362	41,333	49,237	49,140	46,673	40,044	34,226	23,414	-	-
Total Aircraft Operations	178,731	203,890	217,561	216,431	236,452	233,745	229,959	231,383	244,187	248,056

Gross Landed Weight (000)

Cargo Carrier	459,433	506,955	520,620	524,424	560,404	509,962	532,168	464,413	378,975	254,704
Charter Carrier	1,429	2,455	-	875	299	36,048	3,296	16,428	36,158	42,770
Signatory Carrier	5,201,689	5,664,264	5,522,157	5,348,133	5,565,483	5,651,245	5,751,488	6,240,424	6,899,936	6,764,111
Military Aircraft	-	-	-	-	-	-	2,867	-	-	-
Non-signatory Carrier	769,319	831,079	1,136,695	1,038,046	1,179,488	845,148	679,707	456,388	343,611	305,199
Total Gross Landed Weight	6,431,870	7,004,753	7,179,472	6,911,478	7,305,674	7,042,403	6,969,526	7,177,653	7,658,680	7,366,784

Differences between total gross landed weight summarized here and carrier-specific activity are attributable to adjustments made during the year. The steady decline in general aviation operations is primarily attributable to the high cost of jet fuel and the current economic conditions.

Aircraft Operations and Gross Landed Weight (000s)



The Authority does not receive information in order to track gross landed weight for general aviation activity.

Air mail continued its steep decline. Freight tonnages increased as space became available on aircraft for this type of cargo.

Federal Express began providing daily domestic service in 2007, and China Airlines announced it will leave the market in August 2009.

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Cargo (tons)										
Air Mail	18	459	543	2,360	3,421	3,479	3,964	7,654	16,223	18,512
Air Freight	8,319	6,912	6,174	6,373	6,369	6,394	5,343	5,682	7,451	8,293
Air Cargo - Domestic	33,914	38,230	38,040	33,013	35,778	34,517	33,555	31,698	40,804	38,382
Air Cargo - International	23,381	33,665	30,164	32,085	29,374	24,373	20,258	8,355	-	-
Total Cargo	65,632	79,266	74,921	73,831	74,942	68,763	63,120	53,389	64,478	65,187

Major Tenants at Nashville International Airport and John C. Tune Airport

Signatory Carriers

American Airlines
American Eagle Airlines
Delta Air Lines
Express Jet (Continental Express)
Frontier
Southwest Airlines
United Airlines
USAir, Inc.

Non-signatory Carriers

Air Canada d/b/a Jazz Air
Air Wisconsin
Astral Aviation d/b/a Skyway
Atlantic Southeast Air
Chautauqua
Continental
Freedom Airlines
Mesa Airlines
Pinnacle Airlines
Republic Airlines
Shuttle America
Skyway
Skywest
Trans States Airline
US Air Express

Cargo Carriers

ABX Air
DHL Express
Baron Aviation Services, Inc.
Air Transport International
China Airlines
Federal Express

Fixed-base Operators

Mercury Air
Signature Flight Support
Caremark RX, Inc.

Ground Transportation

Hotel Shuttles
Taxicab Companies
Limousine Companies

Ground Handlers

Cargo Charter Services
Dynair/Swissport
Resource Airways

Vehicle Parking

Central Parking Systems
First Transit, Inc. (airport shuttle)

Other Airport Tenants

118th Airlift Wing
Aeronautical Radio
Aircraft Services International
Datawave (prepaid phones)
Embraer Aircraft Maintenance
Federal Aviation Administration
Industrial Development Board
Lamar Outdoor Advertising
Metro Government
New Orleans Manor
State of Tennessee
Stiles Corporation
TN Aeronautics Commission
TN Dept of Transportation
Tower Group International
U.S. Customs
U.S. Govt Weather Service
U.S. Postal Service
U.S. Dept of Agriculture

Other Terminal Tenants

24 Hour Flower
A T & T
Country Western Tours/Grayline Tours
Delaware North (Food & Beverage Concession)
Fifth Third Bank
First Class Seats
Graycliff
HMSHost (Food & Beverage Concession)
Hudson Group (News & Gift Concession)
Interspace Airport Advertising
J&B Enterprises (Shoeshine Concession)
Jarmon Limousine
Massage Bar, Inc
Nashville Nails
Opryland Hotel
Security Point Media
Super Shuttle
SmarteCarte
SunTrust Bank
TSA
Wright Travel Business Center

Rental Car

Avis
Budget
Burgner (Thrifty)
Dollar
Enterprise
Hertz
Vanguard (Alamo/National)

Tenants at John C. Tune Airport

Corporate Flight Management
Robert Orr/Sysco
Hangar tenants

Metropolitan Nashville Airport Authority Staffing - Full-time Equivalents

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Administration	92.5	90.5	91.0	92.5	73.0	66.0	65.0	67.5	52.0	59.0
Engineering & Maintenance	67.0	68.0	75.0	73.0	77.0	77.0	76.0	79.0	87.0	88.0
Operations, Safety, Security	111.0	114.0	121.5	118.0	116.0	115.0	113.0	111.5	117.0	118.5
Total Authority Full-time Equivalents	270.5	272.5	287.5	283.5	266.0	258.0	254.0	258.0	256.0	265.5

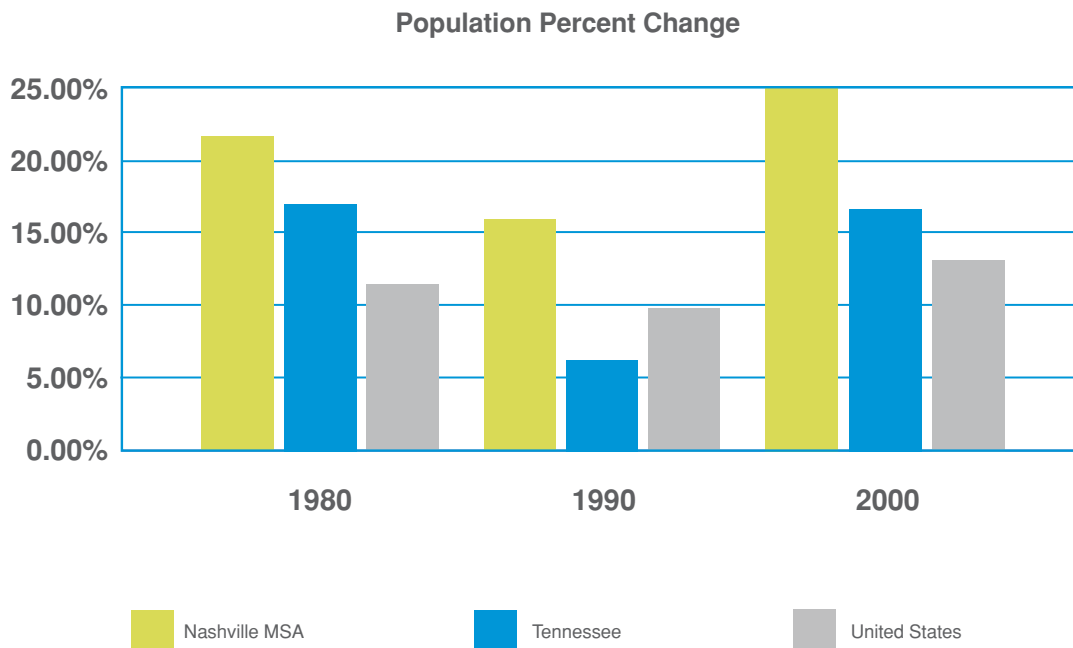
Note: Staffing levels represent full-time equivalents as of the last pay cycle of each fiscal year. MPC has no employees.

Nashville – Davidson – Murfreesboro Metropolitan Statistical Area Population

Year	Nashville MSA*	Tennessee	United States
1970	699,144	3,923,687	203,211,926
1980	850,505	4,591,120	226,545,805
1990	985,026	4,877,185	248,709,873
2000	1,231,311	5,689,283	281,421,906

*The Nashville MSA consists of Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson, and Wilson counties.

Sources: U.S. Census Bureau, Nashville Area Chamber of Commerce



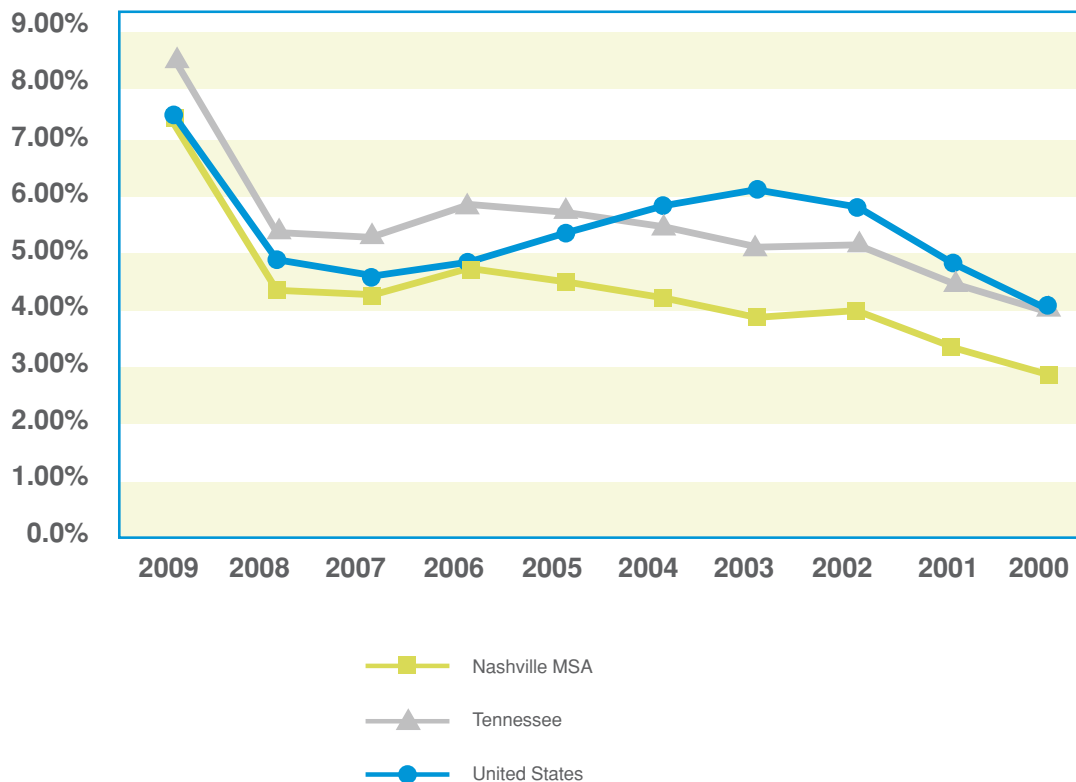
Nashville Metropolitan Statistical Area* Average Unemployment Rate

Year	Nashville MSA	Tennessee	United States
2009	7.40%	8.37%	7.57%
2008	4.45%	5.29%	4.95%
2007	4.28%	5.23%	4.54%
2006	4.70%	5.82%	4.83%
2005	4.49%	5.68%	5.31%
2004	4.19%	5.45%	5.81%
2003	3.83%	5.08%	6.10%
2002	4.01%	5.12%	5.78%
2001	3.32%	4.47%	4.79%
2000	2.85%	3.94%	4.01%

*The Nashville MSA consists of Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson, and Wilson counties.

Source: U.S. Bureau of Labor Statistics

Average Unemployment Rates



Nashville Area Top 25 Employers (Ranked by Number of Local Employees)

2007	Staff	Employer	Headquarters	2006	Staff
1	20,800	State of Tennessee	Nashville	1	20,312
2	19,968	Vanderbilt University and Medical Center	Nashville	2	18,968
3	11,271	U.S. Government	Washington, DC	3	11,219
4	9,899	Metro Nashville Davidson County Public Schools	Nashville	4	10,000
5	9,793	Metropolitan Govt of Nashville and Davidson County	Nashville	5	9,666
6	8,700	HCA Inc.	Nashville	6	8,703
7	7,200	Saint Thomas Health Services	Nashville	7	8,200
8	6,750	Nissan North America Inc.	Gardena, CA	8	7,715
9	4,500	Wal-Mart Stores Inc.	Bentonville, AR	9	4,500
10	4,017	CBRL Group Inc.	Lebanon	11	4,501
11	4,000	Shoney's Inc.	Nashville	12	4,000
12	3,900	Sumner County Govt and Public Schools	Gallatin	14	3,900
13	3,543	Williamson County Public Schools and County Govt	Franklin	15	3,733
14	3,606	Randstad Work Solutions	Atlanta, GA	18	3,450
15	3,600	Dell Corporation	Round Rock, TX	13	4,000
16	3,500	Gaylord Entertainment Co.	Nashville	16	3,462
17	3,274	Rutherford County Board of Education and County Govt	Murfreesboro	19	3,098
18	3,075	Bridgestone Americas Holding Inc.	Nashville	10	2,925
19	3,000	Century II Staffing Co.	Brentwood	17	3,000
20	2,640	Kroger Co.	Cincinnati, OH	21	2,641
21	2,577	The Tennessean	McLean, VA	47	2,565
22	2,547	AT&T	San Antonio, TX	24	declined
23	2,400	Dept of Veterans Affairs Tennessee Valley Healthcare System	Washington	22	2,400
24	2,200	Asurion	Nashville	27	2,000
25	2,178	Middle Tennessee State University	Murfreesboro	25	2,178

Source: Nashville Business Journal's Book of Lists 2009 (nashville.bizjournals.com).

Published January 18, 2008.

Nashville Area Top 25 Public Companies (Ranked by Prior Four Quarters' Revenues)

2007	2006	Employer	Headquarters
1	1	Community Health Systems Inc.	Franklin
2	2	Delek US Holdings Inc.	Franklin
3	4	Tractor Supply Co.	Brentwood
4	3	LifePoint Hospitals Inc.	Brentwood
5	5	CBRL Group Inc.	Lebanon
6	8	HealthSpring Inc.	Nashville
7	9	Corrections Corp. of America	Nashville
8	NR	Brookdale Senior Living Inc.	Brentwood
9	10	Psychiatric Solutions Inc.	Franklin
10	6	Louisiana-Pacific Corp.	Nashville
11	7	Genesco Inc.	Nashville
12	12	Clarcor Inc.	Franklin
13	11	O'Charley's Inc.	Nashville
14	13	Gaylord Entertainment Co.	Nashville
15	15	Healthways Inc.	Nashville
16	14	National HealthCare Corp.	Murfreesboro
17	17	AmSurg Corp.	Nashville
18	16	America Service Group Inc.	Brentwood
19	18	First Acceptance Corp.	Nashville
20	19	Healthcare Realty Trust Inc.	Nashville
21	22	Pinnacle Financial partners Inc.	Nashville
22	21	J Alexander's Corp.	Nashville
23	24	Tennessee Commerce Bancorp Inc.	n/a
24	23	Goldleaf Financial Solutions Inc.	n/a
25	20	National Health Investors Inc.	Murfreesboro

Source: Nashville Business Journal's Book of Lists 2009 (nashville.bizjournals.com). Published September 5, 2008.



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