For the fiscal year ended June 30, 2011

2011 Comprehensive Annual Financial Report

Metropolitan Nashville Airport Authority™

A Six Sigma Organization

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

2011 Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011
Prepared by the Finance Department

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Metropolitan Nashville Airport Authority

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

October 20, 2011

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" or "MNAA") for the fiscal year ended June 30, 2011, 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 ("JWN"), a general aviation reliever airport. These activities collectively provided the framework to deliver the Nashville Airports Experience, the Authority's core competency, to nearly ten million passengers and many other stakeholders in fiscal year 2011. 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 policy 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 with a total budgeted headcount of 284 positions for fiscal year 2011.

A significant portion of day-to-day operations and planning relates to fiscal management. Staff prepares operating and capital budgets that 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 authorize 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, 2011 and 2010, were $8,760,764 and $29,340,490, 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 $500,000,000 general liability policy that requires self-retention of $5,000 per occurrence and a $25,000 aggregate deductible. Additionally, real and personal property is insured for $400,000,000 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 OF THE METROPOLITAN STATISTICAL AREA (MSA)

Nashville, one of America's Friendliest City for 2010 according to *Travel + Leisure* magazine, experienced an economic environment more favorable than other regions of Tennessee and the United States during fiscal year 2011. Fiscal year 2011 saw unemployment rates decrease from its peak in 2010. In fiscal year 2011, the unemployment rate average was 8.45% for the Nashville – Davidson – Murfreesboro Metropolitan Statistical Area ("Nashville MSA") compared with 9.50% for Tennessee, and 9.35% 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 2011, 2010, 2009 and 2008 were as follows:

	Nashville MSA	Tennessee	United States
June 30, 2011	8.45%	9.50%	9.35%
June 30, 2010	9.41%	10.64%	9.77%
June 30, 2009	7.40%	8.37%	7.57%
June 30, 2008	4.45%	5.29%	4.95%

During fiscal year 2011, the Authority maintained an "A" rating and stable outlook with Standard & Poor's Ratings Services for its airport revenue bonds. Moody's Investors Service rated the airport revenue bonds "A2" with a stable outlook. This rating was based on the Authority's low cost structure, strong competitive position and diversity of revenue sources.

MAJOR INITIATIVES AND DEVELOPMENTS

Nashville International Airport served over 9.4 million total passengers in FY 2011, operating an average of 380 daily flights to approximately 70 markets, of which 48 are nonstop markets. Nashville International is utilized by 11 airlines and boasts 61 air carrier gates and up to 78 commuter aircraft parking positions. The MNAA's two airports contribute $3.74 billion in total economic activity, $1.18 billion in wages and more than 39,700 jobs annually to the regional economy. The focus at BNA in recent years has been major airfield and landside work and extensive terminal renovations. The Authority completed work in 2011 on $36 million of improvements in the second phase of terminal renovations. In January 2010, the Authority issued $66.3 million of special facility revenue bonds, with the sole source of revenue being customer facility charges (CFCs). These bonds are financing construction of a consolidated rental car facility ("CONRAC"), built adjacent to the existing short term lot. This project is on schedule for its grand opening on November 1, 2011.

The Authority successfully refunded $86 million in bonds early in the fiscal year, achieving more than $8.4 million, or 9.14%, in debt service cost savings. The refunding included $70 million in non-Alternative Minimum Tax (AMT) bonds and $16 million in Alternative Minimum Tax (AMT) bonds and included bond series 1995, 1998A, 1998C and 2001A.

The first phase of terminal renovations, focusing on concession improvements, saw BNA's efforts 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 2009. In 2010, BNA again received an award for Best Concessions Program.

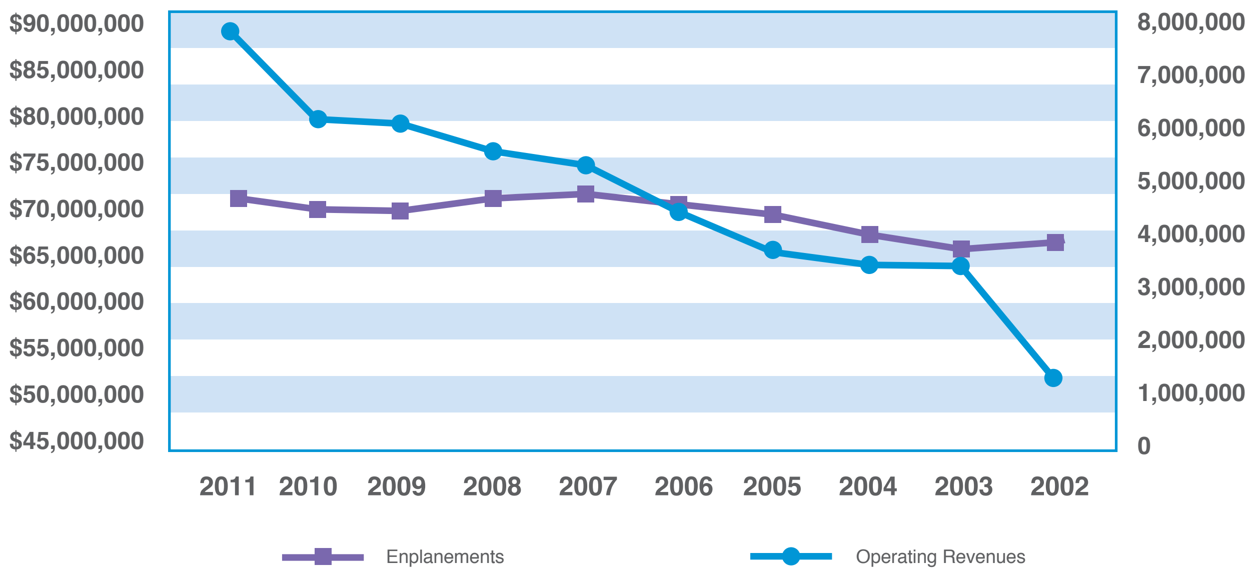
Nashville experienced major flooding in May 2010, damaging many top tourist destinations. While most of these sites quickly reopened, enplanements were negatively impacted in early fiscal year 2011. Nevertheless, BNA ended the year strong with enplanements increasing 5.3% for fiscal year 2011.

Airline mergers continued in fiscal year 2011, with Southwest announcing its acquisition of AirTran and American Airlines announcing plans to spin off its subsidiary American Eagle. United completed its merger with Continental during the year, following previous years in which Delta acquired Northwest and Republic Airlines acquired Frontier and Midwest Airlines.

Outlook for Fiscal Year 2012

Airline alliances will continue to drive decisions by most airlines on route development. Both internationally and domestically, enplanements are improving from low levels experienced with the economic downturn in 2008. Recent trends indicate that enplanements are likely to increase. Airlines are especially susceptible to changes in fuel prices which could be impacted by changing economic conditions. However, several recent events have caused economic uncertainty and eroded consumer confidence. These events include Standard & Poor's downgrade of the United States, continuing U.S. budget deficits and high unemployment rates, along with extreme volatility in the stock market. While the Authority cannot accurately predict the economic climate throughout fiscal year 2012, budget assumptions used were conservative and used estimates for both enplanements and landed weights below those actually experienced in fiscal year 2011. Early indications are that revenues in fiscal year 2012 will exceed budgeted performance. The Authority also has a longstanding practice of managing expenses to budgeted levels. Accordingly, the Authority expects to meet or exceed budgeted performance in fiscal year 2012.

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 2011 as well as certain comparisons of the current year to the prior year. The actual financial statements and related footnotes are presented on pages 27 to 56. 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 U.S. 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 and have devoted considerable time this past year to attract and retain individuals in our finance department who embrace the concept of a healthy internal control environment.

OTHER INFORMATION

Independent Audit

The Authority's independent auditor, Crosslin & Associates, P.C., has rendered an unqualified opinion that the Authority's financial statements as of and for the years ended June 30, 2011 and 2010, 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 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, P.C., 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, 2011 and 2010.

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, 2010. 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 are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

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

Chair

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

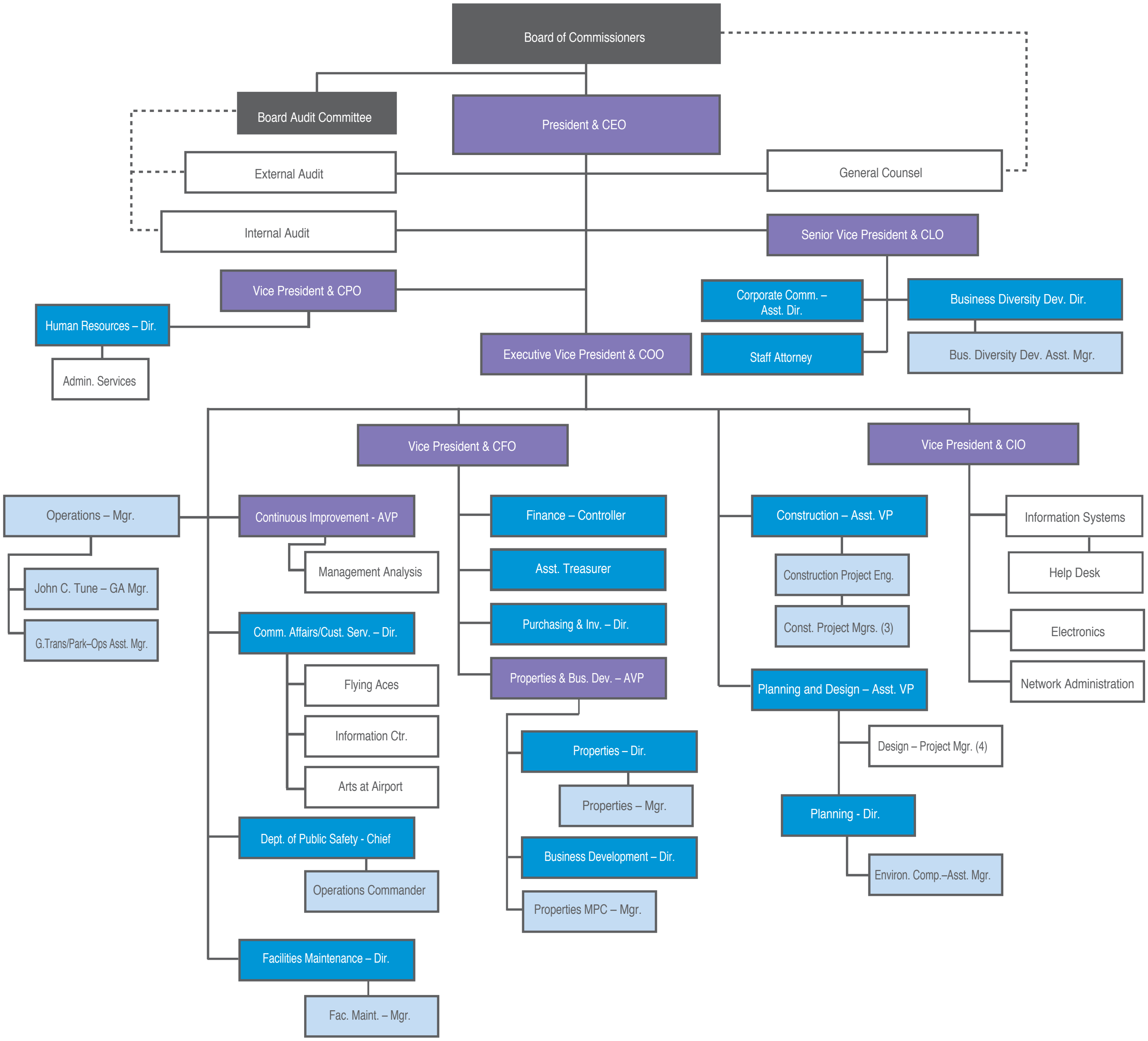
Robert J. Joslin
Joslin and Son Signs

Saul Solomon
Bridgestone Americas

Robert J. Walker
Walker, Tipps & Malone

Deborah Wright
Amenacorp Business Services

METROPOLITAN NASHVILLE AIRPORT AUTHORITY ORGANIZATION CHART
AS OF JUNE 30, 2011



Executive Staff (As of June 30, 2011)

Raul L. Regalado, C.A.E.
President & Chief Executive Officer

Robert Wigington, I.A.P.
Executive Vice President & Chief Operating Officer

Robert Watson, JD
Senior Vice President & Chief Legal Officer

Stan Van Ostran, CPA, CIA, CFE, JD, CM
Vice President & Chief Financial Officer

Amelia N. Armstrong
Vice President & Chief People Officer

Vanessa Hickman, CM
Vice President & Chief Information Officer

John Howard
Assistant Vice President, Properties and Business Development

Walt Matwijec
Assistant Vice President, Continuous Improvement

Robert Ramsey, PE, CM
Assistant Vice President-Planning and Design

Christine Vitt, PE $_{(NY)}$, CM
Assistant Vice President-Construction and Environmental

Emily Richard
Assistant Director, Corporate Communications
Government Relations

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, 2010

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.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

Financial Section

This section contains the following subsections:

CROSSLIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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, 2011 and 2010, 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, 2011 and 2010, 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 2011 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.

Crosslin & Associates, P.C.
Nashville, Tennessee
October 20, 2011

2525 West End Avenue, Suite 1100 • Nashville, Tennessee 37203 • phone: 615-320-5500 • fax: 615-329-9465 • www.crosslinpc.com
An Independent Member of The BDO Seidman Alliance

The following Management's Discussion and Analysis ("MD&A") of the Metropolitan Nashville Airport Authority (the "Authority" or "MNAA") 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

Fiscal year 2011 began with the region drying out and recovering from flooding which occurred in May 2010 when Middle Tennessee experienced an historic 500-year flood. Record rainfall ranging from 14" to 18" occurred on May 1 and 2, 2010, which broke the Nashville one- and two-day rainfall records (and later contributed to the one-month rainfall record), and caused the Cumberland River, Harpeth River and other low-lying areas to overflow their banks and overwhelm residential communities and business districts with water. Many area tourist destinations were flooded, including the Grand Ole Opry, Gaylord Opryland Hotel and much of the surrounding area, as well as parts of downtown Nashville. While our airports suffered only minimal damage, enplanement levels were off in the early months of fiscal year 2011. However, most of these tourist destinations were back in operation within a few months and enplanements continued to rebound in 2011 ending the year up 5.3% compared to 2010.

The Metropolitan Nashville Airport Authority started few construction projects in 2011, instead focusing on completing projects already under way. Recent years had seen historic levels of capital activity with the Authority spending over $316 million for needed improvements since 2007. For fiscal year 2011, the Authority added $81.5 million in capital assets. Federal, state and local grants and contributions provided approximately $16.8 million of this funding during the year, with the remainder mostly coming from bond proceeds. Construction projects totaling $58.7 million were completed during 2011, and $113.1 million remains in construction in progress at June 30.

Recent projects at Nashville International Airport (BNA) include Runway 2L-20R, which was demolished, crushed and used as a base for the reconstructed runway. The runway, 7,702 feet long and 150 feet wide, was enhanced with 35-foot-wide asphalt shoulders, a requirement for larger, Group V aircraft. An additional connector taxiway complemented the project, and the runway was placed back into service early in the fiscal year. An in-line explosive detection system (EDS) project was also nearing completion at the end of the fiscal year. This project was funded with $20 million from the federal government and $12 million from other sources. The project also included removing the existing EDS and explosives trace detection (ETD) machines from the public spaces and freeing up space in the ticket lobby.

A new automated sort-controlled, outbound baggage handling system with two separate, in-line screening matrices was also completed in 2011. Nashville International Airport (BNA) continued to renovate the terminal building, completing most of the Phase II terminal renovation projects during the year. These renovations were financed with proceeds from bonds issued in 2009, with Passenger Facility Charges (PFCs) used to pay the debt service. Carpeting, wall coverings, restrooms, airline hold rooms, elevators, air handlers and other elements were replaced in this two-year project.

The $70 million consolidated rental car (CONRAC) facility, commenced in February 2010, remains on schedule with a planned opening November 1, 2011. The three-level concrete structure can house 2,400 rental cars, a quick-turnaround facility with car wash bays and fueling stations, escalators, elevators, moving walkways, and various environmentally desirable features. The CONRAC project is being financed through $66.3 million in CONRAC Special Facility Bonds issued in fiscal year 2010. Debt service of the CONRAC bonds will be paid through Customer Facility Charges (CFCs).

New projects started in fiscal year 2011 included the $17.2 million reconstruction of Taxiway T4 & S, $1.5 million upgrade of the security camera system and $1.8 million of lighting improvements. The lighting improvements are expected to pay for themselves with utility savings within six years.

John C. Tune (JWN), BNA's reliever airport on the west side of Nashville, expected a busy construction year, but was stalled when a small drainage channel was declared a wetlands area. The area is at the north end of the runway in the same location as a planned runway safety area project. This $6.8 million safety project is expected to proceed in 2012 as the Authority works with other agencies to develop more wetlands in the region to offset the wetlands recently discovered. The airport also replaced roofs on some existing hangars and is currently constructing several T-hangars. A taxiway and apron overlay project for $2.5 million and $1.8 million in runway and taxiway lighting are expected in 2013 and 2014, respectively.

The property development organization of the Authority, MNAA Properties Corporation (MPC), continued its efforts to refurbish one of its multi-use tenant properties, International Plaza. Projects on the building in 2011 included installation of four new elevators, as well as a lighting retrofit project expected to reduce energy costs. Another project identified and abated asbestos throughout the building. Projects planned for 2012 include new exterior panels to improve the building's appearance and an asphalt overlay of the parking lot. Occupancy reached a high of 75% during the year, better than most area office buildings, with interest by prospects in the building continuing at a high level.

OPERATIONAL HIGHLIGHTS

Enplanements, a commonly cited airport statistic, were up 5.3% in 2011 at BNA with 4,724,974 enplanements compared to 4,487,336 in 2010. Certified gross landed weights, another key indicator, were at 6,038,280 pounds, up 2.8% in 2011. Nashville International Airport served over 9.4 million total passengers in FY 2011, operating an average of 380 daily flights to approximately 70 markets, of which 48 are nonstop. Nashville International is utilized by nine major airlines and has 61 air carrier gates and up to 78 commuter aircraft parking positions. The MNAA's two airports contribute $3.74 billion in total economic activity, $1.18 billion in wages and more than 39,700 jobs annually to the regional economy. Fiscal year 2012 is starting well as enplanements are up 3.5% for the first three months compared to the same period a year ago.

Several of the most common indicators of activity during 2011, 2010 and 2009 appear below:

	2011	2010	2009
Enplanements	4,724,974	4,487,336	4,460,962
% increase (decrease)	5.3%	0.6%	(8.6%)
Aircraft landed weight (all – 000)	6,038,280	5,875,693	6,431,457
% increase (decrease)	2.8%	(8.6%)	(7.9%)
Aircraft operations (passenger)	85,139	83,023	87,972
% increase (decrease)	2.5%	(5.6%)	(9.3%)
Aircraft operations (all other)	89,459	91,145	90,759
% increase (decrease)	(1.8%)	0.4%	(15.1%)
Load factors	75.6%	73.6%	67.9%
% increase (decrease)	2.7%	8.4%	N/C

Load factors are the percentages of seats occupied on all passenger aircraft, both arriving and departing airplanes. The increase of 2.7% in occupied seats occurred despite airlines increasing available seats by 2.3% in 2011. The 8.4% increase in fiscal year 2010 was a result of fewer and smaller aircraft transporting passengers. BNA also saw a 2.5% increase in total airline aircraft operations during 2011. These increases signal that airlines are becoming more efficient in selecting the right mix of aircraft to meet their scheduling requirements.

Airline mergers continued to change the landscape in fiscal year 2011, with Southwest announcing plans to acquire AirTran and American Airlines announcing plans to spin off its subsidiary American Eagle. United completed its merger with Continental during the year, following the recently completed mergers of Delta acquiring Northwest and Republic Airlines acquiring Frontier and Midwest Airlines. The Authority has experienced no significant operational impact from previous mergers and expects no negative impact with the latest merger announcements.

In anticipation of the CONRAC project, the Board of Commissioners had previously approved the imposition of a customer facility charge (CFC) for rental car customers. The Authority began collecting a $4.00 CFC per day effective January 1, 2008, and increased the CFC rate to $4.50 effective January 1, 2010. This nonoperating revenue source is to pay for costs, fees and expenses associated with the planning, design, construction, financing, maintenance and operation of the CONRAC facility as well as other costs, fees and expenses that may be paid from CFC proceeds. Since imposition of the CFC fee, the Authority has collected over $28.9 million, with more than $9 million collected in fiscal year 2011. Transaction days also improved in 2011, averaging 168,050 per month, compared to 156,210 and 159,351 in fiscal years 2010 and 2009, respectively.

SUMMARY OF OPERATIONS AND CHANGES IN NET ASSETS

The Authority's Statements of Revenues, Expenses and Changes in Net Assets for the three most recent fiscal years provide considerable insight about the financial impact of activities during the respective years. The following represents a summary of changes in net assets over the past three fiscal years with "%Change" representing the change from 2010 to 2011 and 2009 to 2010:

	2011	2010	%Change	2009	%Change
Operating revenues	$89,441,577	$81,684,429	9.5%	$79,255,840	3.1%
Operating expenses	62,294,769	57,475,479	8.4%	53,076,173	8.3%
Operating income before depreciation	**27,146,808**	**24,208,950**	**12.1%**	**26,179,667**	**(7.5%)**
Depreciation	29,679,570	25,882,986	14.7%	25,151,547	2.9%
Operating (loss) income	**(2,532,762)**	**(1,674,036)**	**(51.3%)**	**1,028,120**	**>(100.0%)**
Nonoperating revenues	24,592,244	24,245,319	1.4%	20,771,966	16.7%
Nonoperating expenses	10,579,134	22,614,006	(53.2%)	14,554,050	55.4%
Income (loss) before capital contributions	**11,480,348**	**(42,723)**	**>100.0%**	**7,246,036**	**>(100.0%)**
Capital contributions	16,861,226	46,422,786	(63.7%)	24,316,658	90.9%
Increase in net assets	**28,341,574**	**46,380,063**	**(38.9%)**	**31,562,694**	**46.9%**
Net assets, beginning of year	360,599,153	314,219,090	14.8%	282,656,396	11.2%
Net assets, end of year	**$388,940,727**	**$360,599,153**	**7.9%**	**$314,219,090**	**14.8%**

OPERATING AND NONOPERATING REVENUE HIGHLIGHTS

Operating revenue for the year was up 9.5% over the prior year, with signatory airline revenue up 23.3% and parking revenues up 11.1%. Operating revenue for 2011 was up 12.9% from 2009, with signatory airline revenue up 48.7% and parking revenue up 5.6%. Signatory airline revenue will likely be down in 2012 as rates were reduced based on forecasts for other operating revenues in 2012. The residual signatory airline agreement requires signatory airlines to provide additional funding if fees and charges and all other net airport revenues are insufficient to cover the Authority's eligible obligations, but reduces fees and charges as other revenues increase. Recent and projected increases in enplanements are mostly driving forecasts of increased revenues, requiring the Authority to reduce signatory airline fees and charges under the agreement. However, during the recent recession signatory airlines made up budget revenue shortfalls of $1,914,700 and $7,265,000 in 2010 and 2009, respectively, under the agreement.

Nonoperating revenue was mostly unchanged in 2011, with a slight 1.4% increase. Nevertheless, investment income was down 56.2% from the prior year due to historically low interest rates. Investment income was $342,616 in 2011, compared to $781,719 in 2010 and $1,642,936 in 2009. PFC revenue was also down 14.2% as the collection rate dropped to $3.00 from $4.50 in 2011. The PFC collection rate was $4.50 for most of 2010 and $3.00 for all of 2009. Currently, the Authority is collecting for PFC-funded projects that are not eligible for collection at the $4.50 level. The Authority intends to qualify future PFC applications to remain at the $4.50 collection authority. PFC dollars are restricted for capital projects approved by the FAA and spent accordingly. Customer Facility Charges (CFC), which will fund debt service for the new consolidated rental car (CONRAC) facility, were up 14.7% in 2011. CFC revenues were $9,074,716 in 2011, compared to $7,911,785 in 2010 and $7,648,876 in 2009. Other nonoperating revenue was the most improved category with $1,874,664 in revenues in 2011 compared to $57,143 in 2010. This gain was due to a refunding in September 2010 (see Note 5 to Financial Statements, Synthetic Advance Refunding, Series 2001A).

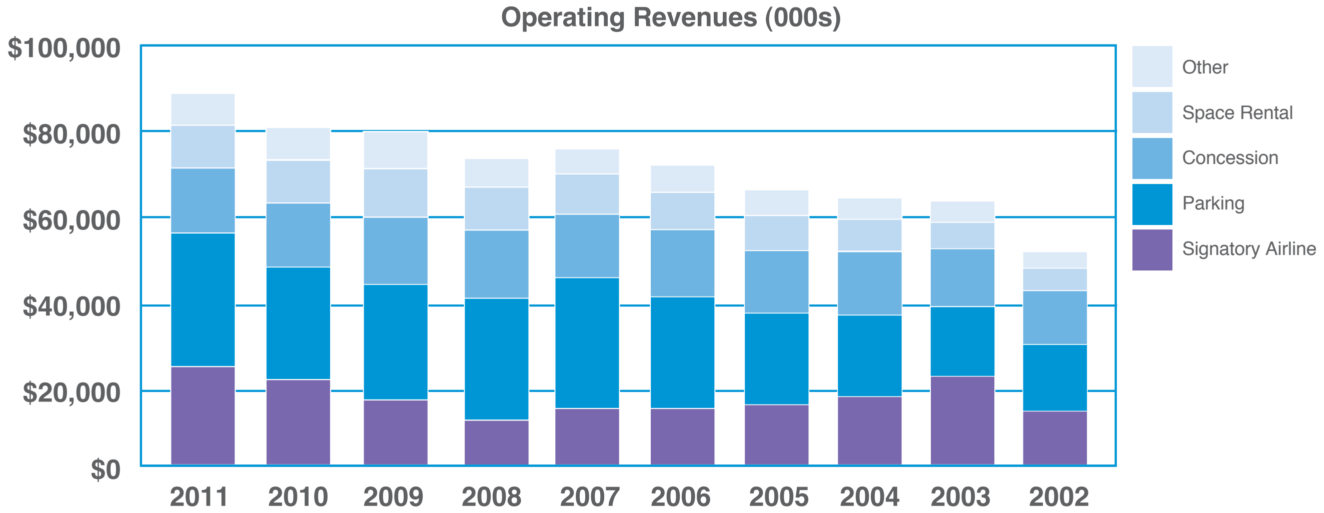
In addition to BNA, other MNAA entities also reported stable operating revenues in 2011. At JWN, the 2011 operating revenue was $711,345, which compares to $701,045 in 2010 and $693,713 in 2009. MPC reported total operating revenue of $1,981,541 in 2011, compared to $2,128,766 in 2010. However, included in 2010 operating revenue was a payment made by Metro Water Services for $156,713 as a reimbursement for overbilling for water service at International Plaza, one of the two properties MPC owns. Nonoperating revenue was incidental in 2011 and 2010 for both entities, as investment income was down considerably from 2009 due to historically low interest rates.

The following summarizes all the Authority revenues for the fiscal years ended June 30, 2011, 2010 and 2009 with "%Change" representing the change from 2010 to 2011 and 2009 to 2010:

	2011	2010	%Change	2009	%Change
Operating revenues					
Signatory airline	$ 25,305,820	$20,522,901	23.3%	$17,017,714	20.6%
Parking	29,743,911	26,768,620	11.1%	28,174,733	(5.0%)
Concession	16,609,629	16,511,983	0.6%	16,558,935	(0.3%)
Space rental	9,804,161	9,938,642	(1.4%)	10,077,305	(1.4%)
Other	7,978,056	7,942,283	0.5%	7,427,153	6.9%
Total operating revenues	**89,441,577**	**81,684,429**	**9.5%**	**79,255,840**	**3.1%**
Nonoperating revenues					
Investment income	342,616	781,719	(56.2%)	1,642,936	(52.4%)
Passenger facility charges	13,300,248	15,494,672	(14.2%)	11,480,154	35.0%
Customer facility charges	9,074,716	7,911,785	14.7%	7,648,876	3.4%
Other nonoperating revenues	1,874,664	57,143	>100%	-	>100%
Total nonoperating revenues	**24,592,244**	**24,245,319**	**1.4%**	**20,771,966**	**16.7%**
Capital contributions	**16,861,226**	**46,422,786**	**(63.7%)**	**24,316,658**	**90.9%**
Total revenues and capital contributions	**$130,895,047**	**$152,352,534**	**(14.1%)**	**$124,344,464**	**22.5%**

The five revenue sources that comprise signatory airline fees and charges include: ramp fees (RF), main terminal (MT), north (NC) and south concourse (SC) fees, as well as landing fees (LF). These budgeted rates for 2011 were $101.26 (RF), $93.16 (MT), $41.29 (NC), $41.12 (SC) and $2.05 (LF). In comparison, budgeted fees and charges for 2012 are $84.78 (RF), $78.84 (MT), $36.13 (NC), $37.51 (SC) and $0.32 (LF). This further compares to the final true-up fees and charges for 2010 of $114.62 (RF), $89.12 (MT), $42.31 (NC), $41.33 (SC) and $1.26 (LF). Signatory landing fees for 2011 exceeded $10.4 million, up from $7.0 million in 2010, and were the greatest revenue increase. Non-signatory rates, also referred to as compensatory rates, for 2011 remained at published rates throughout the year at $301.87 (RF), $238.37 (MT), $90.13 (NC), $92.73 (SC) and $5.02 (LF). While the budgeted signatory fees and charges for 2012 dropped significantly, non-signatory airlines will only see landing fees reduced. These fees drop to $3.92 in 2012, compared to $5.02 in 2011. However, other non-signatory fees will increase slightly in 2012. Under the signatory agreement rate model, landing fees are disproportionately affected compared to other cost centers causing landing fees to move more dramatically with any change in eligible revenue or expense.

The following chart demonstrates the 10-year trend for MNAA's operating revenues from 2002 through 2011:



The Authority offers a frequent parker program that enables customers to earn free parking points when using the public parking areas at BNA. Various marketing efforts promoting the program continued in 2011, and interest increased dramatically with a promotion of the short-term garage during the temporary closure of the Long Term A lot for repaving. The loss in revenue from the temporary closure of the Long Term A lot during 2011 and the permanent loss of parking spots due to CONRAC have been offset by parking rate increases and general enplanement activity.

Capital contributions were down 63.7% in 2011 as the airport slowed its capital spending. Capital contributions in 2011 were only $16,861,226 compared to $46,422,786 in 2010 and $24,316,658 in 2009.

OPERATING AND NONOPERATING EXPENSES HIGHLIGHTS

The Authority's expenses continued to increase in 2011 for two of the three organizations. The following represents a summary of Authority expenses for the fiscal years ended June 30, 2011, 2010 and 2009 with "%Change" representing the change from 2010 to 2011 and 2009 to 2010:

	2011	2010	%Change	2009	%Change
Operating expenses					
Salaries and wages	$ 28,570,046	$28,057,407	1.8%	$26,339,723	6.5%
Contractual services	21,851,020	18,680,783	17.0%	16,358,604	14.2%
Materials and supplies	2,875,601	2,363,467	21.7%	1,704,622	38.7%
Utilities	6,317,661	5,909,708	6.9%	6,231,268	(5.2%)
Other	2,680,441	2,464,114	8.8%	2,441,956	0.9%
Total operating expenses before provision for depreciation	**62,294,769**	**57,475,479**	**8.4%**	**53,076,173**	**8.3%**
Provision for depreciation	29,679,570	25,882,986	14.7%	25,151,547	2.9%
Nonoperating expenses					
Interest expense	11,717,420	15,081,502	(22.3%)	13,823,696	9.1%
(Gain) loss on disposal of property and equipment	(426,224)	7,292,588	>(100%)	(744,112)	>(100%)
(Gain) loss on derivative financial instruments	(712,062)	239,916	>(100%)	1,474,466	(83.7%)
Total nonoperating expenses	**10,579,134**	**22,614,006**	**(53.2%)**	**14,554,050**	**55.4%**
Total expenses	**$102,553,473**	**$105,972,471**	**(3.2%)**	**$92,781,770**	**14.2%**

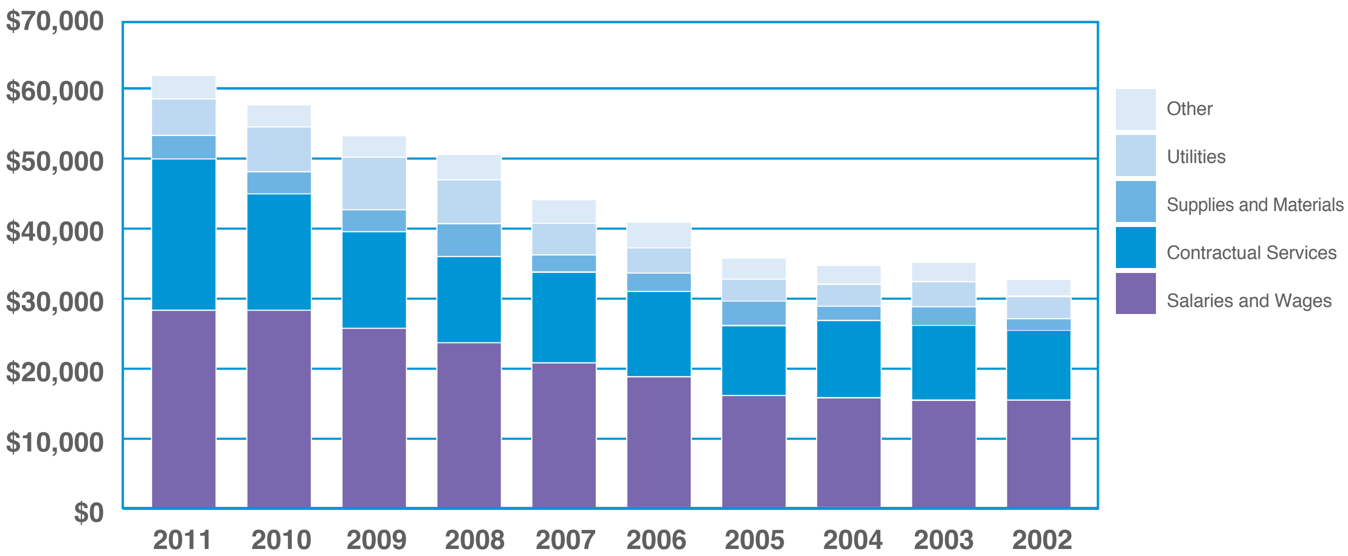
Expenses were up in all categories for 2011, but were mostly anticipated increases that had been budgeted. Salaries and wages increased only 1.8% in 2011. In past years the increase had been more remarkable and was driven by pension and other postemployment benefit (OPEB) expenses. Contractual services and materials and supplies saw the largest increases in 2011 and were attributable to several factors, including additional costs for pavement maintenance (which were offset by grant revenues), a contract to maintain the new baggage systems and increased transportation costs for parking customers. The CONRAC construction continued to disrupt shuttle bus routes and increase transportation costs.

Unusual winter weather in both 2011 and 2010 caused increased costs for snow and ice removal, which also increased materials and supplies. Snow and ice removal costs were $308,226 in 2011, compared to $303,450 in 2010 and only $29,442 in 2009. Winter weather also contributed to increased costs in other ways. In 2009, a compliance inspection by the State of Tennessee first identified contamination due to stormwater run-off of deicing fluid at BNA. While BNA made efforts to mitigate the deicing issue and study how to prevent a recurrence, additional run-off contamination was noted again in 2011. More information about this item may be found in Note 14 to the financial statements. BNA continues to make further efforts to mitigate the issue, including a $1.8 million capital project and continuing efforts to treat or remove contaminated stormwater run-off.

Utilities increased 6.9% during the year and are projected to increase in future years as new demand metering charges are implemented. Depreciation also increased by 14.7% in 2011, reflecting the aggressive capital program undertaken in recent years, including the terminal renovations and several airfield projects.

The following chart demonstrates the 10-year trend for MNAA's operating expenses from 2002 through 2011:

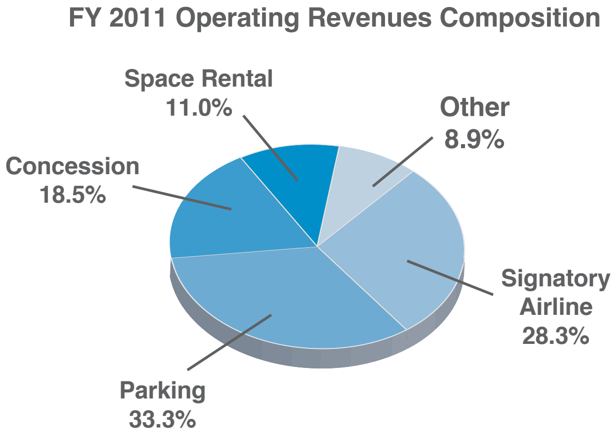
Operating Expenses (before Depreciation) (000s)

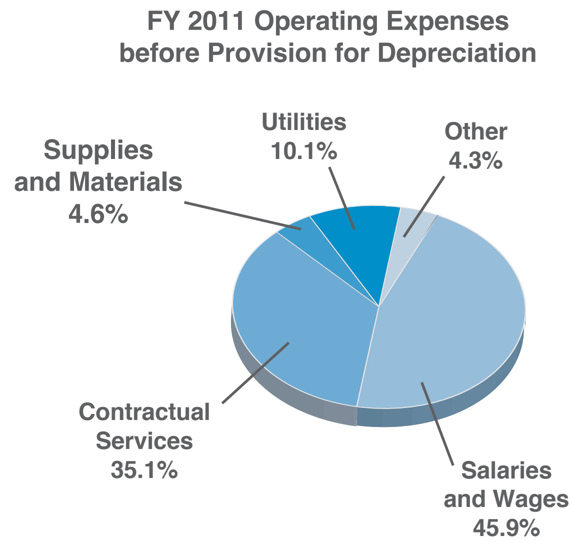


The most notable item of nonoperating expenses was the charge for the loss on disposal of property and equipment in early 2010. The Authority reviewed historical records of the original terminal structure and airfield assets, identifying components that had been retired or replaced. This analysis accounted for most of the $7,292,588 loss on disposals in 2010 at BNA, including parking improvements not depreciated that are within the footprint of the new CONRAC facility. The $7,292,588 loss in 2010 compares with a $426,224 gain in 2011, mostly from the sale of certain residential properties. The Authority also recognized a gain of $712,062 relating to the change in fair value of interest rate swap derivative instruments.

At JWN, operating expenses decreased from $512,889 in 2010 to $434,279 in 2011. The higher expenses in 2010 are mostly attributable to one-time landscaping costs incurred for the new entrance at JWN. Depreciation at JWN increased from $1.05 million in 2010 to $1.11 million in 2011, which reflects several airfield projects completed in recent years. Expenses at MPC increased from $1.3 million in 2010 to $1.6 million in 2011.

The composition of all MNAA operating revenues and operating expenses are presented here for 2011:





FINANCIAL POSITION SUMMARY

The Statements of Net Assets depict the Authority's financial position as of June 30 and include all assets and liabilities of the Authority.

Following is a condensed summary of the Authority's financial position at June 30, 2011, 2010 and 2009. The "%Change" reflects changes from 2010 to 2011 and 2009 to 2010 as follows:

	2011	2010	%Change	2009	%Change
Assets					
Current assets	$133,537,431	$186,743,588	(28.5%)	$138,007,855	35.3%
Capital assets, net	546,399,466	494,568,675	10.5%	442,763,034	11.7%
Other noncurrent assets	17,335,662	18,810,358	(7.8%)	19,761,969	(4.8%)
Total assets	**$697,272,559**	**$700,122,621**	**(0.4%)**	**$600,532,858**	**16.6%**
Liabilities					
Current liabilities	$ 49,725,042	$ 52,033,831	(4.4%)	$ 44,077,363	18.1%
Noncurrent liabilities	258,606,790	287,489,637	(10.0%)	242,236,405	18.7%
Total liabilities	**308,331,832**	**339,523,468**	**(9.2%)**	**286,313,768**	**18.6%**
Net assets					
Invested in capital assets, net of related debt	309,766,045	284,697,793	8.8%	235,035,655	21.1%
Restricted	73,638,747	66,224,548	11.2%	68,634,046	(3.5%)
Unrestricted	5,535,935	9,676,812	(42.8%)	10,549,389	(8.3%)
Total net assets	**388,940,727**	**360,599,153**	**7.9%**	**314,219,090**	**14.8%**
Total liabilities and net assets	**$697,272,559**	**$700,122,621**	**(0.4%)**	**$600,532,858**	**16.6%**

Current assets declined back to normal levels in 2011, while the increase in 2010 was due to proceeds from the CONRAC Series 2010 bonds. The $51,830,791 increase in capital assets was due to various construction projects, including CONRAC, offset by current year depreciation.

Liabilities decreased in 2011, partially due to a refunding last September and other overall reductions in debt obligations. This refunding is discussed under the title "Debt Administration" which follows. Current liabilities decreased from $52,033,831 in 2010 to $49,725,042 in 2011. The current portion of maturities for airport revenue bonds increased slightly from to $27,440,000 in 2010 to $27,815,000. At JWN, liabilities decreased to $121,141 in 2011, compared to $333,230 in 2010 and $98,835 in 2009. JWN had a large trade accounts payable of $310,473 in 2010, which accounts for most of this reduction. Similarly, MPC reduced its liabilities to $602,850 in 2011 from $852,696 in 2010 and $79,080 in 2009. It too had a large trade accounts payable of $404,696 at the end of 2010.

The other postemployment benefits (OPEB) obligation grew by $4.1 million in 2011. The Authority's Board approved a funding plan to address the unfunded pension and OPEB obligations on May 18, 2011. As the funding schedule shows below, the plan provides $19 million for the retirement plan and $14 million for OPEB of total funding before 2017, the end of the signatory agreement, and works with the Authority's goal to manage these liabilities. At that time, debt service requirements will be substantially reduced and funding shortfalls, if any, can be easily addressed.

Fiscal Year	Retirement Plan Funding	OPEB Plan Funding
2010	$ -	$ 500,000
2011	1,000,000	500,000
2012	1,500,000	500,000
2013	1,500,000	1,000,000
2014	5,000,000	1,000,000
2015	5,000,000	1,000,000
2016	5,000,000	1,000,000
2017	-	8,500,000
TOTAL	**$19,000,000**	**$14,000,000**

The portion of the Authority's net assets shown below, $73,638,747, represents 18.9% of total net assets. This compares with $66,224,548 (18.4% of total net assets) in restricted net assets at June 30, 2010, and $68,634,046 (21.8% of total net assets) at June 30, 2009. These resources are subject to restrictions on use and are not available for spending as they have already been committed as follows:

Passenger facility charge projects and related debt service	$ 20,471,601
Customer facility charge projects and related debt service	23,105,902
Debt service and other	30,061,244
Total restricted net assets	$ 73,638,747

The unrestricted net assets of $5,535,935 may be used to meet the Authority's ongoing obligations.

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 CONRAC Series 2010 bonds, to cover construction costs of the consolidated rental car facility, account for the increase of cash and cash equivalents at June 30, 2010. Use of such proceeds during 2011 caused the decrease at June 30, 2011.

	2011	2010	2009
Cash flows provided by (used in):			
Operating	$33,157,649	$37,492,750	$25,662,188
Non-capital financing	(992,425)	(1,349,653)	(1,341,987)
Capital and related financing	(81,724,573)	13,063,742	(7,168,857)
Investing	20,901,031	(13,972,349)	26,981,622
Net (decrease) increase in cash and cash equivalents	**$(28,658,318)**	**$35,234,490**	**$44,132,966**
Cash and cash equivalents:			
Beginning of year	147,207,919	111,973,429	67,840,463
End of year	**$118,549,601**	**$147,207,919**	**$111,973,429**

CAPITAL ACTIVITIES

Capital assets, net of accumulated depreciation, increased from $494,568,675 to $546,399,466 at year-end. This $51,830,791 or 10.5% increase was due to the project activities occurring both landside and on the airfield. One of the largest projects in the Authority's history, the consolidated rental car (CONRAC) facility, is on schedule to open November 1, 2011. Phase II of the terminal renovation project was completed in 2011 as well, along with several other projects previously mentioned. The Authority continued to secure federal and state support for eligible projects whenever possible. Additional funding is provided through PFCs, CFCs, 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 to the financial statements provides additional information about the additions, retirements and transfers during the years ended June 30, 2011 and 2010.

DEBT ADMINISTRATION

The Authority issued Airport Improvement Revenue Bond Series 2010B in the amount of $70,400,000 and Revenue Bond Series 2010C in the amount of $16,170,000 in August 2010. The Series 2010B and 2010C bonds were issued to refund certain of the outstanding Airport Improvement Revenue Bonds, pay the premiums of municipal bond insurance policies and debt service reserve surety policies for the 2010 bonds, and pay certain costs of their issuance. The refunding did not extend the maturity dates of the bonds and reduced the total principal and interest due during the remaining term of the bonds, fiscal years 2012 to 2017, by $11,345,710. For more information on the Authority's outstanding bonds, see Note 5 of the Notes to Financial Statements and "Schedule of Airport Revenue Bonds, Principal and Interest Requirements by Fiscal Year" on p. 63 and 64. The Refunded Bonds consisted of the following:

Series of Refunded Bonds	Maturities (July 1) Years Inclusive	Refunded Amounts	Redemption Date	Redemption Price
1995	2011-2015	$33,305,000	September 20, 2010	100%
1998A	2011-2014	3,015,000	September 20, 2010	100%
1998C	2011, 2013-2016	14,115,000	September 20, 2010	100%
2001A	2011-2015	42,490,000	September 20, 2010	103%
		$92,925,000		

The first principal amount for the Series 2010B of $9,900,000 is due on July 1, 2011. The first principal amount for the Series 2010C of $2,805,000 is due on July 1, 2011. The Series 2010B bonds mature on July 1, 2015, and the Series 2010C mature on July 1, 2016.

As of June 30, 2011, the Authority's balance of outstanding long-term revenue bonds was $256,980,000 compared with $290,775,000 at the end of the prior year. The current portion of revenue bonds is $27,815,000 and is due on July 1, 2011.

The only bond issued under the PFC resolution will mature July 1, 2012, with $7,750,000 principal owed on or before that date. The Series 2010A bonds are being paid for with draws from PFC collections as a result of eligible projects undertaken in the 1990s that were paid for years ago. 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.

Series Description	Beginning Balance	(Refundings) New Bonds	Principal Repayment	Ending Balance
Series 1995 Revenue Bonds	$ 38,265,000	$ (33,305,000)	$ (4,960,000)	$ -
Series 1998A Revenue Bonds	4,330,000	(3,015,000)	(1,315,000)	-
Series 1998C Revenue Bonds	16,190,000	(14,115,000)	(2,075,000)	-
Series 2001A Revenue Bonds	49,475,000	(42,490,000)	(6,985,000)	-
Series 2003 PFC Revenue Bonds	11,485,000	-	(3,735,000)	7,750,000
Series 2003B Revenue Bonds	17,260,000	-	-	17,260,000
Series 2008A Revenue Bonds	25,700,000	-	(6,400,000)	19,300,000
Series 2009A Revenue Bonds	36,000,000	-	(715,000)	35,285,000
Series 2010 CONRAC Revenue Bonds	66,300,000	-	-	66,300,000
Series 2010A Revenue Bonds	25,770,000	-	(1,255,000)	24,515,000
Series 2010B Revenue Bonds	-	70,400,000	-	70,400,000
Series 2010C Revenue Bonds	-	16,170,000	-	16,170,000
Total	**$290,775,000**	**$(6,355,000)**	**$(27,440,000)**	**$256,980,000**

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, by sending an email to finance@nashintl.com or by calling (615) 275-1600.

Respectfully submitted,

Stan Van Ostran
Vice President and CFO
Nashville, Tennessee

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ASSETS

	2011	2010
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	$ 34,397,372	$ 33,373,144
Short-term investments	-	3,097,500
Accounts receivable (net of allowance for doubtful accounts of $47,948 and $86,345, respectively)	2,801,699	5,077,268
Inventories	594,835	520,654
Accrued interest receivable	-	44,430
Prepaid expenses and other	833,092	776,355
Total current unrestricted assets	38,626,998	42,889,351
Restricted assets:		
Cash and cash equivalents	84,152,229	113,834,775
Short-term investments	5,159,000	22,385,500
Passenger facility charges receivable	1,172,837	2,485,987
Customer facility charges receivable	883,490	854,532
Amounts due from governmental agencies	3,542,877	4,204,568
Accrued interest receivable	-	88,875
Total current restricted assets	94,910,433	143,854,237
Total current assets	133,537,431	186,743,588
NONCURRENT ASSETS:		
Capital assets:		
Land and land improvements	518,623,318	505,594,005
Land held for future expansion	36,701,068	36,701,068
Buildings and building improvements	183,122,322	161,692,621
Equipment, furniture and fixtures	57,665,911	51,082,588
Construction in progress	113,187,969	90,428,596
Total capital assets	909,300,588	845,498,878
Less accumulated depreciation	(362,901,122)	(350,930,203)
Total capital assets, net	546,399,466	494,568,675
Restricted investments	3,601,764	3,600,000
Unrestricted investments	-	257,490
Deferred bond issue costs	4,764,673	4,618,483
Other assets	8,969,225	10,334,385
Total noncurrent assets	563,735,128	513,379,033
TOTAL ASSETS	$ 697,272,559	$ 700,122,621

LIABILITIES AND NET ASSETS

	2011	2010
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Trade accounts payable	$ 6,893,744	$ 8,751,046
Accrued payroll and related items	3,137,291	2,994,912
Current maturities of notes payable	448,000	448,000
Total payable from unrestricted assets	10,479,035	12,193,958
Payable from restricted assets:		
Trade accounts payable	6,043,191	5,918,962
Accrued interest payable	5,387,816	6,480,911
Current maturities of airport revenue bonds	27,815,000	27,440,000
Total payable from restricted assets	39,246,007	39,839,873
Total current liabilities	49,725,042	52,033,831
NONCURRENT LIABILITIES:		
Airport revenue bonds, less current maturities (net of unamortized deferred amount on refunding of $6,608,155 and $6,510,395, respectively)	229,023,078	258,769,926
Notes payable, less current maturities	6,929,329	7,377,329
Synthetic advance refunding, Series 2001A	-	1,913,045
Fair value of derivative financial instruments	2,764,065	3,476,127
Deferred interest income	1,179,828	1,334,444
Deferred rental income	1,919,966	1,952,990
Other postemployment benefits obligation	16,790,524	12,665,776
Total noncurrent liabilities	258,606,790	287,489,637
Total liabilities	308,331,832	339,523,468
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS:		
Invested in capital assets - net of related debt	309,766,045	284,697,793
Restricted:		
Passenger facility charge projects and debt service	20,471,601	24,030,445
Customer facility charge projets and debt service	23,105,902	14,097,298
Debt service and other	30,061,244	28,096,805
Total restricted net assets	73,638,747	66,224,548
Unrestricted net assets	5,535,935	9,676,812
Total net assets	388,940,727	360,599,153
TOTAL LIABILITIES AND NET ASSETS	$ 697,272,559	$700,122,621

See accompanying notes to financial statements.

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	2011	2010
OPERATING REVENUES:		
Signatory airline	$ 25,305,820	$ 20,522,901
Parking	29,743,911	26,768,620
Concession	16,609,629	16,511,983
Space rental	9,804,161	9,938,642
Other	7,978,056	7,942,283
	89,441,577	81,684,429
OPERATING EXPENSES:		
Salaries and wages	28,570,046	28,057,407
Contractual services	21,851,020	18,680,783
Materials and supplies	2,875,601	2,363,467
Utilities	6,317,661	5,909,708
Other	2,680,441	2,464,114
	62,294,769	57,475,479
OPERATING INCOME BEFORE PROVISION FOR DEPRECIATION	27,146,808	24,208,950
PROVISION FOR DEPRECIATION	29,679,570	25,882,986
OPERATING LOSS	(2,532,762)	(1,674,036)
NONOPERATING REVENUES (EXPENSES):		
Investment income	342,616	781,719
Passenger facility charges	13,300,248	15,494,672
Customer facility charges	9,074,716	7,911,785
Interest expense	(11,717,420)	(15,081,502)
Gain (loss) on disposal of property and equipment	426,224	(7,292,588)
Gain (loss) on derivative financial instruments	712,062	(239,916)
Other nonoperating, net	1,874,664	57,143
	14,013,110	1,631,313
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	11,480,348	(42,723)
CAPITAL CONTRIBUTIONS	16,861,226	46,422,786
INCREASE IN NET ASSETS	28,341,574	46,380,063
TOTAL NET ASSETS - BEGINNING OF YEAR	360,599,153	314,219,090
TOTAL NET ASSETS - END OF YEAR	$ 388,940,727	$ 360,599,153

See accompanying notes to financial statements.

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 91,685,202	$ 82,509,710
Cash paid to employees	(24,302,919)	(22,082,869)
Cash paid to suppliers	(31,544,193)	(20,469,977)
Other payments	(2,680,441)	(2,464,114)
Net cash provided by operating activities	33,157,649	37,492,750
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments on long-term debt	-	(350,000)
Interest paid on long-term debt	(992,425)	(999,653)
Net cash used in noncapital financing activities	(992,425)	(1,349,653)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Receipt of passenger facility charges	14,613,398	14,504,476
Receipt of customer facility charges	9,045,758	7,742,765
Purchases of property and equipment	(81,521,662)	(85,142,302)
Interest paid on long-term debt	(10,771,991)	(10,652,380)
Proceeds from issuance of long-term debt	-	68,166,706
Net cash (used in) provided by debt refundings	(1,873,780)	720,000
Payment of bond issue costs	(1,348,329)	(2,578,928)
Payments on long-term debt	(27,888,000)	(26,268,000)
Swap termination payment	-	(1,348,500)
Contributions from governmental agencies	17,522,917	47,701,675
Other nonoperating	497,116	218,230
Net cash (used in) provided by capital and related financing activities	(81,724,573)	13,063,742
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(35,473,412)	(39,598,191)
Proceeds from the sale and maturities of investments	56,054,902	25,314,334
Interest received on investments	319,541	311,508
Net cash provided by (used in) investing activities	20,901,031	(13,972,349)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(28,658,318)	35,234,490
CASH AND CASH EQUIVALENTS		
Beginning of year	147,207,919	111,973,429
End of year	$ 118,549,601	$ 147,207,919

See accompanying notes to financial statements. *(Continued)*

	2011	2010
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$(2,532,762)	$(1,674,036)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Provision for depreciation	29,679,570	25,882,986
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:		
Decrease in accounts receivable	2,275,569	850,058
Increase in inventories	(74,181)	(95,514)
(Increase) decrease in prepaid expenses	(56,737)	116,439
Decrease in other assets	1,364,080	2,697,263
(Decrease) increase in trade accounts payable	(1,733,073)	3,765,793
Increase in accrued payroll and related items	142,379	881,675
Increase in deferred rental income	1,880	9,047
Increase in other postemployment benefit obligation	4,124,748	5,092,863
Net cash provided by operating activities	$ 33,157,649	$ 37,492,750
CASH AND CASH EQUIVALENTS - END OF YEAR CONSIST OF:		
Unrestricted cash and cash equivalents	$ 34,397,372	$ 33,373,144
Restricted cash and cash equivalents	84,152,229	113,834,775
	$118,549,601	$147,207,919

NONCASH INVESTING AND FINANCING ACTIVITIES:

During 2011 and 2010, $1,144,071 and $2,055,192, respectively, were recorded to interest expense for amortization of deferred bond issue costs, deferred loss on refunding of debt and bond premium.

During 2011 and 2010, interest expense was reduced by $97,972 and $664,723, respectively, for the amortization of the synthetic advance refunding.

During 2011 and 2010, $154,616 and $351,853, respectively, were included in interest income related to the amortization of deferred interest income.

During 2011 and 2010, gains (losses) of $712,062 and $(239,916), respectively, were recognized for the change in fair value of derivative financial instruments.

During 2011, bond issue costs of $644,268 were reclassified to deferred loss on refunding relating to the 2010B & C bonds.

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 by the Governmental Accounting Standards Board ("GASB"), it has been determined that the Authority is a component unit of the Metropolitan Government.

The Authority's Board of Commissioners consists of 10 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 million 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.

During November 2009, the Board of Commissioners approved the formation of a Tennessee nonprofit limited liability company, MPC CONRAC, LLC. This entity was created in connection with the special facilities financing for the Authority's consolidated rental car facility. MPC CONRAC, LLC, is a single member LLC, wholly owned by MPC. The formation of MPC CONRAC, LLC, created an appropriate entity to execute various agreements and secure services as necessary in order to meet the needs that may arise when the consolidated rental car ("CONRAC") facility is completed in November 2011.

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 its 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, including MPC CONRAC, LLC, as noted above.

The Authority applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements. 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, pension valuation, 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 and capital improvement 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 annual operating budget and capital improvement budget are submitted to the Board of Commissioners for approval for John C. Tune Airport and to the Board of Directors for 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). However, in recent years, eligible revenues covered less expenses and debt service thereby increasing the residual amount the signatory airlines have been required to pay in the form of terminal rents and landing fees.

Parking - Parking revenue is generated primarily from the operation of Authority-owned parking facilities at Nashville International Airport. This amount is presented net of ‘frequent parker’ and other incentive programs.

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 based 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 securities of U.S. Agencies. 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”). The ARRA project was completed during fiscal year 2010, and accordingly, this grant has been closed. 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 $25,000 or more at Nashville International Airport and $10,000 at John C. Tune Airport and MPC. Routine maintenance and repairs are expensed as incurred. Net interest cost incurred during the construction of facilities is capitalized as part of project costs if funding is not from grants or restricted resources. 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	10 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 consist of interest rate swap agreements, and are accounted for at fair value in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

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, or the straight-line method when not materially different, over the term of the respective bonds. Issue costs associated with refunded bonds are reclassified from unamortized issue costs assets to deferred loss on refunding at the time of refunding and amortized over the term of the new bonds or old bonds, whichever is shorter.

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 Loss on Bond Refundings

In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities*, the refunding difference between the net carrying amount of the original debt and the reacquisition price is reported as a deduction from long-term debt. The deferred loss on refunding is amortized over the term of the new bonds or old bonds, whichever is shorter, using the effective interest method or the straight-line method, when not materially different.

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 nonoperating 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 nonoperating 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 consists 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

Assets and liabilities recorded at fair value in the statements of net assets are categorized based on the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by Financial Accounting Standards Board Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, 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 2010 amounts in the financial statements to conform to the presentation adopted for fiscal year 2011.

Recent Accounting Pronouncements

The GASB has recently issued the following pronouncements applicable to the Authority:

Statement No. 61 - *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*

The objective of this Statement is to improve financial reporting for a governmental financial reporting entity to better meet user needs and to address reporting entity issues. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity.

The objectives of the amendments to the criteria for including component units are to allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude.

The amendments to the criteria for blending intend to improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic. For primary governments that are business-type activities reporting in a single column, the guidance for reporting blended component units allows users to better distinguish between the primary government and its component units by requiring condensed combining information to be included in the notes to the financial statements.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012.

Statement No. 62 - Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements

The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

This Statement eliminates the election provided for enterprise funds and business-type activities to apply post-November 30, 1989, FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989, FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented.

Statement No. 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

Statement No. 64 - Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53

The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

The requirements of this Statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011.

Management is currently analyzing the impact of the recently issued GASB Statements on the Authority's financial statements and related disclosures.

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 $120,891,981 and $151,197,446 at June 30, 2011 and 2010, respectively (with a carrying value of $118,549,601 and $147,207,919) represent a variety of time deposits and cash equivalents.

Cash deposits are maintained at two financial institutions 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 institutions are members of the State of Tennessee's Bank Collateral Pool that collateralizes public fund 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 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 funds 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, 2011 and 2010, the Authority had the following investments and maturities:

			Investment Maturities (in Years)		
Investment Type	**Credit Rating**	**Fair Value**	**Less than 1**	**1–5**	**6–10**
June 30, 2011					
U.S. agencies	AAA/aaa	$ 8,760,764	$ 5,159,000	$ 3,601,764	$ -
June 30, 2010					
U.S. agencies	AAA/aaa	$ 24,535,500	$ 20,935,500	$ -	$ 3,600,000
Asset-backed securities	AAA/aaa	126,909	-	126,909	-
Mortgage-backed securities	AAA/aaa	130,581	-	130,581	-
Certificate of deposit	A1/P1	4,547,500	4,547,500	-	-
		$ 29,340,490	$ 25,483,000	$ 257,490	$ 3,600,000

The credit ratings above are reported as of June 30, 2011 and 2010, respectively. During August 2011, S&P downgraded the credit rating for U.S. Agency investments from AAA to AA+.

The carrying amount of investments is reflected in the accompanying statements of net assets at June 30, 2011 and 2010, as follows:

	2011	**2010**
Short-term unrestricted investments	$ -	$ 3,097,500
Short-term restricted investments	5,159,000	22,385,500
Noncurrent unrestricted investments	-	257,490
Noncurrent restricted investments	3,601,764	3,600,000
	$ 8,760,764	$ 29,340,490

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%), CMOs/Mortgage Backed Securities (0 - 25%) and Cash Equivalents (0 - 100%). 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 does 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, 2011 and 2010, 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 November 1999, the Authority entered into a Debt Service Forward Delivery Agreement ("1999 DSFDA") with a financial institution for the continuous investment of certain bond principal and interest investments through the term of the respective 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. The amount of the upfront payment was recorded as deferred interest income and is being amortized into income over the term of the agreement. Certain bond refundings have occurred since the Authority entered into the 1999 DSFDA. The principal and interest investments of the new bonds have replaced the investments of the former bond series. As of June 30, 2011, the bonds subject to the 1999 DSFDA include Series 2008A, Series 2010B and Series 2010C.

The remaining unearned amount relating to the forward delivery agreement was $1,179,828 and $1,334,444 at June 30, 2011 and 2010, respectively. Such amounts are reported as deferred interest income in the accompanying statements of net assets.

4. CAPITAL ASSETS

Capital assets and related accumulated depreciation activity for the years ended June 30, 2011 and 2010, were as follows:

	Balance June 30, 2010	Additions	Retirements	Transfers	Balance June 30, 2011
Capital assets not being depreciated:					
Land	$ 60,994,397	$ -	$ -	$ (484,000)	$ 60,510,397
Land held for future expansion	36,701,068	-	-	-	36,701,068
Construction in progress	90,428,596	81,521,662	-	(58,762,289)	113,187,969
Total capital assets not being depreciated	188,124,061	81,521,662	-	(59,246,289)	210,399,434
Capital assets being depreciated:					
Land improvements	444,599,608	-	(17,175,982)	30,689,295	458,112,921
Buildings and building improvements	161,692,621	-	(288,428)	21,718,129	183,122,322
Equipment, furniture and fixtures	51,082,588	-	(255,542)	6,838,865	57,665,911
Total capital assets being depreciated	657,374,817	-	(17,719,952)	59,246,289	698,901,154
Less accumulated depreciation:					
Land improvements	(245,879,376)	(17,095,352)	17,174,353	-	(245,800,375)
Buildings and building improvements	(77,442,332)	(8,259,389)	285,023	-	(85,416,698)
Equipment, furniture and fixtures	(27,608,495)	(4,324,829)	249,275	-	(31,684,049)
Total accumulated depreciation	(350,930,203)	(29,679,570)	17,708,651	-	(362,901,122)
Net capital assets being depreciated	306,444,614	(29,679,570)	(11,301)	59,246,289	336,000,032
Net capital assets	$ 494,568,675	$ 51,842,092	$ (11,301)	$ -	$ 546,399,466

	Balance June 30, 2009	Additions	Retirements	Transfers	Balance June 30, 2010
Capital assets not being depreciated:					
Land	$ 62,659,897	$ -	$ (1,665,500)	$ -	$ 60,994,397
Land held for future expansion	36,701,068	-	-	-	36,701,068
Construction in progress	32,813,869	85,142,302	-	(27,527,575)	90,428,596
Total capital assets not being depreciated	132,174,834	85,142,302	(1,665,500)	(27,527,575)	188,124,061
Capital assets being depreciated:					
Land improvements	446,349,767	-	(25,269,642)	23,519,483	444,599,608
Buildings and building improvements	171,150,808	-	(12,607,554)	3,149,367	161,692,621
Equipment, furniture and fixtures	50,436,887	-	(213,024)	858,725	51,082,588
Total capital assets being depreciated	667,937,462	-	(38,090,220)	27,527,575	657,374,817
Less accumulated depreciation:					
Land improvements	(251,855,784)	(15,092,167)	21,068,575	-	(245,879,376)
Buildings and building improvements	(81,583,973)	(6,899,420)	11,041,061	-	(77,442,332)
Equipment, furniture and fixtures	(23,909,505)	(3,891,399)	192,409	-	(27,608,495)
Total accumulated depreciation	(357,349,262)	(25,882,986)	32,302,045	-	(350,930,203)
Net capital assets being depreciated	310,588,200	(25,882,986)	(5,788,175)	27,527,575	306,444,614
Net capital assets	$ 442,763,034	$ 59,259,316	$ (7,453,675)	$ -	$ 494,568,675

The amount of construction in progress at June 30, 2011, is attributable to the following (See Note 14):

CONRAC	$62,429,082
In-line explosive detection system	32,551,994
Taxiway T4 & S	7,295,674
Other projects	10,911,219
Total construction in progress	$113,187,969

During fiscal year 2011, the Authority capitalized interest of $2,239,432 relating to the CONRAC project.

During fiscal year 2010, as a result of the construction projects under way, the Authority analyzed its capital asset schedules and wrote off a number of assets that had been or are going to be replaced. The portion of the terminal building that was replaced during the phases of the terminal renovation project and the TARI-impacted airport roadways were removed from the balance sheet. Additionally, the CONRAC project's impact on the public parking footprint accounted for much of the remainder of the loss on the disposal of assets in fiscal year 2010.

During fiscal year 2011, the Authority received $400,000 from the Metropolitan Government for the Automatic Vehicle Locator project. This amount is included in contributed capital in the accompany statement of revenues, expenses and changes in net assets.

5. AIRPORT BONDS

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 the aggregate outstanding principal amount of the Authority's Airport Revenue Bonds, Series 1985.

The Series 1995 bonds were initially issued bearing interest at a variable weekly rate, but were subsequently remarketed with a fixed rate. The remarketed bonds contained serial bonds at interest rates ranging from 4.80% to 5.00%. At the option of the Authority, the Series 1995 bonds maturing on and after July 1, 2010, may be repaid at 100% of the principal balance outstanding. The Series 1995 bonds were refunded in their entirety with the Series 2010B bonds in August 2010. See further discussion of the 2010B bonds below.

Airport Improvement Revenue Bonds, Series 1998

During December 1997, the Authority issued Series 1998A bonds in the principal amount of $19,695,000. The Series 1998A issue contained serial bonds at interest rates ranging from 4.90% to 5.15%. At the option of the Authority, the 1998A bonds maturing on and after July 1, 2010, may be repaid at 100% of the principal balance outstanding. The Series 1998A bonds were refunded in their entirety with the Series 2010C bonds in August 2010. See further discussion of the 2010C bonds below.

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 the aggregate outstanding principal amount of the Authority's Airport Revenue Bonds, Series 1989A. The 1998C issue contained serial bonds at the interest rate of 5.38%. At the option of the Authority, the bonds may be repaid beginning July 1, 2010, at 100% of the principal balance outstanding. The Series 1998C bonds were refunded in their entirety with the Series 2010C bonds in August 2010. See further discussion of the 2010C bonds below.

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 the aggregate outstanding principal amount of the Authority's Airport Revenue Bonds, Series 1991C.

The Series 2001A issue contained serial bonds at an interest rate of 6.60%. The Series 2001A bonds were refunded in their entirety with the Series 2010B bonds in August 2010. The reacquisition price was 103% of the outstanding principal. See further discussion of the 2010B bonds below.

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 the 2001A bonds which were used to redeem the long-term portion of the outstanding 1991C bonds.

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.

As described below, the Series 2001A bonds were refunded with the Series 2010B bonds. Upon issuance of the 2010B bonds, an analysis of the 2001A synthetic advance refunding concluded that any obligation associated with the upfront payment was defeased at the first call date, July 1, 2010. Therefore, the outstanding deferred credit balance was recorded to other nonoperating income at the time the Series 2001A bonds were refunded with the 2010B bonds in August 2010. More information about the refunding of these bonds is detailed below.

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 primarily to refund $29,885,000 aggregate principal amount of the Authority's Passenger Facility Charge and Airport Improvement Revenue Bonds, Series 1992, and to fund a reserve with respect to the Series 2003 bonds.

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 amortized through fiscal year 2012.

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 $3,825,000 on July 1, 2011, to $3,925,000 on July 1, 2012.

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 (See Note 15).

The Series 2003B bonds contain serial bonds at interest rates ranging from 4.13% to 5.94%, with annual sinking fund requirements in progressive annual amounts ranging from $380,000 on July 1, 2011, 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, 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 amortized through fiscal year 2020.

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 $6,700,000 on July 1, 2011, 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 Authority's Series 2006 and Series 2007A bonds. 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. The Series 2008B issue contained 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. The Series 2008B bonds were refunded with the Series 2010A bonds in February 2010. See further discussion of the 2010A bonds below.

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, and to fund a deposit to the debt service reserve account for the Series 2009A 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 $1,200,000 on July 1, 2011, 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.

Airport Improvement Revenue Bonds, Series 2010A

During February 2010, the Authority issued Series 2010A bonds in the principal amount of $25,770,000. The bonds were issued to provide funds to refund $25,050,000 aggregate outstanding principal amount of the Authority's Series 2008B bonds and to pay issuance costs. The purpose of the refunding was to replace variable rate bonds with fixed rate bonds thereby terminating an interest rate swap with a financial institution. 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 2008B bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $498,838. This difference, reported in the accompanying financial statements as a deduction from long-term debt, is being amortized through fiscal year 2018.

The Series 2010A issue contains serial bonds at interest rates ranging from 3.00% to 5.00%, maturing in amounts ranging from $3,295,000 on July 1, 2011, to $3,835,000 on July 1, 2017.

Special Facility Revenue Bonds (MPC CONRAC LLC Project) Series 2010 Bonds

During February 2010, the Authority issued CONRAC Series 2010 bonds in the principal amount of $66,300,000. The bonds, together with customer facility charge ("CFC") collections on hand and collected during the construction period, will be used for the development and construction of a new consolidated rental car facility and related improvements, including quick-turnaround facilities at the Airport, to fund certain deposits to the debt service reserve fund and coverage fund, and to pay bond issue costs of $2,268,828. Issuance costs are being charged to operations through fiscal year 2018 using the effective interest method. The CONRAC Series 2010 bonds are payable from and secured by a pledge of certain rental payments derived from customer facility charges under leases with rental car agencies (See Note 10).

The CONRAC Series 2010 bonds contain serial bonds at interest rates ranging from 2.25% to 6.19%, maturing in progressive annual amounts ranging from $1,580,000 on July 1, 2012, to $3,800,000 on July 1, 2024. The CONRAC Series 2010 bonds also contain term bonds at 6.79%, maturing in progressive amounts ranging from $4,055,000 on July 1, 2025, to $13,755,000 on July 1, 2029.

Airport Improvement Revenue Bonds, Series 2010 B&C

During August 2010, the Authority issued Series 2010B bonds in the principal amount of $70,400,000 and Series 2010C in the principal amount of $16,170,000, collectively the "Series 2010B&C bonds." These bonds, together with other funds of the Authority, were issued to provide funds to refund $92,925,000 aggregate outstanding principal amount of the Authority's Series 1995, 1998A, 1998C and 2001A bonds, to pay the premiums of municipal bond insurance policies and debt service reserve fund surety policies, and to pay certain costs of their issuance. Interest on the 2010C bonds is treated as a preference item in calculating alternative minimum tax. The 2010B&C bonds were issued at a premium totaling $5,755,919. The refunding resulted in an economic gain of approximately $8,500,000.

The refunding of the Series 1995, 1998A, 1998C and 2001A bonds resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of $1,918,969, including a 3%, $1,274,700 repayment premium on the 2001A bonds. This difference, reported as a deduction from long-term debt, is being amortized through fiscal year 2017.

The Series 2010B issue contains serial bonds at interest rates ranging from 3.00% to 4.00%, maturing in amounts from $9,990,000 on July 1, 2011, to $16,475,000 on July 1, 2015. The Series 2010C issue contains serial bonds at interest ranging from 3.00% to 4.00%, maturing in amounts from $2,805,000 on July 1, 2011, to $1,740,000 on July 1, 2016.

In summary, all of the Authority's bonds, except for the Series 2003 PFC bonds, were issued under the Airport Improvement Revenue Bond Resolution adopted by the Board of Commissioners of the Authority on August 15, 1991 (as amended and supplemented from time to time). 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 Application for its annual debt service costs on the 2009A bonds and the Series 2010A bonds (See Note 9). Although the CONRAC Series 2010 bonds were issued under the General Resolution, the CFCs are not in and of themselves a part of airport revenues or net revenues as defined in the General Bond Resolution. Therefore, airport revenues derived by the Authority from the operation of the Airport are not pledged for payment of and do not constitute security for the CONRAC Series 2010 bonds. All other bonds are secured by a pledge of and lien on net revenues derived by the Authority from the operation of the airports.

The following shows the composition of restricted cash and cash equivalents and investments as of June 30, 2011 and 2010 (the restricted funds relate primarily to airport bonds and related activity):

	2011	2010
Principal and Interest Funds:		
Airport Improvement Revenue Bonds, Series 1995	$ -	$ 5,333,001
Airport Improvement Revenue Bonds, Series 1998	-	3,536,004
Airport Improvement Revenue Bonds, Series 2001A	-	7,762,000
Airport Improvement Revenue Bonds, Series 2003B	745,146	365,310
PFC and Airport Improvement Revenue Bonds, Series 2003	4,546,713	4,481,638
Airport Improvement Revenue Bonds, Series 2008A	6,778,589	5,901,409
Airport Improvement Revenue Bonds, Series 2009A	1,946,744	1,472,469
Airport Improvement Revenue Bonds, Series 2010A	4,042,940	1,894,494
Airport Improvement Revenue Bonds, Series 2010B	11,280,649	-
Airport Improvement Revenue Bonds, Series 2010C	3,092,505	-
Bond Reserve Funds:		
PFC and Airport Improvement Revenue Bonds, Series 2003	4,429,527	4,547,500
Airport Improvement Revenue Bonds, Series 2009A	3,662,356	3,660,490
Airport Improvement Revenue Bonds, Series 2010A	2,584,196	2,579,309
CONRAC Series 2010 Bonds	6,645,587	6,633,131
Construction Funds:		
PFC and Airport Improvement Revenue Bonds, Series 2003	10,325,447	12,440,827
Airport Improvement Revenue Bonds, Series 2009A	8,184,234	16,162,015
CONRAC Series 2010 Bonds	5,187,437	54,334,894
Other Funds (not bond-related):		
Energy Improvement	1,807,000	-
Various CONRAC Accounts	17,537,410	8,181,942
Other	116,513	533,842
	$ 92,912,993	$ 139,820,275

Airport bond activity for the year ended June 30, 2011, is summarized as follows:

Series Description	Balance June 30, 2010	New Borrowings	Principal Repayment	Refundings	Amortization	Balance June 30, 2011
Series 1995	$ 38,265,000	$ -	$ (4,960,000)	$ (33,305,000)	$ -	$ -
Series 1998A	4,330,000	-	(1,315,000)	(3,015,000)	-	-
Series 1998C	16,190,000	-	(2,075,000)	(14,115,000)	-	-
Series 2001A	49,475,000	-	(6,985,000)	(42,490,000)	-	-
Series 2003 PFC	11,485,000	-	(3,735,000)	-	-	7,750,000
Series 2003B	17,260,000	-	-	-	-	17,260,000
Series 2008A	25,700,000	-	(6,400,000)	-	-	19,300,000
Series 2009A	36,000,000	-	(715,000)	-	-	35,285,000
Series 2010A	25,770,000	-	(1,255,000)	-	-	24,515,000
CONRAC Series 2010	66,300,000	-	-	-	-	66,300,000
Series 2010B	-	70,400,000	-	-	-	70,400,000
Series 2010C	-	16,170,000	-	-	-	16,170,000
Total	290,775,000	86,570,000	(27,440,000)	(92,925,000)	-	256,980,000
Plus unamortized premium	1,945,321	5,755,919	-	-	(1,235,007)	6,466,233
Less unamortized deferred amount on refunding	(6,510,395)	-	-	(1,918,967)	1,821,207	(6,608,155)
	286,209,926	$ 92,325,919	$ (27,440,000)	$ (94,843,967)	$ 586,200	$ 256,838,078
Less current portion	(27,440,000)					(27,815,000)
	$ 258,769,926					$ 229,023,078

Airport bond activity for the year ended June 30, 2010, is summarized as follows:

Series Description	Balance June 30, 2009	New Borrowings	Principal Repayment	Refundings	Amortization	Balance June 30, 2010
Series 1995	$ 42,775,000	$ -	$ (4,510,000)	$ -	$ -	$ 38,265,000
Series 1998A	5,810,000	-	(1,480,000)	-	-	4,330,000
Series 1998C	18,150,000	-	(1,960,000)	-	-	16,190,000
Series 2001A	56,030,000	-	(6,555,000)	-	-	49,475,000
Series 2003 PFC	14,145,000	-	(2,660,000)	-	-	11,485,000
Series 2003B	17,610,000	-	(350,000)	-	-	17,260,000
Series 2008A	31,800,000	-	(6,100,000)	-	-	25,700,000
Series 2008B	27,605,000	-	(2,555,000)	(25,050,000)	-	-
Series 2009A	36,000,000	-	-	-	-	36,000,000
Series 2010A	-	25,770,000	-	-	-	25,770,000
CONRAC Series 2010	-	66,300,000	-	-	-	66,300,000
Total	249,925,000	92,070,000	(26,170,000)	(25,050,000)	-	290,775,000
Plus unamortized premium	180,568	1,866,706	-	-	(101,953)	1,945,321
Less unamortized deferred amount on refunding	(7,675,177)	-	-	(498,838)	1,663,620	(6,510,395)
	242,430,391	$ 93,936,706	$ (26,170,000)	$ (25,548,838)	$ 1,561,667	$ 286,209,926
Less current portion	(26,170,000)					(27,440,000)
	$ 216,260,391					$ 258,769,926

Aggregate maturities of revenue bonds outstanding at June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 27,815,000	$ 10,932,891	$ 38,747,891
2013	30,510,000	10,205,153	40,715,153
2014	26,645,000	9,274,622	35,919,622
2015	27,835,000	8,182,747	36,017,747
2016	29,105,000	7,006,667	36,111,667
2017-2021	57,340,000	24,369,077	81,709,077
2022-2026	21,580,000	15,472,442	37,052,442
2027-2031	32,520,000	6,560,129	39,080,129
2032-2034	3,630,000	331,749	3,961,749
	$ 256,980,000	$ 92,335,477	$ 349,315,477

The interest amounts on the 2008A variable rate debt, which has an interest rate swap agreement associated with it, was computed based on the fixed rate in the agreement plus an estimate for additional fees where applicable. The variable Series 2003 PFC bond's interest computation was based on the weekly reset in place at June 30, 2011, of 0.58%.

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 were to be used solely to pay accrued debt services on certain bond issues designated for refunding by the Authority. However, there were no draws on the line of credit and it expired in December 2010 and was not renewed.

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 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, 2011, was $6,238,329. 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 $1,027,000. The principal balance at June 30, 2011, was $1,139,000. 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 year 2012 and $6,929,329 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, 2011 and 2010, MPC was in compliance with its financial covenants.

Description	Balance June 30, 2010	New Borrowings	Principal Repayment	Balance June 30, 2011
MPC Note 1	$ 6,618,329	$ -	$(380,000)	$ 6,238,329
MPC Note 2	1,207,000	-	(68,000)	1,139,000
	$ 7,825,329	$ -	$(448,000)	$ 7,377,329

Description	Balance June 30, 2009	New Borrowings	Principal Repayment	Balance June 30, 2010
MPC Note 1	$ 6,998,333	$ -	$(380,004)	$ 6,618,329
MPC Note 2	1,275,000	-	(68,000)	1,207,000
	$ 8,273,333	$ -	$(448,004)	$ 7,825,329

7. OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities activity for the years ended June 30, 2011 and 2010, is as follows:

Other Noncurrent Liabilities Description	Balance June 30, 2010	Net Cash Receipts (Repayments)	Amortization	Change in Derivative Instruments	Balance June 30, 2011
Synthetic advance refunding, Series 2001A	$ 1,913,045	$ -	$(1,913,045)	$ -	$ -
Fair value of derivative financial instruments	3,476,127	-	-	(712,062)	2,764,065
Deferred interest income	1,334,444	-	(154,616)	-	1,179,828
Deferred rental income	1,952,990	1,880	(34,904)	-	1,919,966
	$ 8,676,606	$ 1,880	$(2,102,565)	$ (712,062)	$ 5,863,859

Other Noncurrent Liabilities Description	Balance June 30, 2009	Net Cash Receipts (Repayments)	Amortization	Change in Derivative Instruments	Balance June 30, 2010
Synthetic advance refunding, Series 2001A	$ 2,577,768	$ -	$ (664,723)	$ -	$ 1,913,045
Fair value of derivative financial instruments	4,334,856	(1,098,645)	-	239,916	3,476,127
Deferred interest income	1,686,297	-	(351,853)	-	1,334,444
Deferred rental income	1,978,847	9,047	(34,904)	-	1,952,990
	$10,577,768	$ (1,089,598)	$(1,051,480)	$ 239,916	$ 8,676,606

8. DERIVATIVE FINANCIAL INSTRUMENTS

The Authority maintains several interest rate swap agreements in order to manage its exposure to market risk from fluctuations in interest rate. The interest rate swaps are designed as pay-fixed, receive variable swaps.

2008A Interest Rate Swap Agreement - During 2008, in connection with the refunding of the Authority's Series 1993 bonds with the Series 2008A bonds, the Authority's 1993 Swap Agreement was transferred from the 1993 bonds to the 2008A bonds. All the terms of the 1993 Swap Agreement, now the "2008A Swap Agreement," remained intact and apply to the Series 2008A bonds. In general, the 2008A Swap Agreement provides that the Authority will pay a fixed rate of 4.49% to the counterparty on a notional amount equal to the principal amount of the Series 2008A bonds outstanding.

2008B Interest Rate Swap Agreement - In connection with the Authority's Series 2008B bonds, the Authority entered into an interest rate swap agreement in June 2008, (the "2008B Swap Agreement") with a bank. The Series 2008B were refunded with the Series 2010A bonds in February 2010, at which time a termination payment was made in the amount of $1,348,500. The resulting loss on the termination of this interest rate swap was $249,855.

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 (See Note 6). In general, this agreement provides that MPC will pay a fixed rate of 5.67% on the outstanding notional 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 connection with a term loan used to purchase a multi-purpose structure (See Note 6). In general, this agreement provides that MPC will pay a fixed rate of 4.33% on the outstanding notional amount. This agreement terminates March 1, 2013, to correspond with the termination of the loan.

Arrangements made in the Authority's interest rate swap agreements do not alter the Authority's obligation to pay the principal of, premium, if any, and interest on the related debt.

The fair value balances and other details of the interest rate swap agreements are as follows:

Description	Notional Amount June 30, 2011	Maturity Date	Terms	Counterparty Credit Rating	Fair Value June 30, 2011	Fair Value June 30, 2010
2008A Swap	$ 19,300,000	7/1/2019	pay 4.49% fixed; receive SIFMA	Aa3/A+	$2,319,810	$2,803,435
MPC 2007 Swap	6,238,329	11/1/2012	pay 5.67% fixed; receive 1-month LIBOR	A2/BBB	385,831	595,475
MPC 2008 Swap	1,139,000	3/1/2013	pay 4.33% fixed; receive 1-month LIBOR	A2/BBB	58,424	77,217
					$2,764,065	$3,476,127

The fair value of the interest rate swaps is recorded in noncurrent liabilities in the statements of net assets. Changes in the interest rate swaps are included in nonoperating revenues (expenses) in the statement of changes in revenues, expenses and changes in net assets.

Credit risk. The Authority is exposed to credit risk on hedging derivative instruments that are in asset positions. There were no such instruments in asset positions at June 30, 2011 or 2010. The Authority relies primarily on credit rating of the counterparty to access credit risk.

Interest rate risk. The Authority is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swaps, as the variable swap index decreases, the Authority's net payments on the swaps increase.

Basis risk. The Authority is exposed to basis risk on its pay-fixed interest rate swaps because the variable-rate payments received by the Authority on these hedging derivative instruments are, in certain circumstances, based on a rate or index other than interest rates the Authority pays on its hedged variable-rate debt.

Termination Risk. The Authority or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument is in a liability position, the Authority would be liable to the counterparty for a payment equal to the liability.

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 2011 and 2010 totaled $13,300,248 and $15,494,672, respectively.

The Authority has received approval from the FAA to impose a $4.50 PFC effective December 1, 2009, until $19,250,558 is collected. The authority reverted back to $3.00 per enplaning passenger in September 2010. The following project summary has been approved by the FAA as of June 30, 2011:

Airfield development	$ 169,253,361
Terminal development	123,961,879
Land acquisition	23,195,200
	$ 316,410,440

As of June 30, 2011, cumulative expenditures to date on approved PFC projects totaled $227,554,889.

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. This amount increased from $4.00 to $4.50 effective January 1, 2010, in anticipation of the issuance of debt to pay for the CONRAC facility. The CFC is a $4.50 fee per transaction day and is collected by the on-airport car rental companies from each of their customers and subsequently remitted to the Authority. The Authority has pledged the CFC proceeds as collateral security for the payment of the CONRAC Series 2010 bonds issued in February 2010 (See Note 5). CFC revenue during fiscal years 2011 and 2010 totaled $9,074,716 and $7,911,785, respectively. CFC revenue is reported as nonoperating revenues.

Upon completion of the CONRAC facility, the Authority will be leasing the facility to MPC CONRAC LLC under a lease agreement and leasing back the facility from MPC CONRAC LLC under a sublease agreement. In turn, the Authority will lease the CONRAC facility to the on-airport rental car companies under the consolidated rental car lease agreements. Under these lease agreements, the on-airport rental car companies have agreed to collect the CFC on all vehicle rental transactions as specifically set forth in the CFC enabling resolution and the lease agreements.

Net assets relating to CFCs totaled $24,107,914 and $16,477,990 at June 30, 2011 and 2010, respectively, and are included in invested in capital assets - net of related debt and restricted net assets in the statements of net assets. Construction in progress for the CONRAC facility totaled $62,429,082 as of June 30, 2011. The project is expected to be completed in November 2011 (See Notes 4 and 14).

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 bonds are due through July 2030.

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/Refunding Series 2010

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.

During November 2010, the Authority issued $6,200,000 in Special Facility Revenue Bonds, Refunding Series 2010, the proceeds of which were used to currently refund the outstanding Series 2006 bonds. The Refunding Series 2010 bonds are term bonds with mandatory sinking fund requirements annually through July 2026.

The Special Facility Revenue Bonds, Series 2006, and outstanding Refunding Series 2010 bonds 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. Terminal rents and landing fees charged to the signatory airlines are based on the 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. 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 30, 2017, which is 30 years from the occupancy date of the airport terminal. Signatory airlines as of June 30, 2011, include American Airlines, American Eagle, Continental Express doing business as ExpressJet, Delta Air Lines, Inc., Frontier Airlines, Southwest Airlines, United Airlines and US Airways.

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:

	2011	2010
Balance—Beginning of year	$ 351,602	$ 377,487
Provision for incurred claims	3,799,693	3,399,043
Claim payments	(3,781,393)	(3,424,928)
Balance—End of year	$ 369,902	$ 351,602

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. In 2011 and 2010, employees sold back $177,182 and $189,164 of their annual leave balances to the Authority in exchange for cash. Additional payments of $10,119 and $115,111 were made to employees who left employment with the Authority during the years ended June 30, 2011 and 2010, respectively. The change in accrued compensated absences balance is charged to salaries and wages expense.

The following summarizes the changes in the compensated absences liability:

	2011	2010
Balance—Beginning of year	$ 1,340,953	$ 1,230,748
Provision for compensated absences	236,166	414,480
Annual leave buy-back and other	(187,301)	(304,275)
Balance—End of year	$ 1,389,818	$ 1,340,953

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, 2011, total $44,319,300 and relate to various projects. The estimated costs to complete construction in progress are anticipated to be received from the following sources:

Amount to be directly reimbursed by governmental agencies under existing governmental contracts	$ 13,444,182
Amount to be funded by passenger facility charges collected	12,403,537
Amount to be funded by customer facility charges collected	11,173,676
Amount to be funded by the Authority	7,297,905
	$ 44,319,300

In February 2009, the Authority entered into a $7,500,000 line-of-credit loan agreement with financial institution to provide bridge financing on the In-Line EDS project. Over half the funding for this project was received from the U.S. Department of Homeland Security (DHS). The interest rate on any outstanding balance was 3.34%, payable monthly. As costs were incurred, draws were made on the credit line; when grant revenue was received, the credit line was repaid. The balance outstanding on the line of credit was $2,057,268 at June 30, 2010, and was reported in accounts payable in the accompanying statement of net assets. The line of credit was repaid during fiscal year 2011, and there is no balance outstanding at June 30, 2011.

During a routine compliance inspection in February 2010, State regulatory personnel identified contamination in an area stream. It was determined that those impacts were the result of the release of untreated deicing chemicals. From a review of winter deicing activities, it was determined that, due to abnormally low temperatures and high snowfall amounts, pavement deicing chemicals had been used in areas outside of the stormwater treatment system and that aircraft deicing fluid-laden snow had been pushed to areas outside of the treatment system. This allowed a slow release of the chemical to the environment as the snow melted.

Various corrective actions were taken in the following months. From March 24 through May 10, 2010, Nashville International Airport discharged a total of 6.916 million gallons of untreated stormwater to the municipal sanitary sewer through a specially permitted discharge. An additional 905,000 gallons of wastewater were hauled off-site for treatment and disposal. The Authority is undertaking a $1,800,000 capital improvement project that includes lining the treatment lagoon and two retention ponds with high-density polyethylene liner, lining the effluent discharge channel with concrete and installing a new valve at the bottom of the treatment lagoon to provide easier access for sludge removal. The remaining capital improvement project and any fines or penalties as a result of this matter are not currently expected to have a material impact on the financial condition or operations of the Authority.

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, 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 noncontributory 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, 2011, the Authority's annual pension cost of $2,608,858 was equal to the annual required contribution of $2,458,044, less interest in the amount of $734,685 on the net pension asset, plus the annual required contribution adjustment of $885,499. For the year ended June 30, 2010, the Authority's annual pension cost of $2,809,352 was equal to the annual required contribution of $2,629,722, less interest in the amount of $959,433 on the net pension asset, plus the annual required contribution adjustment of $1,139,063. A contribution of $19,000,000 was made to the Plan in 2004 through the issuance of Airport Improvement Revenue Bonds, Series 2003B (See Note 5). Additionally, during fiscal year 2011, the Authority made a contribution of $1,000,000 to the Plan.

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, 2011, 2010 and 2009:

Year Ended June 30	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation (Assets)
2011	$2,608,858	38.3%	$ (7,574,702)
2010	2,809,352	-%	(9,183,560)
2009	1,665,239	-%	(11,992,912)

The funded status of the pension plan as of the valuation date, July 1, 2010, is detailed below:

Actuarial accrued liability (a)	$38,835,563
Actuarial value of plan assets (b)	21,753,320
Unfunded actuarial accrued liability (a) - (b)	$ 17,082,243
Funded ratio (b) / (a)	56.0%
Covered payroll (c)	$ 7,876,534
Unfunded actuarial accrued liability as a percentage of covered payroll [(a) - (b)] / (c)	216.9%

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 multi-year 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, 2010, which were confirmed with the issuance of the July 1, 2011, actuarial valuation, are detailed below:

Actuarial valuation method	Projected unit credit method
Amortization method	Level percentage closed 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 inflation	4.0%
Cost-of-living adjustments	None in the current year

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 healthcare benefits to certain eligible 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 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, 97 retirees are receiving benefits under the PERS. The monthly contribution requirements for participants in the Authority's medical plan range from $4 (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 is not eligible for any postemployment benefits through the Authority. The postemployment benefit plan does not issue separate financial statements.

For the year ended June 30, 2011, the Authority's annual OPEB cost of $6,187,879 was equal to the annual required contribution of $6,399,488, plus interest on the net OPEB obligation of $506,631, less the amortization on the net OPEB obligation of $718,240. For the year ended June 30, 2010, the Authority's annual OPEB cost of $6,268,830 was equal to the annual required contribution of $6,395,351, plus interest on the net OPEB obligation of $302,917, less the amortization on the net OPEB obligation of $429,438. The Authority's contributions during fiscal years 2011 and 2010 totaled $2,063,131 and $1,175,967, respectively. The amount contributed during fiscal year 2011 includes $1,000,000 to an OPEB Trust to fund plan assets as further described below. The Authority's annual OPEB cost, percentage of annual OPEB cost contributed, and the net OPEB obligation for 2011, 2010 and 2009 are as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	$6,187,879	33.3%	$16,790,524
2010	6,268,830	18.8%	12,665,776
2009	6,362,894	20.7%	7,572,913

The funded status of the postemployment health care plan as of the actuarial valuation date, July 1, 2010, is detailed below:

Actuarial accrued liability (a)	$53,039,196
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability (a) - (b)	$53,039,196
Funded ratio (b) / (a)	-%
Covered payroll (c)	$13,619,447
Unfunded actuarial accrued liability as a percentage of covered payroll [(a) - (b)] / (c)	389.4%

As described above, the Authority made $1,000,000 in contributions to an OPEB Trust during fiscal year 2011, which will be considered in the July 1, 2011, valuation. 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 multi-year 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, 2010, actuarial valuation was reaffirmed by the July 1, 2011, valuation, in which the following significant actuarial methods and assumptions were used:

Actuarial valuation method	Entry age normal method
Amortization method	Level dollar open over 30 years
Discount rate	4.00%
Health care cost trend rate	8% graded down uniformly to 5% for 2015 and beyond
Mortality	RP-2000 Combined Mortality Table
Retirement rates	Varying rates beginning with 5% at age 50 to 100% retirement at age 65

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. Contributions totaling $1,000,000 were made to the trust during fiscal year 2011.

See further information in the OPEB Plan Schedule of Funding Progress (unaudited) in the required supplementary information section.

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. As of June 30, 2011 and 2010, 16 retirees are receiving benefits under the PERS. During the years ended June 30, 2011 and 2010, payments of $58,890 and $53,121, 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 $705,786 and $690,595 in 2011 and 2010, 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 $1,631,960 and $1,666,864 at June 30, 2011 and 2010, respectively, and is included as deferred rental income in the statements of net assets. 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 largest airline serving Nashville International Airport accounted for approximately 55.4% and 53.5% of the total enplanements of 4,724,974 and 4,487,336 in fiscal years 2011 and 2010, 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). The details of operating income (loss) by entity are as follows:

	Nashville International Airport	**John C. Tune Airport**	**MNAA Properties Corporation**	**Total**
Year Ended June 30, 2011				
Operating revenues	$ 86,748,691	$ 711,345	$ 1,981,541	$ 89,441,577
Operating expenses	60,220,829	434,279	1,639,661	62,294,769
Provision for depreciation	27,898,289	1,110,759	670,522	29,679,570
Operating loss	$ (1,370,427)	$ (833,693)	$ (328,642)	$ (2,532,762)

	Nashville International Airport	**John C. Tune Airport**	**MNAA Properties Corporation**	**Total**
Year Ended June 30, 2010				
Operating revenues	$ 78,854,618	$ 701,045	$ 2,128,766	$ 81,684,429
Operating expenses	55,613,944	512,889	1,348,646	57,475,479
Provision for depreciation	24,197,799	1,054,240	630,947	25,882,986
Operating (loss) income	$ (957,125)	$ (866,084)	$ 149,173	$ (1,674,036)

The activity of MPC CONRAC LLC, is included with Nashville International Airport above as it is integrated with the Airport for operational purposes.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

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, 2011 and 2010:

				Fair Value Measurements at Reporting Date Using		
	Carrying Amount	Estimated Fair Value	Assets/ Liabilities Measured at Fair Value	Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2011:						
Cash and cash equivalents	$ 118,549,601	$ 118,549,601	$ 118,549,601	$ 118,549,601	$ -	$ -
Investments:						
U.S. agencies	8,760,764	8,760,764	8,760,764	8,760,764	-	-
Long-term debt	264,215,407	335,034,375	-	-	-	-
Derivative financial instruments	2,764,065	2,764,065	2,764,065	-	2,764,065	-
June 30, 2010:						
Cash and cash equivalents	$ 147,207,919	$ 147,207,919	$ 147,207,919	$ 147,207,919	$ -	$ -
Investments:						
U.S. agencies	24,535,500	24,535,500	24,535,500	24,535,500	-	-
Asset-backed mortgage-backed securities	257,490	257,490	257,490	-	257,490	-
Certificate of deposit	4,547,540	4,547,540	4,547,540	4,547,540	-	-
Long-term debt	300,545,650	385,980,586	-	-	-	-
Derivative financial instruments	3,476,127	3,476,127	3,476,127	-	3,476,127	-

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, 2011 and 2010. 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 20, 2011, the date the financial statements were available for issuance, and has determined that there are no subsequent events that require disclosure.

PENSION PLAN:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Underfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	$ 30,589,830	$ 35,683,005	$(5,093,175)	85.73%	$ 8,940,848	56.97%
July 1, 2009	22,922,104	37,848,348	(14,926,244)	60.56%	8,312,934	179.55%
July 1, 2010	21,753,320	38,835,563	(17,082,243)	56.01%	7,876,534	216.88%

OPEB PLAN:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Underfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	$ -	$ 52,084,263	$(52,084,263)	- %	$ 13,075,350	398.34%
July 1, 2009	-	49,037,187	(49,037,187)	- %	13,283,897	369.15%
July 1, 2010	-	53,039,196	(53,039,196)	- %	13,619,447	389.44%

Supplementary Information

Metropolitan Nashville Airport Authority | Comprehensive Annual Financial Report

	Nashville International Airport	John C. Tune Airport	MNAA Properties Corporation	Total
ASSETS				
CURRENT ASSETS:				
Unrestricted assets:				
Cash and cash equivalents	$ 27,528,694	$1,298,999	$ 5,569,679	$ 34,397,372
Accounts receivable (net of allowance for doubtful accounts of $47,948)	2,771,063	5,281	25,355	2,801,699
Inventories	594,835	-	-	594,835
Due from (to) other funds	697	(551)	(146)	-
Prepaid expenses and other	833,092	-	-	833,092
Total current unrestricted assets	31,728,381	1,303,729	5,594,888	38,626,998
Restricted assets:				
Cash and cash equivalents	84,152,229	-	-	84,152,229
Short-term investments	5,159,000	-	-	5,159,000
Passenger facility charges receivable	1,172,837	-	-	1,172,837
Customer facility charges receivable	883,490	-	-	883,490
Amounts due from governmental agencies	3,407,513	135,364	-	3,542,877
Total current restricted assets	94,775,069	135,364	-	94,910,433
Total current assets	126,503,450	1,439,093	5,594,888	133,537,431
NONCURRENT ASSETS:				
Capital assets:				
Land and land improvements	493,847,196	24,776,122	-	518,623,318
Land held for future expansion	36,701,068	-	-	36,701,068
Buildings and building improvements	168,608,352	3,778,077	10,735,893	183,122,322
Equipment, furniture and fixtures	57,259,104	406,807	-	57,665,911
Construction in progress	111,453,569	1,179,412	554,988	113,187,969
Total capital assets	867,869,289	30,140,418	11,290,881	909,300,588
Less accumulated depreciation	(345,276,742)	(15,440,330)	(2,184,050)	(362,901,122)
Total capital assets, net	522,592,547	14,700,088	9,106,831	546,399,466
Restricted investments	3,601,764	-	-	3,601,764
Deferred bond issue costs	4,752,281	-	12,392	4,764,673
Other assets	8,237,369	-	731,856	8,969,225
Total noncurrent assets	539,183,961	14,700,088	9,851,079	563,735,128
TOTAL ASSETS	$ 665,687,411	$ 16,139,181	$ 15,445,967	$697,272,559

	Nashville International Airport	John C. Tune Airport	MNAA Properties Corporation	Total
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Payable from unrestricted assets:				
Trade accounts payable	$ 6,645,073	$ 93,821	$ 154,850	$ 6,893,744
Accrued payroll and related items	3,130,022	7,269	-	3,137,291
Current maturities of notes payable	-	-	448,004	448,000
Total payable from unrestricted assets	9,775,095	101,090	602,850	10,479,035
Payable from restricted assets:				
Trade accounts payable	6,043,191	-	-	6,043,191
Accrued interest payable	5,387,816	-	-	5,387,816
Current maturities of airport revenue bonds	27,815,000	-	-	27,815,000
Total payable from restricted assets	39,246,007	-	-	39,246,007
Total current liabilities	49,021,102	101,090	602,850	49,725,042
NONCURRENT LIABILITIES:				
Airport revenue bonds (net of unamortized deferred amount on refunding of $6,608,155)	229,023,078	-	-	229,023,078
Notes payable, less current maturities	-	-	6,929,329	6,929,329
Fair value of derivative financial instruments	2,319,810	-	444,255	2,764,065
Deferred interest income	1,179,828	-	-	1,179,828
Deferred rental income	1,850,552	20,051	49,363	1,919,966
Other postemployment benefit obligation	16,790,524	-	-	16,790,524
Total noncurrent liabilities	251,163,792	20,051	7,422,947	258,606,790
Total liabilities	300,184,894	121,141	8,025,797	308,331,832
COMMITMENTS AND CONTINGENCIES	-	-	-	-
NET ASSETS:				
Invested in capital assets-net of related debt	293,324,066	14,700,088	1,741,891	309,766,045
Restricted:				
Passenger facility charge projects and debt service	20,471,601	-	-	20,471,601
Customer facility charge projects and debt service	23,105,902	-	-	23,105,902
Debt service and other	30,061,244	-	-	30,061,244
Total restricted net assets	73,638,747	-	-	73,638,747
Unrestricted net assets	(1,460,296)	1,317,952	5,678,279	5,535,935
Total net assets	365,502,517	16,018,040	7,420,170	388,940,727
TOTAL LIABILITIES AND NET ASSETS	$ 665,687,411	$16,139,181	$15,445,967	$ 697,272,559

See independent auditors' report.

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	Nashville International Airport	John C. Tune Airport	MNAA Properties Corporation	Total
OPERATING REVENUES:				
Signatory airline	$ 25,305,820	$ -	$ -	$ 25,305,820
Parking	29,743,911	-	-	29,743,911
Concession	16,609,629	-	-	16,609,629
Space rental	7,191,170	666,157	1,946,834	9,804,161
Other	7,898,161	45,188	34,707	7,978,056
	86,748,691	711,345	1,981,541	89,441,577
OPERATING EXPENSES:				
Salaries and wages	28,351,560	218,486	-	28,570,046
Contractual services	20,826,552	115,996	908,472	21,851,020
Materials and supplies	2,785,678	47,510	42,413	2,875,601
Utilities	5,860,345	31,655	425,661	6,317,661
Other	2,396,694	20,632	263,115	2,680,441
	60,220,829	434,279	1,639,661	62,294,769
OPERATING INCOME BEFORE PROVISION FOR DEPRECIATION	26,527,862	277,066	341,880	27,146,808
PROVISION FOR DEPRECIATION	27,898,289	1,110,759	670,522	29,679,570
OPERATING LOSS	(1,370,427)	(833,693)	(328,642)	(2,532,762)
NONOPERATING REVENUES (EXPENSES):				
Investment income	340,254	1,629	733	342,616
Passenger facility charges	13,300,248	-	-	13,300,248
Customer facility charges	9,074,716	-	-	9,074,716
Interest expense	(11,286,015)	-	(431,405)	(11,717,420)
Gain on disposal of property and equipment	426,224	-	-	426,224
Gain on derivative financial instruments	483,625	-	228,437	712,062
Other nonoperating, net	1,874,664	-	-	1,874,664
	14,213,716	1,629	(202,235)	14,013,110
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	12,843,289	(832,064)	(530,877)	11,480,348
CAPITAL CONTRIBUTIONS	14,723,264	2,137,962	-	16,861,226
INCREASE (DECREASE) IN NET ASSETS	27,566,553	1,305,898	(530,877)	28,341,574
TOTAL NET ASSETS - BEGINNING OF YEAR	337,935,964	14,712,142	7,951,047	360,599,153
TOTAL NET ASSETS - END OF YEAR	$ 365,502,517	$16,018,040	$ 7,420,170	$ 388,940,727

See independent auditors' report.

SCHEDULE OF AIRPORT REVENUE BONDS, PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR JUNE 30, 2011

Year Ending June 30,	Series 2003 PFC Revenue Bonds		Series 2003B Revenue Bonds		Series 2008A Revenue Bonds		Series 2009A Revenue Bonds		Series 2010A Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 3,825,000	$ 30,939	$ -	$ 964,842	$ 6,700,000	$ 565,740	$ 1,200,000	$ 1,469,488	$ 3,295,000	$ 1,025,937
2013	3,925,000	-	1,145,000	945,459	100,000	561,250	3,320,000	1,379,088	3,365,000	909,212
2014	-	-	420,000	924,977	100,000	556,760	3,455,000	1,260,863	3,335,000	775,212
2015	-	-	445,000	903,043	200,000	547,780	3,555,000	1,129,050	3,435,000	626,931
2016	-	-	465,000	879,515	200,000	538,800	3,715,000	977,656	3,560,000	460,800
2017	-	-	490,000	853,928	1,200,000	484,920	3,860,000	825,394	3,690,000	284,000
2018	-	-	515,000	826,340	3,400,000	332,260	4,020,000	661,625	3,835,000	95,875
2019	-	-	545,000	797,243	3,600,000	170,620	4,190,000	487,056	-	-
2020	-	-	575,000	765,551	3,800,000	-	7,970,000	197,700	-	-
2021	-	-	610,000	731,067	-	-	-	-	-	-
2022	-	-	645,000	694,547	-	-	-	-	-	-
2023	-	-	680,000	655,989	-	-	-	-	-	-
2024	-	-	720,000	615,249	-	-	-	-	-	-
2025	-	-	760,000	571,725	-	-	-	-	-	-
2026	-	-	805,000	525,245	-	-	-	-	-	-
2027	-	-	855,000	475,943	-	-	-	-	-	-
2028	-	-	905,000	423,671	-	-	-	-	-	-
2029	-	-	960,000	368,280	-	-	-	-	-	-
2030	-	-	1,015,000	309,623	-	-	-	-	-	-
2031	-	-	1,075,000	247,550	-	-	-	-	-	-
2032	-	-	1,140,000	181,764	-	-	-	-	-	-
2033	-	-	1,210,000	111,969	-	-	-	-	-	-
2034	-	-	1,280,000	38,016	-	-	-	-	-	-
Totals	7,750,000	30,939	17,260,000	13,811,536	19,300,000	3,758,130	35,285,000	8,387,920	24,515,000	4,177,967
Bond Premium	-	-	-	-	-	-	144,455	-	1,531,118	-
Loss on Refunding	-	-	-	-	(1,544,778)	-	-	-	(769,830)	-
	$ 7,750,000	$ 30,939	$17,260,000	$13,811,536	$17,755,222	$ 3,758,130	$35,429,455	$ 8,387,920	$25,276,288	$ 4,177,967

Series 2010B Revenue Bonds		Series 2010C Revenue Bonds		CONRAC Series 2010 Revenue Bonds		Total Debt Service		
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
$ 9,990,000	$2,427,600	$ 2,805,000	$ 527,175	$ -	$ 3,921,170	$ 27,815,000	$10,932,891	$ 38,747,891
13,865,000	2,069,775	3,210,000	436,950	1,580,000	3,903,419	30,510,000	10,205,153	40,715,153
14,580,000	1,570,200	3,010,000	328,600	1,745,000	3,858,010	26,645,000	9,274,622	35,919,622
15,490,000	968,800	2,805,000	212,300	1,905,000	3,794,843	27,835,000	8,182,747	36,017,747
16,475,000	329,500	2,600,000	104,200	2,090,000	3,716,196	29,105,000	7,006,667	36,111,667
-	-	1,740,000	26,100	2,285,000	3,622,034	13,265,000	6,096,376	19,361,376
-	-	-	-	2,480,000	3,511,292	14,250,000	5,427,392	19,677,392
-	-	-	-	2,695,000	3,382,352	11,030,000	4,837,271	15,867,271
-	-	-	-	2,840,000	3,236,635	15,185,000	4,199,886	19,384,886
-	-	-	-	3,000,000	3,077,085	3,610,000	3,808,152	7,418,152
-	-	-	-	3,175,000	2,902,161	3,820,000	3,596,708	7,416,708
-	-	-	-	3,365,000	2,710,402	4,045,000	3,366,391	7,411,391
-	-	-	-	3,575,000	2,501,707	4,295,000	3,116,956	7,411,956
-	-	-	-	3,800,000	2,275,349	4,560,000	2,847,074	7,407,074
-	-	-	-	4,055,000	2,020,068	4,860,000	2,545,313	7,405,313
-	-	-	-	4,340,000	1,734,932	5,195,000	2,210,875	7,405,875
-	-	-	-	4,645,000	1,429,757	5,550,000	1,853,428	7,403,428
-	-	-	-	4,970,000	1,103,184	5,930,000	1,471,464	7,401,464
-	-	-	-	13,755,000	467,189	14,770,000	776,812	15,546,812
-	-	-	-	-	-	1,075,000	247,550	1,322,550
-	-	-	-	-	-	1,140,000	181,764	1,321,764
-	-	-	-	-	-	1,210,000	111,969	1,321,969
-	-	-	-	-	-	1,280,000	38,016	1,318,016
70,400,000	7,365,875	16,170,000	1,635,325	66,300,000	53,167,785	256,980,000	92,335,477	349,315,477
4,191,838	-	598,822	-	-	-	6,466,233	-	6,466,233
(3,901,135)	-	(392,412)	-	-	-	(6,608,155)	-	(6,608,155)
$70,690,703	$7,365,875	$16,376,410	$1,635,325	$66,300,000	$53,167,785	$256,838,078	$92,335,477	$349,173,555

Note 1: 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

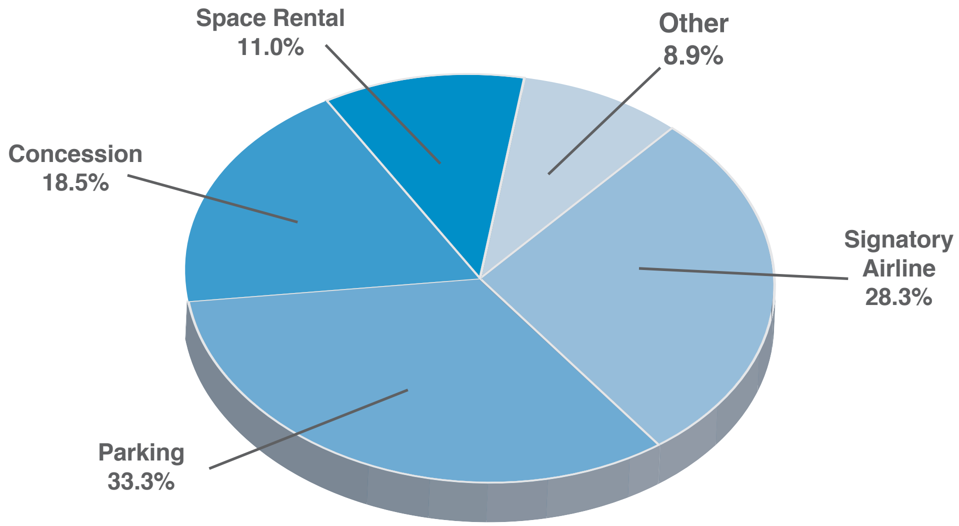
Metropolitan Nashville Airport Authority | Comprehensive Annual Financial Report

Statistical information differs from financial statements because it usually covers more than one fiscal year and may present nonaccounting data. 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)

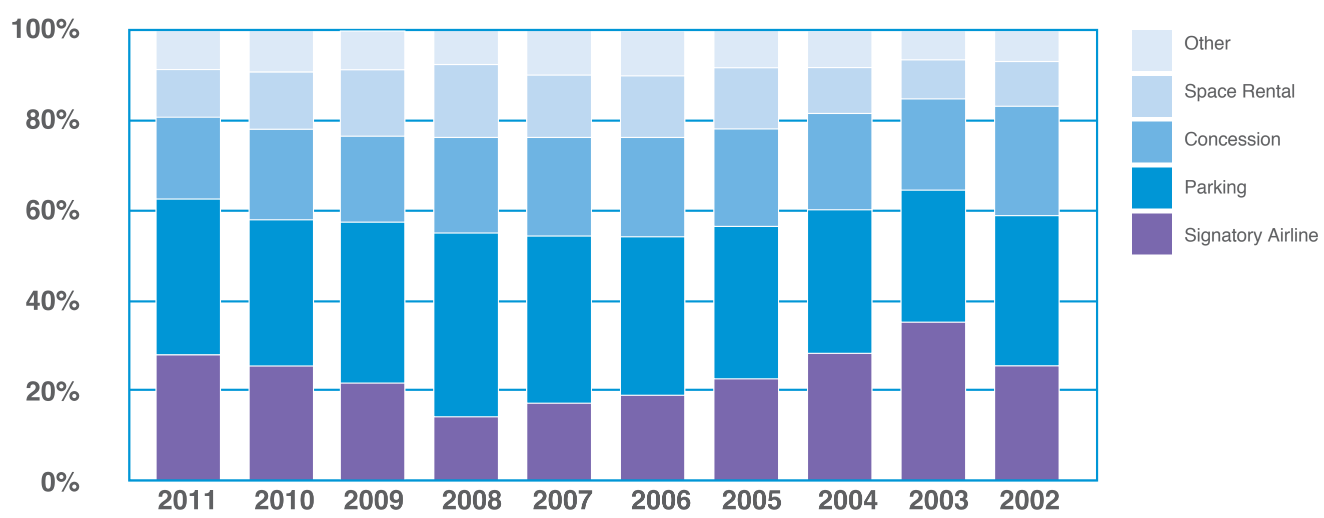
Operating Revenues	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Signatory Airline	$ 25,306	$ 20,523	$ 17,017	$ 10,528	$ 13,116	$ 13,559	$ 15,165	$ 18,546	$ 22,804	$ 13,612
Parking	29,744	26,769	28,175	30,405	27,795	25,159	22,788	20,575	18,654	17,965
Concession	16,610	16,512	16,559	17,165	16,631	15,598	14,482	13,706	13,460	13,011
Space Rental	9,804	9,939	10,077	11,051	10,136	9,889	8,935	7,028	5,526	5,195
Other	7,978	7,942	7,427	7,167	7,222	6,928	5,400	4,865	3,981	3,510
Total	**$ 89,442**	**$ 81,685**	**$ 79,256**	**$ 76,316**	**$ 74,900**	**$ 71,133**	**$ 66,770**	**$ 64,720**	**$ 64,425**	**$ 53,293**

FY 2011 Operating Revenues Composition



Operating revenues have increased 67.8% since 2002. Enplanements are level at 4,724,974 compared to 4,004,407 10 years ago. Parking revenue declined $661,000 since its peak in 2008. However, it continues to be the Authority's highest individual revenue source. The signatory airlines operate under a residual agreement expiring in 2017 whereby they are responsible to cover any revenue shortfall. Due to the residual agreement, the eight signatory carriers were required to make up a $1.9 million revenue shortfall at the end of fiscal year 2010, but were credited with a fiscal year 2011 $4.8 million revenue surplus in the FY12 budget.

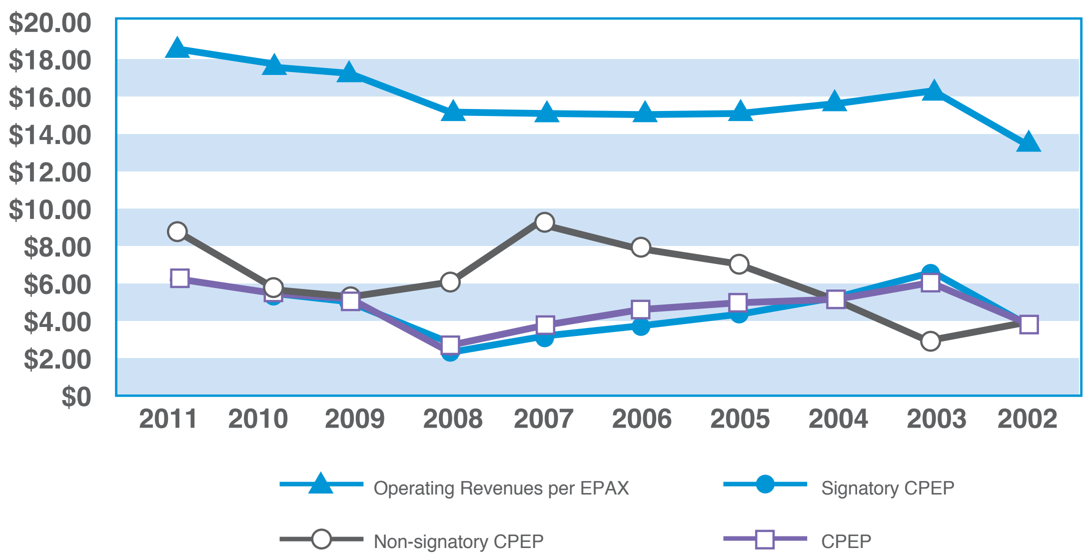
10-year Revenues Composition



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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Signatory Airlines:										
Space and Ramp Fees	$ 14,874	$ 13,470	$ 13,358	$ 9,293	$ 11,504	$ 12,838	$ 13,498	$ 14,655	$ 15,514	$ 11,204
Landing Fees	10,432	7,053	3,660	1,235	1,612	721	1,667	3,891	7,290	2,408
Total Signatory Revenue	25,306	20,523	17,018	10,528	13,116	13,559	15,165	18,546	22,804	13,612
Signatory Enplaned (000)	4,278	3,788	3,820	4,195	4,247	3,874	3,716	3,622	3,532	3,699
Cost per Signatory Enplaned	$ 5.92	$ 5.42	$ 4.45	$ 2.51	$ 3.09	$ 3.50	$ 4.08	$ 5.12	$ 6.46	3.68
Non-signatory Airlines:										
Space and Ramp Fees	$ 944	$ 1,245	$ 649	$ 2,081	$ 3,027	$ 3,520	$ 2,652	$ 604	$ 10	$ 24
Landing Fees	2,751	2,731	2,486	2,748	3,216	3,068	2,362	2,148	1,263	1,097
Total Non-signatory Revenue	3,695	3,976	3,135	4,829	6,243	6,588	5,014	2,752	1,273	1,121
Non-signatory Enplaned (000)	447	699	639	683	692	861	720	543	465	298
Cost per Non-signatory Enplaned	$ 8.27	$ 5.69	$ 4.91	$ 7.07	$ 9.02	$ 7.65	$ 6.96	$ 5.07	$ 2.74	$ 3.76
Summary Analysis:										
Total Signatory & Non-signatory Revenue	$ 29,001	$ 24,499	$ 20,153	$ 15,357	$ 19,359	$ 20,147	$ 20,179	$ 21,298	$ 24,077	$ 14,733
Blended Cost per Enplaned	$ 6.14	$ 5.46	$ 4.52	$3.15	$ 3.92	$ 4.25	$ 4.55	$ 5.11	$ 6.02	$ 3.68
Operating Revenues (BNA only)	$ 86,749	$ 78,855	$ 77,431	$ 74,041	$ 74,541	$ 70,512	$ 66,351	$ 64,306	$ 64,011	$ 52,897
Total Enplaned (includes charters)	4,725	4,487	4,461	4,880	4,938	4,736	4,438	4,167	3,998	4,004
Operating Revenues per Enplaned	$ 18.36	$ 17.57	$ 17.36	$ 15.17	$ 15.10	$ 14.89	$ 14.95	$ 15.43	$ 16.01	$ 13.21

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.

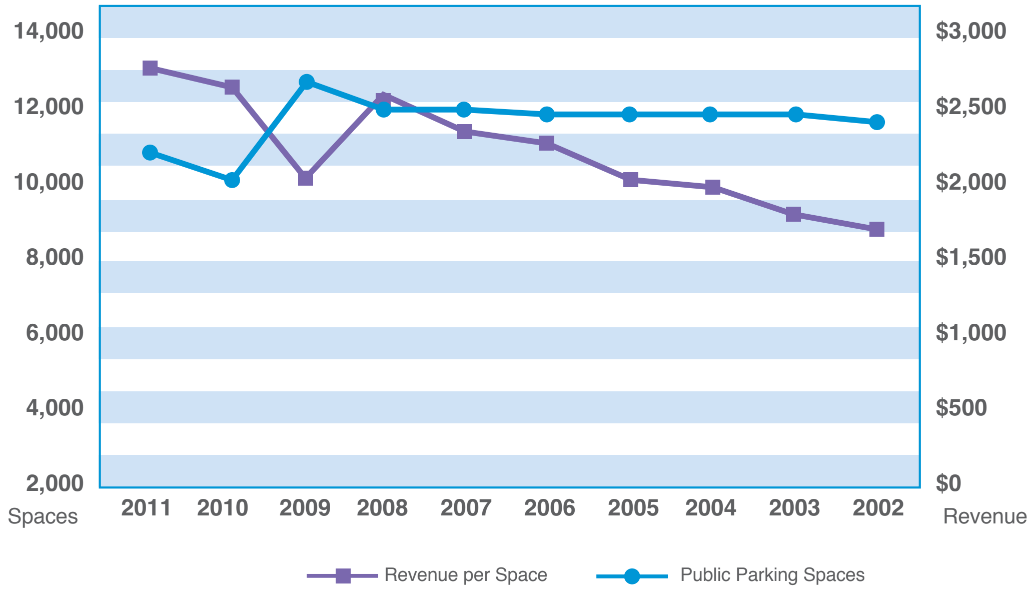
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Signatory Rates										
Landing fee	$ 2.05	$ 1.26	$ 0.30	$ 0.19	$ 0.29	$ 0.12	$ 0.29	$ 0.17	$ 1.19	$ 0.38
Ramp	101.26	114.62	62.36	71.20	95.80	104.97	114.40	114.33	118.20	95.51
Main terminal	93.16	89.12	50.03	63.24	81.91	90.08	90.91	88.34	91.34	64.02
North concourse	41.29	42.31	20.61	29.82	39.04	43.64	45.59	43.49	44.85	33.89
South concourse	41.12	41.33	21.61	22.24	25.45	24.87	26.87	27.47	27.90	19.33

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, were $0.90 (LF), $97.44 (R), $75.76 (MT), $35.97 (NC) and $35.14 (SC). Those of January 1, 2010, are reflected above, as well as a non-signatory landing fees adjustment (was $3.52 on July 1, 2009). The signatory rates effective July 1, 2011, are $2.32 (LF), $84.78 (R), $78.84 (MT), $36.13 (NC) and $37.51 (SC).

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Non-signatory Rates										
Landing fee	$ 5.02	$ 3.96	$ 3.26	$ 3.24	$ 2.91	$ 2.71	$ 2.97	$ 3.01	$ 2.53	$ 2.43
Ramp	301.87	287.29	317.96	304.37	297.52	289.61	293.07	289.95	272.00	262.77
Main terminal	238.37	223.32	195.11	176.79	173.44	155.59	151.81	150.22	141.18	135.15
North concourse	90.13	89.86	88.87	80.67	80.45	77.67	76.78	75.77	76.38	74.39
South concourse	92.73	88.27	84.76	67.48	67.13	64.19	61.43	60.53	60.99	59.22

The non-signatory rates effective July 1, 2011, have been set at $3.92 (LF), $309.47 (R), $245.48 (MT), $88.44 (NC) and $104.64 (SC).

Public Parking Analysis



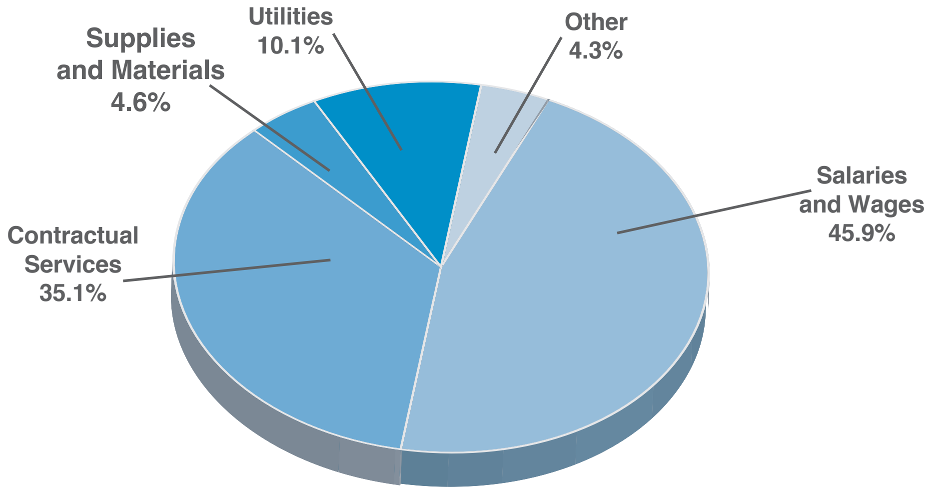
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Parking lot revenue (000)	$ 29,744	$ 26,769	$ 28,175	$ 30,405	$ 27,795	$ 25,159	$ 22,788	$ 20,575	$ 18,654	$ 17,965
Spaces available (actual)	10,605	10,189	12,830	11,675	11,675	11,216	11,216	11,216	11,216	11,112
Revenue per space	$ 2,805	$ 2,627	$ 2,196	$ 2,604	$ 2,381	$ 2,243	$ 2,032	$ 1,834	$ 1,663	$ 1,617

Fiscal year 2009 began with Short Term-1,706, Long Term A-3,883, Long Term B-2,129, Economy-3,957 and Valet-1,155 spaces - all for public use. During 2009 valet services were moved from various areas in and around the short term garage to a dedicated lot north of the terminal building. In fiscal year 2010, Long Term A was reduced in size to 1,517 spaces for CONRAC construction staging and footprint. At June 30, 2010, public parking spaces included Short Term-1,706, Long Term A-1,517, Long Term B-2,124, Economy-3,690 and Valet-1,152. After the CONRAC facility is completed in November 2011, there will be 2,066 long term parking spaces within walking distance of the terminal. The TARI roadway project was completed in October 2009, and the new 50-space complimentary cellphone lot opened shortly thereafter. Over $3.9 million of parking revenue was attributable to valet parking services in FY10 for this 1,152-space lot near the terminal building. For FY2011, the available spaces were as follows: Short Term-1,706, Long Term A-1,959, Long Term B-2,129, Economy-3,660, Valet-1,151.

Metropolitan Nashville Airport Authority Operating Expenses Analysis (000s)

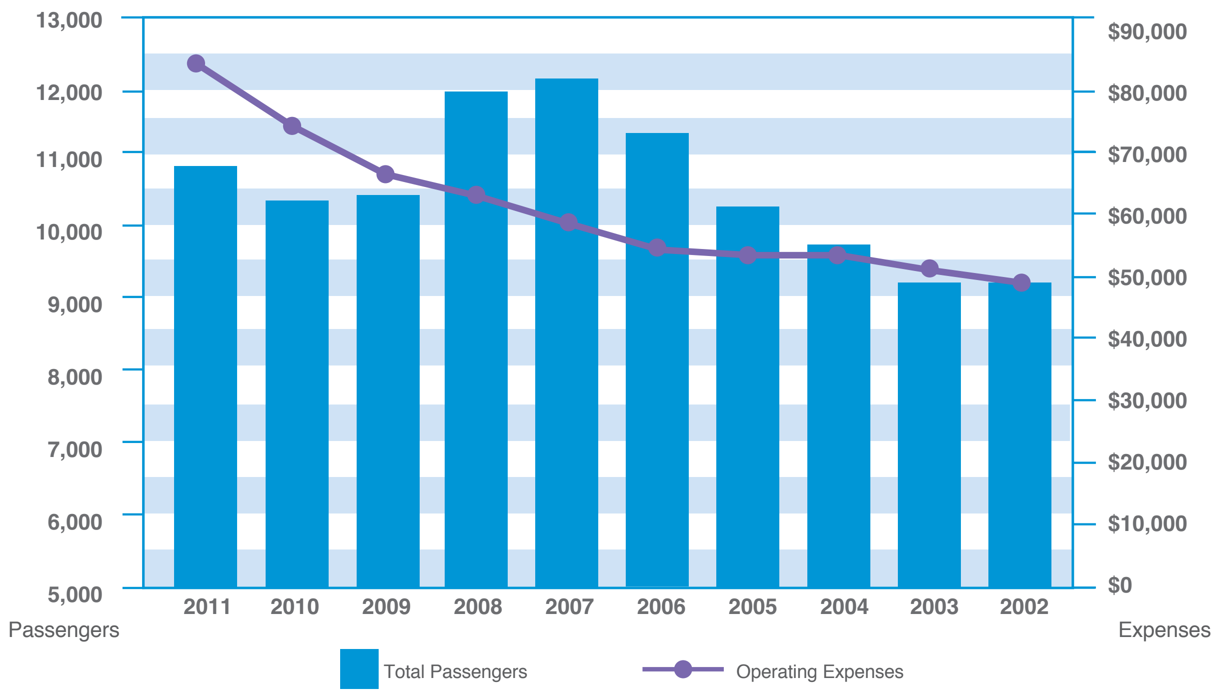
Operating Expenses	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Salaries and wages	$ 28,570	$ 28,057	$ 26,340	$ 23,690	$ 20,379	$ 18,657	$ 16,412	$16,249	$ 16,301	$ 16,361
Contractual services	21,851	18,681	16,359	16,299	14,430	12,917	12,454	11,424	11,260	10,005
Supplies and materials	2,876	2,363	1,705	2,229	2,437	1,702	1,894	1,565	2,042	1,721
Utilities	6,318	5,910	6,231	5,537	4,409	4,178	3,662	3,427	3,368	3,229
Depreciation	29,680	25,883	25,152	20,425	18,121	17,640	17,546	17,967	17,742	17,608
Other	2,680	2,464	2,442	2,689	2,944	3,295	2,274	2,580	2,639	2,233
Total	**$ 91,975**	**$ 83,358**	**$ 78,229**	**$ 70,869**	**$ 62,720**	**$ 58,389**	**$ 54,242**	**$53,212**	**$ 53,352**	**$ 51,157**

FY 2011 Operating Expenses before Provision for Depreciation



Costs associated with the Authority's closed pension program and other postemployment benefits (OPEB) continue to increase. The unfunded liability for OPEB increased $4,124,748 in 2011, compared with $5,092,863 in 2010 and $5,043,064 in 2009. Pension costs as a component of Salaries and Wages were $1,665,234 in 2009, $2,809,352 in 2010 and $2,608,858 in 2011. Most of the increase in Contractual Services can be attributed to the new baggage handling system management as well as cleanup from the stormwater contamination.

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



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

	2011	%	2010	2009	2008	2007	2006	2005	2004	2003	2002
Land	$60,510,397	28.8%	$60,994,397	$62,659,897	$62,659,897	$62,659,897	$62,659,897	$62,659,897	$62,633,055	$62,725,146	$62,725,146
Land held for future expansion	36,701,068	17.4%	36,701,068	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	113,187,969	53.8%	90,428,596	32,813,869	48,447,956	46,276,385	29,986,164	22,352,319	11,120,299	9,893,301	9,856,095
Total capital assets not being depreciated	210,399,434	100.0%	188,124,061	132,174,834	147,808,921	145,637,350	129,347,129	121,713,284	110,454,422	109,319,515	109,282,309
Land improvements	458,112,921	65.5%	444,599,608	446,349,767	406,464,775	387,482,242	369,423,129	370,981,655	369,854,122	358,100,635	361,109,732
Buildings and building improvements	183,122,322	26.2%	161,692,621	171,150,808	156,272,307	127,250,001	123,618,070	126,696,865	126,696,865	125,609,435	119,946,469
Equipment, furniture and fixtures	57,665,911	8.3%	51,082,588	50,436,887	44,528,369	31,813,649	29,163,887	22,972,560	21,367,619	20,949,181	20,040,290
Total capital assets being depreciated	698,901,154	100.0%	657,374,817	667,937,462	607,265,451	546,545,892	522,205,806	520,651,080	517,918,606	504,659,251	501,096,491
Less accumulated depreciation	(362,901,122)	51.9%	(350,930,203)	(357,349,262)	(334,246,562)	(314,025,691)	(296,027,349)	(287,025,150)	(270,291,950)	(252,335,482)	(234,609,204)
Net capital assets	**$546,399,466**	**n/a**	**$494,568,675**	**$442,763,034**	**$420,827,810**	**$378,157,551**	**$355,524,866**	**$355,339,214**	**$358,081,078**	**$361,643,284**	**$375,769,596**

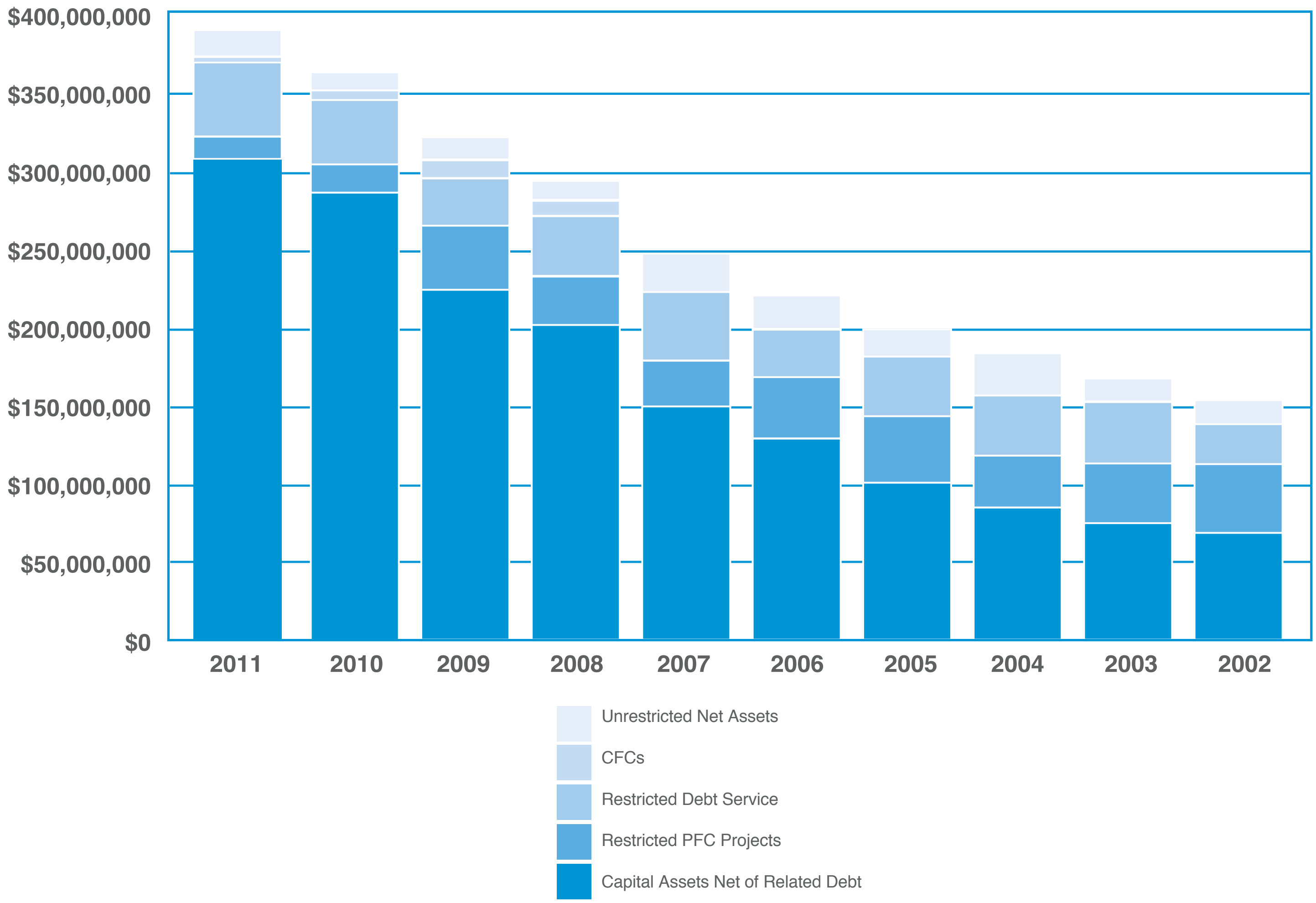
Ratios of Outstanding Revenue Bond Debt as a Percentage of Total Revenue Bond Debt
At June 30 for Each Year Presented

	2011	%	2010	2009	2008	2007	2006	2005	2004	2003	2002
Series 1991A Revenue Bonds	$-	n/a	$-	$-	$-	$-	$-	$-	$-	$9,410,000	$12,965,000
Series 1991C Revenue Bonds	-	n/a	-	-	-	-	-	-	-	-	-
Series 1992 PFC Revenue Bonds	-	n/a	-	-	-	-	-	-	-	35,465,000	38,025,000
Series 1993 Revenue Bonds	-	n/a	-	-	-	43,200,000	48,500,000	52,000,000	52,700,000	53,400,000	53,500,000
Series 1995 Revenue Bonds	-	n/a	38,265,000	42,775,000	46,875,000	50,600,000	53,990,000	57,070,000	59,870,000	62,415,000	64,730,000
Series 1998A Revenue Bonds	-	n/a	4,330,000	5,810,000	7,435,000	9,185,000	11,035,000	12,955,000	14,930,000	16,945,000	18,985,000
Series 1998B Revenue Bonds	-	n/a	-	-	-	-	-	-	-	-	-
Series 1998C Revenue Bonds	-	n/a	16,190,000	18,150,000	20,010,000	21,770,000	23,445,000	25,035,000	26,550,000	27,985,000	29,355,000
Series 2001A Revenue Bonds	-	n/a	49,475,000	56,030,000	62,180,000	67,945,000	73,355,000	78,425,000	83,200,000	87,695,000	91,930,000
Series 2003 PFC Revenue Bonds	7,750,000	3.0%	11,485,000	14,145,000	18,675,000	22,145,000	25,525,000	28,825,000	32,020,000	-	-
Series 2003A Revenue Bonds	-	n/a	-	-	-	-	-	1,505,000	5,650,000	-	-
Series 2003B Revenue Bonds	17,260,000	6.7%	17,260,000	17,610,000	17,945,000	18,270,000	18,590,000	18,900,000	18,900,000	-	-
Series 2006 Revenue Bonds	-	n/a	-	-	-	18,285,000	-	-	-	-	-
Series 2008A Revenue Bonds	19,300,000	7.5%	25,700,000	31,800,000	37,600,000	-	-	-	-	-	-
Series 2008B Revenue Bonds	-	n/a	-	27,605,000	27,605,000	-	-	-	-	-	-
Series 2009A Revenue Bonds	35,285,000	13.7%	36,000,000	36,000,000	-	-	-	-	-	-	-
Series 2010A Revenue Bonds	24,515,000	9.5%	25,770,000	-	-	-	-	-	-	-	-
Series 2010 CONRAC Revenue Bonds	66,300,000	25.8%	66,300,000	-	-	-	-	-	-	-	-
Series 2010B Revenue Bonds	70,400,000	27.4%	-	-	-	-	-	-	-	-	-
Series 2010C Revenue Bonds	16,170,000	6.3%	-	-	-	-	-	-	-	-	-
Total Revenue Bonds	256,980,000	100.0%	290,775,000	249,925,000	238,325,000	251,400,000	254,440,000	274,715,000	293,820,000	293,315,000	309,490,000
Series 1999 Subordinated Note	-	n/a	-	-	-	409,553	771,227	771,227	935,776	1,090,340	1,235,525
Plus unamortized premium	6,466,233		1,945,321	180,568	-	-	-	-	-	-	-
Less unamortized deferred amount on refunding	(6,608,155)	n/a	(6,510,395)	(7,675,177)	(9,493,871)	(10,813,988)	(12,636,036)	(15,047,310)	(17,654,125)	(19,251,919)	(21,690,417)
Net Outstanding Debt	**$256,838,078**	**n/a**	**$286,209,926**	**$242,430,391**	**$228,831,129**	**$240,995,565**	**$242,575,191**	**$260,438,917**	**$277,101,651**	**$275,153,421**	**$289,035,108**
Enplanements	**4,724,974**		**4,487,336**	**4,460,962**	**4,880,360**	**4,938,191**	**4,735,910**	**4,438,392**	**4,166,820**	**3,997,980**	**4,004,407**
Net Outstanding Debt per Enplanement	**$54.36**		**$63.78**	**$54.34**	**$46.89**	**$48.80**	**$51.22**	**$58.68**	**$66.50**	**$68.82**	**$72.18**

Metropolitan Nashville Airport Authority Change in Net Assets
As of June 30 for Each Year Presented

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating Revenues										
Signatory Airline	$25,305,820	$20,522,901	$17,017,714	$10,527,728	$13,116,169	$13,559,361	$15,164,912	$18,545,916	$22,803,489	$13,611,398
Parking	29,743,911	26,768,620	28,174,733	30,405,023	27,794,482	25,159,487	22,787,740	20,575,301	18,654,487	17,965,180
Concession	16,609,629	16,511,983	16,558,935	17,164,513	16,631,319	15,597,529	14,481,791	13,705,715	13,460,263	13,011,370
Space Rental	9,804,161	9,938,642	10,077,305	11,050,944	10,135,718	9,888,852	8,935,551	7,028,387	5,525,643	5,195,128
Other	7,978,056	7,942,283	7,427,153	7,167,118	7,221,908	6,928,048	5,399,869	4,864,672	3,980,905	3,509,873
Total Operating Revenues	**89,441,577**	**81,684,429**	**79,255,840**	**76,315,326**	**74,899,596**	**71,133,277**	**66,769,863**	**64,719,991**	**64,424,787**	**53,292,949**
Operating Expenses										
Salaries and wages	28,570,046	28,057,407	26,339,723	23,690,248	20,379,376	18,657,132	16,412,494	16,248,675	16,301,303	16,361,252
Contractual Services	21,851,020	18,680,783	16,358,604	16,299,124	14,430,214	12,916,582	12,453,870	11,424,236	11,259,823	10,005,484
Materials and Supplies	2,875,601	2,363,467	1,704,622	2,228,830	2,437,293	1,702,182	1,894,344	1,564,994	2,042,158	1,720,968
Utilities	6,317,661	5,909,708	6,231,268	5,537,335	4,408,582	4,178,081	3,662,175	3,426,793	3,367,944	3,228,803
Other	2,680,441	2,464,114	2,441,956	2,688,651	2,943,678	3,294,627	2,274,072	2,579,608	2,639,054	2,233,035
Total Operating Expenses	**62,294,769**	**57,475,479**	**53,076,173**	**50,444,188**	**44,599,143**	**40,748,604**	**36,696,955**	**35,244,306**	**35,610,282**	**33,549,542**
Provision for Depreciation	**29,679,570**	**25,882,986**	**25,151,547**	**20,424,563**	**18,121,419**	**17,640,198**	**17,546,203**	**17,966,519**	**17,741,820**	**17,607,702**
Nonoperating Revenues										
Investment income	342,616	781,719	1,642,936	4,603,766	4,931,594	2,889,516	2,769,432	1,053,385	3,583,967	3,949,999
Passenger facility charges	13,300,248	15,494,672	11,480,154	12,836,344	13,237,806	12,577,969	11,640,065	10,790,953	10,763,881	10,698,503
Customer facility charges	9,074,716	7,911,785	7,648,876	4,259,428	-	-	-	-	-	-
Other nonoperating revenues	3,012,950	57,143	-	27,536	25,393	-	-	432,405	622,280	649,103
Total Nonoperating Revenues	**25,730,530**	**24,245,319**	**20,771,966**	**21,727,074**	**18,194,793**	**15,467,485**	**14,409,497**	**12,276,743**	**14,970,128**	**15,297,605**
Nonoperating Expenses										
Interest expense	11,717,420	15,081,502	13,823,696	14,504,722	14,396,542	15,629,637	16,416,304	16,943,386	18,549,633	17,164,475
Other nonoperating expenses	-	7,532,504	730,354	1,690,402	1,029,704	(1,649,398)	938,762	(3,973,366)	548,238	4,410,561
Total Nonoperating Expenses	**11,717,420**	**22,614,006**	**14,554,050**	**16,195,124**	**15,426,246**	**13,980,239**	**17,355,066**	**12,970,020**	**19,097,871**	**21,575,036**
Capital Contributions	**16,861,226**	**46,422,786**	**24,316,658**	**22,299,530**	**13,168,339**	**6,244,876**	**6,970,112**	**5,655,203**	**3,433,673**	**3,131,916**
Increase in Net Assets	**28,341,574**	**46,380,063**	**31,562,694**	**33,278,055**	**28,115,920**	**20,476,597**	**16,551,248**	**16,471,092**	**10,378,615**	**(1,009,810)**
Total Net Assets - End of Year	**$388,940,727**	**$360,599,153**	**$314,219,090**	**$282,656,396**	**$249,378,341**	**$221,262,421**	**$200,785,824**	**$184,234,576**	**$167,763,484**	**$157,384,869**

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



	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Net Assets:										
Invested in capital assets, net of related debt	$309,766,045	$284,697,793	$235,035,655	$202,605,751	$150,379,604	$128,751,172	$101,464,942	$84,315,495	$78,131,588	$74,172,612
Restricted - passenger facility charge projects	20,471,601	24,030,445	30,014,741	34,949,517	29,759,895	40,849,597	43,257,624	34,400,719	39,046,042	42,211,448
Restricted - debt service	30,061,244	28,096,805	32,430,731	31,048,968	45,116,496	30,076,175	37,642,339	39,170,732	36,217,489	26,168,318
Restricted - customer facility charge projects	23,105,902	14,097,298	6,188,574	4,244,330	-	-	-	-	-	-
Unrestricted net assets	5,535,935	9,676,812	10,549,389	9,807,830	24,122,346	21,585,477	18,420,919	26,347,630	14,368,365	14,832,491
Total Net Assets	**$388,940,727**	**$360,599,153**	**$314,219,090**	**$282,656,396**	**$249,378,341**	**$221,262,421**	**$200,785,824**	**$184,234,576**	**$167,763,484**	**$157,384,869**

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

Description	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating Revenue	$86,749	$78,855	$76,435	$74,041	$74,232	$70,512	$66,351	$63,919	$64,011	$52,897
Less Operating Expenses (net of non-cash items)*	(52,319)	(47,712)	(44,468)	(45,176)	(43,094)	(39,510)	(35,901)	(32,588)	(35,475)	(33,447)
Less Capital Items Funded with Operating Revenues	(456)	(2,449)	(1,476)	(1,922)	-	-	-	-	n/a	n/a
Change in Working Capital & Other Items	2,356	4,854	(8,344)	3,077	3,837	3,913	(2,424)	4,750	(1,599)	121
Add Interest Income	340	756	1,565	4,252	4,877	2,837	2,732	1,036	3,560	3,911
Add PFCs and CFCs	22,375	23,406	11,480	12,836	13,238	12,578	11,640	10,791	10,764	10,699
Add Cash Various Transfers	4,321	5,184	10,741	3,086	3,000	3,000	3,000	3,000	n/a	n/a
Add Transfer from CIF**	3,555	3,499	6,767	9,152	6,005	7,599	6,828	6,486	9,429	18,074
COVERAGE CASH FLOW	$66,921	$66,393	$52,700	$59,346	$62,095	$60,929	$52,226	$57,394	$50,690	$52,255
INTEREST	11,078	13,119	11,847	12,422	13,013	13,615	14,265	14,725	16,878	16,350
PRINCIPAL	27,815	27,805	26,170	23,420	22,594	20,450	19,269	17,845	17,845	16,320
TOTAL DEBT SERVICE***	38,893	40,924	38,017	35,842	35,607	34,065	33,534	32,570	34,723	32,670
DEBT SERVICE COVERAGE	172.1%	162.2%	138.6%	165.6%	174.4%	178.9%	155.7%	176.2%	146.0%	159.9%

*Pension expense and Other Post Employment Benefits (OPEB) expense

**Capital Improvement Fund

***Total Debt Service is the sum of the scheduled portion of principal payable during the fiscal year, interest expense and related financing costs.

Working Capital & Other Changes	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Decrease (Increase) in:										
Accounts Receivable (incl PFC and CFC)	$3,507	$(974)	$(4,220)	$1,082	$(306)	$(401)	$(349)	$1,931	$(1,115)	$187
Receivables from Gov't Agencies	437	1,348	(3,237)	(1,033)	(736)	(175)	38	26	204	(302)
Inventory	(74)	(96)	21	12	(61)	55	55	(51)	58	117
Prepaid Expenses	(56)	116	320	(211)	39	(121)	29	34	(43)	(277)
Due to/from Other Airports	(1)	19	16	(21)	(14)	247	40	46	66	35
Increase (Decrease) in:										
Accounts Payable	(1,267)	3,370	(1,551)	3,241	4,299	3,233	(2,427)	1,838	(475)	82
Accrued Payroll	142	881	(555)	85	133	157	(106)	139	(169)	590
Other Adjustments:										
Amortization of Def Real Estate	1	1	1	1	1	1	1	1	1	1
Amortization of Def Rental Income	(335)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(46)	(103)
(Appreciation)/Depreciation of Investments	2	87	(176)	(74)	491	908	330	821	(80)	(209)
Net proceeds from PP&E	-	137	1,072	30	26	44	-	-	-	-
Working Capital & Other Changes	$2,356	$4,854	$(8,344)	$3,077	$3,837	$3,913	$(2,424)	$4,750	$(1,599)	$121

Nashville International Airport (only BNA for 2003B, 2008A, 2010B, 2010C Bonds)
Debt Service Coverage Analysis (000s)

Description	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating Revenue	$86,749	$78,855	$76,435	$74,041	$74,541	$70,512	$66,351	$63,919	$64,011	$52,897
Less Operating Expenses (net of non-cash items)	(51,941)	(46,929)	(44,463)	(45,176)	(43,094)	(39,510)	(35,901)	(32,588)	(35,475)	(33,447)
Less Capital Items Funded with Operating Revenues	(456)	(2,449)	(1,476)	(1,922)	-	-	-	-	n/a	n/a
Change in Working Capital & Other Items	696	8,157	(10,868)	4,121	845	3,206	(196)	2,195	(1,418)	(391)
Add Interest Income	233	574	1,436	2,440	2,618	1,407	1,423	757	2,025	2,160
Add Various Transfers	-	3,000	6,940	3,000	3,000	3,000	3,000	3,000	-	-
Add Transfer from CIF*	3,555	3,499	6,767	9,152	6,005	7,599	6,828	6,486	9,429	18,074
COVERAGE CASH FLOW	$38,836	$44,707	$34,771	$45,656	$43,915	$46,214	$41,505	$43,769	$38,572	$39,293
INTEREST	4,572	8,497	9,629	11,729	12,147	12,725	13,544	13,951	14,708	14,038
PRINCIPAL	19,495	22,100	19,975	19,870	19,124	17,150	16,074	15,135	15,285	13,895
TOTAL DEBT SERVICE	24,067	30,597	29,604	31,599	31,271	29,875	29,618	29,086	29,993	27,933
DEBT SERVICE COVERAGE	161.4%	146.1%	117.5%	144.5%	140.4%	154.7%	140.1%	150.5%	128.6%	140.7%

*Capital Improvement Fund

Nashville International Airport (only PFC for 2003PFC, 2009A, 2010A Bonds)
Debt Service Coverage Analysis (000s)

Description	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Passenger Facility Charges (net)	$13,300	$15,495	$11,480	$12,836	$12,929	$12,578	$11,640	$10,791	$10,764	$10,699
Less Operating Expenses	(142)	(509)	(5)	-	-	-	-	-	-	-
Add Various Transfers	4,321	2,184	3,801	86	-	-	-	-	-	-
Change in Working Capital & Other Items	1,270	(2,447)	2,524	(1,044)	2,992	707	(2,228)	2,525	(181)	512
Add Interest Income	17	121	129	1,812	2,259	1,430	1,309	279	1,535	1,751
COVERAGE CASH FLOW	$18,766	$14,844	$17,929	$13,690	$18,180	$14,715	$10,721	$13,595	$12,118	$12,962
INTEREST	2,581	3,098	2,218	693	866	890	721	774	2,170	2,312
PRINCIPAL	8,320	5,705	6,195	3,550	3,470	3,300	3,195	2,710	2,560	2,425
TOTAL DEBT SERVICE	10,901	8,803	8,413	4,243	4,336	4,190	3,916	3,484	4,730	4,737
DEBT SERVICE COVERAGE	172.1%	168.6%	213.1%	322.6%	419.3%	351.2%	273.8%	390.2%	256.2%	273.6%

CFC - 2010 CONRAC Debt Service Coverage Analysis (000s)

	2011	2010
Customer Facility Charges	$9,075	$7,912
Less Operating Expenses	(236)	(274)
Change in Working Capital & Other Items	391	(855)
Add Interest Income	91	61
COVERAGE CASH FLOW	$9,321	$6,844
INTEREST	$3,926	$1,525
PRINCIPAL	-	-
TOTAL DEBT SERVICE	3,926	1,525
DEBT SERVICE COVERAGE	237.4%	448.8%

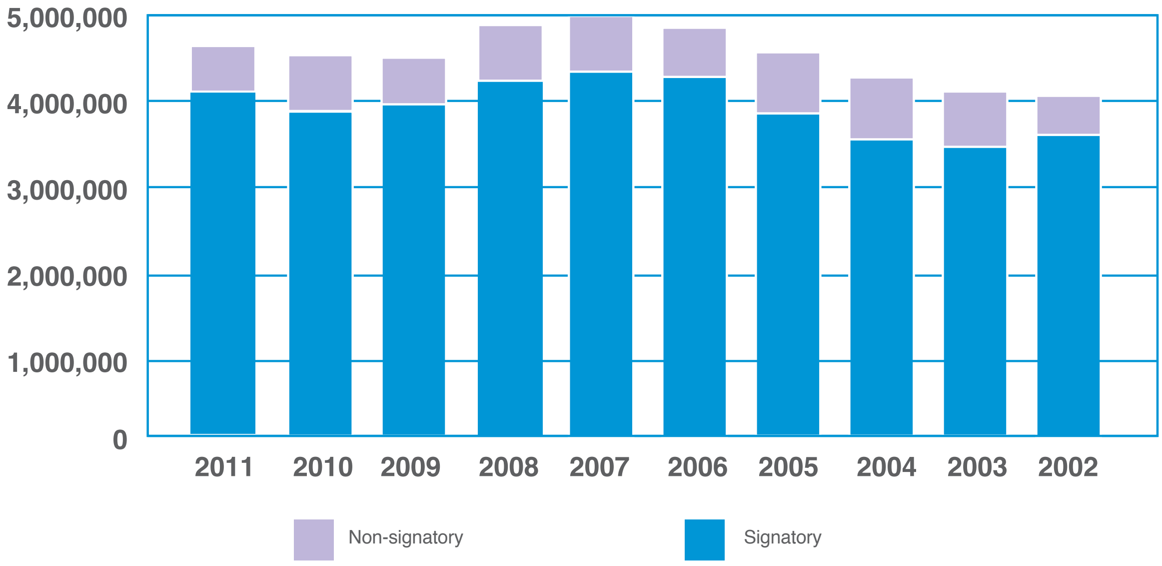
Nashville International Airport Passenger Enplanements Market Share

	% of Total	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
SIGNATORY AIRLINES											
American Airlines	8.7%	413,028	440,120	485,037	569,878	537,270	511,263	405,642	404,473	394,741	459,884
American Eagle	4.4%	208,880	201,322	158,588	143,476	139,338	139,691	148,527	91,112	47,698	14,970
Continental Express d/b/a ExpressJet	3.2%	153,341	156,856	166,732	211,931	214,507	196,633	67,513	-	-	-
Delta Air Lines Inc.	8.1%	381,859	277,740	170,821	186,493	276,209	268,272	329,373	296,148	328,344	375,817
Frontier Airlines	2.4%	115,004	108,283	112,954	121,853	120,921	96,023	66,344	2,046	-	-
Northwest Airlines Inc.	0.0%	-	-	170,974	220,949	306,451	338,020	372,211	355,339	334,019	310,036
Southwest Airlines	55.4%	2,619,094	2,400,069	2,341,657	2,474,183	2,435,801	2,396,765	2,097,881	2,089,884	2,019,190	2,065,784
TWA	0.0%	-	-	-	-	-	-	-	-	-	50,426
United Airlines/Comair	1.6%	77,136	56,844	35,327	81,958	106,866	112,353	108,084	77,733	98,917	63,753
US Airways	3.7%	173,905	147,033	177,989	184,660	216,102	220,104	248,946	214,379	235,533	244,062
Subtotal	87.7%	4,142,247	3,788,267	3,820,079	4,195,381	4,353,465	4,279,124	3,844,521	3,531,114	3,458,442	3,584,732

Northwest Airlines Inc. and Delta Air Lines Inc. merged during FY2009. TWA was merged into American Airlines in FY2003. Continental and United Airlines merged in FY2011. Enplanement data is combined for reporting purposes beginning with 2010.

	% of Total	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
NON-SIGNATORY AIRLINES											
Air Canada d/b/a Jazz Air	0.4%	17,874	17,762	19,025	21,138	19,471	11,219	9,894	17,689	19,520	20,395
Air Wisconsin	0.7%	31,531	59,220	55,347	47,476	50,069	45,414	36,447	43,331	19,466	31,549
American Connection/Chautauqua	0.0%	-	5,236	21,222	14,211	21,899	13,965	10,092	13,322	72,111	-
Astral Aviation d/b/a Skyway	0.0%	-	10,152	26,139	27,387	22,097	20,695	15,101	12,787	13,494	11,985
Continental Airlines	0.0%	297	273	696	288	110	344	113,293	170,460	172,331	176,600
Delta/Chautauqua	0.1%	5,503	12,006	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
JetBlue Airways	0.0%	-	-	-	40,219	65,273	-	-	-	-	-
Mesa Airlines	1.3%	63,566	97,023	75,315	94,816	207,224	190,725	208,941	104,977	3,982	5,508
Regionsair Inc.	0.0%	-	-	-	-	229	7,400	15,085	16,784	20,800	13,727
Republic	1.4%	63,933	59,370	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
Various/Trans State Airlines	0.4%	18,120	26,659	41,586	59,315	42,673	26,023	34,026	33,983	10,557	1,899
United/Skywest	0.6%	23,434	58,021	72,035	67,357	44,788	57,951	17,624	15,309	21,049	-
All Others (includes Charters)	7.5%	352,469	353,347	245,597	219,340	48,434	40,701	66,143	111,777	153,836	120,180
Subtotal	12.3%	582,727	699,069	640,883	684,979	584,726	456,786	593,871	635,706	539,538	419,675
TOTAL	**100.0%**	**4,724,974**	**4,487,336**	**4,460,962**	**4,880,360**	**4,938,191**	**4,735,910**	**4,438,392**	**4,166,820**	**3,997,980**	**4,004,407**

Enplanement History



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

Nashville International Airport Passenger Airline Landed Weights (000s)

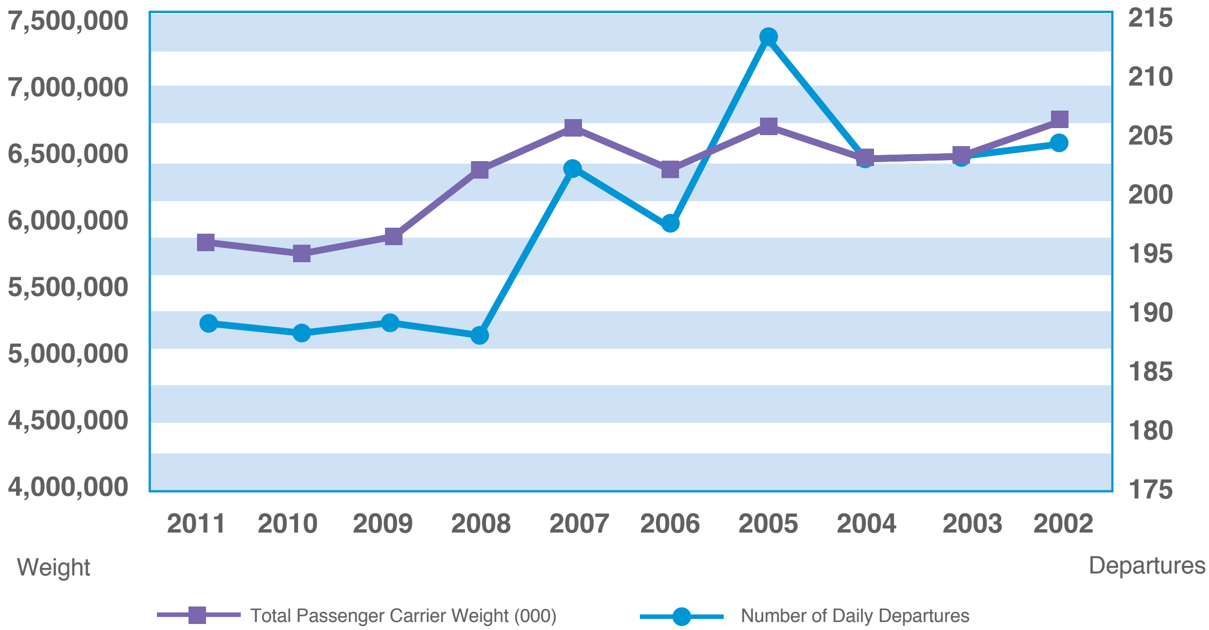
	% of Total	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
SIGNATORY AIRLINES											
American Airlines	9.1%	524,980	545,126	649,016	689,632	655,872	634,563	567,963	624,363	585,052	755,178
American Eagle	4.3%	250,201	256,929	208,495	187,228	183,165	176,907	201,774	108,377	58,641	32,413
Continental Express d/b/a ExpressJet	2.9%	170,289	161,622	178,362	213,733	217,946	210,740	143,285	-	-	-
Delta Air Lines Inc.	8.0%	463,462	235,775	215,579	220,001	332,566	324,574	453,689	435,374	490,498	672,503
Frontier Airlines	2.4%	138,158	136,647	140,062	150,367	156,727	136,359	-	-	-	-
Northwest Airlines Inc.	0.0%	-	113,227	217,913	262,432	390,255	451,613	508,023	501,271	511,171	454,697
Southwest Airlines	56.2%	3,256,494	3,099,020	3,320,830	3,612,516	3,585,140	3,483,250	3,566,231	3,566,775	3,560,773	3,577,728
TWA	0.0%	-	-	-	-	-	-	-	-	-	95,429
United Airlines/Comair	1.6%	93,016	68,557	45,394	98,618	132,699	139,071	151,207	113,857	131,318	80,652
USAirways	3.9%	226,543	194,337	226,038	229,737	286,557	276,569	326,295	300,443	375,039	427,338
Sub Total	88.5%	5,123,143	4,811,240	5,201,689	5,664,264	5,940,927	5,833,646	5,918,467	5,650,460	5,712,492	6,095,938

Note: Northwest Airlines Inc. and Delta Air Lines Inc. merged during FY2009. However, landed weight data continued to be reported separately throughout the year. American Connection/Chautauqua, Compass Airlines, Branson Air Express & Express Jet/United Express were non-signatory prior to FY 2011.

	% of Total	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
NON-SIGNATORY AIRLINES											
Air Canada d/b/a Jazz Air	0.5%	28,905	29,704	30,390	29,845	28,848	17,375	17,014	29,281	33,765	35,457
Air Wisconsin	0.6%	35,438	69,231	76,469	67,210	64,719	60,771	41,344	52,969	21,103	35,120
Astral Aviation d/b/a Skyway	0.0%	-	-	-	-	-	-	-	19,953	23,605	23,126
Atlantic Southeast Airlines	1.4%	83,119	111,111	70,799	62,189	-	-	-	-	-	-
Branson Air Express	0.0%	1,940	573	-	-	-	-	-	-	-	-
Continental Airlines	0.0%	1,134	1,396	2,126	960	640	656	-	223,020	228,955	256,644
Compass Airlines	1.1%	63,789	58,583	52,730	36,551	-	-	-	-	-	-
Chautauqua (Amer Conn, Delta, Midwest Connect)	0.1%	4,170	46,980	73,686	64,706	74,438	44,331	91,440	102,069	101,055	6,777
Express Jet/United Express	1.6%	91,151	26,296	-	-	-	-	-	-	-	-
Frontier	0.0%	-	-	-	-	-	-	104,454	2,520	-	-
Independence Air	0.0%	-	-	-	-	-	34,310	96,350	-	-	-
JetBlue Airways	0.0%	-	-	-	53,009	87,962	-	-	-	-	-
Mesa Airlines	1.2%	67,808	110,697	81,258	120,438	232,618	185,452	189,865	63,588	-	-
Pinnacle Airlines	1.3%	76,510	104,098	106,474	69,490	28,858	-	-	-	-	-
Republic	1.2%	70,635	65,566	49,314	65,171	38,655	22,702	-	-	-	-
Regionsair	0.0%	-	-	-	-	375	9,943	27,675	26,988	34,886	23,394
Skyway	0.0%	-	15,795	43,193	38,778	30,046	30,760	23,605	31,725	22,419	5,546
Trans States Airlines	0.3%	18,126	28,593	49,484	24,423	56,697	33,897	48,943	43,228	10,978	2,350
Skywest	1.3%	72,522	111,077	81,313	108,687	60,141	63,303	19,130	17,625	22,560	-
United Express/Atlantic Coast	0.0%	-	-	-	-	-	-	9,930	83,801	127,746	97,952
All Others (includes charters)	0.9%	51,211	27,489	53,511	43,654	13,927	49,908	157,052	148,993	97,795	130,935
Subtotal	11.5%	666,458	807,189	770,747	833,534	717,924	553,408	826,802	845,760	724,867	617,301
TOTAL PASSENGER CARRIER WEIGHT (000)	**100.0%**	**5,789,601**	**5,618,429**	**5,972,436**	**6,497,798**	**6,658,851**	**6,387,054**	**6,745,269**	**6,496,219**	**6,437,359**	**6,713,239**
CARGO & MISC CARRIER WEIGHT (000)		250,181	253,646	459,433	506,955	520,621	524,521	560,404	546,184	532,168	464,413
TOTAL WEIGHT ALL AIRCRAFT (000)		**6,039,782**	**5,872,075**	**6,431,869**	**7,004,753**	**7,179,472**	**6,911,575**	**7,305,673**	**7,042,403**	**6,969,527**	**7,177,652**
% PASSENGER CARRIER WEIGHT		96%	96%	93%	93%	93%	92%	92%	92%	92%	94%

Differences between total gross landed weight summarized here and carrier-specific activity are attributable to adjustments made during the year.
There continues to be charter activity at BNA. However, much of the supporting services are reported by airlines with their scheduled operating activity.

Passenger Airline – Aircraft Analysis



Nashville International Airport Activity

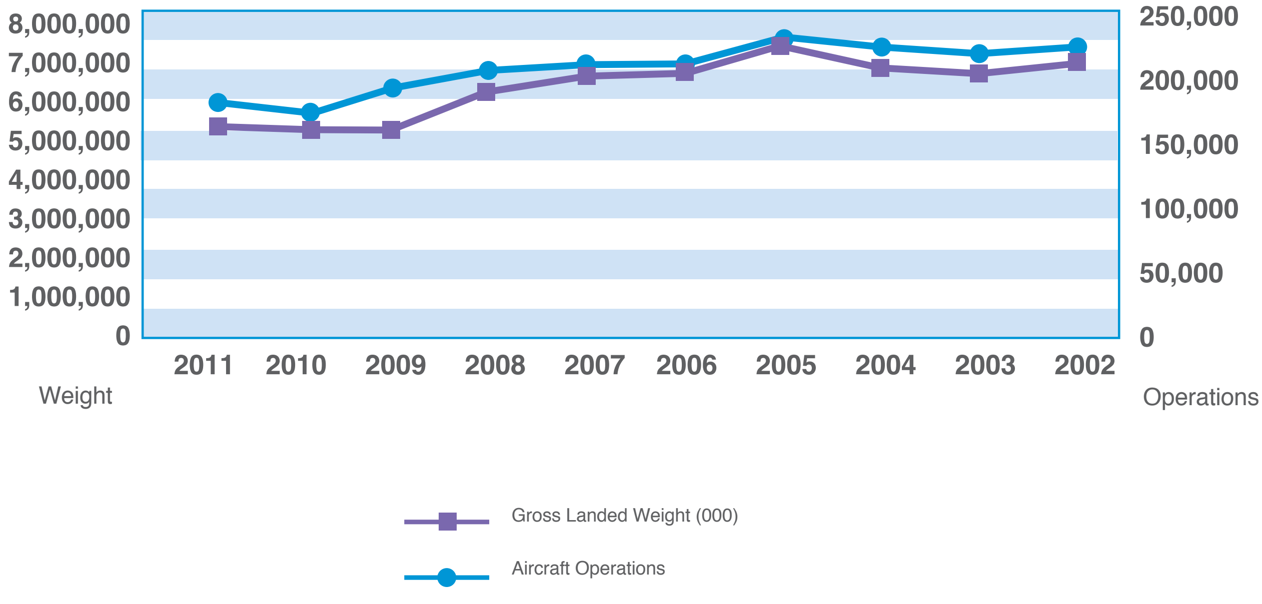
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Daily Departures	**190**	**188**	**190**	**188**	**202**	**197**	**213**	**203**	**203**	**204**

This represents a typical business day during June of each fiscal year and the number of departures scheduled for that particular day.

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Aircraft Operations										
Cargo Carrier	2,526	2,360	3,080	3,750	4,380	5,592	5,702	5,340	5,184	5,052
Charter Carrier (all)	8	6	18	20	-	14	-	8	36	142
General Aviation	27,979	27,275	29,511	38,441	44,792	46,268	51,429	54,443	53,012	60,128
General Aviation Air Taxi	55,334	57,381	54,297	61,583	68,086	68,381	36,954	9,052	13,602	23,288
Signatory Carrier	50,883	42,621	50,610	55,661	47,880	43,489	91,747	121,258	120,358	115,532
Military Aircraft	3,612	4,123	3,853	3,102	3,186	3,547	3,947	3,600	3,541	3,827
Non-Signatory Carrier	34,256	40,402	37,362	41,333	49,237	49,140	46,673	40,044	34,226	23,414
Total Aircraft Operations	**174,598**	**174,168**	**178,731**	**203,890**	**217,561**	**216,431**	**236,452**	**233,745**	**229,959**	**231,383**
Gross Landed Weight (000)										
Cargo Carrier	250,181	253,646	459,433	506,955	520,620	524,521	560,404	546,184	532,168	464,413
Charter Carrier (all)	6,552	1,266	1,428	2,455	-	875	-	-	-	-
Signatory Carrier	5,123,142	4,811,240	5,201,689	5,664,264	5,940,927	5,833,646	5,918,467	5,650,459	5,712,492	6,095,938
Military Aircraft	-	-	-	-	-	-	-	-	-	-
Non-Signatory Carrier	659,907	805,923	769,319	831,079	717,925	552,533	826,802	845,760	724,867	617,301
Total Gross Landed Weight	**6,039,782**	**5,872,075**	**6,431,869**	**7,004,753**	**7,179,472**	**6,911,575**	**7,305,673**	**7,042,403**	**6,969,527**	**7,177,652**

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. The Authority does not receive information in order to track gross landed weight for general aviation activity. Federal Express began providing daily domestic service in 2007, and China Airlines left the Middle Tennessee market in August 2009.

Aircraft Operations and Gross Landed Weight (000s)



The Authority does not receive information in order to track gross landed weight for general aviation activity. Federal Express began providing daily domestic service in 2007, and China Airlines left the Middle Tennessee market in August 2009.

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Cargo (tons)										
Air Mail	2	8	18	459	543	2,360	3,421	3,479	3,964	7,654
Air Freight	3,467	7,851	8,319	6,912	6,174	6,373	6,369	6,394	5,343	5,682
Air Cargo - Domestic	17,177	36,162	33,914	38,230	38,040	33,013	35,778	34,517	33,555	31,698
Air Cargo - International	-	2,321	23,381	33,665	30,164	32,085	29,374	24,373	20,258	8,355
Total Cargo	**20,646**	**46,342**	**65,632**	**79,266**	**74,921**	**73,831**	**74,942**	**68,763**	**63,120**	**53,389**

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

Signatory Carriers
American Airlines
American Eagle Airlines
Delta Air Lines Inc.
Express Jet (Continental Express)
Republic Airways Holdings*
Southwest Airlines
United Airlines/Comair
US Airway

Non-signatory Carriers
Air Canada d/b/a Jazz Air
Air Wisconsin
Atlantic Southeast Air
Continental Airlines
Mesa Airlines
Pinnacle Airlines
Compass
Mesaba
PSA (owned by US Airways)
Shuttle America
Skywest
Trans States Airlines

Cargo Carriers
Air Transport International
Capital Cargo International
DB Schenker
DHL/Astar Express
Federal Express

Fixed-base Operators
Atlantic Aviation
Signature Flight Support

Ground Transportation
Hotel Shuttles
Taxicab Companies
Limousine Companies

Ground Handlers
Dynair/Swissport

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

Private Hangar Rentals
Nashville Hangar
Owl Hill Holdings
SATA Inc.

Other Airport Tenants
118th Airlift Wing
Aeronautical Radio
Aircraft Services International
Embraer Aircraft Maintenance
Federal Aviation Administration
Marisol
Metro Air Services
Metro Government
Monells Dining
State of Tennessee
TN Aeronautics Commission
TN Dept of Transportation
Tower Group International
US Customs
US Government Weather Service
US Postal Service
US DEA

Other Terminal Tenants
24 Hour Flower
A T & T
CareHere Medical Clinic
Clear Channel Airports
Country Western Tours/Grayline Tours
CTN Superior Shine
Delaware North (Food & Beverage Concession)
Fifth Third Bank
First Class Seats
Graycliff
HMSHost (Food & Beverage Concession)
Hudson Group (News & Gift Concession)
i-Tech/Edge 1 Cellular
Jarmon Limousine
Massage Bar Inc.
Nashville Nails
New Zoom Systems
Opryland Hotel
Security Point Media
SmarteCarte
SunTrust Bank
TSA
Wright Travel Business Center

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

Tenants at John C. Tune Airport
Corporate Flight Management
Robert Orr/Sysco

* includes Frontier, Republic, Shuttle America and Chautauqua Airlines. Became signatory July 2011.

Metropolitan Nashville Airport Authority Staffing - Full-time Equivalents

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Administration	96.2	94.5	92.5	90.5	91.0	92.5	73.0	66.0	65.0	67.5
Engineering & Maintenance	71.3	70.0	67.0	68.0	75.0	73.0	77.0	77.0	76.0	79.0
Operations, Safety, Security	109.5	107.5	111.0	114.0	121.5	118.0	116.0	115.0	113.0	111.5
Total Authority Full-time Equivalents	277.0	272.0	270.5	272.5	287.5	283.5	266.0	258.0	254.0	258.0

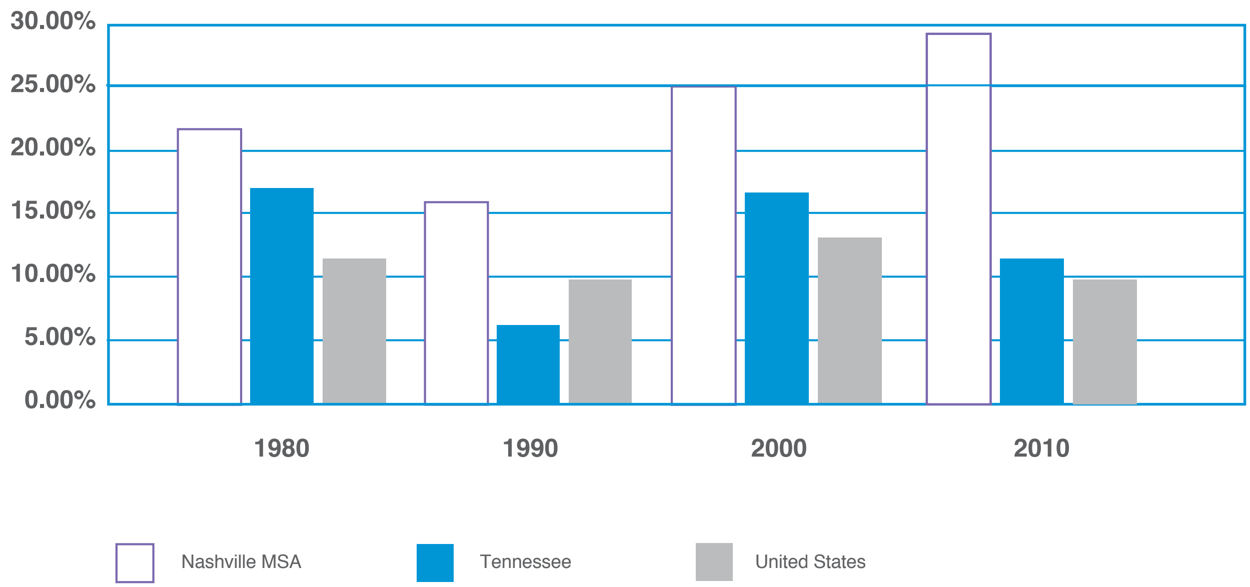
Note: Staffing levels represent full-time equivalents as of the last pay cycle of each fiscal year. MPC has no employees.

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
2010	1,589,934	6,346,105	308,745,538

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

Population Percent Change



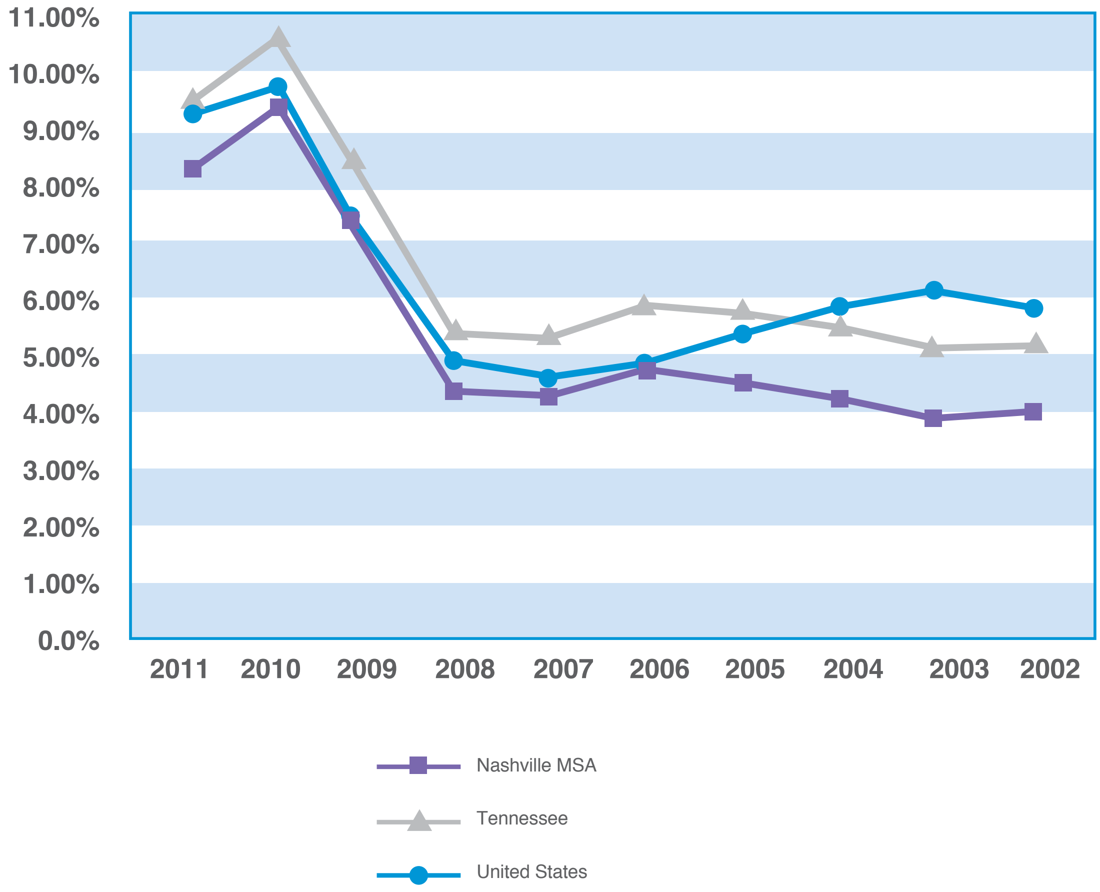
Nashville Metropolitan Statistical Area* Average Unemployment Rate

Year	Nashville MSA	Tennessee	United States
2011	8.45%	9.50%	9.35%
2010	9.41%	10.64%	9.77%
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%
10-yr Average	**5.52%**	**6.62%**	**6.40%**

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

Source: U.S. Bureau of Labor Statistics (http://data.bls.gov)

Average Unemployment Rates



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

2010	Staff	Employer	Headquarters	2009	Staff
1	21,232	Vanderbilt University and Medical Center	Nashville	1	21,739
2	18,736	State of Tennessee	Nashville	2	20,576
3	12,313	U.S. Government	Washington	3	11,599
4	11,500	Nissan North America Inc.	Franklin	7	11,500
5	10,300	Metropolitan Nashville-Davidson County Public Schools	Nashville	4	10,900
6	8,941	Metropolitan Government of Nashville and Davidson County	Nashville	5	9,191
7	7,000	HCA, Inc.	Nashville	8	7,000
8	6,500	Saint Thomas Health Service	Nashville	6	6,500
9	5,200	Rutherford County Government	Murfreesboro	14	5,200
10	4,482	Williamson County Public Schools and County Government	Franklin	13	4,482
11	3,554	The Kroger Company	Cincinnati, OH	18	3,577
12	3,531	Sumner County Government and Public Schools	Gallatin	12	3,531
13	3,000	Shoney's Inc.	Nashville	16	3,000
14	2,803	Randstad Work Solutions	Atlanta, GA	17	2,141
15	2,662	Gaylord Entertainment Co.	Nashville	10	2,662
16	2,620	Cracker Barrel Old Country Store Inc.	Lebanon	11	2,620
17	2,100	Ingram Industries Inc.	Nashville	21	2,100
18	2,013	Middle Tennessee State University	Murfreesboro	24	2,013
19	1,936	Dollar General Corporation	Goodlettsville	27	1,977
20	1,825	National HealthCare Corporation	Murfreesboro	28	1,795
21	1,800	Dell Corporation	Round Rock, TX	15	1,800
22	1,665	State Farm Insurance	Bloomington, IL	33	1,550
23	1,550	Community Health Systems, Inc.	Franklin	NR	1,550
24	1,500	Asurion	Nashville	23	1,500
25	1,500	Regions Financial Corporation	Birmingham, AL	30	1,500

**ranked by number of Middle Tennessee employees as of October 1, 2010.*

Nashville Business Journal's Book of Lists 2011 (nashville.bizjournals.com)

Wealthiest Tennessee ZIP Codes (City, County)**

2010	2009		Median Household Income
1	1	38139 Germantown, Shelby	$134,496
2	2	37350 Lookout Mountain, Hamilton	$128,295
3	4	37027 Brentwood, Williamson***	$118,958
4	3	37069 Franklin, Williamson***	$117,070
5	5	37067 Franklin, Williamson***	$105,674
6	8	38138 Germantown, Shelby	$91,966
7	6	37934 Knoxville, Knox	$90,893
8	10	38017 Collierville, Shelby	$90,672
9	7	37922 Knoxville, Knox	$89,607
10	9	37215 Nashville, Davidson***	$88,110
11	11	37220 Nashville, Davidson***	$85,261
12	15	37135 Nolensville, Williamson***	$84,038
13	13	38125 Memphis, Shelby	$82,621
14	18	37064 Franklin, Williamson***	$79,749
15	16	38016 Cordova, Shelby	$79,570
16	12	38120 Memphis, Shelby	$79,406
17	14	37205 Nashville, Davidson***	$79,263
18	22	37014 Arrington, Williamson***	$78,628
19	17	38018 Cordova, Shelby	$78,220
20	19	37221 Nashville, Davidson***	$77,557
21	25	38133 Memphis, Shelby	$76,929
22	21	38135 Memphis, Shelby	$76,786
23	20	37179 Thompson Station, Williamson***	$75,648
24	28	37122 Mt. Juliet, Wilson***	$73,235
25	24	37174 Spring Hill, Maury***	$72,480

***ranked by 2010 median annual household income.*

****ZIP codes in Middle Tennessee (13 of top 25)*

Nashville Business Journal's Book of Lists 2011 (nashville.bizjournals.com)

Middle Tennessee Top 25 Public Companies*

2010	2009	Employer	Headquarters
1	1	Community Health Systems Inc.	Franklin
2	NR	Dollar General Corp.	Goodlettsville
3	3	Delek US Holdings Inc.	Brentwood
4	2	Tractor Supply Co.	Brentwood
5	4	LifePoint Hospitals Inc.	Brentwood
6	5	HealthSpring Inc.	Franklin
7	6	Cracker Barrel Old Country Store Inc.	Lebanon
8	7	Brookdale Senior Living Inc.	Brentwood
9	8	Psychiatric Solutions Inc.	Franklin
10	9	Corrections Corp. Of America	Nashville
11	10	Genesco Inc.	Nashville
12	11	Louisiana-Pacific Corp.	Nashville
13	NR	Noranda Aluminum Holding Corp.	Franklin
14	15	Emdeon	Nashville
15	12	CLARCOR Inc.	Franklin
16	13	O'Charley's Inc.	Nashville
17	14	Gaylord Entertainment Co.	Nashville
18	16	Healthways Inc.	Franklin
19	18	AmSurg Corp.	Nashville
20	17	National HealthCare Corp.	Murfreesboro
21	19	America Service Group Inc.	Brentwood
22	NR	Kirkland's Inc.	Nashville
23	20	Advocat Inc.	Brentwood
24	22	Healthcare Realty Trust Inc.	Nashville
25	21	First Acceptance Corp.	Nashville

**Ranked by prior four quarters' revenue as reported October 29, 2010, and Google Finance.*
Nashville Business Journal's Book of Lists 2011 (nashville.bizjournals.com)

Tennessee Top 25 Public Companies**

2010	2009	Employer	Headquarters
1	1	FedEx	Memphis
2	2	International Paper	Memphis
3	3	Community Health Systems Inc.	Franklin
4	NR	Dollar General Corp.	Goodlettsville
5	NR	Tennessee Valley Authority	Knoxville
6	4	Unum Group	Chattanooga
7	5	AutoZone Inc.	Memphis
8	6	Eastman Chemical Co.	Kingsport
9	8	Delek US Holdings Inc.	Brentwood
10	7	Tractor Supply Co.	Brentwood
11	10	LifePoint Hospitals Inc.	Brentwood
12	9	Regal Entertainment Group	Knoxville
13	11	HealthSpring Inc.	Franklin
14	NR	Tenn Health Holdings Inc.	Knoxville
15	12	Cracker Barrel Old Country Store Inc.	Lebanon
16	15	Brookdale Senior Living Inc.	Brentwood
17	17	Mueller Industries Inc.	Memphis
18	14	Thomas & Betts Corp.	Memphis
19	16	Psychiatric Solutions Inc.	Franklin
20	18	Fred's Inc.	Memphis
21	13	First Horizon National Corp.	Memphis
22	19	Corrections Corp. of America	Nashville
23	20	King Pharmaceuticals Inc.	Bristol
24	21	Genesco Inc.	Nashville
25	23	Verse Paper Group	Memphis

***Per individual company report filings through October 29, 2010.*
Nashville Business Journal's Book of Lists 2009 (nashville.bizjournals.com)