Metropolitan Nashville Airport Authority℠

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDING JUNE 30, 2014 AND 2013

Wheels Down Music Up

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2014 and 2013
Prepared by the Finance Department

Table of Contents

Metropolitan Nashville Airport Authority | Comprehensive Annual Financial Report

Introductory Section

Metropolitan Nashville Airport Authority | Comprehensive Annual Financial Report

This section contains the following subsections:

Metropolitan Nashville Airport Authority

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

October 31, 2014

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, 2014, 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 on 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 operation, financing and development of 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 10.6 million passengers and many other stakeholders in fiscal year 2014.

The Authority also owns MNAA Properties Corporation ("MPC"), a Tennessee nonprofit corporation, whose purpose is to support and facilitate the operations of the Authority and to help the economic development of the surrounding area. The Authority has all the powers of a governmental entity necessary to accomplish its purpose, such as acquiring land and constructing airport facilities; issuing revenue bonds and other tax-exempt indebtedness; maintaining its own police and aircraft rescue and firefighting ("ARFF"); and setting rates, charges and rentals for activities on airport properties. Based upon the criteria set forth in Governmental Accounting Standards Board, 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. 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 and CEO, who is the chief executive and administrative officer responsible for day-to-day operations and planning for both airports and MPC. The President and CEO leads a full-time staff of professional and technical personnel, with a budgeted headcount of 294 positions for fiscal year 2014.

A significant portion of day-to-day operations and planning relates to fiscal management. Staff-prepared operating and capital budgets are reviewed by various committees of the Board of Commissioners and adopted by the full Board of Commissioners. In the case of Nashville International Airport, the annual capital and operating budgets are additionally reviewed and approved by the signatory airlines that have committed to the residual lease agreement, which 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, as well as statutory and revenue bond trust indenture requirements.

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, 2014 and 2013 were $7,706,000 and $10,872,000, 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 manage risk to minimize losses in order to protect and preserve MNAA assets. The Authority recently implemented an Enterprise Risk Management system to identify and mitigate potential risk exposures. To further protect the Authority's exposure to loss, MNAA maintains various lines of insurance, including a $500 million general liability policy with self-retention of $5,000 per occurrence and a $25,000 aggregate deductible. Additionally, real and personal property is insured for $400 million 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 International Airport continued to experience growth in fiscal year 2014, with over 10.6 million passengers served and 5.3 million enplanements. Enplanements were up 5.4%, 3.2%, 3.4% and 5.3% respectively in fiscal years 2014, 2013, 2012 and 2011. Over the past ten years, this growth has caused Nashville International to jump from the 43rd largest airport in 2005 to the 33rd largest airport by total enplanements in 2013.

The region continued to experience strong economic growth in fiscal year 2014, with Nashville outpacing both the state and the nation. *Forbes* named Nashville one of the "Best Cities in U.S. for jobs in 2013" and "U.S. Regions to Watch in 2014" *(Forbes.com)*. Nashville was ranked No. 1 in job creation in the U.S. in 2012, according to the U.S. Bureau of Labor Statistics. *Time* named Nashville "The South's Red Hot Town" (March 2014), *Corporate and Incentive Travel* said Nashville was a "National Hot Spot" and *Business Insider* said it was one of the "15 Hottest American Cities of the Future."

Nashville is increasingly becoming known as a travel destination, with accolades that include "Best Places to Go In 2014" (*Travel + Leisure, Conde Nast, Fodor's and The New York Times*); "Best Summer Vacation Spots" (*Money Magazine* - May 2014); "Adventure Town" (*National Geographic*); "22 Reasons you Should Visit Nashville Now" (*Huffington Post*); "Best Places to Go in 2013" (*Conde Nast, Fodor's, Yahoo! Travel, Business Insider, Budget Travel*); "10 Must-Visit Cities" - *USA Today*; "10 Best Budget Destinations" - *Budget Travel*; and "The Coolest, Tastiest City in the South" - *Bon Appetit*.

Many leading publications have recently highlighted Nashville, including "2014's Hottest Travel Destinations for Food" (*The Daily Meal*); "Nashville's Rising Stars: The Kitchen Is Their Studio" (*The New York Times*); "South's Best Neighborhoods: 12South, Nashville" (*Southern Living*); "How Hot Chicken Became Nashville's Signature Dish" (*Time*); "Eat Your Way Through Nashville" (*St. Louis Post-Dispatch*); "Nashville Strikes New Chords for Visitors" (*USA Today Travel*). *GQ Magazine* noted, "Nashville, Tennessee, used to be just a city of ten-gallon hats and the Grand Ole Opry. Now it's the most electric spot in the South, thanks to a cast of transplanted designers, architects, chefs, and rock 'n' rollers."

While there are too many accolades and articles about Nashville to list them all, a current list may be found online at http://www.visitmusiccity.com/Media/inthenewslistings.

Nashville also played host to many music events and celebrations in 2013 and 2014. In only its fifth year, the New Year's Eve "Bash on Broadway" has become one of the most celebrated New Year's venues in the nation, with over 80,000 in attendance in 2013. The 2013 CMA Music Festival also set new attendance records, with over 80,000 fans. The attendance at the annual Bonnaroo Music Festival, held in Manchester, Tennessee, exceeded 90,000 fans.

In May 2013, Nashville's new convention center, located on a 16-acre site and known as Music City Center, opened with more than 1.2 million square feet of meeting and exhibition space. Since opening, the building has been in constant use, hosting many national conventions. In July 2014 alone, the Music City Center hosted 24 events with 81,548 attendees, generating 19,128 room nights for a total $28.7 million economic impact. Music City Center currently has over 240 events and 2 million room nights booked through 2026 and is working on an additional 289 tentative events.

ABC TV's drama series "Nashville" continued filming on location during the year and was renewed for another season. The show filmed at many prominent locations throughout the Nashville area. Yahoo News states: "The series offers up glitzy country stars -- and their deceptive pasts -- living Faith Hill-like existences in the South's hottest city. Episodes are chock full of original catchy tracks, which have become instant hits on iTunes." It also said: "… there's another star of the mega-watt show -- and that's Nashville itself." Several reality shows are also making Nashville their home, which was highlighted by the *Wall Street Journal* (January 23, 2014) in "Nashville's Reality TV Invasion." The article discusses A&E's launch of "Crazy Hearts" and TNT's "The Private Lives of Nashville Wives."

Nashville International Airport continues to receive top awards for customer service and its concession programs. In 2014, *Airport Revenue News* ("ARN"), a leading concessions trade publication, awarded BNA with the Best Customer Service medium-sized hub award. In 2012, ARN awarded BNA with the recognitions shown below in the medium-sized airport category during its 2012 Best Airport and Concessionaire Awards. Nashville was also a winner of these three awards in 2010:

- Airport with the Best Customer Service
- Airport with the Most Unique Airport Services
- Best Overall Concession Program

Airports Council International-North America ("ACI-NA") awarded Nashville International Airport the Richard A. Griesbach Award of Excellence for the Best Concession Program in 2011. Nashville International Airport was also named the 8th best airport by *Travel & Leisure*.

The Authority also earned the prestigious Excellence Award in the annual Excellence in Tennessee recognition program administered by the Tennessee Center for Performance Excellence. The Authority is the first airport in the U.S. to earn this award at its state's highest level. Since the program was founded in 1993, only 22 organizations have attained the Excellence designation, with the Authority being one of only two organizations in Tennessee that was recognized with the Excellence Award in 2012. The Authority has also been recognized as a Gold Level Recipient of the American Heart Association's Fit-Friendly Worksites Recognition program. The Fit-Friendly Worksites program is intended to be a catalyst for positive change. Worksites throughout the nation can be part of the initiative by making the health and wellness of their employees a priority.

Fiscal years 2014 and 2013 saw unemployment rates continue to decrease from their peak in 2010. In fiscal year 2014, the unemployment rate average was 6.35% for the Nashville – Davidson – Murfreesboro – Metropolitan Statistical Area ("Nashville MSA") compared with 7.40% for Tennessee, and 6.80% 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 2010 - 2014 were as follows:

	Nashville MSA	Tennessee	United States
June 30, 2014	6.35%	7.40%	6.80%
June 30, 2013	6.45%	8.00%	7.80%
June 30, 2012	7.29%	8.46%	8.55%
June 30, 2011	8.39%	9.51%	9.28%
June 30, 2010	9.14%	10.30%	9.74%

The Authority was the benefactor of two credit ratings upgrades in fiscal year 2014. In February 2014, Moody's Investors Service upgraded to 'A1' from 'A2' its rating on the Metropolitan Nashville Airport Authority's Airport Improvement Revenue Bonds. Moody's also affirmed the 'A3' rating on the Authority's Special Facility Rental Bonds (MPC CONRAC LLC Project), Series 2010. The outlook for both rating actions was "stable." In May 2014, Standard & Poor's Ratings Services raised its long-term rating to 'A+' from 'A' for the Authority's outstanding Airport Improvement Revenue Bonds. Standard & Poor's also affirmed the long-term rating on Series 2010 Special Facility Revenue Bonds issued for the CONRAC project, with a "stable" outlook for both rating actions.

Nashville was the only U.S. medium hub airport to receive multiple rating upgrades during fiscal year 2014. In making their decision, rating agencies cited the Airport's low and declining debt levels and the above average growth of the Metropolitan Nashville area's population base, economy and passenger enplanement levels. They further noted the Airport had one of the strongest recoveries in passenger enplanement levels from the economic downturn, driven by both the travel demand from area residents, as well as growing tourism supported by a new convention center.

MAJOR INITIATIVES AND DEVELOPMENTS

Nashville International Airport served more than 10.6 million total passengers in fiscal year 2014, operating an average of 392 daily flights to 48 nonstop markets. Nashville International is utilized by 8 airlines and 44 operating air carrier gates. The Airport is able to accommodate continued growth in coming years, with space available for additional gates and aircraft parking. The MNAA's two airports contribute more than $3.74 billion in total economic activity, $1.18 billion in wages, and more than approximately 40,000 jobs annually to the regional economy.

Nashville International Airport also continued to see new air service added. In fiscal year 2014, new daily nonstop flights were added to Denver, Los Angeles and Dallas-Forth Worth and international service was added by Aeromexico to Cancun.

In recent years, the Airport has had an aggressive capital program with major airfield and landside improvements, including extensive terminal renovations. Over the past 10 years, the Airport has invested more than $414 million in facility improvements. The largest projects budgeted in fiscal year 2014 included $10.3 million for taxiway (kilo) reconstruction and $7.4 million for a stormwater treatment project.

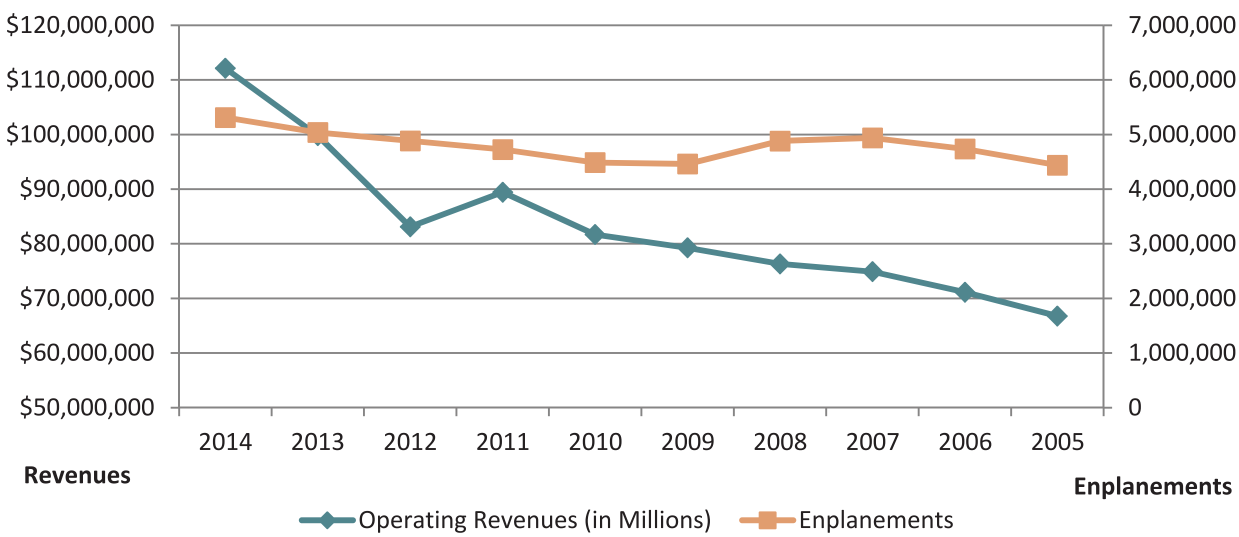
Airline bankruptcies and consolidations continued in fiscal year 2014, with Republic Airlines selling its subsidiary Frontier Airlines to Indigo Partners, US Airways completing its merger with American Airlines and Southwest Airlines completing a merger with AirTran. American Airlines parent, AMR Corporation, previously filed for bankruptcy in November 2011. Delta Air Lines' wholly owned regional carrier, Comair, ceased operations in fiscal year 2013, and another Delta regional partner, Pinnacle Airlines, also went into bankruptcy. Airline consolidations in recent years included United acquiring Continental; Delta acquiring Northwest; and Republic Airlines acquiring Frontier and Midwest Airlines.

OUTLOOK FOR FISCAL YEAR 2015

Airline alliances continued to drive decisions by most legacy airlines on route development. Airline alliances have focused on international routes, where they see higher profit margins. Airlines are also continuing to eliminate small regional jets in favor of larger aircraft and reduced route frequency, providing lower seat costs and higher utilization of seat capacity.

Airlines continue to be sensitive to changing economic conditions, especially fuel prices and reductions in consumer spending. Airlines are now more sensitive to changing conditions and respond with decisive action by raising fares and assessing new fees to maintain revenues, which have allowed most U.S. air carriers to show profits in recent years.

While the Authority cannot accurately predict the economic climate in fiscal year 2015, we continue to use conservative budget assumptions, including enplanements and landed weights, below actual results for fiscal year 2014. 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 2015.



FINANCIAL INFORMATION

Financial Position and Results of Operations

Management's Discussion and Analysis ("MD&A"), starting on page 18 summarizes the Authority's Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position and reviews the changes from the beginning to the end of fiscal year 2014 as well as certain comparisons of the current year to the prior year. The actual financial statements and related footnotes are presented on pages 30 to 68. 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 are 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, including contracts and grant agreements.

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:

- Human judgment in decision-making can be faulty;
- Breakdowns in internal controls can occur due to errors or mistakes;
- Controls can be circumvented by the collusion of two or more people or management override of internal controls;
- Costs of an entity's internal controls should not exceed the benefits that are expected to be derived; and
- 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 unmodified opinion that the Authority's financial statements as of and for the years ended June 30, 2014 and 2013, present fairly, in all material respects, the Authority's financial position, changes in net position and cash flows. The Authority participates in the Federal single audit program, which consists of a single audit of all federally funded programs administered by the Authority. Participation in the single audit program is mandatory as a condition for continued funding eligibility. The single audit performed by Crosslin & Associates, 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 auditor's 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, 2014 and 2013.

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 ("CAFR") for the fiscal year ended June 30, 2013. 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. The CAFR was judged by an impartial panel to meet the high standards of the program and demonstrate a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate users to read the CAFR.

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.

Acknowledgements

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

Respectfully submitted,

Stan Van Ostran
Vice President and Chief Financial Officer

Board of Commissioners:

Chair

Juli H. Mosley, P.E.

Vice Chair

A. Dexter Samuels, Ph.D.
Meharry Medical College

Secretary

Robert J. Walker
Walker, Tipps & Malone

Commissioners

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

Rod Essig
Creative Artists Agency

Amanda Farnsworth

Aubrey B. Harwell, III
Neal & Harwell, PLC

Robert J. Joslin
Joslin and Son Signs

Nicole R. Maynard
J.P. Morgan Chase

Deborah Wright
Victory Global Solutions, Inc.

Executive Staff:

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President & Chief Executive Officer

Robert C. Watson
Senior Vice President, Legal Affairs & Government Relations & Chief Legal Officer

Doug Kreulen
Chief Operating Officer

Amelia N. Armstrong
Senior Vice President, Workforce Strategy & Development and Chief People Officer

Stan Van Ostran
Vice President & Chief Financial Officer

Vanessa J. Hickman
Vice President & Chief Information Officer

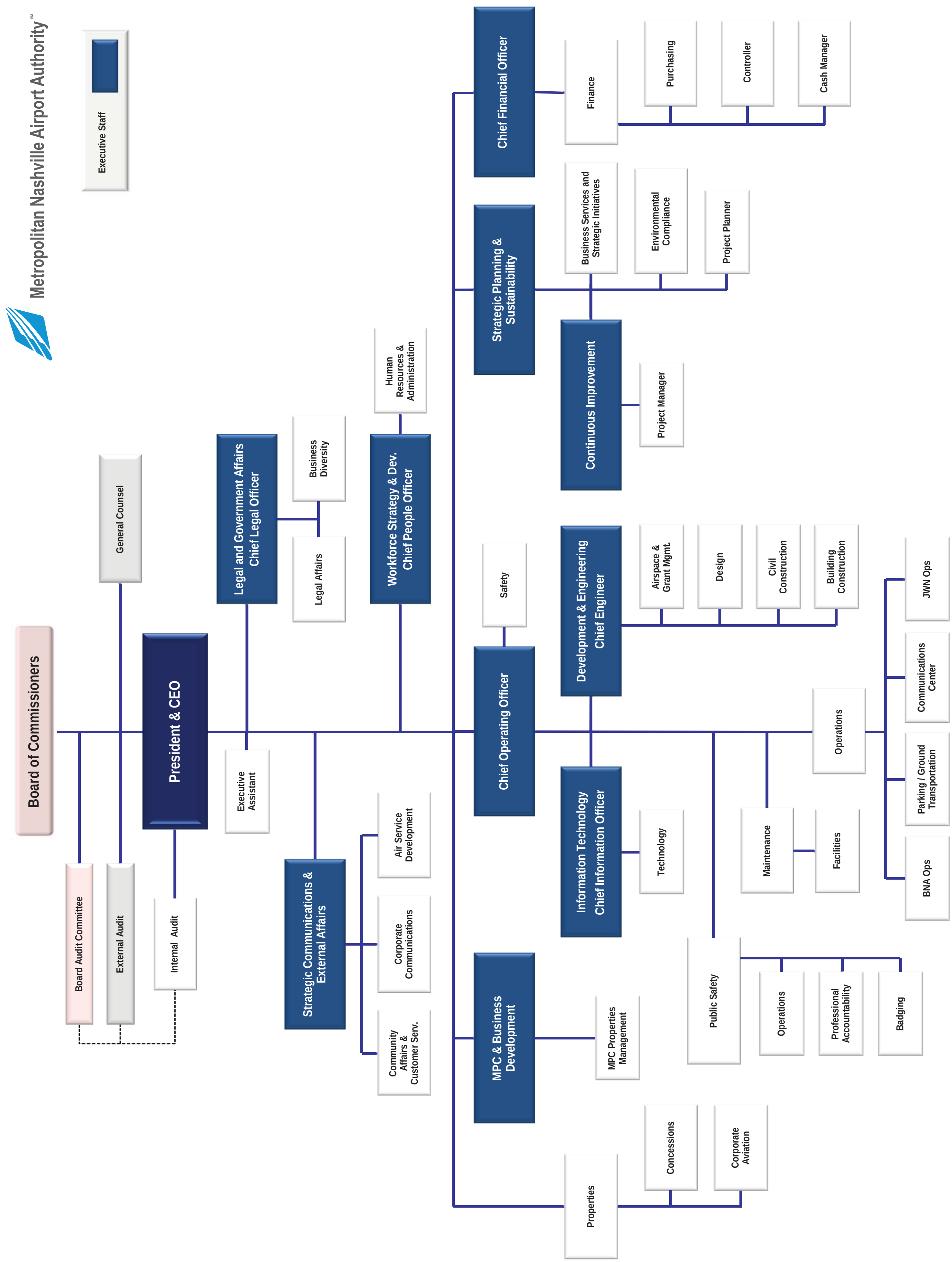
Robert Ramsey
Chief Engineer & Vice President, Development and Engineering

Christine Vitt
Vice President, Strategic Planning & Sustainability

Emily Richard
Vice President, Strategic Communications & External Affairs

Walt Matwijec
Assistant Vice President, Continuous Improvement

John Howard
Assistant Vice President, Properties & Business Development


Metropolitan Nashville Airport Authority™
Executive Staff
Board of Commissioners
Board Audit Committee
External Audit
Internal Audit
General Counsel
President & CEO
Executive Assistant
Legal and Government Affairs
Chief Legal Officer
Legal Affairs
Business Diversity
Strategic Communications & External Affairs
Air Service Development
Corporate Communications
Community Affairs & Customer Serv.
Workforce Strategy & Dev.
Chief People Officer
Human Resources & Administration
Chief Financial Officer
Finance
Purchasing
Controller
Cash Manager
Strategic Planning & Sustainability
Business Services and Strategic Initiatives
Environmental Compliance
Project Planner
Continuous Improvement
Project Manager
Chief Operating Officer
Safety
Development & Engineering
Chief Engineer
Airspace & Grant Mgmt.
Design
Civil Construction
Building Construction
Information Technology
Chief Information Officer
Technology
Maintenance
Facilities
Operations
JWN Ops
Communications Center
Parking / Ground Transportation
BNA Ops
Public Safety
Operations
Professional Accountability
Badging
MPC & Business Development
MPC Properties Management
Properties
Concessions
Corporate Aviation

Government Finance Officers Association

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, 2013

Jeffrey R. Emer

Executive Director/CEO

Financial Section

This section contains the following subsections:

Independent Auditor's Report

Management's Discussion & Analysis

Financial Statements

CROSSLIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Metropolitan Nashville Airport Authority
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the Metropolitan Nashville Airport Authority (the "Authority"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Metropolitan Nashville Airport Authority as of June 30, 2014 and 2013, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The Astoria • 3803 Bedford Avenue, Suite 103 • Nashville, Tennessee 37215 • phone: 615-320-5500 • fax: 615-329-9465 • www.crosslinpc.com
An Independent Member of The BDO Alliance USA

To the Board of Commissioners
Metropolitan Nashville Airport Authority

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, the schedule of net position information by entity, schedule of revenues, expenses and changes in net position information by entity, schedule of airport revenue bonds, principal and interest requirements by fiscal year, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of net position information by entity, schedule of revenues, expenses and changes in net position information by entity and the schedule of airport revenue bonds, principal and interest requirements by fiscal year are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 2014 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2014, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Crosslin & Associates, P.C.

Nashville, Tennessee
October 31, 2014

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 U.S. 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 Position* presents information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the residual reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Authority's financial position.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing the change in the Authority's net position during the fiscal year. All changes in net position 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

Nashville International Airport ("BNA") experienced another year of record growth in fiscal year 2014, surpassing 10.6 million passengers and more than 5.3 million enplanements. Enplanements were up 5.4% 3.2%, 3.4% and 5.3%, respectively, in fiscal years 2014, 2013, 2012 and 2011, reflecting consistent growth in recent years. Over the past ten years, this growth has caused Nashville International to jump from the 43rd largest airport in 2005 to the 33rd largest airport by total enplanements in 2013. Nashville International Airport currently has 392 daily flights to 48 nonstop markets.

In December 2013, CNN named Nashville International Airport one of the "7 Most Entertaining Airports in the World". Nashville was one of only two U.S. airports to receive that honor. Nashville International Airport has also received top awards for customer service and its concession programs in recent years. In March 2012, *Airport Revenue News*, a leading concessions trade publication, awarded BNA with the recognitions shown below in the medium-sized airport category during its 2012 Best Airport and Concessionaire Awards. Nashville was also a winner of these awards in 2010.

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- Airport with the Most Unique Airport Services
- Best Overall Concession Program

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The Authority also recently earned the prestigious Excellence Award in the annual Excellence in Tennessee recognition program administered by the Tennessee Center for Performance Excellence ("TNCPE"). The Authority is the first airport in the U.S. to earn this award at its state's highest level. Since the program was founded in 1993, only 22 organizations have attained the Excellence designation, with the Authority being one of only two organizations in Tennessee that was recognized with the Excellence Award this year. The Excellence Award makes the Authority eligible to apply for the Malcolm Baldridge National Quality Award.

The Authority was also recently recognized as a Gold Level Recipient of the American Heart Association's Fit-Friendly Worksites Recognition program. The Fit-Friendly Worksites program is intended to be a catalyst for positive change. Worksites throughout the nation can be part of the initiative by making the health and wellness of their employees a priority. The American Heart Association's program requires employers to:

- Offer employees physical activity support;
- Provide healthy eating options at the worksite;
- Promote a wellness culture; and
- Implement at least nine criteria as outlined by the American Heart Association in the areas of physical activity, nutrition and culture.

Nashville was the only U.S. airport to receive a rating upgrade from more than one rating agency for its general airport revenue bonds ("GARB") during fiscal year 2014. In making their decisions, rating agencies cited the Airport's low and declining debt levels and the above average growth of the Metropolitan Nashville area's population base, economy and passenger enplanement levels. They further noted that the Airport had one of the strongest recoveries in passenger enplanement levels from the economic downturn, driven by both travel demand from area residents, as well as growing tourism supported by a new convention center.

The first ratings action occurred in February 2014, when Moody's Investors Service upgraded to A1 from A2 its rating on the Authority's Airport Improvement Revenue Bonds. Moody's also affirmed the A3 rating on the Authority's Special Facility Rental Bonds (MPC CONRAC LLC Project), Series 2010, which were issued for BNA's consolidated rental car ("CONRAC") facility. The outlook for both rating actions was "stable." In May 2014, Standard & Poor's Ratings Services raised its long-term rating to 'A+' from 'A' for the Authority's outstanding Airport Improvement Revenue Bonds. Standard & Poor's also affirmed the long-term rating on the Series 2010 Special Facility Revenue Bonds for the CONRAC project, with a "stable" outlook for both rating actions.

The airport recently underwent an aggressive capital program with major airfield and landside improvements, including extensive terminal renovations. Over the past 10 years, the Authority has invested more than $414 million in facility improvements, with $24.4 million invested in fiscal year 2014. The largest projects budgeted in 2014 were taxiway reconstruction (Kilo) at $10.3 million and the stormwater treatment center at $7.4 million. The Authority completed work in 2012 on a second phase of terminal renovations, with more than $70 million in terminal renovations completed to date. Large projects budgeted in fiscal year 2013 included $17.3 million for taxiway and runway reconstruction, $14.7 million for replacement of the outbound baggage system and $2.8 million for a new data center.

Airline bankruptcies and consolidations continued in fiscal year 2014 with Republic Airlines selling its subsidiary Frontier Airlines to Indigo Partners, US Airways completing its merger with American Airlines and Southwest completing a merger with AirTran. American Airline's parent, AMR Corporation, previously filed for bankruptcy in November 2011. Delta's wholly owned regional carrier, Comair, ceased operations in fiscal year 2013, and another Delta regional partner, Pinnacle Airlines, also went into bankruptcy. Airline mergers in the preceding years included United acquiring Continental; Delta acquiring Northwest; and Republic Airlines acquiring Frontier and Midwest Airlines.

Nashville International Airport also continued to see new air service added. In fiscal year 2014, new daily nonstop flights were added to Denver, Los Angeles and Dallas-Fort Worth. New international service has been added by Aeromexico to Cancun. Additionally, nonstop markets were added, including Boston, Pittsburgh, Pensacola and Trenton.

John C. Tune ("JWN"), BNA's reliever airport on the west side of Nashville, is currently undergoing a long-awaited project to extend its runway and add safety improvements at each end of the runway. JWN will continue making improvements in 2015 by completing the runway project, a major terminal renovation and making repairs and improvements to many of its existing buildings.

The property development organization of the Authority, MNAA Properties Corporation ("MPC"), continued its efforts to refurbish it largest property, International Plaza. It continued to add several new tenants in fiscal year 2014, which has increased operating revenues and the occupancy level to more than 89%.

OPERATIONAL HIGHLIGHTS

Enplanements rose 5.4%, 3.2% and 3.4%, respectively, in fiscal years 2014, 2013 and 2012. Since 2011, Nashville has jumped from 38th to the 33rd largest airport by total passengers. Certified gross landed weights were also up 3.4%, totaling almost 6.6 billion pounds in 2014. Nashville International Airport served more than 10.6 million total passengers in fiscal year 2014, operating an average of 392 daily flights to approximately 48 nonstop markets. Nashville International Airport is able to accommodate continued growth in coming years, with space available for additional gates and aircraft parking. The MNAA's two airports contribute more than $3.74 billion in total economic activity, $1.18 billion in wages and 39,700 jobs annually to the regional economy.

Several of the most common indicators of activity during 2014, 2013, and 2012 appear below:

	2014	2013	2012
Enplanements	**5,311,799**	**5,037,975**	**4,883,374**
% increase (decrease)	5.4%	3.2%	3.4%
Aircraft landed weight (all – 000)	**6,616,828**	**6,400,706**	**6,146,835**
% increase (decrease)	3.4%	4.1%	1.8%
Aircraft operations (passenger)	**94,314**	**91,489**	**89,069**
% increase (decrease)	3.1%	2.7%	4.6%
Aircraft operations (all other)	**81,038**	**81,272**	**86,991**
% increase (decrease)	(0.3%)	(6.6%)	(2.8%)
Load factors	**80.5%**	**78.8%**	**77.0%**
% increase (decrease)	1.7%	1.8%	1.4%

Load factors are the percentages of seats occupied on all passenger aircraft, both arriving and departing airplanes. Available seats increased by 3.4% in fiscal year 2014. BNA saw a 3.1% increase in passenger aircraft operations in 2014 and 1.5% increase in total airline aircraft operations during 2014. While enplanements continue to be up, increases in load factors and landed weight indicate airlines are getting better at optimization by selecting the most appropriate mix of aircraft to meet scheduling requirements.

The Authority approved the imposition of Customer Facility Charges ("CFCs") for rental car customers and began collecting a $4.00 CFC per transaction day, effective January 1, 2008. The CFC rate increased 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 $60.1 million, with more than $10.8 million collected in fiscal year 2014. Transaction days continued to improve in 2014, averaging 200,472 per month, compared to 191,020, 186,844, and 168,050 in fiscal years 2013, 2012, and 2011, respectively.

SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

The Authority's Statements of Revenues, Expenses and Changes in Net Position 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 position over the past three fiscal years with "% Change" representing the change from 2013 to 2014 and 2012 to 2013:

	2014	2013	% Change	2012	% Change
Operating revenues	$112,129,122	$99,791,725	12.4%	$83,114,140	20.1%
Operating expenses	73,880,401	70,095,093	5.4%	67,377,359	4.0%
Operating income before depreciation	**38,248,721**	**29,696,632**	**28.8%**	**15,736,781**	**88.7%**
Provision for depreciation	35,773,468	35,648,323	0.4%	33,000,622	8.0%
Operating income (loss)	**2,475,253**	**(5,951,691)**	**>100.0%**	**(17,263,841)**	**65.5%**
Nonoperating revenues	24,969,783	24,549,154	**1.7%**	22,940,432	7.0%
Nonoperating expenses	(9,000,146)	(10,231,288)	**-12.0%**	(10,281,744)	-0.5%
Income (loss) before capital contributions	**18,444,890**	**8,366,175**	**>100.0%**	**(4,605,153)**	**>100.0%**
Capital contributions	12,739,063	6,023,925	**>100.0%**	6,807,058	-11.5%
Increase in net position	**31,183,953**	**14,390,100**	**>100.0%**	**2,201,905**	**>100.0%**
Net position, beginning of year	400,777,355	386,387,255	**3.7%**	384,185,350	0.6%
Net position, end of year	**$431,961,308**	**$400,777,355**	**7.8%**	**$386,387,255**	**3.7%**

During fiscal year 2013, the Authority early implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* Accordingly, the 2012 amounts reported within the financial statements and in this management's discussion and analysis were restated for the application of the new accounting principle.

OPERATING AND NONOPERATING REVENUE HIGHLIGHTS

Operating revenue for the year was up 12.4% over the prior year. The increases are attributable to increases in signatory airline revenues (26.1%), concession revenues (10.4%), space rental (7.1%) and parking (6.6%). Other operating revenues were down 4.9%.

Nonoperating revenues were up 1.7% in 2014. CFCs, which fund debt service for the CONRAC facility, were up 5.0%. CFC revenues were $10.8 million in 2014 compared to $10.3 million in 2013, and $10.1 million in 2012. Passenger facility charges ("PFC") collections improved 1.8% on higher enplanements. The Authority continues to collect on PFC Application 14, which dropped the approved PFC collection authority from $4.50 to $3.00 in fiscal year 2012, resulting in lower PFC collections in 2014. All PFC applications beyond Application 14 have been qualified for collection at $4.50. Investment income was down by 23.0% due as interest rates remained low during the year.

In addition to BNA, other MNAA entities also reported stable operating revenues in 2014. At JWN, the 2014 operating revenue was slightly down at $785,009, which compares to $800,686 in 2013 and $747,717 in 2012. MPC increased its total operating revenue to $2,426,455 for 2014, compared to $2,297,661 in 2013 and $2,174,792 in 2012.

The following summarizes all the Authority revenues for the fiscal years ended June 30, 2014, 2013 and 2012 with "% Change" representing the change from 2013 to 2014 and 2012 to 2013:

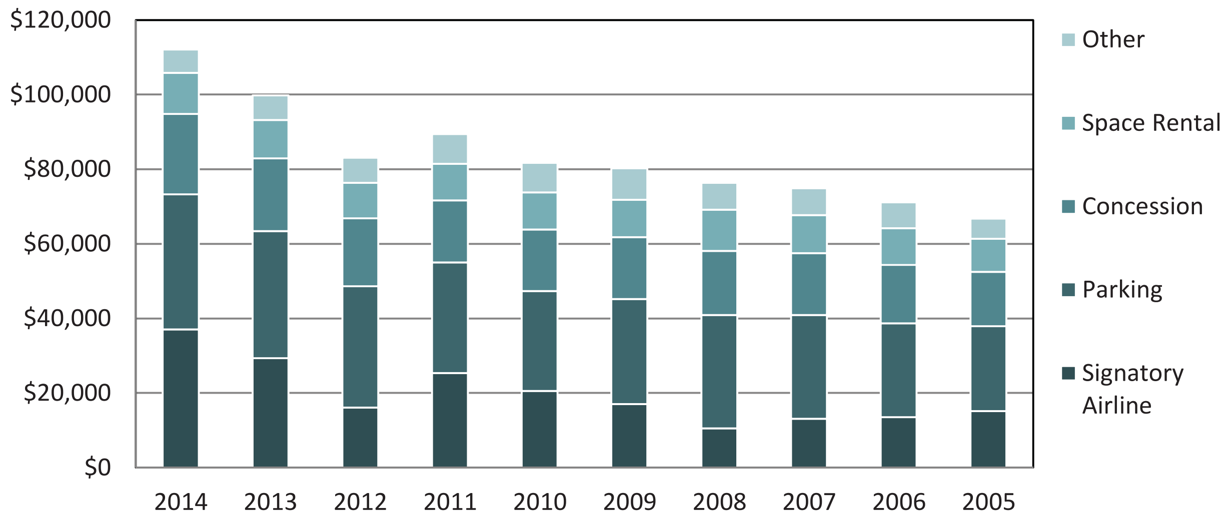
	2014	2013	% Change	2012	% Change
Operating revenues					
Signatory airline	$37,026,998	$29,373,222	26.1%	$16,132,099	82.1%
Parking	36,258,325	34,020,205	6.6%	32,467,762	4.8%
Concession	21,520,372	19,490,760	10.4%	18,220,104	7.0%
Space rental	11,045,010	10,308,115	7.1%	9,545,208	8.0%
Other	6,278,417	6,599,423	-4.9%	6,748,967	-2.2%
Total operating revenues	**112,129,122**	**99,791,725**	**12.4%**	**83,114,140**	**20.1%**
Nonoperating revenues					
Investment income	328,349	426,259	-23.0%	305,715	39.4%
Passenger facility charges	13,502,385	13,262,426	1.8%	12,522,227	5.9%
Customer facility charges	10,825,490	10,307,062	5.0%	10,090,579	2.1%
Other nonoperating revenues, net	313,559	553,407	-43.3%	21,911	>100.0%
Total nonoperating revenues	**24,969,783**	**24,549,154**	**1.7%**	**22,940,432**	**7.0%**
Capital contributions	**12,739,063**	**6,023,925**	**>100.0%**	**6,807,058**	**-11.5%**
Total revenues and capital contributions	**$149,837,968**	**$130,364,804**	**14.9%**	**$112,861,630**	**15.5%**

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). The budgeted rates for fiscal year 2015 are $266.69 (RF), $180.58 (MT), $112.07 (NC), $104.35 (SC), and $1.65 (LF). In comparison, fees and charges for 2014 were $223.05 (RF), $164.54 (MT), $79.11 (NC), $113.96 (SC), and $1.69 (LF). In fiscal year 2015, the SC rate decreases while the NC rate increased due to US Airways movement to the SC to be near its merger partner American Airlines. For comparative purposes, signatory airline rates charged in 2013 were $133.09 (RF), $130.84 (MT), $62.55 (NC), $57.62 (SC), and $1.52 (LF).

Signatory fees, adjusted annually under terms of the residual signatory airline agreement, were up $7.6 million in 2014, compared to an increase of $13.2 million in 2013. Non-signatory rates, also referred to as compensatory rates, for 2014 remained at published rates throughout the year at $349.31 (RF), $294.90 (MT), $111.88 (NC), $121.11 (SC) and $4.10 (LF). The 2013 rates were $327.15 (RF), $271.07 (MT), $107.23 (NC), $114.82 (SC) and $3.17 (LF). The budgeted rates for fiscal year 2015 are as follows: 397.15 (RF), $312.16 (MT), $113.74 (NC), $121.36 (SC) and $4.23 (LF).

The following chart demonstrates the 10-year trend for MNAA's operating revenues from 2005 through 2014:

Operating Revenues (000s)



Capital contributions were up 111.5% in 2014 and down 11.5% in 2013. Capital contributions were $12.7 million in 2014, compared to $6.0 million in 2013 and $6.8 million in 2012.

OPERATING AND NONOPERATING EXPENSES HIGHLIGHTS

The Authority's expenses increased in 2014 for BNA and MPC, and were down slightly at JWN. The following represents a summary of Authority expenses for the fiscal years ended June 30, 2014, 2013 and 2012 with "% Change" representing the change from 2013 to 2014 and 2012 to 2013:

	2014	2013	% Change	2012	% Change
Operating expenses					
Salaries and wages	$31,328,048	$32,118,328	-2.5%	$30,744,071	4.5%
Contractual services	27,886,714	24,783,144	12.5%	24,214,616	2.3%
Materials and supplies	4,132,884	3,436,780	20.3%	3,156,304	8.9%
Utilities	5,887,708	5,970,579	-1.4%	6,115,153	-2.4%
Other	4,645,047	3,786,262	22.7%	3,147,215	20.3%
Total operating expenses before provision for depreciation	**73,880,401**	**70,095,093**	**5.4%**	**67,377,359**	**4.0%**
Provision for depreciation	**35,773,468**	**35,648,323**	**0.4%**	**33,000,622**	**8.0%**
Nonoperating expenses					
Interest expense	9,000,146	10,231,288	-12.0%	10,281,744	-0.5%
Total expenses	**$118,654,015**	**$115,974,704**	**2.3%**	**$110,659,725**	**4.8%**

While expenses were up in most categories in both 2014 and 2013, the Authority noted a reduction in both salaries and utility expenses in 2014. Utilities have benefitted from recent energy improvements, resulting in guaranteed utility savings that are financing the energy improvements. Despite these efforts, the Authority expects to see increased utility costs in future periods as demand metering is implemented for industrial customers.

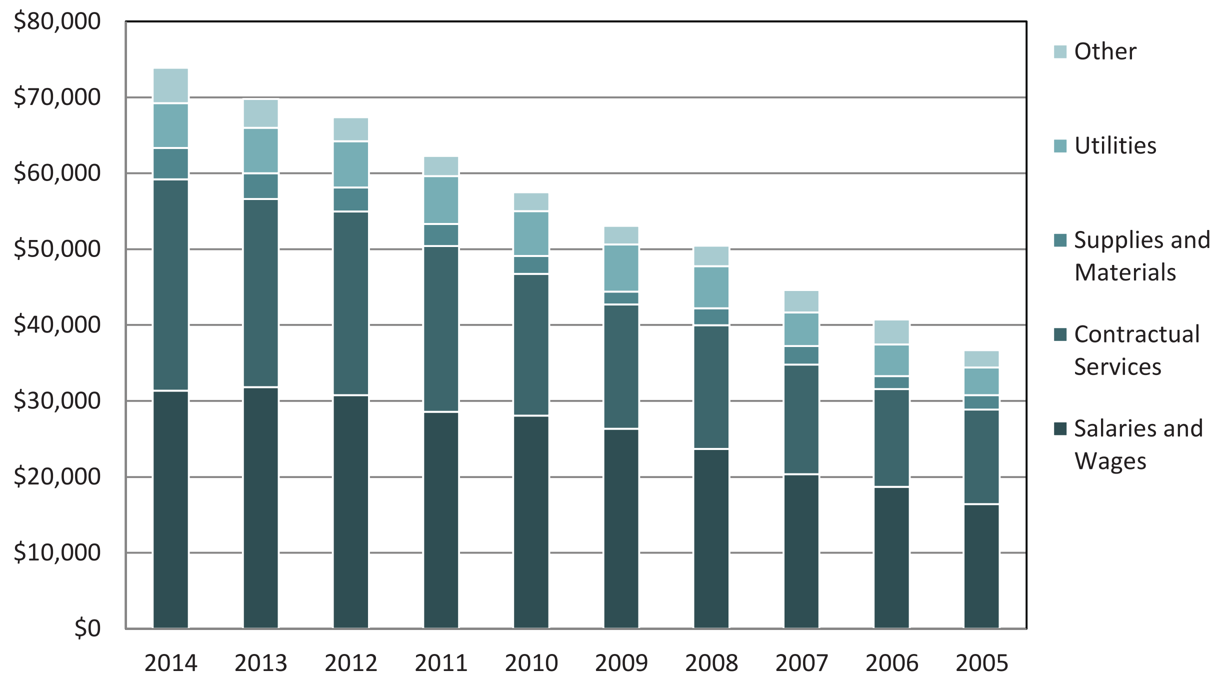
Salaries are down 2.5%, mostly due to actuarial projections which reduced pension and other post employment benefit ("OPEB") expenses. These projections reflect recent funding initiatives and changes to benefit programs made by the Authority. The changes have helped to reduce current and future retiree medical costs, without reducing employee benefits. Actual wage expenses grew slightly in both 2014 and 2013.

The remaining categories had anticipated increases that had been budgeted for 2013 and 2014. Materials and supplies and contract services saw the largest percentage increase in 2014, which was attributable to several factors, including additional costs for pavement and airfield maintenance, increased operating costs for parking and increased information technology infrastructure investment. The increased maintenance and operating costs were largely offset by increased grant and parking revenues.

Depreciation increased slightly in fiscal year 2014 by 0.4% and by 8.0% in 2013, reflecting the aggressive capital investment program that had been undertaken in recent years, including terminal renovations, CONRAC and several airfield projects.

The following chart demonstrates the 10-year trend for MNAA's operating expenses from 2005 through 2014:

Operating Expenses (before Depreciation) (000s)

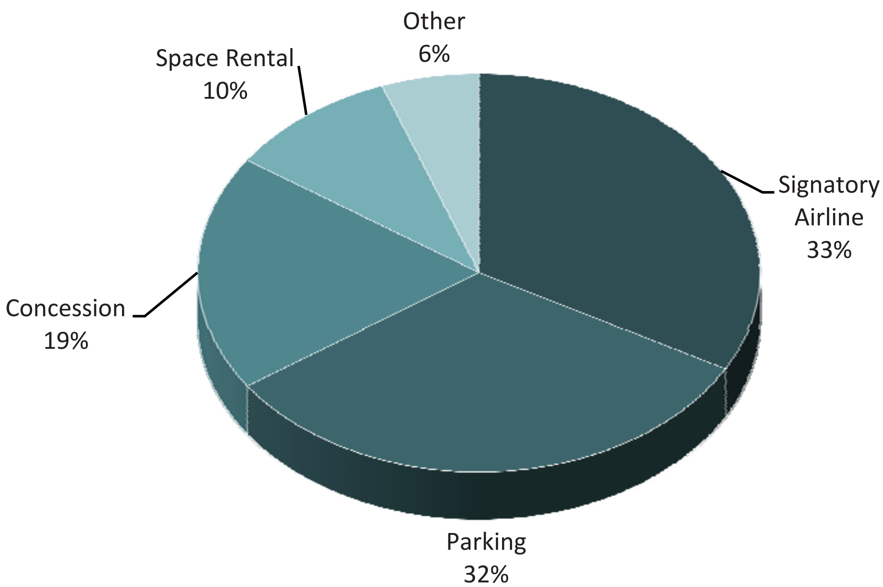


METROPOLITAN NASHVILLE AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) - Continued

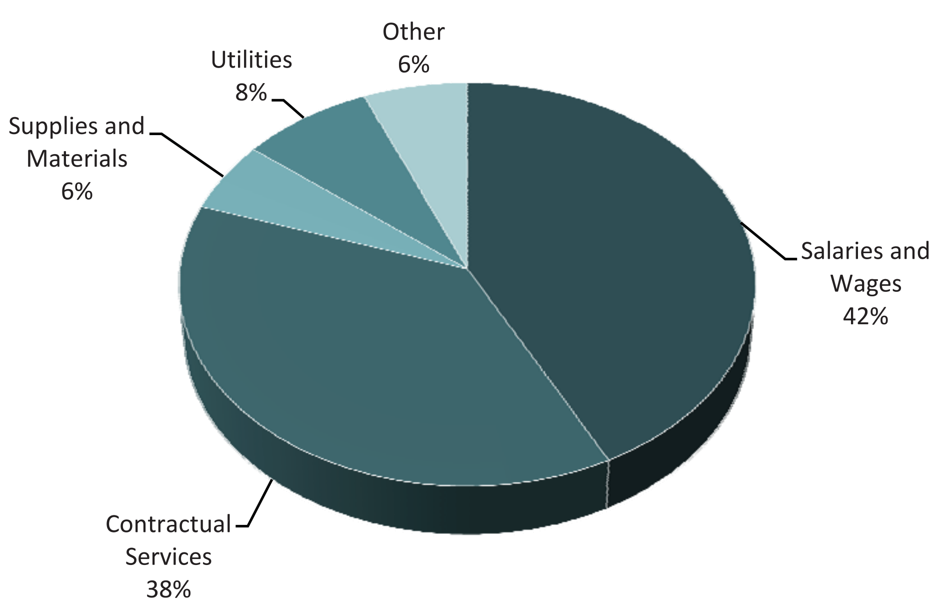
Nonoperating expenses were down 12.0% in 2014 and 0.5% in 2013. The largest nonoperating expense line item, interest expense, was down $1.23 million in 2014, $50,456 in 2013, and $1.57 million in 2012, the result of lower debt, recent refinancing's and lower interest rates. The Authority also recognized gains of $322,718, $373,558, and $42,270 for 2014, 2013 and 2012, respectively, relating to the change in fair value of an interest rate swap derivative instrument.

The composition of all MNAA operating revenues and operating expenses are presented here for 2014:

FY 2014 Operating Revenues Composition



FY 2014 Operating Expenses Composition before Provision for Depreciation



FINANCIAL POSITION SUMMARY

The Statements of Net Position depict the Authority's financial position as of June 30 and include all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Authority. Following is a condensed summary of the Authority's financial position at June 30, 2014, 2013 and 2012. The "% Change" reflects changes from 2013 to 2014 and 2012 to 2013, as follows:

	2014	2013	% Change	2012	% Change
Assets					
Current assets	$122,198,923	$112,082,784	9.0%	$107,038,619	4.7%
Capital assets, net	507,804,937	519,139,993	-2.2%	537,435,069	-3.4%
Other noncurrent assets	32,738,958	25,799,532	26.9%	23,866,978	8.1%
Deferred outflows of resources	2,099,861	3,391,017	-38.1%	4,906,944	-30.9%
Total assets and deferred outflows of resources	**$664,842,679**	**$660,413,326**	**0.7%**	**$673,247,610**	**-1.9%**
Liabilities					
Current liabilities	$ 46,822,686	$ 43,816,601	6.9%	$ 50,717,917	-13.6%
Noncurrent liabilities	186,058,685	215,819,370	-13.8%	236,142,438	-8.6%
Total liabilities	**232,881,371**	**259,635,971**	**-10.3%**	**286,860,355**	**-9.5%**
Net position					
Net investment in capital assets	342,147,659	329,876,790	3.7%	321,078,920	2.7%
Restricted	65,801,442	60,319,520	9.1%	63,987,381	-5.7%
Unrestricted	24,012,207	10,581,045	>100.0%	1,320,954	>100.0%
Total net position	**431,961,308**	**400,777,355**	**7.8%**	**386,387,255**	**3.7%**
Total liabilities and net position	**$664,842,679**	**$660,413,326**	**0.7%**	**$673,247,610**	**-1.9%**

Current assets increased by 9.0% in 2014. Unrestricted assets increased by more than $7.5 million or 12.6% while restricted cash and investments increased by 4.9% or $2.6 million. Total capital assets increased by $24.4 million, with accumulated depreciation increasing by $35.7 million, the result of a robust capital program in recent years. This resulted in net capital assets decreasing by $11.3 million or 2.2%.

Total liabilities decreased by $26.8 million, or 10.3%, in 2014, mostly from a reduction in airport revenue bonds outstanding. Current liabilities in 2014 increased during the year by $3.0 million, or 6.9%. The current portion of maturities for airport revenue bonds increased from $26,645,000 in 2013 to $27,835,000 in 2014.

Other postemployment benefits ("OPEB") obligation grew by $4.0 million in 2013, and $1.0 million in 2014. The reduction in the increase reflects recent benefit changes intended to manage and reduce the OPEB liability. The Authority's Board previously approved a funding plan to address unfunded pension and OPEB obligations on May 18, 2011, and revised this plan on June 19, 2013 to accelerate funding. The funding schedule provides $19 million for the retirement plan and $14 million for the OPEB trust by 2018. The Authority's debt service requirements reduce substantially after 2017, which permit it to address funding shortfalls, if any, after that date. Under the funding plan, as of June 30, 2014, the Authority had funded $14 million to the retirement plan and $4.5 million to the OPEB trust.

Details of the Authority's funding plan and contributions made through fiscal year 2014, are as follows:

	Funding Plan		Actual Funding	
Fiscal Year	**Retirement Plan**	**OPEB Plan**	**Retirement Plan**	**OPEB Plan**
2010	$ -	$ 500,000	$ -	$ 500,000
2011	-	500,000	1,000,000	500,000
2012	1,000,000	500,000	1,500,000	500,000
2013	1,500,000	1,000,000	3,500,000	1,000,000
2014	3,500,000	1,000,000	8,000,000	2,000,000
2015	3,000,000	1,000,000	-	-
2016	5,000,000	1,000,000	-	-
2017	5,000,000	8,500,000	-	-
TOTAL	**$19,000,000**	**$14,000,000**	**$14,000,000**	**$4,500,000**

The portion of the Authority's net position shown below, $65,801,442, represents 15.2% of total net position. This compares with $60,319,520 (15.1% of total net position) in restricted net position at June 30, 2013 and $63,987,381 (16.6% of total net position) at June 30, 2012. These resources are subject to restrictions on use and are not available for spending as they have already been committed as follows:

	June 30, 2014
Passenger facility charge projects and related debt services	$12,723,352
Customer facility charge projects and related debt service	20,443,862
Debt service and other	32,634,228
Total restricted net position	$65,801,442

The unrestricted net position of $24,012,207 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. Cash balances remained fairly consistent in 2014, with stronger operating cash flows and repayment of bonds.

	2014	2013	2012
Cash flows provided by (used in):			
Operating	$35,930,378	$33,887,217	$18,320,242
Non-capital financing	(1,369,336)	(1,967,459)	(992,425)
Capital and related financing	(24,107,787)	(27,854,644)	(29,731,787)
Investing	3,210,200	(6,426,341)	4,513,447
Net increase (decrease) in cash and cash equivalents	**13,663,455**	**(2,361,227)**	**(7,890,523)**
Cash and cash equivalents:			
Beginning of year	108,297,851	110,659,078	118,549,601
End of year	$121,961,306	$108,297,851	$110,659,078

CAPITAL ACTIVITIES

Capital assets, net of accumulated depreciation, decreased from $519,139,993 to $507,804,937 at year-end. This decrease is due to an increase in accumulated depreciation from a robust capital improvement program in recent years, with more than $414 million in capital improvements in the past ten years. The largest projects budgeted in fiscal year 2014 included $10.3 million for taxiway reconstruction (kilo) and $7.4 million for the storm water treatment center. The Authority continues to seek out 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, 2014 and 2013.

DEBT ADMINISTRATION

The Authority's most recent issuance of debt was the Airport Improvement Revenue Bond Series 2010B in the amount of $70,400,000 and Revenue Bond Series 2010 C 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," as listed in the table of contents.

As of June 30, 2014, the Authority's balance of outstanding long-term revenue bonds was $172,010,000 compared with $198,655,000 at the end of the prior year. The current portion of revenue bonds is $27,835,000 and is due on July 1, 2014.

The only bond issued under the PFC resolution matured on July 1, 2012, with $3,925,000 principal paid on 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 several 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 is also 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.

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

Airport bond activity for the year ended June 30, 2014, is summarized as follows:

Series Description	Balance June 30, 2013	New Borrowings	Principal Repayment	Balance June 30, 2014
Series 2003B	$ 16,115,000	$ -	$ (420,000)	$ 15,695,000
Series 2008A	12,500,000	-	(100,000)	12,400,000
Series 2009A	30,765,000	-	(3,455,000)	27,310,000
Series 2010A	17,855,000	-	(3,335,000)	14,520,000
CONRAC Series 2010	64,720,000	-	(1,745,000)	62,975,000
Series 2010B	46,545,000	-	(14,580,000)	31,965,000
Series 2010C	10,155,000	-	(3,010,000)	7,145,000
Total	$ 198,655,000	$ -	$ (26,645,000)	$ 172,010,000

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 Chief Financial Officer
Nashville, Tennessee

	2014	2013
ASSETS:		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	$ 60,636,649	$ 53,125,105
Accounts receivable (net of allowance for doubtful accounts of $110,000 in both 2014 and 2013)	4,902,711	5,031,168
Inventories	508,597	591,366
Prepaid expenses and other	1,119,610	887,142
Total current unrestricted assets	67,167,567	59,634,781
Restricted assets:		
Cash and cash equivalents	42,494,021	37,800,542
Short-term investments	7,706,000	10,872,000
Passenger facility charges receivable	1,565,884	2,223,346
Customer facility charges receivable	985,512	914,419
Amounts due from governmental agencies	2,279,939	637,696
Total current restricted assets	55,031,356	52,448,003
Total current assets	122,198,923	112,082,784
NONCURRENT ASSETS:		
Restricted assets:		
Cash and cash equivalents	18,830,636	17,372,204
Capital assets:		
Land and land improvements	537,176,698	534,741,241
Land held for future expansion	36,701,068	36,701,068
Buildings and building improvements	255,460,891	254,508,281
Equipment, furniture and fixtures	108,530,594	103,981,903
Construction in progress	36,845,372	20,469,818
Total capital assets	974,714,623	950,402,311
Less accumulated depreciation	(466,909,686)	(431,262,318)
Total capital assets, net	507,804,937	519,139,993
Other assets	13,908,322	8,427,328
Total noncurrent assets	540,543,895	544,939,525
TOTAL ASSETS	662,742,818	657,022,309
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on bond refundings	2,099,861	3,391,017
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 664,842,679	$ 660,413,326

	2014	2013
LIABILITIES:		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Trade accounts payable	$ 9,042,556	$ 7,317,747
Accrued payroll and related items	4,064,109	3,724,875
Current maturities of notes payable	849,601	769,834
Total payable from unrestricted assets	13,956,266	11,812,456
Payable from restricted assets:		
Trade accounts payable	934,144	765,905
Accrued interest payable	4,097,276	4,593,240
Current maturities of airport revenue bonds	27,835,000	26,645,000
Total payable from restricted assets	32,866,420	32,004,145
Total current liabilities	46,822,686	43,816,601
NONCURRENT LIABILITIES:		
Airport revenue bonds, less current maturities	146,382,486	175,637,071
Notes payable, less current maturities	9,212,123	10,062,967
Fair value of derivative financial instrument	1,886,325	2,209,043
Unearned income	2,118,574	2,471,537
Other postemployment benefits obligation	26,459,177	25,438,752
Total noncurrent liabilities	186,058,685	215,819,370
Total liabilities	232,881,371	259,635,971
COMMITMENTS AND CONTINGENCIES		
NET POSITION:		
Net investment in capital assets	342,147,659	329,876,790
Restricted for:		
Passenger facility charge projects and debt service	12,723,352	9,854,109
Customer facility charge projects and debt service	20,443,862	17,775,092
Debt service and other	32,634,228	32,690,319
Total restricted net position	65,801,442	60,319,520
Unrestricted net position	24,012,207	10,581,045
Total net position	431,961,308	400,777,355
TOTAL LIABILITIES AND NET POSITION	$ 664,842,679	$ 660,413,326

See accompanying notes to financial statements.

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	2014	2013
OPERATING REVENUES:		
Signatory airline	$ 37,026,998	$ 29,373,222
Parking	36,258,325	34,020,205
Concession	21,520,372	19,490,760
Space rental	11,045,010	10,308,115
Other	6,278,417	6,599,423
	112,129,122	99,791,725
OPERATING EXPENSES:		
Salaries and wages	31,328,048	32,118,328
Contractual services	27,886,714	24,783,144
Materials and supplies	4,132,884	3,436,780
Utilities	5,887,708	5,970,579
Other	4,645,047	3,786,262
	73,880,401	70,095,093
OPERATING INCOME BEFORE PROVISION FOR DEPRECIATION	38,248,721	29,696,632
PROVISION FOR DEPRECIATION	35,773,468	35,648,323
OPERATING INCOME (LOSS)	2,475,253	(5,951,691)
NONOPERATING REVENUES (EXPENSES):		
Investment income	328,349	426,259
Passenger facility charges	13,502,385	13,262,426
Customer facility charges	10,825,490	10,307,062
Interest expense	(9,000,146)	(10,231,288)
Gain on disposal of property and equipment	25,522	38,437
Gain on derivative financial instrument	322,718	373,558
Other nonoperating, net	(34,681)	141,412
	15,969,637	14,317,866
INCOME BEFORE CAPITAL CONTRIBUTIONS	18,444,890	8,366,175
CAPITAL CONTRIBUTIONS	12,739,063	6,023,925
INCREASE IN NET POSITION	31,183,953	14,390,100
TOTAL NET POSITION - BEGINNING OF YEAR	400,777,355	386,387,255
TOTAL NET POSITION - END OF YEAR	$ 431,961,308	$ 400,777,355

See accompanying notes to financial statements.

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 112,189,845	$ 98,285,510
Cash paid to employees	(29,968,389)	(27,716,558)
Cash paid to suppliers	(41,646,031)	(32,895,473)
Other payments	(4,645,047)	(3,786,262)
Net cash provided by operating activities	35,930,378	33,887,217
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payment on long-term debt	(420,000)	(1,145,000)
Interest paid on long-term debt	(914,655)	(963,871)
Other (payments) receipts	(34,681)	141,412
Net cash used in noncapital financing activities	(1,369,336)	(1,967,459)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Receipt of passenger facility charges	14,159,847	12,262,768
Receipt of customer facility charges	10,754,397	10,315,030
Purchases of property and equipment	(24,438,412)	(17,361,638)
Interest paid on long-term debt	(8,709,881)	(9,804,455)
Payments on long-term debt	(26,996,080)	(29,682,725)
Contributions from governmental agencies	11,096,820	6,369,548
Receipts from sale of capital assets	25,522	46,828
Net cash used in capital and related financing activities	(24,107,787)	(27,854,644)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(21,766,731)	(22,405,000)
Proceeds from the sale and maturities of investments	24,932,731	15,823,000
Interest received on investments	44,200	155,659
Net cash provided by (used in) investing activities	3,210,200	(6,426,341)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,663,455	(2,361,227)
CASH AND CASH EQUIVALENTS		
Beginning of year	108,297,851	110,659,078
End of year	$ 121,961,306	$ 108,297,851

See accompanying notes to financial statements.

	2014	2013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	$ 2,475,253	$ (5,951,691)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Provision for depreciation	35,773,468	35,648,323
Amortization of unearned rental income	(34,901)	(34,904)
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	128,457	(1,393,117)
Decrease in inventories	82,769	47,640
Increase in prepaid expenses	(232,468)	(36,391)
Increase in other assets	(5,480,994)	(728,011)
Increase in trade accounts payable	1,893,048	1,969,922
Increase in accrued payroll and related items	339,234	390,315
Decrease in unearned income	(33,913)	(36,324)
Increase in other postemployment benefit obligation	1,020,425	4,011,455
Net cash provided by operating activities	$ 35,930,378	$ 33,887,217
CASH AND CASH EQUIVALENTS - END OF YEAR CONSIST OF:		
Unrestricted cash and cash equivalents	$ 60,636,649	$ 53,125,105
Restricted cash and cash equivalents	61,324,657	55,172,746
	$ 121,961,306	$ 108,297,851

NONCASH INVESTING AND FINANCING ACTIVITIES:

During 2014 and 2013, ($128,426) and $96,346, respectively, were recorded to interest expense for amortization of deferred outflows for refunding of debt and bond premiums.

During 2014 and 2013, $284,149 and $270,600, respectively, were included in investment income related to the amortization of unearned interest income.

During 2014 and 2013, gains of $322,718 and $373,558, respectively, were recognized for the change in fair value of derivative financial instruments.

See accompanying notes to financial statements.

1. METROPOLITAN NASHVILLE AIRPORT AUTHORITY

The creation of the 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 ten members who serve without compensation, nine of whom are appointed by the Metropolitan Government Mayor and approved by the Metropolitan Government Council, with the tenth being the Mayor (or his designee). There are provisions whereby commissioners may be removed by vote of the Metropolitan Government Council. All appointments to the Authority are for a term of four years. The terms are staggered to provide for continuity of Authority 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. 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. In July 2012, MPC Holdings, LLC, purchased a small commercial building adjoining Nashville International Airport.

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 financing and services for the consolidated rental car ("CONRAC") facility, which was completed in November 2011, and is located at Nashville International Airport.

MPC, including its subsidiaries MPC Holdings, LLC, and MPC CONRAC, LLC, is considered to be a blended component unit for financial reporting purposes based on the following: (i) the Authority's Board of Commissioners constitutes the Board of Directors of MPC; (ii) management of the Authority has operational responsibility for MPC; (iii) the Authority is financially accountable for MPC, including MPC's fiscal dependence on the Authority and MPC's potential to provide specific financial benefits or burden to the Authority; and (iv) MPC was created for the benefit of the Authority. The Authority does not issue separate financial statements for the blended component unit (See Note 21).

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 blended component unit of the Authority due to it being fiscally dependent on the Authority and the Authority's appointment of the voting majority of its governing board. The financial operations of the Arts at the Airport Foundation are generally immaterial to the Authority's financial statements.

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 Nashville International Airport, John C. Tune Airport, and MPC, including MPC CONRAC, LLC, as noted above.

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 the derivative financial instrument, 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 signatory airlines operating at Nashville International Airport, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

Parking - Parking revenue is generated primarily from the operation of Authority-owned parking facilities at Nashville International Airport. 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 and equipment from the Federal Airport Improvement Program ("AIP") of the Federal Aviation Administration ("FAA"), the U.S. Department of Homeland Security ("DHS"), and the Tennessee Department of Transportation. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 or other authoritative or legal documents as is the case with the collection of CFCs for the consolidated rental car facility or for purposes specified by the PFC program, as administered by the FAA. Restricted assets not generally available for use within the next fiscal year are reported as noncurrent assets.

When both 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. Interest cost incurred during the construction of facilities is capitalized as part of project costs if funding is not from grants. 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 Instrument

The Authority's derivative financial instrument consists of an interest rate swap agreement, which is accounted for at fair value in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

Postemployment Benefits

Postemployment pension 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. Note disclosures regarding pension information are made in accordance with GASB Statement No. 50, *Pension Disclosure, an Amendment of GASB Statements No. 25 and 27.* See additional information regarding the Authority's pension benefits in Recent Accounting Pronouncements below and in Note 15. The Authority's Retirement Plan issues a separate, publically available financial report under the requirements of GASB Statement No. 67, as further described in Note 15.

Postemployment healthcare 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 healthcare benefits expense and related liabilities, assets, note disclosures, and, if applicable, required supplementary information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 is continually reviewed and updated by management.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. *Deferred outflows of resources* represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Authority has one item that qualifies for reporting in this category. It includes the deferred amounts on bond refundings, as reported in the statements of net position. A deferred charge on refunding results from the difference between the net carrying amount of the original debt and the reacquisition price. This amount is deferred and 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.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. *Deferred inflows of resources* represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The Authority does not have any items that qualify for reporting in this category at June 30, 2014 and 2013.

Unearned Income

Unearned income consists of unearned interest income and unearned rental income. Unearned interest income relates to the Authority's debt forward delivery agreement entered into in connection with certain bond-financing transactions (See Note 3). The unearned interest income is being amortized to nonoperating income using the effective interest method over the term of the related agreements. Unearned rental income represents lease rentals, received in advance, for certain ground leases entered into with developers. The unearned rental income is being recognized in nonoperating income on a straight-line basis over the terms of the related leases. Unearned income is included within liabilities in the accompanying statements of net position as such amounts may be returned to the counterparty if the related agreements were terminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Components of Net Position

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

Net investment in capital assets - This component of net position 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 net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted net position - This component of net position 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 position - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

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 position are categorized based on the level of judgment associated with the inputs used to measure their fair value. Level inputs 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 2013 amounts in the financial statements to conform to the method of presentation adopted for 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Recent Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which is intended to improve the usefulness of information in employer and governmental nonemployer contributing entity financial reports and enhance value for assessing accountability by requiring recognition of the entire net pension liability and more comprehensive measure of pension expense. The provisions of Statement No. 68 are effective in fiscal year 2015 for the Authority.

The new standard intends to improve the accounting and financial reporting by state and local governments for pensions and by providing more transparency about the pension plan through new note disclosures and supplementary information. It will result in the Authority recognizing the net pension liability on the statement of net position for its pension plan. The net pension liability is the discounted liability determined based on the expected benefit payments for past periods of service (i.e., the Total Pension Liability) less the net position of the plan based on the fair value of assets at the measurement date (i.e., the Fiduciary Net Position). The statement requires retroactive application through restatement of beginning net position. Additionally, the new standard computes the annual actuarially determined contribution in a new manner. Other measurement changes include recognizing annual pension cost.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68. This Statement amends GASB 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68, which the Authority will implement in fiscal year 2015.

Authority management is evaluating the impact of these Statements on financial condition and operations.

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 $124,084,735 and $109,411,720 at June 30, 2014 and 2013, respectively, (with a carrying value of $121,961,306 and $108,297,851) 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.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS - Continued

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

Certain 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. Investment risk for such cash equivalent funds is governed by the Authority's investment policy.

Investments

As of June 30, 2014 and 2013, the Authority had the following investments and related maturities:

			Investment Maturities (in Years)		
Investment Type	Credit Rating	Fair Value	Less than 1	1– 5	6–10
June 30, 2014:					
U.S. Agencies	AA+/Aaa	$ 7,706,000	$ 7,706,000	$ -	$ -
June 30, 2013:					
U.S. Agencies	AA+/Aaa	$ 10,872,000	$ 10,872,000	$ -	$ -

The carrying amount of investments is reflected in short-term restricted investments in the accompanying statements of net position at June 30, 2014 and 2013.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS - Continued

Interest Rate Risk - The Authority's investment policy states that the investment 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 ("CFO") 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 investments at June 30, 2014 and 2013, were collateralized 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 Agreement

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 unearned 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, 2014, the bonds subject to the 1999 DSFDA include Series 2008A, Series 2010B, and Series 2010C.

The remaining unearned amounts relating to the forward delivery agreement were $362,047 and $646,196 at June 30, 2014 and 2013, respectively. Such amounts are reported as unearned income in the accompanying statements of net position.

4. CAPITAL ASSETS

Capital assets and related accumulated depreciation activity for the years ended June 30, 2014 and 2013, were as follows:

	Balance June 30, 2013	Additions	Retirements	Transfers	Balance June 30, 2014
Capital assets not being depreciated:					
Land	$ 60,291,397	$ -	$ -	$ -	$ 60,291,397
Land held for future expansion	36,701,068	-	-	-	36,701,068
Construction in progress	20,469,818	23,453,487	-	(7,077,933)	36,845,372
Total capital assets not being depreciated	117,462,283	23,453,487	-	(7,077,933)	133,837,837
Capital assets being depreciated:					
Land improvements	474,449,844	-	-	2,435,457	476,885,301
Buildings and building improvements	254,508,281	-	-	952,610	255,460,891
Equipment, furniture and fixtures	103,981,903	984,925	(126,100)	3,689,866	108,530,594
Total capital assets being depreciated	832,940,028	984,925	(126,100)	7,077,933	840,876,786
Less accumulated depreciation:					
Land improvements	(280,145,060)	(14,857,684)	-	-	(295,002,744)
Buildings and building improvements	(108,571,873)	(12,485,450)	-	-	(121,057,323)
Equipment, furniture and fixtures	(42,545,385)	(8,430,334)	126,100	-	(50,849,619)
Total accumulated depreciation	(431,262,318)	(35,773,468)	126,100	-	(466,909,686)
Net capital assets being depreciated	401,677,710	(34,788,543)	-	7,077,933	373,967,100
Net capital assets	$ 519,139,993	$ (11,335,056)	$ -	$ -	$ 507,804,937

	Balance June 30, 2012	Additions	Retirements	Transfers	Balance June 30, 2013
Capital assets not being depreciated:					
Land	$ 60,291,397	$ -	$ -	$ -	$ 60,291,397
Land held for future expansion	36,701,068	-	-	-	36,701,068
Construction in progress	14,275,669	17,361,638	-	(11,167,489)	20,469,818
Total capital assets not being depreciated	111,268,134	17,361,638	-	(11,167,489)	117,462,283
Capital assets being depreciated:					
Land improvements	473,328,967	-	(7,758)	1,128,635	474,449,844
Buildings and building improvements	253,445,668	-	-	1,062,613	254,508,281
Equipment, furniture and fixtures	95,181,689	-	(176,027)	8,976,241	103,981,903
Total capital assets being depreciated	821,956,324	-	(183,785)	11,167,489	832,940,028
Less accumulated depreciation:					
Land improvements	(262,804,511)	(17,340,549)	-	-	(280,145,060)
Buildings and building improvements	(96,353,660)	(12,218,213)	-	-	(108,571,873)
Equipment, furniture and fixtures	(36,631,218)	(6,089,561)	175,394	-	(42,545,385)
Total accumulated depreciation	(395,789,389)	(35,648,323)	175,394	-	(431,262,318)
Net capital assets being depreciated	426,166,935	(35,648,323)	(8,391)	11,167,489	401,677,710
Net capital assets	$ 537,435,069	$ (18,286,685)	$ (8,391)	$ -	$ 519,139,993

4. CAPITAL ASSETS - Continued

The amount of construction in progress at June 30, 2014, is attributable to the following (See Note 14):

Taxiway Kilo reconstruction	$10,334,265
Improve stormwater collection and treatment	5,971,839
Runway safety area (JWN)	5,315,504
Energy Phase II (chillers, lighting, quarry design)	2,759,460
Enterprise Resource Planning ("ERP") implementation	2,886,156
HVAC improvements (AHUs)	1,655,504
MNAA data center relocation-construction	2,037,811
Replace concourse roof	1,283,449
Other projects	4,601,384
Total construction in progress	$36,845,372

During fiscal year 2014, $7,077,933 of construction in progress was substantially completed and transferred to capital assets as follows:

Upgrade security camera system	$1,481,099
Master plan	1,472,044
Other projects	4,124,790
	$7,077,933

The amount of construction in progress at June 30, 2013, is attributable to the following:

Taxiway Kilo reconstruction	$ 7,770,503
Energy improvements	2,272,396
Enterprise Resource Planning ("ERP") implementation	1,553,682
Upgrade security camera system	1,463,175
Master plan	1,332,132
Runway safety area (JWN)	1,175,216
Other projects	4,902,714
	$20,469,818

During fiscal year 2013, $11,167,489 of construction in progress was substantially completed and transferred to capital assets as follows:

Exterior terminal repair and escalators	$ 4,386,299
Lighting improvements	1,813,352
Switchgear upgrade	1,551,434
Other projects	3,416,404
	$11,167,489

5. AIRPORT BONDS

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 remaining Series 2003B bonds contain serial bonds at interest rates ranging from 5.12% to 5.94%, with annual sinking fund requirements in progressive annual amounts ranging from $445,000 on July 1, 2014, to $1,280,000 on July 1, 2033. The annual amounts accumulated in the sinking fund will be used to pay bond holders on July 1, 2014, 2015, 2018, 2023 and 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 of 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, and 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 deferred outflow of resources, 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 progressive annual amounts ranging from $200,000 on July 1, 2014, to $3,800,000 on July 1, 2019.

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 remaining Series 2009A bonds contain serial bonds at interest rates ranging from 3.75% to 5.25%, maturing in progressive annual amounts ranging from $3,555,000 on July 1, 2014, 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.

5. AIRPORT BONDS - Continued

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 $948,838. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized through fiscal year 2018.

The remaining Series 2010A issue contains serial bonds at interest rates ranging from 4.75% to 5.00%, maturing in amounts ranging from $3,435,000 on July 1, 2014, 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, were used for the development and construction of a new consolidated rental car ("CONRAC") 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. The CONRAC Series 2010 bonds are payable from and secured by a pledge of certain rental payments derived from CFC's under leases with rental car agencies (See Note 10).

The remaining CONRAC Series 2010 bonds contain serial bonds at interest rates ranging from 3.73% to 6.19%, maturing in progressive annual amounts ranging from $1,905,000 on July 1, 2014, to $3,800,000 on July 1, 2024. The CONRAC Series 2010 bonds also contain term bonds of $31,765,000, bearing interest at 6.79% and maturing on July 1, 2029. The CONRAC term bonds are subject to mandatory annual sinking fund requirements of $4,055,000 on July 1, 2025, to $13,755,000 on July 1, 2029.

Airport Improvement Revenue Bonds, Series 2010B&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 $4,918,969, including a 3.00%, or $1,274,700, repayment premium on the 2001A bonds. This difference, reported as a deferred outflows of resources, is being amortized through fiscal year 2017.

5. AIRPORT BONDS - Continued

The remaining Series 2010B issue contains serial bonds at interest rates of 4.00%, maturing in progressive annual amounts from $15,490,000 on July 1, 2014, 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 annual amounts from $2,805,000 on July 1, 2014, to $1,740,000 on July 1, 2016.

* * * * *

All of the Authority's 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 Authority is 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, 2014 and 2013 (the restricted funds relate primarily to airport bonds and related activity):

	2014	2013
Principal and Interest Funds:		
Airport Improvement Revenue Bonds, Series 2003B	$ 902,272	$ 887,817
Airport Improvement Revenue Bonds, Series 2008A	250,422	158,460
Airport Improvement Revenue Bonds, Series 2009A	4,159,519	4,111,434
Airport Improvement Revenue Bonds, Series 2010A	3,795,644	3,761,435
Airport Improvement Revenue Bonds, Series 2010B	16,130,612	15,355,900
Airport Improvement Revenue Bonds, Series 2010C	2,948,952	3,172,401
CONRAC Series 2010 Bonds	3,820,176	3,687,834
Bond Reserve Funds:		
Airport Improvement Revenue Bonds, Series 2009A	3,664,438	3,662,920
Airport Improvement Revenue Bonds, Series 2010A	2,589,101	2,587,807
CONRAC Series 2010 Bonds	6,478,302	6,475,019
Construction Funds:		
PFC	11,157,468	7,630,762
Airport Improvement Revenue Bonds, Series 2009A	1,047,165	2,484,221
CONRAC Series 2010 Bonds	341,641	549,044
Other Funds:		
Various CONRAC Accounts	11,048,609	9,556,084
Energy Improvement	136,262	1,353,357
Other	560,074	610,251
	$ 69,030,657	$ 66,044,746

5. AIRPORT BONDS - Continued

Airport bond activity for the years ended June 30, 2014 and 2013, is summarized as follows:

2014:

Series Description	Balance June 30, 2013	New Borrowings	Principal Repayment	Refundings	Amortization	Balance June 30, 2014
Series 2003B	$ 16,115,000	$ -	$ (420,000)	$ -	$ -	$ 15,695,000
Series 2008A	12,500,000	-	(100,000)	-	-	12,400,000
Series 2009A	30,765,000	-	(3,455,000)	-	-	27,310,000
Series 2010A	17,855,000	-	(3,335,000)	-	-	14,520,000
CONRAC Series 2010	64,720,000	-	(1,745,000)	-	-	62,975,000
Series 2010B	46,545,000	-	(14,580,000)	-	-	31,965,000
Series 2010C	10,155,000	-	(3,010,000)	-	-	7,145,000
Total	198,655,000	-	(26,645,000)	-	-	172,010,000
Plus unamortized premium	3,627,071	-	-	-	(1,419,585)	2,207,486
	202,282,071	$ -	$ (26,645,000)	$ -	$ (1,419,585)	174,217,486
Less current portion	(26,645,000)					(27,835,000)
	$ 175,637,071					$ 146,382,486

2013:

Series Description	Balance June 30, 2012	New Borrowings	Principal Repayment	Refundings	Amortization	Balance June 30, 2013
Series 2003 PFC	$ 3,925,000	$ -	$ (3,925,000)	$ -	$ -	$ -
Series 2003B	17,260,000	-	(1,145,000)	-	-	16,115,000
Series 2008A	12,600,000	-	(100,000)	-	-	12,500,000
Series 2009A	34,085,000	-	(3,320,000)	-	-	30,765,000
Series 2010A	21,220,000	-	(3,365,000)	-	-	17,855,000
CONRAC Series 2010	66,300,000	-	(1,580,000)	-	-	64,720,000
Series 2010B	60,410,000	-	(13,865,000)	-	-	46,545,000
Series 2010C	13,365,000	-	(3,210,000)	-	-	10,155,000
Total	229,165,000	-	(30,510,000)	-	-	198,655,000
Plus unamortized premium	5,046,652	-	-	-	(1,419,581)	3,627,071
	234,211,652	$ -	$ (30,510,000)	$ -	$ (1,419,581)	202,282,071
Less current portion	(30,510,000)					(26,645,000)
	$ 203,701,652					$ 175,637,071

5. AIRPORT BONDS - Continued

Aggregate maturities of the Authority's bonds outstanding at June 30, 2014, including the annual sinking fund requirements of the Series 2003B and CONRAC Series 2010 bonds, are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	$ 27,835,000	$ 8,182,747	$ 36,017,747
2016	29,105,000	7,006,667	36,111,667
2017	13,265,000	6,109,826	19,374,826
2018	14,250,000	5,468,430	19,718,430
2019	11,030,000	4,864,859	15,894,859
2020-2024	30,955,000	18,443,112	49,398,112
2025-2029	26,095,000	13,878,018	39,973,018
2030-2034	19,475,000	3,753,235	23,228,235
	$ 172,010,000	$ 67,706,894	$ 239,716,894

The interest amounts on the 2008A variable rate debt, which has an interest rate swap agreement associated with it, were computed based on the fixed rate in the agreement plus an estimate for additional fees where applicable.

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, the proceeds of which were used to provide financing for the purchase of International Plaza. During November 2012, the note was amended to bear interest at a fixed rate of 3.01%, and extend payments through November 2017. Principal and interest payments are due in monthly installments of $31,640 through November 2017, at which time the remaining balance will be $4,608,057. The principal balances outstanding were $5,363,129 and $5,595,919 at June 30, 2014 and 2013, respectively. The note is collateralized by the building.

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. During March 2013, the note was amended to bear interest at a fixed rate of 3.12%, with principal and interest payments of $5,758 per month. The amended note matures on April 1, 2018, at which time the remaining balance will be $823,302. The principal balances outstanding were $974,965 and $1,015,685 at June 30, 2014 and 2013, respectively. The note is collateralized by the building.

6. OTHER NONCURRENT DEBT - Continued

The anticipated aggregate principal and interest maturities of the MPC notes payable are as follows at June 30, 2014:

Year Ending June 30,	Principal	Interest	Total
2015	$ 257,301	$ 191,475	$ 448,776
2016	263,834	184,942	448,776
2017	273,203	175,573	448,776
2018	5,543,756	68,018	5,611,774
	$ 6,338,094	$ 620,008	$ 6,958,102

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, 2014 and 2013, MPC was in compliance with its financial covenants.

Activity with respect to the MPC notes for 2014 and 2013, is as follows:

Description	Balance June 30, 2013	Principal Repayments	Balance June 30, 2014
MPC Note 1	$ 5,595,919	$ (232,790)	$ 5,363,129
MPC Note 2	1,015,685	(40,720)	974,965
	$ 6,611,604	$ (273,510)	$ 6,338,094

Description	Balance June 30, 2012	Principal Repayments	Balance June 30, 2013
MPC Note 1	$ 5,858,329	$ (262,410)	$ 5,595,919
MPC Note 2	1,071,000	(55,315)	1,015,685
	$ 6,929,329	$ (317,725)	$ 6,611,604

Energy Savings Performance Contract

The Authority has entered into an energy savings performance contract with an energy service company (ESCO) that conducted a comprehensive energy audit and identified improvements to save energy. The ESCO worked with the Authority to design and construct the approved projects, as well as to assist it with project financing. The ESCO guarantees that the improvements will generate energy cost savings sufficient to pay for the project over the term of the contract. After the contract ends, the Authority continues to benefit with additional energy cost savings as a result of the contract.

The Authority agreed to an energy saving project known as “Comprehensive Energy and Operational Services,” Phases I and II. The project primarily included lighting retrofits and replacement of a chiller, but also a conceptual design for a quarry geothermal system.

6. OTHER NONCURRENT DEBT - Continued

In June 2011, the Authority entered into a financing agreement in the amount of $1,807,000 with a financial institution, the proceeds of which were used to make certain energy enhancements at Nashville International Airport. The annual interest rate is 2.27%. Principal and interest payments are due in monthly installments of $30,878 from August 2012 through July 2017. The principal balance outstanding was $1,102,402 and $1,443,697 at June 30, 2014 and 2013, respectively.

In December 2012, the Authority entered into another financing agreement in the amount of $2,777,500 with a financial institution for phase II of the energy enhancement project. The annual interest rate is 1.85%. Principal and interest payments are due in progressive monthly installments between $23,700 and $31,178 from January 2014 through November 2022. The principal balance outstanding was $2,621,228 and $2,777,500 at June 30, 2014 and 2013, respectively.

The anticipated aggregate principal and interest maturities of the Energy Loans are as follows at June 30, 2014:

Year Ending June 30,	Principal	Interest	Total
2015	$ 592,300	$ 67,873	$ 660,173
2016	617,766	55,219	672,985
2017	644,354	42,052	686,406
2018	329,234	31,580	360,814
2019	318,834	25,829	344,663
2020	340,338	19,751	360,089
2021	358,057	13,279	371,336
2022	367,573	6,563	374,136
2023	155,174	718	155,892
	$ 3,723,630	$ 262,864	$ 3,986,494

Activity with respect to the MPC notes for fiscal years 2014 and 2013, is as follows:

Description	Balance June 30, 2013	Principal Additions	Principal Repayments	Balance June 30, 2014
Energy Loan Phase I	$ 1,443,697	$ -	$ (341,295)	$ 1,102,402
Energy Loan Phase II	2,777,500	-	(156,272)	2,621,228
	$ 4,221,197	$ -	$ (497,567)	$ 3,723,630

Description	Balance June 30, 2012	Principal Additions	Principal Repayments	Balance June 30, 2013
Energy Loan Phase I	$ 1,807,000	$ -	$ (363,303)	$ 1,443,697
Energy Loan Phase II	-	2,777,500	-	2,777,500
	$ 1,807,000	$ 2,777,500	$ (363,303)	$ 4,221,197

7. OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities activity for the years ended June 30, 2014 and 2013, is as follows:

Other Noncurrent Liabilities Description	Balance June 30, 2013	Net Cash Receipts (Repayments)	Amortization	Change in Derivative Instruments	Balance June 30, 2014
Fair value of derivative financial instruments	$ 2,209,043	$ -	$ -	$ (322,718)	$ 1,886,325
Unearned interest income	646,196	-	(284,149)	-	362,047
Unearned rental income	1,825,341	(33,913)	(34,901)	-	1,756,527
	$ 4,680,580	$ (33,913)	$ (319,050)	$ (322,718)	$ 4,004,899

Other Noncurrent Liabilities Description	Balance June 30, 2012	Net Cash Receipts (Repayments)	Amortization	Change in Derivative Instruments	Balance June 30, 2013
Fair value of derivative financial instruments	$ 2,721,795	$ -	$ -	$ (512,752)	$ 2,209,043
Unearned interest income	916,796	-	(270,600)	-	646,196
Unearned rental income	1,896,569	(36,324)	(34,904)	-	1,825,341
	$ 5,535,160	$ (36,324)	$ (305,504)	$ (512,752)	$ 4,680,580

8. DERIVATIVE FINANCIAL INSTRUMENT

The Authority maintained an interest rate swap agreement during 2014 and 2013, in order to manage its exposure to market risk from fluctuations in interest rates. The interest rate swap is 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 of 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 provided that the Authority will pay a fixed rate of 4.49% to the counterparty on a notional amount, which is equal to the principal amount of the Series 2008A bonds outstanding.

8. DERIVATIVE FINANCIAL INSTRUMENT - Continued

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

The fair value of the interest rate swap agreement was a liability of $1,866,325 and $2,209,043 at June 30, 2014 and 2013, respectively. Other details of the interest rate swap are as follows:

Description	Notional Amount June 30, 2014	Maturity Date	Terms	Counterparty Credit Rating Moody's/S&P
2008A Swap	$12,400,000	7/1/2019	pay 4.49% fixed; receive SIFMA	A2/A

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

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, 2014 or 2013. The Authority relies primarily on the credit rating of the counterparty to access credit risk.

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

Basis risk. The Authority is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payments received by the Authority on the hedging derivative instruments are, in certain circumstances, based on a rate or an index other than interest rate 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 by airports on enplaning passengers 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 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 2014 and 2013 totaled $13,502,385 and $13,262,426, respectively.

The Authority received approval from the FAA to impose a $4.50 PFC, effective December 1, 2009, until $19,250,558 was collected. In September 2010, the Authority reverted to a $3.00 PFC per enplaning passenger and will remain at this level until June 2016. The following project summary has been approved by the FAA as of June 30, 2014:

Airfield development	$176,947,521
Terminal development	124,311,879
Land acquisition	21,260,411
	$322,519,811

As of June 30, 2014, cumulative expenditures to date on approved PFC projects totaled $270,178,321.

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 ("CONRAC") Facility, and other costs, fees and expenses that may be paid from CFC proceeds. The CFC was initially $4.00 and was increased to $4.50 effective January 1, 2010. The $4.50 CFC is a per transaction day fee and is collected by 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. Additionally, in accordance with the terms of the CONRAC Series 2010 bond agreements, CFCs must be used to establish bond principal, interest and reserve funds, as well as various other funds for the operation and maintenance of the CONRAC facility (See Note 5). CFCs collected in excess of the various refunded funds can be used by the Authority for any lawful purpose. CFC revenue during fiscal years 2014 and 2013 totaled $10,825,490 and $10,307,062, respectively. CFC revenue is reported within nonoperating revenues.

Upon substantial completion of the CONRAC facility, which occurred in November 2011, the Authority began 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 on-airport rental car companies under the consolidated rental car lease agreements. Under these lease agreements, 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 related lease agreements.

Net position relating to CFCs totaled $20,443,862 and $18,545,823 at June 30, 2014 and 2013, respectively, and is included in net investment in capital assets and restricted net position in the statements of net position.

11. SPECIAL FACILITY REVENUE BONDS

Special Facility Revenue Bonds, Series 2005

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

The outstanding Special Facility Revenue Bonds, Series 2005, are special obligations of the Authority, and the debt service thereon shall be payable solely from revenues provided by Embraer Aircraft Maintenance Services, Inc., pursuant to a special facility sublease agreement or from letter of credit drawings made by the trustee. These bonds mature in April 2030. The principal balance outstanding as of both June 30, 2014 and 2013 was $9,500,000. 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. The principal balance outstanding as of June 30, 2014 and 2013 was $5,720,000 and $5,965,000, respectively. 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 ("signatory 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 (See Note 2).

12. AIRLINE LEASE AGREEMENTS - Continued

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, 2014, include American Airlines, American Eagle, ExpressJet, Delta, Frontier, Southwest Airlines, United Airlines, and US Airways.

In November 2011, AMR Corporation and its subsidiaries, American Airlines and American Eagle, filed for bankruptcy. The Authority agreed to allow American Airlines and American Eagle to temporarily extend their airline lease agreements, which remained in effect during all of fiscal year 2012 and much of fiscal year 2013. In May 2013, the Authority agreed to settle and release its bankruptcy claims with AMR Corporation. The agreements allow for American Airlines and American Eagle to return approximately 120,000 square feet of the 190,000 square feet of leased space, subject to certain conditions including completing approximately $1.4 million in estimated repairs to the returned space. The Authority also released a large bankruptcy claim for deferred maintenance of the fuel farm facilities. Under the agreement, the parties agreed a fuel consortium would be formed and owned by member airlines operating from the airport. The consortium will operate the fuel farm facilities under a two-year agreement and must complete an estimated $6.5 million in repairs to the facilities. The settlement of the bankruptcy claims will eliminate approximately $4.2 million in annual expense for American Airlines and American Eagle. However, the residual nature of the signatory airline agreement will increase rates and charges to airlines in affected costs centers and will offset the loss of revenue from the returned lease space. Accordingly, the Authority should see no significant financial impact from the bankruptcy proceedings.

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. 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:

	2014	2013
Balance—Beginning of year	$ 325,538	$ 369,690
Provision for incurred claims	3,763,567	3,409,242
Claim payments	(3,730,915)	(3,453,394)
Balance—End of year	$ 358,190	$ 325,538

Compensated absences are 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 2014 and 2013, employees sold back $169,049 and $174,191 of their annual leave balances to the Authority in exchange for cash. Additional payments of $61,333 and $36,285 were made to employees who left employment with the Authority during the years ended June 30, 2014 and 2013, respectively. The change in accrued compensated absences balance is charged to salaries and wages expense.

13. RISK MANAGEMENT AND INSURANCE ARRANGEMENTS – Continued

The following summarizes the changes in the compensated absences liability:

	2014	2013
Balance—Beginning of year	$ 1,523,210	$ 1,439,994
Provision for compensated absences	451,025	293,692
Annual leave buy-back and other	(230,382)	(210,476)
Balance—End of year	$ 1,743,853	$ 1,523,210

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 for major projects in construction in progress at June 30, 2014, totaled $5,156,662. The estimated costs to complete construction in progress are anticipated to be received from the following sources:

Reimbursed by governmental agencies, grant contracts	$ 3,503,265
Passenger facility charges collected	312,500
Customer facility charges collected	665,000
Funded by the Authority	675,897
	$ 5,156,662

On October 9, 2012, the Authority entered into a Consent Order with the Tennessee Department of Environment and Conservation in response to a routing inspection which identified that a local area stream had been contaminated by untreated de-icing chemicals. In the Consent Order, the Authority proposed various upgrades to its de-icing system and wastewater treatment with a total cost in excess of $7,000,000. The Authority began the project during fiscal year 2014 and expects completion in fiscal year 2015 (See Note 4). Upon completion, the project will implement select recommendations arising from a Feasibility Study conducted to determine possible treatability, monitoring and capacity improvements for treating storm water contaminated with de-icing fluid. The project will segregate uncontaminated storm water so that only storm water containing de-icer is collected, which acts like a storage capacity improvement, and the project will improve the treatment system process to improve both capacity and reliability of the treatment system. As the Authority is working on the implementation of the de-icing capital project, the Authority considers this matter to be resolved.

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 continue to participate in the pension system of the Metropolitan Government of Nashville and Davidson County, Tennessee. 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 regard to the Fund has not been presented.

The Authority's Plan is a non-contributory defined benefit pension plan. 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. The Plan has adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25,* which is effective in fiscal year 2014. The new financial reporting requirements for the Plan under GASB No. 67 are contained in the Plan's separate report, which can be obtained as noted above. The Authority will adopt employer financial reporting requirements for the Plan, as required by GASB Statement No. 68, in fiscal year 2015, as further described in Note 2.

The following table presents the annual pension cost, percentage of annual pension cost contributed, and net pension asset for the years ended June 30, 2014, 2013, and 2012:

Year Ended June 30,	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation (Asset)
2014	$2,815,631	288.9%	$(12,070,666)
2013	2,872,767	121.8%	(6,758,427)
2012	2,943,508	51.0%	(6,131,194)

15. RETIREMENT BENEFIT PLANS - Continued

The following table summarizes the changes in the Authority's net pension asset for the years ended June 30, 2014 and 2013:

	2014	2013
Annual pension cost:		
Annual required contribution	$ 2,667,945	$ 2,781,172
Less: Interest on the net pension asset	(540,674)	(490,496)
Plus: Annual required contribution adjustment	688,360	582,091
Annual pension cost	2,815,631	2,872,767
Contributions made	(8,133,870)	(3,500,000)
Increase in the net pension asset	(5,318,239)	(627,233)
Net pension asset:		
Beginning of year	(6,758,427)	(6,131,194)
End of year	$(12,076,666)	$(6,758,427)

The net pension asset is included in other noncurrent assets in the statement of net position.

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 years 2014, 2013, and 2012 the Authority made contributions of $8,000,000, $3,500,000, and $1,500,000, respectively, to the Plan.

The funded status of the pension plan as of the valuation date, June 30, 2014, is detailed below:

Actuarial accrued liability (a)	$49,842,443
Actuarial value of plan assets (b)	34,879,518
Unfunded actuarial accrued liability (a) - (b)	$14,962,925
Funded ratio (b) / (a)	70.0%
Covered payroll (c)	$8,078,834
Unfunded actuarial accrued liability as a percentage of covered payroll [(a) - (b)] / (c)	185.2%

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 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.

15. RETIREMENT BENEFIT PLANS - Continued

Significant actuarial methods and assumptions as of the June 30, 2014 actuarial valuation are detailed below:

Actuarial valuation method	Entry age normal
Amortization method	Level dollar closed over 20 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	2.25%
Cost-of-living adjustments	None in the current year
Salary increases	4% per annum, compounded annually

The actuarial valuation method was changed to the entry age normal method for the 2014 valuation. The previous method used was the projected unit credit method.

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 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, 92 retirees and 65 retiree spouses 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.

The Authority's annual OPEB cost, percentage of annual OPEB cost contributed, and the net OPEB obligation for 2014, 2013, and 2012 are as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	$4,089,602	75.0%	$26,459,177
2013	6,365,995	37.0%	25,438,752
2012	6,597,967	29.7%	21,427,297

16. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - Continued

The following table summarizes the changes in the Authority's OPEB obligation for the years ended June 30, 2014 and 2013:

	2014	2013
Annual OPEB cost:		
Annual required contribution	$4,514,609	$ 6,723,983
Plus: Interest on the net OPEB obligation	1,017,550	857,092
Less: Amortization on the net OPEB obligation	(1,442,557)	(1,215,080)
Annual OPEB cost	4,089,602	6,365,995
Contributions made	(3,069,177)	(2,354,540)
Increase in the net OPEB obligation	1,020,425	4,011,455
Net OPEB obligation:		
Beginning of year	25,438,752	21,427,297
End of year	$26,459,177	$25,438,752

The Authority's contributions to the OPEB Plan during fiscal years 2014 and 2013 totaled $3,069,177 and $2,354,540, respectively. The amount contributed during fiscal years 2014 and 2013 included $2,000,000 and $1,000,000, respectively, to an OPEB Trust to fund plan assets as further described below.

The funded status of the postemployment healthcare plan as of the actuarial valuation date, July 1, 2013, is detailed below:

Actuarial accrued liability (a)	$42,543,287
Actuarial value of plan assets (b)	2,748,267
Unfunded actuarial accrued liability (a) - (b)	$39,795,020
Funded ratio (b) / (a)	6.5%
Covered payroll (c)	$15,188,052
Unfunded actuarial accrued liability as a percentage of covered payroll [(a) - (b)] / (c)	262.0%

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; however, management has a plan whereby cash contributions are intended to be made to help offset the anticipated increased outflows in future years to cover retiree benefits. As described above, the Authority made $2,000,000 and $1,000,000 in contributions to the OPEB Trust during fiscal years 2014 and 2013, respectively. These contributions have been considered in the actuarial valuations.

16. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - Continued

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 healthcare 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.

Significant actuarial methods and assumptions as of the July 1, 2013 actuarial valuation are detailed below:

Actuarial valuation method	Entry age normal method
Amortization method	Level dollar open over 30 years
Discount rate	4%
Health care cost trend rate	8% grading to 5% over 6 years
Inflation rate	4%
Mortality	RP-2000 Combined Mortality Table (Generational)
Retirement rates	Varying rates beginning with 5% at age 50 to 100% retirement at age 65

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

As part of the OPEB actuarial evaluation on July 1, 2013, which is effective for the Authority's 2014 fiscal year, certain changes to the OPEB Plan were considered, including the following: The Authority has adopted an Employer Group Waiver Plan ("EGWP") for post-65 retiree pharmacy benefits effective January 1, 2014. Additionally, the Authority has adopted a policy to coordinate with Medicare for Medicare-eligible participants. Those participants will be provided a subsidy to purchase coverage on an exchange. Accordingly, the OPEB Plan is assumed to be the primary plan of benefits prior to age 65 and secondary thereafter. In the July 1, 2014, valuation, for the Authority's fiscal year 2015, these changes have reduced the anticipated actuarial accrued liability to $30,435,000.

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, 2014 and 2013, there were 18 and 17 retirees, respectively, receiving benefits under the PERS. During the years ended June 30, 2014 and 2013, payments of $61,769 and $41,073, respectively, were made to the Metropolitan Government for postemployment benefits under this PERS.

17. DEFINED CONTRIBUTION PLANS

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 position. 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 $853,395 and $753,167 in 2014 and 2013, respectively. Employees contributed $1,011,842 and $861,450 to the plan in 2014 and 2013, respectively, through payroll deductions.

During May 2013, the Board of Commissioners approved an additional 401(a) defined contribution retirement plan. Under this additional plan, the Authority contributed 10% of an employee's base compensation on an annual basis. The new 401(a) plan is available only to employees hired after June 27, 2003, who do not participate in the Authority's defined benefit pension plan described in Note 15. All contributions by the Authority are discretionary. Amounts contributed by the Authority to the deferred retirement compensation plan were $715,515 and $701,830 in 2014 and 2013, 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 $1,527,248 and $1,562,153 at June 30, 2014 and 2013, respectively, and is included in unearned income in the statements of net position. 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 54.2% and 54.1% of the total enplanements of 5,311,799 and 5,037,975 for fiscal years 2014 and 2013, respectively.

20. 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, 2014 and 2013:

				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, 2014:						
Cash and cash equivalents	$121,961,306	$121,961,306	$121,961,306	$121,961,306	$ -	$ -
Investments:						
U.S. agencies	7,706,000	7,706,000	7,706,000	7,706,000	-	-
Long-term debt	184,279,210	236,269,095	-	-	-	-
Derivative financial instrument	1,886,325	1,886,325	1,886,325	-	1,886,325	-
June 30, 2013:						
Cash and cash equivalents	$108,297,851	$108,297,851	$108,297,851	$108,297,851	$ -	$ -
Investments:						
U.S. agencies	10,872,000	10,872,000	10,872,000	10,872,000	-	-
Long-term debt	213,114,872	267,697,993	-	-	-	-
Derivative financial instrument	2,209,043	2,209,043	2,209,043	-	2,209,043	-

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 - 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 Instrument - 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, 2014 and 2013. 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.

21. CONDENSED FINANCIAL INFORMATION BY ENTITY

The following information presents the condensed financial information for the Authority's airports and its blended component unit, MPC. Such information is presented in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, An Amendment of GASB Statements No. 14 and 34*. There are no separately issued financial statements for Nashville International, John C. Tune, and MNAA Properties Corporation.

	June 30, 2014			
	Airports		Blended Component Unit	
	Nashville International Airport (1)	John C. Tune Airport	MNAA Properties Corporation (1)	Total
Condensed Statements of Net Position				
Assets				
Current assets	$ 116,480,261	$ 1,387,634	$ 4,331,028	$ 122,198,923
Noncurrent assets	18,830,636	-	-	18,830,636
Capital assets, net	483,287,948	16,500,651	8,016,338	507,804,937
Other assets	12,604,987	50,000	1,253,335	13,908,322
Total assets	631,203,832	17,938,285	13,600,701	662,742,818
Deferred outflows of resources	2,099,861	-	-	2,099,861
Total assets and deferred outflows of resources	$ 633,303,693	$ 17,938,285	$ 13,600,701	$ 664,842,679
Liabilities				
Current liabilities	$ 44,916,079	$ 1,257,527	$ 649,080	$ 46,822,686
Noncurrent liabilities	179,894,910	26,531	6,137,244	186,058,685
Total liabilities	224,810,989	1,284,058	6,786,324	232,881,371
Net position				
Net investment in capital assets	323,918,764	16,550,651	1,678,244	342,147,659
Restricted for:				
Passenger facility charge projects and debt service	12,723,352	-	-	12,723,352
Customer facility charge projects and debt service	20,443,862	-	-	20,443,862
Debt service and other	32,559,077	-	75,151	32,634,228
Total restricted net position	65,726,291	-	75,151	65,801,442
Unrestricted net position	18,847,649	103,576	5,060,982	24,012,207
Total net position	408,492,704	16,654,227	6,814,377	431,961,308
Total liabilities and net position	$ 633,303,693	$ 17,938,285	$ 13,600,701	$ 664,842,679
Condensed Statements of Revenues, Expenses and Changes in Net Position				
Operating revenues	$ 108,917,658	$ 785,009	$ 2,426,455	$ 112,129,122
Operating expenses	71,471,779	637,439	1,771,183	73,880,401
Provision for depreciation	33,879,806	1,147,994	745,668	35,773,468
Operating income (loss)	3,566,073	(1,000,424)	(90,396)	2,475,253
Nonoperating revenues (expenses), net	16,165,147	(596)	(194,914)	15,969,637
Capital contributions	9,936,544	2,802,519	-	12,739,063
Increase (decrease) in net position	29,667,764	1,801,499	(285,310)	31,183,953
Net position - beginning of year	378,824,940	14,852,728	7,099,687	400,777,355
Net position - end of year	$ 408,492,704	$ 16,654,227	$ 6,814,377	$ 431,961,308
Condensed Statements of Cash Flows				
Cash flows from operating activities	$ 33,601,065	$ 682,845	$ 1,646,468	$ 35,930,378
Cash flows from noncapital financing activities	(2,369,336)	1,000,000	-	(1,369,336)
Cash flows from capital and related financing activities	(20,441,413)	(2,516,083)	(1,150,291)	(24,107,787)
Cash flows from investing activities	3,210,200	-	-	3,210,200
Increase (decrease) in cash and cash equivalents	14,000,516	(833,238)	496,177	13,663,455
Cash and cash equivalents - beginning of year	102,838,630	1,633,455	3,825,766	108,297,851
Cash and cash equivalents - end of year	$ 116,839,146	$ 800,217	$ 4,321,943	$ 121,961,306

(1) The financial information of MPC CONRAC LLC is included in Nashville International Airport as the sole purpose of MPC CONRAC LLC relates to the CONRAC Facility at Nashville International Airport, and therefore, it is integrated with the Airport for reporting purposes.

21. CONDENSED FINANCIAL INFORMATION BY ENTITY - Continued

	June 30, 2013			
	Airports		Blended Component Unit	
	Nashville International Airport (1)	John C. Tune Airport	MNAA Properties Corporation (1)	Total
Condensed Statements of Net Position				
Assets				
Current assets	$ 106,129,962	$ 1,528,365	$ 4,424,457	$ 112,082,784
Noncurrent assets	17,372,204	-	-	17,372,204
Capital assets, net	497,080,942	13,346,376	8,712,675	519,139,993
Other assets	7,315,660	50,000	1,061,668	8,427,328
Total assets	627,898,768	14,924,741	14,198,800	657,022,309
Deferred outflows of resources	3,391,017	-	-	3,391,017
Total assets and deferred outflows of resources	$ 631,289,785	$ 14,924,741	$ 14,198,800	$ 660,413,326
Liabilities				
Current liabilities	$ 43,055,403	$ 48,252	$ 712,946	$ 43,816,601
Noncurrent liabilities	209,409,442	23,761	6,386,167	215,819,370
Total liabilities	252,464,845	72,013	7,099,113	259,635,971
Net position				
Net investment in capital assets	314,291,651	13,396,377	2,188,762	329,876,790
Restricted for:				
Passenger facility charge projects and debt service	9,854,109	-	-	9,854,109
Customer facility charge projects and debt service	17,775,092	-	-	17,775,092
Debt service and other	32,690,319	-	-	32,690,319
Total restricted net position	60,319,520	-	-	60,319,520
Unrestricted net position	4,213,769	1,456,351	4,910,925	10,581,045
Total net position	378,824,940	14,852,728	7,099,687	400,777,355
Total liabilities and net position	$ 631,289,785	$ 14,924,741	$ 14,198,800	$ 660,413,326
Condensed Statements of Revenues, Expenses and Changes in Net Position				
Operating revenues	$ 96,693,378	$ 800,686	$ 2,297,661	$ 99,791,725
Operating expenses	67,935,597	660,993	1,498,503	70,095,093
Provision for depreciation	33,782,165	1,129,733	736,425	35,648,323
Operating income (loss)	(5,024,384)	(990,040)	62,733	(5,951,691)
Nonoperating revenues (expenses), net	14,476,213	1,015	(159,362)	14,317,866
Capital contributions	5,973,311	50,614	-	6,023,925
Increase (decrease) in net position	15,425,140	(938,411)	(96,629)	14,390,100
Net position - beginning of year	363,399,800	15,791,139	7,196,316	386,387,255
Net position - end of year	$ 378,824,940	$ 14,852,728	$ 7,099,687	$ 400,777,355
Condensed Statements of Cash Flows				
Cash flows from operating activities	$ 33,320,448	$ 223,488	$ 343,281	$ 33,887,217
Cash flows from noncapital financing activities	(1,967,459)	-	-	(1,967,459)
Cash flows from capital and related financing activities	(26,355,857)	(13,341)	(1,485,446)	(27,854,644)
Cash flows from investing activities	(6,426,341)	-	-	(6,426,341)
Increase (decrease) in cash and cash equivalents	(1,429,209)	210,147	(1,142,165)	(2,361,227)
Cash and cash equivalents - beginning of year	104,267,839	1,423,308	4,967,931	110,659,078
Cash and cash equivalents - end of year	$ 102,838,630	$ 1,633,455	$ 3,825,766	$ 108,297,851

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)
June 30, 2012	$22,947,521	$42,042,207	$(19,094,686)	54.58%	$7,732,080	246.95%
June 30, 2013	26,791,399	44,016,468	(17,225,069)	60.87%	7,895,716	218.16%
June 30, 2014	34,879,518	49,842,443	(14,962,925)	69.98%	8,078,834	185.21%

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, 2011	$1,053,287	$59,473,329	$(58,420,042)	1.77%	$14,015,134	416.84%
July 1, 2012	1,534,778	60,857,129	(59,322,351)	2.52%	14,586,105	406.70%
July 1, 2013	2,748,267	42,543,287	(39,795,020)	6.46%	15,188,052	262.02%

See independent auditor's report.

Other Information

Metropolitan Nashville Airport Authority | Comprehensive Annual Financial Report

	Nashville International Airport (1)	John C. Tune Airport	MNAA Properties Corporation (1)	Total
ASSETS:				
CURRENT ASSETS:				
Unrestricted assets:				
Cash and cash equivalents	$ 55,589,640	$ 800,217	$ 4,246,792	$ 60,636,649
Accounts receivable (net of allowance)	4,846,869	39,723	16,119	4,902,711
Inventories	508,322	275	-	508,597
Due from (to) other funds	(223,683)	252,185	(28,502)	-
Prepaid expenses and other	1,098,142	-	21,468	1,119,610
Total current unrestricted assets	61,819,290	1,092,400	4,255,877	67,167,567
Restricted assets:				
Cash and cash equivalents	42,418,870	-	75,151	42,494,021
Short-term investments	7,706,000	-	-	7,706,000
Passenger facility charges receivable	1,565,884	-	-	1,565,884
Customer facility charges receivable	985,512	-	-	985,512
Amounts due from governmental agencies	1,984,705	295,234	-	2,279,939
Total current restricted assets	54,660,971	295,234	75,151	55,031,356
Total current assets	116,480,261	1,387,634	4,331,028	122,198,923
NONCURRENT ASSETS:				
Restricted assets:				
Cash and cash equivalents	18,830,636	-	-	18,830,636
Capital assets:				
Land and land improvements	511,996,952	24,978,929	200,817	537,176,698
Land held for future expansion	36,701,068	-	-	36,701,068
Buildings and building improvements	238,944,511	4,418,544	12,097,836	255,460,891
Equipment, furniture and fixtures	107,957,956	572,638	-	108,530,594
Construction in progress	31,289,380	5,459,914	96,078	36,845,372
Total capital assets	926,889,867	35,430,025	12,394,731	974,714,623
Less accumulated depreciation	(443,601,919)	(18,929,374)	(4,378,393)	(466,909,686)
Total capital assets, net	483,287,948	16,500,651	8,016,338	507,804,937
Other assets	12,604,987	50,000	1,253,335	13,908,322
Total noncurrent assets	514,723,571	16,550,651	9,269,673	540,543,895
TOTAL ASSETS	631,203,832	17,938,285	13,600,701	662,742,818
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts on bond refundings	2,099,861	-	-	2,099,861
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,099,861	-	-	2,099,861
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 633,303,693	$ 17,938,285	$ 13,600,701	$ 664,842,679

(1) The financial information of MPC CONRAC LLC is included in Nashville International Airport as the sole purpose of MPC CONRAC LLC relates to the CONRAC Facility at Nashville International Airport, and therefore, it is integrated with the Airport for reporting purposes.

	Nashville International Airport (1)	John C. Tune Airport	MNAA Properties Corporation (1)	Total
LIABILITIES:				
CURRENT LIABILITIES:				
Payable from unrestricted assets:				
Trade accounts payable	$ 7,403,225	$ 1,247,552	$ 391,779	$ 9,042,556
Accrued payroll and related items	4,054,134	9,975	-	4,064,109
Current maturities of notes payable	592,300	-	257,301	849,601
Total payable from unrestricted assets	12,049,659	1,257,527	649,080	13,956,266
Payable from restricted assets:				
Trade accounts payable	934,144	-	-	934,144
Accrued interest payable	4,097,276	-	-	4,097,276
Current maturities of airport revenue bonds	27,835,000	-	-	27,835,000
Total payable from restricted assets	32,866,420	-	-	32,866,420
Total current liabilities	44,916,079	1,257,527	649,080	46,822,686
NONCURRENT LIABILITIES:				
Airport revenue bonds, less current maturities	146,382,486	-	-	146,382,486
Notes payable, less current maturities	3,131,330	-	6,080,793	9,212,123
Fair value of derivative financial instrument	1,886,325	-	-	1,886,325
Unearned income	2,035,592	26,531	56,451	2,118,574
Other postemployment benefits obligation	26,459,177	-	-	26,459,177
Total noncurrent liabilities	179,894,910	26,531	6,137,244	186,058,685
Total liabilities	224,810,989	1,284,058	6,786,324	232,881,371
COMMITMENTS AND CONTINGENCIES				
NET POSITION:				
Net investment in capital assets	323,918,764	16,550,651	1,678,244	342,147,659
Restricted for:				
Passenger facility charge projects and debt service	12,723,352	-	-	12,723,352
Customer facility charge projects and debt service	20,443,862	-	-	20,443,862
Debt service and other	32,559,077	-	75,151	32,634,228
Total restricted net position	65,726,291	-	75,151	65,801,442
Unrestricted net position	18,847,649	103,576	5,060,982	24,012,207
Total net position	408,492,704	16,654,227	6,814,377	431,961,308
TOTAL LIABILITIES AND NET POSITION	$ 633,303,693	$ 17,938,285	$ 13,600,701	$ 664,842,679

See independent auditor’s report.

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	Nashville International Airport (1)	John C. Tune Airport	MNAA Properties Corporation (1)	Total
OPERATING REVENUES:				
Signatory airline	$ 37,026,998	$ -	$ -	$ 37,026,998
Parking	36,258,325	-	-	36,258,325
Concession	21,520,372	-	-	21,520,372
Space rental	7,980,838	720,643	2,343,529	11,045,010
Other	6,131,125	64,366	82,926	6,278,417
	108,917,658	785,009	2,426,455	112,129,122
OPERATING EXPENSES:				
Salaries and wages	31,011,975	316,073	-	31,328,048
Contractual services	26,598,021	204,924	1,083,769	27,886,714
Materials and supplies	4,070,540	49,090	13,254	4,132,884
Utilities	5,464,306	41,693	381,709	5,887,708
Other	4,326,937	25,659	292,451	4,645,047
	71,471,779	637,439	1,771,183	73,880,401
OPERATING INCOME BEFORE PROVISION FOR DEPRECIATION	37,445,879	147,570	655,272	38,248,721
PROVISION FOR DEPRECIATION	33,879,806	1,147,994	745,668	35,773,468
OPERATING INCOME (LOSS)	3,566,073	(1,000,424)	(90,396)	2,475,253
NONOPERATING REVENUES (EXPENSES):				
Investment income	326,106	704	1,539	328,349
Passenger facility charges	13,502,385	-	-	13,502,385
Customer facility charges	10,825,490	-	-	10,825,490
Interest expense	(8,802,393)	(1,300)	(196,453)	(9,000,146)
Gain on disposal of property and equipment	25,522	-	-	25,522
Gain on derivative financial instruments	322,718	-	-	322,718
Other nonoperating, net	(34,681)	-	-	(34,681)
	16,165,147	(596)	(194,914)	15,969,637
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	19,731,220	(1,001,020)	(285,310)	18,444,890
CAPITAL CONTRIBUTIONS	9,936,544	2,802,519	-	12,739,063
INCREASE (DECREASE) IN NET POSITION	29,667,764	1,801,499	(285,310)	31,183,953
TOTAL NET POSITION - BEGINNING OF YEAR	378,824,940	14,852,728	7,099,687	400,777,355
TOTAL NET POSITION - END OF YEAR	$ 408,492,704	$ 16,654,227	$ 6,814,377	$ 431,961,308

(1) The financial information of MPC CONRAC LLC is included in Nashville International Airport as the sole purpose of MPC CONRAC LLC relates to the CONRAC Facility at Nashville International Airport, and therefore, it is integrated with the Airport for reporting purposes.

See independent auditor's report.

Year Ending June 30,	Series 2003B Revenue Bonds		Series 2008A Revenue Bonds		Series 2009A Revenue Bonds		Series 2010A Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	867,378	1,200,000	484,920	3,860,000	825,394	3,690,000	284,000
2018	515,000	867,378	3,400,000	332,260	4,020,000	661,625	3,835,000	95,875
2019	545,000	824,831	3,600,000	170,620	4,190,000	487,056	-	-
2020	575,000	782,283	3,800,000	-	7,970,000	197,700	-	-
2021	610,000	782,283	-	-	-	-	-	-
2022	645,000	782,283	-	-	-	-	-	-
2023	680,000	782,283	-	-	-	-	-	-
2024	720,000	688,290	-	-	-	-	-	-
2025	760,000	594,297	-	-	-	-	-	-
2026	805,000	594,297	-	-	-	-	-	-
2027	855,000	594,297	-	-	-	-	-	-
2028	905,000	594,297	-	-	-	-	-	-
2029	960,000	594,297	-	-	-	-	-	-
2030	1,015,000	594,297	-	-	-	-	-	-
2031	1,075,000	594,297	-	-	-	-	-	-
2032	1,140,000	594,297	-	-	-	-	-	-
2033	1,210,000	594,297	-	-	-	-	-	-
2034	1,280,000	297,149	-	-	-	-	-	-
	15,695,000	13,805,389	12,400,000	2,074,380	27,310,000	4,278,481	14,520,000	1,467,606
Bond Premium	-	-	-	-	90,280	-	765,561	-
	$ 15,695,000	$ 13,805,389	$ 12,400,000	$ 2,074,380	$ 27,400,280	$ 4,278,481	$ 15,285,561	$ 1,467,606

Note 1: This schedule intends to present the cash outflow requirements for principal and interest on the Authority's bonds, including the annual sinking fund requirements of the 2003B and CONRAC 2010 Series bonds. Payment of principal on bonds is made annually on July 1. Payment of interest on fixed rate bonds is made semi-annually in July 1, and January 1. Payment of interest on variable rate bonds is generally made monthly.

See independent auditor's report.

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
$ 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	6,109,826	19,374,826
-	-	-	-	2,480,000	3,511,292	14,250,000	5,468,430	19,718,430
-	-	-	-	2,695,000	3,382,352	11,030,000	4,864,859	15,894,859
-	-	-	-	2,840,000	3,236,635	15,185,000	4,216,618	19,401,618
-	-	-	-	3,000,000	3,077,085	3,610,000	3,859,368	7,469,368
-	-	-	-	3,175,000	2,902,161	3,820,000	3,684,444	7,504,444
-	-	-	-	3,365,000	2,710,402	4,045,000	3,492,685	7,537,685
-	-	-	-	3,575,000	2,501,707	4,295,000	3,189,997	7,484,997
-	-	-	-	3,800,000	2,275,349	4,560,000	2,869,646	7,429,646
-	-	-	-	4,055,000	2,157,796	4,860,000	2,752,093	7,612,093
-	-	-	-	4,340,000	2,157,796	5,195,000	2,752,093	7,947,093
-	-	-	-	4,645,000	2,157,796	5,550,000	2,752,093	8,302,093
-	-	-	-	4,970,000	2,157,796	5,930,000	2,752,093	8,682,093
-	-	-	-	13,755,000	1,078,898	14,770,000	1,673,195	16,443,195
-	-	-	-	-	-	1,075,000	594,297	1,669,297
-	-	-	-	-	-	1,140,000	594,297	1,734,297
-	-	-	-	-	-	1,210,000	594,297	1,804,297
-	-	-	-	-	-	1,280,000	297,149	1,577,149
31,965,000	1,298,300	7,145,000	342,600	62,975,000	44,440,138	172,010,000	67,706,894	239,716,894
1,112,120	-	239,525	-	-	-	2,207,486	-	2,207,486
$ 33,077,120	$ 1,298,300	$ 7,384,525	$ 342,600	$ 62,975,000	$ 44,440,138	$ 174,217,486	$ 67,706,894	$ 241,924,380

See independent auditor's report.

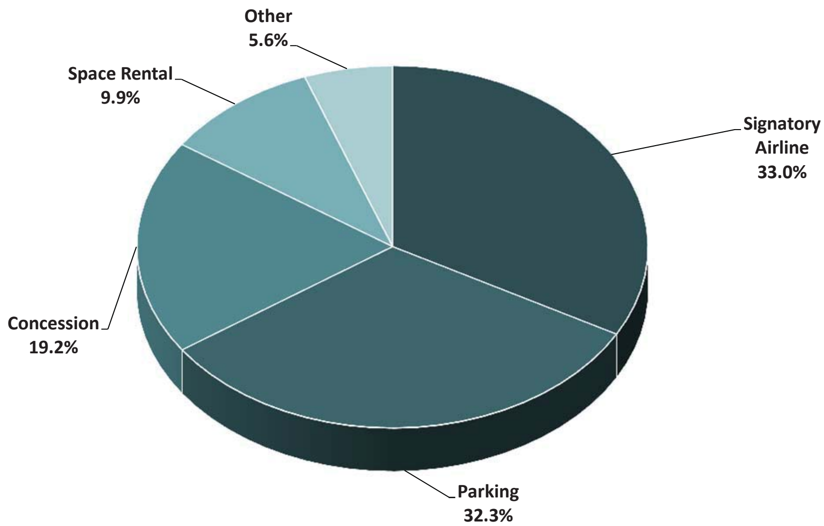
Statistical Section

Statistical information differs from financial statements because it usually covers more than one fiscal year and may present non-accounting 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 the 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)

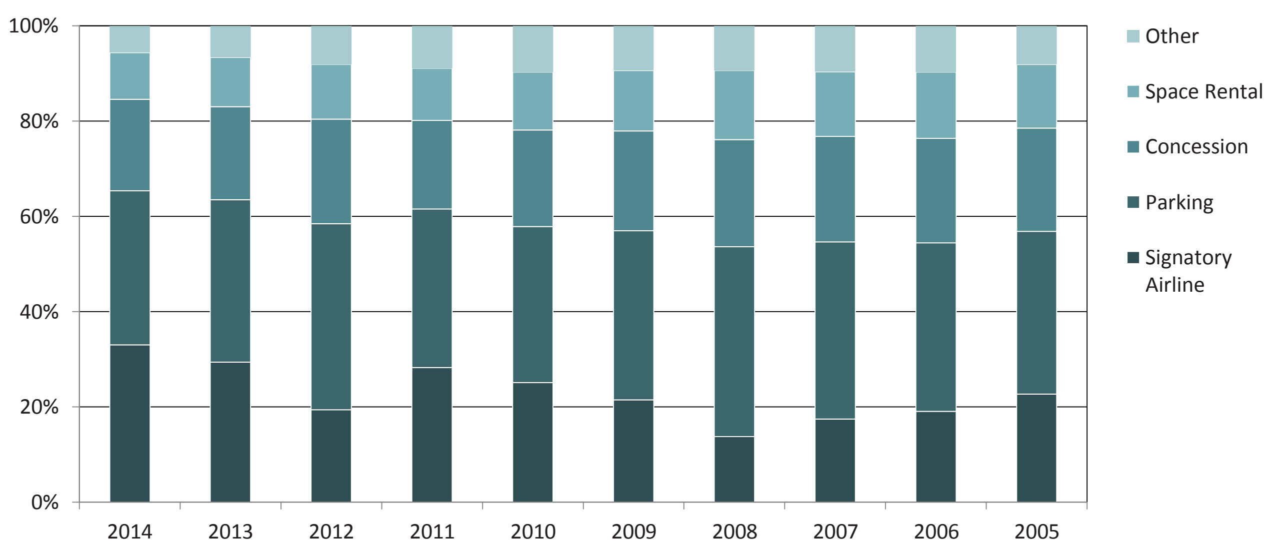
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating Revenues:										
Signatory Airline	$ 37,027	$ 29,373	$ 16,132	$ 25,306	$ 20,523	$ 17,018	$ 10,528	$ 13,116	$ 13,559	$ 15,165
Parking	36,258	34,020	32,468	29,744	26,769	28,175	30,405	27,795	25,159	22,788
Concession	21,520	19,491	18,220	16,610	16,512	16,559	17,165	16,631	15,598	14,482
Space Rental	11,045	10,308	9,545	9,804	9,939	10,077	11,051	10,136	9,889	8,935
Other	6,279	6,600	6,749	7,978	7,942	7,427	7,167	7,222	6,928	5,400
Total	**$ 112,129**	**$ 99,792**	**$ 83,114**	**$ 89,442**	**$ 81,685**	**$ 79,256**	**$ 76,316**	**$ 74,900**	**$ 71,133**	**$ 66,770**

FY 2014 Operating Revenues Composition



Operating revenues have increased 67.9% since 2005. Enplanements increased 19.7% to 5,311,799 compared to 4,438,392 ten years ago. Parking revenue increased $5.9 million since 2008. 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.

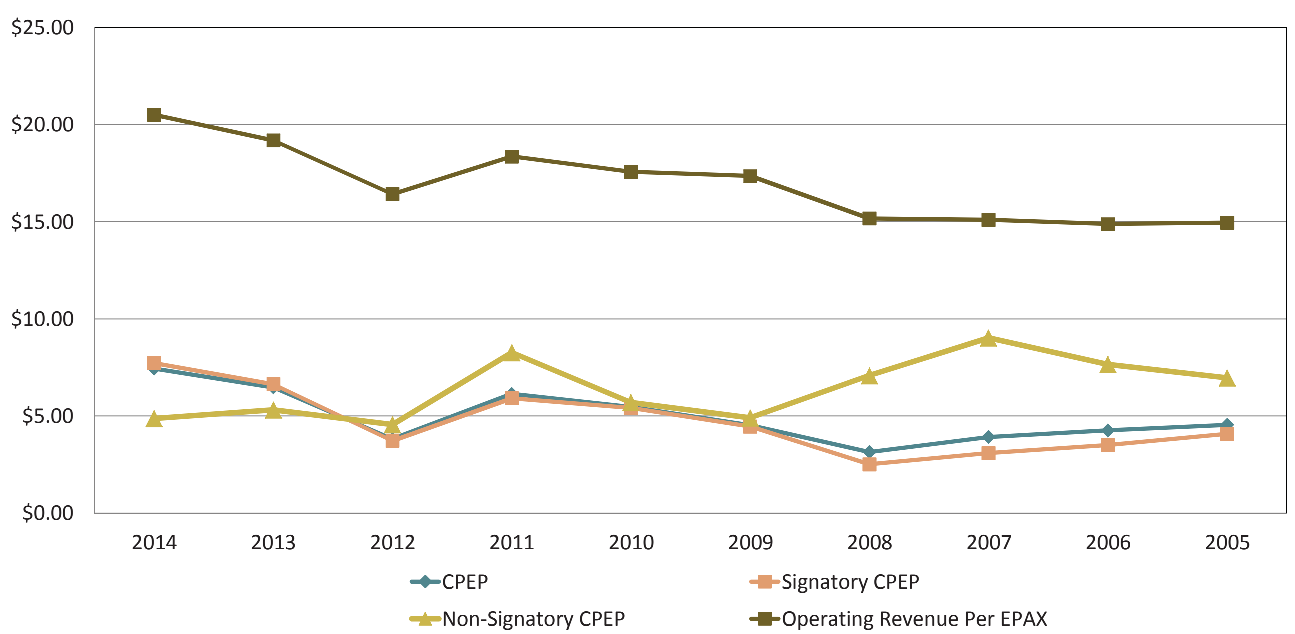
10-Year Revenues Composition



Nashville International Airport Cost per Enplaned Passenger (CPEP)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Signatory Airlines:										
Space and Ramp Fees	$ 27,027	$ 21,552	$ 13,565	$ 14,874	$ 13,470	$ 13,358	$ 9,293	$ 11,504	$ 12,838	$ 13,498
Landing Fees	10,000	7,821	2,567	10,432	7,053	3,660	1,235	1,612	721	1,667
Total Signatory Revenue	37,027	29,373	16,132	25,306	20,523	17,018	10,528	13,116	13,559	15,165
Signatory Enplaned (000s)	4,791	4,425	4,331	4,278	3,788	3,820	4,195	4,247	3,874	3,716
Cost per Signatory Enplaned	**$ 7.73**	**$ 6.64**	**$ 3.72**	**$ 5.92**	**$ 5.42**	**$ 4.45**	**$ 2.51**	**$ 3.09**	**$ 3.50**	**$ 4.08**
Non-signatory Airlines:										
Space and Ramp Fees	$ 1,156	$ 1,313	$ 746	$ 944	$ 1,245	$ 649	$ 2,081	$ 3,027	$ 3,520	$ 2,652
Landing Fees	1,380	1,943	1,771	2,751	2,731	2,486	2,748	3,216	3,068	2,362
Total Non-signatory Revenue	2,536	3,256	2,517	3,695	3,976	3,135	4,829	6,243	6,588	5,014
Non-signatory Enplaned (000s)	521	613	552	447	699	639	683	692	861	720
Cost per Non-signatory Enplaned	**$ 4.87**	**$ 5.31**	**$ 4.56**	**$ 8.27**	**$ 5.69**	**$ 4.91**	**$ 7.07**	**$ 9.02**	**$ 7.65**	**$ 6.96**
Summary Analysis:										
Total Signatory & Non-signatory Revenue	$ 39,563	$ 32,629	$ 18,649	$ 29,001	$ 24,499	$ 20,153	$ 15,357	$ 19,359	$ 20,147	$ 20,179
Blended Cost per Enplaned	**$ 7.45**	**$ 6.48**	**$ 3.82**	**$ 6.14**	**$ 5.46**	**$ 4.52**	**$ 3.15**	**$ 3.92**	**$ 4.25**	**$ 4.55**
Operating Revenues (BNA Only)	$ 108,918	$ 96,693	$ 80,192	$ 86,749	$ 78,855	$ 77,431	$ 74,041	$ 74,541	$ 70,512	$ 66,351
Total Enplaned (includes charters)	5,312	5,038	4,883	4,725	4,487	4,461	4,880	4,938	4,736	4,438
Operating Revenues per Enplaned	**$ 20.50**	**$ 19.19**	**$ 16.42**	**$ 18.36**	**$ 17.57**	**$ 17.36**	**$ 15.17**	**$ 15.10**	**$ 14.89**	**$ 14.95**

Enplaned Passenger (EPAX) Revenues Analysis



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

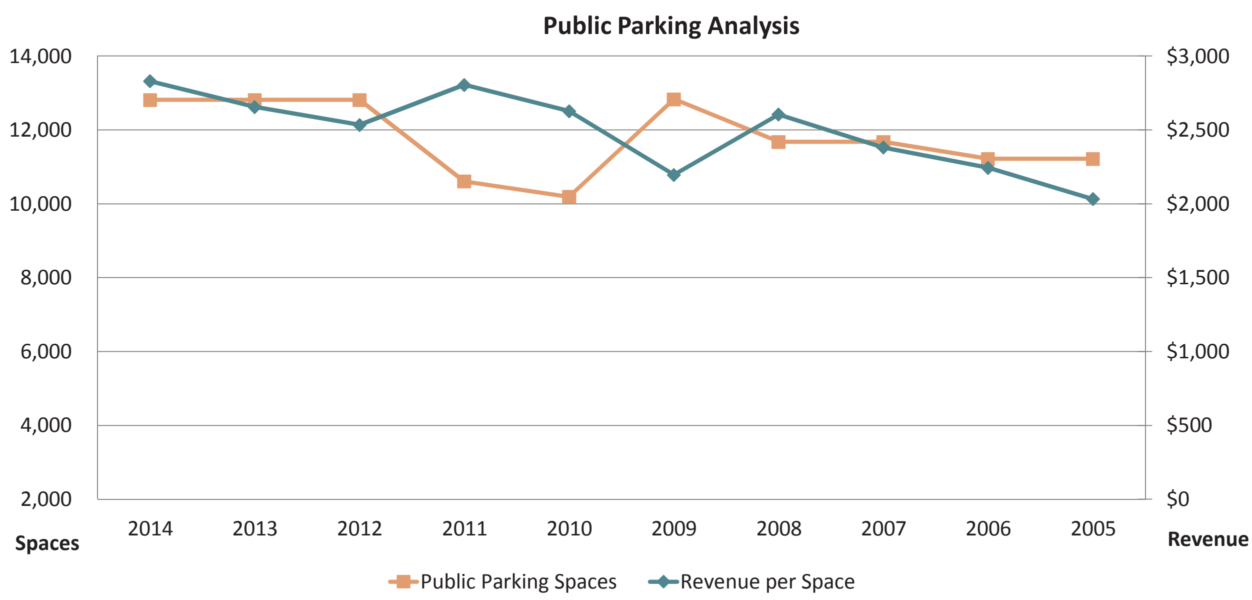
Signatory & Non-signatory rate history effective July 1 of each fiscal year (unless noted below).

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Signatory Rates:										
Landing fee	$ 1.69	$ 1.52	$ 0.32	$ 2.05	$ 1.26	$ 0.30	$ 0.19	$ 0.29	$ 0.12	$ 0.29
Ramp	223.05	133.09	84.78	101.26	114.62	62.36	71.20	95.80	104.97	114.40
Main terminal	164.54	130.84	78.84	93.16	89.12	50.03	63.24	81.91	90.08	90.91
North concourse	79.11	62.55	36.13	41.29	42.31	20.61	29.82	39.04	43.64	45.59
South concourse	113.96	57.62	37.51	41.12	41.33	21.61	22.24	25.45	24.87	26.87

The signatory FY 2009 rates are the original rates. The $7.265 million year end true-up was charged to landing fees and main terminal rents. 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, 2015, are $1.65 (LF), $266.69 (R), $180.58 (MT), $112.07 (NC), and $104.35 (SC).

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Non-signatory Rates:										
Landing fee	$ 4.10	$ 3.17	$ 3.92	$ 5.02	$ 3.96	$ 3.26	$ 3.24	$ 2.91	$ 2.71	$ 2.97
Ramp	349.31	327.15	309.47	301.87	287.29	317.96	304.37	297.52	289.61	293.07
Main terminal	294.90	271.07	245.48	238.37	223.32	195.11	176.79	173.44	155.59	151.81
North concourse	111.88	107.23	98.44	90.13	89.86	88.87	80.67	80.45	77.67	76.78
South concourse	121.11	114.82	104.64	92.73	88.27	84.76	67.48	67.13	64.19	61.43

The non-signatory rates effective July 1, 2015, have been set at $4.23 (LF), $397.15 (R), $312.16 (MT), $113.74 (NC), and $121.36 (SC).



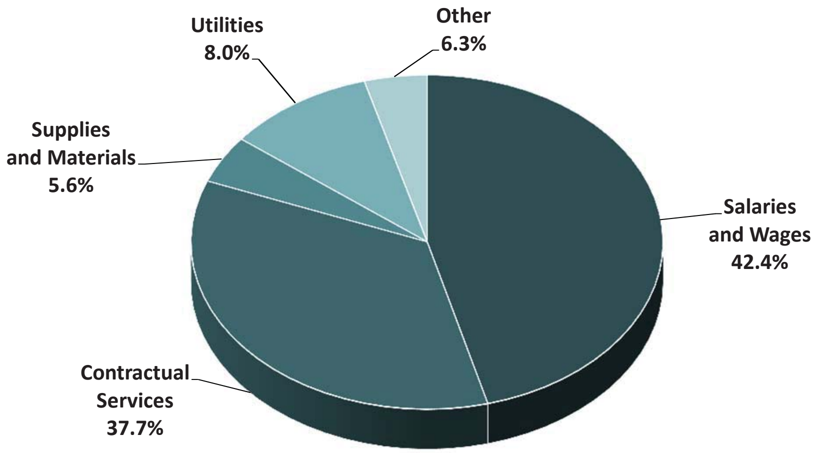
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Parking lot revenue (000)	$ 36,258	$ 34,020	$ 32,468	$ 29,744	$ 26,769	$ 28,175	$ 30,405	$ 27,795	$ 25,159	$ 22,788
Spaces available (actual)	12,811	12,811	12,811	10,605	10,189	12,830	11,675	11,675	11,216	11,216
Revenue per space	**$ 2,830**	**$ 2,656**	**$ 2,534**	**$ 2,805**	**$ 2,627**	**$ 2,196**	**$ 2,604**	**$ 2,381**	**$ 2,243**	**$ 2,032**

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. The TARI roadway project was completed in October 2009, and the new 50-space complimentary cell phone lot opened shortly thereafter. Over $3.9 million of parking revenue was attributable to valet parking services in FY 2010 for this 1,152-space lot near the terminal building. For FY 2011, 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. For FY 2012, FY 2013 and FY 2014, available spaces were as follows: Short Term 2,369, Long Term A 2,060, Long Term B 2,124, Economy 3,690, Overflow 1,416, Valet 1,152. Rates in various parking lots were adjusted in early FY 2014 to maximize revenue opportunities.

Metropolitan Nashville Airport Authority Operating Expenses Analysis (000s)

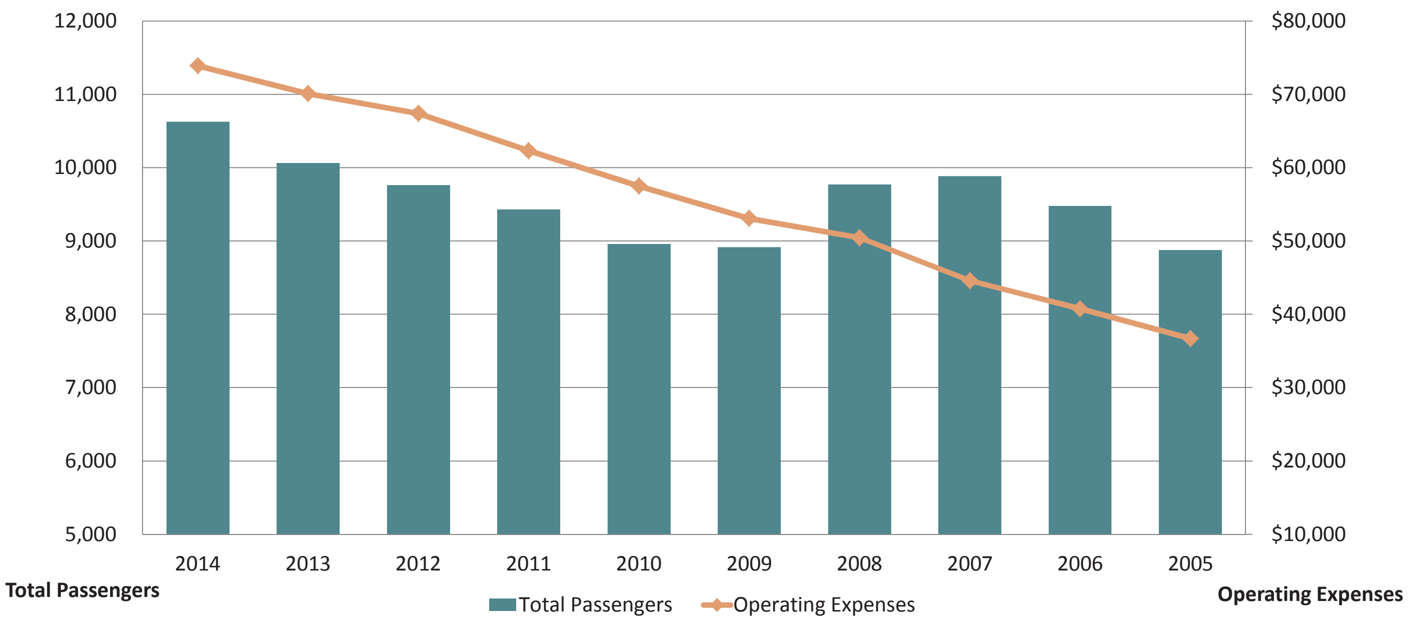
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating Expenses:										
Salaries and wages	$ 31,328	$ 32,118	$ 30,744	$ 28,570	$ 28,057	$ 26,340	$ 23,690	$ 20,379	$ 18,657	$ 16,412
Contractual services	27,887	24,783	24,215	21,851	18,681	16,359	16,299	14,430	12,917	12,454
Supplies and materials	4,133	3,437	3,156	2,876	2,363	1,705	2,229	2,437	1,702	1,894
Utilities	5,888	5,971	6,115	6,318	5,910	6,231	5,537	4,409	4,178	3,662
Depreciation	35,773	35,648	33,001	29,680	25,883	25,152	20,425	18,121	17,640	17,546
Other	4,645	3,786	3,147	2,680	2,464	2,442	2,689	2,944	3,295	2,274
Total	**$ 109,654**	**$ 105,743**	**$ 100,378**	**$ 91,975**	**$ 83,358**	**$ 78,229**	**$ 70,869**	**$ 62,720**	**$ 58,389**	**$ 54,242**

FY 2014 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 $1,020,425 in 2014 compared to $4,011,455 in 2013, $4,636,773 in 2012, and $4,124,748 in 2011. Pension costs as a component of Salaries and Wages were $2,608,858 in 2011, $2,943,508 in 2012, $2,872,767 in 2013, and $2,815,631 in 2014.

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



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

	2014	%	2013	2012	2011	2010	2009	2008	2007	2006	2005
Land	$ 60,291,397	45.0%	$ 60,291,397	$ 60,291,397	$ 60,510,397	$ 60,994,397	$ 62,659,897	$ 62,659,897	$ 62,659,897	$ 62,659,897	$ 62,659,897
Land held for future expansion	36,701,068	27.4%	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	36,845,372	27.5%	20,469,818	14,275,669	113,187,969	90,428,596	32,813,869	48,447,956	46,276,385	29,986,164	22,352,319
Total capital assets not being depreciated	133,837,837	100.0%	117,462,283	111,268,134	210,399,434	188,124,061	132,174,834	147,808,921	145,637,350	129,347,129	121,713,284
Land improvements	476,885,301	56.7%	474,449,844	473,328,967	458,112,921	444,599,608	446,349,767	406,464,775	387,482,242	369,423,129	370,981,655
Buildings and building improvements	255,460,891	30.4%	254,508,281	253,445,668	183,122,322	161,692,621	171,150,808	156,272,307	127,250,001	123,618,070	126,696,865
Equipment, furniture and fixtures	108,530,594	12.9%	103,981,903	95,181,689	57,665,911	51,082,588	50,436,887	44,528,369	31,813,649	29,163,887	22,972,560
Total capital assets being depreciated	840,876,786	100.0%	832,940,028	821,956,324	698,901,154	657,374,817	667,937,462	607,265,451	546,545,892	522,205,086	520,651,080
Less accumulated depreciation	(466,909,686)	55.5%	(431,262,318)	(395,789,389)	(362,901,122)	(350,930,203)	(357,349,262)	(334,246,562)	(314,025,691)	(296,027,349)	(287,025,150)
Net Capital Assets	**$ 507,804,937**	**n/a**	**$ 519,139,993**	**$ 537,435,069**	**$ 546,399,466**	**$ 494,568,675**	**$ 442,763,034**	**$ 420,827,810**	**$ 378,157,551**	**$ 355,524,866**	**$ 355,339,214**

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

	2014	%	2013	2012	2011	2010	2009	2008	2007	2006	2005
Series 1993 Revenue Bonds	$ -	n/a	$ -	$ -	$ -	$ -	$ -	$ -	$ 43,200,000	$ 48,500,000	$ 52,000,000
Series 1995 Revenue Bonds	-	n/a	-	-	-	38,265,000	42,775,000	46,875,000	50,600,000	53,990,000	57,070,000
Series 1998A Revenue Bonds	-	n/a	-	-	-	4,330,000	5,810,000	7,435,000	9,185,000	11,035,000	12,955,000
Series 1998C Revenue Bonds	-	n/a	-	-	-	16,190,000	18,150,000	20,010,000	21,770,000	23,445,000	25,035,000
Series 2001A Revenue Bonds	-	n/a	-	-	-	49,475,000	56,030,000	62,180,000	67,945,000	73,355,000	78,425,000
Series 2003 PFC Revenue Bonds	-	n/a	-	3,925,000	7,750,000	11,485,000	14,145,000	18,675,000	22,145,000	25,525,000	28,825,000
Series 2003A Revenue Bonds	-	n/a	-	-	-	-	-	-	-	-	1,505,000
Series 2003B Revenue Bonds	15,695,000	9.1%	16,115,000	17,260,000	17,260,000	17,260,000	17,610,000	17,945,000	18,270,000	18,590,000	18,900,000
Series 2006 Revenue Bonds	-	n/a	-	-	-	-	-	-	18,285,000	-	-
Series 2008A Revenue Bonds	12,400,000	7.2%	12,500,000	12,600,000	19,300,000	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	27,310,000	15.9%	30,765,000	34,085,000	35,285,000	36,000,000	36,000,000	-	-	-	-
Series 2010A Revenue Bonds	14,520,000	8.4%	17,855,000	21,220,000	24,515,000	25,770,000	-	-	-	-	-
Series 2010 CONRAC Revenue Bonds	62,975,000	36.6%	64,720,000	66,300,000	66,300,000	66,300,000	-	-	-	-	-
Series 2010B Revenue Bonds	31,965,000	18.6%	46,545,000	60,410,000	70,400,000	-	-	-	-	-	-
Series 2010C Revenue Bonds	7,145,000	4.2%	10,155,000	13,365,000	16,170,000	-	-	-	-	-	-
Total Revenue Bonds	172,010,000	100.0%	198,655,000	229,165,000	256,980,000	290,775,000	249,925,000	238,325,000	251,400,000	254,440,000	274,715,000
Series 1999 Subordinated Note	-	n/a	-	-	-	-	-	-	409,553	771,227	771,227
Plus unamortized premium	2,207,486	n/a	3,627,071	5,046,652	6,466,233	1,945,321	180,568	-	-	-	-
Net Outstanding Debt	**$ 174,217,486**	**n/a**	**$ 202,282,071**	**$ 234,211,652**	**$ 263,446,233**	**$ 292,720,321**	**$ 250,105,568**	**$ 238,325,000**	**$ 251,809,553**	**$ 255,211,227**	**$ 275,486,227**
Enplanements	**5,311,799**	**n/a**	**5,037,975**	**4,883,374**	**4,724,974**	**4,487,336**	**4,460,962**	**4,880,360**	**4,938,191**	**4,735,910**	**4,438,392**
Net Outstanding Debt per Enplanement	**$ 32.80**	**n/a**	**$ 40.15**	**$ 47.96**	**$ 55.76**	**$ 65.23**	**$ 56.07**	**$ 48.83**	**$ 50.99**	**$ 53.89**	**$ 62.07**

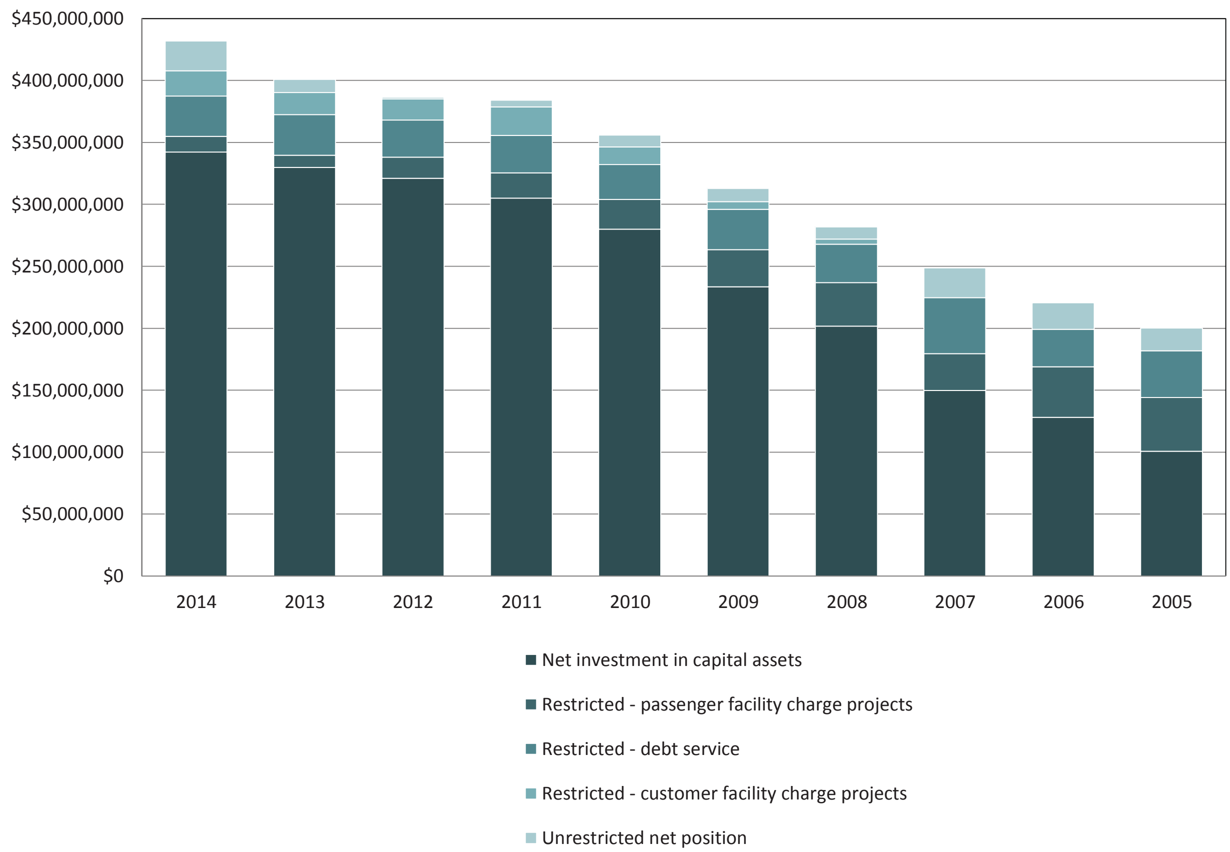
Metropolitan Nashville Airport Authority Change in Net Position
As of June 30 for Each of the Years Presented

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating Revenues:										
Signatory Airline	$ 37,026,998	$ 29,373,222	$ 16,132,099	$ 25,305,820	$ 20,522,901	$ 17,017,714	$ 10,527,728	$ 13,116,169	$ 13,559,361	$ 15,164,912
Parking	36,258,325	34,020,205	32,467,762	29,743,911	26,768,620	28,174,733	30,405,023	27,794,482	25,159,487	22,787,740
Concession	21,520,372	19,490,760	18,220,104	16,609,629	16,511,983	16,558,935	17,164,513	16,631,319	15,597,529	14,481,791
Space Rental	11,045,010	10,308,115	9,545,208	9,804,161	9,938,642	10,077,305	11,050,944	10,135,718	9,888,852	8,935,551
Other	6,278,417	6,599,423	6,748,967	7,978,056	7,942,283	7,427,153	7,167,118	7,221,908	6,928,048	5,399,869
Total Operating Revenues	**112,129,122**	**99,791,725**	**83,114,140**	**89,441,577**	**81,684,429**	**79,255,840**	**76,315,326**	**74,899,596**	**71,133,277**	**66,769,863**
Operating Expenses:										
Salaries and wages	31,328,048	32,118,328	30,744,071	28,570,046	28,057,407	26,339,723	23,690,248	20,379,376	18,657,132	16,412,494
Contractual services	27,886,714	24,783,144	24,214,616	21,851,020	18,680,783	16,358,604	16,299,124	14,430,214	12,916,582	12,453,870
Materials and supplies	4,132,884	3,436,780	3,156,304	2,875,601	2,363,467	1,704,622	2,228,830	2,437,293	1,702,182	1,894,344
Utilities	5,887,708	5,970,579	6,115,153	6,317,661	5,909,708	6,231,268	5,537,335	4,408,582	4,178,081	3,662,175
Other	4,645,047	3,786,262	3,147,215	2,680,441	2,464,114	2,441,956	2,688,651	2,943,678	3,294,627	2,274,072
Total Operating Expenses	**73,880,401**	**70,095,093**	**67,377,359**	**62,294,769**	**57,475,479**	**53,076,173**	**50,444,188**	**44,599,143**	**40,748,604**	**36,696,955**
Provision for Depreciation	**35,773,468**	**35,648,323**	**33,000,622**	**29,679,570**	**25,882,986**	**25,151,547**	**20,424,563**	**18,121,419**	**17,640,198**	**17,546,203**
Nonoperating Revenues:										
Investment income	328,349	426,259	305,715	342,616	781,719	1,642,936	4,603,766	4,931,594	2,889,516	2,769,432
Passenger facility charges	13,502,385	13,262,426	12,522,227	13,300,248	15,494,672	11,480,154	12,836,344	13,237,806	12,577,969	11,640,065
Customer facility charges	10,825,490	10,307,062	10,090,579	9,074,716	7,911,785	7,648,876	4,259,428	-	-	-
Other nonoperating revenues	313,559	553,407	21,911	1,874,664	57,143	-	27,536	25,393	-	-
Total Nonoperating Revenues	**24,969,783**	**24,549,154**	**22,940,432**	**24,592,244**	**24,245,319**	**20,771,966**	**21,727,074**	**18,194,793**	**15,467,485**	**14,409,497**
Nonoperating Expenses:										
Debt-related expenses	9,000,146	10,231,288	10,281,744	11,854,314	17,458,092	14,509,709	14,799,964	14,345,493	15,570,441	16,494,940
Other nonoperating expenses	-	-	-	(1,138,286)	8,247,840	730,354	1,690,402	1,029,704	(1,649,398)	938,762
Total Nonoperating Expenses	**9,000,146**	**10,231,288**	**10,281,744**	**10,716,028**	**25,705,932**	**15,240,063**	**16,490,366**	**15,375,197**	**13,921,043**	**17,433,702**
Capital Contributions	**12,739,063**	**6,023,925**	**6,807,058**	**16,861,226**	**46,422,786**	**24,316,658**	**22,299,530**	**13,168,339**	**6,244,876**	**6,970,112**
Increase in Net Position	**31,183,953**	**14,390,100**	**2,201,905**	**28,204,680**	**43,288,137**	**30,876,681**	**32,982,813**	**28,166,969**	**20,535,793**	**16,472,612**
Total Net Position - End of Year	**$ 431,961,308**	**$ 400,777,355**	**$ 386,387,255**	**$ 384,185,350**	**$ 355,980,670**	**$ 312,692,533**	**$ 281,815,852**	**$ 248,833,039**	**$ 220,666,070**	**$ 200,130,277**

Metropolitan Nashville Airport Authority Net Position Analysis (000s)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net Position:										
Net investment in capital assets	$ 342,147,659	$ 329,876,790	$ 321,078,920	$ 305,010,668	$ 280,079,310	$ 233,509,098	$ 201,765,207	$ 149,834,302	$ 128,154,821	$ 100,809,395
Restricted - passenger facility charge projects	12,723,352	9,854,109	16,976,473	20,471,601	24,030,445	30,014,741	34,949,517	29,759,895	40,849,597	43,257,624
Restricted - debt service	32,634,228	32,690,319	29,886,336	30,061,244	28,096,805	32,430,731	31,048,968	45,116,496	30,076,175	37,642,339
Restricted - customer facility charge projects	20,443,862	17,775,092	17,124,572	23,105,902	14,097,298	6,188,574	4,244,330	-	-	-
Unrestricted net position	24,012,207	10,581,045	1,320,954	5,535,935	9,676,812	10,549,389	9,807,830	24,122,346	21,585,477	18,420,919
Total	**$ 431,961,308**	**$ 400,777,355**	**$ 386,387,255**	**$ 384,185,350**	**$ 355,980,670**	**$ 312,692,533**	**$ 281,815,852**	**$ 248,833,039**	**$ 220,666,070**	**$ 200,130,277**

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



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

Description:	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating Revenue	$ 108,918	$ 96,693	$ 80,192	$ 86,749	$ 78,855	$ 76,435	$ 74,041	$ 74,541	$ 70,512	$ 66,351
Less Operating Expenses (net of non-cash items)*	(71,623)	(64,522)	(57,106)	(52,319)	(47,712)	(44,468)	(45,176)	(43,094)	(39,510)	(35,901)
Less Capital Items Funded with Operating Revenues	(4,018)	(4,018)	(2,473)	(2,656)	(2,449)	(1,476)	(1,922)	-	-	-
Change in Working Capital & Other Items	1,069	4,063	(723)	2,356	4,854	(8,344)	3,077	3,837	3,913	(2,424)
Add Investment Income	326	309	330	340	756	1,565	4,252	4,877	2,837	2,732
Add PFCs and CFCs	24,327	23,569	22,613	22,375	23,406	11,480	12,836	13,238	12,578	11,640
Add Cash Various Transfers	-	3,000	4,440	4,321	5,184	10,741	3,086	3,000	3,000	3,000
Add Transfer from CIF**	5,619	4,877	8,167	3,555	3,499	6,767	9,152	6,005	7,599	6,828
COVERAGE CASH FLOW	**$ 64,618**	**$ 63,971**	**$ 55,440**	**$ 64,721**	**$ 66,393**	**$ 52,700**	**$ 59,346**	**$ 62,404**	**$ 60,929**	**$ 52,226**
INTEREST	9,275	10,226	10,938	11,078	13,119	11,847	12,422	13,013	13,615	14,265
PRINCIPAL	27,835	26,645	30,510	27,815	27,805	26,170	23,420	22,594	20,450	19,269
TOTAL DEBT SERVICE***	37,110	36,871	41,448	38,893	40,924	38,017	35,842	35,607	34,065	33,534
DEBT SERVICE COVERAGE	**174.1%**	**173.5%**	**133.8%**	**166.4%**	**162.2%**	**138.6%**	**165.6%**	**175.3%**	**178.9%**	**155.7%**

*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:	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Decrease (Increase) in:										
Accounts Receivable (incl PFC and CFC)	$ 175	$ 1,797	$ (949)	$ 3,207	$ (974)	$ (4,220)	$ 1,082	$ (306)	$ (401)	$ (349)
Receivables from Gov't Agencies	(1,356)	331	2,448	437	1,348	(3,237)	(1,033)	(736)	(175)	38
Inventory	83	48	(44)	(74)	(96)	21	12	(61)	55	55
Prepaid Expenses	(225)	(22)	(13)	(56)	116	320	(211)	39	(121)	29
Due to/from Other Airports	1,354	(75)	(46)	(1)	19	16	(21)	(14)	247	40
Increase (Decrease) in:										
Accounts Payable	735	1,629	(2,494)	(1,267)	3,370	(1,551)	3,241	4,299	3,233	(2,427)
Accrued Payroll	337	389	288	142	881	(555)	85	133	157	(106)
Other Adjustments:										
Amortization of Def Real Estate	1	1	1	1	1	1	1	1	1	1
Amortization of Def Rental Income	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)
(Appreciation)/Depreciation of Investments	-	-	-	2	87	(176)	(74)	491	908	330
Net proceeds from PP&E	-	-	121	-	137	1,072	30	26	44	-
Working Capital & Other Changes	**$ 1,069**	**$ 4,063**	**$ (723)**	**$ 2,356**	**$ 4,854**	**$ (8,344)**	**$ 3,077**	**$ 3,837**	**$ 3,913**	**$ (2,424)**

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating Revenue	$ 108,918	$ 96,693	$ 80,192	$ 86,749	$ 78,855	$ 76,435	$ 74,041	$ 74,541	$ 70,512	$ 66,351
Less Operating Expenses (net of non-cash items)	(71,476)	(63,820)	(56,648)	(51,941)	(46,929)	(44,463)	(45,176)	(43,094)	(39,510)	(35,901)
Less Capital Items Funded with Operating Revenues	(5,184)	(4,018)	(2,473)	(2,656)	(2,449)	(1,476)	(1,922)	-	-	-
Change in Working Capital & Other Items	2,213	6,179	2,312	696	8,157	(10,868)	4,121	845	3,206	(196)
Add Investment Income	314	294	310	233	574	1,436	2,440	2,618	1,407	1,423
Add Various Transfers	-	3,000	-	-	3,000	6,940	3,000	3,000	3,000	3,000
Add Transfer from CIF*	5,619	4,877	8,167	3,555	3,499	6,767	9,152	6,005	7,599	6,828
COVERAGE CASH FLOW	**$ 40,404**	**$ 43,205**	**$ 31,860**	**$ 36,636**	**$ 44,707**	**$ 34,771**	**$ 45,656**	**$ 43,915**	**$ 46,214**	**$ 41,505**
INTEREST	3,381	4,033	4,485	4,572	8,497	9,629	11,729	12,147	12,725	13,544
PRINCIPAL	18,940	18,110	18,320	19,495	22,100	19,975	19,870	19,124	17,150	16,074
TOTAL DEBT SERVICE	22,321	22,143	22,805	24,067	30,597	29,604	31,599	31,271	29,875	29,618
DEBT SERVICE COVERAGE	**181.0%**	**195.1%**	**139.7%**	**152.2%**	**146.1%**	**117.5%**	**144.5%**	**140.4%**	**154.7%**	**140.1%**

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Passenger Facility Charges (net)	$ 13,502	$ 13,262	$ 12,522	$ 13,300	$ 15,495	$ 11,480	$ 12,836	$ 12,929	$ 12,578	$ 11,640
Less Operating Expenses	(9)	(10)	(63)	(142)	(509)	(5)	-	-	-	-
Add Various Transfers	-	-	4,440	4,321	2,184	3,801	86	-	-	-
Change in Working Capital & Other Items	(1,072)	(1,679)	(606)	1,270	(2,447)	2,524	(1,044)	2,992	707	(2,228)
Add Investment Income	4	-	5	17	121	129	1,812	2,259	1,430	1,309
COVERAGE CASH FLOW	**$ 12,425**	**$ 11,573**	**$ 16,298**	**$ 18,766**	**$ 14,844**	**$ 17,929**	**$ 13,690**	**$ 18,180**	**$ 14,715**	**$ 10,721**
INTEREST	2,036	2,290	2,550	2,581	3,098	2,218	693	866	890	721
PRINCIPAL	6,990	6,790	10,610	8,320	5,705	6,195	3,550	3,470	3,300	3,195
TOTAL DEBT SERVICE	9,026	9,080	13,160	10,901	8,803	8,413	4,243	4,336	4,190	3,916
DEBT SERVICE COVERAGE	**137.7%**	**127.5%**	**123.8%**	**172.1%**	**168.6%**	**213.1%**	**322.6%**	**419.3%**	**351.2%**	**273.8%**

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

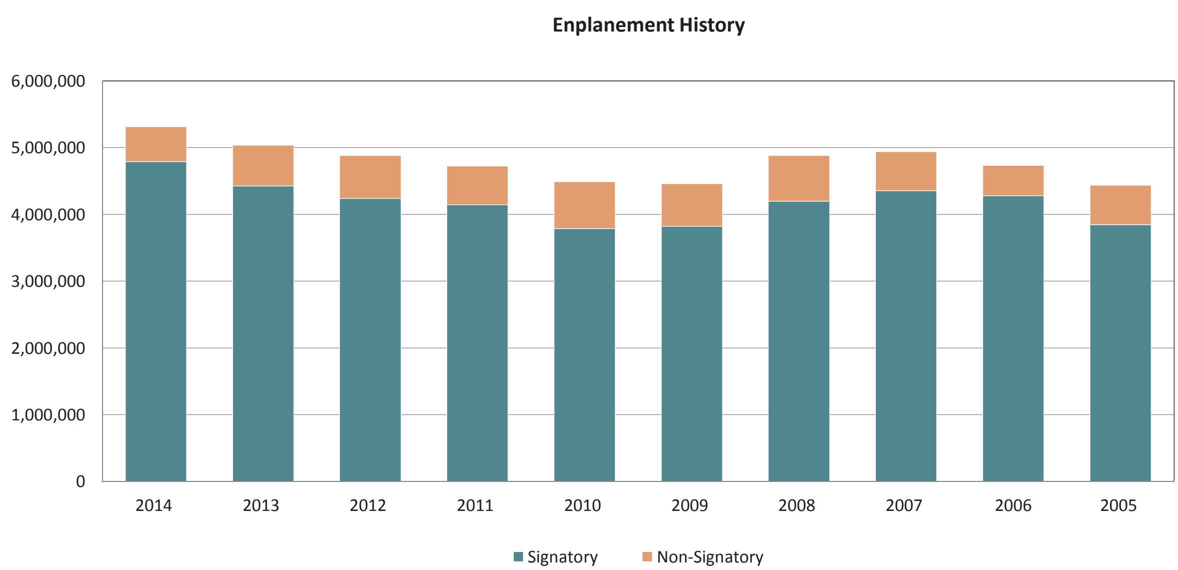
	2014	2013	2012	2011	2010
Customer Facility Charges	$ 10,825	$ 10,307	$ 10,091	$ 9,075	$ 7,912
Less Operating Expenses	(138)	(692)	(396)	(236)	(274)
Change in Working Capital & Other Items	(72)	(437)	(2,429)	391	(855)
Add Investment Income	8	15	15	91	61
COVERAGE CASH FLOW	**$ 10,623**	**$ 9,193**	**$ 7,281**	**$ 9,321**	**$ 6,844**
INTEREST	3,858	3,903	3,903	3,926	1,525
PRINCIPAL	1,905	1,745	1,580	-	-
TOTAL DEBT SERVICE	5,763	5,648	5,483	3,926	1,525
DEBT SERVICE COVERAGE	**184.3%**	**162.8%**	**132.8%**	**237.4%**	**448.8%**

Nashville International Airport Passenger Enplanements Market Share

	% of Total	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
SIGNATORY AIRLINES:											
American Airlines	8.7%	460,153	430,900	381,231	413,028	440,120	485,037	569,878	537,270	511,263	405,642
American Eagle	5.3%	280,860	282,113	279,504	208,880	201,322	158,588	143,476	139,338	139,691	148,527
Continental Express d/b/a ExpressJet	6.1%	324,175	285,903	173,929	153,341	156,856	166,732	211,931	214,507	196,633	67,513
Delta Air Lines Inc.	10.4%	552,169	444,584	412,008	381,859	277,740	170,821	186,493	276,209	268,272	329,373
Frontier Airlines	1.8%	94,385	89,549	125,423	115,004	108,283	112,954	121,853	120,921	96,023	66,344
Northwest Airlines Inc.	0.0%	-	-	-	-	-	170,974	220,949	306,451	338,020	372,211
Southwest Airlines	54.2%	2,879,200	2,723,295	2,643,725	2,619,094	2,400,069	2,341,657	2,474,183	2,435,801	2,396,765	2,097,881
United Airlines/Comair	0.0%	115	2,994	31,750	77,136	56,844	35,327	81,958	106,866	112,353	108,084
US Airways	3.8%	200,169	165,577	191,640	173,905	147,033	177,989	184,660	216,102	220,104	248,946
Sub Total	90.2%	4,791,226	4,424,915	4,239,210	4,142,247	3,788,267	3,820,079	4,195,381	4,353,465	4,279,124	3,844,521

Northwest Airlines Inc. and Delta Air Lines Inc. merged during FY 2009. Enplanement data is combined for reporting purposes beginning with 2010. The percentage of travelers flying with signatory airlines has increased slightly. In FY 2014, 90.2% of enplanements traveled with signatory carriers.

	% of Total	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
NON-SIGNATORY AIRLINES:											
Air Canada d/b/a Jazz Air	0.3%	18,558	19,234	18,053	17,874	17,762	19,025	21,138	19,471	11,219	9,894
Air Wisconsin	0.1%	4,542	64,339	36,560	31,531	59,220	55,347	47,476	50,069	45,414	36,447
American Connection/Chautauqua	0.9%	49,802	-	-	-	5,236	21,222	14,211	21,899	13,965	10,092
Astral Aviation d/b/a Skyway	0.0%	-	-	-	-	10,152	26,139	27,387	22,097	20,695	15,101
Continental Airlines	0.0%	-	-	880	297	273	696	288	110	344	113,293
Delta/Chautauqua	0.0%	546	168	3,396	5,503	12,006	38,463	39,816	36,306	21,763	54,716
Delta Connection/Atlantic Coast	0.0%	-	-	-	-	-	-	-	-	-	6,990
JetBlue Airways	0.0%	-	-	-	-	-	-	40,219	65,273	-	-
Mesa Airlines	0.9%	47,608	70,822	48,693	63,566	97,023	75,315	94,816	207,224	190,725	208,941
Regionsair Inc.	0.0%	-	-	-	-	-	-	-	229	7,400	15,085
Republic	1.2%	62,315	41,761	65,239	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
Various/Trans State Airlines	0.0%	-	25,962	27,849	18,120	26,659	41,586	59,315	42,673	26,023	34,026
United/Skywest	0.0%	-	433	6,861	29,434	58,021	72,035	67,357	44,788	57,951	17,624
All Others (includes Charters)	6.3%	337,202	390,341	436,633	352,469	353,347	245,597	219,340	48,434	40,701	66,143
Sub Total	9.8%	520,573	613,060	644,164	582,727	699,069	640,883	684,979	584,726	456,786	593,871
TOTAL	**100.0%**	**5,311,799**	**5,037,975**	**4,883,374**	**4,724,974**	**4,487,336**	**4,460,962**	**4,880,360**	**4,938,191**	**4,735,910**	**4,438,392**



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

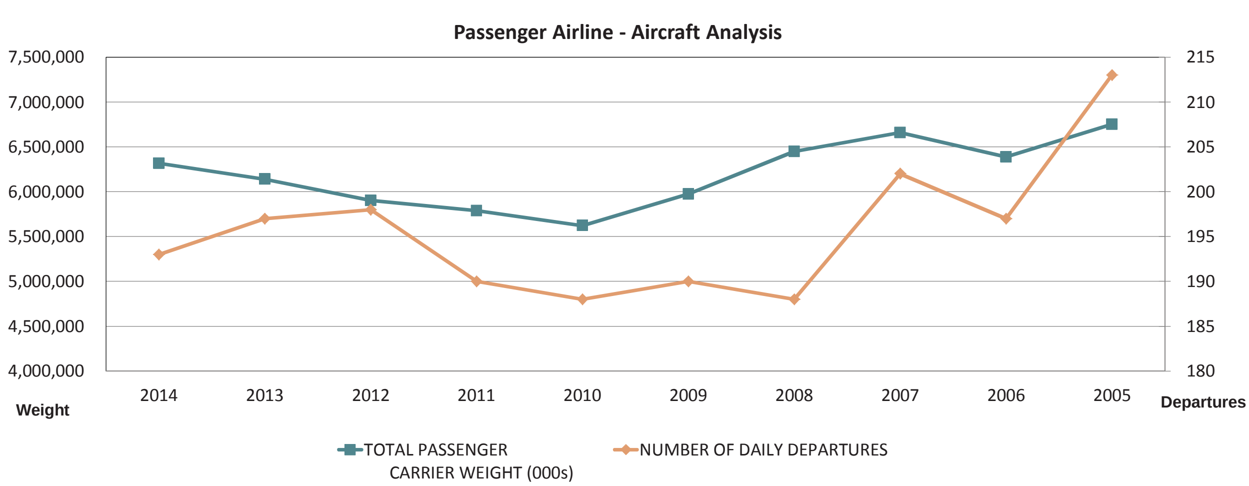
Nashville International Airport Passenger Airline Landed Weights (000's)

	% of Total	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
SIGNATORY AIRLINES:											
American Airlines	8.2%	518,096	516,356	426,041	524,980	545,126	649,016	689,632	655,872	634,563	567,963
American Eagle	5.3%	333,143	359,788	361,390	250,201	256,929	208,495	187,228	183,165	176,907	201,774
Continental Express d/b/a ExpressJet	5.2%	325,905	295,511	175,644	170,289	161,622	178,362	213,733	217,946	210,740	143,285
Delta Air Lines Inc.	10.3%	650,841	538,467	487,302	463,462	235,775	215,579	220,001	332,566	324,574	453,689
Frontier Airlines	1.6%	98,132	96,648	140,569	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
Southwest Airlines	54.9%	3,468,480	3,343,472	3,274,838	3,256,494	3,099,020	3,320,830	3,612,516	3,585,140	3,483,250	3,566,231
United Airlines/Comair	0.0%	2,180	4,976	38,451	93,016	68,557	45,394	98,618	132,699	139,071	151,207
US Airways	4.0%	251,464	202,766	229,524	226,543	194,337	226,038	229,737	286,557	276,569	326,295
Sub Total	89.4%	5,648,241	5,357,984	5,133,759	5,123,143	4,811,240	5,201,689	5,664,264	5,940,927	5,833,646	5,918,467

Note: Northwest Airlines, Inc. and Delta Air Lines, Inc. merged during FY 2009. 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	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
NON-SIGNATORY AIRLINES:											
Air Canada d/b/a Jazz Air	0.4%	25,304	33,760	28,618	28,905	29,704	30,390	29,845	28,848	17,375	17,014
Air Georgian d/b/a Air Canada	0.1%	4,740	-	-	-	-	-	-	-	-	-
Air Wisconsin	0.9%	55,225	72,662	42,582	35,438	69,231	76,469	67,210	64,719	60,771	41,344
Astral Aviation d/b/a Skyway	0.0%	-	-	-	-	-	-	-	-	-	-
Express Jet/Delta	1.3%	83,788	88,227	111,302	83,119	111,111	70,799	62,189	-	-	-
Branson Air Express	0.0%	-	-	-	1,940	573	-	-	-	-	-
Continental Airlines	0.0%	-	-	3,568	1,134	1,396	2,126	960	640	656	-
Compass Airlines	0.4%	24,437	47,283	25,445	63,789	58,583	52,730	36,551	-	-	-
Chautauqua (Amer Conn, Delta, Midwest Connect)	0.1%	4,617	3,077	3,574	4,170	46,980	73,686	64,706	74,438	44,331	91,440
Express Jet/United Express	0.0%	-	-	90,106	91,151	26,296	-	-	-	-	-
Frontier	0.0%	-	-	-	-	-	-	-	-	-	104,454
Independence Air	0.0%	-	-	-	-	-	-	-	-	34,310	96,350
JetBlue Airways	0.0%	-	-	-	-	-	-	53,009	87,962	-	-
Mesa Airlines	0.8%	48,918	75,699	51,517	67,808	110,697	81,258	120,438	232,618	185,452	189,865
Pinnacle Airlines	1.9%	117,366	116,432	75,435	76,510	104,098	106,474	69,490	28,858	-	-
Republic	1.5%	92,174	55,122	78,253	70,635	65,566	49,314	65,171	38,655	22,702	-
Regionsair	0.0%	-	-	-	-	-	-	-	375	9,943	27,675
Skyway	0.0%	-	-	-	-	15,795	43,193	38,778	30,046	30,760	23,605
Trans States Airlines	0.0%	84	25,572	27,520	18,126	28,593	49,484	24,423	56,697	33,897	48,943
Skywest	2.0%	129,226	149,781	129,188	72,522	111,077	81,313	108,687	60,141	63,303	19,130
United Express/Atlantic Coast	0.0%	-	-	-	-	-	-	-	-	-	9,930
Pace Airlines	0.0%	-	-	-	-	-	-	-	-	-	7,354
All Others (includes charters)	1.2%	81,722	114,095	101,752	49,709	31,107	53,511	43,654	13,927	49,908	157,052
Sub Total	10.6%	667,601	781,710	768,860	664,956	810,807	770,747	785,111	717,924	553,408	834,156
TOTAL PASSENGER CARRIER WEIGHT (000s)	**100.0%**	**6,315,842**	**6,139,694**	**5,902,619**	**5,788,099**	**5,622,047**	**5,972,436**	**6,449,375**	**6,658,851**	**6,387,054**	**6,752,623**
CARGO & MISC CARRIER WEIGHT (000s)		300,986	261,012	244,138	250,181	253,646	459,433	555,378	520,621	524,521	553,050
TOTAL WEIGHT ALL AIRCRAFT (000s)		**6,616,828**	**6,400,706**	**6,146,757**	**6,038,280**	**5,875,693**	**6,431,869**	**7,004,753**	**7,179,472**	**6,911,575**	**7,305,673**
% PASSENGER CARRIER WEIGHT		**95%**	**96%**	**96%**	**96%**	**96%**	**93%**	**92%**	**93%**	**92%**	**92%**

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.



Metropolitan Nashville Airport Authority Aircraft Activity

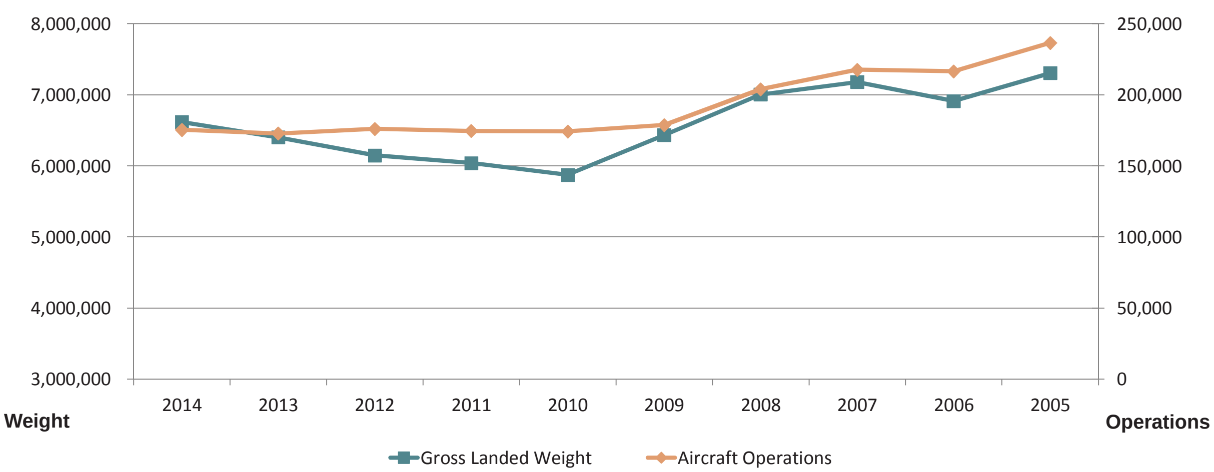
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Daily Departures	**193**	**197**	**198**	**190**	**188**	**190**	**188**	**202**	**197**	**213**

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Aircraft Operations:										
Cargo Carrier	2,288	2,064	2,462	2,526	2,360	3,080	3,750	4,380	5,592	5,702
Charter Carrier (all)	-	26	20	8	6	18	20	-	14	-
General Aviation	30,947	28,631	29,902	27,979	27,275	29,511	38,441	44,792	46,268	51,429
General Aviation Air Taxi	46,021	48,609	51,275	55,334	57,381	54,297	61,583	68,086	68,381	36,954
Signatory Carrier	60,402	53,289	50,235	50,883	42,621	50,610	55,661	47,880	43,489	91,747
Military Aircraft	1,782	1,942	3,332	3,612	4,123	3,853	3,102	3,186	3,547	3,947
Non-Signatory Carrier	33,912	38,200	38,834	34,256	40,402	37,362	41,333	49,237	49,140	46,673
Total Aircraft Operations	**175,352**	**172,761**	**176,060**	**174,598**	**174,168**	**178,731**	**203,890**	**217,561**	**216,431**	**236,452**
Gross Landed Weight (000s)										
Cargo Carrier	300,986	261,012	242,987	250,181	253,646	459,433	506,955	520,620	524,521	560,404
Charter Carrier (all)	15,862	16,078	6,766	6,552	1,266	1,428	2,455	-	875	-
Signatory Carrier	5,648,241	5,357,984	5,133,758	5,123,142	4,811,240	5,201,689	5,664,264	5,940,927	5,833,646	5,918,467
Military Aircraft	-	-	-	-	-	-	-	-	-	-
Non-Signatory Carrier	651,739	765,632	763,242	659,907	805,923	769,319	831,079	717,925	552,533	826,802
Total Gross Landed Weight	**6,616,828**	**6,400,706**	**6,146,753**	**6,039,782**	**5,872,075**	**6,431,869**	**7,004,753**	**7,179,472**	**6,911,575**	**7,305,673**

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)



	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Cargo (tons):										
Air Mail	-	1	1	2	8	18	459	543	2,360	3,421
Air Freight	3,095	3,231	6,403	3,467	7,851	8,319	6,912	6,174	6,373	6,369
Air Cargo - Domestic	14,999	16,056	36,445	17,177	36,162	33,914	38,230	38,040	33,013	35,778
Air Cargo - International	-	-	-	-	2,321	23,381	33,665	30,164	32,085	29,374
Total Cargo	**18,094**	**19,288**	**42,849**	**20,646**	**46,342**	**65,632**	**79,266**	**74,921**	**73,831**	**74,942**

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

Signatory Carriers:
American Airlines
Envoy Airlines
Delta Air Lines Inc.
Express Jet (Continental Express)
Frontier
Republic Airways Holdings*
Southwest Airlines
United Airlines
US Airways

Non-signatory Carriers:
Air Georgian d/b/a Air Canada
Air Wisconsin
Endeavor Airlines
Mesa Airlines
PSA (owned by US Airways)
Seaport
Shuttle America
Skywest

Cargo Carriers:
Air General, Inc.
Mid South Express
Miller Transport
Beaver Expedite
Service By Air
  Capital Cargo Int'l.
  DHL/Astar Express
  Federal Express
  Moutain Air Cargo

Fixed-base Operators:
Atlantic Aviation
Signature Flight Support

Ground Transportation:
Hotel Shuttles
Taxicab Companies
Limousine Companies

Ground Handlers:
Dynair/Swissport

Other Airport Tenants:
118th Airlift Wing
Aeronautical Radio
Aircraft Services International
Airline Maintenance Services
Embraer Aircraft Maintenance
Federal Aviation Administration
Genesco, Inc.
Marisol
Metro Air Services
Metro Government
Monell's at the Manor
State of Tennessee
TN Aeronautics Commission
TN Dept of Transportation
US Customs Border Patrol
US Govt Weather Service
US Postal Service
US DEA

Other Terminal Tenants:
24 Hour Flower
A T & T
CareHere Medical Clinic
Clear Channel Airports
CTN Superior Shine
Delaware North (Food & Beverage Concession)
Fifth Third Bank
First Class Seats
Graycliff
Green Bean Coffee Company
HMSHost (Food & Beverage Concession)
Hudson Group (News & Gift Concession)
In Motion
Jarmon Limousine
Massage Bar Inc
Nashville Nails
New Zoom Systems
Gaylord Opryland Resort
Security Point Media
Smarte Carte
SunTrust Bank
TSA
Wright Travel Business Center

Vehicle Parking:
Standard Parking Plus
First Transit, Inc. (airport shuttle)

Private Hangar Rentals:
Nashville Hangar
Owl Hill Holdings
SATA, Inc.

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

Tenants at John C. Tune Airport:
Corporate Flight Management
Cumberland Avionics
Helistar
Robert Orr/Sysco

* Includes Frontier, Republic, Shuttle America and Chautauqua Airlines. Became Signatory July 2011.

Metropolitan Nashville Airport Authority Staffing - Full-time Equivalents

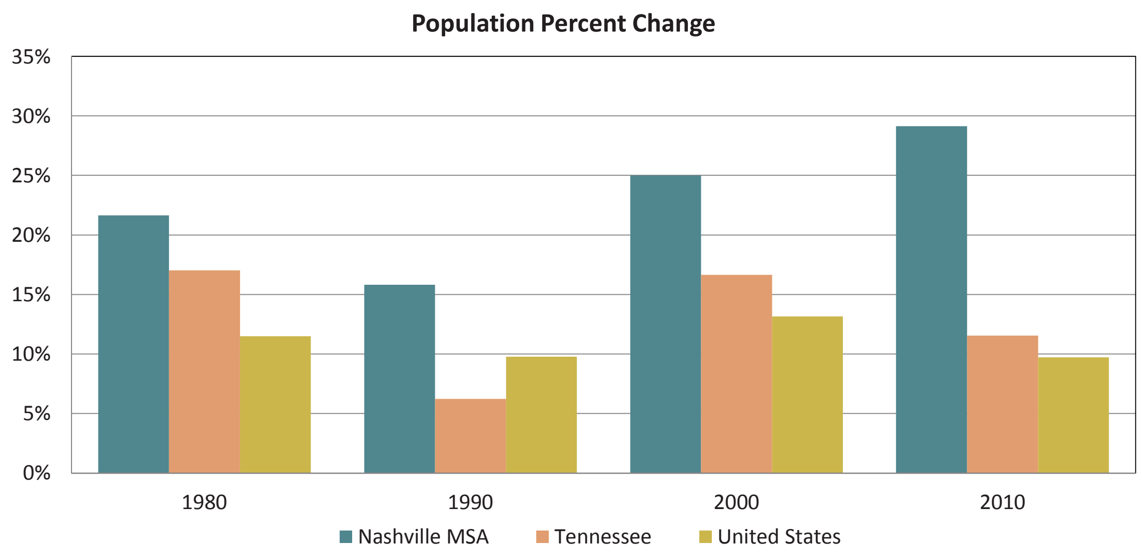
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Administration	96.5	90.5	91.5	96.2	94.5	92.5	90.5	91.0	92.5	73.0
Engineering & Maintenance	76.0	72.5	74.5	71.3	70.0	67.0	68.0	75.0	73.0	77.0
Operations, Safety, Security	129	117.5	120.5	109.5	107.5	111.0	114.0	121.5	118.0	116.0
Total Authority Full-time Equivalents	**301.5**	**280.5**	**286.5**	**277.0**	**272.0**	**270.5**	**272.5**	**287.5**	**283.5**	**266.0**

Note: Staffing levels represent fulltime 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.



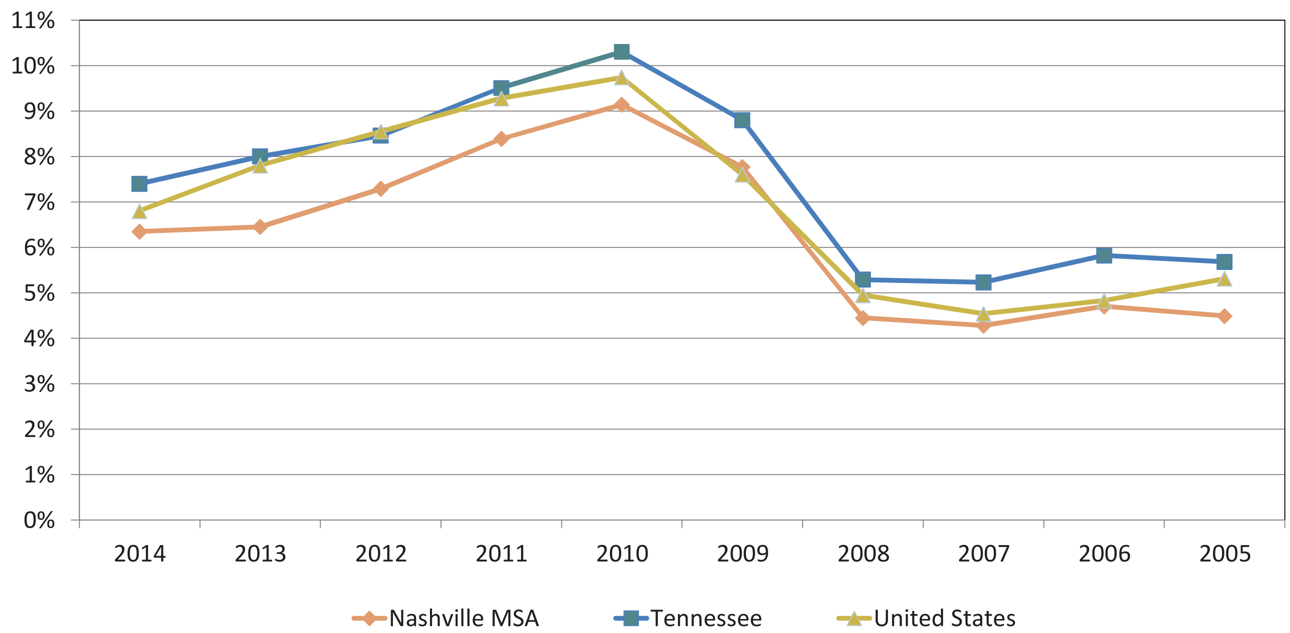
Nashville Metropolitan Statistical Area* Average Unemployment Rate

Year	Nashville MSA	Tennessee	United States
2014	6.35%	7.40%	6.80%
2013	6.45%	8.00%	7.80%
2012	7.29%	8.46%	8.55%
2011	8.39%	9.51%	9.28%
2010	9.14%	10.30%	9.74%
2009	7.77%	8.80%	7.60%
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%
10-yr Average	**6.33%**	**7.45%**	**6.94%**

*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)

2013	Staff	Employer	Headquarters	2012	Staff
1	23,021	Vanderbilt University and Medical Center	Nashville	1	22,933
2	18,200	State of Tennessee	Nashville	2	18,210
3	12,177	U.S. Government	Washington, D.C.	3	12,407
4	9,808	Metropolitan Nashville-Davidson County Public Schools	Nashville	4	9,316
5	8,700	Metropolitan Government of Nashville and Davidson County	Nashville	6	8,500
6	8,500	Nissan North America, Inc.	Franklin	5	8,150
7	7,000	HCA, Inc.	Nashville	7	7,000
8	6,500	Saint Thomas Health Service	Nashville	8	6,350
9	5,700	Rutherford County Government	Murfreesboro	9	5,600
10	4,900	Williamson County Public Schools and County Government	Franklin	10	4,800
11	4,307	Sumner County Government and Public Schools	Gallatin	11	4,307
12	3,900	Clarksville-Montgomery County School System	Clarksville	N/A	N/A
13	3,400	Randstad Work Solutions	Atlanta, GA	12	3,495
14	3,000	Shoney's, Inc.	Nashville	13	3,000
15	2,900	Electrolux Home Products of North America	Charlotte, NC	14	2,900
16	2,863	The Kroger Co.	Cincinnati, OH	15	2,753
17	2,800	Community Health Systems, Inc.	Franklin	20	2,153
18	2,750	Cracker Barrel Old Country Store, Inc.	Lebanon	16	2,750
19	2,195	Middle Tennessee State University	Murfreesboro	18	2,205
20	2,080	National HealthCare Corporation	Murfreesboro	22	2,080
21	2,014	UPS	Atlanta, GA	23	2,050
22	1,900	AO Smith Water Products	Milwaukee, WI	24	1,900
23	1,855	Bridgestone America, Inc.	Nashville	25	1,858
24	1,850	Dollar General Corporation	Goodlettsville	19	2,200
25	1,703	Walgreen Co.	Deerfield, IL	N/A	1,532

*Ranked by number of Middle Tennessee employees as of July 5, 2013.

Source: Nashville Business Journal's Book of Lists 2013-14 (nashville.bizjournals.com)

Middle Tennessee Top 25 Public Companies**

2014	2013	Employer	Headquarters
1	1	HCA Holdings, Inc.	Nashville
2	2	Dollar General Corporation	Goodlettsville
3	3	Community Health Systems, Inc.	Franklin
4	4	Delek US Holdings, Inc.	Brentwood
5	5	Vanguard Health Systems, Inc.	Nashville
6	6	Tractor Supply Co.	Brentwood
7	7	Lifepoint Hospitals, Inc.	Brentwood
8	8	Brookdale Senior Living Co.	Brentwood
9	9	Cracker Barrel Old Country Store, Inc.	Lebanon
10	10	Genesco, Inc.	Nashville
11	13	Louisiana-Pacific Corporation	Nashville
12	11	Corrections Corporation of America	Nashville
13	12	Noranda Aluminum Holding Corporation	Franklin
14	14	Clarcor, Inc.	Franklin
15	NR	Delek Logistics Partners	Brentwood
16	15	Ryman Hospitality Properties	Nashville
17	16	Amsurg Corporation	Nashville
18	17	National HealthCare Corporation	Murfreesboro
19	18	Healthways, Inc.	Franklin
20	20	Acadia Healthcare Co, Inc.	Franklin
21	19	Kirkland's, Inc.	Nashville
22	22	Healthcare Realty Trust, Inc.	Nashville
23	NR	Diversicare Healthcare Services, Inc	Brentwood
24	23	First Acceptance Corp	Nashville
25	24	Pinnacle Financial Partners, Inc	Nashville

**Ranked by prior four quarters' revenue as reported May 17, 2013 and Google Finance.

Source: Nashville Business Journal's Book of Lists 2013-14 (nashville.bizjournals.com) flynashville.com

Metropolitan Nashville Airport Authority℠

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