COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2017 AND 2016

Metropolitan Nashville Airport Authority℠

Comprehensive Annual Financial Report

For The Fiscal Years Ended June 30, 2017 and 2016
Prepared By The Finance Department

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Metropolitan Nashville Airport Authority℠

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

November 20, 2017

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, 2017, 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.

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. Although the Authority has an independent governing body, based upon the criteria set forth in Governmental Accounting Standards Board, it has been determined 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 Metropolitan Mayor with the tenth being the Metropolitan Mayor. The Metropolitan Council of Nashville and Davidson County confirms all appointments. The appointments are four-year terms, and terms are staggered to provide for continuity of airport development and management. By state law, the commissioners represent different professional and management disciplines, including engineering, aviation, law, commerce, finance and industry. The Board appoints the Authority's President 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 303 positions for fiscal year 2017. Authority staff is actively engaged with many trade and community organizations, often receiving awards and serving in leadership positions.

Fiscal year 2016 marked the first year for the Authority under New Airline Agreements. On September 24, 2015, the Metropolitan Nashville Airport Authority entered into the Signatory Airline Use and Lease Agreement effective July 1, 2015 – June 30, 2022 (the New Airline Agreement) with American Airlines, Delta Air Lines, Southwest Airlines and United Airlines.

The New Airline Agreements were effective July 1, 2015, and replaced the "Prior Airline Agreements", which were scheduled to expire on September 30, 2017. The Prior Airline Agreements were "residual" in nature and generally provided for break-even financial operation of Nashville International Airport. Under the Prior Airline Agreements, signatory airlines had a majority-in-interest (MII) vote to approve or reject most capital projects. With the New Airline Agreements, signatory airlines only have an MII approval for airfield capital projects. The Notes to Financial Statements provide additional information about the New Airline Agreements in Note 12, Airline Lease Agreements.

A significant portion of day-to-day operations and planning relates to fiscal management. Staff-prepared operating and capital budgets are reviewed by various committees of the Board of Commissioners and legally adopted by the full Board of Commissioners. 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 reasonable financial returns 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, 2017 and 2016 were $1,698,000 and $1,723,000, respectively. For more detailed information concerning 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. To 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 annual 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.

With the dramatic increase in capital projects to be undertaken, MNAA also looked to methods to insure its liabilities from third-party bodily injury and property damage accidents that might be from the hands of the numerous contractors and subcontractors that will be working on our premises. Effective April 1, 2017, MNAA placed a General Liability Owner Controlled Insurance Program (OCIP) into effect that will provide $102 million per occurrence and $104 million in aggregate in liability protection for projects the Authority chooses to include in the OCIP. In exchange, the bidding contractors are to remove their own costs for General Liability and Excess or Umbrella coverages from their bids to perform this work, since they are insured within the OCIP, as well, for those enrolled projects.

ECONOMIC CONDITIONS AND OUTLOOK OF THE METROPOLITAN STATISTICAL AREA (MSA)

Nashville International Airport experienced significant growth again in fiscal year 2017 with 13.5 million passengers served and approximately 6.8 million enplanements. The airport continued a trend of solid enplanement growth, with percentage increases of 10.6% and 9.6% for fiscal years 2017 and 2016, making BNA one of the fastest-growing airports in the United States.

The region continued to experience strong economic growth in fiscal year 2017, with the Nashville area outpacing other areas of the state and the nation. ***Forbes*** ranked Nashville as one of the **"Best Cities in U.S. for Jobs in 2016"**. Nashville consistently ranks high in this annual ranking, holding the top spot in 2012, No. 6 in 2013, No. 5 in 2014, and No. 3 in 2016.

Music City continues to receive high praise, receiving many honors and rankings within the travel industry. Nashville's culturally diverse and friendly environment makes it a favorite place for conventioneers and tourists alike, as well as a great place to work, live, and raise a family. A few of our more recent accolades follow.

Major Market of the Year for 2017

Southern Business & Development **May 2017**

Southern Business & Development (SB&D) Magazine ranks states and peer group markets based on the capture of projects announced in the South meeting or exceeding 200 jobs and/or $30 million in investment. The SB&D 100 (the 24th annual) ranks each state and market through points earned based on the capital investment, jobs and the size of each project captured. Nashville earned "Major Market of the Year" for 2017 for its performance in calendar year 2016 with 165 points. The second highest ranking metro received 105 points.

Best Places to Travel in 2017

Travel + Leisure, December 2016

Nashville landed on Travel + Leisure's 2017 list of the best places in the world to travel. About Nashville, the magazine said, "This gateway to the South has hit its stride, and 2017 looks to be a banner year. The iconic Ryman Auditorium celebrates its 125th anniversary with a full calendar of fêtes, while the Country Music Hall of Fame & Museum celebrates 50 years and the Bluebird Café turns 35. The city is brimming with new and upcoming eateries: Maneet Chauhan's The Mockingbird, John Besh's Marsh House, and Henrietta Red from Per Se–trained chef Julia Sullivan. And there are plenty of places to stay, thanks to a hotel boom—the Westin and Thompson recently debuted, with a Kimpton and 21c slated to open this year".

Best Cities to Retire

Bankrate.com, July 2016

Bankrate.com ranked nearly 200 cities of varying sizes to compare the best and worst cities for retirement. The ranking took into account cost of living, crime rate, walkability, weather and cultural vitality among other measures. Two cities in the region appeared on the top ten with Franklin ranking #3 and Nashville ranking #6.

#1 Hottest U.S. Housing Market for 2017

Zillow, January 2017

Zillow's list of hottest housing markets ranks Nashville at the top. The list, determined using data from Zillow's Home Value Forecast, income growth and unemployment rates, assigned a score to the 100 largest metropolitan areas in the U.S, with Nashville ranking No. 1. "Music City U.S.A.—a departure from the West Coast hubs dominating the list—represents a shift in housing activity to mid-size cities inland," says Zillow Chief Economist Dr. Svenja Gudell. Nashville's statistics included a forecast of 4.3 percent home value appreciation, 1.1 percent income growth and a 4.0 percent unemployment rate.

#3 Best Job Market in the Nation

NerdWallet, December 2016

A recent report by NerdWallet found Nashville to be among the top job markets in the nation — No. 3, to be exact. Austin beat us out for the top spot, followed by Denver. The study — which looked at the 100 largest cities in the U.S. — analyzed October's unemployment rate and the increase in the working-age population from 2010 to 2015. Technology and health care jobs are the two fastest-growing industries. Austin, Durham and Denver were noted for the tech sector, while Nashville was noted for its health care jobs, claiming more than 250 health care headquarters in the area. While there are too many accolades to list, you can find a current list on-line at:

http://www.nashvillechamber.com/homepage/relocation/relocatebusiness/RecentRankings.aspx or
http://www.visitmusiccity.com/visitors/aboutmusiccity/rankings.

AFAR

AFAR STATED MUSIC CITY IN THEIR LIST OF WHERE TO GO IN 2017.

(December 2016)

TRAVEL+ LEISURE

NASHVILLE WAS NAMED ONE OF THE 50 BEST PLACES TO TRAVEL IN 2017 BY TRAVEL + LEISURE.

(December 2016)

Frommer's Travel Guide called out Nashville as one of the best places to go in 2017.

(December 2016)

- **Bon Appétit**'s list of **Best New Restaurants in America 2017** included **Bastion**, **Henrietta Red**, and **Martin's Bar-B-Que Joint**. *(August 2017)*

- **Nashville** was voted a top finalist in the **BEST U.S. Destination category** of **Groups Today**'s **2017 Readers' Choice Awards**. *(August 2017)*

- **The Top Trending Attractions, Summer 2017** list by **TripAdvisor** included **The Johnny Cash Museum**.*(July 2017)*

- **Urban Cowboy B&B** made it on **Travel + Leisure**'s list of the **Top 15 Hotels in the Continental United States**. *(July 2017)*

- **Travel + Leisure**'s list of the **Top 15 Cities in the United States** included **Nashville**. *(July 2017)*

- **Travel + Leisure**'s list of the **Best Fourth of July Celebrations Across the U.S.** included **Nashville**'s Let Freedom Sing! Music City July 4th. *(June 2017)*

The television drama series "**Nashville**" has been picked up for another season and will continue filming at prominent locations throughout the city, including scenes at both of the Authority's airports. The show airs in many foreign countries, giving Nashville exposure in many new markets. The series covers the personal lives of country stars in the South's hottest city with music tracks that are often overnight hits on iTunes.

Nashville International Airport's award winning concessions program, considered a model in the industry, continues to find ways to innovate and enhance the traveler's experience. Most recently, the Authority received approval for a retail liquor license allowing passengers to purchase bottles of Tennessee-made beer, wine and spirits to enjoy when they reach their final destination. Mobile ordering was also rolled out to the BNA employee group allowing them to pre-order and pre-pay for food from airport restaurants to make better use of their break time while on the job.

In June 2017, the Tennessee Department of Environment and Conservation (TDEC) awarded the Authority the Governor’s Environmental Stewardship Award for Sustainable Performance. MNAA was recognized for the geothermal lake plate cooling system, which is the largest of its kind in North America, and its compressed natural gas (CNG) program that has converted the entire shuttle fleet to be CNG-powered. MNAA also recently opened a new CNG fueling station at BNA to support the fleet.

Completed in 2016, MNAA’s geothermal lake plate cooling system takes advantage of 1.5 billion gallons of naturally-cool water in a nearby former rock quarry using a closed loop piping system to the airport terminal's central plant. Waste heat is dissipated through heat exchangers submerged within the quarry. The system provides cooling for the entire 900,000-sq. ft. terminal. The project reduces electricity usage by 6,000 kilowatts of peak demand and results in annual savings of 1.3 million kilowatt-hours and 30 million gallons of potable water, and provides $430,000 in savings each year.

In 2017, MNAA introduced a new fleet of 28 environmentally-friendly parking shuttle buses at BNA. The new buses, which transport travelers between the parking lots at BNA and the terminal, are fueled by clean-burning compressed natural gas. The conversion from diesel fuel to cleaner-burning CNG across the airport's shuttle bus fleet is anticipated to reduce the bus fleet's greenhouse gas emissions by approximately 14 percent. MNAA is currently in the process of transitioning other company vehicles to CNG-fueled as well.

Other Authority initiatives have included a car facility that reclaims water for washing rental cars; a lighting management system that adjusts lighting levels, as well as solar-covered electric vehicle charging stations; the reuse and repurposing of materials such as recycled/reused concrete and asphalt to build runways; using recycled or repurposed demolition debris; reusing asphalt millings for roads, shoulders and entrances; using excavated rock and demolished concrete for erosion control and for slope stabilization and reusing tree mulch for berm material, erosion control and matting for new grass seed. The Authority also implemented an energy savings project upgrading lighting fixtures and motion sensors, and has helped educate people about sustainability by presenting at national and regional conferences, hosting community recycling days and installing an interactive green screen in the terminal to allow passengers and business partners to learn about their sustainability initiatives.

The Authority was the first airport in the nation to reach an agreement with a transportation network company (TNC) (i.e., Lyft, Uber) in September 2014. TNCs are now the predominant mode of ground transportation travel for passengers at BNA, surpassing taxis. Many other U.S. airports now permit TNCs to operate with terms similar to Nashville’s agreement.

Fiscal years 2017 and 2016 saw unemployment rates continue to decrease from their peak in 2010. As of June 30, 2017, the unemployment rate was 3.30% for the Nashville – Davidson – Murfreesboro – Metropolitan Statistical Area (Nashville MSA) compared with 4.2% for Tennessee, and 4.52% for the nation as a whole according to the U.S. Bureau of Labor Statistics. Additional information on average annual unemployment rates is provided in the statistical section of this report. The unemployment rates for the Nashville MSA, state of Tennessee, and United States at June 30, 2013 - 2017 were as follows:

	Nashville MSA	Tennessee	United States
June 30, 2017	3.30%	4.20%	4.52%
June 30, 2016	3.94%	5.07%	4.90%
June 30, 2015	4.96%	6.17%	5.30%
June 30, 2014	5.51%	6.97%	7.50%
June 30, 2013	6.35%	7.85%	7.80%

During fiscal year 2017, the Authority maintained an “A+” rating and stable outlook with Standard & Poor’s Ratings Services for its airport revenue bonds. Moody’s Investors Service rated the airport revenue bonds “A1” with a “positive” outlook. Moody’s also upgraded its rating on the Special Facility bond for the Consolidated Rental Car Facility from “A3” to “A2” with a “stable” outlook. In making their decisions, Moody’s cited strong parking growth well above 2015 bond issue projections, strong economic fundamentals of the service area, and growing and unique tourism attractions that drive destination passengers. Moody’s further noted the strong growth in rental car transaction days that resulted in higher than expected debt service coverage and accumulation of strong liquidity balances.

MAJOR INITIATIVES AND DEVELOPMENTS

Nashville International Airport served more than 13.5 million total passengers in fiscal year 2017, operating an average of 440 daily flights to 55 nonstop markets. It is utilized by 11 airlines and 42 operating air carrier gates. The Airport is able to accommodate continued growth in coming years, with space available for additional gates and aircraft parking. According to a 2013 economic impact study, the Authority’s two airports generate more than $3.75 billion in total economic activity, $1.18 billion in wages, and more than 37,000 jobs annually within the regional economy.

Nashville International Airport also continued to add new air service in fiscal year 2017, including new nonstop flights to Calgary (Canada) and additional flights to Boston, JFK, Charlotte, Minneapolis, and Seattle, among others. New flights have been announced to Cancun, Southwest’s first international flights from Nashville (November 2017), and London’s Heathrow Airport by British Airways (May 2018).

In recent years, the Authority had an active capital program with major airfield and landside improvements, including extensive terminal renovations. The 2017 capital improvement budget was $184.5 million. The largest projects included in the budget was $100 million for a new terminal area parking garage, $13.7 million for taxiway and runway reconstruction, and $12.6 million for new passenger loading bridges.

BNA VISION

In July 2016, the Authority announced plans for "BNA Vision," a major renovation and expansion project arising out of the MNAA Master Plan in response to the region's unprecedented growth. By 2035, the population of the Greater Nashville Area is expected to surpass 2.5 million, and passenger traffic at BNA is expected to grow from 13 million passengers today to more than 20 million. The renovation/expansion project is intended to enable the airport to meet the needs of this record-setting growth and maintain the customer friendly focus that is unique to Nashville. Specific elements of BNA Vision include the following:

Parking Garage
A six-story structure to the south of the existing Short Term Garage with approximately 2,000 spaces.

International Arrivals Facility
A state-of-the-art expansion to accommodate the increase of international travelers and set the stage for attracting new nonstop flights to Europe, Asia, Latin America and more.

Ticketing and Baggage Claim Expansions
This expansion will include additional ticketing counters and baggage claim to be in the north and south ends of the terminal to accommodate the growth in passenger traffic.

Concourse D Expansion
This expansion will include additional gates capacity to attract new airlines and services, as well as offer new retail and dining offerings.

Central Terminal and Security Screening
This will create a spacious central entrance hall that will welcome travelers with natural light and compelling airfield views, while providing space for airline ticketing, baggage check-in, and federal security screening. Queueing for security screening will be consolidated, with additional lanes added to minimize wait times and expedite the screening process.

Multi-Modal Transit
Co-located near the ground transportation center, the multi-modal connector to help link BNA to Nashville's future mass-transit system.

Parking/Hotel/Office Plaza
Add 4,900 parking spaces, a 200-300 room hotel to provide travelers easy and convenient lodging and an administrative office plaza.

Donelson Pike Relocation
A shift in the road slightly to the east to improve traffic circulation and terminal access.

The Authority's reliever airport, John C. Tune (JWN), undertook a $30 million capital program that extended the runway, taxiway, added runway safety areas and included apron, hangar, terminal renovations and new LED airfield lighting. The improvements required a 60-day closure, with the airport reopening in early fiscal year 2016. The new 6,000' runway has resulted in an increase in operations, especially jet traffic.

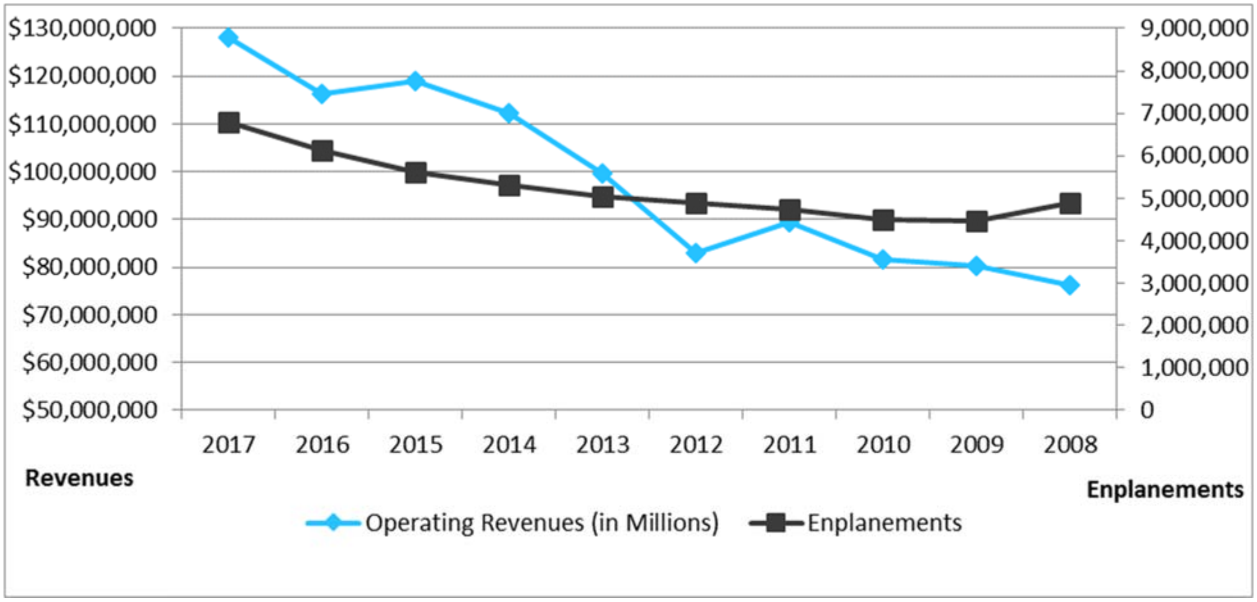
In the past several years, airline bankruptcies and consolidations have reduced the number of major airlines operating in the United States. Other changes include Alaska Airlines purchase of Virgin America, US Airways merger with American Airlines, and Southwest's acquisition of Airtran. Previous airline consolidations included United's acquisition of Continental; Delta's acquisition of Northwest; and Republic Airlines purchase of Frontier and Midwest Airlines. Recent airline bankruptcies have mostly been small or regional carriers, many operating under contract or being wholly-owned by legacy airlines. Most airline carriers now charge ancillary fees for many services that have helped increase airline revenues and profitability (i.e., baggage, early boarding, seat preference, internet service, etc.). As fuel prices are the greatest cost for most airlines, reduced fuel prices and more fuel efficient aircraft have also improved airline profits in recent years.

OUTLOOK FOR FISCAL YEAR 2018

Airlines continue to focus on international routes where they see higher profit margins. Airlines also have continued to increase load factors by eliminating small regional jets in favor of larger aircraft and reduced route frequency, thus providing lower seat costs and higher utilization of seat capacity.

Airlines are becoming more sensitive to certain changes in economic conditions, especially fuel prices and reductions in consumer spending. Airlines now seemingly respond quickly and decisively by raising fares or assessing new fees to maintain revenues. These actions are allowing most U.S. air carriers to show consistent profits for the first time in decades.

The Authority cannot accurately predict the economic climate in fiscal year 2018. However, we have used conservative budget assumptions, including enplanements and landed weights. This conservative approach should enable the Authority to meet or exceed the budgeted performance in fiscal year 2018.



FINANCIAL INFORMATION

Financial Position and Results of Operations

Management's Discussion and Analysis (MD&A), starting on page 28, 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 2017 as well as certain comparisons of the current year to the prior year. The actual financial statements and related footnotes are presented on pages 40 to 85. The information contained in the MD&A should be considered in conjunction with the information contained in this report.

Internal Control Structure Framework

The financial statements of the Authority are prepared following U.S. Generally Accepted Accounting Principles applicable to governmental unit enterprise funds. This results in financial statements prepared on the full accrual basis.

Internal control is a process affected by an entity's governing board, management, and other personnel and designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) safeguarding of assets from loss from unauthorized use or disposition; (b) execution of transactions in accordance with management's authorization; (c) reliability of financial records for preparing financial statements and maintaining accountability for assets; (d) effectiveness and efficiency of operations; and (e) compliance with applicable laws and regulations, 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;
- 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, Dixon Hughes Goodman LLP, has rendered an unmodified opinion that the Authority's financial statements as of and for the years ended June 30, 2017 and 2016, 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 our independent auditors, met the requirements set forth by the State of Tennessee and the Federal Single Audit Act of 1996 and related Uniform Guidance. The independent auditors' issued separate reports, not included herein, based upon work performed in accordance with those requirements for the fiscal years ending June 30, 2017 and 2016.

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, 2016. 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 of the surrounding communities.

Respectfully submitted,

Lori-Anne Morse

Lori-Anne Morse
Controller

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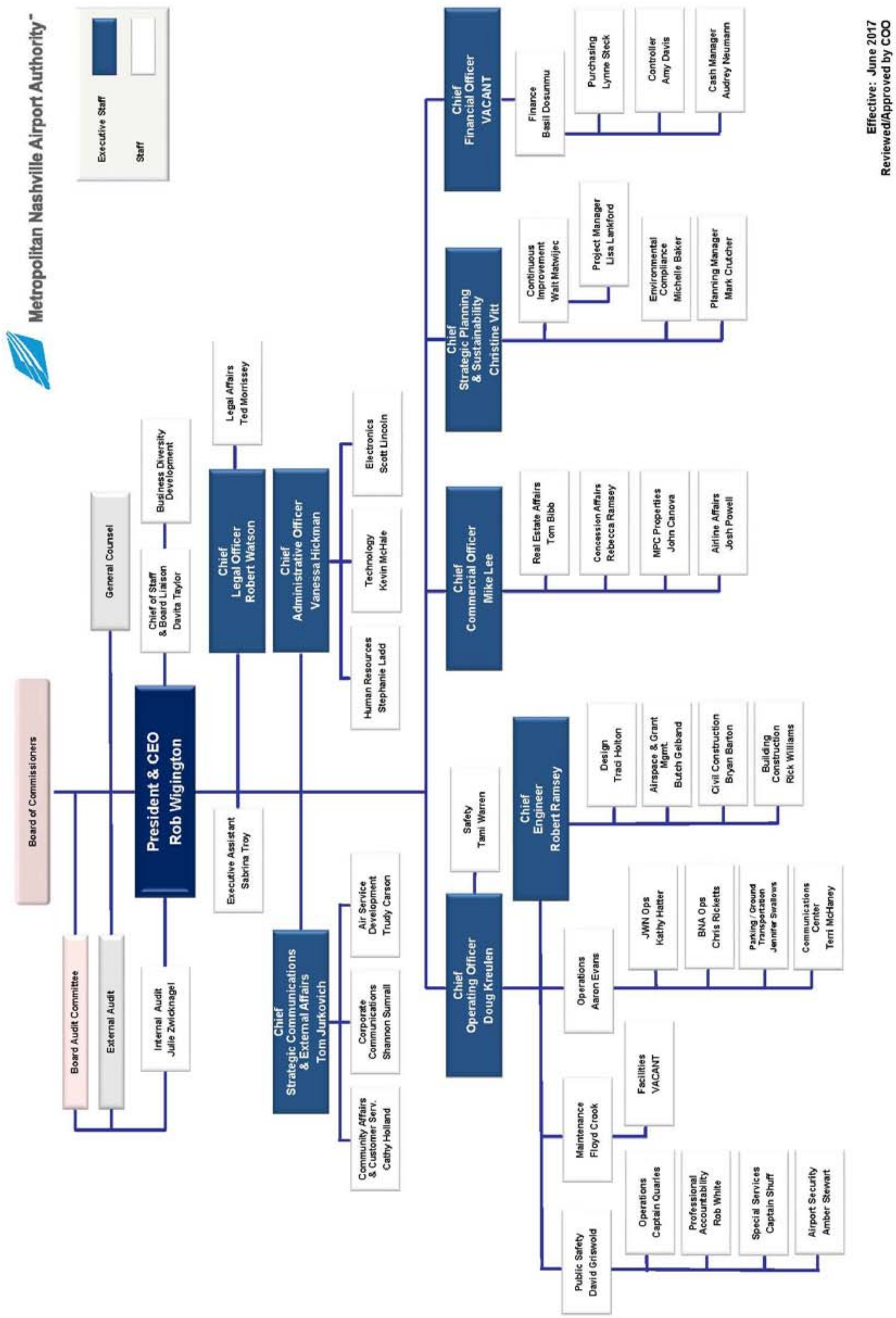
METROPOLITAN NASHVILLE AIRPORT AUTHORITY

ORGANIZATION CHART
JUNE 30, 2017



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For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2016

Jeffrey R. Emer

Executive Director/CEO

Financial Section

Metropolitan Nashville Airport Authority
Comprehensive Annual Financial Report

This section contains the following subsections:

Independent Auditors' Report

Management's Discussion & Analysis

Financial Statements

DIXON HUGHES GOODMAN LLP

Independent Auditors' 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, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our 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 auditors' 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 opinions.

Independent Auditors' Report

DHG
DIXON HUGHES GOODMAN LLP

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, 2017 and 2016, and the respective 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.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability, schedule of contributions, and schedule 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 this information 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introduction section, other information, and 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 other information is the responsibility of management and was 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 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 it.

DHG
DIXON HUGHES GOODMAN LLP

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2017, 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.

Dixon Hughes Goodman LLP

Memphis, Tennessee
October 25, 2017

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

Basic Financial Statements

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

The *Statements 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 *Statements 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 the 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 *Statements 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 Statements 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 2017, surpassing 13.5 million passengers and approximately 6.8 million enplanements. Enplanements were up 10.6%, 9.6% and 5.5%, in fiscal years 2017, 2016 and 2015, making Nashville one of the fastest-growing airports in the United States. Since 2010, BNA has had consistent enplanement growth of 3% or better every year. Nashville International Airport is currently served by 11 airlines with 440 daily flights to 55 nonstop markets.

In fiscal year 2017, Nashville maintained its A+ and A1 ratings from Standard & Poor's and Moody's rating services, respectively. Moody's revised the outlook for general airport revenue bonds (GARB) to positive from stable. Moody's also upgraded the Authority's special facility bonds to A2 from A3 with a "stable" outlook. In making their decisions, Moody's cited strong parking growth well above 2015 bond issue projections, strong economic fundamentals of the service area, and growing and unique tourism attractions that drive destination passengers. Moody's further noted the strong growth in rental car transaction days that resulted in higher-than-expected debt service coverage and accumulation of strong liquidity balances.

The Authority 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 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.

Nashville International Airport also continued to add new air service in fiscal year 2017, including new nonstop flights to Calgary (Canada) and additional flights to Boston, JFK, Charlotte, Minneapolis, and Seattle, among others. New flights have been announced to Cancun, Southwest’s first international flights from Nashville (November 2017), and London’s Heathrow Airport by British Airways (May 2018).

The Authority’s reliever airport, John C Tune (JWN), undertook a $30 million capital program that extended the runway, taxiway, added runway safety areas and included apron, hangar, terminal renovations and new LED airfield lighting. The improvements required a 60-day closure, with the airport reopening in early fiscal year 2016. The new 6,000’ runway has resulted in an increase in operations, especially jet traffic.

The property development organization of the Authority, MNAA Properties Corporation (MPC), continued its efforts to refurbish its largest property, International Plaza. It continued to increase its operating revenue and maintain an occupancy level of 100%.

Operational Highlights

Enplanements rose 10.6%, 9.6%, and 5.5% in fiscal years 2017, 2016 and 2015. Certified gross landed weights were also up 10.4%, totaling 7.9 billion pounds in 2017. Nashville International Airport served more than 13.5 million total passengers in fiscal year 2017, operating an average of 440 daily flights to 55 nonstop markets. Nashville International Airport is able to accommodate continued growth in coming years, with space available for additional gates and aircraft parking. According to a 2013 economic impact study, the Authority’s two airports generate more than $3.75 billion in total economic activity, $1.18 billion in wages, and more than 37,000 jobs annually within the regional economy.

Several of the most common indicators of activity during 2017, 2016, and 2015 appear below:

	2017	2016	2015
Enplanements	$ 6,790,099	$ 6,141,092	$ 5,604,148
% increase (decrease)	10.6%	9.6%	5.5%
Aircraft landed weight (all–000)	7,953,656	7,203,374	6,757,176
% increase (decrease)	10.4%	6.6%	2.1%
Aircraft operations (passenger)	126,273	112,889	103,007
% increase (decrease)	11.8%	9.6%	9.2%
Aircraft operations (all other)	75,811	75,865	75,725
% increase (decrease)	-0.0%	1.8%	(6.6%)
Load factors	84.0%	85.0%	82.4%
% increase (decrease)	-0.8%	2.6%	1.9%

Load factors are the percentages of seats occupied on all passenger aircraft, both arriving and departing airplanes. Load factors declined slightly in 2017 by -0.8%. Available seats increased by 11.6% in 2017. BNA saw a dramatic increase of 11.8% in passenger aircraft operations and a 7.1% increase in total aircraft operations in 2017.

The Authority approved the imposition of 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 non-operating 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 the imposition of the CFC fee, the Authority has collected over $98.3 million, with almost $13.6 million collected in fiscal year 2017. Transaction days have consistently improved in recent years, averaging 251,138 per month in 2017, compared to 237,226, 216,523, 200,472, 191,020, 186,844 and 168,050 in fiscal years 2016, 2015, 2014, 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 2016 to 2017 and 2015 to 2016:

	2017	2016	% Change	2015	% Change
Operating revenues	$ 128,096,221	$ 116,189,518	10.2	$ 118,995,123	-2.4
Operating expenses	77,324,669	76,472,191	1.1	73,126,544	4.6
Operating income before depreciation	50,771,552	39,717,327	27.8	45,868,579	-13.4
Depreciation	38,979,958	37,223,834	4.7	36,534,617	1.9
Operating income	11,791,594	2,493,493	>100.0	9,333,962	-73.3
Non-operating revenues	40,903,990	37,636,368	8.7	27,850,266	35.1
Non-operating expenses	10,381,669	10,104,700	2.7	7,610,829	32.8
Income before capital contributions	42,313,915	30,025,161	40.9	29,573,399	1.5
Capital contributions	14,552,791	28,763,278	-49.4	27,506,580	4.6
Increase in net position	56,866,706	58,788,439	-3.3	57,079,979	3.0
Net position, beginning of year	521,972,295	463,183,856	12.7	406,103,877	14.1
Net position, end of year	$ 578,839,001	$ 521,972,295	10.9	$ 463,183,856	12.7

Operating and Nonoperating Revenue Highlights

Operating revenue for the year was up 10.2% over the prior year. The revenue increase is attributable to increased overall airport traffic, and a contractual reduction in the revenue share to signatory airlines. Detail summary of activity for FY2017 are as follows: increases in signatory airlines 0.4%, parking 5.0%, concessions 15.3%, space rental 22.7%, and other revenues 50.8%.

Non-operating revenues were up 8.7% in 2017. CFCs, which fund debt service for the CONRAC facility, were up 4.7%. CFC revenues were $13.6 million in 2017 compared to $12.9 million in 2016. Passenger facility charges (PFC) collections improved 9.5% due to higher enplanements, as well as the FAA approving collection authority from $3.00 to $4.50 level beginning in May 2015. Interest income was up by 118.9%. In addition to BNA, MPC increased its total operating revenue to $3,157,062 for 2017, compared to $2,534,475 in 2016. JWN saw an increase in operating revenue at $846,062 for 2017 as the airfield improvements project was completed in late July 2015. JWN operating revenues in 2016 were $708,636. The following summarizes all the Authority's revenues for the fiscal years ended June 30, 2017, 2016, and 2015 with "% Change" representing the change from 2016 to 2017 and 2015 to 2016:

	2017	2016	% Change	2015	% Change
Operating revenues:					
Signatory airline	$ 30,671,634	$ 30,561,053	0.4	$ 39,414,175	-22.5
Parking	43,977,208	41,889,907	5.0	38,725,346	8.2
Concession	29,338,439	25,453,862	15.3	22,873,310	11.3
Space rental	15,121,337	12,324,959	22.7	11,989,094	2.8
Other	8,987,603	5,959,737	50.8	5,993,198	-0.6
Total operating revenues	128,096,221	116,189,518	10.2	118,995,123	-2.4
Nonoperating revenues:					
Investment income	730,198	333,542	>100.0	359,790	-7.3
Passenger facility charges	25,982,494	23,735,979	9.5	15,703,411	51.2
Customer facility charges	13,561,430	12,956,481	4.7	11,692,265	10.8
Other nonoperating revenues, net	629,868	610,366	3.2	94,800	>100.0
Total nonoperating revenues	40,903,990	37,636,368	8.7	27,850,266	35.1
Capital contributions	14,552,791	28,763,278	-49.4	27,506,580	4.6
Total revenues and capital contributions	$183,553,002	$182,589,164	0.5	$174,351,969	4.7

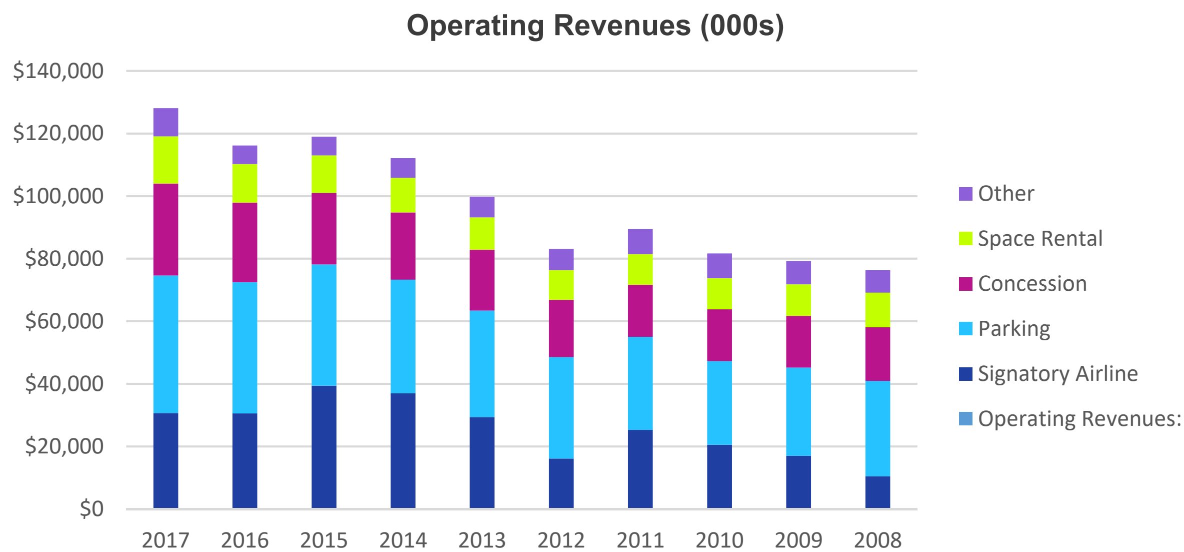
On September 24, 2015, the Authority executed the Metropolitan Nashville Airport Authority Signatory Airline Use and Lease Agreement July 1, 2015 - June 30, 2022 (the New Agreement) with American Airlines, Delta Air Lines, Southwest Airlines, and United Airlines. The New Agreements are effective retroactively to July 1, 2015, and replace, and are substantially different from, the Authority's prior Amended and Restated Lease Agreements (the Prior Agreement) which was scheduled to expire on September 30, 2017. The Prior Agreement was "residual" in nature and generally provided for break-even financial operation of the Nashville International Airport (the Airport), including the full recovery on a cost center basis of debt service on Majority-in-Interest (MII) approved capital improvement projects. The Prior Agreement had five revenue sources that comprised signatory airline fees and charges including ramp fees (RF), main terminal (MT), north (NC) and south concourse (SC) fees, as well as landing fees (LF).

The New Agreement establishes three cost centers for determining rates and charges payable by the signatory airlines and other users of Airport facilities: Airfield, Terminal, and Terminal Ramp Area. Baggage and passenger loading bridge fees are also assessed. The New Agreement has a “hybrid” airline rate-setting methodology with the Landing Fees being calculated on a residual basis (as described below) and the Terminal Rental Rates (as described below) and Terminal Ramp Area rates being compensatory. Other than the Airfield, the signatory airlines are not required to provide for break-even financial operation of the Airport per the New Agreement.

Signatory Landing Fees under the New Agreement are calculated on a primarily residual basis and are currently budgeted at $3.38 and $2.99 for fiscal year 2018 and 2017, respectively. The terminal rental rate per square foot for fiscal year 2018 is $100.55, the terminal rental rate per square foot for fiscal year 2017 and 2016 was $90.00. While the terminal ramp rental rate for fiscal year 2018 is $2.34, the ramp rental rate for 2017 and 2016 was $1.71.

Capital cost allocable to the Airfield, including debt service on Bonds, may be included in the calculation of the Landing Fees with MII approval or with MII approval under the Prior Agreement. While debt service on Bonds allocable to the Airfield may be included in the Landing Fees, the New Agreement does not include a provision for any coverage for bonds. The terminal rental rate under the new agreement is calculated on a compensatory basis with fixed rates.

The following chart demonstrates the 10-year trend for MNAA’s operating revenues from 2008 through 2017:



Capital contributions were down -49.4% in 2017 compared to up 4.6% in 2016. Capital contributions were $14.6 million in 2017, compared to $28.7 million in 2016, and $27.5 million in 2015.

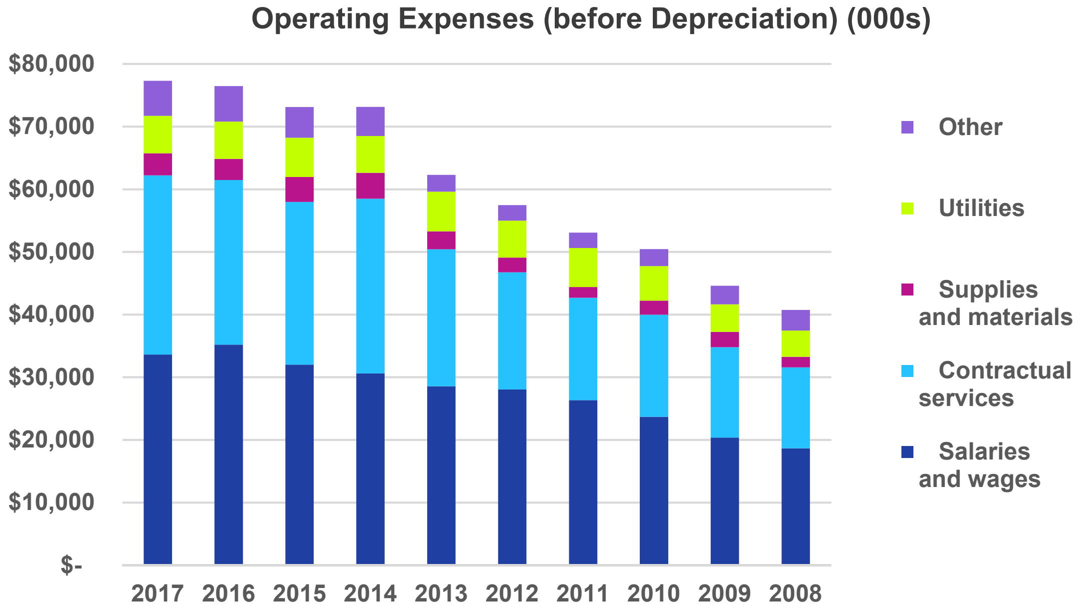
Operating and Nonoperating Expenses Highlights
The Authority's expenses increased in 2017 for BNA, MPC, and JWN. The following represents a summary of expenses for the fiscal years ended June 30, 2017, 2016, and 2015, with "% Change" representing the change from 2016 to 2017 and 2015 to 2016:

2016 to 2017 and 2015 to 2016:

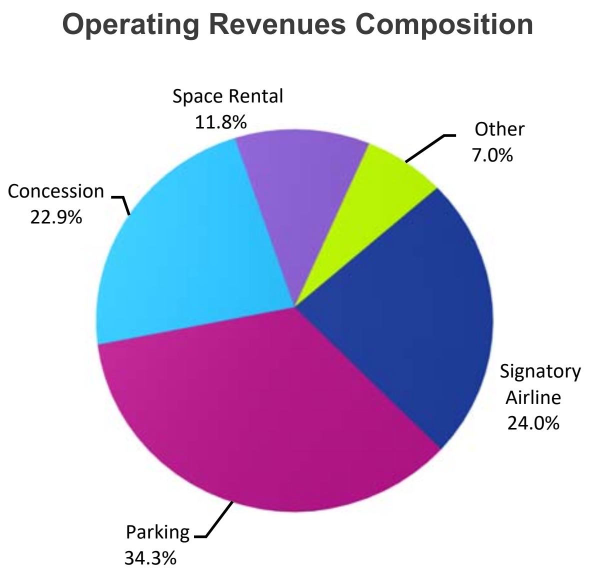
	2017	2016	% Change	2015	% Change
Operating expenses:					
Salaries and wages	$ 33,622,346	$ 35,205,048	-4.5	$ 32,019,144	9.9
Contractual services	28,610,678	26,270,995	8.9	25,962,137	1.2
Materials and supplies	3,509,520	3,374,113	4.0	3,987,451	-15.4
Utilities	5,971,391	5,944,858	0.5	6,255,942	-5.0
Other	5,610,734	5,677,177	-1.2	4,901,870	15.8
Total operating expenses before provision for depreciation	77,324,669	76,472,191	1.1	73,126,544	4.6
Provision for depreciation	38,979,958	37,223,834	4.7	36,534,617	1.9
Non-operating expenses:					
Interest expense	10,299,910	8,874,244	16.1	7,610,829	16.6
Other Non-Operating	81,759	-	>100.0	-	0.0
Bond issue cost	-	1,230,456	<100.0	-	>100.0
Total non-operating expenses	10,381,669	10,104,700	2.7	7,610,829	32.8
Total expenses	$126,686,296	$123,800,725	2.3	$117,271,990	5.6

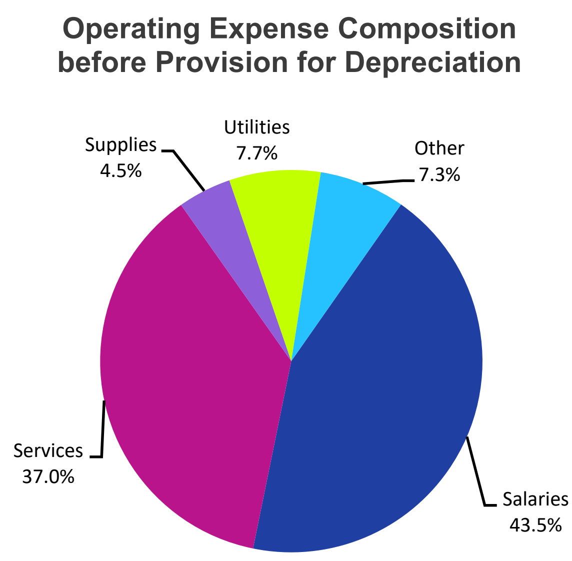
Operating expenses were up slightly 1.1% in 2017 and 4.6% in 2016; we noted a reduction in Salaries and Wages -4.5%, and Other -1.2% in 2017. The remaining categories had anticipated increases budgeted in 2017. Depreciation increased in fiscal year 2017 by 4.7% and by 1.9% in 2016, reflecting the aggressive capital investment program that had been undertaken in recent years.

The following chart demonstrates the 10-year trend for MNAA's operating expenses from 2008 through 2017:



The composition of all MNAA operating revenues and operating expenses are presented here for 2017:





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, 2016, 2015, and 2014. The "% Change" reflects changes from 2015 to 2016 and 2014 to 2015, as follows:

	2017	2016	% Change	2015	% Change
ASSETS					
Current assets	$ 190,783,356	$ 153,526,273	24.3	$ 137,739,261	11.5
Capital assets, net	617,061,803	535,825,308	15.2	515,693,132	3.9
Other noncurrent assets	179,092,215	249,824,917	-28.3	21,406,595	>100.0
Total assets	986,937,374	939,176,498	5.1	674,838,988	39.2
DEFERRED OUTFLOWS	1,695,214	6,962,726	-75.7	3,394,766	>100.0
Total assets and deferred outflows	$ 988,632,588	$ 946,139,224	4.5	$ 678,233,754	39.5
LIABILITIES					
Current liabilities	$ 59,544,844	$ 47,649,679	24.9	$ 50,125,210	-4.9
Noncurrent liabilities	348,997,545	376,517,250	-7.3	164,924,688	>100.0
Total liabilities	408,542,389	424,166,929	-3.7	215,049,898	97.2
DEFERRED INFLOWS	1,251,198	-	>100.0	-	0.0
NET POSITION					
Net investment in capital assets	441,689,611	419,177,366	5.4	387,595,082	8.1
Restricted	80,758,915	70,954,111	13.8	56,559,259	25.5
Unrestricted	56,390,475	31,840,818	77.1	19,029,515	67.3
Total net position	578,839,001	521,972,295	10.9	463,183,856	12.7
Total liabilities, deferred inflows, and net position	$ 988,632,588	$ 946,139,224	4.5	$ 678,233,754	39.5

Current assets increased by 24.3% in 2017. Net capital assets increased by $81.2 million or 15.2%. Total liabilities decreased by $15.6 million, or -3.7%, in 2017. Current liabilities in 2017 increased during the year by $11.9 million, or 24.9%. The current portion of maturities for airport revenue bonds increased from $12,775,000 in 2016 to $13,735,000 in 2017.

The net pension liability declined by $6.5 million in fiscal year 2017. Other postemployment benefits (OPEB) commitments decreased by $5.6 million in 2017. The Authority previously adopted a funding plan in which MNAA made $39.1 million in contributions to the retirement plan fiduciary since fiscal year 2010. The Board of Commissioners adopted 3-905, Funding Policy of the Retirement Plan for Employees of the Metropolitan Nashville Airport Authority (the Plan) on September 16, 2015. This policy requires the Authority to fund, at minimum, the actuarially determined contribution (ADC) each fiscal year to the Plan. The Authority has stated that during the term of the new airline agreement, it expects to budget combined contributions of $12 million each fiscal year to fund the retirement plan and the OPEB Trust. In fiscal year 2017, the Authority fully funded the retirement plan, remaining contributions will be going to the OPEB Trust.

The portion of the Authority's net position shown below, $80,758,915, represents 14.0% of total net position. This compares with $70,954,111 (13.6% of total net position) in restricted net position at June 30, 2016. These resources are subject to restrictions on use and are not available for spending as they have already been committed as follows:

Net pension asset	$ 2,047,037
Passenger facility charge projects and related debt services	36,397,922
Customer facility charge projects and related debt service	20,415,352
Debt service and other	21,898,604
Total restricted net position	$ 80,758,915

The unrestricted net position of $56,390,475 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 investment types are in compliance with laws of the State of Tennessee and the Investment Policy adopted by the Board of Commissioners. Cash balances decreased in fiscal year 2017 primarily due to an aggressive capital program.

	2017	2016	2015
Cash flows provided by (used in):			
Operating	$ 52,538,633	$ 38,222,620	$ 42,836,983
Non-capital financing	(867,378)	(1,356,651)	(1,359,435)
Capital and related financing	(86,042,077)	208,252,104	(28,738,198)
Investing	755,198	9,912,289	(3,598,004)
Net increase (decrease) in cash and cash equivalents	(33,615,624)	255,030,362	9,141,346
Cash and cash equivalents:			
Beginning of year	386,133,014	131,102,652	121,961,306
End of year	$352,517,390	$386,133,014	$131,102,652

Capital Activities
Capital assets, net of accumulated depreciation, increased from $535,825,308 to $617,061,803 in 2017. The 2017 capital improvement budget was $184.5 million. The largest projects included in the budget were; $100 million for a new terminal area parking garage, $13.7 million for taxiway and runway reconstruction, and $12.6 million for new passenger loading bridges. 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, 2017 and 2016.

Debt Administration
The Authority's most recent debt issuance was the 2015 series bonds issued for a total of $200 million in December 2015. The 2015A (Non-AMT) series bonds were in the amount of $91,855,000. The 2015 B (AMT) series bonds were in the amount of $108,145,000. This new money issue is intended to fund several construction projects, including a parking garage, jet bridges, hangar construction and various other capital projects.

The Authority's next 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" on pages 98 and 99.

As of June 30, 2017, the Authority's principal balance of outstanding long-term revenue bonds was $302,295,000 compared with $315,070,000 at the end of the prior year. The current portion of revenue bonds is $13,735,000 and is due on July 1, 2017.

There are currently no bonds issued under the PFC resolution. The last of these bonds matured on July 1, 2012. A portion of 2009A, 2010A, and 2015A bonds are being paid for with draws from PFC collections as a result of eligible projects. These dollars are being reimbursed back to the Authority as needed to cover both principal and interest payments until maturity. These bond series were issued under the MNAA master resolution as general airport revenue bonds rather than as a special revenue bond (under the PFC resolution), which result 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, 2017, is summarized as follows:

Revenue Bond Description	Balance July 1, 2016	Borrowings	Principal Repayment	Refundings	Amortization	Balance June 30, 2017
Series 2003B	$ 14,785,000	$ -	$ -	$ -	$ -	$ 14,785,000
Series 2008A	12,000,000	-	(1,200,000)	-	-	10,800,000
Series 2009A	20,040,000	-	(3,860,000)	-	-	16,180,000
Series 2010A	7,525,000	-	(3,690,000)	-	-	3,835,000
Series 2010 CONRAC	58,980,000	-	(2,285,000)	-	-	56,695,000
Series 2010C	1,740,000	-	(1,740,000)	-	-	-
Series 2015A	91,855,000	-	-	-	-	91,855,000
Series 2015B	108,145,000	-	-	-	-	108,145,000
Total	315,070,000	-	(12,775,000)	-	-	302,295,000
Plus unamortized premiums	26,648,869	-	-	-	(1,351,874)	25,296,995
Less unamortized deferred amount on refunding	(709,224)	-	-	-	323,033	(386,191)
	341,009,645	$ -	$ (12,775,000)	$ -	$ (1,028,841)	327,205,804
Less: current portion	(12,775,000)					(13,735,000)
	$ 328,234,645					$ 313,470,804

Request for Information

This financial report is designed to provide detailed 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 the Metropolitan Nashville Airport Authority, One Terminal Drive, Suite 501, Nashville, Tennessee, 37214-4114.

STATEMENTS OF NET POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Current assets:		
Unrestricted assets:		
Cash and cash equivalents	$ 122,269,341	$ 93,189,798
Accounts receivable	2,844,787	6,154,074
Inventories	513,596	479,200
Prepaid expenses and other	2,474,197	1,406,582
Total current unrestricted assets	128,101,921	101,229,654
Restricted assets:		
Cash and cash equivalents	54,074,856	44,953,968
Short-term investments	1,698,000	1,723,000
Passenger facility charges receivable	3,467,311	2,616,832
Customer facility charges receivable	1,222,581	1,181,582
Amounts due from governmental agencies	2,218,687	1,821,237
Total current restricted assets	62,681,435	52,296,619
Total current assets	190,783,356	153,526,273
Noncurrent Assets:		
Restricted assets:		
Cash and cash equivalents	176,173,193	247,989,248
Capital assets:		
Land and land improvements	621,972,216	601,731,787
Land held for future expansion	36,701,068	36,701,068
Buildings and building improvements	298,911,276	264,629,088
Equipment, furniture and fixtures	165,348,939	129,795,510
Construction in progress	72,814,778	42,890,290
Total capital assets	1,195,748,277	1,075,747,743
Less accumulated depreciation	(578,686,474)	(539,922,435)
Total capital assets, net	617,061,803	535,825,308
Net pension asset	2,047,037	-
Other assets	871,985	1,835,669
Total noncurrent assets	796,154,018	785,650,225
Total assets	986,937,374	939,176,498
DEFERRED OUTFLOWS OF RESOURCES		
Actuarial losses - pension	1,309,023	6,253,503
Loss on bond refundings	386,191	709,223
Total deferred outflows of resources	1,695,214	6,962,726
Total assets and deferred outflows of resources	$ 988,632,588	$ 946,139,224

See accompanying notes.

Statements Of Net Position

June 30, 2017 and 2016

	2017	2016
LIABILITIES		
Current liabilities:		
Payable from unrestricted assets:		
Trade accounts payable	$ 20,274,154	$ 14,809,924
Accrued payroll and related items	4,743,125	5,243,936
Unearned income	5,536,727	3,620,476
Current maturities of notes payable	6,134,537	1,189,324
Accrued interest payable	68,937	59,770
Total payable from unrestricted assets	36,757,480	24,923,430
Payable from restricted assets:		
Trade accounts payable and other	1,547,082	1,807,935
Accrued interest payable	7,505,282	8,143,314
Current maturities of airport revenue bonds	13,735,000	12,775,000
Total payable from restricted assets	22,787,364	22,726,249
Total current liabilities	59,544,844	47,649,679
Noncurrent liabilities:		
Airport revenue bonds, less current maturities	313,856,995	328,943,869
Notes payable, less current maturities	11,697,600	11,434,250
Fair value of derivative financial instrument	614,586	1,134,589
Unearned income	1,854,640	1,828,281
Net pension liability	-	6,538,938
Other postemployment benefits obligation	20,973,724	26,637,323
Total noncurrent liabilities	348,997,545	376,517,250
Total liabilities	408,542,389	424,166,929
DEFERRED INFLOWS OF RESOURCES		
Actuarial gains - pension	1,251,198	-
NET POSITION		
Net investment in capital assets	441,689,611	419,177,366
Restricted for:		
Net pension asset	2,047,037	-
Passenger facility charge projects and debt service	36,397,922	27,236,690
Customer facility charge projects and debt service	20,415,352	20,848,620
Debt service and other	21,898,604	22,868,801
Total restricted net position	80,758,915	70,954,111
Unrestricted net position	56,390,475	31,840,818
Total net position	578,839,001	521,972,295
Total liabilities, deferred inflows of resources, and net position	$ 988,632,588	$ 946,139,224

See accompanying notes.

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Statements Of Revenues, Expenses And Changes In Net Position
Years Ended June 30, 2017 and 2016

	2017	2016
Operating revenues:		
Signatory airline	$ 30,671,634	$ 30,561,053
Parking	43,977,208	41,889,907
Concession	29,338,439	25,453,862
Space rental	15,121,337	12,324,959
Other	8,987,603	5,959,737
	128,096,221	116,189,518
Operating expenses:		
Salaries and wages	33,622,346	35,205,048
Contractual services	28,610,678	26,270,995
Materials and supplies	3,509,520	3,374,113
Utilities	5,971,391	5,944,858
Other	5,610,734	5,677,177
	77,324,669	76,472,191
Operating income before provision for depreciation	50,771,552	39,717,327
Provision for depreciation	38,979,958	37,223,834
Operating income	11,791,594	2,493,493
Nonoperating revenues (expenses):		
Investment income	730,198	333,542
Passenger facility charges	25,982,494	23,735,979
Customer facility charges	13,561,430	12,956,481
Interest expense	(10,299,910)	(8,874,244)
Gain on disposal of property and equipment	23,266	112,497
Gain on derivative financial instrument	520,003	407,506
Other nonoperating, net	4,840	(1,140,093)
	30,522,321	27,531,668
Income before capital contributions	42,313,915	30,025,161
Capital contributions	14,552,791	28,763,278
Increase in net position	56,866,706	58,788,439
Total net position - beginning of year	521,972,295	463,183,856
Total net position - end of year	$ 578,839,001	$ 521,972,295

See accompanying notes.

Statements Of Cash Flows

Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Cash received from customers	$ 133,348,118	$ 118,806,376
Cash paid to employees	(41,002,000)	(42,465,565)
Cash paid to suppliers	(34,201,591)	(31,300,921)
Other payments	(5,605,894)	(6,817,270)
Net cash provided by operating activities	52,538,633	38,222,620
Cash flows from noncapital financing activities:		
Payment on long-term debt	-	(465,000)
Interest paid on long-term debt	(867,378)	(891,651)
Net cash used in noncapital financing activities	(867,378)	(1,356,651)
Cash flows from capital and related financial activities:		
Receipt of passenger facility charges	25,132,015	23,491,296
Receipt of customer facility charges	13,520,431	12,861,337
Purchases of property and equipment	(120,216,453)	(56,471,246)
Interest paid on long-term debt	(11,099,406)	(3,988,057)
Payments on long-term debt	(13,695,676)	(29,525,768)
Proceeds from issuance of long-term debt	6,138,405	231,203,756
Contributions from governmental agencies	14,155,341	30,568,289
Receipts from sale of capital assets	23,266	112,497
Net cash provided by (used in) capital and related financing activities	(86,042,077)	208,252,104
Cash flows from investing activities:		
Purchase of investments	(3,396,000)	(2,986,000)
Proceeds from the sale and maturities of investments	3,421,000	12,632,000
Interest received on investments	730,198	266,289
Net cash provided by investing activities	755,198	9,912,289
Net increase (decrease) in cash and cash equivalents	(33,615,624)	255,030,362
Cash and cash equivalents:		
Beginning of year	386,133,014	131,102,652
End of year	$ 352,517,390	$ 386,133,014

See accompanying notes.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 11,791,594	$ 2,493,493
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for depreciation	38,979,958	37,223,834
Amortization of unearned rental income	(34,904)	(34,904)
Payments for nonoperating expenses	4,840	(1,140,093)
Changes in operating assets and liabilities:		
Accounts receivable	3,309,287	(1,008,729)
Inventories	(34,396)	40,076
Prepaid expenses	(1,067,615)	144,046
Other assets	(211,369)	(346,313)
Trade accounts payable	5,203,378	4,451,236
Accrued payroll and related items	(500,811)	795,920
Unearned income	1,977,514	3,660,491
Net pension liability/asset and related deferred inflows/outflows of resources	(1,215,244)	(8,007,656)
Other postemployment benefit obligation	(5,663,599)	(48,781)
Net cash provided by operating activities	$ 52,538,633	$ 38,222,620
Cash and cash equivalents - end of year consist of:		
Unrestricted cash and cash equivalents	$ 122,269,341	$ 93,189,798
Restricted cash and cash equivalents	230,248,049	292,943,216
	$ 352,517,390	$ 386,133,014
Noncash investing and financing activities:		
Interest expense for amortization of deferred outflows for refunding of debt, net of bond premium amortization	$ 1,019,119	$ 685,644
Investment income related to the amortization of unearned interest income	$ -	$ 67,253
Change in fair value of derivative financial instruments	$ 520,003	$ 407,506
In-kind capital contribution	$ 3,580	$ 884,764

See accompanying notes.

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 her 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.

The Authority formed the MNAA Properties Corporation ("MPC"), a Tennessee non-profit corporation, 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 23).

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 due to 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 and; thus, not shown separately in the 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 earlier.

Use of estimates in the preparation of financial statements

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

Budgets

The Authority prepares an annual operating budget and capital improvement budget and submits for approval to the Board of Commissioners. A five-year capital improvement program, including modifications and reasons therefore, is also submitted each year.

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 such as space rental and fees, landing fees, parking and other miscellaneous income. 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.

Revenues are reported net of discounts and allowances. Bad debts are expensed using the allowance method. The provision for bad debts was $32,111 and $129,900 for the years ended June 30, 2017 and 2016, respectively. The allowance for doubtful accounts was $60,000 at both June 30, 2017 and 2016.

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. The Authority entered into New Airline Agreements effective July 1, 2015 (See Note 12). The New Airline Agreements have a "hybrid" airline rate-setting methodology with the landing fees being calculated on a residual basis and the terminal rental rates and terminal ramp area rates being compensatory. Other than the airfield, the signatory airlines are no longer required to provide for break-even financial operation of the airport per the New Airline Agreements.

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 non-signatory 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 non-signatory 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. Certain cash and cash equivalents are reported as noncurrent as these amounts are held for the liquidation of long-term debts.

Investments

Investments consist primarily of securities of U.S. Agencies. Investments are accounted for in accordance with GASB Statement No. 72, *Fair Value Measurement and Application,* which requires that certain investments be recorded at fair value (e.g., quoted market prices).

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 ("TDOT"). 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 cost under the first-in, first-out method and consist primarily of supplies and maintenance repair parts.

Restricted assets and payables from 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 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 acquisition 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, and 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. 68, *Accounting and Financial Reporting for Pensions, an amendment to GASB Statement No. 27* ("GASB No. 68"), which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred inflows/outflows of resources, note disclosures, and required supplementary information. See additional information regarding the Authority's pension benefits in Recent Accounting Pronouncements below and in Note 16. The Authority's Retirement Plan issues a separate, publically available, financial report under the requirement of GASB Statement No. 67.

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.

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 accompanying statements of net position.

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 and are included in accrued payroll and related items on the statements of net position. The appropriateness of the self-insurance accrued liabilities is continually reviewed and updated by management.

Deferred outflows/Inflows of resources

The statements of net position will sometimes report a separate section for deferred outflows of resources and/or deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position that applies to a future period and, therefore, not recognized as an outflow of resources (expense) until then. *Deferred inflows of resources* represent an acquisition of net position that applies to a future period and, therefore, not recognized as an inflow of resources (revenue) until then.

The Authority has two items that qualify for reporting as deferred outflows/inflows of resources. These are losses on bond refundings and GASB No. 68 variances from actuarial assumptions.

A deferred loss on refunding results from the difference between the net carrying amount of the original debt and the reacquisition price, shown as a deferred outflow of resources in the accompanying statements of net position. 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.

GASB No. 68 variances can occur due to actuarial assumptions that differ between the actual plan experience and the original actuarial assumed rates. Differences can result from, among others, earnings on investments, changes in assumptions, and other experience gains or losses. A variance represents a gain or a loss, shown as deferred inflows of resources or deferred outflows of resources, respectively, in the accompanying statements of net position. These deferred outflows/inflows are amortized in accordance with the provisions of GASB No. 68. Additional items are determined annually based on each subsequent year's variances from actuarial assumptions.

Unearned income

Current unearned income represents incremental amounts due to airlines under the signature airline agreements (see Note 12). Incremental amounts due from airlines are reflected in accounts receivable. Incremental amounts due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses for the year. Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses for the year. Amounts due from or to airlines are typically settled in one to three months after period end, and are therefore recorded as a current asset or liability.

Noncurrent unearned income consists of unearned rental income. Unearned rental income represents lease rentals received in advance under certain ground leases entered into with developers (Note 19). The unearned rental income is being recognized in nonoperating income on a straight-line basis over the terms of the related leases. Unearned revenues are 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.

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.

Recent accounting pronouncements applicable to the authority

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for periods beginning after June 15, 2016, with earlier application being encouraged. The Authority elected to implement this standard in prior years (see Note 22).

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, which provides accounting and financial reporting guidance for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions and related disclosures. The accounting changes required by GASB No. 75 should be applied retroactively by reclassifying the statement of net position, net position information, and results of operations. This statement is effective for periods beginning after June 15, 2017.

In March 2016, GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. GASB 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Most provisions of this statement are effective for periods beginning after June 15, 2016.

Reclassifications

Certain 2016 balances have been reclassified to conform to the 2017 presentation.

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 $356,594,612 and $388,998,762 at June 30, 2017 and 2016, respectively, (with a carrying value of $352,517,390 and $386,133,014) represent a variety of time deposits and cash equivalents.

Cash deposits, maintained at four financial institutions, 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 or the bank must be a member of the State's Bank Collateral Pool.

The amount of collateral required to secure public deposits for Collateral Pool participants ranges between 90% and 115% of the average daily balance of public deposits held, depending on the participant's status and compliance with certain benchmarks established by the Collateral Pool. Collateral securities pledged by the participating banks are pledged to the State Treasurer on behalf of the 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*.

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.

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, 2017 and 2016, 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, 2017:					
U.S. Agencies	AA+/Aaa	$ 1,698,000	$ 1,698,000	$ -	$ -
June 30, 2016:					
U.S. Agencies	AA+/Aaa	$ 1,723,000	$ 1,723,000	$ -	$ -

The carrying amount of investments is reflected in short-term restricted investments in the accompanying statements of net position at June 30, 2017 and 2016.

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), 5 years (all other corporate debt), and 10 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 3 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 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, 2017 and 2016, are 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. 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, 2017, the remaining bonds subject to the 1999 DSFDA include only Series 2008A, Series 2010B (matured on July 1, 2015), and Series 2010C (matured on July 1, 2016).

There was no remaining unearned amount relating to the forward delivery agreement at June 30, 2017.

4. Capital Assets

Capital assets and related accumulated depreciation activity for the years ended June 30, 2017 and 2016, were as follows:

	Balance July 1, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Capital assets not being depreciated:					
Land	$ 60,267,703	$ -	$ -	$ -	$ 60,267,703
Land held for future expansion	36,701,068	-	-	-	36,701,068
Construction in progress	42,890,290	119,829,843	-	(89,905,355)	72,814,778
Total capital assets not being depreciated	139,859,061	119,829,843	-	(89,905,355)	169,783,549
Capital assets being depreciated:					
Land improvements	541,464,084	-	-	20,240,429	561,704,513
Buildings and building improvements	264,629,088	-	-	34,282,188	298,911,276
Equipment, furniture and fixtures	129,795,510	386,330	(215,639)	35,382,738	165,348,939
Total capital assets being depreciated	935,888,682	386,330	(215,639)	89,905,355	1,025,964,728
Less accumulated depreciation:					
Land improvements	(331,103,905)	(19,446,267)	-	-	(350,550,172)
Buildings and building improvements	(145,371,603)	(12,398,461)	-	-	(157,770,064)
Equipment, furniture and fixtures	(63,446,927)	(7,135,230)	215,919	-	(70,366,238)
Total accumulated depreciation	(539,922,435)	(38,979,958)	215,919	-	(578,686,474)
Net capital assets being depreciated	395,966,247	(38,593,628)	280	89,905,355	447,278,254
Net capital assets	$ 535,825,308	$ 81,236,215	$ 280	$ -	$ 617,061,803

	Balance July 1, 2015	Additions	Retirements	Transfers	Balance June 30, 2016
Capital assets not being depreciated:					
Land	$ 60,267,703	$ -	$ -	$ -	$ 60,267,703
Land held for future expansion	36,701,068	-	-	-	36,701,068
Construction in progress	62,125,108	56,981,173	-	(76,215,991)	42,890,290
Total capital assets not being depreciated	159,093,879	56,981,173	-	(76,215,991)	139,859,061
Capital assets being depreciated:					
Land improvements	487,401,088	27,033	-	54,035,963	541,464,084
Buildings and building improvements	258,305,085	-	-	6,324,003	264,629,088
Equipment, furniture and fixtures	114,296,969	347,804	(705,288)	15,856,025	129,795,510
Total capital assets being depreciated	860,003,142	374,837	(705,288)	76,215,991	935,888,682
Less accumulated depreciation:					
Land improvements	(312,636,362)	(18,177,393)	-	(290,150)	(331,103,905)
Buildings and building improvements	(133,365,169)	(12,296,584)	-	290,150	(145,371,603)
Equipment, furniture and fixtures	(57,402,358)	(6,749,857)	705,288	-	(63,446,927)
Total accumulated depreciation	(503,403,889)	(37,223,834)	705,288	-	(539,922,435)
Net capital assets being depreciated	356,599,253	(36,848,997)	-	76,215,991	395,966,247
Net capital assets	$ 515,693,132	$ 20,132,176	$ -	$ -	$ 535,825,308

The amount of construction in progress at June 30, 2017, is attributable to the following:

Long Term Parking Garage-Design	$ 23,387,469
Terminal & Landside Area Programming & Initial Design	10,423,289
Reconstruct Txwy Sierra South	7,848,996
Outbound Load Balancing	3,536,433
Replace Stormwater Pipe Ph 2	3,071,088
Parking Lot Revenue Control System Replacement	2,997,532
Passenger Boarding Bridge Replacements	2,275,558
CNG Fueling Station	1,993,005
Other projects	17,281,408
Total construction in progress	$ 72,814,778

During fiscal year 2017, $89,905,355 of construction in progress was substantially completed and transferred to capital assets as follows:

BNA MRO Hangar Development	$ 33,977,503
Passenger Boarding Bridge Replacement	23,521,429
Improve Stormwater Collection & Treatment System	8,193,277
Reconstruct Txwy Lima & Juliet	7,518,012
ERP Systems Implementation	4,542,240
Air Handling Unit & IAB HVAC Replacement	2,809,302
Radio System Replacement	2,157,336
Other projects	7,186,256
	$ 89,905,355

The amount of construction in progress at June 30, 2016, is attributable to the following:

Improve Stormwater Collection & Treatment	$ 8,153,459
Reconstruct Taxiway Lima & Juliet East	3,930,030
Outbound Load Balancing	3,307,410
BNA MRO Hangar Development	2,933,553
Passenger Loading Bridge Replacement	2,752,554
L/T Parking Garage Design	2,305,131
Other projects	19,508,153
Total construction in progress	$ 42,890,290

During fiscal year 2016, $76,215,991 of construction in progress was substantially completed and transferred to capital assets as follows:

Runway Safety Area (JWN)	$ 26,692,422
Reconstruct Runway 13-31 West	13,917,661
Quarry Geothermal Water	10,499,843
Reconstruct Taxiway Bravo North	6,317,459
Data Center Relocation	2,420,255
Pavement Repairs	2,127,976
Reconstruct Taxiway T3	1,407,796
Jet Bridges Gates B6 & B8	1,009,929
Hangar Repairs	809,419
Other projects	11,013,231
	$ 76,215,991

The Authority capitalized $4,276,656 of net interest cost in fiscal year 2017 and $2,322,126 in fiscal year 2016.

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 16).

The remaining Series 2003B bonds contain serial bonds at interest rates ranging from 5.49% to 5.94%, with annual sinking fund requirements in progressive annual amounts ranging from $545,000 on July 1, 2017, 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, 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 aggregate outstanding principal amount of the Authority's Series 1993 bonds. The purpose of the refunding was to replace the liquidity facility agreement with a direct pay letter of credit. There was no significant economic gain as a result of the refunding. There were no changes to the debt service schedule or other terms of the bonds. The refunding of the Series 1993 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,124,070. This difference, reported in the accompanying financial statements as a 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 $3,400,000 on July 1, 2017, 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 4.125% to 5.25%, maturing in progressive annual amounts ranging from $4,020,000 on July 1, 2017, to $7,970,000 on July 1, 2019. The debt service reserve account and interest earned on that account will be used to pay a portion of the final principal payment on July 1, 2019.

Airport improvement revenue bonds, Series 2010A

During February 2010, the Authority issued Series 2010A bonds in the principal amount of $25,770,000. The bonds were issued to provide funds to refund $25,050,000 aggregate outstanding principal amount of the Authority's Series 2008B bonds and to pay issuance costs. The purpose of the refunding was to replace variable-rate bonds with fixed-rate bonds thereby terminating an interest rate swap with a financial institution. There were no significant changes to the terms of the bonds, and there was no significant economic gain as a result of the refunding.

The refunding of the Series 2008B bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $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 an interest rate of 5%, maturing in the amount $3,835,000 on July 1, 2017.

Special facility revenue bonds (MPC CONRAC LLC Project) Series 2010

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 4.816% to 6.187%, maturing in progressive annual amounts ranging from $2,480,000 on July 1, 2017, to $3,800,000 on July 1, 2024. The CONRAC Series 2010 bonds also contain term bonds of $31,765,000, bearing interest at 6.793% 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 bonds 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% repayment premium of $1,274,700 on the 2001A bonds. This difference, reported as a deferred outflows of resources, was amortized through fiscal year 2017.

The Series 2010B issue matured on July 1, 2015, upon the Authority making the final payment of $16,475,000. The Series 2010C issue contains serial bonds at interest of 3.00%, which matured on July 1, 2016, upon the Authority making the final payment of $1,740,000.

Airport improvement revenue bonds, Series 2015A&B

During December 2015, the Authority issued Series 2015A bonds in the principal amount of $91,855,000 and Series 2015B in the principal amount of $108,145,000, collectively the "Series 2015A&B Bonds". The Series 2015A&B Bonds were issued to finance certain capital improvement at Nashville International and John C. Tune Airport, fund capitalized interest on the Series 2015A&B Bonds, make deposits to the reserve accounts in the Airport Improvement Bond Reserve Fund, and pay certain costs of their issuance. The bonds were issued at a premium of $13,825,131 and $13,078,625 for 2015A and 2015B, respectively. This amount is being amortized through 2045. Interest on the 2015B bonds is treated as a preference item in calculating alternative minimum tax.

Interest on the Series 2015A&B Bonds is payable on each January 1 and July 1, commencing July 1, 2016.

The Series 2015A bonds contain serial bonds at interest rates ranging from 4.00% to 5.00%, maturing in amounts ranging from $1,650,000 on July 1, 2018, to $3,575,000 on July 1, 2035. $20,730,000 of term bonds at 5.00% are due on July 1, 2040, and $26,460,000 of term bonds at 5.00% are due on July 1, 2045.

The Series 2015B bonds contain serial bonds at interest rates ranging from 4.00% to 5.00%, maturing in amounts ranging from $1,530,000 on July 1, 2018, to $4,475,000 on July 1, 2035. $23,525,000 of term bonds at 5.00% are due on July 1, 2040, $17,130,000 of term bonds at 5.00% are due on July 1, 2043, and $12,825,000 of term bonds at 3.875% are due on July 1, 2045.

The Series 2015A&B bonds maturing on and after July 1, 2026, are subject to redemption prior to maturity, at the option of the Authority, at a redemption price equal to the principal amount plus interest to the date of redemption. The first optional call date is July 1, 2025.

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, the "General Resolution") and a nineteenth Supplemental Resolution adopted by the Board on October 21, 2015. 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, and anticipate using PFC funds for approximately $4,400,000 of the Series 2015A 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, 2017 and 2016 (the restricted funds relate primarily to airport bonds and related activity):

	2017	2016
Principal and Interest Funds:		
Airport Improvement Revenue Bonds, Series 2003B	$ 1,438,763	$ 923,717
Airport Improvement Revenue Bonds, Series 2008A	1,702,957	724,837
Airport Improvement Revenue Bonds, Series 2009A	4,392,269	4,313,126
Airport Improvement Revenue Bonds, Series 2010A	3,931,645	3,878,863
Airport Improvement Revenue Bonds, Series 2010C	-	1,026,101
CONRAC Series 2010 Bonds	4,265,505	4,121,529
Airport Improvement Revenue Bonds, Series 2015A	2,229,934	2,403,352
Airport Improvement Revenue Bonds, Series 2015B	2,607,308	2,810,073
Bond Reserve Funds:		
Airport Improvement Revenue Bonds, Series 2009A	3,682,849	3,670,030
Airport Improvement Revenue Bonds, Series 2010A	-	2,591,391
CONRAC Series 2010 Bonds	5,676,912	5,902,231
Airport Improvement Revenue Bonds, Series 2015A	6,149,533	6,121,895
Airport Improvement Revenue Bonds, Series 2015B	7,272,204	7,239,519
Construction Funds:		
PFC accounts	32,930,612	24,619,857
Airport Improvement Revenue Bonds, Series 2009A	284,166	285,302
CONRAC Series 2010 Bonds	51,515	51,495
Airport Improvement Revenue Bonds, Series 2015A	83,407,699	99,225,693
Airport Improvement Revenue Bonds, Series 2015B	56,009,185	108,887,498
CIP Payments Account	19,678	-
Other Funds:		
Various CONRAC accounts	13,568,845	13,803,767
Energy improvement	136,261	136,261
Fiduciary obligations	1,487,508	1,260,152
Other	700,701	669,527
	$ 231,946,049	$ 294,666,216

Airport bond activity for the years ended June 30, 2017 and 2016, is summarized as follows:

2017:

Series Description	Balance July 1, 2016	New Borrowings	Principal Repayment	Refundings	Amortization	Balance June 30, 2017
Series 2003B	$ 14,785,000	$ -	$ -	$ -	$ -	$ 14,785,000
Series 2008A	12,000,000	-	(1,200,000)	-	-	10,800,000
Series 2009A	20,040,000	-	(3,860,000)	-	-	16,180,000
Series 2010A	7,525,000	-	(3,690,000)	-	-	3,835,000
CONRAC Series 2010	58,980,000	-	(2,285,000)	-	-	56,695,000
Series 2010C	1,740,000	-	(1,740,000)	-	-	-
Series 2015A	91,855,000	-	-	-	-	91,855,000
Series 2015B	108,145,000	-	-	-	-	108,145,000
Total	315,070,000	-	(12,775,000)	-	-	302,295,000
Plus unamortized premium	26,648,869	-	-	-	(1,351,874)	25,296,995
	341,718,869	$ -	$(12,775,000)	$ -	$ (1,351,874)	327,591,995
Less current portion	(12,775,000)					(13,735,000)
	$328,943,869					$313,856,995

2016:

Series Description	Balance July 1, 2015	New Borrowings	Principal Repayment	Refundings	Amortization	Balance June 30, 2016
Series 2003B	$ 15,250,000	$ -	$ (465,000)	$ -	$ -	$ 14,785,000
Series 2008A	12,200,000	-	(200,000)	-	-	12,000,000
Series 2009A	23,755,000	-	(3,715,000)	-	-	20,040,000
Series 2010A	11,085,000	-	(3,560,000)	-	-	7,525,000
CONRAC Series 2010	61,070,000	-	(2,090,000)	-	-	58,980,000
Series 2010B	16,475,000	-	(16,475,000)	-	-	-
Series 2010C	4,340,000	-	(2,600,000)	-	-	1,740,000
Series 2015A	-	91,855,000	-	-	-	91,855,000
Series 2015B	-	108,145,000	-	-	-	108,145,000
Total	144,175,000	200,000,000	(29,105,000)	-	-	315,070,000
Plus unamortized premium	787,902	26,903,756	-	-	(1,042,789)	26,648,869
	144,962,902	$226,903,756	$(29,105,000)	$ -	$ (1,042,789)	341,718,869
Less current portion	(29,105,000)					(12,775,000)
	$115,857,902					$328,943,869

Aggregate maturities of the Authority's bonds outstanding at June 30, 2017, 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
2018	$ 14,740,000	$ 15,142,549	$ 29,882,549
2019	14,210,000	14,459,478	28,669,478
2020	18,995,000	13,646,887	32,641,887
2021	7,600,000	13,105,037	20,705,037
2022	8,010,000	12,725,613	20,735,613
2023–2027	47,030,000	57,138,884	104,168,884
2028–2032	58,585,000	44,200,368	102,785,368
2033–2037	32,455,000	28,425,663	60,880,663
2038–2046	100,670,000	28,781,612	129,451,612
	$ 302,295,000	$ 227,626,091	$ 529,921,091

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. 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 approximately $4,608,057. The principal balance outstanding was $4,678,848 and $4,913,833 at June 30, 2017 and 2016, respectively. The note is collateralized by the building. It is the intent of management to pay off the note in November, 2017.

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 approximately $823,302. The principal balance outstanding was $854,840 and $896,179 at June 30, 2017 and 2016, respectively. The note is collateralized by the building. It is the intent of management to pay off the note in April, 2018.

The anticipated aggregate principal and interest maturities of the MPC notes payable are as follows at June 30, 2017:

Year ending June 30,	Principal	Interest	Total
2018	$ 5,533,688	$ 166,754	$ 5,700,442

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, 2017 and 2016, MPC was in compliance with its financial covenants.

Activity with respect to the MPC notes for 2017 and 2016 is as follows:

Description	Balance July 1, 2016	Principal Repayments	Balance June 30, 2017
MPC Note 1 – IBP Loan	$ 4,913,833	$ (234,985)	$ 4,678,848
MPC Note 2 – MPB Loan	896,179	(41,339)	854,840
	$ 5,810,012	$ (276,324)	$ 5,533,688

Description	Balance July 1, 2015	Principal Repayments	Balance June 30, 2016
MPC Note 1 – IBP Loan	$ 5,141,856	$ (228,023)	$ 4,913,833
MPC Note 2 – MPB Loan	936,155	(39,976)	896,179
	$ 6,078,011	$ (267,999)	$ 5,810,012

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.

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 $30,819 and $396,143 at June 30, 2017 and 2016, 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 $1,838,391 and $2,117,419 at June 30, 2017 and 2016, respectively.

In July 2015, the Authority entered into an equipment lease purchase agreement in the amount of $4,300,000 with a financial institution providing for the equipment to be installed in the Geothermal project. The annual interest rate is 2.78%. Principal payments are due annually beginning July 2017; interest payments are due semi-annually beginning January 2016. The final principal and interest payment is due in July 2030. The principal balance outstanding was $4,300,000 at June 30, 2017 and 2016.

The anticipated aggregate principal and interest maturities of the Energy Loans are as follows at June 30, 2017:

Year ending June 30,	Principal	Interest	Total
2018	$ 600,849	$ 147,344	$ 748,193
2019	595,516	133,972	729,488
2020	622,182	120,130	742,312
2021	645,159	105,751	750,910
2022	660,032	90,980	751,012
2023 - 2027	1,701,380	296,598	1,997,978
2028 - 2031	1,344,092	75,595	1,419,687
	$ 6,169,210	$ 970,370	$ 7,139,580

Activity with respect to the Energy Loans for fiscal years 2017 and 2016, is as follows:

Description	Balance July 1, 2016	Principal Additions	Principal Repayments	Balance June 30, 2017
Energy Loan Phase I	$ 396,143	$ -	$ (365,324)	$ 30,819
Energy Loan Phase II	2,117,419	-	(279,028)	1,838,391
Geothermal Loan	4,300,000	-	-	4,300,000
	$ 6,813,562	$ -	$ (644,352)	$ 6,169,210

Description	Balance July 1, 2015	Principal Additions	Principal Repayments	Balance June 30, 2016
Energy Loan Phase I	$ 753,277	$ -	$ (357,134)	$ 396,143
Energy Loan Phase II	2,378,054	-	(260,635)	2,117,419
Geothermal Loan	-	4,300,000	-	4,300,000
	$ 3,131,331	$ 4,300,000	$ (617,769)	$ 6,813,562

BNA credit facility loan agreement

On December 5, 2016, the Authority entered into a Credit Facility Loan Agreement with a financial institution. The Lender has made available to the Authority a non-revolving line of credit in the maximum principal of $100,000,000, the proceeds of which are to be used to finance a portion of the cost of the Authority's capital improvement program, including land acquisition and the acquisition, construction, rehabilitation, replacement, repair, renovation, improvement and reconstruction of terminal, airfield, parking, hanger, roadway, hotel, multi-modal transit facilities and the acquisition of airport equipment and other facilities and improvements as may be necessary and appropriate for the operation of such airport facilities at the Nashville International Airport or John C. Tune. The note shall be payable from, but not secured by, available revenues of the Authority, including, without limitation, various grant funds to be received by the Authority for these projects. The Loan will bear interest at a variable interest rate equal to LIBOR (as adjusted by Lender on the first calendar day of each month) plus 75 basis points per annum, the rate at June 30, 2017 was 1.8005%.

The Credit Facility Loan Agreement will mature on December 4, 2019. During fiscal 2017, draws on this line were $6,129,239 which will be repaid with a bond offering prior to maturity on December 4, 2019. Interest on this Credit Facility during fiscal 2017 was $36,904.

Activity with respect to the BNA Credit Facility Loan Agreement for fiscal Year 2017 is as follows:

Description	Balance July 1, 2016	Principal Additions	Principal Repayments	Balance June 30, 2017
BNA Credit Facility	$ -	$ 6,129,239	$ -	$ 6,129,239

JWN credit facility loan agreement

On June 23, 2015, the Authority entered into a Credit Facility Loan Agreement with a financial institution. The Lender has made available to the Authority a non-revolving line of credit in the maximum principal of $10,000,000, the proceeds of which are to be used solely to pay all or a portion of costs associated with runway and taxiway improvements at the John C. Tune (JWN) Airport. The Note shall be payable from, but not secured by, available revenues of the Authority, including, without limitation, various grant funds to be received by the Authority for these projects. The Loan will bear interest at a variable interest rate equal to LIBOR (as adjusted by Lender on the first calendar day of each month) plus 32 basis points per annum. The Credit Facility Loan Agreement matured on February 1, 2016. During fiscal 2016, draws on this line were $2,638,000 which were paid back during October 2015. Interest on this Credit Facility during fiscal 2016 was $5,255. There were no amounts outstanding under this facility at June 30, 2016.

7. Other Noncurrent Liabilities

Other noncurrent liabilities activity for the years ended June 30, 2017 and 2016, is as follows:

Other Noncurrent Liabilities Description	Balance July 1, 2016	Net Cash Receipts (Prepayments)	Amortization	Change in Derivative Instruments	Balance June 30, 2017
Fair value of derivative financial instruments	$ 1,134,589	$ -	$ -	$ (520,003)	$ 614,586
Unearned rental income	1,828,281	61,263	(34,904)	-	1,854,640
	$ 2,962,870	$ 61,263	$ (34,904)	$ (520,003)	$ 2,469,226

Other Noncurrent Liabilities Description	Balance July 1, 2015	Net Cash Receipts (Prepayments)	Amortization	Change in Derivative Instruments	Balance June 30, 2016
Fair value of derivative financial instruments	$ 1,542,095	$ -	$ -	$ (407,506)	$ 1,134,589
Unearned interest income	67,253	-	(67,253)	-	-
Unearned rental income	1,823,170	40,015	(34,904)	-	1,828,281
	$ 3,432,518	$ 40,015	$ (102,157)	$ (407,506)	$ 2,962,870

8. Derivative Financial Instruments

The Authority maintained a pay-fixed, receive-variable interest rate swap agreement during 2017 and 2016, in order to manage its exposure to market risk from fluctuations in interest rates.

2008A interest rate swap agreement

During 2008, in connection with the refunding of the Authority's Series 1993 bonds with the Series 2008A bonds, the Authority's 1993 Swap Agreement was transferred from the 1993 bonds to the 2008A bonds. All the terms of the 1993 Swap Agreement, now the "2008A Swap Agreement," remained intact and apply to the Series 2008A bonds. In general, the 2008A Swap Agreement 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.

The fair value of the interest rate swap agreement was a liability of $614,586 and $1,134,589 at June 30, 2017 and 2016, respectively. Other details of the interest rate swap are as follows:

Description	Notional Amount June 30, 2017	Maturity Date	Terms	Counterparty Credit Rating Moody's / S&P
2008A Swap	$ 10,800,000	7/1/2019	pay 4.49% fixed; receive SIFMA	A2/A

The fair value of the interest rate swap is recorded in noncurrent liabilities in the statements of net position. Changes in the fair value of the interest rate swap are included in nonoperating revenues (expenses) in the statement of 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, 2017 or 2016. The Authority relies primarily on the credit rating of the counterparty to assess 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 to the counterparty 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 are, in certain circumstances, based on a rate or an index other than interest rates the Authority pays on its hedged variable-rate debt.

Termination risk

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

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

9. Passenger Facility Charges

On January 1, 1993, the airlines began collecting a Passenger Facility Charge ("PFC") on qualifying enplaning passengers at Nashville International Airport on behalf of the Authority. PFCs are fees imposed on enplaning passengers by airports to finance eligible airport-related projects that preserve or enhance safety, capacity, or security of the national air transportation system, reduce noise from an airport that is part of such system, or furnish opportunities for enhanced competition between or among air carriers. Both the fee and intended projects must be reviewed and approved by the 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 2017 and 2016 totaled $25,982,494 and $23,735,979, respectively.

Effective September 2010, the Authority was allowed to collect a $3.00 PFC per enplaning passenger. In May 2015, the Authority began collecting at a $4.50 PFC per enplaning passenger. The Authority anticipates remaining at this $4.50 collection level. The following project summary has been approved by the FAA as of June 30, 2017:

Airfield development	$ 240,359,271
Terminal development	173,382,816
Land acquisition	21,260,411
	$ 435,002,498

As of June 30, 2017, cumulative expenditures to date on approved PFC projects totaled $311,962,183.

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 is a $4.50 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). The Authority can use CFCs collected in excess of the various refunded funds for any lawful purpose. CFC revenue during fiscal years 2017 and 2016 totaled $13,561,430 and $12,956,481, respectively. CFC revenue is reported as non-operating revenues.

The Authority is leasing the facility to MPC CONRAC LLC under a lease agreement and is 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 $22,873,353 and $22,511,541 at June 30, 2017 and 2016, 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 June 30, 2017 and 2016 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, 2017 and 2016 was $4,885,000 and $5,185,000, 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 fiscal year 2015, the Authority entered into a new Signatory Airline Use and Lease Agreement with a term from July 1, 2015 to June 30, 2022 (the "New Airline Agreement") with American Airlines, Delta Air Lines, Southwest Airlines and United Airlines. As more fully described below, the New Airline Agreement replaces, and is substantially different from, the Authority's prior Amended and Restated Lease Agreements (the "Prior Airline Agreements") which were scheduled to expire on September 30, 2017.

The Prior Airline Agreements were "residual" in nature, pursuant to which the signatory airlines generally provided for break-even financial operation of the Nashville International Airport (the "Airport"), including the full recovery on a cost center basis of debt service on Majority-in-Interest (MII) approved capital improvement projects, including any coverage amount necessary to meet any rate covenant under the documents providing for the issuance of revenue bonds and any amount required to be deposited to any bond reserve fund under such documents.

The New Airline Agreements establish three cost centers for the purpose of determining rates and charges payable by the signatory airlines and other users of Airport facilities: Airfield, Terminal, and Terminal Ramp Area. Baggage and passenger loading bridge fees are also assessed. The New Airline Agreements have a "hybrid" airline rate-setting methodology with Landing Fees calculated on a residual basis (as described below); whereas, Terminal Rental Rates (as described below) and Terminal Ramp Area rates are compensatory. Other than the Airfield, the signatory airlines are not required to provide for break-even financial operation of the Airport per the New Airline Agreements.

Landing Fees under the New Airline Agreements are calculated on a primarily residual basis. Capital cost allocable to the Airfield, including debt service on Bonds, may be included in the calculation of the Landing Fees with MII approval. While debt service on Bonds allocable to the Airfield may be included in the Landing Fees, the New Airline Agreements do not permit inclusion in the Landing Fees of coverage on Bonds allocable to the Airfield or any amount required for replenishing the Airport Improvement Bond Reserve Fund Requirement allocable to such Bonds.

The Terminal Rental Rate under the New Airline Agreements is calculated on a compensatory basis with fixed rates. There is no provision in the New Airline Agreements for increasing the Terminal Rental Rate to provide for the payment of debt service on Outstanding or Additional Bonds, as defined, allocable to the Terminal or coverage on such Bonds or any amount required to replenish the Airport Improvement Bond Reserve Fund Requirement allocable to such Bonds. However, it should be noted that when the fixed Terminal Rental Rates were established, the Authority assumed allowances for Outstanding Bonds, the funding of its approximately $150.3 million capital improvement program for the Terminal from various sources including the debt service on Additional Bonds required to support approximately $66.5 million of projects costs, and typical Operation and Maintenance Expense escalations. With limited exceptions, there is no provision in the New Airline Agreements for increasing the Terminal Rental Rates for payment of debt service on Additional Bonds or increases in Operations and Maintenance Expenses, greater than modeled and assumed.

Additionally, other than revenues allocable to the Airfield and the sharing with airlines a portion of revenues from in-terminal concessions and rental car concessions, the Authority is permitted to retain all other revenues. Under the Prior Airline Agreements, the residual nature of the agreement obligated the Authority to share these revenues as offsets to lower airline rates and charges.

Except as provided in the next succeeding paragraph, there is no provision in the New Airline Agreements for including debt service on Outstanding or Additional Bonds in airline rates and charges for Bonds issued for other Airport improvements not included in the Airfield or Terminal cost centers with or without MII approval.

Debt service on Bonds allocable to the acquisition of Passenger Loading Bridges or for Baggage Claim Equipment, Baggage Make-up Equipment and the Baggage Claim Areas may be included in the Passenger Loading Bridge fees or baggage fees that may be imposed under the New Airline Agreements without MII approval. There is no provision in the New Airline Agreements for increasing the Passenger Loading Bridge fees or baggage fees to provide for coverage on such Bonds or any amount required to replenish the Airport Improvement Bond Reserve Fund Requirement allocable to such Bonds. Debt Service on Bonds allocable to capital improvements in the Terminal Ramp Area may be included in the Terminal Ramp Area rate without MII approval. There is no provision in the New Airline Agreements for increasing the Terminal Ramp Area rate to provide for coverage on such Bonds or any amount required to replenish the Airport Improvement Bond Reserve Fund Requirement allocable to such Bonds.

Debt service on Bonds that are not allocated to Airfield improvements or the acquisition of Passenger Loading Bridges, as well as coverage or amounts required to replenish the Airport Improvement Bond Reserve Fund Requirement allocable to any Bonds, must be paid from sources other than signatory airlines rates and charges, which would principally be the Authority’s share of in-terminal concession revenues, rental car concessions, parking fees, and other non-airline lease revenues. Under the New Airline Agreement, the Authority shares a portion of in-terminal concession and rental car concession revenue with the signatory airlines by means of revenue sharing credits. The Authority does not share parking fees with the signatory airlines.

The Authority is obligated under the New Airline Agreements to undertake $250,312,000 of capital improvement projects that may not be funded through rates and charges to be paid by signatory airlines. It is anticipated that a large portion of the capital improvement project costs will be funded from sources other than rates and charges to be paid by signatory airlines (e.g. Federal and state grants, Passenger Facility Charges (PFCs), Authority net revenues, and new, additional non-airline revenues). Principal amount of Bonds allocable to the funding of capitalized interest are not counted toward these requirements.

The New Airline Agreements provide signatory airline support for John C. Tune Airport, including the inclusion of certain Reliever Airport Support Costs in the Landing Fees and the use of amounts in the Operations and Maintenance Reserve Fund to pay Operating Expenses at John C. Tune Airport. It is anticipated that John C. Tune Airport will be included in the definition of Airport under the Master Resolution, with the effect of including Operating Expenses attributable to John C. Tune Airport in amounts which must be paid for by Airport Revenues from the Operating Fund and included in rate covenant calculation purposes.

The Authority also owns 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 New Airline Agreements do not provide any signatory airline support for MPC. MPC financial obligations are not included within the Master Resolution, and any MPC shortfalls or deficits must be paid from other available Authority funds.

It is anticipated that changes will be made to the Master Resolution to, among other things, accommodate the provisions of the New Airline Agreements.

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 non-incremental claims adjustment expenses.

The following summarizes the changes in the estimated claims payable liability at June 30:

	2017	2016
Balance - Beginning of year	$ 350,469	$ 306,697
Provision for incurred claims	4,327,051	4,283,611
Claim payments	(4,203,238)	(4,239,839)
Balance - End of year	$ 474,282	$ 350,469

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. Compensated Absences

Compensated absences

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 2017 and 2016, employees sold back $217,866 and $198,638 of their annual leave balances to the Authority in exchange for cash. Additional payments of $121,156 and $198,477 were made to employees who left employment with the Authority during the years ended June 30, 2017 and 2016, respectively. The change in accrued compensated absences balance is charged to salaries and wages expense.

The following summarizes the changes in the compensated absences liability at June 30, which is included in accrued payroll and related items on the statements of net position:

	2017	2016
Balance - Beginning of year	$ 2,157,615	$ 2,070,408
Provision for compensated absences	1,920,218	1,828,628
Annual leave used	(1,583,185)	(1,344,306)
Annual leave buy-back and other	(339,022)	(397,115)
Balance - End of year	$ 2,155,626	$ 2,157,615

15. Commitments and Contingencies

Uncompleted construction contracts

Estimated costs of completion of construction in progress at June 30, 2017, total $50,023,674 and relate to various projects. The estimated costs to complete construction in progress are anticipated to be received from the following sources:

Reimbursed by governmental agencies, grant contracts	$ 2,972,055
Reimbursed from PFC funds	12,127,477
Reimbursed from CFC funds	50,000
Funded by the Authority	34,874,142
	$ 50,023,674

Environmental remediation

On October 9, 2012, the Authority entered into a Consent Order with the Tennessee Department of Environment and Conservation in response to a routine inspection which identified that a local area stream had been contaminated by untreated de-icing chemicals. In the Consent Order, the Authority was assessed a penalty of $22,500; and it was determined that Natural Resource Damages in the amount of $218,520 exist. In lieu of payment, the Authority proposed to upgrade its de-icing fluid collection and treatment system. Multiple projects, worth over $7,000,000, have been undertaken. The upgrades divert uncontaminated storm water away from the treatment system so that only storm water containing deicer fluid is collected for treatment. This allows for additional fluid storage and improves the treatment system process by systematically feeding the fluids to the biological treatment lagoon. At this point, the Authority believes it has resolved all requirements of the consent order and is in the process of requesting that it be closed. The Authority continues to perform monitoring and reporting to the Tennessee Department of Environment and Conservation.

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.

16. Retirement Benefit Plan

General information about the pension plan

Plan description

Effective September 1, 1989, the Metropolitan Nashville Airport Authority (the "Authority") adopted a single-employer public employee retirement system ("PERS") for its employees, whereby the net position restricted for benefits relative to the Authority's employees were transferred from the retirement system of the Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") to the Metropolitan Nashville Airport Authority Retirement Plan for Employees. Those net assets transferred from the Metropolitan Government's retirement system to the Plan included accumulated employee contributions and allocated investment income. The Plan is a defined benefit pension plan.

The Plan is administered by management of the Authority and is governed by a Retirement Committee (the "Committee"). The Committee members are appointed by the Authority. At June 30, 2017, the Committee consists of 7 voting members, three of whom are active Authority senior management, four of whom are active Authority employees and members of the Plan. Non-voting members of the Committee consist of an Advisor Member (vacant), and the Authority's paralegal, cash manager and assistant vice president of finance.

Benefits provided

Eligible employees become 100% vested in their accrued pension benefit after 5 years of credited service and may elect to retire at any time after age 65 (or after age 55 for safety and security employees with completion of 10 years of service).

The employees who retire at or after age 65 (55 for safety and security employees) are entitled to a retirement benefit, payable monthly for life, equal to one-twelfth of the product of 2% of average earnings multiplied by years of credited service. Average earnings are the average of annual earnings for the five full consecutive calendar years in which earnings were the highest or for such lesser number of full calendar years of service as have been actually completed. Credited service is the total number of years and completed one-half months of service from the date of hire to date of termination, adjusted for some certain periods of unpaid absence. Certain supplemental benefits have been provided for in the Plan as incentives for certain prior officers of the Authority.

Early retirement under the Plan is retirement from service prior to the participant's normal retirement date and on or after the date as of which the participant has attained both the age of 55 years and completed 5 years of vesting service. A participant classified as a safety and security employee is eligible for early retirement on or after the date as of which such employee has attained both the age of 50 years and completed 5 years of vesting service. Participants electing early retirement, as defined above, receive reduced benefits immediately or may defer and receive full benefits at normal retirement age. There are also certain benefit provisions upon death or disability.

Changes to the Plan, including benefits provided thereunder can be made only by formal resolutions of the Authority's Board of Commissioners. Additionally, cost-of-living adjustments are made only as approved by the Board of Commissioners. 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.

Employees covered by benefit terms

At June 30, 2017, the following employees were covered by the benefit terms:

Retired	148
Deferred vested	48
Active vested	111
	307

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.

Contributions

The Plan is non-contributory for employees; accordingly, no contributions shall be required or permitted to be made by plan participants. The Authority's Board of Commissioners has approved a funding plan which establishes the expected employer contributions to the Plan through fiscal year 2022. In determining the funding plan, the Authority considers the actuarially determined contribution, as recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan participants, with an additional amount to finance the net pension liability.

Net pension liability/asset

The Authority's net pension liability/asset was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%, compounded annually
Salary increases	4.00% per annum, compounded annually
Investment rate of return	7.50% per annum, compounded annually, net of pension plan investment expense and inflation

Mortality rates were based on the RP-2014 Generational Mortality Table for Males and Females, as applicable, with adjustments for mortality improvements based on Scale MP-2016.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Small Cap	5.20%	8.00%
Domestic Equity - Large Cap	34.45%	6.65%
Domestic Equity - Mid Cap	9.10%	7.50%
International Equity	16.25%	7.15%
Fixed Income	32.00%	1.00%
Cash	3.00%	0.25%

Discount rate

The discount rate used to measure total pension liability is 7.50%, compounded annually. The Authority's Board of Commissioners has approved the funding policy, as described in the contributions section above. The Authority intends to make contributions under the funding plan, as required to keep the Plan solvent, and to meet the minimum funding requirements of the State of Tennessee. Having a formal funding policy and statutory contributions in the future supports the position that the Plan's fiduciary net position will remain positive in the future. Accordingly, the long-term rate of return on investment assets has been used as the discount rate for all future periods.

Changes in the net pension liability

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 7/1/16	$ 59,761,297	$ 53,222,359	$ 6,538,938
Changes for the year:			
Service cost	741,608	-	741,608
Interest	4,482,097	-	4,482,097
Difference between expected and actual experience	(1,259,978)	-	(1,259,978)
Changes of assumptions	(616,820)	-	(616,820)
Contributions – Employer	-	5,160,905	(5,160,905)
Net investment income	-	6,771,977	(6,771,977)
Benefits paid	(2,839,298)	(2,839,298)	-
Net changes	507,609	9,093,584	(8,585,975)
Balances at 6/30/17	$ 60,268,906	$ 62,315,943	$ (2,047,037)

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances at 7/1/15	$ 54,275,949	$ 43,654,461	$ 10,621,488
Changes for the year:			
Service cost	679,217	-	679,217
Interest	4,342,076	-	4,342,076
Difference between expected and actual experience	537,929	-	537,929
Changes of assumptions	2,516,013	-	2,516,013
Contributions – Employer	-	11,951,995	(11,951,995)
Net investment income	-	205,790	(205,790)
Benefits paid	(2,589,887)	(2,589,887)	-
Net changes	5,485,348	9,567,898	(4,082,550)
Balances at 6/30/16	$ 59,761,297	$ 53,222,359	$ 6,538,938

Changes in assumption primarily relate to updated mortality table information and a reduced discount rate.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

Sensitivity of the net pension liability to changes in the discount rate

The following represents the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
Net pension liability	$ 4,611,923	$ (2,047,037)	$ (7,716,215)

Pension plan fiduciary net position

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. Detailed information about the pension plan's fiduciary net position is available in this separately issued financial report. That report may be obtained by writing to Metropolitan Nashville Airport Authority, One Terminal Drive, Suite 501, Nashville, Tennessee, 37214, or by calling (615) 275-1600.

For the years ending June 30, 2017 and 2016, the Authority recognized pension expense of $2,770,608 and $3,944,339, respectively. At June 30, 2017 and 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience gains or losses	$ 179,309	$ 839,985
Change of assumption	838,671	411,213
Net difference between projected and actual earnings on investments	291,043	-
Total	$ 1,309,023	$ 1,251,198

	June 30, 2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience gains or losses	$ 673,442	$ -
Change of assumption	2,499,611	-
Net difference between projected and actual earnings on investments	3,080,450	-
Total	$ 6,253,503	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2017, will be recognized in pension expense as follows:

Year Ended June 30,	
2018	$ 488,548
2019	(85,638)
2020	193,563
2021	(538,648)
2022	-
Thereafter	-

17. Other Postemployment Benefits (OPEB)

The Authority voluntarily provides postemployment healthcare benefits to certain eligible employees who retire under either the Authority's PERS or the Metropolitan Government's PERS.

For retirees under 65, 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 $14,000 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, 27 under 65 retirees and 12 under 65 retiree spouses/dependents are receiving OPEB benefits. The monthly contribution requirements for participants in the Authority's medical plan range from $83.95 (single "Core Wellness" premium) to $509.23 (family "Core Plus" non-well premium). The Authority decided it would not provide postemployment benefits to any 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 Authority does not issue separate financial statements for postemployment benefits.

The Authority's annual OPEB cost, percentage of annual OPEB cost contributed, and the net OPEB obligation for 2017, 2016, and 2015 are as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$ 2,319,474	344.2%	$ 20,973,724
2016	1,915,044	102.5%	26,637,323
2015	2,284,474	90.1%	26,686,104

The following table summarizes the changes in the Authority's OPEB obligation for the years ended June 30, 2017 and 2016:

	2017	2016
Annual OPEB cost:		
Annual required contribution	$ 2,764,505	$ 2,360,890
Plus: Interest on the net OPEB obligation	1,065,493	1,067,444
Less: Amortization on the net OPEB obligation	(1,510,524)	(1,513,291)
Annual OPEB cost	2,319,474	1,915,043
Contributions made	(7,983,073)	(1,963,824)
Increase in the net OPEB obligation	(5,663,599)	(48,781)
Net OPEB obligation:		
Beginning of year	26,637,323	26,686,104
End of year	$ 20,973,724	$ 26,637,323

The Authority's contributions to the OPEB Trust during fiscal years 2017 and 2016 totaled $1,191,983 and $963,824, respectively. The amount contributed during fiscal years 2017 and 2016 included $6,791,090 and $1,000,000 respectively to an OPEB Trust to fund plan assets as further described below.

The funded status of the OPEB Trust as of the biennial actuarial valuation date, July 1, 2017, is detailed below:

Actuarial accrued liability (a)	$ 33,598,342
Actuarial value of plan assets (b)	7,499,929
Unfunded actuarial accrued liability (a) - (b)	$ 26,098,413
Funded ratio (b) / (a)	22.3%
Covered payroll (c)	$ 16,792,985
Unfunded actuarial accrued liability as a percentage of covered payroll [(a) - (b)] / (c)	155.4%

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 $6,791,090 and $1,000,000 in contributions to the OPEB Trust during fiscal years 2017 and 2016, respectively. These contributions were considered in the July 1, 2017 and 2015 biennial actuarial valuations, respectively.

Actuarial valuations of an ongoing postemployment benefits 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 multiyear trend information about whether the actuarial value of Trust 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 postemployment benefits (the plan as understood by the employer and retirees) 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 retirees 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, 2017, biennial 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 12 years for 2017
Inflation rate	5%; dental and vision per year
Mortality	RP-2014 Combined mortality table under projection scale MP-2016
Retirement rates	Varying rates beginning with 5% at age 50 to 100% retirement at age 65

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

As part of the OPEB actuarial evaluation on July 1, 2013, which was effective for the Authority's 2014 fiscal year, certain changes to the OPEB Trust were considered, including the following: The Authority adopted an Employer Group Waiver Plan (EGWP) for post-65 retiree pharmacy benefits effective January 1, 2014. Additionally, the Authority adopted certain post-65 stop loss coverage. In the July 1, 2017, biennial valuation, for the Authority's fiscal years 2016 and 2017, these changes in assumptions increased the unfunded accrued liability by approximately $4.4 million.

Effective January 1, 2017, MNAA offered a Medicare Supplement Plan. Retirees and spouses (post 65) had the option to enroll in the Medicare Supplement Core or Core Plus plans through AmWINS Group Benefits if they desired to continue coverage through MNAA. If they desired not to enroll in MNAA supplemental plans they have the option to enroll in the individual Market Medicare Plans.

MNAA makes a monthly contribution of $250 for each participant (retiree and spouse) in a Health Reimbursement Account (HRA). These contributions are to be used toward the monthly premiums of those who have elected MNAA plans or an individual market plan.

The account reimburses the participant for their individual medical, dental, or vision premiums along with out of pocket health care expenses such as copays, deductibles, coinsurance, etc.

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 $14,000 life insurance policy on each retiree. As of June 30, 2017 and 2016, there were 10 and 16 retirees, respectively, receiving benefits under the PERS. During the years ended June 30, 2017 and 2016, payments of $66,026 and $71,316, respectively, were made to the Metropolitan Government for postemployment benefits under this PERS.

18. Defined Contribution Plans

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, which is administered by a third party, ICMA-RC Services LLC. 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). Employer contributions vest after six months of employment. Any forfeitures are refunded to the Authority. Amounts contributed by the Authority to the deferred compensation plan were $906,450 and $949,871 in 2017 and 2016, respectively. Employees contributed through payroll deductions to the plan $1,331,853 and $1,343,795 in 2017 and 2016, respectively.

During May 2013, the Board of Commissioners approved an additional 401(a) defined contribution retirement plan, which is administered by a third party, ICMA-RC Services LLC. 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 16. All contributions by the Authority are discretionary, and vest after three years of employment. Any forfeitures are refunded to the Authority. Amounts contributed by the Authority to the deferred retirement compensation plan were $939,164 and $939,781 in 2017 and 2016, respectively.

19. 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 $1,422,537 and $1,457,441 at June 30, 2017 and 2016, respectively, and is included in unearned rental 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.

20. Major Customers

The largest airline serving Nashville International Airport accounted for approximately 53.8% and 55.8% of the total enplanements of 6,790,099 and 6,141,092 in fiscal years 2017 and 2016, respectively.

21. Capital Contributions

The Authority has recognized capital contributions by means of federal and state grants and other agreements as follows:

	2017	2016
Federal grants	$ 6,839,041	$ 18,250,935
State grants	7,710,170	9,627,579
In-kind contributions	3,580	884,764
	$ 14,552,791	$ 28,763,278

22. Financial Instruments Reported at Fair Value

Disclosures concerning financial instruments that are reported at fair value are presented below. Fair value has been determined based on the Authority's assessment of available market information and appropriate valuation methodologies. The following table summarizes fair value disclosures and measurements at June 30, 2017 and 2016:

		Fair Value Measurements at Reporting Date Using		
June 30, 2017:	Fair Value	Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents:				
Money market mutual funds	$ 167,799,151	$ 167,799,151	$ -	$ -
Commercial Paper	19,080,017	-	19,080,017	-
Investments:				
U.S. agencies	1,698,000	-	1,698,000	-
Derivative financial instrument – interest rate swap	614,586	-	614,586	-

		Fair Value Measurements at Reporting Date Using		
June 30, 2016:	Fair Value	Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents:				
Money market mutual funds	$ 236,653,417	$ 236,653,417	$ -	$ -
Commercial Paper	19,161,339	-	19,161,339	-
Investments:				
U.S. agencies	1,723,000	-	1,723,000	-
Derivative financial instrument – interest rate swap	1,134,589	-	1,134,589	-

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

Cash equivalents and investments

Fair value is estimated based upon quoted market prices, where available, and on Level 2 inputs (Note 3).

Derivative financial instruments

The fair value is estimated using pricing models that include observable inputs of these instruments (Note 8).

The fair value presented herein is based on pertinent information available to management as of June 30, 2017 and 2016. Although management is not aware of any factors that would significantly affect fair value amounts, future events or other valuation techniques for determining fair value may differ significantly from the amounts presented herein.

23. 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 Airport, John C. Tune, and MNAA Properties Corporation.

	June 30, 2017			
	Airports		Blended Component Unit	
	Nashville International Airport	John C. Tune Airport	MNAA Properties Corporation [(1)]	Total
Condensed statements of net position:				
Assets:				
Current assets	$ 183,531,230	$ 1,874,866	$ 5,377,260	$ 190,783,356
Restricted cash and cash equivalents	176,173,193	-	-	176,173,193
Capital assets, net	571,097,346	38,583,255	7,381,202	617,061,803
Net pension asset	2,047,037	-	-	2,047,037
Other assets	365,056	56,679	450,250	871,985
Total assets	933,213,862	40,514,800	13,208,712	986,937,374
Deferred outflows of resources	1,695,214	-	-	1,695,214
Total assets and deferred outflows of resources	$ 934,909,076	$ 40,514,800	$ 13,208,712	$ 988,632,588
Liabilities:				
Current liabilities	$ 53,793,374	$ 87,809	$ 5,663,661	$ 59,544,844
Noncurrent liabilities	348,868,548	43,336	85,661	348,997,545
Total liabilities	402,661,922	131,145	5,749,322	408,542,389
Deferred inflows of resources	1,251,198	-	-	1,251,198
Net position:				
Net investment in capital assets	401,202,163	38,639,935	1,847,513	441,689,611
Restricted for:				
Net pension asset	2,047,037	-	-	2,047,037
Passenger facility charge projects and debt service	36,397,922	-	-	36,397,922
Customer facility charge projects and debt service	20,415,352	-	-	20,415,352
Debt service and other	21,898,604	-	-	21,898,604
Total restricted net position	80,758,915	-	-	80,758,915
Unrestricted net position	49,034,878	1,743,720	5,611,877	56,390,475
Total net position	530,995,956	40,383,655	7,459,390	578,839,001
Total liabilities, deferred inflows of resources, and net position	$ 934,909,076	$ 40,514,800	$ 13,208,712	$ 988,632,588
Condensed statements of revenues, expenses, changes in net position:				
Operating revenues	$ 124,093,097	$ 846,062	$ 3,157,062	$ 128,096,221
Operating expenses	74,999,417	726,173	1,599,079	77,324,669
Provision for depreciation	36,142,178	2,054,310	783,470	38,979,958
Operating income (loss)	12,951,502	(1,934,421)	774,513	11,791,594
Nonoperating revenues (expenses)	29,829,459	863,453	(170,591)	30,522,321
Net capital contributions	14,059,698	493,093	-	14,552,791
Increase in net position	56,840,659	(577,875)	603,922	56,866,706
Net position, beginning of year	474,155,297	40,961,530	6,855,468	521,972,295
Net position, end of year	$ 530,995,956	$ 40,383,655	$ 7,459,390	$ 578,839,001
Condensed statements of cash flows:				
Cash flows from operating activities	$ 49,779,684	$ 776,029	$ 1,982,920	$ 52,538,633
Cash flows from noncapital financing activities	(867,378)	-	-	(867,378)
Cash flows from capital and related financing activities	(85,633,583)	457,749	(866,243)	(86,042,077)
Cash flows from investing activities	755,198	-	-	755,198
Increase (decrease) in cash and cash equivalents	(35,966,079)	1,233,778	1,116,677	(33,615,624)
Cash and cash equivalents, beginning of year	381,194,320	744,300	4,194,394	386,133,014
Cash and cash equivalents, end of year	$ 345,228,241	$ 1,978,078	$ 5,311,071	$ 352,517,390

[(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; therefore, it is integrated with the Airport for reporting purposes.*

	June 30, 2016			
	Airports		Blended Component Unit	
	Nashville International Airport	John C. Tune Airport	MNAA Properties Corporation [1]	Total
Condensed statements of net position:				
Assets:				
Current assets	$ 148,312,226	$ 1,048,915	$ 4,165,132	$ 153,526,273
Restricted cash and cash equivalents	247,989,248	-	-	247,989,248
Capital assets, net	488,102,088	39,976,018	7,747,202	535,825,308
Other assets	397,985	56,680	1,381,004	1,835,669
Total assets	884,801,547	41,081,613	13,293,338	939,176,498
Deferred outflows of resources	6,962,726	-	-	6,962,726
Total assets and deferred outflows of resources	$ 891,764,273	$ 41,081,613	$ 13,293,338	$ 946,139,224
Liabilities:				
Current liabilities	$ 46,736,247	$ 80,247	$ 833,185	$ 47,649,679
Noncurrent liabilities	370,872,729	39,836	5,604,685	376,517,250
Total liabilities	417,608,976	120,083	6,437,870	424,166,929
Deferred inflows of resources	-	-	-	-
Net position:				
Net investment in capital assets	377,207,477	40,032,698	1,937,191	419,177,366
Restricted for:				
Passenger facility charge projects and debt service	27,236,690	-	-	27,236,690
Customer facility charge projects and debt service	20,848,620	-	-	20,848,620
Debt service and other	22,868,801	-	-	22,868,801
Total restricted net position	70,954,111	-	-	70,954,111
Unrestricted net position	25,993,709	928,832	4,918,277	31,840,818
Total net position	474,155,297	40,961,530	6,855,468	521,972,295
Total liabilities, deferred inflows of resources, and net position	$ 891,764,273	$ 41,081,613	$ 13,293,338	$ 946,139,224
Condensed statements of revenues, expenses, changes in net position:				
Operating revenues	$ 112,946,407	$ 708,636	$ 2,534,475	$ 116,189,518
Operating expenses	74,206,682	689,613	1,575,896	76,472,191
Provision for depreciation	34,952,951	1,519,971	750,912	37,223,834
Operating income (loss)	3,786,774	(1,500,948)	207,667	2,493,493
Nonoperating revenues (expenses)	27,338,147	372,647	(179,126)	27,531,668
Net capital contributions	14,054,704	14,708,574	-	28,763,278
Increase in net position	45,179,625	13,580,273	28,541	58,788,439
Net position, beginning of year	428,975,672	27,381,257	6,826,927	463,183,856
Net position, end of year	$ 474,155,297	$ 40,961,530	$ 6,855,468	$ 521,972,295
Condensed statements of cash flows:				
Cash flows from operating activities	$ 40,803,749	$ (3,680,169)	$ 1,099,040	$ 38,222,620
Cash flows from noncapital financing activities	(1,356,651)	-	-	(1,356,651)
Cash flows from capital and related financing activities	206,138,021	3,160,913	(1,046,830)	208,252,104
Cash flows from investing activities	9,912,289	-	-	9,912,289
Increase (decrease) in cash and cash equivalents	255,497,408	(519,256)	52,210	255,030,362
Cash and cash equivalents, beginning of year	125,696,912	1,263,556	4,142,184	131,102,652
Cash and cash equivalents, end of year	$ 381,194,320	$ 744,300	$ 4,194,394	$ 386,133,014

[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; therefore, it is integrated with the Airport for reporting purposes.*

Required Supplementary Information

Metropolitan Nashville Airport Authority
Comprehensive Annual Financial Report

This section contains the following subsections:

Schedule of Changes in Net Pension Liability

Schedule of Contributions

Schedule of Funding Progress

Schedule Of Changes In Net Pension Liability

Year Ended June 30 For Each Of The Years Presented

	2017	2016	2015	2014
Total pension liability:				
Service cost	$ 741,608	$ 679,217	$ 645,437	$ 845,864
Interest	4,482,097	4,342,076	3,987,395	3,521,317
Changes of benefit terms		-	-	-
Differences between expected and actual experience	(1,259,978)	537,929	677,000	356,625
Changes of assumptions	(616,820)	2,516,013	1,676,218	3,581,969
Benefit payments	(2,839,298)	(2,589,887)	(2,552,544)	(2,479,800)
Net change in total pension liability	507,609	5,485,348	4,433,506	5,825,975
Total pension liability - beginning	59,761,297	54,275,949	49,842,443	44,016,468
Total pension liability - ending (a)	$ 60,268,906	$ 59,761,297	$ 54,275,949	$ 49,842,443
Plan fiduciary net position:				
Contributions - employer	$ 5,160,905	$ 11,951,995	$ 8,000,000	$ 8,000,000
Net investment income	6,771,977	205,790	1,428,204	4,574,509
Benefit payments	(2,839,298)	(2,589,887)	(2,552,544)	(2,479,800)
Net change in plan fiduciary net position	9,093,584	9,567,898	6,875,660	10,094,709
Plan fiduciary net position - beginning	53,222,359	43,654,461	36,778,801	26,684,092
Plan fiduciary net position - ending (b)	$ 62,315,943	$ 53,222,359	$ 43,654,461	$ 36,778,801
Authority's net pension liability/asset - ending (a) - (b)	$ (2,047,037)	$ 6,538,938	$ 10,621,488	$ 13,063,642
Plan fiduciary net position as a percentageof the total pension liability	103.4%	89.1%	80.4%	73.8%
Covered-employee payroll	$ 8,493,682	$ 8,497,486	$ 8,078,834	$ 7,895,716
Net pension liability as a percentage of covered-employee payroll	-24.1%	77.0%	131.5%	165.5%

Notes to Schedule

Change in assumptons

Effective June 30, 2017, the mortality table was changed from the RP-2014 Generational Mortality Table for Males and Females with improvement Scale MP-2015 to the RP-2014 Generational Mortality table for Males and Females with Improvement Scale MP-2016.

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

Schedule Of Contributions

Year Ended June 30 For Each Of The Years Presented

	2017	2016	2015	2014
Actuarially determined contribution	$ 1,101,679	$ 1,652,788	$ 2,165,146	$ 2,667,945
Contributions in relation to the actuarially determined contribution	5,160,905	11,951,995	8,000,000	8,000,000
Contribution deficiency (excess)	$ (4,059,226)	$ (10,299,207)	$ (5,834,854)	$ (5,332,055)
Covered-employee payroll	$ 8,493,682	$ 8,497,486	$ 8,078,834	$ 7,895,716
Contributions as a percentage covered-employee payroll	60.8%	140.7%	99.0%	101.3%

Notes to Schedule

Actuarily determined contribution rates are based on the most recent valuation date, which was June 30, 2017. Methods and assumptions used to determine contribution rates are as follows:

Actuarial valuation method	Entry age normal
Asset valuation method	Fair market value for Statement No. 67 and Statement No. 68 Fair market value is based on quoted market prices
Amortization method	Level Dollar
Amortization period	For Statement No. 68 as of June 30, 2016 and June 30, 2017 investment gains or losses are amortized over 5 years. Experience gains or losses are amortized over the average working lifetime of all participants which for the current period is 3 years. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.
Inflation	2.25%, per annum, compounded annually
Salary increases	4%, per annum, compounded annually
Investment rate of return	7.5%, per annum, compounded annually
Discount rate	7.5%, per annum for funding purposes
Retirement age	Estimated experience for general employees (10% at age 55, 40% at age 62, and 50% at age 65) Normal retirement age of 55 with 10 years of service, but no later than 65, for public safety employees
Mortality	RP-2014 Generational Mortality Table with rates projected using Scale MP-2016

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

SCHEDULE OF FUNDING PROGRESS

OPEB TRUST:

Actuarial Valuation Date (biennial)		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, 2012	$	1,053,287	$	59,473,329	$	(58,420,042)	1.77%	$	14,015,134	416.84%
July 1, 2013		1,534,778		60,857,129		(59,322,351)	2.52%		14,586,105	406.70%
July 1, 2014		2,748,267		42,543,287		(39,795,020)	6.45%		15,188,052	262.02%
July 1, 2015		5,269,817		30,434,908		(25,165,091)	17.30%		15,851,912	158.75%
July 1, 2016		6,490,123		28,164,204		(21,674,081)	23.04%		17,042,559	127.18%
July 1, 2017		7,499,929		33,598,342		(26,098,413)	22.30%		16,792,985	155.40%

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OTHER INFORMATION

METROPOLITAN NASHVILLE AIRPORT AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT

This section contains the following subsections:

Combining Schedule of Net Position Information by Entity

Combining Schedule of Revenues, Expenses, and Changes in Net Position Information by Entity

Schedule of Airport Revenue Bonds, Principal and Interest Requirements by Fiscal Year

COMBINING SCHEDULE OF NET POSITION INFORMATION BY ENTITY

JUNE 30, 2017

	Nashville International Airport [1]	John C. Tune Airport	MNAA Properties Corporation [1]	Total
ASSETS				
Current assets:				
Unrestricted assets:				
Cash and cash equivalents	$ 114,980,192	$ 1,978,078	$ 5,311,071	$ 122,269,341
Accounts receivable, net	2,763,682	7,246	73,859	2,844,787
Inventories	513,596	-	-	513,596
Due from (to) other funds	139,726	(123,679)	(16,047)	-
Prepaid expenses and other	2,459,591	6,229	8,377	2,474,197
Total current unrestricted assets	120,856,787	1,867,874	5,377,260	128,101,921
Restricted assets:				
Cash and cash equivalents	54,074,856	-	-	54,074,856
Short-term investments	1,698,000	-	-	1,698,000
Passenger facility charges receivable	3,467,311	-	-	3,467,311
Customer facility charges receivable	1,222,581	-	-	1,222,581
Amounts due from governmental agencies	2,211,695	6,992	-	2,218,687
Total current restricted assets	62,674,443	6,992	-	62,681,435
Total current assets	183,531,230	1,874,866	5,377,260	190,783,356
Noncurrent Assets:				
Restricted assets:				
Cash and cash equivalents	176,173,193	-	-	176,173,193
Capital assets:				
Land and land improvements	566,678,587	55,092,811	200,818	621,972,216
Land held for future expansion	36,701,068	-	-	36,701,068
Buildings and building improvements	280,672,073	6,070,061	12,169,142	298,911,276
Equipment, furniture and fixtures	163,453,463	588,693	1,306,783	165,348,939
Construction in progress	71,985,650	462,184	366,944	72,814,778
Total capital assets	1,119,490,841	62,213,749	14,043,687	1,195,748,277
Less accumulated depreciation	(548,393,495)	(23,630,494)	(6,662,485)	(578,686,474)
Total capital assets, net	571,097,346	38,583,255	7,381,202	617,061,803
Net pension asset	2,047,037	-	-	2,047,037
Other assets	365,056	56,679	450,250	871,985
Total noncurrent assets	749,682,632	38,639,934	7,831,452	796,154,018
Total assets	933,213,862	40,514,800	13,208,712	986,937,374
DEFERRED OUTFLOWS OF RESOURCES				
Actuarial losses - pension	1,309,023	-	-	1,309,023
Loss on bond refundings	386,191	-	-	386,191
Total deferred outflows of resources	1,695,214	-	-	1,695,214
Total assets and deferred outflows of resources	$ 934,909,076	$ 40,514,800	$ 13,208,712	$ 988,632,588

[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; 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	$ 20,103,823	$ 40,358	$ 129,973	$ 20,274,154
Accrued payroll and related items	4,695,674	47,451	-	4,743,125
Unearned income	5,536,727	-	-	5,536,727
Current maturities of notes payable	600,849	-	5,533,688	6,134,537
Accrued interest payable	68,937	-	-	68,937
Total payable from unrestricted assets	31,006,010	87,809	5,663,661	36,757,480
Payable from restricted assets:				
Trade accounts payable and other	1,547,082	-	-	1,547,082
Accrued interest payable	7,505,282	-	-	7,505,282
Current maturities of airport revenue bonds	13,735,000	-	-	13,735,000
Total payable from restricted assets	22,787,364	-	-	22,787,364
Total current liabilities	53,793,374	87,809	5,663,661	59,544,844
Noncurrent liabilities:				
Airport revenue bonds, less current maturities	313,856,995	-	-	313,856,995
Notes payable, less current maturities	11,697,600	-	-	11,697,600
Fair value of derivative financial instrument	614,586	-	-	614,586
Unearned income	1,725,643	43,336	85,661	1,854,640
Other postemployment benefits obligation	20,973,724	-	-	20,973,724
Total noncurrent liabilities	348,868,548	43,336	85,661	348,997,545
Total liabilities	402,661,922	131,145	5,749,322	408,542,389
DEFERRED INFLOWS OF RESOURCES				
Actuarial gains - pension	1,251,198	-	-	1,251,198
NET POSITION				
Net investment in capital assets	401,202,163	38,639,935	1,847,513	441,689,611
Restricted for:				
Net pension asset	2,047,037	-	-	2,047,037
Passenger facility charge projects and debt service	36,397,922	-	-	36,397,922
Customer facility charge projects and debt service	20,415,352	-	-	20,415,352
Debt service and other	21,898,604	-	-	21,898,604
Total restricted net position	80,758,915	-	-	80,758,915
Unrestricted net position	49,034,878	1,743,720	5,611,877	56,390,475
Total net position	530,995,956	40,383,655	7,459,390	578,839,001
Total liabilities, deferred inflows of resources, and net position	$ 934,909,076	$ 40,514,800	$ 13,208,712	$ 988,632,588

[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; therefore, it is integrated with the Airport for reporting purposes.*

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Combining Schedule Of Revenues, Expenses, And Changes In Net Position Information By Entity

June 30, 2017

	Nashville International Airport (1)	John C. Tune Airport	MNAA Properties Corporation (1)	Total
Operating revenues:				
Signatory airline	$ 30,671,634	$ -	$ -	$ 30,671,634
Parking	43,977,208	-	-	43,977,208
Concession	29,338,439	-	-	29,338,439
Space rental	11,430,124	749,164	2,942,049	15,121,337
Other	8,675,692	96,898	215,013	8,987,603
	124,093,097	846,062	3,157,062	128,096,221
Operating expenses:				
Salaries and wages	33,233,061	389,285	-	33,622,346
Contractual services	27,573,711	194,958	842,009	28,610,678
Materials and supplies	3,437,294	50,807	21,419	3,509,520
Utilities	5,518,989	45,331	407,071	5,971,391
Other	5,236,362	45,792	328,580	5,610,734
	74,999,417	726,173	1,599,079	77,324,669
Operating income before provision for depreciation	49,093,680	119,889	1,557,983	50,771,552
Provision for depreciation	36,142,178	2,054,310	783,470	38,979,958
Operating income (loss)	12,951,502	(1,934,421)	774,513	11,791,594
Nonoperating revenues (expenses):				
Investment income	727,792	545	1,861	730,198
Passenger facility charges	25,982,494	-	-	25,982,494
Customer facility charges	13,561,430	-	-	13,561,430
Interest expense	(10,127,458)	-	(172,452)	(10,299,910)
Gain on disposal of property and equipment	23,266	-	-	23,266
Gain on derivative financial instrument	520,003	-	-	520,003
Other nonoperating, net	(858,068)	862,908	-	4,840
	29,829,459	863,453	(170,591)	30,522,321
Income before capital contributions	42,780,961	(1,070,968)	603,922	42,313,915
Capital contributions	14,059,698	493,093	-	14,552,791
Increase in net position	56,840,659	(577,875)	603,922	56,866,706
Total net position - beginning of year	474,155,297	40,961,530	6,855,468	521,972,295
Total net position - end of year	$ 530,995,956	$ 40,383,655	$ 7,459,390	$ 578,839,001

(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; therefore, it is integrated with the Airport for reporting purposes.*

Schedule Of Airport Revenue Bonds, Principal And Interest Requirements By Fiscal Year

June 30, 2017

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
2018	$ 1,005,000	$ 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	297,148	-	-	-	-	-	-
2035	-		-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-
	14,785,000	11,155,452	10,800,000	502,880	16,180,000	1,346,381	3,835,000	95,875
Bond Premium	-	-	-	-	36,093	-	-	-
	$ 14,785,000	$ 11,155,452	$ 10,800,000	$ 502,880	$ 16,216,093	$1,346,381	$3,835,000	$ 95,875

Schedule Of Airport Revenue Bonds, Principal And Interest Requirements By Fiscal Year

June 30, 2017

CONRAC Series 2010 Revenue Bonds		Series 2015A Revenue Bonds		Series 2015B Revenue Bonds		Total Debt Service		
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
$ 2,480,000	$ 3,511,292	$ -	$ 4,459,700	$ -	$ 5,214,419	$ 14,740,000	$ 15,142,549	$ 29,882,549
2,695,000	3,382,352	1,650,000	4,418,450	1,530,000	5,176,169	14,210,000	14,459,478	28,669,478
2,840,000	3,236,635	1,730,000	4,333,950	2,080,000	5,096,319	18,995,000	13,646,887	32,641,887
3,000,000	3,077,085	1,820,000	4,245,200	2,170,000	5,000,469	7,600,000	13,105,037	20,705,037
3,175,000	2,902,161	1,910,000	4,151,950	2,280,000	4,889,219	8,010,000	12,725,613	20,735,613
3,365,000	2,710,402	2,005,000	4,064,100	2,395,000	4,772,344	8,445,000	12,329,129	20,774,129
3,575,000	2,501,707	2,085,000	3,982,300	2,515,000	4,649,594	8,895,000	11,821,891	20,716,891
3,800,000	2,275,349	2,170,000	3,897,200	2,640,000	4,520,718	9,370,000	11,287,564	20,657,564
4,055,000	2,157,796	2,255,000	3,808,700	2,775,000	4,399,218	9,890,000	10,960,011	20,850,011
4,340,000	2,157,796	2,350,000	3,716,600	2,885,000	4,271,593	10,430,000	10,740,286	21,170,286
4,645,000	2,157,796	2,440,000	3,620,800	3,030,000	4,123,718	11,020,000	10,496,611	21,516,611
4,970,000	2,157,796	2,540,000	3,508,500	3,180,000	3,968,468	11,650,000	10,229,061	21,879,061
13,755,000	1,078,902	2,665,000	3,378,375	3,340,000	3,805,468	20,775,000	8,857,042	29,632,042
-	-	2,800,000	3,241,750	3,505,000	3,634,343	7,380,000	7,470,390	14,850,390
-	-	2,940,000	3,098,250	3,680,000	3,454,718	7,760,000	7,147,265	14,907,265
-	-	3,085,000	2,947,625	3,865,000	3,266,093	8,160,000	6,808,015	14,968,015
-	-	3,240,000	2,789,500	4,060,000	3,067,968	8,580,000	6,154,616	14,734,616
-	-	3,405,000	2,623,375	4,260,000	2,859,968	7,665,000	5,483,343	13,148,343
-	-	3,575,000	2,448,875	4,475,000	2,641,593	8,050,000	5,090,468	13,140,468
-	-	3,750,000	2,359,500	4,255,000	2,529,718	8,005,000	4,889,218	12,894,218
-	-	3,940,000	2,359,500	4,470,000	2,529,718	8,410,000	4,889,218	13,299,218
-	-	4,135,000	2,359,500	4,695,000	2,529,719	8,830,000	4,889,219	13,719,219
-	-	4,345,000	2,359,500	4,930,000	2,529,719	9,275,000	4,889,219	14,164,219
-	-	4,560,000	1,841,250	5,175,000	1,941,594	9,735,000	3,782,844	13,517,844
-	-	4,790,000	1,323,000	5,435,000	1,353,469	10,225,000	2,676,469	12,901,469
-	-	5,025,000	1,323,000	5,705,000	1,353,469	10,730,000	2,676,469	13,406,469
-	-	5,280,000	1,323,000	5,990,000	925,219	11,270,000	2,248,219	13,518,219
-	-	5,545,000	1,323,000	6,290,000	496,969	11,835,000	1,819,969	13,654,969
-	-	5,820,000	661,500	6,535,000	248,491	12,355,000	909,991	13,264,991
56,695,000	33,307,069	91,855,000	85,967,950	108,145,000	95,250,484	302,295,000	227,626,091	529,921,091
-	-	13,045,947	-	12,214,955	-	25,296,995	-	25,296,995
$ 56,695,000	$ 33,307,069	$ 104,900,947	$ 85,967,950	$ 120,359,955	$ 95,250,484	$ 327,591,995	$ 227,626,091	$ 555,218,086

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

Financial Trends
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time (schedules on pages 102,105, 106, 107, and 108)

Revenue Capacity
These schedules contain information to help the reader assess the Authority's most significant revenue sources (schedules on pages 103, 104, 105, 111, 112, and 113)

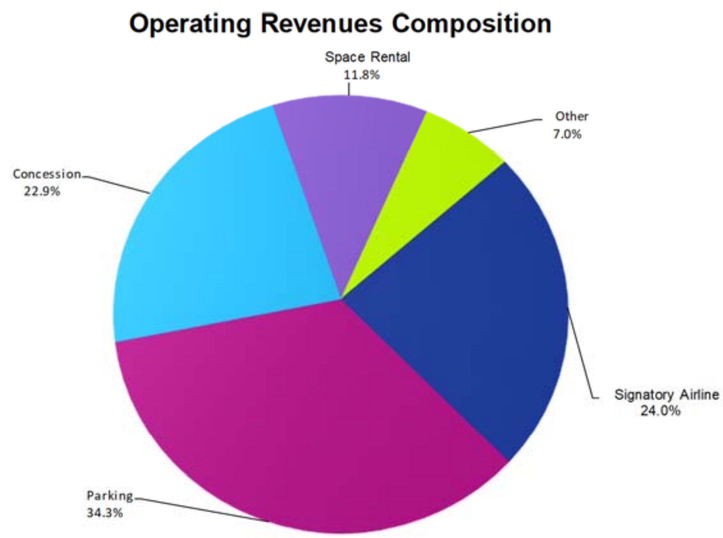
Debt Capacity
These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and its ability to issue additional debt in the future (schedules on pages 106, 109, and 110)

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place (schedules on pages 114, 115, 116 and 117)

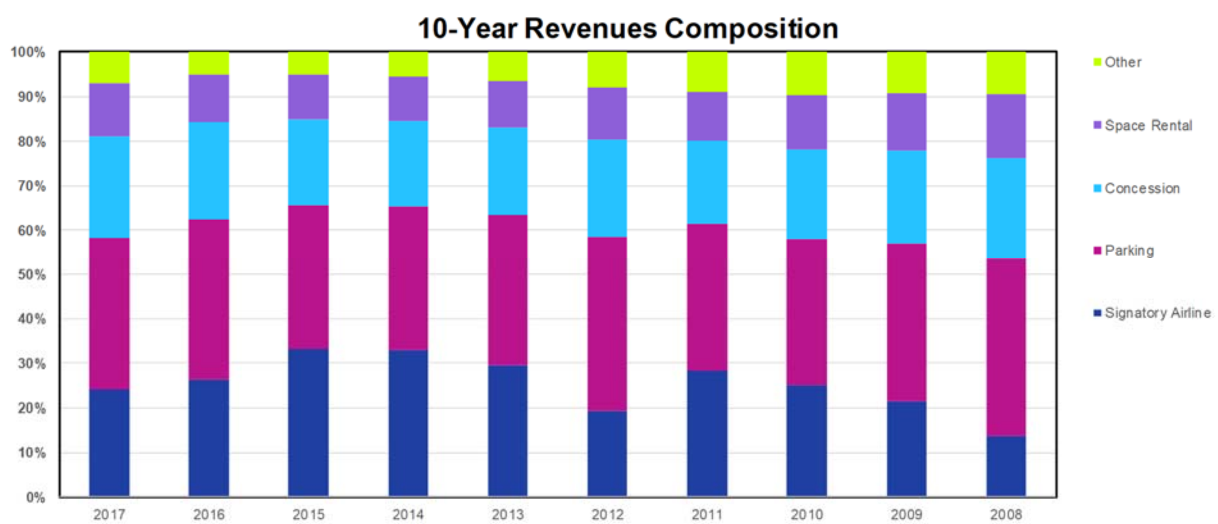
Operating Information
These schedules contain service data to help the reader understand how the information in the Authority's financial report relates to the services it provides and the activities it performs (schedule on page 115)

Metropolitan Nashville Airport Authority Operating Revenues Analysis (000s)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Revenues:										
Signatory Airline	$ 30,672	$ 30,561	$ 39,414	$ 37,027	$ 29,373	$ 16,132	$ 25,306	$ 20,523	$ 17,018	$ 10,528
Parking	43,977	41,890	38,726	36,258	34,020	32,468	29,744	26,769	28,175	30,405
Concession	29,338	25,454	22,873	21,520	19,491	18,220	16,610	16,512	16,559	17,165
Space Rental	15,121	12,325	11,989	11,045	10,308	9,545	9,804	9,939	10,077	11,051
Other	8,988	5,960	5,993	6,279	6,600	6,749	7,978	7,942	7,427	7,167
Total	**$128,096**	**$116,190**	**$118,995**	**$112,129**	**$ 99,792**	**$ 83,114**	**$ 89,442**	**$ 81,685**	**$ 79,256**	**$ 76,316**

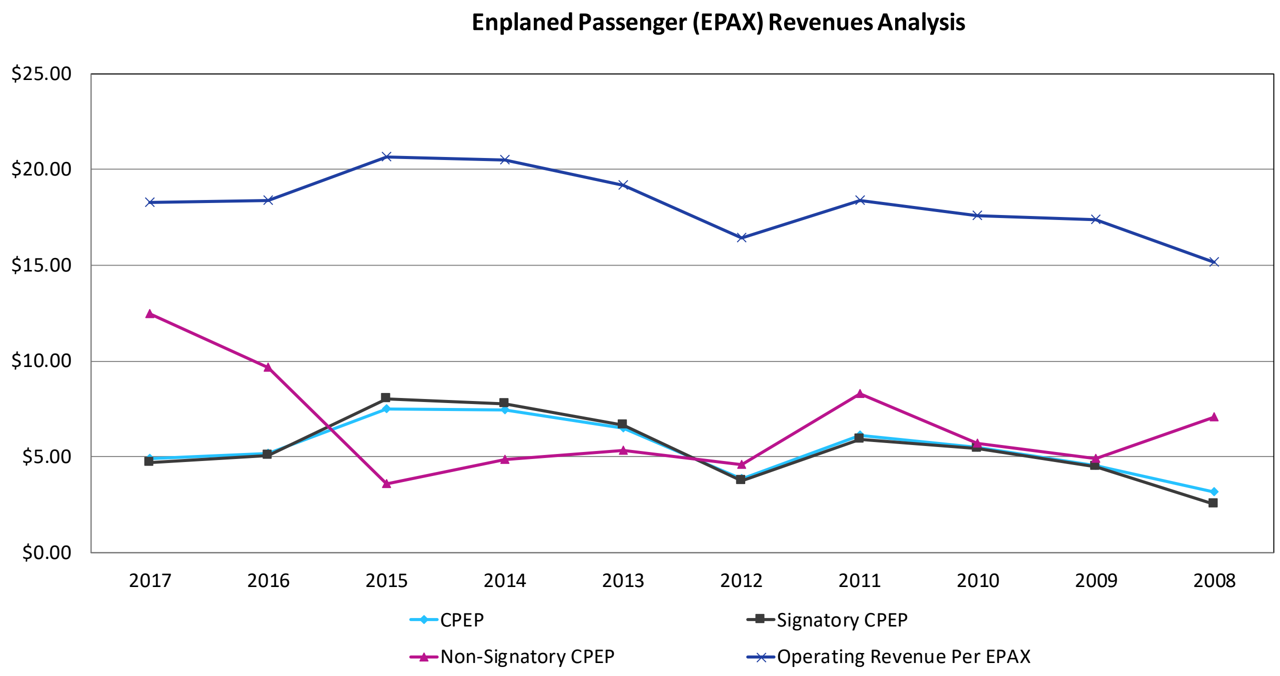


Operating revenues have increased 67.8% since 2008. Enplanements increased 39.1% to 6,790,099 compared to 4,880,360 ten years ago. Parking revenue increased $13.6 million since 2008. It continues to be the Authority's highest individual revenue source. The signatory airlines operated under a residual agreement, through June 30, 2015, whereby they were responsible to cover any revenue shortfall. Beginning July 1, 2015, a new hybrid lease agreement became effective. In FY 2012, the eight signatory carriers had a $2.4 million revenue shortfall, which carried to FY 2013 rates.



Nashville International Airport Cost per Enplaned Passenger (CPEP)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Signatory Airlines:										
Space and Ramp Fees	$ 12,245	$ 11,399	$ 28,886	$ 27,027	$ 21,552	$ 13,565	$ 14,874	$ 13,470	$ 13,358	$ 9,293
Landing Fees	18,427	19,162	10,528	10,000	7,821	2,567	10,432	7,053	3,660	1,235
Total Signatory Revenue	30,672	30,561	39,414	37,027	29,373	16,132	25,306	20,523	17,018	10,528
Signatory Enplaned (000s)	6,571	6,021	4,926	4,791	4,425	4,331	4,278	3,788	3,820	4,195
Cost per Signatory Enplaned	**$ 4.67**	**$ 5.08**	**$ 8.00**	**$ 7.73**	**$ 6.64**	**$ 3.72**	**$ 5.92**	**$ 5.42**	**$ 4.45**	**$ 2.51**
Non-signatory Airlines:										
Space and Ramp Fees	$ 1,747	$ 502	$ 986	$ 1,156	$ 1,313	$ 746	$ 944	$ 1,245	$ 649	$ 2,081
Landing Fees	979	657	1,452	1,380	1,943	1,771	2,751	2,731	2,486	2,748
Total Non-signatory Revenue	2,726	1,159	2,438	2,536	3,256	2,517	3,695	3,976	3,135	4,829
Non-signatory Enplaned (000s)	219	120	678	521	613	552	447	699	639	683
Cost per Non-signatory Enplaned	**$ 12.45**	**$ 9.67**	**$ 3.60**	**$ 4.87**	**$ 5.31**	**$ 4.56**	**$ 8.27**	**$ 5.69**	**$ 4.91**	**$ 7.07**
Summary Analysis:										
Total Signatory & Non-signatory Revenue	$ 33,398	$ 31,720	$ 41,852	$ 39,563	$ 32,629	$ 18,649	$ 29,001	$ 24,499	$ 20,153	$ 15,357
Blended Cost per Enplaned	**$ 4.92**	**$ 5.17**	**$ 7.47**	**$ 7.45**	**$ 6.48**	**$ 3.82**	**$ 6.14**	**$ 5.46**	**$ 4.52**	**$ 3.15**
Operating Revenues (BNA Only)	$ 124,093	$ 112,946	$ 115,755	$ 108,918	$ 96,693	$ 80,192	$ 86,749	$ 78,855	$ 77,431	$ 74,041
Total Enplaned (includes charters)	6,790	6,141	5,604	5,312	5,038	4,883	4,725	4,487	4,461	4,880
Operating Revenues per Enplaned	**$ 18.28**	**$ 18.39**	**$ 20.66**	**$ 20.50**	**$ 19.19**	**$ 16.42**	**$ 18.36**	**$ 17.57**	**$ 17.36**	**$ 15.17**



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).

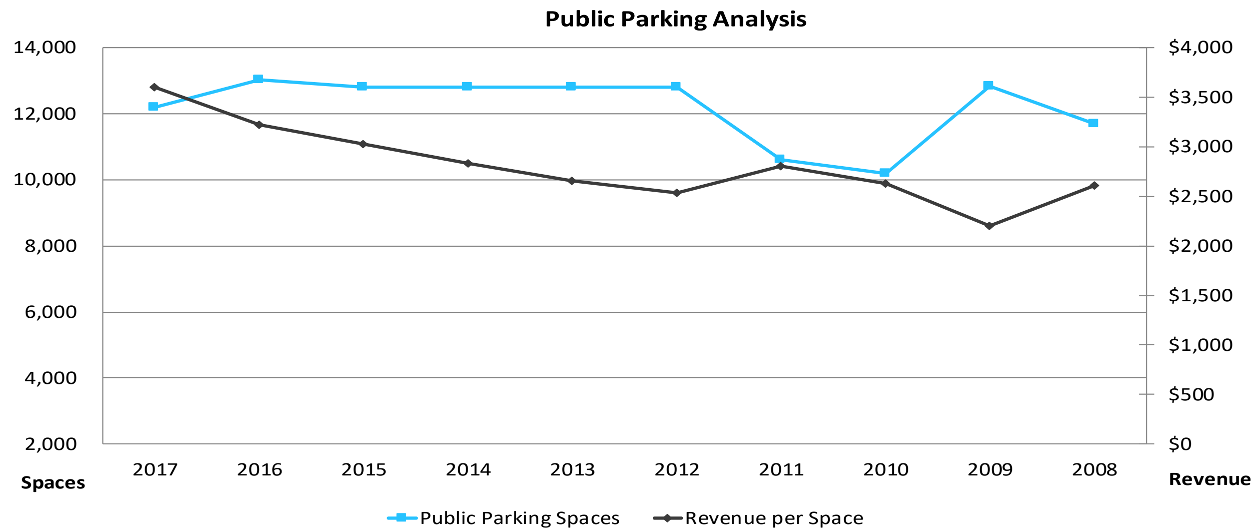
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Signatory Rates:										
Landing fee	$ 2.99	$ 3.25	$ 1.65	$ 1.69	$ 1.52	$ 0.32	$ 2.05	$ 1.26	$ 0.30	$ 0.19
Ramp (See note below)	1.71	1.71	266.99	223.05	133.09	84.78	101.26	114.62	62.36	71.20
Main terminal	90.00	90.00	180.58	164.54	130.84	78.84	93.16	89.12	50.03	63.24
North concourse	90.00	90.00	112.07	79.11	62.55	36.13	41.29	42.31	20.61	29.82
South concourse	90.00	90.00	104.35	113.96	57.62	37.51	41.12	41.33	21.61	22.24

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). Per the new agreement effective July 1, 2015 there is a flat fee for all terminal area rent of $90.00 per square foot. The methodology for Ramp fees was previously charged per linear foot and under the new agreement has been changed to per square foot. This resulted in the rate looking substantially smaller; the actual billed amount is not materially different.

Non-signatory Rates:

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Landing fee	3.74	4.07	4.23	4.10	3.17	3.92	5.02	3.96	3.26	3.24
Per use fee (see note below)	3.51	3.66	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ramp (see note above)	2.14	2.14	397.15	349.31	327.15	309.47	301.87	287.29	317.96	304.37
Main terminal	112.50	112.50	312.16	294.36	271.07	245.48	238.37	223.32	195.11	176.79
North concourse	112.50	112.50	113.74	111.78	107.23	98.44	90.13	89.86	88.87	80.67
South concourse	112.50	112.50	121.36	121.11	114.82	104.64	92.73	88.27	84.76	67.48

Per the new agreement effective July 1, 2015, the non-signatory airlines may be charged on a per use fee per departing seat. The per use fee covers the use of the ticket counter, baggage make up, baggage claim and gate usage.



	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Parking lot revenue (000)	$ 43,977	$ 41,890	$ 38,725	$ 36,258	$ 34,020	$ 32,468	$ 29,744	$ 26,769	$ 28,175	$ 30,405
Spaces available (actual)	12,203	13,025	12,811	12,811	12,811	12,811	10,605	10,189	12,830	11,675
Revenue per space	**$ 3,604**	**$ 3,216**	**$ 3,023**	**$ 2,830**	**$ 2,656**	**$ 2,534**	**$ 2,805**	**$ 2,627**	**$ 2,196**	**$ 2,604**

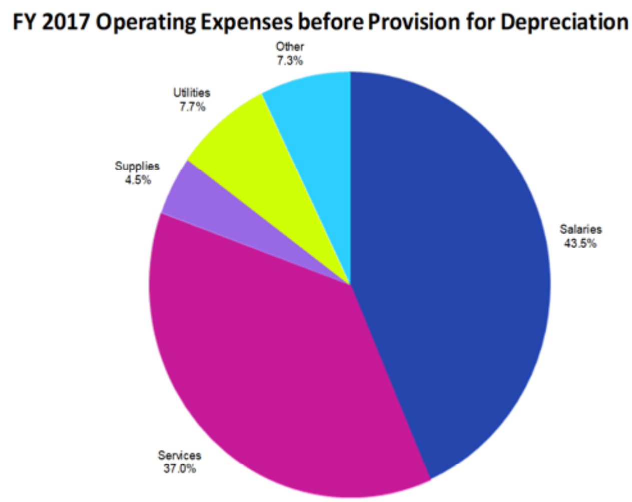
Fiscal year 2009 began with Short Term 1,706, Long Term A 3,883, Long Term B 2,129, Economy 3,957, and Valet 1,155 spaces - all for public use. During 2009 valet services were moved from various areas in and around the short term garage to a dedicated lot north of the terminal building. In fiscal year 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 FY10 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 FY 2014, FY 2015 and 2016, 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 In FY 2016. However, during FY 2016 MNAA opened an Express Parking lot with 1,230 parking spaces. During FY 2017 due to contstruction related to the BNA Vision parking was reduced in some lots making available spaces as follows: Short Term 2,369, Long Term A reduced to 1,810, Long Term B 2,124, Economy reduced to 3,625, Valet reduced to 1,045, Express Parking 1,230.

STATISTICAL INFORMATION

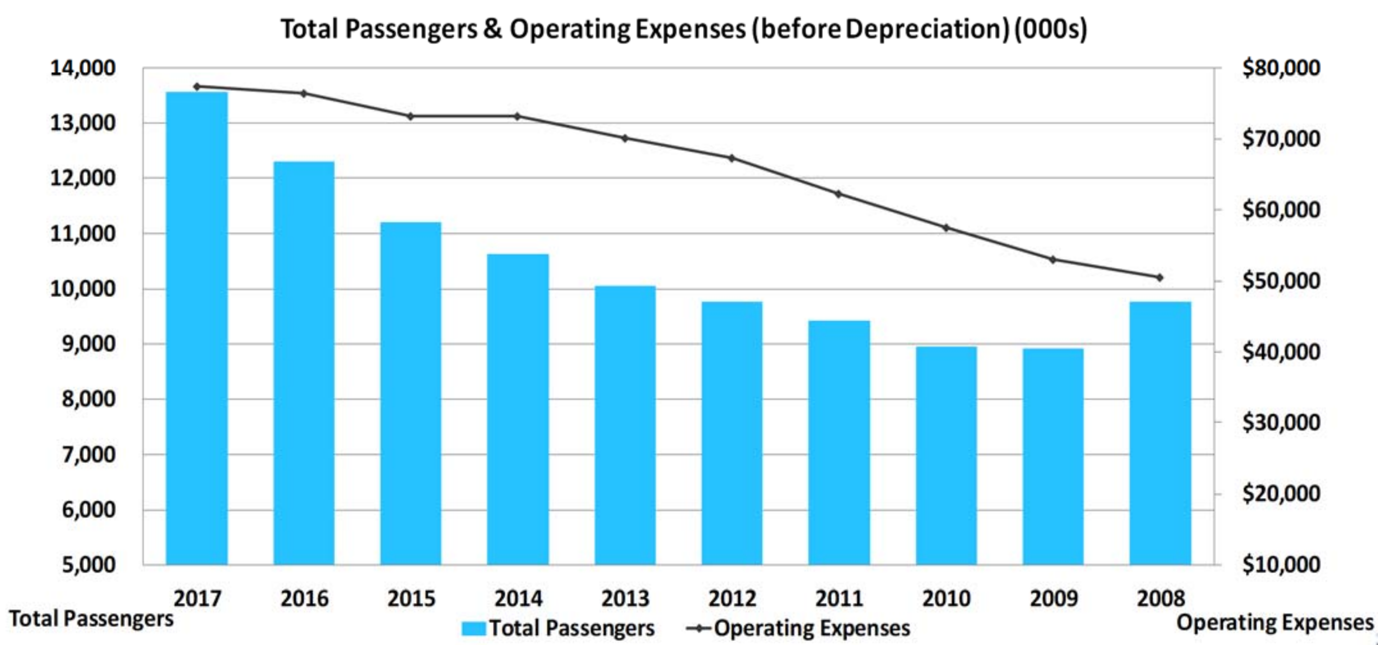
Metropolitan Nashville Airport Authority Operating Expenses Analysis (000s)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Expenses:										
Salaries and wages	$ 33,622	$ 35,205	$ 32,019	$ 30,602	$ 32,118	$ 30,744	$ 28,570	$ 28,057	$ 26,340	$ 23,690
Contractual services	28,611	26,271	25,962	27,887	24,783	24,215	21,851	18,681	16,359	16,299
Supplies and materials	3,510	3,374	3,987	4,133	3,437	3,156	2,876	2,363	1,705	2,229
Utilities	5,971	5,945	6,256	5,888	5,971	6,115	6,318	5,910	6,231	5,537
Depreciation	38,980	37,224	36,535	35,773	35,648	33,001	29,680	25,883	25,152	20,425
Other	5,611	5,677	4,902	4,645	3,786	3,147	2,680	2,464	2,442	2,689
Total	$ 116,305	$ 113,696	$ 109,661	$ 108,928	$ 105,743	$ 100,378	$ 91,975	$ 83,358	$ 78,229	$ 70,869

* FY 2014 Salaries and wages has been restated due to implementation of GASB 68



Costs associated with the Authority's closed pension program and other postemployment benefits ("OPEB") have decreased slightly. The unfunded liability for OPEB decreased ($5,663,599) in 2017 compared to an decrease of ($48,780) in 2016, an increase of $226,926 in 2015, $1,020,425 in 2014, $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, originally $2,815,631 in 2014 as restated $1,916,154 in 2014 and $2,512,326 in 2015, $3,944,669 in 2016 and $2,770,594 in 2017. During 2015, the Authority recognized the adjustments for GASB 68 as related to the Pension plan. The effect on the FY 2014 Salary Expense from the GASB 68 adjustment was a decrease in the amount of $ 725,612.



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

	2017	%	2016	2015	2014	2013	2012	2011	2010	2009	2008
Land	$ 60,267,703	35.5%	$ 60,267,702	$ 60,267,702	$ 60,291,397	$ 60,291,397	$ 60,291,397	$ 60,510,397	$ 60,994,397	$ 62,659,897	$ 62,659,897
Land held for future expansion	36,701,068	21.6%	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	72,814,778	42.9%	42,890,290	62,125,107	36,845,372	20,469,818	14,275,669	113,187,969	90,428,596	32,813,869	48,447,956
Total capital assets not being depreciated	169,783,549	100.0%	139,859,060	159,093,877	133,837,837	117,462,283	111,268,134	210,399,434	188,124,061	132,174,834	147,808,921
Land improvements	561,704,513	54.8%	541,464,084	487,401,089	476,885,301	474,449,844	473,328,967	458,112,921	444,599,608	446,349,767	406,464,775
Buildings and building improvements	298,911,276	29.1%	264,629,088	258,305,083	255,460,891	254,508,281	253,445,668	183,122,322	161,692,621	171,150,808	156,272,307
Equipment, furniture and fixtures	165,348,939	16.1%	129,795,510	114,296,965	108,530,594	103,981,903	95,181,689	57,665,911	51,082,588	50,436,887	44,528,369
Total capital assets being depreciated	1,025,964,728	100.0%	935,888,682	860,003,137	840,876,786	832,940,028	821,956,324	698,901,154	657,374,817	667,937,462	607,265,451
Less accumulated depreciation	(578,686,474)	56.4%	(539,922,435)	(503,403,886)	(466,909,686)	(431,262,318)	(395,789,389)	(362,901,122)	(350,930,203)	(357,349,262)	(334,246,562)
Net capital assets	**$ 617,061,803**	**N/A**	**$ 535,825,308**	**$ 515,693,128**	**$ 507,804,937**	**$ 519,139,993**	**$ 537,435,069**	**$ 546,399,466**	**$ 494,568,675**	**$ 442,763,034**	**$ 420,827,810**

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

	2017	%	2016	2015	2014	2013	2012	2011	2010	2009	2008
Series 1995 Revenue Bonds		N/A	$ -	$ -	$ -	$ -	$ -	$ -	$ 38,265,000	$ 42,775,000	$ 46,875,000
Series 1998A Revenue Bonds		N/A	-	-	-	-	-	-	4,330,000	5,810,000	7,435,000
Series 1998C Revenue Bonds		N/A	-	-	-	-	-	-	16,190,000	18,150,000	20,010,000
Series 2001A Revenue Bonds		N/A	-	-	-	-	-	-	49,475,000	56,030,000	62,180,000
Series 2003 PFC Revenue Bonds		N/A	-	-	-	-	3,925,000	7,750,000	11,485,000	14,145,000	18,675,000
Series 2003B Revenue Bonds	14,785,000	4.9%	14,785,000	15,250,000	15,695,000	16,115,000	17,260,000	17,260,000	17,260,000	17,610,000	17,945,000
Series 2008A Revenue Bonds	10,800,000	3.6%	12,000,000	12,200,000	12,400,000	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	16,180,000	5.4%	20,040,000	23,755,000	27,310,000	30,765,000	34,085,000	35,285,000	36,000,000	36,000,000	-
Series 2010A Revenue Bonds	3,835,000	1.3%	7,525,000	11,085,000	14,520,000	17,855,000	21,220,000	24,515,000	25,770,000	-	-
Series 2010 CONRAC Revenue Bonds	56,695,000	18.8%	58,980,000	61,070,000	62,975,000	64,720,000	66,300,000	66,300,000	66,300,000	-	-
Series 2010B Revenue Bonds		0.0%	-	16,475,000	31,965,000	46,545,000	60,410,000	70,400,000	-	-	-
Series 2010C Revenue Bonds		0.0%	1,740,000	4,340,000	7,145,000	10,155,000	13,365,000	16,170,000	-	-	-
Series 2015A Revenue Bonds	91,855,000	30.4%	91,855,000	-	-	-	-	-	-	-	-
Series 2015B Revenue Bonds	108,145,000	35.8%	108,145,000	-	-	-	-	-	-	-	-
Total Revenue Bonds	302,295,000	100.0%	315,070,000	144,175,000	172,010,000	198,655,000	229,165,000	256,980,000	290,775,000	249,925,000	238,325,000
Plus unamortized premium	25,296,995	N/A	26,648,869	787,902	2,207,486	3,627,071	5,046,652	6,466,233	1,945,321	180,568	-
Net Outstanding Debt	**$ 327,591,995**	**N/A**	**$ 341,718,869**	**$ 144,962,902**	**$ 174,217,486**	**$ 202,282,071**	**$ 234,211,652**	**$ 263,446,233**	**$ 292,720,321**	**$ 250,105,568**	**$ 238,325,000**
Enplanements	**6,790,099**	**N/A**	**6,141,092**	**5,604,148**	**5,312,021**	**5,037,975**	**4,883,374**	**4,724,974**	**4,487,336**	**4,460,962**	**4,880,360**
Net Outstanding Debt per Enplanement	**$ 48.25**	**N/A**	**$ 55.64**	**$ 25.87**	**$ 32.80**	**$ 40.15**	**$ 47.96**	**$ 55.76**	**$ 65.23**	**$ 56.07**	**$ 48.83**

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

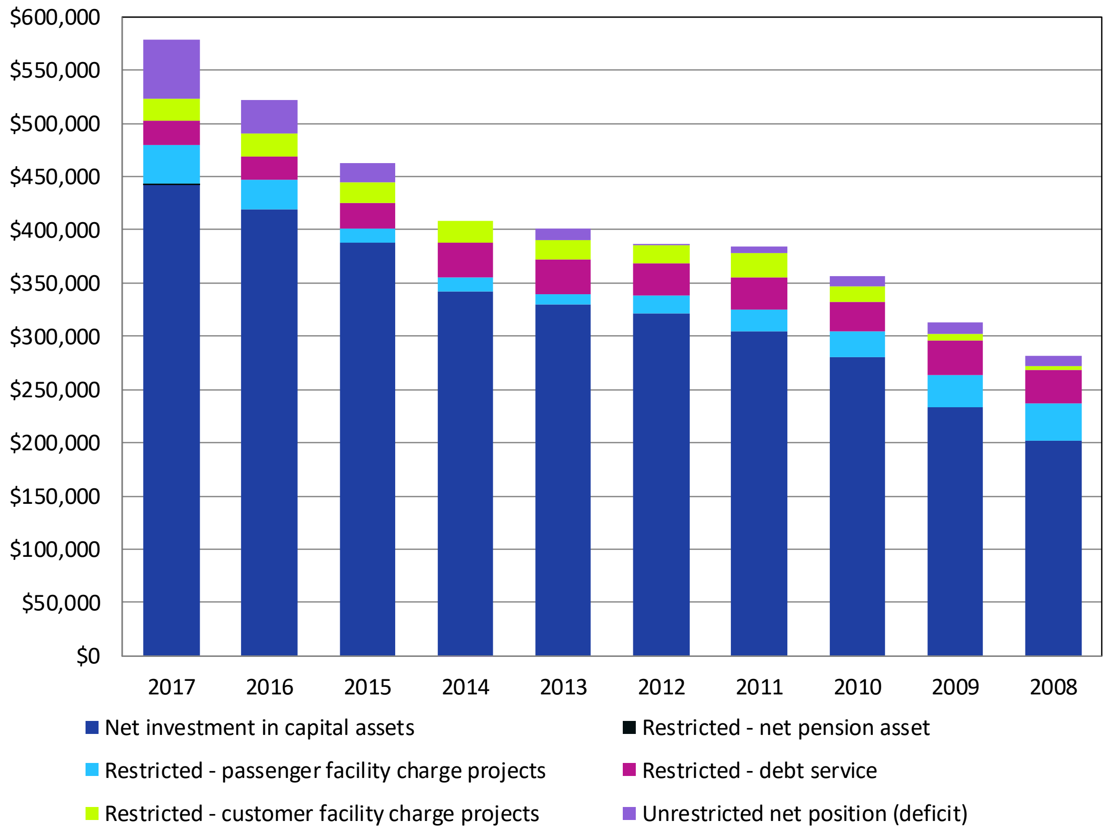
	2017	2016	2015	(as restated) 2014	(as restated) 2013	2012	2011	2010	2009	2008
Operating Revenues:										
Signatory Airline	$ 30,671,634	$ 30,561,053	$ 39,414,175	$ 37,026,998	$ 29,373,222	$ 16,132,099	$ 25,305,820	$ 20,522,901	$ 17,017,714	$ 10,527,728
Parking	43,977,208	41,889,907	38,725,346	36,258,325	34,020,205	32,467,762	29,743,911	26,768,620	28,174,733	30,405,023
Concession	29,338,439	25,453,862	22,873,310	21,520,372	19,490,760	18,220,104	16,609,629	16,511,983	16,558,935	17,164,513
Space Rental	15,121,337	12,324,959	11,989,094	11,045,009	10,308,115	9,545,208	9,804,161	9,938,642	10,077,305	11,050,944
Other	8,987,603	5,959,737	5,993,198	6,278,417	6,599,423	6,748,967	7,978,056	7,942,283	7,427,153	7,167,118
Total Operating Revenues	**128,096,221**	**116,189,518**	**118,995,122**	**112,129,122**	**99,791,725**	**83,114,140**	**89,441,577**	**81,684,429**	**79,255,840**	**76,315,326**
Operating Expenses:										
Salaries and wages	33,622,346	35,205,048	32,019,144	30,602,436	32,118,328	30,744,071	28,570,046	28,057,407	26,339,723	23,690,248
Contractual Services	28,610,678	26,270,995	25,962,137	27,886,714	24,783,144	24,214,616	21,851,020	18,680,783	16,358,604	16,299,124
Materials and Supplies	3,509,520	3,374,113	3,987,451	4,132,884	3,436,780	3,156,304	2,875,601	2,363,467	1,704,622	2,228,830
Utilities	5,971,391	5,944,858	6,255,942	5,887,708	5,970,579	6,115,153	6,317,661	5,909,708	6,231,268	5,537,335
Other	5,610,734	5,677,177	4,901,870	4,645,047	3,786,262	3,147,215	2,680,441	2,464,114	2,441,956	2,688,651
Total Operating Expenses	**77,324,669**	**76,472,191**	**73,126,544**	**73,154,789**	**70,095,093**	**67,377,359**	**62,294,769**	**57,475,479**	**53,076,173**	**50,444,188**
Provision for Depreciation	**38,979,958**	**37,223,834**	**36,534,617**	**35,773,468**	**35,648,323**	**33,000,622**	**29,679,570**	**25,882,986**	**25,151,547**	**20,424,563**
Nonoperating Revenues:										
Investment income	730,198	333,542	359,790	328,349	426,259	305,715	342,616	781,719	1,642,936	4,603,766
Passenger facility charges	25,982,494	23,735,979	15,703,411	13,502,385	13,262,426	12,522,227	13,300,248	15,494,672	11,480,154	12,836,344
Customer facility charges	13,561,430	12,956,481	11,692,265	10,825,490	10,307,062	10,090,579	9,074,716	7,911,785	7,648,876	4,259,428
Other nonoperating revenues	86,599	614,432	396,880	313,559	553,407	21,911	1,874,664	57,143	-	27,536
Total Nonoperating Revenues	**40,360,721**	**37,640,434**	**28,152,346**	**24,969,783**	**24,549,154**	**22,940,432**	**24,592,244**	**24,245,319**	**20,771,966**	**21,727,074**
Nonoperating Expenses:										
Debt-related expenses	10,299,910	8,874,244	7,610,829	9,000,146	10,231,288	10,281,744	11,854,314	17,458,092	14,509,709	14,799,964
Other nonoperating expenses	(461,510)	1,234,523	302,080	-	-	-	(1,138,286)	8,247,840	730,354	1,690,402
Total Nonoperating Expenses	**9,838,400**	**10,108,767**	**7,912,909**	**9,000,146**	**10,231,288**	**10,281,744**	**10,716,028**	**25,705,932**	**15,240,063**	**16,490,366**
Capital Contributions	**14,552,791**	**28,763,278**	**27,506,580**	**12,739,063**	**6,023,925**	**6,807,058**	**16,861,226**	**46,422,786**	**24,316,658**	**22,299,530**
Increase in Net Position	**56,866,706**	**58,788,439**	**57,079,979**	**31,909,565**	**14,390,100**	**2,201,905**	**28,204,680**	**43,288,137**	**30,876,681**	**32,982,813**
Total Net Position - End of Year	**$ 578,839,001**	**$ 521,972,295**	**$ 463,183,856**	**$ 406,103,877**	**$ 374,194,312**	**$ 386,387,255**	**$ 384,185,350**	**$ 355,980,670**	**$ 312,692,533**	**$ 281,815,852**

* Fiscal 2013 ending net position was restated in fiscal 2015 for the effects of the retrospective application of GASB Statement No. 68.

Metropolitan Nashville Airport Authority Net Position Analysis (000s)

	2017	2016	2015	2014 (as restated)	2013 (as restated)	2012	2011	2010	2009	2008
Net Position:										
Net investment in capital assets	$ 441,690	$ 419,177	$ 387,595	$ 342,148	$ 329,877	$ 321,079	$ 305,011	$ 280,079	$ 233,509	$ 201,765
Restricted - net pension asset	2,047			-	-	-	-	-	-	-
Restricted - passenger facility charge projects	36,398	27,237	13,462	12,723	9,854	16,976	20,472	24,031	30,015	34,950
Restricted - debt service	21,899	22,869	23,812	32,634	32,690	29,886	30,061	28,097	32,431	31,049
Restricted - customer facility charge projects	20,415	20,849	19,285	20,444	17,775	17,125	23,106	14,097	6,189	4,244
Unrestricted net position (deficit)	56,390	31,841	19,030	(1,845)	10,581	1,321	5,535	9,677	10,549	9,808
Total	**$ 578,839**	**$ 521,972**	**$ 463,184**	**$ 406,104**	**$ 400,777**	**$ 386,387**	**$ 384,185**	**$ 355,981**	**$ 312,693**	**$ 281,816**

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



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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Description:										
Operating Revenue	$ 124,093	$ 112,946	$ 115,755	$ 108,918	$ 96,693	$ 80,192	$ 86,749	$ 78,855	$ 76,435	$ 74,041
Less Operating Expenses (net of non-cash items)*	(82,053)	(82,264)	(73,980)	(70,893)	(64,522)	(57,106)	(52,319)	(47,712)	(44,468)	(45,176)
Less Capital Items Funded with Operating Revenues	(1,891)	(1,715)	(13,536)	(5,184)	(4,018)	(2,473)	(2,656)	(2,449)	(1,476)	(1,922)
Change in Working Capital & Other Items	(6,236)	11,365	(3,770)	1,069	4,063	(723)	2,356	4,854	(8,344)	3,077
Add Investment Income	728	331	326	357	309	330	340	756	1,565	4,252
Add PFCs and CFCs	39,543	36,692	27,395	24,327	23,569	22,613	22,375	23,406	11,480	12,836
Add Cash Various Transfers	-	-	-	-	3,000	4,440	4,321	5,184	10,741	3,086
Add Transfer from CIF**	-	-	3,574	5,619	727	8,167	3,555	3,499	6,767	9,152
COVERAGE CASH FLOW	**$ 74,184**	**$ 77,355**	**$ 55,764**	**$ 64,213**	**$ 59,821**	**$ 55,440**	**$ 64,721**	**$ 66,393**	**$ 52,700**	**$ 59,346**
INTEREST	7,749	11,627	7,599	9,275	10,226	10,938	11,078	13,119	11,847	12,422
PRINCIPAL	14,250	13,265	29,105	27,835	26,645	30,510	27,815	27,805	26,170	23,420
TOTAL DEBT SERVICE***	21,999	24,892	36,704	37,110	36,871	41,448	38,893	40,924	38,017	35,842
DEBT SERVICE COVERAGE	**337.2%**	**310.8%**	**151.9%**	**173.0%**	**162.2%**	**133.8%**	**166.4%**	**162.2%**	**138.6%**	**165.6%**

*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.

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Working Capital & Other Changes:										
Decrease (Increase) in:										
Accounts Receivable (incl PFC and CFC)	$ 2,449	$ (1,368)	$ (1,136)	$ 175	$ 1,797	$ (949)	$ 3,207	$ (974)	$ (4,220)	$ 1,082
Receivables from Gov't Agencies	(1,027)	383	417	(1,356)	331	2,448	437	1,348	(3,237)	(1,033)
Inventory	(35)	40	(11)	83	48	(44)	(74)	(96)	21	12
Prepaid Expenses	(1,069)	135	(428)	(225)	(22)	(13)	(56)	116	320	(211)
Due to/from Other Airports	287	(656)	(995)	1,354	(75)	(46)	(1)	19	16	(21)
Increase (Decrease) in:										
Accounts Payable	(7,339)	12,064	(1,947)	735	1,629	(2,494)	(1,267)	3,370	(1,551)	3,241
Accrued Payroll	524	801	364	337	389	288	142	881	(555)	85
Other Adjustments:										
Amortization of Def Real Estate	1	1	1	1	1	1	1	1	1	1
Amortization of Def Rental Income	(27)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)
(Appreciation)/Depreciation of Investments	-	-	-	-	-	-	2	87	(176)	(74)
Net proceeds from PP&E	-	-	-	-	-	121	-	137	1,072	30
Working Capital & Other Changes	**$ (6,236)**	**$ 11,365**	**$ (3,770)**	**$ 1,069**	**$ 4,063**	**$ (723)**	**$ 2,356**	**$ 4,854**	**$ (8,344)**	**$ 3,077**

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Revenue	$ 124,093	$ 112,946	$ 115,755	$ 108,918	$ 96,693	$ 80,192	$ 86,749	$ 78,855	$ 76,435	$ 74,041
Less Operating Expenses (net of non-cash items)	(80,453)	(80,752)	(72,488)	(70,746)	(63,820)	(56,648)	(51,941)	(46,929)	(44,463)	(45,176)
Less Capital Items Funded with Operating Revenues	(1,891)	(1,715)	(13,536)	(5,184)	(4,018)	(2,473)	(2,656)	(2,449)	(1,476)	(1,922)
Change in Working Capital & Other Items	3,738	12,695	(3,452)	2,213	6,179	2,312	696	8,157	(10,868)	4,121
Add Investment Income	668	300	309	345	294	310	233	574	1,436	2,440
Add Various Transfers	-	-	-	-	3,000	-	-	3,000	6,940	3,000
Add Transfer from CIF*	-	-	3,574	5,619	727	8,167	3,555	3,499	6,767	9,152
COVERAGE CASH FLOW	**$ 46,155**	**$ 43,474**	**$ 30,162**	**$ 41,165**	**$ 39,055**	**$ 31,860**	**$ 36,636**	**$ 44,707**	**$ 34,771**	**$ 45,656**
INTEREST	3,420	6,672	2,246	3,527	4,033	4,485	4,572	8,497	9,629	11,729
PRINCIPAL	3,915	3,430	19,740	18,940	18,110	18,320	19,495	22,100	19,975	19,870
TOTAL DEBT SERVICE	7,335	10,102	21,986	22,467	22,143	22,805	24,067	30,597	29,604	31,599
DEBT SERVICE COVERAGE	**629.2%**	**430.4%**	**137.2%**	**183.2%**	**176.4%**	**139.7%**	**152.2%**	**146.1%**	**117.5%**	**144.5%**

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Passenger Facility Charges (net)	$ 25,982	$ 23,736	$ 15,703	$ 13,502	$ 13,262	$ 12,522	$ 13,300	$ 15,495	$ 11,480	$ 12,836
Less Operating Expenses	(15)	(12)	(17)	(9)	(10)	(63)	(142)	(509)	(5)	-
Add Various Transfers	-	-	-	-	-	4,440	4,321	2,184	3,801	86
Change in Working Capital & Other Items	(8,483)	150	(218)	(1,072)	(1,679)	(606)	1,270	(2,447)	2,524	(1,044)
Add Investment Income	26	10	5	4	-	5	17	121	129	1,812
COVERAGE CASH FLOW	**$ 17,510**	**$ 23,884**	**$ 15,473**	**$ 12,425**	**$ 11,573**	**$ 16,298**	**$ 18,766**	**$ 14,844**	**$ 17,929**	**$ 13,690**
INTEREST	758	1,282	1,594	1,918	2,290	2,550	2,581	3,098	2,218	693
PRINCIPAL	7,855	7,550	7,275	6,990	6,790	10,610	8,320	5,705	6,195	3,550
TOTAL DEBT SERVICE	8,613	8,832	8,869	8,908	9,080	13,160	10,901	8,803	8,413	4,243
DEBT SERVICE COVERAGE	**203.3%**	**270.4%**	**174.5%**	**139.5%**	**127.5%**	**123.8%**	**172.1%**	**168.6%**	**213.1%**	**322.6%**

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

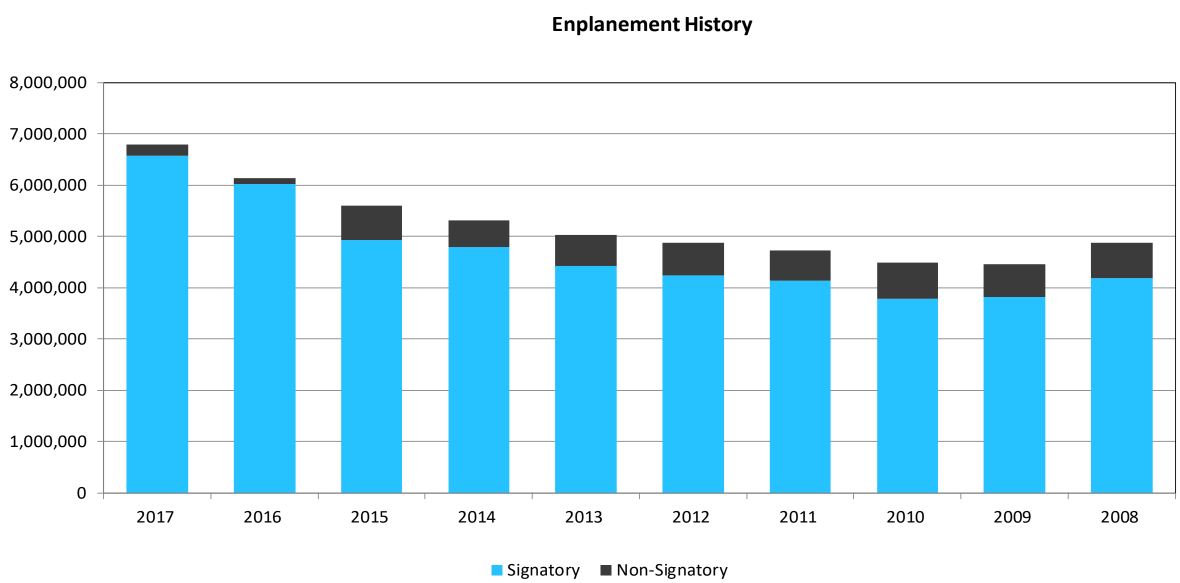
	2017	2016	2015	2014	2013	2012	2011
Customer Facility Charges	$ 13,561	$ 12,956	$ 11,692	$ 10,825	$ 10,307	$ 10,091	$ 9,075
Less Operating Expenses	(1,585)	(1,500)	(1,475)	(138)	(692)	(396)	(236)
Change in Working Capital & Other Items	(1,491)	(1,480)	(100)	(72)	(437)	(2,429)	391
Add Investment Income	34	21	12	8	15	15	91
COVERAGE CASH FLOW	**$ 10,519**	**$ 9,997**	**$ 10,129**	**$ 10,623**	**$ 9,193**	**$ 7,281**	**$ 9,321**
INTEREST	3,571	3,673	3,759	3,830	3,903	3,903	3,926
PRINCIPAL	2,480	2,285	2,090	1,905	1,745	1,580	-
TOTAL DEBT SERVICE	6,051	5,958	5,849	5,735	5,648	5,483	3,926
DEBT SERVICE COVERAGE	**173.8%**	**167.8%**	**173.2%**	**185.2%**	**162.8%**	**132.8%**	**237.4%**

Nashville International Airport Passenger Enplanements Market Share
as of July 1, 2015 the Authority entered into a new agreement.

	% of Total	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
SIGNATORY AIRLINES:											
Alaska Airlines	0.9%	58,533	41,233	-	-	-	-	-	-	-	-
American Airlines (A)	17.4%	1,176,043	1,156,141	454,897	460,153	430,900	381,231	413,028	440,120	485,037	569,878
American Eagle (A)	0.0%		-	218,520	280,860	282,113	279,504	208,880	201,322	158,588	143,476
Continental Express d/b/a ExpressJet (B)	0.0%		-	223,995	324,175	285,903	173,929	153,341	156,856	166,732	211,931
Delta Air Lines Inc. (B)	14.6%	988,137	926,454	623,480	552,169	444,584	412,008	381,859	277,740	170,821	186,493
Frontier Airlines	0.1%	9,979		81,596	94,385	89,549	125,423	115,004	108,283	112,954	121,853
Jet Blue	2.0%	138,985	22,570	-	-	-	-	-	-	-	-
Northwest Airlines Inc.	0.0%		-	-	-	-	-	-	-	170,974	220,949
Southwest Airlines	53.8%	3,655,441	3,426,391	3,114,815	2,879,200	2,723,295	2,643,725	2,619,094	2,400,069	2,341,657	2,474,183
United Airlines/Comair (C)	8.0%	543,704	448,396	6,400	115	2,994	31,750	77,136	56,844	35,327	81,958
US Airways (A)	0.0%		-	202,656	200,169	165,577	191,640	173,905	147,033	177,989	184,660
Sub Total	96.8%	6,570,822	6,021,185	4,926,359	4,791,226	4,424,915	4,239,210	4,142,247	3,788,267	3,820,079	4,195,381

MNAA entered into a new agreement with the airlines beginning July 1, 2015. Only major carriers are Signatory and subsidiary carrier activity will be consolidated under the Signatory carrier beginning FY 2016. Some previously Non-Signatory carriers now fly consolidated under multiple Signatory carriers. American Affiliates (A); Delta Affiliates (B), United Affiliates (C).

	% of Total	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
NON-SIGNATORY AIRLINES:											
Air Canada d/b/a Jazz Air	0.0%	1,034	371	229	18,558	19,234	18,053	17,874	17,762	19,025	21,138
Air Georgian dba Air Canada	0.6%	42,739	29,589	26,056	4,542	-	-	-	-	-	-
Air Wisconsin (A)	0.0%		-	75,888	49,802	64,339	36,560	31,531	59,220	55,347	47,476
American Connection/Chautauqua	0.0%		-	-	-	-	-	-	5,236	21,222	14,211
Astral Aviation d/b/a Skyway	0.0%		-	-	-	-	-	-	10,152	26,139	27,387
Continental Airlines	0.0%		-	-	-	-	880	297	273	696	288
Delta/Chautauqua	0.0%		-	-	546	168	3,396	5,503	12,006	38,463	39,816
JetBlue Airways	0.0%					-	-	-	-	-	40,219
Frontier Airlines	1.9%	130,449	71,840	-	-	-	-	-	-	-	-
Mesa Airlines (A)	0.0%			43,348	47,608	70,822	48,693	63,566	97,023	75,315	94,816
Republic	0.0%		-	77,117	69,823	41,761	65,239	63,933	59,370	45,458	53,616
Various/Trans State Airlines (A)	0.0%		-	26,324	-	25,962	27,849	18,120	26,659	41,586	59,315
United/Skywest (C)	0.0%		-	37,261	-	433	6,861	29,434	58,021	72,035	67,357
All Others (includes Charters)	0.7%	45,055	18,107	391,566	329,916	390,341	436,633	352,469	353,347	245,597	219,340
Sub Total	3.2%	219,277	119,907	677,789	520,795	613,060	644,164	582,727	699,069	640,883	684,979
TOTAL	**100.0%**	**6,790,099**	**6,141,092**	**5,604,148**	**5,312,021**	**5,037,975**	**4,883,374**	**4,724,974**	**4,487,336**	**4,460,962**	**4,880,360**



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

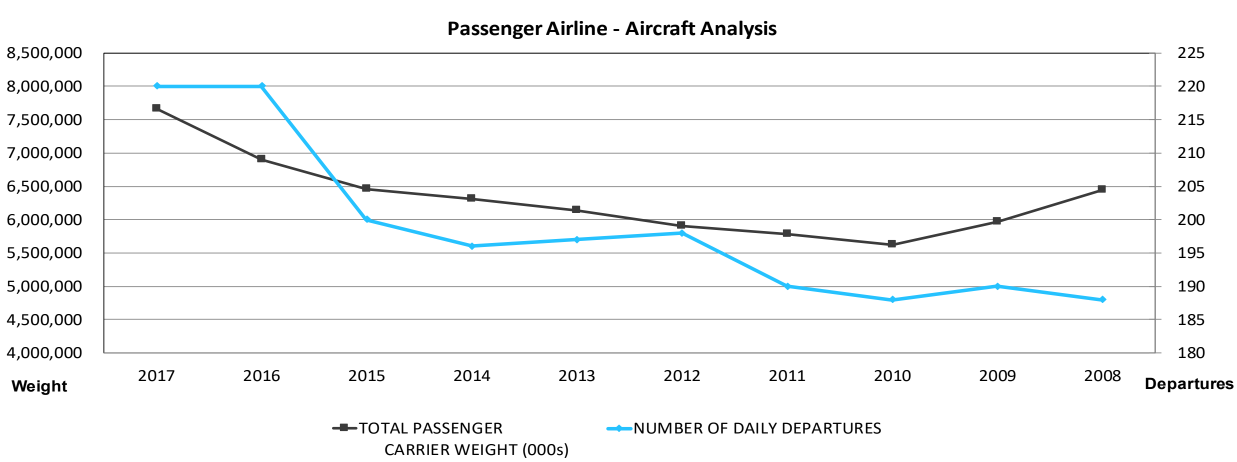
Nashville International Airport Passenger Airline Landed Weights (000's)

	% of Total	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
SIGNATORY AIRLINES:											
Alsaka Airlines	0.7%	55,390	43,248	-	-	-	-	-	-	-	-
American Airlines (A)	17.6%	1,352,169	1,332,377	523,970	518,096	516,356	426,041	524,980	545,126	649,016	689,632
American Eagle (A)	0.0%		-	261,251	334,087	359,788	361,390	250,201	256,929	208,495	187,228
Continental Express d/b/a ExpressJet (B)	0.0%		-	219,248	325,905	295,511	175,644	170,289	161,622	178,362	213,733
Delta Air Lines Inc. (B)	15.0%	1,148,263	1,051,357	693,222	650,841	538,467	487,302	463,462	235,775	215,579	220,001
Frontier Airlines	0.1%	8,784	-	85,862	98,132	96,648	140,569	138,158	136,647	140,062	150,367
JetBlue	2.0%	152,321	23,986	-	-	-	-	-	-	-	-
Northwest Airlines Inc.	0.0%				-	-	-	-	113,227	217,913	262,432
Southwest Airlines	53.1%	4,065,313	3,807,965	3,600,935	3,468,480	3,343,472	3,274,838	3,256,494	3,099,020	3,320,830	3,612,516
United Airlines/Comair (C)	8.0%	614,443	485,586	15,306	1,887	4,976	38,451	93,016	68,557	45,394	98,618
US Airways A)	0.0%		-	230,945	251,464	202,766	229,524	226,543	194,337	226,038	229,737
Sub Total	96.5%	7,396,683	6,744,519	5,630,739	5,648,892	5,357,984	5,133,759	5,123,143	4,811,240	5,201,689	5,664,264

MNAA entered into a new agreement with the airlines beginning July 1, 2015. Only major carriers are Signatory and subsidiary carrier activity will be consolidated under the Signatory carrier beginning FY 2016. Some previously Non-Signatory carriers now fly consolidated under multiple Signatory carriers. American Affiliates (A); Delta Affiliates (B), United Affiliates (C).

	% of Total	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
NON-SIGNATORY AIRLINES:											
Air Canada d/b/a Jazz Air	0.0%	2,987	2,583	2,111	25,304	33,760	28,618	28,905	29,704	30,390	29,845
Air Georgian dba Air Canada	0.6%	47,610	33,506	30,759	4,740	-	-	-	-	-	-
Air Wisconsin (A)	0.0%		-	85,865	55,225	72,662	42,582	35,438	69,231	76,469	67,210
Express Jet/Delta (B)	0.0%		-	57,364	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
Compass Airlines (B)	0.0%		-	2,296	24,437	47,283	25,445	63,789	58,583	52,730	36,551
Delta, Midwest Connect)	0.0%		-	85	4,617	3,077	3,574	4,170	46,980	73,686	64,706
Express Jet/United Express (C)	0.0%		-	-	-	-	90,106	91,151	26,296	-	-
Frontier Airlines	1.7%	126,550	70,424	-	-	-	-	-	-	-	-
JetBlue Airways	0.0%		-	-	-	-	-	-	-	-	53,009
Mesa Airlines	0.0%		-	45,879	48,918	75,699	51,517	67,808	110,697	81,258	120,438
Pinnacle/Endeavor Airlines	0.0%		-	107,398	117,366	116,432	75,435	76,510	104,098	106,474	69,490
Republic	0.0%		-	183,157	92,102	55,122	78,253	70,635	65,566	49,314	65,171
Skyway	0.0%		-	-	-	-	-	-	15,795	43,193	38,778
Trans States Airlines	0.0%		-	25,662	84	25,572	27,520	18,126	28,593	49,484	24,423
SkyWest	0.0%		-	157,259	129,226	149,781	129,188	72,522	111,077	81,313	108,687
All Others (includes charters)	1.2%	94,068	46,700	124,323	82,701	114,095	101,752	49,709	31,107	53,511	43,654
Sub Total	3.5%	271,215	153,213	822,158	668,508	782,431	768,860	664,956	810,807	770,747	785,111
TOTAL PASSENGER CARRIER WEIGHT (000s)	**100.0%**	**7,667,898**	**6,897,732**	**6,452,897**	**6,317,400**	**6,140,415**	**5,902,619**	**5,788,099**	**5,622,047**	**5,972,436**	**6,449,375**
CARGO & MISC CARRIER WEIGHT (000s)		285,758	305,642	304,279	300,986	261,389	244,138	250,181	253,646	459,433	555,378
TOTAL WEIGHT ALL AIRCRAFT (000s)		**7,953,656**	**7,203,374**	**6,757,176**	**6,618,386**	**6,401,804**	**6,146,757**	**6,038,280**	**5,875,693**	**6,431,869**	**7,004,753**
% PASSENGER CARRIER WEIGHT		**96%**	**96%**	**95%**	**95%**	**96%**	**96%**	**96%**	**96%**	**93%**	**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

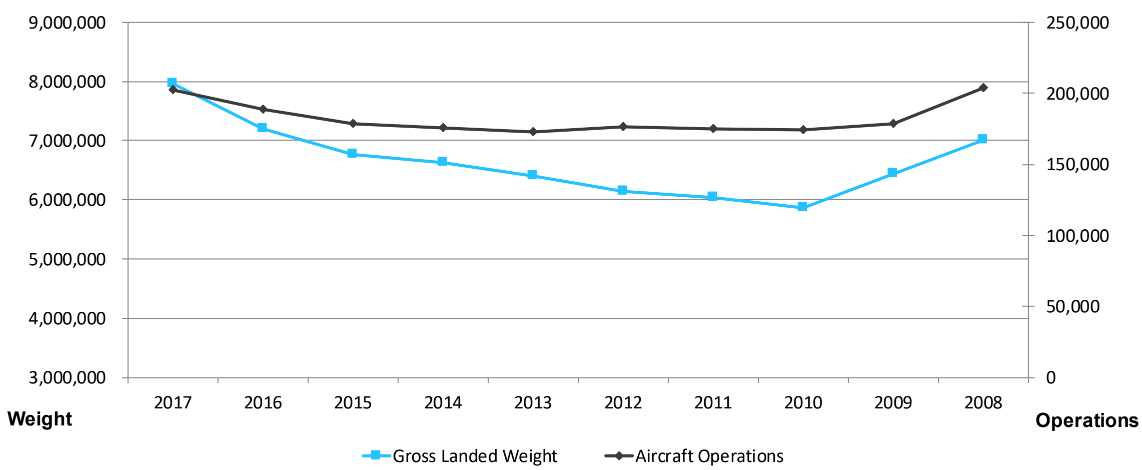
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Daily Departures	**220**	**220**	**200**	**196**	**197**	**198**	**190**	**188**	**190**	**188**

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Aircraft Operations:										
Cargo Carrier	2,586	2,880	2,702	2,288	2,064	2,462	2,526	2,360	3,080	3,750
Charter Carrier (all)	-	-	-	-	26	20	8	6	18	20
General Aviation	35,402	35,428	32,861	30,947	28,631	29,902	27,979	27,275	29,511	38,441
General Aviation Air Taxi	33,598	33,338	37,261	46,021	48,609	51,275	55,334	57,381	54,297	61,583
Mainline Carrier	80,066	73,998	68,087	60,402	53,289	50,235	50,883	42,621	50,610	55,661
Military Aircraft	4,225	4,219	2,901	1,782	1,942	3,332	3,612	4,123	3,853	3,102
Regional Carrier	46,207	38,891	34,920	33,912	38,200	38,834	34,256	40,402	37,362	41,333
Total Aircraft Operations	**202,084**	**188,754**	**178,732**	**175,352**	**172,761**	**176,060**	**174,598**	**174,168**	**178,731**	**203,890**
Gross Landed Weight (000s)										
Cargo Carrier	285,758	305,642	304,279	300,986	262,110	242,987	250,181	253,646	459,433	506,955
Charter Carrier (all)	30,294	33,325	27,548	16,761	16,078	6,766	6,552	1,266	1,428	2,455
Mainline Carrier	7,396,683	6,744,519	5,630,738	5,648,894	5,357,984	5,133,758	5,123,142	4,811,240	5,201,689	5,664,264
Military Aircraft		-	-	-	-	-	-	-	-	-
Regional Carrier	240,921	119,888	794,611	651,746	765,632	763,242	659,907	805,923	769,319	831,079
Total Gross Landed Weight	**7,953,656**	**7,203,374**	**6,757,176**	**6,618,387**	**6,401,804**	**6,146,753**	**6,039,782**	**5,872,075**	**6,431,869**	**7,004,753**

Differences between total gross landed weight summarized here and carrier-specific activity are attributable to adjustments made during the year. 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)



	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Cargo (tons):										
Air Mail	855	601	163	-	1	1	2	8	18	459
Air Freight	7,751	6,905	3,151	3,095	3,231	6,403	3,467	7,851	8,319	6,912
Air Cargo - Domestic	38,894	32,670	13,749	14,999	16,056	36,445	17,177	36,162	33,914	38,230
Air Cargo - International		-	-	-	-	-	-	2,321	23,381	33,665
Total Cargo	**47,500**	**40,176**	**17,063**	**18,094**	**19,288**	**42,849**	**20,646**	**46,342**	**65,632**	**79,266**

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

Signatory Carriers:
Alaska Airlines
American Airlines (A)
Delta Air Lines (B)
Frontier Airlines
JetBlue
Southwest Airlines
United Airlines (C)

Signatory Affiliate Carriers:*
Air Wisconsin (A)
Endeavor Air (B)
Envoy (A)
ExpressJet (Multiple)
GoJet Airlines (Multiple)
Mesa Airlines (A)
Republic Airways (Multiple)
Shuttle America (Multiple)
SkyWest Airlines (Multiple)
TransStates Airlines (Multiple)

Non-signatory Carriers:
AeroMexico
Air Georgian
Boutique Air
Contour Airlines
Sun Country
Sunwing
Swift Air
WestJet Encore
Xtra Airways

Signatory Cargo Carriers:
Federal Express

Non-signatory Cargo Carriers:
Air General, Inc
Air Transport Int'l.
Airborne Express
CSA
DHL
Mountain Air Cargo

Fixed-base Operators:
Atlantic Aviation
Signature Flight Support

Other Airport Tenants:
Above and Beyond
Aeronautical Radio / Rockwell Collins
Aircraft Services International
Airline Maint. Svcs
AMD Freight
Embraer Aircraft Maintenance
Federal Aviation Administration
Genesco, Inc
Marisol
Metro Air Services
Metro Government
Mid South Express
Miller Transport
Monell's at the Manor
State of Tennessee
Swissport
TN Aeronautics Commission
TN Dept of Transportation
US Customs Border Patrol
US DEA
US Govt Weather Service
US Postal Service

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

Vehicle Parking:
ABM Parking

Private Hangar Rentals:
Nashville Hangar
Owl Hill Holdings
SATA, Inc.
Skywest
The Martin Companies

Rental Car:
Avis
Advantage Car Rental
Budget
Dollar
Enterprise
Hertz
Thrifty
Payless
Vanguard (Alamo/National)
ZipCar
EZ Rent A Car

Ground Transportation:
Hotel Shuttles
Taxicab Companies
Limousine Companies
TNC's (Uber, Lyft)

Ground Handlers:
Dynair/Swissport
Airport Terminal Services (ATS)
Delta Global Services (DGS)

Tenants at John C. Tune Airport:
Contour Flight Support dba/Corporate Flight Management
Helistar
Plane Hangar
Mid America Jet

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Metropolitan Nashville Airport Authority Staffing - Full-time Equivalents

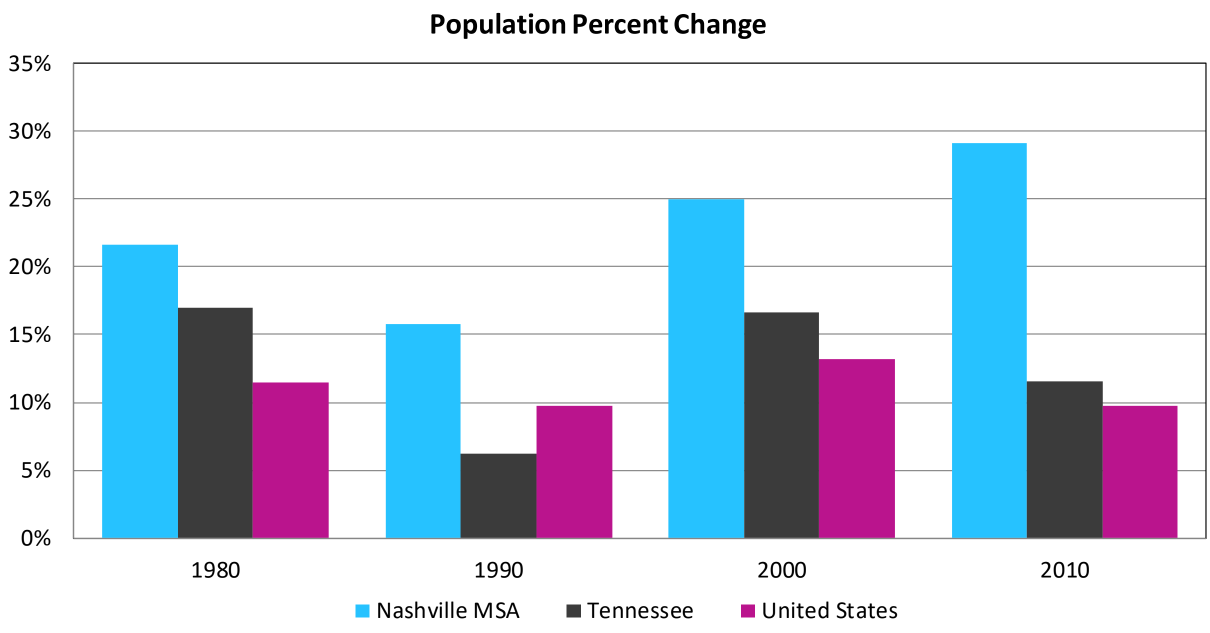
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Administration	87.5	89.5	89.5	96.5	90.5	91.5	96.2	94.5	92.5	90.5
Engineering & Maintenance	75.0	72.0	72.0	76.0	72.5	74.5	71.3	70.0	67.0	68.0
Operations, Safety, Security	126.5	125.5	127	129	117.5	120.5	109.5	107.5	111.0	114.0
Total Authority Full-time Equivalents	**289.0**	**287**	**288.5**	**301.5**	**280.5**	**286.5**	**277.0**	**272**	**270.5**	**272.5**

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.



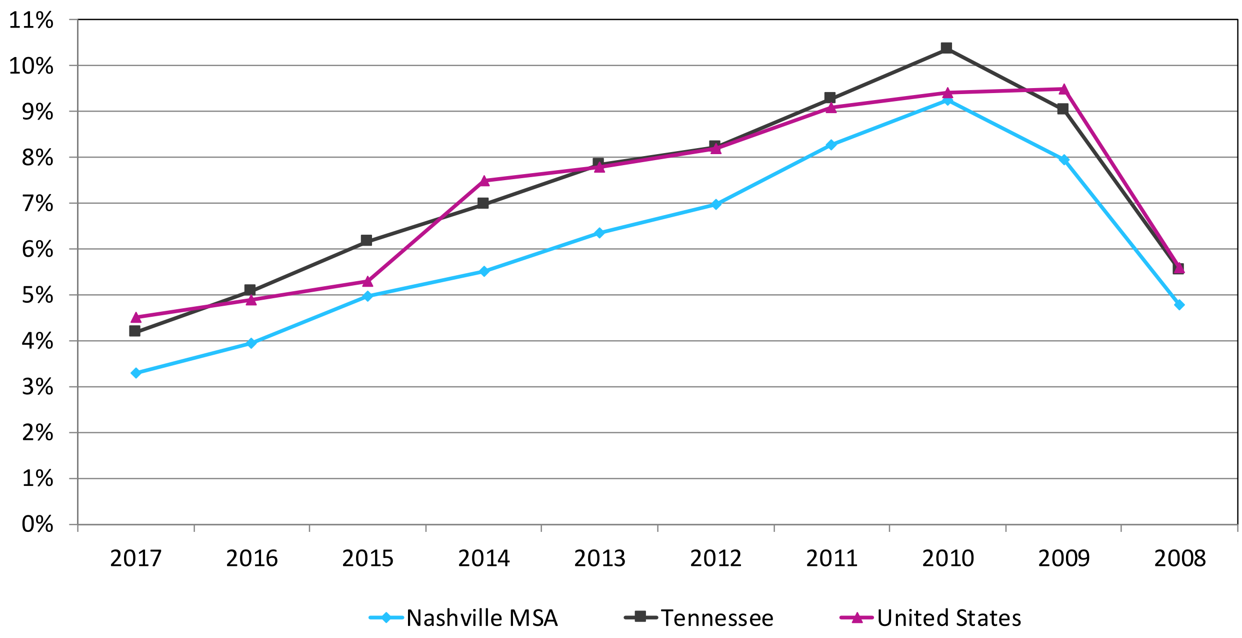
Nashville Metropolitan Statistical Area* Average Unemployment Rate

Year	Nashville MSA	Tennessee	United States
2017	3.30%	4.20%	4.52%
2016	3.94%	5.07%	4.90%
2015	4.96%	6.17%	5.30%
2014	5.51%	6.97%	7.50%
2013	6.35%	7.85%	7.80%
2012	6.98%	8.23%	8.20%
2011	8.28%	9.28%	9.10%
2010	9.24%	10.35%	9.40%
2009	7.96%	9.03%	9.50%
2008	4.77%	5.54%	5.60%

*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)

2016	Staff	Employer	Headquarters	2015	Staff
1	24,548	State of Tennessee	Nashville	1	38,375
2	20,000	Vanderbilt University Medical Center and Monroe Carroll Jr.	Nashville	2	24,719
3	12,891	U.S. Government	Washington	3	12,225
4	10,380	HCA, Inc.	Nashville	8	7,000
5	10,120	Metropolitan Nashville-Davidson County Public Schools	Nashville	5	10,120
6	10,100	Nissan North America, Inc.	Franklin	4	10,900
7	8,700	Metropolitan Government of Nashville and Davidson County	Nashville	6	8,700
8	7,100	Saint Thomas Health Service	Nashville	7	7,100
9	6,400	Vanderbilt University	Nashville	NR	NR
10	6,173	Williamson County Public Schools and County Government	Franklin	9	5,900
11	5,505	Rutherford County Government	Murfreesboro	10	5,505
12	5,000	Community Health Systems, Inc.	Franklin	12	4,300
13	4,361	Randstad Work Solutions	Atlanta GA	14	4,100
14	4,307	Sumner County Government and Public Schools	Gallatin	11	4,307
15	4,000	Asurion	Nashville	13	4,175
16	3,900	Clarksville-Montgomery County School System	Clarksville	15	3,900
17	3,212	The Kroger Co.	Cincinnati, OH	16	3,173
18	3,100	National HealthCare Corporation	Murfreesboro	17	3,100
19	3,000	Shoney's, Inc.	Nashville	19	3,000
20	2,900	Electrolux Home Products of North America	Charlotte, NC	20	2,900
21	2,891	Lowe's Cos. Inc	Mooresville, N.C.	21	2,891
22	2,600	Cracker Barrel Old Country Store, Inc.	Lebanon	18	3,012
23	2,500	Gaylord Opryland Resort & Convention Center	Nashville	22	2,500
24	2,174	Middle Tennessee State University	Murfreesboro	24	2,171
25	2,100	AT&T Inc.	Nashville	NR	NR

*Ranked by number of Middle Tennessee employees as of June 24, 2016

Source: Nashville Business Journal's Book of Lists 2016-17 (nashville.bizjournals.com)

Middle Tennessee Top 25 Public Companies**

2016	2015	Employer	Headquarters
1	1	HCA Holdings, Inc.	Nashville
2	3	Dollar General Corporation	Goodlettsville
3	2	Community Health Systems, Inc.	Franklin
4	5	Tractor Supply Co.	Brentwood
5	4	Delek US Holdings, Inc.	Brentwood
6	6	Lifepoint Hospitals, Inc.	Brentwood
7	7	Brookdale Senior Living Co.	Brentwood
8	8	Genesco, Inc.	Nashville
9	9	Cracker Barrel Old Country Store, Inc.	Lebanon
10	12	Amsurg Corporation	Nashville
11	10	Louisiana-Pacific Corporation	Nashville
12	16	Acadia Healthcare Co, Inc.	Franklin
13	11	Corrections Corporation of America	Nashville
14	13	Clarcor, Inc.	Franklin
15	15	Ryman Hospitality Properties	Nashville
16	NR	Surgery Partners Inc.	Nashville
17	17	National HealthCare Corporation	Murfreesboro
18	19	Healthways, Inc.	Franklin
19	18	Delek Logistics Partners	Brentwood
20	20	Kirkland's, Inc.	Brentwood
21	21	Healthcare Realty Trust, Inc.	Nashville
22	22	Diversicare Healthcare Services, Inc	Brentwood
23	23	First Acceptance Corp	Nashville
24	24	Pinnacle Financial Partners, Inc	Nashville
25	25	National Health Investors Inc.	Murfreesboro

**Ranked by Revenue (Published June, 17, 2016)

Source: Nashville Business Journal's Book of Lists 2016-17 (nashville.bizjournals.com)

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Metropolitan Nashville Airport Authority℠

One Terminal Drive Suite 501 Nashville, Tn 37214-4114

(615) 275-1600