Comprehensive Annual Financial Report

Fiscal Year 2019
July 1, 2018 – June 30, 2019

BNA

Nashville International Airport

Comprehensive Annual Financial Report
For the Years Ended June 30, 2019 and 2018

Prepared by the Finance Department

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Comprehensive Annual Financial Report

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This section contains the following subsections:

Letter of Transmittal

Board of Commissioners and Executive Staff

Organization Chart

Certificate of Achievement for Excellence in Financial Reporting

October 25, 2019

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, 2019, 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 is accurate in all material respects and is 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); setting rates and charges for airlines; and setting rates for all 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 311 positions for fiscal year 2019. Authority staff is actively engaged with many trade and community organizations, often receiving awards and serving in leadership positions.

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 Agreement was effective retroactively to July 1, 2015. This Agreement was substantially different from and replaced the Authority's Prior Amended and Restated Lease Amendments (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 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, 2019 and 2018 were $1,580,000 and $900,000, respectively. For more detailed information concerning the Authority's cash and investments, refer to Note 3, Cash and Cash Equivalents and Investments, of 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 a deductible of $5,000 per occurrence and a $25,000 annual aggregate deductible. Additionally, real and personal property is insured with a limit of $100 million, subject to various deductibles depending on the type of loss. The Authority's tenant and contractor insurance requirements and indemnifications within its contracts and agreements 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 may result from 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 provides $102 million per occurrence and $104 million in aggregate liability protection for projects the Authority chooses to include in the OCIP with a $25,000 deductible per occurrence. In exchange, the bidding contractors are required to remove their own costs for General Liability and Excess or Umbrella coverages from their bids to perform this work, since they are insured under the OCIP for enrolled projects.

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

Nashville International Airport experienced significant growth again in fiscal year 2019 with approximately 17.1 million passengers served and approximately 8.6 million enplanements. The airport continued a trend of solid enplanement growth, with percentage increases of 15.1 percent and 10 percent for fiscal years 2019 and 2018, making BNA one of the fastest-growing airports in the United States.

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 Nashville's more recent accolades follow.

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http://www.nashvillechamber.com/homepage/relocation/relocatebusiness/RecentRankings.aspx

Nashville Named #3 Best City for Young Professionals

SmartAsset

SmartAsset ranked cities based on nine metrics that encompassed both economic and livability factors relevant to young professionals including cost of living, entertainment, job diversity and income, along with the unemployment rate for those between 25 and 34. Nashville was previously ranked #20 in the 2018 study, but climbed to the top of the rankings due to a $16,000 increase in median earnings from 2016-2017.

Nashville #1 Metropolitan Economic Strength Rankings

Policom

Metropolitan Statistical Areas (MSA) have at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by the location of the commuting workforce.

Nashville best place to live in Tennessee, 15th best in the US

U.S. News & World Report

Each year, U.S. News & World Report analyzes data from the United States Census Bureau, the Federal Bureau of Investigation, the Department of Labor and their own internal resources to determine the best places to live in the United States. The ranking metrics include the job market, affordability, quality of life, desirability and net migration of 125 metro areas. In 2019, Nashville was named on the list as the best city in Tennessee to live and number 15 on the list of best places to live in the U.S.

INC names Nashville #4 Best Place to Start a Business in America

INC – The 50 Best Places in America to Start a Business

"An abundance of hospital chains in the country music mecca has made it famous for something else: a new wave of health startups." Nashville earned the number 4 spot based on the rate of entrepreneurship, high-growth company density, population growth, net business creation and wage growth in the Nashville Metro area.

Tennessee ranked #1 in South Central United States for regional workforce development

Site Selection Magazine

Tennessee ranked number one for our region based on the following criteria: (1) CNBC's America's Top States for Business 2018 Workforce and Education sub-ranking; (2) Forbes' Best States for Business 2018 Labor Supply sub-ranking; (3) U.S. News' 2018 Best States for Education rankings; (4) ACT National Career Readiness Certificates (NCRC) Rankings; and (5) average number of workforce development enactments passed in state legislatures (most recent data).

Top 20 Happiest Cities to Work in Right Now

Forbes

This ranking, based on work-life balance, employee relationships, work environment, average compensation, opportunities for career advancement, company culture and resources, places Nashville in the top 20 happiest cities to work in.

#7 on Forbes' list of Top 25 Fastest-Growing Cities of 2018

Forbes

Nashville has jumped significantly from number 20 on Forbes' list of Top 25 Fastest Growing Cities of 2017 to 7 on the 2018 list. "The goal of Forbes' annual list of America's fastest-growing cities is to give a holistic picture of places on the upswing. That means looking not just at job, population or output growth individually, but considering how these important measures and others come together. It means looking back to see which cities grew the most in 2017 and forward to project which cities will make strides in 2018," says Forbes.

Nashville's High Notes

http://www.visitmusiccity.com/accolades-honors.

SMARTERTRAVEL

Smarter Travel included Nashville in The Best U.S. Cities to Visit in 2019 included Nashville.

- **Global Traveler's Leisure Lifestyle Awards** ranked Nashville in multiple lists in: (*May 2019)*
  - #1 Best Leisure Destination In the United States
  - #6 Best Weekend Destination In North America
  - #8 Best Adventure Destination, Domestic
  - #9 Best Leisure Destination for Groups (4 or more)
- **U.S. News & World Report** named Nashville ranked #15 on 125 Best Places to Live in the USA. (*April 2019*)
- **Academy of Country Music®** announced the Industry Award winners of the 54th Academy of Country Music Awards for Venue of the Year as **Ryman Auditorium** (small capacity), **Ascend Amphitheater** (medium capacity), and **Bridgestone Arena** (large capacity). (*May 2019*)
- **Ryman Auditorium** is listed on **Rolling Stone's** 10 Best Live Music Venues in America roundup. (*December 2018)*
- **Cvent** ranked Nashville #7 on their Top 50 Meeting Destinations in the U.S. (*July 2018*)
- **Southern Living** named Nashville one of the South's Best Food Cities in 2019. (*May 2019*)
- **Forbes** ranked Nashville #4 on their list of 10 Best Bang for the Buck Vacation Destinations. (*January 2019*)
- **SmartMeetings** ranked **Nashville Convention & Visitors Corp, Hutton Hotel, and JW Marriott Nashville** in The Best of the Best 2018 Platinum Choice Winners. (*December 2018)*



FY19 Awards & Recognitions

In July 2018, BNA received Special Achievement in GIS (SAG) Award, presented at the 2018 Esri User Conference. This award is given to user sites around the world to recognize outstanding work with GIS technology. BNA was selected from more than 100,000 GIS user sites.

In September 2018, BNA ranked #4 among Large Airports in J.D. Power's 2018 North America Airport Satisfaction Study.

Additionally, in September 2018, BNA hosted the largest ever Airports Council International – North America Annual Conference, which drew a record setting 2,200 attendees from across the United States and beyond.

In February 2019, AIAA/AAAE/ACC Jay Hollingsworth Speas presented BNA the Airport Award for Geothermal project. The airport was recognized for creatively transforming a nearby quarry into the largest geothermal lake plate cooling system in North America to provide a sustainable source of water for the airport's terminal cooling and irrigation needs.

In March 2019, JWN General Manager, Kathy Hatter received the Tennessee Aeronautics Commission's 2019 Airport Manager of the Year Award at the Tennessee Airports Conference.

In April 2019, BNA received the following awards from PRSA Nashville Parthenon:

- Media Relations/News Conferences Category for British Airways' inaugural flight at BNA;
- Annual Report Category for BNA's FY19 Annual Report;
- Audiovisual/Video Program Category for Terminal Garage sustainability video;
- Public Relations Campaigns Category for BNA Vision;
- Integrated Communications Category for BNA Vision; and,
- Special Events Category for British Airways inaugural flight at BNA.

Additionally, in April 2019, BNA hosted the BNA 5K on the Runway. Nearly 2,000 runners and walkers participated in the event, which benefitted K9s for Warriors.

In June 2019, the Air/Traffic/Control (Terminal Garage light and glass installation) was nationally recognized by Americans for the Arts as one of the United States' outstanding public arts projects in its Year in Review program.

Additionally, in June 2019, BNA announced "*Five Firsts":*

- Topped 17 million total annual passengers;
- Increased passengers in a single year by more than 2 million;
- Increased annual passengers by 15 percent;
- Set passenger records for the sixth consecutive year; and,
- Set monthly passenger total record for June.

More specifically, in FY19 (July 1, 2018 to June 30, 2019), **17,171,821 passengers** traveled into and out of BNA, an increase of more than **2.2 million passengers** over last year's record and representing an unprecedented **15 percent** rate of annual growth.

June 2019 set a record as the single busiest month in BNA history, with **1,676,386 passengers,** some 13,000 more than the previous record set in May 2019.

Furthermore, in June 2019, BNA received results of the 2018 Economic Impact Study. According to the study, BNA generated more than $7.1 billion in total economic impact in middle Tennessee, which was more than double the 2012 study that reported $3.5 billion in economic impact.

Nashville saw unemployment rates continue to decrease from their peak in 2010. As of June 2019, the unemployment rate was 2.60 percent for the Nashville – Davidson – Murfreesboro – Metropolitan Statistical Area (Nashville MSA) compared with 3.40 percent for Tennessee, and 3.70 percent for the nation 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, 2014 - 2019 were as follows:

	Nashville MSA	Tennessee	United States
June 30, 2019	**2.60%**	**3.40%**	**3.70%**
June 30, 2018	2.71%	3.45%	3.93%
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%

MAJOR INITIATIVES AND DEVELOPMENTS

New Concessions Program

In August 2018, the Authority awarded a 10-year concessions contract to Fraport USA. Fraport USA is leading the development and management of 133,000 square feet of concessions space at the airport beginning February 2019, through January 2029. The reimagined program will emphasize local flavor and flare. Upon completion, the program will include more than 90 new locations of food and beverage, specialty retail, passenger services, news and gifts, and amenities. Under Fraport's operating model, most of these will be independently owned, allowing local businesses to manage their brands and bring improved customer service to the airport. The program also

brings **"street pricing"** to BNA – an assurance that customers will pay no more for goods at the airport's concessions than they would at a comparable location. Future developments include new food courts, more live performance space and amenities designed to enhance the passenger experience.

In February 2019, Fraport USA and the Authority joined with community members to announce plans for the new concessions program at BNA and welcome anticipated operators – a roster that will celebrate the best of Nashville with popular concepts such as Prince's Hot Chicken, ACME Feed and Seed, Tootsies, Slim and Husky's, Parnassus and Draper James.

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 14.9 million passengers 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 gate 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.

Parking/Office Plaza
Add 4,900 parking spaces, and an administrative office plaza.

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

Updates on each of the vision projects are below:

Parking Garage
In May 2016, the Authority entered into a contract for the Parking Garage. In December 2018, joined by Mayor David Briley, the Authority hosted a preview and ribbon-cutting event for its new $115 million Terminal Garage. The state-of-the-art facility offers 2,200 parking spaces, a variety of amenities for travelers and a dedicated Ground Transportation Center for commercial vehicles. The Terminal Garage opened to the public on December 20, 2018.

The new, six-level garage features a variety of modern conveniences including:

- Parking space guidance system;
- Electric vehicle charging stations;
- Tire inflation station;
- Vehicle locator kiosks;
- Pay-on-foot kiosks;
- Flight information displays;
- Covered walkway to the terminal; and,
- Ground-level pick-up by commercial vehicles including We Go Public Transit buses, hotel shuttles, charter buses, limousines, taxis and ride app vehicles.

International Arrivals Facility
In November 2018, the Authority entered into a design-build contract to construct the Terminal Lobby and International Arrivals Facility. The project was in the design phase, as of June 30, 2019 and is expected to be completed in 2023.

Ticketing and Baggage Claim Expansions
In January 2018, the Authority entered into a design-build contract for Concourse D and Terminal Wings Expansion. The project was under construction as of June 30, 2019, and is expected to be completed in 2021.

Concourse D Expansion
In January 2018, the Authority entered into a design-build contract for Concourse D and Terminal Wings Expansion. The project was under construction, as of June 30, 2019 and is expected to be completed in 2020.

Central Terminal and Security Screening
In November 2018, the Authority entered into a design-build contract to construct the Terminal Lobby and International Arrivals Facility. The project was in the design phase, as of June 30, 2019 and is expected to be completed in 2023.

Parking/Office Plaza
In July 2018, the Authority awarded a design-build contract for the Parking/Office Plaza. The project was under construction, as of June 30, 2019 and is expected to be completed in 2021.

Donelson Pike Relocation
In April 2018, the Authority awarded a contract to provide preliminary design documents to define improvements to the Terminal Access Roadway System and surface parking facilities. The project was in the design phase, as of June 30, 2019 and is expected to be completed in 2024.

New Brand

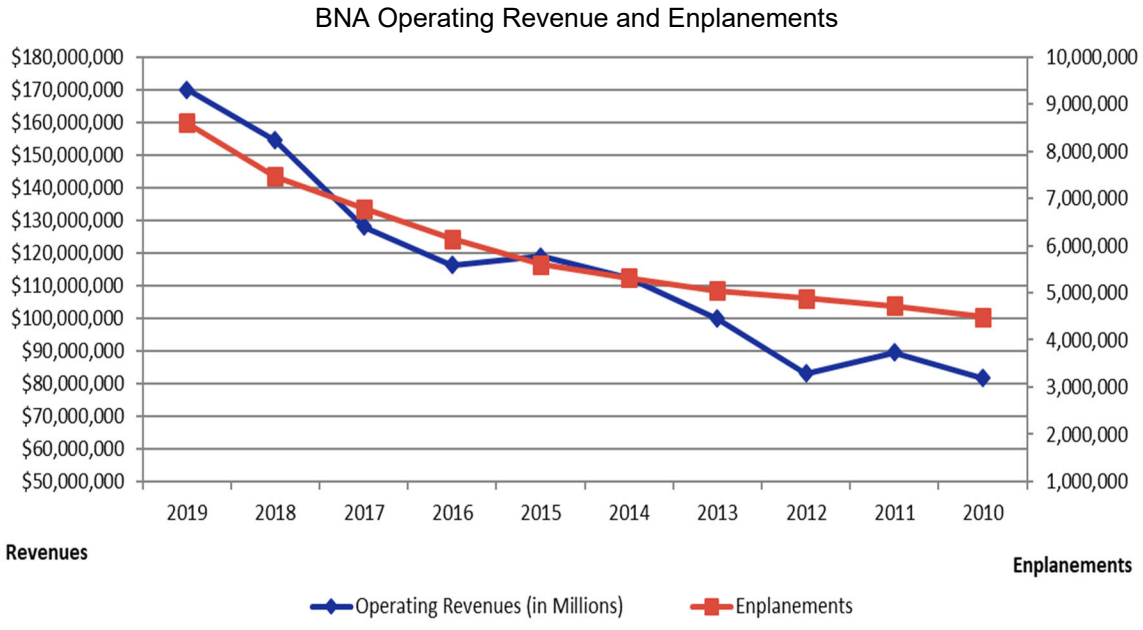
In April 2019, the Nashville International Airport released the new BNA Brand. The airport made an intentional shift to align with how travelers, the community, and partners already see the airport. As the brand was being developed, it was determined that the Nashville Airport is more than just an airport. The airport is Nashville. From the music, art and food, to the warm and welcoming environment, the airport is overflowing with the same Music City spirit that is discovered downtown, in East Nashville, Jefferson Street, Music Row, Germantown and throughout the city. The best way for the airport to serve the city and the region is to be as authentically Nashville as possible. The brand is a call for action to urge all of us to “Be Nashville”.

Be Nashville. BNA.

OUTLOOK FOR FISCAL YEAR 2020

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 2020. 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 2020.



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 2019 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 86. 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; and,
- Custom, culture and the corporate governance system inhibit irregularities by management, but they are not absolute deterrents.

All internal control evaluations occur within the above framework. We believe that the Authority's internal controls adequately meet the objectives listed above and have devoted considerable time this past year to attract and retain individuals in our Finance Department who embrace the concept of a healthy internal control environment.

OTHER INFORMATION

Independent Audit

The Authority's independent auditor, Dixon Hughes Goodman LLP, has rendered an unmodified opinion that the Authority's financial statements as of and for the years ended June 30, 2019 and 2018, present fairly, in all material respects, the Authority's financial position, changes in net position and cash flows.

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, 2018. This was the eighteenth consecutive year that the Authority has achieved this prestigious award. 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,



Margaret Basrai, CPA, CGMA, C.M.
Chief Financial Officer

Metropolitan Nashville Airport Authority
Board of Commissioners and Executive Staff

BOARD OF COMMISSIONERS

Chair
A. Dexter Samuels, Ph.D

Vice Chair
Aubrey B. Harwell, III

Secretary
Amanda Farnsworth

Commissioners
Honorable David Briley, Mayor
Metropolitan Government of Nashville & Davidson County

Jamari Brown, Mayor's Representative

James "Jimmy" W. Granbery

John E. Doerge

William "Bill" H. Freeman

Robert J. Joslin, Jr.

Christy Smith

Nancy Sullivan, P.E.

EXECUTIVE STAFF

Douglas E. Kreulen
President & Chief Executive Officer

Margaret M. Basrai
Vice President & Chief Financial Officer

Gale LaRoche
Vice President & Chief Administrative Officer

Robert L. Ramsey
Senior Vice President & Chief Operating Officer

Margaret Martin
Vice President & Chief Development Officer

Mark (Tom) Jurkovich
Vice President, Communications & Public Affairs

SENIOR STAFF

Carrie R. Logan
Assistant Vice President, Legal Affairs

Edward McDonald
Assistant Vice President, Risk Management

Karisse L. Spray
Assistant Vice President, Human Resources

Linda Macey
Assistant Vice President, Revenue Development

Shannon Sumrall
Assistant Vice President, Brand Experience

Tom W. Bibb
Assistant Vice President, Operations and Maintenance

Vanessa J. Hickman
Assistant Vice President, Information Technology

Davita L. Taylor
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Jeff Roach
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Assistant Vice President, Finance

Lisa K. Lankford
Assistant Vice President, Special Assistant to the President

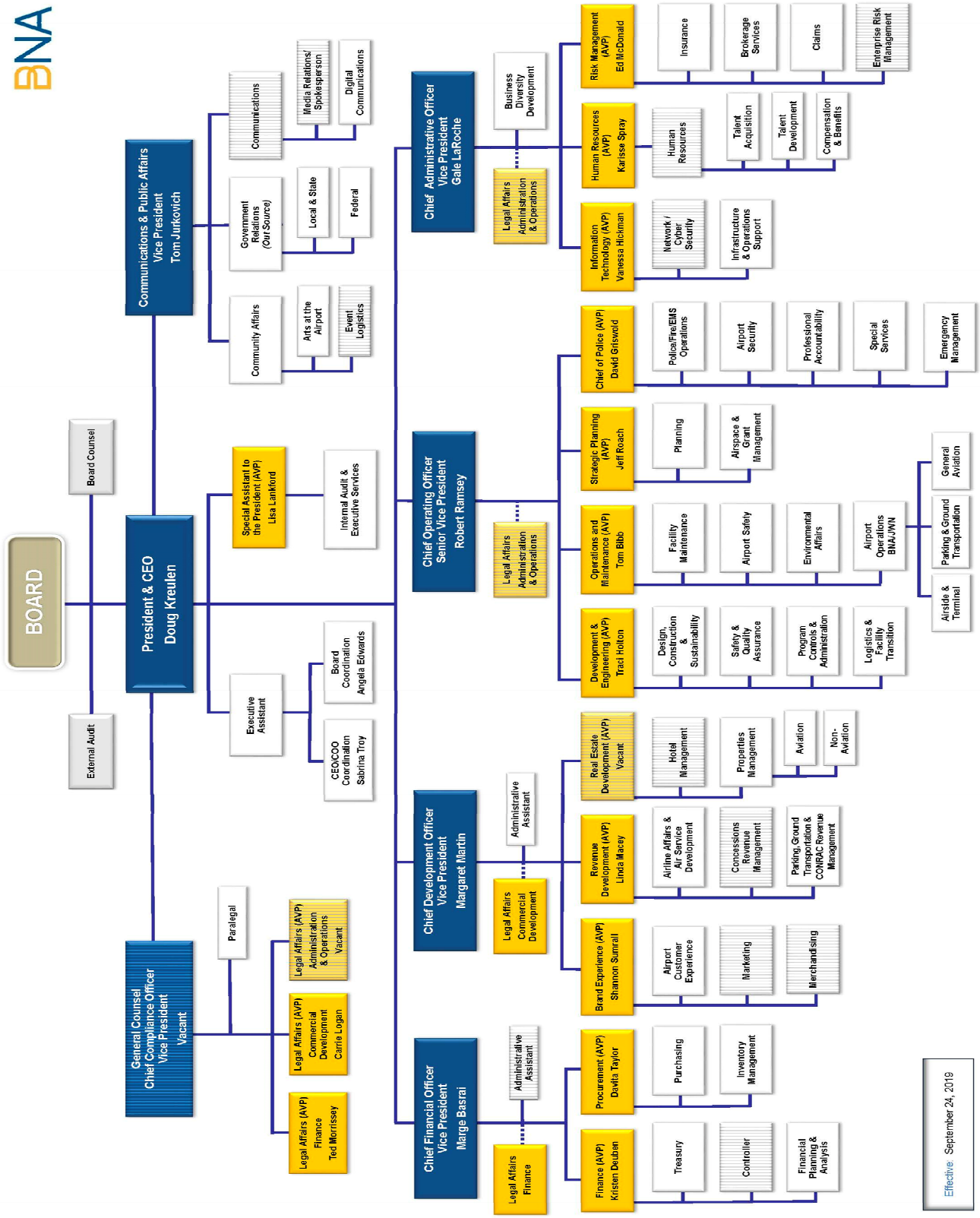
Theodore G. Morrissey
Assistant Vice President, Legal Affairs

Traci C. Holton
Assistant Vice President, Development and Engineering & Chief Engineer

W. David Griswold
Assistant Vice President, Chief of Police

Effective: September 1, 2019

Metropolitan Nashville Airport Authority
Organization Chart
June 30, 2018



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Nashville Airport Authority

Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

This section contains the following subsections:

Independent Auditors' Report

Management's Discussion & Analysis

Financial Statements

DHG
DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

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, 2019 and 2018, 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.

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, 2019 and 2018, 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.

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DIXON HUGHES GOODMAN LLP

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Authority implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* in fiscal year 2019. As a result, no interest costs were capitalized in fiscal year 2019.

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 and OPEB liabilities, and schedules of pension and OPEB contributions, 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 accompanying schedule of expenditures of federal and state awards and related notes to this schedule are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. The accompanying schedule of collections and expenditures of passenger facility charges and related notes to this schedule, are presented for purposes of additional analysis as required by the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration.

The other information, schedule of expenditures of federal and state awards, and schedule of collections and expenditures of passenger facility charges is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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.

DIXON HUGHES GOODMAN LLP

The introductory section 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Memphis, Tennessee
October 25, 2019

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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 Accounting Principles Generally Accepted and promulgated by the Governmental Accounting Standards Board. The Authority is structured as a single enterprise fund with revenues recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and (except land and construction in progress) are depreciated over their useful lives. Please refer to Note 2 to the financial statements for a summary of the Authority's significant accounting policies.

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

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing the change in the Authority's net position during the fiscal year. All changes in net position are reported when the underlying events occur, regardless of 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 *Statement of Cash Flows* relates to the inflows and outflows of cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in this statement. A reconciliation is provided within the 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 2019, surpassing 17.1 million passengers and approximately 8.6 million enplanements. Enplanements were up 15.1 percent, 10.0 percent and 10.6 percent, in fiscal years 2019, 2018, and 2017, making Nashville one of the fastest-growing airports in the United States. Since 2010, BNA has had consistent enplanement growth of 3 percent or better every year. Nashville International Airport is currently served by 14 airlines with 267 daily flights to 70 nonstop markets.

In fiscal year 2019, Nashville maintained its A+ and A1 ratings from Standard & Poor's and Moody's rating services, respectively. In 2017, Moody's revised the outlook for general airport revenue bonds (GARB) to positive from stable and 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 travel demand from area residents, as well as growing tourism supported by a new convention center.

Nashville International Airport continued to add new air service in fiscal year 2019. BNA added two additional carriers – Sun Country Airlines and Viva Aerobu – as well as nonstop service to new domestic destinations, including Allentown, Burbank, Cedar Rapids, Fayetteville, Grand Rapids, Harrisburg, Portland, San Jose, and Sarasota.

The Authority's reliever airport, John C Tune (JWN), undertook a $2 million project to provide site development for a new aircraft hangar with attached office and shop space, including aircraft asphalt taxilane, asphalt apron and vehicle parking. Construction began during fiscal year 2019.

The business development organization of the Authority, MNAA Properties Corporation (MPC) continues an occupancy level near 100 percent.

Operational Highlights

Enplanements increased 15.1, 10.0, and 10.6 percent in fiscal years 2019, 2018 and 2017, respectively. Certified gross landed weights also increased 15.2 percent, totaling approximately 10.0 billion pounds in 2019. Nashville International Airport served approximately 17.1 million total passengers in fiscal year 2019, operating an average of 267 daily flights to 70 nonstop markets. In 2016, the Authority unveiled BNA Vision, an approximately $1.4 billion comprehensive plan designed to accommodate the region's booming population growth and meet the needs to the airport's record-breaking passenger increase. BNA Vision includes expanded parking, concourse and lobby areas, adding new gates, developing a state-of-the-art International Arrivals Building, increasing federal security lanes and the potential for an on-site hotel, among other projects. For additional details, please visit www.bnavisionnashville.com.

Several of the most common indicators of activity during 2019, 2018, and 2017 appear below:

	2019	2018	2017
Enplanements	**8,596,307**	7,466,332	6,790,099
% increase (decrease)	**15.1%**	10.0%	10.6%
Aircraft landed weight (all–000)	**9,952,397**	8,640,900	7,953,656
% increase (decrease)	**15.2%**	8.6%	10.4%
Aircraft operations (passenger)	**154,955**	137,614	126,273
% increase (decrease)	**12.6%**	9.0%	11.8%
Aircraft operations (all other)	**72,470**	72,743	75,811
% increase (decrease)	**-0.4%**	-4.0%	0.0%
Load factors	**79.2%**	86.0%	84.0%
% increase (decrease)	**-6.8%**	2.4%	-0.8%

Load factors are the percentages of seats occupied on all passenger aircraft, both arriving and departing, which decreased 6.8 percent in 2019. Available seats increased by 24.9 percent, as well as an increase of 12.6 percent in passenger aircraft operations and a 0.4 percent decrease in other non-passenger aircraft operations in 2019.

The Authority approved the imposition of Customer Facility Charges (CFCs) for rental car customers and began collecting a $4.00 CFC per transaction day, effective January 1, 2008. The CFC rate increased to $4.50 effective January 1, 2010. This 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 $127.7 million, with almost $15.1 million collected in fiscal year 2019. Transaction days have consistently improved in recent years.

The following summarizes average transaction days by fiscal year:

2019	2018	2017	2016	2015	2014	2013
278,626	263,851	251,138	237,266	216,523	200,472	191,020

Summary of Operations and Changes in Net Position

The Authority's Statement 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 2019 to 2018 and 2018 to 2017:

	2019	2018	% Change	2017	% Change
Operating revenues	**$ 170,032,594**	$ 154,479,617	10.1	$ 128,096,221	20.6
Operating expenses	**99,713,931**	85,262,244	16.9	77,564,577	9.9
Operating income before depreciation	**70,318,663**	69,217,373	1.6	50,531,644	37.0
Depreciation	**44,497,442**	39,914,221	11.5	38,979,958	2.4
Operating income	**25,821,221**	29,303,152	-11.9	11,551,686	>100.0
Non-operating revenues	**54,476,980**	45,235,559	20.4	40,903,990	10.6
Non-operating expenses	**29,700,013**	11,176,971	>100.0	10,381,669	7.7
Income before capital contributions	**50,598,188**	63,361,740	-20.1	42,074,007	50.6
Capital contributions	**18,178,942**	15,010,688	21.1	14,552,791	3.1
Increase in net position	**68,777,130**	78,372,428	-12.2	56,626,798	38.4
Net position, beginning of year	**657,510,531**	579,138,103	13.5	522,511,305	10.8
Net position, end of year	**$ 726,287,661**	$ 657,510,531	10.5	$ 579,138,103	13.5

Operating and Nonoperating Revenue Highlights

Operating revenue increased from fiscal year 2019 compared to 2018 by $15,552,977 and by $26,383,396 from fiscal year 2018 to 2017. The revenue increase is attributable to increased overall airport traffic, and a contractual reimbursement from the airlines for a baggage handling project. Detail summary of activity for fiscal year 2019 and 2018 are as follows: increases in signatory airlines 14.9 and 56.8 percent; parking 5.5 and 14.5 percent; concessions 11.1 and 14.2 percent; space rental 1.4 and 10.1 percent. Other revenues increased 28.2 percent in 2019 and decreased 34.7 percent in 2018. In addition, MPC total operating revenues increased of $69,640 in 2019 compared to a decrease of $39,936 in 2018. The increase in revenues for MPC in 2019 was due to a rental rate adjustment from tenants. JWN saw an increase in operating revenue of $55,580 in 2019 and $18,365 in 2018. JWN revenues increased year over year due to additional space rental and aircraft landings, which resulted in an increase of fuel flowage fees.

Non-operating revenues increased 20.4 and 10.6 percent in 2019 and 2018, respectively. Customer Facility Charges (CFCs), which fund debt service for the CONRAC facility, as well as other costs, fees, and expenses were up 5.6 and 5.4 percent in 2019 and 2018. CFC revenues were approximately $15.1, $14.3 and $13.6 million for fiscal years 2019, 2018 and 2017, respectively. Passenger facility charges (PFC) collections improved 11.0 percent in 2019 and 8.9 percent in 2018, due increased growth in passenger enplanements. Investment income increased 258.4 percent in 2019 and 194.4 percent in 2018. The increase is attributable to better market conditions and changes in investment strategy.

The following summarizes all the Authority's revenues for the fiscal years ended June 30, 2019, 2018, and 2017 with "% Change" representing the change from 2019 to 2018 and 2018 to 2017:

	2019	2018	% Change	2017	% Change
Operating revenues:					
Signatory airline	**$ 55,264,548**	$ 48,091,521	14.9	$ 30,671,634	56.8
Parking	**53,153,828**	50,369,200	5.5	43,977,208	14.5
Concession	**37,203,600**	33,498,728	11.1	29,338,439	14.2
Space rental	**16,885,811**	16,648,433	1.4	15,121,337	10.1
Other	**7,524,807**	5,871,735	28.2	8,987,603	-34.7
Total operating revenues	**170,032,594**	154,479,617	10.1	128,096,221	20.6
Nonoperating revenues:					
Investment income	**7,703,826**	2,149,363	>100.0	730,198	>100.0
Passenger facility charges	**31,416,941**	28,300,013	11.0	25,982,494	8.9
Customer facility charges	**15,094,273**	14,290,386	5.6	13,561,430	5.4
Other nonoperating revenues, net	**261,940**	495,797	-47.2	629,868	-21.3
Total nonoperating revenues	**54,476,980**	45,235,559	20.4	40,903,990	10.6
Capital contributions	**18,178,942**	15,010,688	21.1	14,552,791	3.1
Total revenues and capital contributions	**$ 242,688,516**	$ 214,725,864	13.0	$ 183,553,002	17.0

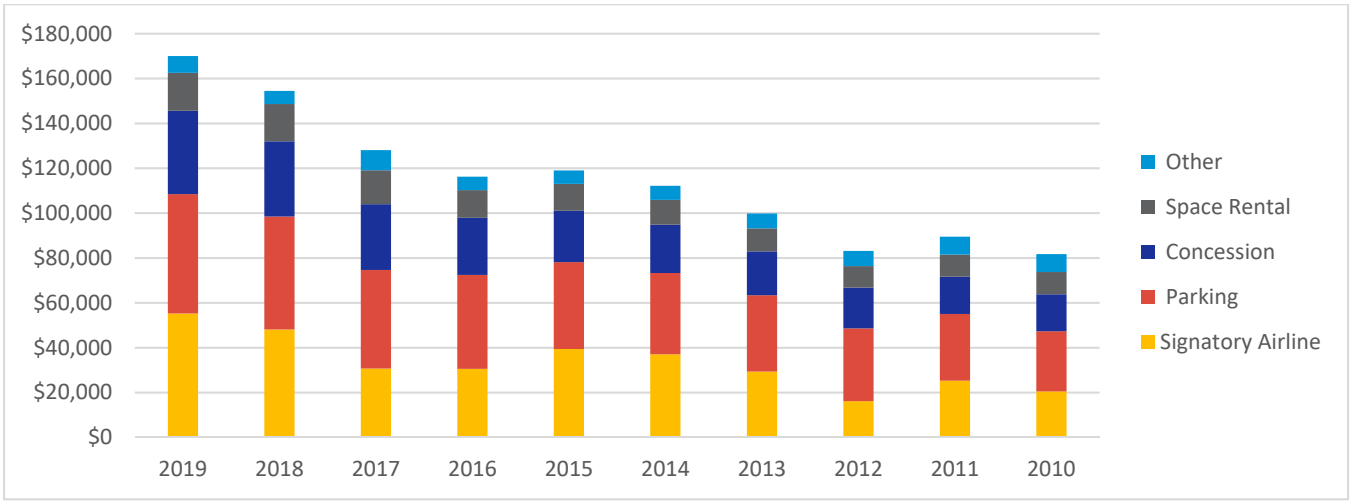
On September 24, 2015, the Authority executed the Metropolitan Nashville Airport Authority Signatory Airline Use and Lease Agreement July 1, 2015 - June 30, 2022 (the New Agreement) with American Airlines, Delta Air Lines, Southwest Airlines, and United Airlines. The New Agreement was effective retroactively to July 1, 2015. This Agreement was substantially different from and replaced the Authority's Prior Amended and Restated Lease Amendments (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 $3.07 and $3.43 for fiscal years 2020 and 2019, respectively. The terminal rental rate per square foot for fiscal year 2020 is $105.65, the terminal rental rate per square foot was $103.07 and $100.55 for fiscal year 2019 and 2018, respectively. While the terminal ramp rental rate for fiscal year 2020 is $2.07, the ramp rental rate was $2.23 and $2.34 for 2019 and 2018, respectively.

Capital costs allocable to the Airfield, including debt service on Bonds, are included in the calculation of the Landing Fees with MII approval. While debt service on Bonds allocable to the Airfield are 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 2010 through 2019:



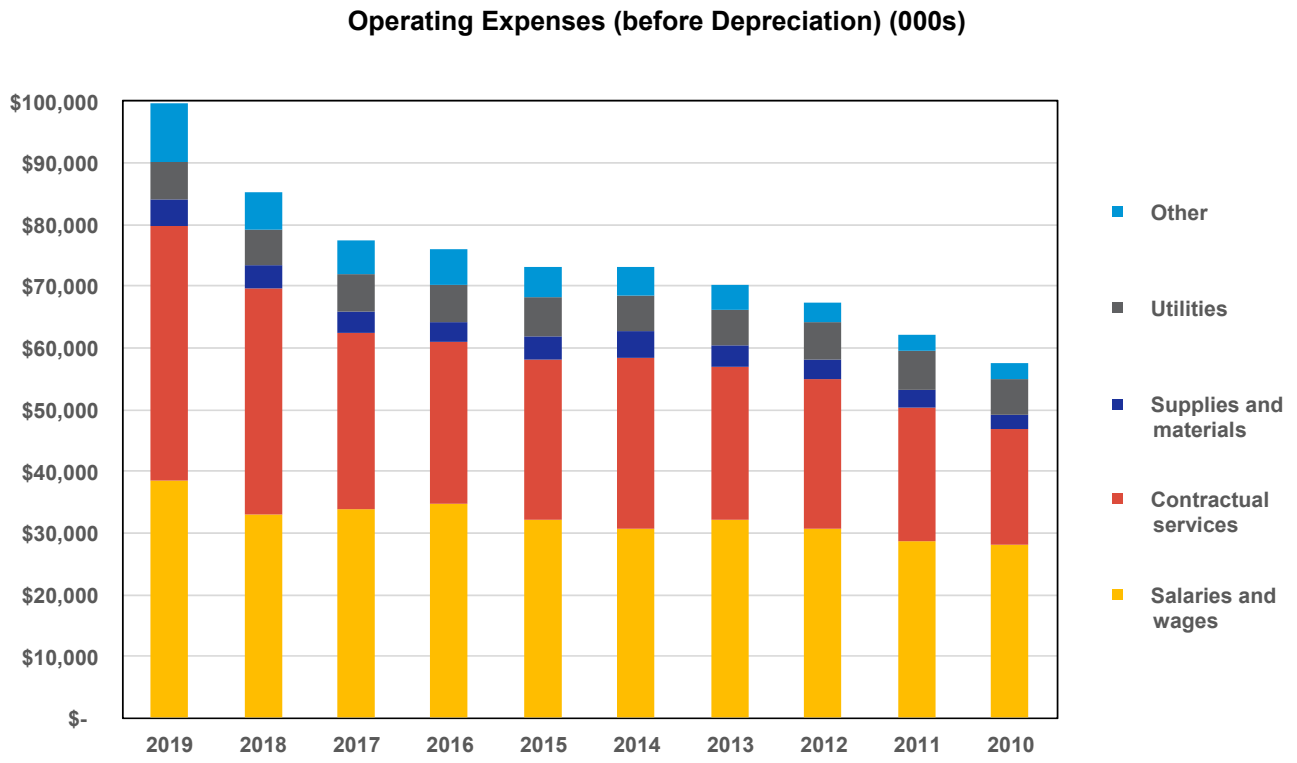
Operating and Nonoperating Expenses Highlights

The Authority's expenses increased in 2019 for BNA while they decreased for MPC and JWN. The following represents a summary of expenses for the fiscal years ended June 30, 2019, 2018, and 2017, with "% Change" representing the change from 2019 to 2018 and 2018 to 2017:

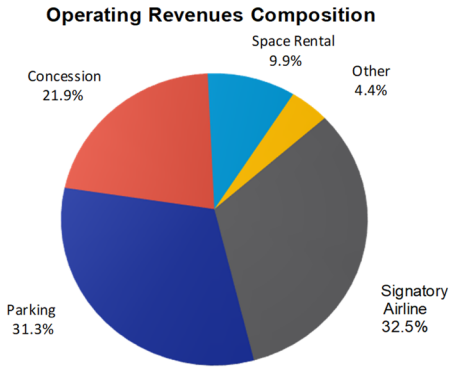
	2019	2018	% Change	2017	% Change
Operating expenses:					
Salaries and wages	**$ 38,469,934**	$ 32,879,302	17.0	$ 33,862,254	-2.9
Contractual services	**41,434,039**	36,801,980	12.6	28,610,678	28.6
Materials and supplies	**4,046,799**	3,840,490	5.4	3,509,520	9.4
Utilities	**6,140,029**	5,639,206	8.9	5,971,391	-5.6
Other	**9,623,130**	6,101,266	57.7	5,610,734	8.7
Total operating expenses before provision for depreciation	**99,713,931**	85,262,244	16.9	77,564,577	9.9
Provision for depreciation	**44,497,442**	39,914,221	11.5	38,979,958	2.4
Total operating expenses	**144,211,373**	125,176,465	15.2	116,544,535	7.4
Non-operating expenses:					
Interest expense	**13,267,265**	10,262,472	29.3	10,299,910	-0.4
Other non-operating	**16,432,748**	763,641	>100.0	81,759	>100.0
Bond issue cost	**-**	150,858	>100.0	-	>100.0
Total non-operating expenses	**29,700,013**	11,176,971	>100.0	10,381,669	7.7
Total expenses	**$ 173,911,386**	$ 136,353,436	27.5	$ 126,926,204	7.4

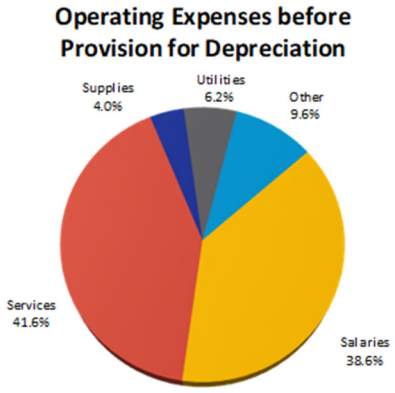
Operating expenses before provision for depreciation increased by approximately $14.5 million in 2019 and approximately $7.7 million in 2018. The largest increase was salaries and wages of $5.6 million (17 percent) in 2019 compared to a decrease of $1 million in 2018 (2.9 percent). Contractual services increased $4.6 million (12.6 percent) in 2019 compared to $8.2 million (28.6 percent) in 2018. Depreciation expense increase by 11.5 percent from 2019 to 2018 and 2.4 percent from 2018 to 2017. Other operating expenses increase $3.5 million or 57.7 percent in 2019 compared to $0.5 million (8.7 percent) in 2018. Materials and supplies and utilities both increased from 2019 to 2018 by 5.4 and 8.9 percent compared to an increase in material and supplies of 9.4% and a decrease in utilities of 5.6 percent from 2018 to 2017.

The following chart demonstrates the 10-year trend for MNAA's operating expenses from 2010 through 2019:



The composition of all MNAA operating revenues and operating expenses are presented here for 2019:





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 as of June 30, 2019, 2018, and 2017. The "% Change" reflects changes from 2019 to 2018 and 2018 to 2017, as follows:

	2019	2018	% Change	2017	% Change
ASSETS					
Current assets	$ **268,665,380**	$ 214,282,828	25.4	$ 190,783,356	12.3
Capital assets, net	**898,230,481**	710,656,338	26.4	617,061,803	15.2
Other noncurrent assets	**79,022,204**	107,282,457	-26.3	179,092,315	-40.1
Total assets	**1,245,918,065**	1,032,221,623	20.7	986,937,474	4.6
DEFERRED OUTFLOWS	**8,472,363**	6,629,356	27.8	3,206,783	>100.0
Total assets and deferred outflows	**$ 1,254,390,428**	$1,038,850,979	20.7	$ 990,144,257	4.9
LIABILITIES					
Current liabilities	**$ 97,948,194**	$ 70,717,676	38.5	$ 59,544,844	18.8
Noncurrent liabilities	**425,833,039**	307,694,050	38.4	349,762,744	-12.0
Total liabilities	**523,781,233**	378,411,726	38.4	409,307,588	-7.5
DEFERRED INFLOWS	4**,321,534**	2,928,722	47.6	1,698,566	72.4
NET POSITION					
Net investment in capital assets	**529,485,036**	502,944,702	5.3	441,689,611	13.9
Restricted	**84,216,077**	80,171,526	5.0	80,758,915	-0.7
Unrestricted	**112,586,548**	74,394,303	51.3	56,689,577	31.2
Total net position	**726,287,661**	657,510,531	10.5	579,138,103	13.5
Total liabilities, deferred inflows, and net position	**$ 1,254,390,428**	$1,038,850,979	20.7	$ 990,144,257	4.9

Current assets increased by $54.5 million (25.4 percent) in 2019 and $23.5 million (12.3 percent) in 2018. Net capital assets increased by $187.6 million or 26.4 percent from 2019 to 2018 and $93.6 million, or 15.2 percent, from 2018 to 2017. Total liabilities increased by $145.4 million, or 38.4 percent from 2019 to 2018 and decreased $30.9 million or 7.5 percent from 2018 to 2017. The current portion of maturities for airport revenue bonds increased in 2019 to $18,240,000 from $15,215,000 in 2018 above $13,735,000 in 2017.

The net pension asset decreased by $1.7 million in fiscal year 2019, from an $442,000 asset to a $1,279,000 liability. Other postemployment benefits (OPEB) liability decreased by approximately $6.0 million in fiscal year 2019 from $10,795,000 to $4,789,000. The Authority previously adopted a funding plan in which MNAA made $50 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 fund combined contributions of approximately $12 million each fiscal year to fund the retirement plan and the OPEB Trust.

The restricted portion of the Authority's net position shown below, $84,216,077, represents 11.6% of total net position. This compares with $80,171,526 (12.2% of total net position) in restricted net position as of June 30, 2018. These resources are subject to restrictions on use and are not available for spending as they have already been committed as follows:

Passenger facility charge projects and related debt services	$ 42,365,166
Customer facility charge projects and related debt service	18,695,376
Debt service and other	23,155,535
Total restricted net position	$ 84,216,077

The unrestricted net position of $112,586,548 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 increased in fiscal year 2019 primarily due operating activities.

	2019	2018	2017
Cash flows provided by (used in):			
Operating	**$ 73,678,223**	$ 40,902,599	$ 52,538,633
Non-capital financing	**(1,401,387)**	(1,390,822)	(867,378)
Capital and related financing	**(46,967,110)**	(101,865,149)	(86,042,077)
Investing	**6,473,021**	2,947,362	755,198
Net increase(decrease) in cash and cash equivalents	**31,782,747**	(59,406,010)	(33,615,624)
Cash and cash equivalents:			
Beginning of year	**293,111,380**	352,517,390	386,133,014
End of year	**$ 324,894,127**	$ 293,111,380	$ 352,517,390

Capital Activities

Capital assets, net of accumulated depreciation, increased from $710,656,338 in 2018 to $898,230,481 in 2019. The 2019 capital improvement budget was $716.9 million. The largest projects included in the budget were; $424 million for Terminal Lobby and International Arrival Facility, $185 million for Terminal Garage C and Authority Administrative Office, and $50 million for Terminal Garage C. 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, 2019 and 2018.

Debt Administration

The Authority's most recent debt issuance was May 2018. The Authority issued CONRAC Refunding Series 2018 bonds in the principal amount of $27,358,295. The bonds, together with available Customer Facility Charge ("CFC") revenues shall be used to refund the Series 2010 Bonds maturing in the years 2021 through and including 2029 and pay the costs of issuance of the bond of $150,858. As part of the refunding, the Authority used available CFCs to reduce the outstanding principal on the 2010 CONRAC bonds of $18,106,705. The CONRAC Refunding Series 2018 bonds are payable from and secured by a pledge of certain rental payments derived from CFCs under leases with rental car agencies (Note 10).

The remaining CONRAC Refunding Series 2018 bonds contain serial bonds at an interest rate of 3.4 percent, maturing in progressive annual amounts ranging from $3,028,385 on July 1, 2021, to $3,838,790 on July 1, 2028.

As of June 30, 2019, the Authority's principal balance of outstanding long-term revenue bonds was $255,023,295 compared with $270,238,295 at the end of the prior year. The current portion of revenue bonds is $18,420,000 and is due on July 1, 2019.

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, 2019 is summarized as follows:

2019:

	Balance July 1, 2018	New Borrowings	Principal Repayment	Refundings	Amortization	Balance June 30, 2019
Series 2003B	$ 14,785,000	$ -	(1,550,000)	$ -	$ -	$ 13,235,000
Series 2008A	7,400,000	-	(3,600,000)	-	-	3,800,000
Series 2009A	12,160,000	-	(4,190,000)	-	-	7,970,000
CONRAC Series 2010	8,535,000	-	(2,695,000)	-	-	5,840,000
CONRAC Series 2018	27,358,295	-	-	-	-	27,358,295
Series 2015A	91,855,000	-	(1,650,000)	-	-	90,205,000
Series 2015B	108,145,000	-	(1,530,000)	-	-	106,615,000
Total	270,238,295	-	(15,215,000)	-	-	255,023,295
Plus unamortized premium	24,158,916	-	-	-	(1,142,405.00)	23,016,511
	294,397,211	-	(15,215,000)	-	(1,142,405)	278,039,806
Less current portion	(15,215,000)					(18,420,000)
	$ 279,182,211					$ 259,619,806

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.

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Statements of Net Position
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Unrestricted assets:		
Cash and cash equivalents	**$ 189,270,185**	$ 134,761,391
Accounts receivable (net of allowance for doubtful accounts of $88,485 in 2019 and $149,099 in 2018)	**7,048,787**	6,428,918
Inventories	**540,570**	537,937
Prepaid expenses and other	**2,274,445**	2,682,948
Total current unrestricted assets	**199,133,987**	144,411,194
Restricted assets:		
Cash and cash equivalents	**57,198,094**	52,666,919
Short-term investments	**1,580,000**	900,000
Passenger facility charges receivable	**2,945,620**	3,806,684
Customer facility charges receivable	**1,468,341**	1,354,784
Amounts due from governmental agencies	**6,339,338**	11,143,247
Total current restricted assets	**69,531,393**	69,871,634
Total current assets	**268,665,380**	214,282,828
Noncurrent assets:		
Unrestricted assets:		
Accounts receivable	**207,777**	-
Restricted assets:		
Cash and cash equivalents	**78,425,848**	105,683,070
Capital assets:		
Land and land improvements	**649,248,005**	637,387,261
Land held for future expansion	**36,701,068**	36,701,068
Buildings and building improvements	**422,874,975**	315,970,461
Equipment, furniture and fixtures	**183,211,887**	182,051,284
Construction in progress	**233,273,254**	153,579,003
Total capital assets	**1,525,309,189**	1,325,689,077
Less accumulated depreciation	**(627,078,708)**	(615,032,739)
Total capital assets, net	**898,230,481**	710,656,338
Net pension asset	**-**	441,851
Other assets	**388,579**	1,157,536
Total noncurrent assets	**977,252,685**	817,938,795
Total assets	**1,245,918,065**	1,032,221,623
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions	**4,739,292**	1,843,825
Deferred outflows from OPEB	**503,855**	1,007,712
Deferred amount on refunding	**3,229,216**	3,777,819
Total deferred outflows of resources	**8,472,363**	6,629,356
Total assets and deferred outflows of resources	**$ 1,254,390,428**	$ 1,038,850,979

See accompanying notes.

Statements of Net Position
June 30, 2019 and 2018

	2019	2018
LIABILITIES		
Current liabilities:		
Payable from unrestricted assets:		
Trade accounts payable	**$ 60,054,700**	$ 41,757,112
Accrued payroll and related items	**4,944,248**	4,414,542
Unearned income	**4,051,195**	981,217
Current maturities of notes payable	**622,182**	595,516
Accrued interest payable	**296,638**	80,992
Total payable from unrestricted assets	**69,968,963**	47,829,379
Payable from restricted assets:		
Trade accounts payable and other	**3,593,195**	1,811,850
Accrued interest payable	**5,966,036**	5,861,447
Current maturities of airport revenue bonds	**18,420,000**	15,215,000
Total payable from restricted assets	**27,979,231**	22,888,297
Total current liabilities	**97,948,194**	70,717,676
Noncurrent liabilities:		
Airport revenue bonds, less current maturities	**259,619,806**	279,182,211
Notes payable, less current maturities	**158,279,309**	15,766,131
Fair value of derivative financial instrument	**8,445**	118,789
Unearned income	**1,858,773**	1,831,630
Net pension liability	**1,278,902**	-
Net OPEB liability	**4,787,804**	10,795,289
Total noncurrent liabilities	**425,833,039**	307,694,050
Total liabilities	**523,781,233**	378,411,726
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow from pensions	**5,063**	698,414
Deferred inflow from OPEB	**4,316,471**	2,230,308
Total deferred inflows of resources	**4,321,534**	2,928,722
NET POSITION		
Net investment in capital assets	**529,485,036**	502,944,702
Restricted for:		
Net pension asset	**-**	441,851
Passenger facility charge projects and debt service	**42,365,166**	39,359,559
Customer facility charge projects and debt service	**18,695,376**	18,488,396
Debt service and other	**23,155,535**	21,881,720
Total restricted net position	**84,216,077**	80,171,526
Unrestricted net position	**112,586,548**	74,394,303
Total net position	**726,287,661**	657,510,531
Total liabilities, deferred inflows of resources, and net position	**$ 1,254,390,428**	$ 1,038,850,979

See accompanying notes.

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Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2019 and 2018

	2019	2018
Operating revenues:		
Signatory airline	**$ 55,264,548**	$ 48,091,521
Parking	**53,153,828**	50,369,200
Concession	**37,203,600**	33,498,728
Space rental	**16,885,811**	16,648,433
Other	**7,524,807**	5,871,735
	170,032,594	154,479,617
Operating expenses:		
Salaries and wages	**38,469,934**	32,879,302
Contractual services	**41,434,039**	36,801,980
Materials and supplies	**4,046,799**	3,840,490
Utilities	**6,140,029**	5,639,206
Other	**9,623,130**	6,101,266
	99,713,931	85,262,244
Operating income before provision for depreciation	**70,318,663**	69,217,373
Provision for depreciation	**44,497,442**	39,914,221
Operating income	**25,821,221**	29,303,152
Nonoperating revenues (expenses):		
Investment income	**7,703,826**	2,149,363
Passenger facility charges	**31,416,941**	28,300,013
Customer facility charges	**15,094,273**	14,290,386
Interest expense	**(13,156,921)**	(10,262,472)
Loss on disposal of property and equipment	**(15,926,784)**	(703,900)
Gain (loss) on derivative financial instrument	**(110,344)**	495,797
Other nonoperating, net	**(244,024)**	(210,599)
	24,776,967	34,058,588
Income before capital contributions	**50,598,188**	63,361,740
Capital contributions	**18,178,942**	15,010,688
Increase in net position	**68,777,130**	78,372,428
Total net position - beginning of year	**657,510,531**	579,138,103
Total net position - end of year	**$ 726,287,661**	$ 657,510,531

See accompanying notes.

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Cash received from customers	**$ 172,734,915**	$ 150,949,093
Cash paid to employees	**(43,215,691)**	(41,337,055)
Cash paid to suppliers	**(55,789,267)**	(68,649,699)
Other payments	**(51,734)**	(59,740)
Net cash provided by operating activities	**73,678,223**	40,902,599
Cash flows from noncapital financing activities:		
Advance for airline support services	**(576,556)**	(523,444)
Interest paid on long-term debt	**(824,831)**	(867,378)
Net cash used in noncapital financing activities	**(1,401,387)**	(1,390,822)
Cash flows from capital and related financial activities:		
Receipt of passenger facility charges	**32,278,005**	27,960,640
Receipt of customer facility charges	**14,980,716**	14,158,183
Purchases and construction of property and equipment	**(232,074,365)**	(97,633,892)
Interest paid on long-term debt	**(12,995,024)**	(18,769,884)
Payments on long-term debt	**(15,810,515)**	(38,191,240)
Proceeds from issuance of long-term debt	**143,135,359**	4,664,046
Payment for bond issuance cost	**-**	(150,858)
Contributions from governmental agencies	**23,502,877**	6,076,419
Receipts from sale of capital assets	**15,837**	21,437
Net cash used in capital and related financing activities	**(46,967,110)**	(101,865,149)
Cash flows from investing activities:		
Purchase of investments	**(1,580,000)**	(900,000)
Proceeds from the sale and maturities of investments	**900,000**	1,698,000
Interest received on investments	**7,153,021**	2,149,362
Net cash provided by investing activities	**6,473,021**	2,947,362
Net increase (decrease) in cash and cash equivalents	**31,782,747**	(59,406,010)
Cash and cash equivalents:		
Beginning of year	**293,111,380**	352,517,390
End of year	**$ 324,894,127**	$ 293,111,380

See accompanying notes.

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	**$ 25,821,221**	$ 29,303,152
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for depreciation	**44,497,442**	39,914,221
Amortization of unearned rental income	**4,485**	(34,904)
Payments for nonoperating expenses	**(51,734)**	(59,740)
Changes in operating assets and liabilities:		
Accounts receivable	**(390,076)**	(3,574,422)
Inventories	**(2,633)**	(24,341)
Prepaid expenses	**325,450**	224,768
Other assets	**174,553**	213,843
Trade accounts payable	**4,951,032**	(16,983,603)
Accrued payroll and related items	**981,624**	(328,583)
Unearned income	**3,094,242**	74,171
Other fiduciary obligations	**-**	317,274
Net pension liability/asset and related deferred inflows/outflows of resources	**(2,309,916)**	517,600
Net OPEB liability and related deferred inflows/outflows of resources	**(3,417,467)**	(8,656,837)
Net cash provided by operating activities	**$ 73,678,223**	$ 40,902,599
Cash and cash equivalents - end of year consist of:		
Unrestricted cash and cash equivalents	**$ 189,270,185**	$ 134,761,391
Restricted cash and cash equivalents	**135,623,942**	158,349,989
	$ 324,894,127	$ 293,111,380
Noncash investing and financing activities:		
Deferred bond refundings	**$ 548,603**	$ 3,614,351
Interest expense, net of bond premium amortization	**898,079**	915,357
Net noncash financing activities	**$ 1,446,682**	$ 4,529,708
Change in fair value of derivative financial instruments	**$ (110,344)**	$ 495,797
In-kind capital contribution	**$ -**	$ 4,945

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 his designee). There are provisions whereby commissioners may be removed by vote of the Metropolitan Government Council. All appointments to the Authority are for a term of four years. The terms are staggered to provide for continuity of Authority development and management. The Board of Commissioners appoints a President and charges him with the responsibility for day-to-day operations.

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 valuation, 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 $52,715 and $163,590 for the years ended June 30, 2019 and 2018, respectively. The allowance for doubtful accounts was $88,485 and $149,099 at June 30, 2019 and 2018, respectively.

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 parker 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. 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 Note 16. The Authority's Retirement Plan issues a separate, publicly available, financial report under the requirement of GASB Statement No. 67.

Postemployment benefits other than pension benefits are accounted for under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* which establishes standards for the measurement, recognition, and display of postemployment benefits expense and related liabilities, assets, deferred inflows/outflows of resources, note disclosures, and required supplementary information. See additional information regarding the Authority's Other Postemployment Benefits (OPEB) in Note 17.

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 statement of net position will 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 several items that qualify for reporting as deferred outflows/inflows of resources. These are losses on bond refundings; GASB No. 68 deferred inflows and outflows from earnings on investments, changes in assumptions, changes in benefit terms, and other experience gains or losses related to the Authority's pension plan, and GASB No. 75 deferred inflows and outflows earnings on investments, changes in assumptions, changes in benefit terms, and other experience gains or losses relating to the Authority's OPEB plan.

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 and GASB No. 75 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, changes in benefit terms, 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 and GASB No. 75. 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 (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

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, addresses the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Authority adopted this standard and provided the required disclosure in fiscal year 2019.

GASB Statement No. 84, *Fiduciary Activities,* improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activates. Effective for reporting periods beginning after December 15, 2018. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted.

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model

for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Federal Aviation Administration (FAA) has issued a policy statement governing all leases for aeronautical uses as exempt from recognizing a lease receivable and a deferred inflow of resources in their financial statements. Effective for reporting periods beginning after December 15, 2019. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.* The Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance* Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The Authority adopted this standard in fiscal year 2019. As a result, there was no interest capitalization in fiscal year 2019. Under the previous accounting policy, the Authority capitalized $4,354,243 in fiscal year 2018.

GASB No. 91, Conduit Debt Obligations, was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted.

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 $319,401,428 and $293,675,542 at June 30, 2019 and 2018, respectively, (with a carrying value of $324,892,127 and $293,111,380) 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.

The Tennessee Local Government Investment Pool ("LGIP") uses amortized costs rather than fair value to report net position to compute share prices. The LGIP maintains a weighted average maturity of 60 days or less.

Investments

As of June 30, 2019 and 2018, 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, 2019:					
U.S. Agencies	**AA+/Aaa**	**$ 1,580,000**	**$ 1,580,000**	**$ -**	**$ -**
June 30, 2018:					
U.S. Agencies	AA+/Aaa	$ 900,000	$ 900,000	$ -	$ -

The carrying amount of investments is reflected in short-term restricted investments in the accompanying statements of net position at June 30, 2019 and 2018.

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, 2019 and 2018, are collateralized by securities held by the Authority's agent in the Authority's name. The Authority's investments in the LGIP are held the State Treasury, not in the name of the Authority.

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.

4. Capital Assets

Capital assets and related accumulated depreciation activity for the years ended June 30, 2019 and 2018, were as follows:

	Balance July 1, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
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	153,579,003	247,653,595	-	(167,959,344)	**233,273,254**
Total capital assets not being depreciated	250,547,774	247,653,595	-	(167,959,344)	**330,242,025**
Capital assets not being depreciated:					
Land improvements	577,119,558	-	(22,212,591)	34,073,335	**588,980,302**
Building and building Improvements	315,970,461	39,690	(24,080,684)	130,945,508	**422,874,975**
Equipment, furniture and fixtures	182,051,284	322,198	(2,102,096)	2,940,501	**183,211,887**
Total capital assets being depreciated	1,075,141,303	361,888	(48,395,371)	167,959,344	**1,195,067,164**
Less accumulative depreciation:					
Land improvements	(369,228,638)	(19,683,473)	15,379,230	-	**(373,532,881)**
Building and building Improvements	(169,571,169)	(15,787,760)	15,061,569	-	**(170,297,360)**
Equipment, furniture and fixtures	(76,232,932)	(9,026,209)	2,010,674	-	**(83,248,467)**
Total accumulated depreciation	(615,032,739)	(44,497,442)	32,451,473	-	**(627,078,708)**
Net capital assets being depreciation	460,108,564	(44,135,554)	(15,943,898)	167,959,344	**567,988,456**
Net capital assets	$ 710,656,338	$ 203,518,041	$ (15,943,898)	$ -	**$ 898,230,481**

	Balance July 1, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
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	72,814,778	134,239,643	-	(53,475,418)	153,579,003
Total capital assets not being depreciated	169,783,549	134,239,643	-	(53,475,418)	250,547,774
Capital assets being depreciated:					
Land improvements	561,704,513	-	(1,307,711)	16,722,756	577,119,558
Buildings and building improvements	298,911,276	-	-	17,059,185	315,970,461
Equipment, furniture, and fixtures	165,348,939	-	(2,991,132)	19,693,477	182,051,284
Total capital assets being depreciated	1,025,964,728	-	(4,298,843)	53,475,418	1,075,141,303
Less accumulated depreciation:					
Land improvements	(350,550,172)	(19,375,740)	697,274	-	(369,228,638)
Buildings and building improvements	(157,770,064)	(11,801,105)	-	-	(169,571,169)
Equipment, furniture, and fixtures	(70,366,238)	(8,737,376)	2,870,682	-	(76,232,932)
Total accumulated depreciation	(578,686,474)	(39,914,221)	3,567,956	-	(615,032,739)
Net capital assets being depreciated	447,278,254	(39,914,221)	(730,887)	53,475,418	460,108,564
Net capital assets	$ 617,061,803	$ 94,325,422	$ (730,887)	$ -	$ 710,656,338

The amount of construction in progress at June 30, 2019, is attributable to the following:

D Concourse Expansion	$ 89,300,826
Terminal Garage “C”	40,361,734
Terminal & Taxilane Expansion	22,356,501
Terminal & Landside Area Programming & Initial Design	14,951,590
Taxiway Alpha South	11,001,008
Terminal Lobby & International Arrivals Facility	9,800,439
Baggage Handling System Improvements	9,154,915
Other Projects	36,346,241
Total construction in progress	$ 233,273,254

During fiscal year 2019, $167,959,344 of construction in progress was substantially completed and transferred to capital assets as follows:

Terminal Garage “A”	$ 118,684,725
Taxiway Lima Rehabilitation	12,303,248
Employee Parking Lot Expansion	7,242,238
Other projects	29,729,133
Total transferred to capital assets	$ 167,959,344

The amount of construction in progress at June 30, 2018, is attributable to the following:

Long Term Parking Garage	$ 84,168,554
Terminal & Landside Area Programming & Initial Design	20,455,734
D Concourse Expansion	6,882,646
Terminal & Taxilane Expansion	5,480,340
Reconstruct Taxiway Alpha South	4,665,344
Taxiway Lima Rehabilitation	4,415,846
Other projects	27,510,539
Total construction in progress	$ 153,579,003

During fiscal year 2018, $53,475,418 of construction in progress was substantially completed and transferred to capital assets as follows:

Taxiway Sierra South	$ 8,154,544
Passenger Boarding Bridge Replacement	8,085,810
Interim International Arrivals Building	6,703,870
Other projects	30,531,194
Total transferred to capital assets	$ 53,475,418

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 $575,000 on July 1, 2019, 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, 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 on July 1, 2019 with a final principal payment of $3,800,000.

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 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.

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 CFCs under leases with rental car agencies (Note 10). The bonds maturing in the years 2021 through and including 2029 were refunded with the Special facility revenue bond (MPC CONRAC LLC Project) Refunding Series 2018 bonds in May 2018.

The remaining CONRAC Series 2010 bonds contain serial bonds at interest rates ranging from 4.816% to 5.787%, maturing in progressive annual amounts ranging from $2,840,000 on July 1, 2019, to $3,000,000 on July 1, 2020.

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 Airport 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% to 5%, maturing in amounts ranging from $1,730,000 on July 1, 2019, to $3,575,000 on July 1, 2035. $20,730,000 of term bonds at 5% are due on July 1, 2040, and $26,460,000 of term bonds at 5% are due on July 1, 2045.

The Series 2015B bonds contain serial bonds at interest rates ranging from 4% to 5%, maturing in amounts ranging from $2,080,000 on July 1, 2019, to $4,475,000 on July 1, 2035. $23,525,000 of term bonds at 5% are due on July 1, 2040, $17,130,000 of term bonds at 5% 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.

Special facility revenue bond (MPC CONRAC LLC Project) Refunding Series 2018 bonds

During May 2018, the Authority issued CONRAC Refunding Series 2018 bonds in the principal amount of $27,358,295. The bonds, together with $23,334,428 available customer facility charge ("CFC") revenues were placed in an irrevocable trust to advance refund the Series 2010 Bonds maturing in the years 2021 through 2029 and pay the costs of issuance of the bond of $150,858. Accordingly, the trust account assets and the liability on the defeased bonds are not included in the Authority's financial statements. At June 30, 2019, $45,680,000 of defeased bonds remain outstanding. The difference between the reacquisition price and the net carrying amount of the refunded debt was $3,614,352, This difference, reported as a deferred outflows of resources, and is being amortized through fiscal year 2029. The refunding resulted in an economic gain of approximately $6,400,000.

The CONRAC Refunding Series 2018 bonds are payable from and secured by a pledge of certain rental payments derived from CFCs under leases with rental car agencies (Note 10). The remaining CONRAC Refunding Series 2018 bonds contain serial bonds at an interest rate of 3.4%, maturing in progressive annual amounts ranging from $3,028,385 on July 1, 2021, to $3,838,790 on July 1, 2028.

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, and $8,400,000 of the Series 2015A and Series 2015B bonds, respectively (Note 9). Although the CONRAC Series 2010 and 2018 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 and 2018 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, 2019 and 2018 (the restricted funds relate primarily to airport bonds and related activity):

	2019	2018
Principal and Interest Funds:		
Airport Improvement Revenue Bonds, Series 2003B	$ 966,329	$ 1,983,780
Airport Improvement Revenue Bonds, Series 2008A	1,580,000	900,000
Airport Improvement Revenue Bonds, Series 2009A	8,182,963	4,479,357
CONRAC Series 2010 & 2018 Bonds	3,646,961	3,173,284
Airport Improvement Revenue Bonds, Series 2015A	3,919,243	3,879,975
Airport Improvement Revenue Bonds, Series 2015B	4,649,711	4,137,331
Bond Reserve Funds:		
Airport Improvement Revenue Bonds, Series 2009A	14,270	3,723,673
CONRAC Series 2010 & 2018 Bonds	3,643,015	3,594,552
Airport Improvement Revenue Bonds, Series 2015A	6,359,355	6,224,145
Airport Improvement Revenue Bonds, Series 2015B	7,520,330	7,360,436
Construction Funds:		
PFC accounts	39,419,547	35,552,876
Airport Improvement Revenue Bonds, Series 2009A	281,893	283,030
Airport Improvement Revenue Bonds, Series 2015A	12,488,761	32,306,698
Airport Improvement Revenue Bonds, Series 2015B	30,693,593	34,840,309
CIP Payments Account	6,579	50,327
Other Funds:		
Various CONRAC accounts	10,684,770	13,418,830
Energy improvement	18,040	18,040
Fiduciary obligations	2,039,069	1,804,781
Other	1,089,513	1,518,565
	$ 137,203,942	$ 159,249,989

Airport bond activity for the years ended June 30, 2019 and 2018, is summarized as follows:

2019:

	Balance July 1, 2018	New Borrowings	Principal Repayment	Refundings	Amortization	Balance June 30, 2019
Series 2003B	$ 14,785,000	$ -	(1,550,000)	$ -	$ -	$ 13,235,000
Series 2008A	7,400,000	-	(3,600,000)	-	-	3,800,000
Series 2009A	12,160,000	-	(4,190,000)	-	-	7,970,000
CONRAC Series 2010	8,535,000	-	(2,695,000)	-	-	5,840,000
CONRAC Series 2018	27,358,295	-	-	-	-	27,358,295
Series 2015A	91,855,000	-	(1,650,000)	-	-	90,205,000
Series 2015B	108,145,000	-	(1,530,000)	-	-	106,615,000
Total	270,238,295	-	(15,215,000)	-	-	255,023,295
Plus unamortized premium	24,158,916	-	-	-	(1,142,405.00)	23,016,511
	294,397,211	-	(15,215,000)	-	(1,142,405)	278,039,806
Less current portion	(15,215,000)					(18,420,000)
	$ 279,182,211					$ 259,619,806

2018:

	Balance July 1, 2017	New Borrowings	Principal Repayment	Refundings	Amortization	Balance June 30, 2018
Series 2003B	$ 14,785,000	$ -	$ -	$ -	$ -	$ 14,785,000
Series 2008A	10,800,000	-	(3,400,000)	-	-	7,400,000
Series 2009A	16,180,000	-	(4,020,000)	-	-	12,160,000
Series 2010A	3,835,000	-	(3,835,000)	-	-	-
CONRAC Series 2010	56,695,000	-	(20,801,705)	(27,358,295)	-	8,535,000
CONRAC Series 2018	-	27,358,295	-	-	-	27,358,295
Series 2015A	91,855,000	-	-	-	-	91,855,000
Series 2015B	108,145,000	-	-	-	-	108,145,000
Total	302,295,000	27,358,295	(32,056,705)	(27,358,295)	-	270,238,295
Plus unamortized premium	25,296,995	-	-	-	(1,138,079)	24,158,916
	327,591,995	27,358,295	(32,056,705)	(27,358,295)	(1,138,079)	294,397,211
Less current portion	(13,735,000)					(15,215,000)
	$ 313,856,995					$ 279,182,211

Aggregate maturities of the Authority's bonds outstanding at June 30, 2019, 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
2020	$ 18,995,000	$ 11,595,959	$ 30,590,959
2021	7,600,000	11,056,692	18,656,692
2022	7,863,385	10,713,927	18,577,312
2023	8,212,780	10,402,992	18,615,772
2024	8,560,775	9,994,576	18,555,351
2025-2029	48,506,355	44,396,037	92,902,392
2030-2034	38,900,000	35,358,431	74,258,431
2035-2039	40,960,000	25,241,470	66,201,470
2040-2044	51,235,000	16,273,218	67,508,218
2045-2046	24,190,000	2,729,955	26,919,955
	$ 255,023,295	$ 177,763,257	$ 432,786,552

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.

The Revenue bonds contain default provisions as defined in the agreements. In each and every case of default, unless cured by the Authority within 30 days after written notice, the Trustee may declare all of the Outstanding Bonds and accrued interest immediately due and payable. Upon the event of default, the Trustee may demand the Authority Net Revenues and all Funds and Accounts established under the General Resolution be transferred to and administered by the Trustee. The Trustee may exercise any of the following remedies to the extent they are legally available:

(i) the Trustee may protect and enforce its rights and the rights of the holders of the Bonds by suit or suits of equity.

(ii) the Trustee may obtain the appointment of receiver, where the receiver may enter upon and take possession of the Airport and fix rates and charges and collect all Airport Revenues. The receiver will collect and dispose of Airport Revenues in accordance with the terms and conditions of the General Resolution or as the court directs.

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. The principal balance outstanding was $0 at June 30, 2019 and 2018, respectively. The note was collateralized by the building. The note was paid in full 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 matured on April 1, 2018. The principal balance outstanding was $0 at June 30, 2019 and 2018, respectively. The note was paid in full in in April, 2018.

There was no activity for 2019. Activity with respect to the MPC notes for 2018 is as follows:

Description	Balance July 1, 2017	Principal Repayments	Balance June 30, 2018
MPC Note 1 – IBP Loan	$ 4,678,848	$ (4,678,848)	$ -
MPC Note 2 – MPB Loan	854,840	(854,840)	-
	$ 5,533,688	$ (5,533,688)	$ -

Intercompany Loan Agreement

During March 2018, BNA entered into an agreement for an intercompany loan with MNAA Properties Corporation (MPC). MPC had a Guarantee Agreement with Suntrust Bank with a maturity date of April 1, 2018. As MPC did not have sufficient funds to pay the Guarantee Agreement in full, BNA agreed to provide this credit facility to MPC. The credit facility amount was $400,000, with a maturity date of April 1, 2021 with an annual interest rate of 3.25% and monthly total payments of $11,677 (principal and interest) where the last payment will be made March 31, 2021.

Description	Balance July 1, 2018	New Borrowings	Principal Repayments	Balance June 30, 2019
MPC Intercompany Loan	$ 378,785	$ -	$ (140,732)	$ 238,053

Description	Balance July 1, 2017	New Borrowings	Principal Repayments	Balance June 30, 2018
MPC Intercompany Loan	$ -	$ 400,000	$ (21,215)	$ 378,785

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 principal balance outstanding was $0 at June 30, 2019and 2018.

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 $1,221,141 and $1,539,976 at June 30, 2019 and 2018, 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 $3,751,705 and $4,028,386 at June 30, 2019 and 2018.

The anticipated aggregate principal and interest maturities of the Energy Loans are as follows at June 30, 2019:

Year ending June 30,	Principal	Interest	Total
2020	$ 622,182	$ 120,130	$ 742,312
2021	645,159	105,751	750,910
2022	660,032	90,980	751,012
2023	453,087	76,928	530,015
2024	303,474	67,850	371,324
2025 - 2029	1,604,444	208,299	1,812,743
2030 - 2031	684,468	19,116	703,584
	$ 4,972,846	$ 689,054	$ 5,661,900

Activity with respect to the Energy Loans for fiscal years 2019 and 2018, is as follows:

Description	Balance July 1, 2018	Principal Additions	Principal Repayments	Balance June 30, 2019
Energy Loan Phase II	$ 1,539,976	$ -	$ (318,835)	$ 1,221,141
Geothermal Loan	4,028,386	-	(276,681)	3,751,705
	$ 5,568,362	$ -	$ (595,516)	$ 4,972,846

Description	Balance July 1, 2017	Principal Additions	Principal Repayments	Balance June 30, 2018
Energy Loan Phase I	$ 30,819	$ -	$ (30,819)	$ -
Energy Loan Phase II	1,838,391	-	(298,415)	1,539,976
Geothermal Loan	4,300,000	-	(271,614)	4,028,386
	$ 6,169,210	$ -	$ (600,848)	$ 5,568,362

BNA credit facility loan agreement

On December 5, 2016, the Authority entered into a Credit Facility Loan Agreement (BNA Credit Facility 1) with a financial institution. The Lender made available to the Authority a non-revolving line of credit in the maximum principal of $100,000,000, the proceeds of which were 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, hangar, roadway, hotel, multi-modal transit facilities and the acquisition of airport equipment and other facilities and improvements as necessary and appropriate for the operation of such airport facilities at the Nashville International Airport or John C. Tune Airport. The note was 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 carried interest at a variable rate equal to LIBOR (as adjusted by Lender on the first calendar day of each month) plus 75 basis points per annum. Interest on this Credit Facility during fiscal years 2019 and 2018 were $441,634 and $145,280, respectively.

On January 7, 2019, the Authority entered into a new Credit Facility Loan Agreement (BNA Credit Facility 2) with a financial institution, which repaid the draws on BNA Credit Facility 1 in full. The Lender made available to the Authority a non-revolving line of credit in the maximum principal amount of $300,000,000, the proceeds of which were 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, hangar, roadway, hotel, multi-modal transit facilities and the acquisition of airport equipment and other facilities and improvements as necessary and appropriate for the operation of such airport facilities at the Nashville International Airport or John C. Tune Airport. Principal and interest on this line of credit are payable from the net revenues subject and subordinate, and secured by a lien and pledge on the net revenues junior and inferior, to the lien and pledge on the Net Revenues created under the General Resolution for the payment and security of the Bonds but on a parity with the Parity Other Obligations. The note matures on January 7, 2022. The taxable portion of the Credit Facility bears interest at a variable interest rate equal to 1 month LIBOR plus 40 basis points. The nontaxable portion of the Credit Facility bears interest at a variable interest rate equal to 80% of 1 month LIBOR plus 33 basis points. The rates at June 30, 2019 were 2.5657% for the taxable Credit Facility, and 2.04041% for the nontaxable credit facility. Interest on this Credit Facility totaled $1,112,926 during fiscal year 2019. Total draws on this Credit Facility were $153,928,645 at June 30, 2019. Accrued interest on this line of credit was $244,490 at June 30, 2019.

Activity with respect to the BNA Credit Facility Loan Agreements for fiscal years 2019 and 2018 are as follows:

Description	Balance July 1, 2018	Principal Additions	Principal Repayments	Transfers	Balance June 30, 2019
BNA Credit Facility 1	$ 10,793,285	$ 48,460,827	$ -	$ (59,254,112)	$ -
BNA Credit Facility 2	-	94,674,533	-	59,254,112	153,928,645
	$ 10,793,285	$ 143,135,360	$ -	$ -	$ 153,928,645

Description	Balance July 1, 2017	Principal Additions	Principal Repayments	Transfers	Balance June 30, 2018
BNA Credit Facility	$ 6,129,239	$ 4,664,046	$ -	$ -	$ 10,793,285

The Credit Facility contains default provisions as defined in the agreements In the Event of Default, the Obligations shall bear interest at the Default Rate – PRIME plus 3%. In the Event of Default, the lender may make one of more of the following actions at any time and from time to time (the actions may be taken at the same time or at different times):

(i) The lender may terminate the Available Commitment and declare the outstanding amount due under the obligations immediately due and payable.

(ii) The lender may sell or otherwise transfer all or a portion of the Notes.

(iii) At the expense of the Authority, the lender may cure any Default, Event of Default or event of nonperformance, bringing all delinquent balances current and adding the delinquent balances to the total outstanding owed by the Authority.

7. Other Noncurrent Liabilities

Other noncurrent liabilities activity for the years ended June 30, 2019 and 2018, is as follows:

Other Noncurrent Liabilities Description	Balance July 1, 2018	Net Cash Receipts (Prepayments)	Amortization	Change in Derivative Instruments	Balance June 30, 2019
Fair value of derivative financial instruments	$ 118,789	$ -	$ -	$ (110,344)	$ 8,445
Unearned rental income	1,831,630	62,047	(34,904)	-	1,858,773
	$ 1,950,419	$ 62,047	$ (34,904)	$ (110,344)	$ 1,867,218

Other Noncurrent Liabilities Description	Balance July 1, 2017	Net Cash Receipts (Prepayments)	Amortization	Change in Derivative Instruments	Balance June 30, 2018
Fair value of derivative financial instruments	$ 614,586	$ -	$ -	$ (495,797)	$ 118,789
Unearned rental income	1,854,640	11,894	(34,904)	-	1,831,630
	$ 2,469,226	$ 11,894	$ (34,904)	$ (495,797)	$ 1,950,419

8. Derivative Financial Instruments

The Authority maintained a pay-fixed, receive-variable interest rate swap agreement during 2019 and 2018, 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 $8,445 and $118,789 at June 30, 2019 and 2018, respectively. Other details of the interest rate swap are as follows:

Description	Notional Amount June 30, 2019	Maturity Date	Terms	Counterparty Credit Rating Moody's / S&P
2008A Swap	$ 3,800,000	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, 2019 or 2018. 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 2019 and 2018 totaled $31,416,941 and $28,300,013, 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, 2019:

Airfield development	$ 220,910,934
Terminal development	173,710,898
Land acquisition	21,260,411
	$ 415,882,243

As of June 30, 2019, cumulative expenditures to date on approved PFC projects totaled $366,532,285.

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 and 2018 bonds issued in February 2010 and May 2018, respectively. Additionally, in accordance with the terms of the CONRAC Series 2010 and 2018 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 2019 and 2018 totaled $15,094,273 and $14,290,386, 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 $35,145,880 and $45,566,690 at June 30, 2019 and 2018, 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, 2019 and 2018 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, 2019 and 2018 was $3,755,000 and $4,150,000, 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 Operations 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:

	2019	2018
Balance - beginning of year	**$ 288,597**	$ 474,282
Provision for incurred claims	**3,616,518**	3,956,029
Claim payments	**(3,653,817)**	(4,141,714)
Balance - end of year	**$ 251,298**	$ 288,597

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 2019 and 2018, employees sold back $212,094 and $222,535 of their annual leave balances to the Authority in exchange for cash. Additional payments of $292,504 and $262,234 were made to employees who left employment with the Authority during the years ended June 30, 2019 and 2018, 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:

	2019	2018
Balance - beginning of year	**$ 2,078,856**	$ 2,155,626
Provision for compensated absences	**2,566,984**	2,162,289
Annual leave used	**(1,889,827)**	(1,754,290)
Annual leave buy-back and other	**(504,598)**	(484,769)
Balance - end of year	**$ 2,251,415**	$ 2,078,856

15. Commitments and Contingencies

Uncompleted construction contracts

Estimated costs of completion of construction in progress at June 30, 2019, total $110,350,000 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	$ 4,965,000
Reimbursed from PFC funds	2,275,000
Funded by the Authority	103,110,000
	$ 110,350,000

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 was closed on January 8, 2015. The Authority continues to perform monitoring and reporting to the Tennessee Department of Environment and Conservation in compliance with NPDES Permit TN0064041.

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, 2019, the Committee consists of 7 voting members, four of whom are active Authority senior management, two of whom are active Authority employees and one member of the Plan. Non-voting members of the Committee consist of an Advisor Member (retiree in the plan), and the Authority's paralegal and Director of Treasury.

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, 2019, the following employees were covered by the benefit terms:

Retired	174
Deferred vested	49
Active vested	82
	305

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, 2019, 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, 2019, 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% per annum, compounded annually
Investment rate of return	6% per annum, compounded annually, net of pension plan investment expense and inflation

Mortality table was changed from the RP-2014 Generational Mortality Table for Males and Females, as applicable, with adjustments for mortality improvements based on Scale MP-2017 to the RP-2014 Generational Mortality table for Males and Females with Improvement Scale MP-2018. The discount rate also changed from 7% to 6%.

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	4.00%	8.05%
Domestic Equity - Large Cap	26.50%	6.65%
Domestic Equity - Mid Cap	7.00%	7.55%
International Equity	12.50%	6.65%
Fixed Income	47.00%	0.95%
Cash	3.00%	0.25%

Discount rate

The discount rate used to measure total pension liability is 6%, 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 (Asset)

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at July 1, 2018	**$ 65,783,404**	**$ 66,225,255**	**$ (441,851)**
Changes for the year:			
Service cost	**685,843**	**-**	**685,843**
Interest	**4,604,838**	**-**	**4,604,838**
Difference between expected and actual experience	**2,027,120**	**-**	**2,027,120**
Change in assumptions	**7,451,464**	**-**	**7,451,464**
Contributions - Employer	**-**	**8,900,000**	**(8,900,000)**
Net investment income	**-**	**4,148,512**	**(4,148,512)**
Benefits paid	**(3,507,672)**	**(3,507,672)**	**-**
Net changes	**11,261,593**	**9,540,840**	**1,720,753**
Balance as June 30, 2019	**$ 77,044,997**	**$ 75,766,095**	**$ 1,278,902**

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at July 1, 2017	$ 60,268,906	$ 62,315,943	$ (2,047,037)
Changes for the year:			
Service cost	667,297	-	667,297
Interest	4,218,823	-	4,218,823
Difference between expected and actual experience	745,177	-	745,177
Change in assumptions	2,942,473	-	2,942,473
Contributions - Employer	-	2,000,000	(2,000,000)
Net investment income	-	4,968,584	(4,968,584)
Benefits paid	(3,059,272)	(3,059,272)	-
Net changes	5,514,498	3,909,312	1,605,186
Balance as June 30, 2018	$ 65,783,404	$ 66,225,255	$ (441,851)

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/(asset) calculated using the stated discount rate, as well as what the net pension liability/(asset) 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 5.00%	Current Rate 6.00%	1% Increase 7.00%
Net pension liability (asset)	$ 10,312,874	$ 1,278,902	$ (6,349,014)

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, 2019 and 2018, the Authority recognized pension expense of $7,031,933 and $2,517,599, respectively. At June 30, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30,2019	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Experience gains or losses	**$ 1,013,560**	**$ -**
Change of assumptions	**3,725,732**	**-**
Net difference between projected and actual earnings on investment	**-**	**5,063**
Total	**$ 4,739,292**	**$ 5,063**

	June 30,2018	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Experience gains or losses	$ 372,589	$ 419,993
Change of assumptions	1,471,236	205,607
Net difference between projected and actual earnings on investment	-	72,814
Total	$ 1,843,825	$ 698,414

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2019, will be recognized in pension expense as follows:

Year Ended June 30,	
2020	$ 5,001,130
2021	(470,373)
2022	68,274
2023	135,199
2024	-
Thereafter	-

17. Other Postemployment Benefits (OPEB)

General information about the OPEB plan

Plan description

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.

The OPEB Plans as described below are single employer plans administered by management of the Authority and are governed by a Retirement Committee (the "Committee"). The Committee members are appointed by the Authority. At June 30, 2019, the Committee consists of 7 voting members, four of whom are active Authority senior management, two of whom are active Authority employees and one member of the Plan. Non-voting members of the Committee consist of an Advisor Member (retiree in the plan), and the Authority's paralegal and Director of Treasury.

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.

Benefits provided/Contributions

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.

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.

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, 2019 and 2018, there were 8 and 9 retirees, respectively, receiving benefits under the PERS. During the years ended June 30, 2019 and 2018, payments of $75,262 and $71,365, respectively, were made to the Metropolitan Government for postemployment benefits under this PERS.

Employees covered by benefit terms

At June 30, 2019, the following employees were covered by the benefit terms:

Actives (with medical coverage)	130
Actives (without medical coverage)	150
Retirees (with medical coverage)	135
	415

OPEB Net Position

The Authority does not issue separate financial statements for postemployment benefits. The OPEB's net position consists solely of the Plan's investments at fair value as there are no significant related liabilities or deferred inflows or outflows.

The investments of the Plan are governed by an investment policy approved by the Authority's Retirement Committee. The investment policy establishes the Plan's investment objectives, portfolio benchmarks, and asset allocation parameters. The investment policy also requires certain qualifications of investment managers, review of investment returns, and reporting requirements. Generally, the investment policy specifies a long-term investment horizon with investment returns to be achieved without undue investment risk. Changes to the investment policy can be made only by formal resolution of the Board of Commissioners. The investment policy for the Retirement Plan for Employees of the Metropolitan Nashville Airport Authority and the Metropolitan Nashville Airport Authority Other Post-Employment Benefit Plans was updated and became effective August 2019.

The Plan's investment assets are held in trust by the Plan's trustee for the benefit of plan participants. Investments in equity and bond mutual funds are stated at fair value using quoted market prices in active markets (level 1). Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Plan's investment assets are held in trust by the Plan's trustee, Wells Fargo Bank N.A.

The Plan's investments which represented 5% or more of net position as of June 30, 2019 and 2018 are as follows:

Description of Investment		2019	2018
Wells Fargo	Wells Fargo Core Bond	**$ 2,135,915**	$ 2,055,604
Metropolitan West	Total Return Bond Fund Class I	**2,136,686**	2,055,313
Wells Fargo	Wells Fargo/Federated Total Return Bond Fund Class I	**2,142,434**	2,052,104
Wells Fargo	Wells Fargo/Northen Mid Cap Index Fund	**2,178,650**	2,309,477
Wells Fargo	Wells Fargo/Dodge & Cox Income Fund	**2,127,229**	2,044,396
Wells Fargo	Wells Fargo/Vanguard 500 Index Fund	**3,309,155**	3,428,478
Wells Fargo	Wells Fargo/Lazard International Equity	**1,596,939**	*
Wells Fargo	Wells Fargo/Europacific Growth Fund Class F3	**1,537,306**	*
Wells Fargo	Wells Fargo/Causeway International Value Fund	**1,544,717**	*
	Other funds representing less than 5%	**10,145,064**	11,366,150
	Total investments and net position	**$ 28,854,095**	$ 25,311,522

* Balance was not reportable as an investment in excess of 5% of plan net position.

Net OPEB liability

The Authority's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

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.

The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation method	Entry age normal method
Discount rate	5%
Expected long-term rate of return on plan assets	5%
Health care cost trend rate	7.25% graded down using the Getzen model
Inflation rate	5%; dental and vision per year
Retirement rates	Varying rates beginning with 5% at age 50 to 100% retirement at age 65

The mortality was changed from mortality table RP-2014 with improvement scale MP-2017 to mortality table RP-2014 mortality table adjusted to 2006 with generational mortality improvement projected under Projection Scale MP-2018.

Effective January 1, 2017 Medicare-eligible retirees, retiree spouses, and disabled participants will receive $3,000 per year to purchase health coverage on an exchange.

Claims were adjusted for aging based on the Yamamoto aging table for Non-Medicare participants, normalized at age 65.

The long-term expected rate of return on plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 OPEB 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%	6.60%
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%
Total	100%	4.90%

Due to the Plan's funded status of 86%, a more conservative long-term rate of return of 5.0% was selected, rather than the return of 4.90% calculated using the percentages above. However, plan assets, together with projected future contributions based on historic experience, are expected to cover benefit payments for the duration of the Plan.

Legislative changes

The valuation results provided in this report reflect a best estimate of the potential impact of the Patient Protection and Affordable Care Act (PPACA). Consideration has been made for provisions of the law that are effective as of the valuation date as well as those provisions that will take effect in the future. In particular, the anticipated future excise tax has been valued and deemed immaterial.

Changes in the net OPEB liability

	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2018	**$ 36,106,811**	**$ 25,311,522**	**$ 10,795,289**
Change for the year:			
Service cost	**1,110,421**	**-**	**1,110,421**
Interest	**1,445,441**	**-**	**1,445,441**
Difference between expected and actual experience	**(2,713,939)**	**-**	**(2,713,939)**
Changes of assumptions	**(1,225,616)**	**-**	**(1,225,616)**
Net investment income	**-**	**1,595,233**	**(1,595,233)**
Contributions - Employer	**-**	**3,081,219**	**(3,081,219)**
Benefits paid	**(1,081,219)**	**(1,081,219)**	**-**
Administrative expenses	**-**	**(52,660)**	**52,660**
Net changes	**(2,464,912)**	**3,542,573**	**(6,007,485)**
Balance at June 30, 2019	**$ 33,641,899**	**$ 28,854,095**	**$ 4,787,804**

	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2017	$ 37,028,018	$ 15,289,095	$ 21,738,923
Change for the year:			
Service cost	1,287,152	-	1,287,152
Interest	1,478,732	-	1,478,732
Difference between expected and actual experience	(2,340,217)	-	(2,340,217)
Net investment income	-	1,204,489	(1,204,489)
Contributions - Employer	-	10,195,977	(10,195,977)
Benefits paid	(1,346,874)	(1,346,874)	-
Administrative expenses	-	(31,165)	31,165
Net changes	(921,207)	10,022,427	(10,943,634)
Balance at June 30, 2018	$ 36,106,811	$ 25,311,522	$ 10,795,289

The Authority made $3,081,219 and $10,195,977 in contributions to the OPEB Trust during fiscal years 2019 and 2018, respectively. These contributions were considered in the June 30, 2019 and 2018 actuarial valuations, respectively.

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate

The following represents the net OPEB liability calculated using the stated health care cost trend assumption, as well as what the OPEB liability would be if it were calculated using the healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the assumed trend rate:

Net OPEB Liability	6.25% Decreasing using the Getzen model	7.25% Decreasing using the Getzen model	8.25% Decreasing using the Getzen model
June 30, 2019	$ 3,279,983	$ 4,787,804	$ 6,500,821

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

The following represents the net OPEB liability calculated using the stated discount rate, as well as what the net OPEB 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:

Net OPEB Liability	1% Decrease 4.00%	Current Rate 5.00%	1% Increase 6.00%
June 30, 2019	$ 7,928,934	$ 4,787,803	$ 2,070,629

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the years ending June 30, 2019 and 2018, the Authority recognized OPEB expense (revenue) of ($336,247) and $1,539,140, respectively. At June 30, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2019 and 2018, will be recognized in OPEB expense as follows:

	June 30, 2019	
	Deferred Ouflows of Resources	**Deferred Inflows of Resources**
Experience gains or losses	**$ 202,497**	**$ 2,589,366**
Change of assumption	**301,358**	**817,077**
Net difference between projected and actual earnings on investments	**-**	**910,028**
Total	**$ 503,855**	**$ 4,316,471**

	June 30, 2018	
	Deferred Ouflows of Resources	Deferred Inflows of Resources
Experience gains or losses	$ 404,995	$ -
Change of assumption	602,717	1,560,145
Net difference between projected and actual earnings on investments	-	670,163
Total	$ 1,007,712	$ 2,230,308

Year Ended June 30,	
2020	$ (1,893,745)
2021	(1,617,528)
2022	(192,502)
2023	(108,840)
2024	-
Thereafter	-

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

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 $1,031,884 and $940,773 in 2019 and 2018, respectively. Employees contributed through payroll deductions to the plan $1,442,045 and $1,373,378 in 2019 and 2018, 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 $1,192,739 and $994,001 in 2019 and 2018, 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 $1,352,730 and $1,387,634 at June 30, 2019 and 2018, 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 52.5% and 53.7% of the total enplanements of 8,596,307 and 7,466,332 in fiscal years 2019 and 2018, respectively.

21. Capital Contributions

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

	2019	2018
Federal grants	$ 10,305,516	$ 367,107
State grants	6,885,484	14,638,636
Other contributions	987,942	4,945
	$ 18,178,942	$ 15,010,688

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, 2019 and 2018:

		Fair Value Measurements at Reporting Date Using		
June 30, 2019:	**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	**$ 154,554,558**	**$ 154,554,558**	**$ -**	**$ -**
Tennessee Local Government Investment Pool*	**26,299,679**	**n/a**	**n/a**	**n/a**
Commercial Paper	**23,385,182**	**5,960,430**	**17,424,752**	**-**
U.S agency issues	**96,438,118**	**-**	**96,438,118**	**-**
Corporate bond issues	**587,586**	**-**	**587,586**	**-**
Investments:				
U.S. agencies	**1,580,000**	**-**	**1,580,000**	**-**
Derivative financial instrument – interest rate swap	**8,445**	**-**	**8,445**	**-**

		Fair Value Measurements at Reporting Date Using		
June 30, 2018:	**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	$ 225,939,307	$ 225,939,307	$ -	$ -
Commercial Paper	15,905,487	-	15,905,487	-
Investments:				
U.S. agencies	900,000	-	900,000	-
Derivative financial instrument – interest rate swap	118,789	-	118,789	-

*For the Tennessee Local Government Investment Pool, the input levels are not applicable as the underlying investments are reported at amortized cost.

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, 2019 and 2018. 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 30,2019			
	Airports		Blended Component Unit	
Condensed statement of net position:	Nashville International Airport	John C. Tune Airport	MNAA Properties Corporation [1]	Total
Assets:				
Current assets	$ 262,824,560	$ 2,586,703	$ 3,254,117	$ 268,665,380
Restricted cash and cash equivalents	78,633,625	-	-	78,633,625
Capital assets, net	848,951,078	42,970,269	6,309,134	898,230,481
Net pension asset	-	-	-	-
Other assets	250,419	16,498	121,662	388,579
Total assets	1,190,659,682	45,573,470	9,684,913	1,245,918,065
Deferred outflows of resources	8,472,363	-	-	8,472,363
Total assets and deferred outflows of resources	$1,199,132,045	$ 45,573,470	$ 9,684,913	$1,254,390,428
Liabilities:				
Current liabilities	$ 96,192,035	$ 1,601,021	$ 155,138	$ 97,948,194
Noncurrent liabilities	425,631,679	45,577	155,783	425,833,039
Total liabilities	521,823,714	1,646,598	310,921	523,781,233
Deferred inflows of resources	4,321,534	-	-	4,321,534
Net position:				
Net investment in capital assets	480,427,186	42,986,767	6,071,083	529,485,036
Restricted for:				
Net pension asset	-	-	-	-
Passenger facility charge projects and debt service	42,365,166	-	-	42,365,166
Customer facility changes projects and debt service	18,695,376	-	-	18,695,376
Debt service and other	23,155,535	-	-	23,155,535
Total restricted net position	84,216,077	-	-	84,216,077
Unrestricted net position	108,343,534	940,105	3,302,909	112,586,548
Total net position	672,986,797	43,926,872	9,373,992	726,287,661
Total liabilities, deferred inflows of resources, and net position	$1,199,132,045	$ 45,573,470	$ 9,684,913	$1,254,390,428
Condensed statement of revenues expenses, changes in net position:				
Operating revenues	$ 165,925,821	$ 920,008	$ 3,186,765	$ 170,032,594
Operating expenses	97,743,460	604,073	1,366,398	99,713,931
Provision for depreciation	41,822,430	2,005,162	669,850	44,497,442
Operating income (loss)	26,359,931	(1,689,227)	1,150,517	25,821,221
Nonoperating revenues (expenses)	20,092,473	4,682,197	2,297	24,776,967
Capital contributions	18,004,235	174,707	-	18,178,942
Increase in net position	64,456,639	3,167,677	1,152,814	68,777,130
Net position, beginning of year	608,530,158	40,759,195	8,221,178	657,510,531
Net position, end of year	$ 672,986,797	$ 43,926,872	$ 9,373,992	$ 726,287,661
Condensed statement of cash flows:				
Cash flows from operating activities	$ 71,197,202	$ 438,790	$ 2,042,232	$ 73,678,224
Cash flows from noncapital financing activities	(1,401,387)	-	-	(1,401,387)
Cash flows from capital and related financing activities	(41,566,288)	(5,389,759)	(11,064)	(46,967,111)
Cash flows from investing activities	6,454,227	10,866	7,928	6,473,021
Intercompany	(4,981,662)	5,122,625	(140,963)	-
Increase (decrease) in cash and cash equivalents	29,702,092	182,522	1,898,133	31,782,747
Cash and cash equivalents beginning of year	289,741,176	1,825,287	1,544,917	293,111,380
Cash and cash equivalent, end of year	$ 319,443,268	$ 2,007,809	$ 3,443,050	$ 324,894,127

(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 30,2018			
	Airports		Blended Component Unit	
Condensed statement of net position:	Nashville International Airport	John C. Tune Airport	MNAA Properties Corporation [1]	Total
Assets:				
Current assets	$ 210,612,435	$ 2,450,693	$ 1,219,700	$ 214,282,828
Restricted cash and cash equivalents	105,683,070	-	-	105,683,070
Capital assets, net	665,173,123	38,504,231	6,978,984	710,656,338
Net pension asset	441,851	-	-	441,851
Other assets	332,712	572,638	252,186	1,157,536
Total assets	982,243,191	41,527,562	8,450,870	1,032,221,623
Deferred outflows of resources	6,629,356	-	-	6,629,356
Total assets and deferred outflows of resources	$ 988,872,547	$ 41,527,562	$ 8,450,870	$1,038,850,979
Liabilities:				
Current liabilities	$ 69,852,598	$ 728,231	$ 136,847	$ 70,717,676
Noncurrent liabilities	307,561,069	40,136	92,845	307,694,050
Total liabilities	377,413,667	768,367	229,692	378,411,726
Deferred inflows of resources	2,928,722	-	-	2,928,722
Net position:				
Net investment in capital assets	457,268,658	39,076,869	6,599,175	502,944,702
Restricted for:				
Net pension asset	441,851	-	-	441,851
Passenger facility charge projects and debt service	39,359,559	-	-	39,359,559
Customer facility changes projects and debt service	18,488,396	-	-	18,488,396
Debt service and other	21,881,720	-	-	21,881,720
Total restricted net position	80,171,526	-	-	80,171,526
Unrestricted net position	71,089,974	1,682,326	1,622,003	74,394,303
Total net position	608,530,158	40,759,195	8,221,178	657,510,531
Total liabilities, deferred inflows of resources, and net position	$ 988,872,547	$ 41,527,562	$ 8,450,870	$1,038,850,979
Condensed statement of revenues expenses, changes in net position:				
Operating revenues	$ 150,498,064	$ 864,427	$ 3,117,126	$ 154,479,617
Operating expenses	83,087,638	681,393	1,493,213	85,262,244
Provision for depreciation	37,084,592	2,036,837	792,792	39,914,221
Operating income (loss)	30,325,834	(1,853,803)	831,121	29,303,152
Nonoperating revenues (expenses)	32,116,865	2,011,056	(69,333)	34,058,588
Capital contributions	14,792,401	218,287	-	15,010,688
Increase in net position	77,235,100	375,540	761,788	78,372,428
Net position, beginning of year	531,295,058	40,383,655	7,459,390	579,138,103
Net position, end of year	$ 608,530,158	$ 40,759,195	$ 8,221,178	$ 657,510,531
Condensed statement of cash flows:				
Cash flows from operating activities	$ 38,861,982	$ 177,889	$ 1,862,728	$ 40,902,599
Cash flows from noncapital financing activities	(1,390,822)	-	-	(1,390,822)
Cash flows from capital and related financing activities	(94,187,436)	(1,684,164)	(5,993,549)	(101,865,149)
Cash flows from investing activities	2,945,529	854	979	2,947,362
Intercompany	(1,716,318)	1,352,630	363,688	-
Increase (decrease) in cash and cash equivalents	(55,487,065)	(152,791)	(3,766,154)	(59,406,010)
Cash and cash equivalents beginning of year	345,228,241	1,978,078	5,311,071	352,517,390
Cash and cash equivalent, end of year	$ 289,741,176	$ 1,825,287	$ 1,544,917	$ 293,111,380

(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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This section contains the following subsections:

Schedule of Changes in Net Pension Liability

Schedule of Pension Contributions

Schedule of Changes in Net OPEB Liability

Schedule of OPEB Contributions

Schedule of Changes in Net Pension Liability
Year Ended June 30 for Each of the Years Presented

	2019	2018	2017	2016	2015	2014
Total pension liability:						
Service cost	**$ 685,843**	$ 667,297	$ 741,608	$ 679,217	$ 645,437	$ 845,864
Interest	**4,604,838**	4,218,823	4,482,097	4,342,076	3,987,395	3,521,317
Differences between expected and actual experience	**2,027,120**	745,177	(1,259,978)	537,929	677,000	356,625
Changes of assumptions	**7,451,464**	2,942,473	(616,820)	2,516,013	1,676,218	3,581,969
Benefit payments	**(3,507,672)**	(3,059,272)	(2,839,298)	(2,589,887)	(2,552,544)	(2,479,800)
Net change in total pension liability	**11,261,593**	5,514,498	507,609	5,485,348	4,433,506	5,825,975
Total pension liability - beginning	**65,783,404**	60,268,906	59,761,297	54,275,949	49,842,443	44,016,468
Total pension liability - ending (a)	**77,044,997**	65,783,404	60,268,906	59,761,297	54,275,949	49,842,443
Plan fiduciary net position:						
Contributions - employer	**8,900,000**	2,000,000	5,160,905	11,951,995	8,000,000	8,000,000
Net investment income	**4,148,512**	4,968,584	6,771,977	205,790	1,428,204	4,574,509
Benefit payments	**(3,507,672)**	(3,059,272)	(2,839,298)	(2,589,887)	(2,552,544)	(2,479,800)
Net change in plan fiduciary net position	**9,540,840**	3,909,312	9,093,584	9,567,898	6,875,660	10,094,709
Plan fiduciary net position - beginning	**66,225,255**	62,315,943	53,222,359	43,654,461	36,778,801	26,684,092
Plan fiduciary net position - ending (b)	**75,766,095**	66,225,255	62,315,943	53,222,359	43,654,461	36,778,801
Authority's net pension liability (asset) - ending (a) - (b)	**$ 1,278,902**	$ (441,851)	$ (2,047,037)	$ 6,538,938	$ 10,621,488	$ 13,063,642
Plan fiduciary net position as a percentage of the total pension liability	**98.3%**	100.7%	103.4%	89.1%	80.4%	73.8%
Covered payroll	**$ 6,811,701**	$ 8,493,682	$ 8,497,486	$ 8,078,834	$ 7,895,716	$ 7,732,080
Net pension liability as a percentage of covered payroll	**18.8%**	(5.20%)	(24.09%)	80.9%	134.5%	169.0%

Notes to Schedule

Change in assumptions. Effective June 30, 2019, the mortality table was changed from the RP-2014 Generational Mortality Table for Males and Females with improvement Scale MP-2017 to the RP-2014 Generational Mortality table for Males and Females with Improvement Scale MP-2018. The investment rate of return and discount rate ws changed from 7.0% to 6.0%

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 Pension Contributions
Year Ended June 30 for Each of the Years Presented

	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	**$ 790,495**	$ 717,344	$ 1,101,679	$ 1,652,788	$ 2,165,146	$ 2,667,945
Contributions in relation to the actuarially determined contribution	**8,900,000**	2,000,000	5,160,905	11,951,995	8,000,000	8,000,000
Contribution deficiency (excess)	**$ (8,109,505)**	$ (1,282,656)	$ (4,059,226)	$ (10,299,207)	$ (5,834,854)	$ (5,332,055)
Covered payroll	**$ 6,811,701**	$ 7,440,484	$ 8,493,682	$ 8,497,486	$ 8,078,834	$ 7,895,716
Contributions as a percentage covered payroll	**130.7%**	26.9%	60.8%	140.7%	99.0%	101.3%

Notes to Schedule

Actuarially determined contribution rates are based on the most recent valuation date, which was June 30, 2019. 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, 2018 and June 30, 2019 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 2 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	6%, per annum, compounded annually
Discount rate	6%, 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-2018

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 Changes in Net OPEB Liability
Year Ended June 30 for Each of the Years Presented

	2019	2018	2017
Total OPEB liability:			
Service cost	**$ 1,110,421**	$ 1,287,152	$ 1,259,595
Interest	**1,445,441**	1,478,732	1,346,638
Differences between expected and actual experience	**(2,713,939)**	(2,340,217)	809,991
Changes of assumptions	**(1,225,616)**	-	1,205,435
Benefit payments	**(1,081,219)**	(1,346,874)	(1,191,983)
Net change in total OPEB liability	**(2,464,912)**	(921,207)	3,429,676
Total OPEB liability - beginning	**36,106,811**	37,028,018	33,598,342
Total OPEB liability - ending (a)	**33,641,899**	36,106,811	37,028,018
Plan fiduciary net position:			
Contributions - employer	**3,081,219**	10,195,977	7,983,073
Net investment income	**1,595,233**	1,204,489	1,016,930
Benefit payments	**(1,081,219)**	(1,346,874)	(1,191,983)
Administrative expenses	**(52,660)**	(31,165)	(18,854)
Net change in plan fiduciary net position	**3,542,573**	10,022,427	7,789,166
Plan fiduciary net position - beginning	**25,311,522**	15,289,095	7,499,929
Plan fiduciary net position - ending (b)	**28,854,095**	25,311,522	15,289,095
Authority's net OPEB liability - ending (a) - (b)	**$ 4,787,804**	$ 10,795,289	$ 21,738,923
Plan fiduciary net position as a percentage of the total OPEB liability	**85.8%**	70.1%	41.3%
Covered payroll	**$ 9,777,169**	$ 11,523,443	$ 16,792,985
Net OPEB liability as a percentage of covered payroll	**49.0%**	93.7%	129.5%

Notes to Schedule

Change in assumptions. Effective June 30, 2019, from mortality table RP-2014 with improvement scale MP-2017 to mortality table RP-2014 mortality table adjusted to 2006 with generational mortality improvement projected under Projection Scale MP-2018. The aging tabel was changed from a flat 3% each year for aging for attained age 65 to 55 to the Yamamoto aging table for Non-Medicare members. The Medical and Prescription trend was changed from 7.5% graded down to 5% over 11 years to 7.25% graded using the Getzen Model. The discount rate was changed from 4.0% to 5.0%

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 OPEB Contributions
Year Ended June 30 for Each of the Years Presented

	2019	2018	2017
Actuarially determined contribution	**$ 1,200,138**	$ 1,911,323	$ 3,167,615
Contributions in relation to the actuarially determined contribution	**3,081,219**	10,195,977	7,983,073
Contribution deficiency (excess)	**$ (1,881,081)**	$ (8,284,654)	$ (4,815,458)
Covered payroll	**$ 9,777,169**	$ 10,678,528	$ 11,523,443
Contributions as a percentage covered payroll	**31.5%**	95.5%	69.3%

Notes to Schedule

Actuarily determined contribution rates are based on the most recent valuation date, which was June 30, 2019. Methods and assumptions used to determine contribution rates are as follows:

Actuarial valuation method	Entry age normal method
Discount rate	5%
Health care cost trend rate	7.25% graded down using the Getzen model
Inflation rate	5% dental and vision per year
Retirement rates	Varying rates beginning with 5% at age 50 and 100% retirement at age 65.

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.

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

Schedule of Changes in Long-Term Debt by Individual Issue

Combining Schedule of Net Position Information by Entity
June 30, 2019

	Nashville International Airport [1]	John C. Tune Airport	MNAA Properties Corporation [1]	Total
ASSETS				
Current assets:				
Unrestricted assets:				
Cash and cash equivalents	$ 183,819,326	$ 2,007,809	$ 3,443,050	$ 189,270,185
Accounts receivable, net	6,997,774	14,373	36,640	7,048,787
Inventories	540,409	161	-	540,570
Due from (to) other funds	234,647	4,124	(238,771)	-
Prepaid expenses and other	2,248,789	12,458	13,198	2,274,445
Total current unrestricted assets	193,840,945	2,038,925	3,254,117	199,133,987
Restricted assets:				
Cash and cash equivalents	57,198,094	-	-	57,198,094
Short-term investments	1,580,000	-	-	1,580,000
Passenger facility charges receivable	2,945,620	-	-	2,945,620
Customer facility charges receivable	1,468,341	-	-	1,468,341
Amounts due from governmental agencies	5,791,560	547,778	-	6,339,338
Total current restricted assets	68,983,615	547,778	-	69,531,393
Total current assets	262,824,560	2,586,703	3,254,117	268,665,380
Noncurrent assets:				
Unrestricted net assets:				
Accounts receivable	207,777	-	-	207,777
Restricted assets:				
Cash and cash equivalents	78,425,848	-	-	78,425,848
Capital assets:				
Land and land improvements	593,853,978	55,193,211	200,816	649,248,005
Land held for future expansion	36,701,068	-	-	36,701,068
Buildings and building improvements	403,526,459	6,770,261	12,578,255	422,874,975
Equipment, furniture and fixtures	180,935,592	621,105	1,655,190	183,211,887
Construction in progress	225,215,069	8,058,185	-	233,273,254
Total capital assets	1,440,232,166	70,642,762	14,434,261	1,525,309,189
Less accumulated depreciation	(591,281,088)	(27,672,493)	(8,125,127)	(627,078,708)
Total capital assets, net	848,951,078	42,970,269	6,309,134	898,230,481
Other assets	250,419	16,498	121,662	388,579
Total noncurrent assets	927,835,122	42,986,767	6,430,796	977,252,685
Total assets	1,190,659,682	45,573,470	9,684,913	1,245,918,065
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pensions	4,739,292	-	-	4,739,292
Deferred outflows from OPEB	503,855	-	-	503,855
Deferred amount on refunding	3,229,216	-	-	3,229,216
Total deferred outflows of resources	8,472,363	-	-	8,472,363
Total assets and deferred outflows of resources	$ 1,199,132,045	$ 45,573,470	$ 9,684,913	$ 1,254,390,428

[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.

Combining Schedule of Net Position Information by Entity
June 30, 2019

	Nashville International Airport [1]	John C. Tune Airport	MNAA Properties Corporation [1]	Total
LIABILITIES				
Current liabilities:				
Payable from unrestricted assets:				
Trade accounts payable	$ 58,354,044	$ 1,545,518	$ 155,138	$ 60,054,700
Accrued payroll and related items	4,888,745	55,503	-	4,944,248
Unearned income	4,051,195	-	-	4,051,195
Current maturities of notes payable	622,182	-	-	622,182
Accrued interest payable	296,638	-	-	296,638
Total payable from unrestricted assets	68,212,804	1,601,021	155,138	69,968,963
Payable from restricted assets:				
Trade accounts payable and other	3,593,195	-	-	3,593,195
Accrued interest payable	5,966,036	-	-	5,966,036
Current maturities of airport revenue bonds	18,420,000	-	-	18,420,000
Total payable from restricted assets	27,979,231	-	-	27,979,231
Total current liabilities	96,192,035	1,601,021	155,138	97,948,194
Noncurrent liabilities:				
Airport revenue bonds, less current maturities	259,619,806	-	-	259,619,806
Notes payable, less current maturities	158,279,309	-	-	158,279,309
Fair value of derivative financial instrument	8,445	-	-	8,445
Unearned income	1,657,413	45,577	155,783	1,858,773
Pension liability	1,278,902			1,278,902
Other postemployment benefits obligation	4,787,804	-	-	4,787,804
Total noncurrent liabilities	425,631,679	45,577	155,783	425,833,039
Total liabilities	521,823,714	1,646,598	310,921	523,781,233
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pensions	5,063	-	-	5,063
Deferred inflows from OPEB	4,316,471	-	-	4,316,471
Total deferred inflows of resources	4,321,534	-	-	4,321,534
NET POSITION				
Net investment in capital assets	480,427,186	42,986,767	6,071,083	529,485,036
Restricted for:				
Net pension asset	-	-	-	-
Passenger facility charge projects and debt service	42,365,166	-	-	42,365,166
Customer facility charge projects and debt service	18,695,376	-	-	18,695,376
Debt service and other	23,155,535	-	-	23,155,535
Total restricted net position	84,216,077	-	-	84,216,077
Unrestricted net position	108,343,534	940,105	3,302,909	112,586,548
Total net position	672,986,797	43,926,872	9,373,992	726,287,661
Total liabilities, deferred inflows of resources, and net position	$ 1,199,132,045	$ 45,573,470	$ 9,684,913	$ 1,254,390,428

(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
Year Ended June 30, 2019

	Nashville International Airport [1]	John C. Tune Airport	MNAA Properties Corporation [1]	Total
Operating revenues:				
Signatory airline	$ 55,264,548	$ -	$ -	$ 55,264,548
Parking	53,153,828	-	-	53,153,828
Concession	37,203,600	-	-	37,203,600
Space rental	12,972,794	785,360	3,127,657	16,885,811
Other	7,331,051	134,648	59,108	7,524,807
	165,925,821	920,008	3,186,765	170,032,594
Operating expenses:				
Salaries and wages	38,081,051	388,883	-	38,469,934
Contractual services	40,642,459	95,403	696,177	41,434,039
Materials and supplies	3,976,770	35,745	34,284	4,046,799
Utilities	5,781,286	46,362	312,381	6,140,029
Other	9,261,894	37,680	323,556	9,623,130
	97,743,460	604,073	1,366,398	99,713,931
Operating income before provision for depreciation	68,182,361	315,935	1,820,367	70,318,663
Provision for depreciation	41,822,430	2,005,162	669,850	44,497,442
Operating income (loss)	26,359,931	(1,689,227)	1,150,517	25,821,221
Nonoperating revenues (expenses):				
Investment income	7,677,052	14,439	12,335	7,703,826
Passenger facility charges	31,416,941	-	-	31,416,941
Customer facility charges	15,094,273	-	-	15,094,273
Interest expense	(13,146,883)	-	(10,038)	(13,156,921)
Loss on disposal of property and equipment	(15,926,784)	-	-	(15,926,784)
Loss on derivative financial instrument	(110,344)	-	-	(110,344)
Other nonoperating, net	(4,911,782)	4,667,758	-	(244,024)
	20,092,473	4,682,197	2,297	24,776,967
Income before capital contributions	46,452,404	2,992,970	1,152,814	50,598,188
Capital contributions	18,004,235	174,707	-	18,178,942
Increase in net position	64,456,639	3,167,677	1,152,814	68,777,130
Total net position - beginning of year	608,530,158	40,759,195	8,221,178	657,510,531
Total net position - end of year	$ 672,986,797	$ 43,926,872	$ 9,373,992	$ 726,287,661

(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, 2019

Year Ending June 30,	Series 2003B Revenue Bonds		Series 2008A Revenue Bonds		Series 2009A Revenue Bonds		CONRAC Series 2010 Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 575,000	$ 782,283	$ 3,800,000	$ -	$ 7,970,000	$ 197,700	$ 2,840,000	$ 242,605
2021	610,000	782,283	-	-	-	-	3,000,000	83,055
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	-	-	-	-	-	-	-	-
	$ 13,235,000	$ 9,463,243	$ 3,800,000	$ -	$ 7,970,000	$ 197,700	$ 5,840,000	$ 325,660
Bond Premium	-	-	-	-	-	-	-	-
	$ 13,235,000	$ 9,463,243	$ 3,800,000	$ -	$ 7,970,000	$ 197,700	$ 5,840,000	$ 325,660

Schedule of Airport Revenue Bonds, Principal and Interest Requirements by Fiscal Year
June 30, 2019

Series 2018 CONRAC Refunding Revenue Bonds		Series 2015A Revenue Bonds		Series 2015B Revenue Bonds		Total Debt Service		
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
$ -	$ 943,101	$ 1,730,000	$ 4,333,950	$ 2,080,000	$ 5,096,320	$ 18,995,000	$ 11,595,959	$ 30,590,959
-	945,685	1,820,000	4,245,200	2,170,000	5,000,469	7,600,000	11,056,692	18,656,692
3,028,385	890,475	1,910,000	4,151,950	2,280,000	4,889,219	7,863,385	10,713,927	18,577,312
3,132,780	784,265	2,005,000	4,064,100	2,395,000	4,772,344	8,212,780	10,402,992	18,615,772
3,240,775	674,395	2,085,000	3,982,300	2,515,000	4,649,591	8,560,775	9,994,576	18,555,351
3,350,795	562,462	2,170,000	3,897,200	2,640,000	4,520,719	8,920,795	9,574,678	18,495,473
3,468,000	443,220	2,255,000	3,808,700	2,775,000	4,399,219	9,303,000	9,245,436	18,548,436
3,587,550	321,593	2,350,000	3,716,600	2,885,000	4,271,593	9,677,550	8,904,083	18,581,633
3,711,220	195,773	2,440,000	3,620,800	3,030,000	4,123,719	10,086,220	8,534,589	18,620,809
3,838,790	65,985	2,540,000	3,508,500	3,180,000	3,968,469	10,518,790	8,137,251	18,656,041
-	-	2,665,000	3,378,375	3,340,000	3,805,469	7,020,000	7,778,141	14,798,141
-	-	2,800,000	3,241,750	3,505,000	3,634,344	7,380,000	7,470,391	14,850,391
-	-	2,940,000	3,098,250	3,680,000	3,454,719	7,760,000	7,147,266	14,907,266
-	-	3,085,000	2,947,625	3,865,000	3,266,094	8,160,000	6,808,016	14,968,016
-	-	3,240,000	2,789,500	4,060,000	3,067,969	8,580,000	6,154,617	14,734,617
-	-	3,405,000	2,623,375	4,260,000	2,859,969	7,665,000	5,483,344	13,148,344
-	-	3,575,000	2,448,875	4,475,000	2,641,594	8,050,000	5,090,469	13,140,469
-	-	3,750,000	2,359,500	4,255,000	2,529,719	8,005,000	4,889,219	12,894,219
-	-	3,940,000	2,359,500	4,470,000	2,529,719	8,410,000	4,889,219	13,299,219
-	-	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	1,941,593	9,735,000	3,782,843	13,517,843
-	-	4,790,000	1,323,000	5,435,000	1,353,468	10,225,000	2,676,468	12,901,468
-	-	5,025,000	1,323,000	5,705,000	1,353,468	10,730,000	2,676,468	13,406,468
-	-	5,280,000	1,323,000	5,990,000	925,220	11,270,000	2,248,220	13,518,220
-	-	5,545,000	1,323,000	6,290,000	496,970	11,835,000	1,819,970	13,654,970
-	-	5,820,000	661,500	6,535,000	248,485	12,355,000	909,985	13,264,985
$ 27,358,295	$ 5,826,954	$ 90,205,000	$ 77,089,800	$ 106,615,000	$ 84,859,900	$ 255,023,295	$ 177,763,257	$ 432,786,552
-	-	11,984,935	-	11,031,576	-	23,016,511	-	23,016,511
$ 27,358,295	$ 5,826,954	$ 102,189,935	$ 77,089,800	$ 117,646,576	$ 84,859,900	$ 278,039,806	$ 177,763,257	$ 455,803,063

Metropolitan Nashville Airport Authority
Schedule of Changes in Long-term Debt by Individual Issue
June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2018	Issued During Period/Principal Additions	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2019
Nashville International Airport									
NOTES PAYABLE									
Payable through General Fund									
Energy Loan Phase II	$ 2,777,500	1.85%	12/1/2012	11/30/2023	$ 1,539,976	$ -	$ (318,835)	$ -	$ 1,221,141
Geothermal Loan	4,300,000	2.78%	7/1/2015	6/30/2031	4,028,386	-	(276,681)	-	3,751,705
Total Notes Payable through General Fund					$ 5,568,362	$ -	$ (595,516)	$ -	$ 4,972,846
BONDS PAYABLE									
Payable through General Fund									
General Airport Revenue Bond, Series 2003B	$ 19,585,000	5.49 to 5.94%	11/1/2003	7/1/2033	$ 14,785,000	$ -	$ (1,550,000)	$ -	$ 13,235,000
General Airport Revenue Bond, Series 2008A	37,600,000	Variable	6/30/2008	7/1/2019	7,400,000	-	(3,600,000)	-	3,800,000
General Airport Revenue Bond, Series 2009A	36,000,000	4.125 to 5.25%	3/1/2009	7/1/2019	12,160,000	-	(4,190,000)	-	7,970,000
General Airport Revenue Bond, Series 2015A	91,855,000	4.0 to 5.0%	12/1/2015	7/1/2045	91,855,000	-	(1,650,000)	-	90,205,000
General Airport Revenue Bond, Series 2015B	108,145,000	4.0 to 5.0%	12/1/2015	7/1/2045	108,145,000	-	(1,530,000)	-	106,615,000
Total Bonds Payable through General Fund					$ 234,345,000	$ -	$ (12,520,000)	$ -	$ 221,825,000
Payable through Customer Facility Charges									
CONRAC, Series 2010	66,300,000	4.816 to 5.787%	2/1/2010	7/1/2020	$ 8,535,000	$ -	$ (2,695,000)	$ -	$ 5,840,000
CONRAC, Series 2018	27,358,295	3.40%	5/1/2018	7/1/2028	27,358,295	-	-	-	27,358,295
Total Bonds Payable through Customer Facility Charges					$ 35,893,295	$ -	$ (2,695,000)	$ -	$ 33,198,295
CREDIT FACILITIES									
BNA Credit Facility 1	n/a	Variable	12/5/2016	12/4/2019	$ 10,793,285	$ 48,460,827	$ (59,254,112)	$ -	$ -
BNA Credit Facility 2	n/a	Variable	1/7/2019	1/7/2022	-	153,928,645	-	-	153,928,645
					$ 10,793,285	$ 202,389,472	$ (59,254,112)	$ -	$ 153,928,645

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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 overall 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 106, 109, 110, 111, and 112)

Revenue Capacity

These schedules contain information to help the reader assess the Authority's most significant revenue sources (schedules on pages 106, 107, 108, 115, 116, and 117)

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 110, 113, and 114)

Demographic and Economic Information

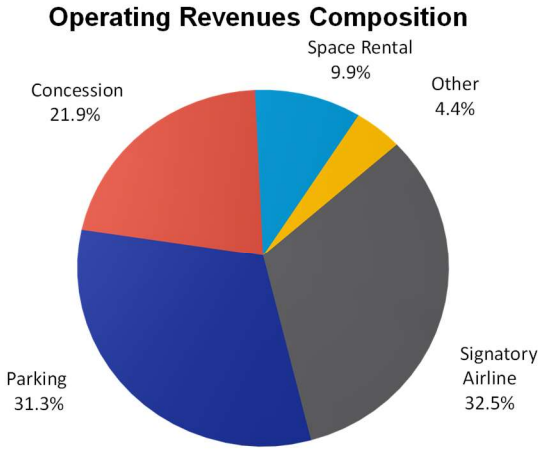
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place (schedules on pages 118, 119, 120 and 121)

Operating Information

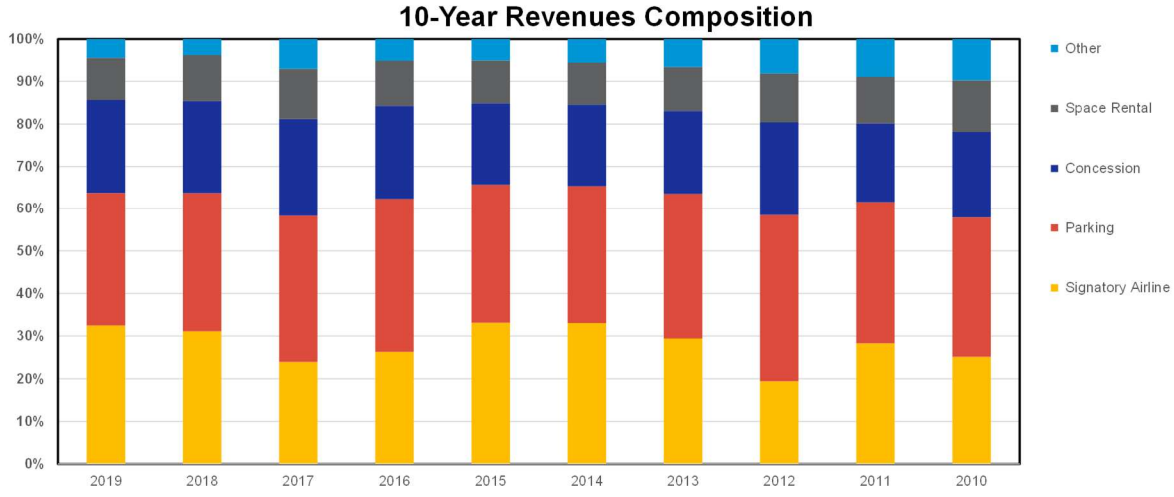
These schedules contain service data to help the reader understand how the information in the Authority's financial report relates to the services it provides and the activities it performs (schedule on page 119)

Metropolitan Nashville Airport Authority Operating Revenues Analysis (000s)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Revenues:										
Signatory Airline	$ 55,264	$ 48,092	$ 30,672	$ 30,561	$ 39,414	$ 37,027	$ 29,373	$ 16,132	$ 25,306	$ 20,523
Parking	53,154	50,369	43,977	41,890	38,726	36,258	34,020	32,468	29,744	26,769
Concession	37,204	33,499	29,338	25,454	22,873	21,520	19,491	18,220	16,610	16,512
Space Rental	16,886	16,648	15,121	12,325	11,989	11,045	10,308	9,545	9,804	9,939
Other	7,525	5,872	8,988	5,960	5,993	6,279	6,600	6,749	7,978	7,942
Total	**$ 170,033**	**$ 154,480**	**$ 128,096**	**$ 116,190**	**$ 118,995**	**$ 112,129**	**$ 99,792**	**$ 83,114**	**$ 89,442**	**$ 81,685**

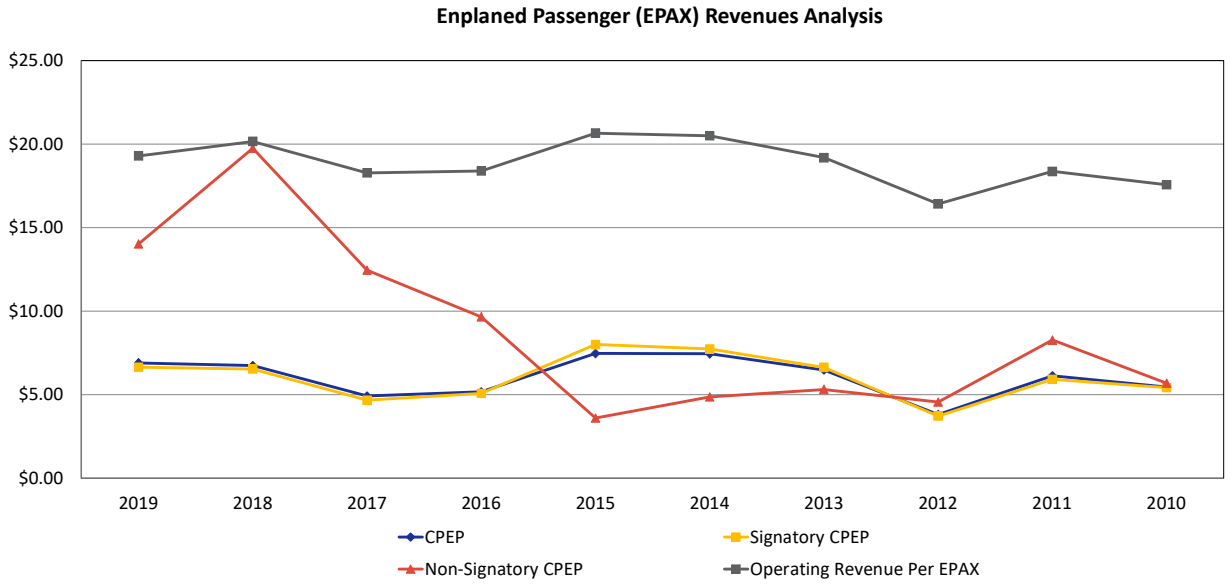


Operating revenues have increased 108.2% since 2010. Enplanements increased 91.6% to 8,596,307 compared to 4,487,336 ten years ago. Parking revenues increased $26.4 million since 2010. The signatory airlines operated under a residual agreement, through June 30, 2015, whereby they were responsible to 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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Signatory Airlines:										
Space and Ramp Fees	$ 34,170	$ 28,288	$ 12,245	$ 11,399	$ 28,886	$ 27,027	$ 21,552	$ 13,565	$ 14,874	$ 13,470
Landing Fees	21,094	19,804	18,427	19,162	10,528	10,000	7,821	2,567	10,432	7,053
Total Signatory Revenue	55,264	48,092	30,672	30,561	39,414	37,027	29,373	16,132	25,306	20,523
Signatory Enplaned (000s)	8,306	7,349	6,571	6,021	4,926	4,791	4,425	4,331	4,278	3,788
Cost per Signatory Enplaned	**$ 6.65**	**$ 6.54**	**$ 4.67**	**$ 5.08**	**$ 8.00**	**$ 7.73**	**$ 6.64**	**$ 3.72**	**$ 5.92**	**$ 5.42**
Non-signatory Airlines:										
Space and Ramp Fees	$ 1,674	$ 1,108	$ 1,747	$ 502	$ 986	$ 1,156	$ 1,313	$ 746	$ 944	$ 1,245
Landing Fees	2,399	1,203	979	657	1,452	1,380	1,943	1,771	2,751	2,731
Total Non-signatory Revenue	4,073	2,311	2,726	1,159	2,438	2,536	3,256	2,517	3,695	3,976
Non-signatory Enplaned (000s)	290	117	219	120	678	521	613	552	447	699
Cost per Non-signatory Enplaned	**$ 14.03**	**$ 19.75**	**$ 12.45**	**$ 9.66**	**$ 3.60**	**$ 4.87**	**$ 5.31**	**$ 4.56**	**$ 8.27**	**$ 5.69**
Summary Analysis:										
Total Signatory & Non-signatory Revenue	$ 59,337	$ 50,403	$ 33,398	$ 31,720	$ 41,852	$ 39,563	$ 32,629	$ 18,649	$ 29,001	$ 24,499
Blended Cost per Enplaned	**$ 6.90**	**$ 6.75**	**$ 4.92**	**$ 5.17**	**$ 7.47**	**$ 7.45**	**$ 6.48**	**$ 3.82**	**$ 6.14**	**$ 5.46**
Operating Revenues (BNA Only)	$ 165,926	$ 150,498	$ 124,093	$ 112,946	$ 115,755	$ 108,918	$ 96,693	$ 80,192	$ 86,749	$ 78,855
Total Enplaned (includes charters)	8,596	7,466	6,790	6,141	5,604	5,312	5,038	4,883	4,725	4,487
Operating Revenues per Enplaned	**$ 19.30**	**$ 20.16**	**$ 18.28**	**$ 18.39**	**$ 20.66**	**$ 20.50**	**$ 19.19**	**$ 16.42**	**$ 18.36**	**$ 17.57**



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

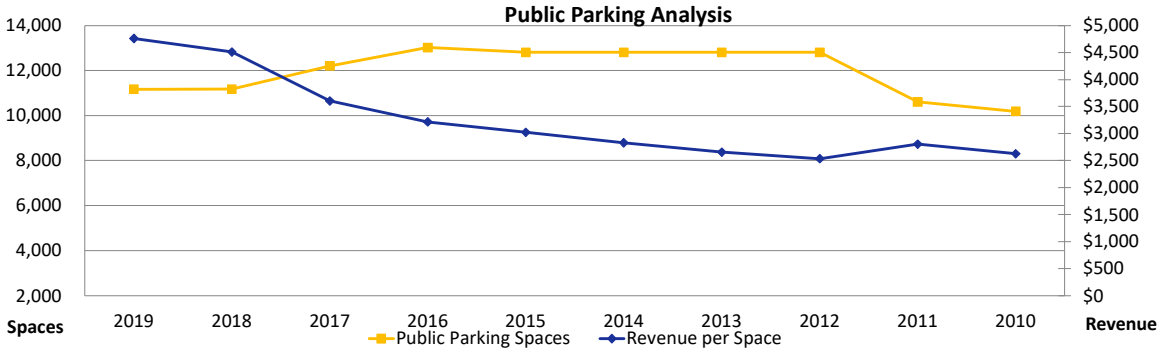
Signatory & Non-signatory rate history effective July 1 of each fiscal year (unless noted below).

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Signatory Rates:										
Landing fee	$ 3.09	$ 3.21	$ 2.99	$ 3.25	$ 1.65	$ 1.69	$ 1.52	$ 0.32	$ 2.05	$ 1.26
Ramp (see note below)	2.23	2.34	1.71	1.71	266.99	223.05	133.09	84.78	101.26	114.62
Main terminal	103.07	100.55	90.00	90.00	180.58	164.54	130.84	78.84	93.16	89.12
North concourse	103.07	100.55	90.00	90.00	112.07	79.11	62.55	36.13	41.29	42.31
South concourse	103.07	100.55	90.00	90.00	104.35	113.96	57.62	37.51	41.12	41.33

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:										
Landing fee	4.29	4.23	3.74	4.07	4.23	4.10	3.17	3.92	5.02	3.96
Per use fee (see note below)	4.30	3.55	3.51	3.66	N/A	N/A	N/A	N/A	N/A	N/A
Ramp (see note above)	2.79	2.93	2.14	2.14	397.15	349.31	327.15	309.47	301.87	287.29
Main terminal	128.84	125.69	112.50	112.50	312.16	294.36	271.07	245.48	238.37	223.32
North concourse	128.84	125.69	112.50	112.50	113.74	111.78	107.23	98.44	90.13	89.86
South concourse	128.84	125.69	112.50	112.50	121.36	121.11	114.82	104.64	92.73	88.27

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.



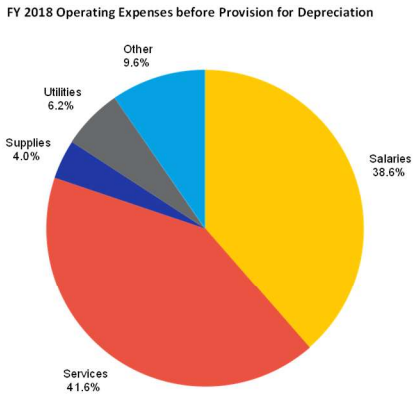
Parking lot revenue (000)	$ 53,154	$ 50,369	$ 43,977	$ 41,890	$ 38,725	$ 36,258	$ 34,020	$ 32,468	$ 29,744	$ 26,769
Spaces available (actual)	11,169	11,172	12,203	13,025	12,811	12,811	12,811	12,811	10,605	10,189
Revenue per space	**$ 4,759**	**$ 4,509**	**$ 3,604**	**$ 3,216**	**$ 3,023**	**$ 2,830**	**$ 2,656**	**$ 2,534**	**$ 2,805**	**$ 2,627**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Short term	2,201	2,318	2,369	2,369	2,369	2,369	2,369	2,369	1,706	1,706
Long term A	1,034	830	1,810	2,060	2,060	2,060	2,060	2,060	1,959	1,517
Long term B	2,124	2,124	2,124	2,124	2,124	2,124	2,124	2,124	2,129	2,124
Economy	3,499	3,625	3,625	3,690	3,690	3,690	3,690	3,690	3,660	3,690
Express Park	1,230	1,230	1,230	1,230	-	-	-	-	-	-
Valet	1,081	1,045	1,045	1,152	1,152	1,152	1,152	1,152	1,151	1,152
Overflow	-	-	-	1,416	1,416	1,416	1,416	1,416	-	-
Public parking spaces	11,169	11,172	12,203	14,041	12,811	12,811	12,811	12,811	10,605	10,189

Metropolitan Nashville Airport Authority Operating Expenses Analysis (000s)

	2019	2018	2017 (as restated)	2016 (as restated)	2015	2014 (as restated)	2013	2012	2011	2010
Operating Expenses:										
Salaries and wages	$ 38,470	$ 32,879	$ 33,862	$ 34,666	$ 32,019	$ 30,602	$ 32,118	$ 30,744	$ 28,570	$ 28,057
Contractual services	41,434	36,802	28,611	26,271	25,962	27,887	24,783	24,215	21,851	18,681
Supplies and materials	4,047	3,841	3,510	3,374	3,987	4,133	3,437	3,156	2,876	2,363
Utilities	6,140	5,639	5,971	5,945	6,256	5,888	5,971	6,115	6,318	5,910
Depreciation	44,497	39,914	38,980	37,224	36,535	35,773	35,648	33,001	29,680	25,883
Other	9,523	6,101	5,611	5,677	4,902	4,645	3,786	3,147	2,680	2,464
Total	$ 144,111	$ 125,176	$ 116,545	$ 113,157	$ 109,661	$ 108,928	$ 105,743	$ 100,378	$ 91,975	$ 83,358

*FY 2017 & FY 2016 Salaries and wages has been restated due to implementaion of GASB 75 and FY 2014 Salaries and wages has been restated due to implementation of GASB 68.

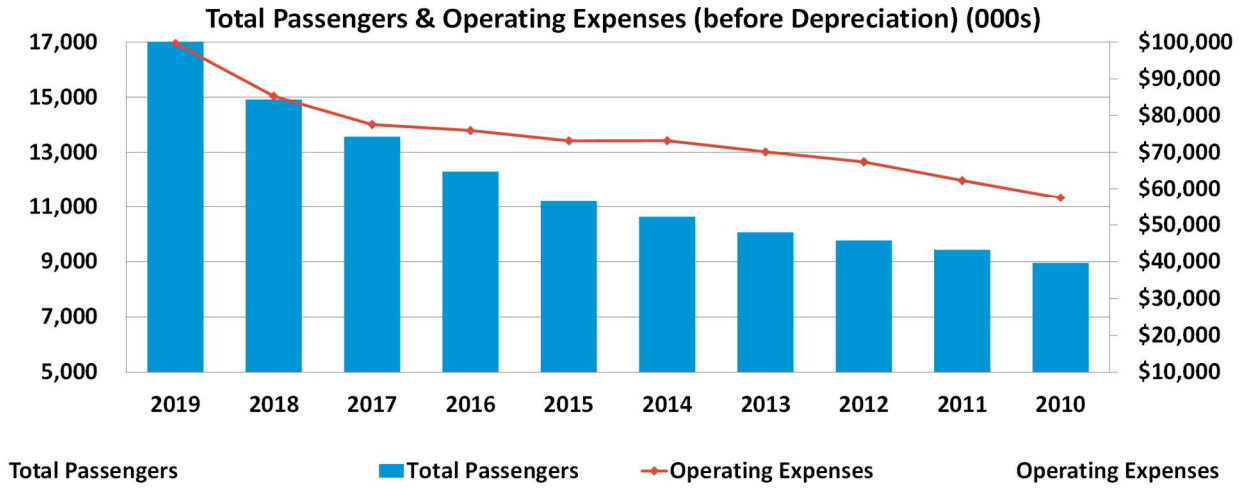


The unfunded liability for OPEB decreased by $6,007,485 in 2019, $10,943,634 in 2018, $4,359,490 in 2017, and by $48,780 in 2016. Prior years saw an increase in liability of $226,926 in 2015, $1,020,425 in 2014, $4,011,455 in 2013, $4,636,773 in 2012 and $4,124,748 in 2011. During 2018, the Authority recognized the adjustment for GASB 75 as related to OPEB plans. The effect on the Salary Expense from the GASB 75 adjustment for 2017 and 2018 was $239,908 and $539,010 respectively.

The Authority had a net Pension liability in 2019 of $1,278,902. Previously the Authority's Pension was fully funded, with a pension asset in 2018 and 2017 of $441,851 and $ 2,047,037 respectively. The Pension liability was $6,538,938 in 2016, $10,621,488 in 2015, and $13,063,642 in 2014.

Pension costs as a component of Salaries and Wages were $7,031,933 in 2019, $2,517,599 in 2018, $2,770,594 in 2017, $3,944,669 in 2016, $2,512,326 in 2015, as restated $1,916,154 in 2014, $2,872,767 in 2013, $2,943,508 in 2012, and $2,608,858 in 2011. 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.

OPEB costs as a component of Salaries and Wages were ($336,247) in 2019, $1,539,140 in 2018, and $2,559,382 in 2017.



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

	2019	%	2018	2017	2016	2015	2014	2013	2012	2011	2010
Land	$ 60,267,703	18.2%	$ 60,267,703	$ 60,267,703	$ 60,267,702	$ 60,267,702	$ 60,291,397	$ 60,291,397	$ 60,291,397	$ 60,510,397	$ 60,994,397
Land held for future expansion	36,701,068	11.1%	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	233,273,254	70.6%	153,579,003	72,814,778	42,890,290	62,125,107	36,845,372	20,469,818	14,275,669	113,187,969	90,428,596
Total capital assets not being depreciated	330,242,025	100.0%	250,547,774	169,783,549	139,859,060	159,093,877	133,837,837	117,462,283	111,268,134	210,399,434	188,124,061
Land improvements	588,980,302	49.3%	577,119,558	561,704,513	541,464,084	487,401,089	476,885,301	474,449,844	473,328,967	458,112,921	444,599,608
Buildings and building improvements	422,874,975	35.4%	315,970,461	298,911,276	264,629,088	258,305,083	255,460,891	254,508,281	253,445,668	183,122,322	161,692,621
Equipment, furniture and fixtures	183,211,887	15.3%	182,051,284	165,348,939	129,795,510	114,296,965	108,530,594	103,981,903	95,181,689	57,665,911	51,082,588
Total capital assets being depreciated	1,195,067,164	100.0%	1,075,141,303	1,025,964,728	935,888,682	860,003,137	840,876,786	832,940,028	821,956,324	698,901,154	657,374,817
Less accumulated depreciation	(627,078,708)	52.5%	(615,032,739)	(578,686,474)	(539,922,435)	(503,403,886)	(466,909,686)	(431,262,318)	(395,789,389)	(362,901,122)	(350,930,203)
Net capital assets	**$ 898,230,481**	**N/A**	**$ 710,656,338**	**$ 617,061,803**	**$ 535,825,307**	**$ 515,693,128**	**$ 507,804,937**	**$ 519,139,993**	**$ 537,435,069**	**$ 546,399,466**	**$ 494,568,675**

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

	2019	%	2018	2017	2016	2015	2014	2013	2012	2011	2010
Series 1995 Revenue Bonds	$ -	N/A		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 38,265,000
Series 1998A Revenue Bonds	-	N/A		-	-	-	-	-	-	-	4,330,000
Series 1998C Revenue Bonds	-	N/A		-	-	-	-	-	-	-	16,190,000
Series 2001A Revenue Bonds	-	N/A		-	-	-	-	-	-	-	49,475,000
Series 2003 PFC Revenue Bonds	-	N/A		-	-	-	-	-	3,925,000	7,750,000	11,485,000
Series 2003B Revenue Bonds	13,235,000	5.2%	14,785,000	14,785,000	14,785,000	15,250,000	15,695,000	16,115,000	17,260,000	17,260,000	17,260,000
Series 2008A Revenue Bonds	3,800,000	1.5%	7,400,000	10,800,000	12,000,000	12,200,000	12,400,000	12,500,000	12,600,000	19,300,000	25,700,000
Series 2008B Revenue Bonds	-	N/A			-	-	-	-	-	-	-
Series 2009A Revenue Bonds	7,970,000	3.1%	12,160,000	16,180,000	20,040,000	23,755,000	27,310,000	30,765,000	34,085,000	35,285,000	36,000,000
Series 2010A Revenue Bonds	-	N/A	-	3,835,000	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	5,840,000	2.3%	8,535,000	56,695,000	58,980,000	61,070,000	62,975,000	64,720,000	66,300,000	66,300,000	66,300,000
Series 2018 CONRAC Revenue Bonds	27,358,295	10.7%	27,358,295	-	-	-	-	-	-	-	-
Series 2010B Revenue Bonds		N/A			-	16,475,000	31,965,000	46,545,000	60,410,000	70,400,000	-
Series 2010C Revenue Bonds		N/A			1,740,000	4,340,000	7,145,000	10,155,000	13,365,000	16,170,000	-
Series 2015A Revenue Bonds	90,205,000	35.4%	91,855,000	91,855,000	91,855,000	-	-	-	-	-	-
Series 2015B Revenue Bonds	106,615,000	41.8%	108,145,000	108,145,000	108,145,000	-	-	-	-	-	-
Total Revenue Bonds	255,023,295	100.0%	270,238,295	302,295,000	315,070,000	144,175,000	172,010,000	198,655,000	229,165,000	256,980,000	290,775,000
Plus unamortized premium	23,016,511	N/A	24,158,916	25,296,995	26,648,869	787,902	2,207,486	3,627,071	5,046,652	6,466,233	1,945,321
Net Outstanding Debt	**$ 278,039,806**	**N/A**	**$ 294,397,211**	**$ 327,591,995**	**$ 341,718,869**	**$ 144,962,902**	**$ 174,217,486**	**$ 202,282,071**	**$ 234,211,652**	**$ 263,446,233**	**$ 292,720,321**
Enplanements	**8,596,307**	**n/a**	**7,466,332**	**6,790,099**	**6,141,092**	**5,604,148**	**5,312,021**	**5,037,975**	**4,883,374**	**4,724,974**	**4,487,336**
Net Outstanding Debt per Enplanement	**$ 32.34**	**n/a**	**$ 39.43**	**$ 48.25**	**$ 55.65**	**$ 25.87**	**$ 32.80**	**$ 40.16**	**$ 47.97**	**$ 55.76**	**$ 65.24**

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

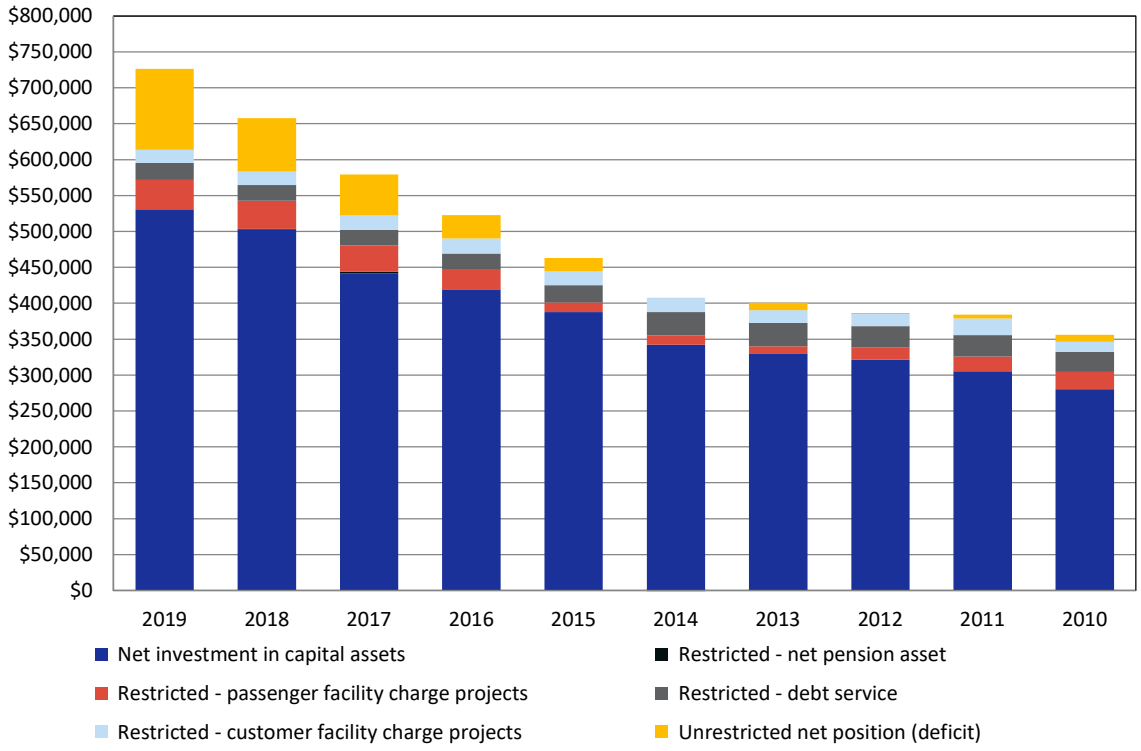
	2019	2018	(as restated) 2017	(as restated) 2016	2015	(as restated) 2014	(as restated) 2013	2012	2011	2010
Operating Revenues:										
Signatory Airline	$ 55,264,548	$ 48,091,521	$ 30,671,634	$ 30,561,053	$ 39,414,175	$ 37,026,998	$ 29,373,222	$ 16,132,099	$ 25,305,820	$ 20,522,901
Parking	53,153,828	50,369,200	43,977,208	41,889,907	38,725,346	36,258,325	34,020,205	32,467,762	29,743,911	26,768,620
Concession	37,203,600	33,498,728	29,338,439	25,453,862	22,873,310	21,520,372	19,490,760	18,220,104	16,609,629	16,511,983
Space Rental	16,885,811	16,648,433	15,121,337	12,324,959	11,989,094	11,045,009	10,308,115	9,545,208	9,804,161	9,938,642
Other	7,524,807	5,871,735	8,987,603	5,959,737	5,993,198	6,278,417	6,599,423	6,748,967	7,978,056	7,942,283
Total Operating Revenues	**170,032,594**	**154,479,617**	**128,096,221**	**116,189,518**	**118,995,123**	**112,129,121**	**99,791,725**	**83,114,140**	**89,441,577**	**81,684,429**
Operating Expenses:										
Salaries and wages	38,469,934	32,879,302	33,862,254	34,666,038	32,019,144	30,602,436	32,118,328	30,744,071	28,570,046	28,057,407
Contractual Services	41,434,039	36,801,980	28,610,678	26,270,995	25,962,137	27,886,714	24,783,144	24,214,616	21,851,020	18,680,783
Materials and Supplies	4,046,799	3,840,490	3,509,520	3,374,113	3,987,451	4,132,884	3,436,780	3,156,304	2,875,601	2,363,467
Utilities	6,140,029	5,639,206	5,971,391	5,944,858	6,255,942	5,887,708	5,970,579	6,115,153	6,317,661	5,909,708
Other	9,623,130	6,101,266	5,610,734	5,677,177	5,451,870	4,645,047	3,786,262	3,147,215	2,680,441	2,464,114
Total Operating Expenses	**99,713,931**	**85,262,244**	**77,564,577**	**75,933,181**	**73,676,544**	**73,154,789**	**70,095,093**	**67,377,359**	**62,294,769**	**57,475,479**
Provision for Depreciation	**44,497,442**	**39,914,221**	**38,979,958**	**37,223,834**	**36,534,617**	**35,773,468**	**35,648,323**	**33,000,622**	**29,679,570**	**25,882,986**
Nonoperating Revenues:										
Investment income	7,703,826	2,149,362	730,198	333,542	359,790	328,349	426,259	305,715	342,616	781,719
Passenger facility charges	31,416,941	28,300,013	25,982,494	23,735,979	15,703,411	13,502,385	13,262,426	12,522,227	13,300,248	15,494,672
Customer facility charges	15,094,273	14,290,386	13,561,430	12,956,481	11,692,265	10,825,490	10,307,062	10,090,579	9,074,716	7,911,785
Other nonoperating revenues	261,940	130,025	86,599	614,433	396,880	313,559	553,407	21,911	1,874,664	57,143
Total Nonoperating Revenues	**54,476,980**	**44,869,786**	**40,360,721**	**37,640,435**	**28,152,346**	**24,969,783**	**24,549,154**	**22,940,432**	**24,592,244**	**24,245,319**
Nonoperating Expenses:										
Debt-related expenses	13,267,265	10,262,472	10,299,910	8,874,244	7,610,829	9,000,146	10,231,288	10,281,744	11,854,314	17,458,092
Other nonoperating expenses	16,432,748	548,726	(461,510)	1,234,522	302,080	-	-	-	(1,138,286)	8,247,840
Total Nonoperating Expenses	**29,700,013**	**10,811,198**	**9,838,400**	**10,108,766**	**7,912,909**	**9,000,146**	**10,231,288**	**10,281,744**	**10,716,028**	**25,705,932**
Capital Contributions	**18,178,942**	**15,010,688**	**14,552,791**	**28,763,278**	**28,056,580**	**12,739,063**	**6,023,925**	**6,807,058**	**16,861,226**	**46,422,786**
Increase in Net Position	**68,777,130**	**78,372,428**	**56,626,798**	**59,327,450**	**57,079,979**	**31,909,564**	**14,390,100**	**2,201,905**	**28,204,680**	**43,288,137**
Total Net Position - End of Year	**$ 726,287,661**	**$ 657,510,531**	**$ 579,138,103**	**$ 522,511,305**	**$ 463,183,855**	**$ 406,103,876**	**$ 374,194,312**	**$ 386,387,255**	**$ 384,185,350**	**$ 355,980,670**

* Fiscal 2013 ending net position was restated in fiscal 2015 for the effects of the retrospective application of GASB Statement No. 68.
**Fiscal 2016 ending net position was restated in fiscal 2018 for the effects of the retrospective application of GASB Statement No. 75.

Metropolitan Nashville Airport Authority Net Position Analysis (000s)

	2019	2018	(as restated) 2017	(as restated) 2016	2015	(as restated) 2014	(as restated) 2013	2012	2011	2010
Net Position:										
Net investment in capital assets	$ 529,485	$ 502,945	$ 441,690	$ 419,177	$ 387,595	$ 342,148	$ 329,877	$ 321,079	$ 305,011	$ 280,079
Restricted - net pension asset	-	442	2,047	-	-	-	-	-	-	-
Restricted - passenger facility charge projects	42,365	39,360	36,398	27,237	13,462	12,723	9,854	16,976	20,472	24,031
Restricted - debt service	23,156	21,882	21,899	22,869	23,812	32,634	32,690	29,886	30,061	28,097
Restricted - customer facility charge projects	18,695	18,488	20,415	20,849	19,285	20,444	17,775	17,125	23,106	14,097
Unrestricted net position (deficit)	112,587	74,394	56,689	32,379	19,030	(1,845)	10,581	1,321	5,535	9,677
Total	**$ 726,288**	**$ 657,511**	**$ 579,138**	**$ 522,511**	**$ 463,184**	**$ 406,104**	**$ 400,777**	**$ 386,387**	**$ 384,185**	**$ 355,981**

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



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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Description:										
Operating Revenue	$ 165,926	$ 150,498	$ 124,093	$ 112,946	$ 115,755	$ 108,918	$ 96,693	$ 80,192	$ 86,749	$ 78,855
Less Operating Expenses (net of non-cash items)*	(93,018)	(79,500)	(82,053)	(82,264)	(73,980)	(70,893)	(64,522)	(57,106)	(52,319)	(47,712)
Less Capital Items Funded with Operating Revenues	(13,796)	(9,757)	(1,891)	(1,715)	(13,536)	(5,184)	(4,018)	(2,473)	(2,656)	(2,449)
Change in Working Capital & Other Items	14,669	(28,202)	(6,236)	11,365	(3,770)	1,069	4,063	(723)	2,356	4,854
Add Investment Income	7,312	2,148	728	331	326	357	309	330	340	756
Add PFCs and CFCs	46,511	42,590	39,543	36,692	27,395	24,327	23,569	22,613	22,375	23,406
Add Cash Various Transfers	-	-	-	-	-	-	3,000	4,440	4,321	5,184
Add Transfer from CIF**	-	-	-	-	3,574	5,619	727	8,167	3,555	3,499
COVERAGE CASH FLOW	**$ 127,604**	**$ 77,777**	**$ 74,184**	**$ 77,355**	**$ 55,764**	**$ 64,213**	**$ 59,821**	**$ 55,440**	**$ 64,721**	**$ 66,393**
INTEREST	13,784	11,091	7,749	11,627	7,599	9,275	10,226	10,938	11,078	13,119
PRINCIPAL	15,215	32,057	14,250	13,265	29,105	27,835	26,645	30,510	27,815	27,805
TOTAL DEBT SERVICE***	28,999	43,148	21,999	24,892	36,704	37,110	36,871	41,448	38,893	40,924
DEBT SERVICE COVERAGE	**440.0%**	**180.3%**	**337.2%**	**310.8%**	**151.9%**	**173.0%**	**162.2%**	**133.8%**	**166.4%**	**162.2%**

*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.

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Working Capital & Other Changes:										
Decrease (Increase) in:										
Accounts Receivable (incl PFC and CFC)	$ (193)	$ (6,815)	$ 2,449	$ (1,368)	$ (1,136)	$ 175	$ 1,797	$ (949)	$ 3,207	$ (974)
Receivables from Gov't Agencies	(5,339)	(6,076)	(1,027)	383	417	(1,356)	331	2,448	437	1,348
Inventory	(3)	(23)	(35)	40	(11)	83	48	(44)	(74)	(96)
Prepaid Expenses	993	318	(1,069)	135	(428)	(225)	(22)	(13)	(56)	116
Due to/from Other Airports	(480)	245	287	(656)	(995)	1,354	(75)	(46)	(1)	19
Increase (Decrease) in:										
Accounts Payable	19,191	(16,158)	(7,339)	12,064	(1,947)	735	1,629	(2,494)	(1,267)	3,370
Accrued Payroll	526	333	524	801	364	337	389	288	142	881
Other Adjustments:										
Amortization of Def Real Estate	1	1	1	1	1	1	1	1	1	1
Amortization of Def Rental Income	(27)	(27)	(27)	(35)	(35)	(35)	(35)	(35)	(35)	(35)
(Appreciation)/Depreciation of Investments	-	-	-	-	-	-	-	-	2	87
Net proceeds from PP&E	-	-	-	-	-	-	-	121	-	137
Working Capital & Other Changes	**$ 14,669**	**$ (28,202)**	**$ (6,236)**	**$ 11,365**	**$ (3,770)**	**$ 1,069**	**$ 4,063**	**$ (723)**	**$ 2,356**	**$ 4,854**

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Revenue	$ 165,926	$ 150,498	$ 124,093	$ 112,946	$ 115,755	$ 108,918	$ 96,693	$ 80,192	$ 86,749	$ 78,855
Less Operating Expenses (net of non-cash items)	(91,324)	(77,946)	(80,453)	(80,752)	(72,488)	(70,746)	(63,820)	(56,648)	(51,941)	(46,929)
Less Capital Items Funded with Operating Revenues	(13,796)	(9,757)	(1,891)	(1,715)	(13,536)	(5,184)	(4,018)	(2,473)	(2,656)	(2,449)
Change in Working Capital & Other Items	28,776	(22,374)	3,738	12,695	(3,452)	2,213	6,179	2,312	696	8,157
Add Investment Income	6,920	2,040	668	300	309	345	294	310	233	574
Add Various Transfers	-	-	-	-	-	-	3,000	-	-	3,000
Add Transfer from CIF*	-	-	-	-	3,574	5,619	727	8,167	3,555	3,499
COVERAGE CASH FLOW	**$ 96,502**	**$ 42,461**	**$ 46,155**	**$ 43,474**	**$ 30,162**	**$ 41,165**	**$ 39,055**	**$ 31,860**	**$ 36,636**	**$ 44,707**
INTEREST	12,353	7,499	3,420	6,672	2,246	3,527	4,033	4,485	4,572	8,497
PRINCIPAL	8,330	7,235	3,915	3,430	19,740	18,940	18,110	18,320	19,495	22,100
TOTAL DEBT SERVICE	20,683	14,734	7,335	10,102	21,986	22,467	22,143	22,805	24,067	30,597
DEBT SERVICE COVERAGE	**466.6%**	**288.2%**	**629.2%**	**430.4%**	**137.2%**	**183.2%**	**176.4%**	**139.7%**	**152.2%**	**146.1%**

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Passenger Facility Charges (net)	$ 31,417	$ 28,300	$ 25,982	$ 23,736	$ 15,703	$ 13,502	$ 13,262	$ 12,522	$ 13,300	$ 15,495
Less Operating Expenses	(13)	(17)	(15)	(12)	(17)	(9)	(10)	(63)	(142)	(509)
Add Various Transfers	-	-	-	-	-	-	-	4,440	4,321	2,184
Change in Working Capital & Other Items	(6,700)	(4,814)	(8,483)	150	(218)	(1,072)	(1,679)	(606)	1,270	(2,447)
Add Investment Income	131	63	26	10	5	4	-	5	17	121
COVERAGE CASH FLOW	**$ 24,835**	**$ 23,532**	**$ 17,510**	**$ 23,884**	**$ 15,473**	**$ 12,425**	**$ 11,573**	**$ 16,298**	**$ 18,766**	**$ 14,844**
INTEREST	487	310	758	1,282	1,594	1,918	2,290	2,550	2,581	3,098
PRINCIPAL	4,190	4,020	7,855	7,550	7,275	6,990	6,790	10,610	8,320	5,705
TOTAL DEBT SERVICE	4,677	4,330	8,613	8,832	8,869	8,908	9,080	13,160	10,901	8,803
DEBT SERVICE COVERAGE	**531.0%**	**543.5%**	**203.3%**	**270.4%**	**174.5%**	**139.5%**	**127.5%**	**123.8%**	**172.1%**	**168.6%**

CFC - 2010 & 2018 CONRAC Debt Service Coverage Analysis (000s)

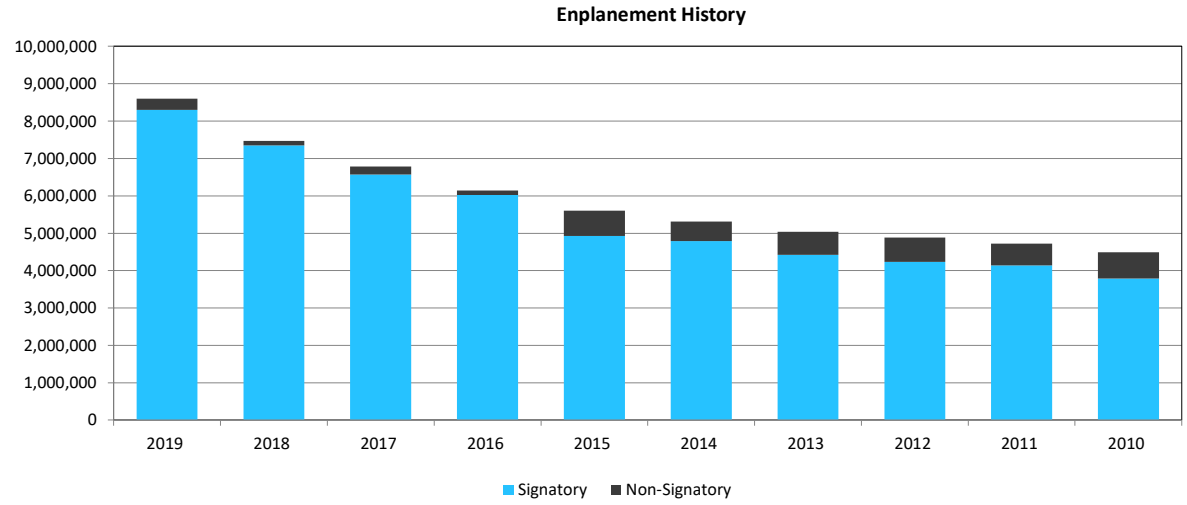
	2019	2018	2017	2016	2015	2014	2013	2012
Customer Facility Charges	$ 15,094	$ 14,290	$ 13,561	$ 12,956	$ 11,692	$ 10,825	$ 10,307	$ 10,091
Less Operating Expenses	(1,681)	(1,537)	(1,585)	(1,500)	(1,475)	(138)	(692)	(396)
Change in Working Capital & Other Items	(7,407)	(1,014)	(1,491)	(1,480)	(100)	(72)	(437)	(2,429)
Add Investment Income	261	45	34	21	12	8	15	15
COVERAGE CASH FLOW	**$ 6,267**	**$ 11,784**	**$ 10,519**	**$ 9,997**	**$ 10,129**	**$ 10,623**	**$ 9,193**	**$ 7,281**
INTEREST	944	3,282	3,571	3,673	3,759	3,830	3,903	3,903
PRINCIPAL	2,695	20,802	2,480	2,285	2,090	1,905	1,745	1,580
TOTAL DEBT SERVICE	3,639	24,084	6,051	5,958	5,849	5,735	5,648	5,483
DEBT SERVICE COVERAGE	**172.2%**	**48.9%**	**173.8%**	**167.8%**	**173.2%**	**185.2%**	**162.8%**	**132.8%**

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

	% of Total	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
SIGNATORY AIRLINES:											
Alaska Airlines	1.3%	115,960	87,309	58,533	41,233	-	-	-	-	-	-
American Airlines (A)	15.7%	1,348,801	1,235,501	1,176,043	1,156,141	454,897	460,153	430,900	381,231	413,028	440,120
American Eagle (A)	0.0%	-	-	-	-	218,520	280,860	282,113	279,504	208,880	201,322
Continental Express d/b/a ExpressJet (B)	0.0%	-	-	-	-	223,995	324,175	285,903	173,929	153,341	156,856
Delta Air Lines Inc. (B)	14.9%	1,278,183	1,138,922	988,137	926,454	623,480	552,169	444,584	412,008	381,859	277,740
Frontier Airlines	2.1%	177,341	146,184	9,979		81,596	94,385	89,549	125,423	115,004	108,283
Jet Blue	1.6%	138,189	130,541	138,985	22,570	-	-	-	-	-	-
Northwest Airlines Inc.	0.0%	-	-	-	-	-	-	-	-	-	-
Southwest Airlines	52.5%	4,517,284	4,009,180	3,655,441	3,426,391	3,114,815	2,879,200	2,723,295	2,643,725	2,619,094	2,400,069
United Airlines/Comair (C)	8.5%	730,243	600,988	543,704	448,396	6,400	115	2,994	31,750	77,136	56,844
US Airways (A)	0.0%	-	-	-	-	202,656	200,169	165,577	191,640	173,905	147,033
Sub Total	96.6%	8,306,001	7,348,625	6,570,822	6,021,185	4,926,359	4,791,226	4,424,915	4,239,210	4,142,247	3,788,267

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).

NON-SIGNATORY AIRLINES:											
Air Canada d/b/a Jazz Air	0.0%	292	174	1,034	371	229	18,558	19,234	18,053	17,874	17,762
Air Georgian dba Air Canada	0.5%	45,204	44,229	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
Allegiant Air	0.9%	80,170	6,136	-	-	-	-	-	-	-	-
American Connection/Chautauqua	0.0%	-	-	-	-	-	-	-	-	-	5,236
Astral Aviation d/b/a Skyway	0.0%	-	-	-	-	-	-	-	-	-	10,152
British Airways	0.5%	43,289	8,671	-	-	-	-	-	-	-	-
Continental Airlines	0.0%	-	-	-	-	-	-	-	880	297	273
Contour Airlines	0.2%	14,290	10,432	8,038	-	-	-	-	-	-	-
Delta/Chautauqua	0.0%	-	-	-	-	-	546	168	3,396	5,503	12,006
JetBlue Airways	0.0%	-	-	-	-	-		-	-	-	-
Frontier Airlines	0.0%	-	-	130,449	71,840	-	-	-	-	-	-
Mesa Airlines (A)	0.0%	-	-	-	-	43,348	47,608	70,822	48,693	63,566	97,023
Republic	0.0%	-	-	-	-	77,117	69,823	41,761	65,239	63,933	59,370
Various/Trans State Airlines (A)	0.0%	-	-	-	-	26,324	-	25,962	27,849	18,120	26,659
United/Skywest (C)	0.0%	-	-	-	-	37,261	-	433	6,861	29,434	58,021
Westjet Airlines	0.3%	23,559	11,591	2,252	-	-	-	-	-	-	-
Westjet/Encore	0.3%	22,339	22,210	20,479	1,115	-	-	-	-	-	-
All Others (includes Charters)	0.7%	61,163	14,264	14,286	16,992	391,566	329,916	390,341	436,633	352,469	353,347
Sub Total	3.4%	290,306	117,707	219,277	119,907	677,789	520,795	613,060	644,164	582,727	699,069
TOTAL	**100.0%**	**8,596,307**	**7,466,332**	**6,790,099**	**6,141,092**	**5,604,148**	**5,312,021**	**5,037,975**	**4,883,374**	**4,724,974**	**4,487,336**



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

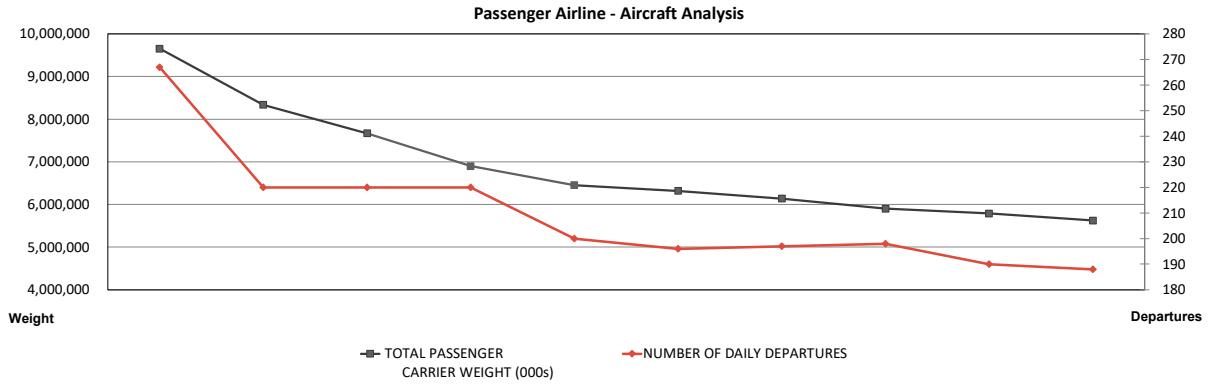
Nashville International Airport Passenger Airline Landed Weights (000s)

	% of Total	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
SIGNATORY AIRLINES:											
Alsaka Airlines	1.3%	129,001	99,354	55,390	43,248	-	-	-	-	-	-
American Airlines (A)	16.1%	1,549,447	1,415,662	1,352,169	1,332,377	523,970	518,096	516,356	426,041	524,980	545,126
American Eagle (A)	0.0%	-	-	-	-	261,251	334,087	359,788	361,390	250,201	256,929
Continental Express d/b/a ExpressJet (B)	0.0%	-	-	-	-	219,248	325,905	295,511	175,644	170,289	161,622
Delta Air Lines Inc. (B)	14.8%	1,427,507	1,287,034	1,148,263	1,051,357	693,222	650,841	538,467	487,302	463,462	235,775
Frontier Airlines	1.7%	166,271	140,496	8,784	-	85,862	98,132	96,648	140,569	138,158	136,647
JetBlue	1.6%	156,958	147,967	152,321	23,986	-	-	-	-	-	-
Northwest Airlines Inc.	0.0%	-	-	-	-	-	-	-	-	-	113,227
Southwest Airlines	51.3%	4,947,577	4,391,669	4,065,313	3,807,965	3,600,935	3,468,480	3,343,472	3,274,838	3,256,494	3,099,020
United Airlines/Comair (C)	8.9%	859,945	683,646	614,443	485,586	15,306	1,887	4,976	38,451	93,016	68,557
US Airways A)	0.0%	-	-	-	-	230,945	251,464	202,766	229,524	226,543	194,337
Sub Total	95.7%	9,236,706	8,165,828	7,396,683	6,744,519	5,630,739	5,648,892	5,357,984	5,133,759	5,123,143	4,811,240

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).

NON-SIGNATORY AIRLINES:											
Air Canada d/b/a Jazz Air	0.0%	1,840	2,752	2,987	2,583	2,111	25,304	33,760	28,618	28,905	29,704
Air Georgian dba Air Canada	0.5%	48,594	47,422	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
Express Jet/Delta (B)	0.0%	-	-	-	-	57,364	83,788	88,227	111,302	83,119	111,111
Branson Air Express	0.0%	-	-	-	-	-	-	-	-	1,940	573
British Airways	1.1%	101,865	15,960	-	-	-	-	-	-	-	-
Continental Airlines	0.0%	-	-	-	-	-	-	-	3,568	1,134	1,396
Compass Airlines (B)	0.0%	-	-	-	-	2,296	24,437	47,283	25,445	63,789	58,583
Delta, Midwest Connect	0.0%	-	-	-	-	85	4,617	3,077	3,574	4,170	46,980
Express Jet/United Express (C)	0.0%	-	-	-	-	-	-	-	90,106	91,151	26,296
Frontier Airlines	0.0%	-	-	126,550	70,424	-	-	-	-	-	-
Mesa Airlines	0.0%	-	-	-	-	45,879	48,918	75,699	51,517	67,808	110,697
Pinnacle/Endeavor Airlines	0.0%	-	-	-	-	107,398	117,366	116,432	75,435	76,510	104,098
Republic	0.0%	-	-	-	-	183,157	92,102	55,122	78,253	70,635	65,566
Skyway	0.0%	-	-	-	-	-	-	-	-	-	15,795
Trans States Airlines	0.0%	-	-	-	-	25,662	84	25,572	27,520	18,126	28,593
SkyWest	0.0%	-	-	-	-	157,259	129,226	149,781	129,188	72,522	111,077
All Others (includes charters)	2.7%	262,979	102,944	94,068	46,700	124,323	82,701	114,095	101,752	49,709	31,107
Sub Total	4.3%	415,278	169,078	271,215	153,213	822,158	668,508	781,710	768,860	664,956	810,807
TOTAL PASSENGER CARRIER WEIGHT (000s)	**100.0%**	**9,651,984**	**8,334,906**	**7,667,898**	**6,897,732**	**6,452,897**	**6,317,400**	**6,139,694**	**5,902,619**	**5,788,099**	**5,622,047**
CARGO & MISC CARRIER WEIGHT (000s)		300,413	305,994	285,758	305,642	304,279	300,986	261,389	244,138	250,181	253,646
TOTAL WEIGHT ALL AIRCRAFT (000s)		**9,952,397**	**8,640,900**	**7,953,656**	**7,203,374**	**6,757,176**	**6,618,386**	**6,401,083**	**6,146,757**	**6,038,280**	**5,875,693**
% PASSENGER CARRIER WEIGHT		**97%**	**96%**	**96%**	**96%**	**95%**	**95%**	**96%**	**96%**	**96%**	**96%**

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.



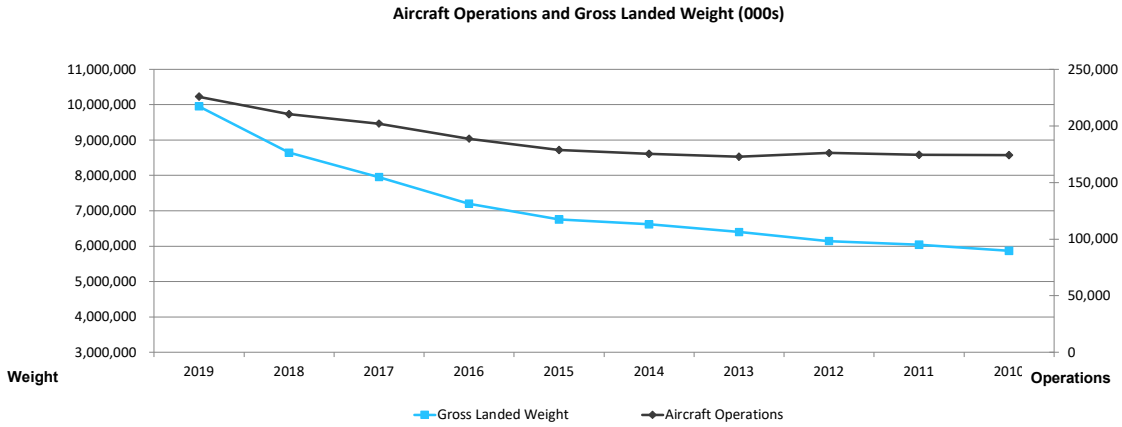
Metropolitan Nashville Airport Authority Aircraft Activity

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Daily Departures	**267**	**220**	**220**	**220**	**200**	**196**	**197**	**198**	**190**	**188**

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

Aircraft Operations:										
Cargo Carrier	2,512	2,666	2,586	2,880	2,702	2,288	2,064	2,462	2,526	2,360
Charter Carrier (all)		-	-	-	-	-	26	20	8	6
General Aviation	37,258	36,424	35,402	35,428	32,861	30,947	28,631	29,902	27,979	27,275
General Aviation Air Taxi	29,963	30,530	33,598	33,338	37,261	46,021	48,609	51,275	55,334	57,381
Mainline Carrier	104,649	90,560	80,066	73,998	68,087	60,402	53,289	50,235	50,883	42,621
Military Aircraft	2,697	3,123	4,225	4,219	2,901	1,782	1,942	3,332	3,612	4,123
Regional Carrier	48,733	47,054	46,207	38,891	34,920	33,912	38,200	38,834	34,256	40,402
Total Aircraft Operations	**225,812**	**210,357**	**202,084**	**188,754**	**178,732**	**175,352**	**172,761**	**176,060**	**174,598**	**174,168**
Gross Landed Weight (000s)										
Cargo Carrier	300,695	305,994	285,758	305,642	304,279	300,986	262,110	242,987	250,181	253,646
Charter Carrier (all)	28,963	30,754	30,294	33,325	27,548	16,761	16,078	6,766	6,552	1,266
Mainline Carrier	8,206,249	8,165,828	7,396,683	6,744,519	5,630,738	5,648,894	5,357,984	5,133,758	5,123,142	4,811,240
Military Aircraft		-	-	-	-	-	-	-	-	-
Regional Carrier	1,416,490	138,324	240,921	119,888	794,611	651,746	765,632	763,242	659,907	805,923
Total Gross Landed Weight	**9,952,397**	**8,640,900**	**7,953,656**	**7,203,374**	**6,757,176**	**6,618,387**	**6,401,804**	**6,146,753**	**6,039,782**	**5,872,075**

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.



	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Cargo (tons):										
Air Mail	787	644	855	601	163	-	1	1	2	8
Air Freight	8,440	8,799	7,751	6,905	3,151	3,095	3,231	6,403	3,467	7,851
Air Cargo - Domestic	42,034	41,703	38,894	32,670	13,749	14,999	16,056	36,445	17,177	36,162
Air Cargo - International	3,047	291	-	-	-	-	-	-	-	2,321
Total Cargo	**54,308**	**51,437**	**47,500**	**40,176**	**17,063**	**18,094**	**19,288**	**42,849**	**20,646**	**46,342**

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 & C)
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
Allegiant Air (Signatory effective 6/2019)
Boutique Air (terminated 4/2019)
British Airways
Contour Airlines
Sun Country
Sunwing
Swift Air
VivaAerobus
WestJet
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:
121 @ BNA
Above and Beyond
Aeronautical Radio / Rockwell Collins
Aircraft Services International
Airline Maint. Svcs
AMD Freight (terminated 12/2018)
Embraer Aircraft Maintenance
Federal Aviation Administration
Genesco, Inc
Graphic Ticket & Systems
Marisol
Metro Air Services
Metro Government
Miller Transfer
Monell's at the Manor
Simino Electric
State of Tennessee
Swissport
TN Aeronautics Commission
TN Dept of Transportation
US Customs Border Patrol
US DEA
US Govt Weather Service
US Postal Service
Wilson Tire & Auto

Other Terminal Tenants:
24 Hour Flower
Clear Channel Airports
Concourse Communications / Boingo
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
Massage Bar Inc
Mobile Cubes (terminated 1/2019)
Morpho Trust (TSA Pre)
Nashville Nails
New Zoom Systems
Ready Credit
Security Point Media
Smarte Carte
TSA
Vino Volo

Vehicle Parking:
ABM Parking
Nissan North America

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:
Airport Terminal Services (ATS)
Delta Global Services (DGS)
dnata
Dynair/Swissport
Menzies Aviation
PrimeFlight Aviation
Trego Dugan
United Ground Express (GSE)

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

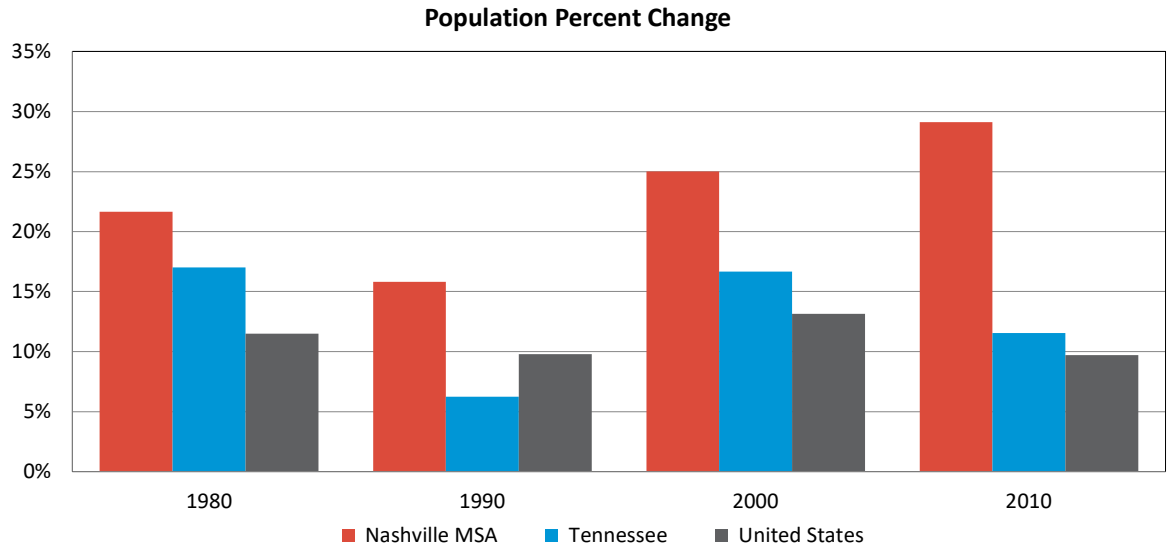
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Administration	100	89.5	87.5	89.5	89.5	96.5	90.5	91.5	96.2	94.5
Engineering & Maintenance	98.5	72.0	75.0	72.0	72.0	76.0	72.5	74.5	71.3	70.0
Operations, Safety, Security	112.5	134.0	126.5	125.5	127.0	129.0	117.5	120.5	109.5	107.5
Total Authority Full-time Equivalents	**311.0**	**295.5**	**289.0**	**287.0**	**288.5**	**301.5**	**280.5**	**286.5**	**277.0**	**272.0**

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

Nashville - Davidson - Murfreesboro Metropolitan Statistical Area Population

Year	Nashville MSA*	Tennessee	United States
1970	699,144	3,923,687	203,211,926
1980	850,505	4,591,120	226,545,805
1990	985,026	4,877,185	248,709,873
2000	1,231,311	5,689,283	281,421,906
2010	1,589,934	6,346,105	308,745,538

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

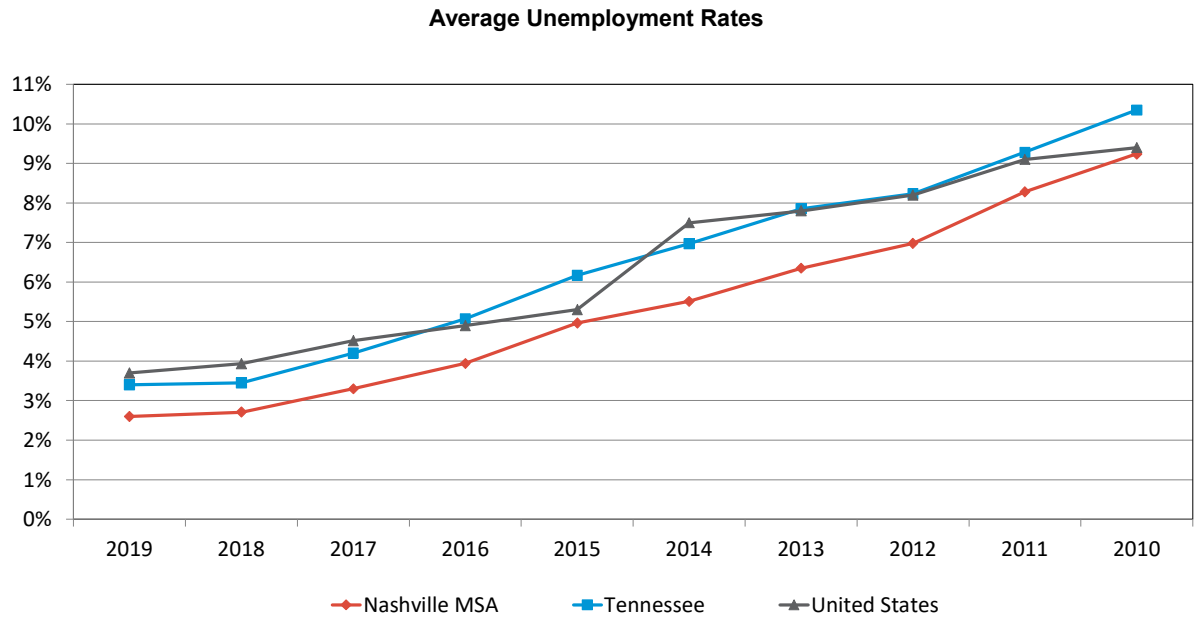


Nashville Metropolitan Statistical Area* Average Unemployment Rate

Year	Nashville MSA	Tennessee	United States
2019	2.60%	3.40%	3.70%
2018	2.71%	3.45%	3.93%
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%

*Nashville Metropolitan Statistical Area consists of Davidson, Murfreesboro and Franklin, Tennessee.

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



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

2018	Staff	Employer	Headquarters	2017	Staff
1	26,348	State of Tennessee	Nashville	1	25,777
2	23,627	Vanderbilt University Medical Center and Monroe Carroll Jr.	Nashville	2	20,428
3	13,220	U.S. Government	Washington, DC	3	13,148
4	11,000	Metropolitan Nashville-Davidson County Public Schools	Nashville	6	10,120
5	10,750	Nissan North America, Inc.	Franklin	4	10,750
6	10,613	HCA, Inc.	Nashville	5	10,613
7	8,700	Metropolitan Government of Nashville and Davidson County	Nashville	7	8,700
8	6,100	Saint Thomas Health Service	Nashville	9	6,243
9	5,695	Vanderbilt University	Nashville	8	6,912
10	5,500	Rutherford County Government	Murfreesboro	11	5,505
11	5,024	Williamson County Public Schools and County Government	Franklin	10	6,173
12	4,700	Community Health Systems, Inc.	Franklin	12	4,700
13	4,678	Sumner County Government and Public Schools	Gallatin	14	4,307
14	4,557	Randstad Work Solutions	Atlanta, GA	13	4,557
15	4,000	Clarksville-Montgomery County School System	Clarksville	15	4,000
16	3,750	Asurion	Nashville	16	3,600
17	3,539	Bridgestone Americas Inc.	Nashville	21	2,897
18	3,523	The Kroger Co.	Cincinnati, OH	17	3,523
19	3,250	National HealthCare Corporation	Murfreesboro	18	3,250
20	3,200	Electrolux Home Products of North America	Charlotte, NC	20	2,900
21	3,094	Amazon.com	Seattle, WA	24	2,500
22	3,085	Cracker Barrel Old Country Store, Inc.	Lebanon	23	2,600
23	3,000	Shoney's, Inc.	Nashville	19	3,000
24	2,890	Lowe's Cos. Inc	Mooresville, NC	22	2,890
25	2,716	Walgreens	Deerfield, IL	NA	NA

*Ranked by number of Middle Tennessee employees as of July 6, 2018

Source: Nashville Business Journal's Book of Lists 2018-19 (nashville.bizjournals.com)

Middle Tennessee Top 25 Public Companies**

2018	2017	Employer	Headquarters
1	1	HCA Holdings, Inc.	Nashville
2	2	Dollar General Corporation	Goodlettsville
3	3	Community Health Systems, Inc.	Franklin
4	8	Envision Healthcare Corp.	Nashville
5	7	Delek US Holdings, Inc.	Brentwood
6	4	Tractor Supply Co.	Brentwood
7	5	Lifepoint Hospitals, Inc.	Brentwood
8	6	Brookdale Senior Living Co.	Brentwood
9	9	Cracker Barrel Old Country Store, Inc.	Lebanon
10	10	Genesco, Inc.	Nashville
11	11	Acadia Healthcare Co, Inc.	Franklin
12	12	Louisiana-Pacific Corporation	Nashville
13	13	Quorum Health Corp.	Brentwood
14	14	CoreCivic Inc.	Nashville
15	16	Surgery Partners Inc.	Nashville
16	15	Ryman Hospitality Properties	Nashville
17	17	National HealthCare Corporation	Murfreesboro
18	21	Pinnacle Financial Partners, Inc	Nashville
19	18	Kirkland's, Inc.	Brentwood
20	22	Diversicare Healthcare Services, Inc	Brentwood
21	19	Tivity Health Inc.	Franklin
22	20	Delek Logistics Partners	Brentwood
23	23	Healthcare Realty Trust, Inc.	Nashville
24	25	AAC Holdings Inc.	Brentwood
25	NA	FB Financial Corp.	Nashville

**Ranked by Revenue (Published June, 15, 2018)

Source: Nashville Business Journal's Book of Lists 2018-19 (nashville.bizjournals.com)

This section contains the following subsections:

Single Audit under Uniform Guidance

Passenger Facility Charges

Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2019

Airport	Program Title	CFDA Number	Grantor Agency	Expenditures
Federal Assistance:				
Direct Awards:				
Nashville International	Airport Improvement Program	20.106	Federal Aviation Administration	$ 10,305,516
Nashville International	Equitable Sharing Agreement and Certification	16.922	Department of Justice	261,049
Total federal assistance				$ 10,566,565
State Assistance:				
Nashville International	Airport Improvements		Tennessee Department of Transportation	$ 6,710,777
John C. Tune	Airport Improvements		Tennessee Department of Transportation	200,447
Total state assistance				$ 6,911,224
Grand total				**$ 17,477,789**

See notes to schedule of expenditures of federal and state awards.

A. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Metropolitan Nashville Airport Authority. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Comptroller of the Treasury of the State of Tennessee.

B. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

C. Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Authority. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

DIXON HUGHES GOODMAN LLP

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Commissioners
Metropolitan Nashville Airport Authority
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Metropolitan Nashville Airport Authority (the "Authority"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

DHG
DIXON HUGHES GOODMAN LLP

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Memphis, Tennessee
October 25, 2019

DIXON HUGHES GOODMAN LLP

Independent Auditors' Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Commissioners
Metropolitan Nashville Airport Authority
Nashville, Tennessee

Report on Compliance for the Major Federal Program

We have audited Metropolitan Nashville Airport Authority (the "Authority"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, compliance with the types of compliance requirements described in the *OMB Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2019. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

DHG
DIXON HUGHES GOODMAN LLP

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Memphis, Tennessee
October 25, 2019

Section I - Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued on whether the schedule of expenditures of federal awards audited were prepared in accordance with accounting principles generally accepted in the United States of America: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? ___ yes __x__ no
Significant deficiency(ies) identified not considered to be material weaknesses? ___ yes __x__ none reported

Noncompliance material to financial statements noted? ___ yes __x__ no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? ___ yes __x__ no
Significant deficiency(ies) identified not considered to be material weaknesses? ___ yes __x__ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance ___ yes __x__ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? ____ yes __x__ no

Section II – Financial Statement Findings

A. Significant Deficiencies in Internal Control
None Reported

B. Compliance Findings
None Reported

C. Prior Year Findings
Finding 2018-001 Disposal of Capital Assets – Corrected
Finding 2018-002 Capitalized Interest – Corrected

Section III – Federal Award Findings

A. Current Year Findings
None Reported

B. Prior Year Findings
None Reported

Management's Follow up on Prior Year Findings

September 25, 2019

Finding 2018-001: Disposal of Capital Assets

Approved By: Douglas E. Kreulen, President and CEO

Contact Person: Marge Basrai, Chief Financial Officer

Corrective Action: In the prior year, Finance received a fixed assets disposal form from the maintenance department that an escalator was disposed. Upon further review, it was determined that only a portion of the escalator was upgraded, resulting in the improper disposal of the entire asset. Management feels that this was a miscommunication between the two departments and an isolated incident. The infrastructure assets were reviewed for disposal at the time that the new assets were being capitalized. Finance communicated with the Development and Engineering department regarding the disposals and will continue this practice on a regular basis. Finance reviewed and updated their policies and procedures to ensure proper internal controls over the disposal of capital assets.

Completion Date: June 30, 2019

Finding 2018-002: Significant Deficiency – Capitalized Interest

Approved By: Douglas E. Kreulen, President and CEO

Contact Person: Marge Basrai, Chief Financial Officer

Corrective Action: Finance implemented GASB 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period,* which precludes interest expense incurred before the end of construction period being included in the historical costs of capital assets. This eliminated the calculation of capitalized interest.

Completion Date: June 30, 2019

Schedules of Collections and Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2019

	Amended Amount Approved	Cumulative Total June 30, 2018	Quarter Ended September 30, 2018	Quarter Ended December 31, 2018	Quarter Ended March 31, 2019	Quarter Ended June 30, 2019	Total FY 2019	Life-to-date Cumulative
COLLECTIONS:								
PFC Revenue Received	$ 415,882,243	$ 347,494,610	$ 7,743,652	$ 8,951,979	$ 6,739,496	$ 8,841,878	$ 32,277,005	$ 379,771,615
Interest Earned/Fees Incurred	N/A	25,597,184	133,603	169,822	78,220	204,161	585,806	26,182,990
Total Collections	$ 415,882,243	$ 373,091,794	$ 7,877,255	$ 9,121,801	$ 6,817,716	$ 9,046,039	$ 32,862,811	$ 405,954,605
EXPENDITURES (REFUNDS):								
APPLICATION 1:								
Taxiway C Extension	$ 6,118,900	$ 6,118,900	$ -	$ -	$ -	$ -	$ -	$ 6,118,900
Land Acquisition for ASR (P, F, I - 2003 PFC)	6,806,412	6,806,412	-	-	-	-	-	6,806,412
Land Acquisition (P, F, I - 2003 PFC)	13,986,000	13,986,000	-	-	-	-	-	13,986,000
Runway 2C/20C Relocation	41,343,955	41,343,955	-	-	-	-	-	41,343,955
Runway 13/31 Extension	7,541,800	7,541,800	-	-	-	-	-	7,541,800
Runway 2C/20C Extension	8,840,000	8,840,000	-	-	-	-	-	8,840,000
Total	84,637,067	84,637,067	-	-	-	-	-	84,637,067
APPLICATION 2:								
Concourse Connector (P, F, I - 2003 PFC)	4,814,500	4,814,500	-	-	-	-	-	4,814,500
International Arrivals Building (P, F, I - 2003 PFC)	6,898,801	6,898,801	-	-	-	-	-	6,898,801
Total	11,713,301	11,713,301	-	-	-	-	-	11,713,301
APPLICATION 3 - MUFIDS	1,439,174	1,439,174	-	-	-	-	-	1,439,174
Total	1,439,174	1,439,174	-	-	-	-	-	1,439,174
APPLICATION 4 - Curbside Expansion	17,641,859	17,641,859	-	-	-	-	-	17,641,859
Total	17,641,859	17,641,859	-	-	-	-	-	17,641,859
APPLICATION 5:								
ARFF Facility Expansion	55,000	55,000	-	-	-	-	-	55,000
Moving Sidewalk, Concourse A	1,101,204	1,101,204	-	-	-	-	-	1,101,204
Outbound Baggage Conveyor System	1,495,482	1,495,482	-	-	-	-	-	1,495,482
Total	2,651,686	2,651,686	-	-	-	-	-	2,651,686
APPLICATION 6:								
Airfield Lighting Control Panel	443,438	443,438	-	-	-	-	-	443,438
Airport Operations Center Relocation	2,158,667	2,158,667	-	-	-	-	-	2,158,667
Runway Deicer Truck	228,300	228,300	-	-	-	-	-	228,300
SMGCS (2)	1,329,594	1,329,594	-	-	-	-	-	1,329,594
Total	4,159,999	4,159,999	-	-	-	-	-	4,159,999
APPLICATION 7 - Air Cargo Ramp	2,094,000	2,094,000	-	-	-	-	-	2,094,000
Total	2,094,000	2,094,000	-	-	-	-	-	2,094,000

Schedules of Collections and Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2019 (Continued)

	Amended Amount Approved	Cumulative Total June 30, 2018	Quarter Ended September 30, 2018	Quarter Ended December 31, 2018	Quarter Ended March 31, 2019	Quarter Ended June 30, 2019	Total FY 2019	Life-to-date Cumulative
APPLICATION 8:								
Air Cargo Ramp Expansion	846,000	846,000	-	-	-	-	-	846,000
Airfield Pavement Rehabilitation	1,249,012	1,249,012	-	-	-	-	-	1,249,012
Airport Master Plan	169,635	169,635	-	-	-	-	-	169,635
BIDS (3)	353,758	353,758	-	-	-	-	-	353,758
Terminal Access Roadway - Design	451,037	451,037	-	-	-	-	-	451,037
Radio Communication System	980,951	980,951	-	-	-	-	-	980,951
Terminal Apron Reconstruction	172,223	172,223	-	-	-	-	-	172,223
Update Noise Exposure Maps	106,272	106,272	-	-	-	-	-	106,272
Total	4,328,888	4,328,888	-	-	-	-	-	4,328,888
APPLICATION 9:								
ARFF Vehicle	493,143	493,143	-	-	-	-	-	493,143
Airfield Hold Bar Modifications	420,391	420,391	-	-	-	-	-	420,391
Airfield Pavement Rehabilitation	1,763,421	1,763,421	-	-	-	-	-	1,763,421
Westside Infrastructure and Utility Development	677,004	677,004	-	-	-	-	-	677,004
Elevator on A Concourse	207,040	207,040	-	-	-	-	-	207,040
Live Scan Fingerprint Equipment	49,374	49,374	-	-	-	-	-	49,374
Total	3,610,373	3,610,373	-	-	-	-	-	3,610,373
APPLICATION 10:								
1500 Gallon ARFF Vehicle	72,486	72,486	-	-	-	-	-	72,486
Airfield Pavement Rehabilitation - East	535,748	535,748	-	-	-	-	-	535,748
Airport Vehicle Driving Simulator	73,571	73,571	-	-	-	-	-	73,571
Land Acquisition RW Ext. Approach	468,000	468,000	-	-	-	-	-	468,000
Public Address System	789,116	789,116	-	-	-	-	-	789,116
Security Enhancements	378,750	378,750	-	-	-	-	-	378,750
Widen Three Taxiway Fillets	274,012	274,012	-	-	-	-	-	274,012
Total	2,591,683	2,591,683	-	-	-	-	-	2,591,683
APPLICATION 11:								
Aircraft Rescue and Firefighting Equipment	345,529	345,529	-	-	-	-	-	345,529
Pavement Sweeper	99,643	99,643	-	-	-	-	-	99,643
Snow Removal Equipment	418,887	418,887	-	-	-	-	-	418,887
Runway 13/31 W of 2L/20R	220,765	220,765	-	-	-	-	-	220,765
Airfield Construction	18,935	18,935	-	-	-	-	-	18,935
Txy KiloW and Lima Rehab	352,061	352,061	-	-	-	-	-	352,061
Txy Lima between T4 & T6	230,400	230,400	-	-	-	-	-	230,400
Reconstruction Txy Tango 6 at Terminal Ramp	188,894	188,894	-	-	-	-	-	188,894
Reconstruction Txy Tango 6 at Juliet	428,576	428,576	-	-	-	-	-	428,576
Reconstruction Txy Tango 6 at Terminal Ramp	844,829	844,829	-	-	-	-	-	844,829
Reconstruction Txy Tango 2	164,855	164,855	-	-	-	-	-	164,855

Schedules of Collections and Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2019 (Continued)

	Amended Amount Approved	Cumulative Total June 30, 2018	Quarter Ended September 30, 2018	Quarter Ended December 31, 2018	Quarter Ended March 31, 2019	Quarter Ended June 30, 2019	Total FY 2019	Life-to-date Cumulative
Rehabilitate Taxiway Alpha North	217,278	217,278	-	-	-	-	-	217,278
Shoulder Replacement Rwy 2L-20R	593,673	593,673	-	-	-	-	-	593,673
Upgrade Trench Drain at De-Icing Area	14,673	14,673	-	-	-	-	-	14,673
Rwy 2R20L & Txy H Add'l Work	798,122	798,122	-	-	-	-	-	798,122
Airfield Pavement Rehab (Ph. 1-5), Rwy 2R/20L J & C Repair	2,160,724	2,160,724	-	-	-	-	-	2,160,724
Airfield Resigning	515,467	515,467	-	-	-	-	-	515,467
Engineering Study to Develop Land North of 13/31	36,000	36,000	-	-	-	-	-	36,000
Noise Mitigation (Principal)	24,065,949	24,065,949	-	-	-	-	-	24,065,949
Noise Mitigation (F&I)	30,381,472	22,435,287	-	-	-	-	-	22,435,287
Relocate Electrical Vault on Westside	501,004	501,004	-	-	-	-	-	501,004
Runway 2C/20C Extension Part B	4,646,757	4,646,757	-	-	-	-	-	4,646,757
Runway 2C/20C Extension Part B (F&I)	6,694,961	6,694,960	-	-	-	-	-	6,694,960
Storm Water Treatment Facility Engineering Study/Upgrade	100,055	100,055	-	-	-	-	-	100,055
Two Elevators in Terminal Building	691,166	691,166	-	-	-	-	-	691,166
Widen Taxiway Fillets at Taxiways L2, K2, T3, LIMA KILO	356,096	356,096	-	-	-	-	-	356,096
Total	75,086,771	67,140,585	2,018	2,018	2,019	2,019	8,074	67,148,659
APPLICATION 12:								
Runway 13-31 Reconstruction	5,355,535	5,355,535	-	-	-	-	-	5,355,535
MUFIDS	2,672,278	2,672,278	-	-	-	-	-	2,672,278
Design of 2L-20R and 2R-20L Runway Safety Areas	146,767	146,767	-	-	-	-	-	146,767
ARFF Building Expansion	186,384	186,384	-	-	-	-	-	186,384
Ticketing Level Canopy Extension	501,250	501,250	-	-	-	-	-	501,250
Retaining Wall on Taxiways Juliet and Lima	65,421	65,421	-	-	-	-	-	65,421
Hangar Lane Access Improvements	151,583	151,583	-	-	-	-	-	151,583
General Aviation Master Plan	27,058	27,058	-	-	-	-	-	27,058
Loading Bridges (4)	309,527	309,527	-	-	-	-	-	309,527
Replace Oshkosh Snow Broom	40,620	40,620	-	-	-	-	-	40,620
Master Drainage Plan/Deicing Runoff Plan	277,567	277,567	-	-	-	-	-	277,567
Lighting Upgrade on Airfield 2L & 13/31	122,635	122,635	-	-	-	-	-	122,635
Surface Sweeper	154,844	154,844	-	-	-	-	-	154,844
Exhibit A Property Map	20,011	20,011	-	-	-	-	-	20,011
Airport Rotating Beacon	8,892	8,892	-	-	-	-	-	8,892
Lightning Protection for Apron Lights	5,158	5,158	-	-	-	-	-	5,158
Total	10,045,530	10,045,530	-	-	-	-	-	10,045,530

Schedules of Collections and Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2019 (Continued)

	Amended Amount Approved	Cumulative Total June 30, 2018	Quarter Ended September 30, 2018	Quarter Ended December 31, 2018	Quarter Ended March 31, 2019	Quarter Ended June 30, 2019	Total FY 2019	Life-to-date Cumulative
APPLICATION 13:								
Security Checkpoint - Design & Construction	3,300,000	3,300,000	-	-	-	-	-	3,300,000
Terminal Renovation - Not to Exceed Eligible Portion of Phase I	10,000,000	10,000,000	-	-	-	-	-	10,000,000
Reconstruct Taxiway Bravo South Design	22,853	22,853	-	-	-	-	-	22,853
Reconstruct Taxiway Alpha South Design	76,000	76,000	-	-	-	-	-	76,000
Outbound Baggage Conveyor System Design & Construction	417,838	417,838	-	-	-	-	-	417,838
Access Control System Replacement	729,755	729,755	-	-	-	-	-	729,755
Construct 2L-20R Runway Safety Area	407,240	407,240	-	-	-	-	-	407,240
Pavement Mgmt. and Modifi. of Standards Identification Study	51,390	51,390	-	-	-	-	-	51,390
Runway Weather Information System (RWIS)	6,915	6,915	-	-	-	-	-	6,915
Construct 2R-20L Runway Safety Area	472,899	472,899	-	-	-	-	-	472,899
Aircraft Flight Track Monitoring System	120,376	120,376	-	-	-	-	-	120,376
Total	15,605,266	15,605,266	-	-	-	-	-	15,605,266
APPLICATION 14:								
In-Line EDS	6,340,079	6,340,079	-	-	-	-	-	6,340,079
In-Line EDS Financing	174,919	174,919	-	-	-	-	-	174,919
Reconstruct Taxiway Bravo South Construction	244,994	244,994	-	-	-	-	-	244,994
Rehabilitate FIS Facility	476,141	476,141	-	-	-	-	-	476,141
Reconstruct Taxiway Alpha South Construction	223,718	223,718	-	-	-	-	-	223,718
Term Reno Phase II 2009A Bond	32,320,700	26,902,800	1,160,432	1,160,432	1,160,432	1,099,600	4,580,896	31,483,696
Term Reno Phase II 2009A Bond Financing	11,032,543	10,640,404	-	-	-	-	-	10,640,404
Westside Spill Gates	15,931	15,931	-	-	-	-	-	15,931
TARI Phase I - Road & Bridge Work	11,815,394	11,815,394	-	-	-	-	-	11,815,394
Total	62,644,419	56,834,380	1,160,432	1,160,432	1,160,432	1,099,600	4,580,896	61,415,276
APPLICATION 15:								
Reconstruct Rwy 2L-20R	4,010,198	4,010,198	-	-	-	-	-	4,010,198
Reconstruct Rwy 2L-20R Financing	2,752	2,752	-	-	-	-	-	2,752
Sprinkler System in Utility Tunnels	106,299	106,299	-	-	-	-	-	106,299
Terminal Roof Replacement	173,447	173,447	-	-	-	-	-	173,447
Total	4,292,696	4,292,696	-	-	-	-	-	4,292,696
APPLICATION 16:								
Upgrade Security Camera System	187,500	187,500	-	-	-	-	-	187,500
Airport Master Plan Update	1,472,042	1,472,042	-	-	-	-	-	1,472,042
Upgrade Stormwater Treatment Plant	120,000	120,000	-	-	-	-	-	120,000
Reconstruct Taxiways T4 & Sierra	3,226,155	3,226,155	-	-	-	-	-	3,226,155
Total	5,005,697	5,005,697	-	-	-	-	-	5,005,697

Schedules of Collections and Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2019 (Continued)

	Amended Amount Approved	Cumulative Total June 30, 2018	Quarter Ended September 30, 2018	Quarter Ended December 31, 2018	Quarter Ended March 31, 2019	Quarter Ended June 30, 2019	Total FY 2019	Life-to-date Cumulative
APPLICATION 17:								
Reconstruct Taxiway Kilo	2,569,517	2,569,517	-	-	-	-	-	2,569,517
LED Taxiway Lighting Upgrade 2L	-	-	-	-	-	-	-	-
PCI Airfield Inspection	48,483	48,483	-	-	-	-	-	48,483
Total	2,618,000	2,618,000	-	-	-	-	-	2,618,000
APPLICATION 18:								
Outbound Baggage and Check-in Counter Replacement	346,626	346,626	-	-	-	-	-	346,626
Reconstruct Taxiways B & T3	1,175,207	1,175,207	-	-	-	-	-	1,175,207
Total	1,521,833	1,521,833	-	-	-	-	-	1,521,833
APPLICATION 19:								
Improve Stormwater Collection & Treatment System	945,500	945,499	-	-	-	-	-	945,499
Reconstruct Runway 13-31 West	3,875,000	3,479,416	-	-	-	-	-	3,479,416
Total	4,820,500	4,424,915	-	-	-	-	-	4,424,915
APPLICATION 20:								
Reconstruct Taxiway Lima and Juliet East	2,700,000	1,882,125	-	-	-	-	-	1,882,125
Reconstruct Taxiway T3	2,200,000	1,407,796	-	-	-	-	-	1,407,796
Total	4,900,000	3,289,921	-	-	-	-	-	3,289,921
APPLICATION 21:								
Reconstruct Taxiway Sierra-PayGo	2,225,000	2,225,000	-	-	-	-	-	2,225,000
Reconstruct Taxiway Sierra-Bond	4,375,000	-	-	-	-	-	-	-
Reconstruct Taxiway Sierra-Financing	3,500,000	711,655	-	116,691	58,345	58,345	233,381	945,036
AOA Fence Line Perimeter Road	1,270,000	826,861	-	-	-	-	-	826,861
Terminal Generator Replacement	925,000	831,835	-	-	-	-	-	831,835
Switchgear Replacment, Ph IV	2,835,000	1,222,830	74,955	-	-	-	74,955	1,297,785
Terminal Remote Group Check-in	500,000	10,680	-	-	-	-	-	10,680
AHU & IAB HVAC Replacement	737,000	691,224	-	-	-	-	-	691,224
Concourse Curtain Wall Replacement	900,000	44,837	-	-	-	-	-	44,837
Total	17,267,000	6,564,922	74,955	116,691	58,345	58,345	308,336	6,873,258
APPLICATION 22:								
Reconstruct Taxiway Bravo/Taxiway Lima Intersection-Pay Go	4,900,000	3,763,074	-	-	-	-	-	3,763,074
Rehabilitate Taxiway Lima (2L to L2) including the Lima/Alpha Intersection-Pay Go	6,850,000	854,512	1,576,398	1,009,752	1,774,710	64,116	4,424,976	5,279,488
Replace Stormwater Pipe-Pay Go	1,000,000	1,000,000	-	-	-	-	-	1,000,000
Rehabilitate Taxiway Lima (T-4 to 2L)-Pay Go	5,730,663	2,493	329,977	26,870	4,823	(237,700)	123,970	126,463
Reconstruct Taxiway Alpha South-Pay Go	13,100,000	1,637,139	3,713,958	4,158,303	418,370	72,173	8,362,804	9,999,943

Schedules of Collections and Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2019

(Continued)

	Amended Amount Approved	Cumulative Total June 30, 2018	Quarter Ended September 30, 2018	Quarter Ended December 31, 2018	Quarter Ended March 31, 2019	Quarter Ended June 30, 2019	Total FY 2019	Life-to-date Cumulative
Passenger Terminal Improvements, Phase 2-Jet Bridges-Pay Go	23,980,000	16,554,053	10,160,861	42,751	-	(2,932,276)	7,271,336	23,825,389
Passenger Terminal Improvements, Phase 2-Jet Bridges-Bond	8,420,000	-	-	-	-	-	-	-
Passenger Terminal Improvements, Phase 2-Jet Bridges-Financing	7,465,838	-	-	-	-	1,745,748	1,745,748	1,745,748
Passenger Terminal Improvements, Phase 2-Two additional elevators in terminal-Pay Go	1,000,000	799,905	47,301	-	-	-	47,301	847,206
Passenger Terminal Improvements, Phase 2-Concourse FIDS & PA/Visual Paging Replacement-Pay Go	4,760,000	713,193	216,173	123,155	902,375	889,071	2,130,774	2,843,967
Total	77,206,501	25,324,369	16,046,686	5,362,849	3,102,297	(396,849)	24,114,983	49,439,352
Total Expenditures, net	$ 415,882,243	$ 337,536,144	$ 17,284,091	$ 6,641,990	$ 4,323,093	$ 763,115	$ 29,012,289	$ 366,548,433

1. General

The Schedules of Collections and Expenditures of Passenger Facility Charges presents the activity of the Passenger Facility Charge (PFC) program of the Metropolitan Nashville Airport Authority (the "Authority"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee. The information in the schedules is presented under the *Passenger Facility Charge Audit Guide for Public Agencies,* issued by the Federal Aviation Administration ("FAA").

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.

2. Basis of Accounting

The accompanying Schedules of Collections and Expenditures of Passenger Facility Charges are presented using the cash basis of accounting.

3. Contingency

The Authority's PFC program is subject to review by the FAA. If any expenditures are disallowed as a result of such review, the Authority would be required to reimburse the PFC program. In the opinion of management, all PFC expenditures have been made in compliance with the rules and regulations of the PFC program.

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Independent Auditors' Report on Compliance with the Passenger Facility Charge ("PFC") Program and on Internal Control Over Compliance Required by the Passenger Facility Charge Audit Guide for Public Agencies

Board of Commissioners
Metropolitan Nashville Airport Authority
Nashville, Tennessee

Report on Compliance with the PFC Program

We have audited the compliance of the Metropolitan Nashville Airport Authority (the "Authority"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, with the compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (the "Guide"), for the Authority's Passenger Facility Charge ("PFC") program for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of laws and regulations applicable to its PFC program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's PFC program based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the PFC program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the PFC program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the PFC Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its PFC program for the year ended June 30, 2019.

DHG
DIXON HUGHES GOODMAN LLP

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations applicable to the PFC program. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on the PFC program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the PFC program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of the PFC program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance such that there is a reasonable possibility that material noncompliance with a compliance requirement of the PFC program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement of the PFC program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Memphis, Tennessee
October 25, 2019

Part I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	____ Yes	__X__ No	
Significant deficiency(ies) identified not considered to be material weaknesses?	____ Yes	__X__ No	None reported
Noncompliance material to financial statements noted?	____ Yes	__X__ No	

Passenger Facility Charges (PFC) Program

Internal control over PFC reporting:			
Material weakness(es) identified?	____ Yes	__X__ No	
Significant deficiency(ies) identified not considered to be material weaknesses?	____ Yes	__X__ No	None reported
Type of auditors' report issued on compliance for PFC program:	Unmodified		
Any audit findings disclosed?	____ Yes	__X__ No	

Part II - Financial Statement Findings

None

Part III - PFC Program Findings and Questioned Costs

No matters were reportable.

Part IV - Summary Schedule of Prior Audit Findings

None

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