2014

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Memphis-Shelby County Airport Authority

MEMPHIS, TENNESSEE

For the Fiscal Years Ended June 30, 2014 and 2013

A COMPONENT UNIT OF THE CITY OF MEMPHIS

Memphis-Shelby County Airport Authority
MEMPHIS, TENNESSEE

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Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2014 and 2013
PREPARED BY THE FINANCE DIVISION

Memphis-Shelby County Airport Authority

JUNE 30, 2014

BOARD OF COMMISIONERS

OFFICERS AND KEY STAFF MEMBERS POSITION

MEMBERS	POSITION
Scott A. Brockman, A.A.E	President and Chief Executive Officer
Forrest B. Artz, C.P.A.	Vice President of Finance and Administration and Chief Financial Officer, Authority Treasurer
John E. Greaud, P.E	Vice President Operations
Brian L. Kuhn, Esquire	General Counsel and Authority Secretary
George E. Mabon, P.H.R	Vice President Human Resources, Authority Assistant Secretary
Richard V. White, A.A.E	Vice President Properties and Business Development
Jeffrey W. Hanley	Director of Finance and Authority Assistant Treasurer
Mahi C. Chambers, C.P.A	Director of Staff Services
James A. Hay II	Director of Development
Phillip Florey	Director of Maintenance
J. Jarrett Morgan	Director of Information Technology
T. E. Wallace III, A.A.E.	Director of Operations and Public Safety

TABLE OF CONTENTS

INTRODUCTORY SECTION

FINANCIAL SECTION

STATISTICAL SECTION

COMPLIANCE SECTION

INTRODUCTORY SECTION

This Section Contains the Following:

Letter of Transmittal and Exhibits

Organizational Chart

October 27, 2014

To the Board of Commissioners of the
Memphis-Shelby County Airport Authority

The Comprehensive Annual Financial Report ("CAFR") of the Memphis-Shelby County Airport Authority (the "Authority") for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Finance Division of the Authority. To the best of our knowledge and belief, and as indicated by the opinion of our independent auditors, the enclosed data of the Authority is accurate in all material respects and reported in a manner designed to present fairly the financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

In developing and evaluating the Authority's accounting system, consideration is given to the adequacy of internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management. We believe that the Authority's internal control processes adequately safeguard assets and provide reasonable assurance that financial transactions are authorized and recorded properly.

The CAFR is presented in four sections: Introductory, Financial, Statistical and Compliance. Just prior to the Introductory Section is a list of principal officials and the table of contents. The Introductory Section includes this transmittal letter, the Authority's organizational chart and a copy of the Certificate of Achievement for Excellence in Financial Reporting awarded to the Authority by the Government Finance Officers Association of the United States and Canada for the fiscal year ended June 30, 2013. The Financial Section includes the independent auditors' report, Management's Discussion and Analysis ("MD&A") of the financial condition of the Authority, the Authority's financial statements, and supplemental schedules. The Statistical Section includes select financial and demographic information, generally presented on a multi-year basis. The Compliance Section includes Schedule of Expenditures of Federal and State Awards, the related independent auditors' reports and the Schedule of Findings and Questioned Costs.

Management is required by GAAP to provide a narrative introductory overview and analysis as an accompaniment to the financial statements in the form of MD&A. This letter of transmittal should be read in conjunction with MD&A, which is discussed in the preceding paragraph and can be found in the Financial Section of this report.

Pursuant to Article VII E. of the Agreement between the City of Memphis ("City") and the Authority dated May 26, 1970, an audit of the financial statements has been completed by the Authority's independent certified public accountants, Dixon Hughes Goodman LLP. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this report.

The Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, require the Authority to arrange for an annual audit in conformity with their provisions. Information related to a single audit, including the Schedule of Expenditures of Federal and State Awards, findings and recommendations, is reported in the Compliance Section of this report. The independent auditors' reports on the internal control structure and compliance with applicable laws and regulations are also included in the Compliance Section of this report.

PROFILE OF THE MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

The Authority is established pursuant to the Metropolitan Airport Authority Act of Tennessee and all amendments thereto. The major purposes of the Authority are to plan, establish, acquire, construct, improve and operate one or more airports within the City and Shelby County (the "County"). The Authority has the power to issue bonds to accomplish any of the purposes authorized by the Metropolitan Airport Authority Act of Tennessee. All bonds shall be payable solely from the revenues, income, and charges of the Authority and such bonds shall not constitute an obligation of the City or County.

The Mayor of the City, with the Mayor of Shelby County nominating two, appoints all members of the seven-member Board of Commissioners (the "Board") to govern the Authority. The Memphis City Council confirms these appointments for a seven-year term. A member of the Board may be removed from office by a two-thirds vote of the Memphis City Council, but only after notice of cause for the removal has been served and the member has been granted an opportunity for a public hearing on the matter.

The Board appoints the President, who is the chief executive officer of the Authority. The President appoints, and the Board confirms, the remaining officers. These officers manage and operate the Authority's airports with a staff of approximately 300 employees, both permanent and temporary.

The Authority prepares an annual budget on the basis established by the 1973 General Revenue Bond Resolution dated June 15, 1973 for all accounts and funds established by those agreements and resolutions, except construction and debt service funds. The annual budget serves as the foundation for the Authority's financial planning and control. All appropriations, except open project account appropriations, lapse at the end of each fiscal year and must be reappropriated. Since there is no legal requirement to report on the budgetary basis, no budget information is presented in the accompanying financial statements.

The Authority owns Memphis International (the "Airport"), Charles W. Baker, and General DeWitt Spain Airports. Charles W. Baker Airport ("Baker") is located south of Millington, Tennessee and General DeWitt Spain Airport ("Spain") is located just north of downtown Memphis. Both Baker and Spain Airports serve general aviation and are considered reliever airports for the Airport.

The Airport occupies about 4,600 acres of land in Shelby County and is 13 miles by road southeast of downtown Memphis. The Airport is 99.9% unaffected by impassable weather and handles all types of aircraft. The Airport has four runways equipped with precision instrument landing systems suitable for use by large aircraft and a surface movement guidance system allowing the Airport to operate down to a 300 foot runway visual range. The terminal building has 79 gates to accommodate passenger aircraft and includes a Federal Inspection Station ("FIS") for clearing international flights and associated passengers.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Conditions and Outlook

The Memphis area continues to show the effects of the slow recovering economy. The Memphis Metropolitan Statistical Area ("MMSA") unemployment rate for August 2014 was 8.5%, which was above the State of Tennessee and the national rates of 7.4% and 6.1%, respectively.

The fall-off in traffic from fiscal year 2013 to fiscal year 2014 for the Airport was the result of two factors: 1) continued national economic slowdown to recovery and the sluggishness in the U.S. housing and credit markets and 2) U.S. airlines responded to the fall-off in passenger demand by capacity reductions (total scheduled seats) and eliminating marginally performing routes.

Throughout fiscal year 2014, Delta gradually reduced their number of daily flights at Memphis International Airport by 50 flights. These service reductions combined with previous service reductions comprised a reduction of 137 daily flights from its September 2011 schedule of approximately 175 flights per day. Delta and their affiliates comprised approximately 57 percent of the enplanements at the Airport for fiscal year 2014, down from 77 percent in fiscal year 2013.

The Authority has analyzed Delta's announcements and developed multi-year financial projections based on these reduced activity levels, taking into account estimated impacts on the Airport's landed weight, non-airline revenues, amount of leased space in the terminal complex and operating expenses. Based on this analysis, the Authority projects a cost per enplaned passenger ("CPE") to be reasonable when compared to airports of similar size and activity levels.

Cargo air carriers, primarily FedEx Express, continue to have a significant impact at the Airport; accordingly, the Airport handled a total of 4.6 million U.S. tons of cargo in fiscal year 2014. The Airport is ranked #1 in the United States for total air cargo handled, and #2 in the world according to statistics reported by Airports Council International, Geneva, Switzerland. Nearly 94% of the cargo was reported as domestic. FedEx Corporation ("FedEx"), the world's largest express transportation company, is headquartered in Memphis and operates its primary overnight package sorting facility at the Airport. FedEx continues to dominate the cargo business at the Airport, transporting approximately 99% of all cargo handled at the Airport in fiscal year 2014. This activity keeps the Airport active twenty-four hours a day. Based on information from FedEx, the Authority believes that FedEx has shifted sorting activity from its regional facilities back to the Airport in order to make better use of the SuperHub capacity during the current recessionary period.

Population and Employment

The MMSA encompasses a 3,000-square-mile area comprised of Shelby, Fayette and Tipton Counties in Tennessee, Desoto County in Mississippi, and Crittenden County in Arkansas. Transportation and distribution services, tourism, technology, healthcare, trade, and construction help make the MMSA a richly diverse economic engine.

The MMSA population was 1,239,292 according to the United Stated 2010 Census, which is up 9% from 2000. Additionally, the population for the MMSA is expected to increase to 1,402,486 by 2025. Shelby County's population for 2010 was 927,644, which was 3% higher than the 897,500 for 2000. More population information can be found in the Statistical Section.

The Airport is the principal air carrier airport serving the MMSA with approximately 80% of the passengers originating their air journeys living in the MMSA.

The Airport and the Port of Memphis, as well as the seven federal highways, 15 state highways and two U. S. interstate systems, with a third one under construction, that cross the City, along with its central location in the United States, all contribute to Memphis' position as America's Distribution Center. Accordingly, transportation plays a major role in the economy of the MMSA. More metropolitan markets can be served overnight (within 600 miles) from Memphis than any other city in the central United States. Memphis offers multiple inter-modal transportation options such as air to truck or truck to air, water to truck or rail, or rail to truck. Memphis boasts the fourth busiest inland river port with enhanced inter-modal capabilities.

Visitors are also attracted to Memphis for sporting events such as the Grizzlies, a National Basketball Association team, the Redbirds, a AAA team affiliate with Major League Baseball's 2011 World Champion St. Louis Cardinals, the AutoZone Liberty Bowl Football Classic and the St. Jude Golf Classic, to name a few. Gaming has developed as a major contributor to the economy of the MMSA. Tunica County, Mississippi, just 30 miles from downtown Memphis, is recognized as the tenth largest grossing gaming center in the country. Memphis also attracts worldwide visitors to Graceland, home of Elvis Presley, St. Jude Children's Research Center, Stax Museum of American Soul Music and the National Civil Rights Museum.

LONG TERM FINANCIAL PLANNING

Master Plan/Strategic Plan

One of the tools the Authority uses for long term planning is the Master Plan, which is updated every 7 to 10 years. The Authority has issued a Master Plan update in January 2010. This document is prepared with the input of staff, the signatory airlines, and other key tenants of the Airport. The Master Plan specifies the physical improvements that are needed to meet projections of future demand. It consists of a technical report that specifies the logic and reasoning for proposed capital improvements as well as large scale drawings that illustrate the physical layout of the improvements. The financial implications of a master plan are very important because it serves as the basis for requesting federal funds for the construction of capital improvements proposed in the plan. The Authority's most recent update of the Master Plan provides a flexible and cost-effective guide for the future development of the Airport through the year 2020. Capital improvements recommended by the plan are demand-driven. This means that although there are a large number of projects proposed by the plan, only those that are needed as a result of actual increase in demand will be constructed.

The Authority is also in the process of developing a comprehensive Strategic Plan, which will identify and inventory strengths and weaknesses and guide the Authority's operating, capital and financial planning for the next 5-7 years.

Multi-Year Financial Plan

The Authority also prepares Multi-Year Financial Plans, which are updated annually. This plan contains the first year of the proposed annual Operating Budget and the Capital Improvements Budget and the remaining two years reflecting fiscal projections developed through a combination of historical trends, contractual and other known commitments, anticipated changes to future revenues and expenditures, and other reasonable assumptions. The Capital Improvements Budget contains not only the current fiscal year, but also the ensuing four fiscal years.

RELEVANT FINANCIAL POLICIES

Cash and Investment Management

The Authority uses a portfolio manager to help direct the investment of the Authority's funds and to provide comparative investment market information. Allowable investments are limited to those authorized by the 1988 Bond Resolution. All investments were made in compliance with their applicable resolution or bond indenture.

The Authority invests temporarily idle cash in direct obligations of or obligations guaranteed by the United States Government, obligations of specific agencies of the United States Government, New Housing Authority Bonds or Project Notes issued by public agencies or municipalities and guaranteed by the United States Government, secured negotiable certificates of deposit, and secured repurchase agreements. Investments are insured, registered or held by a trustee in the Authority's name.

The Authority's primary objective under this policy is to preserve the principal of those funds within the portfolio. The portfolio is managed in such a manner that assures that funds are available as needed to meet immediate and/or future operating requirements and that it is managed to maximize the return of investments. At year-end, all Authority investments are presented in the basic financial statements at fair market value.

Risk Management

It is the policy of the Authority to eliminate or transfer risk where possible. The Authority currently maintains approximately $1.2 billion of total insurance coverage. For claims arising out of bodily injury or property damage at the Airport, the Authority carries approximately $333 million of liability insurance. The Authority also has approximately $800 million of property insurance on airport properties, which includes flood and earthquake coverage. The Authority or its tenants, within limits and with deductibles approved by the Authority, maintain fire insurance coverage on all buildings at the airports. Contractors and lessees are required to carry certain amounts of insurance. A schedule of insurance in force at June 30, 2014, can be found in the Statistical Section of this report.

In addition to the coverage discussed above, the Authority maintains an Owner Controlled Insurance Program ("OCIP"). OCIP is a method of assuring that all contractors and subcontractors of any tier performing work at a construction project jobsite are provided insurance for Tennessee Workers' Compensation, Employers Liability, and Commercial General Liability, including Completed Operations and Excess Liability. The Authority pays for the full cost of the OCIP and charges those costs back to the projects covered.

The Authority has also implemented various risk control techniques including employee safety and accident training. The Authority's general counsel reviews all contracts and leases.

Debt Management

As part of its strategic and long-term financial planning, the Authority strives to ensure that financial resources are adequate to meet long-term planning objectives. In managing its debt, the Authority strives to achieve the lowest cost of capital, ensure high credit quality, assure access to the capital credit markets, preserve financial flexibility, and manage interest rate risk exposure. See Note 6 of the notes to the basic financial statements in the Financial Section for Long-Term Debt information.

Pension and other Post-employment Benefits

The Authority participates in the contributory defined benefit pension plans of the City of Memphis Retirement System. A Board of Administration administers the plans under the direction of the City's Mayor. Substantially all full-time salaried employees are required to participate in one of the two plans. Hourly employees are eligible for coverage under a supplemental retirement plan based on their wages under the Federal Insurance Contribution Act ("Social Security"). The plans provide retirement benefits as well as death and disability benefits. The Authority is required to contribute at an actuarially determined rate. See Note 9 of the notes to the basic financial statements in the Financial Section for more information.

The Authority also provides a supplemental retirement benefit to all Authority participants in the City of Memphis Retirement System. It is a defined contribution plan under which the Authority makes contributions on a discretionary basis. See Note 10 of the notes to the basic financial statements in the Financial Section for more information.

In addition to the pension benefits, the Authority provides 80% of the cost of certain health care and life insurance coverage to active employees and those who retire from the Authority under the provisions of the City's Retirement System. See Note 12 of the notes to the basic financial statements in the Financial Section for more information.

MAJOR INITIATIVES

Terminal Apron Replacement. Starting in March 2012, the apron area around the three passenger terminals is being replaced in three stages, the project will replace the apron concrete and replace the existing fueling piping and control stations with new equipment. This project is expected to take three years to complete at a cost of approximately $110 million. Phase one of the project is complete and work has begun on Phase two. Phase two should be completed by October 2014. Phase three work has begun and should be completed by June 2015.

Concourse Modernization Design. Design efforts to modernize and expand the B concourse will begin in December 2014. This project will widen and heighten certain areas throughout the B concourse. The project is expected to take approximately five years to complete at a projected cost of $114 million. Construction should begin in fiscal year 2016 with a projected completion by mid-fiscal year 2020.

AWARDS AND ACKNOWLEDGMENTS

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Comprehensive Annual Financial Report (“CAFR”) for the fiscal year ended June 30, 2013. The Authority has received a Certificate of Achievement for twenty-five consecutive fiscal years from 1989-2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparations of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. The CAFR must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program’s requirements, and we are submitting it to GFOA for consideration.

Acknowledgements

The preparation of the financial statements would not have been possible without the efficient and dedicated services of the entire staff of the Finance Division. We would like to express our appreciation to all members of the Division for their help and contributions to its preparation.

Respectfully submitted,

Scott A. Brockman, A.A.E.
President and Chief Executive Officer

Forrest B. Artz, C.P.A.
Vice President of Finance and Administration,
Authority Treasurer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Memphis-Shelby County Airport Authority, Tennessee

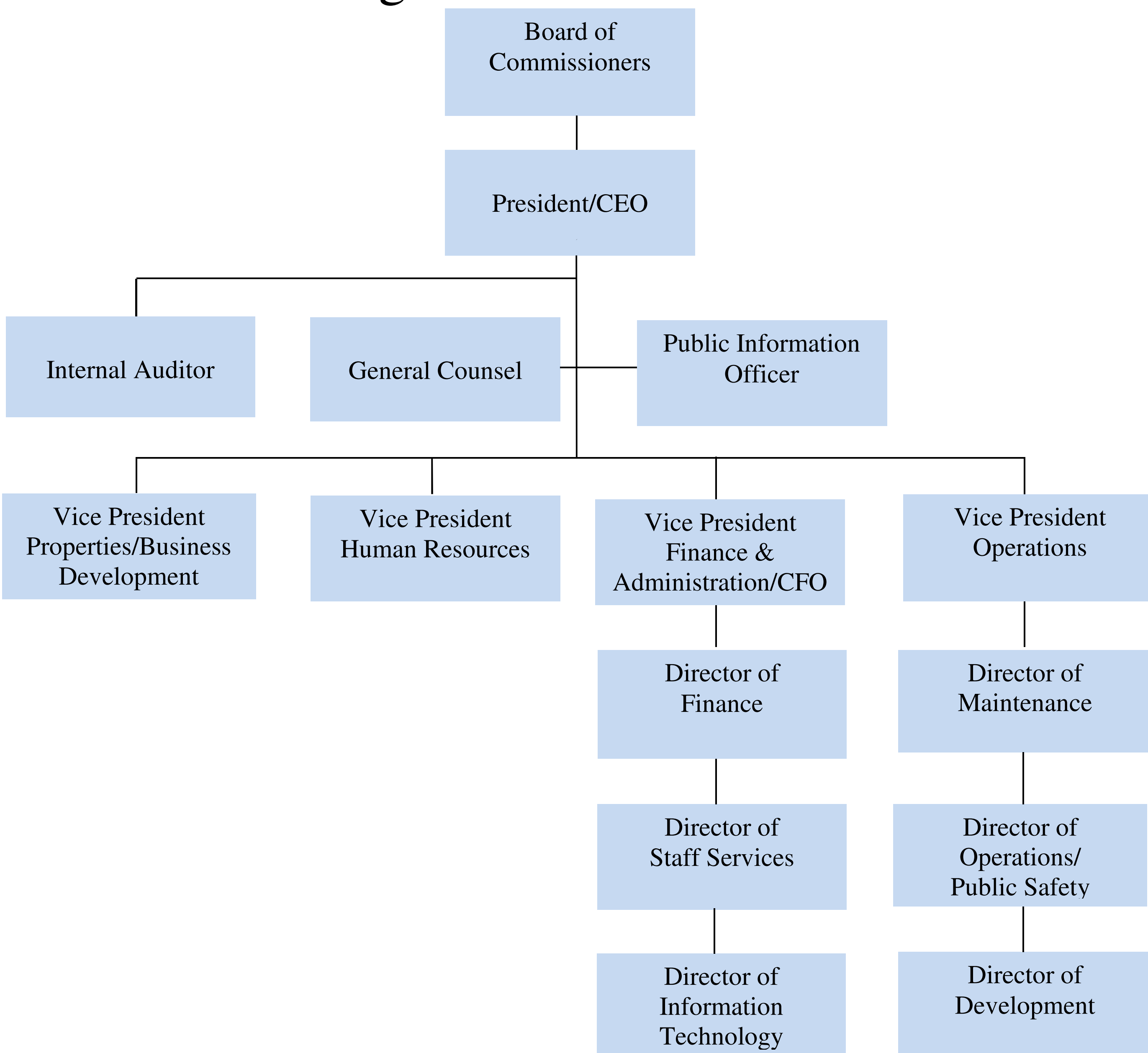
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

Organizational Chart



FINANCIAL SECTION

This Section Contains the Following:

Independent Auditors' Report

Management's Discussion and Analysis

Financial Statements

Supplemental Schedules

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Independent Auditors' Report

The Board of Commissioners and Management
Memphis-Shelby County Airport Authority

Report of the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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 net position of the Authority, as of June 30, 2014 and 2013, and the respective changes in net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 18 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplemental schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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, the supplemental schedules and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2014, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

October 27, 2014

JUNE 30, 2014

The following discussion and analysis of Memphis-Shelby County Airport Authority's (the "Authority") financial performance provides an introduction and overview of the Authority's financial activities for the fiscal years ended June 30, 2014 and 2013. Please read this discussion in conjunction with the Authority's basic financial statements and the notes to the basic financial statements immediately following this discussion.

All dollar amounts, except per unit data, are expressed in thousands.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority owns and operates Memphis International Airport and two general aviation airports, Charles W. Baker and General DeWitt Spain. The Authority is presented as an enterprise fund with separate accounts for each of the three airports. The accounts of the Authority are reported using the flow of economic resources measurement focus. The financial statements are prepared on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. All capital assets, except land, avigation easements, and construction-in-process are capitalized and depreciated over their useful lives. See Note 1 of the notes to the basic financial statements for a summary of the Authority's significant accounting policies.

The *Statements of Net Position* present all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Authority's financial position. However, the consideration of other non-financial factors, such as changes within the airline industry, may be necessary in the assessment of the overall financial position and health of the Authority.

The *Statements of Revenues, Expenses and Changes in Net Position* present all revenues and expenses of the Authority, regardless of when cash is received or paid, and the ensuing change in net position.

The *Statements of Cash Flows* report how cash was provided and used by the Authority's operating, capital financing, and investing activities. These statements are prepared on a cash basis and present the cash received and disbursed, the net increase or decrease in cash for the year, and the cash and balance at year-end.

In addition to the basic financial statements, this report includes a section for statistical information. This section presents certain unaudited information related to the Authority's historical financial and non-financial operating results, bonded debt activity, capital asset activity, and other demographic information.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2014

- Operating revenues of $113,452 for fiscal year 2014 increased by $986 (.9 percent) compared to fiscal year 2013 revenues of $112,466.
- Operating expenses, before depreciation and amortization of $55,617 for fiscal year 2014 decreased by 4.2 percent compared to fiscal year 2013 operating expenses of $58,049.
- The Authority's total net position at June 30, 2014 was $685,759. This is an increase of $2,807 (.4 percent) over total net position at June 30, 2013.
- Capital assets, net of accumulated depreciation decreased by $35,217 mainly due to fiscal year 2014 net capital additions of approximately $30,153; offset by the current year change in accumulated depreciation of $65,370.
- The Authority's total outstanding long-term bonds and note payable, net at June 30, 2014 decreased by $88,382 (20.4 percent) compared to June 30, 2013 due primarily to scheduled debt service payments of principal made during fiscal year 2014 and the reclassification of certain debt to a current liability as it is due within one year.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2013

- Operating revenues ($112,466) for fiscal year 2013 increased by 1.5 percent when compared to fiscal year 2012 operating revenues ($110,807).
- Operating expenses, before depreciation and amortization of $58,049 for fiscal year 2013 increased by 5.2 percent compared to fiscal year 2012 operating expenses.
- The Authority's total net position at June 30, 2013 was $682,952. This is an increase of $17,560 (2.6 percent) over total net position at June 30, 2012.
- Capital assets, net of accumulated depreciation increased by $10,449 mainly due to fiscal year 2013 capital additions, net of approximately $70,049 offset by current year change in accumulated depreciation of $59,600.
- The Authority's total outstanding long-term bonds and note payable, net at June 30, 2013 decreased by $30,607 (6.6 percent) compared to June 30, 2012 due primarily to scheduled debt service payments (principal and interest) made during fiscal year 2013.

FINANCIAL ANALYSIS

At June 30, 2014, the Authority's net position increased year over year with total assets and deferred outflows of $1,207,074, total liabilities of $521,315 and total net position of $685,759. A comparative combined condensed summary of the Authority's net position at June 30, 2014, 2013 and 2012 is as follows:

MEMPHIS-SHELBY COUNTY AIPORT AUTHORITY
SUMMARY OF CHANGES IN NET POSITION

	2014	2013	Restated 2012
Assets			
Current assets	$193,481	$162,531	$189,777
Net capital assets	956,552	991,769	981,320
Other non-current assets	52,550	79,046	79,274
Total assets	1,202,583	1,233,346	1,250,371
Deferred outflows of resources	4,491	5,792	7,376
Liabilities			
Current liabilities	107,207	52,051	55,855
Long-term liabilities	414,108	504,135	536,500
Total liabilities	521,315	556,186	592,355
Net position			
Net investment in capital assets	593,252	588,115	546,075
Restricted	61,599	69,153	93,457
Unrestricted	30,908	25,684	25,860
Total net position	$685,759	$682,952	$665,392

Fiscal Year 2014

Current assets at June 30, 2014 increased by $30,950 (19.0 percent) when compared to current assets at June 30, 2013. This increase was primarily due to an increase of $46,012 in Special Facilities rent receivable, offset by a decrease of $12,243 in cash and investments, a $2,637 decrease in capital contributions receivable, and a decrease of $163 in accrued interest receivable. The increase in Special Facilities rent receivable was due to a reclassification to current assets for the receivable from FedEx on the payment of the Special Facilities Revenue Bonds, Refunding Series 2003. The decrease in cash and investments was mainly due to ongoing construction costs for the Terminal Apron Project and various other ongoing construction projects, the reclassification of certain current cash and investments to non-current investments offset by revenues collected in excess of actual expenses. As a result, accrued interest receivable was lower due to smaller cash balances available to invest. The decrease in capital contributions receivable results from the timing of when capital expenditures were incurred (revenue recognized) and thus became eligible for the related reimbursement from the grantor agency.

Capital assets, net of depreciation decreased by $35,217 in fiscal year 2014 compared to fiscal year 2013 primarily due to the Authority's ongoing capital improvement program. Fiscal year 2014 net capital additions were $30,153, offset by the current year change in accumulated depreciation of $65,370.

Non-current assets, other than capital assets, decreased by $26,496 due to a decrease of $43,762 in Special Facilities rent receivable, offset by increased unrestricted and restricted investments of $10,589 and an increase in new notes receivable related to the fuel farm improvements of $6,677. The decrease in Special Facilities rent receivable was due to a receivable from FedEx on the payment of the Special Facilities Revenue Bonds, Refunding Series 2003 moving to a current asset. The increase in investments was mainly due to the decision to move certain restricted assets from demand deposits to investments; as a result, these funds were reclassified from current assets at June 30, 2013 to other non-current assets at June 30, 2014.

The deferred outflows of resources relates to the loss on bond refundings (the difference between the reacquisition price and the net carrying amount of the old debt). The decrease of $1,301 is the systematic recognition of interest expense over the remaining life of the old debt or of the new debt, whichever is shorter.

Current liabilities increased from $52,051 in 2013 to $107,207 in 2014. This increase of $55,156 (106 percent) is primarily due to decreases in construction contracts payable ($1,545), accounts payable ($906) and accrued interest payable ($518) offset by increased current maturities of long-term debt of $57,979. The decrease in construction contracts payable is due to the near completion of the Access Control and CCTV project and other smaller capital projects. The decrease in accounts payable is mainly due to the year over year reduction in operation and maintenance expenses, resulting in a lower trade account payable balance for fiscal year 2014. The decrease in accrued interest payable is due to the reduced principal balance of outstanding bonds as a result of the payment of principal, based on amortization schedules, during the fiscal year.

Long-term liabilities at June 30, 2014 were $414,108, a decrease of $90,027 compared to June 30, 2013 ($504,135). The decrease in long-term liabilities was mainly due to the reduction in bonds and notes payable by the payment of approximately $28,700 on outstanding Airport Revenue Bonds, the decrease of $57,979 for certain debt reclassified from long-term debt to a current liability; as it is due within one year, the amortization of $1,617 for bond premium costs, the amortization of $1,540 to recognize rental revenue from FedEx Corporation related to the prior TnANG facility, and decreased compensated absences of $105, due to certain amounts reclassified to a current liability from a long-term liability.

The largest portion of the Authority's net position is the net investment in capital assets of $593,252 (e.g. land, buildings, machinery and equipment). The Authority uses these assets to provide services to passengers, visitors and tenants of the airport; accordingly, these assets are not available for future spending or to service the related debt. Therefore, the resources needed to repay this debt must be provided from operations, since the capital assets themselves are not used to liquidate these liabilities.

The Authority's restricted net position of $61,599 represents resources that are subject to restrictions from contributors, bond resolutions and State and Federal regulations on how they may be used. The remaining balance, unrestricted net position of $30,908 in fiscal year 2014 compared to $25,684 for fiscal year 2013, may be used for any lawful purpose of the Authority.

Fiscal Year 2013

Current assets at June 30, 2013 decreased by $27,246 (14.4 percent) when compared to current assets at June 30, 2012. This decrease was primarily due to a decrease of $18,332 in cash and investments, a $5,610 decrease in capital contributions receivable, and a decrease of $2,918 in accounts receivable. The decrease in restricted cash and investments was mainly due to ongoing construction of the Ground Transportation Center, the Terminal Apron Project, and other ongoing construction projects; as a result, accrued interest receivable was lower due to smaller cash balances available to invest. The decrease in capital contributions receivable results from the timing of when capital expenditures were incurred (revenue recognized) and thus became eligible for the related reimbursement from the grantor agency. The decrease in accounts receivable was due to the collection of outstanding invoices from several terminal tenants.

Capital assets, net of depreciation increased by $10,449 in fiscal year 2013 from fiscal year 2012 due principally to ongoing capital activities of the Authority's capital improvement program. Fiscal year 2013 capital additions, net were approximately $70,049 offset by the current year change in accumulated depreciation of $59,600.

Non-current assets, other than capital assets, decreased by $228 due to decreases in unrestricted and restricted investments of $2,478 offset by an increase in special facilities rent receivable of $2,250. The decrease in investments was mainly due to the decision to invest certain restricted assets in demand deposits that yielded greater returns than investments; as a result, these funds were classified as current assets at June 30, 2013. The increase in special facilities rent receivable was due to the annual rent accrual of $2,250 for fiscal year 2013.

The deferred outflows of resources relates to the loss on bond refundings (the difference between the reacquisition price and the net carrying amount of the old debt). The decrease of $1,584 is the systematic recognition of interest expense over the remaining life of the old debt or of the new debt, whichever is shorter.

Current liabilities decreased from $55,855 in fiscal year 2012 to $52,051 in fiscal year 2013. This decrease of $3,804 (6.8 percent) is primarily due to decreases in construction contracts payable ($4,945), accounts payable ($721), accrued interest payable ($429) offset by increased current maturities of long-term debt of $2,335. The decrease in construction contracts payable is due to the wind down of the Ground Transportation Center (GTC) project and certain other projects. The decrease in accounts payable is mainly due to the payment of a fiscal year 2012 accrual for approximately $700 related to certain fuel farm improvements that we paid in fiscal year 2013. The decrease in accrued interest payable is due to the reduced principal balance of outstanding bonds as a result of the payment of principal based on amortization schedules during the fiscal year.

Long-term liabilities at June 30, 2013 were $504,135, a decrease of $32,365 compared to June 30, 2012 ($536,500). The decrease in long-term liabilities was mainly due to the reduction in bonds and notes payable by the payment of approximately $26,500 on outstanding Airport Revenue Bonds, the increase of $2,335 for certain debt reclassified as a current liability; as it is due within one year, the amortization of $1,757 for bond premium costs, the amortization of $1,540 to recognize rental revenue from FedEx Corporation related to the prior TnANG facility, and decreased compensated absences of $218, due to certain amounts reclassified to a current liability from a long-term liability.

The largest portion of the Authority's net position (86.1 percent of total net position for fiscal year 2013) represents the investment in capital assets (e.g. land, buildings, machinery, and equipment), less related outstanding debt used to acquire those assets. The Authority uses these assets to provide services to passengers, visitors and tenants of the airport; accordingly, these assets are not available for future spending nor to service the related debt. Therefore, the resources needed to repay this debt must be provided from operations, since the capital assets themselves are not used to liquidate these liabilities.

The Authority's restricted net position of $69,153 (10.1 percent of total net position for fiscal year 2013) represent resources that are subject to restrictions from contributors, bond resolutions and State and Federal regulations on how they may be used. The remaining balance, unrestricted net position of $25,684 in fiscal year 2013 compared to $25,860 for fiscal year 2012, may be used for any lawful purpose of the Authority.

SUMMARY OF CHANGES IN NET POSITION

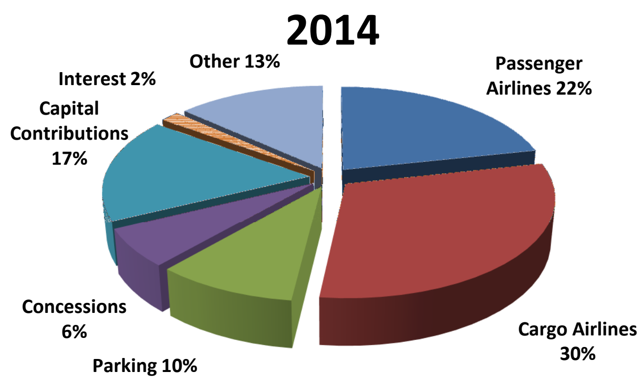
	2014	2013	Restated 2012
Operating revenues	$113,452	$112,466	$110,807
Operating expenses	(55,617)	(58,049)	(55,177)
Operating income before depreciation	57,835	54,417	55,630
Depreciation	(65,370)	(59,600)	(57,707)
Operating loss	(7,535)	(5,183)	(2,077)
Non-operating income	7,873	7,469	9,040
Non-operating expense	(22,450)	(22,705)	(23,536)
Loss before capital contributions and extraordinary item	(22,112)	(20,419)	(16,573)
Capital contributions	24,919	37,979	49,831
Extraordinary item			(873)
Increase in net position	$2,807	$17,560	$32,385

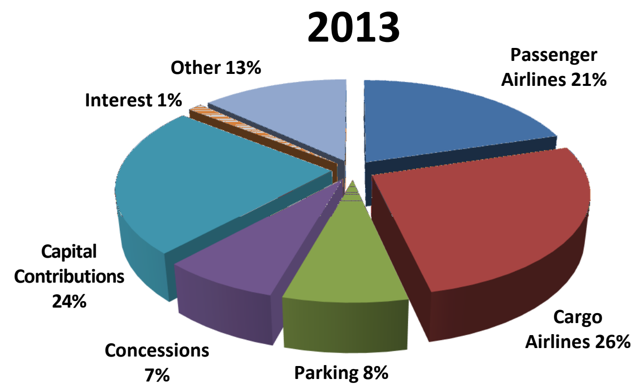
The following table presents revenue by major source for the years ended June 30, 2014, 2013 and 2012 and the pie charts show the percentage of revenues by source for the years ended June 30, 2014 and 2013. Due to the strong presence of cargo operations at Memphis International Airport (FedEx super-hub and the world's second largest in total tonnage), airline revenues have been separated to reflect separate passenger and cargo categories.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
REVENUES BY MAJOR SOURCE

	2014	2013	2012
Operating Revenues			
Passenger Airlines			
Passenger landing fee	$3,589	$5,060	$6,822
Airline terminal rentals	27,297	26,789	22,950
Airline fee payments-FIS	12	47	1,700
Other rentals	504	524	392
Total Passenger Airlines	31,402	32,420	31,864
Cargo Airlines			
Cargo landing fees	32,726	31,087	29,339
Ground rents	8,764	7,224	7,240
Other rentals	2,482	3,379	3,455
Total Cargo Airlines	43,972	41,690	40,034
Non-Airline Rentals			
Concessions-terminal	2,679	4,047	4,901
Concessions-rental car	6,457	6,185	6,308
Public parking	12,939	10,994	10,196
Employee parking	951	1,453	1,643
GTC rentals	1,012	463	
Other rentals	9,409	9,836	10,338
Total Non-Airline Rentals	33,447	32,978	33,386
Other Revenue			
Restricted rental income	356	1,103	1,248
Special facilities lease income	4,275	4,275	4,275
Total other revenues	4,631	5,378	5,523
Total Operating Revenues	113,452	112,466	110,807
Non-operating Revenues			
Interest and investment income	2,495	2,012	2,261
Customer facility charges	5,330	5,119	5,151
Other	48	338	1,628
Total Non-Operating Revenues	7,873	7,469	9,040
Capital Contributions	24,919	37,979	49,831
Total Revenues	$146,244	$157,914	$169,678

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
REVENUES





Fiscal Year 2014

Operating revenues of $113,452 for fiscal year 2014 increased by $986 (.9 percent) compared to fiscal year 2013 revenues of $112,466. This increase in operating revenues is primarily due to increased cargo landing fees ($1,639), cargo ground rents ($1,540), airline terminal rentals ($508), parking revenues ($1,945) and GTC rentals ($549) offset by decreases in passenger landing fees ($1,471), terminal concession fees ($1,368) and other rentals and restricted rental income ($2,091). Such activity was due to the residual Airport Use Agreement that requires airline revenues to be recognized to the extent necessary to pay the Authority's operating and maintenance expenses and net debt service requirements, reduced by non-airline revenues.

Non-operating revenues for fiscal year 2014 are comprised of interest income ($2,495), customer facility charges (CFC) ($5,330), and operating grants ($48). Total non-operating revenues increased by $404 in fiscal year 2014 compared to fiscal year 2013 non-operating revenues. This increase was mainly due to greater investment earnings of $483 as a result of slightly higher yields, additional CFC revenues of $211 due to increased rental car activity offset by gains on sale of assets recognized in the prior year that were not in the current year.

Capital contributions, comprised primarily of Federal capital grants, decreased from $37,979 in fiscal year 2013 to $24,919 in fiscal year 2014, as a result of when capital expenditures were incurred (revenue recognized) and thus became eligible for the related reimbursement from the Federal government.

Fiscal Year 2013

Operating revenues of $112,466 for fiscal year 2013 increased by $1,659 (1.5 percent) compared to fiscal year 2012 revenues of $110,807. This increase in operating revenues is primarily due to increased cargo landing fees ($1,748), airline terminal rentals ($3,839), parking revenues ($608) and GTC rentals ($463) offset by decreases in passenger landing fees ($1,762) FIS fees ($1,653), terminal concession fees ($854) and other rentals and restricted rental income ($647). Such activity was due to the residual Airport Use Agreement that requires airline revenues to be recognized to the extent necessary to pay the Authority's operating and maintenance expenses and net debt service requirements, reduced by non-airline revenues.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
REVENUES (CONTINUED)

Non-operating revenues for fiscal year 2013 are comprised of interest income ($2,012), customer facility charges (CFC) ($5,119), insurance proceeds ($269) operating grants ($48) and gains on capital assets ($21). Total non-operating revenues decreased by $1,571 in fiscal year 2013 compared to fiscal year 2012 non-operating revenues. This decrease was mainly due to the collection of $1,388 of insurance proceeds related to the General DeWitt Spain general aviation airport flood in fiscal year 2012 that were not received in fiscal year 2013 and lower interest rates on investment earnings ($249).

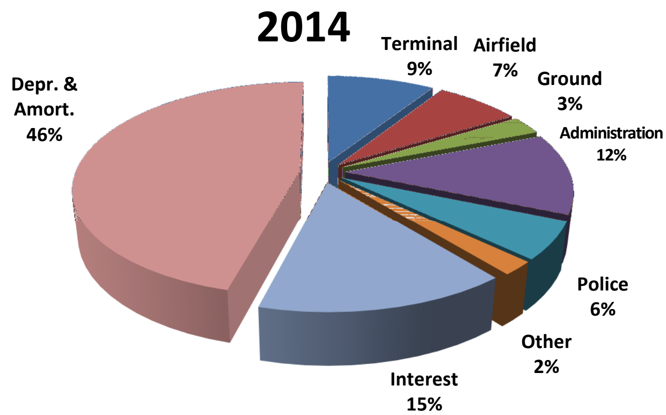
Capital contributions, comprised primarily of Federal capital grants, decreased from $49,831 in fiscal year 2012 to $37,979 in fiscal year 2013, as a result of when capital expenditures were incurred (revenue recognized) and thus became eligible for the related reimbursement from the Federal government.

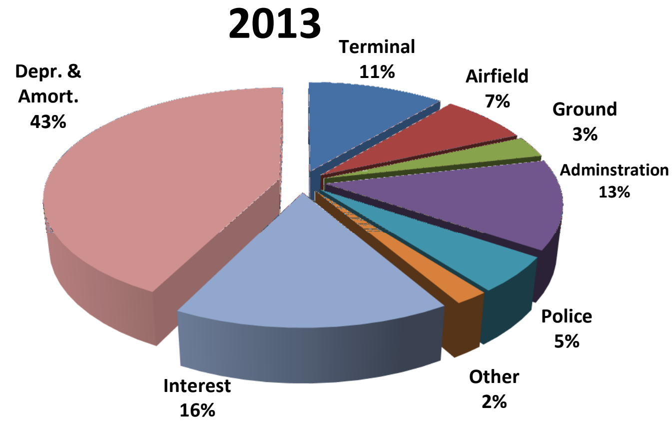
MEMPHIS-SHELBY COUNTY AIRPORTY AUTHORITY
EXPENSES

The following table presents expenses by cost center for the years ended June 30, 2014, 2013 and 2012 and the pie charts show the percentage of expenses by cost center for the years ended June 30, 2014 and 2013.

EXPENSES BY COST CENTER

	2014	2013	Restated 2012
Operating Expenses			
Airfield area	$10,278	$10,338	$9,936
Terminal area	12,991	14,622	14,713
Ground transportation area	3,904	4,411	4,523
Administration area	17,376	18,549	16,119
Police and operations area	8,146	7,337	7,172
Other areas	2,922	2,792	2,714
Total operating expense	55,617	58,049	55,177
Non-operating Expense			
Interest expense	21,425	22,705	23,536
Loss on disposal of fixed assets	1,025		
Total expenses before depreciation and extraordinary item	78,067	80,754	78,713
Extraordinary item			873
Depreciation	65,370	59,600	57,707
Total Expense	$143,437	$140,354	$137,293





Fiscal Year 2014

In fiscal year 2014, the Authority's operating expenses of $55,617 decreased compared to fiscal year 2013 operating expenses of $58,049 by $2,432 (4.2 percent). The net decrease was mainly due to decreased terminal, administration and ground transportation expenses of $1,631, $1,173 and $507, respectively, offset by increased police and operations costs and other costs of $809 and $130, respectively. The decrease in terminal costs was mainly due to decreased janitorial costs, utility costs, and repair and maintenance costs. The decrease in administration costs was primarily due to decreased salaries and wages and related benefits as a result of a reclassification of these costs for certain positions to police and operations and across the board savings due to cost control measures offset by increased costs related to the airline incentive program. The decrease in ground transportation expenses was mainly due to the elimination of passenger and employee shuttle bus costs as off-site parking was replaced by terminal area surface lots; thus, eliminating the need for the shuttle buses offset by increased utility fees based on an updated cost allocation methodology. The increase in the police and operations expenses was mainly due to higher salaries and wages and related benefit costs related to the reclassification of these costs from administration to police and operations and airport security guard services related primarily to airfield construction projects. The increase in other costs was mainly due to additional field shop equipment parts for ongoing maintenance and higher environmental costs due to additional environmental monitoring requirements.

Depreciation expense increased from $59,600 in fiscal year 2013 to $65,370 for fiscal year 2014. This increase of $5,770 is mainly due to greater depreciation expense related to the increase of depreciable Authority assets year over year.

Non-operating expenses are comprised of interest expenses on outstanding debt and loss on disposal of fixed assets. Fiscal year 2014 interest expense of $21,425 decreased $1,280 compared to fiscal year 2013 interest expense of $22,705. This decrease in interest expense was due to the scheduled payments of principal on outstanding bonds and notes; as a result, interest expense was reduced year over year. The loss on disposal of fixed assets increased in fiscal year 2014 as there was no such activity in fiscal year 2013. The loss on disposal of fixed assets ($1,025) relates to facilities and runway infrastructure that was replaced before the end of their useful lives.

Fiscal Year 2013

In fiscal year 2013, the Authority's operating expenses of $58,049 increased over fiscal year 2012 operating expenses of $55,177 by $2,872 (5.2 percent). The net increase was mainly due to increased airfield, administration costs and polices expenses of $402, $2,430 and $165, respectively, offset by decreased terminal and ground transportation costs of $91 and $112, respectively. The increase in airfield costs was mainly due to increased salaries and wages costs as a result of a 3 percent cost of living increase effective July 1, 2012 and increased amounts of aviation fuel purchased at the general aviation airports for resale. The increase in administration costs was primarily due to increased salaries and wages as a result of a 3 percent cost of living increase effective July 1, 2012, the recognition of impaired assets related to the in-line baggage project and the GSE building project, additional marketing costs related to the promotion of the new GTC, and increased contract costs for the maintenance of the Authority's computer network system. The increase in police expenses was mainly due to increased salaries and wages costs as a result of a 3 percent cost of living increase effective July 1, 2012. The decrease in terminal costs was due to reduced janitorial costs for a portion of the fiscal year due to a new janitorial contract effective May 1, 2013 offset by increased salaries and wages costs as a result of a 3 percent cost of living increase effective July 1, 2012. The decrease in ground transportation costs was due to the elimination of the passenger parking bus shuttle costs for a portion of the fiscal year due to the opening of the GTC, the reduction in employee parking bus shuttle costs due to employee parking capacity created on-airport due to the opening of the GTC, offset by additional operating costs for the GTC and increased salaries and wages costs as a result of a 3 percent cost of living increase effective July 1, 2012.

Depreciation expense increased from $57,707 in fiscal year 2012 to $59,600 for fiscal year 2013. This increase of $1,893 is mainly due to greater depreciation expense related to the increase of depreciable Authority assets year over year.

Non-operating expenses are comprised of interest expenses on outstanding debt. Fiscal year 2013 interest expense of $22,705 decreased $831 compared to fiscal year 2012 interest expense of $23,536. This decrease in interest expense was due to the scheduled payments of principal on outstanding bonds and notes; as a result, interest expense was reduced year over year.

The Authority's capital assets at June 30, 2014, 2013 and 2012 are summarized as follows:

NET CAPITAL ASSETS

	2014	2013	2012
Avigation easements	$43,703	$43,703	$43,703
Land and improvements	162,494	160,780	160,780
Buildings	542,652	521,857	374,856
Runways, taxiways, and airfield lighting	715,340	720,518	711,829
Facilities constructed for tenants	104,077	104,077	104,077
Roads, bridges, and fences	67,109	65,071	64,672
Equipment and utility systems	105,741	107,754	97,273
Construction in process	28,861	33,343	130,386
Total capital assets	1,769,977	1,757,103	1,687,576
Less accumulated depreciation	813,425	765,334	706,256
Net capital assets	$956,552	$991,769	$981,320

Fiscal Year 2014

At the end of fiscal years 2014 and 2013, the Authority had $956,552 and $991,769, respectively, invested in net capital assets. During fiscal year 2014 the Authority had net additions of $30,153 related to capital activities for runway and taxiway projects, building improvements, equipment and roads, bridges and fencing projects, offset by current year depreciation of $65,370.

During fiscal year 2014, completed projects totaling $33,957 were transferred from construction in progress to applicable buildings and other facilities capital asset accounts. These major completed projects were related to runways, taxiways, aprons and airfield lighting ($3,321), buildings ($22,021), roads, bridges and fences ($2,240) and equipment and utility systems ($6,375).

The Authority's capital activities are funded through revenue bonds, Federal and State grants and airport revenues. Additional information on the Authority's capital assets is presented in Note 4 of the notes to the basic financial statements.

Fiscal Year 2013

At the end of fiscal years 2013 and 2012, the Authority had $991,769 and $981,320, respectively, invested in net capital assets. During fiscal year 2013 the Authority had net additions of $70,049 related to capital activities for runway and taxiway projects, building improvements, equipment and roads, bridges and fencing projects, offset by current year depreciation of $59,600.

During fiscal year 2013, completed projects totaling $167,094 were transferred from construction in progress to applicable buildings and other facilities capital asset accounts. These major completed projects were related to runways, taxiways, aprons and airfield lighting ($8,687), buildings ($147,003), roads, bridges and fences ($399) and equipment and utility systems ($11,005).

The Authority's capital activities are funded through revenue bonds, Federal and State grants and airport revenues.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
DEBT ACTIVITY

The Authority's outstanding bonds and notes payable, net of any premiums or discounts, at June 30, 2014, 2013 and 2012 are summarized as follows:

BONDS AND NOTES PAYABLE

	2014	**2013**	**2012**
Bonds:			
Airport Revenue	$366,040	$394,825	$421,275
Special Faclities Revenue	45,000	45,000	45,000
Unamortized bond premiums	8,660	10,278	12,034
Note payable	11,434	11,434	11,500
Current portion of bonds and notes	(86,764)	(28,785)	(26,450)
Total long-term bonds and note payable	$344,370	$432,752	$463,359

Fiscal Year 2014

The Authority's June 30, 2014 total long-term bonds and note payable, net, of $344,370 decreased $88,382 (20.4 percent) compared to the June 30, 2013 total of $432,752. The decrease in the total long-term bonds and note payable, net outstanding was mainly due to scheduled debt service principal payments made during fiscal year 2014 of approximately $28,800, the increase of approximately $58,100 for certain debt reclassified as a current liability as it is due within one year and the amortization of $1,618 for bond premium costs.

In April 2013, the Authority consolidated all lines of credit and obtained a $45,000 revolving line of credit with a bank. The purpose for this line of credit is to provide temporary funding for the purchase of leaseholds and property for airfield expansion and capital cash flow requirements. The amount available on this line of credit is reduced by the $11,434 outstanding notes payable leaving $33,566 available for draw down at June 30, 2014.

More detailed information related to long-term debt can be found in Note 6 of the notes to the basic financial statements.

Fiscal Year 2013

The Authority's June 30, 2013 total long-term bonds and note payable, net, of $432,752 decreased $30,607 (6.6 percent) compared to June 30, 2012 total of $463,359. The decrease in the total long-term bonds and notes payable, net outstanding was mainly due to scheduled debt service principal payments made during the fiscal year 2013 of approximately $26,500, the increase of $2,335 for certain debt reclassified as a current liability as it is due within one year and the amortization of $1,756 for bond premium costs.

In April 2013, the Authority consolidated all lines of credit and obtained a $45,000 revolving line of credit with a bank. The purpose for this line of credit is to provide temporary funding for the purchase of leaseholds and property for airfield expansion. The amount available on this line of credit is reduced by the $11,434 outstanding notes payable leaving $33,566 available for draw down at June 30, 2013.

On July 12, 2011, the Authority drew on the $45,000 line of credit and entered into a note payable with an original amount of $11,500 to purchase lease holds on currently owned property for airfield expansion. The note is renewable on December 31, 2014 and bears interest at a rate of 30 day LIBOR plus 1.83 percent. The Authority paid $66 towards principal during fiscal year 2013 leaving a balance of $11,434 at June 30, 2013.

DEBT SERVICE COVERAGE

Airport revenue bond resolution covenants require that revenues available to pay debt service, as defined in the bond resolution, are equal to a minimum of 125 percent of the debt service on airport revenue bonds. Coverage ratios for fiscal years 2014, 2013 and 2012 are as follows:

COVERAGE RATIO

	2014	2013	2012
Airport Revenue Bonds	152%	132%	134%

AIRLINE ACTIVITY

During fiscal year 2014, 3,915,174 passengers traveled through the Airport, a decrease of 29.7 percent under the 5,568,794 passengers in fiscal year 2013. Additionally, aircraft landed weight increased from 24,802,612 per thousand pound units in fiscal year 2013 to 24,854,200 per thousand pound units in fiscal year 2014. These changes in activity were realized with the decrease in fiscal year 2014 carrier aircraft operations of 192,374 compared to fiscal year 2013 carrier aircraft operations of 221,100.

Air Cargo activity grew in fiscal year 2014 in spite of significant challenges within the national and world economies. Memphis remained the United States' largest cargo airport, and the world's second largest cargo airport with approximately 4.6 million and 4.5 million U.S. tons of total cargo in fiscal years 2014 and 2013, respectively. Cargo activity at the Airport is dominated by FedEx Express, which has its corporate headquarters and operates its worldwide super-hub from Memphis.

The Authority's Airport Use and Lease Agreement, in effect with six airlines known collectively as the signatory airlines, establishes the rates and charges methodology for the signatory airlines and their affiliates each year. A new 5 year agreement became effective July 1, 2012. Landing fees and rates for non-signatory and non-scheduled airlines are assessed at 115 percent and 125 percent, respectively, of the signatory rates.

RATES AND CHARGES

	2015	2014	2013	2012
Terminal Average Square Foot Rate	$135.26	$86.71	$73.58	$51.00
Cargo Building Square Foot Rate	$12.00	$12.00	$12.00	$12.00
Aircraft Loading Position				
Rate per Linear Foot	$252.96	$91.62	$76.77	$46.47
Signatory Landing Fee-per 1,000 lbs. unit	$1.25	$1.45	$1.45	$1.41

Cost per enplaned passenger ("CPE") is a measure used by the airline industry to reflect the relative costs a passenger airline pays to operate at an airport based upon the number of enplaned passengers for that airport. That measure, however, is not exact for comparison, as not all airports calculate the number in the same way and cautions should be taken when comparing individual or groups of airports.

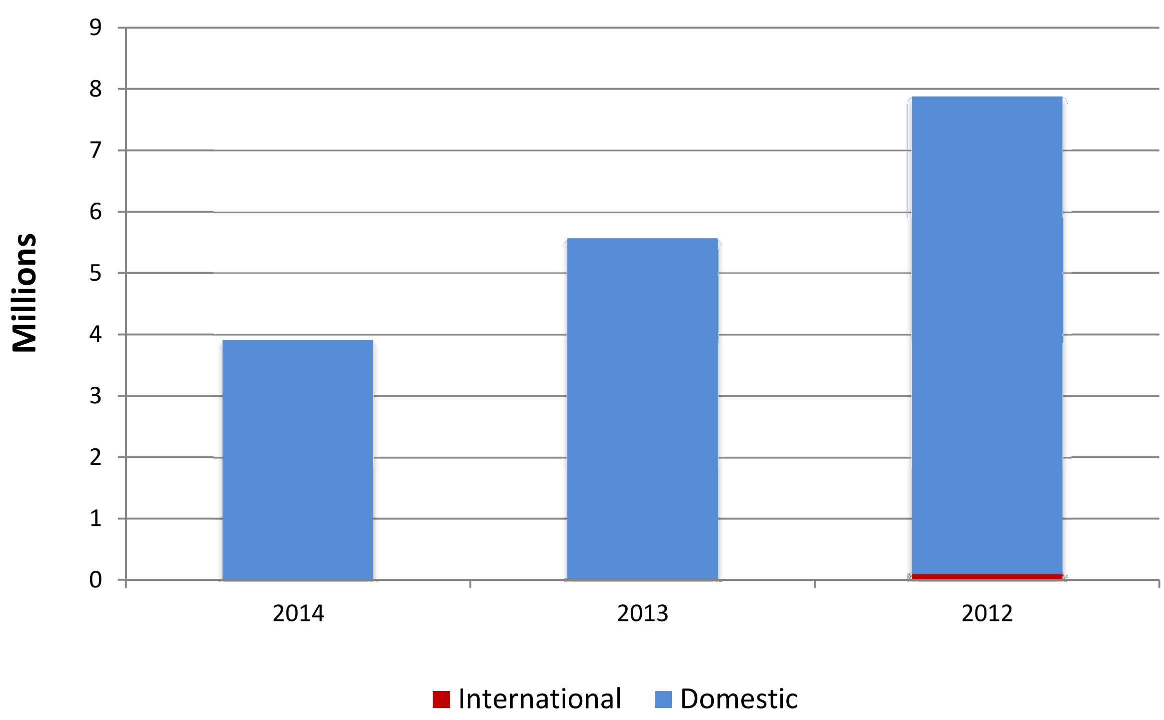
COST PER ENPLANED PASSENGER

	2014	2013	2012
Average Cost Per Enplaned Passenger	$11.76	$10.48	$6.75

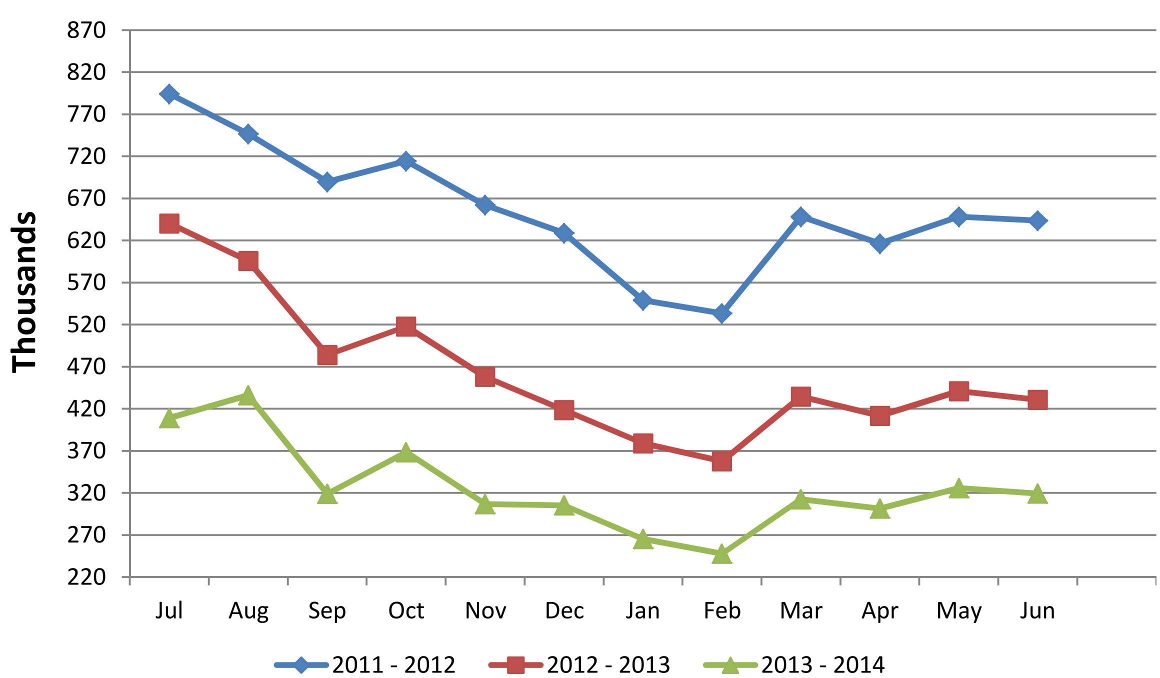
Selected statistical information about total passengers, total cargo, aircraft landed weight, and air carrier movements for the past three years is presented in the table and graphs below.

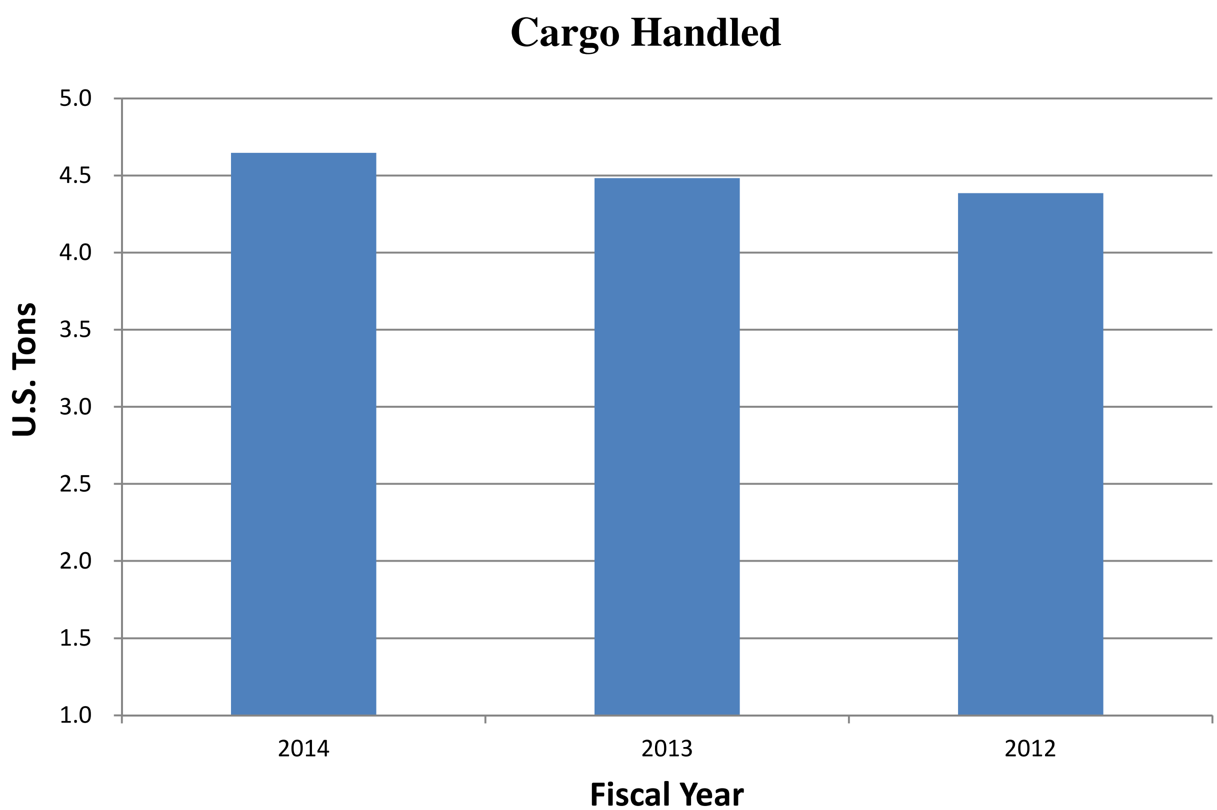
FISCAL YEAR	TOTAL PASSENGERS	TOTAL CARGO HANDLED (U.S. TONS)	AIRCRAFT LANDED WEIGHT (1000 POUND UNITS)	AIR CARRIER MOVEMENTS
2014	3,915,174	4,647,220	24,854,200	192,374
2013	5,568,794	4,482,700	24,802,612	221,100
2012	7,874,888	4,385,342	25,524,562	263,730

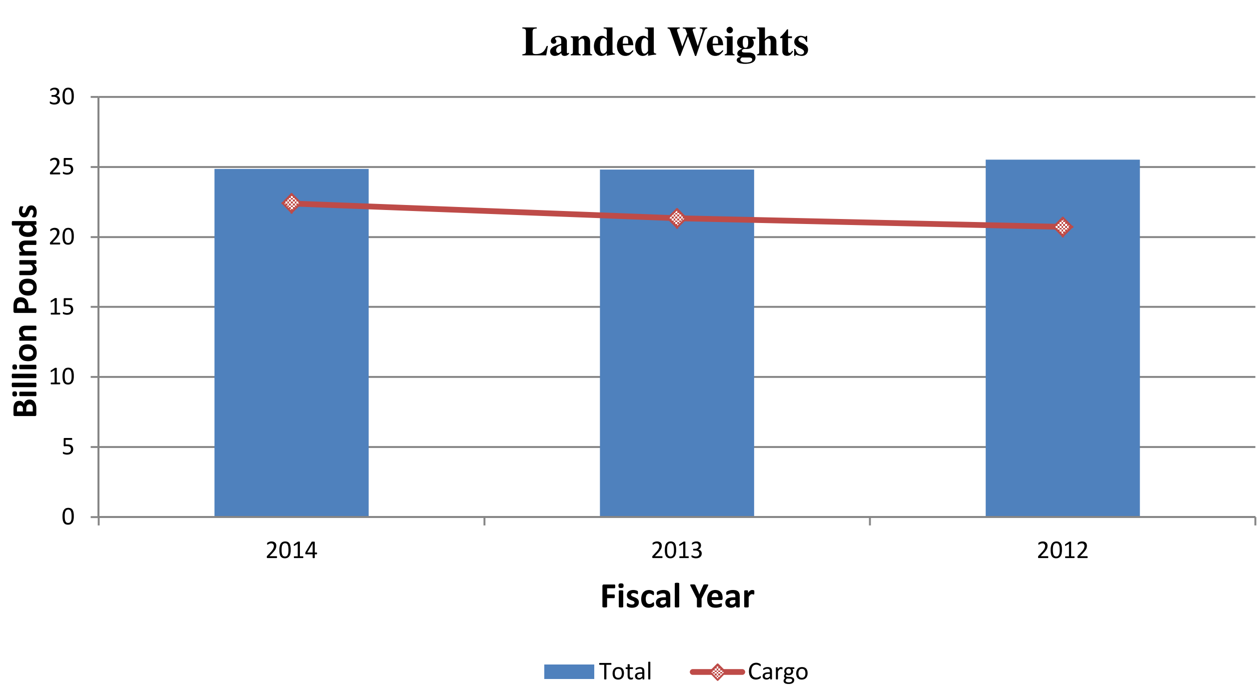
Total Passengers



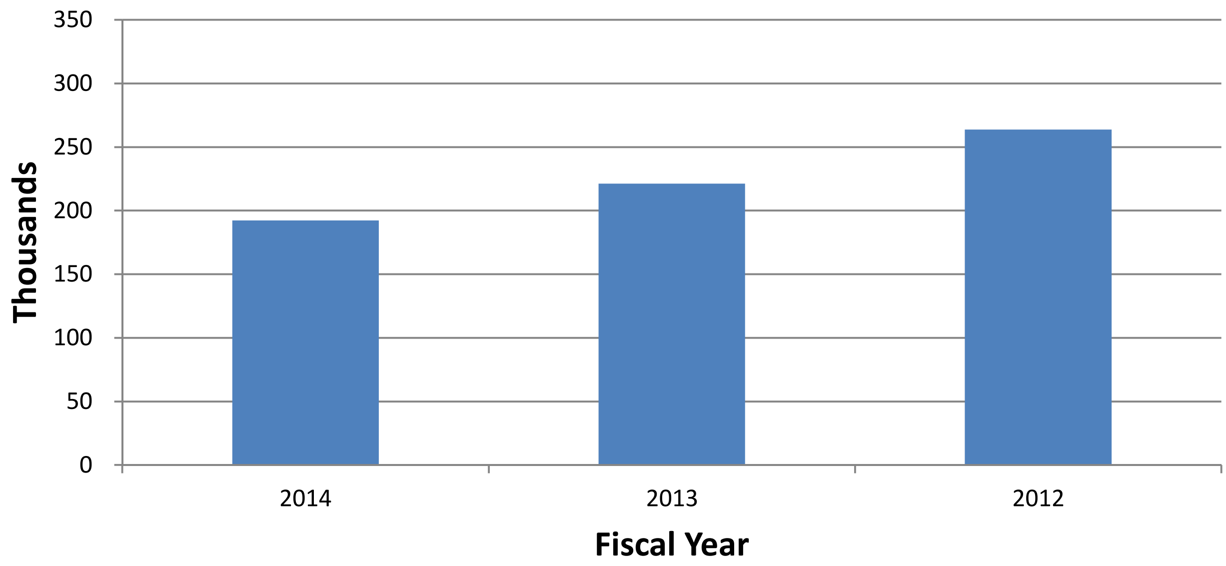
Monthly Passengers




Cargo Handled
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
U.S. Tons
2014
2013
2012
Fiscal Year


Landed Weights
30
25
20
15
10
5
0
Billion Pounds
2014
2013
2012
Fiscal Year
Total
Cargo

Movements



MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
FUTURE OUTLOOK

The Airport continues to work with its existing passenger airline partners and other carriers not currently serving Memphis to identify new markets and air service enhancements. In fiscal year 2014 Southwest Airlines added new daily service to Houston and additional service to Chicago Midway and additional seasonal service to Orlando. Also, Frontier Airlines added daily service to Denver and plans to add new service to Dallas in November 2014. The Airport also added seasonal flights operated by Aeromexico and Bahamasair.

Air Cargo operations continue to remain strong and all information indicates that FedEx will continue its history of stability within the industry and at the Airport. The Authority has purchased areas adjacent to the airport for future Airport expansion of apron cargo area. Additionally, the Authority is evaluating the purchase of certain property contiguous to the Airport that could be used for future taxiway and ramp expansion opportunities.

There are distinct operational and financial advantages of being both a passenger carrier focus city and cargo hub. From an operational standpoint, the Airport boasts four runways with advanced technology to allow continued flight operations in severe weather conditions. Financially, many of the costs of operating the Memphis airport system are decentralized and are not borne individually by either major carrier. No assurance can be given as to the levels of aviation activity which will be achieved at the Airport in future fiscal years.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information should be addressed to the Chief Financial Officer, Memphis-Shelby County Airport Authority, 2491 Winchester Road, Suite 113, Memphis, Tennessee 38116-3856.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

STATEMENTS OF NET POSITION

YEARS ENDED JUNE 30, 2014 AND 2013 ($ IN THOUSANDS)

	2014	2013
ASSETS		
CURRENT ASSETS		
UNRESTRICTED ASSETS		
Cash	$43,460	$34,584
Investments		750
Accounts receivable	6,419	6,353
Accrued interest receivable		1
Materials and supplies inventory	1,704	1,755
Prepaid expenses	2,511	2,573
Grants receivable	48	19
Total current unrestricted assets	54,142	46,035
RESTRICTED ASSETS		
Cash	82,095	84,926
Investments	3,608	21,146
Accrued interest receivable	572	735
Capital contributions receivable	7,052	9,689
Special facilities rent receivable	46,012	
Total current restricted assets	139,339	116,496
TOTAL CURRENT ASSETS	193,481	162,531
NON-CURRENT ASSETS		
UNRESTRICED ASSETS		
Note receivable	6,677	
Total non-current unrestricted assets	6,677	
RESTRICTED ASSETS		
Investments	45,873	35,284
Special facilities rent receivable		43,762
Total non-current restricted assets	45,873	79,046
CAPITAL ASSETS		
Land and improvements	162,494	160,780
Avigation easements	43,703	43,703
Depreciable capital assets (less accumulated depreciation of $813,425 and $765,334)	721,494	753,943
Construction in progress	28,861	33,343
Total capital assets, net	956,552	991,769
TOTAL NON-CURRENT ASSETS	1,009,102	1,070,815
TOTAL ASSETS	$1,202,583	$1,233,346
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refundings	$4,491	$5,792
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$4,491	$5,792

See notes to basic financial statements.

	2014	2013
LIABILITIES		
CURRENT LIABILITIES		
Payable from unrestricted assets		
Accounts payable	$3,685	$4,503
Accrued expenses	2,783	2,871
Current portion - compensated absences	529	383
Total payable from unrestricted assets	6,997	7,757
Payable from restricted assets		
Construction contracts payable	3,137	4,682
Accrued interest payable	10,309	10,827
Current maturities of long-term debt	86,764	28,785
Total payable from restricted assets	100,210	44,294
TOTAL CURRENT LIABILITIES	107,207	52,051
NON-CURRENT LIABILITIES		
Lease revenue received in advance	68,667	70,207
Compensated absences	1,071	1,176
Bonds and note payable	344,370	432,752
TOTAL NON-CURRENT LIABILITIES	414,108	504,135
TOTAL LIABILITIES	$521,315	$556,186
NET POSITION		
Net investment in capital assets	$593,252	$588,115
Restricted		
Capital acquisition	61,599	69,153
Unrestricted	30,908	25,684
TOTAL NET POSITION	$685,759	$682,952

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013 ($ IN THOUSANDS)

	2014	2013
OPERATING REVENUES		
Airfield	$46,511	$44,828
Terminal building	30,976	32,795
Ground transportation	22,431	20,421
Other aviation areas	4,225	4,840
Non-aviation areas	9,309	9,582
Total operating revenues	113,452	112,466
OPERATING EXPENSES		
Airfield	10,278	10,338
Terminal building	12,991	14,622
Ground transportation	3,904	4,411
General administration	17,376	18,549
Police	8,146	7,337
Field shop	1,701	1,638
Other aviation areas	249	171
Non-aviation areas	972	983
Total operating expenses before depreciation	55,617	58,049
DEPRECIATION	65,370	59,600
OPERATING LOSS	(7,535)	(5,183)
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment income	2,495	2,012
Interest expense	(21,425)	(22,705)
Customer facility charges	5,330	5,119
Insurance proceeds		269
Operating grants	48	48
Gain (loss) on disposal/sale of capital assets	(1,025)	21
Total non-operating expenses, net	(14,577)	(15,236)
LOSS BEFORE CAPITAL CONTRIBUTIONS	(22,112)	(20,419)
CAPITAL CONTRIBUTIONS	24,919	37,979
CHANGE IN NET POSITION	2,807	17,560
TOTAL NET POSITION, BEGINNING OF YEAR	682,952	665,392
TOTAL NET POSITION, END OF YEAR	$685,759	$682,952

See notes to basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013 ($ IN THOUSANDS)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$109,596	$111,594
Cash paid to suppliers for goods and services	(29,837)	(32,067)
Cash paid to employees for services	(26,532)	(26,715)
Net cash provided by operating activities	53,227	52,812
CASH FLOWS FROM NON-CAPITAL FINANCING		
Operating grants received	19	145
Net cash provided by non-capital financing	19	145
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	9	21
Acquisition and construction of capital assets	(32,626)	(74,926)
Principal paid on long-term debt and notes payable	(28,785)	(26,515)
Interest paid on long-term debt	(22,366)	(23,377)
Capital contributions received	27,556	43,589
Customer facility charges	5,330	5,119
Proceeds from insurance		269
Net cash used in capital and related financing activities	(50,882)	(75,820)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in notes receivable	(6,677)	
Purchase of investment securities	(24,573)	(21,684)
Proceeds from sales and maturities of investment securities	31,841	57,790
Interest and dividends on investments	3,090	2,840
Net cash provided by investing activities	3,681	38,946
NET CHANGE IN CASH	6,045	16,083
CASH		
Beginning of year	119,510	103,427
End of year	$125,555	$119,510
CASH, END OF YEAR CONSISTS OF		
Unrestricted	$43,460	$34,584
Restricted	82,095	84,926
TOTAL CASH, END OF YEAR	$125,555	$119,510

See notes to basic financial statements.

YEARS ENDED JUNE 30, 2014 AND 2013 ($ IN THOUSANDS)

	2014	2013
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	($7,535)	($5,183)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	65,370	59,600
Provision for uncollectible accounts receivable	466	26
(Increase) decrease in assets:		
Receivables	(2,782)	642
Materials and supplies inventory	51	108
Prepaid expenses	62	142
Decrease in liabilities:		
Accounts payable	(818)	(721)
Accrued expenses	(1,587)	(1,802)
Net cash provided by operating activities	$53,227	$52,812

NON-CASH INVESTING ACTIVITIES

Investments decreased by $27 in fiscal year 2014 and $195 in fiscal year 2013, respectively, due to the change in fair market value.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. **Organization –** The Memphis-Shelby County Airport Authority (the "Authority") is a body politic and corporate of the State of Tennessee, created in 1969 pursuant to the Metropolitan Airport Authority Act. The Authority is governed by a seven-member Board of Commissioners (the "Board"), who is appointed by the Mayor of the City of Memphis (the "City"), with two members nominated by the Mayor of Shelby County (the "County"). The Memphis City Council confirms all members. The Authority owns and operates the Memphis International Airport (the "Airport") and two general aviation reliever airports - Charles W. Baker Airport and General DeWitt Spain Airport. The Authority is reported as a component unit of the City.

B. **Basis of Accounting –** The Authority is presented as an enterprise fund with separate accounts for each of the three airports. The accounts of the Authority are reported using the flow of economic resources measurement focus. The financial statements are prepared on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Board is that the costs of providing services on a continuing basis be recovered through user charges.

Operating revenues and expenses – Revenues from landing fees, terminal area use charges, cargo building space rentals, parking revenues and concession revenues are reported as operating revenues. Transactions related to financing and investing activities are reported as non-operating revenues. Salaries and wages, repair and maintenance, professional and engineering services, and other expenses that relate to airport operations are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* the Authority applies all applicable GASB pronouncements as well as Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs") issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, which were codified into a single source for governmental standards.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. **Budgets** – In accordance with the Metropolitan Airport Authority Act, the City entered into an agreement dated May 26, 1970 with the Authority, which transferred all airport properties, functions, and outstanding obligations to the Authority. Provisions of the agreement require the Authority to prepare an annual operating budget, which must be filed with the City. A five-year capital improvement program, including modifications and reasons for such modifications, is also required to be submitted each year. Even though the budgets are required to be filed with the City, the Board is responsible for approving the budget and any subsequent revisions.

The Airline Airport Affairs Committee, composed of signatory airlines, reviews the proposed annual budget, which is the basis for rates and charges under basic airport leases. This committee and other users may present objections and, if not adequately addressed, force a public hearing. Once adopted and issued, users have sixty days to respond after which time the budget becomes effective.

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 the Airport Use and Lease Agreement and in conformance with requirements contained in bond resolutions. Unexpended appropriations lapse at year-end.

D. **Investments** – Investments are reported at fair value with the exception of nonnegotiable investment contracts, which are reported at cost. The investment portfolio is managed to maintain the preservation of the principal of those funds within the portfolio, while maintaining enough liquidity to meet immediate and/or future operating requirements, and to maximize the return on investments while remaining within the context of these parameters.

Investments with a maturity date within three months of the date acquired, if any, are considered to be cash equivalents.

E. **Materials and Supplies Inventory** – Inventory is valued at the lower of cost, determined on an average cost method, or market.

F. **Restricted Assets** – The bond indentures and bond resolutions authorizing the issuance of bonds require segregation of cash and investments into restricted accounts. Additionally, certain assets are restricted by the Board or by regulatory agencies (Note 3).

G. **Leases** – The Authority is lessor under numerous lease agreements. The leases are classified as operating leases, except for certain special facility leases, which are accounted for as direct financing leases.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. **Capital Assets** – Assets with a cost of five thousand dollars or more are capitalized. Capital assets are stated at cost when purchased or fair value when donated, less accumulated depreciation. During construction of assets, interest incurred on related construction debt, less interest earned from investments whose use is restricted to related capital improvements, is capitalized from the time of borrowing until completion of the project. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The estimated lives by general classification are as follows:

Asset Classification	Years
Runways, taxiways, aprons, and airfield lighting	15-30
Buildings	10-40
Facilities constructed for tenants	18
Roads, bridges, and fences	20
Equipment and utility systems	3-40

Avigation easements have an indefinite life and are not subject to amortization.

I. **Original Issue Discount/Premium** – Original issue discounts and premiums are netted against the bond payable account and amortized over the lives of their respective bond issues using the interest method.

J. **Capital Contributions –** Grants from Federal, State and local governments and private enterprises are received for payment of costs related to various property acquisitions and construction projects and for debt retirement. Grants are recorded when all applicable eligibility requirements are met.

K. **Compensated Absences –** Substantially all employees receive compensation for vacations, holidays, illness, and certain other qualifying absences. Liabilities relating to these absences are recognized as incurred.

L. **Retirement Systems –** The Authority currently funds pension costs, which are composed of normal cost and amortization of unfunded prior service costs (Note 9).

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. **Use of Estimates –** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of liabilities and 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. Actual results could differ from those estimates.

O. **Risk Management –** The Authority purchases commercial insurance coverage for claims arising out of bodily injury or property damage as well as property insurance on airport properties, which includes earthquake and flood coverage. There were no significant reductions in insurance coverage in the current year. Additionally, there were no significant settlements, which exceeded insurance coverage for each of the past three years. The Authority is a member of both the City health insurance program and the self-insured fund for health and medical benefits. The City's Health Insurance-Internal Service Fund charges premiums which are used to pay claims and fund the accrual for "incurred but not reported" claims and administrative costs of its health and medical benefits program.

P. **Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as outflow of resources (expense) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Q. **Net Position** – The Authority recognizes the difference between its assets plus deferred outflows of resources less liabilities and deferred inflows of resources as net position. Net position categories include:

i. Net investment in capital assets – comprised of the Authority's capital assets, net of depreciation, reduced by the outstanding balances of bonds and notes that are attributable to the acquisition, construction or improvement of those assets. Applicable deferred outflows of resources and deferred inflows of resources are also included in this component of net position, if any.

ii. Restricted for debt service – comprised of the Authority's assets, mainly cash and investments, restricted by bond resolution to be used in paying debt service obligations.

iii. Restricted for capital acquisition – comprised of the Authority's assets restricted by contributors, bond resolutions, and state and federal regulations to be used in purchasing or construction of capital items or improvements reduced by liabilities and deferred inflows of resources, if any, related to these assets.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iv. Unrestricted – the remaining balance of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital or the restricted components of net position.

R. **Net Position Flow Assumption** - Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

S. **Conduit Debt** – The conduit debt obligations are special limited obligations of the Authority, payable solely from and secured by pledges of rentals to be received from lease agreements the Authority has secured with Pinnacle Airlines. The bonds do not constitute a debt or pledge of the faith and credit or net revenues of the Authority, the City, the County, or the State. As such, the debt is considered "conduit debt" to the Authority, and the related assets and liabilities are not included in the accompanying statements of net position. Conduit debt transactions are more fully described in Note 7 of the notes to the basic financial statements.

T. **GASB Accounting Pronouncements** - The Authority implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63) for fiscal year 2013. GASB 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, which are distinct from assets and liabilities, and net position in a statement of financial position and related disclosures. The accounting changes required by GASB 63 were applied retroactively by reclassifying the statement of net position and balance sheet information for all prior periods presented.

The Authority elected to early implement GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65) for fiscal year 2013. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflow of resources, certain items that were previously reported as assets and liabilities. The Authority historically had recognized bond issuance costs as other assets and amortized these costs over the life of the associated debt; however, due to the implementation of GASB 65, the Authority restated prior periods presented to show the write-off of the total unamortized bond issuance costs and the reversal of amortized costs.

2. DEPOSITS AND INVESTMENTS

A. **Deposits –** Cash deposits as of June 30, 2014 and 2013, were $125,552 and $119,507 respectively. These deposits consisted of interest bearing and non-interest bearing demand accounts. Petty cash as of June 30, 2014 and 2013 was $3. The Authority had no cash equivalents at June 30, 2014 or 2013.

Custodial credit risk – In the case of deposits, this is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is for the deposits to be collateralized through the State of Tennessee collateral pool or for collateral to be pledged on such deposits held by the custodian. State statute requires cash deposits in excess of Federal Deposit Insurance Corporation insurance to be collateralized at 105 percent. At June 30, 2014, all amounts were properly collateralized.

B. **Investments –** Investments consist of the following at June 30, 2014 and 2013:

	2014	2013	WEIGHTED AVERAGE MATURITY (YEARS) AT June 30, 2014
At fair value:			
U. S. Government agencies	$24,178	$32,125	1.51
Deferred compensation- mutual funds	1,463	1,215	
At cost:			
Forward purchase agreement	23,840	23,840	10.68
Total Investments	$49,481	$57,180	

The investments made during fiscal years 2014 and 2013 were limited to the classifications above. Investments in U.S. Government agencies included the U.S Treasury, Federal National Mortgage Association, Federal Home Loan Mortgage Company and Federal Home Loan Bank. With the exception of the discount note investments, which were rated P-1, all investments in U.S. Government agencies had a credit rating of Aaa by Moody's at June 30, 2014.

In 2000, the Authority entered into a forward purchase agreement to invest $24,513 of bond reserve funds. Per the agreement, this amount was reduced to $23,840 on March 1, 2012. Under the agreement, the trustee holds the investments until they are required for bond maturities or until the agreement is terminated. The Authority is paid a fixed return of 6.558 percent. If the agreement is terminated prior to the bond's maturity, the Authority or the Trustee may be required to pay a termination amount. This termination amount would be determined by prevailing interest rates at the time of termination. The Authority records this nonnegotiable investment contract at cost. This investment represents 48 percent of the Authority's portfolio at June 30, 2014. The issuer of this investment contract had a credit rating of Aa3 by Moody's at June 30, 2014.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest rate risk – In accordance with its investment policy, the Authority manages its exposure to declines in fair values by limiting the maturity of individual investments to no more than 5 years from the date of purchase unless the security is matched to a specific obligation or debt of the Authority.

Credit risk - Bond resolutions 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 money market funds. The Authority may also invest in municipal bonds and investment agreements as long as the issuer is rated in one of the two highest rating categories by at least two nationally recognized rating agencies.

Concentration of credit risk – The Authority's investment policy provides for certain maximum limits in each eligible security type to reduce the risk of loss from an over concentration in a specific class of security. The policy also does not allow for an investment in any one issuer that is in excess of 5 percent of the Authority's total investments with the following exceptions:

INVESTMENT TYPE	MAXIMUM
U.S. Treasury Obligations	100%
Each Federal Agency	50%
Each Repurchase Agreement Counterparty	25%
Bank Deposits or Savings Accounts	80%
Investment Agreements	50%

Custodial Credit Risk – The Authority's investment policy provides that all securities purchased by the Authority or held as collateral on either deposits or investments shall be held in third-party safekeeping at a qualified financial institution.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

C. **Reconciliation of Deposits and Investments to the Statements of Net Position –** A reconciliation of cash and investments as shown in the accompanying statements of net position is as follows:

	2014	2013
Unrestricted current assets:		
Cash	$43,460	$34,584
Short term investments		750
Restricted current assets:		
Cash	82,095	84,926
Short-term investments	3,608	21,146
Restricted non-current assets:		
Investments	45,873	35,284
Total	$175,036	$176,690
Total deposits and petty cash	$125,555	$119,510
Total investments	49,481	57,180
Total	$175,036	$176,690

3. RESTRICTED ASSETS

Restricted assets consist of the following at June 30, 2014 and 2013:

	Cash	Investments	Accrued Interest Receivable	Other Receivables	2014 Total	2013 Total
Restricted by Bond Indentures:						
Debt service:						
Special facilities bonds				$46,012	$46,012	$43,762
Airport revenue bonds	$28,340				28,340	27,217
General obligation bonds	307				307	307
Total	28,647			46,012	74,659	71,286
Bond reserves:						
Airport revenue bonds	11	$45,873	$571		46,455	49,065
Total	11	45,873	571		46,455	49,065
Construction and land acquisition and associated costs:						
Airport expansion	42,471	2,145	1	7,052	51,669	64,306
Contractor retainage	347				347	347
Total	42,818	2,145	1	7,052	52,016	64,653
Restricted by Contributors:						
Customer facility charges	10,619				10,619	9,323
Deferred compensation		1,463			1,463	1,215
Total	10,619	1,463			12,082	10,538
Total Restricted Assets	$82,095	$49,481	$572	$53,064	$185,212	$195,542

3. RESTRICTED ASSETS (CONTINUED)

Revenues of the Authority are deposited to the Revenue Fund, which was created by the airport revenue bond resolution. Monies in the revenue fund are to be used and applied in the following order of priority:

First, there shall be applied each month the amount that the Authority determines to be required to pay costs of operation and maintenance;

Second, there shall be deposited each month into the Airport Improvement Bond Fund and the accounts therein the amounts by the resolution to be used for the purposes specified therein;

Third, so long as the Authority shall be required to make payments to the City or the County or other municipality for the payment by such city, county or other municipality of principal, interest and premiums on bonds, notes or other evidences of indebtedness issued by it for the Airport, there shall be set aside in the separate account of the Authority continued under the Basic Resolution that amount which, together with other monies credited to such account, if the same amount were set aside in such account in each month thereafter prior to the next date on which the Authority is required to make payments to the City or the County or other municipality, as the case may be, for the payment by the City, County or other municipality of principal and interest and premium on the bonds, notes or other evidences of indebtedness issued by it for the Airport, the aggregate of the amounts so set aside in such separate account will on such next date be equal to the payment required to be made on such date by the Authority to the City or the County or such other municipality, as the case may be; and

Fourth, the Authority may use any monies remaining for any lawful purpose of the Authority.

The Authority covenants in bond resolutions that it will impose, prescribe, and collect rates, rentals, fees, and charges for the use of the airports, and revise the same when necessary, to assure that the Authority will be financially self-sufficient and that revenues so produced shall be sufficient to pay debt service when due; to pay all costs of operations and maintenance; and to pay any other claims payable when due. The Authority was in compliance with its debt covenant requirements at June 30, 2014.

The construction and land acquisition accounts are to be used for construction projects and acquisition of land in connection with the Authority's noise compatibility and airport expansion programs. Withdrawals of money on credit in these accounts are made upon written requisition.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions & Reclassifications	Less Deletions & Reclassifications	Balance June 30, 2014
CAPITAL ASETS NOT BEING DEPRECIATED				
Land and improvements	$160,780	$1,714		$162,494
Avigation easements	43,703			43,703
Construction in progress	33,343	34,636	$39,118	28,861
Total capital assets not being depreciated	237,826	36,350	39,118	235,058
CAPITAL ASSETS BEING DEPRECIATED				
Runways, taxiways, aprons and airfield lighting	720,516	3,321	8,497	715,340
Buildings	521,859	22,021	1,228	542,652
Facilities constructed for tenants	104,077			104,077
Roads, bridges and fences	65,071	2,240	202	67,109
Equipment and utility systems	107,754	6,375	8,388	105,741
Total capital assets being depreciated	1,519,277	33,957	18,315	1,534,919
ACCUMULATED DEPRECIATION				
Runways, taxiways, aprons and airfield lighting	362,641	32,457	7,521	387,577
Buildings	252,742	20,322	1,200	271,864
Facilities constructed for tenants	39,461	2,801		42,262
Roads, bridges and fences	31,402	3,449	173	34,678
Equipment and utility systems	79,088	6,341	8,385	77,044
Total accumulated depreciation	765,334	65,370	17,279	813,425
Total capital assets being depreciated, net	753,943	(31,413)	1,036	721,494
CAPITAL ASSETS, NET	$991,769	$4,937	$40,154	$956,552

4. CAPITAL ASSETS (CONTINUED)

The Authority capitalized $106 and $242 of interest expense less $0 and $2 of interest income for a net capitalization of $106 and $240 for fiscal years 2014 and 2013, respectively.

Substantially all capital assets are held by the Authority for the purpose of rental or related use.

5. LEASE AND USE OF AIRPORT FACILITIES

The Authority leases terminal space, buildings, and airfield space on both a fixed-fee and contingent rental (percent of revenue) basis. Contingent rentals generally have fixed specified minimum rent provisions. Contingent rentals were $45,884 and $47,009 for fiscal years 2014 and 2013, respectively.

Substantially all of the leases provide for periodic re-computation (based on a defined formula) of the rental amounts. Rates and fees charged by the Authority for the use of its facilities are required by terms of the individual leases to be sufficient to cover operating expenses, debt service and general obligation debt, but not depreciation and amortization.

Other fees are received from public parking and miscellaneous other sources. Non-aviation revenue consists primarily of commercial rentals. Site and building rentals from these tenants are governed by the terms of various leases.

The Authority has acquired equipment or constructed facilities for lease to others under agreements accounted for as operating leases. The cost of these leased properties was financed by the airport revenue bonds issued by the Authority (Note 6). The lease agreements provide for rentals equal to or exceeding principal and interest payments due on the related bonds and, in addition, call for certain ground rentals.

5. LEASE AND USE OF AIRPORT FACILITIES (CONTINUED)

Minimum future rentals for leases are as follows:

YEAR	AMOUNT
2015	$85,091
2016	38,942
2017	38,258
2018	17,289
2019	18,276
2020-2024	91,979
2025-2029	74,692
2030-2034	74,654
2035-2039	65,462
2040-2044	7,682
2045-2049	7,682
2050-2054	7,682
2055-2059	7,682
Total	$535,371

6. LONG-TERM DEBT

Long-term debt information and activity for fiscal year 2014 is as follows:

	ORIGINAL ISSUE AMOUNT	INTEREST RATES	BALANCE JULY 1, 2013	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2014	AMOUNTS DUE WITHIN ONE YEAR
Airport Revenue Bonds:							
Series 2002	$23,150	3.25 - 5.50%	$440		$440		
Series 2003A	21,030	4.00 - 5.25%	6,320		2,010	$4,310	$2,105
Series 2008A	90,375	3.75 - 5.00%	41,370		13,180	28,190	13,685
Series 2010A	30,290	4.46 - 5.02%	30,290			30,290	
Series 2010B	159,340	3.00 - 5.75%	152,950		3,250	149,700	1,795
Series 2011A-1	57,825	3.00 - 6.00%	56,240		5,655	50,585	8,330
Series 2011A-2	32,030	3.00 - 5.50%	26,405		4,250	22,155	4,415
Series 2011B	17,600	4.50 - 5.00%	17,600			17,600	
Series 2011C	22,040	5.00%	22,040			22,040	
Series 2011D	41,170	4.00 - 5.25%	41,170			41,170	
Total	494,850		394,825		28,785	366,040	30,330
Special Facilities Revenue Bonds:							
Series 2003	45,000	4.5%	45,000			45,000	45,000
Note Payable	11,500	Variable	11,434			11,434	11,434
Unamortized bond premiums			10,278		1,618	8,660	
Total bonds and note payable	551,350		461,537		30,403	431,134	86,764
Other liabilities:							
Compensated absences			1,559	$365	324	1,600	529
Total other liabilities			1,559	365	324	1,600	529
Total long-term debt	$551,350		$463,096	$365	$30,727	$432,734	$87,293

Interest expense includes amortization of deferred charges on refunding for fiscal years 2014 and 2013 of $1,301 and $1,584, respectively, and amortization of the net premium of $1,618 and $1,756, respectively.

6. LONG-TERM DEBT (CONTINUED)

Airport Revenue Bonds – These bonds were issued for airfield and terminal building improvements and expansion of Airport parking capacity. The bond resolution contains a rate covenant which requires collection of rentals and charges for the use of the airports so that the Authority will be financially self-sufficient and the revenues produced will be sufficient to pay principal, interest, and premium, if any, when due. The Authority may issue additional airport revenue bonds, subject to historical and future revenue tests.

Special Facilities Revenue Bonds – Special Facilities Revenue Bonds – Series 1993 were issued to fund construction of an aircraft maintenance hangar, corporate hangar, and apron area for FedEx Express.

The Authority issued $45,000 in Special Facilities Bonds, Refunding Series 2003. These bonds were used to refund the Special Facilities Revenue Bonds, Series 1993. The bonds are due July 1, 2014 and bear interest at 4.5 percent payable semi-annually. Costs of issuance were paid by the lessee. No gain or loss resulted from this refunding and no effect on the Authority's cash flows resulted from the refunding as rents charged the lessee pay the debt service on the bonds. The bonds are payable solely by rentals from the facilities. Rents collected by the trustee are sufficient to pay debt service and certain administrative and trustee costs. See Note 3 regarding the Special Facilities Bonds receivable which is restricted for repayment of the principal portion of the debt.

Line of Credit – In April 2013, the Authority consolidated all lines of credit and obtained a $45,000 revolving line of credit with a bank. The purpose for this line of credit is to provide temporary funding for the purchase of leaseholds and property for airfield expansion and cash flow for other certain capital projects. The amount available on this line of credit is reduced by the $11,434 outstanding note payable, leaving $33,566 available for draw down at June 30, 2014.

Note Payable - On July 12, 2011, the Authority drew on the $45,000 line of credit and entered into a note payable with an original amount of $11,500 to purchase lease holds on currently owned property for airfield expansion. The note is renewable on December 31, 2014 and bears interest at a rate of 30 day LIBOR plus 1.83 percent. The Authority has paid $66 towards principal through fiscal year 2014 leaving a balance of $11,434 at June 30, 2014.

6. LONG-TERM DEBT (CONTINUED)

Maturities of Bond Debt and Interest Payable – Maturities and interest payments of long-term debt are as follows:

YEAR	SPECIAL FACILITIES REVENUE BONDS	AIRPORT REVENUE BONDS	INTEREST PAYMENTS
2015	$45,000	$30,330	$19,729
2016		32,350	17,184
2017		21,210	15,523
2018		22,230	14,424
2019		23,740	13,229
2020-2024		140,090	44,809
2025-2029		69,305	11,134
2030-2034		10,415	5,445
2035-2039		13,300	2,494
2040		3,070	77
Total	$45,000	$366,040	$144,048

The special facilities and airport revenue bonds are subject to optional redemption at a premium over no greater than a five-year period prior to maturity. Bond resolutions provide that airport revenues are to be used to satisfy debt service requirements of the airport revenue bonds and general operation and maintenance costs of the airport, respectively. The special facilities and airport revenue bonds are not an obligation of any other governmental unit.

7. CONDUIT DEBT

The conduit debt obligation is a special limited obligation of the Authority, payable solely from and secured by pledges of rentals to be received from lease agreements the Authority has secured with Pinnacle Airlines. The bonds do not constitute a debt or pledge of the faith and credit or net revenues of the Authority, the City, the County or the State. Accordingly, this debt has not been reported in the accompanying financial statements. The Authority has facilitated the issuance of the following series of conduit debt:

	AMOUNT OUTSTANDING AS OF JUNE 30,	
DESCRIPTION	**2014**	**2013**
Special Facilities Revenue Bonds - Refunding Series 1997		
Issued in the amount of $3,160 bearing interest at 6.125 percent, due in full on December 1, 2016. Proceeds used to refund bonds previously issued to finance the cost of the acquisition and construction of certain aircraft maintenance and repair facilities for Pinnacle Airlines and are payable solely from and are secured by a pledge of rental payments to be received from lease agreements and an Unconditional Guaranty. Pinnacle Airlines defaulted on the December 1, 2012 principle and interest payment and filed for Chapter 11 backruptcy on April 1, 2013.	$1,480	$1,480
TOTAL	$1,480	$1,480

8. CAPITAL CONTRIBUTIONS

The Authority has received capital contributions by means of Federal and State grants and other Federal agreements as follows:

	2014	2013
Federal grants	$20,525	$36,794
State grants	4,366	817
Total Federal and State grants	24,891	37,611
Federal agreements	28	368
Total Capital Contributions	$24,919	$37,979

9. DEFINED BENEFIT RETIREMENT PLANS

General – The Authority participates in the City of Memphis Retirement System (the "City Plan"). Although the Authority is a separate entity, plan benefits have not been allocated to employees of the Authority. Consequently, disclosures herein follow the guidelines for cost-sharing multiple employer public employee retirement systems. The City Plan was established under Chapter 25, Code of Ordinances, City of Memphis, Tennessee, and is administered by a Board of Administration under the direction of the Mayor. The City Plan is included in the City's basic financial statements as a pension trust fund. That report may be obtained by writing to the City of Memphis, Comptroller's Office, 125 N. Main Street, Memphis, TN 38103.

Plan Description – Substantially all full-time salaried employees are required to participate in one of two contributory defined benefit pension plans (the "Plans"). Plan A is for salaried employees hired before July 1, 1978 and Plan B is for salaried employees hired thereafter. Hourly employees are eligible for coverage under a supplemental retirement plan based on their wages under the Federal Insurance Contribution Act ("Social Security"). The Authority's payroll for employees covered by the plans was $16,681 and $17,009 for fiscal years 2014 and 2013, respectively. Total payroll was $20,603 and $20,524 for the same two periods.

The Plans provide retirement benefits as well as death and disability benefits. Retirement benefits vest after ten years of service. General employees under Plan A may retire after completion of twenty-five years of service or, if earlier, after age sixty and completion of ten years of service. Under Plan B, general employees may retire after meeting any of the following schedules:

1. After age sixty and the completion of ten years of service
2. After age sixty-five and the completion of five years of service
3. After twenty-five years of service

Funding Policy - Plan members are required to contribute 5 percent under Plan A and 8 percent under Plan B of their annual covered salary and the Authority is required to contribute at an actuarially determined rate, which was 6 percent for fiscal year 2014. The contribution requirements of Plan members and the Authority are established and may be amended by the Board of Administration. The Authority's contributions to the Plan for fiscal years 2014, 2013, and 2012 were $1,001, $1,014, and $972, respectively, equal to the required contributions for each year.

10. DEFINED CONTRIBUTION PLAN

On July 1, 1999, the Authority established and is administrator of the Memphis-Shelby County Airport Authority Supplemental Defined Contribution Plan that was designed to meet the requirements of Code Section 401(a). The Metropolitan Airport Authority Act assigns the ability to establish and amend the provisions of the Supplemental Defined Contribution Plan. All participants in the Supplemental Defined Contribution Plan are also participants in the City Plan. The purpose of the supplemental plan is to provide supplemental retirement benefits to participants in addition to the benefits provided by the City Plan. The Authority makes contributions on a discretionary basis. The amount of contributions expensed for fiscal years 2014 and 2013 was $720 and $737, respectively. Since the plan assets are held in trust for the benefit of the plan members, the related assets of the plan are not included in the accompanying statements of net position. At June 30, 2014 and 2013, the fair value of the plan assets was $15,220 and $13,196, respectively. There is no separate, audited postemployment benefit plan report available for the defined contribution postemployment plan.

11. DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, administered by the Authority and 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 plan has been amended to meet the enacted requirements of Internal Revenue Code Section 457. The amended plan provides that assets or income of the plan shall be used for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of administration of the plan. Since the assets of the amended plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, the related assets of the plan are not included in the accompanying statements of net position. At June 30, 2014 and 2013, the fair value of the plan assets was $7,230 and $6,943, respectively.

12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

In addition to the pension benefits described in Notes 9 and 10, the Authority provides post-retirement health care benefits to all employees who retire from the Authority under the provisions of the City Plan. The Board, in conjunction with the City, has established benefit provisions and contribution obligations. Currently, 149 employees are eligible for post-employment benefits. The plan provides 80% of the cost of certain health care and life insurance coverage to retirees. The Authority accounts for the cost of these benefits as a cost-sharing employer under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* ("GASB No 45"). Expenses for post-employment health care benefits are recognized when premiums are incurred. Premiums are determined on a contract basis with the City. Expenses for fiscal years 2014, 2013, and 2012 were $1,153, $995 and $892, respectively which were equal to the required contributions. The Authority has no liability for premiums due at June 30, 2014 and 2013.

The other post-employment benefits plan is included in the City's basic financial statements as a pension trust fund. That report may be obtained by writing to the City of Memphis, Comptroller's Office, 125 N. Main Street, Memphis, TN 38103.

13. RELATED PARTIES AND MAJOR CUSTOMERS

The City provided fire protection and other services to the Authority at a cost of $3,630 for fiscal years 2014 and 2013.

The Authority receives a large portion of its operating revenues from two airlines, FedEx Express and Delta Air Lines. Rentals, landing fees, and other revenues from these two airlines were approximately 59 percent of operating revenues for fiscal years 2014 and 2013.

14. COMMITMENTS AND CONTINGENCIES

The Authority's construction projects are estimated at $282,674, of which $214,518 has been expended through June 30, 2014. Of the remaining $68,156 expected to be spent, the outstanding commitments were $50,461 at June 30, 2014, related primarily to terminal apron reconstruction, parking garage improvements, CCTV and access control system and airfield improvements. The remaining commitments relate to projects to be funded from Airport Expansion funds included in restricted assets (Note 3) and Federal grants.

Amounts received or receivable from grantor agencies are subject to audit by the grantor agencies, principally the Federal government. Disallowed expenditures, if any, may constitute a liability of the applicable funds. The Authority is not aware of any disallowed expenditures at this time.

14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

In December 2009, the Authority was served with a class action alleging violations of the Fair Credit Reporting Act ("FCRA") and the Fair and Accurate Credit Transaction Act ("FACTA") in the Authority's public parking operations. The complaint alleged statutory violations but no actual harm to any plaintiff or plaintiffs. In July 2011, the Court approved a settlement between the parties that requires the Authority to provide five dollar vouchers (with a maximum of six vouchers to be given to any one applicant) to qualified applicants and will provide a two dollar discount on the economy parking charge from the Authority's GTC until $725 has been paid out through a combination of vouchers and discounts. The Authority accrued a $1,000 settlement amount in fiscal year 2010 and paid $275 in plaintiff attorney fees and $5 to the named plaintiff in fiscal year 2011. As of June 30, 2014, the total amount of this settlement obligation has been met.

It is the opinion of management that, based on the information presently available, no matters will have a material adverse effect upon the financial position or results of operations of the Authority.

15. SUBSEQUENT EVENT

In October 2014, the Authority issued a $7,000 Memphis-Shelby County Airport Authority Revenue Note, Subordinate Series ("Note"). The Note matures October 2029 and bears interest at 4.48 percent. The Note was issued to reimburse costs related to the improvements to certain existing airport fueling facilities and the proceeds were used to offset the existing note receivable of $6,677 outstanding at June 30, 2014. The Note is secured by general airport revenues collected from airport operations.

SUPPLEMENTAL SCHEDULES

Supplemental schedules, although not necessary for fair presentation of financial position and results of operation in conformity with generally accepted accounting principles, are often included to provide additional information.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF NET POSITION INFORMATION BY AIRPORT

JUNE 30, 2014, WITH COMPARATIVE TOTALS FOR 2013
($ IN THOUSANDS)

	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	2014 Total	2013 Total
ASSETS					
CURRENT ASSETS					
UNRESTRICTED ASSETS					
Cash	$43,453	$2	$5	$43,460	$34,584
Investments					750
Accounts receivable	6,414		5	6,419	6,353
Accrued interest receivable					1
Materials and supplies inventory	1,573	70	61	1,704	1,755
Prepaid expenses	2,474	21	16	2,511	2,573
Grants receivable		24	24	48	19
Total current unrestricted assets	53,914	117	111	54,142	46,035
RESTRICTED ASSETS					
Cash	82,095			82,095	84,926
Investments	3,608			3,608	21,146
Accrued interest receivable	572			572	735
Capital contribution receivable	5,035	1,080	937	7,052	9,689
Special facilities rent receivable	46,012			46,012	
Total current restricted assets	137,322	1,080	937	139,339	116,496
TOTAL CURRENT ASSETS	191,236	1,197	1,048	193,481	162,531
NON-CURRENT ASSETS					
UNRESTRICTED ASSETS					
Note receivable	6,677			6,677	
Total non-current unrestricted assets	6,677			6,677	
RESTRICTED ASSETS					
Investments	45,873			45,873	35,284
Special facilities rent receivable					43,762
Total non-current restricted assets	45,873			45,873	79,046
CAPITAL ASSETS					
Land and improvements	160,754	479	1,261	162,494	160,780
Avigation easements	43,703			43,703	43,703
Depreciable capital assets (less accumulated depreciation of $813,425 and $765,334)	717,662	603	3,229	721,494	753,943
Construction in progress	28,861			28,861	33,343
Total capital assets, net	950,980	1,082	4,490	956,552	991,769
TOTAL NON-CURRENT ASSETS	1,003,530	1,082	4,490	1,009,102	1,070,815
TOTAL ASSETS	$1,194,766	$2,279	$5,538	$1,202,583	$1,233,346
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refundings	$4,491			$4,491	$5,792
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$4,491			$4,491	$5,792

	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	2014 Total	2013 Total
LIABILITIES					
CURRENT LIABILITIES					
Payable from unrestricted assets					
Accounts payable	$3,681	$4		$3,685	$4,503
Accrued expenses	2,783			2,783	2,871
Due to (from) other airports	(6,607)	2,266	$4,341		
Current portion - compensated absences	527	1	1	529	383
Total payable from unrestricted assets	384	2,271	4,342	6,997	7,757
Payable from restricted assets					
Construction contracts payable	3,137			3,137	4,682
Accrued interest payable	10,309			10,309	10,827
Current maturities of long-term debt	86,764			86,764	28,785
Total payable from restricted assets	100,210			100,210	44,294
TOTAL CURRENT LIABILITIES	100,594	2,271	4,342	107,207	52,051
NON-CURRENT LIABILITIES					
Lease revenue received in advance	68,667			68,667	70,207
Compensated absences	1,013	29	29	1,071	1,176
Bonds and note payable	344,370			344,370	432,752
TOTAL NON-CURRENT LIABILITIES	414,050	29	29	414,108	504,135
TOTAL LIABILITIES	$514,644	$2,300	$4,371	$521,315	$556,186
NET POSITION					
Net investment in capital assets	587,680	1,082	4,490	593,252	588,115
Restricted					
Capital acquisition	59,582	1,080	937	61,599	69,153
Unrestricted	37,351	(2,183)	(4,260)	30,908	25,684
TOTAL NET POSITION	$684,613	($21)	$1,167	$685,759	$682,952

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INFORMATION BY AIRPORT
YEAR ENDED JUNE 30, 2014, WITH COMPARATIVE TOTALS FOR 2013
($ IN THOUSANDS)

	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	2014 Total	2013 Total
OPERATING REVENUES					
Airfield	$45,362	$289	$860	$46,511	$44,828
Terminal building	30,976			30,976	32,795
Ground transportation	22,431			22,431	20,421
Other aviation areas	3,986	113	126	4,225	4,840
Non-aviation areas	9,308	1		9,309	9,582
Total operating revenues	112,063	403	986	113,452	112,466
OPERATING EXPENSES					
Airfield	9,195	329	754	10,278	10,338
Terminal building	12,991			12,991	14,622
Ground transportation	3,904			3,904	4,411
General administration	16,862	240	274	17,376	18,549
Police	8,146			8,146	7,337
Field shop	1,701			1,701	1,638
Other aviation areas	244	1	4	249	171
Non-aviation areas	972			972	983
Total operating expenses before depreciation	54,015	570	1,032	55,617	58,049
DEPRECIATION	64,846	226	298	65,370	59,600
OPERATING LOSS	(6,798)	(393)	(344)	(7,535)	(5,183)
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment income	2,495			2,495	2,012
Interest expense	(21,425)			(21,425)	(22,705)
Customer facility charges	5,330			5,330	5,119
Insurance proceeds					269
Operating grants		24	24	48	48
Gain (loss) on sale of capital assets	(1,025)			(1,025)	21
Total non-operating expenses, net	(14,625)	24	24	(14,577)	(15,236)
LOSS BEFORE CAPITAL CONTRIBUTIONS	(21,423)	(369)	(320)	(22,112)	(20,419)
CAPITAL CONTRIBUTIONS	23,269	1,077	573	24,919	37,979
CHANGE IN NET POSITION	1,846	708	253	2,807	17,560
TOTAL NET POSITION, BEGINNING OF YEAR	682,767	(729)	914	682,952	665,392
TOTAL NET POSITION, END OF YEAR	$684,613	($21)	$1,167	$685,759	$682,952

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF
CASH FLOWS INFORMATION BY AIRPORT

YEAR ENDED JUNE 30, 2014, WITH COMPARATIVE TOTALS FOR 2013
($ IN THOUSANDS)

				2014	2013
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$108,201	$405	$990	$109,596	$111,594
Cash paid to suppliers for goods and services	(29,026)	(231)	(580)	(29,837)	(32,067)
Cash paid to employees for services	(26,163)	(184)	(185)	(26,532)	(26,715)
Net cash provided by (used in) operating activities	53,012	(10)	225	53,227	52,812
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Operating grants received		9	10	19	145
Net cash provided by non-capital financing activities		9	10	19	145
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the sale of capital assets	9			9	21
Acquisition and construction of capital assets	(32,036)	1	(591)	(32,626)	(74,926)
Principal paid on long-term debt and notes payable	(28,785)			(28,785)	(26,515)
Interest paid on long-term debt	(22,366)			(22,366)	(23,377)
Capital contributions received	27,221	(1)	336	27,556	43,589
Customer facility charges	5,330			5,330	5,119
Proceeds from insurance					269
Net cash used in capital and related financing activities	(50,627)		(255)	(50,882)	(75,820)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in notes receivable	(6,677)			(6,677)	
Purchase of investment securities	(24,573)			(24,573)	(21,684)
Proceeds from sales and maturities of investment securities	31,841			31,841	57,790
Interest and dividends on investments	3,090			3,090	2,840
Net cash provided by investing activities	3,681			3,681	38,946
NET CHANGE IN CASH	6,066	(1)	(20)	6,045	16,083
CASH, BEGINNING OF YEAR	119,482	3	25	119,510	103,427
CASH, END OF YEAR	$125,548	$2	$5	$125,555	$119,510
CASH, END OF YEAR CONSISTS OF					
Unrestricted	$43,453	$2	$5	$43,460	$34,584
Restricted	82,095			82,095	84,926
CASH, END OF YEAR	$125,548	$2	$5	$125,555	$119,510

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF
CASH FLOWS INFORMATION BY AIRPORT (CONTINUED)

YEAR ENDED JUNE 30, 2014, WITH COMPARATIVE TOTALS FOR 2013
($ IN THOUSANDS)

	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	2014 Total	2013 Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating loss	($6,798)	($393)	($344)	($7,535)	($5,183)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	64,846	226	298	65,370	59,600
Provision for uncollectible accounts receivable	463	2	1	466	26
(Increase) decrease in assets:					
Receivables	(2,785)		3	(2,782)	642
Materials and supplies inventory	88	(13)	(24)	51	108
Prepaid expenses	64	(1)	(1)	62	142
Increase (decrease) in liabilities:					
Accounts payable	(818)			(818)	(721)
Accrued expenses	(1,587)			(1,587)	(1,802)
Transfer between airports for operating activities	(461)	169	292		
Net cash provided by (used in) operating activities	$53,012	($10)	$225	$53,227	$52,812

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF OPERATING REVENUES
BY SOURCE BY AIRPORT

YEAR ENDED JUNE 30, 2014, WITH COMPARATIVE TOTALS FOR 2013
($ IN THOUSANDS)

	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	2014 Total	2013 Total
AIRFIELD					
Landing fees - signatory	$32,726			$32,726	$31,102
Landing fees - non-signatory	3,589			3,589	5,044
Apron fees	2	$2	$6	10	759
Fuel flow fees - fixed base operations	192	287	854	1,333	194
Ground rentals - fixed base operations	1,092			1,092	602
Ground rentals - airlines	7,761			7,761	6,173
Other					954
Total	45,362	289	860	46,511	44,828
TERMINAL BUILDING					
Space rental - airlines	23,017			23,017	22,729
Concessionaires - food and beverages	1,330			1,330	1,997
Concessionaires - other	1,601			1,601	2,379
Shared tennant - telephone system	314			314	328
Other commissions, fees, etc.	1,147			1,147	990
Debt service rental	3,567			3,567	4,372
Total	30,976			30,976	32,795
GROUND TRANSPORTATION					
Public parking	12,940			12,940	10,994
Employee parking	951			951	1,453
Rental car agencies and other	8,540			8,540	7,974
Total	22,431			22,431	20,421
OTHER AVIATION AREAS					
Building rentals - fixed base operations		3		3	412
Building rentals - airlines	10			10	370
Building rentals - others		86	108	194	194
Cargo building rentals - airlines	773			773	602
Cargo building rentals - other	265			265	267
Fuel farm - airlines	10			10	10
Fuel farm - others	8			8	8
Ground rentals - airlines	941			941	975
Ground rentals - others	1,979	24	18	2,021	2,002
Total	3,986	113	126	4,225	4,840
NON-AVIATION AREAS					
Rental - commercial sites	2,437			2,437	767
Special facilities and other restricted lease income	4,275			4,275	5,775
Other	2,596	1		2,597	3,040
Total	9,308	1		9,309	9,582
TOTAL OPERATING REVENUES	$112,063	$403	$986	$113,452	$112,466

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES
BY SOURCE BY AIRPORT

YEAR ENDED JUNE 30, 2014, WITH COMPARATIVE TOTALS FOR 2013
($ IN THOUSANDS)

	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	2014 Total	2013 Total
AIRFIELD					
Airfield maintenance and operations	$5,876	$329	$754	$6,959	$6,949
Salaries and employee benefits	3,319			3,319	3,389
Total	9,195	329	754	10,278	10,338
TERMINAL BUILDING					
Terminal shop maintenance and operations	6,911			6,911	8,444
Steam and refrigeration	208			208	226
Salaries and employee benefits	5,610			5,610	5,667
Shared tenant - telephone systems	219			219	162
Customer service operations	43			43	123
Total	12,991			12,991	14,622
GROUND TRANSPORTATION					
Public parking - operations	1,652			1,652	2,883
Employee parking - operations	268			268	1,080
Taxicab operations	369			369	415
Salaries and employee benefits	1,615			1,615	33
Total	3,904			3,904	4,411
GENERAL ADMINISTRATION					
General - non-departmental	5,331	53	86	5,470	1,794
General - departmental	1,540			1,540	5,646
Telephone	151	3	3	157	250
Salaries and employee benefits	9,840	184	185	10,209	10,859
Total	16,862	240	274	17,376	18,549
POLICE					
Airport police operations	1,214			1,214	1,095
Salaries and employee benefits	6,658			6,658	5,882
Operation coordinators	274			274	360
Total	8,146			8,146	7,337
FIELD SHOP					
Field and paint shop maintenance and operations	1,012			1,012	983
Salaries and employee benefits	689			689	655
Total	1,701			1,701	1,638
OTHER AVIATION AREAS					
Cargo building complexes	71			71	13
Other aviation areas	173	1	4	178	158
Total	244	1	4	249	171
NON-AVIATION AREAS	972			972	983
Total Operating Expenses Before Depreciation	54,015	570	1,032	55,617	58,049
DEPRECIATION	64,846	226	298	65,370	59,600
TOTAL OPERATING EXPENSES	$118,861	$796	$1,330	$120,987	$117,649

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF DEBT SERVICE REQUIREMENTS – CASH BASIS
YEAR ENDED JUNE 30, 2014 ($ IN THOUSANDS)

AIRPORT REVENUE BONDS

Fiscal Year	Series 2003A	Series 2008A	Series 2010A	Series 2010B	Series 2011A-1	Series 2011A-2	Series 2011B	Series 2011C
2015	$2,276	$15,062	$1,514	$10,050	$10,778	$5,453	$851	$1,102
2016	2,263	15,198	1,515	10,268	10,931	5,447	852	1,102
2017			1,514	13,723	12,138	5,445	852	1,102
2018			1,515	20,632	5,173	5,422	852	1,102
2019			1,514	20,589	5,109	3,211	852	3,734
2020			1,515	20,561	4,468		852	6,949
2021			1,514	20,531	4,458		852	6,939
2022			1,515	20,496	4,484		852	6,934
2023			1,514	20,465	2,807		2,792	
2024			1,515	20,439			5,606	
2025			1,514	20,409			5,596	
2026			1,515	13,327			5,586	
2027			1,514					
2028			3,181					
2029			3,179					
2030			3,177					
2031			3,175					
2032			3,169					
2033			3,173					
2034			3,166					
2035			3,168					
2036			3,165					
2037			3,160					
2038			3,154					
2039			3,147					
2040			3,147					
Total	4,539	30,260	60,849	211,490	60,346	24,978	26,395	28,964
Less interest	229	2,070	30,559	61,790	9,761	2,823	8,795	6,924
Principal payments	$4,310	$28,190	$30,290	$149,700	$50,585	$22,155	$17,600	$22,040

The schedule of debt service requirements presents principal and interest when due.

		Special Facilities Bonds	
Series 2011D	Total	Series 2003	Total of All Bonds
$1,959	$49,045	$46,012	$95,057
1,959	49,535		49,535
1,959	36,733		36,733
1,959	36,655		36,655
1,959	36,968		36,968
1,959	36,304		36,304
1,959	36,253		36,253
4,319	38,600		38,600
9,292	36,870		36,870
9,315	36,875		36,875
9,275	36,794		36,794
9,267	29,695		29,695
6,074	7,588		7,588
	3,181		3,181
	3,179		3,179
	3,177		3,177
	3,175		3,175
	3,169		3,169
	3,173		3,173
	3,166		3,166
	3,168		3,168
	3,165		3,165
	3,160		3,160
	3,154		3,154
	3,147		3,147
	3,147		3,147
61,255	509,076	46,012	555,088
20,085	143,036	1,012	144,048
$41,170	$366,040	$45,000	$411,040

STATISTICAL SECTION

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.

CONTENTS **PAGE**

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
OPERATING REVENUES, EXPENSES AND CHANGES IN NET POSITION
LAST TEN YEARS ($ IN THOUSANDS)

	2014	2013	2012	2011
OPERATING REVENUES				
Airfield	$46,511	$44,828	$44,728	$45,130
Terminal	30,976	32,795	31,336	30,911
Ground transportation	22,431	20,421	19,593	20,877
Other aviation areas	4,225	4,840	4,911	5,419
Non-aviation areas	9,309	9,582	10,239	9,423
	113,452	112,466	110,807	111,760
OPERATING EXPENSES				
Airfield	10,278	10,338	9,936	10,417
Terminal building	12,991	14,622	14,713	14,337
Ground transportation	3,904	4,411	4,523	4,287
General administration	17,376	18,549	16,119	15,943
Police	8,146	7,337	7,172	7,304
Field shop	1,701	1,638	1,592	1,679
Other aviation areas	249	171	183	317
Non-aviation areas	972	983	939	654
TOTAL	55,617	58,049	55,177	54,938
DEPRECIATION AND AMORTIZATION[1]	65,370	59,600	57,707	57,067
OPERATING INCOME (LOSS)	(7,535)	(5,183)	(2,077)	(245)
NON-OPERATING REVENUE (EXPENSE)				
Interest and investment income	2,495	2,012	2,261	2,697
Customer facility charge	5,330	5,119	5,151	4,911
Insurance proceeds		269	1,388	
Operating grants	48	48	116	123
Gain (loss) on disposal/sale of capital assets	(1,025)	21	124	(2,592)
Total Non-Operating Revenue	6,848	7,469	9,040	5,139
Interest expense	(21,425)	(22,705)	(23,536)	(25,772)
TOTAL	(14,577)	(15,236)	(14,496)	(20,633)
LOSS BEFORE CONTRIBUTIONS AND EXTRAORDINARY ITEM	(22,112)	(20,419)	(16,573)	(20,878)
CAPITAL CONTRIBUTIONS	24,919	37,979	49,831	42,578
EXTRAORDINARY ITEM			(873)	(139)
CHANGE IN NET POSITION	$2,807	$17,560	$32,385	$21,561

(1) Amounts prior to 2012 include amortization of bond issue costs. Bond issue costs were fully expensed in 2012 upon implementation of GASB Statement No. 65.

2010	2009	2008	2007	2006	2005
$44,329	$44,712	$46,875	$46,867	$48,013	$48,769
29,935	29,123	29,929	28,728	29,287	29,659
20,726	20,970	23,740	23,317	21,850	18,972
5,485	5,409	4,473	4,986	4,824	4,562
8,807	7,738	6,530	8,736	7,041	6,431
109,282	107,952	111,547	112,634	111,015	108,393
10,033	9,977	10,421	10,396	8,265	7,149
13,898	14,059	14,122	12,533	12,538	12,158
4,230	4,257	4,322	4,492	4,045	4,516
15,372	13,697	14,668	13,852	15,551	11,967
6,934	5,625	5,690	4,373	4,432	4,497
1,607	1,618	1,819	1,161	1,478	1,436
231	204	143	174	76	62
765	745	724	4,505	410	217
53,070	50,182	51,909	51,486	46,795	42,002
55,940	52,908	49,230	50,464	44,264	44,463
272	4,862	10,408	10,684	19,956	21,928
2,900	8,251	11,977	11,138	8,149	5,830
4,559	4,758	5,938	1,323		
203	1,902				
26	1,127	867	171	163	118
175	(7,165)	69			
7,863	8,873	18,851	12,632	8,312	5,948
(28,679)	(31,313)	(32,074)	(33,255)	(34,847)	(34,118)
(20,816)	(22,440)	(13,223)	(20,623)	(26,535)	(28,170)
(20,544)	(17,578)	(2,815)	(9,939)	(6,579)	(6,242)
53,353	44,444	27,547	49,532	26,042	24,337
$32,809	$26,866	$24,732	$39,593	$19,463	$18,095

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NET POSITION
LAST TEN YEARS ($ IN THOUSANDS)

	FY2014	FY2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
Net investment in capital assets	$593,252	$588,115	$546,075	$494,311	$457,560	$438,852	$407,677	$383,985	$351,896	$333,199
Restricted for:										
Debt Service									102,440	100,086
Capital Acquisitions	61,599	69,153	93,457	118,699	135,975	123,059	128,607	126,566	12,814	16,115
Total Restricted	61,599	69,153	93,457	118,699	135,975	123,059	128,607	126,566	115,254	116,201
Unrestricted	30,908	25,684	25,860	24,645	22,559	21,374	20,135	21,136	24,944	23,231
Total Net Position	$685,759	$682,952	$665,392	$637,655	$616,094	$583,285	$556,419	$531,687	$492,094	$472,631

Fiscal year 2012 was restated due to the implementation of GASB Statements No. 63 and 65.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
PASSENGER ENPLANEMENTS MARKET SHARE
LAST TEN YEARS

	FY 2014		FY 2013		FY 2012		FY 2011	
AIRLINE	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share
DOMESTIC								
Delta Air Lines (1)	684,134	35.0%	1,052,442	37.9%	1,362,642	34.8%	1,618,758	33.9%
Delta Connection (3)	440,400	22.5%	1,072,225	38.6%	1,728,524	44.0%	2,174,440	45.5%
Southwest (prev AirTran)	238,715	12.2%	152,667	5.5%	141,192	3.6%	125,611	2.6%
United Express(4)	173,925	8.9%	160,714	5.8%	102,186	2.6%	83,593	1.8%
US Airways Express (2)	158,856	8.1%	154,448	5.6%	111,627	2.8%	157,924	3.3%
American Airlines	142,470	7.3%	100,687	3.6%	91,992	2.3%	101,970	2.1%
American Eagle	56,192	2.9%	49,417	1.8%	51,216	1.3%	56,690	1.2%
US Airways	42,191	2.2%	18,335	0.7%	42,705	1.1%	25,706	0.5%
Frontier Airlines	10,214	0.5%		0.0%		0.0%		0.0%
Other (5)	6,372	0.3%	6,519	0.2%	7,048	0.2%	7,841	0.2%
Compass Airlines	264	0.0%	309	0.0%	2,291	0.1%	3,312	0.1%
Continental Express		0.0%		0.0%	59,929	1.5%	88,720	1.9%
Mesaba Airlines		0.0%		0.0%	176,824	4.5%	254,790	5.3%
Northwest Airlines (1) (7)		0.0%		0.0%		0.0%		0.0%
Northwest Airlink		0.0%		0.0%		0.0%		0.0%
TOTAL DOMESTIC	1,953,733	99.9%	2,767,763	99.7%	3,878,176	98.8%	4,699,355	98.4%
INTERNATIONAL								
Delta Airlines	1,131	0.1%	7,105	0.2%	37,952	1.0%	69,536	1.5%
Other (5)	1	0.0%		0.0%		0.0%		0.0%
Jazz Air		0.0%	2,090	0.1%	8,453	0.2%	7,094	0.1%
Northwest Airlines (1)		0.0%		0.0%		0.0%		0.0%
TOTAL INTERNATIONAL	1,132	0.1%	9,195	0.3%	46,405	1.2%	76,630	1.6%
TOTAL ENPLANEMENTS	1,954,865	100.0%	2,776,958	100.0%	3,924,581	100.0%	4,775,985	100.0%
Percent of Total								
U. S. Enplanements (6)		N.A		0.38%		0.54%		0.66%

Source: Memphis-Shelby County Airport Authority, Activity Reports and U.S. Bureau of Transportation

(1) In FY 2009 Delta Air Lines and Northwest Airlines merged effective October 29, 2008. The FAA issued a joint operating certificate on January 1, 2010. Beginning FY 2010 and going forward, information is combined.

(2) For FY 2014 Air Wisconsin, Mesa Airlines, PSA Airlines, Republic Airlines and Virgin Atlantic operated for US Airways Express.

(3) For FY 2014 Chautauqua, Endeavor Air, ExpressJet, Shuttle America and Skywest Airlines operated for Delta Connection.

(4) For FY 2014 ExpressJet, Mesa Airlines, Skywest Airlines and Trans States Airlines operated for United Express.

(5) May include activity by airlines no longer serving Memphis.

(6) Source: FAA, based upon calendar year.

(7) Enplanements for FY 2005 - 2009 were restated to correct a reporting error that excluded certain Northwest Airlines' enplaned passengers from the total enplaned passenger count. The restatements for the period FY 2005 - 2009 resulted in annual enplanement increases that ranged from 154,406 to 190,819 enplanements or 2.8% percent to 3.6% percent of total annual enplanements.

FY 2010		FY 2009		FY 2008		FY 2007		FY 2006		FY 2005	
Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share
1,694,988	34.1%	156,574	3.0%	114,941	2.1%	117,219	2.2%	236,424	4.3%	290,782	5.2%
1,811,359	36.4%	134,903	2.6%	148,248	2.7%	147,769	2.7%	88,954	1.6%	103,104	1.9%
118,513	2.4%	141,882	2.8%	171,915	3.1%	164,148	3.0%	152,708	2.8%	141,971	2.6%
91,720	1.8%	89,635	1.7%	90,968	1.6%	106,929	2.0%	126,241	2.3%	107,055	1.9%
184,710	3.7%	185,549	3.6%	182,051	3.3%	160,884	3.0%	135,979	2.5%	116,757	2.1%
107,778	2.2%	103,182	2.0%	119,890	2.2%	108,941	2.0%	81,847	1.5%	56,671	1.0%
51,536	1.0%	62,396	1.2%	76,459	1.4%	85,030	1.6%	114,738	2.1%	104,648	1.9%
	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
3,356	0.1%	1,720	0.0%	71,976	1.3%	25,470	0.5%	32,912	0.6%	54,107	1.0%
219,873	4.4%	244,394	4.7%	52,854	1.0%		0.0%		0.0%		0.0%
89,891	1.8%	93,126	1.8%	100,285	1.8%	102,943	1.9%	96,419	1.8%	90,320	1.6%
460,854	9.3%	464,190	9.0%	230,836	4.2%	205,045	3.8%	449,224	8.2%	542,082	9.7%
	0.0%	1,767,932	34.3%	2,467,336	44.3%	2,561,041	46.9%	2,545,100	46.1%	2,800,141	50.4%
	0.0%	1,526,245	29.7%	1,542,122	27.6%	1,477,975	27.1%	1,287,585	23.4%	992,367	17.8%
4,834,578	97.2%	4,971,728	96.4%	5,369,881	96.6%	5,263,394	96.7%	5,348,131	97.2%	5,400,005	97.1%
136,030	2.8%		0.0%		0.0%		0.0%		0.0%		0.0%
854	0.0%		0.0%	4	0.0%	122	0.0%	976	0.0%	3,440	0.1%
	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
	0.0%	186,393	3.6%	190,819	3.4%	179,928	3.3%	154,406	2.8%	158,323	2.8%
136,884	2.8%	186,393	3.6%	190,823	3.4%	180,050	3.3%	155,382	2.8%	161,763	2.9%
4,971,462	100.0%	5,158,121	100.0%	5,560,704	100.0%	5,443,444	100.0%	5,503,513	100.0%	5,561,768	100.0%
	0.70%		0.68%		0.70%		0.69%		0.72%		0.75%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
ORIGINATING AND DESTINATION (O&D) AIRLINE PASSENGERS
LAST TEN YEARS (IN THOUSANDS OF PASSENGERS)

FISCAL YEAR	O&D PASSENGERS	TOTAL ENPLANED PASSENGERS (1)	O&D PERCENTAGE
2014	1,754	1,955	89.72%
2013	1,681	2,777	60.53%
2012	1,860	3,925	47.39%
2011	1,942	4,776	40.66%
2010	1,849	4,971	37.20%
2009	1,834	5,158	35.56%
2008	2,116	5,561	38.05%
2007	2,015	5,443	37.02%
2006	1,998	5,504	36.30%
2005	1,969	5,562	35.40%

Source: Memphis-Shelby County Airport Authority Finance Division

(1) Enplanements for FY 2005-2009 were restated to correct a reporting error that excluded certain Northwest Airlines' enplaned passengers from the total enplaned passenger count. The restatements for the period FY 2005-2009 resulted in annual enplanement increases that ranged from 154,406 to 190,819 enplanements or 2.8% to 3.6% of total annual enplanements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
COST PER ENPLANED PASSENGER
LAST TEN YEARS

	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
Average Cost per Enplaned Passenger	$11.76	$10.48	$6.75	$5.23	$4.81	$4.81	$4.76	$4.75	$5.07	$6.38

Fiscal years 2005 - 2009 have been restated to reflect changes in cost allocation and enplanement data to the airlines.

Enplanements for FY 2005 - 2009 were restated to correct a reporting error that excluded certain Northest Airlines' enplaned passengers from the total enplaned passenger count. The restatements for the period FY 2005 - 2009 resulted in annual enplanement increases that ranged from 154,406 to 190,819 enplanement or 2.8% to 3.6% of total annual enplanements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
CARGO MARKET SHARE ENPLANED
LAST TEN YEARS (IN THOUSANDS OF POUNDS)

	FY2014		FY2013		FY2012		FY2011	
AIRLINE	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share
DOMESTIC FREIGHT								
FedEx Express	4,508,238	93.6%	4,334,362	93.8%	4,146,509	92.6%	4,098,243	93.1%
United Parcel Service	32,929	0.7%	32,548	0.7%	35,022	0.8%	34,867	0.8%
ABX (prev Airborne Express)	5,920	0.1%	3,278	0.1%	5	0.0%		0.0%
Mountain Air	3,244	0.1%	2,814	0.1%	6,064	0.1%	8,439	0.2%
Delta Airlines (1)	1,228	0.0%	1,345	0.0%	1,440	0.0%	1,752	0.0%
Air Transport Int'l (prev BAX Global)	769	0.0%		0.0%	325	0.0%	1,703	0.0%
Baron Aviation	577	0.0%	616	0.0%	825	0.0%	1,123	0.0%
Other (2)	338	0.0%	190	0.0%	227	0.0%	1,042	0.0%
Capital Cargo International Airlines		0.0%	3,171	0.1%	5,412	0.1%	4,106	0.1%
Atlas Air		0.0%	1,581	0.0%	1,784	0.0%		0.0%
DHL		0.0%		0.0%	174	0.0%	98	0.0%
Northwest (1)		0.0%		0.0%		0.0%		0.0%
Northwest Airlink		0.0%		0.0%		0.0%		0.0%
Total Domestic Freight	4,553,243	94.5%	4,379,905	94.8%	4,197,787	93.6%	4,151,373	94.2%
INTERNATIONAL FREIGHT								
FedEx Express	258,257	5.4%	240,092	5.2%	286,484	6.4%	249,999	5.7%
Atlas Air	1,740	0.0%	900	0.0%	1,006	0.0%		0.0%
Other (2)	47	0.0%	264	0.0%	1,375	0.0%	2,540	0.1%
Northwest (1)		0.0%		0.0%		0.0%		0.0%
Total International Freight	260,044	5.4%	241,256	5.2%	288,865	6.4%	252,539	5.8%
AIR MAIL								
Kalitta Air	3,965	0.1%		0.0%		0.0%	558	0.0%
Delta Airlines (1)	157	0.0%	536	0.0%	522	0.0%	24	0.0%
Other (2)	8	0.0%	3	0.0%	18	0.0%	8	0.0%
American		0.0%		0.0%		0.0%		0.0%
Northwest (1)		0.0%		0.0%		0.0%		0.0%
Northwest Airlink		0.0%		0.0%		0.0%		0.0%
Total Air Mail	4,130	0.1%	539	0.0%	540	0.0%	590	0.0%
TOTAL CARGO ENPLANED	4,817,417	100.0%	4,621,700	100.0%	4,487,192	100.0%	4,404,502	100.0%

Source: Memphis-Shelby County Airport Authority, Activity Reports

(1) In FY 2009 Delta Air Lines and Northwest Airlines merged effective October 29, 2008. The FAA issued a joint operating certificate on January 1, 2010. Beginning FY 2010 and going forward information is combined.

(2) May include activity by airlines no longer servicing Memphis.

FY2010		FY2009		FY2008		FY2007		FY 2006		FY 2005	
Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share
4,064,769	93.8%	3,836,943	93.8%	4,062,354	93.9%	4,099,458	93.9%	3,908,589	93.1%	3,818,706	93.4%
31,504	0.7%	31,126	0.9%	33,282	0.8%	35,693	0.9%	37,256	0.9%	34,589	0.9%
	0.0%	1,815	0.0%	3,891	0.1%	4,159	0.1%	3,275	0.1%	9,594	0.2%
8,390	0.2%	9,766	0.2%	10,890	0.3%	9,404	0.2%	9,256	0.2%	9,804	0.2%
1,761	0.0%	422	0.0%	897	0.0%	1,019	0.0%	2,003	0.0%	1,065	0.0%
4,959	0.1%	7,715	0.3%	11,902	0.3%	12,951	0.3%	13,365	0.3%	13,981	0.3%
1,007	0.0%	782	0.0%	663	0.0%	1,753	0.0%	3,879	0.1%	4,385	0.1%
1,155	0.0%	859	0.0%	1,207	0.0%	1,802	0.0%	7,214	0.2%	8,267	0.2%
	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
45	0.0%	1,763	0.0%	4,896	0.1%	4,280	0.1%	5,125	0.1%	1,723	0.0%
	0.0%	1,993	0.0%	2,878	0.1%	3,100	0.1%	3,010	0.1%	4,183	0.1%
	0.0%	1,028	0.0%	1,047	0.0%	1,140	0.0%	948	0.0%	382	0.0%
4,113,590	94.8%	3,894,212	95.2%	4,133,907	95.6%	4,174,759	95.6%	3,993,920	95.1%	3,906,679	95.4%
216,668	5.0%	189,322	4.6%	180,675	4.2%	176,511	4.0%	192,375	4.6%	178,127	4.4%
	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
3,141	0.1%		0.0%	491	0.0%	635	0.0%	929	0.0%	45	0.0%
	0.0%	3,184	0.1%	4,166	0.1%	4,073	0.1%	3,038	0.1%	3,348	0.1%
219,809	5.1%	192,506	4.7%	185,332	4.3%	181,219	4.1%	196,342	4.7%	181,520	4.5%
2,513	0.1%	3,364	0.1%	5,146	0.1%	10,902	0.3%	6,463	0.2%	4,166	0.1%
10	0.0%		0.0%		0.0%		0.0%	15	0.0%	569	0.0%
4	0.0%	4	0.0%		0.0%	16	0.0%	74	0.0%	356	0.0%
	0.0%		0.0%		0.0%		0.0%	54	0.0%		0.0%
	0.0%	14	0.0%	1	0.0%	16	0.0%	28	0.0%	12	0.0%
	0.0%		0.0%	2	0.0%		0.0%		0.0%		0.0%
2,527	0.1%	3,382	0.1%	5,149	0.1%	10,934	0.3%	6,634	0.2%	5,103	0.1%
4,335,926	100.0%	4,090,100	100.0%	4,324,388	100.0%	4,366,912	100.0%	4,196,896	100.0%	4,093,302	100.0%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
LANDED WEIGHTS
LAST TEN YEARS (IN THOUSANDS OF POUNDS)

	FY 2014		FY 2013		FY 2012		FY 2011	
AIRLINE	**Landed Weight**	**Share**	**Landed Weight**	**Share**	**Landed Weight**	**Share**	**Landed Weight**	**Share**
MAJOR/NATIONAL								
Delta Air Lines (1)	860,822	3.5%	1,311,874	5.3%	1,728,281	6.8%	2,149,196	8.3%
Southwest (prev AirTran)	266,256	1.1%	169,552	0.7%	149,272	0.6%	144,040	0.5%
American Airlines	205,238	0.8%	171,615	0.7%	164,922	0.6%	170,958	0.7%
US Airways	54,453	0.2%	26,498	0.1%	65,867	0.3%	38,041	0.1%
Other (2)	11,276	0.0%		0.0%		0.0%		0.0%
Continental		0.0%		0.0%		0.0%	314	0.0%
Northwest Airlines (1)		0.0%		0.0%		0.0%		0.0%
TOTAL MAJOR/NATIONAL	1,398,045	5.6%	1,679,539	6.8%	2,108,342	8.3%	2,502,549	9.6%
REGIONAL								
Delta Connection	595,916	2.4%	711,160	2.9%	1,159,341	4.3%	1,529,387	5.9%
United Express	191,264	0.8%	191,758	0.8%	123,459	0.5%	105,827	0.4%
US Airways Express	178,709	0.7%	185,167	0.7%	125,387	0.5%	173,839	0.7%
American Eagle	68,326	0.3%	65,346	0.3%	67,914	0.3%	72,938	0.3%
SeaPort Airlines	16,681	0.1%	16,896	0.1%	19,650	0.1%	29,783	0.1%
Other (2)	4,215	0.0%	6,077	0.0%	20,723	0.1%	22,665	0.1%
Compass	601	0.0%	671	0.0%	3,143	0.0%	4,419	0.0%
Pinnacle Airlines		0.0%	604,896	2.4%	887,230	3.5%	1,094,151	4.2%
Mesaba		0.0%		0.0%	219,909	0.9%	343,398	1.3%
Continental Express		0.0%		0.0%	72,070	0.3%	107,315	0.4%
TOTAL REGIONAL	1,055,712	4.3%	1,781,971	7.2%	2,698,826	10.5%	3,483,722	13.4%
CARGO								
FedEx Express	22,082,525	88.8%	21,043,094	84.8%	20,417,765	80.0%	19,693,988	75.8%
United Parcel Service	194,184	0.8%	201,225	0.8%	196,229	0.8%	213,317	0.8%
ABX (Airborne Express)	63,672	0.3%	37,456	0.1%	283	0.0%	272	0.0%
Kalitta Air	20,790	0.1%		0.0%	630	0.0%	18,292	0.1%
Mountain Air Cargo	14,706	0.1%	14,763	0.1%	22,934	0.1%	31,859	0.1%
Atlas Air	10,656	0.0%	15,984	0.1%	15,750	0.1%		0.0%
Other (2)	8,422	0.0%	6,973	0.0%	7,759	0.0%	12,808	0.0%
Air Transport Int'l (fmr BAX Global)	5,488	0.0%		0.0%	6,119	0.0%	17,752	0.1%
DHL (formerly Menlo/Emery		0.0%		0.0%	3,025	0.0%	1,925	0.0%
Capital Cargo International Airlines		0.0%	21,607	0.1%	46,900	0.2%	36,392	0.1%
TOTAL CARGO	22,400,443	90.1%	21,341,102	86.0%	20,717,394	81.2%	20,026,605	77.0%
TOTAL LANDED WEIGHTS	24,854,200	100.0%	24,802,612	100.0%	25,524,562	100.0%	26,012,876	100.0%

(1) In FY 2009 Delta Air Lines and Northwest Airlines merged effective October 29, 2008. The FAA issued a joint operating certificate on January 1, 2010. Beginning FY 2010 and going forward information is combined.

(2) May include activity by airlines no longer serving Memphis.

Source: Finance Division

FY 2010		FY 2009		FY 2008		FY 2007		FY 2006		FY 2005	
Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share
2,286,928	9.0%	221,502	0.9%	156,997	0.6%	169,367	0.6%	343,854	1.4%	386,830	1.5%
155,168	0.6%	180,752	0.7%	216,006	0.8%	209,664	0.8%	182,650	0.7%	182,208	0.7%
201,177	0.8%	201,814	0.8%	202,135	0.7%	193,212	0.7%	142,037	0.5%	104,428	0.4%
	0.0%	340	0.0%		0.0%		0.0%		0.0%		0.0%
	0.0%		0.0%	131,606	0.5%	21,077	0.1%	23,108	0.1%	30,631	0.1%
	0.0%	402	0.0%	1,178	0.0%	1,630	0.0%	9,070	0.0%	26,074	0.1%
	0.0%	2,520,905	9.7%	3,471,984	13.0%	3,667,471	13.8%	3,645,688	14.0%	4,173,077	16.3%
2,643,273	10.4%	3,125,715	12.1%	4,179,906	15.6%	4,262,421	16.0%	4,346,407	16.7%	4,903,248	19.1%
36,097	0.1%	111,405	0.4%	192,716	0.7%	198,730	0.8%	114,966	0.4%	137,817	0.5%
57,020	0.2%	123,576	0.5%	127,824	0.5%	142,229	0.5%	178,181	0.7%	145,972	0.6%
188,601	0.6%	204,376	0.8%	205,199	0.8%	110,895	0.4%	110,849	0.4%	75,204	0.3%
73,288	0.3%	94,952	0.4%	108,876	0.4%	117,541	0.4%	141,608	0.5%	126,356	0.5%
	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
356,036	1.4%	3,924	0.0%	41,200	0.2%	111,543	0.4%	91,756	0.4%	126,093	0.5%
268,217	1.1%	310,386	1.2%	66,811	0.2%		0.0%		0.0%		0.0%
1,900,981	7.5%	1,971,362	7.6%	1,861,435	6.9%	1,838,734	7.0%	1,696,089	6.6%	1,365,679	5.4%
602,973	2.4%	677,205	2.6%	338,724	1.3%	293,391	1.1%	548,226	2.1%	646,572	2.5%
119,785	0.5%	128,614	0.5%	134,570	0.5%	136,581	0.5%	122,303	0.5%	133,742	0.5%
3,602,998	14.1%	3,625,800	14.0%	3,077,355	11.5%	2,949,644	11.1%	3,003,978	11.6%	2,757,435	10.8%
18,904,542	74.2%	18,739,254	72.4%	19,111,270	71.3%	18,899,281	71.1%	18,098,283	69.7%	17,398,021	68.0%
199,060	0.8%	209,284	0.8%	190,606	0.7%	152,691	0.6%	153,161	0.6%	140,871	0.5%
	0.0%	28,538	0.1%	25,908	0.1%	26,961	0.1%	34,861	0.1%	81,589	0.3%
12,780	0.1%	22,905	0.1%	36,360	0.1%	101,880	0.4%	54,720	0.2%	39,735	0.2%
32,844	0.1%	32,165	0.1%	32,618	0.1%	27,023	0.1%	29,803	0.1%	47,887	0.2%
	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
32,577	0.1%	15,450	0.1%	19,381	0.1%	27,504	0.1%	120,821	0.5%	127,911	0.5%
42,540	0.2%	59,990	0.2%	76,557	0.3%	76,568	0.3%	78,262	0.3%	84,380	0.3%
2,636	0.0%	24,219	0.1%	42,876	0.2%	41,358	0.2%	39,734	0.2%	13,584	0.1%
	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
19,226,979	75.5%	19,131,805	73.9%	19,535,576	72.9%	19,353,266	72.9%	18,609,645	71.7%	17,933,978	70.1%
25,473,250	100.0%	25,883,320	100.0%	26,792,837	100.0%	26,565,331	100.0%	25,960,030	100.0%	25,594,661	100.0%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRCRAFT OPERATIONS (1)
LAST TEN YEARS

FISCAL YEAR	MAJOR/ NATIONALS	REGIONAL	CARGO	GENERAL AVIATION	MILITARY	TOTAL
2014	20,994	42,634	128,746	28,683	1,925	222,982
2013	25,340	70,396	125,364	26,236	1,292	248,628
2012	32,190	106,014	125,526	27,491	1,562	292,783
2011	37,942	139,370	125,438	25,968	1,542	330,260
2010	40,842	144,704	122,222	25,193	1,284	334,245
2009	48,580	146,026	124,564	27,897	1,413	348,480
2008	66,978	132,242	131,006	40,583	1,541	372,350
2007	68,730	129,254	135,882	42,999	1,622	378,487
2006	70,622	132,662	136,244	48,185	1,692	389,405
2005	81,854	124,394	134,486	50,523	1,454	392,711

Source: Memphis-Shelby County Airport Authority, Activity Reports

(1) Takeoffs and Landings

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
DEBT SERVICE COVERAGE
LAST TEN YEARS ($ IN THOUSANDS)

	FY2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
REVENUES (as defined in bond indenture)										
Airfield	$46,511	$44,828	$44,728	$45,130	$44,329	$44,712	$46,875	$46,867	$48,013	$48,769
Terminal building	30,976	32,795	31,336	30,911	29,935	29,123	29,929	28,728	29,287	29,659
Ground transportation	22,431	20,421	19,593	20,877	20,726	20,970	23,740	23,317	21,850	18,972
Other aviation areas	4,225	4,840	4,911	5,419	5,485	5,409	4,473	4,986	4,824	4,562
Non-aviation areas	9,309	9,534	10,239	9,423	8,807	7,738	6,530	8,736	7,041	6,431
Application of prior year surplus	6,192	4,832	4,793	3,065	5,209	4,849	6,107	6,171	5,148	3,653
Coverage carryforward	12,207	11,201	9,651	12,000	11,000	11,000	9,780	9,780	9,780	9,280
TOTAL	131,851	128,451	125,251	126,825	125,491	123,801	127,434	128,585	125,943	121,326
OPERATING EXPENSES										
Airfield	10,278	10,338	9,936	10,417	10,033	9,977	10,421	10,396	8,265	7,149
Terminal building	12,991	14,622	14,713	14,337	13,898	14,059	14,122	12,533	12,538	12,158
Ground transportation	3,904	4,411	4,523	4,287	4,230	4,257	4,322	4,492	4,045	4,516
General administration	17,376	18,549	16,119	15,943	15,372	13,697	14,668	13,852	15,551	11,967
Police	8,146	7,337	7,172	7,304	6,934	5,625	5,690	4,373	4,432	4,497
Field shop	1,701	1,638	1,592	1,679	1,607	1,618	1,819	1,161	1,478	1,436
Other aviation areas	249	171	183	317	231	204	143	174	76	62
Non-aviation areas	972	983	939	654	765	745	724	4,505	410	217
TOTAL	55,617	58,049	55,177	54,938	53,070	50,182	51,909	51,486	46,795	42,002
Net Revenues Before Adjustment	76,234	70,402	70,074	71,887	72,421	73,619	75,525	77,099	79,148	79,324
Restricted interest earnings and other (a)	2,282	1,789	1,961	2,173	2,356	3,190	5,074	5,464	4,499	3,674
Other revenue	48	317	1,504	123	229	3,029	936	531	530	569
Capital outlay	(822)	(1,326)	(2,302)	(1,907)	(1,038)	(2,570)	(2,525)	(2,333)	(1,924)	(2,273)
Debt service on 1993 special facilities bonds	(5,815)	(5,815)	(5,815)	(5,811)	(5,811)	(5,775)	(4,525)	(4,525)	(4,525)	(4,525)
Notes payable principal and interest	(232)	(297)	(198)	(89)	(203)	(263)	(40)	(352)	(658)	(525)
Net Revenues (b)	$71,695	$65,070	$65,224	$66,376	$67,954	$71,230	$74,445	$75,884	$77,070	$76,244
DEBT SERVICE REQUIREMENT										
Airport Revenue Bonds (c)	$47,256	$49,121	$48,525	$49,925	$52,567	$55,236	$55,322	$55,361	$56,747	$57,067
General Obligation Bonds				2,130	2,124	2,124	2,315	3,989	3,927	3,843
TOTAL DEBT SERVICE (d)	$47,256	$49,121	$48,525	$52,055	$54,691	$57,360	$57,637	$59,350	$60,674	$60,910
Coverage ratio - general and airport revenue bonds	152%	132%	134%	133%	129%	129%	135%	137%	136%	134%
Coverage ratio - all bonds (e)	N/A	N/A	N/A	128%	124%	124%	129%	128%	127%	125%

Source: Financial statements of the Authority and revenue bond official statements

(a) Restricted interest earnings represents earnings on current debt service fund and operating funds. Other includes operating grant income and in FY 2013 also includes $269 of insurance proceeds from reimbursement on the flooding at General DeWitt Spain Airport.

(b) Net revenues have been calculated in accordance with definitions in the basic revenue bond resolutions.

(c) Debt service portion payable from net revenues.

(d) Excludes amounts paid with capitalized interest.

(e) Special Facilities Revenue bonds are secured and payable from rentals equal to the debt service on the bonds. Debt service on these bonds is not payable from general revenues and, accordingly, does not enter into these coverage ratio calculations.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
RATIO OF ANNUAL BOND DEBT SERVICE TO TOTAL EXPENSES EXCLUDING DEPRECIATION AND AMORTIZATION
LAST TEN YEARS (IN THOUSANDS)

	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
Principal	$30,142	$28,733	$27,782	$29,020	$29,166	$29,355	$27,628	$28,213	$28,059	$26,937
Interest (1)	17,114	20,388	20,743	23,035	25,525	28,005	30,009	31,137	32,615	33,973
TOTAL DEBT SERVICE (2)	$47,256	$49,121	$48,525	$52,055	$54,691	$57,360	$57,637	$59,350	$60,674	$60,910
Total Expenses	$143,437	$140,333	$137,169	$137,777	$137,689	$141,568	$133,210	$135,205	$125,906	$120,583
Less Depreciation and Amortization and Gain or Loss on Property Disposals	(66,395)	(59,579)	(57,583)	(59,659)	(55,765)	(60,073)	(49,161)	(54,167)	(44,202)	(44,463)
Add Principal	30,142	28,733	27,782	29,020	29,166	29,335	27,628	28,213	28,059	26,937
Add Net Capitalized Interest	106	242	710	1,435	617					1,627
TOTAL GENERAL EXPENDITURES	$107,290	$109,729	$108,078	$108,573	$111,707	$110,830	$111,677	$109,251	$109,763	$104,684
RATIO OF DEBT SERVICE TO EXPENDITURES	44.0%	44.8%	44.9%	47.9%	49.0%	51.7%	51.6%	54.3%	55.3%	58.2%

Source: Authority bond amortization scheduled and audited financial statements

(1) Excludes capitalized interest paid from bond proceeds during construction.

(2) Includes all bond debt except the Special Facilities Bonds.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT REVENUE BOND DEBT PER ENPLANED PASSENGER
LAST TEN YEARS (IN THOUSANDS)

	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
Airport Debt (1)	$386,134	$416,537	$444,809	$459,292	$492,481	$488,025	$517,073	$541,224	$570,560	$598,872
Enplaned Passengers (2)	1,955	2,777	3,925	4,776	4,971	5,158	5,561	5,443	5,504	5,562
Airport Revenue Bond Debt per Enplaned Passenger	$198	$150	$113	$96	$99	$95	$93	$99	$104	$108

(1) Debt reported for FY 2005 - FY 2013 was restated to include all debt net of related premiums, excluding Special Facilities Bonds.

(2) Enplanements for FY 2005 - FY 2009 were restated to correct a reporting error that excluded certain Northwest Airlines' enplaned passengers from the total enplaned passenger count. The restatements for the period FY 2005 - 2009 resulted in annual enplanement increases that ranged from 154,406 to 190,819 enplanements or 2.8% percent to 3.6% percent of total annual enplanements.

Descriptions of the uses of proceeds from the Authority's outstanding bond issues are summarized below.

AIRPORT REVENUE BONDS

Series 2011A-1 and A-2 - The bonds were issued to provide funds for the purpose of refunding portions of the 1999E and 2001A ($60,085 and $38,700 respectively). See Series 1999E and 2001A below.

Series 2011A, B, and C – The bonds were issued to provide funds for the purpose of refunding portions of the 1999D, 2001A and 2001B ($17,080, $21,490 and $42,380 respectively). See Series 1999D, 2001A and 2001B below.

Series 2010A – The bonds were issued to fund a portion of the costs of construction, acquisition and equipping of Checkpoint B Renovations and the GTC.

Series 2010B – The bonds were issued to provide funds for the purpose of refunding portions of the 1999D and 1999E bonds outstanding ($160,525 and $1,455 respectively). See Series 1999D and 1999E below.

Series 2008A – The bonds were issued to provide funds for the purpose of refunding all Series 1999A and 1999B bonds outstanding ($87,751) at date of refunding (March 2008). See Series 1999A and B below.

Series 2003A – The bonds were issued to provide funds for the purpose of refunding a portion of the Series 1993 Bonds. The Series 1993 bonds were issued to provide funds for the purpose of refunding the outstanding principal balance of the Series 1985 Bonds; which were issued to fund airfield improvements including runway paving and lighting, airfield drainage improvements, airfield maintenance facility and fencing; terminal improvements including passenger hold rooms and baggage claim improvements for both the Authority and tenants and a hydrant fueling system; and ground transportation site preparations.

Series 2002 – The bonds were issued to provide funds for the purpose of refunding a portion of the Series 1993B and all of Series 1994A Bonds. The proceeds of the 1993B bonds were issued to provide funds for the purpose of refunding a portion of the Series 1988 Bonds. The proceeds of the 1994A bonds were issued to finance the construction and related costs of certain capital improvements to the passenger terminal facilities, roadways, parking lots and taxiways.

Series 2001A and B – The proceeds of this bond issue were used to finance the construction, reconstruction and extension of runways and taxiways, acquisition of property for noise mitigation, replacement of airport signage, property acquisition and clearing, expansion of the parking garage and employee parking lot, the acquisition and implementation of an automated vehicle identification system, roadway improvements, construction of terminal improvements, a walkway connector, baggage system improvements and other airline tenant finishes at the Airport, construction of facilities for air cargo and airline ground service equipment and other associated projects at the Airport including the replacement and upgrade of two cooling plants and the relocation of an airport maintenance shop.

Series 1999E - The bonds were issued to provide funds for the purpose of refunding the Series 1991 Bonds. The proceeds of the Series 1991 Bonds were used to finance the completion of certain taxiway construction projects and the installation of an improved access control system to enhance Airport security.

Series 1999D - The proceeds of this bond issue were used to finance the extension of Taxiway N to the south end of Runway 18R-36L, construction of an aircraft apron at the south end of Taxiway N, reconstruction of Taxiway M as a temporary runway and connecting taxiways, reconstruction of Taxiway Z and T, construction of high-speed exits from Runway 9-27, enlarge the airfield maintenance facility and to acquire property for airport development in the airfield area. Repairs in the parking garage and upper level terminal drive were projects for the ground transportation area. Terminal projects include constructing a walkway connecting Concourses B and C, constructing additional gates to accommodate regional jets, construct space for airline clubs and concessions and other tenant improvements.

Funds were also used for the following airline-related improvements: finish and equip 23 regional jet gates on Concourses A and C, upgrade the flight information display system and gate check-in facilities on Concourse B, finish and equip the new Northwest World Club, renovate and expand the apron control, upgrade passenger check-in computers, expand baggage sort system and install and equip additional ticket counters for Northwest Airlines. For other airline tenants, renovate existing ticket and baggage claim facilities in Terminal C for joint use, expand hold room space and install some jet bridges in Concourse C.

Series 1997A - The bonds were issued to provide funds for the purpose of refunding a portion of the Series 1988 Bonds, which were used for ongoing expansion and modification of the airports as outlined in a master plan adopted by the Authority in 1986. This bond issue funded airfield, terminal building, and airline projects.

Airfield projects involve the following taxiway construction and improvements: acquisition of 37 acres of land for future development, including planned third parallel north-south runway; construction of a second east-west taxiway south of the passenger terminal; reconstruction of taxiways along the east and south edges of the terminal aircraft parking apron; reconstruction of the taxiway paralleling runway 9-27; construction of holding aprons and bypass taxiways for runway 18R-36L; and a taxiway extension to ease traffic to and from the FedEx apron.

In the terminal area, the following improvements have been made: installation of additional electrical supply and chiller equipment; removal and treatment of asbestos; repair of the existing two levels of the garage; and design of additional curbside roadways.

Funds were also used for the following airline-related improvements: enlargement of certain passenger hold rooms; general improvements to passenger hold rooms; an airline club room; restrooms at the east and west concourses; construction of bridge connectors between the concourses; enlargement and remodeling of airlines operations offices and ticketing and baggage service counters; installation of various airlines equipment and fixtures and aircraft loading bridges; installation of electrical equipment and a hydrant fuel supply facility; construction of a maintenance and storage facility; and a storage and distribution warehouse for then Northwest Airlines.

SPECIAL FACILITIES REVENUE BONDS

Series 2003 - The bonds were issued to provide funds for the purpose of refunding the outstanding principal balance of the Series 1993B Bonds, which were issued to construct an aircraft maintenance facilities, a corporate aviation hanger, and a ramp extension at the Airport.

Series 2002 - The bonds were issued to provide funds for the purpose of refunding the outstanding principal balance of the Series 1992 Bonds, which were issued to refund the 1982A and 1982C Bonds, which were issued to finance facilities and equipment for the handling and sorting of packages at FedEx's central sorting facility.

Series 1997, dated November 1 - The bonds were issued to provide funds for the purpose of refunding the outstanding principal balance of the Series 1986 Bonds, which were issued to construct a maintenance facility for Pinnacle Airlines.

Series 1997, dated July 15 - The bonds were issued to provide funds for the purpose of refunding the outstanding principal balance of the Series 1982B Bonds, which were issued to finance facilities and equipment for the handling and sorting of packages at FedEx's central sorting facility. Primary additions were container and package handling equipment, document sorting equipment, an engine maintenance facility, an aircraft hanger, a back-up power system, a fire protection system, concrete ramp reinforcement and waterway stabilization, modification to a flight training facility, and miscellaneous related equipment.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
TEN LARGEST EMPLOYERS - METROPOLITAN STATISTICAL AREA(1)
CURRENT YEAR AND TEN YEARS AGO

Name of Employer [2]	Number of Employees [2]	Percentage of Largest Emloyees	Number of Employees [2]	Percentage of Largest Employees
	2014		2005	
FedEx Corporation	32,000	27.08%	30,000	26.00%
Shelby County Schools	16,000	13.54%	20,440	17.71%
Tennessee State Government	14,400	12.19%	5,247	4.55%
U. S. Government	13,900	11.76%	14,800	12.83%
Methodist Le Bonheur Healthcare	10,175	8.61%	10,000	8.67%
Baptist Memorial Healthcare	8,587	7.27%	8,000	6.94%
City of Memphis	6,848	5.79%	6,680	5.79%
Wal-Mart Stores Inc.	6,000	5.08%	6,500	5.64%
Shelby County Government	5,662	4.79%	7,183	6.23%
Naval Support Activity Mid-South	4,600	3.89%	6,500	5.64%
Total	118,172	100.00%	115,350	100.00%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
POPULATION - METROPOLITAN STATISTICAL AREA (1)

Year [3]	Shelby County	Memphis MSA	Tennessee	United States
1970	722,100	856,800	3,926,000	203,302,000
1980	777,100	938,500	4,591,100	226,546,000
1990	826,300	1,007,300	4,877,200	249,402,000
2000	897,500	1,135,600	5,689,300	281,422,000
2010 Census	927,644	1,239,292	6,346,105	309,050,816
Forecast 2025	892,254	1,402,486	7,130,776	346,407,000

(1) Metropolitan Statistical Area consists of Fayette, Shelby and Tipton Counties, Tennessee; Crittenden County, Arkansas; and Benton, DeSoto, Marshal, Tate and Tunica Counties, Mississippi

(2) Source: Memphis Chamber of Commerce

(3) Source: Tennessee Department of Economic and Community Development, U.S. Department of Commerce, Bureau of the Census, Current Population Reports, 2000, 2010 Census, 2025 Estimates and Projections

CARGO AIRLINES

ABX Air
Air Transport International
Atlas Air
Baron Aviation Services
FedEx
Kalitta Air
Mountain Air Cargo
United Parcel Service, Inc.
U.S. Check

PASSENGER AIRLINES

MAJOR

American Airlines, Inc.
Delta Airlines
Frontier Airlines
Southwest Airlines (prev AirTran Airways)
US Airways

CHARTER

Miami Air International
Mid-South Jets

REGIONAL/COMMUTER

Air Wisconsin dba US Airways Express
Chautaqua Airlines dba Delta Connection
Compass Airlines dba Delta Connection
Endeavor Air, Inc. dba Delta Connection
Envoy Air
ExpressJet dba Delta Connection
ExpressJet dba United Express
Mesa Airlines dba United Express
Mesa Airlines dba US Airways Express
PSA Airlines dba US Airways Express
Republic Airlines dba US Airways Express
Seaport Airlines
Shuttle America dba Delta Connection
Skywest Airlines dba Delta Connection
Skywest Airlines dba United Express
Trans States Airlines dba United Express
Virgin Atlantic dba US Airways Express

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
EMPLOYERS LOCATED ON AIRPORT PROPERTY
JUNE 30, 2014

CONCESSIONAIRES AND TENANTS

Aircraft Services International
Airport Fast Park
Alamo Rent-A-Car
Anton Food
Avis Rent-A-Car
Budget Rent-A-Car
Cockrum Clark Delivery
Delaware North Companies
Dollar Rent-A-Car
Enterprise Rent-A-Car
Flight Support Solutions
Gate Gourmet
Hudson News
Huntleigh USA Corporation
Integrated Airline Services
International Business Services
Interstate Barbeque
Lenny's
National Car Rental
NWA Federal Credit Union
Parking Company of America
Regions
Republic Parking System
Service Master Management
Starbucks
Swissport Fueling
The Hertz Corporation
The Paradies Shops
The Pay Phone Company
Tug Technologies
U S Security Associates
Zoom Systems

CARGO AIRLINES

Baron Aviation
FedEx Express
United Parcel Service

PASSENGER AIRLINES

Air Wisconsin dba US Airways Express
American Airlines
Chautaqua Airlines dba Delta Connection
Compass Airlines dba Delta Connection
Delta Air Lines
Endeavor Air dba Delta Connection
Envoy Air
ExpressJet dba Delta Connection
ExpressJet dba United Express
Frontier Airlines
Mesa Airlines dba United Express
Mesa Airlines dba US Airways Express
PSA Airlines dba US Airways Express
Republic Airlines dba US Airways Express
Seaport Airlines
Shuttle America dba Delta Connection
Skywest Airlines dba Delta Connection
Skywest Airlines dba United Express
Southwest Airlines (prev AirTran Airways)
Trans States Airlines dba United Express
US Airways
Virgin Atlantic dba US Airways Express

OTHER EMPLOYERS

Airserv
AMFA
City of Memphis Fire Department
Federal Aviation Administration
GAT Airline Ground Support
Kanawha Scales
Richards Aviation
Signature Flight Support
Tennessee Air National Guard
Tennessee Technology Center
Transportation Safety Administration
United States Postal Service
Wilson Air Center

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
FULL-TIME EQUIVALENT EMPLOYEES BY COST CENTER
LAST TEN YEARS

Cost Center [1]	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
Terminal Maintenance	75	75	72	60	81	81	81	85	56	56
Airfield Maintenance	65	64	63	74	48	48	48	43	78	84
Administration	69	65	66	67	78	78	78	76	83	83
Police & Operations										
Officers	96	95	94	95	86	86	79	83	57	44
Support Staff	9	9	8	7	12	12	12	10	16	29
General Aviation Airports										
Maintenance	5	5	5	5	3	3	3	3	3	3
Total	319	313	308	308	308	308	301	300	293	299

(1) 2011 employee allocation was updated to reflect change in cost centers.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
INSURANCE IN FORCE
JUNE 30, 2014

Type of Policy	Amount of Policy		Policy Expiration Date	Name of Insurer	Risks Covered
Airport liability (Comprehensive general liability, contractual liability, personal injury liability, and hangar keeper's liability)	$250,000,000	Each Occurrrence Limit	April 1, 2015	Commerce and Industry Insurance Company (AIG)	Personal injury and property damage
	$5,000	Each Occurrence Deductible			
	$100,000	Annual Aggregate Deductible			
Aircraft non-ownership liability	$250,000,000	Each Occurrence	April 1, 2015	Commerce and Industry Insurance Company (AIG)	Personal injury and property damage
	$5,000	Deductible			
Employee Benefits Liability	$1,000,000	Each Employee/Aggregate	April 1, 2015	Commerce and Industry Insurance Company (AIG)	Negligent act, error or omission damages
	$2,500	Deductible			
Automobile Liability	$1,000,000	Each Occurrence CSL Bodily Injury/Property Damage	April 1, 2015	Columbia Insurance Group	Bodily injury and property damage
Property	$800,000,000	Policy Limit	April 1, 2015	FM Global	Building - All risks property damage including business interruption
	$50,000,000	Earth Movement Limit			
	$50,000,000	Flood Limit			
	$5,000,000	Terrorism Limit			
	$25,000	Per Occurrence Deductible, All Other Perils			
	$250,000 + 5% of Values	Earth Movement Deductible			
	$500,000	Flood Deductible			
Crime	$1,000,000	Limit	April 1, 2015	National Union Fire Insurance Company (AIG)	Employee theft, forgery, robbery, and computer fraud
	$10,000	Deductible			
Fiduciary Liability	$3,000,000	Limit	April 1, 2015	National Union Fire Insurance Company (AIG)	Violation of any of the responsibilities, duties or obligations of Fiduciaries
	$0	Deductible			
Employment Practices Liability	$10,000,000	Limit. Shared with POL	April 1, 2015	National Union Fire Insurance Company (AIG)	Wrongful termination, discrimination, sexual harassment and workplace torts
	$75,000	Deductible			
Public Officials Liability	$10,000,000	Limit. Shared with EPL	April 1, 2015	National Union Fire Insurance Company (AIG)	Board of Commissioners, management and professional liability
	$100,000	Deductible			
Cyber Liability	$1,000,000	Aggregate Limit	April 1, 2015	Lloyd's of London Syndicate 3624 (Hiscox)	Cyber protection, hacking business interruption, extortion & breach
	$50,000	Deductible			
Workers Compensation	Statutory	State of TN	April 1, 2015	Companion Commercial Insurance Company via Beacon Aviation	Workers' compensation for on-the-job bodily injuries
Employers Liability	$1,000,000	Bodily Injury by Accident/Disease			
OWNER CONTROLLED INSURANCE PROGRAM - (CONSTRUCTION INSURANCE):					
General Liability	$2,000,000	Per Occurrence	April 25, 2016	Zurich Insurance	Personal injury and property damage
	$4,000,000	General Aggregate			
	$250,000	Each Occurrence Deductible			
Workers compensation	Statutory	State of TN	April 25, 2016	Zurich Insurance	Workers' compensation for on-the-job injuries
	$250,000	Deductible			
Employers Liability	$1,000,000	Bodily Injury by Accident/Disease			
Excess liability insurance	$50,000,000	Per Occurrence	April 25, 2016	Combination of Westchester AWAC & RSUI	Personal injury and property damage
	$50,000,000	General Aggregate			

COMPLIANCE
SECTION

This Section Contains the Single Audit Information,

Which Consists of the Following:

Schedule of Expenditures of Federal and State Awards

Independent Auditors' Report

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2014 ($ IN THOUSANDS)

Grantor/Program Grantor / Pass-Through	Federal CFDA Number	Grant and Contract Number	State Grant and Contract Number	Project Description
FEDERAL AWARDS				
U.S. Department of Transportation				
Federal Aviation Administration (FAA):				
Airport Improvement Programs	20.106	3-47-0049-81-2010		Reconstruct Rwy 9/27 and Assoc Twys, Public Access Improvements, Access Control System Design
		3-47-0049-82-2011		Apron Replacement Design, Reconstruct Rwy 9/27 & Assoc Twys, Public Access Improvements, Assess Control System & CCTV Replacement
		3-47-0049-83-2011		EMAS (Engineered Material Arresting System) Design
		3-47-0049-84-2011		Reconstruct Rwy 9/27 & Assoc Twys, Assess Control System & CCTV Replacement, Public Access Improvements
		3-47-0049-85-2012		Reconstruct Terminal Apron, Assess Control System & CCTV Replacement, EMAS Construction
		3-47-0049-86-2013		Reconstruct Terminal Apron
Total Direct Federal Awards				
FAA through TN Dept of Transportation				
Airport Improvement Programs	20.106	3-47-SBGP-27	AERO-10-150-00	DeWitt Spain - Hangar Infill (2)
		3-47-SBGP-29	AERO-11-134-00	DeWitt Spain - Parking Lot Overlay and Expansion (2)
		3-47-SBGP-29	AERO-11-192-00	DeWitt Spain - 2011 Flood Related Costs
		3-47-SBGP-29	AERO-12-153-00	Charles Baker - New Terminal Design & Engineering
		3-47-SBGP-29	AERO-12-234-00	DeWitt Spain - Hangar 3 Renovations
		3-47-SBGP-31	AERO-13-123-00	DeWitt Spain - Hangar 2 Renovations
		3-47-SBGP-22	AERO-13-197-00	DeWitt Spain - Common Hangar Heaters (2)
		3-47-SBGP-22	AERO-13-208-00	DeWitt Spain - New Hangar (2)
		3-47-SBGP-38	AERO-13-257-00	DeWitt Spain - Terminal Roof Replacement (2)
Total Subrecipient (of Federal Funds) Awards				
Total Federal Awards				
STATE AWARDS				
Tennessee Department of Transportation		79-555-1035-04	AERO-10-112-00	Charles Baker - Obstruction Clearing
		79-555-1704-04	AERO-11-135-00	DeWitt Spain - Security Enhancement (Fence)
		79-555-1708-04	AERO-11-141-00	Charles Baker - Security Systems Upgrade
		79-555-1703-04	AERO-11-137-00	DeWitt Spain - Security Systems Upgrade
		79-555-1716-04	AERO-12-151-00	Charles Baker - Pavement Crack Sealing (3)
		79-555-1717-04	AERO-12-152-00	DeWitt Spain - Pavement Crack Sealing (3)
		79-555-1715-04	AERO-12-150-00	MEM Terminal Switchgear Replacement
		99-555-1721-04	AERO-12-207-00	MEM - Access Control & CCTV
		79-555-1722-04	AERO-12-208-00	Charles Baker - Airfield Lighting Replacement (3)
		79-555-1723-04	AERO-12-209-00	DeWitt Spain - Airfield Lighting Replacement (3)
		79-555-1724-04	AERO-12-210-00	Dewitt Spain - Flood Control Pumping System (3)
		79-555-1726-04	AERO-13-103-00	MEM - NorthEast Territory Expansion & Development (3)
		79-555-0730-04	AERO-13-165-00	Charles Baker - Taxiway Relocation (3)
		79-555-0732-04	AERO-13-207-00	DeWitt Spain - Taxiway Relocation and Runway Extension, Design; Land Acquisition
		79-555-1736-04	GG-1439849	NorthEast Territory Expansion & Development Ph I
		79-555-0739-04	AERO-14-173-00	MEM - Demolition of South Legs of Passenger Concourses
		79-555-0743-04	AERO-14-190-00	MEM - Acquisition of Snow Removal Equipment
		79-555-0742-04	AERO-14-198-00	MEM - Hotel Demolition and Site Improvements
		79-555-0144-04	AERO-14-199-00	Baker - Hangar Restorations
		79-555-0747-04	AERO-14-256-00	MEM - Tenant Relcation Buildout
		79-555-1239-04	AERM-14-336-00	Charles Baker - 2014 Maintenance
		79-555-1239-04	AERM-14-350-00	DeWitt Spain - 2014 Maintenance
Federally Funded Projects, State Participation				
		79-555-1027-04	AERO-10-150-00	DeWitt Spain - Hangar Infill (2)
		79-555-1106-04	AERO-11-134-00	DeWitt Spain - Parking Lot Overlay and Expansion (2)
		79-555-0131-04	AERO-13-197-00	DeWitt Spain - Common Hangar Heaters (2)
		79-555-0133-04	AERO-13-208-00	DeWitt Spain - New Hangar (2)
		79-555-1134-04	AERO-13-257-00	DeWitt Spain - Terminal Roof Replacement (2)
Total State Awards				
TOTAL FEDERAL AND STATE AWARDS				

(1) Grant Expenditures include $231 from prior years; ($86) Federal and $317 State.

(2) Projects with both State and Federal Funding.

(3) Initial grant was issued at 90% State funding; amendments were issued at 95% State funding.

Participation Percentage	Grants as Amended June 30, 2013	Awarded (Reduced)	Total June 30, 2014	Grants Receivable June 30, 2013	Expenditures (1)	Cash Receipts	Grants Receivable June 30, 2014
75%	$16,742		$16,742	$532	$625	$704	$453
75%	16,711		16,711	84	(76)	5	3
75%	638		638	7		7	
75%	17,019		17,019	1,016	2,275	3,291	
75%	31,762		31,762	7,282	335	7,536	81
75%		$34,255	34,255		17,366	14,891	2,475
	82,872	34,255	117,127	8,921	20,525	26,434	3,012
90%	388		388	370		336	34
90%	225	99	324	211	99		310
90%	219		219	19	137		156
90%	150		150	1	17		18
90%	86		86		85		85
90%	18		18		18		18
90%	72		72	8	64		72
90%	180		180		42		42
90%	31		31	4	23		27
	1,369	99	1,468	613	485	336	762
	84,241	34,354	118,595	9,534	21,010	26,770	3,774
90%	270		270				
90%	63		63	63			63
90%	31		31				
90%	32		32				
90%/95%	55	9	64	10	9	10	9
90%/95%	54	10	64	9	10	9	10
90%	750		750		750		750
90%	1,350		1,350	65	323	24	364
90%/95%	450	542	992	1	279		280
90%/95%	450		450				
90%/95%	225	285	510	23	19		42
90%/95%	150	4,850	5,000		100		100
90%/95%	2,613	209	2,822	1	771		772
95%		475	475		73		73
95%		2,150	2,150				
95%		95	95		95		95
95%		734	734		734	734	
95%		1,425	1,425		672		672
95%		238	238		10		10
95%		2,375	2,375		43		43
50%		14	14		14		14
50%		14	14		14		14
5%	2		2	2			2
5%		5	5		5		5
5%	4		4		4		4
5%	10		10		2		2
5%	2		2		2		2
	6,511	13,430	19,941	174	3,929	777	3,326
	$90,752	$47,784	$138,536	$9,708	$24,939	$27,547	$7,100

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Memphis-Shelby County Airport Authority (the "Authority") and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

2. CONTINGENCY

The grant revenue amounts received and expensed are subject to audit and adjustment. If any expenditures are disallowed by the grantor as a result of such an audit, any claim for reimbursement to the grantor 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
Certified Public Accountants and Advisors

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*

The Board of Commissioners and Management
Memphis-Shelby County Airport Authority

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 Memphis-Shelby County Airport Authority (the "Authority") as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 27, 2014.

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 opinions 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 or other matters 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

October 27, 2014

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Independent Auditors' Report on Compliance for the Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

The Board of Commissioners and Management
Memphis-Shelby County Airport Authority

Report on Compliance for the Major Federal Program

We have audited Memphis-Shelby County Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2014. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the 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.

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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, 2014.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

October 27, 2014

Part I - Summary of Audit Results

1. The Independent Auditors' Report on the financial statements of Memphis-Shelby County Airport Authority (the "Authority"), dated October 27, 2014, expressed an unmodified opinion.

2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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* (report dated October 27, 2014).

3. No instances of noncompliance considered material to the financial statements were disclosed by the audit.

4. No significant deficiencies of material weaknesses relating to the audit of the major federal award program are reported in the Independent Auditors' Report on Compliance for the Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 (report dated October 27, 2014).

5. The Independent Auditors' Report on Compliance for the Major Program and on Internal Control Over Compliance Required by OMB Circular A-133, dated October 27, 2014, expressed an unmodified opinion.

6. There were no audit findings relative to the major federal awards program that are required to be reported under Section 510(a) of OMB Circular A-133.

7. The Authority's major program was the Airport Improvement Program (CFDA 20.106).

8. A threshold of $630,000 was used to distinguish between Type A and Type B Programs as those terms are defined in OMB Circular A-133.

9. The Authority qualified as a low-risk auditee as that term is defined in OMB Circular A-133.

Part II – Findings – Financial Statements Audit

None

Part III – Findings and Questioned Costs – Major Federal Awards

None