

2010

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**Memphis-Shelby County
Airport Authority**
MEMPHIS, TENNESSEE

For the Fiscal Years Ended June 30, 2010 and 2009

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, 2010 and 2009
PREPARED BY THE FINANCE DIVISION

Memphis-Shelby County Airport Authority

JUNE 30, 2010

BOARD OF COMMISSIONERS

Arnold E. Perl, Chairman
James J. Keras, Jr., Vice-Chairman
Herbert H. Hilliard, Sr.
Jack Sammons
John W. Stokes, Jr.
Jon K. Thompson
Ruby R. Wharton

OFFICERS AND KEY STAFF MEMBERS

MEMBERS	POSITION
Larry D. Cox, A.A.E.....	President and Chief Executive Officer
Scott A. Brockman, A.A.E.....	Executive Vice President Finance and Administration, COO/Authority Treasurer
John E. Greaud, P.E.	Vice President Operations
Brian L. Kunn, Esquire	General Counsel and Authority Secretary
George E. Mabon, P.H.R.	Vice President Human Resources and Authority Assistant Secretary
Richard V. White, A.A.E.	Vice President Properties and Business Development
Forrest B. Artz, C.P.A.....	Director of Finance, CFO Authority Assistant Treasurer
James A. Hay II	Director of Development
Mahi C. Chambers, C.P.A.	Director of Staff Services
Bobby D. Kellum	Director of Maintenance
Walter T. White, A.A.E.	Director of Operations and Public Safety

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INTRODUCTORY SECTION

This Section Contains the Following Subsections:

Letter of Transmittal and Exhibits

Organizational Chart

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

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November 2, 2010

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, 2010, 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 U.S. generally accepted accounting principles (“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 controls. 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 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, 2009. 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.

Management is required by GAAP to provide a narrative introductory overview and analysis as an accompaniment to the financial statements in the form of the MD&A. This letter of transmittal should be read in conjunction with the 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, PLLC. 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, 2010, 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 unqualified opinion that the Authority’s financial statements for the fiscal year ended June 30, 2010, 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, are reported in the compliance section. 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 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.

Based on the financial accountability the City has over the Authority, the Authority is considered a component unit of the City under the criteria set forth by the Governmental Accounting Standards Board (“GASB”).

The Authority prepares an annual budget on the basis established by the 1973 General Revenue Bond Resolution dated June 15, 1973, as amended and restated, 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

In 2007 the Airport continued to be the single largest economic engine in Memphis, as determined by an economic impact study conducted by the Sparks Bureau of Business and Economic Research at the University of Memphis, dated April 2009. The combined direct expenditures of its FY 2007 cargo and passenger operations and construction projects and expenditures at the Airport totaled nearly \$13.5 billion. This resulted in total output in the Memphis Metropolitan Statistical Area (“MMSA”) of over \$28.6 billion, earnings of nearly \$8.0 billion and the generation of nearly 220,000 jobs. In 2007, the Airport’s impact on total MMSA employment was 1 in 3 jobs, with the largest share of that impact coming from air cargo operations. It was also estimated that approximately 21% of the 2007 enplaned passengers were visitors to the Memphis area.

Four major and fifteen regional scheduled passenger airlines currently serve Memphis International Airport. Delta Air Lines, the largest passenger airline serving Memphis, has been using the Airport as a major transfer hub since 1985 (Northwest Airlines prior to the October 29, 2008 merger with Delta Air Lines). The combination of Delta Airlines and their affiliates comprise 86.9 percent of total enplanements at the airports in FY 2010.

All-cargo air carriers continue to have a significant impact at the Airport, making the Airport one of only a few dual-purpose hub airports in the country. The Airport handled a total of 4.2 million U.S. tons of cargo in 2010. Since 1991, the Airport has continually maintained its #1 ranking in the world for total air cargo handled, according to statistics reported by Airports Council International, Geneva, Switzerland. Nearly 95 percent 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 98.7 percent of all cargo handled at the Airport in fiscal year 2010. This activity keeps the Airport active twenty-four hours a day.

Population and Employment

The Memphis Metropolitan Statistical Area (“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 is estimated to be approximately 1,286,151 at July 1, 2009, which is up 1.3 percent from 2000. Additionally, the population for the MMSA is expected to increase to 1,301,835 by 2014. Shelby County’s estimated population for 2009 is 902,495, which was .5 percent 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 percent 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 affiliated with Major League Baseball’s 2006 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 third 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 Memphis International 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 five 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. The carrying value of all investments approximates their fair value.

Risk Management

It is the policy of the Authority to eliminate or transfer risk where possible. The Authority currently maintains approximately \$1.3 billion of total insurance coverage. For claims arising out of bodily injury or property damage at the Airport, the Authority carries approximately \$524 million of liability insurance. The Authority also has approximately \$800 million of property insurance on airport properties, which includes 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, 2010, 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 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 in the Financial Section for more information.

The Authority also provides a supplemental retirement benefit to all Authority employees that participate 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 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 in the Financial Section for more information.

MAJOR INITIATIVES

Ground Transportation Center (GTC). This project consists generally of the construction of a new 7-level, 5,743 space parking garage and support facilities including a parking office within the new garage and two toll plazas, rental car (RAC) facilities inside the new garage and a quick turnaround (QTA) surface lot and renovations and rehabilitation of the existing garage. Levels 1 and 2 of the new garage will be for RAC operations including 1,220 ready / return spaces, and levels 3 through 7 will provide approximately 4,500 spaces for long-term parking. The Authority estimates the GTC will be placed in service March 2012. As part of the new Parking Garage, certain public access improvements will be constructed including a moving walkway from the new

garage through the center of the existing garage at basement level to the terminal; reconfiguration of ramps and equipment in the existing garage to make room for the moving walkway; and improvements to existing pedestrian tunnels from the existing garage into the terminal. The estimated project cost is \$121.3 million.

Terminal B Checkpoint Expansion. This project will expand and reconfigure the existing Security Checkpoint “B” to accommodate enhanced security scanning equipment to be provided by TSA. To acquire the additional space needed the project will also include the expansion of the A-B Connector, relocation of existing retail and food service vendors, reconfiguration of existing Authority office space, and new passenger access to the baggage claim level. This project is scheduled to be complete by August 2011. The estimated project cost is \$10.4 million.

Reconstruct Runway 9-27 and Associated Runways. This project reconstructed the oldest runway on the airfield. The cost for this project was \$60M and was completed in November 2009. The associated taxiways are scheduled for completion by November 2011.

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, 2009. The Authority has received a Certificate of Achievement for twenty-one consecutive fiscal years from 1989-2009. 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 Finance Division for their help and contributions to its preparation.

Respectfully submitted,



Larry D. Cox, A.A.E.
President
Chief Executive Officer



Scott A. Brockman, A.A.E.
Executive Vice President &
COO, Authority Treasurer



Forrest B. Artz, C.P.A.
Director of Finance & CFO,
Authority Assistant Treasurer

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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

President

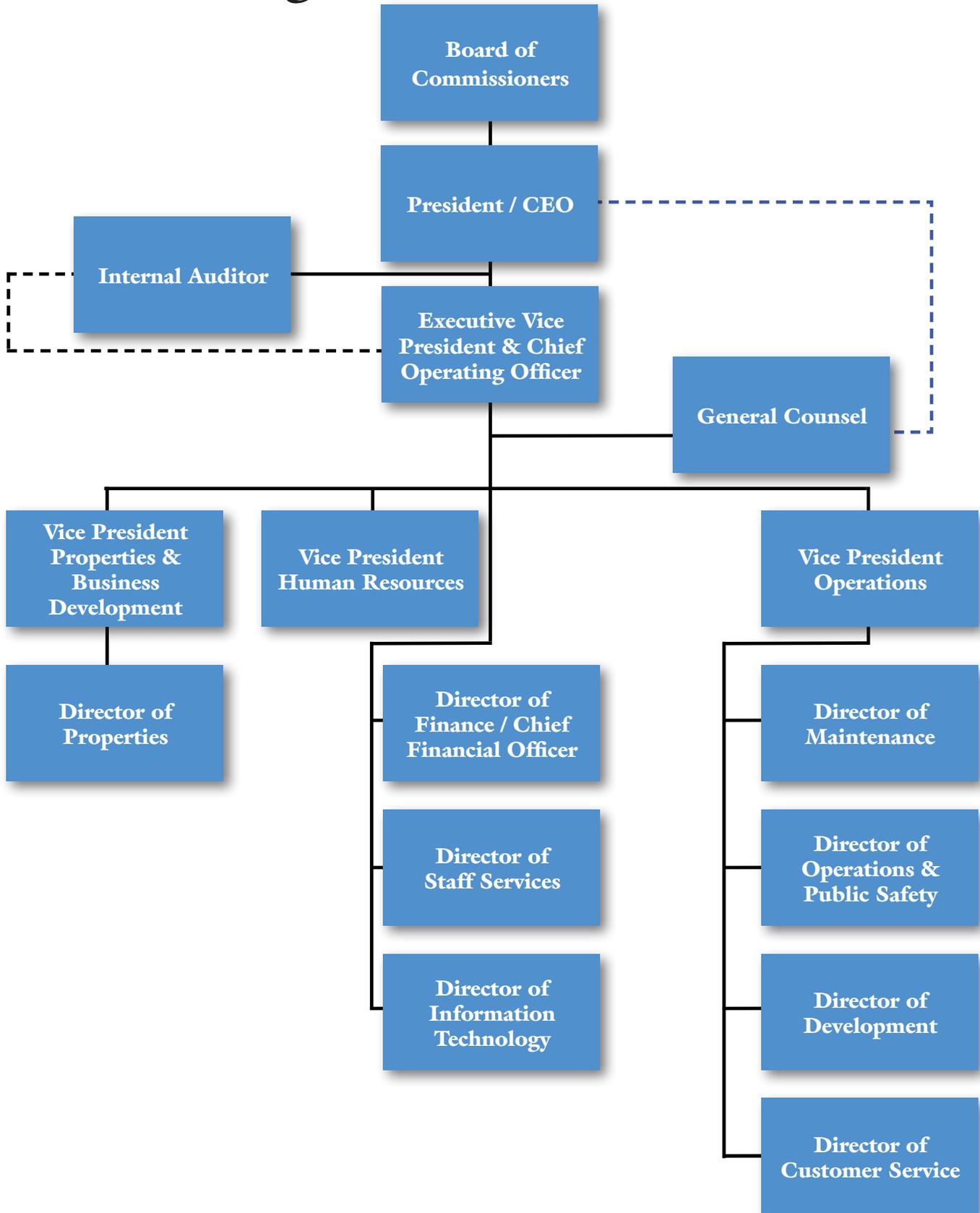
A handwritten signature in black ink that reads "Jeffrey R. Emer".

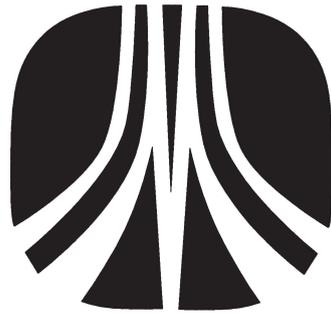
Executive Director



MEMPHIS – SHELBY COUNTY AIRPORT AUTHORITY

Organizational Chart





FINANCIAL SECTION

This Section Contains the Following Subsections:

Independent Auditors' Report

Financial Statements

Supplemental Schedules

Independent Auditors' Report

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

We have audited the accompanying statements of net assets of the Memphis-Shelby County Airport Authority (the "Authority"), a component unit of the City of Memphis, Tennessee, as of June 30, 2010 and 2009, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2010, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements taken as a whole. The accompanying supplemental schedules as listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards as listed in the table of contents is presented for the purpose of additional analysis as required by OMB Circular A-133 and the State of Tennessee and is not a required part of the basic financial statements. The supplemental schedules and the schedule of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

November 2, 2010

Dixon Hughes PLLC

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

The following discussion and analysis of the 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, 2010 and 2009. 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, aviation 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 Assets* presents all of the Authority's assets and liabilities. The difference between assets and liabilities is reported as net assets. Over time, increases or decreases in net assets 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 overall financial position and health of the Authority.

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

The *Statements of Cash Flows* report how cash and cash equivalents were 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 and cash equivalents for the year and the cash and cash equivalents 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.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

- Operating revenues (\$108,352) for fiscal year 2010 were flat when compared to fiscal year 2009 operating revenues (\$107,952).
- Operating expenses, before depreciation and amortization of \$53,070 for fiscal year 2010 increased by 5.8 percent compared to fiscal year 2009 operating expenses.
- The Authority's total net assets at June 30, 2010 were \$616,094. This is an increase of \$32,809 (5.6 percent) over total net assets at June 30, 2009.
- Capital assets, net of accumulated depreciation decreased by \$1,424 mainly due to fiscal year 2010 capital additions, net of approximately \$53,100 offset by current year change in accumulated depreciation of \$54,500.
- The Authority's total outstanding long-term bonds and notes payable, net at June 30, 2010 increased by \$2,044 (.4 percent) compared to June 30, 2009 due to the issuance of Airport Revenue Bonds offset by scheduled debt service payments (principal and interest) made during fiscal year 2010.

FINANCIAL ANALYSIS

At June 30, 2010, the Authority's financial position continued to be strong with total assets of \$1,245,208, total liabilities of \$629,114 and total net assets of \$616,094. A comparative combined condensed summary of the Authority's net assets at June 30, 2010, 2009 and 2008 is as follows:

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY SUMMARY OF NET ASSETS

	2010	JUNE 30, 2009	2008
Assets:			
Current assets	\$ 226,813	\$ 172,659	\$ 196,374
Net capital assets	923,940	925,364	921,792
Other non-current assets	94,455	117,708	111,258
Total assets	1,245,208	1,215,731	1,229,424
Liabilities:			
Current liabilities	54,242	59,057	75,643
Long-term liabilities	574,872	573,389	597,362
Total liabilities	629,114	632,446	673,005
Net assets:			
Invested in capital assets, net of debt	457,560	438,852	407,677
Restricted	135,975	123,059	128,607
Unrestricted	22,559	21,374	20,135
Total net assets	\$ 616,094	\$ 583,285	\$ 556,419

Current assets at June 30, 2010 increased by \$54,154 (31.4 percent) over current assets at June 30, 2009. This increase was primarily due to increased current unrestricted cash and cash equivalents and current restricted investments of approximately \$4,800 and \$58,700, respectively, offset by decreased capital contributions receivable of approximately \$7,600. The increase in cash and cash equivalents and current restricted investments was due to the decision to invest certain restricted assets in investments with shorter maturities; as a result, they were classified as current assets in fiscal year 2010. The decrease in capital contributions receivable resulted 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 \$1,424 in fiscal year 2010 under 2009 due principally to ongoing capital activities of the Authority's capital improvement program. Fiscal year 2010 capital additions, net were approximately \$53,100 offset by the current year change in accumulated depreciation of \$54,500.

Non-current assets, other than capital assets, decreased by \$23,253 principally due to a decrease in investments of \$24,862 and bond issue costs, net of \$641 offset by increased special facilities rent receivable of \$2,250. The decrease in investments was mainly due to the decision to invest certain restricted assets in investments with shorter maturities; as a result, these investments were classified as current assets at fiscal year-end 2010. Bond issue costs decreased due to the annual amortization and recognition of related expenses. The increase in special facilities rent receivable was due to the rent accrual of \$2,250 at June 30, 2010.

Current liabilities decreased from \$59,057 in 2009 to \$54,242 in 2010. The decrease of \$4,815 (8.1 percent) is primarily due to decreases of \$1,523 and \$3,108 for construction accounts payable and funds held for others, respectively. These decreases are mainly due to the completion of the runway 9/27 reconstruction project and the TnANG base relocation project.

Long-term liabilities at June 30, 2010 were \$574,872, an increase of \$1,483 over fiscal year 2009 (\$573,389). The increase is mainly due to the increase of bonds and notes payable of \$2,044, the increase of settlement costs of \$645 offset by the decrease in deferred lease revenue of \$1,296. The increase in bonds and notes payable is due to the issuance of \$189,630 of Airport Revenue Bonds Series 2010 A and B offset by the payment of scheduled principal payments of approximately \$28,800 on outstanding Airport Revenue Bonds, General Obligation Bonds and notes payable, the payment to refund \$161,980 of certain Airport Revenue Bonds Series 1999 D and E and the change in bond premium and deferred amounts on refunded bonds of \$3,124 during the fiscal year. The decrease in deferred lease revenue represents the annual amount amortized to recognize rental revenue from FedEx Corporation related to the prior TnANG facility.

The largest portion of the Authority's net assets (74.3 percent of total net assets for 2010) 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 its passengers, visitors and tenants of the airport; accordingly, these assets are not available for future spending.

Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operations, since the capital assets themselves are not used to liquidate these liabilities.

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUMMARY OF NET ASSETS (CONTINUED)**

The Authority's restricted net assets (22.1 percent of total net assets for 2010) 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 assets, of \$22,559 in 2010 compared to \$21,374 for 2009, may be used for any lawful purpose of the Authority.

The primary sources of Authority operating revenues are from landing fees, terminal area use charges, rents and concession revenues. These revenues fund the Authority's operating expenses and debt service requirements. A comparative condensed summary of the Authority's Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2010, 2009 and 2008 is as follows:

SUMMARY OF CHANGES IN NET ASSETS

	2010	2009	2008
Operating revenues	\$ 108,352	\$ 107,952	\$ 111,547
Operating expenses	(53,070)	(50,182)	(51,909)
Operating income before depreciation and amortization	55,282	57,770	59,638
Depreciation and amortization	(55,940)	(52,908)	(49,230)
Operating income (loss)	(658)	4,862	10,408
Non-operating income	8,793	16,038	18,851
Non-operating expense	(28,679)	(38,478)	(32,074)
Loss before capital contributions	(20,544)	(17,578)	(2,815)
Capital contributions	53,353	44,444	27,547
Increase in net assets	\$ 32,809	\$ 26,866	\$ 24,732

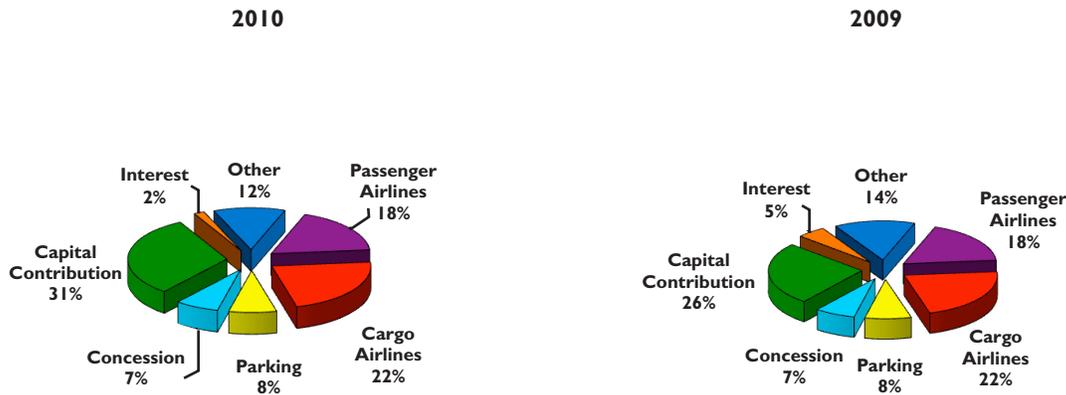
MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY REVENUES

The following table presents revenue by major source for the years ended June 30, 2010, 2009 and 2008 and the pie charts show the percentage of revenues by source for the years ended June 30, 2010 and 2009. Due to the strong presence of cargo operations at Memphis International Airport (FedEx super-hub and the world's largest in total tonnage), airline revenues have been separated to reflect separate passenger and cargo categories.

REVENUES BY MAJOR SOURCE

	2010	2009	2008
Operating Revenues			
Passenger Airlines			
Passenger landing fee	\$ 8,847	\$ 9,628	\$ 10,654
Airline terminal rentals	19,557	18,566	18,859
Airline fee payments-international charges	1,700	1,698	1,636
Other rentals	486	446	527
Total Passenger Airlines	30,590	30,338	31,676
Cargo Airlines			
Cargo landing fees	27,054	27,188	28,723
Ground rents	7,263	6,738	5,569
Other rentals	3,911	3,721	2,642
Total Cargo Airlines	38,228	37,647	36,934
Non-Airline Rentals			
Concessions-terminal	6,154	5,905	7,155
Concessions-rental car	6,007	6,199	7,330
Public parking	11,377	11,177	12,857
Employee parking	1,853	2,106	2,000
Other rentals	8,287	7,295	7,472
Total Non-Airline Rentals	33,678	32,682	36,814
Other Revenue			
Restricted rental income	1,581	1,510	1,598
Special facilities lease income	4,275	5,775	4,525
Total other revenues	5,856	7,285	6,123
Total Operating Revenues	108,352	107,952	111,547
Non-operating Revenues			
Interest and investment income	2,900	8,251	11,977
Customer facility charges	4,559	4,758	5,938
Other	1,159	3,029	936
Total Non-Operating Revenues	8,618	16,038	18,851
Capital Contributions			
Total Revenues	53,353	44,444	27,547
	\$170,323	\$ 168,434	\$ 157,945

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY REVENUES (CONTINUED)



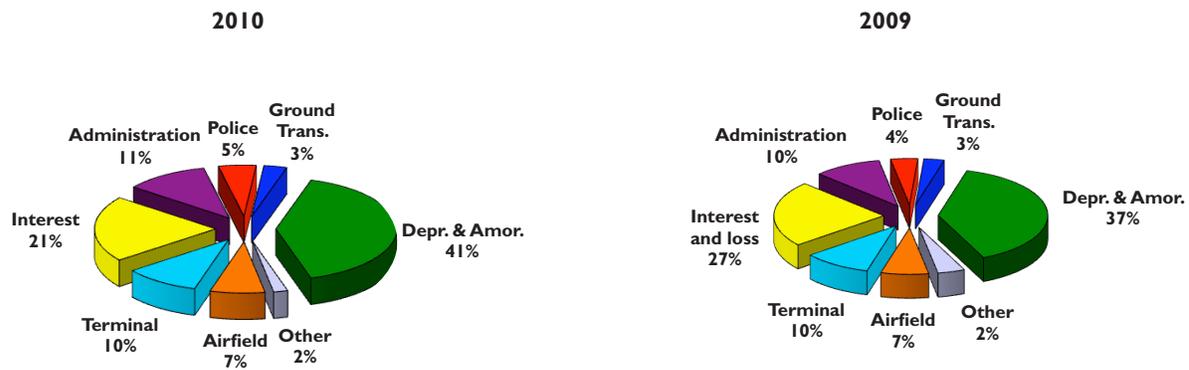
Operating revenues of \$108,352 for fiscal year 2010 increased by \$400 (.4 percent) over 2009 revenues of \$107,952. This increase in operating revenues is primarily due to increased terminal rentals (\$991), cargo rentals and fees (\$715), terminal concessions (\$249) and other non-airline revenues (\$996), offset by decreased landing fees (\$915) and special facilities lease income (\$1,500). 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 EXPENSES

The following table presents expenses by cost center for the years ended June 30, 2010, 2009 and 2008 and the pie charts show the percentage of expenses by cost center for the years ended June 30, 2010, 2009 and 2008.

EXPENSES BY COST CENTER

	2010	2009	2008
Operating Expenses			
Airfield area	\$ 10,033	\$ 9,977	\$ 10,421
Terminal area	13,898	14,059	14,122
Ground transportation area	4,230	4,257	4,322
Administration area	15,372	13,697	14,668
Police and operations area	6,934	5,625	5,690
Other areas	2,603	2,567	2,686
Total operating expense	53,070	50,182	51,909
Non-operating Expense			
Interest expense	28,679	31,313	32,074
Loss on disposal of fixed assets		7,165	
Total expenses before depreciation and amortization	81,749	88,660	83,983
Depreciation and Amortization	55,940	52,908	49,230
Total Expense	\$137,689	\$141,568	\$ 133,213

EXPENSES

In 2010, the Authority's operating expenses of \$53,070 increased over 2009 operating expenses of \$50,182 by \$2,888 (5.8 percent). The increase was mainly due to increased administration and police operations area costs of \$1,675 and \$1,309, respectively, offset by decreased terminal area costs of \$161. The main increase in administration costs related to certain legal settlement costs of \$1,300. The increase in police costs was due to \$1,279 of security reimbursement costs reported as revenue in fiscal year 2010 and as an offset to expense in fiscal year 2009.

Depreciation and amortization expenses increased from \$52,908 in 2009 to \$55,940 for fiscal year 2010. This increase of \$3,032 is mainly due to greater depreciation expense related to the increase of depreciable Authority assets year over year.

Non-operating revenues for 2010 are comprised of interest income (\$2,900), customer facility charges (CFC) (\$4,559) and other revenues (\$1,334). Total non-operating revenues decreased by \$7,420 in 2010 under 2009 non-operating revenues excluding the gain (loss) on disposal of capital assets. This decrease was mainly due to lower investment earnings of approximately \$5,300 as a result of lower cash and investment balances on hand and lower investment yields, a one-time legal settlement payment of approximately \$1,900 received in 2009 and reduced CFC collections of \$199 in 2010 versus 2009 due to lower activity levels.

Non-operating expenses are comprised of interest expenses on outstanding debt. Fiscal year 2010 interest expense of \$28,679 decreased \$2,634 under fiscal year 2009 interest expense of \$31,313. This decrease in interest expense was due to the refunding of certain Series 1999 D and E Bonds at lower interest rates and scheduled payments of principal on outstanding bonds and notes; as a result, interest expense was reduced year over year.

Capital contributions, comprised primarily of Federal capital grants, increased from \$44,444 in 2009 to \$53,353 in 2010, 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 AIRPORT AUTHORITY CAPITAL ASSETS

The Authority's capital assets at June 30 2010, 2009 and 2008 are summarized as follows:

NET CAPITAL ASSETS

	2010	2009	2008
Avigation easements	\$ 42,324	\$ 42,324	\$ 42,324
Land and improvements	162,150	162,150	161,693
Buildings	345,586	341,007	338,206
Runways, taxiways, and airfield lighting	693,600	634,269	625,201
Facilities leases to others	104,077	103,893	27,077
Roads, bridges, and fences	59,782	59,566	58,423
Equipment and utility systems	88,270	87,193	80,069
Construction in process	30,246	42,568	87,695
Total capital assets	1,526,035	1,472,970	1,420,688
Less accumulated depreciation and amortization	602,095	547,606	498,896
Net capital assets	\$ 923,940	\$ 925,364	\$ 921,792

At the end of 2010 and 2009, the Authority had \$923,940 and \$925,364, respectively, invested in net capital assets. During 2010, the Authority had additions of \$53,758 related to capital activities for runway and taxiway projects, building improvements, equipment and roads, bridges and fencing projects.

During 2010, completed projects totaling \$66,080 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 (\$59,331), buildings and facilities constructed for tenants (\$5,081), roads bridges and fences (\$216) and equipment and utility systems (\$1,364).

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.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY DEBT ACTIVITY

The Authority's outstanding bonds and notes payable at June 30, 2010, 2009 and 2008 is summarized as follows:

BONDS AND NOTES PAYABLE	2010	2009	2008
Bonds:			
Airport Revenue	\$ 479,200	\$ 478,345	\$ 504,585
City of Memphis General Obligation	3,920	5,725	7,435
Special Facilities Revenue	45,000	45,000	45,000
Unamortized bond premiums	9,243	3,637	4,483
Unamortized deferred loss	(10,009)	(7,527)	(9,645)
Notes payable	118	318	570
Current portion of bonds and notes	(28,848)	(28,918)	(28,520)
Total long-term bonds and notes payable, net	\$ 498,624	\$ 496,580	\$ 523,908

DEBT ACTIVITY (CONTINUED)

The Authority's 2010 total long-term bonds and note payable, net of \$498,624 increased \$2,044 (.4 percent) compared to 2009 total of \$496,580. The increase in the total long-term bonds and notes payable, net outstanding was mainly due to the issuance of the Series 2010A Bonds (\$30,290) offset by scheduled debt service principal payments made during the fiscal year 2010.

In January 2010, the Authority sold \$30,290 of Airport Revenue Bonds, Series 2010A at a \$108 premium. The bonds have fixed interest rates ranging from 4.76 percent to 5.02 percent. Maturity dates range from July 1, 2030 through July 1, 2039. Certain net proceeds will be used to finance a portion of the costs of construction, acquisition and equipping of Airport terminal and parking facilities, to fund capitalized interest deposit requirements, to fund debt service reserve fund requirements and to pay the cost of issuance of the bonds.

In January 2010, the Authority sold \$159,340 of Airport Refunding Revenue Bonds, Series 2010B at a \$6,471 premium. The bonds have fixed interest rates ranging from 3.00 percent to 5.75 percent. Maturity dates range from July 1, 2010 through July 1, 2025. Certain net proceeds together with amounts transferred from the debt service account for the Airport Revenue Bonds, Series 1999D and E were deposited in escrow to defease \$160,525 and \$1,455 outstanding Series 1999D and E revenue bonds, and to pay the cost of issuance of the bonds.

Notes Payable were issued to finance the purchase of replacement shuttle buses for transporting passengers to and from the public parking lots. The notes are renewable on an annual basis and bear interest at a rate of Prime minus 1.75 percent. Debt service payments will come from revenues generated by the respective parking operations. The Authority has a line of credit of \$10,000, the amount available for draw down is reduced by the \$118 outstanding at June 30, 2010.

The Authority has 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 improvements to taxiways alpha and victor. At June 30, 2010, the Authority had not drawn on this line of credit. Future draw downs, if any, will be repaid with Federal grant reimbursements or future bond proceeds, as applicable, received by the Authority.

More detailed information related to long-term debt can be found in Note 6 of the Notes to the Basic Financial Statements.

DEBT ACTIVITY (CONTINUED)

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 and 100 percent of the combined debt service on the airport revenue bonds and the City of Memphis general obligation bonds. Coverage ratios for the years 2010, 2009 and 2008 are as follows:

COVERAGE RATIO

	FY 2010	FY 2009	FY 2008
Airport Revenue Bonds	127%	129%	135%
Airport Revenue and General Obligation Bonds	122%	124%	129%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY AIRPORT ACTIVITIES AND HIGHLIGHTS

During fiscal year 2010, 10,070,483 passengers traveled through the Airport, a decrease of 3.3 percent under the 10,412,344 passengers in fiscal year 2009. Additionally, aircraft landed weight, decreased from 25,883,320 per thousand pound units in 2009 to 25,473,250 per thousand pound units in 2010. These decreases were realized with the decrease in 2010 aircraft operations of 307,768 compared to 2009 aircraft operations of 319,170.

Air Cargo activity remained strong in spite of significant challenges within the national and world economies. Memphis remained the world's largest cargo airport with approximately 4.25 million and 4.00 million U.S. tons of total cargo in 2010 and 2009, 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. The existing agreement was extended and will remain in effect until a new agreement is negotiated. Landing fees and rates for non-signatory and non-scheduled airlines are assessed at 125 percent and 150 percent, respectively, of the signatory rates.

RATES AND CHARGES

SIGNATORY AIRLINE RATES AND CHARGES	FISCAL YEAR 2011	FISCAL YEAR 2010	FISCAL YEAR 2009	FISCAL YEAR 2008
Terminal Average Square Foot Rate	\$ 35.92	\$ 33.54	\$ 32.97	\$ 32.97
Cargo Building Square Foot Rate	26.12	26.12	26.12	23.18
Aircraft Loading Position Rate-per lineal foot	53.36	52.29	47.03	52.49
Signatory Landing Fee-per 1,000 lbs. unit	1.41	1.41	1.42	1.47

AIRPORT ACTIVITIES AND HIGHLIGHTS (CONTINUED)

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. Fiscal year 2009 and 2008 CPE have been restated for comparative purposes in order to reflect the current calculation methodology and the adjustment of updated enplanement data.

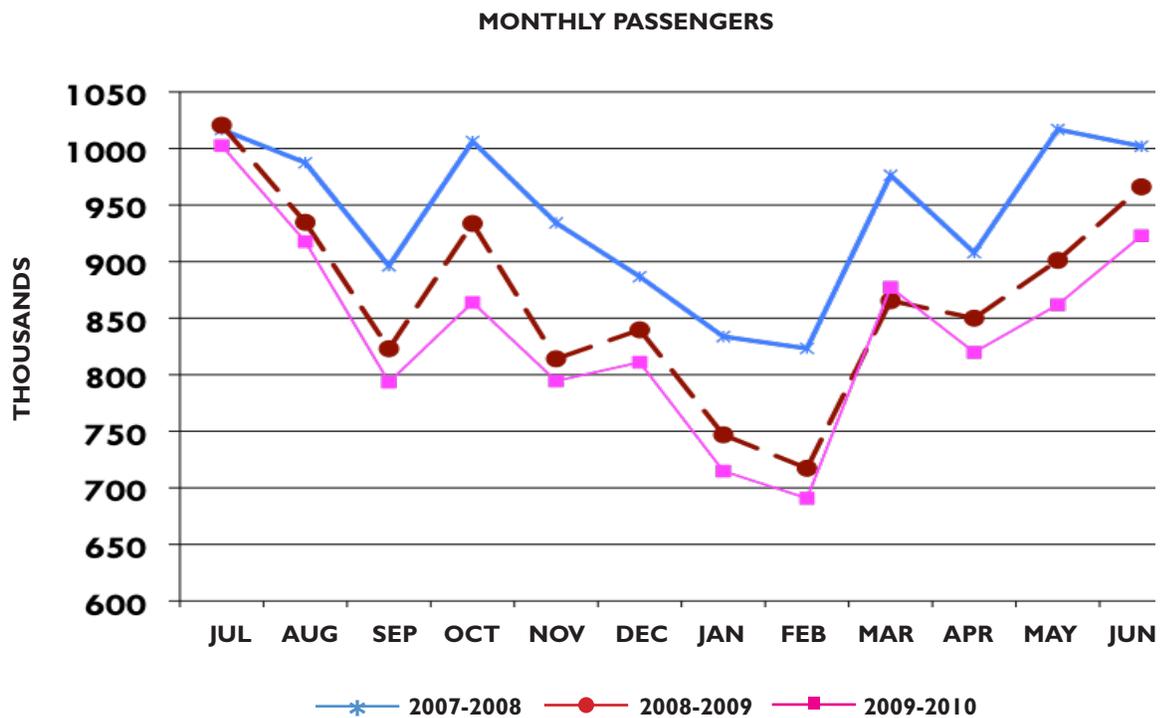
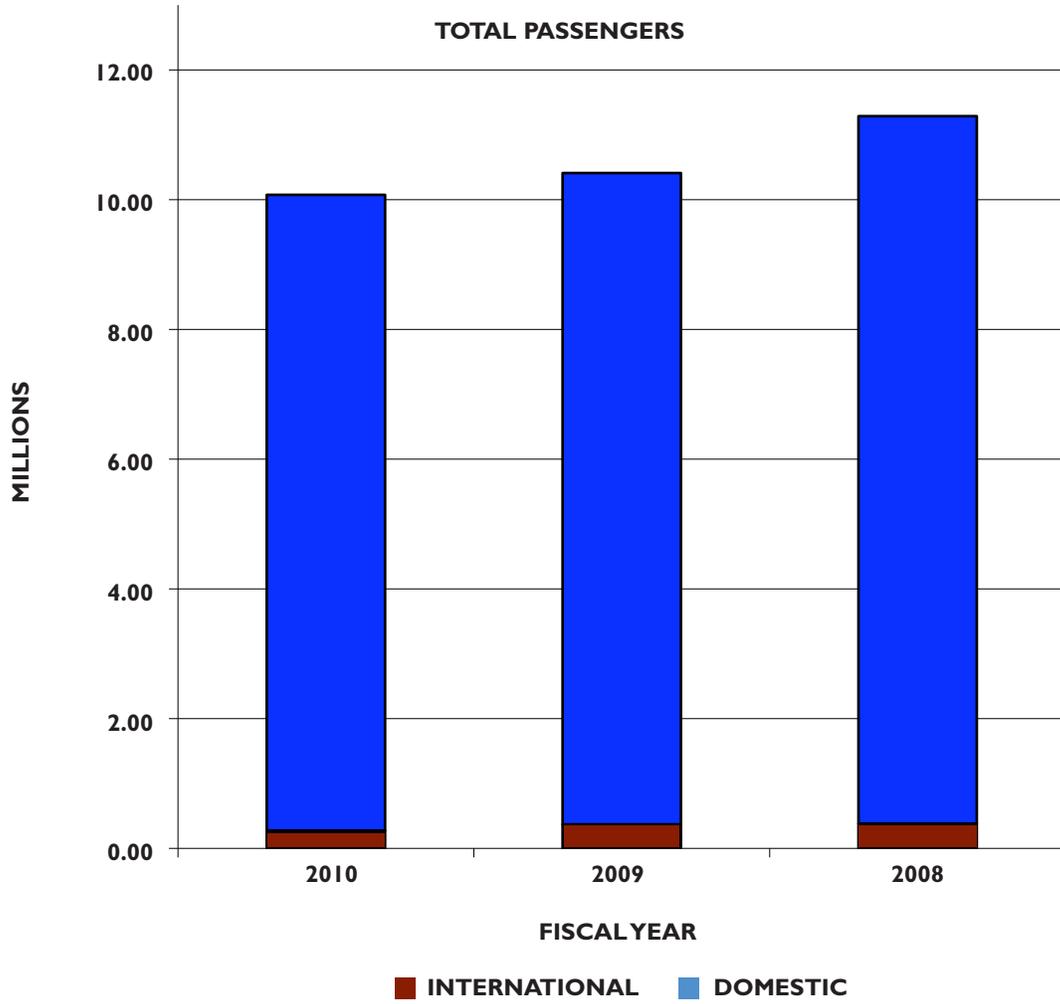
COST PER ENPLANED PASSENGER

	2010	2009	2008
Average Cost Per Enplaned Passenger ⁽¹⁾	\$ 4.81	\$ 4.81	\$ 4.76
Average Cost Per Enplaned Passenger plus special facility debt	\$ 5.81	\$ 5.81	\$ 5.66
Average Cost Per Enplaned Passenger plus special facility debt and FIS fees	\$ 6.15	\$ 6.14	\$ 5.95

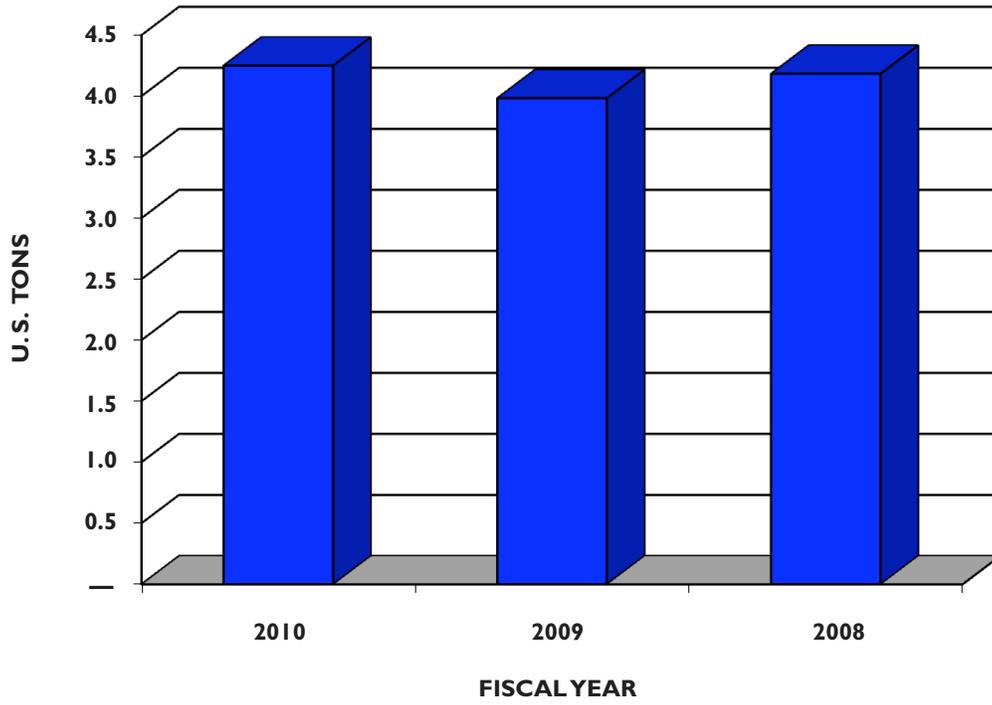
⁽¹⁾Since Northwest Airlines and some charters are subject to Federal Inspection Station (FIS) fees related to international travel, the cost per enplaned passenger analysis is expanded to show detail including and excluding FIS fees.

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. Total passengers for 2009 and 2008 have been restated to reflect updated passenger data.

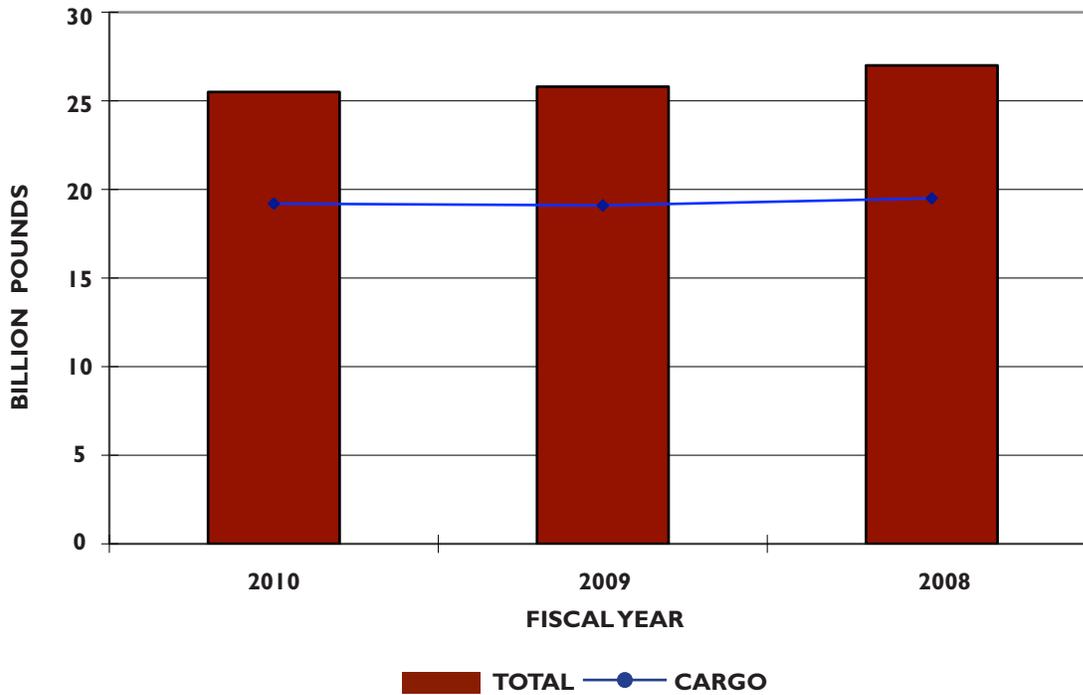
FISCAL YEAR	TOTAL PASSENGERS	TOTAL CARGO	AIRCRAFT	AIR CARRIER MOVEMENTS
		HANDLED (U.S. TONS)	LANDED WEIGHT (1000 POUND UNITS)	
2010	10,070,483	4,250,806	25,473,250	307,768
2009	10,412,344	3,982,852	25,883,319	319,170
2008	11,287,757	4,182,784	26,792,837	330,226

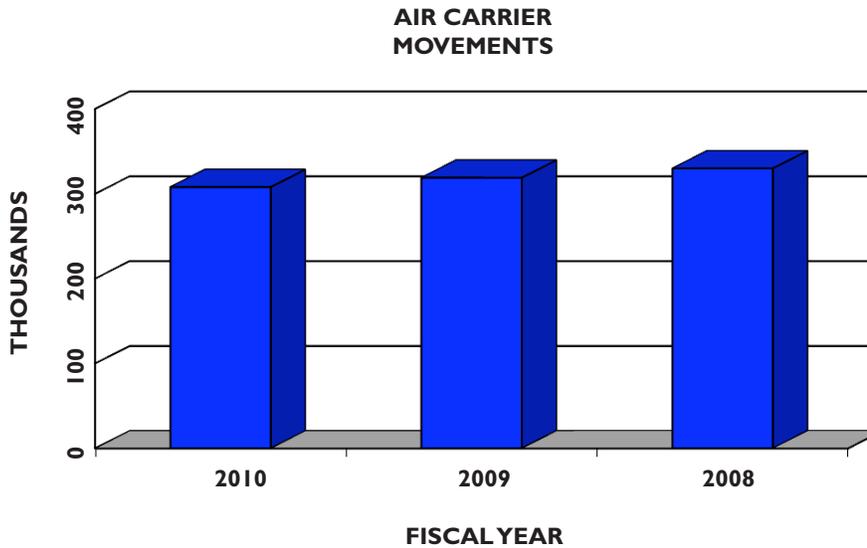


CARGO HANDLED



LANDED WEIGHTS





MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY FUTURE OUTLOOK

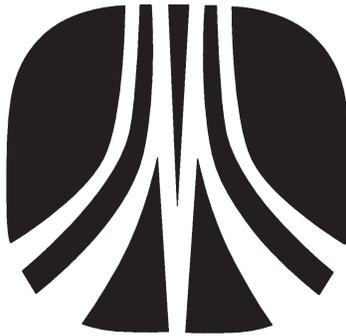
The Airport continues to work with its existing passenger airline partners and other carriers not currently serving Memphis to identify new markets and air service enhancements. On September 27, 2010 Southwest Airlines announced that it would acquire all of the outstanding common stock of AirTran Holdings, the parent company of AirTran Airways. The acquisition is subject to the approval of AirTran stockholders and the receipt of certain regulatory clearances. At this time it is premature to determine the impact of this merger on the Authority.

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. Additionally, the recent completion of the new Tennessee Air National Guard (“TnANG”) base on the southeast of the airport has allowed TnANG to relocate from their prior 103 acre site that lies within the FedEx hub operation area. The Airport has negotiated a new long-term lease with FedEx that includes these 103 acres as it provides additional future growth potential for FedEx.

There are distinct operational and financial advantages of having both a passenger 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 hub 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 ASSETS
 JUNE 30, 2010 AND 2009 (\$ IN THOUSANDS)

	2010	2009
ASSETS		
CURRENT ASSETS		
UNRESTRICTED ASSETS		
Cash and cash equivalents	\$ 9,933	\$ 5,120
Investments	18,025	18,591
Accounts receivable	5,943	7,571
Accrued interest receivable	155	60
Materials and supplies inventory	1,699	1,641
Prepaid expenses	2,641	2,183
Grants receivable	26	52
Total current unrestricted assets	38,422	35,218
RESTRICTED ASSETS		
Cash	9,266	9,035
Investments	167,864	109,158
Account receivable	73	
Accrued interest receivable	1,224	1,645
Capital contributions receivable	9,964	17,603
Total current restricted assets	188,391	137,441
TOTAL CURRENT ASSETS	226,813	172,659
NON-CURRENT ASSETS		
UNRESTRICTED ASSETS		
Investments	4,023	2,131
RESTRICTED ASSETS		
Investments	47,946	74,700
Special facilities rent receivable	37,012	34,762
Total non-current restricted assets	84,958	109,462
CAPITAL ASSETS		
Land and improvements	162,150	162,150
Avigation easements	42,324	42,324
Depreciable capital assets (less accumulated depreciation of \$602,095 and \$547,606)	689,220	678,322
Construction in progress	30,246	42,568
Total capital assets, net	923,940	925,364
BOND ISSUE COSTS (less accumulated amortization of \$5,974 and \$7,087)	5,474	6,115
TOTAL NON-CURRENT ASSETS	1,018,395	1,043,072
TOTAL ASSETS	\$1,245,208	\$1,215,731

See notes to basic financial statements.

	2010	2009
LIABILITIES		
CURRENT LIABILITIES		
Payable from unrestricted assets:		
Accounts payable	\$ 4,588	\$ 4,896
Accrued expenses	1,745	1,647
Current portion – compensated absences	191	131
Total payable from unrestricted assets	6,524	6,674
Payable from restricted assets:		
Construction contracts payable	8,818	10,341
Funds held for others	21	3,129
Accrued interest payable	10,031	9,995
Current maturities of long-term debt	28,848	28,918
Total payable from restricted assets	47,718	52,383
TOTAL CURRENT LIABILITIES	54,242	59,057
NON-CURRENT LIABILITIES		
Deferred lease revenue	74,879	76,175
Compensated absences and other liabilities	1,369	634
Bonds and notes payable	498,624	496,580
TOTAL NON-CURRENT LIABILITIES	574,872	573,389
TOTAL LIABILITIES	\$ 629,114	\$ 632,446
NET ASSETS		
Invested in capital assets, net of related debt	\$ 457,560	\$ 438,852
Restricted for:		
Debt service		
Capital acquisition	135,975	123,059
Unrestricted	22,559	21,374
TOTAL NET ASSETS	\$ 616,094	\$ 583,285

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2010 AND 2009 (\$ IN THOUSANDS)

	2010	2009
OPERATING REVENUES		
Airfield	\$ 44,329	\$ 44,712
Terminal building	29,935	29,123
Ground transportation	20,726	20,970
Other aviation areas	5,485	5,409
Non-aviation areas	7,877	7,738
Total operating revenues	108,352	107,952
OPERATING EXPENSES		
Airfield	10,033	9,977
Terminal building	13,898	14,059
Ground transportation	4,230	4,257
General administration	15,372	13,697
Police	6,934	5,625
Field shop	1,607	1,618
Other aviation areas	231	204
Non-aviation areas	765	745
Total operating expenses before depreciation and amortization	53,070	50,182
DEPRECIATION AND AMORTIZATION	55,940	52,908
OPERATING (LOSS) INCOME	(658)	4,862
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment income	2,900	8,251
Interest expense	(28,679)	(31,313)
Customer facility charges	4,559	4,758
Insurance proceeds	203	1,902
Operating grants	956	1,127
Gain (Loss) on disposal of capital assets	175	(7,165)
Total non-operating revenues (expenses)	(19,886)	(22,440)
LOSS BEFORE CAPITAL CONTRIBUTIONS	(20,544)	(17,578)
CAPITAL CONTRIBUTIONS	53,353	44,444
CHANGE IN NET ASSETS	32,809	26,866
TOTAL NET ASSETS, BEGINNING OF YEAR	583,285	556,419
TOTAL NET ASSETS, END OF YEAR	\$ 616,094	\$ 583,285

See notes to basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009 (\$ IN THOUSANDS)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 106,194	\$ 102,953
Cash paid to suppliers for goods and services	(30,330)	(27,636)
Cash paid to employees for services	(22,671)	(23,007)
Net cash provided by operating activities	53,193	52,310
CASH FLOWS FROM NON-CAPITAL FINANCING		
Operating grants received	982	1,079
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(55,020)	(74,169)
Payments to other governments and entities	(2,941)	(397)
Proceeds from bond issuance	30,398	
Principal paid on long-term debt, notes payable and capital leases	(28,800)	(28,202)
Interest paid on long-term debt	(28,267)	(30,207)
Capital contributions received	60,992	37,411
Customer facility charges	4,559	4,758
Settlements		1,902
Net cash used in capital and related financing activities	(19,079)	(88,904)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(282,171)	(156,584)
Proceeds from sales and maturities of investment securities	248,893	165,313
Interest and dividends on investments	3,226	8,657
Net cash (used in) provided by investing activities	(30,052)	17,386
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,044	(18,129)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	14,155	32,284
END OF YEAR	\$ 19,199	\$ 14,155
CASH AND CASH EQUIVALENTS, END OF YEAR CONSIST OF		
Unrestricted cash and cash equivalents	9,933	5,120
Restricted cash	9,266	9,035
	\$ 19,199	\$ 14,155

See notes to basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2010 AND 2009 (\$ IN THOUSANDS)

	2010	2009
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating (loss) income	\$ (658)	\$ 4,862
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	55,940	52,908
Disposal of property and equipment		
Provision for uncollectible accounts receivable	15	15
(Increase) decrease in assets:		
Receivables	(637)	(4,374)
Materials and supplies inventory	(58)	35
Prepaid expenses	(458)	(1,241)
(Decrease) increase in liabilities:		
Accounts payable	(308)	165
Accrued expenses and deferred revenue	(643)	(60)
Net cash provided by operating activities	\$ 53,193	\$ 52,310

NON-CASH INVESTING ACTIVITIES

Investments decreased by \$1,545 and increased by \$1,181 in 2010 and 2009, respectively, due to the change in fair value.

NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

During fiscal year 2010, the net proceeds of \$168,510 from revenue refunding bonds were sent directly to the escrow agent for defeasance of debt and thus did not result in a cash flow to the Authority.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009 (\$ IN THOUSANDS)

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.

B. Reporting Entity – The Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Reporting Entity*, defines the governmental financial reporting entity as the primary government, organizations for which the primary government is “financially accountable,” and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

“Financial Accountability” is the benchmark for determining which organizations are component units of a primary government. Financial accountability exists when a primary government has appointed a voting majority of the governing body of a legally separate organization and (1) is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Based on the criteria below, the Authority is considered a component unit of the City:

- i. **Financial Accountability** – The members of the Board are appointed as described above. 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.
- ii. **Specific Financial Burden** – The City has issued its general obligation bonds to finance projects associated with the Authority. The Authority has entered into agreements with the City to pay debt service on these bonds; however, the City’s full faith and credit are pledged against these bonds and in the event of the Authority’s default on payment would be payable from taxes levied on all taxable property in the City subject to taxation by the City without limitations as to rate or amount. The Authority is not empowered to levy taxes.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

- C. **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 nonoperating 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 nonoperating expenses.

Pursuant to GASB Statement No. 20, as amended, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, 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. The Authority has elected to not apply FASB Statements and Interpretations issued after November 30, 1989.

- D. **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 therefore 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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**I. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 lease and use agreements and in conformance with requirements contained in bond resolutions. Unexpended appropriations lapse at year-end.

- E. Cash and Cash Equivalents** – Cash and cash equivalents include amounts in demand deposits as well as investments with a maturity date within three months of the date acquired.
- F. 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.
- G. Materials and Supplies Inventory** – Inventory is valued at the lower of cost, determined on an average cost method, or market.
- H. 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).
- I. 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.
- J. 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:

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

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

	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

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, (“GASB No. 51”). GASB No. 51 provides that intangible assets should be classified as capital assets and establishes guidance specific to intangible assets related to their useful life and amortization.

Management adopted this statement in fiscal 2008 on a prospective basis as it relates to the amortization of aviation easements. Under GASB No. 51, aviation easements are no longer amortized.

- K. Bond Issue Costs** – Bonds issue costs include underwriting spreads, insurance, and various professional fees. The costs are deferred and amortized over the life of the respective bond issues using the interest method.
- L. Original Issue Discount/Premium** – Original issue discounts and premiums are netted against the bond payable account and amortized over the lives of respective bond issues using the interest method.
- M. 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.
- N. 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.
- O. Retirement Systems** – The Authority currently funds pension costs, which are composed of normal cost and amortization of unfunded prior service costs.
- P. Taxes** – The Authority is exempt from payment of federal and state income, property, and certain other taxes.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**I. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- Q. 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 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.
- R. 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 coverages for each of the past three years. The Authority is a member of both the City of Memphis 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.
- S. Net Assets** – The Authority recognizes the difference between its assets and liabilities as net assets. Net assets categories include the following:
- i. Invested in capital assets, net of related debt – comprised of the Authority’s capital assets less any related outstanding debt used to acquire those assets.
 - 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.
 - iv. Unrestricted – the remaining balance of net assets.
- T. 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 FedEx Corporation and Pinnacle Airlines. The bonds do not constitute a debt or pledge of the faith and credit or net revenues of the Authority, the City of Memphis, 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 assets. Conduit debt transactions are more fully described in Note 7.

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

2. DEPOSITS AND INVESTMENTS

A. Deposits – Cash deposits as of June 30, 2010 and 2009, were \$16,186 and \$14,139 respectively. These deposits consisted of interest bearing and non-interest bearing demand accounts. Petty cash as of June 30, 2010 and 2009 was \$14 and \$16 respectively. The Authority had cash equivalents, representing U.S. Government agencies of \$2,999 at June 30, 2010.

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.

B. Investments – Investments consist of the following at June 30, 2010 and 2009:

	2010	2009	WEIGHTED AVERAGE MATURITY (YEARS) AT JUNE 30, 2010
At fair value:			
U.S. Government agencies	\$ 212,584	\$ 179,458	.68
Deferred compensation – mutual funds	761	609	
At cost:			
Forward purchase agreement	24,513	24,513	14.68
	<u>\$ 237,858</u>	<u>\$ 204,580</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**2. DEPOSITS AND INVESTMENTS (CONTINUED)**

The investments made during fiscal years 2010 and 2009, were limited to the classifications above. Investments in U.S. Government agencies included the Federal National Mortgage Association, Federal Home Loan Mortgage Company, Federal Home Loan Bank, and Federal Farm Credit Bank, during fiscal years 2010 and 2009. With the exception of the discount note investments, which were rated P-1, all investment in U.S. Government agencies had a credit rating of Aaa by Moody's at June 30, 2010.

In 2000, the Authority entered into a forward purchase agreement to invest \$24,513 of bond reserve funds. 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 more than 5 percent of the Authority's portfolio at June 30, 2010. The issuer of this investment contract had a credit rating of Aa2 by Moody's at June 30, 2010.

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:

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

2. DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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

	2010	2009
Unrestricted current assets:		
Cash and cash equivalents	\$ 9,933	\$ 5,120
Short term investments	18,025	18,591
Unrestricted non-current assets:		
Investments	4,023	2,131
Restricted current assets:		
Cash	9,266	9,035
Short-term investments	167,864	109,158
Restricted non-current assets:		
Investments	47,946	74,700
Total	\$ 257,057	\$218,735
Total deposits and petty cash	\$ 16,200	\$ 14,155
Total cash equivalents	2,999	
Total investments	237,858	204,580
Total	\$ 257,057	\$218,735

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**3. RESTRICTED ASSETS**

Restricted assets consist of the following at June 30, 2010 and 2009:

	Cash	Investments	Accrued Interest Receivable	Other Receivables	2010 Total	2009 Total
Restricted by Bond						
Indentures:						
Debt service:						
Special facilities bonds				\$ 37,012	\$ 37,012	\$ 34,762
Airport revenue bonds	\$ 20	\$ 21,570	\$ 1		21,591	19,640
General obligation bonds	1,996	2,515	17		4,528	9,829
Total	2,016	24,085	18	37,012	63,131	64,231
Bond reserves:						
Airport revenue bonds	5	54,905	767		55,677	53,175
Total	5	54,905	767		55,677	53,175
Construction and land acquisition and associated costs:						
Airport expansion	6,212	120,341	422	9,635	136,610	106,152
Contractor retainage	823				823	3,310
Total	7,035	120,341	422	9,635	137,433	109,462
Restricted by Regulatory						
Agency:						
Federal grants				329	329	866
State grant						
Total				329	329	866
Restricted by Contributors:						
Airport improvements	87	2,054	10		2,151	2,084
International park	4	1,883	7		1,894	1,855
Customer facility charges	119	11,781			11,900	11,963
Deferred compensation		761			761	609
Tennessee Air National Guard Relocation				73	73	2,658
Total	210	16,479	17	73	16,779	19,169
Total Restricted Assets	\$9,266	\$215,810	\$1,224	\$47,049	\$273,349	\$246,903

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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 of 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; to reimburse the City for its general obligation bonds; and to pay when due any other claims payable.

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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010, was as follows:

	BALANCE JULY 1, 2009	ADDITIONS & RECLASSIFICATIONS	LESS DELETIONS & RECLASSIFICATIONS	BALANCE JUNE 30, 2010
CAPITAL ASSETS NOT BEING DEPRECIATED:				
Land	\$ 162,150			\$162,150
Avigation easements	42,324			42,324
Construction in progress	42,568	\$ 53,758	\$66,080	30,246
Total capital assets, not being depreciated	247,042	53,758	66,080	234,720
CAPITAL ASSETS BEING DEPRECIATED:				
Runways, taxiways, aprons and airfield lighting	634,269	59,331		693,600
Buildings	341,007	4,897	318	345,586
Facilities constructed for tenants	103,893	184		104,077
Roads, bridges and fences	59,566	216		59,782
Equipment and utility systems	87,193	1,364	287	88,270
Total capital assets being depreciated	1,225,928	65,992	605	1,291,315
ACCUMULATED DEPRECIATION:				
Runways, taxiways, aprons and airfield lighting	245,679	29,723	244	275,158
Buildings	194,903	13,862	49	208,716
Facilities constructed for tenants	28,267	2,793		31,060
Roads, bridges and fences	18,637	3,099		21,736
Equipment and utility systems	60,120	5,592	287	65,425
Total accumulated depreciation	547,606	55,069	580	602,095
Total capital assets being depreciated, net	678,322	10,923	25	689,220
CAPITAL ASSETS, NET	\$ 925,364	\$64,681	\$66,105	\$ 923,940

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

4. CAPITAL ASSETS (CONTINUED)

The Authority capitalized \$610 of interest in fiscal year 2010. There was no interest capitalized in fiscal year 2009.

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 \$50,340 and \$51,261 for fiscal years 2010 and 2009, 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 hotel and other 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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**5. LEASE AND USE OF AIRPORT FACILITIES (CONTINUED)**

Minimum future rentals for leases are as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2011	\$38,885
2012	24,152
2013	24,250
2014	69,202
2015	22,922
2016-2020	95,455
2021-2025	93,921
2026-2030	76,557
2031-2035	81,209
2036-2040	54,343
2041-2045	7,682
2046-2050	7,682
2051-2055	7,682
2056-2059	6,145
<u>Total</u>	<u>\$610,087</u>

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

6. LONG-TERM DEBT

Long-term debt information and activity for fiscal year 2010 was as follows:

	ORIGINAL ISSUE AMOUNT	INTEREST RATES	BALANCE JULY 1, 2009	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2010	AMOUNTS DUE WITHIN ONE YEAR
Airport Revenue Bonds:							
Series 1997A	\$ 43,805	5.25-6.25%	\$8,500		\$ 5,085	\$ 3,415	\$ 3,415
Series 1999D	238,400	4.5-6.125%	237,690		160,525	77,165	
Series 1999E	6,730	4.5-5.625%	2,120		2,120		
Series 2001A	121,860	4.0-5.5%	78,085		8,880	69,205	9,015
Series 2001B	42,380	5.125%	42,380			42,380	
Series 2002	23,150	3.25-5.5%	13,225		2,850	10,375	3,985
Series 2003A	21,030	4.0-5.25%	13,515		1,685	11,830	1,755
Series 2008A	90,375	3.75-5.00%	82,830		7,630	75,200	8,415
Series 2010A	30,290	4.76-5.02%		30,290		30,290	
Series 2010B	159,340	3.00-5.75%		159,340		159,340	240
Total	777,360		478,345	189,630	188,775	479,200	26,825
City of Memphis							
General Obligation Bonds:							
Series 1998	19,290	5.5-5.7%	5,725		1,805	3,920	1,905
Special Facilities							
Revenue Bonds:							
Series 2003	45,000	4.5%	45,000			45,000	
Notes Payable	500	Variable	318		200	118	118
Less unamortized deferred							
amount on refunded bonds			(7,527)	(4,530)	(2,048)	(10,009)	
Unamortized bond premiums			3,637	6,579	973	9,243	
Total bonds and notes payable	842,150		525,498	191,679	189,705	527,472	28,848
Other liabilities:							
Compensated absences			765	378	228	915	191
Total other liabilities			765	378	228	915	191
Total long-term debt	\$ 842,150		\$ 526,263	\$ 192,057	\$ 189,993	\$528,387	\$29,039

The unamortized deferred amount on refunded bonds at June 30, 2010, represents \$9,990 deferred on the Airport Revenue Bonds and \$19 deferred on the City of Memphis General Obligation Bonds. Interest expense includes amortization of loss on bond refunding for 2010 and 2009 of \$2,048 and \$2,118, respectively, and amortization of \$973 premium, net and \$846 of premium, net, respectively.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**6. LONG-TERM DEBT (CONTINUED)**

Airport Revenue Bonds – The bonds were issued for airfield and terminal building improvements and expansion of Memphis International 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.

In January 2010, the Authority sold \$30,290 of Airport Revenue Bonds, Series 2010A at a \$108 premium. The bonds have fixed interest rates ranging from 4.76 percent to 5.02 percent. Maturity dates range from July 1, 2030 through July 1, 2039. Certain net proceeds of \$24,040 will be used to finance a portion of the costs of construction, acquisition and equipping of Airport terminal and parking facilities; certain net proceeds of \$2,561 were used to fund capitalized interest deposit requirements; certain proceeds of \$2,838 were used to fund debt service reserve fund requirements and certain net proceeds of \$959 were used to pay the cost of issuance of the bonds.

In January 2010, the Authority sold \$159,340 of Airport Refunding Revenue Bonds, Series 2010B at a \$6,471 premium. The bonds have fixed interest rates ranging from 3.00 percent to 5.75 percent. Maturity dates range from July 1, 2010 through July 1, 2025. Certain net proceeds of \$168,510 together with \$4,092 transferred from the debt service account for the Airport Revenue Bonds, Series 1999D and E were deposited in escrow to defease \$160,525 and \$1,455 outstanding Series 1999D and E revenue bonds, respectively, and certain net proceeds of \$1,393 were use to pay the cost of issuance of the bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of \$4,530 that will be charged over 15 years using the straight-line method. The refunding decreased the Authority's total debt service payments by \$19,136 and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of \$9,835.

City of Memphis General Obligation Bonds – The 1998 bonds were issued to refund previous general obligation debt used for acquisition of land for expansion. The bonds are direct obligations of the City who has pledged its full faith and credit and taxing power to the punctual payment of principal and interest; however, the Authority has entered into agreements with the City to pay debt service as it is due.

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 Corporation.

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 4.50 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.

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

6. LONG-TERM DEBT (CONTINUED)

Note Payable – On June 16, 2005, the Authority entered into a note payable with an original amount of \$500 to finance the purchase of five shuttle buses for transporting parkers from the outlying public parking lots to the terminal building. The note is renewable on an annual basis and bears interest at a rate of Prime minus 1.75 percent at June 30, 2010. Payments will be generated through rates charged for public parking.

Line of Credit – The Authority has a line of credit of \$10,000 with a bank. The amount available is reduced by the \$118 outstanding on the note payable leaving \$9,882 available at June 30, 2010.

The Authority has 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 reconstruction of runway 9/27 and improvements to taxiways alpha and victor. At June 30, 2010, the Authority had not drawn on this line of credit. Future draw downs, if any, will be repaid with Federal grant reimbursements received by the Authority or other funds as applicable.

Maturities of Bond Debt and Interest Payable – Maturities, mandatory sinking fund redemptions, and interest payments of long-term debt are as follows:

YEAR	SPECIAL FACILITIES REVENUE BONDS	AIRPORT REVENUE BONDS	CITY OF MEMPHIS GENERAL OBLIGATION BONDS	INTEREST PAYMENTS
2011	\$	\$ 26,825	\$1,905	\$ 26,530
2012		25,215	2,015	26,211
2013		26,085		24,931
2014	45,000	24,090		22,725
2015		24,120		20,550
2016-2020		124,210		84,033
2021-2025		176,065		42,347
2026-2030		27,690		8,028
2031-2035		10,940		4,911
2036-2040		13,960		1,812
Total	\$45,000	\$ 479,200	\$3,920	\$262,078

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, general operation and maintenance costs of the airport, and City of Memphis general obligation bonds, respectively. The special facilities and airport revenue bonds are not an obligation of any other governmental unit.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**7. 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 FedEx Corporation and Pinnacle Airlines. The bonds do not constitute a debt or pledge of the faith and credit or net revenues of the Authority, the City of Memphis, the County, or the State. The Authority has facilitated the issuance of the following series of conduit debt:

	AMOUNT OUTSTANDING AS OF JUNE 30,	
	2010	2009
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, Inc. (formerly Express Airlines I, Inc.) and are payable solely from and are secured by a pledge of rental payments to be received from lease agreements and an Unconditional Guaranty.	\$1,870	\$ 2,010
Special Facilities Revenue Bonds – Refunding Series 1997. Issued in the amount of \$20,105 bearing interest at 5.35 percent, due in full on September 1, 2012. Proceeds used to refund bonds previously issued to finance the cost of the acquisition and construction of certain aircraft cargo handling and sorting facilities for FedEx Corporation and are payable solely from and are secured by a pledge of rental payments to be received from lease agreements and an Unconditional Guaranty.	20,105	20,105
Special Facilities Revenue Bonds – Refunding Series 2001. Issued in the amount of \$87,875 bearing interest at 5.00 percent, due and paid in full on September 1, 2009. Proceeds used to refund bonds previously issued to finance the cost of the acquisition and construction of certain aircraft cargo handling and sorting facilities for FedEx Corporation and were payable solely from and were secured by a pledge of rental payments to be received from lease agreements and an Unconditional Guaranty.		87,875
Special Facilities Revenue Bonds – Refunding Series 2002. Issued in the amount of \$95,770 bearing interest at 5.05 percent, due in full on September 1, 2012. Proceeds used to refund bonds previously issued to finance the cost of the acquisition and construction of certain aircraft cargo handling and sorting facilities for FedEx Corporation and are payable solely from and are secured by a pledge of rental payments to be received from lease agreements and an Unconditional Guaranty.	95,770	95,770
Total	\$ 117,745	\$205,760

These bonds are special limited obligations of the Authority, payable as described above. The bonds do not constitute a debt or obligation of the Authority and accordingly have not been reported in the accompanying financial statements.

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

8. CAPITAL CONTRIBUTIONS

The Authority has received capital contributions by means of Federal and State grants, as well as other funding sources as follows:

	2010	2009
Federal	\$42,519	\$ 28,857
State	10,834	15,566
Other		21
Total capital contributions	\$53,353	\$ 44,444

9. DEFINED BENEFIT RETIREMENT PLANS

General – The Authority participates in the City of Memphis Retirement System (“City Plan”). Although the Authority is a separate entity, plan benefits have not been allocated to employees of the Authority. Consequently, disclosures will follow guidelines for cost-sharing multiple employer public employee retirement systems. The Retirement System is 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 Retirement System 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 \$18,283 and \$18,569 for fiscal years 2010 and 2009, respectively. Total payroll was \$18,467 and \$18,761 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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**9. DEFINED BENEFIT RETIREMENT PLANS (CONTINUED)**

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 5 percent at June 30, 2010. 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 2010, 2009, and 2008 were \$829, \$800, and \$794, respectively, equal to the required contributions for each year.

10. DEFINED CONTRIBUTION PLAN

On July 1, 1999, the Authority established the Memphis-Shelby County Airport Authority Supplemental Defined Contribution Plan that was designed to meet the requirements of Code Section 401(a). All participants in the Supplemental Defined Contribution Plan are also participants in the Memphis Retirement System. 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 2010 and 2009 was \$830 and \$826, 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 assets. At June 30, 2010 and 2009, the fair value of the plan assets was \$9,114 and \$7,695, respectively.

11. DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits the deferral of a portion of salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

11. DEFERRED COMPENSATION PLAN (CONTINUED)

The plan has been amended to meet the recently 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 assets. At June 30, 2010 and 2009, the fair value of the plan assets was \$5,048 and \$4,591 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-employment health care benefits to all employees who retire from the Authority under the provisions of the City of Memphis Retirement System. The Board in conjunction with the City has established benefit provisions and contribution obligations. Currently, 113 employees are eligible for post-retirement benefits. The plan provides 80 percent of the cost of certain health care and life insurance coverage to retirees. The Authority accounts for 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”), which was implemented in 2008. 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 2010, 2009, and 2008, were \$689, \$571, and \$421, respectively. There was no transition liability or asset as a result of implementing GASB No. 45, and the Authority has no liability for premiums due at June 30, 2010 and 2009.

The Retirement System and related other post-employment benefits disclosures are 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 \$3,802 and \$3,595 for fiscal years 2010 and 2009, respectively.

The Authority receives a large portion of its operating revenues from two airlines, FedEx Corporation and Delta Airlines. Rentals, landing fees, and other revenues from these two airlines were approximately 55 percent and 58 percent of operating revenues for the fiscal years 2010 and 2009, respectively.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**14. COMMITMENTS AND CONTINGENCIES**

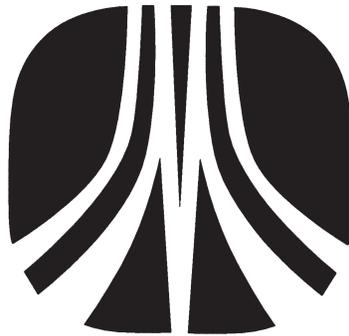
The Authority's construction projects are estimated at \$153,817, of which \$29,534 has been expended through June 30, 2010. Of the remaining \$124,283 expected to be spent, the outstanding commitments were \$102,297 at June 30, 2010, related primarily to air cargo buildings, reconstruction and extension of existing taxiways, parking garage improvements, and terminal access roads. 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.

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. The parties have reached a settlement amount of approximately \$1,000 and have submitted the terms of the settlement to the court for its review and approval. The Authority has accrued the settlement amount (with no admission and or assumption of liability attached hereto) in fiscal year 2010.

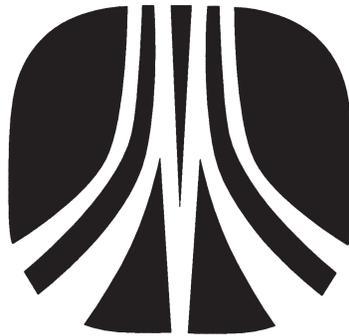
In April 2001 the Authority filed a petition for condemnation of certain properties to benefit the Authority. Subsequently, law suits were filed against the Authority asserting that lost profits from billboards on the properties should be considered in determining the value of such properties. The Authority's potential liability (with no admission and or assumption of liability attached hereto) related to this claim ranges between approximately \$240 and \$1,500. The Authority has placed \$246 on deposit with the court for these claims. As the outcome of a jury trial is difficult to predict additional accruals for this claim is not appropriate as of June 30, 2010.

Excluding the above cases it is the opinion of management that no other matters will have a material adverse effect upon the financial position or results of operations of the Authority.



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 STATEMENT OF
NET ASSETS INFORMATION BY AIRPORT
 JUNE 30, 2010, WITH COMPARATIVE TOTALS FOR 2009
 (\$ IN THOUSANDS)

				2010	2009
	MEMPHIS INTERNATIONAL AIRPORT	CHARLES W. BAKER AIRPORT	GENERAL DEWITT SPAIN AIRPORT	TOTAL	TOTAL
ASSETS					
CURRENT ASSETS					
UNRESTRICTED ASSETS					
Cash and cash equivalents	\$ 9,925	\$ 2	\$ 6	\$ 9,933	\$ 5,120
Investments	18,025			18,025	18,591
Accounts receivable	5,921	6	16	5,943	7,571
Accrued interest receivable	155			155	60
Materials and supplies inventory	1,622	35	42	1,699	1,641
Prepaid expenses	2,633	5	3	2,641	2,183
Grants receivable		13	13	26	52
Total current unrestricted assets	38,281	61	80	38,422	35,218
RESTRICTED ASSETS					
Cash	9,266			9,266	9,035
Investments	167,864			167,864	109,158
Account receivable	73			73	
Accrued interest receivable	1,224			1,224	1,645
Capital contributions receivable	9,900	20	44	9,964	17,603
Total current restricted assets	188,327	20	44	188,391	137,441
TOTAL CURRENT ASSETS	226,608	81	124	226,813	172,659
NON-CURRENT ASSETS					
UNRESTRICTED ASSETS					
Investments	4,023			4,023	2,131
RESTRICTED ASSETS					
Investments	47,946			47,946	74,700
Special facilities rent receivable	37,012			37,012	34,762
Total non-current restricted assets	84,958			84,958	109,462
CAPITAL ASSETS					
Land and improvements	160,470	479	1,201	162,150	162,150
Avigation easements	42,324			42,324	42,324
Depreciable capital assets (less accumulated depreciation of \$602,095 and \$547,606)	686,162	1,170	1,888	689,220	678,322
Construction in progress	30,246			30,246	42,568
Total capital assets, net	919,202	1,649	3,089	923,940	925,364
BOND ISSUE COSTS (less accumulated amortization of \$5,974 and \$7,087)	5,474			5,474	6,115
TOTAL NON-CURRENT ASSETS	1,013,657	1,649	3,089	1,018,395	1,043,072
TOTAL ASSETS	\$ 1,240,265	\$ 1,730	\$ 3,213	\$1,245,208	\$1,215,731

				2010	2009
	MEMPHIS INTERNATIONAL AIRPORT	CHARLES W. BAKER AIRPORT	GENERAL DEWITT SPAIN AIRPORT	TOTAL	TOTAL
LIABILITIES					
CURRENT LIABILITIES					
Payable from unrestricted assets:					
Accounts payable	\$ 4,573	\$ 9	\$ 6	\$ 4,588	\$ 4,896
Accrued expenses	1,745			1,745	1,647
Due to (from) other airports	(4,469)	1,779	2,690		
Current portion - compensated absences	177	7	7	191	131
Total payable from unrestricted assets	2,026	1,795	2,703	6,524	6,674
Payable from restricted assets:					
Construction contracts payable	8,818			8,818	10,341
Funds held for others	21			21	3,129
Accrued interest payable	10,031			10,031	9,995
Current maturities of long-term debt	28,848			28,848	28,918
Total payable from restricted assets	47,718			47,718	52,383
TOTAL CURRENT LIABILITIES	49,744	1,795	2,703	54,242	59,057
NON-CURRENT LIABILITIES					
Deferred lease revenue	74,879			74,879	76,175
Compensated absences and other liabilities	1,366	(2)	5	1,369	634
Bonds and notes payable	498,624			498,624	496,580
TOTAL NON-CURRENT LIABILITIES	574,869	(2)	5	574,872	573,389
TOTAL LIABILITIES	\$624,613	\$1,793	\$2,708	\$629,114	\$632,446
NET ASSETS					
Invested in capital assets, net of related debt	\$452,822	\$1,649	\$3,089	\$457,560	\$438,852
Restricted for:					
Debt Service					
Capital acquisition	135,911	20	44	135,975	123,059
Unrestricted	26,919	(1,732)	(2,628)	22,559	21,374
TOTAL NET ASSETS (DEFICITS)	\$615,652	\$(63)	\$505	\$616,094	\$583,285

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS INFORMATION BY AIRPORT
YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009
(\$ IN THOUSANDS)

				2010	2009
	MEMPHIS INTERNATIONAL AIRPORT	CHARLES W. BAKER AIRPORT	GENERAL DEWITT SPAIN AIRPORT	TOTAL	TOTAL
OPERATING REVENUES					
Airfield	\$ 43,504	\$ 259	\$ 566	\$ 44,329	\$ 44,712
Terminal building	29,935			29,935	29,123
Ground transportation	20,726			20,726	20,970
Other aviation areas	5,247	109	129	5,485	5,409
Non-aviation areas	7,877			7,877	7,738
Total operating revenues	107,289	368	695	108,352	107,952
OPERATING EXPENSES					
Airfield	9,310	240	483	10,033	9,977
Terminal building	13,898			13,898	14,059
Ground transportation	4,230			4,230	4,257
General administration	15,012	173	187	15,372	13,697
Police	6,934			6,934	5,625
Field shop	1,607			1,607	1,618
Other aviation areas	225	3	3	231	204
Non-aviation areas	765			765	745
Total operating expenses before depreciation and amortization	51,981	416	673	53,070	50,182
DEPRECIATION AND AMORTIZATION	55,449	239	252	55,940	52,908
OPERATING INCOME (LOSS)	(141)	(287)	(230)	(658)	4,862
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment income	2,900			2,900	8,251
Interest expense	(28,679)			(28,679)	(31,313)
Customer facility charges	4,559			4,559	4,758
Insurance Proceeds	196	6	1	203	1,902
Operating grants	930	13	13	956	1,127
Gain (Loss) on capital assets	175			175	(7,165)
Total non-operating revenues (expenses)	(19,919)	19	14	(19,886)	(22,440)
LOSS BEFORE CAPITAL CONTRIBUTIONS	(20,060)	(268)	(216)	(20,544)	(17,578)
CAPITAL CONTRIBUTIONS	53,309	13	31	53,353	44,444
CHANGE IN NET ASSETS	33,249	(255)	(185)	32,809	26,866
TOTAL NET ASSETS, BEGINNING OF YEAR	582,403	192	690	583,285	556,419
TOTAL NET ASSETS (DEFICITS), END OF YEAR	\$615,652	\$(63)	\$505	\$616,094	\$583,285

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF STATEMENT OF CASH FLOWS
INFORMATION BY AIRPORT
YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009
(\$ IN THOUSANDS)

				2010	2009
	MEMPHIS INTERNATIONAL AIRPORT	CHARLES W. BAKER AIRPORT	GENERAL DEWITT SPAIN AIRPORT	TOTAL	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$105,137	\$363	\$694	\$106,194	\$102,953
Cash paid to suppliers for goods and services	(29,543)	(247)	(540)	(30,330)	(27,636)
Cash paid to employees for services	(22,396)	(137)	(138)	(22,671)	(23,007)
Net cash provided by (used in) operating activities	53,198	(21)	16	53,193	52,310
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Operating grants received	956	13	13	982	1,079
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the sale of capital assets					
Acquisition and construction of capital assets	(54,983)		(37)	(55,020)	(74,169)
Payments to other governments and entities	(2,941)			(2,941)	(397)
Reserve cash used in bond refunding	30,398			30,398	
Principal paid on long-term debt, notes payable and capital leases	(28,800)			(28,800)	(28,202)
Interest paid on long-term debt	(28,267)			(28,267)	(30,207)
Capital contributions received	60,978	7	7	60,992	37,411
Customer facility charges	4,559			4,559	4,758
Settlements					1,902
Net cash provided by (used in) capital and related financing activities	(19,056)	7	(30)	(19,079)	(88,904)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(282,171)			(282,171)	(156,584)
Proceeds from sales and maturities of investment securities, net	248,893			248,893	165,313
Interest and dividends on investments	3,226			3,226	8,657
Net cash provided by investing activities	(30,052)			(30,052)	17,386
NET DECREASE IN CASH AND CASH EQUIVALENTS					
	5,046	(1)	(1)	5,044	(18,129)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR					
	14,145	3	7	14,155	32,284
CASH AND CASH EQUIVALENTS, END OF YEAR					
	\$19,191	\$2	\$6	\$19,199	\$14,155
CASH AND CASH EQUIVALENTS, END OF YEAR CONSIST OF					
Unrestricted cash and cash equivalents	\$9,925	\$2	\$6	\$9,933	\$5,120
Restricted cash	9,266			9,266	9,035
	\$19,191	\$2	\$6	\$19,199	\$14,155

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF STATEMENT OF CASH FLOWS
INFORMATION BY AIRPORT (CONTINUED)
YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009
(\$ IN THOUSANDS)

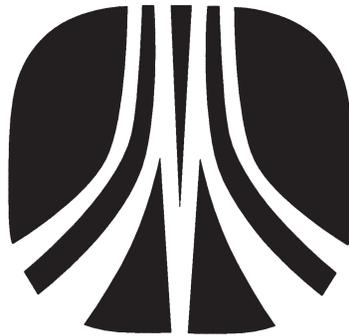
				2010	2009
	MEMPHIS INTERNATIONAL AIRPORT	CHARLES W. BAKER AIRPORT	GENERAL DEWITT SPAIN AIRPORT	TOTAL	TOTAL
RECONCILIATION OF OPERATING					
INCOME (LOSS) TO NET CASH PROVIDED					
BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ (141)	\$ (287)	\$ (230)	\$ (658)	\$ 4,862
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	55,449	239	252	55,940	52,908
Disposal of property and equipment					
Provision for uncollectible accounts receivable	15			15	15
(Increase) decrease in assets:					
Receivables	(631)	(5)	(1)	(637)	(4,374)
Materials and supplies inventory	(53)	4	(9)	(58)	35
Prepaid expenses	(458)			(458)	(1,241)
Increase (decrease) in liabilities:					
Accounts payable	(317)	7	2	(308)	165
Accrued expenses	(642)		(1)	(643)	(60)
Transfer between airports for operating activities	(24)	21	3		
Net cash provided by (used in) operating activities	\$53,198	\$(21)	\$16	\$53,193	\$52,310

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF OPERATING REVENUES BY
SOURCE BY AIRPORT
YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009
(\$ IN THOUSANDS)

				2010	2009
	MEMPHIS INTERNATIONAL AIRPORT	CHARLES W. BAKER AIRPORT	GENERAL DEWITT SPAIN AIRPORT	TOTAL	TOTAL
AIRFIELD					
Landing fees - signatory	\$ 30,763			\$ 30,763	\$ 31,517
Landing fees - non-signatory	5,138			5,138	5,299
Apron fees	571	\$3	\$6	580	586
Fuel flow fees - fixed base operations	193			193	191
Ground rentals - fixed base operations	503			503	519
Ground rentals - airlines	6,336			6,336	5,652
Other		256	560	816	948
Total	43,504	259	566	44,329	44,712
TERMINAL BUILDING					
Space rental - airlines	\$ 15,725			\$ 15,725	\$ 15,822
Concessionaires - food and beverages	2,188			2,188	3,540
Concessionaires - other	4,202			4,202	2,623
Shared tenant - telephone system	381			381	401
Other commissions, fees, etc.	867			867	95
Debt service rental	6,572			6,572	6,642
Total	29,935			29,935	29,123
GROUND TRANSPORTATION					
Public parking	11,377			11,377	11,177
Employee parking	1,853			1,853	2,106
Rental car agencies and other	7,496			7,496	7,687
Total	20,726			20,726	20,970
OTHER AVIATION AREAS					
Building rentals - fixed base operations	426	2		428	400
Building rentals - airlines	300			300	294
Building rentals - others	50	83	110	243	244
Cargo building rentals - airlines	1,113			1,113	1,719
Cargo building rentals - others	283			283	294
Fuel farm - airlines	10			10	10
Fuel farm - others	3			3	4
Ground rentals - airlines	1,111			1,111	1,434
Ground rentals - others	1,951	24	19	1,994	1,010
Total	5,247	109	129	5,485	5,409
NON-AVIATION AREAS					
Rental - commercial sites	144			144	160
Rental - hotel	228			228	200
Special facilities and other restricted lease income	5,867			5,867	7,366
Other	1,638			1,638	12
Total	7,877			7,877	7,738
TOTAL OPERATING REVENUES	\$107,289	\$368	\$695	\$108,352	\$107,952

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES BY SOURCE
BY AIRPORT
YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009
(\$ IN THOUSANDS)

				2010	2009
	MEMPHIS INTERNATIONAL AIRPORT	CHARLES W. BAKER AIRPORT	GENERAL DEWITT SPAIN AIRPORT	TOTAL	TOTAL
AIRFIELD					
Airfield maintenance and operations	\$ 6,122	\$ 240	\$ 483	\$ 6,845	\$ 7,047
Salaries and employee benefits	3,188			3,188	2,930
Total	9,310	240	483	10,033	9,977
TERMINAL BUILDING					
Terminal shop maintenance and operations	8,195			8,195	8,290
Steam and refrigeration	251			251	191
Salaries and employee benefit	5,103			5,103	5,243
Shared tenant - telephone systems	279			279	294
Customer service operations	70			70	41
Total	13,898			13,898	14,059
GROUND TRANSPORTATION					
Public parking - operations	2,213			2,213	2,210
Employee parking - operations	1,631			1,631	1,668
Taxicab operations	386			386	379
Total	4,230			4,230	4,257
GENERAL ADMINISTRATION					
General - non-departmental	2,321	33	50	2,404	1,775
General - departmental	3,402			3,402	3,321
Telephone	112	3		115	114
Salaries and employee benefits	9,177	137	137	9,451	8,487
Total	15,012	173	187	15,372	13,697
POLICE					
Airport police operations	1,387			1,387	1,419
Salaries and employee benefits	5,163			5,163	3,898
Operations coordinators	384			384	308
Total	6,934			6,934	5,625
FIELD SHOP					
Field and paint shop maintenance and operations	947			947	980
Salaries and employee benefits	660			660	638
Total	1,607			1,607	1,618
OTHER AVIATION AREAS					
Cargo building complexes	21	3	3	27	23
Other aviation areas	204			204	181
Total	225	3	3	231	204
NON-AVIATION AREAS					
	765			765	745
Total Operating Expenses Before					
Depreciation and Amortization	51,981	416	673	53,070	50,182
DEPRECIATION AND AMORTIZATION	55,449	239	252	55,940	52,908
TOTAL OPERATING EXPENSES	\$107,430	\$655	\$925	\$109,010	\$103,090



MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF DEBT SERVICE
REQUIREMENTS - CASH BASIS
 JUNE 30, 2010 (\$ IN THOUSANDS)

AIRPORT REVENUE BONDS				
FISCAL YEAR	SERIES 1997A	SERIES 1999D	SERIES 2001A	SERIES 2001B
2011	\$ 3,628	\$ 4,670	\$ 12,734	\$ 2,172
2012		4,670	7,909	2,172
2013		5,075	7,912	2,172
2014		4,647	7,910	2,172
2015		5,687	7,909	2,172
2016		4,582	7,912	2,172
2017		6,972	7,908	2,172
2018		11,827	7,911	2,172
2019		11,825	7,911	2,172
2020		11,824	7,907	2,172
2021		11,824	7,911	2,172
2022		11,825		9,822
2023		11,827		9,820
2024		11,823		9,823
2025		11,827		9,824
2026				9,824
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
Total	3,628	130,905	91,834	73,005
Less interest	213	53,740	22,629	30,625
Principal payments	\$ 3,415	\$ 77,165	\$ 69,205	\$ 42,380

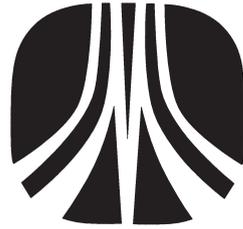
AIRPORT REVENUE BONDS

SERIES 2002	SERIES 2003A	SERIES 2008A	SERIES 2010A	SERIES 2010B	TOTAL
\$ 4,417	\$ 2,313	\$ 12,081	\$ 1,376	\$ 7,771	\$ 51,162
5,719	2,304	15,526	1,515	9,530	49,345
448	2,295	15,783	1,514	13,792	48,991
450	2,287	15,216	1,515	11,606	45,803
	2,276	15,062	1,514	10,050	44,670
	2,263	15,198	1,515	10,268	43,910
			1,514	13,723	32,289
			1,515	20,632	44,057
			1,514	20,589	44,011
			1,515	20,561	43,979
			1,514	20,531	43,952
			1,515	20,496	43,658
			1,514	20,465	43,626
			1,515	20,439	43,600
			1,514	20,409	43,574
			1,515	13,327	24,666
			1,514		1,514
			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
11,034	13,738	88,866	66,769	254,189	733,968
659	1,908	13,666	36,479	94,849	254,768
\$ 10,375	\$ 11,830	\$ 75,200	\$ 30,290	\$ 159,340	\$ 479,200

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF DEBT SERVICE REQUIREMENTS -
CASH BASIS (CONTINUED)
JUNE 30, 2010 (\$ IN THOUSANDS)**

FISCAL YEAR	GENERAL OBLIGATION BONDS	SPECIAL FACILITIES REVENUE BONDS	TOTAL OF ALL BONDS
	SERIES 1998	SERIES 2003	
2011	\$ 2,072	\$ 2,025	\$ 55,259
2012	2,073	2,025	53,443
2013		2,025	51,016
2014		46,013	91,816
2015			44,670
2016			43,910
2017			32,289
2018			44,057
2019			44,011
2020			43,979
2021			43,952
2022			43,658
2023			43,626
2024			43,600
2025			43,574
2026			24,666
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	4,145	52,088	790,201
Less interest	225	7,088	262,081
Principal payments	\$ 3,920	\$ 45,000	\$ 528,120

The schedule of debt service requirements presents principal, mandatory sinking fund redemptions, and interest when due.



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.

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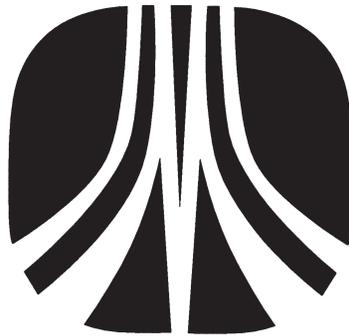
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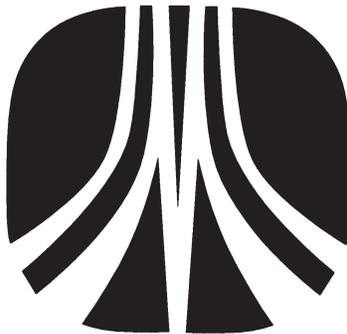
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports and the Authority’s accounting records for the relevant year.



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

	2010	2009	2008	2007
OPERATING REVENUES:				
Terminal building	\$ 29,935	\$ 29,123	\$ 29,929	\$ 28,728
Airfield	44,329	44,712	46,875	46,867
Ground transportation	20,726	20,970	23,740	23,317
Other aviation areas	5,485	5,409	4,473	4,986
Non-aviation areas	7,877	7,738	6,530	8,736
	\$ 108,352	107,952	111,547	112,634
Rental credit for signatory airlines (Note 15)				
TOTAL	108,352	107,952	111,547	112,634
OPERATING EXPENSES:				
Terminal building	13,898	14,059	14,122	12,533
Airfield	10,033	9,977	10,421	10,396
Ground transportation	4,230	4,257	4,322	4,492
General administration	15,372	13,697	14,668	13,852
Police	6,934	5,625	5,690	4,373
Field shop	1,607	1,618	1,819	1,161
Other aviation areas	231	204	143	174
Non-aviation areas	765	745	724	4,505
TOTAL	53,070	50,182	51,909	51,486
DEPRECIATION AND AMORTIZATION	55,940	52,908	49,230	50,464
OPERATING INCOME	(658)	4,862	10,408	10,684
NON-OPERATING REVENUE (EXPENSE):				
Interest and investment income	2,900	8,251	11,977	11,138
Customer facility charges	4,559	4,758	5,938	1,323
Discretionary reserve credit				
Gain (Loss) on sale of capital assets	175	(7,165)	69	
Operating grants	956	1,127	867	171
Insurance Proceeds	203	1,902		
Total Non-Operating Revenue	8,793	8,873	18,851	12,632
Interest Expense	(28,679)	(31,313)	(32,074)	(33,255)
TOTAL	(19,886)	(22,440)	(13,223)	(20,623)
LOSS BEFORE CONTRIBUTIONS	(20,544)	(17,578)	(2,815)	(9,939)
CAPITAL CONTRIBUTIONS	53,353	44,444	27,547	49,532
CHANGE IN NET ASSETS	\$32,809	\$ 26,866	\$ 24,732	\$ 39,593

	2006	2005	2004	2003	2002	2001
\$	29,287	\$ 29,659	\$ 26,354	\$ 27,901	\$ 24,125	\$ 19,421
	48,013	48,769	45,763	46,995	40,642	35,704
	21,850	18,972	17,799	17,213	17,292	19,057
	4,824	4,562	4,191	4,062	3,358	2,997
	7,041	6,431	6,302	7,280	6,969	6,802
	111,015	108,393	100,409	103,451	92,386	83,981
			(7,209)			
	111,015	108,393	93,200	103,451	92,386	83,981
	12,538	12,158	11,760	11,381	11,765	12,274
	8,265	7,149	6,905	6,963	5,734	6,247
	4,045	4,516	4,126	4,188	4,120	4,021
	15,551	11,967	11,563	11,287	10,386	12,345
	4,432	4,497	4,280	4,698	4,283	3,713
	1,478	1,436	1,168	1,259	1,030	1,344
	76	62	50	97	56	195
	410	217	537	859	900	1,041
	46,795	42,002	40,389	40,732	38,274	41,180
	44,264	44,463	43,474	41,119	38,245	31,365
	19,956	21,928	9,337	21,600	15,867	11,436
	8,149	5,830	3,391	6,519	7,823	9,099
					1,018	
	163	118	(4,530)	151	1,117	81
			239			
	8,312	5,948	(900)	6,670	9,958	9,180
	(34,847)	(34,118)	(31,835)	(33,090)	(31,433)	(28,612)
	(26,535)	(28,170)	(32,735)	(26,420)	(21,475)	(19,432)
	(6,579)	(6,242)	(23,398)	(4,820)	(5,608)	(7,996)
	26,042	24,337	42,866	7,473	26,747	37,297
\$	19,463	\$ 18,095	\$ 19,468	\$ 2,653	\$ 21,139	\$ 29,301



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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Invested in capital assets, net of related debt	\$457,560	\$438,852	\$407,677	\$383,985	\$351,896	\$333,199	\$320,251	\$309,223	\$346,266	\$354,576
Restricted for:										
Debt Service					102,440	100,086	97,823	96,409	51,317	41,791
Capital Acquisitions	135,975	123,059	128,607	126,566	12,814	16,115	19,278	2,779	23,124	10,562
Total Restricted	135,975	123,059	128,607	126,566	115,254	116,201	117,101	99,188	74,441	52,353
Unrestricted	22,559	21,374	20,135	21,136	24,944	23,231	17,184	26,657	11,708	4,347
Total Net Assets ⁽¹⁾	\$616,094	\$583,285	\$556,419	\$531,687	\$492,094	\$472,631	\$454,536	\$435,068	\$432,415	\$411,276

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

PASSENGER ENPLANEMENTS MARKET SHARE

LAST TEN YEARS

AIRLINE	FY2010		FY2009		FY2008		FY2007	
	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share
DOMESTIC								
Delta Connection (3)	1,811,359	36.4%	134,903	2.6%	148,248	2.7%	147,769	2.7%
Delta Air Lines (1)	1,694,988	34.1%	156,574	3.0%	114,941	2.1%	117,219	2.2%
Mesaba Airlines	460,854	9.3%	464,190	9.0%	230,836	4.2%	205,045	3.8%
Compass Airlines	219,873	4.4%	244,394	4.7%	52,854	1.0%		
US Airways Express (2)	184,710	3.7%	185,549	3.6%	182,051	3.3%	160,884	3.0%
AirTran	118,513	2.4%	141,882	2.8%	171,915	3.1%	164,148	3.0%
American Airlines	107,778	2.2%	103,182	2.0%	119,890	2.2%	108,941	2.0%
United Express (4)	91,720	1.8%	89,635	1.7%	90,968	1.6%	106,929	2.0%
Continental Express	89,891	1.8%	93,126	1.8%	100,285	1.8%	102,943	1.9%
American Eagle	51,536	1.0%	62,396	1.2%	76,459	1.4%	85,030	1.6%
Other (5)	3,356	0.1%	1,720	0.0%	71,976	1.3%	25,470	0.5%
Northwest Airlines (1)(7)	0.00	0.0%	1,767,932	34.3%	2,467,336	44.4%	2,561,041	47.0%
Northwest AirlinK	0.00	0.0%	1,526,245	29.6%	1,542,122	27.7%	1,477,975	27.2%
TOTAL DOMESTIC	4,834,578	97.2%	4,971,728	96.4%	5,369,881	96.6%	5,263,394	96.7%
INTERNATIONAL								
Delta Air Lines	136,030	2.8%	0.00	0.0%	0	0.0%	0	0.0%
Other (5)	854	0.0%	0.00	0.0%	4	0.0%	122	0.0%
Northwest Airlines (1)	0.00	0.0%	186,393	3.6%	190,819	3.4%	179,928	3.3%
TOTAL INTERNATIONAL	136,884	2.8%	186,393	3.6%	190,823	3.4%	180,050	3.3%
Grand Totals								
TOTAL ENPLANEMENTS -								
MSCAA	4,971,462	100.0%	5,158,121	100.0%	5,560,704	100.0%	5,443,444	100.0%
Percent of Total U.S.								
Enplanements⁽⁶⁾		N.A.		0.68%		0.70%		0.69%

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

(1) In FY2009 Delta Air Lines and Northwest Airlines merged effective October 29, 2008. The FAA issued a joint operating certificate on January 1, 2010. FY2010 information has been combined.

(2) For FY2010 Mesa Airlines, PSA Airlines and Republic operated for US Airways Express. Previous years totals include America West.

(3) For FY2010 Atlantic Southeast, Chautauqua, ComAir, Pinnacle, Shuttle America and Skywest Airlines operated for Delta Connection.

(4) For FY2010 Skywest 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 FY2001-2009 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 2001-2009 resulted in annual enplanement increases that ranged from 40,537 to 190,819 enplanements or 0.7% to 3.6% of total annual enplanements.

FY 2006		FY 2005		FY 2004		FY 2003		FY 2002		FY 2001	
Enplanements	Share										
88,954	1.6%	103,104	1.9%	95,239	1.8%	88,871	1.6%	55,344	1.1%	32,374	0.5%
236,424	4.3%	290,782	5.2%	274,408	5.1%	268,223	4.8%	318,528	6.2%	421,132	6.8%
449,224	8.2%	542,082	9.7%	675,547	12.6%	683,291	12.2%	396,049	7.7%	510,607	8.2%
135,979	2.5%	116,757	2.1%	120,562	2.3%	63,358	1.1%	36,899	0.7%	5,495	0.1%
152,708	2.8%	141,971	2.6%	135,852	2.5%	100,757	1.8%	100,916	2.0%	102,679	1.7%
81,847	1.5%	56,671	1.0%	50,895	1.0%	82,041	1.5%	77,990	1.5%	87,478	1.4%
126,241	2.3%	107,055	1.9%	101,123	1.9%	85,404	1.5%	74,343	1.4%	5,044	0.1%
96,419	1.8%	90,320	1.6%	87,249	1.6%	78,866	1.4%	85,222	1.7%	85,702	1.4%
114,738	2.1%	104,648	1.9%	76,257	1.4%	41,558	0.7%	49,810	1.0%	43,215	0.7%
32,912	0.6%	54,107	1.0%	58,285	1.1%	111,064	2.0%	167,401	3.3%	267,598	4.3%
2,545,100	46.2%	2,800,141	50.3%	2,592,772	48.5%	3,176,338	56.9%	3,005,340	58.5%	3,699,854	59.5%
1,287,585	23.4%	992,367	17.8%	917,426	17.2%	643,120	11.5%	618,598	12.1%	823,030	13.2%
5,348,131	97.2%	5,400,005	97.1%	5,185,615	97.1%	5,422,891	97.1%	4,986,440	97.1%	6,084,208	97.8%
-	0.0%	-	0.0%	0	0.0%						
976	0.0%	3,440	0.1%	7,445	0.1%	76,840	1.4%	85,487	1.7%	96,706	1.6%
154,406	2.8%	158,323	2.8%	149,393	2.8%	86,139	1.5%	61,200	1.2%	40,537	0.7%
155,382	2.8%	161,763	2.9%	156,838	2.9%	162,979	2.9%	146,687	2.9%	137,243	2.2%
5,503,513	100.0%	5,561,768	100.0%	5,342,453	100.0%	5,585,870	100.0%	5,133,127	100.0%	6,221,451	100.0%
	0.72%		0.75%		0.75%		0.86%		0.80%		0.96%

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

Year	O&D Passengers	Total Enplaned Passengers ⁽¹⁾	Percentage
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%
2004	1,884	5,342	35.27%
2003	1,820	5,586	32.58%
2002	1,741	5,133	33.92%
2001	2,033	6,221	32.68%

Source: Memphis-Shelby County Airport Finance Division

(1) Enplanements for FY2001-2009 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 FY2001-2009 resulted in annual enplanement increases that ranged from 40,537 to 190,819 enplanements or 0.7% to 3.6% of total annual enplanements.

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Baseline Average Cost per Enplaned Passenger ⁽¹⁾⁽²⁾⁽³⁾						\$ 5.07	\$ 4.75	\$ 4.76	\$ 4.81	\$ 4.81
Average Cost per Enplaned Passenger plus Special Facility Debt ⁽²⁾	\$4.30	\$6.01	\$6.32	\$6.03	\$6.41	\$5.98	\$5.65	\$5.66	\$5.81	\$5.81
Average Cost per Enplaned Passenger plus Special Facility Debt and FIS Fees ⁽²⁾	\$4.48	\$6.28	\$6.70	\$6.47	\$6.82	\$6.30	\$5.93	\$5.95	\$6.14	\$6.15

- (1) Fiscal years 2010 - 2006 are shown without certain debt service revenues to provide a baseline for cost per enplaned passengers. Fiscal years 2005 and earlier are NOT shown with this adjustment. Future years will be shown as this baseline until 10 year data is available.
- (2) Cost Per Enplaned Passenger for FY2006-2009 have been restated to reflect changes in cost allocation and enplanement data to the airlines, see note 3.
- (3) Enplanements for FY2001-2009 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 FY2001-2009 resulted in annual enplanement increases that ranged from 40,537 to 190,819 enplanements or 0.7% to 3.6% of total annual enplanements.

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

AIRLINE	FY2010		FY2009		FY2008		FY2007	
	Cargo Weight	Share						
DOMESTIC FREIGHT								
Federal Express	4,064,769	93.7%	3,836,943	93.9%	4,062,354	93.9%	4,099,458	93.9%
United Parcel Service	31,504	0.8%	31,126	0.9%	33,282	0.8%	35,693	0.9%
Mountain Air	8,390	0.2%	9,766	0.2%	10,890	0.3%	9,404	0.2%
Air Transport Int'l (prev BAX Global)	4,959	0.1%	7,715	0.2%	11,902	0.3%	12,951	0.3%
Delta Air Lines (1)	1,761	0.0%	422	0.0%	897	0.0%	1,019	0.0%
Other (1)(2)	1,155	0.0%	859	0.0%	1,207	0.0%	1,802	0.0%
Baron Aviation	1,007	0.0%	782	0.0%	663	0.0%	1,753	0.0%
DHL	45	0.0%	1,763	0.0%	4,896	0.1%	4,280	0.1%
Northwest (1)		0.0%	1,993	0.0%	2,878	0.1%	3,100	0.1%
ABX (prev Airborne Express)		0.0%	1,815	0.0%	3,891	0.1%	4,159	0.1%
Northwest Airlink		0.0%	1,028	0.0%	1,047	0.0%	1,140	0.0%
Total Domestic Freight	4,113,590	94.8%	3,894,212	95.2%	4,133,907	95.6%	4,174,759	95.5%
INTERNATIONAL FREIGHT								
Federal Express	216,668	5.0%	189,322	4.6%	180,675	4.2%	176,511	4.0%
Other (2)	3,141	0.1%		0.0%	491	0.0%	635	0.0%
Northwest (1)		0.0%	3,184	0.1%	4,166	0.1%	4,073	0.1%
Total International Freight	219,809	5.1%	192,506	4.7%	185,332	4.3%	181,219	4.1%
AIR MAIL								
Kalitta Air	2,513	0.1%	3,364	0.1%	5,146	0.1%	10,902	0.3%
Delta Air Lines (1)	10	0.0%		0.0%		0.0%		0.0%
Other (2)	4	0.0%	4	0.0%		0.0%	16	0.0%
American		0.0%		0.0%		0.0%		0.0%
Northwest (1)		0.0%	14	0.0%	1	0.0%	16	0.0%
Northwest Airlink		0.0%		0.0%	2	0.0%		0.0%
Total Air Mail	2,527	0.1%	3,382	0.1%	5,149	0.1%	10,934	0.12%
Total Cargo Enplaned	4,335,926	100.0%	4,090,100	100.0%	4,324,388	100.0%	4,366,912	100.0%

Source: Memphis-Shelby County Airport Authority, Activity Reports

(1) In FY2009 Delta Air Lines and Northwest Airlines merged effective October 29, 2008. The FAA issued a joint operating certificate on January 1, 2010. FY2010 information has been combined.

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

FY 2006		FY 2005		FY 2004		FY 2003		FY 2002		FY 2001	
Cargo Weight	Share										
3,908,589	93.2%	3,818,706	93.3%	3,744,889	93.7%	3,668,062	93.8%	3,399,669	93.4%	2,390,614	89.5%
37,256	0.9%	34,589	0.9%	29,999	0.8%	26,075	0.7%	27,092	0.7%	25,205	0.9%
9,256	0.2%	9,804	0.2%	9,994	0.2%	11,249	0.3%	9,698	0.3%	9,728	0.4%
13,365	0.3%	13,981	0.4%	13,858	0.4%	13,622	0.3%	13,932	0.4%	12,938	0.5%
2,003	0.0%	1,065	0.0%	955	0.0%	1,120	0.0%	936	0.0%	804	0.0%
7,214	0.2%	8,267	0.2%	6,932	0.2%	6,902	0.2%	8,714	0.2%	15,686	0.6%
3,879	0.1%	4,385	0.1%	4,318	0.1%	4,144	0.1%	4,396	0.1%	4,734	0.2%
5,125	0.1%	1,723	0.0%	1,705	0.0%	1,576	0.0%	1,501	0.0%	1,259	0.0%
3,010	0.1%	4,183	0.1%	7,133	0.2%	3,258	0.1%	3,184	0.1%	4,900	0.2%
3,275	0.1%	9,594	0.2%	9,369	0.2%	9,842	0.3%	9,133	0.3%	10,025	0.4%
948	0.0%	382	0.0%	371	0.0%	958	0.0%	361	0.0%	468	0.0%
3,993,920	95.2%	3,906,679	95.4%	3,829,523	95.5%	3,746,808	95.8%	3,478,616	95.5%	2,476,361	92.7%
192,375	4.6%	178,127	4.4%	163,261	4.1%	144,416	3.7%	132,395	3.6%	141,856	5.3%
929	0.0%	45	0.0%	69	0.0%	4,534	0.1%	5,930	0.2%	9,259	0.3%
3,038	0.1%	3,348	0.1%	507	0.0%						
196,342	4.7%	181,520	4.5%	163,837	4.1%	148,950	3.8%	138,325	3.8%	151,115	5.6%
6,463	0.2%	4,166	0.1%	3,927	0.1%		0.0%		0.0%		0.0%
15	0.0%	569	0.0%	1,063	0.0%	480	0.0%	1,647	0.0%	2,777	0.1%
74	0.0%	356	0.0%	498	0.0%	223	0.0%	1,166	0.0%	5,072	0.2%
54	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
28	0.0%	12	0.0%	1,171	0.0%	14,103	0.4%	21,604	0.6%	36,813	1.4%
	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
6,634	0.2%	5,103	0.1%	6,659	0.1%	14,806	0.4%	24,417	0.7%	44,662	1.7%
4,196,896	100.0%	4,093,302	100.0%	4,000,019	100.0%	3,910,564	100.0%	3,641,358	100.0%	2,672,138	100.0%

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

AIRLINE	FY 2010		FY 2009		FY 2008		FY 2007	
	Cargo Weight	Share						
MAJOR/NATIONAL								
Delta Air Lines (1)	2,286,928	9.0%	221,502	0.9%	156,997	0.6%	169,367	0.6%
American Airlines	201,177	0.8%	201,814	0.8%	202,135	0.8%	193,212	0.7%
Airtran	155,168	0.6%	180,752	0.7%	216,006	0.8%	209,664	0.8%
Northwest Airlines (1)	0	0.0%	2,520,905	9.7%	3,471,984	13.0%	3,667,471	13.8%
Continental	0	0.0%	402	0.0%	1,178	0.0%	1,630	0.0%
Other (2)	0	0.0%	340	0.0%	131,606	0.5%	21,077	0.1%
Total Major/National	2,643,273	10.4%	3,125,715	12.1%	4,179,906	15.7%	4,262,421	16.0%
REGIONAL								
Pinnacle Airlines	1,900,981	7.5%	1,971,362	7.6%	1,861,435	6.9%	1,838,734	6.9%
Mesaba	602,973	2.4%	677,205	2.6%	338,724	1.3%	293,391	1.1%
Other (2)	356,036	1.4%	3,924	0.0%	41,200	0.2%	111,543	0.4%
Compass	268,217	1.1%	310,386	1.2%	66,811	0.2%		0.0%
USAirways Express	188,601	0.6%	204,376	0.8%	205,199	0.8%	110,895	0.4%
Continental Express	119,785	0.5%	128,614	0.5%	134,570	0.5%	136,581	0.5%
American Eagle	73,288	0.3%	94,952	0.4%	108,876	0.4%	117,541	0.4%
United Express	57,020	0.2%	123,576	0.5%	127,824	0.5%	142,229	0.5%
Delta Connection	36,097	0.1%	111,405	0.4%	192,716	0.7%	198,730	0.7%
Total Regional	3,602,998	14.1%	3,625,800	14.0%	3,077,355	11.5%	2,949,644	10.9%
CARGO								
Federal Express	18,904,542	74.2%	18,739,254	72.4%	19,111,270	71.3%	18,899,281	71.1%
United Parcel Service	199,060	0.8%	209,284	0.8%	190,606	0.7%	152,691	0.6%
Air Transport Int'l (fmr BAX Global)	42,540	0.2%	59,990	0.2%	76,557	0.3%	76,568	0.3%
Mountain Air Cargo	32,844	0.1%	32,165	0.1%	32,618	0.1%	27,023	0.1%
Other (2)	32,577	0.1%	15,450	0.1%	19,381	0.1%	27,504	0.1%
Kalitta Air	12,780	0.1%	22,905	0.1%	36,360	0.1%	101,880	0.4%
DHL (formerly Menlo/Emery)	2,636	0.0%	24,219	0.1%	42,876	0.2%	41,358	0.2%
ABX (Airborne Express)	0	0.0%	28,538	0.1%	25,908	0.1%	26,961	0.1%
Total Cargo	19,226,979	75.5%	19,131,805	73.9%	19,535,576	72.9%	19,353,266	72.9%
Total Landed Weights	25,473,250	100.0%	25,883,320	100.0%	26,792,837	100.0%	26,565,331	100.0%

(1) In FY2009 Delta Air Lines and Northwest Airlines merged effective October 29, 2008. The FAA issued a joint operating certificate on January 1, 2010. FY2010 information has been combined.

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

Source: Finance Division

FY 2006		FY 2005		FY 2004		FY 2003		FY 2002		FY 2001	
Cargo Weight	Share										
343,854	1.3%	386,830	1.5%	372,802	1.5%	391,600	1.5%	513,245	2.1%	688,567	3.2%
142,037	0.5%	104,428	0.5%	106,426	0.4%	145,874	0.6%	139,339	0.6%	156,322	0.7%
182,650	0.8%	182,208	0.7%	169,684	0.7%	141,128	0.6%	141,273	0.7%	141,174	0.7%
3,645,688	14.0%	4,173,077	16.3%	4,027,714	16.1%	4,690,885	18.5%	4,714,431	19.4%	5,498,081	25.7%
9,070	0.0%	26,074	0.1%	34,760	0.1%	33,550	0.1%	31,680	0.1%	17,710	0.1%
23,108	0.1%	30,631	0.1%	423	0.0%	209,478	0.8%	306,883	1.2%	504,081	2.4%
4,346,407	16.7%	4,903,248	19.2%	4,711,809	18.8%	5,612,515	22.1%	5,846,851	24.1%	7,005,935	32.8%
1,696,089	6.5%	1,365,679	5.4%	1,270,551	5.1%	978,739	3.8%	958,194	3.9%	1,199,072	5.6%
548,226	2.1%	646,572	2.5%	823,742	3.3%	928,975	3.6%	513,413	2.1%	699,930	3.3%
91,756	0.4%	126,093	0.5%	157,228	0.6%	117,285	0.5%	110,928	0.5%	130,802	0.7%
	0.0%		0.0%		0.0%		0.0%				
110,849	0.4%	75,204	0.3%	102,874	0.4%	69,894	0.3%	48,365	0.2%	7,148	0.0%
122,303	0.5%	133,742	0.5%	120,182	0.5%	116,939	0.5%	125,566	0.5%	131,796	0.6%
141,608	0.5%	126,356	0.5%	112,328	0.4%	59,636	0.2%	48,957	0.2%	44,775	0.2%
178,181	0.7%	145,972	0.6%	129,908	0.5%	104,763	0.4%	96,444	0.4%	7,972	0.0%
114,966	0.4%	137,817	0.5%	168,766	0.7%	150,545	0.6%	97,901	0.4%	50,055	0.2%
3,003,978	11.6%	2,757,435	10.8%	2,885,579	11.5%	2,526,776	9.9%	1,999,768	8.2%	2,271,550	10.6%
18,098,283	69.7%	17,398,021	68.0%	16,896,344	67.5%	16,721,926	65.5%	15,784,102	65.0%	11,343,962	53.0%
153,161	0.6%	140,871	0.4%	178,982	0.7%	255,214	1.0%	257,356	1.1%	259,746	1.2%
78,262	0.3%	84,380	0.3%	75,161	0.3%	82,776	0.3%	82,820	0.3%	71,341	0.3%
29,803	0.1%	47,887	0.2%	51,870	0.2%	57,834	0.2%	63,378	0.3%	64,988	0.3%
120,821	0.5%	127,911	0.5%	124,407	0.5%	147,938	0.6%	156,479	0.6%	259,569	1.2%
54,720	0.2%	39,735	0.2%	31,905	0.1%		0.0%	585	0.0%		0.0%
39,734	0.2%	13,584	0.1%	13,260	0.1%	13,104	0.1%	13,136	0.1%	13,118	0.1%
34,861	0.1%	81,589	0.3%	71,230	0.3%	73,661	0.3%	72,875	0.3%	101,660	0.5%
18,609,645	71.7%	17,933,978	70.0%	17,443,159	69.7%	17,352,453	68.0%	16,430,731	67.7%	12,114,384	56.6%
25,960,030	100.0%	25,594,661	100.0%	25,040,547	100.0%	25,491,744	100.0%	24,277,350	100.0%	21,391,869	100.0%

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

FISCAL YEAR	MAJOR/ NATIONALS	REGIONAL	CARGO	GENERAL AVIATION	MILITARY	TOTAL
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
2004	77,942	132,236	131,766	49,994	1,752	393,690
2003	94,738	119,824	133,030	55,111	1,712	404,415
2002	96,144	101,778	129,586	59,011	3,617	390,136
2001	114,156	118,916	103,170	59,897	4,488	400,627

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)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
REVENUES:										
(as defined in bond indenture)										
Terminal building	\$29,935	\$29,123	\$29,929	\$28,728	\$29,287	\$29,659	\$26,354	\$27,901	\$24,125	\$19,421
Airfield	44,329	44,712	46,875	46,867	48,013	48,769	45,763	46,995	40,642	35,704
Ground Transportation	20,726	20,970	23,740	23,317	21,850	18,972	17,799	17,213	17,292	19,057
Other aviation areas	5,485	5,409	4,473	4,986	4,824	4,562	4,191	4,062	3,358	2,997
Non-aviation areas	7,877	7,738	6,530	8,736	7,041	6,431	6,302	7,280	6,969	6,802
Less Rental Credits for Signatory Airlines							(7,209)			
Application of prior year surplus	5,209	4,849	6,107	6,171	5,148	3,653	7,266			2,974
Coverage Carryforward	11,000	11,000	9,780	9,780	9,780	9,280	9,841	9,841	3,831	
TOTAL	\$124,561	\$123,801	127,434	128,585	125,943	121,326	110,307	113,292	96,217	86,955
OPERATING EXPENSES:										
Terminal building	13,898	14,059	14,122	12,533	12,538	12,158	11,760	11,381	11,765	12,274
Airfield	10,033	9,977	10,421	10,396	8,265	7,149	6,905	6,963	5,734	6,247
Ground transportation	4,230	4,257	4,322	4,492	4,045	4,516	4,126	4,188	4,120	4,021
General administration	15,372	13,697	14,668	13,852	15,551	11,967	11,563	11,287	10,386	12,345
Police	6,934	5,625	5,690	4,373	4,432	4,497	4,280	4,698	4,283	3,713
Field shop	1,607	1,618	1,819	1,161	1,478	1,436	1,168	1,259	1,030	1,344
Other aviation areas	231	204	143	174	76	62	50	97	56	195
Non-aviation areas	765	745	724	4,505	410	217	537	859	900	1,041
TOTAL	53,070	50,182	51,909	51,486	46,795	42,002	40,389	40,732	38,274	41,180
Net Revenues Before Adjustments	\$71,491	\$73,619	75,525	77,099	79,148	79,324	69,918	72,560	57,943	45,775
Restricted Interest										
Earnings and Other (a)	2,356	3,190	5,074	5,464	4,499	3,674	4,819	3,752	5,344	4,180
Bond Reserves - 1999C									1,132	
Other Revenue	1,159	3,029	936	531	530	569	525	522	740	894
Capital Outlay	(1,038)	(2,570)	(2,525)	(2,333)	(1,924)	(2,273)	(2,760)	(1,624)	(4,470)	(1,482)
Debt Service on 1993 Special Facilities Bond	(5,811)	(5,775)	(4,525)	(4,525)	(4,525)	(4,525)	(4,396)	(5,290)	(5,290)	(5,290)
Notes Payable Principal and Interest	(203)	(263)	(40)	(352)	(658)	(525)	(331)	(416)	(355)	(66)
Net Revenues (b)	\$67,954	\$71,230	\$74,445	\$75,884	\$77,070	\$76,244	\$67,775	\$69,504	\$55,044	\$44,011
DEBT SERVICE REQUIREMENT:										
Airport Revenue Bonds (c)	53,501	55,236	55,322	55,361	56,747	57,067	50,178	48,192	41,142	35,215
General Obligation Bonds	2,124	2,124	2,315	3,989	3,927	3,843	3,661	3,623	3,641	3,784
TOTAL DEBT SERVICE (d)	\$55,625	\$57,360	\$57,637	\$59,350	\$60,674	\$60,910	\$53,839	\$51,815	\$44,783	\$38,999
Coverage ratio - airport revenue bonds	127%	129%	135%	137%	136%	134%	135%	144%	134%	125%
Coverage ratio - all bonds (e)	122%	124%	129%	128%	127%	125%	126%	134%	123%	113%

Source: Audited 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.

(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)**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Principal	\$26,156	\$29,355	\$27,628	\$28,213	\$28,059	\$26,937	\$21,384	\$18,392	\$16,227	\$15,180
Interest ⁽¹⁾	26,651	28,005	30,009	31,137	32,615	33,973	32,454	33,423	28,556	23,819
TOTAL										
DEBT SERVICE ⁽²⁾	\$52,807	\$57,360	\$57,637	\$59,350	\$60,674	\$60,910	\$53,838	\$51,815	\$44,783	\$38,999
Total Expenses	137,689	141,568	133,210	135,205	125,906	120,583	115,698	114,941	107,952	101,157
Less Depreciation and Amortization and Gain or Loss on Property Disposals	(55,765)	(60,073)	(49,161)	(54,167)	(44,202)	(44,463)	(43,469)	(41,104)	(38,227)	(31,365)
Add Principal	26,156	29,355	27,628	28,213	28,059	26,937	21,384	18,392	16,227	15,180
Add Net Capitalized Interest	617					1,627	5,117	4,002	4,624	2,975
TOTAL GENERAL										
EXPENDITURES	\$108,697	\$110,850	\$111,677	\$109,251	\$109,763	\$104,684	\$98,730	\$96,231	\$90,576	\$87,947
RATIO OF DEBT SERVICE TO EXPENDITURES	48.6%	51.7%	51.6%	54.3%	55.3%	58.2%	54.5%	53.8%	49.4%	44.3%

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)**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Aiport Revenue										
Bond Debt	\$479,200	\$478,345	\$504,585	\$526,765	\$552,165	\$576,615	\$600,150	\$616,500	\$634,340	\$483,625
Enplaned Passengers ⁽¹⁾	4,971	5,158	5,561	5,443	5,504	5,562	5,342	5,586	5,133	6,221
Aiport Revenue Bond Debt per Enplaned Passenger	\$96	\$93	\$94	\$100	\$103	\$107	\$116	\$112	\$125	\$78

(1) Enplanements for FY2001-2009 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 2001-2009 resulted in annual enplanement increases that ranged from 40,537 to 190,819 enplanements or 0.7% to 3.6% of total annual enplanements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY USE OF BOND PROCEEDS

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

AIRPORT REVENUE BONDS

Series 2010A – The bonds were issued to fund a portion of the costs of construction, acquisition and equipping of Airport terminal and parking facilities.

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 holdrooms 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. (See Series 1988, which follows.) 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 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 Concourse 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 & C, upgrade the flight information display system & gate check-in facilities on

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY USE OF BOND PROCEEDS

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 holdroom 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 holdrooms; general improvements to passenger holdrooms; 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 Northwest Airlines.

CITY OF MEMPHIS GENERAL OBLIGATION BONDS

Series 1998 - The bonds were issued to provide funds for the purpose of refunding the outstanding principal balance of the Series 1991B Bonds; which were issued to help finance the acquisition of land and 310 residential properties to allow future Airport development.

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 1993 Bonds, which were issued to construct aircraft maintenance facilities, a corporate aviation hangar, 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 & 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, formerly Express Airlines I, Inc.

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 hangar, 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⁾	PERCENTAGE OF		PERCENTAGE OF	
	NUMBER OF EMPLOYEES ⁽²⁾ 2010	LARGEST EMPLOYEES	NUMBER OF EMPLOYEES ⁽²⁾ 2001	LARGEST EMPLOYEES
FedEx	32,000	28.81%	30,000	34.46%
Memphis City Schools	16,184	14.57%	14,000	16.08%
U.S. Government	14,600	13.14%	17,400	19.99%
Tennessee State Government	9,000	8.10%		
Methodist Healthcare	8,442	7.60%	4,350	5.00%
Memphis City Government	7,080	6.37%	5,700	6.55%
Baptist Memorial Healthcare Corp.	6,470	5.82%	5,200	5.97%
Shelby County Government	6,110	5.50%	6,600	7.58%
Wal-mart Stores, Inc	6,000	5.40%		
Shelby County Board of Education	5,200	4.68%	3,800	4.37%
Total	111,086	100.00%	87,050	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
Estimate 2009	902,495	1,286,151	6,296,254	307,006,550
Forecast 2014	885,377	1,301,835	6,447,163	319,667,598

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

(2) Source: Memphis Chamber of Commerce

(3) Source: Tennessee Department of Economic and Community Development, and U.S. Department of Commerce, Bureau of the Census, Current Population Reports, 2000, 2009, 2014 Estimates and Projections.

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRLINES SERVING MEMPHIS INTERNATIONAL AIRPORT
JUNE 30, 2010**

CARGO AIRLINES

Air Transport International
Baron Aviation Services
DHL Worldwide Express
FedEx
Kalitia Air
Mountain Air Cargo
United Parcel Service, Inc.
Airnet Systems

PASSENGER AIRLINES

MAJOR

AirTran Airways
American Airlines, Inc.
Delta Air Lines
US Airways

CHARTER

Miami Air International
Mid-South Jets
Palm Air

REGIONAL/COMMUTER

Air Canada Jazz
Air Wisconsin
American Eagle
Atlantic Southeast Airlines dba Delta Connection
Chautauqua Airlines dba Delta Connection
Comair dba Delta Connection
Compass Airlines dba Delta Connection
Continental Express
Mesa Airlines dba US Airways Express
Mesaba Airlines dba Delta Air Lines
Pinnacle Airlines
PSA Airlines dba US Airways Express
Republic Airlines dba US Airways Express
Shuttle America dba Delta Connection
Skywest Airlines dba Delta Connection
Skywest Airlines dba United Express

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
EMPLOYERS LOCATED ON AIRPORT PROPERTY
JUNE 30, 2010**

CONCESSIONAIRES AND TENANTS

Aircraft Services International, Inc.
Airport Barber and Style Shop
Airport Fast Park
Anton Food
Avis Rent-A-Car
Budget Rent-A-Car
Cockrum Clark Delivery
Creative Host, Inc.
Delaware North Companies
Dollar Rent-A-Car
Edy's Ice Cream
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
Radisson Hotel
Republic Parking System
Service Master Management
Shoeshine Shop
Smarte Carte, Inc.
Starbucks
Swissport Fueling, Inc.
The Hertz Corporation
The Paradies Shops
U S Security Associates, Inc.
Zoom Systems

CARGO AIRLINES

Baron Aviation
BAX Global dba Air Transport International
DHL Worldwide Express
FedEx
United Parcel Service, Inc.

PASSENGER AIRLINES

AirTran Airways
American Airlines, Inc.
American Eagle
Atlantic Southeast Airlines dba Delta Connection
Chautauqua Airlines dba Delta Connection
Comair dba Delta Connection
Compass Airlines dba Delta Connection
Continental Airlines
Continental Express
Delta Air Lines
Mesa Airlines dba US Airways Express
Mesaba Airlines dba Delta Connection
Pinnacle Airlines, Inc. dba Delta Connection
Seaport Airlines
Skywest Airlines dba United Express
Trans States Airlines, Inc. dba American Connection
PSA Airlines

OTHER EMPLOYERS

AMFA
Aramark Aviation Services, LP
City of Memphis Fire Department
Complete Scale Service
Federal Aviation Administration
GAT Airline Ground Support
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	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Terminal areas:										
Maintenance	81	81	81	85	56	56	57	57	57	52
Airfield areas:										
Maintenance	48	48	48	43	78	84	77	80	80	76
Administration area	78	78	78	76	83	83	81	75	75	70
Police & Operations areas:										
Officers	86	86	79	83	57	44	44	44	43	43
Support Staff	12	12	12	10	16	29	28	28	27	27
General Aviation Airports:										
Maintenance	3	3	3	3	3	3	2	2	2	2
Total	308	308	301	300	293	299	289	286	284	270

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY INSURANCE IN FORCE JUNE 30, 2010

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 total liability Deductible: \$5,000 per occurrence \$100,000 aggregate	April 1, 2011	Commerce and Industry Insurance Company	Personal injury and property damage
Aircraft non-ownership property damage liability	\$250,000 per occurrence Deductible: \$2,500	April 1, 2011	Commerce and Industry Insurance Company	Personal injury and property damage
Employee Benefits Liability	\$1,000,000 aggregate Deductible: \$2,500	April 1, 2011	Commerce and Industry Insurance Company	negligent act, error or omission damages
Automobile liability - bodily injury and property damage	\$1,000,000 each occurrence	April 1, 2011	Association Casualty Insurance Company	Bodily injury and property damage
Automobile - physical damage	Actual cash value at time of loss	April 1, 2011 Insurance Company	Association Casualty physical damage	Automobile
Property	\$800,000,000 aggregate losses \$50,000,000 earthquake, \$50,000,000 flood \$5,000,000 Terroism Deductibles: \$25,000 per occurrence earthquake - \$250,000 or 5% of value flood - \$500,000	July 8, 2010	FM Global	Building - All risk (includes fire and extended coverage, boiler & machinery as well as contents)
Fidelity and Crime	\$1,000,000 Deductible: \$10,000	July 8, 2012	Hartford Fire Insurance Company computer fraud	Employee theft, forgery, robbery, and
Employment practices liability	\$10,000,000 Deductible: \$25,000	April 1, 2011	Arch Insurance Company	Wrongful termination, discrimination, sexual harassment and workplace torts
Public officials liability	\$10,000,000 Deductible: \$25,000	April 1, 2011	Arch Insurance Company	Board of Commissioners, management and professional liability
Worker's compensation	\$1,000,000 Statutory coverage - State of TN Employers Liability	April 1, 2011	Chubb Indemnity Company	Workers' compensation for on-the-job injuries
OWNER CONTROLLED INSURANCE PROGRAM - (CONSTRUCTION INSURANCE):				
General Liability	\$2,000,000 per occurrence \$4,000,000 aggregate Deductible: \$250,000	February 21, 2013	Zurich Insurance	Personal injury and property damage
Excess liability insurance	\$25,000,000 per occurrence \$25,000,000 aggregate Deductible: \$250,000	February 21, 2013	Zurich Insurance	Personal injury and property damage
Workers' compensation	\$1,000,000 each occurrence Deductible: \$250,000	February 21, 2011	Zurich Insurance	Workers' compensation for on-the-job injuries



COMPLIANCE SECTION

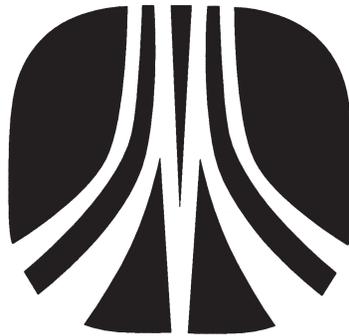
This Section Contains the:
Single Audit Information

SINGLE AUDIT INFORMATION

This Subsection Contains the Following Information:

Schedule of Expenditures of Federal and State Awards

Independent Auditors' Reports



MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2010 (\$ IN THOUSANDS)

Grantor/Number Pass-Through Grantor	Federal CFDA Number	Grant and Contract Number	State Grant and Contract Number	Project Description	Percentage of Participation	Grants as Amended June 30, 2009
FEDERAL AWARDS						
U.S. Department of Transportation Federal Aviation Administration (FAA):						
Airport Improvement Programs	20.106	3-47-0049-67-2005		Snow Removal Equipment and Airport Development - FY 2005 Improvement Projects	75%	22,639
		3-47-0049-69-2006		Airport Development - Upgrades for Group VI Aircraft Reconstruction and Taxiway Construction	75%	20,367
		3-47-0049-70-2007		Airport Development - In-bound Road Construction	75%	18,292
		3-47-0049-72-2007		Airport Development - Rehabilitate and Construct Taxiways Victor and Sierra, Airport Master Plan Study, Terminal and Deice Facility Construction	75%	7,277
		3-47-0049-74-2008		Airport Development - Rehabilitate Taxiway Sierra, Reconstruction of Runway 9/27, Cargo Ramp Replacement, Airport Design	75%	12,746
		3-47-0049-75-2008		Airport Development - Rehabilitate Taxiway Sierra, Reconstruction of Runway 9/27, Cargo Ramp Replacement, Airport Design	75%	5,488
		3-47-0049-78-2009		Airport Development - Reconstruction of Runway 9/27 and Associated Taxiways, Airport Signage, Taxiway Papa Construction	75%	
		3-47-0049-79-2010		Airport Development - LOI for West Runway Reconstruction	75%	
		3-47-0049-80-2010		Airport Development - Reconstruction of Runway 9/27 and Associated Taxiways, Taxiway Papa Construction, Airport Signage	75%	
						86,809
U.S. Department of Homeland Security						
Transportation Security Administration	(2)	HSTS04-06-A-DEP247		Checkpoint Improvements	100%	1,079
Security Administration	97.072	HSTS02-08-H-CAN431		K9 Grant	100%	301
Law Enforcement Officer						
Reimbursement Agreement Program	97.090	HSTS02-08-H-SLR207		Law Enforcement Operating Grant	100%	1,513
						2,893
U. S. Department of Transportation (FAA)						
Through Tennessee Department of Transportation						
Airport Improvement Programs	20.106	3-47-SBGP-27	AERO-10-150-00	Spain - Hangar Infill	90%	
Total Federal Awards						89,702
STATE AWARDS						
Tennessee Department of Transportation:						
		79-555-1010-04	Z-07-03-7602-00	MEM - SE Area Cargo Building	90%	7,740
		79-555-1009-04	Z-07-03-7702-00	MEM - Emergency Power Generators	90%	2,290
		79-555-1012-04	Z-07-03-7666-00	Charles Baker - DigiWx AWOS	75%	53
		79-555-1014-04	Z-07-03-7667-00	DeWitt Spain - DigiWx AWOS	75%	53
		79-555-0788-04	Z-08-20-0751-00	MEM - Regional Infrastructure Assessment	90%	41
		79-555-1020-04	Z-08-20-0752-00	Charles Baker - REIL System	90%	28
		79-555-1019-04	Z-08-20-0753-00	DeWitt Spain - REIL System	90%	33
		79-555-1025-04	Z-08-20-0781-00	MEM - Phase 2 Replace Cargo Ramp	90%	10,000
		99-555-1186-04	Z-09-21-3360-00	Charles Baker - 2009 Maintenance	50%	13
		99-555-1186-04	Z-09-21-3374-00	DeWitt Spain - 2009 Maintenance	50%	13
		79-555-1030-04	Z-09-21-3983-00	Charles Baker - Airfield Signage	90%	6
		79-555-1031-04	Z-09-21-3982-00	DeWitt Spain - Airfield Signage	90%	12
		79-555-1037-04	AERO-10-113-00	Charles Baker - Fueling System Upgrade	50%	
		79-555-1039-04	AERO-10-110-00	DeWitt Spain - Fueling System Upgrade	50%	0
		79-555-1033-04	GG-09-28133-00	MEM - Ground Transportation Center	90%	0
		99-555-1199-04	Z-10-22-0182-00	Charles Baker - 2010 Maintenance	50%	
		99-555-1199-04	Z-10-22-0196-00	DeWitt Spain - 2010 Maintenance	50%	
Total State Awards						20,282
TOTAL FEDERAL AND STATE AWARDS						\$109,984

(1) Grant Expenditures include \$18,070 from prior years; \$18,032 Federal and \$38 State.

(2) No CDFR number was noted in the grant document.

(Reduced) / Awarded	Total June 30, 2010	Grants Receivable June 30, 2009	Expenditures (I)	Cash Receipts	Grants Receivable June 30, 2010
	22,639	1,083		1,083	
	20,367		2,748	210	2,538
	18,292	569		569	
	7,277	121	206	121	206
	12,746	294	1,207	1,174	327
	5,488	951	704	1,563	92
23,842	23,842		21,156	20,350	806
4,823	4,823		4,823	4,823	
21,672	21,672		11,675	9,265	2,410
50,337	137,146	3,018	42,519	39,158	6,379
(53)	1,026	37		37	
200	501	113	201	255	59
712	2,225	260	730	808	182
859	3,752	410	931	1,100	241
308	308		16		16
51,504	141,206	3,428	43,466	40,258	6,636
(80)	7,660	5,968		5,968	
	2,290	724		724	
	53				
	53				
	41	26		26	
10	38	11	9		20
12	45	16	12		28
	10,000	7,447	21	7,460	8
	13	13		13	
	13	13		13	
(3)	3	3		3	
(7)	5	4	1	5	
3	3		3	3	
3	3		3	3	
33,165	33,165		10,769	7,497	3,272
13	13		13		13
13	13		13		13
33,129	53,411	14,225	10,844	21,715	3,354
\$84,633	\$194,617	\$17,653	\$54,310	\$61,973	\$9,990

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AND STATE AWARDS
YEAR ENDED JUNE 30, 2010

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 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.

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 the financial statements of the Memphis-Shelby County Airport Authority (the "Authority") as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated November 2, 2010. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Commissioners, management, and federal program officials, and the State of Tennessee Comptroller of the Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Dixon Hughes PLLC

November 2, 2010

Independent Auditors' Report on Compliance with Requirements Applicable to the Major Program and On Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of the Memphis-Shelby County Airport Authority (the "Authority"), with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2010. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance 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; 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contract and grants applicable to its federal program. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, management, federal program officials, and the State of Tennessee Comptroller of the Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Dixon Hughes PLLC

November 2, 2010

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

PART I – SUMMARY OF AUDIT RESULTS

1. The Independent Auditors' Report on the financial statements of Memphis-Shelby County Airport Authority (the "Authority"), dated November 2, 2010, expressed an unqualified 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 November 2, 2010).
3. No instances of noncompliance considered material to the financial statements were disclosed by the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award program are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to the Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 (report dated November 2, 2010).
5. The Independent Auditors' Report on Compliance with Requirements Applicable to the Major Program and On Internal Control Over Compliance in Accordance with OMB Circular A-133, dated November 2, 2010, expressed an unqualified 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 \$1,304,000 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

