



PHILADELPHIA INTERNATIONAL AIRPORT
NORTHEAST PHILADELPHIA AIRPORT



CITY OF PHILADELPHIA
Philadelphia Airport System

Municipal Securities Disclosure
Annual Financial Information
Fiscal Year Ended June 30, 2023



PHL PNE

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NORTHEAST PHILADELPHIA AIRPORT

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**Municipal Securities Disclosure Report
Annual Financial Report
For the Fiscal Year Ended June 30, 2023**

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INTRODUCTION

Philadelphia International Airport (“PHL”) and Northeast Philadelphia Airport (“PNE”) (collectively the “Airport”) are owned by the City of Philadelphia (the “City”) and operated by the Department of Aviation (the “Department”). The following discussion and analysis of the financial performance and activity of the Department is to provide an introduction and understanding of the basic financial statements of the City’s Aviation Fund (“Aviation Fund”) for the fiscal year ended June 30, 2023, with selected comparative information for the fiscal year ended June 30, 2022.

This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto that follow this section. The financial statements presented are for the Aviation Fund only and are not intended to present fairly the financial position of the City as a whole or the results of its operations and cash flows. The Annual Comprehensive Financial Report of the City provides complete financial information as to the City and its component units. Complete financial information for the City and its component units can be found at: <https://www.phila.gov/INVESTOR/Pages/reports.aspx>.

The accounting policies of the City of Philadelphia, as reflected in the accompanying Aviation Fund financial statements, conform to accounting principles generally accepted in the United States of America for local government units as prescribed by the Governmental Accounting Standards Board. Accounting principles generally accepted in the United States of America for proprietary funds, such as the Aviation Fund, require that both earnings and expenses be recorded as they accrue, and that depreciation of fixed assets be recorded as an expense. The financial statements for fiscal year 2023 are presented in accordance with accounting principles generally accepted in the United States of America.

The financial statements contained in the Financial Section of this document are reconcilable with the Basic Financial Statements contained in the City’s Annual Comprehensive Financial Report for fiscal year 2023, which are audited by the Office of the Controller of the City of Philadelphia.

For purposes of calculating Scheduled Airline rentals, fees and charges, and demonstrating compliance with the Rate Covenant, Aviation Fund accounts are maintained on the accrual basis of accounting adjusted to meet the particular requirements of the General Airport Revenue Bond Ordinance of the City. Using this basis of accounting, revenues are recorded as they are earned, and operating expenses are recorded as they are incurred. In addition, principal payments on debt are recorded as an element of expense in lieu of depreciation, and equipment purchases and other capital outlays funded from operations are charged to expense in the year of acquisition.

For purposes of budgeting, Aviation Fund accounts are maintained on the modified accrual basis of accounting also referred to as the “legally enacted basis.” Under this basis, revenues are recorded in the year received. Obligations are recognized and recorded as expenses at the time they are paid or encumbered. A reserve is maintained for encumbrances at the close of the fiscal year, intended to be sufficient to liquidate the estimated related obligations.

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BACKGROUND INFORMATION ON THE AVIATION FUND

The Aviation Fund is an enterprise fund of the City. Enterprise funds are established by governmental units to account for services that are provided to the general public based on user charges, and they are operated in a manner similar to business-type activities. The Aviation Fund was created and authorized as part of the fiscal year 1974 Operating Budget Ordinance approved by City Council on June 7, 1973 and made effective July 1, 1973.

The Aviation Fund is self-supporting, using no local tax dollars to operate. The Aviation Fund uses aircraft landing fees, terminal building rentals, concession revenue and other facility charges to fund annual expenses. The Airport’s capital program is funded by airport revenue bonds issued by the City, commercial paper (“CP”), federal and state grants, passenger facility charges (“PFCs”), customer facility charges (“CFCs”), and operating revenues.

DESCRIPTION OF PHILADELPHIA AIRPORT SYSTEM

PHL is classified by the Federal Aviation Administration (“FAA”) as a large air traffic hub (enplaning 1.0% or more of the total passengers enplaned in the U.S.). According to data reported for calendar year 2022 by Airports Council International – North America, PHL was ranked the twenty-second busiest airport in the United States, serving 25.2 million passengers; twenty-seventh busiest in the nation for aircraft operations; and sixteenth busiest in the nation for cargo tonnage.

The Airport serves residents and visitors from a broad geographic area that includes eleven counties within four states: Pennsylvania, New Jersey, Delaware, and Maryland. The Airport System consists of the following:

Philadelphia International Airport

PHL has approximately 2,598 acres located partly in the southwestern section of the City and partly in the eastern section of Delaware County, about 7.2 miles from Center City Philadelphia. The Airport’s runway system consists of parallel Runways 9L-27R and 9R-27L, crosswind Runway 17-35, commuter Runway 8-26, and interconnecting taxiways. PHL’s terminal facilities consist of seven terminal units totaling approximately 3.3 million square feet and include ticketing areas, passenger and baggage screening areas, passenger hold rooms and other amenities, baggage claim areas, a variety of food, retail and service establishments, and other support areas.

Outside of the PHL terminal area, PHL also has the following: six active cargo facilities; various support buildings; training areas; an air traffic control tower; a fixed-base operator; corporate hangars; a fueling supply facility; two American Airlines aircraft maintenance hangars; a first-class office complex; a 14-story hotel; seven rental car facilities; a cell-phone lot; employee parking lots; and five public parking garages.

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Northeast Philadelphia Airport

PNE is located on approximately 1,118 acres situated within the City limits, ten miles northeast of Center City Philadelphia. PNE serves as a reliever airport for PHL and provides for general aviation, air taxi, corporate, and occasional military use. The airport has no scheduled commercial service. There are presently 85 T-hangers, ten corporate hangars and six open hangars for general aviation activities.

City of Philadelphia Home Rule Charter Change

In November 2022, voters passed an amendment to Philadelphia’s Home Rule Charter establishing the Department of Aviation to oversee PHL and PNE. Prior to the Charter amendment, the Division of Aviation operated the airports under the oversight of the City’s Department of Commerce. The Department of Aviation is now a standalone department that reports directly to the Mayor of Philadelphia.

AIRPORT STATISTICS AND HIGHLIGHTS

Air Service

At fiscal year-end 2023, PHL offered 121 non-stop destinations, of which 94 were domestic and 27 were international destinations. Seat capacity in fiscal year 2023, which continued to be impacted by airline constraints, increased by 1.3 million (8.5%) over fiscal year 2022, bringing the fiscal year 2023 total seat capacity to 16.1 million. Domestic seats increased 0.6 million (4.1%), while international seats increased 0.7 million (49.2%).

Fiscal year 2023 saw the continued return of passenger traffic at PHL and was the first full year of service to European markets since the pandemic. PHL welcomed regional carrier Contour Airlines in fiscal year 2023, which began service to three regional markets, while Landline Company bus service, in partnership with American Airlines, added service to the Airport, thereby improving connectivity to regional markets from PHL.

Landline

In 2022, the Airport entered into an agreement with the Landline Company, a premium motor coach service working in partnership with American Airlines at PHL, to introduce bus “flights” that transported passengers from Atlantic City International Airport (ACY), Lehigh Valley International Airport (ABE), and Lancaster Airport (LNS) to their connecting flights at PHL.

In July 2023, PHL, American Airlines and Landline received industry-first Transportation Security Administration (“TSA”) approval for airside-to-airside connectivity via motorcoach from ACY and ABE, which allows customers traveling on Landline-operated motorcoaches to have a more seamless and convenient travel experience. Travelers are screened by the TSA, check into their flights, and check their bags at their local airport (ACY or ABE) before being shuttled to PHL by Landline with no need to be rescreened when they arrive at PHL. Upon arrival at PHL, the Landline

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vehicle clears the security gate, and passengers are dropped off on the secure side at Terminal F to proceed to their connecting flights while their checked luggage is handled by American Airlines. Travelers returning home arrive at PHL, board their Landline coach airside, and arrive directly at their local airport with their checked baggage directly transferred between Landline’s vehicles and American Airline’s network. Robust security protocols are followed at all times.

This new service for PHL provides connectivity for passengers in underserved markets, helps airlines reduce carbon emissions to meet their environmental targets, and is time-competitive with flights on routes under 200 miles. Passengers of this service benefit in the form of reduced stress of commuting directly and finding parking, not having to wait in an additional security line, and offers the opportunity to enjoy other services that PHL has to offer.

Passenger Activity

The total number of passengers served by the Airport in fiscal year 2023 was approximately 26.8 million, which is an increase of 15.6% from fiscal year 2022 passengers of 23.2 million and almost 83% of fiscal year 2019 passengers, which was the last full year of pre-COVID activity. Domestic passenger traffic increased 10.1% in fiscal year 2023 when compared to fiscal year 2022. International passenger traffic continued its steady return as fiscal year 2023 increased by 73.8% from fiscal year 2022.

PHL continues to serve as a major hub for American Airlines, which together with its regional airline affiliates, accounted for approximately 8.4 million enplaned passengers (63.0%) of the Airport’s enplaned passengers in fiscal year 2023.

| Enplanements and Operations Activity at PHL | | | | |
|--|--------------------|--------------------|-------------------|-------------------|
| | Fiscal Year | Fiscal Year | Increase | Percentage |
| | 2023 | 2022 | (Decrease) | (Decrease) |
| Domestic Enplanements (Outbound passengers): | 11,657,137 | 10,671,423 | 985,714 | 9.2% |
| International Enplanements (Outbound passengers): | 1,717,659 | 1,005,967 | 711,692 | 70.7% |
| Total Enplanements (Outbound passengers): | <u>13,374,796</u> | <u>11,677,390</u> | <u>1,697,406</u> | <u>14.5%</u> |
| Operations (takeoffs & landings): | 287,059 | 292,871 | (5,812) | (2.0)% |
| Landed Weight (1,000-pound units): | 18,421,651 | 17,188,595 | 1,233,056 | 7.2% |

Cargo Activity

In fiscal year 2023, PHL handled over 583 thousand tons of cargo. UPS accounted for 66.4% of the total cargo tonnage at PHL, which is a hub for the cargo carrier, while PHL’s passenger carriers accounted for approximately 10.2% of the total. Overall cargo tonnage decreased by

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approximately 55.4 thousand tons (-8.7%) from fiscal year 2022 to fiscal year 2023. Cargo related to freight decreased by approximately 43.1 thousand tons, with a decrease in domestic freight of nearly 48.0 thousand tons (-11.1%), which was offset by an increase in international freight of 4.9 thousand tons (3.4%). Cargo related to mail air service decreased by almost 12.3 thousand tons, with a decrease of 20.3% in domestic mail, offset by a 103.6% increase in international mail.

| Cargo Activity at PHL (amounts expressed in tons) | | | | |
|---|--------------------|--------------------|-------------------|-------------------|
| | Fiscal Year | Fiscal Year | Increase | Percentage |
| | 2023 | 2022 | (Decrease) | (Decrease) |
| Domestic Freight: | 382,552 | 430,514 | (47,962) | (11.1)% |
| International Freight: | 149,646 | 144,759 | 4,887 | 3.4% |
| Sub-Total Freight: | 532,198 | 575,273 | (43,075) | (7.5)% |
| Domestic Mail: | 50,017 | 62,795 | (12,778) | (20.3)% |
| International Mail: | 818 | 402 | 416 | 103.4% |
| Sub-Total Mail: | 50,834 | 63,197 | (12,363) | (19.6)% |
| Total Cargo (Freight and Mail): | 583,032 | 638,470 | (55,438) | (8.7)% |

OTHER OPERATIONAL AND FINANCIAL HIGHLIGHTS

Airport-Airline Use and Lease Agreement

In June 2023, the City Council of Philadelphia approved a three-year Airport-Airline Use and Lease Agreement (Airline Agreement) between PHL and the airlines. The Airline Agreement began July 1, 2023, and includes options for two one-year extensions. It also authorized an additional \$935 million in new capital investments, bringing the total airline commitment to advance PHL’s capital development program and to rehabilitate and repair the Airport’s existing infrastructure to approximately \$1.8 billion.

Competitive Grant Awards

In fiscal year 2023, PHL was awarded \$54 million in competitive grants from the Bipartisan Infrastructure Law-Airport Terminal Program (BIL-ATP) in the form of three grants through the FAA:

- \$39.0 million from two grants, one for \$24.0 million and a second for \$15.0 million, for PHL’s Restroom Rehabilitation Program - Phases 5-8
- \$15.0 million for PHL’s Terminal Energy Optimization Program

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Additionally, the Airport was awarded:

- Federal grants for \$24.8 million from the FAA Airport Improvement Program for taxiway construction and rehabilitation as well as \$1.8 million from the Transportation Security Administration
- State grants with a combined total of \$4.8 million from the Pennsylvania Department of Community and Economic Development, the Pennsylvania Redevelopment Assistance Program, and the Pennsylvania Department of Transportation for various improvements

Bond Rating Increase

In June 2023, PHL's outstanding general airport revenue bond ratings were upgraded by two notches from 'A-' to 'A+' by Standard & Poor's. The agency highlighted the Airport's passenger recovery and strong financial metrics as considerations in the upgrade.

Awards and Recognition

Diversity in Business Award: The Airport's Chief Administrative Officer Delicsha Wilds was selected as one of *Philadelphia Business Journal's* Diversity in Business Award winners for her ongoing commitment to workforce diversity at the Department of Aviation and the City of Philadelphia throughout her 25 years of service to the City of Philadelphia.

Philadelphia Titan 100 Award: The Airport's Chief Information Officer Allen Mehta was selected as a 2023 Philadelphia Titan 100. The Titan 100 program recognizes Philadelphia's Top 100 C-level executives using criteria that includes demonstrating exceptional leadership, vision, and passion.

PHL Restroom Renovation Program Receives March of Dimes Mission Award: PHL's Restroom Renovation Program was awarded the 2023 March of Dimes Mission Award for its intentionally inclusive design towards traveling mothers and providing a comfortable and safe passenger experience.

Environmental Stewardship

Fleet Electrification: The Airport purchased seven electric vehicles to replace gas-powered vehicles as part of its fleet electrification program. Additionally, two more Level 2 electric vehicle chargers were installed, and the Airport is in the design phase for installing five Level 3 fast chargers.

Design Standards: The Airport developed and adopted new sustainable design standards to maximize sustainability within its capital projects to achieve goals in energy efficiency, water efficiency, decarbonization, a healthy indoor environment and resource conservation. The design requirements are for all projects that do not trigger an external certification (such as LEED or Envision). These new standards allow the Airport to track sustainable design and construction

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methods in the following categories: airfield infrastructure; landside infrastructure; architectural renovations; mechanical and plumbing projects; electrical and lighting projects; and concession renovations.

Recycling: The recycling rate at PHL reached a historic high of 25% for fiscal year 2023. Engaging a new recycling hauler at the start of 2022 and reducing contamination rates has allowed the Airport's waste diversion rate to grow significantly.

Ground Support Equipment (GSE): The Airport coordinated efforts for the electrification of GSE while working with Southwest Airlines to electrify their entire fleet of 30 pieces of ground support equipment. The Airport installed 12 GSE electric chargers to support this fleet, utilizing \$777,000 of federal funding, bringing the PHL GSE fleet to 26% electric significantly reducing the carbon footprint of this equipment.

More information on the Airport's various sustainability initiatives can be found at: <https://www.phl.org/newsroom>.

Outreach

The Airport's outreach strategy aligns its goals around continuous vendor engagement through training workshops and business events that provide individual networking for prime contractors and small diverse businesses with a focus on upcoming Airport projects and opportunities. Training events are provided in a variety of areas including how to do business with the City of Philadelphia and Airport, the federal program certification process, and how to structure Airport Concession Joint Venture Agreements.

Airport Concessions Disadvantaged Business Enterprise (ACDBE) Academy: The Airport introduced its pilot ACDBE Academy. The Academy consists of four modules designed to:

- Assist small, regional, diverse firms, to better understand opportunities found in the concessions program at PHL and other airports.
- Increase the number and capacity of ACDBE firms.
- Develop ACDBEs into new and/or expanded roles.
- Discuss PHL's current concessions program and the requirements and benefits of becoming an ACDBE.

Business Opportunity Forum: The Airport hosted the 11th Annual Business Opportunity Forum. Details can be found at <https://phl.org/newsroom/2023-PHL-BOF>. More than 400 representatives from large firms, small businesses, and minority-owned and disadvantaged business enterprises and organizations attended. Participants learned about current and upcoming opportunities at PHL and PNE, along with the Airport's diversity goals, initiatives, and the US Department of Transportation's available resources.

Additional information regarding the Airport's outreach efforts and diversity initiatives can be found at: <https://www.phl.org/newsroom>.

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Guest Experience

Holdroom Enhancements: The PHL holdroom refresh program is underway with renovations at Gate D1 incorporating several design enhancements to improve the passenger experience. This project serves as a pilot program for future designs geared toward improving the guest experience throughout Terminals D and E.

Restroom Renovations: PHL entered Phase 5 of the Restroom Renovation Program. This phase will add 13,000 square feet of additional restroom space including 35 new stalls across the airport. The start of this phase moves the Airport into the program's biggest section of its restroom renovations, encompassing five separate phases (Phases 5 through 9) to reconstruct 30 restroom sets and build two new sets, with the goals of improving the quality and comfort of passenger facilities, accommodating more travelers, expanding accessibility for persons with disabilities and implementing sustainability measures.

25 Years of Art at the Airport: PHL’s Exhibitions Program celebrated its silver anniversary of showcasing the work of artists and organizations from across the Greater Philadelphia Region with diverse backgrounds representing women, LGBTQIA+, and the global majority (BIPOC).

Queue Management System: With the goal of providing information to help passengers plan their trip to the airport and decrease stress at security checkpoints, PHL completed the second phase of its Queue Management System to provide passengers with real-time updates at security checkpoints in Terminals A-East and A-West with in-terminal digital signage and on the Airport’s website.

Details on several other PHL guest experience programs can be found at: <https://www.phl.org/newsroom>.

FINANCIAL STATEMENTS OVERVIEW

The basic financial statements of the Aviation Fund are designed to provide the reader with a broad overview of the organization’s finances. The financial statements are prepared in accordance with Generally Accepted Accounting Principles (“GAAP”) promulgated by the Governmental Accounting Standards Board (“GASB”).

The financial statements of the Aviation Fund are presented on an accrual basis, and accordingly, income is recorded as earned and expenses as incurred. Operating revenues are comprised of airline and non-airline revenues. Airline revenues are those paid by the Airport’s agreement carriers and include rents, landing fees, and passenger fees. Non-airline revenues are all other operating revenues that do not qualify as airline revenue. These consist of parking, rental car, ground transportation, concessions, advertising, utilities, and other operating revenue. Operating expenses include salaries and employee benefits; purchased services; materials and supplies; and depreciation/amortization. Non-operating revenue and expense items include interest income,

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interest expense, rental car-related Customer Facility Charges (“CFC”), airfare-related Passenger Facility Charges (“PFC”), and operating grants.

Aviation Fund financial activity is presented in three financial statements:

The *Statement of Net Position* presents information on all Aviation Fund assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of the fiscal year-end; assets and liabilities are classified as either current or non-current. The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is reported as net position. Net Position is segregated into four components: net investment in capital assets; restricted for capital projects; restricted for debt service; and unrestricted net position.

The *Statement of Revenues, Expenses and Changes in Fund Net Position* presents revenue and expense activity for the current year. The difference between revenue and expense will either increase or decrease total net position. The ending balance of net position resulting from this increase or decrease is reflected on the Statement of Net Position.

The *Statement of Cash Flows* presents the actual inflow and outflow of cash by category during the year. The difference between the inflow and outflow of cash increases or decreases the total cash balance. The resulting ending cash balance is reflected on the Statement of Net Position.

The Aviation Fund financial statements can be found after the Management’s Discussion and Analysis. The Notes follow and provide additional information that is essential to a full understanding of the data provided in the Aviation Fund financial statements. In addition to the basic financial statements and accompanying notes, government accounting standards require presentation of *Required Supplementary Information* (“RSI”).

FINANCIAL HIGHLIGHTS

Net Position Summary

Total net position serves as an indicator of the Airport’s financial condition. At June 30, 2023, the Aviation Funds net position was \$1.37 billion, a 17.9% increase over the fiscal year 2022. The Aviation Fund’s unrestricted net position also increased \$151.1 million (1896.7%) in fiscal year 2023.

The following table summarizes the Airport’s assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2023, and June 30, 2022:

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City of Philadelphia – Aviation Fund
Statement of Net Position
(amounts expressed in thousands)

| | Fiscal Year 2023 | Fiscal Year 2022 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|----------------------------------|-----------------------------|-----------------------------|---|---|
| Current assets | \$ 554,741 | \$ 427,525 | \$ 127,216 | 29.8% |
| Non-current assets | 929,328 | 867,459 | 61,869 | 7.1% |
| Capital assets, net | 2,318,310 | 2,285,675 | 32,635 | 1.4% |
| Total assets | <u>3,802,379</u> | <u>3,580,660</u> | <u>221,719</u> | <u>6.2%</u> |
| Deferred outflows | 23,127 | 27,027 | (3,900) | (14.4)% |
| Current liabilities | 382,872 | 337,157 | 45,715 | 13.6% |
| Non-current liabilities | 1,882,222 | 1,987,976 | (105,754) | (5.3)% |
| Total liabilities | <u>2,265,094</u> | <u>2,325,133</u> | <u>(60,039)</u> | <u>(2.6)%</u> |
| Deferred inflows | 185,547 | 116,755 | 68,792 | 58.9% |
| Net position: | | | | |
| Net investment in capital assets | 915,280 | 895,169 | 20,110 | 2.2% |
| Restricted for capital projects | 131,783 | 93,943 | 37,841 | 40.3% |
| Restricted for debt service | 168,691 | 168,718 | (27) | (0.0)% |
| Unrestricted | 159,109 | 7,968 | 151,141 | 1896.7% |
| Total net position | <u>\$ 1,374,864</u> | <u>\$ 1,165,798</u> | <u>\$ 209,065</u> | <u>17.9%</u> |

Assets

Current assets increased \$127.2 million as a result of a \$107.2 million increase in investments, a \$3.1 million increase in accounts receivable, and a \$14.0 million increase in lease receivable.

Non-current assets increased \$61.9 million due to a \$18.6 million increase in investments offset by a decrease of \$10.6 million in restricted cash, and a \$5.1 million decrease in sinking fund reserves. Non-current assets also increased by \$10.3 million in grants from other governments for capital purposes and a \$46.0 million increase in restricted receivables.

Capital assets increased by \$32.6 million due to a \$135.8 million increase in construction in progress, as well as an increase of \$11.8 million in building and equipment and an increase of \$3.2 million in infrastructure, which was offset by an increase of \$119.0 million in accumulated depreciation.

Deferred outflows of resources

Deferred outflows of resources decreased by a net of \$3.9 million primarily from a \$2.4 million decrease related to the pension plan and \$ 1.2 million decrease in other post-employment benefits.

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Liabilities

Current liabilities increased \$45.7 million as compared to fiscal year 2022, primarily due to a \$40.0 million increase in commercial paper notes; a \$16.1 million increase in construction contracts payable; and a \$2.4 million increase in current maturities of long-term bonded debt. These increases were offset by decreases of \$5.2 million due to component units; \$4.5 million in unearned revenue and \$2.5 million in salaries and wages payable.

Non-current liabilities decreased \$105.8 million as compared to fiscal year 2022, primarily due to a \$54.6 million decrease in revenue bonds net of current maturities; a \$20.0 million decrease in unamortized bond premiums; a \$17.7 million decrease in net pension liability; a decrease of \$11.3 in post-employment benefits; and a \$2.7 million decrease in long-term taxable airport revenue notes.

Deferred inflows of resources

Deferred inflows of resources increased \$68.8 million in fiscal year 2023. This includes a \$61.1 million increase in deferred inflows for leases, a \$10.2 million increase in deferred inflows related to other post-employment benefits. These were offset by a decrease of \$1.5 million in deferred inflows related to pensions and an \$1.4 million decrease in deferred gain on refunding debt.

Net investment in capital assets

Net investment in capital assets increased by \$20.1 million, primarily due to a \$32.7 million net increase in capital assets less accumulated depreciation, a \$57.3 million increase in non-current debt, and a \$20.0 million increase in unamortized debt premium, which were offset by decreases of \$42.5 million in current debt, \$32.7 million in unspent proceeds of capital debt, and \$16.1 million in construction contracts payable.

Restricted for capital projects

Restricted for capital projects represents funds available but restricted for construction of capital assets, reduced by debt payable on those funds. The increase of \$37.8 million in fiscal year 2023 is a result of a \$35.6 million increase in the portion of PFC balance reserved for 'pay as you go', and a \$2.2 million increase in restricted assets used for construction purposes.

Restricted for debt service

The restricted for debt service balance decreased by \$26.6 thousand. The decrease was largely the result of an \$8.5 million decrease cash and investments in the sinking funds, offset by a \$5.0 million increase in PFC's designated for debt service and a \$3.5 increase in restricted assets used for debt service.

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Unrestricted net position

Unrestricted net position increased by \$151.1 million. The unrestricted portion is comprised of the net position less the net investment in capital assets and restricted assets. For FY 2023, the increase is the result of a \$217.8 million increase in total assets and deferred outflows less \$8.8 million in total liabilities and deferred inflows. This increase was offset by a decrease of \$37.8 million in total restricted for capital projects and a decrease of \$20.1 million in total invested in capital assets, net of related debt.

Summary of Revenues, Expenses and Changes in Net Position

Airport income before capital contributions is composed of operating and non-operating revenues, net of expenses. Capital contributions represent federal and state grants for approved capital projects. The change in net position represents the results of operations.

In fiscal year 2023, the Aviation Fund strengthened its financial position with total revenues, including capital contributions, exceeding total expenses by almost \$210 million. The following table compares the changes in revenues, expenses and fund net position between June 30, 2023 and June 30, 2022:

City of Philadelphia – Aviation Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
(amounts expressed in thousands)

| | Fiscal Year 2023 | Fiscal Year 2022 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|-------------------------------------|-----------------------------|-----------------------------|---|---|
| Operating revenues | \$ 395,988 | \$ 321,203 | \$ 74,785 | 23.3% |
| Less: Operating expenses | (367,541) | (346,082) | (21,459) | 6.2% |
| Operating gain (loss) | 28,447 | (24,879) | 53,326 | 214.3% |
| Non-operating revenue, net | 135,982 | 55,159 | 80,822 | 146.5% |
| Income before capital contributions | 164,428 | 30,280 | 134,148 | 443.0% |
| Capital contributions | 44,637 | 71,505 | (26,868) | (37.6)% |
| Changes in net position | 209,065 | 101,785 | 107,281 | 105.4% |
| Net position beginning of year | 1,165,798 | 1,064,013 | 101,785 | 9.6% |
| Prior period adjustments | - | - | - | - |
| Net position end of year | <u>\$ 1,374,864</u> | <u>\$ 1,165,798</u> | <u>\$ 209,065</u> | <u>17.9%</u> |

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Revenues

For fiscal year 2023, approximately 68% of all revenue came from operating sources, while the remaining 32% came from non-operating sources, both of which are described below. Additional information on Airport revenues can be found in Exhibit S-12 in the Statistical Section.

Operating Revenues

Operating revenue consists of airline revenue and non-airline revenue, which comprised 54% and 46% respectively in fiscal year 2023, and 61% and 39% in fiscal year 2022. Operating revenues increased by \$74.8 million (23.3%) in the fiscal year 2023. The following table presents a comparative summary of operating revenues by source for fiscal year 2023 and fiscal year 2022, followed by explanations of changes in these categories between years.

Operating Revenues
(amounts expressed in thousands)

| | Fiscal Year 2023 | Fiscal Year 2022 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|-----------------------------------|-----------------------------|-----------------------------|---|---|
| Operating revenues | | | | |
| Rents | \$ 97,367 | \$ 109,403 | \$ (12,036) | (11.0)% |
| Landing fees | 85,050 | 64,622 | 20,428 | 31.6% |
| Passenger fees | 29,913 | 21,444 | 8,469 | 39.5% |
| Total airline revenues | 212,331 | 195,469 | 16,862 | 8.6% |
| Parking | 67,321 | 27,317 | 40,003 | 146.4% |
| Food/Beverage/Retail | 40,110 | 20,297 | 19,812 | 97.6% |
| Rental cars | 22,152 | 21,798 | 353 | 1.6% |
| Ground transportation | 13,685 | 9,501 | 4,184 | 44.0% |
| Other operating | 40,390 | 46,819 | (6,430) | (13.7)% |
| Total non-airline revenues | 183,657 | 125,734 | 57,923 | 46.1% |
| Total operating revenue | \$ 395,988 | \$ 321,203 | \$ 74,785 | 23.3% |

Airline Revenues

- Rents derived from PHL's signatory airlines decreased by \$12.0 million (-11.0%) from fiscal year 2022 to fiscal year 2023 due to decreases in various terminal rental rates in fiscal year 2023 driven by the airline's share of terminal revenue required being lower in fiscal year 2023.
- Landing fees derived from PHL's signatory airlines increased by \$20.4 million (31.6%) from fiscal year 2022 to fiscal year 2023 primarily due to a deferred revenue adjustment.
- Passenger fees derived from PHL's signatory airlines increased by \$8.5 million (39.5%) in fiscal year 2023 due to an increase in passenger traffic. For fiscal year 2023, total passengers increased

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15.6% when compared to fiscal year 2022, including a 73.8% increase in international passenger travel.

Non-Airline Revenues

- Parking revenue in fiscal year 2023 increased by \$40.0 million (146.4%) from fiscal year 2022 due to an increase in passenger activity utilizing the garages and a 17% to 25% increase in rates at the end of fiscal year 2022.
- Food/Beverage/Retail revenue increased \$19.8 million (97.6%) due to increases in passenger activity as well as entering into a new common use lounge agreement, which will open in 2025.
- Rental car revenue increased \$353 thousand (1.6%) in fiscal year 2023 due to an increase in passenger activity.
- Ground transportation revenue increased \$4.2 million (44.0%) due mainly to Transportation Network Company (“TNC”) revenue improving as a result of increases in passenger traffic.
- Other operating revenue, which consists of fixed based operator rents, cargo and hangar rentals, office space rental income, domestic gate-turn fees, advertising, catering, hotel, fuel flowage, utilities and other miscellaneous revenue, decreased \$6.4 million (13.7%) due primarily to decreases in other area land rentals and a decrease in one-time payments received in fiscal year 2022 for lease extensions.

Non-Operating Revenues

- Non-operating revenues, which consist of PFCs, CFCs, interest income, and federal and state grants for non-capital purposes, increased by \$80.9 million (74%) in fiscal year 2023. The following table presents a comparative summary of non-operating revenues by source for fiscal year 2023 and fiscal year 2022, followed by explanations of changes in these categories between years.

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| Non-operating Revenues (amounts expressed in thousands) | | | | |
|---|--------------------|--------------------|-------------------|-------------------|
| | Fiscal Year | Fiscal Year | Dollar | Percentage |
| | 2023 | 2022 | Increase | Increase |
| | | | (Decrease) | (Decrease) |
| Non-operating revenue | | | | |
| Passenger facility charges | \$ 53,393 | \$ 48,553 | \$ 4,841 | 10.0% |
| Customer facility charges | 20,498 | 12,231 | 8,267 | 67.6% |
| Interest Income | 37,194 | (8,753) | 45,947 | 524.9% |
| Lease Interest Revenue | 3,397 | 2,599 | 798 | 30.7% |
| Operating grants | 75,823 | 54,629 | 21,194 | 38.8% |
| Other non-operating | (39) | 60 | (99) | (165.8)% |
| Total non-operating revenue | \$ 190,266 | \$ 109,317 | \$ 80,948 | 74.0% |

- PFCs increased by \$4.8 million (10.0%) due to an increase in enplanements.
- CFCs increased by \$8.3 million (67.6%) due to an increase in deplanements and an increase in demand for car rentals. Also, for the period of July 2022 through October 2022, the CFC rate was \$4 per rental day. Effective November 1, 2022, the CFC rate was re-established at \$8 per rental day. In addition, there was a 15.7% increase in the number of car rental transactions in fiscal year 2023 when compared to fiscal year 2022.
- Interest income increased by \$45.9 (524.9%) in fiscal year 2023 largely due to a \$17.3 million increase in interest on investments in the operating and capital accounts and a \$27.4 million increase for changes in market value allowances in the operating, capital and sinking fund reserve accounts. The book yields on both the Airport’s operating and capital account increased by over 400 basis points from June 2022 to June 2023.
- Lease interest revenue increased \$798 thousand (30.7%) due to recognition of interest revenue on leases as a result of GASB 87 implementation.
- Grants from other governments for non-capital purposes (operating grants) increased by \$21.2 million (38.8%), due to the drawing of more American Rescue Plan Act (“ARPA”) funds awarded in fiscal year 2023.

Expenses

Total Airport expenses result from a wide range of services both operating and non-operating. Operating expenses include wages, benefits, purchased services, materials and supplies, and other operating expenses, which account for 58% of total expenses; and depreciation and amortization, which account for 29% of total expenses. Non-operating expenses make up the remaining 13%, which includes debt service interest and other non-operating expenses.

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The table below presents the major components of expense for fiscal year 2023 and fiscal year 2022, followed by an explanation of changes in these components.

| Expenses | | | | |
|-------------------------------------|--------------------|--------------------|-------------------|-------------------|
| (amounts expressed in thousands) | | | | |
| | Fiscal Year | Fiscal Year | Dollar | Percentage |
| | 2023 | 2022 | Increase | Increase |
| | | | (Decrease) | (Decrease) |
| Operating expenses | | | | |
| Personnel services | \$ 77,026 | \$ 76,876 | \$ 150 | 0.2% |
| Employee benefits | 30,882 | 38,727 | (7,845) | (20.3)% |
| Purchase of services | 125,459 | 105,600 | 19,858 | 18.8% |
| Materials & supplies/equipment | 6,991 | 5,772 | 1,219 | 21.1% |
| Other operating | 5,720 | 4,890 | 830 | 17.0% |
| Depreciation | 121,462 | 114,217 | 7,245 | 6.3% |
| Total operating expenses | <u>367,541</u> | <u>346,082</u> | <u>21,458</u> | <u>6.2%</u> |
| Non-operating expenses | | | | |
| Debt service interest | 54,284 | 53,300 | 984 | 1.8% |
| Other non-operating | - | 859 | (859) | - |
| Total non-operating expenses | <u>54,284</u> | <u>54,160</u> | <u>124</u> | <u>0.2%</u> |
| Total expenses | <u>\$ 421,825</u> | <u>\$ 400,241</u> | <u>\$ 21,582</u> | <u>5.4%</u> |

Operating expenses

Operating expenses increased by \$21.5 million (6.2%) in fiscal year 2023 and are comprised of the following:

- Personnel services and employee benefits decreased by a net total of \$7.7 million (-6.7%) in fiscal year 2023 largely due to decreases in pension obligations and other post-employment benefits.
- Purchase of services increased by \$19.9 million (18.8%) in fiscal year 2023 mainly due to increases in professional services for repairs and maintenance, consultant services, information technology, off-shelf computer software services and electric utility expenses.
- Materials and supplies/equipment increased \$1.2 million (21.1%) due to an increase in purchases of various supplies, including an increase in vehicle expenditures.
- Other operating expenses increased by \$830 thousand (17%) in fiscal year 2023 due to an increase in indemnities and taxes.

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CAPITAL ASSETS AND CONSTRUCTION

The Airport’s investment in capital assets, net of accumulated depreciation, amounted to approximately \$2.3 billion at the end of fiscal year 2023. Most of the capital asset balance is in runways, taxiways, and terminal buildings. Additional information regarding the Airport’s capital assets is found in the Footnotes Section under Footnote 3.

Capital Development

The Airport maintains an ongoing Capital Development Program (“CDP”) that addresses future development needs, as well as repair and maintenance of existing facilities. The Airport’s CDP contains approximately \$1.8 billion in capital development projects, of which about \$106.5 million was spent through the end of fiscal year 2023. The CDP focuses on terminal development and rehabilitation, airfield improvements and pavement rehabilitation, apron improvements, land acquisition, ground transportation projects, security and information technology enhancements, support facilities, and improvements at PNE.

Below are highlights of major capital projects underway and recently completed. Additional information about the Airport’s capital development program can be found on the Airport’s website at: <https://www.phl.org/about/cdp>.

Major Capital Projects Underway

The following are some of the major capital projects currently upcoming or underway and in various phases of construction.

Restroom Renovation Program: As part of our continuous commitment to enhancing the guest experience, PHL has been rebuilding and modernizing all existing passenger-facing restrooms. This \$130.0 million program will continue to improve the quality and comfort of PHL’s facilities, accommodating more travelers, expanding accessibility for persons with disabilities and implementing sustainability measures. To date, the restroom program has received \$39.0 million from the FAA under the Bipartisan Infrastructure Law Airport Terminal Program funding.

Cargo Facility Expansion: PHL is working toward an expansion of its cargo facilities from 450,000 square feet to a facility that exceeds over 1 million square feet. To advance this expansion, two enabling projects have begun:

- Relocation of Tinicum Island Road - an approximate one-mile stretch of road is being relocated to integrate recently acquired land into the airport property for cargo expansion. The scope includes road construction and wetlands mitigation related to the impacts of specific projects. This \$31.5 million project has received \$1.4 million in state grants and is expected to be completed in the fall of 2024.
- FDR Park Wetland Mitigation – the Airport is collaborating with Philadelphia Parks and Recreation on an approximately 45-Acre site to be mitigated for wetlands and waterways

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impacts related to the Airport's west cargo expansion program. This \$30.0 million project's first phase of earth moving work is substantially complete with the second phase of wetland mitigation expected to be completed late 2025.

Taxiway J Rehabilitation: Taxiway J is being rehabilitated and includes updating taxiway fillet geometry and airfield electrical improvements to meet FAA design standards. This \$31.0 million project is being offset with \$21.3 million in federal and state funding and is expected to be completed early 2025.

SEPTA Platform and Canopy Improvements: This project involves various improvements ranging from platform upgrades, canopy roof replacements, vestibule replacement, to HVAC and LED light upgrades. Expected to be completed spring 2024, this \$15.5 million project has received \$2.0 million in state funding to date.

Terminals A-F ADA Upgrades: This project provides upgrades and replacements for existing handrails, guards, and doors throughout the public areas of Terminals A through F. Along with other improvements, this project will provide enhanced compliance with Americans with Disabilities Act (ADA) design requirements within the public areas behind security at the Airport. This \$6.4 million project has received \$100,000 in state funding and is expected to be completed late 2024.

A West Thermal Plant: The A-West thermal plant equipment, including boilers, chillers, cooling towers, and pumps, will be upgraded and replaced with new, more efficient technology aligned with the building operational requirements. This \$15.0 million project was awarded in 2023 with an expected completion in the middle of 2025.

Baggage Tug Tunnel Improvements: Phase one of this project will replace expansion joints, strengthen concrete supports, improve water mitigation, upgrade ventilation, replace fire suppression systems, and more in the B/C tunnels. Once completed, the project will help ensure timely and streamlined baggage operations at PHL. This \$15.0 million project began mid-2023 and is expected to be completed December 2024.

Terminal A-East HVAC Distribution: This \$24.3 million three-phased project consists of the replacement of forty-nine roof top units serving the baggage claim area in Terminal A-East to Terminal B/C. The project, combined with other mechanical projects, received \$15.0 million in Bipartisan Infrastructure funding from the FAA under the Airport's Terminal Optimization Program ("TEOP"). Phase 1 construction has begun with phase 2 in award. Phase 3 design is complete and ready for bid. Phases 1 & 2 are expected to be complete in 2025 with phase 3 shortly thereafter.

Other Infrastructure Rehabilitation Projects: Numerous other repair and rehabilitation projects are in the planning, design and pre-construction phases, such as mechanical and electrical systems, elevator and escalator rehabilitation, roof repairs, IT and security enhancements, and roadway improvements.

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Recently Completed Capital Projects and Acquisitions

Significant design and construction projects completed during fiscal year 2023 include the following:

T/W 'K' Repair / Concrete - Package 2: Phase one was completed in early 2023 with phase two substantially complete in the summer 2023. The multi-phased project's \$85.4 million cost was offset by federal and state funding of \$55.8 million.

Taxiway Y Rehabilitation: This rehabilitation project addressed airfield lighting and signage, and site grading for safer movement of aircraft. This \$22.0 million project was completed in late 2023.

Ramp Lighting Upgrades: Phase one of this project consisted of the replacement of airside ramp floodlights, electrical/communication distribution, and obstruction lighting at Terminals B, C, and D. This \$13.0 million project was completed ahead of schedule. Phase 2 of \$10.5 million is in design and will address ramp lighting at Terminals A-East & E.

Video Surveillance System Upgrades Phase 2A: This \$20.0 million phase incorporated the replacement of over 1,000 cameras to a state-of-the-art surveillance system within Terminal A-East and A-West. Part of an overall \$96.4 million program, on-going phases continue, addressing field devices and support cabling airport wide.

Biometric Screening: PHL implemented a state-of-the-art biometric screening technology at gates across Terminals A-East and A-West allowing for a safer and more streamlined boarding process. A total of 25 gates had this technology installed at a cost of \$4.0 million.

Concourse D & E PC Air Unit Upgrades Phase 1: This project consisted of the replacement of 11 PC Air units in Terminals D & E. Substantially complete in the summer of 2023 with a budget of \$3.4 million, this Voluntary Airport Low Emissions ("VALE") eligible project received \$2.9 million in federal funding.

DEBT ADMINISTRATION

As of June 30, 2023, the Airport's total outstanding debt was \$1.66 billion, a \$14.8 million (-0.9%) decrease over fiscal year-end 2022, due to bond principal repayments exceeding additions. Additional information about the Airport's debt is found in Exhibits S-14 through S-16 in the Statistical Section and in the Footnotes Section under Footnote 8.

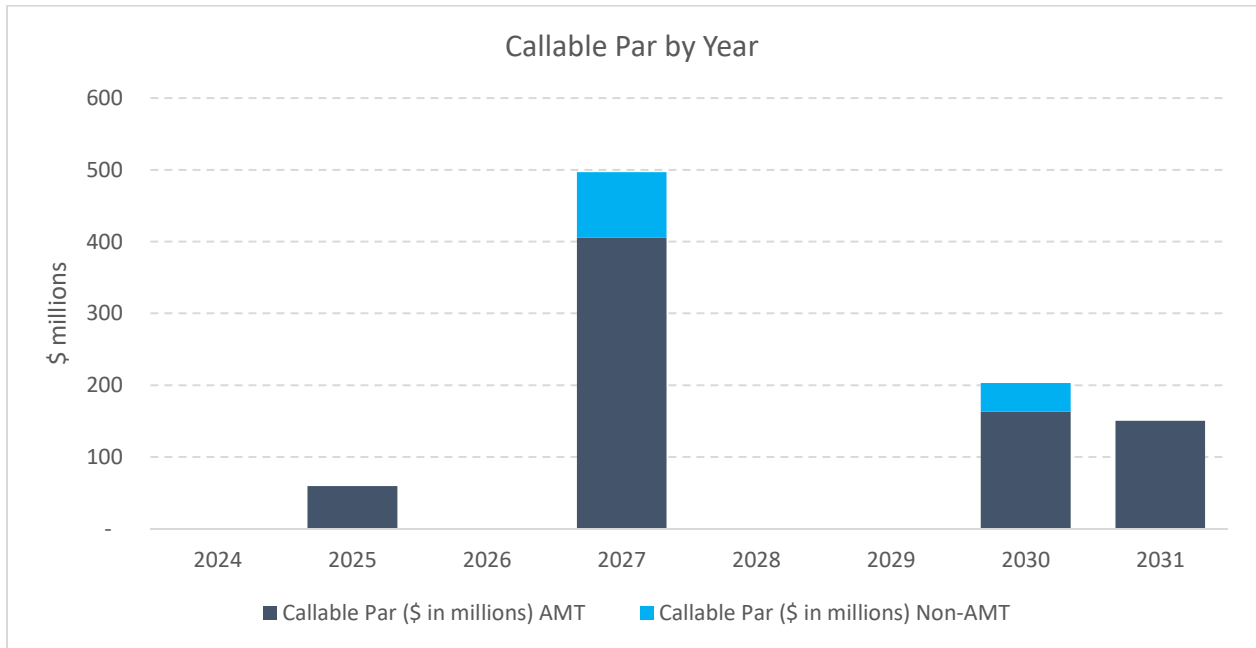
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City of Philadelphia – Aviation Fund
Changes in Borrowing
(amounts expressed in thousands)

| | Fiscal Year 2022 | Additions | Retirements/ Repayments | Fiscal Year 2023 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|------------------------------|---------------------|---------------------|----------------------------|---------------------|----------------------------------|--------------------------------------|
| Airport Revenue Bonds | \$ 1,432,175 | \$ - | \$ (52,240) | \$ 1,379,935 | \$ (52,240) | (3.6)% |
| Commercial Paper | 125,343 | 1,073,580 | (1,033,580) | 165,343 | 40,000 | 31.9% |
| Taxable Airport Revenue Note | 115,535 | - | (2,605) | 112,930 | (2,605) | (2.3)% |
| Total Borrowing | \$ 1,673,053 | \$ 1,073,580 | \$ (1,088,425) | \$ 1,658,208 | \$ (14,845) | (0.9)% |

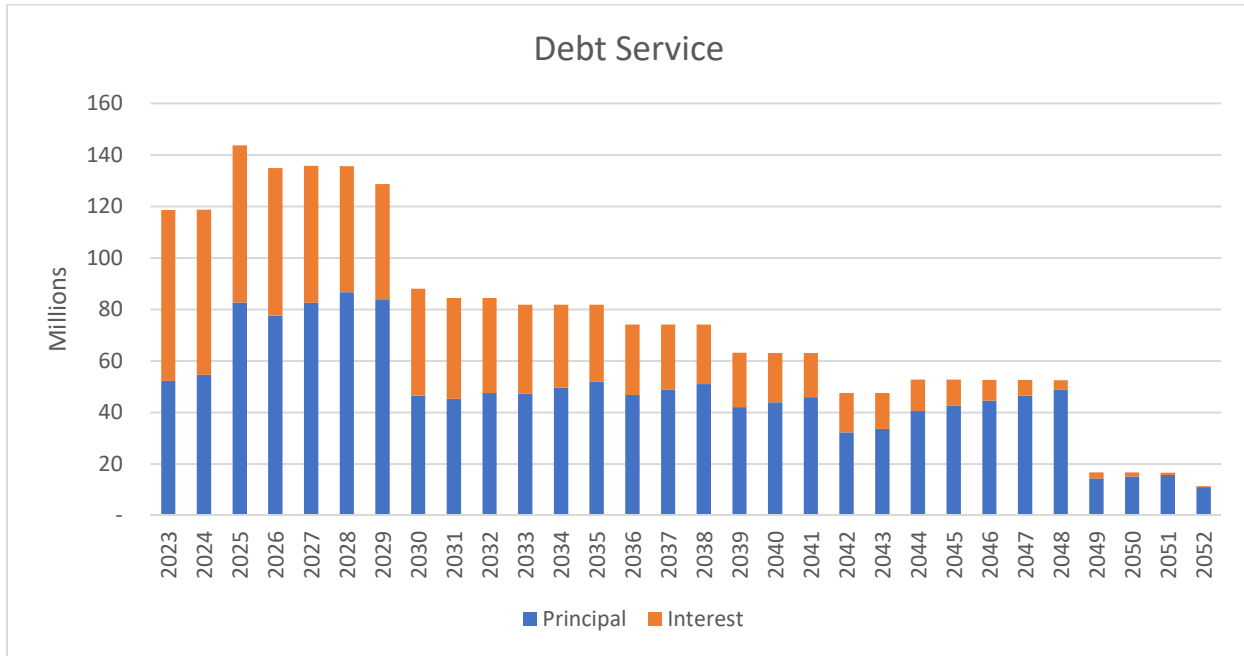
Airport Revenue Bonds

The Airport’s long-term debt is primarily fixed rate except for the \$31.2 million 2005C issue of the outstanding revenue bonds, which is coupled with an interest rate swap. All series, except for the 2005C issue, include a 10-year call provision. The chart below presents the timing of the Airport’s callable outstanding bonds.



As a matter of practice, the Airport employs level debt service. The table below presents the principal and interest components of the debt service on the Airport’s Revenue Bonds through the longest maturity.

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Credit Ratings: As of June 30, 2023, S&P Global Ratings (“S&P”)has assigned an “A+” rating with a stable outlook on the Airport’s general airport revenue bonds. This is up two notches from the “A-” rating the Airport received in 2021. Airport revenue bonds were rated "A" by Fitch Ratings (“Fitch”) with a stable outlook, "A2" by Moody's with a positive outlook.

Commercial Paper Program

The Airport has a \$350.0 million commercial paper (“CP”) program to provide funding for capital projects. CP is a short-term financing tool with a maximum maturity of 270 days. The Airport’s CP Program enables capital projects to be financed on an as needed basis; lower the Airport’s cost of borrowing, as amounts drawn can be closely matched to capital cash flow requirements; and limit negative arbitrage during the construction period for projects. CP notes will continue to be “rolled over” until long-term bonds are issued to refund outstanding CP. As of June 30, 2023, the Airport had drawn \$165.3 million of CP.

Direct Purchase Federally Taxable Loan

In 2017, the Airport issued \$125.0 million of Airport Revenue Bond Series 2017 (Direct Purchase Federally Taxable Loan), which was purchased by PNC Bank, NA, for the purpose of providing funds which, together with other available monies, were used for some or all of the following: (i) to refund a portion of commercial paper notes issued by the City; (ii) the acquisition of land for the Airport System; (iii) other capital financing needs of the Airport System; and (iv) paying the costs of issuing the Taxable Bond. This loan was subject to optional tender in full on April 26, 2022 but was extended with PNC Bank, NA, prior to the original optional tender date, for the

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remaining amount of \$112.9 million of Airport Revenue Bonds Series 2017 with a new amended optional tender date on June 13, 2025.

Rate Covenant

The table below - “Summary of Project Revenues and Expenses,” presents the calculation of Airport Revenue Bond debt service coverage (“Rate Covenant Test 1”) and total debt service coverage (“Rate Covenant Test 2”) in accordance with Section 5.01 of the Amended and Restated General Airport Revenue Bond Ordinance (“GARBO”).

Rate Coverage Test 1 requires the Airport to maintain debt service coverage of not less than 1.50x and Rate Covenant Test 2 requires debt service coverage of not less than 1.0x. Debt service coverage is calculated based on a formula in GARBO. Historically, the Airport has maintained a coverage ratio significantly higher than its requirement. During fiscal year 2023, the Airport’s debt service coverage for Test 1 was 3.65x and Test 2 was 2.92x.

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City of Philadelphia - Aviation Fund
Summary of Project Revenues and Expenses of the Airport System
(amounts expressed in thousands)

| <u>Amounts Available for Debt Service</u> | Fiscal Year <u>2023</u> | Fiscal Year <u>2022</u> |
|--|--|--|
| 1. Space rentals | \$ 121,861 | \$ 113,991 |
| 2. Landing fees | 81,479 | 64,619 |
| 3. Ramp Area rentals | 0 | 298 |
| 4. International Terminal revenues | <u>30,918</u> | <u>17,082</u> |
| 5. Subtotal, Airline Rentals, Fees and Charges | 234,258 | 195,990 |
| 6. Non-airline Revenues | 295,685 | 158,584 |
| 7. Interest income and Contribution for carrier incentive program | <u>5,632</u> | <u>1,389</u> |
| 8. Total Project Revenues | 535,575 | 355,963 |
| 9. Passenger Facility Charges (PFCs) Available for Debt Service | 25,625 | 31,976 |
| 10. Portion of Fund Balance Attributable to Amounts Available for Debt Service | <u>173,724</u> | <u>173,724</u> |
| 11. Total Amounts Available for Debt Service | <u>734,924</u> | <u>561,663</u> |
| <u>Expenses</u> | | |
| 12. Net Operating Expenses | 149,255 | 149,982 |
| 13. Required Renewal Fund Deposit | 0 | 0 |
| 14. Revenue Bond Debt Service | 160,421 | 117,989 |
| 15. Interdepartmental Charges | <u>117,593</u> | <u>103,007</u> |
| 16. Total Expenses | <u>427,269</u> | <u>370,978</u> |
| 17. Net Revenue | <u>\$ 307,655</u> | <u>\$ 190,685</u> |
| <u>Rate Covenant Tests of the Original General Airport Revenue Bond Ordinance</u> | | |
| 18. Test 1 (Line 11- Line 12- Line 13) / (Line 14) | 3.65 | 3.49 |
| 19. Test 2 (Line 11- Line 12- Line 13- Line 15) / (Line 14) | 2.92 | 2.62 |

RATES AND CHARGES

The annual budget for the Airport is prepared in compliance with the requirements of the Airline Agreement and GARBO. This budget is prepared on a non-GAAP basis and excludes depreciation and certain non-operating revenues, which are specifically not included in the Agreement and GARBO.

In addition to the budgeting of operating expenses and non-airline revenues, the Airport annually establishes airline terminal rentals and landing fees each fiscal year based on the rate-setting

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methodology set forth in the Airline Agreement. The airlines are consulted with regard to the rates to be established no later than thirty (30) days prior to the beginning of a fiscal year. The following table presents a comparison of actual to budget airline rates for fiscal year 2023.

| | Actual Fiscal Year 2023 | Budget Fiscal Year 2023 | Percent Increase (Decrease) |
|--|-------------------------------|-------------------------------|-----------------------------------|
| Average Terminal Rental Rate per Square Foot | \$ 177.95 | \$ 190.49 | (6.6)% |
| Landing Fee Rate per 1,000 Pounds | 2.78 | 3.74 | (25.7)% |

Actual rates for fiscal year 2023 were less than budgeted primarily due to better-than-expected non-airline revenues and airline activity.

Additional information about the Airport’s rates can be found on Exhibit S-13 in the Statistical Section.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Airport’s finances and to demonstrate the City’s accountability for the funds it receives and disburses. For additional information concerning this report, please contact: Chief Financial Officer, Philadelphia International Airport, Executive Offices, Two International Plaza, Suite 400, Philadelphia, PA 19113.

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Statement of Net Position (Unaudited)

| | Fiscal Year <u>2023</u> |
|---|----------------------------|
| Assets | |
| Current assets: | |
| Cash and cash equivalents | \$ 12,468,588 |
| Investments | 476,706,911 |
| Accounts receivable | 28,844,748 |
| Allowance for doubtful accounts | (10,654) |
| Lease receivable - current | 31,249,043 |
| Inventories | 4,660,380 |
| Due from other governmental units | 821,753 |
| Total current assets | 554,740,769 |
| Non-current assets: | |
| Restricted: | |
| Cash and cash equivalents | 54,939,624 |
| Cash held by fiscal agent | - |
| Investments | 583,349,735 |
| Sinking funds and reserves held by fiscal agents | 136,261,521 |
| Derivative investment | 665,429 |
| Grants from other governments for capital purposes | 20,064,741 |
| Receivables | 9,674,499 |
| Lease receivable - non-current | 124,372,468 |
| Total restricted assets | 929,328,017 |
| Capital assets: | |
| Land and other non-depreciable assets | 237,768,172 |
| Infrastructure | 1,369,946,913 |
| Construction in progress | 484,971,615 |
| Buildings and equipment | 2,944,808,442 |
| Right to use lease assets - equipment | 214,733 |
| Right to use lease assets - land | 11,342,954 |
| Less: accumulated depreciation and amortization | (2,730,743,047) |
| Property, plant and equipment, net | 2,318,309,782 |
| Total noncurrent assets | 3,247,637,799 |
| Total assets | 3,802,378,568 |
| Deferred outflows of resources | |
| Accumulated decrease in fair value of hedging derivatives | - |
| Deferred outflows related to other post-employment benefits | 7,873,210 |
| Deferred outflows related to pensions | 14,797,879 |
| Refunding in defeasance of debt | 455,419 |
| Total deferred outflow of resources | 23,126,508 |
| Liabilities | |
| Current liabilities | |
| Accounts and vouchers payable | 21,745,283 |
| Salaries and wages payable | 1,742,838 |
| Construction contracts payable | 38,547,246 |
| Due to component units | 116,822 |
| Accrued expenses | 2,189,197 |
| Accrued interest payable | 31,155,269 |
| Current portion of lease payable | 209,827 |
| Unearned revenue | 64,502,369 |
| Commercial paper notes | 165,343,000 |
| Current maturities of long-term bonded debt | 54,610,000 |
| Current portion of taxable airport revenue note | 2,710,000 |
| Total current liabilities | 382,871,851 |
| Non-current liabilities | |
| Taxable airport revenue note, long-term | 110,220,000 |
| Revenue bonds, net of current maturities | 1,325,325,000 |
| Lease payable, net of current portion | 10,894,544 |
| Unamortized bond premiums | 171,273,676 |
| Derivative instrument liability | - |
| Net pension liability | 175,102,229 |
| Other post-employment benefits liability | 64,028,550 |
| Other non-current liabilities | 25,378,118 |
| Total non-current liabilities | 1,882,222,117 |
| Total liabilities | 2,265,093,968 |
| Deferred inflows of resources | |
| Accumulated increase in fair value of hedging derivatives | 665,429 |
| Deferred gain on refunding debt | 8,102,873 |
| Deferred inflows - leases | 157,994,730 |
| Deferred inflows related to other post-employment benefits | 14,287,000 |
| Deferred inflows related to pensions | 4,497,380 |
| Total deferred inflows of resources | 185,547,412 |
| Net position | |
| Net investment in capital assets | 915,279,645 |
| Prior period adjustments | - |
| Restricted for: | |
| Capital projects | 131,783,763 |
| Debt service | 168,691,006 |
| Prior period adjustments | - |
| Unrestricted | 159,109,282 |
| Prior period adjustments | - |
| Total net position | \$ 1,374,863,696 |

CITY OF PHILADELPHIA
AVIATION FUND

Statement of Revenues, Expenses and Changes in Fund Net Position (Unaudited)

| | Fiscal Year <u>2023</u> |
|---|----------------------------|
| Operating revenues | |
| Airline revenues | |
| Rents | \$ 97,367,383 |
| Landing fees | 85,050,216 |
| International arrival fees | 29,913,198 |
| Total airline revenues | 212,330,797 |
| Nonairline revenues | |
| Concessions | 152,190,638 |
| Other rents | 23,172,362 |
| Utilities and other fees | 2,774,649 |
| Other operating revenues | 5,519,145 |
| Total nonairline revenues | 183,656,794 |
| Total operating revenues | 395,987,591 |
| Operating expenses | |
| Personal services | 77,025,555 |
| Purchase of services | 125,459,282 |
| Materials and supplies | 6,991,294 |
| Employee benefits | 30,882,367 |
| Indemnities and taxes | 5,720,319 |
| Depreciation and amortization | 121,461,807 |
| Total operating expenses | 367,540,624 |
| Operating income | 28,446,967 |
| Non-operating revenues (expenses) | |
| Federal, state and local grants | 75,823,191 |
| Investment earnings | 37,193,517 |
| Lease interest revenue | 3,396,576 |
| Interest expense | (54,284,018) |
| Passenger facility charges | 53,393,051 |
| Customer facility charges | 20,498,480 |
| Gain/(Loss) on disposal of capital assets | (107,427) |
| Other revenue/(expense) | 68,134 |
| Total non-operating revenues (expenses) | 135,981,504 |
| Income before capital contributions | 164,428,471 |
| Capital contributions | |
| Federal, state and local grants | 44,636,923 |
| Contributed assets | - |
| Total capital contributions | 44,636,923 |
| Transfers | |
| Transfers (out)/in | - |
| Total transfers | - |
| Change in net position | 209,065,394 |
| Net position beginning of period | 1,165,798,302 |
| Net position end of period | \$ 1,374,863,696 |

CITY OF PHILADELPHIA

AVIATION FUND

Statement of Cash Flows

| | Fiscal Year <u>2023</u> |
|---|----------------------------|
| Cash flows from operating activities | |
| Receipts from customers | \$ 388,666,612 |
| Receipts from interfund services | 1,241,761 |
| Payments to suppliers | (137,388,263) |
| Payments to employees | (126,720,843) |
| Internal activity-payments to other funds | (5,977,574) |
| Net cash provided by operating activities | <u>119,821,693</u> |
| Cash flows from non-capital financing activities | |
| Grant proceeds not specifically restricted for capital purposes | <u>75,792,339</u> |
| Cash flows from capital and related financing activities | |
| Proceeds from issuance of debt | 1,073,580,000 |
| Capital grants and contributions received | 34,383,015 |
| Purchase of capital assets | (138,117,873) |
| Proceeds from sales of capital assets | 9,250 |
| Principal paid on debt instruments | (1,088,425,000) |
| Interest received on leases | 3,248,530 |
| Interest paid on capital debt | (76,023,469) |
| Passenger & customer facility charges | <u>72,138,020</u> |
| Net cash provided by (used) in capital and related financing activities | <u>(119,207,527)</u> |
| Cash flows from investing activities | |
| Interest, dividends, and losses | 36,422,005 |
| Receipts from sinking funds and reserves | <u>5,117,453</u> |
| Net cash provided by investing activities | <u>41,539,458</u> |
| Net decrease in cash | 117,945,963 |
| Balance beginning of year | <u>1,009,518,895</u> |
| Balance end of year | <u>\$ 1,127,464,858</u> |
| Reconciliation of operating income/(loss) to net cash provided by operating activities: | |
| Operating income | \$ 28,446,967 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation and amortization | 121,461,807 |
| Change in assets and liabilities: | |
| Receivables, net | (2,725,131) |
| Lease receivable | (59,943,901) |
| Deferred inflows leases | 61,091,294 |
| Lease payable | (236,147) |
| Inventories | (96,359) |
| Accounts and other payables | (23,675,357) |
| Unearned revenue | (4,501,480) |
| Net cash provided by operating activities | <u>\$ 119,821,693</u> |

CITY OF PHILADELPHIA
AVIATION FUND
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

The Aviation Fund is a proprietary fund of the City of Philadelphia (the “City”). It was created and authorized as part of the Fiscal 1974 Operating Budget Ordinance approved by City Council on June 7, 1973, with an effective date of July 1, 1973. This fund was established to facilitate administrative and financial operations necessary to maintain, improve, repair, and operate Philadelphia International Airport (“PHL”) and Northeast Philadelphia Airport (“PNE”), collectively the “Airport.”. The financial statements presented are for the Aviation Fund only and are not intended to present fairly the financial position of the City of Philadelphia as a whole or the results of its operations and cash flows. The annual comprehensive financial report of the City of Philadelphia provides complete financial information as to the City and its component units.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time obligations are incurred.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government wide and the proprietary fund financial statements to the extent that they do not conflict or contradict guidance of the Governmental Accounting Standards Board (“GASB”). Governments also have the option of following subsequent private sector guidance for their business type activities and enterprise funds. The City has elected not to follow subsequent private sector guidelines.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s ongoing operations. The principal operating revenue of the Aviation Fund is charges for the use of the airport. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

New Accounting Pronouncements – Adopted

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The adoption of this statement had no effect on previously reported amounts.

CITY OF PHILADELPHIA
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In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (“PPPs”). The adoption of this statement had no effect on previously reported amounts.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (“SBITA”) for government end users (“governments”). The adoption of this statement had no material impact on the financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This statement has been partially adopted for requirements effective for the reporting period. All applicable changes have been made to the financial statements.

New Accounting Pronouncements – To Be Adopted:

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This statement has been partially adopted (see above).

In June 2022, GASB issued Statement 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The new standards must be adopted as follows:

GASB Statement No. 99 - Requirements in paragraphs 4-10 are effective July 1, 2023 for financial statements for fiscal year ending June 30, 2024.

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GASB Statement No. 100 - Effective July 1, 2023 for financial statements for fiscal year ending June 30, 2024.

GASB Statement No. 101 - Effective July 1, 2024 for financial statements for fiscal year ending June 30, 2025.

The effect of these statements has not yet been determined.

Cash and Investments

The Aviation Fund's cash and investments are held in segregated operating and capital accounts and by an outside fiscal agent. Sinking funds and reserves are maintained in segregated investment accounts to comply with reserve and other requirements of the bond covenants. No Aviation Fund accounts are comingled with other City funds.

Investments are recorded at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price. The fair value of real estate investments is based upon independent appraisals. Investments which do not have an established market are reported at estimated fair value.

For purposes of the Statement of Cash Flows, all cash and investments held by the City Treasurer are considered cash equivalents because those funds are available on demand.

Statutes authorize the City to invest in obligations of the Treasury, agencies, and instruments of the United States, repurchase agreements, collateralized certificates of deposit, bank acceptance or mortgage obligations, certain corporate bonds, and money market funds. Management is not aware of any violations of statutory authority or contractual provisions for investments for the year ended June 30, 2023.

Accounts Receivable

Accounts receivable included in current assets consists of billed and unbilled rentals and fees, which have been earned but not collected as of June 30, 2023 and 2022. Credit balance receivables have been included in unearned revenue in the Statement of Net Position. The allowance for doubtful accounts is management's estimate of the amount of accounts receivable which will be deemed to be uncollectible and is based upon specific identification. Unpaid accounts are referred to the City's Law Department if deemed uncollectible. Accounts are written-off when recommended by the Law Department.

Inventories

Inventories consist of materials and supplies and are carried at amounts determined on a moving-average cost basis.

CITY OF PHILADELPHIA
AVIATION FUND
Notes to Financial Statements

Restricted Assets

Restricted assets represent amounts that have been legally restricted by contracts or outside parties and are not available for payment of operating fund expenditures. The following represent restricted assets of the Aviation Fund:

- Funds available for construction, including grants due from other governments for capital purposes.
- Sinking funds and reserves held by the Airport’s fiscal agent are reserved for debt service and construction, pursuant to revenue bond indentures.
- Passenger Facility Charges (“PFC”) represent fees remitted by airlines based on passenger ticket sales for flights boarding at Philadelphia International Airport. The fees are reserved for funding certain Federal Aviation Administration (“FAA”) approved capital projects and debt service payments. Collection of PFCs began in the fall of 1992. All unexpended PFC funds, including accumulated interest, are classified as restricted assets.
- Customer Facility Charges (“CFC”) represent fees collected by rental car operators from customers renting motor vehicles at Philadelphia International Airport. CFCs are not to exceed \$8 per rental day. Effective September 1, 2020, the Airport implemented a reduced CFC from \$8 per rental day to \$4 per rental day. The \$8 per rental rate was reinstated as of November 1, 2022. The proceeds are to be used for the planning, development, financing, construction, and operation of a consolidated rental car facility. Collections of CFCs began in May 2014. All unexpended CFC funds, including accumulated interest, are classified as restricted assets.

Capital Assets

Capital assets are defined by the GASB as including “land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations that have initial useful lives extending beyond a single reporting period.”

- Land is always treated separately from any related capital asset associated with it (i.e.: a building on the land, a runway on the land, etc.). The cost of the land includes its acquisition price and the cost of preparing the land for its intended use. Included in preparation costs are commissions, professional fees, permanent landscaping, demolition of existing buildings, and other costs incurred in acquiring the land.
- Intangible capital assets lack physical substance and can be expected in many cases to provide benefit indefinitely. An example of an intangible capital asset is software that was developed in-house.
- Buildings and building improvements are permanent structures included in the category of buildings. Building improvements increase the value of the building and/or

CITY OF PHILADELPHIA
AVIATION FUND
Notes to Financial Statements

materially extend the useful life of the building. If the improvement does not meet these conditions, those costs are expensed in the period incurred. Repairs and maintenance are examples of items expensed because they help to retain value and do not increase the value of the asset.

The capitalized cost of buildings consists of purchase price, expenses related to making the building ready for use, environmental compliance costs, professional fees, taxes paid at the time of purchase, and other costs required to place the asset into operation.

Constructed buildings include, but are not limited to, project costs for interest accrued during construction; cost of excavation, grading or filling; expenses incurred for the plan preparation; specification; blueprints; permits and professional fees; and costs of temporary buildings used during construction. Costs are expensed if a decision is made to not proceed with the construction of a building.

Building improvements may include conversion of unused space into usable space, original installation or upgrading of heating and cooling systems, wall or flooring coverings, windows and doors, closets, restrooms, phone and closed circuit television systems, security systems, wiring required for building equipment (that will remain in the building), renovations of outside building surfaces (including roofs, installation or replacement of plumbing and electrical wiring), permanently attached fixtures, machinery, building additions, and costs associated with the above improvements.

Building repairs and maintenance that do not increase the value of the building or extend its useful life are to be expensed. Examples of such costs may include plumbing or electrical repairs, maintenance such as pest control and cleaning, interior and exterior decorations, repainting and repairing of interior and exterior portions of buildings, and any other repairs and maintenance costs that do not increase the value or extend the useful life of the asset.

- Vehicles and equipment are defined as movable tangible assets used in operations. This includes general-use, firefighting, and snow removal vehicles and related equipment, computer equipment, furniture and fixtures, and other moveable equipment.
- Infrastructure assets are long-lived capital assets that are normally stationary and can be preserved for a significantly greater number of years than most capital assets. Infrastructure includes, but is not limited to runways, taxiways, aprons, ramps, roads, sidewalks, signage, drainage systems, water and sewer systems, and lighting systems.
- Construction-in-progress includes costs incurred to construct a capital asset before it is substantially ready to be placed in service. At the time of being placed in service, the asset will be reclassified into the appropriate asset category and be subject to depreciation.
- The following Depreciation Guidelines were used in the Aviation Fund's fiscal year 2023 financial statements:

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Capital assets that are not depreciated because they have indefinite useful lives are land, works of art, historical treasures, and intangibles.

If a capital asset has a determinable and significant salvage value, that value is not included in the depreciable value to be depreciated over the useful life of the asset.

All depreciable capital assets are expensed using the straight-line method over the following useful lives of the assets and if these thresholds are met.

| <u>Asset Category</u> | <u>Life of Asset</u> | <u>Threshold</u> |
|-----------------------|----------------------|------------------|
| Land | Not Depreciated | None |
| Intangibles | Not Depreciated | None |
| Buildings | 20 - 50 Years | \$100,000 |
| Building Improvements | 10 - 25 Years | \$100,000 |
| Equipment | 5 - 15 Years | \$10,000 |
| Vehicles | 5 - 10 Years | \$10,000 |
| Infrastructure | 20 - 50 Years | \$100,000 |

It is the policy of the Airport that a half-year of depreciation is recorded in the year that the asset is acquired or placed in service.

Unearned Revenue

Unearned revenue relates primarily to excess billings to signatory airlines and advance payments received from air carriers. Such deferrals are ultimately included in income when earned, usually during the following fiscal year.

Revenues

Operating revenues consist of the following:

- Airline revenue – payments by PHL’s signatory carriers and include rents, landing fees, and per passenger fees.
- Non-airline revenue – all other operating revenues that do not qualify as airline revenue. These include concession fees, other rents, utilities, and other operating revenue.

Non-operating revenues consist primarily of the following:

- Grants from other governments for non-capital purposes.
- Interest income.
- PFCs – revenue from PFC collections is reserved for the funding of certain capital expenditures and debt service payments, as approved by the FAA.

CITY OF PHILADELPHIA
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- CFCs – revenue from CFC collections is reserved for the funding of certain capital expenditures and will be used to plan, design, and construct a facility to be used by vehicle rental companies on Airport property.

Capital contributions consist of the following:

- Grants from other governments for capital purposes.

Operating Expenses

Operating expenses consist primarily of personnel and administrative services, purchase of goods and services and depreciation and amortization expense.

Bonds and Related Premiums, Discounts, Issuance Costs and Loss on Refunding

Bond premiums and discounts are deferred and amortized on the straight-line method over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable premium or discount. Bond issuance costs are expensed as incurred. The loss on refunding of bonds is amortized on the straight-line method over the lesser of the life of the old debt or the new debt issued.

Deferred Outflows/Inflows of Resources and Net Position

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, deferred outflows of resources are reported in the Statement of Financial Position in a separate section following Assets. Similarly, deferred inflows of resources are reported in the Statement of Financial Position in a separate section following Liabilities.

Deferred Outflows of resources represents consumption of net position that applies to a future period(s) and will not be recognized as an expenditure/expense until that time. Deferred Inflows of resources represents an acquisition of net position that applies to future periods and will not be recognized as revenue until that time.

On the full accrual basis of accounting, the components of deferred outflows of resources and deferred inflows are as follows:

- Derivative instruments are reported for the changes in fair value.
- Deferred refunding results from the difference in the refunding of debt and its reacquisition price.
- Deferred pension transactions are recognized as an expense or revenue in a future period.
- Deferred outflows of resources and deferred inflows of resources related to OPEB.
- Deferred inflow of resources related to leasing activities as a lessor.

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Notes to Financial Statements

Compensated Absences

It is the City's policy to allow employees to accumulate earned but unused vacation and sick leave benefits. Vacation is accrued when earned in the government-wide financial statements and in the proprietary and fiduciary fund financial statements. Sick leave is accrued in the government-wide financial statements and in the proprietary and fiduciary fund financial statements based on an estimate of future payouts.

Claims and Judgments

Pending claims and judgments are recorded as expenses in the government-wide financial statements and in the proprietary and fiduciary fund financial statements when the City Solicitor has deemed that a probable loss to the City has occurred. Claims and judgments are recorded as expenditures in the government fund financial statements when paid or when judgments have been rendered against the City.

Leases

The Airport is a lessee for various leases of land, buildings, and equipment. The Airport recognizes a lease liability and an intangible right-to-use asset in its financial statements.

At the commencement of a lease, the Airport initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The Airport determines (1) the discount rate it uses to discount the expected lease payment to present value, (2) lease term, and (3) lease payments.

- The Airport uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Airport generally uses its estimated incremental borrowing rate as the discount for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Airport is reasonably certain to exercise.

The Airport monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and its liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statements of Net Position.

CITY OF PHILADELPHIA
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Notes to Financial Statements

Lessor: The Airport is a lessor for various leases of land and buildings. The Airport recognizes a lease receivable and deferred inflows of resources in the financial statements.

At the commencement of a lease, the Airport initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Airport determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Airport uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Airport monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Management's 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, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

For the fiscal year ended June 30, 2023, cash and cash equivalents, and investments (deposits) are included in the financial statements in current and restricted cash and cash equivalents, in investments (deposits), in sinking funds and reserves held by fiscal agents, and in cash held by fiscal agent.

Deposits

State statutes require banks to collateralize City deposits at amounts equal to or in excess of the City's balance. Such collateral is to be held by the Federal Reserve Bank or the trust department of a commercial bank other than the pledging bank. All collateralized securities were held in the City's name.

CITY OF PHILADELPHIA
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Notes to Financial Statements

Investments

The City has established a comprehensive investment policy to minimize custodial credit risk for its investments. In so doing, the City has selected custodian banks that are members of the Federal Reserve System to hold its investments. Delivery of the applicable investment documents to the City's custodian is required for all investments.

As of June 30, 2023, the fair value of the Aviation Fund's holdings consisted of the following:

| | Fair Value | % of Total |
|-------------------------------------|-------------------------|---------------|
| Short-Term Investment Pools | \$ 58,788,904 | 4.63% |
| U.S. Government Securities | 680,808,291 | 53.62% |
| U.S. Government Agency Securities | 196,793,116 | 15.50% |
| Commercial Paper | 183,663,770 | 14.47% |
| Corporate Bonds | 144,873,081 | 11.41% |
| Municipal and Other Debt Securities | 4,716,171 | 0.37% |
| | <u>\$ 1,269,643,332</u> | <u>100.0%</u> |

Interest Rate Risk: The City's investment portfolio is managed to accomplish preservation of principal, maintenance of liquidity, and to maximize the return on the investments. To limit its exposure to fair value losses from rising interest rates, the City's investment policy limits fixed income investments to maturities of no longer than two years, except in Sinking Fund Reserve Portfolios.

As of June 30, 2023, the maturities of holdings were as follows:

| | Less Than 1 Year | 1 - 3 Years |
|-------------------------------------|-------------------------|-----------------------|
| U.S. Government Securities | \$ 565,510,188 | \$ 115,298,103 |
| U.S. Government Agency Securities | 175,841,080 | 20,952,036 |
| Commercial Paper | 183,663,770 | - |
| Corporate Bonds | 89,378,131 | 55,494,950 |
| Municipal and Other Debt Securities | 2,871,373 | 1,844,798 |
| | <u>\$ 1,017,264,542</u> | <u>\$ 193,589,887</u> |

Fair Value Measurement: The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability

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- Level 3: Unobservable inputs for assets or liabilities

The Airport has the following recurring fair value measurements as of June 30, 2023:

- U.S. Treasury securities of \$680.8 million are valued using quoted prices from active markets (Level 1).
- U.S. Agency securities of \$196.8 million are valued using quoted prices for identical securities traded in active markets when sufficient activity exists (Level 2).
- Commercial Paper securities of \$183.7 million are valued using quoted prices for identical securities in markets that are not active and via matrix pricing models (Level 2).
- Corporate Bond securities of \$144.9 million are valued using quoted prices for similar securities in active markets and via matrix pricing models (Level 2).
- Municipal Debt/Other securities of \$4.7 million are valued at using quoted prices for identical securities in markets that are not active and via matrix pricing models (Level 2).

The Airport's short-term investment pools of \$58.8 million are valued at the published amortized cost-based net asset value per share/unit. There are no limitations or restrictions on withdrawals.

Credit Risk: The City's policy to limit credit risks is to limit the types of allowable investment, as well as the maximum percent of the portfolio for each type of investment.

The City's investment in U.S. Government securities (54.89%) or U.S. Government Agency obligations (14.02%) are allowable investments up to 100% of the portfolio.

The City's investment in Commercial Paper (18.71%) is limited to 25% of the portfolio and must be rated A1+ by S&P or P1 by Moody's Investors Services, Inc. (Moody's) and the senior long-term debt of the issuer must not be rated lower than A by S&P Global Ratings ("S&P") or A2 by Moody's. All commercial paper investments meet the criteria.

The City's investment in corporate bonds (3.91%) is limited to 25% of the portfolio and had an S&P rating of AAA to AA or Moody's rating of Aa2 or better. All corporate investments meet the criteria.

Short-term investment pools are rated AAA by S&P and Aaa by Moody's Investor Services. The short-term investment pools' amortized cost-based net asset value per

share/unit is the same as the value of the pool shares. Cash accounts are swept nightly and idle cash invested in money market funds (short-term investment pools).

The City limits its foreign currency risk by investing in certificates of deposit and banker's acceptances issued or endorsed by non-domestic banks that are denominated in U.S.

CITY OF PHILADELPHIA
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dollars, providing that the banking institution has assets of not less than \$100 million and has a Thompson's Bank Watch Service "Peer Group Rating" not lower than II. At the end of the fiscal year, the City did not have any investments of that nature.

To minimize custodial risk, the City's policy is to select custodian banks that are members of the Federal Reserve System to hold its investments. Delivery of the applicable investment documents to the City's custodian is required for all investments.

3. CAPITAL ASSET ACTIVITY

Capital Assets, which include property, plant, equipment, and infrastructure assets, are defined by the Airport as assets with an initial individual cost of more than \$10,000 for personal property and \$100,000 for fixed assets, as well as an estimated useful life in excess of three years. Capital assets are recorded at cost. Costs recorded do not include interest incurred as a result of financing asset acquisition or construction. General maintenance and repair costs are charged to operations.

The Airport transfers Construction-in-Progress to one or more of the major asset classes: (1) when project expenditures are "substantially complete"; (2) when the expenditures are for existing facilities; or (3) when they relate to specific identifiable items completed during the year which were part of a larger project. A portion of bond interest expense net of related interest income on unexpended funds is capitalized during the construction phase of the projects funded by the bonds. Net interest capitalized to construction-in-progress was \$0 for the fiscal year ending June 30, 2023.

Depreciation on the capital assets is provided on the straight-line method over their estimated useful lives. Depreciation and amortization expense were \$121,461,807 for the fiscal year ending June 30, 2023.

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The following tables present the changes in capital assets for fiscal year 2023.

| | Balance FYE 06/30/2022 | Additions | Deletions | Balance FYE 06/30/2023 |
|---------------------------------------|---------------------------|----------------------|------------------------|---------------------------|
| Non-depreciable assets | | | | |
| Land and intangibles | \$ 236,879,024 | \$ 889,149 | \$ - | \$ 237,768,173 |
| Right to Use Lease Asset - Land | 11,342,954 | - | - | 11,342,954 |
| Construction-in-progress | 349,124,672 | 153,282,734 | (17,435,793) | 484,971,613 |
| Total non-depreciable assets | 597,346,650 | 154,171,883 | (17,435,793) | 734,082,740 |
| Depreciable assets | | | | |
| Buildings & improvements | 2,033,949,244 | - | - | 2,033,949,244 |
| Right to Use Lease Asset - Equipment | 245,377 | - | (30,644) | 214,733 |
| Infrastructure | 1,366,762,059 | 3,184,854 | - | 1,369,946,913 |
| Other improvements | 830,966,425 | 13,361,790 | - | 844,328,215 |
| Equipment | 68,135,166 | 930,289 | (2,534,473) | 66,530,982 |
| Total depreciable assets | 4,300,058,271 | 17,476,933 | (2,565,117) | 4,314,970,087 |
| Accumulated depreciation | | | | |
| Buildings & improvements | (1,177,348,099) | (52,257,478) | - | (1,229,605,577) |
| Right to Use Lease Asset - Equipment | (73,586) | (79,940) | 30,644 | (122,881) |
| Other Improvements | (517,699,034) | (32,498,903) | - | (550,197,937) |
| Equipment (including Furniture) | (58,153,763) | (4,275,437) | 2,417,797 | (60,011,403) |
| Infrastructure | (858,455,200) | (32,350,049) | - | (890,805,249) |
| Total accumulated depreciation | (2,611,729,682) | (121,461,807) | 2,448,441 | (2,730,743,047) |
| Net depreciable assets | 1,688,328,589 | (103,984,874) | (116,676) | 1,584,227,040 |
| Total capital assets | \$ 2,285,675,239 | \$ 50,187,009 | \$ (17,552,469) | \$ 2,318,309,780 |

4. UNEARNED REVENUE

Unearned revenue was \$64,502,369 for the fiscal year ending June 30, 2023 and includes revenues received in advance, excess billing to the scheduled airlines, and credit balance receivables.

5. ARBITRAGE REBATE

The Aviation Fund has several series of revenue bonds subject to federal arbitrage requirements. Federal tax legislation requires that the accumulated net excess of interest income on the proceeds of these issues over interest expense paid on the bonds be paid to the federal government at the end of a five-year period. The Airport's arbitrage rebate liability was \$0 as of June 30, 2023.

6. DERIVATIVE INSTRUMENTS AND INTEREST RATE SWAP

Beginning in fiscal year 2010, the City adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The fair value balances and notional amounts of derivative instruments outstanding for the Aviation Fund as of June 30, 2023 are as follows:

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| | |
|--|---|
| Type | Cash Flow Hedge - pay fixed interest rate swap |
| Change in Fair Value of Deferred Outflow at June 30, 2023 | (\$464,627) |
| Fair value at June 30, 2023 | \$665,429 |
| Objective | Hedge changes in cash flow on the 2005 Series bonds |
| Notional amount at June 30, 2023 | \$31,200,000 |
| Effective date | 06/15/2005 |
| Maturity date | 06/15/2025 |
| Terms | Airport pays multiple fixed swap rates, and receives SIFMA Municipal Swap Index |
| Counterparty credit rating at June 30, 2022 | Aa2/A+ |

Objective: In April 2002, the City entered into a swaption that provided the City’s Aviation Department with an up-front payment of \$6.5 million. As a synthetic refunding of its 1995 Bonds, this payment approximated the present-value savings as of April 2002, of refunding on June 15, 2005, based upon interest rates in effect at the time. The swaption gave JP Morgan Chase Bank, N.A. (“JP Morgan”) the option to enter into an interest rate swap with the Airport whereby JP Morgan would receive fixed amounts and pay variable amounts.

Terms: JP Morgan exercised its option to enter into a swap on June 15, 2005, and the swap commenced on that date. Under the swap, the Airport pays multiple fixed swap rates (starting at 6.466% and decreasing over the life of the swap to 1.654%). The payments are based on an amortizing notional schedule (with an initial notional amount of \$189.5 million) and when added to an assumption for remarketing, liquidity costs and cost of issuance were expected to approximate the debt service of the refunded bonds at the time the swaption was entered into. The swap’s variable payments are based on the Securities Industry and Financial Markets Association (“SIFMA”) Municipal Swap Index. If the rolling 180-day average of the SIFMA Municipal Swap Index exceeds 7.00%, JP Morgan has the option to terminate the swap.

As of June 30, 2023, the swap had a notional amount of \$31.2 million and the associated variable-rate bonds had a \$31.2 million principal amount. The bonds’ variable-rate coupons are based on an SIFMA-based index. The bonds mature on June 15, 2025. The swap will terminate on June 15, 2025 if not previously terminated by JP Morgan.

Fair Value: As of June 30, 2023, the swap had a fair value of \$665 thousand. A positive value (mark-to-market) means that the City would be owed a payment if the swap is terminated. The fair value reflects the effect of non-performance risk, which includes credit risk. The fair value of the swap was measured using the income approach and is categorized within Level 2 of the fair value hierarchy.

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Risk: As of June 30, 2023, the Airport was exposed to credit risk in the amount of the swap's fair value. Because the bonds and swap both reset at a rate linked to SIFMA, the Airport is not subject to basis risk. The swap includes an additional termination event based on downgrades in credit ratings. The swap may be terminated by the Airport if JP Morgan's ratings fall below A- or A3, or by JP Morgan if the Airport's ratings fall below BBB or Baa2.

As of June 30, 2023, the rates were:

| <u>Interest Rate Swap</u> | <u>Terms</u> | <u>June 30, 2023</u> |
|---|---------------|------------------------|
| Fixed payment to JPMorgan Chase | Fixed | 2.29270% |
| Variable rate payment from JPMorgan Chase | SIFMA | <u>(3.17097)%</u> |
| Net interest rate swap payments | | -0.87827% |
| Variable rate bond coupon payments | Weekly resets | <u>4.31000%</u> |
| Synthetic interest rate on bonds | | <u><u>3.43173%</u></u> |

Swap payments and associated debt: As of June 30, 2023, debt service requirements of the variable-rate debt and net swap payments for their term, assuming current interest rates remain the same, were as follows:

| <u>Fiscal Years</u> <u>Ending June 30</u> | <u>Variable Rate Bonds</u> | | <u>Interest Rate</u> <u>Swaps Net</u> | <u>Total</u> <u>Interest</u> |
|--|----------------------------|---------------------|--|---------------------------------|
| | <u>Principal</u> | <u>Interest</u> | | |
| 2024 | 15,400,000 | 1,344,720 | (378,432) | 966,288 |
| 2025 | <u>15,800,000</u> | <u>680,980</u> | <u>(239,723)</u> | <u>441,257</u> |
| Totals | <u>\$ 31,200,000</u> | <u>\$ 2,025,700</u> | <u>\$ (618,155)</u> | <u>\$ 1,407,545</u> |

7. COMMERCIAL PAPER NOTES

The Aviation Fund established a commercial paper ("CP") program, which closed on August 22, 2019, in the amount of \$350 million to provide funding for capital projects. CP is a short-term financing tool with a maximum maturity of 270 days. The Airport's CP Program enables capital projects to be financed on an as-needed basis; lowers the Airport's cost of borrowing, as amounts drawn can be closely matched to capital cash flow requirements; and limits negative arbitrage during project construction periods. CP Notes will continue to be "rolled over" until long-term bonds are issued to refund the outstanding commercial paper. As of June 30, 2023, the Aviation Fund had outstanding letters of credit of \$165.3 million and unused letters of credit equal to \$184.7 million related to the CP program.

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As of June 30, 2023, the total outstanding balance of CP notes was \$165,343,000.

| | |
|---------------------------------|------------------------|
| Balance as of July 1, 2022 | \$ 125,343,000 |
| Commercial Paper Notes Issued | 1,073,580,000 |
| Commercial Paper Notes Refunded | <u>(1,033,580,000)</u> |
| Balance as of July 1, 2023 | \$ 165,343,000 |

8. BONDS PAYABLE

In June 2005, Airport Revenue Refunding Bonds, Series 2005C in the amount of \$189.5 million were issued. The proceeds of Series 2005C were used to refund \$183.9 million of the 1995A Series Airport Revenue Bonds, maturing from 2006 through 2025, and to pay issuance and insurance costs on the bonds. The cash flow required by the new bonds was the same as the cash flow required by the refunded bonds at the time of the sale. JPMorgan entered into a swaption agreement with the Airport on the 1995A bonds in 2002, which was exercised June 15, 2005. In December 2008, the outstanding balance of \$178.6 million of Airport Revenue Refunding Bonds, Series 2005C was remarketed under an irrevocable direct pay letter of credit (“LOC”) from TD Bank. The LOC replaces a bond insurance policy from MBIA Insurance Corporation and a liquidity facility for the 2005C bonds provided by JP Morgan Chase Bank, N.A., pursuant to a standby bond purchase agreement, issued simultaneously with the issuance of the 2005C bonds in June 2005, and the surety policy for the sinking fund reserve account for the 2005C bonds. The bonds have a weekly interest rate and maturity date in 2025.

In August 2015, Airport Revenue Refunding Bonds, Series 2015A were issued in the amount of \$97.8 million. The proceeds of Series 2015A were used to refund Revenue Bonds, Series 2005A and pay the costs of issuance of the Bonds. The refunding structure of the 2015A bonds realized a net present value savings of approximately \$9.3 million or 8.75% of the principal amount of the refunded bonds.

In December 2017, Airport Revenue and Refunding Bonds, Series 2017 were issued in the amount of \$692.5 million. The Series 2017A bonds (Non-AMT), totaling \$138.6 million, were issued as serial bonds in the amount of \$97.6 million with interest rates ranging from 3.125% to 5%, maturing in 2037, and term bonds in the amounts of \$16.0 million and \$25.1 million with interest rates of 5% and maturing in 2042 and 2047, respectively. The Series 2017B bonds, totaling \$553.9 million, were issued as serial bonds in the amount of \$334.9 million, with interest rates of 5% and maturing in 2037, and term bonds in the amounts of \$85.2 million and \$133.8 million with interest rates of 5% and maturing in 2042 and 2047, respectively. The proceeds of these bonds were used to: (i) currently refund certain outstanding commercial paper notes, (ii) pay for a portion of the costs of the 2017 Capital Project, (iii) currently refund all of the City’s outstanding Airport Revenue Bonds, Series 2007A, and all of the City’s outstanding Airport Revenue Refunding Bonds, Series 2007B, and a portion of the 2017B Bonds proceeds will be used to currently refund all of the City’s

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outstanding Airport Revenue Refunding Bonds, Series 2009A, (iv) provide for capitalized interest on a portion of the 2017 Bonds, (v) fund a deposit to the Parity Sinking Fund Reserve Account, and (vi) pay the costs of issuance of the 2017 Bonds.

In October 2020, the City issued Airport Refunding Bonds, Series 2020A, B, & C in the original principal amount of \$389.2 million. The 2020A Bonds were issued for the purpose of providing funds, together with other available moneys, to: (i) refund all of the outstanding 2010A Airport Revenue Bonds, and (ii) pay the cost of issuance of the 2020A Bonds. The 2020B Bonds were issued for the purpose of providing funds to (i) refinance certain outstanding Commercial Paper Notes, and (ii) pay the cost of issuance of the 2020B Bonds. The 2020C Bonds were issued for the purpose of providing funds to (i) refund all of the outstanding Series 2010D Airport Revenue Bonds, (ii) refinance certain outstanding Commercial Paper Notes, and (iii) pay the cost of issuance of the 2020C Bonds. The fiscal year 2021 Airport Refunding Bonds, Series 2020A, B, & C liability of \$389.2 million is reflected in the City's financial statements as Long-Term Obligation.

In July 2021, the City issued \$302.0 million of Airport Revenue and Refunding Bonds Series 2021 Bonds to refund the outstanding Series 2011A and 2011B Bonds in the amount of \$149.8 million and to pay the costs of issuing the Series 2021 Bonds. The Series 2021 Bonds were issued for the purpose of providing funds, together with other available moneys, to (i) fund a deposit to the Project Fund to finance certain capital projects, (ii) finance capitalized interest on a portion of the Series 2021 Bonds, (iii) refund all or a portion of the City's Outstanding Airport Revenue Refunding Bonds, Series 2011, consisting of the Series 2011A (AMT) Bonds (the "2011A Bonds") and the Series 2011B (AMT) Bonds (the "2011B Bonds" and together with the 2011A Bonds, the "Refunded Bonds"), (iv) pay the costs of the bond insurance policy and (v) pay the costs of issuance of the Series 2021 Bonds. The issuance of the 2021 Bonds deposited \$200 million to the Airport Capital Fund to finance certain capital projects. The total proceeds of the 2021 Bonds were \$371.0 million (which includes a premium of \$69.0 million). The interest rates of the bonds that were refunded ranged from 3.750% to 5.000%. The interest rates of the newly issued bonds range from 4.000% to 5.000%. The transaction resulted in a total savings to the City of \$29.3 million over the next 10 years, the economic gain was \$26.7 million.

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The amount of debt service payable for revenue bonds to maturity is as follows:

| Fiscal Years | | | Total |
|-----------------------|-------------------------|-----------------------|-------------------------|
| <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Debt Service</u> |
| 2024 | 54,610,000 | 64,060,938 | \$ 118,670,938 |
| 2025 | 82,680,000 | 61,069,097 | 143,749,097 |
| 2026 | 77,640,000 | 57,205,169 | 134,845,169 |
| 2027 | 82,540,000 | 53,206,669 | 135,746,669 |
| 2028 | 86,665,000 | 48,982,918 | 135,647,918 |
| 2029-2033 | 270,545,000 | 196,859,418 | 467,404,418 |
| 2034-2038 | 248,220,000 | 137,863,716 | 386,083,716 |
| 2039-2043 | 197,870,000 | 86,534,300 | 284,404,300 |
| 2044-2048 | 222,910,000 | 40,329,525 | 263,239,525 |
| 2049-2053 | 56,255,000 | 5,052,200 | 61,307,200 |
| Totals | <u>\$ 1,379,935,000</u> | <u>\$ 751,163,950</u> | <u>\$ 2,131,098,950</u> |

The early extinguishment of debt can result in a gain or loss on refunding, representing the difference between the reacquisition price, plus or minus unamortized premium or discount, and the amount of debt extinguished. The resulting gain or loss is amortized annually over the life of the refunded bonds and reflected in the Deferred Inflows or Outflows section on the Statement of Net Position.

Total interest costs for fiscal year 2023 were \$66.4 million, all of which was recorded as non-operating expense.

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| Type of Debt | Authorized and Issued | Included in Current Liabilities | Portion Due After 30-Jun-23 | Total Outstanding Bonded Debt | Final Maturity | Interest Percentage Rate |
|--------------------------------------|-----------------------------|---------------------------------------|-----------------------------------|-------------------------------------|-------------------|--------------------------------|
| Airport Revenue Bonds - Series 2005C | \$ 189,500,000 | 15,400,000 | 15,800,000 | 31,200,000 | 2025 | Variable Rate |
| Airport Revenue Bonds - Series 2015A | \$ 97,780,000 | 4,325,000 | 64,220,000 | 68,545,000 | 2035 | 4.00-5.05% |
| Airport Revenue Bonds - Series 2017A | \$ 138,630,000 | 4,980,000 | 113,645,000 | 118,625,000 | 2047 | 3.125-5.00% |
| Airport Revenue Bonds - Series 2017B | \$ 533,900,000 | 16,505,000 | 480,290,000 | 496,795,000 | 2047 | 5.00% |
| Airport Revenue Bonds - Series 2020A | \$ 187,140,000 | - | 187,140,000 | 187,140,000 | 2040 | 4.00-5.00% |
| Airport Revenue Bonds - Series 2020B | \$ 43,140,000 | 5,000 | 43,125,000 | 43,130,000 | 2050 | 3.00-5.00% |
| Airport Revenue Bonds - Series 2020C | \$ 111,520,000 | 13,390,000 | 119,075,000 | 132,465,000 | 2028 | 5.00% |
| Airport Revenue Bonds - Series 2021A | \$ 106,210,000 | - | 106,210,000 | 106,210,000 | 2029 | 5.00% |
| Airport Revenue Bonds - Series 2021B | \$ 16,195,000 | - | 16,195,000 | 16,195,000 | 2032 | 5.00% |
| Airport Revenue Bonds - Series 2021C | \$ 179,635,000 | 5,000 | 179,625,000 | 179,630,000 | 2052 | 4.00-5.00% |
| | <u>\$ 1,603,650,000</u> | <u>\$ 54,610,000</u> | <u>\$ 1,325,325,000</u> | <u>\$ 1,379,935,000</u> | | |

Changes in Long-Term Debt

| | Beginning Balance | Additions (Deletions) | Retirements/ Repayments | Ending Balance | Due Within One Year |
|--------------------------------|-------------------------|--------------------------|----------------------------|-------------------------|------------------------|
| Revenue Bonds Payable | \$ 1,432,175,000 | \$ - | \$ (52,240,000) | \$ 1,379,935,000 | \$ 54,610,000 |
| Taxable Airport Revenue Note | 115,535,000 | - | (2,605,000) | 112,930,000 | 2,710,000 |
| Unamortized Premium/(Discount) | 191,286,203 | - | (20,012,527) | 171,273,676 | - |
| Total Revenue Bonds Payable | <u>\$ 1,738,996,203</u> | <u>\$ -</u> | <u>\$ (74,857,527)</u> | <u>\$ 1,664,138,676</u> | <u>\$ 57,320,000</u> |

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9. DIRECT PURCHASE FEDERALLY TAXABLE LOAN

In April 2017, the Airport issued \$125.0 million of Airport Revenue Bond Series 2017 (Direct Purchase Federally Taxable Loan), which was purchased by PNC Bank, NA, for the purpose of providing funds which, together with other available moneys, were used for some or all of the following: (i) to refund a portion of commercial paper notes issued by the City; (ii) the acquisition of land for the Airport System; (iii) other capital financing needs of the Airport System; and (iv) paying the costs of issuing the Taxable Loan. This loan was subject to optional tender in full on April 26, 2022. In December 2021, the City renegotiated with PNC Bank to extend the optional tender date to June 2025. As part of this extension, the interest rate was revised from the 2.797% to 1.513%. As part of the closing, the City was required to pay PNC Bank a “make whole” termination payment of \$656,148, which is equal to the interest PNC Bank would forego by lowering the interest rate.

| Ending June 30 | Principal | Interest | Debt Service |
|----------------|----------------|--------------|----------------|
| 2024 | 2,710,000 | 1,671,045 | 4,381,045 |
| 2025 | 110,220,000 | 1,682,683 | 111,902,683 |
| Totals | \$ 112,930,000 | \$ 3,353,728 | \$ 116,283,728 |

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10. FUND BALANCES

The following is a description of the restrictions for all net position categories of the Airport:

- *Net Investment in Capital Assets* reflects the investment in fixed assets net of accumulated depreciation and reduced by outstanding debt related to expended bond proceeds.
- *Restricted for Capital Projects* reflects the unexpended funds from bond and CP proceeds, CFCs and PFCs, which are reserved for construction of capital projects, offset by outstanding debt related to unexpended bond proceeds.
- *Restricted for Debt Service* reflects the unexpended funds from bond proceeds and PFCs, which are reserved for repayment of debt.
- *Unrestricted* reflects net position available for current and future operations.

11. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code section 457. As required by the Code and Pennsylvania laws in effect at June 30, 2014, the assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended by GASB Statement No. 84 and GASB Statement No. 97, the Airport does not include the assets or activity of the plan in its financial statements.

The City of Philadelphia's deferred compensation plan (457 Plan) is considered a defined contribution plan for reporting purposes. Only employees participating in Pension Plan 10 and Plan 16 are eligible for the City match, and provided that any Plan 16 employee's annual salary is greater than the Stacked Hybrid Cap of \$65,000. The City will provide a match of 50% of employees' contribution up to a maximum of 1.5% of the employee's annual salary. These contributions from both the employee and employer are deposited in a trust account held and administered by a third-party. The accounts are held in the name of each employee and the employee has control over how the investments are managed, which investments to choose and when to withdraw investments. The City provides no guarantees on investment returns and has no liability to the plan beyond providing the match previously described. The employee contributions are immediately vested after five years of credited service. If the employee separates from service prior to completion of five years of Credited Service, the employee's City match will be forfeited. Any forfeitures of employer contributions are used to offset future employer contributions or plan costs.

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12. OPERATING LEASES

The Airport as a Lessee

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The Airport leases and subleases a significant amount of nonfinancial assets such as land, buildings, equipment, and infrastructure. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As the lessee, a lease liability and an associated lease asset are recognized in the Statement of Net Position.

The Airport has a variety of variable payment clauses, within its lease arrangements, which include payments dependent on indexes and rates (such as the Consumer Price Index and market interest rates), including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the lease liability presented in the table below. The Airport did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

The Airport also enters into lease arrangements with third parties in which the Airport is a sublessee.

As of June 30, 2023, the Airport had minimum principal and interest payment requirements for its leasing activities, with a remaining term more than one year:

| Lessee Activities (in \$000) | | | |
|---------------------------------|-----------|----------|-----------|
| Fiscal Year Ending | Principal | Interest | Total |
| June 30 | | | |
| 2024 | \$ 210 | \$ 234 | \$ 444 |
| 2025 | 193 | 230 | 423 |
| 2026 | 178 | 226 | 404 |
| 2027 | 170 | 222 | 393 |
| 2028 | 174 | 219 | 393 |
| 2029-2033 | 928 | 1,036 | 1,964 |
| 2034-2038 | 1,033 | 932 | 1,964 |
| 2039-2043 | 1,149 | 816 | 1,964 |
| 2044-2048 | 1,278 | 687 | 1,964 |
| 2049-2053 | 1,421 | 544 | 1,964 |
| 2054-2058 | 1,580 | 384 | 1,964 |
| 2059-2063 | 1,758 | 207 | 1,964 |
| 2064-2066 | 1,032 | 31 | 1,063 |
| | \$ 11,104 | \$ 5,767 | \$ 16,872 |

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The Airport as a Lessor

The Airport's most significant non-airline lease is with MarketPlace PHL, LLC, an entity responsible for the development and management of the food and retail program throughout Philadelphia International Airport. This award-winning food and retail program consists of approximately 151 shops, restaurants, retail carts and passenger services throughout Terminals A-West through F. The lease agreement provides for MarketPlace PHL, LLC to remit rents to the City in the form of total gross concession revenues, net of the concession management fee. As part of the post-pandemic recovery, PHL implemented a phased-in return to contract rents for all concessionaires based on enplanement levels in the Terminals in which they were located. All contract rents were in full force effective April 1, 2023.

Additionally, as the lessor, the Airport leases and subleases Airport owned properties such as buildings, land, terminal concessions, and advertising space. The related receivables are presented in the Statement of Net Position for the amounts equal to the present value of lease payments expected to be received during the lease term. Revenue recognized under these lease contracts including interest, during the year ended June 30, 2023, was \$54.2 million. These amounts include variable payments not previously included in the measurement of the lease receivable.

The Airport's variable payments clause within its lease arrangements as the lessor, is similar to the arrangements made as lessee. The Airport did not incur revenue related to residual value guarantees or lease termination penalties. It also does not currently have agreements that include sale-leaseback and lease-leaseback transactions.

The following are schedules by year of minimum payments to be received under lease contracts that are included in the measurement of the lease receivable as of June 30, 2023:

| Lessor Activities | | | |
|--------------------|------------|-----------|------------|
| (in \$000) | | | |
| Fiscal Year Ending | Principal | Interest | Total |
| June 30 | | | |
| 2024 | \$ 31,249 | \$ 4,189 | \$ 35,438 |
| 2025 | 26,479 | 3,307 | 29,786 |
| 2026 | 22,306 | 2,594 | 24,900 |
| 2027 | 18,655 | 1,988 | 20,643 |
| 2028 | 15,452 | 1,473 | 16,925 |
| 2029-2033 | 20,683 | 4,005 | 24,688 |
| 2034-2038 | 8,043 | 2,488 | 10,531 |
| 2039-2043 | 8,039 | 1,298 | 9,337 |
| 2044-2048 | 4,409 | 267 | 4,676 |
| 2049-2053 | 287 | 17 | 304 |
| 2054 | 20 | - | 20 |
| | \$ 155,622 | \$ 21,626 | \$ 177,248 |

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As of June 30, 2023, the Airport reported current and non-current lease assets of \$155.6 million. The Airport also reported a deferred inflows of leases in the amount of \$158.0 million.

Regulated Leases

The Department of Aviation does not recognize a lease receivable or a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g., the U.S. Department of Transportation and the Federal Aviation Administration, between airports and air carriers and other aeronautical users. Regulated leases include the following:

Airline Use Agreements: Effective July 1, 2023, the Department of Aviation entered into an Airport-Airline Use and Lease Agreements (Agreements) with airlines operating at PHL. These Agreements, while regulated by the FAA, are not within the disclosures.

Fixed Base Operators: The Airport entered into contracts with Fixed Base Operators (FBO) for the lease of certain airport system property. The FBOs are commercial enterprises that provide aeronautical services such as fueling, aircraft parking and storage to general aviation operators, and are therefore considered to be regulated leases. Revenues for FBOs were \$4.5 million in fiscal year 2023.

Hangars and Ground Rentals: The Airport entered into several agreements for aircraft maintenance facilities, cargo facilities and ramps, buildings, and land, which are regulated and whose term extends beyond June 30, 2023. Revenue recognized for these leases was \$2.7 million in fiscal year 2023.

Other Regulated Leases: The Airport entered into an agreement with an airline fueling consortium at PHL. As defined by GASB 87, fuel consortium agreements are considered regulated. Revenue recognized for this agreement was \$2.0 million in fiscal year 2023.

Expected future minimum lease payments from Regulated Leases at June 30, 2023 are as follows (in thousands):

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| Fiscal Year Ending June 30 | Future Minimum Expected Receipts |
|-------------------------------|-------------------------------------|
| 2024 | 5,498 |
| 2025 | 5,518 |
| 2026 | 5,449 |
| 2027 | 5,442 |
| 2028 | 5,047 |
| 2029-2033 | 14,550 |
| 2034-2038 | 11,623 |
| 2039-2043 | 13,743 |
| 2044-2048 | 12,247 |
| 2049-2053 | 657 |
| 2054-2058 | 632 |
| 2059-2063 | 632 |
| 2064-2068 | 632 |
| 2069 | 32 |
| | <u>\$ 81,702</u> |

13. CONCENTRATION OF CREDIT RISK

American Airlines is the principal airline serving Philadelphia International Airport. The airline, together with its American Eagle affiliates, accounted for approximately 63.0% of passengers enplaned at the airport in fiscal year 2023. Operating revenues from American Airlines and its affiliates totaled approximately \$137.5 million in fiscal year 2023 which represented approximately 34.7 % of total operating revenues in fiscal year 2023.

14. PENSION PLANS

The Airport contributes to the Municipal Pension Plan (“City Plan”) of the City of Philadelphia. The City maintains two single-employer defined benefit plans for its employees and several of its component units. The two plans maintained by the City are the City Plan and the Philadelphia Gas Works (“PGW”) Plan. In addition to the City, the three other quasi-governmental agencies that participate in the City Plan are the Philadelphia Parking Authority (“PPA”), the Philadelphia Municipal Authority (“PMA”), and the Philadelphia Housing Development Corporation (“PHDC”). Information for the City Plan as a whole is available in the Annual Comprehensive Financial Report (“ACFR”) of the City of Philadelphia for the year ended June 30, 2023.

Effective with fiscal year 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement revised existing standards for measuring and reporting pension liabilities for pension plans. GASB Statement No. 68 defines a single employer as the primary government and its component units. All three quasi-governmental agencies that

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participate in the City Plan were determined to be component units of the City. Therefore, the City Plan meets the definition of a single-employer plan.

The note disclosures and Required Supplementary Information required by GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, are presented in the separately issued audited financial statements of the City Plan and PGW Plan. Copies of these financial statements may be obtained by contacting the Director of Finance of the City of Philadelphia.

Pension Fund Description

Plan Administration

The Philadelphia Board of Pensions (“Pension Board”) administers the City of Philadelphia Municipal Pension Fund (“Fund”), a single-employer defined benefit pension plan with a small but increasing defined contribution component, which provides pensions for all officers and employees of the City, as well as those of three quasi-governmental agencies (per applicable enabling legislation and contractual agreements). The Pension Board was established by section 2-308 of the 1952 Philadelphia Home Rule Charter. Its actions in administering the Retirement System are governed by Title 22 of the Philadelphia Code.

The Board consists of nine voting members – four elected by the active members within civil service, and the City’s Controller, Solicitor, Managing Director, Personnel Director, and Director of Finance, who serves as the Chair.

Plan Membership

At July 1, 2022, the date of the most recent actuarial valuation, pension plan membership for the City as a whole consisted of the following:

| | |
|----------------------------------|-----------------|
| Active Members | 26,723 |
| Terminated Vested | 832 |
| Disabled | 3,757 |
| Retirees | 22,392 |
| Beneficiaries | 8,523 |
| DROP Members | 1,921 |
| Total City Members | <u>64,148</u> |
| Annual Salaries | \$1,921,141,531 |
| Average Salary per Active Member | \$71,891 |
| Annual Retirement Allowances | \$828,187,638 |
| Average Retirement Allowance | \$23,886 |

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Contributions

Per Title 22 of the Philadelphia Code, members contribute to the Fund at various rates based on bargaining unit, uniform/non-uniform/elected/exempt status, and entry date into the Fund. Beginning July 1, 2022, members contributed at one of the following rates:

| Employee Contribution Rates | | | | |
|--|----------------------|--------------------|---------------|-------------|
| For the Plan Year Beginning July 1, 2022 to June 30, 2023 | | | | |
| | Municipal (1) | Elected (2) | Police | Fire |
| Plan 67 | 7.00% | N/A | 6.00% | 6.00% |
| Plan 87 | 3.63% | 12.01% | 6.84% | 6.84% |
| Plan 87 - 50% of Aggregate Normal Cost (3) | 4.38% | N/A | N/A | N/A |
| Plan 87 - Accelerated Vesting (4) | 4.61% | 13.46% | N/A | N/A |
| Plan 87 Prime (5) | 4.63% | 13.01% | 7.84% | 7.84% |
| Plan '10 | 2.44% | N/A | 7.34% | 7.34% |
| Plan '10 - Accelerated Vesting | 2.93% | N/A | N/A | N/A |
| Plan '16 (6) | 4.14% | N/A | N/A | N/A |
| Plan '16 - Accelerated Vesting (7) | 4.52% | N/A | N/A | N/A |

1 - For the Municipal Plan 67 members who participate in the Social Security System, employee contributions are 4.75% of compensation up to the social security wage base and 7% above it.

2 - The employee contribution rate is based upon the normal cost of \$589,721 under Plan 87 Elected, normal cost of \$338,869 under Plan 87 Municipal and current annual payroll of \$3,200,320.

3 - This represents 50% of aggregate Normal Cost for all members in Plan Y and applies to Deputy Sheriffs hired between 1/1/2012 and 6/20/2018.

4 - Member rates for Municipal Plan 87 (Y5) members eligible to vest in five years and Elected Officials (L8) eligible to be vested in eight years instead of 10.

5 - Plan 87 Prime refers to new hires who have the option to elect Plan '10 but have elected to stay in Plan '87. New hires after 7/1/2017 in Police and Fire Plan 87 Prime pay 8.50% and are not reflected above.

6 - All Municipal groups (except elected officials) hired after January 1, 2019 participate in Plan '16.

7 - Member rate for Municipal Plan 16 members eligible to vest in 7 years instead of 10 years.

Employer contributions are made by the City throughout each fiscal year (which ends June 30) and by three (3) quasi-governmental agencies on a quarterly basis. These contributions, determined by an annual actuarial valuation report (“AVR”), when combined with plan member contributions, are expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Within the AVR, three contribution amounts are determined based upon three different sets of rules for determining the way the unfunded actuarial liability is funded.

The first method is defined in accordance with Act 205 and defines the Minimum Municipal Obligation (“MMO”), which is the City’s minimum required contribution under Pennsylvania state law.

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The second method is in accordance with the City's Funding Policy, which predates the Act 205 rules and calls for contributions that are greater than the MMO until the initial unfunded liability determined in 1984 is fully funded.

The third method currently followed by the City, the Revenue Recognition Policy ("RRP"), calls for additional revenue to be contributed each year to the fund in excess of the MMO. There are three sources of additional revenue that will be received by the Fund: 1) a portion of the sales tax according to the State Legislation, 2) additional tiered member contributions based on salary level for all municipal employees, and 3) additional member contributions from the current and future uniform members in Plan 87.

Under all funding methods, there are two components: the normal cost and the amortized unfunded actuarial liability. The actuarial unfunded liability is the amount of the unfunded actuarial liability that is paid each year based upon the given or defined amortization periods. The amortization periods are the same under the MMO and RRP, but differ under the City's Funding Policy.

City's Funding Policy

The initial July 1, 1985 unfunded actuarial liability ("UAL") is amortized over 34 years ending June 30, 2019 with payments increasing at 3.3% per year, the assumed payroll growth. All future amortization periods will follow the MMO funding policy below. Other changes in the actuarial liability are amortized in level-dollar payments as follows:

- Actuarial gains and losses – 20 years beginning July 1, 2009. Prior gains and losses were amortized over 15 years.
- Assumptions changes – 15 years beginning July 1, 2010. Prior to July 1, 2010, assumption changes were amortized over 20 years.
- Plan changes for active members – 10 years.
- Plan changes for inactive members – 1 year.
- Plan changes mandated by the State – 20 years.

In fiscal year 2023, the City and other employers' contributions of \$1.2 billion were more than the actuarially determined employer contribution ("ADEC") of \$801.7 million. In the event that the City contributes less than the funding policy, an experience loss will be created that will be amortized in accordance with the funding policy over a closed 20-year period.

The Schedule of Employer Contributions (based on the City's Funding Policy) is included as Required Supplemental Information (in the City's ACFR) and provides a 10-year presentation of the employer contributions.

Minimum Municipal Obligation (MMO)

For the purposes of the MMO under Act 205 reflecting the fresh start amortization schedule, the July 1, 2009 UAL was "fresh started" to be amortized over 30 years ending June 30, 2039. This is a level dollar amortization of the UAL.

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In fiscal year 2023, the City and other employers' contributions of \$1.2 billion exceeded the MMO of \$664.1 million.

The Schedule of Employer Contributions (based on the MMO Funding Policy) is included as Required Supplemental Information (in the City's ACFR) and provides a 10-year presentation of employer contributions.

Revenue Recognition Policy (RRP)

Revenue Recognition Policy is similar to the MMO except that assets used to determine the unfunded liability do not include a portion of sales tax revenue, tiered member contributions from the municipal employees, and additional uniform members' contributions. These sources of income are contributed over and above the City's contribution of the MMO and will be in addition to the MMO. Therefore, under this funding method, the additional revenue amounts are separately tracked and accumulated in a notional account, which is then subtracted from the assets before calculating the contribution amounts due under the MMO methodology. The fund accumulates these amounts in a notional account and deducts them from the Actuarial Asset Value return rates to preserve the new funding methodology objective.

In fiscal year 2023, the City and other employers' contributions of \$1.2 billion exceeded the contribution under the RRP of \$726.5 million.

The Schedule of Employer Contributions (based on the RRP Funding Policy) is included as Required Supplemental Information (in the City's ACFR) and provides a 10-year presentation of employer contributions.

Benefits

The Fund provides retirement, disability, and death benefits according to the provisions of Title 22 of the Philadelphia Code. These provisions prescribe retirement benefit calculations, vesting thresholds, and minimum retirement ages that vary based on bargaining unit, uniform/non-uniform status, and entry date into the System.

Non-uniform employees may retire at either age 55 with up to 80% of average final compensation ("AFC") or age 60 with up to 100% or 25% of AFC, depending on entry date into the Fund. Uniform employees may retire at either age 45 with up to 100% of AFC or age 50 with up to either 100% or 35% of AFC, depending on entry date into the Fund. Survivorship selections may result in an actuarial reduction to the calculated benefit.

Members may qualify for service-connected disability benefits regardless of length of service. Service-connected disability benefits are equal to 70% of a member's final rate of pay and are payable immediately without an actuarial reduction. These applications require approval by the Board. Eligibility to apply for non-service-connected disability benefits varies by bargaining unit and uniform/non-uniform status. Non-service-connected disability benefits are determined in the same manner as retirement benefits and are payable immediately.

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Service-connected death benefits are payable to:

- 1) surviving spouse/life partner at 60% of final rate of pay plus up to two children under age 18 at 10% each of final rate of pay (maximum payout: 80%);
- 2) if no surviving spouse/life partner, up to three children under age 18 at 25% each of final rate of pay (maximum payout 75%); or
- 3) if no surviving spouse/life partner or children under age 18, up to two surviving parents at 15% each of final rate of pay (maximum payout 30%).

Non-service-connected deaths are payable as a lump sum payment, unless the deceased was either vested or had reached minimum retirement age for their plan, in which case the beneficiary(ies) may instead select a lifetime monthly benefit, payable immediately with an actuarial reduction.

The Pension Adjustment Fund (“PAF”) is funded with 50% of the excess earnings that are between 1% and 6% above the actuarial assumed earnings rate. Each year, within 60 days of the end of the fiscal year, by majority vote of its members, the Board of Directors of the Fund (“the Board”) shall consider whether sufficient funds have accumulated in the PAF to support an enhanced benefit distribution (which may include, but is not limited to, a lump sum bonus payment, monthly pension payment increases, ad hoc cost-of-living adjustments, continuous cost-of-living adjustments, or some other form of increase in benefits as determined by the Board) to retirees, their beneficiaries, and their survivors. As of July 1, 2022, the date of the most recent actuarial valuation, there was \$34.3 million in the PAF and the Board voted to make PAF distributions of \$29.7 million during the fiscal year ended June 30, 2023.

The Fund includes a Deferred Retirement Option Plan (“DROP Plan”). The DROP Plan allows a participant to declare that they will retire within four years. During the 4-year period, the City will make no further contributions for the participant. The participant would continue to work and to receive their salary; however, any increases would not be counted towards their pension benefit. During the four-year period the individual participates in the DROP Plan, their pension benefits will be paid into an escrow account in the participant's name. After the four-year period, the participant would begin to receive their pension benefits and the amount that has been accumulated in the escrow account in a lump sum payment. The balance in the DROP Plan as of June 30, 2023 is \$173.2 million.

Investments

The Pension Board’s Investment Policy Statement provides, in part:

The overall investment objectives and goals should be achieved by use of a diversified portfolio, with safety of principal a primary emphasis. The portfolio policy should employ flexibility by prudent diversification into various asset classes based upon the relative expected risk-reward relationship of the asset classes and the expected correlation of their returns.

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The Fund seeks an annual total rate of return of not less than 7.35% over a full market cycle. It is anticipated that this return standard should enable the Fund to meet its current actuarially assumed earnings projection 7.35% over a market cycle. The investment return assumption was reduced by the Board from 7.40% to 7.35% from the prior fiscal year. The Fund’s investment program will pursue its aforesated total rate of return by a combination of income and appreciation, relying upon neither exclusively in evaluating a prospective investment for the Fund.

All investments are made only upon recommendation of the Fund’s Investment Committee and approval by a majority of the Pension Board. In order to document and communicate the objectives, restrictions, and guidelines for the Fund’s investment staff and investments, a continuously updated Investment Policy Statement is maintained. The Investment Policy Statement is updated (and reaffirmed) each year at the January Board meeting.

The following was the Board’s approved asset allocation policy as of April 22, 2021:

| Asset Class | Target Allocation |
|--|-------------------|
| U.S. Large-Cap Core | 20.0% |
| Broad Fixed Income | 13.0% |
| Private Equity | 12.0% |
| Global Low Volatility | 10.0% |
| International Developed Large Cap Equity | 10.0% |
| Core Real Estate | 10.0% |
| Global Infrastructure | 5.0% |
| U.S. Mid-Cap Core | 4.0% |
| U.S. Small-Cap Core | 4.0% |
| International Small Cap Equity | 3.0% |
| Emerging Market Equity | 3.0% |
| Emerging Market Debt | 2.0% |
| HighYield | 1.0% |
| Global Aggregate | 1.0% |
| Public REITs | 1.0% |
| Real Estate - Opportunistic | 1.0% |
| Total | 100.0% |

Money-Weighted Rate of Return

For the fiscal year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.52%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

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Summary of Significant Accounting Policies

Basis of Presentation

Financial statements of the Fund are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the Fund.

Methods Used to Value Investments

The Fund's investments are reported at fair value. Fair value is the amount that the Fund can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller, that is, other than in a forced or liquidation sale. Fixed income securities and common and preferred stocks are generally valued based on published market prices and quotations from national security exchanges or securities pricing services. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on similar sales.

For alternative investments which include private equity, private debt, venture capital, hedge funds and equity real estate investments where no readily ascertainable market value exists, management, in consultation with the general partner and investment advisors, has determined the fair values for the individual investments based upon the partnership's most recent available financial information. Some of the investment values provided in the report are estimates due to a lag in reporting for alternative investments.

Futures contracts, foreign exchange contracts, and options are marked-to-market daily with changes in market value recognized as part of net appreciation/depreciation in the fair value of investments. Initial margin requirements for such financial instruments are provided by investment securities pledged as collateral or by cash.

Investment expenses consist of investment manager fees and investment consultant fees related to the traditional investments only, and not those fees related to the alternative investments. Fair market values reported for the alternative investments are net of investment expenses. Unsettled investment sales are reported as Accrued Interest and Other Receivables, and unsettled investment purchases are included in Accrued Expenses and Other Liabilities.

Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on an accrual basis.

Income Taxes

The Fund qualifies under Section 401(a) of the Internal Revenue Code ("IRC") and is exempt from income taxation as allowed by Section 501(a) of the IRC.

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Related Parties

The City's Department of Finance provides cash receipt and cash disbursement services to the Fund. The City Solicitor's Office provides legal services to the Fund. Other administrative services are also provided by the City.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

Contributions are calculated based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these statements and assumptions in the near term would be material to the financial statements.

Administrative Expenses

Administrative expenses of the Fund are paid for by the Fund.

Cash Deposits, Investments and Securities Lending

Legal Provisions

The Fund is authorized to invest in "prudent investments," including obligations of the U.S. Treasury, agencies and instrumentalities of the United States, investment grade corporate bonds, common stock, real estate, private market, etc. City ordinances contain provisions which preclude the Fund from investing in organizations that conduct business in certain countries and also impose limitations on the amounts invested in certain types of securities.

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Custodial Credit Risk

Custodial credit risk for Deposits is the risk that in the event of a bank failure, the Fund's deposits may not be returned to them. The Fund's cash deposits are held in two banks as of June 30, 2023. Amounts are insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation ("FDIC"). Deposits in excess of the FDIC limit are collateralized with securities held by the pledging financial institution's trust department or agent in the Fund's name. The Fund classifies Money Market funds held by custodian institution, Northern Trust, as cash equivalents. The Fund also classifies Treasury Bills as cash equivalent if the date of maturity is three months or less from the acquisition date.

Custodial credit risk for Investments is the risk that in the event of counterparty failure, the Fund may not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities held by the counterparty or counterparty's trust department are uninsured and are not registered in the name of the Fund. The Fund requires that all investments be clearly marked as to ownership, and to the extent possible, be registered in the name of the Fund. Certain investments may be held by the managers in the Fund's name.

Interest Rate Risk

Interest rate risk is the largest risk faced by an investor in the fixed income market. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes.

Duration is a measure of the approximate sensitivity of a bond's value to interest rate changes. The higher the duration, the greater the changes in fair value when interest rates change. The Fund measures interest rate risk using segmented time distribution, which shows the total fair value of investments maturing during a given period.

Concentration of Credit Risk

Concentration of credit risk is the risk of substantial loss if investments are concentrated in one issuer. As of June 30, 2023, the Fund has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Fund is subject to credit risk on \$716.2 million of directly owned fixed income. The Fund's directly owned rated debt investments as of June 30, 2023 were rated by S&P, a nationally recognized statistical rating agency.

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Foreign Currency Risk

The Fund's exposure to foreign currency risk derives from its position in foreign currency-denominated cash and investments in fixed income, equities, and derivatives. The foreign currency investment in equity securities is 40.5% of the total investment in equities.

Derivatives

The Fund may invest in derivatives as permitted by guidelines established by the Pension Board. Pursuant to such authority, the Fund may invest in foreign currency forward contracts, options, futures (S&P Fund) and swaps. No derivatives were purchased with borrowed funds.

Derivatives are generally used to provide market exposure in the equity portfolio and to hedge against foreign currency risk and changes in interest rates, improve yield and adjust the duration of the Fund's fixed income portfolio. These securities are subject to changes in value due to changes in interest rates or currency valuations. Credit risk for derivatives results from the same considerations as other counterparty risk assumed by the Fund, which is the risk that the counterparty might be unable to meet its obligations.

Derivative instruments such as swaps, options, futures and forwards are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. However, derivative instruments can also expose governments to significant risks and liabilities.

The Fund enters into a variety of financial contracts, which include options, futures, forwards and swap agreements to gain exposure to certain sectors of the equity and fixed income markets; collateralized mortgage obligations ("CMOs"); other forward contracts, and U.S. treasury strips. The contracts are used primarily to enhance performance and reduce the volatility of the portfolio. The Fund is exposed to credit risk in the event of non-performance by counterparties to financial instruments. The Fund generally enters into transactions only with high quality institutions. Legal risk is mitigated through selection of executing brokers and review of all documentation. The Fund is exposed to market risk, the risk that future changes in market conditions may make an instrument less valuable. Exposure to market risk is managed in accordance with risk limits set by senior management, through buying or selling instruments or entering into offsetting positions. The notional or contractual amounts of derivatives indicate the extent of the Fund's involvement in the various types and uses of derivative financial instruments and do not measure the Fund's exposure to credit or market risks and do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and the other terms of the derivatives.

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Derivative Instruments

The following table summarizes the aggregate notional or contractual amounts for the Fund's derivative financial instruments at June 30, 2023 in addition to the fair value and the change in the fair value of derivatives (in thousands).

List of Derivatives Aggregated by Investment Type

| Classification | Change in Fair Value | | Fair Value at June 30, 2023 | | Notional |
|----------------------------|--|-----------------|-----------------------------|-------------------|-------------------|
| Investment Derivatives | | | | | |
| Forward Currency Contracts | Net appreciation / (depreciation) in investments | \$ 1,514 | Investments | \$ (2,703) | \$ 234,750 |
| Futures | Net appreciation / (depreciation) in investments | \$ - | Investments | \$ - | \$ 21,097 |
| | Grand Totals | <u>\$ 1,514</u> | | <u>\$ (2,703)</u> | <u>\$ 255,847</u> |

A Derivatives Policy Statement identifies and allows common derivative investments and strategies which are consistent with the Investment Policy Statement of the City of Philadelphia Municipal Pension Fund. The guidelines identify transaction-level and portfolio-level risk control procedures and documentation requirements. Managers are required to measure and monitor exposure to counterparty credit risk. All counterparties must have credit ratings available from nationally recognized rating institutions such as Moody's, Fitch, and S&P. The details of other risks and financial instruments in which the Fund is involved are described below.

Credit Risk

The Fund is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Fund's policy to require counterparty collateral posting provisions in its non-exchange-traded hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparty's credit rating fall below AA as issued by Fitch Ratings and S&P or Aa as issued by Moody's Investors Service. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian. The City has never failed to access collateral when required.

It is the Fund's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

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Swap Agreements

These derivative instruments provide for periodic payments at predetermined future dates between parties based on the change in value of underlying securities, indexes or interest rates. Under fixed interest rate type swap arrangements, the Fund receives the fixed interest rate on certain equity or debt securities or indexes in exchange for a fixed charge. There were no fixed interest rate swaps during 2023. On its pay-variable, receive-fixed interest rate swap, as London Interbank Offered Rate (“LIBOR”) increases, the Fund’s net payment on the swap increases. Alternatively, on its pay-fixed, receive-variable interest rate swap, as LIBOR or the Securities Industry and Financial Markets Association (“SIFMA”) swap index decreases, the Fund’s net payment on the swap increases.

Futures Contracts

These derivative instruments are types of contracts in which the buyer agrees to purchase, and the seller agrees to make delivery of a specific financial instrument at a predetermined date and price. Gains and losses on futures contracts are settled daily based on a notional (underlying) principal value and do not involve an actual transfer of the specific instrument. Futures contracts are standardized and are traded on exchanges. The exchange assumes the risk that counterparty will not pay and generally requires margin payments to minimize such risk. In addition, the Fund enters into short sales, sales of securities it does not presently own, to neutralize the market risk of certain equity positions. Initial margin requirements on futures contracts and collateral for short sales are provided by investment securities pledged as collateral and by cash held by various brokers. Although the Fund has the right to access individual pledged securities, it must maintain the amount pledged by substituting other securities for those accessed. The realized gain from futures contracts was \$666,852.

Forward Contracts

The Fund is exposed to basis risk on its forward contracts because of possible mismatch between the price of the asset being hedged and the price at which the forward contract is expected to settle. The realized loss from forward contracts was \$7,656,474.

Termination Risk

The Fund or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In addition, the Fund is exposed to termination risk on its receive-fixed interest rate swap. The Fund is exposed to termination risk on its rate cap because the counterparty has the option to terminate the contract if the SIFMA swap index exceeds 12%. If at the time of termination, a hedging derivative instrument is in a liability position, the City would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

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Rollover Risk

The Fund is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Fund will be re-exposed to the risks being hedged by the hedging derivative instrument.

Fair Value Measurement

The accounting pronouncement on fair value measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobserved inputs (Level 3 measurements). See the City's ACFR to view the Municipal Pension Fund's recurring fair value measurement as of June 30, 2023.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. Such inputs include quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data sustainability for the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgement or estimation.

1. Fixed income hedge funds: The primary goal of these Funds is to create alpha by sourcing proprietary opportunities, avoiding capital loss, buying securities below their intrinsic value and selling securities above their intrinsic value. Firms look for opportunities that are currently mispriced, based on fundamentals or potentially an event that may improve the price of the holding. Investments are generally driven by fundamental, value-oriented analysis, and specific credit events. The fair values of the investments in this type have been determined using net asset value ("NAV") per share (or its equivalent) of the investments. Investments can be redeemed with 90-120 days' notice. These funds have been terminated but because of their structure and illiquid nature, the investments have not been fully liquidated yet.
2. Private market funds: The primary goal of these Funds is to generate returns for investors that exceed private equity industry benchmarks and are commensurate with asset class risk through the construction of a portfolio of opportunistic, highly performing private equity investments. Investments that these funds may include early-stage venture capital, later-stage growth financings, leveraged buyouts of medium and

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large-sized companies, mezzanine investments, private investments in public equity (PIPES) and investments in companies that are being taken private. These investments can never be redeemed with the funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. If these investments were held, it is expected that the underlying assets of the fund would be liquidated over five to ten years. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments. Once a buyer has been identified, the investee fund's management is required to approve of the buyer before the sale of the investments can be completed.

3. Real estate funds: This type includes funds that invest in U.S. and non-U.S. commercial and residential real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. The investee fund's management is required to approve of the buyer before the sale of the investments can be completed. It is expected that the underlying assets of the funds will be liquidated over the next seven to ten years.
4. Equity long/short hedge funds: This Fund will typically hold 0-50 long positions and 10-15 short positions in U.S. common stocks. Management can shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The Fund mitigates market risk by utilizing short positions. In periods of extreme volatility, the Fund may hold a significant portion of its assets in cash. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments can be redeemed with a 90 days' notice.

Securities Lending Program

The Fund, pursuant to a Securities Lending Authorization Agreement ("SLAA"), has authorized Northern Trust to act as the Fund's agent in lending the Fund's securities to approved borrowers. Northern Trust, as agent, enters into Securities Loan Agreements with borrowers.

Securities are loaned versus collateral that may include cash; U.S. government and select OECD government debt securities; and domestic and international equities from major indices, as defined specifically in the non-cash collateral guidelines within the Securities Lending Authorization Agreement. U.S. securities are loaned versus collateral valued at

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102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. Non-Cash collateral cannot be pledged or sold unless the borrower defaults.

All securities loans can be terminated on demand by either the lender or the borrower, although the average term of City of Philadelphia Board of Pensions and Retirement loans was approximately 80 days as of June 30, 2023.

Cash open collateral is invested in a short-term investment pool, the NT Coll SL Core S/T Inv Fund, which had an interest sensitivity of 24 days as of this statement date.

There were no violations of legal or contractual provisions, no borrower or lending agent default losses to the securities lending agent.

There are no dividends or coupon payments, owing on the securities lent. Securities lending earnings are credited to participating clients on approximately the fifteenth day of the following month.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrow and Northern Trust has failed to live up to its contractual responsibilities relating to the lending of those securities. Northern Trust's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities.

As of June 30, 2023, the fair value of securities on loan was \$334.7 million. Associated collateral totaling \$341.2 million was comprised of cash, which was invested in a separately managed account based upon the investment guidelines established by the Pension Fund. As of June 30, 2023, the invested cash collateral was \$341.2 million and is valued at amortized cost.

Investments Advisors

The Fund utilizes investment advisors to manage long-term debt, real estate, private market, and equity portfolios. To be eligible for consideration, investments must meet criteria set forth in governing laws and regulations.

Net Pension Liability

The components of the net pension liability as of June 30, 2023 were as follows:

| | | |
|-----------------------------------|----|------------|
| Total Pension Liability | \$ | 12,650,397 |
| Less: Plan Fiduciary Net Position | | 7,808,089 |
| Collective Net Pension Liability | \$ | 4,842,308 |

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability ("TPL"): 61.7%

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022 and was rolled forward to June 30, 2023. The June 30, 2022 valuation used the following actuarial assumptions, applied to all periods, including the measurement period:

Actuarial Cost Method: Entry Age Normal

Investment Rate of Return: 7.35% compounded annually, net of expenses

Salary Increases: Age-based table

* The investment return assumption was changed from 7.40% from the prior year valuation to 7.35% for the current year valuation.

* To recognize the expense of the benefits payable under the Pension Adjustment Fund, the actuarial liabilities have been increased by 0.54%. This estimate is based on the statistical average expected value of the benefits.

* Mortality Rates: For Municipal and Elected Officials, 109% and 126% for males and females, respectively, of the Pub-2010(B) General Healthy Annuitant Below-Median Table projected from base year 2010 to 2025 using mortality improvement scale MP-2021. For Uniform employees, 118% and 122%, for males and females, respectively, of Pub-2010(B) Safety Healthy Annuitant Below-Median Table projected from base year 2010 to 2025 using mortality improvement scale MP-2021.

The measurement date for the net pension liability (“NPL”) is June 30, 2023. Measurements are based on the fair value of assets as of June 30, 2023 and the total pension liability (“TPL”) as of the valuation date, July 1, 2022, updated to June 30, 2023. The roll-forward procedure included the addition of service cost and interest cost offset by actual benefit payments and an adjustment to reflect changes in assumptions.

There were no changes in benefits during the year. Effective July 1, 2023, there was an assumption change, approved by the Board, reducing the expected long-term return on assets from 7.40% to 7.35% which increased the TPL by approximately \$59 million.

During the measurement year, the collective NPL decreased by approximately \$592 million. The service cost and interest cost increased the collective NPL by approximately \$1.1 billion while contributions offset by investment losses and administrative expenses decreased the collective NPL by approximately \$1.8 billion. Additionally, there was an actuarial experience loss during the year of approximately \$74 million.

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Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using the software simulations developed by the Fund’s investment consultant, Marquette Associates, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount Rate

The discount rate used to measure the total pension liability was 7.35%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods on projected benefit payment to determine the total pension liability.

Sensitivity of the Net Pension Liability

The following table presents the NPL of the Fund, calculated using the discount rate of 7.35%, as well as what the Fund’s net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

| | 1% Decrease 6.35% | Discount Rate 7.35% | 1% Increase 8.35% |
|---|-------------------------|---------------------------|-------------------------|
| Total Pension Liability | \$13,939,721 | \$12,650,397 | \$11,550,772 |
| Plan Fiduciary Net Position | \$7,808,089 | \$7,808,089 | \$7,808,090 |
| Collective Net Position Liability | \$6,131,632 | \$4,842,308 | \$3,742,682 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 56.0% | 61.7% | 67.6% |

Guarantee of Benefits

Benefits under the Fund are guaranteed by statute. In the event that employee contributions do not equal required benefits, the City’s General Fund must provide any shortfall.

Participation in the Pension Fund

The trustees for the Fund are also members of the Fund and as such, are subject to the provisions of the Fund as described in the notes to the City’s financial statements.

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Reporting Information for Participating Employers

Changes in Collective Net Pension Liability

The following table shows the changes in TPL, the plan fiduciary net position (i.e., fair value of the Plan assets) (“FNP:”), and the NPL during the measurement period ending on June 30, 2023.

| | Change in Collective Net Pension Liability | | |
|---|--|---|--------------------------|
| | Total Pension Liability | Increase (Decrease) Plan Fiduciary Net Position | Net Pension Liability |
| Balances at June 30, 2022 | \$ 12,374,126 | \$ 6,939,834 | \$ 5,434,292 |
| Changes for the year: | | | |
| Service cost | 191,726 | - | 191,726 |
| Interest | 900,854 | - | 900,854 |
| Changes in benefits | - | - | - |
| Differences between expected and actual experience | 74,248 | - | 74,248 |
| Changes of assumptions | 59,179 | - | 59,179 |
| Contributions - employer | - | 1,164,974 | (1,164,974) |
| Contributions - member | - | 120,691 | (120,691) |
| Net investment income | - | 570,957 | (570,957) |
| Benefit payments | (949,736) | (949,736) | - |
| Administrative expense | - | (8,938) | 8,938 |
| PAF Distributions | - | (29,693) | 29,693 |
| Net Changes | 276,271 | 868,255 | (591,984) |
| Balances at June 30, 2023 | \$ 12,650,397 | \$ 7,808,089 | \$ 4,842,308 |

Employer’s Proportionate Share

GASB Statement No. 68 requires that the proportionate share for each employer be determined based upon the “employer’s projected long-term contribution effort to the pension as compared to the total long-term contribution effort to all employers.” In addition to the City, three governmental agencies currently participate in the system, PHDC, PMA, and PPA. The method of allocation is based on the ratio of quasi-agency contributions in proportion to total contributions by plan.

See the City’s ACFR for further details on the Plan’s financials.

15. ACCUMULATED UNPAID SICK LEAVE

The Airport follows City policies regarding the accumulation of sick leave. City and certain component unit employees are credited with varying amounts of sick leave according to type of employee and/or length of service. City employees may accumulate unused sick leave to predetermined balances. Non-uniformed employees (upon retirement only) and uniformed employees (upon retirement or in case of death while on active duty) are paid varying amounts ranging from 25% to 60% of unused sick time, not to exceed

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predetermined amounts. Employees, who separate for any reason other than indicated above, forfeit their entire sick leave.

16. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The following information is provided for the City as a whole because discrete information is not available for the Airport. Please see the ACFR of the City of Philadelphia for required supplemental information.

Plan Description

The City of Philadelphia self-administers a single-employer, defined benefit plan that provides OPEB for all eligible retirees. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75.

Benefits Provided

The City of Philadelphia subsidizes health care for five years from the time of coverage election for eligible retirees. Certain union represented employees may defer their coverage until a later date but the amount that the City pays for their health care is limited to the amount that the City would have paid at the date of their retirement. The City also provides lifetime insurance coverage for all eligible retirees. Firefighters are entitled to \$7,500 coverage and all other employees receive \$6,000 in coverage. The plan does not issue stand-alone financial statements, and the accounting for the plan is reported within the financial statements of the City of Philadelphia.

Funding Policy

The City’s funding policy is to pay the net expected benefits for the current retirees. To provide health care coverage, the City pays a negotiated monthly premium for retirees covered by union contracts and is self-insured for non-union employees. The City’s contributions are estimated to be about \$101.1 million for fiscal year ending June 30, 2023.

Employees Covered by Benefit Terms

As of July 1, 2022, the date of the latest actuarial valuation, the following employees were covered by the benefit terms:

| <u>Medical Coverage</u> | |
|---|---------------|
| Active employees | 26,715 |
| Retired and Inactive employees deferring medical coverage | 3,960 |
| DROPEmployees with medical coverage | 1,917 |
| Total | 32,592 |
| <hr/> | |
| <u>Life Insurance Coverage</u> | |
| Inactive employees or beneficiaries currently receiving life insurance coverage | 27,769 |
| Active employees | 26,715 |
| Total | 54,484 |

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Total OPEB Liability

The City's total OPEB liability reported as of June 30, 2023 of \$1.78 billion was measured as of June 30, 2022 based on an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Measurement Dates

The measurement dates were June 30, 2022 and June 30, 2023 for reporting dates June 30, 2021 and June 30, 2022, respectively.

Discount Rates

The discount rate was 3.54% per annum for the valuation measured as of June 30, 2022 and 2.16% per annum for the valuation measured as of June 30, 2021.

Per Person Cost Trends

The trend rates represent the annual rate of increase in employer claim payments, employer premiums (including those paid to union-sponsored plans), and retiree contributions.

See the City's ACFR for further details on these trends.

Retirees Share of Benefit-related Costs

Participation rates for medical coverage:

- * 85% of future retirees from non-represented groups are assumed to elect post-retirement medical coverage.
- * 100% of future retirees from represented groups (DC 33, DC 47, Fire, and Police) are assumed to elect post-retirement medical coverage.
- * 100% of DROP participants are assumed to continue in DROP for the remainder of their DROP period (maximum four years) and then retire with a medical benefit.

Participation rates for life insurance coverage:

- * 95% of current and future retired firefighters who participated in the pension plan are assumed to be covered by City-provided life insurance.
- * 87% of all other current and future retired pension plan participants are assumed to be covered by City-provided life insurance.

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Mortality Rates

Rate of Pre-retirement Mortality:

It is assumed that deaths of active municipal and elected members, 109% and 126%, for males and females, respectively, of the Pub-2010(B) General Employee Below-Median Table projected from base year of 2010 to 2025 using mortality improvement scale MP-2021.

It is assumed that deaths of active uniformed members follow 118% and 122%, for males and females, respectively, of the Pub-2010(B) Safety Employee Below-Median Table projected from base year of 2010 to 2025 using mortality improvement scale MP-2021.

Rate of Post-retirement Mortality:

For municipal and elected members, 109% and 126% for males and females, respectively, of the Pub-2010(B) Health Annuitant Below-Median Table projected from base year 2010-2025 using mortality improvement scale MP-2021.

For uniformed members, the rate of post-retirement and post-disability mortality follow 118% and 122%, for males and females, respectively, of the Pub-2010(B) Safety Healthy Annuitant Below-Median Table projected from base year 2010 to 2025 using mortality improvement scale MP-2021.

Rates of Post-Disability Mortality

For municipal and elected members, the rate of post-disability mortality follows 108% and 105%, for males and females, respectively, of the Pub-2010 General Disabled Annuitant Table projected from base year 2010 to 2025 using mortality improvement scale MP-2021.

For uniformed members, the rate of post-disability mortality follows 135% for males only of the Pub-2010 Safety Disabled Annuitant Table projected from base year 2010-2025 using mortality improvement scale MP-2021.

Change in the Total OPEB Liability

The table below shows the changes in the Total OPEB Liability (“TOL”), the plan fiduciary net position (i.e., the fair value of Plan assets) (“FNP”), and the Net OPEB Liability (“NOL”) during the measurement period ending on June 30, 2022.

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Change in Net OPEB Liability

| | Increase (Decrease) | | |
|---|-------------------------|--------------------------------|-------------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| Balances at June 30, 2021 | \$ 2,156,100,000 | \$ - | \$ 2,156,100,000 |
| Changes for the year: | | | |
| Service cost | 118,100,000 | - | 118,100,000 |
| Interest | 47,900,000 | - | 47,900,000 |
| Changes in benefits | - | - | - |
| Differences between expected and actual experience | (65,000,000) | - | (65,000,000) |
| Changes of assumptions | (354,300,000) | - | (354,300,000) |
| Contributions - employer | - | 118,300,000 | (118,300,000) |
| Contributions - non-employer | - | - | - |
| Contributions - member | - | - | - |
| Net investment income | - | - | - |
| Benefit payments | (118,300,000) | (118,300,000) | - |
| Administrative expense | - | - | - |
| Net Changes | (371,600,000) | - | (371,600,000) |
| Balances at June 30, 2022 | <u>\$ 1,784,500,000</u> | <u>\$ -</u> | <u>\$ 1,784,500,000</u> |

The employer contribution of \$118.3 million is based on a blend of actual contributions provided by the City of Philadelphia and estimated contributions based on the prior report.

There was a gain of \$65.0 million due to experience. This is due to change in population between the June 30, 2020 valuation and the June 30, 2022 valuation and updated valuation data as of the valuation date.

There was a net gain in the liability of \$354.3 million related to changes in the assumptions. The net gain is primarily due to the experience study assumption updates, the increase in the discount rate from 2.16% to 3.54%, and the changes to the medical claims and trend assumptions.

There were no benefit changes during the measurement period.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following represents the TOL of the City, calculated using the discount rate of 3.54%, as well as what the City's total liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL, and higher discount rates produce a lower TOL. The table below shows the sensitivity of the NOL to the healthcare trends.

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| | 1% Decrease | Discount Rate | 1% Increase |
|--|-----------------|------------------|-----------------|
| | 2.54% | 3.54% | 4.54% |
| Total OPEB Liability | \$1,931,800,000 | \$1,784,500,000 | \$1,651,000,000 |
| Plan Fiduciary Net Position | \$0 | \$0 | \$0 |
| Net OPEB Liability | \$1,931,800,000 | \$1,784,500,000 | \$1,651,000,000 |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 0.0% | 0.0% | 0.0% |

A 1% decrease in the discount rate increases the TOL and NOL by approximately 8%. A 1% increase in the discount rate decreases the TOL and NOL by approximately 7%.

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the Total OPEB Liability of the City, as well as what the City's total liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current discount rate.

Changes in healthcare trends affect the measurement of the TOL. Lower healthcare trends produce a lower TOL and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the NOL to healthcare trends.

| | 1% Decrease | Healthcare Trend | 1% Increase |
|--|-----------------|---------------------|-----------------|
| Total OPEB Liability | \$1,625,700,000 | \$1,784,500,000 | \$1,970,600,000 |
| Plan Fiduciary Net Position | \$0 | \$0 | \$0 |
| Net OPEB Liability | \$1,625,700,000 | \$1,784,500,000 | \$1,970,600,000 |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 0.0% | 0.0% | 0.0% |

A 1% decrease in the healthcare trends rate decreases the TOL and NOL by approximately 9%. A 1% increase in the healthcare trends rate increases the TOL and NOL by approximately 10%.

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$105.7 million. The table below shows the development of OPEB expense.

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Calculation of OPEB Expense

| | |
|--|------------------------|
| Fiscal Year Ending | June 30, 2023 |
| Measurement Year Ending | June 30, 2022 |
| Change in Net OPEB Liability | \$ (371,600,000) |
| Change in Deferred Outflows | 23,600,000 |
| Change in Deferred Inflows | 335,400,000 |
| Non-Employer Contributions | - |
| Employer Contributions | <u>118,300,000</u> |
| OPEB Expense | \$ 105,700,000 |
| OPEB Expense as % of Payroll | 5.50% |
| <hr/> | |
| <u>Operating Expenses</u> | |
| Service Costs | \$ 118,100,000 |
| Employee Contributions | - |
| Administrative Expenses | - |
| Total | <u>\$ 118,100,000</u> |
| <u>Financing Expenses</u> | |
| Interest Costs | \$ 47,900,000 |
| Expected Return on Assets | - |
| Total | <u>\$ 47,900,000</u> |
| <u>Changes</u> | |
| Benefit Changes | \$ - |
| Recognition of Assumption Changes | (60,500,000) |
| Recognition of Liability Gains and Losses | 200,000 |
| Recognition of Investment Gains and Losses | - |
| Total | <u>\$ (60,300,000)</u> |
| OPEB Expense | \$ 105,700,000 |

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At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Schedule of Deferred Inflows and Outflows of Resources as of
June 30, 2023 Projected Fiscal Year End
June 30, 2022 Measurement Date

| | <u>Deferred</u> Outflows of <u>Resources</u> | <u>Deferred</u> Inflows of <u>Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ 37,400,000 | \$ 56,900,000 |
| Changes in assumptions | 86,600,000 | 390,800,000 |
| Net differences between projected and actual earnings on OPEB plan investments | - | - |
| Contributions subsequent to measurement date | (101,100,000) | - |
| Totals | \$ 22,900,000 | \$ 447,700,000 |

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

| | |
|---------------|--------------|
| June 30, 2024 | (60,200,000) |
| June 30, 2025 | (45,200,000) |
| June 30, 2026 | (45,200,000) |
| June 30, 2027 | (45,300,000) |
| June 30, 2028 | (35,100,000) |
| Thereafter | (92,700,000) |

The subsequent contributions after the measurement date are reflected as a deferred outflow, but this is not subject to a deferred recognition period in the OPEB expense. Instead, this will be fully recognized in the OPEB expense for the fiscal year ending June 30, 2024.

The Plan is not currently being pre-funded, so there is no actuarially determined contribution. The actuarially determined contribution is a target or recommended contribution to the OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contributions for the reporting period was adopted.

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17. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City (except for Aviation Fund operations, the Municipal Authority, and the Pennsylvania Intergovernmental Cooperation Authority (“PICA”)) is self-insured for fire damage, casualty losses, public liability, Workers’ Compensation and Unemployment Compensation. The Aviation Fund is self-insured for Workers’ Compensation and Unemployment Compensation and insured through insurance carriers for other coverage. The City is self-insured for medical benefits provided to employees in the Fraternal Order of Police, its city-administered health plan, the International Association of Fire Fighters and District Council 47.

The City covers all claim settlements and judgments, except for those discussed above, out of the resources of the fund associated with the claim. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. These losses include: an estimate of claims that have been incurred but not reported; the effects of specific, incremental claims adjustment expenditures, salvage, and subrogation; and unallocated claims adjustment expenditures.

At June 30, 2023 the amount of these liabilities was \$434.0 million for the Primary Government. This liability is the City’s best estimate based on available information. Changes in the reported liability since June 30, 2021 resulted from the following:

| Fiscal Years Ending June 30 | Beginning Liability | Current Year Claims and Changes in Estimates | Claim Payments | Ending Liability |
|--------------------------------|------------------------|---|-------------------|---------------------|
| 2021 | \$ 391.8 | \$ 321.2 | \$ (222.6) | \$ 490.4 |
| 2022 | \$ 490.4 | \$ 194.1 | \$ (235.2) | \$ 449.3 |
| 2023 | \$ 449.3 | \$ 270.3 | \$ (285.6) | \$ 434.0 |

The City’s Unemployment Compensation and Workers’ Compensation coverages are provided through its General Fund. Unemployment Compensation and Workers’ Compensation coverages are funded by a pro-rata charge to the various funds. Payments for fiscal year 2023 were \$2.1 million for Unemployment Compensation claims and \$95.3 million for Workers’ Compensation claims.

The City’s estimated outstanding workers’ compensation liabilities are \$301.6 million, discounted at 3.5%. On an undiscounted basis, these liabilities total \$393.7 million. These liabilities include provisions for indemnity, medical and allocated loss adjustment expense (“ALAE”). Excluding the ALAE, the respective liabilities for indemnity and medical payments relating to workers’ compensation total \$268.5 million (discounted) and \$353.1 million (undiscounted).

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During the last five (5) fiscal years, no claim settlements have exceeded the level of insurance coverage for operations using third party carriers. None of the City's insured losses have been settled with the purchase of annuity contracts.

18. COMMITMENTS

The Airport had commitments, which are open encumbrance balances, of approximately \$45.0 million for operating expenses and \$255.4 million for capital assets and improvements for fiscal year 2023. The Airport expects to fund these commitments through operating revenue and through bond proceeds, capital grants, customer facility charges, and passenger facility charges.

19. CONTINGENCIES

Claims and Litigation

Generally, claims against the Department of Aviation are payable from the Aviation Fund and only secondarily out of the City's General Fund, which is then reimbursed for the expenditure. There are certain lawsuits against the Aviation Fund in which a loss is reasonably possible. The aggregate estimate of the amount of loss from these lawsuits in which some amount of loss is reasonably possible is approximately \$4.4 million from the Aviation Fund. This represents the best estimate of the inventory of such litigation and pre-suits as of February 16, 2024.

Significant cases included in the current litigation against the Aviation Fund are as follows:

Henderson Inverse Condemnation: In early September 2016, a Petition for the Appointment of a Board of View pursuant to the Pennsylvania Eminent Domain Code 26 Pa. C. Section 502(c), was filed in Delaware County, Pennsylvania against the City by numerous Henderson related entities and trusts (the "Hendersons"). The Petition alleged that the City effected a de facto taking of the Henderson properties (the "Property"), which Property is proximate to Philadelphia International Airport and located in Tinicum Township, Delaware County. The City desired to acquire the Property for Airport purposes and had numerous discussions with representatives for the Hendersons over time.

The City filed Preliminary Objections to the Petition and there was a hearing on the Petition and the Preliminary Objections scheduled for January 2018. Prior to the hearing, the City filed its own Declaration of Taking in September 2017 and made an offer of just compensation. The City and the Hendersons then settled the foregoing matters. The City obtained possession of the Property and paid the Hendersons estimated just compensation of \$54.5 million. The Hendersons' de facto taking case was dismissed with prejudice.

The Board of View (the "Board") which was appointed by the Court of Common Pleas in Delaware County (the "trial court") issued its Report, which was filed on October 19, 2020, awarding damages to the Hendersons in the amount of \$139,120,000 as "just compensation" for the taking of the Property. The amount of \$54,500,000 referenced above

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is to be deducted from this amount. On November 12, 2020, the City filed an appeal to the damage award to the Trial Court raising objections, as a matter of law, to the Report. The Trial Court then asked the parties to brief the issues respecting the preliminarily determination of whether the report issued by the Board was legally erroneous. On November 9, 2021, after multiple rounds of briefing, the Trial Court issued an order overruling the City's objections. The City filed a timely notice of appeal to the Commonwealth Court, and the Hendersons filed a Motion to Quash the appeal as interlocutory. The Commonwealth Court has ordered that the Motion to Quash be listed with merits of the appeal. The Trial Court has stayed the action pending disposition of the City's appeal in the Commonwealth Court. If the appeal is denied there will be a trial de novo in the Trial Court. Oral argument took place on June 7, 2023. On December 7, 2023, the Commonwealth Court issued an order granting the Hendersons' application to quash the City's appeal. On January 8, 2024, the City filed a petition for allowance of appeal before the Commonwealth's Supreme Court. In its petition, the City argues that the Commonwealth Court failed to follow the Eminent Domain, the Rules of Appellate Procedure, and its own precedent, among other claimed rights. A payout related to this matter, if any, will be coming out of the Aviation Fund and deemed a possible loss. The City is represented by outside counsel Schnader Harrison Segal & Lewis LLP.



PHL PNE

PHILADELPHIA INTERNATIONAL AIRPORT
NORTHEAST PHILADELPHIA AIRPORT

REQUIRED SUPPLEMENTARY

INFORMATION

CITY OF PHILADELPHIA

AVIATION FUND

Reconciliation of Fund Balance (Legally Enacted Basis) to Net Position (GAAP Basis)

| | Fiscal Year <u>2023</u> | Fiscal Year <u>2022</u> | Percentage Increase <u>(Decrease)</u> |
|---|----------------------------|----------------------------|---|
| Fund balance, legal basis | \$ 426,430,437 | \$ 330,793,698 | 28.9% |
| Add assets not included in legal basis: | | | |
| Current assets | 188,136,325 | 125,192,036 | 50.3% |
| Fixed assets, net of depreciation | 2,318,309,782 | 2,285,675,241 | 1.4% |
| Restricted assets | 827,626,638 | 815,375,785 | 1.5% |
| | <u>3,334,072,745</u> | <u>3,226,243,062</u> | <u>3.3%</u> |
| Deduct liabilities not included in legal basis: | | | |
| Construction accounts payable | (38,547,246) | (22,452,093) | 71.7% |
| Current liabilities | (254,481,725) | (225,460,037) | 12.9% |
| Bonds payable | (1,492,409,581) | (1,547,010,590) | (3.5)% |
| Other long-term liabilities | (632,224,529) | (611,866,058) | 3.3% |
| | <u>(2,417,663,081)</u> | <u>(2,406,788,778)</u> | <u>0.5%</u> |
| Add (deduct) fund balance accounts included in legal basis: | | | |
| Reserve for encumbrance, current | 43,820,732 | 27,276,602 | 60.7% |
| Reserve for encumbrance, prior | (12,725,415) | (12,654,560) | 0.6% |
| Reserve for collectible accounts | 928,278 | 928,278 | 0.0% |
| | <u>32,023,595</u> | <u>15,550,320</u> | <u>105.9%</u> |
| Net position - GAAP basis | <u>\$ 1,374,863,696</u> | <u>\$ 1,165,798,302</u> | <u>17.9%</u> |

CITY OF PHILADELPHIA
AVIATION FUND
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023
(Amounts in thousands)

| | <u>Budgeted Amounts</u> | | | Final Budget to Actual |
|--|-------------------------|--------------|---------------|---------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Positive (Negative) |
| <u>Revenues</u> | | | | |
| Locally Generated Non-Tax Revenue | \$357,319 | \$361,301 | \$425,524 | \$64,223 |
| Revenue from Other Governments | 83,006 | 92,600 | 75,792 | (16,808) |
| Revenue from Other Funds | 1,304 | 1,304 | 1,299 | (5) |
| Total Revenues | 441,629 | 455,205 | 502,615 | 47,410 |
| <u>Expenditures and Encumbrances</u> | | | | |
| Personal Services | 81,731 | 81,731 | 77,724 | 4,007 |
| Pension Contributions | 27,253 | 27,253 | 26,227 | 1,026 |
| Other Employee Benefits | 29,816 | 29,816 | 21,392 | 8,424 |
| Sub-Total Employee Compensation | 138,800 | 138,800 | 125,343 | 13,457 |
| Purchase of Services | 120,979 | 134,990 | 134,652 | 338 |
| Materials and Supplies | 6,870 | 7,536 | 5,901 | 1,635 |
| Equipment | 12,369 | 14,192 | 12,061 | 2,131 |
| Contributions, Indemnities and Taxes | 8,812 | 8,812 | 5,723 | 3,089 |
| Debt Service | 119,361 | 119,361 | 116,338 | 3,023 |
| Payments to Other Funds | 20,019 | 20,019 | 17,583 | 2,436 |
| Total Expenditures and Encumbrances | 427,210 | 443,710 | 417,601 | 26,109 |
| Operating Surplus (Deficit) for the Year | 14,419 | 11,495 | 85,014 | 73,519 |
| Fund Balance Available for Appropriation, July 1, 2022 | 265,479 | 330,794 | 330,794 | - |
| <u>Operations in Respect to Prior Fiscal Years</u> | | | | |
| Commitments Cancelled - Net | 15,000 | 15,000 | 10,594 | (4,406) |
| Prior Period Adjustments | - | - | 28 | 28 |
| Adjusted Fund Balance, July 1, 2022 | 280,479 | 345,794 | 341,416 | (4,378) |
| Fund Balance Available for Appropriation, June 30, 2023 | \$294,898 | \$357,289 | \$426,430 | \$69,141 |



Disclosure Requirements

Fiscal Year Ended June 30, 2023

This report has been prepared pursuant to certain provisions of the following Continuing Disclosure Agreements, collectively referred to as the “Disclosure Agreements”:

- Continuing Disclosure Agreements dated, as of August 4, 2005, as of September 1, 2015, as of December 15, 2017, as of October 8, 2020 and as of July 7, 2021 between the City of Philadelphia, Pennsylvania and Digital Assurance Certification, L.L.C.

This report contains financial information and operating data which, together with the City of Philadelphia’s Annual Comprehensive Financial Report (“ACFR”), constitute the “Annual Financial Information” as defined in the Disclosure Agreements.

In accordance with Section 3 of the Disclosure Agreements, the enclosed tables and financial information are substantially similar to the type set forth in the Official Statements for the City of Philadelphia, Pennsylvania Airport Revenue Bonds, Series, 2005C, 2015A, 2017A/B, 2020 A/B/ C and 2021.

Table 1

**City of Philadelphia Aviation Department
Philadelphia International Airport (PHL)
Recent Trends in Enplaned Passengers
Fiscal Years 2021 - 2023**

| <u>Airlines</u> | <u>Fiscal Year 2021</u> | <u>Fiscal Year 2022</u> | <u>Percentage Change</u> | <u>Fiscal Year 2023</u> | <u>Percentage Change</u> |
|----------------------------------|-----------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|
| Domestic | | | | | |
| Scheduled Major / National | | | | | |
| American | 2,412,503 | 4,189,732 | 73.7% | 5,394,612 | 28.8% |
| Other | 2,078,461 | 3,634,501 | 74.9% | 4,431,314 | 21.9% |
| | <u>4,490,964</u> | <u>7,824,233</u> | <u>74.2%</u> | <u>9,825,926</u> | <u>25.6%</u> |
| Scheduled Regional / Commuter | 1,794,910 | 2,845,962 | 58.6% | 1,830,455 | (35.7)% |
| Charter | 562 | 1,228 | 118.5% | 705 | (42.6)% |
| | <u>1,795,472</u> | <u>2,847,190</u> | <u>58.6%</u> | <u>1,831,160</u> | <u>(35.7)%</u> |
| Subtotal - Domestic | <u>6,286,436</u> | <u>10,671,423</u> | <u>69.8%</u> | <u>11,657,086</u> | <u>9.2%</u> |
| International | | | | | |
| Scheduled Major / National | 236,549 | 948,117 | 300.8% | 1,609,668 | 69.8% |
| Scheduled Regional / Commuter | 19,657 | 47,655 | 142.4% | 107,981 | 126.6% |
| Charter | 0 | 10,195 | ----- | 61 | (99.4)% |
| | <u>256,206</u> | <u>1,005,967</u> | <u>292.6%</u> | <u>1,717,710</u> | <u>70.8%</u> |
| Subtotal - International | <u>256,206</u> | <u>1,005,967</u> | <u>292.6%</u> | <u>1,717,710</u> | <u>70.8%</u> |
| Total Enplaned Passengers | <u>6,542,642</u> | <u>11,677,390</u> | <u>78.5%</u> | <u>13,374,796</u> | <u>14.5%</u> |

Note: (1) The City's fiscal year ends June 30th.

Table 2

**City of Philadelphia Aviation Department
Philadelphia International Airport (PHL)
Airline Market Shares of Enplaned Passengers
Fiscal Year 2023**

| <u>Airlines</u> | <u>Enplaned Passengers</u> | <u>Percent of Total</u> |
|----------------------------------|--------------------------------|-----------------------------|
| Domestic | | |
| Scheduled Major / National | | |
| American Airlines | 5,394,612 | 40.3% |
| Frontier Airlines | 1,469,354 | 11.0% |
| Spirit Airlines | 886,873 | 6.6% |
| Delta Air Lines | 815,318 | 6.1% |
| Southwest Airlines | 540,525 | 4.0% |
| United Airlines | 536,673 | 4.0% |
| JetBlue Airways | 90,836 | 0.7% |
| Alaska Airlines | 78,727 | 0.6% |
| Sun Country Airlines | 13,008 | 0.1% |
| | 9,825,926 | 73.5% |
| Scheduled Regional / Commuter | | |
| American Eagle | | |
| PSA Airlines | 808,344 | 6.0% |
| Piedmont Airlines | 654,983 | 4.9% |
| Republic Airlines | 303,431 | 2.3% |
| Landline Co. (Bus Service) | 34,545 | 0.3% |
| Air Wisconsin | 9,553 | 0.1% |
| | 1,810,856 | 13.5% |
| Other | 19,599 | 0.1% |
| | 1,830,455 | 13.7% |
| Charter | 705 | 0.0% |
| | 705 | 0.0% |
| Subtotal - Domestic | 11,657,086 | 87.2% |
| International | | |
| Scheduled Major / National | | |
| American Airlines | 1,112,075 | 8.3% |
| Qatar Airways | 113,607 | 0.8% |
| Frontier Airlines | 86,886 | 0.6% |
| British Airways | 77,787 | 0.6% |
| Air Canada / Jazz Aviation | 66,534 | 0.5% |
| Spirit Airlines | 58,384 | 0.4% |
| Lufthansa German Airlines | 47,493 | 0.4% |
| Aer Lingus | 46,704 | 0.3% |
| Delta Air Lines | 198 | 0.0% |
| | 1,609,668 | 12.0% |
| Scheduled Regional / Commuter | | |
| American Eagle | | |
| Piedmont Airlines | 99,061 | 0.7% |
| PSA Airlines | 6,371 | 0.0% |
| Republic Airlines | 2,549 | 0.0% |
| | 107,981 | 0.8% |
| Charter | 61 | 0.0% |
| | 61 | 0.0% |
| Subtotal - International | 1,717,710 | 12.8% |
| Total Enplaned Passengers | 13,374,796 | 100.0% |

Note: The City's fiscal year ends June 30th.

Table 3

**City of Philadelphia Aviation Department
Philadelphia International Airport (PHL)
Airline Market Shares of Landed Weight (in 1,000 lb. Units)
Fiscal Year 2023**

| <u>Airlines</u> | <u>Landed Weight</u> | <u>Percent of Total</u> |
|---------------------------------|--------------------------|-------------------------|
| Domestic | | |
| Scheduled Major / National | | |
| American Airlines | 6,554,425 | 35.6% |
| Frontier Airlines | 1,368,441 | 7.4% |
| Spirit Airlines | 895,375 | 4.9% |
| Delta Air Lines | 860,461 | 4.7% |
| Southwest Airlines | 554,383 | 3.0% |
| United Airlines | 513,559 | 2.8% |
| JetBlue Airways | 119,983 | 0.7% |
| Alaska Airlines | 80,435 | 0.4% |
| Sun Country Airlines | 14,759 | 0.1% |
| Air Canada | 2,004 | 0.0% |
| | <u>10,963,825</u> | <u>59.5%</u> |
| Scheduled Regional / Commuter | | |
| American Eagle | | |
| PSA Airlines | 971,330 | 5.3% |
| Piedmont Airlines | 732,316 | 4.0% |
| Republic Airlines | 364,032 | 2.0% |
| Landline Co. (Bus Service) | 64,634 | 0.4% |
| Air Wisconsin | 12,079 | 0.1% |
| | <u>2,144,391</u> | <u>11.6%</u> |
| Other | 208,049 | 1.1% |
| | <u>2,352,440</u> | <u>12.8%</u> |
| Charter | 401 | 0.0% |
| Subtotal - Domestic | <u>13,316,666</u> | <u>72.3%</u> |
| International | | |
| Scheduled Major / National | | |
| American Airlines | 1,227,239 | 6.7% |
| Qatar Airways | 192,369 | 1.0% |
| British Airways | 175,326 | 1.0% |
| Lufthansa | 108,294 | 0.6% |
| Air Canada | 88,996 | 0.5% |
| Frontier Airlines | 65,124 | 0.4% |
| Spirit Airlines | 59,671 | 0.3% |
| Aer Lingus | 52,374 | 0.3% |
| Delta Air Lines | 396 | 0.0% |
| JetBlue Airways | 172 | 0.0% |
| | <u>1,969,961</u> | <u>10.7%</u> |
| Scheduled Regional / Commuter | | |
| American Eagle | | |
| Piedmont Airlines | 57,880 | 0.3% |
| PSA Airlines | 711 | 0.0% |
| Republic Airlines | 225 | 0.0% |
| | <u>58,816</u> | <u>0.3%</u> |
| Charter | 1,798 | 0.0% |
| Subtotal - International | <u>2,030,575</u> | <u>11.0%</u> |
| All-Cargo Airlines | <u>3,074,410</u> | <u>16.7%</u> |
| Total Landed Weight | <u>18,421,651</u> | <u>100.0%</u> |

Note: The City's Fiscal Year Ends June 30.

Table 4
City of Philadelphia Aviation Department
Philadelphia International Airport (PHL)
Summary of Historical Project Revenues and Expenses of the Airport System
(Fiscal Years ending June 30th - dollar amounts are listed in thousands)

| | <u>Fiscal Year 2019</u> | <u>Fiscal Year 2020</u> | <u>Fiscal Year 2021</u> | <u>Fiscal Year 2022</u> | <u>Fiscal Year 2023</u> |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <u>Amounts Available for Debt Service</u> | | | | | |
| 1. Space rentals | 116,966 | 85,717 | 109,670 | 113,991 | 121,861 |
| 2. Landing fees | 83,890 | 55,080 | 79,570 | 64,619 | 81,479 |
| 3. Ramp Area rentals | 212 | (13) | 321 | 298 | 0 |
| 4. International Terminal revenues | 31,823 | 23,616 | 29,623 | 17,082 | 30,918 |
| 5. Subtotal, Airline Rentals, Fees and Charges | 232,891 | 164,400 | 219,184 | 195,990 | 234,258 |
| 6. Nonairline Revenues | 157,420 | 221,630 | 110,658 | 158,584 | 295,685 |
| 7. Interest income and Contribution for carrier incentive program | 3,131 | 4,137 | 1,985 | 1,389 | 5,632 |
| 8. Total Project Revenues | 393,442 | 390,167 | 331,827 | 355,963 | 535,575 |
| 9. Passenger Facility Charges (PFCs) Available for Debt Service | 31,189 | 31,200 | 49,621 | 31,976 | 25,625 |
| 10. Portion of Fund Balance Attributable to Amounts Available for Debt Service | 126,824 | 144,218 | 160,843 | 173,724 | 173,724 |
| 11. Total Amounts Available for Debt Service | 551,455 | 565,585 | 542,291 | 561,663 | 734,924 |
| <u>Expenses</u> | | | | | |
| 12. Net Operating Expenses | 161,161 | 151,739 | 130,128 | 149,982 | 149,255 |
| 13. Required Renewal Fund Deposit | 0 | 0 | 0 | 0 | 0 |
| 14. Revenue Bond Debt Service | 126,007 | 127,910 | 124,331 | 117,989 | 160,421 |
| 15. Interdepartmental Charges | 121,054 | 123,017 | 109,798 | 103,007 | 117,593 |
| 16. Total Expenses | 408,222 | 402,666 | 364,257 | 370,978 | 427,269 |
| 17. Net Revenue | \$ 143,233 | \$ 162,919 | \$ 178,034 | \$ 190,685 | \$ 307,655 |
| <u>Rate Covenant Tests of the Original General Airport Revenue Bond Ordinance</u> | | | | | |
| 18. Test A (Line 11- Line 12- Line 13) / (Line 14) | 3.10 | 3.24 | 3.32 | 3.49 | 3.65 |
| 19. Test B (Line 11- Line 12- Line 13- Line 15) / (Line 14) | 2.14 | 2.27 | 2.43 | 2.62 | 2.92 |

Note: The information presented above reconciles to the Basic Financial Statements contained in the City's Annual Comprehensive Financial Report (ACFR), which is audited by the Office of the City Controller.

Table 5

**City of Philadelphia Aviation Department
Philadelphia International Airport (PHL)
History of Applications to Use PFC Revenues**

| <u>PFC Application No.</u> | <u>Approval Date</u> | <u>Initial Approved Amount</u> | <u>Amended Approved Amount</u> |
|---------------------------------------|---------------------------------|---|---|
| 93-02-U-00-PHL | 05/15/1993 | \$ 14,250,000 | \$ 12,805,493 |
| 95-03-C-00-PHL | 02/27/1995 | 101,500,000 | 94,683,960 |
| 95-04-U-00-PHL | 10/13/1995 | 950,000 | 1,270,605 |
| 95-05-C-00-PHL | 11/21/1995 | 14,000,000 | 14,000,000 |
| 98-06-C-00-PHL | 02/11/1998 | 26,150,000 | 19,534,950 |
| 99-08-U-00-PHL | 10/12/1999 | 672,000,000 | 999,267,790 |
| 01-09-C-00-PHL | 02/22/2000 | 22,250,000 | 24,177,050 |
| 06-10-C-00-PHL | 02/16/2006 | 83,250,000 | 268,352,875 |
| 15-11-C-00-PHL | 09/15/2015 | 109,080,000 | 443,052,584 |
| | Totals | <u>\$ 1,043,430,000</u> | <u>\$ 1,877,145,307</u> |

Table 6
City of Philadelphia Aviation Department
Philadelphia International Airport (PHL)
Historical PFC Revenues
Fiscal Years 1993 - 2023

| <u>Fiscal Year</u> | <u>Collections</u> | <u>Interest</u> | <u>Total Revenues</u> |
|--------------------|-------------------------|----------------------|------------------------------|
| 1993 | 14,484,101 | 142,790 | 14,626,891 |
| 1994 | 22,605,318 | 1,111,511 | 23,716,829 |
| 1995 | 21,828,173 | 2,285,485 | 24,113,658 |
| 1996 | 22,817,704 | 2,277,935 | 25,095,639 |
| 1997 | 27,229,901 | 1,837,334 | 29,067,235 |
| 1998 | 30,931,674 | 1,654,752 | 32,586,426 |
| 1999 | 29,408,652 | 2,018,264 | 31,426,916 |
| 2000 | 32,278,858 | 2,828,083 | 35,106,941 |
| 2001 | 31,880,729 | 3,362,695 | 35,243,424 |
| 2002 | 53,688,877 | 2,112,347 | 55,801,223 |
| 2003 | 43,961,971 | 1,537,729 | 45,499,700 |
| 2004 | 51,766,443 | 808,417 | 52,574,859 |
| 2005 | 61,378,549 | 1,284,025 | 62,662,574 |
| 2006 | 62,165,176 | 3,252,682 | 65,417,858 |
| 2007 | 65,328,768 | 5,047,045 | 70,375,813 |
| 2008 | 70,120,974 | 5,098,760 | 75,219,734 |
| 2009 | 60,898,941 | 1,886,741 | 62,785,682 |
| 2010 | 61,696,738 | 353,391 | 62,050,129 |
| 2011 | 62,338,653 | 191,092 | 62,529,745 |
| 2012 | 59,885,669 | 325,805 | 60,211,475 |
| 2013 | 58,495,629 | 414,832 | 58,910,461 |
| 2014 | 60,377,268 | 329,507 | 60,706,775 |
| 2015 | 60,644,305 | 436,648 | 61,080,953 |
| 2016 | 61,256,560 | 538,897 | 61,795,457 |
| 2017 | 55,151,223 | 933,338 | 56,084,561 |
| 2018 | 60,302,833 | 1,337,307 | 61,640,140 |
| 2019 | 63,596,713 | 2,348,424 | 65,945,137 |
| 2020 | 55,582,198 | 1,991,200 | 57,573,398 |
| 2021 | 23,520,217 | 705,515 | 24,225,732 |
| 2022 | 52,192,394 | 400,032 | 52,592,427 |
| 2023 | 53,123,726 | 4,634,736 | 57,758,462 |
| Totals | <u>\$ 1,490,938,936</u> | <u>\$ 53,487,318</u> | <u>\$ 1,544,426,254</u> |
| | | Expenditures | <u>\$ 1,389,887,506</u> |
| | | Balance | <u><u>\$ 154,538,748</u></u> |

Note: The City's fiscal year ends June 30th.

Table 7

**City of Philadelphia Aviation Department
Philadelphia International Airport (PHL)
Historical Enplaned Passengers
Fiscal Years 1990 - 2023**

| <u>Fiscal Year</u> | <u>Domestic</u> | <u>International</u> | <u>Total</u> | <u>Percentage Increase (Decrease)</u> |
|--------------------|------------------------------------|----------------------|--------------|---------------------------------------|
| 1990 | 7,400,854 | 379,667 | 7,780,521 | |
| 1991 | 7,322,959 | 388,954 | 7,711,913 | (0.9)% |
| 1992 | 7,041,274 | 534,004 | 7,575,278 | (1.8)% |
| 1993 | 7,645,396 | 582,621 | 8,228,017 | 8.6% |
| 1994 | 7,777,184 | 607,718 | 8,384,902 | 1.9% |
| 1995 | 8,419,133 | 634,955 | 9,054,088 | 8.0% |
| 1996 | 8,538,732 | 665,334 | 9,204,066 | 1.7% |
| 1997 | 9,502,168 | 890,094 | 10,392,262 | 12.9% |
| 1998 | 10,601,187 | 1,104,443 | 11,705,630 | 12.6% |
| 1999 | 10,737,979 | 1,329,813 | 12,067,792 | 3.1% |
| 2000 | 10,652,391 | 1,326,524 | 11,978,915 | (0.7)% |
| 2001 | 11,149,732 | 1,521,721 | 12,671,453 | 5.8% |
| 2002 | 10,501,846 | 1,499,659 | 12,001,505 | (5.3)% |
| 2003 | 10,519,234 | 1,617,391 | 12,136,625 | 1.1% |
| 2004 | 11,149,952 | 1,938,821 | 13,088,773 | 7.8% |
| 2005 | 13,427,191 | 2,063,378 | 15,490,569 | 18.4% |
| 2006 | 13,563,540 | 2,011,457 | 15,574,997 | 0.5% |
| 2007 | 13,864,721 | 1,986,970 | 15,851,691 | 1.8% |
| 2008 | 13,971,056 | 2,081,917 | 16,052,973 | 1.3% |
| 2009 | 13,357,446 | 2,005,297 | 15,362,743 | (4.3)% |
| 2010 | 13,334,229 | 1,859,512 | 15,193,741 | (1.1)% |
| 2011 | 13,635,784 | 1,975,799 | 15,611,583 | 2.8% |
| 2012 | 13,368,218 | 1,975,908 | 15,344,126 | (1.7)% |
| 2013 | 13,246,485 | 1,969,400 | 15,215,885 | (0.8)% |
| 2014 | 13,273,937 | 2,042,116 | 15,316,053 | 0.7% |
| 2015 | 13,272,717 | 2,040,021 | 15,312,738 | (0.0)% |
| 2016 | 13,695,700 | 1,987,858 | 15,683,558 | 2.4% |
| 2017 | 12,967,584 | 1,839,298 | 14,806,882 | (5.6)% |
| 2018 | 13,372,943 | 1,872,510 | 15,245,453 | 3.0% |
| 2019 | 14,046,663 | 2,041,761 | 16,088,424 | 5.5% |
| 2020 | 10,531,456 | 1,315,951 | 11,847,407 | (26.4)% |
| 2021 | 6,286,436 | 256,206 | 6,542,642 | (44.8)% |
| 2022 | 10,671,423 | 1,005,967 | 11,677,390 | 78.5% |
| 2023 | 11,657,086 | 1,717,710 | 13,374,796 | 14.5% |
| | <u>Compound Annual Growth Rate</u> | | | |
| 2002 - 2007 | 5.7% | 5.8% | 5.7% | |
| 2002 - 2012 | 2.4% | 2.8% | 2.5% | |
| 2002 - 2017 | 1.4% | 1.4% | 1.4% | |
| 2007 - 2012 | (0.7)% | (0.1)% | (0.6)% | |
| 2007 - 2017 | (0.7)% | (0.8)% | (0.7)% | |
| 2007 - 2022 | (1.7)% | (4.4)% | (2.0)% | |
| 2017 - 2022 | (3.8)% | (11.4)% | (4.6)% | |
| 2012 - 2022 | (2.2)% | (6.5)% | (2.7)% | |
| 2013 - 2023 | (1.3)% | (1.4)% | (1.3)% | |

Note: (1) The City's fiscal year ends June 30th.

(2) Domestic and International Enplanements from 2010 through 2018 were restated.



PHL PNE

PHILADELPHIA INTERNATIONAL AIRPORT
NORTHEAST PHILADELPHIA AIRPORT

STATISTICAL SECTION

II. Statistical Section

Demographic and Economic Information

These schedules show the airport service area environment over the past ten years.

| | |
|-------------|--|
| Exhibit S-1 | Airport Information |
| Exhibit S-2 | Population Trends |
| Exhibit S-3 | Employment by Industry |
| Exhibit S-4 | City of Philadelphia Airport Employees |

Business Drivers

These schedules show the different factors that produce revenue for the airport over the past ten years.

| | |
|--------------|--|
| Exhibit S-5 | Commercial Flights and Available Seats |
| Exhibit S-6 | Passenger Load Factors |
| Exhibit S-7 | Commercial Passenger Enplanements |
| Exhibit S-8 | Airline Market Share by Passenger Enplanements |
| Exhibit S-9 | Aircraft Operations by Airport |
| Exhibit S-10 | Cargo Tonnage and Market Share |

Financial Trends and Revenue Capacity

These schedules show changes in Aviation's financial performance, major revenue sources, and rates and charges over the past ten years.

| | |
|--------------|--|
| Exhibit S-11 | Annual Revenues, Expenses and Changes in Fund Net Position |
| Exhibit S-12 | Operating Revenues by Source |
| Exhibit S-13 | Scheduled Rates and Charges |

Debt Capacity

These schedules show current levels of outstanding debt and how Aviation has fulfilled debt obligations over the past ten years.

| | |
|--------------|-------------------------------|
| Exhibit S-14 | Ratios of Outstanding Debt |
| Exhibit S-15 | Pledged Debt Service Coverage |
| Exhibit S-16 | Airport Debt Service by Year |

Markets Served and Other Information

These schedules show domestic and international markets served, as well as other airport-related information over the past ten years..

| | |
|--------------|---|
| Exhibit S-17 | Current Top 30 Passenger Origin and Destination Markets |
| Exhibit S-18 | Historical Domestic Top 10 Passenger Origin and Destination Markets |
| Exhibit S-19 | Historical International Top 10 Passenger Destination Markets |
| Exhibit S-20 | Airline Market Share by Landed Weight |
| Exhibit S-21 | Passenger Facility Charges |

Exhibit S-1: Philadelphia International Airport Information

| | | | |
|--------------------------------|---|------------------|--------------------|
| Location | Located partly in the southwestern section of the City and partly in the northeastern section of Delaware County, about 7.2 miles from center city Philadelphia | | |
| Acres | 2,598 +/- acres | | |
| Airport Code | PHL | | |
| Runways | | <u>Length</u> | <u>Width</u> |
| | 9R-27L | 12,001' | 200' |
| | 9L-27R | 9,500' | 150' |
| | 17-35 | 6,500' | 150' |
| | 8-26 | 5,001' | 150' |
| Aircraft Capability | Group VI - Airbus 380 (Limited) | | |
| Terminals | Terminal A-East | 433,001 | square feet |
| | Terminal A-West | 818,100 | square feet |
| | Terminals B & C | 951,721 | square feet |
| | Terminals D & E | 808,095 | square feet |
| | Terminal F | 243,437 | square feet |
| | Total Terminal Space | 3,254,354 | square feet |
| | Number of Passenger Gates | 124 | gates |
| | Number of Landline Bus Areas | 6 | areas |
| Parking | <u>Public</u> | | |
| | Garage Parking | 11,245 | spaces |
| | Economy Lot | 3,816 | spaces |
| | Cell Phone Waiting Area | 151 | spaces |
| | Tenant Employee Parking | 3,700 | spaces |
| Cargo | Number of Cargo Buildings | 6 | buildings |
| | Cargo Space | 450,910 | square feet |
| International | Customs/Immigration Federal Inspection Facility | | |
| Tower | TRACON - Philadelphia, PA - Operating 24 Hours/Day 7 Days/Week | | |
| Intermodal Access | Interstate 95 (I-95) Regional Rail & Buses operated by the Southeastern Pennsylvania Transportation Authority (SEPTA) | | |
| Northeast Philadelphia Airport | Located on a 1,118-acre site situated within the City limits about 10 miles by road northeast of center city Philadelphia and provides for general aviation, air taxi and corporate, as well as occasional military use | | |

Data as of December 31, 2023

Source: City of Philadelphia

Exhibit S-2: Population Trends
Metropolitan Statistical Area (MSA)
(By Calendar Year)

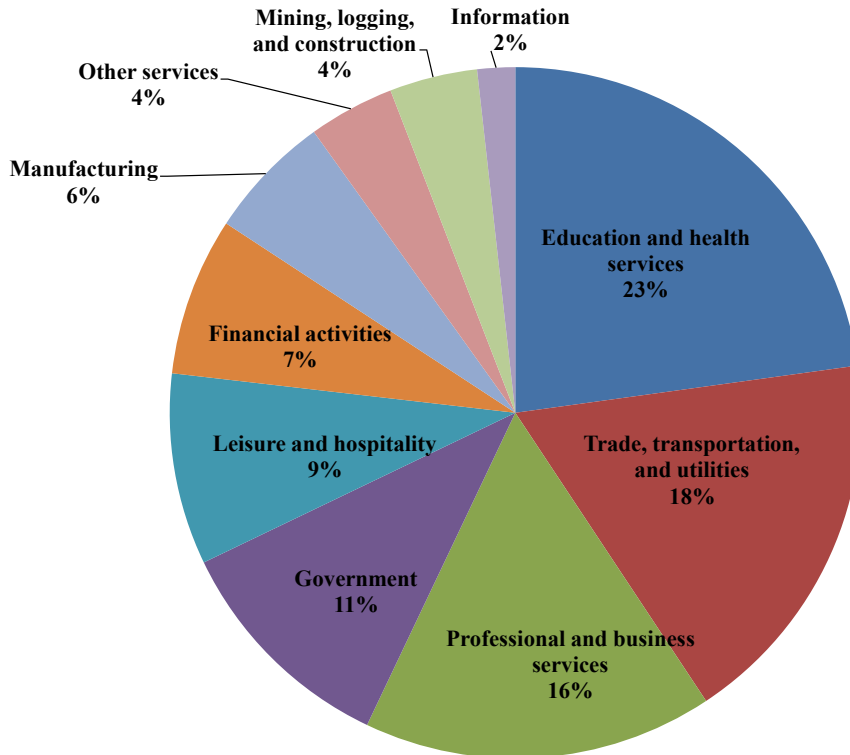
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 10-Year Annual Growth |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------------|
| Delaware & Maryland | | | | | | | | | | | |
| Cecil County, MD | 104,942 | 104,096 | 103,740 | 102,855 | 102,826 | 102,746 | 102,701 | 102,452 | 102,249 | 101,931 | 0.29% |
| New Castle County, DE | 575,494 | 572,714 | 570,718 | 558,753 | 559,335 | 559,793 | 557,851 | 555,587 | 552,465 | 549,486 | 0.46% |
| Total - Delaware & Maryland | 680,436 | 676,810 | 674,458 | 661,608 | 662,161 | 662,539 | 660,552 | 658,039 | 654,714 | 651,417 | 0.44% |
| New Jersey | | | | | | | | | | | |
| Burlington County | 466,103 | 464,411 | 461,862 | 445,349 | 445,384 | 448,596 | 448,342 | 448,844 | 450,318 | 449,858 | 0.36% |
| Camden County | 524,907 | 524,124 | 523,204 | 506,471 | 507,078 | 510,719 | 510,741 | 510,809 | 510,913 | 511,798 | 0.25% |
| Gloucester County | 306,601 | 304,620 | 302,607 | 291,636 | 291,408 | 292,206 | 291,703 | 291,651 | 291,151 | 290,151 | 0.55% |
| Salem County | 65,117 | 65,058 | 64,859 | 62,385 | 62,607 | 62,792 | 63,158 | 63,730 | 64,360 | 64,840 | 0.04% |
| Total - New Jersey | 1,362,728 | 1,358,213 | 1,352,532 | 1,305,841 | 1,306,477 | 1,314,313 | 1,313,944 | 1,315,034 | 1,316,742 | 1,316,647 | 0.34% |
| Pennsylvania | | | | | | | | | | | |
| Bucks County | 645,054 | 647,159 | 646,008 | 628,270 | 628,195 | 628,341 | 626,751 | 626,209 | 625,806 | 625,321 | 0.31% |
| Chester County | 545,823 | 540,864 | 534,645 | 524,989 | 522,046 | 519,293 | 516,489 | 515,226 | 512,864 | 509,388 | 0.69% |
| Delaware County | 575,182 | 576,772 | 576,388 | 566,747 | 564,751 | 564,696 | 563,995 | 563,705 | 562,913 | 561,609 | 0.24% |
| Montgomery County | 864,683 | 864,022 | 856,947 | 830,915 | 828,604 | 826,075 | 820,656 | 817,869 | 815,947 | 812,838 | 0.62% |
| Philadelphia County | 1,567,258 | 1,589,480 | 1,601,005 | 1,584,064 | 1,584,138 | 1,580,863 | 1,574,765 | 1,570,507 | 1,564,042 | 1,558,109 | 0.06% |
| Total - Pennsylvania | 4,198,000 | 4,218,297 | 4,214,993 | 4,134,985 | 4,127,734 | 4,119,268 | 4,102,656 | 4,093,516 | 4,081,572 | 4,067,265 | 0.32% |
| | | | | | | | | | | | |
| Philadelphia MSA | 6,241,164 | 6,253,320 | 6,241,983 | 6,102,434 | 6,096,372 | 6,096,120 | 6,077,152 | 6,066,589 | 6,053,028 | 6,035,329 | 0.34% |

Note: Population estimates for 2011 to 2016 modified by U.S. Census Bureau, Population Division.
Population estimates as of July 1st
2023 data is not available
Source: U.S. Census Bureau, Population Division

Exhibit S-3: Employment by Industry Metropolitan Statistical Area (By Calendar Year)

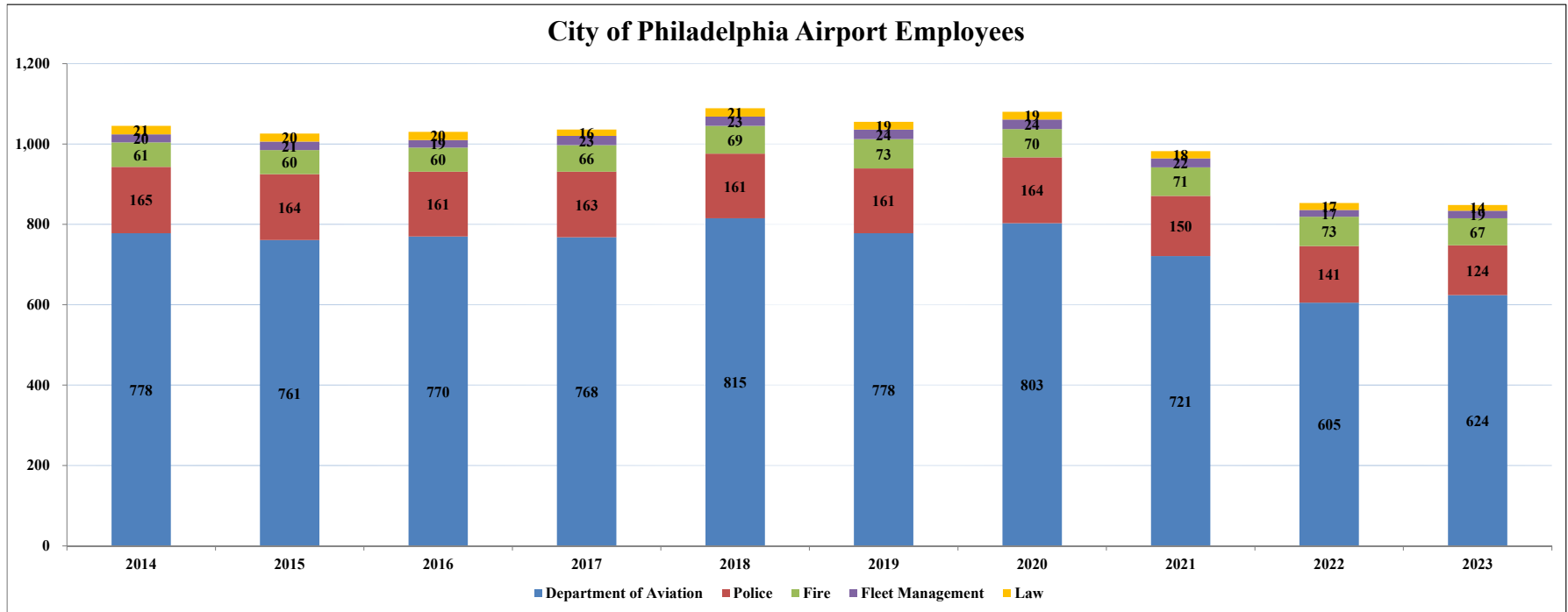
| Industry | Annual Average Number of Employees (in thousands) | | | | | | | | | | 10-Year Annual Growth |
|---|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | |
| Education and health services | 708.5 | 674.1 | 642.2 | 634.5 | 678.4 | 658.0 | 641.3 | 621.7 | 603.6 | 589.3 | 1.86% |
| Trade, transportation, and utilities | 555.0 | 550.3 | 524.4 | 497.7 | 536.2 | 529.2 | 523.2 | 522.0 | 518.5 | 514.9 | 0.75% |
| Professional and business services | 508.1 | 498.3 | 471.0 | 447.6 | 480.7 | 477.2 | 466.7 | 461.0 | 450.7 | 439.9 | 1.45% |
| Government | 335.8 | 330.3 | 326.1 | 329.3 | 346.8 | 338.7 | 335.6 | 333.8 | 334.3 | 335.5 | 0.01% |
| Leisure and hospitality | 278.0 | 257.9 | 224.3 | 196.0 | 273.1 | 268.7 | 265.9 | 259.0 | 252.3 | 247.0 | 1.19% |
| Financial activities | 229.9 | 227.0 | 217.4 | 215.3 | 220.5 | 217.1 | 214.6 | 211.8 | 208.4 | 204.1 | 1.20% |
| Manufacturing | 182.2 | 179.3 | 173.4 | 174.5 | 181.8 | 181.1 | 180.3 | 179.0 | 179.6 | 179.7 | 0.14% |
| Other services | 124.9 | 119.7 | 111.8 | 101.3 | 121.8 | 120.5 | 120.3 | 119.8 | 117.6 | 116.8 | 0.67% |
| Mining, logging, and construction | 127.7 | 123.7 | 119.3 | 113.1 | 123.4 | 117.9 | 116.5 | 114.0 | 110.1 | 104.8 | 2.00% |
| Information | 54.9 | 54.1 | 48.9 | 50.7 | 48.6 | 44.6 | 45.9 | 46.4 | 46.4 | 46.5 | 1.67% |
| Philadelphia PA-NJ-DE-MD Metropolitan statistical area | 3,105.0 | 3,014.7 | 2,858.8 | 2,760.0 | 3,011.3 | 2,953.0 | 2,910.3 | 2,868.5 | 2,821.5 | 2,778.5 | 1.12% |

Area Employment by Industry - 2023



* Number of employees (in thousands) for 2014-2023 modified by U.S. Department of Labor, Bureau of Labor Statistics for all industries - December 2023 figures are preliminary.
Source: U.S. Department of Labor, Bureau of Labor Statistics

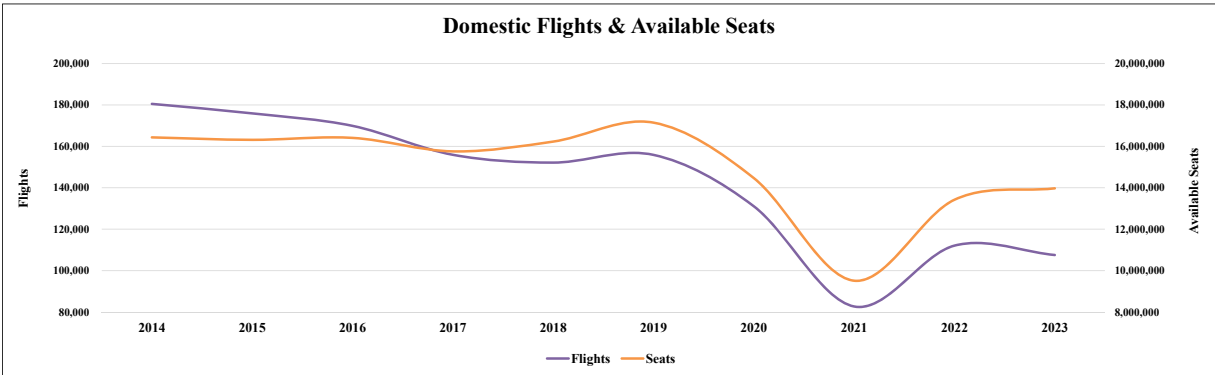
**Exhibit S-4: City of Philadelphia Airport Employees
(By Fiscal Year)**



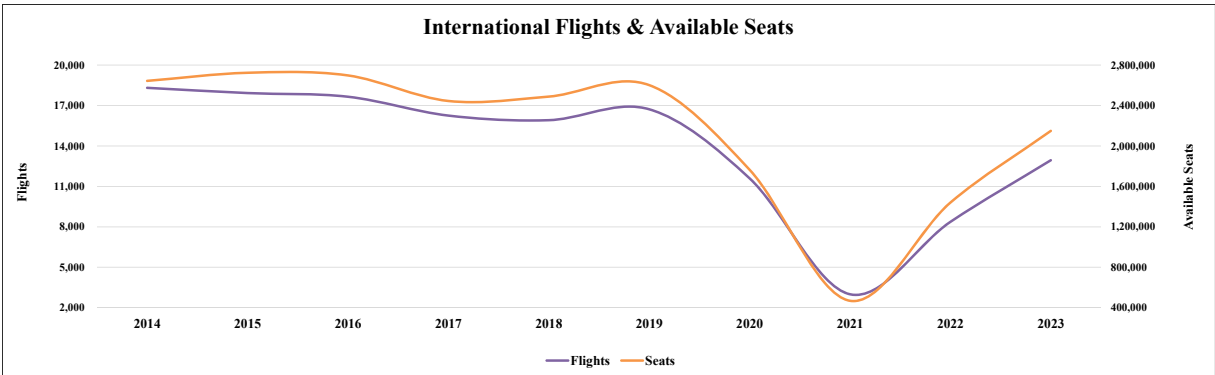
Filled positions at the end of the fiscal year
 Department of Aviation for 2014 - 2023 includes Division of Technology
 Source: City of Philadelphia, Quarterly City Manager's Report

Exhibit S-5: Commercial Flights and Available Seats (By Fiscal Year)

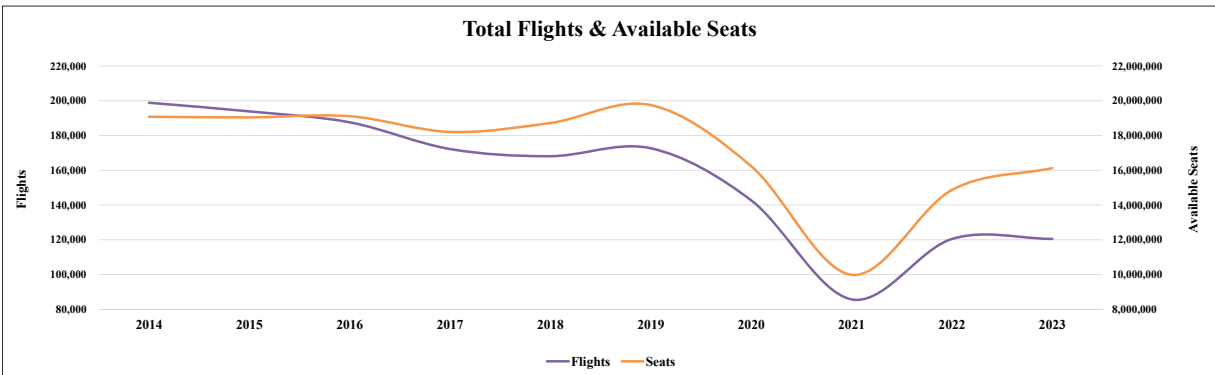
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 10-Year Annual Growth |
|------------------|------------|------------|------------|------------|------------|------------|------------|-----------|------------|------------|-----------------------|
| Domestic Flights | 180,527 | 175,947 | 169,921 | 155,947 | 152,169 | 155,908 | 131,077 | 82,677 | 112,072 | 107,542 | (5.05%) |
| Domestic Seats | 16,435,626 | 16,317,090 | 16,411,017 | 15,759,155 | 16,232,474 | 17,147,659 | 14,469,247 | 9,511,546 | 13,422,837 | 13,974,352 | (1.61%) |



| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 10-Year Annual Growth |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|-----------|-----------|-----------------------|
| International Flights | 18,312 | 17,923 | 17,650 | 16,252 | 15,911 | 16,720 | 11,598 | 2,999 | 8,370 | 12,938 | (3.41%) |
| International Seats | 2,643,622 | 2,723,892 | 2,697,451 | 2,444,766 | 2,488,116 | 2,601,675 | 1,764,595 | 468,469 | 1,439,907 | 2,148,907 | (2.05%) |



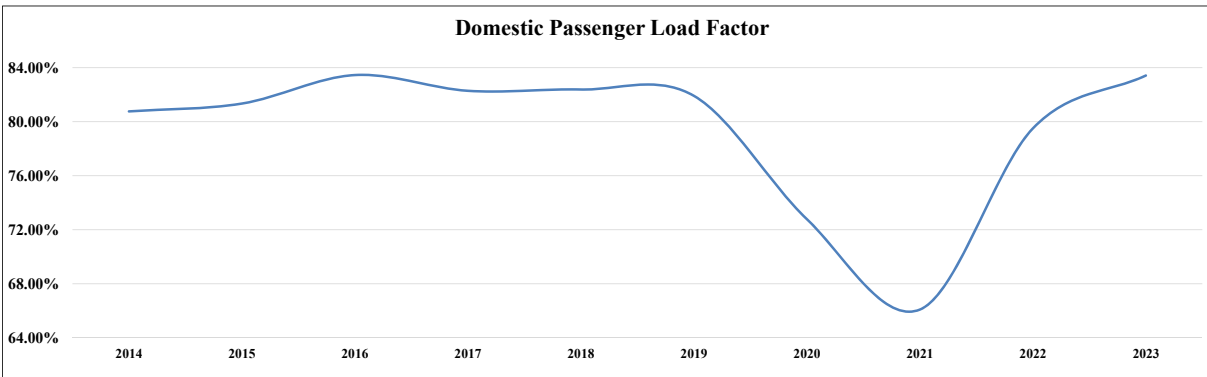
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 10-Year Annual Growth |
|---------------|------------|------------|------------|------------|------------|------------|------------|-----------|------------|------------|-----------------------|
| Total Flights | 198,839 | 193,870 | 187,571 | 172,199 | 168,080 | 172,628 | 142,675 | 85,676 | 120,442 | 120,480 | (4.89%) |
| Total Seats | 19,079,248 | 19,040,982 | 19,108,468 | 18,203,921 | 18,720,590 | 19,749,334 | 16,233,842 | 9,980,015 | 14,862,744 | 16,123,259 | (1.67%) |



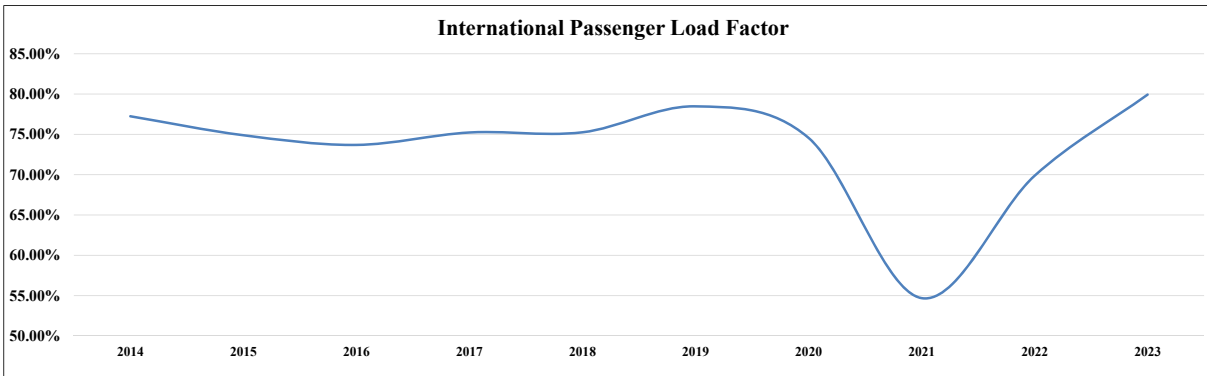
Source: Campbell-Hill Aviation Group, LLC

Exhibit S-6: Passenger Load Factors (By Fiscal Year)

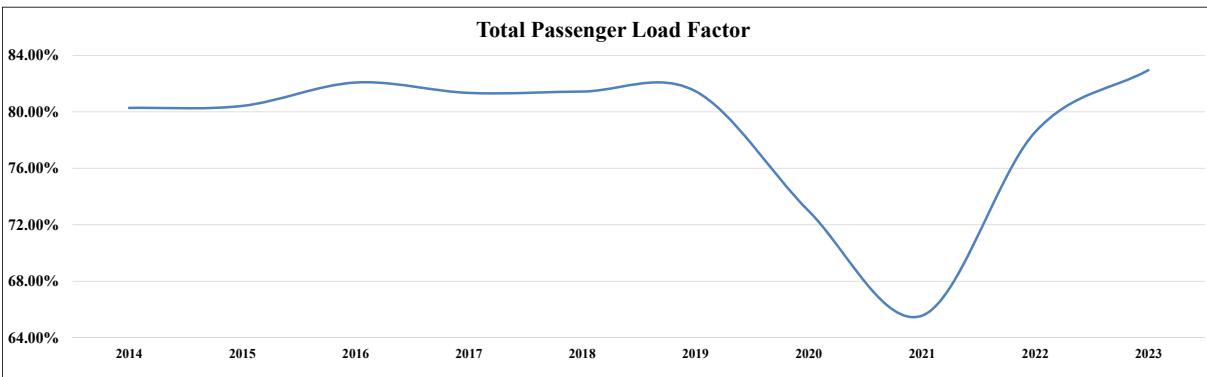
| Domestic Passenger Load Factor | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 10-Year Annual Growth |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------|
| | 80.76% | 81.34% | 83.45% | 82.29% | 82.38% | 81.92% | 72.79% | 66.09% | 79.49% | 83.42% | |



| International Passenger Load Factor | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 10-Year Annual Growth |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------|
| | 77.25% | 74.89% | 73.69% | 75.23% | 75.26% | 78.48% | 74.58% | 54.69% | 69.86% | 79.93% | |



| Total Passenger Load Factor | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 10-Year Annual Growth |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------|
| | 80.28% | 80.42% | 82.08% | 81.34% | 81.44% | 81.46% | 72.98% | 65.56% | 78.55% | 82.95% | |



* Note: Domestic and International Enplanements from 2010 through 2018 were restated.
Sources: Campbell-Hill Aviation Group, LLC
City of Philadelphia

Exhibit S-7: Commercial Passenger Enplanements
(By Fiscal Year)

Domestic enplanements

| Fiscal Year | PHL Domestic Passenger Enplanements | PHL Annual Growth | U.S. Air Carrier Domestic Enplanements * | U.S. Annual Growth |
|-------------|-------------------------------------|-------------------|--|--------------------|
| 2023 | 11,657,137 | 9.2% | 792,631,000 | 9.9% |
| 2022 | 10,671,423 | 69.8% | 721,345,000 | 80.8% |
| 2021 | 6,286,436 | (40.3%) | 398,995,000 | (33.7%) |
| 2020 | 10,531,456 | (25.0%) | 601,519,000 | (24.4%) |
| 2019 | 14,046,663 | 5.0% | 795,947,000 | 4.5% |
| 2018 | 13,372,943 | 3.1% | 761,971,000 | 4.1% |
| 2017 | 12,967,584 | (5.3%) | 732,289,000 | 2.6% |
| 2016 | 13,695,700 | 3.2% | 713,652,000 | 5.3% |
| 2015 | 13,272,717 | (0.0%) | 677,973,000 | 3.7% |
| 2014 | 13,273,937 | 0.2% | 654,061,000 | 1.3% |
| 2013 | 13,246,485 | (0.9%) | 645,821,000 | (0.1%) |

International enplanements

| Fiscal Year | PHL International Passenger Enplanements | PHL Annual Growth | U.S. Air Carrier International Enplanements * | U.S. Annual Growth |
|-------------|--|-------------------|---|--------------------|
| 2023 | 1,717,659 | 70.7% | 116,202,000 | 36.7% |
| 2022 | 1,005,967 | 292.6% | 85,018,000 | 134.2% |
| 2021 | 256,206 | (80.5%) | 36,304,000 | (55.7%) |
| 2020 | 1,315,951 | (35.5%) | 81,986,000 | (28.7%) |
| 2019 | 2,041,761 | 9.0% | 114,999,000 | 3.1% |
| 2018 | 1,872,510 | 1.8% | 111,580,000 | 3.2% |
| 2017 | 1,839,298 | (7.5%) | 108,069,000 | 1.6% |
| 2016 | 1,987,858 | (2.6%) | 106,402,000 | 3.2% |
| 2015 | 2,040,021 | (0.1%) | 103,114,000 | 1.1% |
| 2014 | 2,042,116 | 3.7% | 101,991,000 | 3.4% |
| 2013 | 1,969,400 | (0.3%) | 98,593,000 | 1.7% |

Total enplanements

| Fiscal Year | PHL Total Passenger Enplanements | PHL Annual Growth | U.S. Air Carrier Total Enplanements | U.S. Annual Growth |
|-------------|----------------------------------|-------------------|-------------------------------------|--------------------|
| 2023 | 13,374,796 | 14.5% | 908,833,000 | 12.7% |
| 2022 | 11,677,390 | 78.5% | 806,363,000 | 85.2% |
| 2021 | 6,542,642 | (44.8%) | 435,299,000 | (36.3%) |
| 2020 | 11,847,407 | (26.4%) | 683,505,000 | (25.0%) |
| 2019 | 16,088,424 | 5.5% | 910,946,000 | 4.3% |
| 2018 | 15,245,453 | 3.0% | 873,551,000 | 3.9% |
| 2017 | 14,806,882 | (5.6%) | 840,358,000 | 2.5% |
| 2016 | 15,683,558 | 2.4% | 820,054,000 | 5.0% |
| 2015 | 15,312,738 | (0.0%) | 781,087,000 | 3.3% |
| 2014 | 15,316,053 | 0.7% | 756,052,000 | 1.6% |
| 2013 | 15,215,885 | (0.8%) | 744,414,000 | 0.2% |

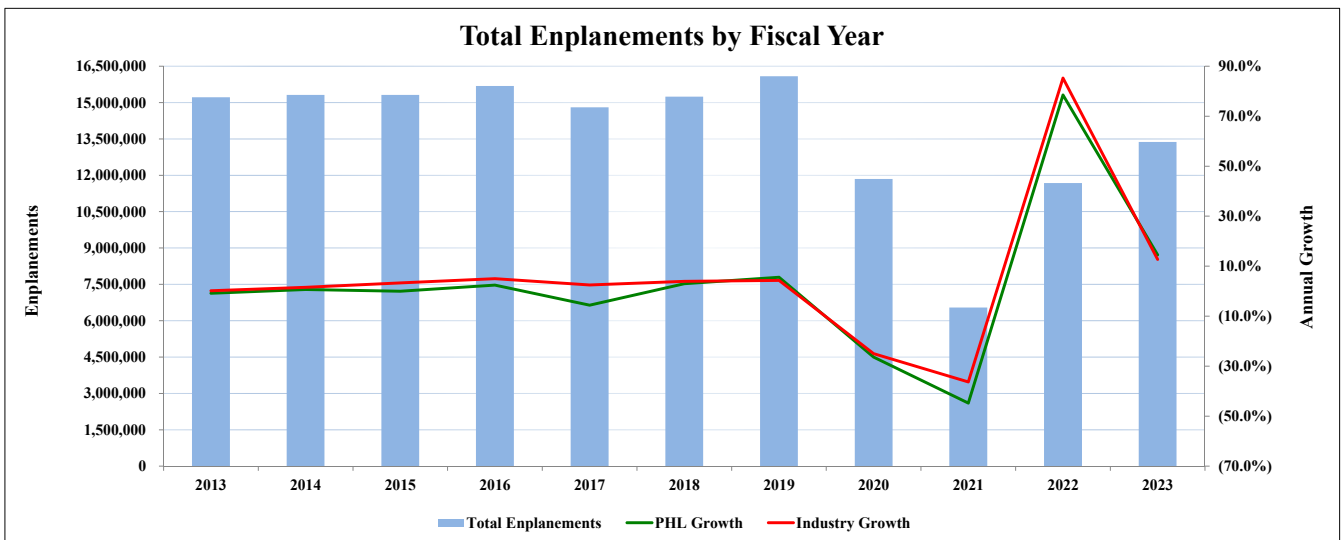
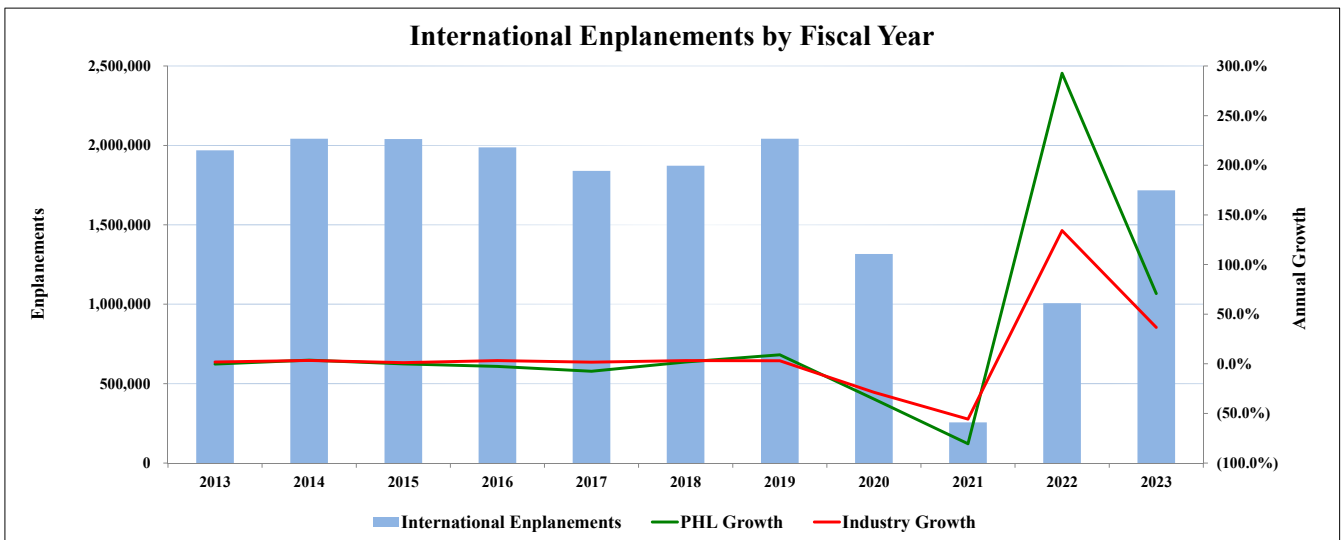
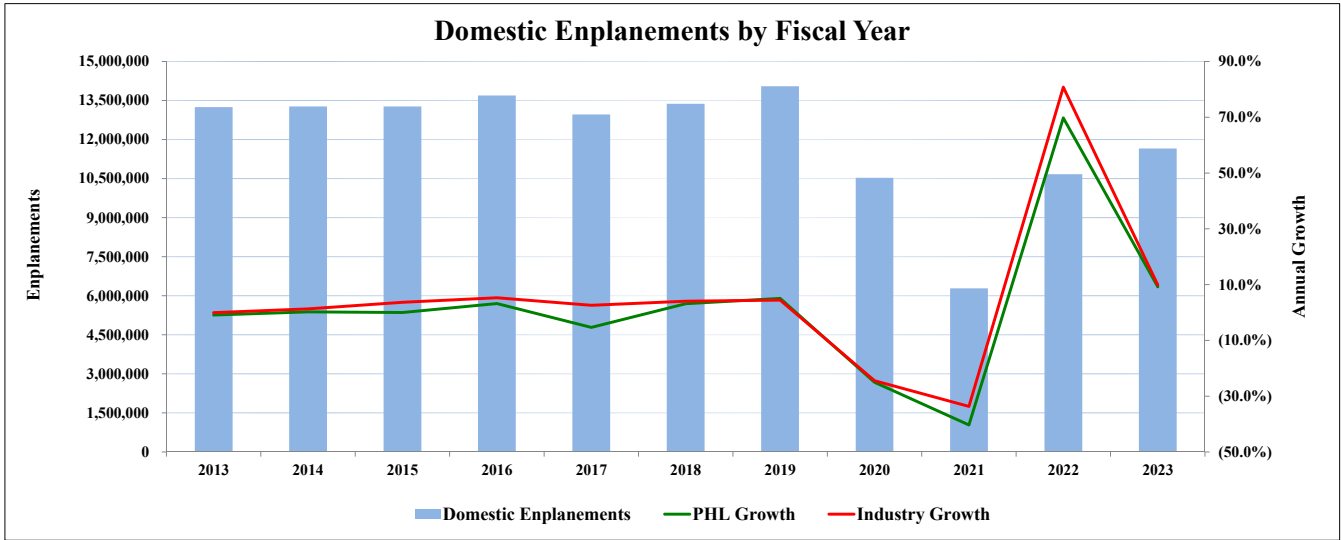
* 2017 U.S. Air Carrier Domestic and International Enplanements modified by Bureau of Transportation Statistics

Note: Domestic and International Enplanements from 2013 through 2018 were restated.

PHL Passenger Enplanements and Annual Growth from City of Philadelphia

U.S. Air Carrier Enplanements and Annual Growth from Bureau of Transportation Statistics

Exhibit S-7: Commercial Passenger Enplanements (Continued, By Fiscal Year)



* Note: Domestic and International Enplanements from 2013 through 2018 were restated.
 Source: City of Philadelphia
 Source: Bureau of Transportation Statistics

Exhibit S-8: Airline Market Share by Passenger Enplanements
(By Fiscal Year)

| Airlines | 2023 | | 2022 | | 2021 | | 2020 | | 2019 | |
|---|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
| | Enplaned Passengers | Market Share | Enplaned Passengers | Market Share | Enplaned Passengers | Market Share | Enplaned Passengers | Market Share | Enplaned Passengers | Market Share |
| Domestic | | | | | | | | | | |
| Scheduled major/national | | | | | | | | | | |
| American | 5,394,612 | 40.3% | 4,189,732 | 35.9% | 2,412,503 | 36.9% | 4,531,069 | 38.2% | 6,609,437 | 41.1% |
| Frontier | 1,469,354 | 11.0% | 1,113,508 | 9.5% | 598,096 | 9.1% | 797,901 | 6.7% | 790,154 | 4.9% |
| Spirit | 886,873 | 6.6% | 686,480 | 5.9% | 501,805 | 7.7% | 487,649 | 4.1% | 515,578 | 3.2% |
| Delta | 815,318 | 6.1% | 622,057 | 5.3% | 270,227 | 4.1% | 604,282 | 5.1% | 832,378 | 5.2% |
| Southwest | 540,525 | 4.0% | 581,132 | 5.0% | 383,428 | 5.9% | 744,815 | 6.3% | 1,096,018 | 6.8% |
| United | 536,673 | 4.0% | 426,115 | 3.6% | 124,860 | 1.9% | 391,686 | 3.3% | 554,088 | 3.4% |
| JetBlue | 90,836 | 0.7% | 114,573 | 1.0% | 150,054 | 2.3% | 177,613 | 1.5% | 223,713 | 1.4% |
| Alaska | 78,727 | 0.6% | 79,021 | 0.7% | 43,036 | 0.7% | 114,340 | 1.0% | 163,207 | 1.0% |
| Sun Country | 13,008 | 0.1% | 11,615 | 0.1% | 6,955 | 0.1% | 22,880 | 0.2% | 6,934 | 0.0% |
| Subtotal - scheduled major/national | 9,825,926 | 73.5% | 7,824,233 | 67.0% | 4,490,964 | 68.6% | 7,872,235 | 66.4% | 10,791,507 | 67.1% |
| Scheduled regional/commuter | | | | | | | | | | |
| American Eagle | | | | | | | | | | |
| PSA | 808,344 | 6.0% | 1,077,067 | 9.2% | 443,891 | 6.8% | 576,780 | 4.9% | 671,061 | 4.2% |
| Piedmont | 654,983 | 4.9% | 818,459 | 7.0% | 428,105 | 6.5% | 1,082,605 | 9.1% | 1,432,000 | 8.9% |
| Republic | 303,431 | 2.3% | 764,766 | 6.5% | 745,475 | 11.4% | 808,038 | 6.8% | 925,678 | 5.8% |
| Landline Co. (Bus Service) | 34,545 | 0.3% | 1,886 | 0.0% | - | - | - | - | - | - |
| Air Wisconsin | 9,553 | 0.1% | - | - | - | - | - | - | - | - |
| Envoy | - | - | - | - | - | - | 6,202 | 0.1% | 8,147 | 0.1% |
| Subtotal - American Eagle | 1,810,856 | 13.5% | 2,662,178 | 22.8% | 1,617,471 | 24.7% | 2,473,625 | 20.9% | 3,036,886 | 18.9% |
| Other | 19,599 | 0.2% | 183,784 | 1.6% | 177,439 | 2.7% | 185,302 | 1.6% | 215,374 | 1.3% |
| Subtotal - scheduled regional/commuter | 1,830,455 | 13.7% | 2,845,962 | 24.4% | 1,794,910 | 27.4% | 2,658,927 | 22.4% | 3,252,260 | 20.2% |
| Charter | 705 | 0.0% | 1,228 | 0.0% | 562 | 0.0% | 294 | 0.0% | 2,896 | 0.0% |
| Total - domestic | 11,657,086 | 87.2% | 10,671,423 | 91.4% | 6,286,436 | 96.1% | 10,531,456 | 88.9% | 14,046,663 | 87.3% |
| International | | | | | | | | | | |
| Scheduled | | | | | | | | | | |
| American | 1,112,075 | 8.3% | 672,675 | 5.8% | 192,089 | 2.9% | 815,679 | 6.9% | 1,349,623 | 8.4% |
| Qatar | 113,607 | 0.8% | 86,186 | 0.7% | 23,932 | 0.4% | 63,574 | 0.5% | 80,795 | 0.5% |
| Frontier | 86,886 | 0.6% | 63,530 | 0.5% | 15,899 | 0.2% | 44,084 | 0.4% | 74,154 | 0.5% |
| Air Canada - Sky Regional / Jazz Aviation | 66,534 | 0.5% | 36,610 | 0.3% | 0 | 0.0% | 72,582 | 0.6% | 99,909 | 0.6% |
| Piedmont | 99,061 | 0.7% | 33,972 | 0.3% | 12,040 | 0.2% | 111,181 | 0.9% | 161,566 | 1.0% |
| British | 77,787 | 0.6% | 36,345 | 0.3% | 2,771 | 0.0% | 79,991 | 0.7% | 97,561 | 0.6% |
| Spirit | 58,384 | 0.4% | 17,228 | 0.1% | 1,583 | 0.0% | 1,922 | 0.0% | - | - |
| Lufthansa | 47,493 | 0.4% | 22,081 | 0.2% | 0 | 0.0% | 56,945 | 0.5% | 78,033 | 0.5% |
| Aer Lingus | 46,704 | 0.3% | 11,922 | 0.1% | 0 | 0.0% | 29,418 | 0.2% | 46,969 | 0.3% |
| PSA | 6,371 | 0.0% | 7,541 | 0.1% | 4,789 | 0.1% | 12,554 | 0.1% | - | - |
| Republic | 2,549 | 0.0% | 6,142 | 0.1% | 2,828 | 0.0% | 21,360 | 0.2% | 41,720 | 0.3% |
| Delta | 198 | 0.0% | 1,540 | 0.0% | - | - | - | - | 52 | 0.0% |
| Eastern Airlines | - | - | - | - | 275 | 0.0% | - | - | - | - |
| Icelandair | - | - | - | - | - | - | 6,492 | 0.1% | 11,379 | 0.1% |
| Subtotal - scheduled | 1,717,649 | 12.8% | 995,772 | 8.5% | 256,206 | 3.9% | 1,315,782 | 11.1% | 2,041,761 | 12.7% |
| Charter | 61 | 0.0% | 10,195 | 0.1% | - | - | 169 | 0.0% | - | - |
| Total - international | 1,717,710 | 12.8% | 1,005,967 | 8.6% | 256,206 | 3.9% | 1,315,951 | 11.1% | 2,041,761 | 12.7% |
| Grand total | 13,374,796 | 100.0% | 11,677,390 | 100.0% | 6,542,642 | 100.0% | 11,847,407 | 100.0% | 16,088,424 | 100.0% |

* Note: Domestic and International Enplanements from 2010 through 2018 were restated.
Source: City of Philadelphia

Exhibit S-8: Airline Market Share by Passenger Enplanements
(Continued, By Fiscal Year)

| Airlines | 2018 | | 2017 | | 2016 | | 2015 | | 2014 | |
|---|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
| | Enplaned Passengers | Market Share | Enplaned Passengers | Market Share | Enplaned Passengers | Market Share | Enplaned Passengers | Market Share | Enplaned Passengers | Market Share |
| Domestic | | | | | | | | | | |
| Scheduled major/national | | | | | | | | | | |
| American | 6,099,214 | 40.0% | 5,677,406 | 38.3% | 5,890,212 | 37.6% | 5,912,774 | 38.6% | 6,090,891 | 39.8% |
| Southwest | 1,123,008 | 7.4% | 1,152,350 | 7.8% | 1,133,501 | 7.2% | 1,017,105 | 6.6% | 927,172 | 6.1% |
| Delta | 834,666 | 5.5% | 853,135 | 5.8% | 973,307 | 6.2% | 924,773 | 6.0% | 908,882 | 5.9% |
| Frontier | 657,572 | 4.3% | 580,452 | 3.9% | 473,972 | 3.0% | 154,956 | 1.0% | 1,783 | 0.0% |
| United | 554,152 | 3.6% | 529,057 | 3.6% | 549,849 | 3.5% | 520,995 | 3.4% | 492,899 | 3.2% |
| Spirit | 421,325 | 2.8% | 361,782 | 2.4% | 245,438 | 1.6% | 142,411 | 0.9% | 129,417 | 0.8% |
| JetBlue | 218,290 | 1.4% | 205,817 | 1.4% | 183,285 | 1.2% | 123,511 | 0.8% | 116,655 | 0.8% |
| Alaska | 141,157 | 0.9% | 64,154 | 0.4% | 59,076 | 0.4% | 56,514 | 0.4% | 54,569 | 0.4% |
| Air Tran | - | - | - | - | - | - | 42,858 | 0.3% | 189,037 | 1.2% |
| Virgin America | - | - | - | - | - | - | 26,566 | 0.2% | 97,932 | 0.6% |
| Subtotal - scheduled major/national | 10,049,384 | 65.9% | 9,424,153 | 63.6% | 9,508,640 | 60.6% | 8,922,463 | 58.3% | 9,009,237 | 58.8% |
| Scheduled regional/commuter | | | | | | | | | | |
| American Eagle | | | | | | | | | | |
| Piedmont | 1,172,067 | 7.7% | 918,638 | 6.2% | 694,448 | 4.4% | 708,011 | 4.6% | 792,688 | 5.2% |
| Republic | 1,063,517 | 7.0% | 864,036 | 5.8% | 1,326,308 | 8.5% | 1,529,350 | 10.0% | 1,462,890 | 9.6% |
| Air Wisconsin | 453,101 | 3.0% | 1,002,131 | 6.8% | 1,419,663 | 9.1% | 1,508,945 | 9.9% | 1,302,475 | 8.5% |
| PSA | 394,252 | 2.6% | 309,469 | 2.1% | 307,357 | 2.0% | 239,146 | 1.6% | 231,547 | 1.5% |
| Envoy | 16,635 | 0.1% | - | - | - | - | - | - | - | - |
| Mesa | - | - | - | - | - | - | 49,094 | 0.3% | 50,508 | 0.3% |
| Subtotal - American Eagle | 3,099,572 | 20.3% | 3,094,274 | 20.9% | 3,747,776 | 23.9% | 4,034,546 | 26.3% | 3,840,108 | 25.1% |
| Other | 222,087 | 1.5% | 257,068 | 1.7% | 227,752 | 1.5% | 315,442 | 2.1% | 434,826 | 2.8% |
| Subtotal - scheduled regional/commuter | 3,321,659 | 21.8% | 3,351,342 | 22.6% | 3,975,528 | 25.3% | 4,349,988 | 28.4% | 4,274,934 | 27.9% |
| Charter | 1,900 | 0.0% | 463 | 0.0% | 85 | 0.0% | 266 | 0.0% | 603 | 0.0% |
| Total - domestic | 13,372,943 | 87.7% | 12,775,958 | 86.3% | 13,484,253 | 86.0% | 13,272,717 | 86.7% | 13,284,774 | 86.7% |
| International | | | | | | | | | | |
| Scheduled | | | | | | | | | | |
| American | 1,228,549 | 8.1% | 1,378,328 | 9.3% | 1,536,251 | 9.8% | 1,424,940 | 9.3% | 1,472,915 | 9.6% |
| Air Canada - Sky Regional / Jazz Aviation | 93,978 | 0.6% | 77,018 | 0.5% | 61,797 | 0.4% | 56,038 | 0.4% | 56,524 | 0.4% |
| British | 88,688 | 0.6% | 118,177 | 0.8% | 128,290 | 0.8% | 120,461 | 0.8% | 112,422 | 0.7% |
| Piedmont | 73,803 | 0.5% | - | - | - | - | - | - | - | - |
| Lufthansa | 71,971 | 0.5% | 73,251 | 0.5% | 69,405 | 0.4% | 70,438 | 0.5% | 63,334 | 0.4% |
| Frontier | 67,467 | 0.4% | 68,053 | 0.5% | 80,497 | 0.5% | 35,937 | 0.2% | 23,108 | 0.2% |
| Air Wisconsin | 67,128 | 0.4% | 175,336 | 1.2% | 160,730 | 1.0% | 195,937 | 1.3% | 219,574 | 1.4% |
| Qatar | 66,047 | 0.4% | 52,728 | 0.4% | 61,745 | 0.4% | 57,650 | 0.4% | 18,299 | 0.1% |
| Republic | 64,517 | 0.4% | 36,300 | 0.2% | 62,725 | 0.4% | 59,107 | 0.4% | 45,726 | 0.3% |
| Delta | 29,362 | 0.2% | 45,046 | 0.3% | 35,045 | 0.2% | 18,784 | 0.1% | 15,473 | 0.1% |
| Aer Lingus | 10,951 | 0.1% | - | - | - | - | - | - | - | - |
| Icelandair | 9,690 | 0.1% | 2,806 | 0.0% | - | - | - | - | - | - |
| PSA | 217 | 0.0% | - | - | - | - | - | - | - | - |
| Subtotal - scheduled | 1,872,368 | 12.3% | 2,027,043 | 13.7% | 2,196,485 | 14.0% | 2,039,292 | 13.3% | 2,027,375 | 13.2% |
| Charter | 142 | 0.0% | 3,881 | 0.0% | 2,820 | 0.0% | 729 | 0.0% | 3,904 | 0.0% |
| Total - international | 1,872,510 | 12.3% | 2,030,924 | 13.7% | 2,199,305 | 14.0% | 2,040,021 | 13.3% | 2,031,279 | 13.3% |
| Grand total | 15,245,453 | 100.0% | 14,806,882 | 100.0% | 15,683,558 | 100.0% | 15,312,738 | 100.0% | 15,316,053 | 100.0% |

* Note: (1) Domestic and International Enplanements from 2010 through 2018 were restated.
(2) American and US Airways numbers combined for all previous years.
Source: City of Philadelphia

Exhibit S-9: Aircraft Operations by Airport
(By Fiscal Year)

PHL Takeoffs and landings

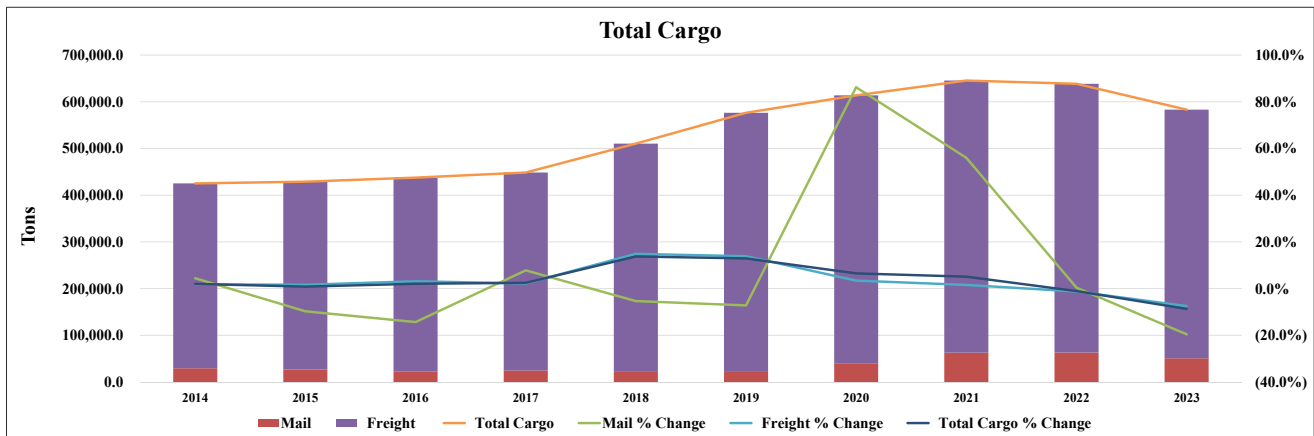
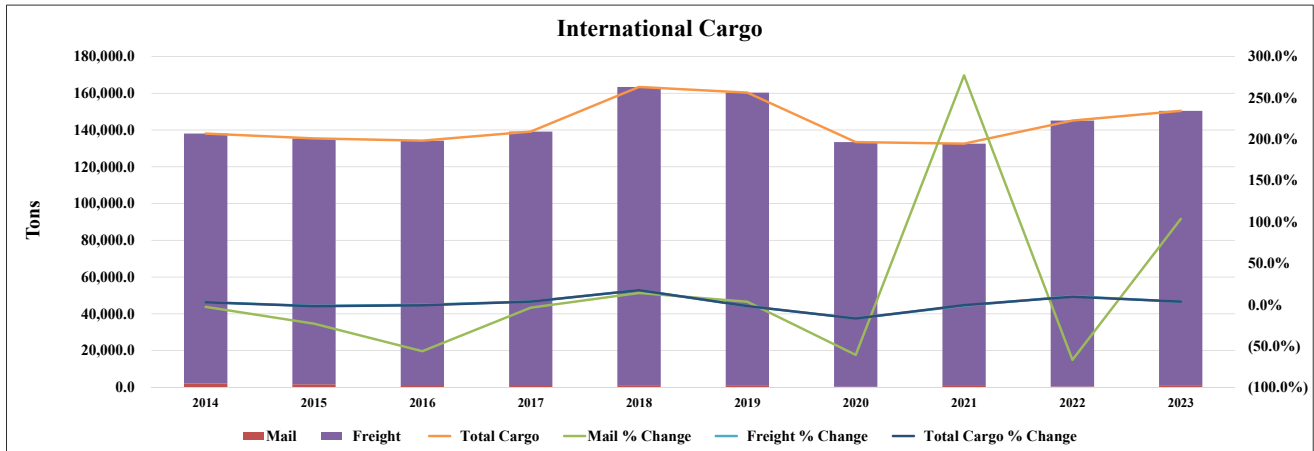
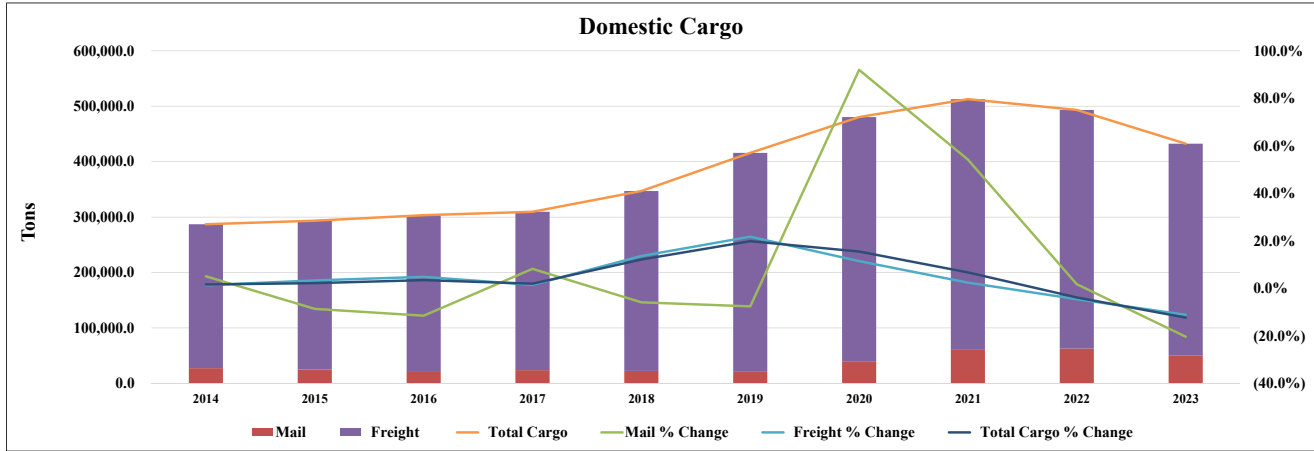
| Fiscal Year | Air Carrier | Commuter | General Aviation | Military | Total |
|--------------------|--------------------|-----------------|-------------------------|-----------------|----------------|
| 2023 | 216,138 | 57,223 | 13,063 | 635 | 287,059 |
| 2022 | 218,226 | 58,891 | 15,208 | 546 | 292,871 |
| 2021 | 165,542 | 41,985 | 10,941 | 334 | 218,802 |
| 2020 | 221,914 | 83,226 | 11,683 | 521 | 317,344 |
| 2019 | 263,684 | 107,327 | 14,644 | 457 | 386,112 |
| 2018 | 240,676 | 115,986 | 14,323 | 412 | 371,397 |
| 2017 | 222,618 | 141,120 | 14,184 | 412 | 378,334 |
| 2016 | 226,056 | 153,590 | 13,971 | 405 | 394,022 |
| 2015 | 237,788 | 161,386 | 14,548 | 399 | 414,121 |
| 2014 | 241,252 | 166,014 | 13,883 | 400 | 421,549 |

PNE Takeoffs and landings

| Fiscal Year | Air Carrier | Commuter | General Aviation | Military | Total |
|--------------------|--------------------|-----------------|-------------------------|-----------------|----------------|
| 2023 | 0 | 0 | 105,536 | 0 | 105,536 |
| 2022 | 0 | 0 | 88,108 | 0 | 88,108 |
| 2021 | 0 | 0 | 68,877 | 0 | 68,877 |
| 2020 | 0 | 0 | 68,059 | 0 | 68,059 |
| 2019 | 0 | 0 | 69,240 | 0 | 69,240 |
| 2018 | 0 | 0 | 55,817 | 0 | 55,817 |
| 2017 | 0 | 0 | 56,373 | 0 | 56,373 |
| 2016 | 0 | 0 | 54,222 | 0 | 54,222 |
| 2015 | 0 | 0 | 72,975 | 0 | 72,975 |
| 2014 | 0 | 0 | 71,723 | 0 | 71,723 |

Source: City of Philadelphia

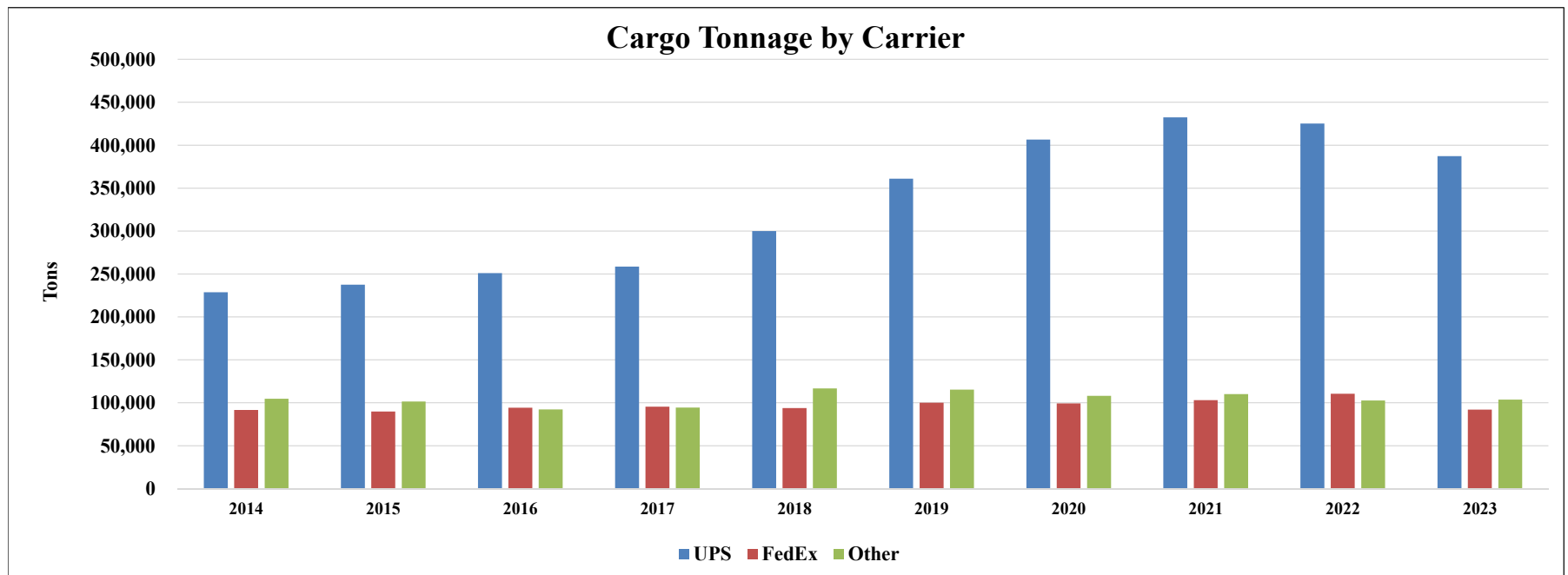
Exhibit S-10: Cargo Tonnage (By Fiscal Year)



Source: City of Philadelphia

Exhibit S-10: Cargo Tonnage by Carrier
(Continued, By Fiscal Year)

| Carrier | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 10-Year Annual Growth |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------------------|
| UPS | 228,810 | 237,529 | 251,080 | 258,615 | 299,905 | 360,955 | 406,468 | 432,363 | 425,238 | 387,222 | 5.40% |
| FedEx | 91,628 | 89,925 | 94,341 | 95,518 | 93,789 | 100,064 | 99,311 | 103,002 | 110,526 | 92,053 | 0.05% |
| Other | 104,768 | 101,421 | 92,337 | 94,535 | 116,736 | 115,252 | 108,061 | 110,042 | 102,706 | 103,757 | (0.10%) |
| Total | 425,206 | 428,875 | 437,758 | 448,668 | 510,430 | 576,271 | 613,840 | 645,407 | 638,470 | 583,032 | 4.15% |



Source: City of Philadelphia

* Other Airlines include commercial airlines and itinerant passenger & cargo airlines.

Exhibit S-11: Annual Revenues, Expenses And Changes In Fund Net Position
(By Fiscal Year)

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Operating revenues | | | | | | | | | | |
| Charges for goods and services (1) | \$ 117,738,063 | \$ 88,348,145 | \$ 89,659,933 | \$ 74,473,841 | \$ 120,832,729 | \$ 128,320,912 | \$ 104,531,921 | \$ 110,787,260 | \$ 100,619,746 | \$ 110,782,462 |
| Rentals and concessions (2) | 272,730,383 | 226,348,020 | 190,531,718 | 215,702,641 | 264,946,027 | 245,881,682 | 232,887,674 | 224,999,976 | 216,190,420 | 200,192,045 |
| Miscellaneous operating revenues | 5,519,145 | 6,506,559 | 8,232,303 | 5,228,340 | 5,292,986 | 5,367,810 | 4,200,936 | 5,009,010 | 5,554,490 | 4,439,768 |
| Total operating revenues | 395,987,591 | 321,202,724 | 288,423,954 | 295,404,822 | 391,071,742 | 379,570,404 | 341,620,531 | 340,796,246 | 322,364,656 | 315,414,275 |
| Operating expenses | | | | | | | | | | |
| Personal services | 77,025,555 | 76,875,953 | 74,137,016 | 86,385,831 | 81,052,522 | 79,223,366 | 73,776,022 | 69,283,424 | 70,424,997 | 65,636,270 |
| Purchase of services | 125,459,282 | 105,599,910 | 89,510,412 | 107,925,323 | 113,187,323 | 111,100,076 | 118,283,429 | 108,418,709 | 101,642,118 | 94,403,544 |
| Materials and supplies | 6,991,294 | 5,771,546 | 3,344,533 | 8,862,639 | 8,202,311 | 9,805,303 | 5,156,099 | 6,944,528 | 8,669,852 | 8,927,068 |
| Employee benefits | 30,882,367 | 38,727,161 | 49,041,023 | 66,409,686 | 64,803,539 | 60,602,579 | 61,939,679 | 57,854,677 | 52,106,797 | 65,665,321 |
| Indemnities and taxes | 5,720,319 | 4,890,371 | 5,363,423 | 5,524,518 | 5,773,036 | 1,966,973 | 5,196,986 | 1,695,946 | 1,839,638 | 1,108,774 |
| Depreciation and amortization | 121,461,807 | 114,216,869 | 106,538,446 | 102,393,319 | 100,679,051 | 112,033,607 | 101,109,005 | 101,909,394 | 98,125,419 | 99,707,937 |
| Total operating expenses | 367,540,624 | 346,081,810 | 327,934,853 | 377,501,316 | 373,697,782 | 374,731,904 | 365,461,220 | 346,106,678 | 332,808,821 | 335,448,914 |
| Operating income (loss) | 28,446,967 | (24,879,086) | (39,510,899) | (82,096,494) | 17,373,960 | 4,838,500 | (23,840,689) | (5,310,432) | (10,444,165) | (20,034,639) |
| Non-operating revenues (expenses) | | | | | | | | | | |
| Federal, state and local grants | 75,823,191 | 54,629,330 | 64,397,829 | 57,639,261 | 1,463,277 | 1,672,222 | 2,488,459 | 1,621,300 | 1,885,786 | 2,483,722 |
| Interest income | 37,193,517 | (8,753,241) | 1,590,956 | 25,343,078 | 23,582,264 | 9,836,271 | 3,786,077 | 2,658,109 | 363,206 | 1,076,392 |
| Debt service, interest | (50,887,442) | (50,701,730) | (50,324,133) | (59,289,830) | (57,032,860) | (68,195,690) | (54,271,038) | (54,003,323) | (41,428,793) | (40,966,678) |
| Other revenue (expenses) | 68,134 | (859,037) | 103,355 | (50,338) | 2,476,639 | 3,000,000 | - | - | - | - |
| Gain/(Loss) on disposal of property, net | (107,427) | 59,702 | 121,046 | (307,101) | 51,887 | (59,048) | (122,785) | (67,463) | (69,113) | (75,920) |
| Customer facility charges | 20,498,480 | 12,230,510 | 10,560,880 | 24,636,032 | 31,080,128 | 30,440,208 | 30,875,320 | 31,934,786 | 29,933,177 | 4,857,600 |
| Passenger facility charges | 53,393,051 | 48,553,346 | 30,032,505 | 46,749,088 | 64,031,965 | 61,067,558 | 59,384,648 | 60,920,335 | 61,180,724 | 60,653,369 |
| Total non-operating revenues (expenses) | 135,981,504 | 55,158,880 | 56,482,438 | 94,720,190 | 65,653,300 | 37,761,521 | 42,140,681 | 43,063,744 | 51,864,987 | 28,028,485 |
| Gain (Loss) before capital contributions | 164,428,471 | 30,279,794 | 16,971,539 | 12,623,696 | 83,027,260 | 42,600,021 | 18,299,992 | 37,753,312 | 41,420,822 | 7,993,846 |
| Capital contributions | | | | | | | | | | |
| Federal, state and local grants | 44,636,923 | 22,455,409 | 29,318,006 | 20,327,935 | 22,238,626 | 19,583,401 | 9,566,140 | 24,203,573 | 35,549,920 | 20,046,410 |
| Contributed assets | - | 49,049,602 | - | - | - | - | - | - | - | - |
| Total capital contributions | 44,636,923 | 71,505,011 | 29,318,006 | 20,327,935 | 22,238,626 | 19,583,401 | 9,566,140 | 24,203,573 | 35,549,920 | 20,046,410 |
| Increase (decrease) in net position | \$ 209,065,394 | \$ 101,784,805 | \$ 46,289,545 | \$ 32,951,631 | \$ 105,265,886 | \$ 62,183,422 | \$ 27,866,132 | \$ 61,956,885 | \$ 76,970,742 | \$ 28,040,256 |
| Net position beginning of period | 1,165,798,302 | 1,064,013,497 | 1,017,723,952 | 993,543,168 | 888,277,282 | 894,083,996 | 866,217,864 | 804,260,979 | 894,969,059 | 866,928,803 |
| Adjustment | - | - | - | (8,770,847) | - | (67,990,136) | - | - | (167,678,822) | - |
| Net position end of period | \$ 1,374,863,696 | \$ 1,165,798,302 | \$ 1,064,013,497 | \$ 1,017,723,952 | \$ 993,543,168 | \$ 888,277,282 | \$ 894,083,996 | \$ 866,217,864 | \$ 804,260,979 | \$ 894,969,059 |

* Related to the adoption of GASB 65

Source: City of Philadelphia, Financial Statements

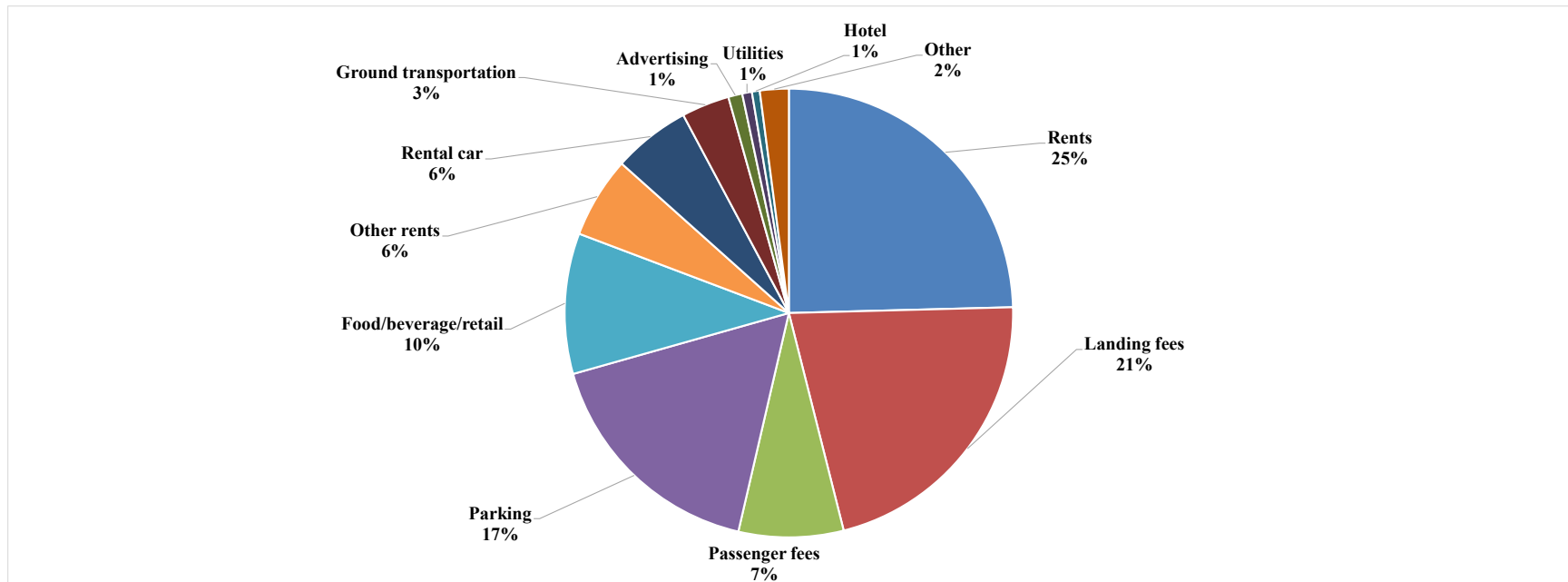
(1) Charges for goods and services are comprised of airline revenues, specifically landing fees and international arrival fees, and non-airline revenues, specifically utilities and other fees.

(2) Rental and concessions are comprised of airline revenues, specifically rents, and non-airline revenues, specifically concessions, and other rents.

Exhibit S-12: Operating Revenues by Source (By Fiscal Year)

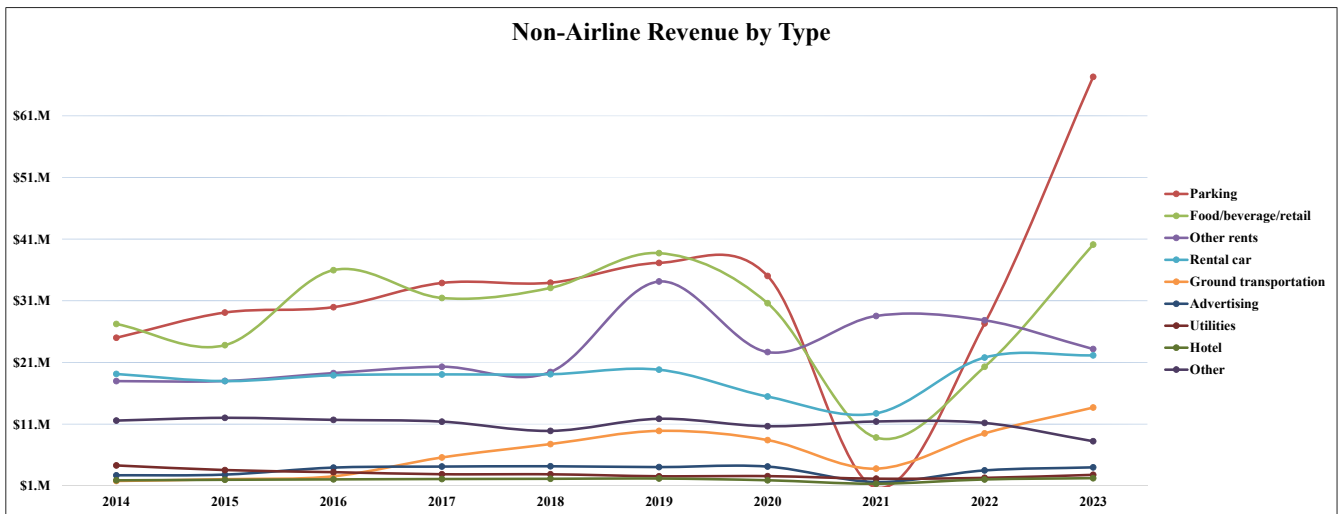
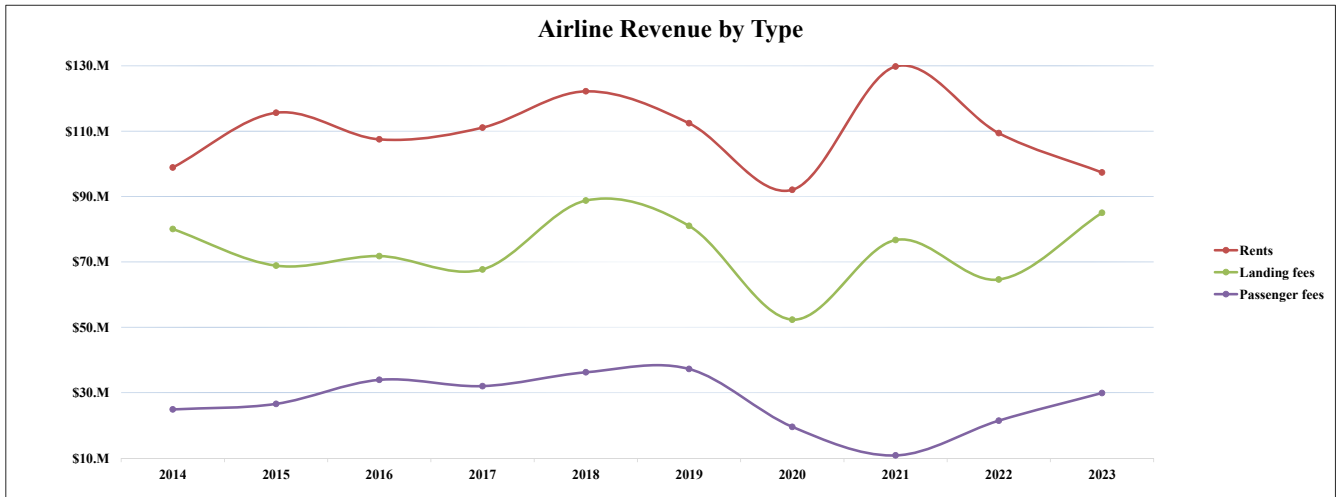
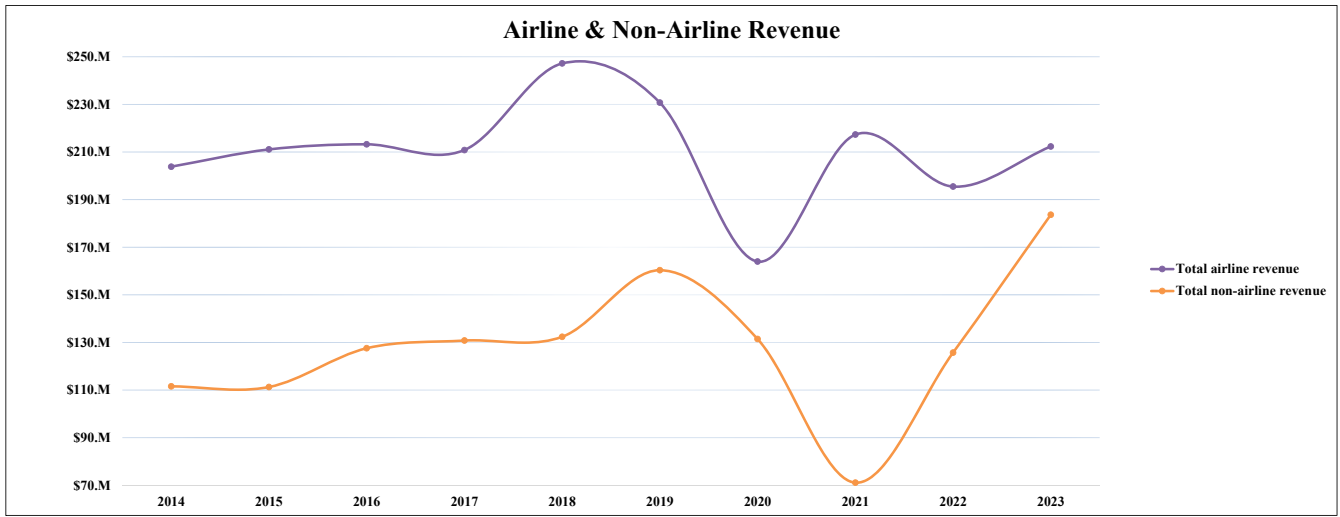
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 10-Year Annual Growth |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Airline revenue | | | | | | | | | | | |
| Rents | \$ 97,367,383 | \$ 109,403,014 | \$ 129,802,226 | \$ 92,060,092 | \$ 112,437,578 | \$ 122,195,881 | \$ 111,099,652 | \$ 107,504,766 | \$ 115,637,922 | \$ 98,895,068 | (0.16%) |
| Landing fees | 85,050,216 | 64,622,330 | 76,702,244 | 52,351,021 | 81,040,660 | 88,769,632 | 67,710,165 | 71,796,365 | 68,868,068 | 80,068,379 | 0.61% |
| Passenger fees | 29,913,198 | 21,443,817 | 10,805,851 | 19,556,454 | 37,249,170 | 36,228,901 | 32,017,978 | 33,927,721 | 26,573,596 | 24,873,375 | 1.86% |
| Total airline revenue | 212,330,797 | 195,469,161 | 217,310,321 | 163,967,567 | 230,727,408 | 247,194,414 | 210,827,795 | 213,228,852 | 211,079,586 | 203,836,822 | 0.41% |
| Non-airline revenue | | | | | | | | | | | |
| Parking | 67,320,671 | 27,317,434 | 723,814 | 35,023,752 | 37,151,976 | 33,620,940 | 33,892,719 | 29,968,056 | 29,090,299 | 25,000,777 | 10.41% |
| Food/beverage/retail | 40,109,571 | 20,297,188 | 8,818,108 | 30,613,092 | 38,725,616 | 33,082,150 | 31,458,225 | 35,971,023 | 23,802,476 | 27,241,432 | 3.94% |
| Other rents | 23,172,362 | 27,831,622 | 28,538,257 | 22,686,419 | 34,128,018 | 19,456,269 | 20,309,076 | 19,279,017 | 17,990,122 | 17,972,046 | 2.57% |
| Rental car | 22,151,743 | 21,798,300 | 12,738,457 | 15,473,293 | 19,821,992 | 19,088,359 | 19,057,032 | 18,925,037 | 17,972,921 | 19,129,901 | 1.48% |
| Ground transportation | 13,685,107 | 9,501,287 | 3,776,497 | 8,410,149 | 9,905,712 | 7,759,709 | 5,589,833 | 2,539,609 | 2,069,814 | 1,777,269 | 22.64% |
| Advertising | 3,987,362 | 3,490,755 | 1,612,088 | 4,111,262 | 4,031,350 | 4,165,545 | 4,113,665 | 3,948,970 | 2,814,100 | 2,700,000 | 3.98% |
| Utilities | 2,774,649 | 2,281,998 | 2,151,838 | 2,566,366 | 2,542,899 | 2,862,116 | 2,872,521 | 3,207,446 | 3,548,830 | 4,300,906 | (4.29%) |
| Hotel | 2,233,032 | 2,028,244 | 1,328,618 | 1,896,680 | 2,174,191 | 2,131,110 | 2,095,984 | 2,036,604 | 1,972,306 | 1,881,380 | 1.73% |
| Other | 8,222,297 | 11,186,735 | 11,425,956 | 10,656,242 | 11,862,580 | 10,209,792 | 11,403,680 | 11,691,632 | 12,024,202 | 11,573,742 | (3.36%) |
| Total non-airline revenue | 183,656,794 | 125,733,563 | 71,113,633 | 131,437,255 | 160,344,334 | 132,375,990 | 130,792,736 | 127,567,394 | 111,285,070 | 111,577,453 | 5.11% |
| Total operating revenues | \$ 395,987,591 | \$ 321,202,724 | \$ 288,423,954 | \$ 295,404,822 | \$ 391,071,742 | \$ 379,570,404 | \$ 341,620,531 | \$ 340,796,246 | \$ 322,364,656 | \$ 315,414,275 | 2.30% |

2023 Revenues by Source



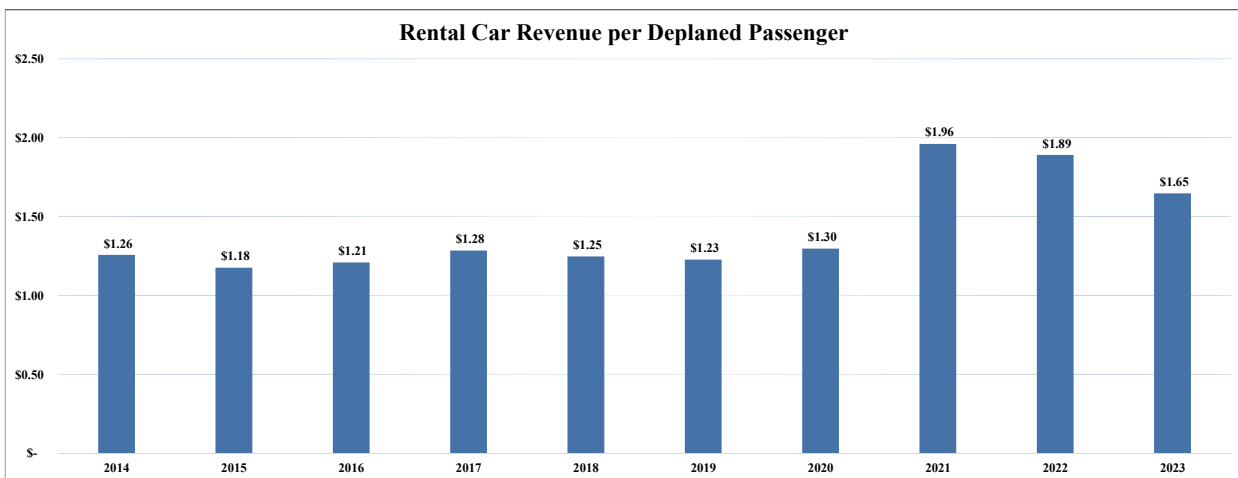
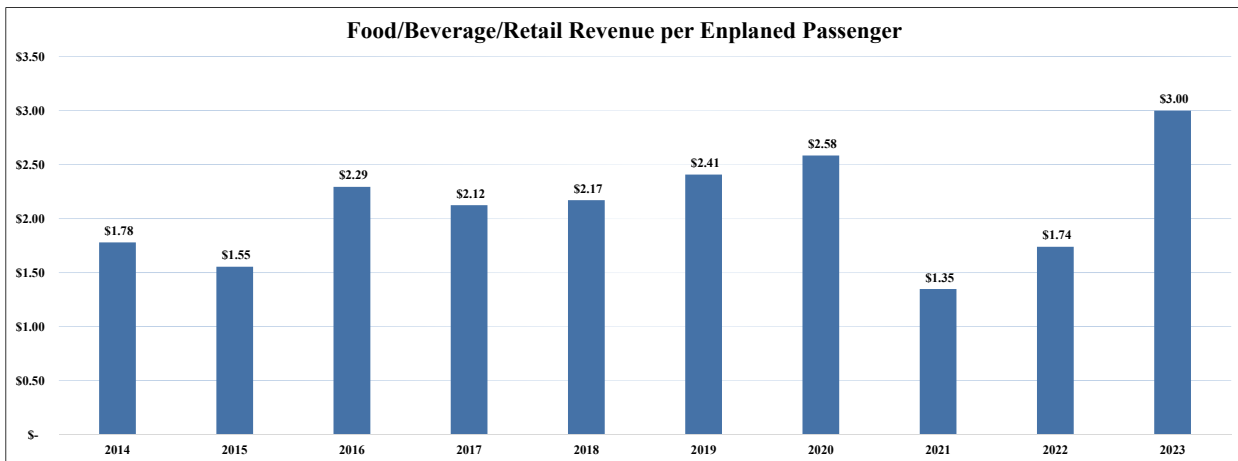
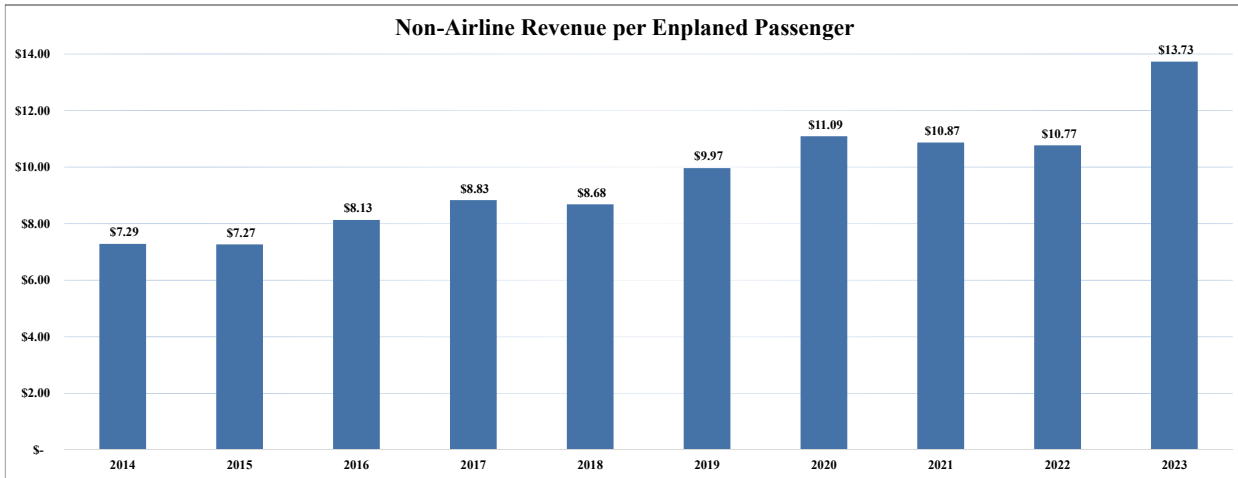
Source: City of Philadelphia

Exhibit S-12: Operating Revenues by Source (Continued, By Fiscal Year)



Source: City of Philadelphia

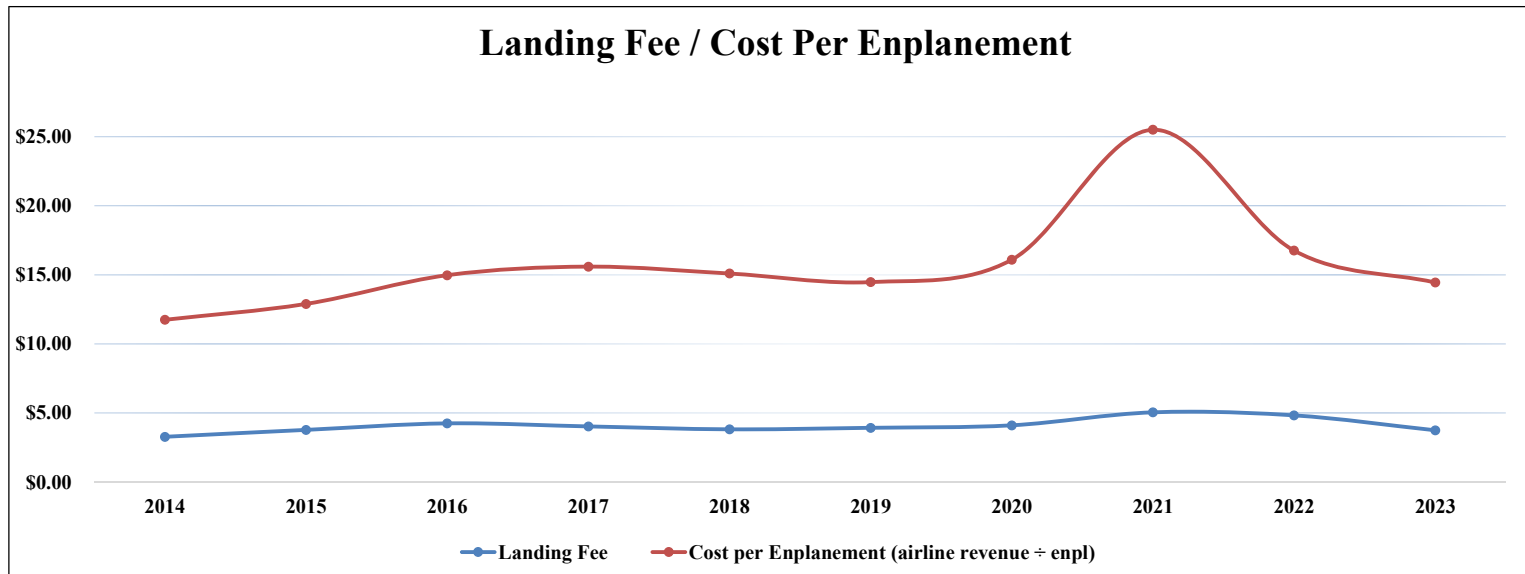
Exhibit S-12: Revenues by Source
(Continued, by Fiscal Year)



Source: City of Philadelphia

Exhibit S-13: Scheduled Rates and Charges
(By Fiscal Year)

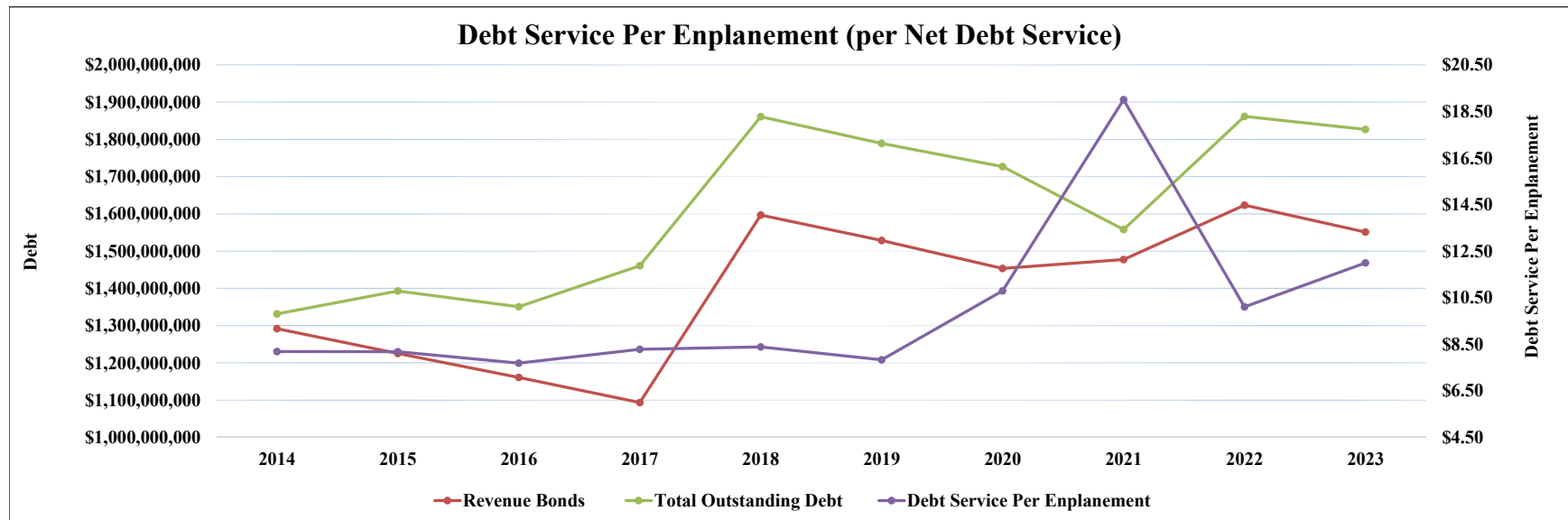
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Signatory airline rates & charges | | | | | | | | | | |
| Landing fee rate (per 1,000 pounds) | \$ 3.74 | \$ 4.82 | \$ 5.04 | \$ 4.10 | \$ 3.92 | \$ 3.81 | \$ 4.02 | \$ 4.24 | \$ 3.77 | \$ 3.27 |
| Terminal rental rates (per square foot) | | | | | | | | | | |
| Type 1 - Ticket counter and ticket counter offices | \$ 190.49 | \$ 194.18 | \$ 196.44 | \$ 197.69 | \$ 219.02 | \$ 232.51 | \$ 241.74 | \$ 223.11 | \$ 195.38 | \$ 184.28 |
| Type 2 - Hold rooms, baggage claim area, baggage claim offices, airline lounge, airline space | \$ 142.86 | \$ 145.64 | \$ 147.33 | \$ 148.27 | \$ 164.26 | \$ 174.38 | \$ 181.30 | \$ 167.34 | \$ 146.54 | \$ 138.21 |
| Type 3 - Airline operations space, baggage makeup space, inbound baggage | \$ 95.24 | \$ 97.09 | \$ 98.22 | \$ 98.84 | \$ 109.51 | \$ 116.25 | \$ 120.87 | \$ 111.56 | \$ 97.69 | \$ 92.14 |
| Type 4 - FIS Area, cart tunnel/baggage recheck | \$ 47.62 | \$ 48.55 | \$ 49.11 | \$ 49.42 | \$ 54.75 | \$ 58.13 | \$ 60.43 | \$ 55.78 | \$ 48.85 | \$ 46.07 |
| Ramp area rental rate (per linear foot) | n/a | \$ 22.29 | \$ 10.10 | \$ 25.33 | \$ 22.37 | \$ 16.30 | \$ (8.60) | \$ 87.82 | \$ 71.35 | \$ 81.79 |
| International common use fees (per passenger) | | | | | | | | | | |
| Enplaning area fee | \$ 4.05 | \$ 5.52 | \$ 8.57 | \$ 3.62 | \$ 4.75 | \$ 5.41 | \$ 5.11 | \$ 4.93 | \$ 4.10 | \$ 4.19 |
| Deplaning area fee | \$ 3.93 | \$ 5.52 | \$ 8.57 | \$ 3.46 | \$ 4.61 | \$ 5.16 | \$ 5.10 | \$ 4.82 | \$ 4.18 | \$ 4.10 |
| FIS Area fee | \$ 5.96 | \$ 5.28 | \$ 8.21 | \$ 5.21 | \$ 6.31 | \$ 7.21 | \$ 6.10 | \$ 4.96 | \$ 3.98 | \$ 3.30 |
| Ticket counter area fee | \$ 1.60 | \$ 1.63 | \$ 2.53 | \$ 1.79 | \$ 1.98 | \$ 1.72 | \$ 1.79 | \$ 1.98 | \$ 1.73 | \$ 1.63 |
| Passenger facility charges (per ticket sold) | \$ 4.50 | \$ 4.50 | \$ 4.50 | \$ 4.50 | \$ 4.50 | \$ 4.50 | \$ 4.50 | \$ 4.50 | \$ 4.50 | \$ 4.50 |
| Cost per enplanement | \$ 14.44 | \$ 16.75 | \$ 25.50 | \$ 16.09 | \$ 14.47 | \$ 15.09 | \$ 15.59 | \$ 14.97 | \$ 12.89 | \$ 11.74 |



Source: City of Philadelphia

Exhibit S-14: Ratios of Outstanding Debt (By Fiscal Year)

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Outstanding debt by type | | | | | | | | | | |
| Revenue bonds payable, net | \$ 1,551,208,676 | \$ 1,623,461,203 | \$ 1,477,497,285 | \$ 1,453,462,105 | \$ 1,528,355,631 | \$ 1,596,864,911 | \$ 1,093,534,740 | \$ 1,160,904,087 | \$ 1,225,329,622 | \$ 1,291,748,241 |
| General obligation bonds payable, net | - | - | - | - | - | - | - | - | - | - |
| Commercial paper | 165,343,000 | 125,343,000 | 80,343,000 | 155,262,000 | 140,262,000 | 141,162,000 | 242,100,000 | 189,900,000 | 167,600,000 | 39,700,000 |
| Taxable revenue note | 110,220,000 | 112,930,000 | - | 118,040,000 | 120,450,000 | 122,770,000 | 125,000,000 | - | - | - |
| Total outstanding debt | \$ 1,826,771,676 | \$ 1,861,734,203 | \$ 1,557,840,285 | \$ 1,726,764,105 | \$ 1,789,067,631 | \$ 1,860,796,911 | \$ 1,460,634,740 | \$ 1,350,804,087 | \$ 1,392,929,622 | \$ 1,331,448,241 |
| Debt factors | | | | | | | | | | |
| Enplaned passengers | 13,374,796 | 11,675,322 | 6,542,642 | 11,847,407 | 16,088,424 | 15,245,453 | 14,806,882 | 15,683,558 | 15,312,738 | 15,316,053 |
| Operating revenue | \$ 395,987,591 | \$ 321,202,724 | \$ 288,423,954 | \$ 295,404,822 | \$ 391,071,742 | \$ 379,570,404 | \$ 341,620,531 | \$ 340,796,245 | \$ 322,364,656 | \$ 315,414,275 |
| Total assets | \$ 3,802,378,568 | \$ 3,580,659,536 | \$ 3,165,900,775 | \$ 3,177,840,858 | \$ 3,179,048,877 | \$ 3,130,503,695 | \$ 2,663,111,931 | \$ 2,502,763,258 | \$ 2,470,974,676 | \$ 2,305,749,387 |
| Total MSA population* | 6,241,164 | 6,241,164 | 6,228,601 | 6,102,434 | 6,096,372 | 6,096,120 | 6,096,120 | 6,077,152 | 6,066,589 | 6,053,028 |
| Ratios | | | | | | | | | | |
| Outstanding debt per enplaned passenger | \$ 136.58 | \$ 159.46 | \$ 238.11 | \$ 145.75 | \$ 111.20 | \$ 122.06 | \$ 98.65 | \$ 86.13 | \$ 90.97 | \$ 86.93 |
| Outstanding debt to operating revenue | \$ 4.61 | \$ 5.80 | \$ 5.40 | \$ 5.85 | \$ 4.57 | \$ 4.90 | \$ 4.28 | \$ 3.96 | \$ 4.32 | \$ 4.22 |
| Outstanding debt to total assets | \$ 0.48 | \$ 0.52 | \$ 0.49 | \$ 0.54 | \$ 0.56 | \$ 0.59 | \$ 0.55 | \$ 0.54 | \$ 0.56 | \$ 0.58 |
| Outstanding debt per capita | \$ 292.70 | \$ 298.30 | \$ 250.11 | \$ 282.96 | \$ 293.46 | \$ 305.24 | \$ 239.60 | \$ 222.28 | \$ 229.61 | \$ 219.96 |



* 2023 data is not available

All other MSA data source: U.S. Census Bureau, Population Division

Non-MSA data source: City of Philadelphia

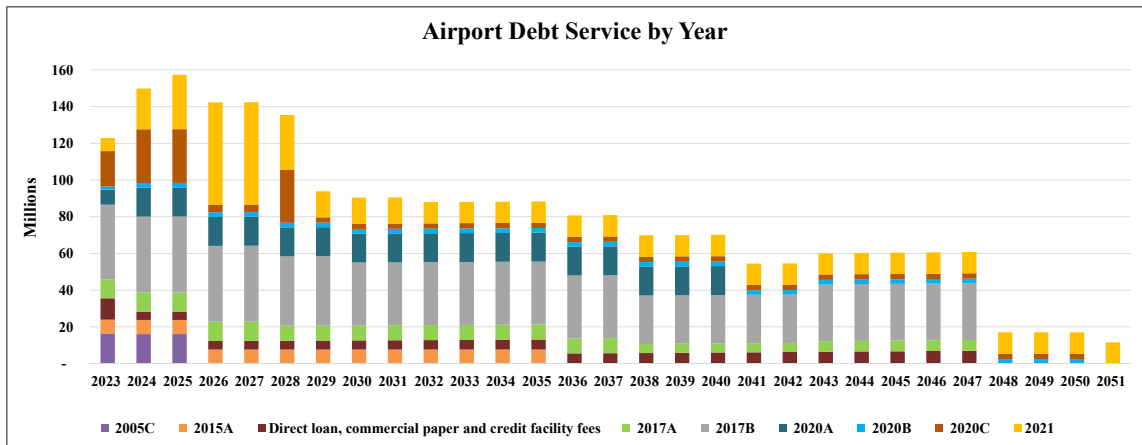
Exhibit S-15: Pledged Debt Service Coverage
(By Fiscal Year)

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Amounts available for debt service | | | | | | | | | | |
| Fund balance | \$ 173,724,277 | \$ 173,724,277 | \$ 160,842,939 | \$ 144,218,209 | \$ 126,824,322 | \$ 107,819,701 | \$ 87,875,140 | \$ 71,220,305 | \$ 66,340,425 | \$ 66,542,146 |
| Project revenues | 535,574,815 | 355,962,610 | 331,828,680 | 390,167,827 | 393,443,075 | 381,668,041 | 362,065,094 | 341,249,876 | 322,846,631 | 316,893,125 |
| Passenger facility charges | 25,625,000 | 31,976,000 | 49,620,818 | 31,199,992 | 31,188,782 | 31,201,355 | 33,692,950 | 31,176,287 | 31,169,120 | 31,168,394 |
| 1 | 734,924,092 | 561,662,887 | 542,292,437 | 565,586,028 | 551,456,179 | 520,689,097 | 483,633,184 | 443,646,468 | 420,356,176 | 414,603,665 |
| Total expenses | | | | | | | | | | |
| 2 Net operating expenses* | 149,255,205 | 149,981,739 | 130,128,359 | 151,738,808 | 161,160,835 | 150,971,582 | 136,747,633 | 132,649,211 | 125,966,943 | 117,782,250 |
| Interdepartmental charges | 117,592,574 | 103,006,532 | 109,798,278 | 123,017,460 | 121,054,115 | 116,749,066 | 116,753,148 | 106,775,414 | 108,692,423 | 103,902,286 |
| 3 | 266,847,779 | 252,988,271 | 239,926,637 | 274,756,268 | 282,214,950 | 267,720,648 | 253,500,781 | 239,424,625 | 234,659,366 | 221,684,536 |
| Funds available for debt service coverage | | | | | | | | | | |
| 4 Revenue bonds (Line 1 - Line 2) | 585,668,887 | 411,681,148 | 412,164,078 | 413,847,220 | 390,295,344 | 369,717,515 | 346,885,551 | 310,997,257 | 294,389,233 | 296,821,415 |
| 5 All bonds (Line 1 - Line 3) | 468,076,313 | 308,674,616 | 302,365,800 | 290,829,760 | 269,241,229 | 252,968,449 | 230,132,403 | 204,221,843 | 185,696,810 | 192,919,129 |
| Debt service | | | | | | | | | | |
| Revenue bonds | | | | | | | | | | |
| Series 1995 | - | - | - | - | - | - | - | - | - | - |
| Series 1997A | - | - | - | - | - | - | - | - | - | - |
| Series 1997B | - | - | - | - | - | - | - | - | - | - |
| Series 1998A | - | - | - | - | - | - | - | - | - | - |
| Series 1998 PAID | - | - | - | - | - | 5,019 | 256 | 257 | 250 | 256 |
| Series 2001 PAID | - | - | - | - | - | - | - | - | - | - |
| Series 2001B | - | - | - | - | - | - | - | - | - | - |
| Series 2005A | - | - | - | - | - | - | - | - | 8,127,118 | 8,318,454 |
| Series 2005B | - | - | - | - | - | - | - | - | - | - |
| Series 2005C | 16,427,227 | 16,143,944 | 15,410,326 | 14,303,578 | 15,798,022 | 16,506,573 | 15,816,253 | 15,510,902 | 15,321,233 | 15,525,161 |
| Series 2007A | - | - | - | - | - | 3,669,500 | 11,780,500 | 11,677,215 | 11,513,459 | 11,775,999 |
| Series 2007B | - | - | - | - | - | 1,169,625 | 6,933,000 | 6,872,668 | 6,773,572 | 6,928,249 |
| Series 2009A | - | - | - | - | - | 814,652 | 3,745,704 | 3,717,417 | 3,663,031 | 3,746,016 |
| Series 2010A | - | - | - | 18,207,471 | 18,527,965 | 18,665,713 | 18,668,963 | 18,508,796 | 18,248,041 | 17,046,190 |
| Series 2010B | - | - | - | - | - | - | - | - | 5,444,908 | 5,572,999 |
| Series 2010C | - | - | - | - | - | 9,444,750 | 9,448,250 | 9,361,206 | 9,237,111 | 9,444,749 |
| Series 2010D | - | - | - | 25,738,362 | 26,192,436 | 26,392,200 | 26,404,199 | 26,164,179 | 25,795,633 | 26,388,847 |
| Series 2011A | - | - | 15,003,181 | 14,985,877 | 15,228,633 | 15,356,406 | 15,340,656 | 15,203,315 | 14,973,955 | 15,319,405 |
| Series 2011B | - | - | 2,524,717 | 2,528,576 | 2,568,328 | 2,590,019 | 2,594,019 | 2,569,120 | 2,534,670 | 2,593,018 |
| Series 2015A | 7,538,864 | 7,553,570 | 7,473,679 | 7,479,890 | 7,610,344 | 7,663,150 | 7,668,550 | 7,734,447 | - | - |
| Series 2017A | 10,311,081 | 10,333,631 | 10,220,860 | 10,104,784 | 9,184,483 | 5,045,809 | - | - | - | - |
| Series 2017B | 40,650,056 | 40,746,423 | 40,308,690 | 24,354,513 | 20,980,992 | 12,681,150 | - | - | - | - |
| Series 2020A | 8,274,541 | 8,295,010 | 5,994,503 | - | - | - | - | - | - | - |
| Series 2020B | 1,587,569 | 1,591,743 | 1,151,786 | - | - | - | - | - | - | - |
| Series 2020C | 19,312,113 | 19,362,596 | 18,767,858 | - | - | - | - | - | - | - |
| Series 2021 | 7,200,654 | 5,936,762 | - | - | - | - | - | - | - | - |
| Direct loan, commercial paper and credit facility fees | 49,119,144 | 8,024,984 | 7,474,902 | 10,207,036 | 9,916,060 | 7,785,739 | 4,195,981 | 3,275,822 | 3,615,367 | 2,737,987 |
| 6 Net revenue bond debt service | 160,421,250 | 117,988,661 | 124,330,503 | 127,910,086 | 126,007,263 | 127,790,305 | 122,596,331 | 120,595,344 | 125,248,348 | 125,397,330 |
| General obligation bonds | - | - | - | - | - | - | - | - | - | - |
| 7 Total net debt service | \$ 160,421,250 | \$ 117,988,661 | \$ 124,330,503 | \$ 127,910,086 | \$ 126,007,263 | \$ 127,790,305 | \$ 122,596,331 | \$ 120,595,344 | \$ 125,248,348 | \$ 125,397,330 |
| Debt service coverage | | | | | | | | | | |
| Revenue bonds only - Test "1" (Line 4/Line 6) | 3.65 | 3.49 | 3.32 | 3.24 | 3.10 | 2.89 | 2.83 | 2.58 | 2.35 | 2.37 |
| Total debt service - Test "2" (Line 5/Line 7) | 2.92 | 2.62 | 2.43 | 2.27 | 2.14 | 1.98 | 1.88 | 1.69 | 1.48 | 1.54 |

* Includes required Renewal Fund deposits

Exhibit S-16: Airport Debt Service by Year (By Fiscal Year)

| Year | 2005C | 2015A | Direct loan, commercial paper and credit facility fees | 2017A | 2017B | 2020A | 2020B | 2020C | 2021 | Total |
|------|------------|------------|--|-------------|-------------|-------------|------------|-------------|-------------|---------------|
| 2023 | 16,427,227 | 7,538,864 | 11,619,144 | 10,311,081 | 40,650,056 | 8,274,541 | 1,587,569 | 19,312,113 | 7,200,654 | 122,921,250 |
| 2024 | 16,104,510 | 7,666,700 | 4,487,629 | 10,488,294 | 41,344,500 | 15,775,950 | 2,479,450 | 29,317,650 | 22,179,750 | 149,844,432 |
| 2025 | 16,108,690 | 7,665,450 | 4,559,962 | 10,476,794 | 41,348,000 | 15,777,950 | 2,475,950 | 29,310,900 | 29,614,000 | 157,337,696 |
| 2026 | - | 7,663,450 | 4,630,555 | 10,487,794 | 41,348,000 | 15,776,450 | 2,480,450 | 4,230,150 | 55,697,000 | 142,313,849 |
| 2027 | - | 7,665,200 | 4,704,409 | 10,479,544 | 41,342,500 | 15,775,700 | 2,477,450 | 4,231,150 | 55,706,750 | 142,382,703 |
| 2028 | - | 7,669,950 | 4,786,447 | 8,167,294 | 37,814,500 | 15,779,700 | 2,477,200 | 29,009,400 | 29,684,750 | 135,389,241 |
| 2029 | - | 7,661,950 | 4,866,518 | 8,165,544 | 37,817,750 | 15,777,200 | 2,479,450 | 2,930,900 | 14,182,250 | 93,881,562 |
| 2030 | - | 7,671,200 | 4,954,622 | 8,168,794 | 34,252,000 | 15,772,450 | 2,478,950 | 2,931,400 | 14,177,750 | 90,407,166 |
| 2031 | - | 7,671,200 | 5,040,608 | 8,166,294 | 34,263,500 | 15,779,450 | 2,475,700 | 2,928,900 | 14,182,500 | 90,508,152 |
| 2032 | - | 7,663,600 | 5,134,476 | 8,167,794 | 34,260,000 | 15,771,450 | 2,479,700 | 2,933,400 | 11,595,250 | 88,005,669 |
| 2033 | - | 7,669,000 | 5,231,074 | 8,167,544 | 34,260,250 | 15,777,950 | 2,475,450 | 2,929,400 | 11,594,750 | 88,105,418 |
| 2034 | - | 7,667,750 | 5,330,327 | 8,170,044 | 34,262,000 | 15,776,150 | 2,476,650 | 2,931,600 | 11,592,250 | 88,206,771 |
| 2035 | - | 7,665,000 | 5,432,159 | 8,167,744 | 34,263,000 | 15,777,400 | 2,475,650 | 2,931,400 | 11,592,250 | 88,304,603 |
| 2036 | - | - | 5,541,495 | 8,168,681 | 34,261,000 | 15,773,600 | 2,477,450 | 2,933,800 | 11,594,000 | 80,750,026 |
| 2037 | - | - | 5,653,183 | 8,164,150 | 34,263,750 | 15,770,000 | 2,476,850 | 2,933,600 | 11,591,750 | 80,853,283 |
| 2038 | - | - | 5,772,148 | 4,941,750 | 26,363,500 | 15,770,800 | 2,478,850 | 2,930,800 | 11,591,350 | 69,849,198 |
| 2039 | - | - | 5,893,238 | 4,942,250 | 26,362,750 | 15,775,000 | 2,478,250 | 2,930,400 | 11,591,150 | 69,973,038 |
| 2040 | - | - | 6,016,377 | 4,940,500 | 26,363,500 | 15,771,600 | 2,480,050 | 2,932,200 | 11,595,750 | 70,099,977 |
| 2041 | - | - | 6,151,491 | 4,941,250 | 26,358,750 | - | 2,479,050 | 2,931,000 | 11,594,550 | 54,456,091 |
| 2042 | - | - | 6,288,351 | 4,939,000 | 26,361,750 | - | 2,478,700 | 2,931,800 | 11,592,350 | 54,591,951 |
| 2043 | - | - | 6,426,883 | 5,788,500 | 30,905,000 | - | 2,476,700 | 2,929,400 | 11,593,750 | 60,120,233 |
| 2044 | - | - | 6,577,011 | 5,791,750 | 30,904,250 | - | 2,478,050 | 2,933,800 | 11,593,150 | 60,278,011 |
| 2045 | - | - | 6,728,508 | 5,788,500 | 30,903,000 | - | 2,477,600 | 2,929,600 | 11,595,150 | 60,422,358 |
| 2046 | - | - | 6,891,298 | 5,793,500 | 30,903,250 | - | 2,475,350 | 2,932,000 | 11,594,150 | 60,589,548 |
| 2047 | - | - | 7,055,154 | 5,790,750 | 30,906,750 | - | 2,476,300 | 2,930,600 | 11,594,750 | 60,754,304 |
| 2048 | - | - | - | - | - | - | 2,480,300 | 2,930,400 | 11,595,500 | 17,006,200 |
| 2049 | - | - | - | - | - | - | 2,477,200 | 2,931,200 | 11,593,500 | 17,001,900 |
| 2050 | - | - | - | - | - | - | 2,477,150 | 2,932,800 | 11,592,750 | 17,002,700 |
| 2051 | - | - | - | - | - | - | - | - | 11,592,000 | 11,592,000 |
| | 48,640,427 | 99,539,314 | 145,773,064 | 187,575,138 | 842,083,306 | 276,453,341 | 68,487,469 | 179,901,763 | 474,495,504 | 2,322,949,326 |



Sources: City of Philadelphia, Schedule of Rate Covenant Compliance (2021)
Frasca & Associates, LLC (2022 and forward)

Exhibit S-17: Current Top 30 Passenger Origination and Destination Markets
(By Fiscal Year)

| Domestic | | |
|-----------------------------------|-----------------|------------------|
| 2023 Market | Distance | Daily Pax |
| Orlando, Florida | 861 | 2,214 |
| Atlanta, Georgia | 665 | 1,295 |
| Fort Lauderdale, Florida | 992 | 918 |
| Los Angeles, California | 2,401 | 886 |
| Chicago-O'Hare, Illinois | 678 | 860 |
| Tampa, Florida | 920 | 821 |
| Boston, Massachusetts | 280 | 814 |
| Miami, Florida | 1,013 | 808 |
| Dallas/Fort Worth, Texas | 1,302 | 784 |
| Denver, Colorado | 1,557 | 745 |
| Las Vegas, Nevada | 2,176 | 672 |
| Nashville, Tennessee | 675 | 578 |
| San Juan, Puerto Rico | 1,576 | 578 |
| Phoenix, Arizona | 2,075 | 577 |
| San Francisco, California | 2,521 | 530 |
| Houston-Intercontinental, Texas | 1,324 | 522 |
| Charlotte-Douglas, North Carolina | 447 | 509 |
| West Palm Beach, Florida | 951 | 468 |
| Fort Myers, Florida | 992 | 433 |
| Detroit, Michigan | 453 | 384 |
| Chicago-Midway, Illinois | 668 | 357 |
| Raleigh/Durham, North Carolina | 336 | 343 |
| Seattle, Washington | 2,378 | 342 |
| San Diego, California | 2,369 | 329 |
| New Orleans, Louisiana | 1,088 | 311 |
| Minneapolis/St. Paul, Minnesota | 980 | 303 |
| Jacksonville, Florida | 742 | 299 |
| Austin, Texas | 1,430 | 235 |
| Charleston, South Carolina | 550 | 231 |
| St. Louis, Missouri | 813 | 222 |

| International | | |
|--|-----------------|------------------|
| 2023 Market | Distance | Daily Pax |
| Cancun, Mexico | 1,468 | 637 |
| London-Heathrow, England | 3,546 | 533 |
| Montego Bay, Jamaica | 1,480 | 329 |
| Doha, Qatar | 6,797 | 310 |
| Dublin, Ireland | 3,274 | 309 |
| Toronto, Canada | 347 | 307 |
| Punta Cana, Dominican Republic | 1,523 | 277 |
| Rome-Da Vinci, Italy | 4,371 | 194 |
| Paris-De Gaulle, France | 3,729 | 175 |
| Amsterdam, Netherlands | 3,737 | 158 |
| Zurich, Switzerland | 4,025 | 148 |
| Montreal-PET, Canada | 394 | 147 |
| Aruba, Aruba | 1,911 | 144 |
| Lisbon, Portugal | 3,458 | 137 |
| Madrid, Spain | 3,683 | 133 |
| Frankfurt, Germany | 3,950 | 129 |
| Barcelona, Spain | 3,925 | 120 |
| Nassau, Bahamas | 1,030 | 99 |
| Venice, Italy | 4,249 | 99 |
| Athens, Greece | 5,035 | 73 |
| Bermuda, Bermuda | 784 | 55 |
| Halifax, Canada | 692 | 41 |
| Providenciales, Turks and Caicos Islands | 1,259 | 29 |
| Quebec, Canada | 516 | 29 |
| Santo Domingo, Dominican Republic | 1,514 | 19 |
| Santiago, Dominican Republic | 1,431 | 13 |
| St. Lucia, Saint Lucia | 1,998 | 9 |
| Grand Cayman, Cayman Islands | 1,463 | 9 |
| St. Maarten, St. Maarten | 1,669 | 6 |
| Cozumel, Mexico | 1,502 | 1 |

Daily Pax represents passengers per day each way

Distance is great-circle distance between PHL and indicated airport

Source: U.S. DOT O&D Passenger Survey (domestic) and T-100 (International) data via Cirium

**Exhibit S-18: Historical Domestic Top 10 Passenger Origination and Destination Markets
(By Fiscal Year)**

| FY 2023 | |
|--------------------------|-----------|
| Market | Daily Pax |
| Orlando, Florida | 2,214 |
| Atlanta, Georgia | 1,295 |
| Fort Lauderdale, Florida | 918 |
| Los Angeles, California | 886 |
| Chicago-O'Hare, Illinois | 860 |
| Tampa, Florida | 821 |
| Boston, Massachusetts | 814 |
| Miami, Florida | 808 |
| Dallas/Fort Worth, Texas | 784 |
| Denver, Colorado | 745 |

| FY 2022 | |
|--------------------------|-----------|
| Market | Daily Pax |
| Orlando, Florida | 2,233 |
| Atlanta, Georgia | 1,166 |
| Miami, Florida | 912 |
| Fort Lauderdale, Florida | 903 |
| Los Angeles, California | 896 |
| Tampa, Florida | 889 |
| San Juan, Puerto Rico | 782 |
| Chicago-O'Hare, Illinois | 771 |
| Denver, Colorado | 740 |
| Las Vegas, Nevada | 689 |

| FY 2021 | |
|--------------------------|-----------|
| Market | Daily Pax |
| Orlando, Florida | 1,548 |
| Atlanta, Georgia | 815 |
| Fort Lauderdale, Florida | 744 |
| San Juan, Puerto Rico | 664 |
| Tampa, Florida | 612 |
| Miami, Florida | 549 |
| Denver, Colorado | 511 |
| Los Angeles, California | 484 |
| Las Vegas, Nevada | 420 |
| Fort Myers, Florida | 368 |

| FY 2020 | |
|-------------------------------|-----------|
| Market | Daily Pax |
| Orlando, Florida | 1,671 |
| Atlanta, Georgia | 900 |
| Boston, Massachusetts | 822 |
| Los Angeles, California | 788 |
| Ft. Lauderdale, Florida | 781 |
| Chicago-O'Hare, Illinois | 736 |
| Tampa/St. Petersburg, Florida | 695 |
| Denver, Colorado | 666 |
| Dallas/Fort Worth, Texas | 647 |
| Miami, Florida | 551 |

| FY 2019 | |
|-------------------------------|-----------|
| Market | Daily Pax |
| Orlando, Florida | 2,209 |
| Atlanta, Georgia | 1,255 |
| Boston, Massachusetts | 1,231 |
| Los Angeles, California | 1,216 |
| Ft. Lauderdale, Florida | 1,077 |
| Chicago-O'Hare, Illinois | 1,041 |
| Tampa/St. Petersburg, Florida | 963 |
| Denver, Colorado | 920 |
| Dallas/Fort Worth, Texas | 880 |
| San Francisco, California | 860 |

| FY 2018 | |
|-------------------------------|-----------|
| Market | Daily Pax |
| Orlando, Florida | 2,109 |
| Atlanta, Georgia | 1,345 |
| Los Angeles, California | 1,154 |
| Boston, Massachusetts | 1,097 |
| Ft. Lauderdale, Florida | 1,035 |
| Chicago-O'Hare, Illinois | 1,011 |
| Tampa/St. Petersburg, Florida | 954 |
| Denver, Colorado | 899 |
| Dallas/Fort Worth, Texas | 861 |
| Las Vegas, Nevada | 762 |

| FY 2017 | |
|-------------------------------|-----------|
| Market | Daily Pax |
| Orlando, Florida | 2,055 |
| Atlanta, Georgia | 1,329 |
| Chicago-O'Hare, Illinois | 1,128 |
| Boston, Massachusetts | 1,053 |
| Los Angeles, California | 1,028 |
| Ft. Lauderdale, Florida | 956 |
| Tampa/St. Petersburg, Florida | 916 |
| Denver, Colorado | 855 |
| Las Vegas, Nevada | 808 |
| Dallas/Fort Worth, Texas | 782 |

| FY 2016 | |
|-------------------------------|-----------|
| Market | Daily Pax |
| Orlando, Florida | 2,064 |
| Atlanta, Georgia | 1,450 |
| Chicago-O'Hare, Illinois | 1,295 |
| Boston, Massachusetts | 1,053 |
| Tampa/St. Petersburg, Florida | 936 |
| Los Angeles, California | 910 |
| Ft. Lauderdale, Florida | 872 |
| Las Vegas, Nevada | 862 |
| Dallas/Fort Worth, Texas | 780 |
| Denver, Colorado | 734 |

| FY 2015 | |
|-------------------------------|-----------|
| Market | Daily Pax |
| Orlando, Florida | 1,618 |
| Atlanta, Georgia | 1,066 |
| Boston, Massachusetts | 1,056 |
| Chicago-O'Hare, Illinois | 1,012 |
| Los Angeles, California | 857 |
| Las Vegas, Nevada | 831 |
| Tampa/St. Petersburg, Florida | 799 |
| Dallas/Fort Worth, Texas | 791 |
| San Francisco, California | 766 |
| Ft. Lauderdale, Florida | 675 |

| FY 2014 | |
|-------------------------------|-----------|
| Market | Daily Pax |
| Orlando, Florida | 1,402 |
| Boston, Massachusetts | 1,018 |
| Atlanta, Georgia | 948 |
| Los Angeles, California | 937 |
| Chicago-O'Hare, Illinois | 923 |
| Las Vegas, Nevada | 900 |
| Dallas/Fort Worth, Texas | 818 |
| San Francisco, California | 779 |
| Ft. Lauderdale, Florida | 727 |
| Tampa/St. Petersburg, Florida | 670 |

Daily Pax represents passengers per day each way

Distance is great-circle distance between PHL and indicated airport

Source: GRA, Incorporated for FY 2010 - FY 2019; Restated Daily Pax updated 10.5X scaling to reflect latest GRA recommendation for undersampling correction.

Source for FY2020 - FY2023: U.S. DOT O&D Passenger Survey data via Cirium.

**Exhibit S-19: Historical International Top 10 Passenger Destination Markets
(By Fiscal Year)**

| FY 2023 | |
|--------------------------------|-----------|
| Market | Daily Pax |
| Cancun, Mexico | 637 |
| London-Heathrow, England | 533 |
| Montego Bay, Jamaica | 329 |
| Doha, Qatar | 310 |
| Dublin, Ireland | 309 |
| Toronto, Canada | 307 |
| Punta Cana, Dominican Republic | 277 |
| Rome-Da Vinci, Italy | 194 |
| Paris-De Gaulle, France | 175 |
| Amsterdam, Netherlands | 158 |

| FY 2022 | |
|--------------------------------|-----------|
| Market | Daily Pax |
| Cancun, Mexico | 490 |
| London-Heathrow, England | 299 |
| Doha, Qatar | 241 |
| Montego Bay, Jamaica | 214 |
| Punta Cana, Dominican Republic | 184 |
| Dublin, Ireland | 152 |
| Toronto, Canada | 151 |
| Aruba, Aruba | 109 |
| Athens, Greece | 67 |
| Rome-Da Vinci, Italy | 64 |

| FY 2021 | |
|-------------------------------|-----------|
| Market | Daily Pax |
| Cancun, Mexico | 277 |
| Montego Bay, Jamaica | 94 |
| Punta Cana, Dominican Rep | 74 |
| Doha, Qatar | 57 |
| Aruba, Aruba | 56 |
| London-Heathrow, England | 32 |
| Toronto-Pearson, Canada | 27 |
| Montreal-Dorval, Canada | 24 |
| Dublin, Ireland | 21 |
| Santo Domingo, Dominican Rep. | 20 |

| FY 2020 | |
|--------------------------|-----------|
| Market | Daily Pax |
| London-Heathrow, England | 420 |
| Toronto-Pearson, Canada | 289 |
| Cancun, Mexico | 270 |
| Dublin, Ireland | 214 |
| Montego Bay, Jamaica | 177 |
| Doha, Qatar | 177 |
| Montreal-Dorval, Canada | 166 |
| Frankfurt, Germany | 161 |
| Rome-Da Vinci, Italy | 132 |
| Madrid, Spain | 122 |

| FY 2019 | |
|---------------------------|-----------|
| Market | Daily Pax |
| London-Heathrow, England | 638 |
| Toronto-Pearson, Canada | 392 |
| Cancun, Mexico | 360 |
| Dublin, Ireland | 320 |
| Punta Cana, Dominican Rep | 294 |
| Frankfurt, Germany | 274 |
| Montego Bay, Jamaica | 265 |
| Montreal-Dorval, Canada | 262 |
| Doha, Qatar | 221 |
| Rome-Da Vinci, Italy | 200 |

| FY 2018 | |
|---------------------------|-----------|
| Market | Daily Pax |
| London-Heathrow, England | 647 |
| Toronto-Pearson, Canada | 417 |
| Cancun, Mexico | 366 |
| Frankfurt, Germany | 293 |
| Punta Cana, Dominican Rep | 284 |
| Montreal-Dorval, Canada | 274 |
| Montego Bay, Jamaica | 228 |
| Dublin, Ireland | 210 |
| Rome-Da Vinci, Italy | 193 |
| Doha, Qatar | 192 |

| FY 2017 | |
|---------------------------|-----------|
| Market | Daily Pax |
| London-Heathrow, England | 649 |
| Cancun, Mexico | 414 |
| Toronto-Pearson, Canada | 385 |
| Frankfurt, Germany | 295 |
| Punta Cana, Dominican Rep | 289 |
| Montreal-Dorval, Canada | 242 |
| Montego Bay, Jamaica | 207 |
| Paris-De Gaulle, France | 202 |
| Rome-Da Vinci, Italy | 201 |
| Dublin, Ireland | 187 |

| FY 2016 | |
|---------------------------|-----------|
| Market | Daily Pax |
| London-Heathrow, England | 654 |
| Cancun, Mexico | 472 |
| Toronto-Pearson, Canada | 391 |
| Frankfurt, Germany | 338 |
| Punta Cana, Dominican Rep | 316 |
| Montego Bay, Jamaica | 244 |
| Montreal-Dorval, Canada | 200 |
| Rome-Da Vinci, Italy | 200 |
| Paris-De Gaulle, France | 195 |
| Madrid, Spain | 181 |

| FY 2015 | |
|---------------------------|-----------|
| Market | Daily Pax |
| London-Heathrow, England | 557 |
| Cancun, Mexico | 428 |
| Frankfurt, Germany | 376 |
| Toronto-Pearson, Canada | 370 |
| Punta Cana, Dominican Rep | 311 |
| Paris-De Gaulle, France | 220 |
| Montego Bay, Jamaica | 216 |
| Tel Aviv/Yafo, Israel | 204 |
| Montreal-Dorval, Canada | 198 |
| Rome-Da Vinci, Italy | 195 |

| FY 2014 | |
|---------------------------|-----------|
| Market | Daily Pax |
| London-Heathrow, England | 507 |
| Frankfurt, Germany | 437 |
| Cancun, Mexico | 388 |
| Punta Cana, Dominican Rep | 264 |
| Toronto-Pearson, Canada | 264 |
| Paris-De Gaulle, France | 232 |
| Tel Aviv/Yafo, Israel | 216 |
| Montego Bay, Jamaica | 210 |
| Rome-Da Vinci, Italy | 209 |
| Munich, Germany | 202 |

Daily Pax represents passengers per day each way
Distance is great-circle distance between PHL and indicated airport
Source: GRA, Incorporated for FY 2010 - FY 2019
Source for FY 2020 - FY 2023: U.S. DOT T-100 data via Cirium

Exhibit S-20: Airline Market Share by Landed Weight
(By Fiscal Year, Expressed in 1,000 lb. Units)

| Airlines | 2023 | | 2022 | | 2021 | | 2020 | | 2019 | |
|---|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| | Landed Weight | Market Share | Landed Weight | Market Share | Landed Weight | Market Share | Landed Weight | Market Share | Landed Weight | Market Share |
| Domestic | | | | | | | | | | |
| Scheduled major/national | | | | | | | | | | |
| American | 6,554,425 | 35.6% | 4,948,794 | 28.8% | 3,429,714 | 27.1% | 5,780,244 | 31.6% | 7,555,183 | 34.4% |
| Frontier | 1,368,441 | 7.4% | 1,088,975 | 6.3% | 641,060 | 5.1% | 768,662 | 4.2% | 679,553 | 3.1% |
| Spirit | 895,375 | 4.9% | 686,033 | 4.0% | 510,539 | 4.0% | 514,559 | 2.8% | 503,168 | 2.3% |
| Delta | 860,461 | 4.7% | 695,678 | 4.0% | 457,240 | 3.6% | 706,240 | 3.9% | 944,727 | 4.3% |
| Southwest | 554,383 | 3.0% | 576,608 | 3.4% | 518,415 | 4.1% | 875,664 | 4.8% | 1,137,504 | 5.2% |
| United | 513,559 | 2.8% | 457,608 | 2.7% | 168,393 | 1.3% | 442,788 | 2.4% | 607,765 | 2.8% |
| JetBlue | 119,983 | 0.7% | 163,955 | 1.0% | 211,902 | 1.7% | 243,445 | 1.3% | 284,454 | 1.3% |
| Alaska | 80,435 | 0.4% | 81,071 | 0.5% | 62,733 | 0.5% | 129,926 | 0.7% | 176,452 | 0.8% |
| Sun Country | 14,759 | 0.1% | 15,215 | 0.1% | 9,948 | 0.1% | 25,102 | 0.1% | - | - |
| Air Canada | 2,004 | 0.0% | 1,607 | 0.0% | 134 | 0.0% | 269 | 0.0% | 807 | 0.0% |
| Subtotal - scheduled major/national | 10,963,825 | 59.5% | 8,715,544 | 50.7% | 6,010,078 | 47.4% | 9,486,899 | 51.8% | 11,889,613 | 54.1% |
| Scheduled regional/commuter | | | | | | | | | | |
| American Eagle | | | | | | | | | | |
| PSA | 971,330 | 5.3% | 1,331,982 | 7.7% | 713,989 | 5.6% | 849,642 | 4.6% | 894,744 | 4.1% |
| Piedmont | 732,316 | 4.0% | 868,373 | 5.1% | 610,707 | 4.8% | 1,269,255 | 6.9% | 1,556,777 | 7.1% |
| Republic | 364,032 | 2.0% | 906,954 | 5.3% | 1,068,191 | 8.4% | 1,096,532 | 6.0% | 1,192,913 | 5.4% |
| Landline (Bus Service) | 64,634 | 0.4% | - | - | - | - | - | - | - | - |
| Air Wisconsin | 12,079 | 0.1% | 611 | 0.0% | 5,264 | 0.0% | - | - | - | - |
| Envoy | 0 | 0.0% | 124 | 0.0% | - | - | 8,450 | 0.0% | 11,961 | 0.1% |
| Subtotal - American Eagle | 2,144,391 | 11.6% | 3,108,044 | 18.1% | 2,398,151 | 18.9% | 3,223,879 | 17.6% | 3,656,396 | 16.6% |
| Other | 208,049 | 1.1% | 235,081 | 1.4% | 263,031 | 2.1% | 264,314 | 1.4% | 266,991 | 1.2% |
| Subtotal - scheduled regional/commuter | 2,352,440 | 12.8% | 3,343,125 | 19.4% | 2,661,182 | 21.0% | 3,488,193 | 19.0% | 3,923,387 | 17.9% |
| Charter | 401 | 0.0% | 2,290 | 0.0% | 1,545 | 0.0% | 878 | 0.0% | 11,982 | 0.1% |
| Total - domestic | 13,316,666 | 72.3% | 12,060,959 | 70.2% | 8,672,805 | 68.4% | 12,975,970 | 70.8% | 15,824,982 | 72.1% |
| International | | | | | | | | | | |
| Scheduled | | | | | | | | | | |
| American | 1,227,239 | 6.7% | 1,151,945 | 6.7% | 612,162 | 4.8% | 1,464,705 | 8.0% | 2,443,560 | 11.1% |
| Qatar | 192,369 | 1.0% | 177,564 | 1.0% | 66,738 | 0.5% | 126,980 | 0.7% | 167,058 | 0.8% |
| British | 175,326 | 1.0% | 107,665 | 0.6% | 43,515 | 0.3% | 231,472 | 1.3% | 263,789 | 1.2% |
| Lufthansa | 108,294 | 0.6% | 60,141 | 0.3% | - | - | 135,418 | 0.7% | 160,317 | 0.7% |
| Air Canada - Sky Regional / Jazz Aviation | 88,996 | 0.5% | 57,757 | 0.3% | 172 | 0.0% | 99,842 | 0.5% | 133,305 | 0.6% |
| Frontier | 65,124 | 0.4% | 73,223 | 0.4% | 20,499 | 0.2% | 48,378 | 0.3% | 70,208 | 0.3% |
| Spirit Airlines | 59,671 | 0.3% | 23,114 | 0.1% | - | - | 2,910 | 0.0% | - | - |
| Piedmont | 57,880 | 0.3% | 43,694 | 0.3% | 19,643 | 0.2% | 111,657 | 0.6% | 158,973 | 0.7% |
| Aer Lingus | 52,374 | 0.3% | 13,920 | 0.1% | - | - | 45,614 | 0.2% | 70,140 | 0.3% |
| PSA | 711 | 0.0% | 15,004 | 0.1% | 9,983 | 0.1% | 15,925 | 0.1% | - | - |
| Delta | 396 | 0.0% | 6,444 | 0.0% | 396 | 0.0% | 3,366 | 0.0% | 3,184 | 0.0% |
| Republic | 225 | 0.0% | 11,317 | 0.1% | 8,319 | 0.1% | 24,129 | 0.1% | 47,818 | 0.2% |
| JetBlue | 172 | 0.0% | - | - | - | - | - | - | 142 | 0.0% |
| Eastern | - | - | - | - | 578 | 0.0% | - | - | - | - |
| Air Wisconsin | - | - | - | - | 329 | 0.0% | - | - | - | - |
| Icelandair | - | - | - | - | - | - | 10,710 | 0.1% | 16,104 | 0.1% |
| United | - | - | - | - | - | - | - | - | 142 | 0.0% |
| Southwest | - | - | - | - | - | - | - | - | 128 | 0.0% |
| Subtotal - scheduled | 2,028,777 | 11.0% | 1,741,788 | 10.1% | 782,334 | 6.2% | 2,321,105 | 12.7% | 3,534,868 | 16.1% |
| Charter | 1,798 | 0.0% | 29,261 | 0.2% | 2,181 | 0.0% | 2,766 | 0.0% | 4,184 | 0.0% |
| Total - international | 2,030,575 | 11.0% | 1,771,049 | 10.3% | 784,515 | 6.2% | 2,323,871 | 12.7% | 3,539,052 | 16.1% |
| All-cargo airlines | 3,074,410 | 16.7% | 3,356,587 | 19.5% | 3,216,797 | 25.4% | 3,018,703 | 16.5% | 2,599,498 | 11.8% |
| Grand total | 18,421,651 | 100.0% | 17,188,595 | 100.0% | 12,674,117 | 100.0% | 18,318,544 | 100.0% | 21,963,532 | 100.0% |

Source: City of Philadelphia

Exhibit S-20: Airline Market Share by Landed Weight
(Continued, By Fiscal Year, Expressed in 1,000 lb. Units)

| Airlines | 2018 | | 2017 | | 2016 | | 2015 | | 2014 | |
|---|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| | Landed Weight | Market Share | Landed Weight | Market Share | Landed Weight | Market Share | Landed Weight | Market Share | Landed Weight | Market Share |
| Domestic | | | | | | | | | | |
| Scheduled major/national | | | | | | | | | | |
| American | 6,596,290 | 32.5% | 6,519,145 | 33.0% | 6,622,369 | 31.8% | 6,645,942 | 32.0% | 6,729,332 | 32.5% |
| Southwest | 1,136,154 | 5.6% | 1,147,550 | 5.8% | 1,122,080 | 5.4% | 1,073,920 | 5.2% | 1,010,276 | 4.9% |
| Frontier | 610,208 | 3.0% | 540,837 | 2.7% | 463,422 | 2.2% | 164,022 | 0.8% | 4,693 | 0.0% |
| Delta | 965,077 | 4.8% | 986,238 | 5.0% | 1,054,651 | 5.1% | 1,074,449 | 5.2% | 1,024,831 | 5.0% |
| Spirit | 434,762 | 2.1% | 394,267 | 2.0% | 265,760 | 1.3% | 143,495 | 0.7% | 132,519 | 0.6% |
| United | 608,859 | 3.0% | 581,513 | 2.9% | 593,949 | 2.9% | 585,951 | 2.8% | 555,244 | 2.7% |
| JetBlue | 269,609 | 1.3% | 249,728 | 1.3% | 219,834 | 1.1% | 158,080 | 0.8% | 158,398 | 0.8% |
| Alaska | 153,673 | 0.8% | 61,952 | 0.3% | 55,912 | 0.3% | 55,475 | 0.3% | 55,410 | 0.3% |
| Sun Country | - | - | - | - | - | - | - | - | - | - |
| Air Canada | 574 | 0.0% | 647 | 0.0% | 660 | 0.0% | 440 | 0.0% | 660 | 0.0% |
| AirTran | - | - | - | - | - | - | 42,864 | 0.2% | 204,488 | 1.0% |
| Virgin America | - | - | - | - | - | - | 35,545 | 0.2% | 134,812 | 0.7% |
| Subtotal - scheduled major/national | 10,775,207 | 53.1% | 10,481,877 | 53.0% | 10,398,636 | 49.9% | 9,980,183 | 48.0% | 10,010,661 | 48.4% |
| Scheduled regional/commuter | | | | | | | | | | |
| American Eagle | | | | | | | | | | |
| Piedmont | 1,288,107 | 6.3% | 1,073,784 | 5.4% | 856,093 | 4.1% | 844,519 | 4.1% | 984,862 | 4.8% |
| Republic | 1,311,277 | 6.5% | 1,054,737 | 5.3% | 1,573,718 | 7.6% | 1,758,726 | 8.5% | 1,729,624 | 8.4% |
| PSA | 513,352 | 2.5% | 411,243 | 2.1% | 393,415 | 1.9% | 292,049 | 1.4% | 274,903 | 1.3% |
| Envoy | 19,929 | 0.1% | - | - | 448 | 0.0% | - | - | - | - |
| Air Wisconsin | 530,395 | 2.6% | 1,170,582 | 5.9% | 1,641,945 | 7.9% | 1,730,258 | 8.3% | 1,486,845 | 7.2% |
| Mesa | - | - | - | - | - | - | 60,863 | 0.3% | 64,607 | 0.3% |
| Chautauqua | - | - | - | - | - | - | - | - | - | - |
| Subtotal - American Eagle | 3,663,060 | 18.1% | 3,710,346 | 18.8% | 4,465,619 | 21.4% | 4,686,414 | 22.6% | 4,540,840 | 21.9% |
| Other | 263,343 | 1.3% | 299,419 | 1.5% | 262,640 | 1.3% | 382,585 | 1.8% | 501,896 | 2.4% |
| Subtotal - scheduled regional/commuter | 3,926,403 | 19.4% | 4,009,765 | 20.3% | 4,728,259 | 22.7% | 5,068,999 | 24.4% | 5,042,736 | 24.4% |
| Charter | 4,054 | 0.0% | 1,706 | 0.0% | 679 | 0.0% | 1,641 | 0.0% | 4,257 | 0.0% |
| Total - domestic | 14,705,664 | 72.5% | 14,493,348 | 73.4% | 15,127,575 | 72.7% | 15,050,823 | 72.5% | 15,057,655 | 72.8% |
| International | | | | | | | | | | |
| Scheduled | | | | | | | | | | |
| American | 2,332,684 | 11.5% | 2,136,282 | 10.8% | 2,575,401 | 12.4% | 2,710,497 | 13.0% | 2,809,292 | 13.6% |
| British | 237,237 | 1.2% | 292,559 | 1.5% | 293,400 | 1.4% | 284,499 | 1.4% | 275,550 | 1.3% |
| Lufthansa | 142,492 | 0.7% | 144,230 | 0.7% | 155,154 | 0.7% | 165,814 | 0.8% | 137,300 | 0.7% |
| Qatar | 165,072 | 0.8% | 163,004 | 0.8% | 174,408 | 0.8% | 183,868 | 0.9% | 44,280 | 0.2% |
| Piedmont | 71,848 | 0.4% | - | - | - | - | - | - | - | - |
| Air Canada - Sky Regional / Jazz Aviation | 132,880 | 0.7% | 123,047 | 0.6% | 106,378 | 0.5% | 99,695 | 0.5% | 99,656 | 0.5% |
| Frontier | 62,575 | 0.3% | 60,003 | 0.3% | 76,825 | 0.4% | 35,976 | 0.2% | 25,738 | 0.1% |
| Aer Lingus | 15,750 | 0.1% | - | - | - | - | - | - | - | - |
| Republic | 72,324 | 0.4% | 41,748 | 0.2% | 79,176 | 0.4% | 74,146 | 0.4% | 58,631 | 0.3% |
| PSA | 268 | 0.0% | - | - | - | - | - | - | - | - |
| Icelandair | 14,224 | 0.1% | 3,780 | 0.0% | 142 | 0.0% | 142 | 0.0% | - | - |
| Delta | 62,562 | 0.3% | 84,262 | 0.4% | 81,552 | 0.4% | 34,650 | 0.2% | 22,694 | 0.1% |
| JetBlue | 142 | 0.0% | 172 | 0.0% | 142 | 0.0% | 142 | 0.0% | - | - |
| Southwest | 256 | 0.0% | - | - | - | - | 128 | 0.0% | - | - |
| Air Wisconsin | 68,761 | 0.3% | 187,389 | 0.9% | 192,136 | 0.9% | 220,289 | 1.1% | 255,351 | 1.2% |
| Subtotal - scheduled | 3,379,075 | 16.7% | 3,236,477 | 16.4% | 3,734,713 | 17.9% | 3,809,846 | 18.3% | 3,728,492 | 18.0% |
| Charter | 1,290 | 0.0% | 6,400 | 0.0% | 3,273 | 0.0% | 2,532 | 0.0% | 6,377 | 0.0% |
| Total - International | 3,380,365 | 16.7% | 3,242,877 | 16.4% | 3,737,986 | 18.0% | 3,812,379 | 18.4% | 3,734,869 | 18.1% |
| All-Cargo Airlines | 2,199,913 | 10.8% | 2,022,419 | 10.2% | 1,955,784 | 9.4% | 1,909,573 | 9.2% | 1,899,162 | 9.2% |
| Grand Total | 20,285,942 | 100.0% | 19,758,644 | 100.0% | 20,821,345 | 100.0% | 20,772,775 | 100.0% | 20,691,686 | 100.0% |

Source: City of Philadelphia

Exhibit S-21: Passenger Facility Charges
(By Fiscal Year)

| Airlines | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| American Airlines | \$ 31,849,312 | \$ 30,943,244 | \$ 19,342,463 | \$ 30,835,285 | \$ 42,224,374 | \$ 40,555,758 | \$ 39,043,549 | \$ 41,796,027 | \$ 44,750,745 | \$ 45,073,825 |
| Frontier Airlines | 6,851,078 | 5,027,742 | 3,093,172 | 3,337,467 | 3,976,829 | 3,401,138 | 2,885,920 | 2,677,659 | 1,099,228 | 110,986 |
| Spirit Airlines | 4,153,015 | 3,388,182 | 2,417,304 | 2,175,675 | 2,413,729 | 1,924,982 | 1,612,767 | 1,176,999 | 662,867 | 580,156 |
| Delta Air Lines | 3,248,466 | 2,947,926 | 1,657,115 | 2,985,885 | 3,821,901 | 3,682,816 | 4,026,462 | 4,341,411 | 4,278,345 | 4,431,825 |
| United Airlines | 2,186,956 | 2,080,798 | 1,075,730 | 1,723,831 | 2,562,644 | 2,784,830 | 2,858,141 | 3,294,665 | 3,242,993 | 3,605,346 |
| Southwest Airlines | 1,935,449 | 1,938,142 | 1,503,500 | 2,356,576 | 4,051,031 | 4,175,470 | 4,368,651 | 4,289,012 | 4,105,508 | 4,239,400 |
| British Airways | 751,039 | 312,718 | 66,181 | 660,997 | 1,206,820 | 1,150,912 | 1,139,619 | 921,880 | 869,270 | 472,492 |
| Qatar Airways | 548,545 | 544,789 | 180,732 | 336,050 | 504,626 | 438,982 | 378,817 | 478,185 | 510,368 | 244,782 |
| JetBlue Airways | 315,732 | 534,694 | 707,999 | 700,938 | 959,985 | 929,915 | 842,883 | 783,146 | 534,959 | 493,608 |
| Alaska Airlines | 314,374 | 318,341 | 199,678 | 346,259 | 699,374 | 462,178 | 307,026 | 233,192 | 216,975 | 196,234 |
| Air Canada | 279,983 | 161,962 | - | 276,193 | 412,727 | 394,457 | 316,888 | 262,846 | 238,548 | 314,671 |
| Aer Lingus | 234,755 | 50,511 | - | 135,287 | 195,223 | 107,638 | - | - | - | - |
| Lufthansa German Airlines | 179,029 | 108,553 | - | 172,183 | 274,763 | 255,235 | 269,827 | 252,421 | 277,672 | 278,363 |
| Sun Country | 65,192 | 59,717 | - | - | - | - | - | - | - | - |
| Icelandair | - | - | - | 23,508 | 50,274 | 43,518 | 37,135 | - | - | - |
| Virgin America | - | - | - | - | - | - | - | - | 45,827 | 396,871 |
| Other | 480,126 | 136,028 | (211,368) | 682,953 | 677,664 | 759,727 | 1,296,964 | 412,891 | 347,420 | 214,807 |
| Total | \$ 53,393,051 | \$ 48,553,346 | \$ 30,032,505 | \$ 46,749,088 | \$ 64,031,965 | \$ 61,067,558 | \$ 59,384,648 | \$ 60,920,335 | \$ 61,180,724 | \$ 60,653,369 |

The figures presented above are on the accrual basis and reconcile to those reported on the Statement of Revenues, Expenses and Changes in Fund Net Position.

Source: City of Philadelphia