



**CITY OF PHILADELPHIA  
Philadelphia Airport System**

**Municipal Securities Disclosure  
Annual Financial Information  
Fiscal Year Ended June 30, 2020**



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**Municipal Securities Disclosure Report  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2020**

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**INTRODUCTION**

Philadelphia International Airport (“PHL”, or the “Airport”) and Northeast Philadelphia Airport (“PNE”) are owned by the City of Philadelphia (the “City”) and operated by the Division of Aviation (the “Division”). The following discussion and analysis of the financial performance and activity of the Division 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, 2020 with selected comparative information for the fiscal year ended June 30, 2019.

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 Comprehensive Annual 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 2020 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 Comprehensive Annual Financial Report for fiscal year 2020, 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 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 2019 by Airports Council International – North America, PHL was ranked the twentieth busiest airport in the United States, serving 33.0 million passengers; nineteenth busiest in the nation for aircraft operations; and fifteenth 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 northeastern 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.

***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

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aviation, air taxi, corporate, and occasional military use. The airport currently has no scheduled commercial service. There are presently 85 T-hangars, ten corporate hangars and six open hangars for general aviation activities.

**THE AIRLINE INDUSTRY**

***Impact of COVID-19 on the Airport System***

The outbreak of a novel strain of coronavirus (“COVID-19”) was declared a worldwide pandemic by the World Health Organization on March 11, 2020. The COVID-19 pandemic and resulting restrictions have severely disrupted and continue to disrupt the airline industry. Airports across the United States, including PHL, have been acutely affected by interruptions in domestic and international travel, reductions in passenger volumes and flights, as well as by the broader economic slowdown resulting from the COVID-19 pandemic. In response, airlines have reduced flights and personnel to match capacity to reduced demand for air travel. The pandemic and resultant restrictions have also adversely affected PHL’s concessionaires, parking operators, ground transportation companies, rental car companies and other service concessionaires located in and around the Airport resulting in reduced revenues to the Airport from such activities.

***Summary of Actions Taken in Response to COVID-19***

The Division recognized that the COVID-19 pandemic would have a significant impact on the overall operations and financial performance of the Airport System. To reduce operating expenses and mitigate the effects of COVID-19, the Division implemented the following actions throughout 2020, among others, which remain in effect: (1) a reduction of operating expenses, including contractual services, personnel and other expenses, and (2) temporary closures of portions of terminal facilities. Additionally, the Division continues to evaluate other temporary facility closures and/or reductions in personnel to match evolving operational demands.

Most of the Airport’s retail, food and beverage leases are structured for the Airport to receive a percentage of gross revenues or a minimum annual guarantee (“MAG”), whichever is higher. However, to assist tenants, the Airport temporarily modified tenant concession agreements to generally suspend the MAG for all concessionaires and provide for an allowance of only agreed-upon percentages of gross revenues be paid until airline traffic levels return to 70% of the traffic levels, that were reported, prior to the pandemic. The Airport also offered deferrals of payments for concessionaires as well as deferrals of landing fees and terminal rental rates for airlines, for up to three months, between the months of February and July 2020. Full repayment of these deferrals occurred between September 1, 2020 through December 31, 2020.

PHL launched its COVID-19 Air Service Recovery and Incentive Program (“CASRIP”), an innovative program designed to recover capacity, retain airlines and afford economic stability for the Philadelphia region. This program, the first in the United States, incentivizes airlines to return to service by offering operational and marketing support to airlines for domestic, international and



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cargo-only routes. Information on CASRIP can be found on the Airport's website at: <https://www.phl.org/newsroom/casrip2020>.

***Federal Aid Related to COVID-19***

The United States government passed legislative and regulatory actions as well as implemented measures to mitigate the broad disruptive effects of the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), approved by the United States Congress and signed by the President on March 27, 2020 is one such legislative measure to address the crisis created by the COVID-19 pandemic and includes direct aid, in the form of grants, for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines. Provisions of the CARES Act provided \$10 billion in grant assistance to airports in calendar year 2020.

The Division was awarded CARES Act funds in the amount of \$116,281,943 for the Airport and \$157,000 for Northeast Philadelphia Airport in Fiscal Year 2020. These funds are being used to pay debt service and operating expenses.

A second round of emergency relief funding, known as the Coronavirus Response and Relief Supplemental Appropriation Act ("CRRSA"), was approved by the United States Congress and signed by the President on December 27, 2020 as an additional legislative measure to mitigate the effects of the COVID-19 pandemic and includes nearly \$2 billion in funds to be awarded to eligible U.S. airports and eligible concessionaires. The Division expects to be awarded approximately \$28.9 million in March of 2021.

**AIRPORT STATISTICS AND HIGHLIGHTS**

**→ Financial Position**

In fiscal year 2020, the Aviation Fund strengthened its financial position with total revenues, including capital contributions, exceeding total expenses by \$33.0 million, while assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,017.7 million, a 2.4% increase over the fiscal year 2019 total of \$993.5 million. Unrestricted net position also increased \$19.1 million, or 22.6%, in fiscal year 2020.

**→ Air Service Highlights**

Prior to the onset of the pandemic, air service was continuing to grow for PHL. At fiscal year-end 2020, PHL offered 133 non-stop destinations, 97 domestic and 36 international. Due to the pandemic, however, seat capacity in fiscal year 2020 decreased by 3.5 million or 17.8% over fiscal year 2019, bringing the fiscal year 2020 total seat capacity to 16.2 million. Domestic seats decreased 2.7 million or 15.6%, while international seats decreased 837 thousand or 32.0%.

In calendar year 2020, PHL had four new routes and regained eleven routes, that had stopped operations due to the pandemic, as well as gaining one new passenger carrier, Eastern Airlines, which began operating flights to the Dominican Republic. Spirit began their first international



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flight from PHL to Cancun, Mexico in 2020 and American Airlines announced Cozumel, Mexico and Palm Springs, California. Both British Airways and Qatar resumed service in September after stopping operations in March. In addition, American Airlines started cargo-only flights from PHL, for the first time since 1984, with seven destinations on a regularly scheduled basis. In July 2020, PHL also gained a new cargo-only operator, Amerijet, who started with one daily operation and added a second daily operation in November 2020.

→ **Passenger Activity**

The total number of passengers served by the Airport in fiscal year 2020 was approximately 23.8 million, which is a decrease of 26% from fiscal year 2019 passengers of 32.2 million. During the first half of fiscal year 2020, enplanements were increasing approximately 5% over fiscal year 2019 due to the continued growth in the economy and additional air service competition provided by low-cost airlines. However, during the third and fourth quarters of fiscal year 2020, enplanements and operations decreased abruptly due to the COVID-19 pandemic. Enplanements decreased approximately 59% in the second half of fiscal year 2020 and flight operations dropped almost 39% as passenger demand decreased at a greater rate than the number of reductions in airline flights. Overall, PHL saw a 26.4% decrease in total enplanements and 17.8% decrease in flight operations for fiscal year 2020.

Additional information about the Airport and its passenger activity can be found at: <https://www.phl.org/annualreport2020>.

**Enplanements and Operations Activity at PHL**

	<b>Fiscal Year</b>	<b>Fiscal Year</b>	<b>Increase</b>	<b>Percentage</b>
	<b>2020</b>	<b>2019</b>	<b>(Decrease)</b>	<b>(Decrease)</b>
Domestic Enplanements (Outbound passengers):	10,531,456	14,046,663	(3,515,207)	(25.0)%
International Enplanements (Outbound passengers):	1,315,951	2,041,761	(725,810)	(35.5)%
Total Enplanements (Outbound passengers):	<u>11,847,407</u>	<u>16,088,424</u>	<u>(4,241,017)</u>	<u>(26.4)%</u>
Operations (Takeoffs & landings):	317,344	386,112	(68,768)	(17.8)%
Landed Weight (1,000-pound units):	18,318,544	21,963,531	(3,644,987)	(16.6)%

PHL continues to serve as a major hub for American Airlines, which, together with its regional airline affiliates, accounted for approximately 8.0 million enplaned passengers, or 67.8% of the Airport’s enplaned passengers, in fiscal year 2020.

→ **Cargo Activity**

Cargo tonnage carried in the bellies of passenger carrier flights decreased approximately 39 thousand tons, or 37.3%, from fiscal year 2019 to fiscal year 2020 due to decreased air service as

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a result of COVID-19. However, this was offset by an increase in cargo activity by PHL’s cargo carriers as the demand for online goods increased during the COVID-19 pandemic. For the first half of fiscal year 2020, PHL was up approximately 11% in total cargo tonnage and ended the year with a 6.5% increase over fiscal year 2019.

Cargo being handled by PHL’s passenger carriers accounted for 10.7% of total cargo tonnage in fiscal year 2020. UPS accounted for 66.2% of total cargo tonnage for fiscal year 2020.

**Cargo Activity at PHL**  
(amounts expressed in tons)

	<b>Fiscal Year</b>	<b>Fiscal Year</b>	<b>Increase</b>	<b>Percentage</b>
	<b>2020</b>	<b>2019</b>	<b>(Decrease)</b>	<b>(Decrease)</b>
Domestic Freight:	440,407	395,038	45,369	11.5%
International Freight:	133,092	159,568	(26,476)	(16.6)%
Sub-Total Freight:	573,499	554,606	18,893	3.4%
Domestic Mail:	40,020	20,847	19,173	92.0%
International Mail:	320	817	(497)	(60.8)%
Sub-Total Mail:	40,340	21,664	18,676	86.2%
Total Cargo (Freight and Mail):	613,839	576,270	37,569	6.5%

**→ Airport-Airline Use and Lease Agreement**

Beginning July 1, 2015, the City and the principal airlines serving the Airport operated under the terms of an Airport-Airline Use and Lease Agreement (“Airline Agreement”) that, similar to prior agreements, established procedures for the annual review and adjustment of airline rentals, fees, and charges so that the Airport System yielded Amounts Available for Debt Service at least sufficient to comply with the Rate Covenant established in its General Airport Revenue Bond Ordinance. The Airline Agreement has a five-year term through June 30, 2020, with options for two one-year extensions. Both extensions have been executed, so the Airline Agreement’s expiration date is June 30, 2022.

PHL has executed the Airline Agreement with the fifteen airlines at the Airport: Aer Lingus, Air Canada, Alaska Airlines, American Airlines, British Airways, Delta Air Lines, FedEx, Frontier Airlines, JetBlue Airways, Lufthansa, Qatar Airways, Southwest Airlines, Spirit Airlines, United Airlines and UPS.

**→ Grant Funding**

In fiscal year 2020, PHL and PNE were awarded the following grants:

- \$116.3 million for PHL and \$157 thousand for PNE from the CARES Act to assist the two airports during the COVID-19 pandemic

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- \$42.7 million for PHL for Taxiway K reconstruction and \$9.1 million for PNE for rehabilitation of Runway 6-24 from the FAA's Airport Improvement Program (AIP)
- \$1.04 million for PHL for electronic ground support equipment from the FAA through their Voluntary Airport Low Emissions (VALE) Program
- \$1.4 million for PHL from the Pennsylvania Commonwealth Financing Authority to assist with the relocation of Tinicum Island Road
- \$1.2 million for PHL from the Transportation Security Administration (TSA) for Law Enforcement Officer (LEO) coverage at security check points
- \$555 thousand for PHL from the TSA for canine team expenses

#### → Awards and Recognition

Most Admired CEO: In December 2019, PHL CEO Rochelle "Chellie" Cameron was honored as a recipient of the Most Admired CEO award by the Philadelphia *Business Journal*. The *Business Journal* received nearly 100 nominations from a broad range of industries, and an editorial team selected a group of 25 local executives. According to the *Business Journal*, "Honorees are established leaders with a strong record of innovation in their field, outstanding financial performance, and a commitment to quality, a strong vision, a commitment to diversity in the workplace and contributions to Greater Philadelphia."

Airport Health Accreditation: In February 2021, PHL achieved the Airport Health Accreditation (AHA) from Airports Council International – North America (ACI). The AHA program requires airports to have rigorous and documented standards for cleaning, disinfecting, social distancing, and ventilation across its entire physical footprint, from check-in counters to security checkpoints to boarding gates to concessions, baggage claim and more.

PHL/PNE Anniversaries: The Division celebrated two anniversaries during fiscal year 2020 - PHL's 80<sup>th</sup> on June 20, 2020 and PNE's 75<sup>th</sup> on June 26, 2020.

#### → Environmental Stewardship

Throughout fiscal year 2020, the Airport continued implementing the Airport Sustainability Action Plan, which is a strategy to execute recommendations from the both the Energy and Emissions Plan as well as the Waste and Recycling Plan. The purpose is to advance water conservation, wetlands mitigation, as well as industrial wastewater and stormwater management efforts. In addition, the Airport conducted a Climate Vulnerability Assessment ("CVA") to better understand and prepare for the impacts of climate change on PHL's employees, visitors, services, facilities, and assets. The CVA approach involved researching climate trends and projections for the Philadelphia region, identifying and assessing key vulnerabilities at PHL, and recommending priority action areas to address projected climate change impacts to the Airport. More information on the Airport's various sustainability initiatives can be found on the Airport's website at: <https://www.phl.org/newsroom>.

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**→Outreach**

During fiscal year 2020 and beyond, the Airport initiated several efforts to support minority and women owned businesses during the pandemic and leading to recovery. PHL held several webinars to raise awareness about pandemic relief programs for diverse businesses and connect these firms to options that can help them persevere and thrive when recovery arrives. Additional outreach initiatives undertaken by the Airport included: the regions first ever Transgender Job Fair, in partnership with TransWork, which focused on helping transgender, non-binary, and gender variant individuals find employment at the Airport; working with the US Department of Transportation (“DOT”) to revise Disadvantage Business Enterprise (“DBE”) Program procedures to better support disadvantaged businesses during the pandemic; and instituting the Hidden Disabilities Lanyard Program that is designed to help focus on travelers who might benefit from support, but whose needs are not visible. Additional information regarding the Airport’s outreach efforts and diversity initiatives can be found on the Airport’s website at: <https://www.phl.org/newsroom>.

**→Guest Experience**

In 2020, PHL transformed our approach to guest experience to re-build trust and meet the rapidly evolving needs of our guests. The initiatives prioritized guests’ safety and health and gave guests more control over their travel journey. In June 2020, PHL launched a new Guest Experience Stakeholder Council, with participants from over 35 organizations across the airport community, which was instrumental in coordinating a nimble response to COVID-19 safety requirements for employees and customers. In October 2020, PHL became the first U.S. airport to launch an integrated food and beverage contactless ordering and delivery service through our OrderatPHL program, powered by servy and AtYourGate, allowing passengers and employees a safe, contactless way to have food and retail items delivered to them anywhere in the airport. PHL also implemented the following initiatives in 2020 to help restore customer confidence: development of an online airport map highlighting touchless health amenities to help guests navigate their way through the terminals to their gates; acquisition and implementation of Clorox Total 360 electrostatic sprayers into cleaning procedures; and the addition of antimicrobial TSA bins for use airport-wide. In December 2020, PHL partnered with Jefferson Health to launch an on-site COVID-19 testing program, offering both rapid antigen and PCR tests. The testing site served more than 3,000 passengers in its first two months. Details on several other PHL guest experience programs can be found on the Airport’s website at: <https://www.phl.org/newsroom>.

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**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 PHL’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, interest expense, rental car-related CFCs, airfare-related PFCs, 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”).

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**FINANCIAL HIGHLIGHTS**

**Net Position Summary**

The following table summarizes the Airport’s assets, deferred outflows, liabilities, deferred inflows and net position at June 30, 2020 and June 30, 2019:

**City of Philadelphia – Aviation Fund**  
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(\$000)

	<b>Fiscal Year</b>	<b>Fiscal Year</b>	<b>Dollar</b>	<b>Percentage</b>
	<b>2020</b>	<b>2019</b>	<b>Increase</b>	<b>Increase</b>
			<b>(Decrease)</b>	<b>(Decrease)</b>
Current assets	\$ 291,624	\$ 268,815	\$ 22,809	8.5%
Non-current assets	739,009	777,697	(38,688)	(5.0)%
Capital assets, net	2,147,207	2,132,537	14,671	0.7%
Total assets	<u>3,177,841</u>	<u>3,179,049</u>	<u>(1,208)</u>	<u>(0.0)%</u>
Deferred outflows	<u>27,948</u>	<u>21,193</u>	<u>6,754</u>	<u>31.9%</u>
Current liabilities	365,029	320,263	44,765	14.0%
Non-current liabilities	<u>1,815,503</u>	<u>1,878,857</u>	<u>(63,354)</u>	<u>(3.4)%</u>
Total liabilities	<u>2,180,532</u>	<u>2,199,120</u>	<u>(18,588)</u>	<u>(0.8)%</u>
Deferred inflows	<u>7,533</u>	<u>7,579</u>	<u>(44)</u>	<u>0.6%</u>
Net position:				
Net investment in capital assets	836,970	788,050	48,920	6.2%
Restricted for capital projects	97,242	89,274	7,970	8.9%
Restricted for debt service	187,092	200,728	(13,636)	(6.8)%
Unrestricted	<u>(103,581)</u>	<u>(84,509)</u>	<u>(19,073)</u>	<u>(22.6)%</u>
Total net position	<u><u>\$ 1,017,724</u></u>	<u><u>\$ 993,543</u></u>	<u><u>\$ 24,181</u></u>	<u><u>2.4%</u></u>

Total net position serves as an indicator of the Airport’s financial condition. At June 30, 2020, the Aviation Fund’s assets and deferred outflows exceeded liabilities and deferred inflows by \$1,017.7 million. Between fiscal year 2019 and fiscal year 2020, total net position increased by \$24.1 million. Changes in total net position are summarized below.

**Assets**

Current assets increased \$22.8 million as a result of a \$20.9 million increase in accounts receivable mainly related to a tenant relief program offered by the Airport in response to the COVID-19 pandemic, which allowed concessionaires and airlines to defer terminal rents and landing fees, for up to three months between February and July 2020, with payments occurring from September through December 2020.

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Non-current assets decreased \$38.7 million due to a \$301.2 million increase in investments offset by the following: a \$313.4 million decrease in restricted cash and cash equivalents; a \$13.6 million decrease in sinking fund reserves; and decreases of \$8.3 million and \$1.8 million in restricted receivables related to the decline of passenger facility charges and customer facility charges, respectively, due to the COVID-19 pandemic.

Capital assets increased \$14.7 million due to \$195 million increase in infrastructure offset by a \$121 million decrease in construction in progress and a \$95.8 million increase in accumulated depreciation.

***Deferred outflows of resources***

Deferred outflows of resources increased by a net of \$6.8 million primarily from a \$5 million increase in pension plan liabilities.

***Liabilities***

Current liabilities increased \$44.8 million as compared to fiscal year end 2019, primarily due to a \$36.4 increase in unearned revenue; a \$15 million increase in commercial paper notes; and a \$4.4 million increase in current maturities of long-term bond debt. These increases were partially offset by a net decrease of \$8.2 million in accounts and vouchers payable and a net decrease of \$4.0 million in construction contracts payable.

Non-current liabilities decreased \$63.4 million as compared to fiscal year 2019, primarily due to a \$68.7 million decrease in revenue bonds, net of current maturities; a \$10.6 million decrease in unamortized bond premiums; and a \$2.4 million decrease in long-term taxable airport revenue notes. These decreases were partially offset by the following increases: \$5.1 million increase to the net pension liability; \$4.4 million increase in other post-employment benefits liability; and \$8.6 million increase in other non-current liabilities.

***Deferred inflows of resources***

Deferred inflows of resources decreased \$44 thousand in fiscal year 2020. This includes a \$1.0 million increase in deferred gain on refunding debt and a \$1.1 million decrease in deferred inflows related to other post-employment benefits, and a net increase of \$44 thousand in deferred pension revenue.

***Net investment in capital assets***

Net investment in capital assets increased by \$48.9 million, primarily due to a \$14.7 million net increase in capital assets, and an increase of \$51.6 million in debt, which was offset by a \$30.4 million decrease in unspent capital debt proceeds. In addition, there was a net increase of \$9.0 million in unamortized bond premiums and a \$4.0 million increase in construction contracts payable.



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***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 \$8.0 million in fiscal year 2020 is a result of a \$16.3 million increase in the PFC balance reserved for “pay as you go” construction partially offset by a decrease of \$8.2 million in restricted assets used for construction purposes.

***Restricted for debt service***

The restricted for debt service balance decreased by \$13.6 million. This decrease was primarily attributable to a \$1.5 million reduction in the sinking fund account for fiscal year 2020, and a \$58.9 thousand decrease of sinking fund reserves. In addition, there was a \$116.5 thousand decrease in restricted assets used for debt service.

***Unrestricted net position***

Unrestricted net position decreased by \$19.1 million. The unrestricted portion is comprised of the net position less the net investment in capital assets and restricted assets. In fiscal year 2020, this amount is comprised of a \$48.9 decrease in total net investment in capital assets, net of related debt and an \$8.0 million decrease in total restricted assets used for capital projects. These decreases were offset by a \$24.2 million increase in net position and a \$13.6 million increase in restricted assets used for debt service.

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**Summary of Revenues, Expenses and Changes in Net Position**

The following table compares the changes in revenues, expenses and fund net position between June 30, 2020 and June 30, 2019:

**City of Philadelphia – Aviation Fund**  
**Statements of Revenues, Expenses and Changes in Fund Net Position**  
(\$000)

	<b>Fiscal Year 2020</b>	<b>Fiscal Year 2019</b>	<b>Dollar Increase (Decrease)</b>	<b>Percentage Increase (Decrease)</b>
Operating revenues	\$ 295,405	\$ 391,072	\$ (95,667)	(24.5)%
Less: Operating expenses	(377,501)	(373,698)	(3,804)	1.0%
Operating gain (loss)	(82,096)	17,374	(99,471)	(572.5)%
Non-operating revenue, net	94,720	65,653	29,066	44.3%
Income before capital contributions	12,624	83,028	(70,405)	(84.8)%
Capital contributions	20,328	22,239	(1,911)	(8.6)%
Changes in net position	32,952	105,266	(72,314)	(68.7)%
Net position beginning of year	993,543	888,277	105,266	11.9%
Prior period adjustments	(8,771)	-	(8,771)	-
Net position end of year	<u>\$ 1,017,724</u>	<u>\$ 993,543</u>	<u>\$ 24,181</u>	<u>2.4%</u>

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 and is a useful indicator of whether the overall financial condition of the Airport has improved or declined during the year. In fiscal year 2020, net position increased by \$33.0 million from the prior year.

**Revenues**

For fiscal year 2020, approximately 66% of all revenue came from operating sources. Operating revenue consists of non-airline revenue and airline revenue, which comprised 44% and 56% respectively in fiscal year 2020, and 41% and 59% in fiscal year 2019. Additional information on Airport revenues can be found in Exhibit S-12 in the Statistical Section.

***Operating Revenues***

Operating revenues, which are comprised of airline and non-airline revenues, decreased by \$95.7 million or 24.5% in fiscal year 2020. The following table presents a comparative summary of operating revenues by source for fiscal year 2020 and fiscal year 2019, followed by explanations of changes in these categories between years.

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	<b>Operating Revenues</b>		<b>Dollar</b>	<b>Percentage</b>
	(\$000)			
	<b>Fiscal Year</b>	<b>Fiscal Year</b>	<b>Increase</b>	<b>Increase</b>
	<b>2020</b>	<b>2019</b>	<b>(Decrease)</b>	<b>(Decrease)</b>
<b>Operating revenues</b>				
Rents	\$ 92,060	\$ 112,438	\$ (20,377)	(18.1)%
Landing fees	52,352	81,041	(28,689)	(35.4)%
Passenger fees	19,556	37,249	(17,693)	(47.5)%
<b>Total airline revenues</b>	163,969	230,727	(66,759)	(28.9)%
Parking	35,024	37,152	(2,128)	(5.7)%
Food/Beverage/Retail	30,613	38,726	(8,113)	(20.9)%
Rental cars	15,473	19,822	(4,349)	(21.9)%
Ground transportation	8,410	9,906	(1,496)	(15.1)%
Other operating	41,917	54,739	(12,822)	(23.4)%
<b>Total non-airline revenues</b>	131,437	160,344	(28,907)	(18.0)%
<b>Total operating revenue</b>	\$ 295,406	\$ 391,072	\$ (95,666)	(24.5)%

Airline Revenues

- Rents derived from PHL's signatory airlines decreased by \$20.4 million or 18.1% from fiscal year 2019 to fiscal year 2020 due to decreases in various terminal rental rates in fiscal year 2020 caused by projected increases in non-airline terminal concession revenues which are used to offset the rents charges to the airlines.
- Landing fees derived from PHL's signatory airlines decreased by \$28.7 million or 35.4% from fiscal year 2019 to fiscal year 2020 primarily due to a decrease in flight activity as a result of the COVID-19 pandemic.
- Passenger fees derived from PHL's signatory airlines decreased by \$17.7 million or 47.5% in fiscal year 2020 due to a decrease in the fees charged for international common use gates and a decrease in passengers as a result of travel restrictions and COVID-19.

Non-airline Revenues

- Parking revenue in fiscal year 2020 decreased by \$2.1 million or 5.7% from fiscal year 2019 due to a decrease in originating enplanements caused by decreases in demand due to COVID-19.
- Food/Beverage/Retail revenue decreased \$8.1 million or 20.9% due to a decrease in passenger activity attributable to the COVID-19 pandemic.

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- Rental car revenue decreased \$4.4 million or 21.9% in fiscal year 2020 due to a decrease in passengers caused by COVID-19.
- Ground transportation revenue decreased \$1.5 million or 15.1% due mainly to Transportation Network Company (TNC) revenue declining as a result of COVID-19.
- Other operating revenue, which consists of office space rental income, domestic gate turn fees, advertising, catering, hotel, fuel flowage, utilities and other miscellaneous revenue, decreased \$12.8 million or 23.4% due primarily to reduced domestic gate turn fees as well as reduced use of those gates due to the impacts of COVID-19. Additionally, net rental income from office space was reduced due to increases in office building maintenance costs in fiscal year 2020.

***Non-Operating Revenues***

- Non-operating revenues, which consist of PFCs, CFCs, interest income, and federal, state and local grants for non-capital purposes, increased by \$31.7 million or 25.8% in fiscal year 2020. The following table presents a comparative summary of non-operating revenues by source for fiscal year 2020 and fiscal year 2019, followed by explanations of changes in these categories between years.

	<b>Non-operating Revenues</b>			
	(\$000)			
	<b>Fiscal Year</b>	<b>Fiscal Year</b>	<b>Dollar</b>	<b>Percentage</b>
	<b>2020</b>	<b>2019</b>	<b>Increase</b>	<b>Increase</b>
			<b>(Decrease)</b>	<b>(Decrease)</b>
<b>Non-operating revenue</b>				
Passenger facility charges	\$ 46,749	\$ 64,032	\$ (17,282)	(27.0)%
Customer facility charges	24,636	31,080	(6,445)	(20.7)%
Interest Income	25,343	23,582	1,761	7.5%
Operating grants	57,639	1,463	56,176	3839.2%
Other non-operating	-	2,529	(2,529)	(100.0)%
<b>Total non-operating revenue</b>	<b>\$ 154,367</b>	<b>\$ 122,685</b>	<b>\$ 31,682</b>	<b>25.8%</b>

- PFCs decreased by \$17.3 million or 27.0% due to a decrease in enplanements and the related travel restrictions created by COVID-19.
- CFCs decreased by \$6.4 million or 20.7% due to a decrease in demand for car rentals as a result of travel restrictions from COVID-19.
- Interest income increased by \$1.8 million or 7.5% in fiscal year 2020 due to investment activity in operating, capital and sinking fund reserve accounts totaling approximately \$4.5 million. In addition, there was a change in market value allowance resulting in a \$2.8 million decrease in interest income.

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- Grants from other governments for non-capital purposes (operating grants) increased by \$56.2 million or 3839.2% in fiscal year 2020, due to draws of \$53.8 million of the \$116.3 million in CARES grant funding awarded by the federal government to PHL and PNE to assist with the impacts of COVID-19.

**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 63% of total expenses; and depreciation and amortization, which account for 23% of total expenses. Non-operating expenses make up the remaining 14%, which includes debt service interest and other non-operating expenses.

The table below presents the major components of expense for fiscal year 2020 and fiscal year 2019, followed by an explanation of changes in these components.

<b>Expenses</b>				
(\$000)				
	<b>Fiscal Year</b>	<b>Fiscal Year</b>	<b>Dollar</b>	<b>Percentage</b>
	<b>2020</b>	<b>2019</b>	<b>Increase</b>	<b>Increase</b>
	<u>2020</u>	<u>2019</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
<b>Operating expenses</b>				
Personnel services	\$ 86,386	\$ 81,053	\$ 5,333	6.6%
Employee benefits	66,410	64,804	1,606	2.5%
Purchase of services	107,925	113,187	(5,263)	(4.6)%
Materials & supplies/equipment	8,863	8,202	659	8.0%
Other operating	5,525	5,773	(249)	(4.3)%
Depreciation	102,393	100,679	1,714	1.7%
Total operating expenses	<u>377,501</u>	<u>373,698</u>	<u>3,803</u>	<u>1.0%</u>
<b>Non-operating expenses</b>				
Debt service interest	59,290	57,033	2,257	4.0%
Other non-operating	357	-	357	-
Total non-operating expenses	<u>59,647</u>	<u>57,033</u>	<u>2,614</u>	<u>4.6%</u>
<b>Total expenses</b>	<u>\$ 437,149</u>	<u>\$ 430,732</u>	<u>\$ 6,417</u>	<u>1.5%</u>

***Operating expenses***

Operating expenses increased by \$3.8 million or 1.0% in fiscal year 2020 and are comprised of the following:

- Personnel services and employee benefits increased by a net total of \$6.9 million or 4.8% in fiscal year 2020 due to wage increases and increases in the Airport's pension costs.

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- Purchase of services decreased by \$5.3 million or 4.6% in fiscal year 2020 mainly due to a decrease in contractual disbursements as part of the Airport's efforts to decrease operating expenses in response to the COVID-19 pandemic.
- Materials and supplies/equipment increased \$659 thousand or 8.0% due to an increase in vehicle and equipment purchases.
- Other operating expenses decreased by \$249 thousand or 4.3% in fiscal year 2020 due to a decrease in indemnities and taxes.

***Non-operating expenses***

- Non-operating expenses, which includes debt service interest and other non-operating expenses, increased \$2.6 million or 4.6% in fiscal year 2020 mainly attributable to a change in amortization of bond premium and capitalization of interest expense.

**CAPITAL ASSETS AND CONSTRUCTION**

The Airport's investment in capital assets, net of accumulated depreciation, amounted to approximately \$2.1 billion at the end of fiscal year 2020. Most of the capital asset balance is in runways, taxiways, and terminal buildings. Additional information regarding the Airport's capital assets is found in in the Footnotes Section under Footnote 3.

***Capital Development***

The Division of Aviation maintains an on-going Capital Development Program ("CDP") that addresses airport development needs, as well as repair and maintenance of existing facilities. The following sections describe the Division's capital plans at the Airport which address Airfield, Terminal, and Outside Terminal Area.

Under the Airline Agreement, the airlines have approved approximately \$2.4 billion in capital development projects, of which approximately \$1.0 billion has been spent to-date. The CDP includes approximately \$1.4 billion of airline approved projects remaining to be completed, which incorporate long-term development projects and on-going rehabilitation and repair projects that generally address the Airport's capital needs. The primary focus of the CDP is for 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. The Airport continues to work with the airlines to evaluate operational needs and assess the timing and scope of projects. The CDP will continue to evolve as needs and priorities change.

The Airport is updating its Airport Master Plan in 2021 and 2022 to better guide future development and to establish airfield, terminal, and landside triggers, planning timelines and schedules to support long-term initiatives.

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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 underway and in various phases of construction.

HVAC COVID Enhancements: PHL is committed to ensuring the health and safety of our guests and employees. To this end, we are implementing several measures to help mitigate the transmission and spread of COVID-19. Bi-polar ionization technology creates charged particles that attach to and deactivate micro-organisms and viruses, rendering them harmless to building occupants resulting in a cleaner, healthier facility. This project is estimated to cost \$7 million.

T/W 'K' Repair / Concrete - Package 1: This is one of our most important east-west taxiways, and key to airfield efficiency during taxiing operations. Based on the pavement condition survey findings and due to the increase of aircraft operations, this taxiway requires reconstruction. Package one is underway with package two expected to start in 2022. The combined project cost of \$82.4 million is offset by federal and state funding of \$55.8 million.

Apron: There has been a growing need for additional parking for overnight passenger and cargo aircraft to allow for gate space to be utilized by other active aircraft. The addition of this \$40 million apron(s) creates eight (8) passenger aircraft parking locations.

PNE Runway 6-24 Phase Three: This 7,000-foot-long primary runway rehabilitation project at PNE consists of three phases of full depth reconstruction and associated electrical work. Runway 6-24 has received FAA funding totaling \$19.64 million to date which has offset the multi-phased project cost of \$37 million.

Loading Bridge Replacement Program Phase 2: Twelve loading bridges are being replaced to enhance passenger safety, security, and convenience during enplanement and deplanement. Phase two costs are expected to be \$26.5 million.

Restroom Renovations: As part of our guest experience, the Airport has an ongoing restroom renovation program. This phase four of the program will reconstruct five restroom sets in Terminals D, E, and F at an estimated project cost of \$15.5 million.

Video Surveillance System Phase 1: This \$12 million phase addresses surveillance coverage within the Customs Border Protection area to meet security & operational requirements.

Improvements to Mechanical Systems Concourse B and C: This \$11 million project enhances airflow to apron level office spaces in concourse B, C, and D.

Terminal D/E Curtainwall & Vestibule Upgrade Phases 2 & 3: These phases replace entrance door portals along the Departures Road at Terminal B, C, D & E. This \$13 million multi- phased project is expected to be completed mid-2022.



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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.

***Recently Completed Capital Projects and Acquisitions***

Significant acquisitions, design and construction projects completed during fiscal year 2020 include the following:

East Airfield Rehabilitation: This \$30 million project involved multiple pavement areas across the airfield including the north and south aprons and multiple taxiways. PHL received FAA and state funding of \$19 million for this project.

Upgrade A-West Sector 3 Electronic Detection System: The Electronic Detection System (EDS) and Checked Baggage Reconciliation Area received technology upgrades consisting of new units to comply with TSA's Planning Guideline Design Standards. This improved 3D imaging technology, enhancing the analysis of details and specific structures of suspected threats, allowing for more efficient security decision-making on checked baggage. This project was completed in the spring of 2020 for \$31.0 million, which included \$13.3 million in TSA grant funds.

PNE Runway 6-24 Phase Two: Phase two of the 7,000-foot long and primary runway rehabilitation project was completed in 2020. It included full depth reconstruction and associated electrical work for 2,000 linear feet of runway. PHL received \$8.8 million in FAA funding for this phase of the project. The estimated cost of all three phases is \$37 million.

Pedestrian Enhancements and Arrivals Roadway Rehabilitation: This \$6 million project installed an In-Roadway Warning Light System at the pedestrian crosswalks on the arrivals roadway and at north commercial road.

**DEBT ADMINISTRATION**

As of June 30, 2020, the Airport's total outstanding debt was \$1.625 billion, a \$51.6 million or 3.1% reduction over fiscal year-end 2019 due to bond principal repayments. 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.

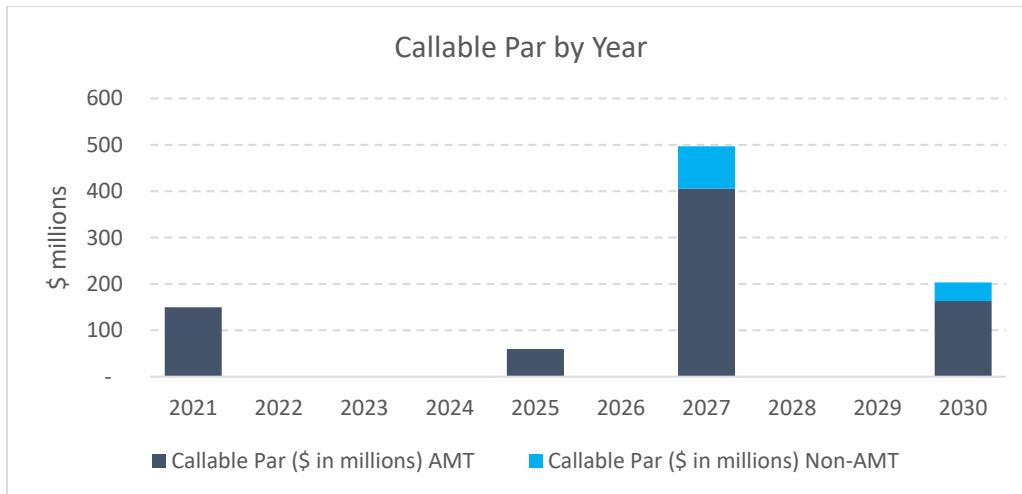
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**City of Philadelphia – Aviation Fund**  
**Changes in Borrowing**  
(\$000)

	Fiscal Year		Retirements/ Repayments	Fiscal Year		Dollar Increase (Decrease)	Percentage Increase (Decrease)
	2019	Additions		2020			
Airport Revenue Bonds	\$ 1,413,620	\$ -	\$ (64,285)	\$ 1,349,335	\$ (64,285)	-4.50%	
Commercial Paper	140,262	598,786	(583,786)	155,262	15,000	10.70%	
Taxable Airport Revenue Bond	122,770	-	(2,320)	120,450	(2,320)	-1.90%	
<b>Total Borrowing</b>	<b>\$ 1,676,652</b>	<b>\$ 598,786</b>	<b>\$ (650,391)</b>	<b>\$ 1,625,047</b>	<b>\$ (51,605)</b>	<b>-3.10%</b>	

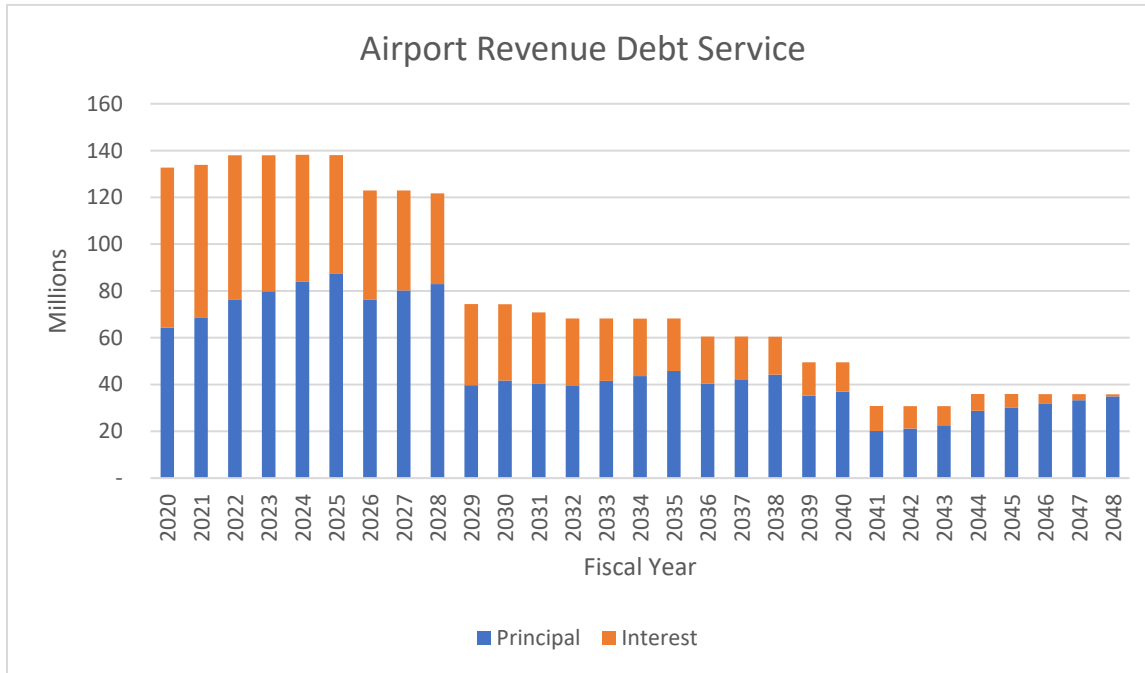
***Airport Revenue Bonds***

The Airport's long-term debt is fixed rate or synthetic fixed rate (the \$99.3 million 2005C issue of the outstanding revenue bonds is coupled with an interest rate swap). With the exception of the 2005C issue, all series include a 10-year call provision. The chart below presents the timing of the Airport's callable outstanding bonds for the 2010 series forward.



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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.



Subsequent to fiscal year 2020, the Division issued \$389.2 million Philadelphia International Airport Refunding Bonds in October 2020, Series 2020A, B, & C. The 2020A Bonds were issued for the purpose of providing funds, together with other available moneys, to: (i) refund all of the outstanding Series 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. These bonds were assigned an ‘A2’ rating by Moody’s with a stable outlook, and an ‘A’ rating by Fitch with a negative outlook.

Credit Ratings: As of June 30, 2020, the Airport revenue bonds were rated "A" by Fitch with a negative outlook, "A2" by Moody's with a stable outlook and "A" by Standard & Poor's with a negative outlook. The negative outlook by some of the rating agencies was in response to air traffic disruptions caused by COVID-19. Subsequent to fiscal year 2020, S&P downgraded the Airport to “A-“ with a negative outlook.

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***Commercial Paper (CP) Program***

The Airport has a \$350 million CP program to provide funding for capital projects approved by PHL's signatory airlines. 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, 2020, the Airport had drawn \$155.3 million of CP.

***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 Bond. This loan is subject to optional tender in full on April 26, 2022.

***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 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 2020, the Airport's debt service coverage for Test 1 was 3.24x and Test 2 was 2.27x.

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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>	<b>Fiscal Year</b> <b><u>2020</u></b>	<b>Fiscal Year</b> <b><u>2019</u></b>
1. Space rentals	\$ 85,717	\$ 116,966
2. Landing fees	55,080	83,890
3. Ramp Area rentals	(13)	212
4. International Terminal revenues	<u>23,616</u>	<u>31,823</u>
5. Subtotal, Airline Rentals, Fees and Charges	164,400	232,891
6. Non-airline Revenues	221,893	157,420
7. Interest income and Contribution for carrier incentive program	<u>3,874</u>	<u>3,132</u>
8. Total Project Revenues	390,167	393,443
9. Passenger Facility Charges (PFCs) Available for Debt Service	31,200	31,189
10. Portion of Fund Balance Attributable to Amounts Available for Debt Service	<u>144,218</u>	<u>126,824</u>
11. Total Amounts Available for Debt Service	<u>565,585</u>	<u>551,456</u>
<b><u>Expenses</u></b>		
12. Net Operating Expenses	151,739	161,161
13. Required Renewal Fund Deposit	0	0
14. Revenue Bond Debt Service	127,910	126,007
15. Interdepartmental Charges	<u>123,017</u>	<u>121,054</u>
16. Total Expenses	<u>402,666</u>	<u>408,222</u>
17. Net Revenue	<u>\$ 162,919</u>	<u>\$ 143,234</u>
<b><u>Rate Covenant Tests of the Original General Airport Revenue Bond Ordinance</u></b>		
18. Test 1 (Line 11- Line 12- Line 13) / (Line 14)	3.24	3.10
19. Test 2 (Line 11- Line 12- Line 13- Line 15) / (Line 14)	2.27	2.14

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**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 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 2020.

	Actual Fiscal Year 2020	Budget Fiscal Year 2020	Percent Increase (Decrease)
Average Terminal Rental Rate per Square Foot	\$ 64.14	\$ 107.41	(40.3)%
Ramp Area Rental Rate per Linear Foot	(2.37)	25.33	(109.4)%
Landing Fee Rate per 1,000 Pounds	2.86	4.10	(30.2)%

Actual rates for FY 2020 would have been expected to increase given the reduction in passengers and operations as a result of the impacts on of COVID-19 that started at the end of the third quarter FY 2020. However, the expected increases in rates were offset by the following: better than expected non-airline revenues and airline activity prior to the start of the pandemic; use of a portion of the CARES Act grant that was provided by the federal government as described earlier; and reductions to Airport operating expenses to mitigate the reductions to Airport revenues from the pandemic as described earlier.

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

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Philadelphia International 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, Terminal D, 3rd Floor, Philadelphia, PA 19153.

**CITY OF PHILADELPHIA**  
**AVIATION FUND**  
*Statements of Net Position (Unaudited)*

	Fiscal Year 2020	Fiscal Year 2019	Percentage Increase (Decrease)
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 14,815,043	\$ 7,224,574	105.1%
Investments	228,573,665	235,255,228	(2.8)%
Accounts receivable	43,214,063	22,300,024	93.8%
Allowance for doubtful accounts	(1,427,177)	(826,906)	72.6%
Inventories	5,511,105	3,866,048	42.6%
Due from other governmental units	937,643	996,260	(5.9)%
Total current assets	<u>291,624,342</u>	<u>268,815,228</u>	<u>8.5%</u>
<b>Non-current assets:</b>			
<b>Restricted:</b>			
Cash and cash equivalents	45,365,866	358,797,546	(87.4)%
Cash held by fiscal agent	-	-	-
Investments	518,529,337	217,307,283	138.6%
Sinking funds and reserves held by fiscal agents	157,760,664	171,343,214	(7.9)%
Grants from other governments for capital purposes	12,343,217	14,993,055	(17.7)%
Receivables	5,009,937	15,255,684	(67.2)%
Total restricted assets	<u>739,009,021</u>	<u>777,696,782</u>	<u>(5.0)%</u>
<b>Capital assets:</b>			
Land and other non-depreciable assets	230,642,915	230,349,955	0.1%
Infrastructure	1,293,702,285	1,098,328,900	17.8%
Construction in progress	268,146,399	389,395,118	(31.1)%
Buildings and equipment	2,517,079,856	2,481,050,035	1.5%
Less: accumulated depreciation and amortization	(2,162,363,960)	(2,066,587,141)	4.6%
Property, plant and equipment, net	<u>2,147,207,495</u>	<u>2,132,536,867</u>	<u>0.7%</u>
Total noncurrent assets	<u>2,886,216,516</u>	<u>2,910,233,649</u>	<u>(0.8)%</u>
Total assets	<u>3,177,840,858</u>	<u>3,179,048,877</u>	<u>0.0%</u>
<b>Deferred outflows of resources</b>			
Accumulated decrease in fair value of hedging derivatives	5,240,126	4,678,770	12.0%
Deferred outflows related to other post-employment benefits	6,945,000	5,147,000	34.9%
Deferred outflows related to pensions	13,371,483	8,413,958	58.9%
Refunding in defeasance of debt	2,391,386	2,953,074	(19.0)%
Total deferred outflow of resources	<u>27,947,995</u>	<u>21,192,802</u>	<u>31.9%</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts and vouchers payable	14,454,564	22,689,289	-36.3%
Salaries and wages payable	4,123,547	3,683,968	11.9%
Construction contracts payable	24,595,685	28,622,124	(14.1)%
Due to component units	-	131,011	(100.0)%
Accrued expenses	2,009,413	1,046,319	92.0%
Accrued interest payable	18,333,472	18,454,549	(0.7)%
Unearned revenue	75,149,973	38,769,077	93.8%
Commercial paper notes	155,262,000	140,262,000	10.7%
Current maturities of long-term bonded debt	68,690,000	64,285,000	6.9%
Current portion of taxable airport revenue note	2,410,000	2,320,000	3.9%
Total current liabilities	<u>365,028,654</u>	<u>320,263,337</u>	<u>14.0%</u>
<b>Non-current liabilities</b>			
Taxable airport revenue note, long-term	118,040,000	120,450,000	(2.0)%
Revenue bonds, net of current maturities	1,280,645,000	1,349,335,000	(5.1)%
Unamortized bond premiums	104,127,105	114,735,631	(9.2)%
Derivative instrument liability	5,240,126	4,678,770	12.0%
Net pension liability	216,184,469	211,066,884	2.4%
Other post-employment benefits liability	68,481,000	64,425,000	6.3%
Other non-current liabilities	22,785,152	14,165,282	60.9%
Total non-current liabilities	<u>1,815,502,852</u>	<u>1,878,856,567</u>	<u>(3.4)%</u>
Total liabilities	<u>2,180,531,506</u>	<u>2,199,119,904</u>	<u>(0.8)%</u>
<b>Deferred inflows of resources</b>			
Deferred gain on refunding debt	1,189,547	132,211	799.7%
Deferred inflows related to other post-employment benefits	6,025,000	7,172,000	(16.0)%
Deferred inflows related to pensions	318,848	274,396	16.2%
Total deferred inflows of resources	<u>7,533,395</u>	<u>7,578,607</u>	<u>(0.6)%</u>
<b>Net position</b>			
Net investment in capital assets	836,970,353	788,050,246	6.2%
Prior period adjustments	-	-	-
<b>Restricted for:</b>			
Capital projects	97,243,466	89,273,955	8.9%
Debt service	187,091,529	200,727,501	(6.8)%
Prior period adjustments	-	-	-
Unrestricted	(103,581,396)	(84,508,534)	22.6%
Prior period adjustments	-	-	-
Total net position	<u>\$ 1,017,723,952</u>	<u>\$ 993,543,168</u>	<u>2.4%</u>



**CITY OF PHILADELPHIA**  
**AVIATION FUND**

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

	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>	Percentage Increase (Decrease)
Operating revenues			
Airline revenues			
Rents	\$ 92,060,092	\$ 112,437,578	(18.1)%
Landing fees	52,351,021	81,040,660	(35.4)%
International arrival fees	19,556,454	37,249,170	(47.5)%
Total airline revenues	<u>163,967,567</u>	<u>230,727,408</u>	<u>(28.9)%</u>
Nonairline revenues			
Concessions	100,956,130	118,380,431	(14.7)%
Other rents	22,686,419	34,128,018	(33.5)%
Utilities and other fees	2,566,366	2,542,899	0.9%
Other operating revenues	5,228,340	5,292,986	(1.2)%
Total nonairline revenues	<u>131,437,255</u>	<u>160,344,334</u>	<u>(18.0)%</u>
Total operating revenues	<u>295,404,822</u>	<u>391,071,742</u>	<u>(24.5)%</u>
Operating expenses			
Personal services	86,385,831	81,052,522	6.6%
Purchase of services	107,925,323	113,187,323	(4.6)%
Materials and supplies	8,862,639	8,202,311	8.1%
Employee benefits	66,409,686	64,803,539	2.5%
Indemnities and taxes	5,524,518	5,773,036	(4.3)%
Depreciation and amortization	102,393,319	100,679,051	1.7%
Total operating expenses	<u>377,501,316</u>	<u>373,697,782</u>	<u>1.0%</u>
Operating income	<u>(82,096,494)</u>	<u>17,373,960</u>	<u>(572.5)%</u>
Non-operating revenues (expenses)			
Federal, state and local grants	57,639,261	1,463,277	3,839.1%
Interest income	25,343,078	23,582,264	7.5%
Interest expense	(59,289,830)	(57,032,860)	4.0%
Passenger facility charges	46,749,088	64,031,965	(27.0)%
Customer facility charges	24,636,032	31,080,128	(20.7)%
Gain/(Loss) on disposal of capital assets	(307,101)	51,887	(691.9)%
Other revenue/(expense)	(50,338)	2,476,639	(102.0)%
Total non-operating revenues (expenses)	<u>94,720,190</u>	<u>65,653,300</u>	<u>44.3%</u>
Income before capital contributions	<u>12,623,696</u>	<u>83,027,260</u>	<u>(84.8)%</u>
Capital contributions			
Federal, state and local grants	20,327,935	22,238,626	(8.6)%
Total capital contributions	<u>20,327,935</u>	<u>22,238,626</u>	<u>(8.6)%</u>
Transfers			
Transfers out	-	-	-
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	32,951,631	105,265,886	(68.7)%
Net position beginning of period, as restated	984,772,321	888,277,282	10.9%
Net position end of period	<u>\$ 1,017,723,952</u>	<u>\$ 993,543,168</u>	<u>2.4%</u>

**CITY OF PHILADELPHIA**

**AVIATION FUND**

*Statements of Cash Flows*

	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>	Percentage Increase (Decrease)
Cash flows from operating activities			
Receipts from customers	\$ 310,196,620	\$ 408,684,789	(24.1)%
Receipts from interfund services	1,203,615	1,241,842	(3.1)%
Payments to suppliers	(123,374,369)	(117,488,016)	5.0%
Payments to employees	(150,022,417)	(143,785,168)	4.3%
Internal activity-payments to other funds	(7,539,796)	(7,363,442)	2.4%
Net cash provided by operating activities	<u>30,463,653</u>	<u>141,290,005</u>	<u>(78.4)%</u>
Cash flows from non-capital financing activities			
Grant proceeds not specifically restricted for capital purposes	<u>56,082,878</u>	<u>1,060,781</u>	<u>5,186.9%</u>
Cash flows from capital and related financing activities			
Proceeds from issuance of debt	598,786,000	628,386,000	(4.7)%
Capital grants and contributions received	22,927,435	21,910,433	4.6%
Purchase of capital assets	(114,284,465)	(109,842,378)	4.0%
Proceeds from sales of capital assets	1,029,605	123,416	734.3%
Principal paid on debt instruments	(650,391,000)	(690,066,000)	(5.7)%
Interest paid on capital debt	(76,543,036)	(81,669,345)	(6.3)%
Passenger & customer facility charges	81,995,653	94,516,721	(13.2)%
Net cash provided by (used) in capital and related financing activities	<u>(136,479,808)</u>	<u>(136,641,153)</u>	<u>(0.1)%</u>
Cash flows from investing activities			
Interest and dividends	25,050,007	22,925,250	9.3%
Receipts from sinking funds and reserves	13,582,550	14,755,018	(7.9)%
Net cash provided by investing activities	<u>38,632,557</u>	<u>37,680,268</u>	<u>2.5%</u>
Net increase in cash	(11,300,720)	43,389,901	(126.0)%
Balance beginning of year	818,584,631	775,194,730	5.6%
Balance end of year	<u>\$ 807,283,911</u>	<u>\$ 818,584,631</u>	<u>(1.4)%</u>
Reconciliation of operating income/(loss) to net cash provided by operating activities			
Operating income	\$ (82,096,494)	\$ 17,373,960	(572.5)%
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	102,393,319	100,679,051	1.7%
Change in assets and liabilities:			
Receivables, net	(20,385,483)	6,512,687	(413.0)%
Inventories	(30,057)	(382,526)	(92.1)%
Accounts and other payables	(5,798,528)	4,764,631	(221.7)%
Unearned revenue	36,380,896	12,342,202	194.8%
Net cash provided by operating activities	<u>\$ 30,463,653</u>	<u>\$ 141,290,005</u>	<u>(78.4)%</u>

**CITY OF PHILADELPHIA**  
**AVIATION FUND**  
*Notes to Financial Statements*

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**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”, or the “Airport”) and Northeast Philadelphia Airport (“PNE”). 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 comprehensive annual 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.

Recently Issued GASB Statements

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Per GASB Statement No. 95, implementation of GSB Statement No. 84 has been postponed by one year, making the effective date for reporting periods after December 15, 2019. The City has not completed the process of evaluating the impact of adopting this Statement.

**CITY OF PHILADELPHIA**  
**AVIATION FUND**  
*Notes to Financial Statements*

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In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Per GASB Statement No. 95, implementation of GASB 87 has been postponed by 18 months, making the effective date the reporting periods beginning after June 15, 2021. The City has not completed the process of evaluating the impact of adopting this Statement.

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City's adoption of Statement No. 88 resulted in additional disclosures related to direct borrowings, direct placements, and lines of credit.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest costs incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest

**CITY OF PHILADELPHIA**  
**AVIATION FUND**  
*Notes to Financial Statements*

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cost includes all interest that previously was accounted for in accordance with the requirements of paragraph 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources management focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources management focus, interest costs incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Per GASB Statement No. 95, implementation of GASB Statement 89 has been postponed by one year, making the effective date for reporting periods beginning after December 15, 2020. The City has not completed the process of evaluating the impact of adopting this Statement.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Per

**CITY OF PHILADELPHIA**  
**AVIATION FUND**  
*Notes to Financial Statements*

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GASB Statement No. 95, implementation of GASB Statement No. 90 has been postponed by one year, making the effective date for reporting periods beginning after December 15, 2019. The City has not completed the process of evaluating the impact of adopting this Statement.

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. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers’ conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Per GASB Statement 95, implementation of GASB Statement No. 91 has been postponed by one year, making the effective date for reporting periods beginning after December 15, 2021. The City has not completed the process of evaluating the impact of adopting this Statement.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The City has not completed the process of evaluating the impact of adopting the Statement.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR/IBOR as an appropriate benchmark interest rate is effective for reporting periods ending after

**CITY OF PHILADELPHIA**  
**AVIATION FUND**  
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December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. The City has not completed the process of evaluating the impact of adopting this Statement.

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 requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The City has not completed the process of evaluating the impact of adopting this Statement.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

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). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The City has not completed the process of evaluating the impact of adopting this Statement.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (“OPEB”) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (“IRC”) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for fiscal years beginning after June

**CITY OF PHILADELPHIA**  
**AVIATION FUND**  
*Notes to Financial Statements*

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15, 2021. The City has not completed the process of evaluating the impact of adopting this Statement.

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. 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 years ended June 30, 2020 and 2019.

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, 2020 and 2019. Credit balance receivables have been included in unearned revenue in the Statements 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.

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.



**CITY OF PHILADELPHIA**  
**AVIATION FUND**  
*Notes to Financial Statements*

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- 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 (“PFCs”) 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 (“CFCs”) 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 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 materially extends 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.

Costs to be included in the capitalized cost of buildings include 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.

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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 2020 financial statements:

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.

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<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 – airline revenues are those paid by PHL’s signatory carriers and include rents, landing fees, and per passenger fees.
- Non-airline revenue – non-airline revenues are all other operating revenues that do not qualify as airline revenue. These consist of 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 PFCs is reserved for the funding of certain capital expenditures and debt service payments, as approved by the FAA.
- CFCs – revenue from CFCs 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.

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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.

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 judgements are recorded as expenditures in the government fund financial statements when paid or when judgements have been rendered against the City.

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 years ended June 30, 2020 and 2019, cash and cash equivalents, and investments (deposits) are included in the financial statements in current and restricted cash and cash equivalents, and 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

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department of a commercial bank other than the pledging bank. All collateralized securities were held in the City's name.

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, 2020, the fair value of the Aviation Fund's holdings consisted of the following:

	Fair Value	% of Total
Short-Term Investment Pools	\$ 49,545,730	5.07%
U.S. Government Securities	500,925,007	51.27%
U.S. Government Agency Securities	154,822,612	15.85%
Municipal and Other Debt Securities	-	0.00%
Commercial Paper	101,872,793	10.43%
Corporate Bonds	169,919,166	17.39%
	<u>\$ 977,085,308</u>	<u>100.0%</u>

As of June 30, 2019, the fair value of the Aviation Fund's holdings consisted of the following:

	Fair Value	% of Total
Short-Term Investment Pools	\$ 382,301,956	38.10%
U.S. Government Securities	312,138,071	31.11%
U.S. Government Agency Securities	74,426,612	7.42%
Municipal and Other Debt Securities	8,165,509	0.81%
Commercial Paper	121,413,587	12.10%
Corporate Bonds	105,010,462	10.46%
	<u>\$ 1,003,456,197</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.

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As of June 30, 2020, the maturities of holdings were as follows:

	<u>Less Than 1 Year</u>	<u>1 - 3 Years</u>
Short-Term Investment Pools	\$ 49,545,730	\$ -
U.S. Government Securities	345,427,445	155,497,562
U.S. Government Agency Securities	100,646,958	54,175,654
Municipal and Other Debt Securities	8,933,560	7,728,523
Commercial Paper	101,872,793	-
Corporate Bonds	147,626,123	22,293,042
	<u>\$ 754,052,609</u>	<u>\$ 239,694,781</u>

As of June 30, 2019, the maturities of holdings were as follows:

	<u>Less Than 1 Year</u>	<u>1 - 3 Years</u>
Short-Term Investment Pools	\$ 382,301,956	\$ -
U.S. Government Securities	242,936,074	69,201,997
U.S. Government Agency Securities	74,426,612	-
Municipal and Other Debt Securities	2,811,024	5,354,485
Commercial Paper	121,413,587	-
Corporate Bonds	56,451,071	48,559,391
	<u>\$ 880,340,324</u>	<u>\$ 123,115,873</u>

*Credit Risk:* The City’s policy is to limit credit risk by limiting the type 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 (51.27%) or U.S. Government Agency obligations (15.85%) are allowable investments up to 100% of the portfolio. The U.S. Government Agency obligations must be rated AAA by Standard & Poor’s Corp. (“S&P”) or Aaa by Moody’s Investor Services (“Moody’s”). All U.S. Government Securities meet the criteria.

The City’s investment in Commercial Paper (10.43%) is limited to 25% of the portfolio and must be rated A1 by S&P or P1 by Moody’s Investor’s Services, Inc and the senior long-term debt of the issuer must not be rated lower than A by S&P or Aa2 by Moody’s. All commercial paper investments meet the criteria.

The City’s investment in corporate bonds (17.39%) 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. The short-term investment pools’ amortized cost-based net asset value per share/unit is the same as the

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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. 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.

*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
- Level 3: Unobservable inputs for assets or liabilities

The Airport has the following recurring fair value measurements as of June 30, 2020:

- U.S. Treasury securities of \$500.9 million are valued using quoted prices from active markets (Level 1).
- U.S. Agency securities of \$154.8 million are valued using quoted prices for identical securities traded in active markets when sufficient activity exists (Level 2).
- Commercial Paper securities of \$101.9 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 \$169.9 million are valued using quoted prices for similar securities in active markets and via matrix pricing models (Level 2).
- Short-term investment pools of \$49.5 million are valued at the published amortized cost-based net asset value per share/unit. There are no limitations or restrictions on withdrawals.

### **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

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incurred as a result of financing asset acquisition or construction. General maintenance and repair costs are charged to operations.

The Airport transfers Construction in Process 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 \$8,142,627 and \$13,523,667 for the fiscal years ending June 30, 2020 and 2019, respectively.

Depreciation on the capital assets is provided on the straight-line method over their estimated useful lives. Depreciation and amortization expense were \$102,393,320 and \$100,679,051 for the fiscal years ending June 30, 2020 and 2019, respectively.

The following tables present the changes in capital assets for fiscal year 2020 and fiscal year 2019.

	Balance FYE 06/30/2019	Additions	Deletions	Balance FYE 06/30/2020
<b>Non-depreciable assets</b>				
Land and intangibles	\$ 230,349,956	\$ 292,960	\$ -	\$ 230,642,916
Construction-in-progress	389,395,118	109,807,889	(231,056,608)	268,146,399
<b>Total non-depreciable assets</b>	<u>619,745,074</u>	<u>110,100,849</u>	<u>(231,056,608)</u>	<u>498,789,315</u>
<b>Depreciable assets</b>				
Buildings & improvements	2,017,358,026	3,462,472	-	2,020,820,498
Infrastructure	1,098,328,900	195,373,385	-	1,293,702,285
Other improvements	402,854,108	31,927,793	-	434,781,901
Equipment	60,837,900	8,592,761	(7,953,206)	61,477,455
<b>Total depreciable assets</b>	<u>3,579,378,934</u>	<u>239,356,411</u>	<u>(7,953,206)</u>	<u>3,810,782,139</u>
<b>Accumulated depreciation</b>				
Buildings & improvements	(1,019,356,683)	(53,243,725)	-	(1,072,600,408)
Infrastructure	(769,653,958)	(26,595,792)	-	(796,249,750)
Other improvements	(230,667,024)	(17,837,373)	-	(248,504,397)
Equipment	(46,909,476)	(4,716,430)	6,616,500	(45,009,406)
<b>Total accumulated depreciation</b>	<u>(2,066,587,141)</u>	<u>(102,393,320)</u>	<u>6,616,500</u>	<u>(2,162,363,961)</u>
<b>Net depreciable assets</b>	<u>1,512,791,793</u>	<u>136,963,091</u>	<u>(1,336,706)</u>	<u>1,648,418,178</u>
<b>Total capital assets</b>	<u>\$ 2,132,536,867</u>	<u>\$ 247,063,940</u>	<u>\$ (232,393,314)</u>	<u>\$ 2,147,207,493</u>



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	FYE 06/30/2018	Additions	Deletions	FYE 06/30/2019
<b>Non-depreciable assets</b>				
Land and intangibles	\$ 220,626,924	\$ 9,723,032	\$ -	\$ 230,349,956
Construction-in-progress	507,330,662	118,489,823	(236,425,367)	389,395,118
<b>Total non-depreciable assets</b>	<u>727,957,586</u>	<u>128,212,855</u>	<u>(236,425,367)</u>	<u>619,745,074</u>
<b>Depreciable assets</b>				
Buildings & improvements	1,876,836,152	140,521,874	-	2,017,358,026
Infrastructure	1,039,127,390	59,201,510	-	1,098,328,900
Other improvements	375,875,156	26,978,952	-	402,854,108
Equipment	57,435,649	3,841,508	(439,256)	60,837,901
<b>Total depreciable assets</b>	<u>3,349,274,347</u>	<u>230,543,844</u>	<u>(439,256)</u>	<u>3,579,378,935</u>
<b>Accumulated depreciation</b>				
Buildings & improvements	(968,444,065)	(50,912,618)	-	(1,019,356,683)
Infrastructure	(743,032,652)	(26,621,307)	-	(769,653,959)
Other improvements	(211,762,565)	(18,904,459)	-	(230,667,024)
Equipment	(43,036,536)	(4,240,667)	367,727	(46,909,475)
<b>Total accumulated depreciation</b>	<u>(1,966,275,818)</u>	<u>(100,679,051)</u>	<u>367,727</u>	<u>(2,066,587,141)</u>
<b>Net depreciable assets</b>	<u>1,382,998,529</u>	<u>129,864,793</u>	<u>(71,529)</u>	<u>1,512,791,794</u>
<b>Total capital assets</b>	<u>\$ 2,110,956,115</u>	<u>\$ 258,077,648</u>	<u>\$ (236,496,896)</u>	<u>\$ 2,132,536,868</u>

**4. UNEARNED REVENUE**

Unearned revenue was \$75,149,973 and \$38,769,077 for the fiscal years ending June 30, 2020 and 2019, respectively 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, 2020 and 2019.

**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, 2020 and June 30, 2019 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, 2020	(\$561,356)
Outflow at June 30, 2019	\$906,921
Fair value at June 30, 2020	(\$5,240,126)
Fair value at June 30, 2019	(\$4,678,770)
Objective	Hedge changes in cash flow on the 2005 Series bonds
Notional amount at June 30, 2020	\$74,100,000
Notional amount at June 30, 2019	\$87,100,000
Effective date	06/15/2005
Maturity date	06/15/2025
Terms	Airport pays multiple fixed swap rates; receives SIFMA Municipal Swap Index
Counterparty credit rating	
at June 30, 2020	Aa2/A+
at June 30, 2019	Aa2/A+

*Objective:* In April 2002, the City entered into a swaption that provided the City’s Aviation Division 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. 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 Chase has the option to terminate the swap.

As of June 30, 2020, and June 30, 2019, the swap had a notional amount of \$74.1 million and \$87.1 million, respectively, and the associated variable-rate bonds had a \$74.1 million and \$87.1 million principal amount, respectively. The bonds’ variable-rate coupons are not based on an index but on remarketing performance. The bonds mature on June 15, 2025. The swap will terminate on June 15, 2025 if not previously terminated by JP Morgan Chase.

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*Fair Value:* As of June 30, 2020, and June 30, 2019, the swap had a negative fair value of (\$5.2) million and (\$4.7) million, respectively. This means that if the swap terminated today, the Airport would have to pay this amount to JP Morgan Chase. 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.

*Risk:* As of June 30, 2020, the Airport was not exposed to credit risk because the swap had a negative fair value. Should interest rates change and the fair value of the swap become positive, the Airport would be exposed to credit risk in the amount of the swap's fair value. In addition, the Airport is subject to basis risk should the relationship between SIFMA and the bonds change; if SIFMA resets at a rate below the variable bond rate, the synthetic interest rate will be greater than anticipated. 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 Chase if the Airport's ratings fall below BBB or Baa2. No termination event based on the Airport's ratings can occur as long as National Public Finance Guarantee Corporation (Formerly MBIA) is rated at least A- or A3.

As of June 30, 2020, and June 30, 2019, the rates were:

<u>Interest Rate Swap</u>	<u>Terms</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Fixed payment to JPMorgan Chase	Fixed-declining	3.23199%	3.59720%
Variable rate payment from JPMorgan Chase	SIFMA	(0.13000)%	(1.90000)%
Net interest rate swap payments		3.10199%	1.69720%
Variable rate bond coupon payments	Weekly resets	0.16000%	1.90500%
Synthetic interest rate on bonds		3.26199%	3.60220%

*Swap payments and associated debt:* As of June 30, 2020, 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:

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Fiscal Years Ending June 30	Variable Rate Bonds Principal	Interest	Interest Rate Swaps Net	Total Interest
2021	13,700,000	118,560	2,064,936	2,183,496
2022	14,300,000	96,640	1,529,306	1,625,946
2023	14,900,000	73,760	997,026	1,070,786
2024	15,400,000	49,920	570,350	620,270
2025	15,800,000	25,280	240,750	266,030
Totals	<u>\$ 74,100,000</u>	<u>\$ 364,160</u>	<u>\$ 5,402,368</u>	<u>\$ 5,766,528</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 approved by the Airport’s signatory airlines. 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, which 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, 2020, the Aviation Fund had outstanding letters of credit of \$155.3 million and unused letters of credit equal to \$194.7 million related to the CP program.

As of June 30, 2020, the total outstanding balance of CP notes was \$155,262,000.

Balance as of July 1, 2019	\$ 140,262,000
Commercial Paper Notes Issued	598,786,000
Commercial Paper Notes Refunded	<u>(583,786,000)</u>
Balance as of July 1, 2020	\$ 155,262,000

**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

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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 LOC constitutes both a credit facility and liquidity facility under the Ordinance and the Variable Rate Securities Agreement, and the TD Bank will be the credit provider and liquidity provider under the Ordinance and the Variable Rate Securities Agreement for the 2005C bonds. The bonds will have a weekly interest rate and maturity date in 2025.

In November 2010, Airport Revenue Bonds, Series 2010 were issued in the amount of \$624.7 million:

- Airport Revenue Bonds, Series 2010A (non-AMT) were issued as serial and term bonds in the amount of \$273.1 million. Insured serial bonds were issued in the amount of \$16.5 million with interest rates ranging from 3% to 4.5% and a maturity in 2035 and uninsured serial bonds in the amount of \$113.0 million with a maturity of 2030. Insured term bonds were issued in the amount of \$25 million and \$48 million with an interest rate of 5% and maturities in 2035 and 2040. Uninsured term bonds were issued in the amounts of \$37.8 million and \$32.8 million with an interest rate of 5% and maturities in 2035 and 2040. The proceeds of Series 2010A were used to finance certain capital improvements to the airport system; fund the deposits into the sinking funds; finance capitalized interest; and pay costs of issuance relating to the bonds.
- Airport Revenue Refunding Bonds, Series 2010B (non-AMT) were issued as uninsured serial bonds in the amount of \$24.4 million with interest ranging from 2.0% to 5% and maturing in 2015. The proceeds of these bonds were used to refund the City's Airport Revenue Bonds, Series 1997A; fund the deposit into the sinking fund reserve; and pay costs of issuance relating to the bonds.
- Airport Revenue Refunding Bonds, Series 2010C were issued as uninsured serial bonds in the amount of \$54.7 million with interest ranging from 2.0% to 5% and maturing in 2018. The proceeds of these bonds were used to partially refund the City's Airport Revenue Bonds, Series 1998A; fund the deposit into the sinking fund reserve; and pay costs of issuance relating to the bonds.
- Airport Revenue Refunding Bonds, Series 2010D were issued in the amount of \$272.5 million. Insured serial bonds were issued in the amount of \$1.9 million with interest ranging from 4.0% to 4.5% and maturing in 2024. Uninsured serial bonds were issued in the amount of \$270.7 million with interest ranging from 2.0% to 5.25% and maturing in 2028. The proceeds of these bonds were used to partially refund the City's Airport Revenue Bonds Series 1998B; fund the deposit into the sinking fund reserve; and pay costs of issuance relating to the bonds.

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In December 2011, Airport Revenue Refunding Bonds, Series 2011 were issued in the amount of \$233.8 million. The Series 2011A bonds (AMT) were issued as serial bonds in the amount of \$199.0 million with interest rates ranging from 2% to 5% and maturing in 2028. The Series 2011B bonds were issued as serial bonds in the amount of \$34.8 million, with interest rates ranging from 2% to 5% and maturing in 2031. The proceeds of these bonds were used to: (i) refund a portion of the International Terminal Bonds; (ii) refund all of the City's outstanding Airport Revenue Bonds, Series 2001B; and (iii) pay the issuance costs of the bonds. The proceeds from the 2011A bonds were used to refund the entire principal amount of \$149.3 million for the Airport Revenue Bonds, Series 2001A. In addition, the 2011B bonds were used to refund a portion of the Airport Revenue Bond Series 1998B (outstanding aggregate principal amount of \$57.1 million).

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 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.

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

Fiscal Years Ending June 30	Principal	Interest	Total Debt Service
2021	68,690,000	65,180,948	\$ 133,870,948
2022	76,170,000	61,787,315	137,957,315
2023	79,885,000	58,099,880	137,984,880
2024	83,685,000	54,346,844	138,031,844
2025	87,550,000	50,522,247	138,072,247
2026-2030	320,910,000	195,420,581	516,330,581
2031-2035	210,910,000	132,754,869	343,664,869
2036-2040	199,055,000	81,364,703	280,419,703
2041-2045	122,550,000	41,680,500	164,230,500
2046-2048	99,930,000	7,657,500	107,587,500
Totals	<u>\$ 1,349,335,000</u>	<u>\$ 748,815,387</u>	<u>\$ 2,098,150,387</u>

The early extinguishment of debt can result in a 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 loss is amortized annually over the life of the refunded bonds and reflected in the Deferred Outflows section on the Statements of Net Position.

Total interest costs for fiscal year 2020 were \$68.4 million, of which \$8.1 million was capitalized and \$60.3 million was recorded as non-operating expense. Total interest costs for fiscal year 2019 were nearly \$72.5 million, of which \$13.5 million was capitalized and \$59 million 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-20	Total Outstanding Bonded Debt	Final Maturity	Interest Percentage Rate
Airport Revenue Bonds - Series 2005C	\$ 189,500,000	13,700,000	60,400,000	74,100,000	2025	Variable Rate
Airport Revenue Bonds - Series 2010A	\$ 273,065,000	7,005,000	225,230,000	232,235,000	2040	2.00-5.25%
Airport Revenue Bonds - Series 2010D	\$ 272,475,000	19,475,000	113,230,000	132,705,000	2028	2.00-5.25%
Airport Revenue Bonds - Series 2011A	\$ 199,040,000	8,540,000	129,535,000	138,075,000	2028	2.00-5.00%
Airport Revenue Bonds - Series 2011B	\$ 34,790,000	1,615,000	20,300,000	21,915,000	2031	2.00-5.05%
Airport Revenue Bonds - Series 2015A	\$ 97,780,000	3,735,000	76,585,000	80,320,000	2035	4.00-5.00%
Airport Revenue Bonds - Series 2017A	\$ 138,630,000	4,270,000	127,885,000	132,155,000	2047	3.125-5.00%
Airport Revenue Bonds - Series 2017B	\$ 533,900,000	10,350,000	527,830,000	537,830,000	2047	5.00%
	<u>\$ 1,739,180,000</u>	<u>\$ 68,690,000</u>	<u>\$ 1,280,995,000</u>	<u>\$ 1,349,335,000</u>		

	Authorized and Unissued
Airport General Obligation Bonds	<u>\$ 6,250,000</u>

**Changes in Long-Term Debt**

	Beginning Balance	Additions (Deletions)	Retirements/ Repayments	Ending Balance	Due Within One Year
Revenue Bonds Payable	\$ 1,413,620,000	\$ -	\$ (64,285,000)	\$ 1,349,335,000	\$ 68,690,000
Taxable Airport Revenue Note	122,770,000	-	(2,320,000)	120,450,000	2,410,000
Unamortized Premium/(Discount)	114,735,631	-	(10,608,526)	104,127,105	-
Total Revenue Bonds Payable	<u>\$ 1,651,125,631</u>	<u>\$ -</u>	<u>\$ (77,213,526)</u>	<u>\$ 1,573,912,105</u>	<u>\$ 71,100,000</u>

**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 is subject to optional tender in full on April 26, 2022.

Fiscal Years	Principal	Interest	Total Debt Service
Ending June 30			
2021	2,410,000	3,307,196	5,717,196
2022	118,040,000	2,932,154	120,972,154
Totals	<u>\$ 120,450,000</u>	<u>\$ 6,239,350</u>	<u>\$ 126,689,350</u>



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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*, the Airport does not include the assets or activity of the plan in its financial statements.

**12. OPERATING LEASES**

The Airport as a Lessor

In June 2015, the City Council of Philadelphia approved a five-year Airport-Airline Use and Lease Agreement (Airline Agreement) between PHL and the airlines. The Airline Agreement began July 1, 2015 and includes options for two one-year extensions. In 2020, the first one-year extension was exercised and subsequently the second one-year extension was exercised through June 30, 2022.

The Airport's other operating leases consist primarily of leases of airport facilities for retail or other aviation related matters. Most assets constructed by lessees revert to the City at the end of the lease term as per the lease. Those assets are recorded at fair value, as determined by an appraisal of the property.

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 consist of approximately 176 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

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the concession management fee of nine and seventy-five hundredths percent (9.75%). Typically, the monthly Minimum Annual Guarantee (MAG) rental payment is due before the fifth (5<sup>th</sup>) day of each month and the remaining rental payment, the excess rents collected during the month greater than the MAG, is due on or before the last day of each month. However, due to COVID-19, PHL has agreed to suspend the MAG for all concessionaires and allow only agreed upon percentages of gross revenues to be paid until such time as airline traffic levels return to 70% of pre-COVID traffic levels.

Cash basis rental income from operating leases for fiscal year 2020 was as follows:

Minimum rentals	\$ 40,519,418
Additional rentals	<u>173,580,821</u>
Total rental income	<u>\$ 214,100,239</u>

Cash basis rental income from operating leases for fiscal year 2019 was as follows:

Minimum rentals	\$ 41,923,765
Additional rentals	<u>220,099,764</u>
Total rental income	<u>\$ 262,023,529</u>

As of the end of fiscal year 2020, future minimum rentals receivable under non-cancelable operating leases are as follows:

<u>Fiscal Years</u>	<u>Amount</u>
<u>Ending June 30</u>	
2021	\$ 44,358,360
2022	30,893,725
2023	18,249,101
2024	6,094,428
2025	6,094,428
2026-2030	27,268,370
2031-2035	22,874,954
2036-2040	17,723,754
2041-2045	<u>17,704,560</u>
Total	<u>\$ 191,261,680</u>

The separate cost and carrying amount of property held for leasing is not available.

The Airport as a Lessee

The Airport leases office space, land, and both office and operations equipment on a short-term and long-term basis. Rental expense for operating leases for fiscal year 2020 was as follows:

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Minimum rentals	\$ 1,587,286
Additional rentals	<u>17,797,822</u>
Total rental expense	<u><u>\$ 19,385,108</u></u>

Rental expense for operating leases for fiscal year 2019 was as follows:

Minimum rentals	\$ 1,087,281
Additional rentals	<u>12,369,911</u>
Total rental expense	<u><u>\$ 13,457,192</u></u>

As of year-end, future minimum rental commitments for operating leases having initial or remaining non-cancelable lease terms of more than one year are as follows:

Fiscal Years Ending June 30	Amount
2021	392,888
2022	392,888
2023	392,888
2024	392,888
2025	392,888
2026-2030	1,964,440
2031-2035	1,964,440
2036-2040	1,964,440
2041-2045	<u>1,964,440</u>
Total	<u><u>\$ 9,822,200</u></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 67.2% and 69.7% of passengers enplaned at the airport in fiscal years 2020 and 2019, respectively. Operating revenues from American Airlines and its affiliates totaled approximately \$148.3 million and \$182.2 million in fiscal years 2020 and 2019, respectively, which represented approximately 44.0% and 46.7% of total Airport operating revenues in fiscal years 2020 and 2019, respectively.

**14. PRIOR PERIOD ADJUSTMENTS AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE**

A prior period adjustment was made to correct an error for an understatement of the City's liability for accumulated sick leave at June 30, 2019. The correction of the error represents a change in applying generally accepted accounting principles for compensated absences with reported amounts now reflecting a liability for accumulated unpaid sick leave. The Aviation Fund's Net Position decreased by \$8.8 million as a result of recording a liability

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for the Aviation Fund’s share of the City’s June 30, 2019 accumulated unpaid sick leave in the amount of \$8.8 million.

The effect of the adjustment is reflected in the Aviation Fund’s Net Position as of July 1, 2019 in the June 30, 2020 Statement of Revenues, Expenses and Changes in Net Position. The following table shows the changes to the beginning net position as of July 1, 2019.

	Amounts (\$000)
Net Position as of June 30, 2019, as reported	\$ 993,543
Liability for Accumulated Unpaid Sick Leave at June 30, 2019	(8,771)
Net Position as of June 30, 2019, as restated	\$ 984,772

**15. 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 Comprehensive Annual Financial Report (CAFR) of the City of Philadelphia for the year ended June 30, 2020.

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 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 (the Pension Board) administers the City of Philadelphia Municipal Pension Fund (the Fund), a single-employer defined benefit

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pension plan with a small but increasing defined contribution component, which provides pensions for all officers and employees of the City of Philadelphia (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, 2019, the date of the most recent actuarial valuation, pension plan membership for the City as a whole consisted of the following:

Active Members	28,596
Terminated Vested	965
Disabled	3,883
Retirees	22,241
Beneficiaries	8,574
DROP Members	2,069
Total City Members	<u>66,328</u>
Annual Salaries	\$1,842,554,883
Average Salary per Active Member	\$64,434
Annual Retirement Allowances	\$774,067,324
Average Retirement Allowance	\$22,309

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, 2019, members contributed at one of the following rates:

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<b>Employee Contribution Rates</b>				
<b>For the Plan Year Beginning July 1, 2019 to June 30, 2020</b>				
	<b>Municipal (1)</b>	<b>Elected (2)</b>	<b>Police</b>	<b>Fire</b>
Plan 67	7.00%	N/A	6.00%	6.00%
Plan 87	3.49%	10.75%	6.84%	6.84%
Plan 87 - 50% of Aggregate Normal Cost (3)	4.15%	N/A	N/A	N/A
Plan 87 - Accelerated Vesting (4)	4.25%	12.78%	N/A	N/A
Plan 87 Prime (5)	4.49%	11.75%	7.84%	7.84%
Plan '10	2.33%	N/A	7.34%	7.34%
Plan '10 - Accelerated Vesting	2.75%	N/A	N/A	N/A
Plan '16 (6)	4.04%	N/A	N/A	N/A
Plan '16 - Accelerated Vesting (7)	4.53%	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 \$532,080 under Plan 87 Elected, normal cost of \$308,735 under Plan 87 Municipal and current annual payroll of \$3,298,255.
- 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 5 years and Elected Officials (L8) eligible to be vested in 8 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.

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

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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 different 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, 2020 with payments increasing at 3.3% per year, the assumed payroll growth. 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 2020, the City and other employers' contributions of \$768.7 million were less than the actuarially determined employer contribution (ADEC) of \$839.7 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 CAFR) 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. All future amortization periods will follow the City's Funding Policies as outlined above.

In fiscal year 2020, the City and other employers' contributions of \$768.7 million exceeded the Minimum Municipal Obligation of \$675.8 million.

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The Schedule of Employer Contributions (based on the MMO Funding Policy) is included as Required Supplemental Information (in the City's CAFR) 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 Minimum Municipal Obligation 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 2020, the City and other employers' contributions of \$768.7 million exceeded the contribution under the Revenue Recognition Policy of \$704.6 million.

The Schedule of Employer Contributions (based on the RRP Funding Policy) is included as Required Supplemental Information (in the City's CAFR) 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 2 children under age 18 at 10% each of final rate of pay (maximum payout: 80%);
- 2) if no surviving spouse/life partner, up to 3 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 2 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.

A 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 sixty 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, 2019, the date of the most recent actuarial valuation, there was \$1,225,114 in the PAF and the Board voted to make PAF distributions of \$0 during the fiscal year ended June 30, 2020.

The Fund includes a Deferred Retirement Option Plan (DROP Plan). The DROP Plan allows a participant to declare that they will retire within 4 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 4-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 4-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, 2020 is \$156.0 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 7.55% over a full market cycle. It is anticipated that this return standard should enable the Fund to meet its current actuarially assumed earnings projection 7.55% over a market cycle. There was no change in investment return assumption from the prior fiscal year. The Fund’s investment program will pursue its aforesaid 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 June 30, 2020:

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	<u>100.0%</u>

Money-Weighted Rate of Return

For the fiscal year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.89%. 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 private market 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 private market 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. 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.

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, 2020. 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, JPMorgan,

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N.A., 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 counter-party 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, 2020, 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 \$881.8 million of directly owned fixed income. The Fund's directly owned rated debt investments as of June 30, 2020 were rated by Standard & Poor's, a nationally recognized statistical rating agency.

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 38.5% 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.

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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.

Derivative Instruments

The following table summarizes the aggregate notional or contractual amounts for the Fund's derivative financial instruments at June 30, 2020 in addition to the fair value and the change in the fair value of derivatives.

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List of Derivatives Aggregated by Investment Type

Classification	Change in Fair Value	Fair Value at June 30, 2020	Notional
Investment Derivatives			
Forward Currency Contracts	Net appreciation / (depreciation) in investments \$ (271,167)	Investments \$ 143,489	\$ 355,664,602
Futures	Net appreciation / (depreciation) in investments \$ (382,194)	Investments \$ 18,578	\$ 176
	Grand Totals \$ (653,361)	\$ 162,067	\$ 355,664,778

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 Standard & Poor's 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.

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

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rate on certain equity or debt securities or indexes in exchange for a fixed charge. There were not any total receive fixed interest swaps during 2020. On its pay-variable, receive-fixed interest rate swap, as 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 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 \$132,253.

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 (\$6,784,985).

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 percent. 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.

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.



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Fair Value Measurement

See the City's CAFR to view the Municipal Pension Fund's recurring fair value measurement as of June 30, 2020.

Equity securities classified in Level 1 of the fair value hierarchy are valued using quoted market prices. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Equities in Level 3 are valued using discounted cash flow techniques.

Derivative instruments classified in Level 1 of the fair value hierarchy are valued using quoted market prices. Derivative instruments classified in Level 2 are valued using a market approach that considers benchmark for foreign exchange rates.

1. Credit distressed hedge funds: These Funds seek to identify and exploit event driven opportunities both on the long and short side in the stressed and distressed corporate debt markets. Investments are generally driven by fundamental, value-oriented analysis and specific credit events. The Funds maintain the flexibility to invest globally and across capital structures of stressed and distressed companies. Investments generally target secondary U.S. credit opportunities across all tranches of a company's debt capital structure. The Funds may also invest opportunistically in certain equities, long and short. The fair values of the investments in this type have been determined using the net asset value (NAV) per share (or its equivalent) of the investments. Investments can be redeemed with a 90 days' notice.
2. Equity long/short hedge funds: These 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.
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

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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. Private equity 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 undertake include early-stage venture capital, later-stage growth financings, leveraged buyouts of medium and 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.
5. 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 NAV per share (or its equivalent) of the investments. Investments can be redeemed with 90-120 days' notice.

#### Securities Lending Program

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

During the fiscal year, J.P. Morgan lent, on behalf of the Fund, certain securities of the Fund held by J.P. Morgan Chase Bank, N.A. as custodian and received cash or other collateral including securities issued or guaranteed by the United States, U.K., and Eurozone governments. J.P. Morgan does not have the ability to pledge or sell collateral securities delivered, absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 102% or 105% of the market value of the loaned securities.

Pursuant to the SLAA, J.P. Morgan had an obligation to indemnify the Fund in the event of default by a borrower. There were no failures by any borrowers to return loaned

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securities or pay distributions thereon during the fiscal year that resulted in a declaration or notice of default of the borrower.

During the fiscal year, the Fund and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested in a separately managed account based upon the investment guidelines established by the Fund. As of June 30, 2020, the weighted average maturity was 48 days and the final maturity was 351 days. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral received from the borrower.

On June 30, 2020, the Fund had no credit risk exposure to borrowers because all borrowers were required to deliver collateral for the loan.

As of June 30, 2020, the fair value of securities on loan was \$378.1 million. Associated collateral totaling \$391.2 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, 2020, the invested cash collateral was \$391.2 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, 2020 were as follows:

Total Pension Liability	\$ 11,983,391,471
Plan Fiduciary Net Position	<u>5,782,890,966</u>
Collective Net Pension Liability	\$ 6,200,500,505

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability: 48.3%

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2019 and was rolled forward to June 30, 2020. The June 30, 2019 valuation used the following actuarial assumptions, applied to all periods, including the measurement period:

Actuarial Cost Method:	Entry Age Normal
Investment Rate of Return:	7.55% compounded annually, net of expenses
Salary Increases:	Age-based table

## CITY OF PHILADELPHIA

### AVIATION FUND

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\* The investment return assumption remained unchanged at 7.55% 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 benefits.

\* Mortality Rates: For Municipal and Elected Officials, 127% and 119% for males and females, respectively, of the RP-2014 Healthy Annuitant Table projected from base year of 2006 to 2021 using mortality improvement scale MP-2017. For Uniform, 115% of the RP-2014 Blue Collar Healthy Annuitant Table projected from base year of 2006 to 2021 using mortality improvement scale MP-2017.

The measurement date for the net pension liability (NPL) is June 30, 2020. Measurements are based on the fair value of assets as of June 30, 2020 and the total pension liability (TPL) as of the valuation date, July 1, 2019, updated to June 30, 2020. The roll-forward procedure included the addition of service cost and interest cost offset by actual benefit payments. During the measurement year, the collective NPL increased by approximately \$115 million. The service cost and interest cost increased the collective NPL by approximately \$1.06 billion while contributions plus investment income offset by administrative expenses decreased the collective NPL by approximately \$957 million.

Additionally, there was an actuarial experience loss during the year of approximately \$9 million primarily due to mortality experience and from participants in transition from active to non-active status.

#### Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 7.55%. 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.

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**Sensitivity of the Net Pension Liability**

The following table presents the NPL of the Fund, calculated using the discount rate of 7.55%, 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 6.55%	Discount Rate 7.55%	1% Increase 8.55%
Total Pension Liability	\$13,209,508,185	\$11,983,391,471	\$10,939,076,304
Plan Fiduciary Net Position	\$5,782,890,966	\$5,782,890,966	\$5,782,890,966
Collective Net Position Liability	\$7,426,617,219	\$6,200,500,505	\$5,156,185,338
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.8%	48.3%	52.9%

**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 these financial statements.

**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 System assets) (FNP), and the NPL during the measurement period ending on June 30, 2020.

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Change in Collective Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2019	\$ 11,774,268,695	\$ 5,688,383,351	\$ 6,085,885,344
Changes for the year:			
Service cost	190,456,944	-	190,456,944
Interest	871,381,015	-	871,381,015
Changes in benefits	-	-	-
Differences between expected and actual experience	9,482,477	-	9,482,477
Changes of assumptions	-	-	-
Contributions - employer	-	768,720,687	(768,720,687)
Contributions - member	-	111,824,994	(111,824,994)
Net investment income	-	87,150,696	(87,150,696)
Benefit payments	(862,197,660)	(862,197,660)	-
Administrative expense	-	(10,991,102)	10,991,102
Net Changes	<u>209,122,776</u>	<u>94,507,615</u>	<u>114,615,161</u>
Balances at June 30, 2020	<u>\$ 11,983,391,471</u>	<u>\$ 5,782,890,966</u>	<u>\$ 6,200,500,505</u>

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 CAFR for further details on the Plan’s financials.

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

**17. 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 CAFR of the City of Philadelphia for required supplemental information.

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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 4 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. For fiscal years 2020 and 2019, the City's contributions were estimated to be \$104.6 million and \$96.9 million, respectively.

Employees Covered by Benefit Terms

At July 1, 2018, the following employees were covered by the benefit terms:

Medical Coverage

Active employees	28,845
Inactive employees or beneficiaries currently receiving medical coverage	3,572
DROPs with medical coverage	1,944
Inactive employees entitled to, but not yet receiving medical coverage	444
Total	<u>34,805</u>

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Life Insurance Coverage

Active employees	28,845
Inactive employees or beneficiaries currently receiving life insurance coverage	27,798
Total	<u>56,643</u>

Total OPEB Liability

The City's total OPEB liability of \$1.94 billion was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018.

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Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 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, 2018 and June 30, 2019 for reporting dates June 30, 2019 and June 30, 2020, respectively.

Discount Rates

The discount rate was 3.50% per annum for the valuation measured as of June 30, 2019 and 3.87% per annum for the valuation measured as of June 30, 2018.

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 CAFR 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.

Mortality Rates

It is assumed that deaths of active municipal and elected members, 110% and 115%, for males and females, respectively, follows the RP-2014 Employee Table projected from base year of 2006 to 2021 using mortality improvement scale MP-2017.



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It is assumed that deaths of active uniformed members follow 85% of the RP-2014 Blue Collar Employee Table projected from base year of 2006 to 2021 using mortality improvement scale MP-2017.

For municipal and elected members, 127% and 119% for males and females, respectively, the rate of post-retirement and post-disability mortality follow RP-2014 Healthy Annuitant Table projected from base year 2006-2021 using mortality improvement scale MP-2017.

For uniformed members, the rate of post-retirement and post-disability mortality follow 115% of the RP-2014 Blue Collar Healthy Annuitant Table projected from base year 2006 to 2021 using mortality improvement scale MP-2017.

For municipal and elected members, the rate of post-disability mortality follows 95% of the RP-2014 Disabled Retiree Table projected from base year 2006-2021 using mortality improvement scale MP-2017.

For uniformed members, the rate of post-disability mortality follows 80% of the RP-2014 Disabled Retiree Table projected from base year 2006-2021 using mortality improvement scale MP-2017.

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 July 30, 2019.

Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2018	\$ 1,823,900,000	\$ -	\$ 1,823,900,000
Changes for the year:			
Service cost	82,400,000	-	82,400,000
Interest	71,900,000	-	71,900,000
Changes in benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	54,000,000	-	54,000,000
Contributions - employer	-	96,900,000	(96,900,000)
Contributions - non-employer	-	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(96,900,000)	(96,900,000)	-
Administrative expense	-	-	-
Net Changes	111,400,000	-	111,400,000
Balances at June 30, 2019	\$ 1,935,300,000	\$ -	\$ 1,935,300,000

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During the measurement year, the NOL increased by approximately \$111.4 million. The service cost and interest cost increased the NOL by approximately \$154.3 million while contributions decreased the NOL by approximately \$96.9 million. The employer contribution of \$96.9 million is based on a blend of actual contributions provided by the City of Philadelphia and estimated contributions based on the prior report. Because a portion of the contribution is estimated, this was reviewed by the City for reasonability.

There were no material changes in benefits during the year. Because the beginning and ending values are based on the same valuation and there were no significant events, there were no liability gains or losses during the year due to experience.

There was an assumption change due to the change in the 20-year bond buyer index rate. The discount rate changed from 3.87% to 3.50% as of June 30, 2019, increasing the liability by \$54.0 million.

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 Total OPEB Liability (TOL) of the City, as well as what the City's total liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) 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 discount rate.

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$2,091,100,000	\$1,935,300,000	\$1,793,400,000
Plan Fiduciary Net Position	\$0	\$0	\$0
Net OPEB Liability	\$2,091,100,000	\$1,935,300,000	\$1,793,400,000
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%

A one percent decrease in the discount rate increases the TOL and NOL by approximately 8%. A one percent 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-percentage-point lower or 1-percentage-point higher than the current discount rate.

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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	\$1,744,800,000	\$1,935,300,000	\$2,160,000,000
Plan Fiduciary Net Position	\$0	\$0	\$0
Net OPEB Liability	\$1,744,800,000	\$1,935,300,000	\$2,160,000,000
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%

A one percent decrease in the healthcare trends rate decreases the TOL and NOL by approximately 10%. A one percent increase in the healthcare trends rate increases the TOL and NOL by approximately 12%.

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

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$135.1 million. The table below shows the development of OPEB expense.

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Calculation of OPEB Expense

Fiscal Year Ending	June 30, 2020	June 30, 2019
Measurement Year Ending	June 30, 2019	June 30, 2018
Change in Net OPEB Liability	\$ 111,400,000	\$ (37,700,000)
Change in Deferred Outflows	(41,700,000)	(50,500,000)
Change in Deferred Inflows	(31,500,000)	116,300,000
Non-Employer Contributions	-	-
Employer Contributions	96,900,000	96,400,000
	<u>135,100,000</u>	<u>124,500,000</u>
OPEB Expense	\$ 135,100,000	\$ 124,500,000
OPEB Expense as % of Payroll	7.33%	6.90%
<hr/>		
<u>Operating Expenses</u>		
Service Costs	\$ 82,400,000	\$ 81,800,000
Employee Contributions	-	-
Administrative Expenses	-	-
Total	<u>\$ 82,400,000</u>	<u>\$ 81,800,000</u>
<u>Financing Expenses</u>		
Interest Costs	\$ 71,900,000	\$ 67,900,000
Expected Return on Assets	-	-
Total	<u>\$ 71,900,000</u>	<u>\$ 67,900,000</u>
<u>Changes</u>		
Benefit Changes	\$ -	\$ -
Recognition of Assumption Changes	(25,500,000)	(31,500,000)
Recognition of Liability Gains and Losses	6,300,000	6,300,000
Recognition of Investment Gains and Losses	-	-
Total	<u>\$ (19,200,000)</u>	<u>\$ (25,200,000)</u>
OPEB Expense	<u>\$ 135,100,000</u>	<u>\$ 124,500,000</u>

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At June 30, 2020, 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, 2020 Projected Fiscal Year End  
June 30, 2019 Measurement Date

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 44,200,000	\$ -
Changes in assumptions	48,000,000	175,300,000
Net differences between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to measurement date	(104,600,000)	-
Totals	\$ (12,400,000)	\$ 175,300,000

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

June 30, 2021	(19,200,000)
June 30, 2022	(19,200,000)
June 30, 2023	(19,200,000)
June 30, 2024	(19,200,000)
June 30, 2025	(4,100,000)
Thereafter	(2,300,000)

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, 2021.

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**Required Supplementary Information**

The schedule below shows the changes in the NOL and related ratios required by GASB.

Schedule of Changes in Net OPEB Liability and Related Ratios

<u>Measurement Year Ending</u>	<u>06/30/2019</u>	<u>06/30/2018</u>
<b><u>Total OPEB Liability</u></b>		
Service cost (beginning of year)	\$ 82,400,000	\$ 81,800,000
Interest (includes interest on service cost)	71,900,000	67,900,000
Changes in benefit terms	-	-
Differences between expected and actual experience	-	56,800,000
Changes of assumptions	54,000,000	(147,800,000)
Benefit payments, incl. refunds of member contributions	(96,900,000)	(96,400,000)
Net change in total OPEB liability	<u>\$ 111,400,000</u>	<u>\$ (37,700,000)</u>
Total OPEB liability - beginning	<u>1,823,900,000</u>	<u>1,861,600,000</u>
Total OPEB liability - ending	<u><u>\$ 1,935,300,000</u></u>	<u><u>\$ 1,823,900,000</u></u>
<b><u>Plan fiduciary net position</u></b>		
Contributions - employer	\$ 96,900,000	\$ 96,400,000
Contributions - non-employer	-	-
Contributions - member	-	-
Net investment income	-	-
Benefit payments, incl. refunds of member contributions	(96,900,000)	(96,400,000)
Administrative expense	-	-
Net change in fiduciary net position	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending	-	-
NET OPEB liability - ending	<u><u>\$ 1,935,300,000</u></u>	<u><u>\$ 1,823,900,000</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	0.0%	0.0%
Covered payroll	\$ 1,842,600,000	\$ 1,805,400,000
Net OPEB liability as a percentage of covered payroll	105.0%	101.0%

The Plan is not currently being pre-funded and 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. The Actuarial Required Contribution (ARC) determined under GASB Statement No. 45 is not a recommended contribution under Actuarial Standards of Practice, and thus is not shown. If the Plan decides to pre-fund the liabilities, we will provide an appropriate actuarially determined contribution.

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**18. 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 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, the amount of these liabilities was \$391.8 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, 2018 resulted from the following:

Fiscal Years Ending June 30	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2018	\$ 365.1	\$ 199.3	\$ (211.4)	\$ 353.0
2019	\$ 353.0	\$ 207.9	\$ (217.0)	\$ 343.9
2020	\$ 343.9	\$ 271.9	\$ (224.1)	\$ 391.7

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 years 2020 and 2019 were \$3.1 million and \$3.5 million for unemployment compensation claims and \$71.4 million and \$69.9 million for workers' compensation claims, respectively.

The City's estimated outstanding workers' compensation liabilities are \$267.9 million, discounted at 3.5%. On an undiscounted basis, these liabilities total \$352.8 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 \$245.4 million (discounted) and \$325.5 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.

**19. COMMITMENTS**

The Airport had commitments, which are open encumbrance balances, of approximately \$35.0 million and \$43.7 million for operating expenses and \$144.1 million and \$119.1 million for capital assets and improvements for fiscal years 2020 and 2019, respectively. The Airport expects to fund these commitments through operating revenue and through bond proceeds, capital grants, customer facility charges, and passenger facility charges.

**20. IMPACT OF COVID-19 ON THE AIRPORT**

The outbreak of a novel strain of coronavirus (“COVID-19”) spread to a substantial number of countries around the globe and was declared a pandemic by the World Health Organization on March 11, 2020. The pandemic resulted in significant domestic and international travel restrictions and negatively impacted the aviation industry, including revenues related to airlines, retail, concessions, parking, ground transportation, and car rentals. To address the unprecedented decline in demand for travel, the Airport took measures to decrease operating expenses and reduce expenditures on capital projects. Additionally, the Airport provided relief to concessionaires by eliminating minimum annual guaranteed rents, deferring three months of rents for concessionaires and tenants, as well as deferring three months of terminal rents and landing fees for airlines. The Airport required all deferrals to be paid by the end of calendar year 2020. Full repayment of these deferrals occurred by December 31, 2020.

The United States government passed The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) to mitigate the broad disruptive effects of the COVID-19 pandemic. The CARES Act provided direct aid in the form of grants for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines. The Division was awarded \$116,438,943 in CARES Act funds and allocated \$116,281,943 to PHL and \$157,000 to PNE. In fiscal year 2020, \$53.8 million of Cares Act funds were used to pay debt service. The remaining CARES Act funds are expected to be used in fiscal years 2021 and 2022. Additionally, the Division continues to evaluate and seek other available sources of state and federal aid as they become available.

**21. CONTINGENCIES**

**Claims and Litigation**

*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



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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, which was appointed by the Court of Common Pleas in Delaware County (the "Court") issued its Report, awarded damages on October 8, 2020 to the Hendersons in the amount of \$139.1 million as "just compensation" for the taking of the Property. The amount of \$54.5 million referenced above is to be deducted from this amount. The City has filed an appeal to the damage award to the Court raising objections, as a matter of law, to the Report. The Court will decide whether to modify and change the Report, refer it back to the same or a new board of viewers or deny the City's request. Following resolution of the appeal, there can be a trial de novo in the Court. The City is represented by outside counsel.

*Host International, Inc. v. MarketPlace PHL, LLC:* In May 2019, Host International, Inc. ("Host") instituted suit against MarketPlace PHL, LLC ("MarketPlace"), which manages all retail concession operations at Philadelphia International Airport pursuant to a January 1, 2015 concession agreement (the "Agreement") with the City, through its Commerce Department, Division of Aviation. The suit, filed in Federal court in the Eastern District of Pennsylvania, alleges breaches of antitrust laws in connection with MarketPlace having entered into a Beverage Services and Sponsorship Agreement with a company doing business as Pepsi Beverages Company. MarketPlace filed a Motion to Dismiss (the "Motion") in July 2019. The Motion was granted and Host has filed an appeal, which appeal is pending. MarketPlace and the City believe the underlying claims are without merit. Should the appeal be successful, and should the court thereafter find against MarketPlace and find that the claims have merit and if such a result has an impact on MarketPlace, such result may have an impact on the City based upon the agreement.

*First Transit, Inc. (Demand Letter):* First Transit contracted with the Department of Commerce, Division of Aviation for the provision of shuttle bus services to and from the Airport's various parking lots and facilities. As a result of the COVID-19 pandemic, the Airport's utilization of First Transit's services significantly declined, and the Contract has been suspended with termination likely during 2021 based on Airport requirements. First Transit's attorneys have written to the Airport claiming that they are prepared to engage in litigation over First Transit's "estimated \$11 million in unreimbursed losses." At this early stage, we are unable to estimate the likelihood of success or potential exposure; however, based on an initial review of the contract and applicable case law, we consider liability, if any, to be far below the disclosure threshold and include this matter here in the interest of extreme caution.

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**22. SUBSEQUENT EVENTS**

- In October 2020, the Division 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 Series 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. These bonds were assigned an ‘A2’ rating by Moody’s with a stable outlook, and an ‘A’ rating by Fitch with a negative outlook.
- In September 2020, S&P downgraded the Airport to “A-” with a negative outlook.
- A second round of emergency relief funding, known as the Coronavirus Response and Relief Supplemental Appropriation ACT (“CRRSAA”), was approved by the United States Congress and signed by the President on December 27, 2020 as an additional legislative measure to address the crisis created by the COVID-19 pandemic and includes nearly \$2 billion in funds to be awarded to eligible U.S. airports and eligible concessionaires. The Division expects to be awarded approximately \$28.9 million in March of 2021.
- An ordinance was introduced in Philadelphia City Council on February 18, 2021 to provide for a 2021 Aviation Division Early Retirement Window Program. If the ordinance is enacted into law, and if the employee’s union, if any, has agreed to the terms of the program set forth in the ordinance, Airport employees who are within five years of the retirement plan minimum retirement age, and who meet other program requirements, will have the opportunity to retire early and receive enhanced benefits in connection with their retirement. If the ordinance is enacted, implementation of the program is likely to begin in March 2021.



**REQUIRED SUPPLEMENTARY  
INFORMATION**

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

	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>	Percentage Increase (Decrease)
Fund balance, legal basis	\$ 198,609,082	\$ 179,116,574	10.9%
Add assets not included in legal basis:			
Current assets	43,440,102	28,030,178	55.0%
Fixed assets, net of depreciation	2,147,207,495	2,132,536,867	0.7%
Restricted assets	764,565,630	795,936,510	(3.9)%
	<u>2,955,213,227</u>	<u>2,956,503,555</u>	<u>(0.0)%</u>
Deduct liabilities not included in legal basis:			
Construction accounts payable	(24,595,685)	(28,622,124)	(14.1)%
Current liabilities	(247,383,590)	(193,869,313)	27.6%
Bonds payable	(1,571,520,719)	(1,648,172,557)	(4.7)%
Other long-term liabilities	(320,224,142)	(301,914,543)	6.1%
	<u>(2,163,724,136)</u>	<u>(2,172,578,537)</u>	<u>(0.4)%</u>
Add (deduct) fund balance accounts included in legal basis:			
Reserve for encumbrance, current	33,272,279	42,967,023	(22.6)%
Reserve for encumbrance, prior	(6,574,778)	(13,393,725)	(50.9)%
Reserve for collectible accounts	928,278	928,278	0.0%
	<u>27,625,779</u>	<u>30,501,576</u>	<u>(9.4)%</u>
Net position - GAAP basis	<u>\$ 1,017,723,952</u>	<u>\$ 993,543,168</u>	<u>2.4%</u>

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*Budgetary Comparison Schedule*  
*For the Fiscal Year Ended June 30, 2020*  
*(Amounts in thousands)*

	Budgeted Amounts		Actual	Final Budget to Actual Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Locally Generated Non-Tax Revenue	\$497,797	\$449,480	\$360,678	(\$88,802)
Revenue from Other Governments	2,913	56,704	57,491	787
Revenue from Other Funds	1,527	1,527	1,333	(194)
Total Revenues	502,237	507,711	419,502	(88,209)
<u>Expenditures and Encumbrances</u>				
Personal Services	87,641	88,606	85,496	3,110
Pension Contributions	38,695	41,481	41,051	430
Other Employee Benefits	27,366	24,580	24,041	539
Sub-Total Employee Compensation	153,702	154,667	150,588	4,079
Purchase of Services	139,192	139,192	117,325	21,867
Materials and Supplies	9,373	9,373	6,071	3,302
Equipment	8,159	8,159	4,806	3,353
Contributions, Indemnities and Taxes	8,812	8,812	5,525	3,287
Debt Service	134,825	134,825	123,448	11,377
Payments to Other Funds	20,023	20,023	7,541	12,482
Total Expenditures and Encumbrances	474,086	475,051	415,304	59,747
Operating Surplus (Deficit) for the Year	28,151	32,660	4,198	(28,462)
Fund Balance Available for Appropriation, July 1, 2019	123,806	143,069	179,117	36,048
<u>Operations in Respect to Prior Fiscal Years</u>				
Commitments Cancelled - Net	15,000	15,000	16,281	1,281
Adjusted Fund Balance, July 1, 2019	138,806	158,069	195,398	37,329
Fund Balance Available for Appropriation, June 30, 2020	\$166,957	\$190,729	\$199,596	\$8,867

**Disclosure Requirements**  
**Fiscal Year Ended June 30, 2020**

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 August 4, 2005, November 15, 2010, December 1, 2011, September 1, 2015, and December 15, 2017 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 Comprehensive Annual Financial Report (“CAFR”), 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, 2010A/B/C/D, 2011A/B, 2015A, and 2017A/B.

**Table 1**  
**City of Philadelphia Aviation Division**  
**Philadelphia International Airport (PHL)**  
**Recent Trends in Enplaned Passengers**  
**Fiscal Years 2018 - 2020**

<u>Airlines</u>	<u>Fiscal Year</u> <u>2018</u>	<u>Fiscal Year</u> <u>2019</u>	<u>Percentage</u> <u>Change</u>	<u>Fiscal Year</u> <u>2020</u>	<u>Percentage</u> <u>Change</u>
<b>Domestic</b>					
Scheduled Major / National					
American	6,099,214	6,609,437	8.4%	4,531,069	(31.4)%
Other	3,950,170	4,182,070	5.9%	3,341,166	(20.1)%
	<u>10,049,384</u>	<u>10,791,507</u>	7.4%	<u>7,872,235</u>	(27.1)%
Scheduled Regional / Commuter	3,321,659	3,252,260	(2.1)%	2,658,927	(18.2)%
Charter	1,900	2,896	52.4%	294	(89.8)%
<b>Subtotal - Domestic</b>	<b><u>13,372,943</u></b>	<b><u>14,046,663</u></b>	<b>5.0%</b>	<b><u>10,531,456</u></b>	<b>(25.0)%</b>
<b>International</b>					
Scheduled Major / National	1,572,725	1,738,566	10.5%	1,098,105	(36.8)%
Scheduled Regional / Commuter	299,643	303,195	1.2%	217,677	(28.2)%
Charter	142	0	(100.0)%	169	-----
<b>Subtotal - International</b>	<b><u>1,872,510</u></b>	<b><u>2,041,761</u></b>	<b>9.0%</b>	<b><u>1,315,951</u></b>	<b>(35.5)%</b>
<b>Total Enplaned Passengers</b>	<b><u>15,245,453</u></b>	<b><u>16,088,424</u></b>	<b>5.5%</b>	<b><u>11,847,407</u></b>	<b>(26.4)%</b>

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

(2) Domestic and International Enplanements for 2018 were restated.

**Table 2**

**City of Philadelphia Aviation Division  
Philadelphia International Airport (PHL)  
Airline Market Shares of Enplaned Passengers  
Fiscal Year 2020**

<u>Airlines</u>	<u>Enplaned Passengers</u>	<u>Percent of Total</u>
<b>Domestic</b>		
Scheduled Major / National		
American Airlines	4,531,069	38.2%
Frontier Airlines	797,901	6.7%
Southwest Airlines	744,815	6.3%
Delta Air Lines	604,282	5.1%
Spirit Airlines	487,649	4.1%
United Airlines	391,686	3.3%
JetBlue Airways	177,613	1.5%
Alaska Airlines	114,340	1.0%
Sun Country Airlines	22,880	0.2%
	7,872,235	66.4%
Scheduled Regional / Commuter		
American Eagle		
Piedmont Airlines	1,082,605	9.1%
Republic Airlines	808,038	6.8%
PSA Airlines	576,780	4.9%
Envoy Air	6,202	0.1%
	2,473,625	20.9%
Other	185,302	1.6%
	2,658,927	22.4%
Charter	294	0.0%
	294	0.0%
<b>Subtotal - Domestic</b>	<b>10,531,456</b>	<b>88.9%</b>
<b>International</b>		
Scheduled Major / National		
American Airlines	815,679	6.9%
British Airways	79,991	0.7%
Qatar Airways	63,574	0.5%
Lufthansa German Airlines	56,945	0.5%
Frontier Airlines	44,084	0.4%
Aer Lingus	29,418	0.2%
Icelandair	6,492	0.1%
Spirit Airlines	1,922	0.0%
	1,098,105	9.3%
Scheduled Regional / Commuter		
American Eagle		
Piedmont Airlines	111,181	7.7%
Republic Airlines	21,360	0.2%
PSA Airlines	12,554	0.1%
	145,095	1.2%
Air Canada Express	72,582	0.6%
	217,677	1.8%
Charter	169	0.0%
	169	0.0%
<b>Subtotal - International</b>	<b>1,315,951</b>	<b>11.1%</b>
<b>Total Enplaned Passengers</b>	<b>11,847,407</b>	<b>100.0%</b>

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



**TABLE 3**  
**City of Philadelphia Aviation Division**  
**Philadelphia International Airport (PHL)**  
**Airline Market Shares of Landed Weight (in 1,000 lb. Units)**  
**Fiscal Year 2020**

<u>Airlines</u>	<u>Landed Weight</u>	<u>Percent of Total</u>
<b>Domestic</b>		
Scheduled Major / National		
American Airlines	5,780,244	31.6%
Southwest Airlines	875,664	4.8%
Frontier Airlines	768,662	4.2%
Delta Air Lines	706,240	3.9%
Spirit Airlines	514,559	2.8%
United Airlines	442,788	2.4%
JetBlue Airways	243,445	1.3%
Alaska Airlines	129,926	0.7%
Sun Country Airlies	25,102	0.1%
Air Canada	269	0.0%
	9,486,899	51.8%
Scheduled Regional / Commuter		
American Eagle		
Piedmont Airlines	1,269,255	6.9%
Republic Airlines	1,096,532	6.0%
PSA Airlines	849,642	4.6%
Envoy Air	8,450	0.0%
	3,223,879	17.6%
Other	264,314	1.4%
	3,488,193	19.0%
Charter	878	0.0%
	878	0.0%
<b>Subtotal - Domestic</b>	<b>12,975,970</b>	<b>70.8%</b>
<b>International</b>		
Scheduled Major / National		
American Airlines	1,464,705	8.0%
British Airways	231,472	1.3%
Lufthansa German Airlines	135,418	0.7%
Qatar Airways	126,980	0.7%
Frontier Airlines	48,378	0.3%
Aer Lingus	45,614	0.2%
Icelandair	10,710	0.1%
Delta Air Lines	3,366	0.0%
Spirit Airlines	2,910	0.0%
	2,069,553	11.3%
Scheduled Regional / Commuter		
American Eagle		
Piedmont Airlines	111,657	0.6%
Republic Airlines	24,129	0.1%
PSA Airlines	15,925	0.1%
	151,710	0.8%
Air Canada Express	99,842	0.5%
	251,552	1.4%
Charter	2,766	0.0%
	2,766	0.0%
<b>Subtotal - International</b>	<b>2,323,871</b>	<b>12.7%</b>
<b>All-Cargo Airlines</b>	<b>3,018,703</b>	<b>16.5%</b>
<b>Total Landed Weight</b>	<b>18,318,544</b>	<b>100.0%</b>

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

**Table 4**

**City of Philadelphia Aviation Division  
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)**

	<b>Fiscal Year <u>2016</u></b>	<b>Fiscal Year <u>2017</u></b>	<b>Fiscal Year <u>2018</u></b>	<b>Fiscal Year <u>2019</u></b>	<b>Fiscal Year <u>2020</u></b>
<b><u>Amounts Available for Debt Service</u></b>					
1. Space rentals	108,115	113,400	123,705	116,966	85,717
2. Landing fees	73,968	80,457	90,438	83,890	55,080
3. Ramp Area rentals	1,213	572	427	212	(13)
4. International Terminal revenues	<u>34,025</u>	<u>33,747</u>	<u>34,141</u>	<u>31,823</u>	<u>23,616</u>
5. Subtotal, Airline Rentals, Fees and Charges	217,322	228,175	248,712	232,891	164,400
6. Nonairline Revenues	123,434	133,658	132,183	157,420	221,630
7. Interest income and Contribution for carrier incentive program	<u>494</u>	<u>232</u>	<u>773</u>	<u>3,131</u>	<u>4,137</u>
8. Total Project Revenues	341,250	362,065	381,668	393,442	390,167
9. Passenger Facility Charges (PFCs) Available for Debt Service	31,176	33,693	31,201	31,189	31,200
10. Portion of Fund Balance Attributable to Amounts Available for Debt Service	<u>71,220</u>	<u>87,875</u>	<u>107,820</u>	<u>126,824</u>	<u>144,218</u>
11. Total Amounts Available for Debt Service	<u>443,646</u>	<u>483,633</u>	<u>520,689</u>	<u>551,455</u>	<u>565,585</u>
<b><u>Expenses</u></b>					
12. Net Operating Expenses	132,149	136,498	150,972	161,161	151,739
13. Required Renewal Fund Deposit	500	250	0	0	0
14. Revenue Bond Debt Service	120,595	122,596	127,790	126,007	127,910
15. Interdepartmental Charges	<u>106,775</u>	<u>116,753</u>	<u>116,749</u>	<u>121,054</u>	<u>123,017</u>
16. Total Expenses	<u>360,020</u>	<u>376,097</u>	<u>395,511</u>	<u>408,222</u>	<u>402,666</u>
17. Net Revenue	<u>\$ 83,626</u>	<u>\$ 107,536</u>	<u>\$ 125,178</u>	<u>\$ 143,233</u>	<u>\$ 162,919</u>
<b><u>Rate Covenant Tests of the Original General Airport Revenue Bond Ordinance</u></b>					
18. Test A (Line 11- Line 12- Line 13) / (Line 14)	2.58	2.83	2.89	3.10	3.24
19. Test B (Line 11- Line 12- Line 13- Line 15) / (Line 14)	1.69	1.88	1.98	2.14	2.27

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

**Table 5**

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

<b><u>PFC Application No.</u></b>	<b><u>Approval Date</u></b>	<b><u>Initial Approved Amount</u></b>	<b><u>Amended Approved Amount</u></b>
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	289,450,000
15-11-C-00-PHL	09/15/2015	109,080,000	109,080,000
	Totals	<u>\$ 1,043,430,000</u>	<u>\$ 1,564,269,848</u>

**Table 6**  
**City of Philadelphia Aviation Division**  
**Philadelphia International Airport (PHL)**  
**Historical PFC Revenues**  
**Fiscal Years 1993 - 2020**

<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
Totals	<u>\$ 1,362,102,599</u>	<u>\$ 47,747,035</u>	<u>\$ 1,409,849,634</u>
		Expenditures	<u>\$ 1,291,165,737</u>
		Balance	<u><u>\$ 118,683,896</u></u>

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

**Table 7**

**City of Philadelphia Aviation Division  
Philadelphia International Airport (PHL)  
Historical Enplaned Passengers  
Fiscal Years 1990 - 2020**

<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)%
	<u>Compound Annual Growth Rate</u>			
2001 - 2006	4.0%	5.7%	4.2%	
2001 - 2011	2.0%	2.6%	2.1%	
2001 - 2016	1.4%	1.8%	1.4%	
2001 - 2017	0.9%	1.2%	1.0%	
2006 - 2011	0.1%	(0.4)%	0.0%	
2006 - 2016	0.1%	(0.1)%	0.1%	
2006 - 2017	(0.4)%	(0.8)%	(0.5)%	
2011 - 2016	0.1%	0.1%	0.1%	
2009 - 2018	0.0%	(0.8)%	(0.1)%	
2010 - 2019	0.6%	1.0%	0.6%	
2016 - 2020	(6.4)%	(9.8)%	(6.8)%	
2011 - 2020	(2.8)%	(4.4)%	(3.0)%	

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

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



## **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	12,000'	200'
	9L-27R	9,500'	150'
	17-35	6,501'	150'
	8-26	5,000'	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
	<b>Total Terminal Space</b>	<b>3,254,354</b>	<b>square feet</b>
	Number of Passenger Gates	126	gates
Parking	<u>Public</u>		
	Garage Parking	10,984	spaces
	Short-Term	839	spaces
	Surface Parking	7,117	spaces
	<b>Total Public Parking</b>	<b>18,940</b>	<b>spaces</b>
	Cell Phone Waiting Area	151	spaces
	Tenant Employee Parking	3,700	spaces
Cargo	Number of Cargo Buildings	6	buildings
	Cargo Space	449,761	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, 2020  
Source: City of Philadelphia



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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	10-Year Annual Growth
Delaware & Maryland											
Cecil County, MD	102,855	102,826	102,746	102,701	102,452	102,249	101,931	101,767	101,585	101,172	0.17%
New Castle County, DE	558,753	559,335	559,793	557,851	555,587	552,465	549,486	546,120	542,282	538,831	0.36%
<b>Total - Delaware &amp; Maryland</b>	<b>661,608</b>	<b>662,161</b>	<b>662,539</b>	<b>660,552</b>	<b>658,039</b>	<b>654,714</b>	<b>651,417</b>	<b>647,887</b>	<b>643,867</b>	<b>640,003</b>	<b>0.33%</b>
New Jersey											
Burlington County	445,349	445,384	448,596	448,342	448,844	450,318	449,858	451,256	450,486	449,200	(0.09%)
Camden County	506,471	507,078	510,719	510,741	510,809	510,913	511,798	512,827	513,180	513,506	(0.14%)
Gloucester County	291,636	291,408	292,206	291,703	291,651	291,151	290,151	289,912	289,605	288,994	0.09%
Salem County	62,385	62,607	62,792	63,158	63,730	64,360	64,840	65,446	65,883	65,982	(0.56%)
<b>Total - New Jersey</b>	<b>1,305,841</b>	<b>1,306,477</b>	<b>1,314,313</b>	<b>1,313,944</b>	<b>1,315,034</b>	<b>1,316,742</b>	<b>1,316,647</b>	<b>1,319,441</b>	<b>1,319,154</b>	<b>1,317,682</b>	<b>(0.09%)</b>
Pennsylvania											
Bucks County	628,270	628,195	628,341	626,751	626,209	625,806	625,321	625,572	626,067	625,431	0.05%
Chester County	524,989	522,046	519,293	516,489	515,226	512,864	509,388	506,283	503,404	499,920	0.49%
Delaware County	566,747	564,751	564,696	563,995	563,705	562,913	561,609	560,782	559,079	558,901	0.14%
Montgomery County	830,915	828,604	826,075	820,656	817,869	815,947	812,838	808,912	805,186	800,981	0.37%
Philadelphia County	1,584,064	1,584,138	1,580,863	1,574,765	1,570,507	1,564,042	1,558,109	1,551,944	1,539,649	1,528,271	0.36%
<b>Total - Pennsylvania</b>	<b>4,134,985</b>	<b>4,127,734</b>	<b>4,119,268</b>	<b>4,102,656</b>	<b>4,093,516</b>	<b>4,081,572</b>	<b>4,067,265</b>	<b>4,053,493</b>	<b>4,033,385</b>	<b>4,013,504</b>	<b>0.30%</b>
<b>Philadelphia MSA</b>	<b>6,102,434</b>	<b>6,096,372</b>	<b>6,096,120</b>	<b>6,077,152</b>	<b>6,066,589</b>	<b>6,053,028</b>	<b>6,035,329</b>	<b>6,020,821</b>	<b>5,996,406</b>	<b>5,971,189</b>	<b>0.22%</b>

Note: Population estimates for 2010 to 2016 modified by U.S. Census Bureau, Population Division.

Population estimates as of July 1st

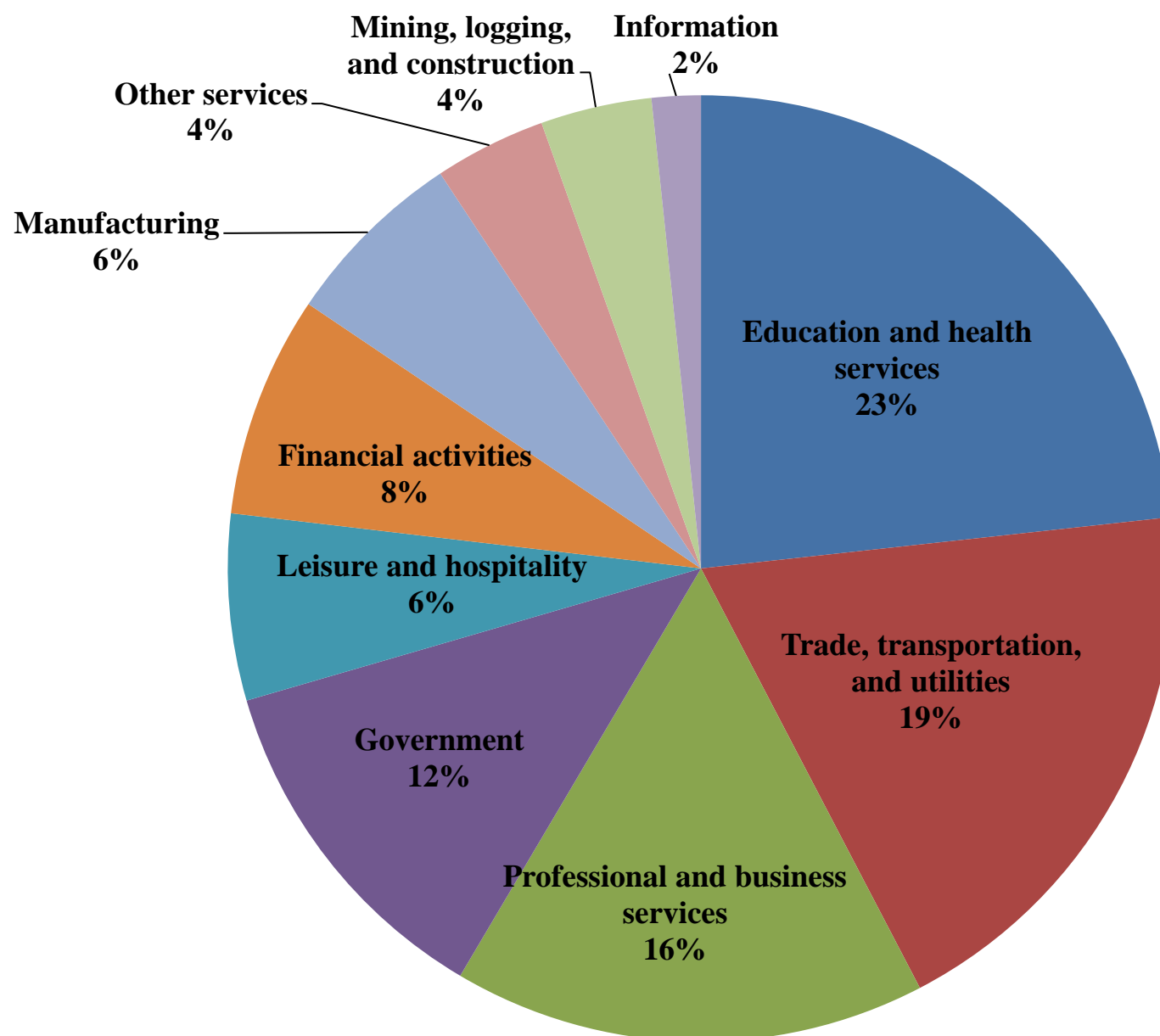
2020 data is not available until March, 2021

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
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	
Education and health services	649.4	678.4	658.0	641.3	621.7	603.6	589.3	574.5	566.2	556.9	1.55%
Trade, transportation, and utilities	532.5	536.2	529.2	523.2	522.0	518.5	514.9	509.3	505.8	501.9	0.59%
Professional and business services	450.7	480.7	477.2	466.7	461.0	450.7	439.9	431.5	423.8	417.3	0.77%
Government	334.9	346.8	338.7	335.6	333.8	334.3	335.5	337.4	340.0	347.5	-0.37%
Leisure and hospitality	177.7	273.1	268.7	265.9	259.0	252.3	247.0	241.4	236.8	230.1	-2.55%
Financial activities	211.4	220.5	217.1	214.6	211.8	208.4	204.1	203.2	200.3	199.3	0.59%
Manufacturing	175.2	181.8	181.1	180.3	179.0	179.6	179.7	180.2	182.4	185.6	-0.57%
Other services	106.5	121.8	120.5	120.3	119.8	117.6	116.8	118.9	120.0	119.4	-1.14%
Mining, logging, and construction	106.0	123.4	117.9	116.5	114.0	110.1	104.8	101.9	99.4	100.3	0.55%
Information	46.7	48.6	44.6	45.9	46.4	46.4	46.5	48.1	49.7	50.2	-0.72%
<b>Philadelphia PA-NJ-DE-MD Metropolitan statistical area</b>	<b>2,791.0</b>	<b>3,011.3</b>	<b>2,953.0</b>	<b>2,910.3</b>	<b>2,868.5</b>	<b>2,821.5</b>	<b>2,778.5</b>	<b>2,746.4</b>	<b>2,724.4</b>	<b>2,708.5</b>	<b>0.30%</b>

### Area Employment by Industry - 2020



\* Number of employees (in thousands) for 2011-2019 modified by U.S. Department of Labor, Bureau of Labor Statistics for all industries  
Source: U.S. Department of Labor, Bureau of Labor Statistics

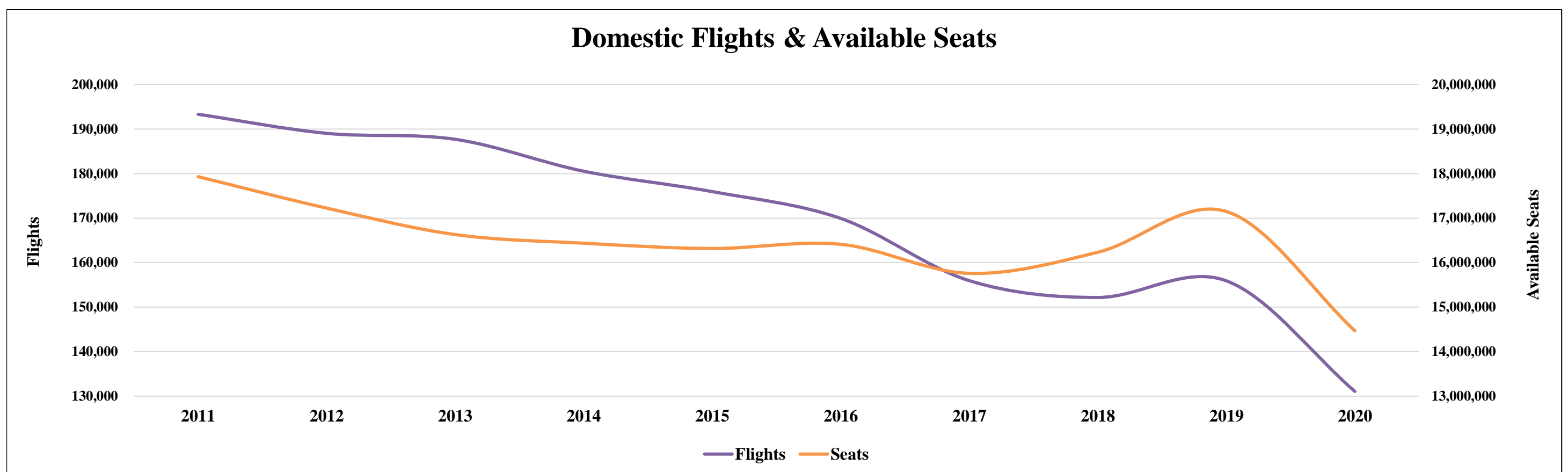
**Exhibit S-4: City of Philadelphia Airport Employees  
(By Fiscal Year)**



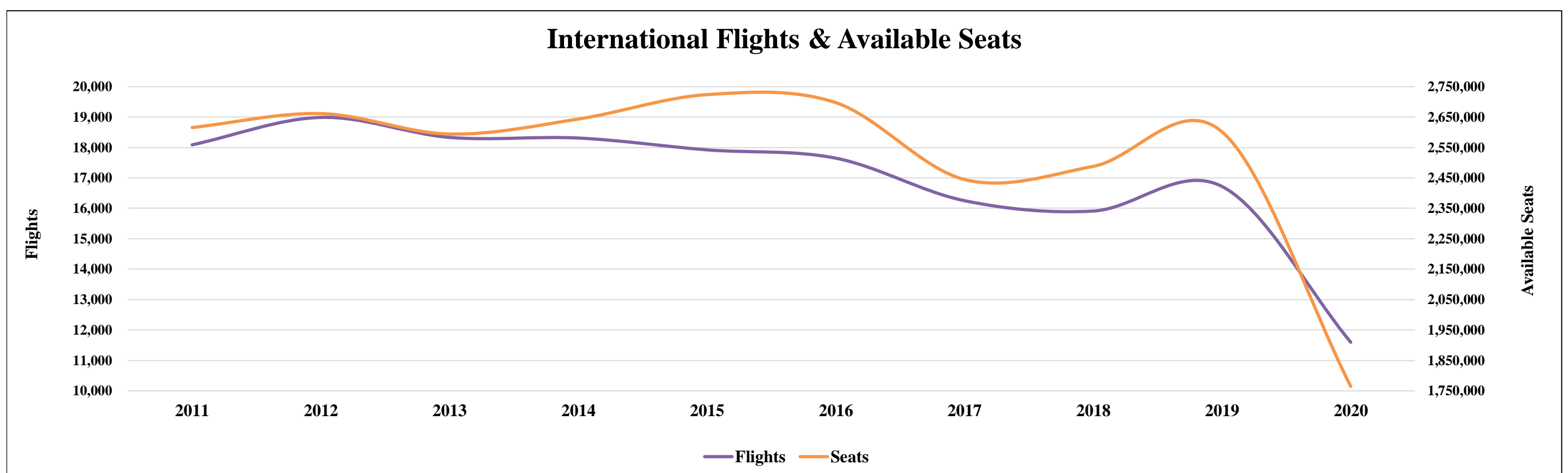
Filled positions at the end of the fiscal year.  
 Division of Aviation for 2011 - 2019 includes Division of Technology  
 Source: City of Philadelphia, Quarterly City Manager's Report

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

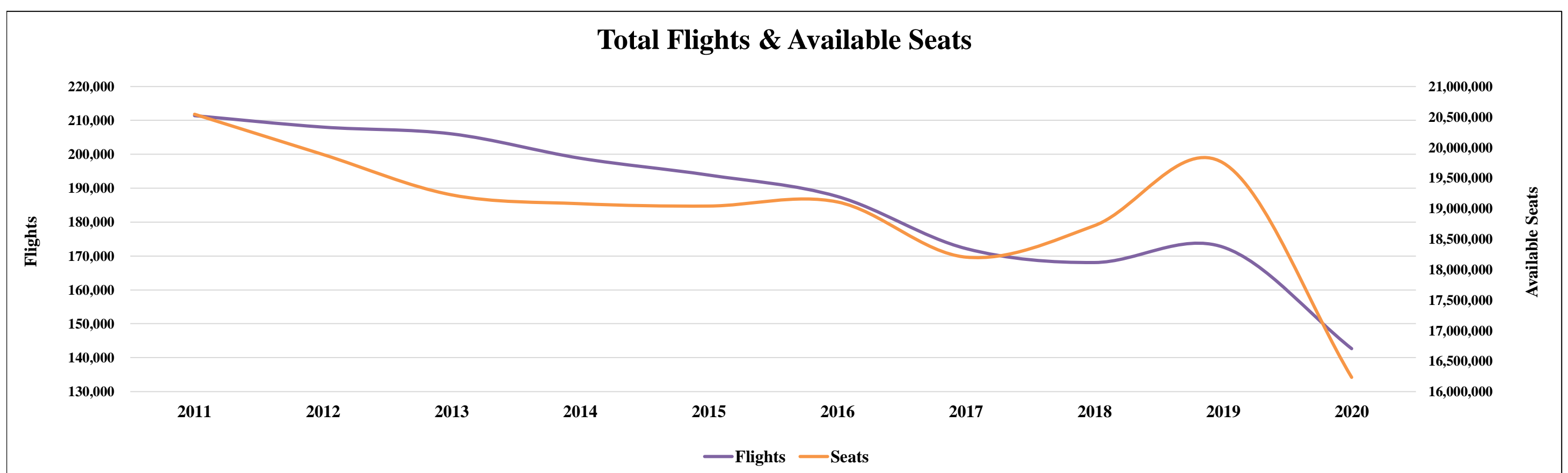
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	10-Year Annual Growth
Domestic Flights	193,315	189,034	187,696	180,527	175,947	169,921	155,947	152,169	155,908	131,077	(3.81%)
Domestic Seats	17,929,812	17,223,904	16,629,825	16,435,626	16,317,090	16,411,017	15,759,155	16,232,474	17,147,659	14,469,247	(2.12%)



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	10-Year Annual Growth
International Flights	18,089	18,990	18,332	18,312	17,923	17,650	16,252	15,911	16,720	11,598	(4.35%)
International Seats	2,615,698	2,661,499	2,594,329	2,643,622	2,723,892	2,697,451	2,444,766	2,488,116	2,601,675	1,764,595	(3.86%)



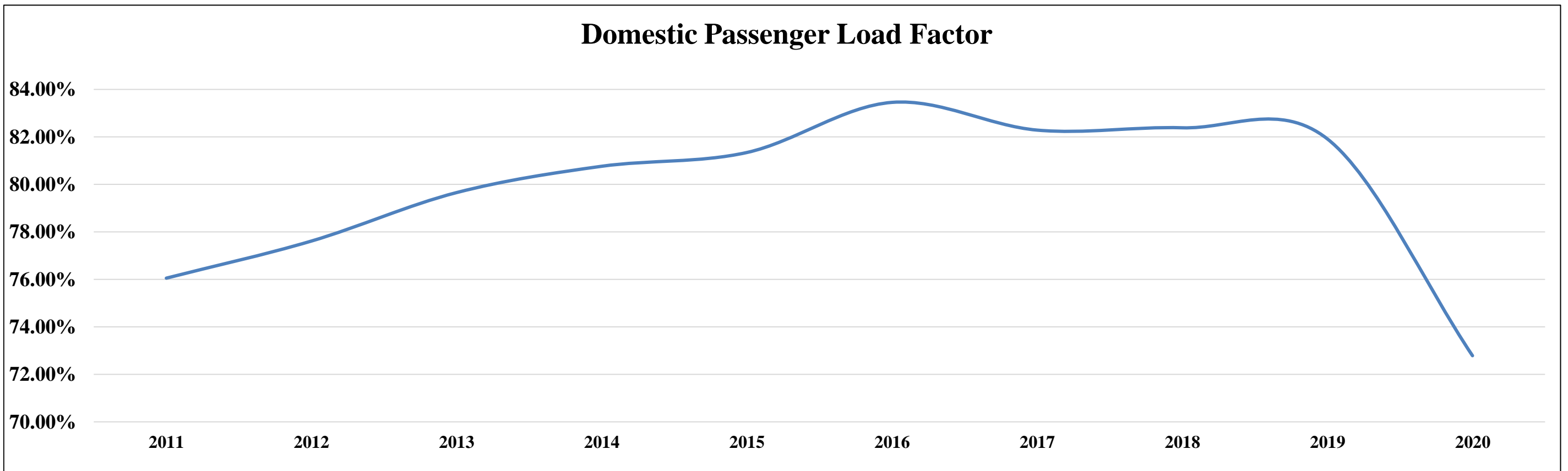
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	10-Year Annual Growth
Total Flights	211,404	208,024	206,028	198,839	193,870	187,571	172,199	168,080	172,628	142,675	(3.86%)
Total Seats	20,545,510	19,885,403	19,224,154	19,079,248	19,040,982	19,108,468	18,203,921	18,720,590	19,749,334	16,233,842	(2.33%)



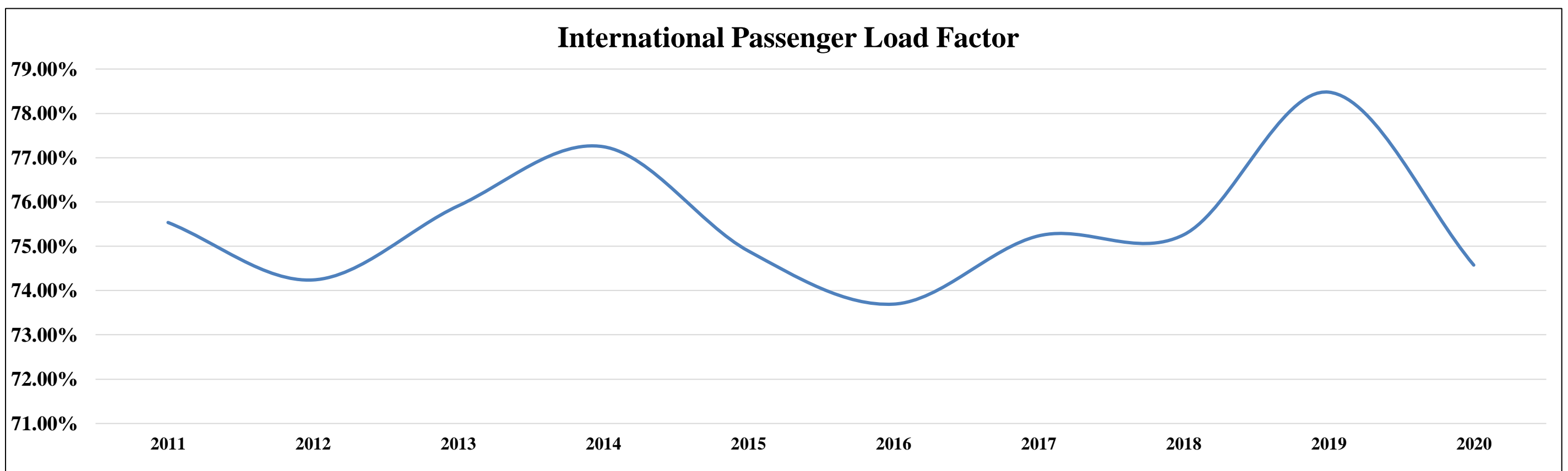
Source: Campbell-Hill Aviation Group, LLC

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

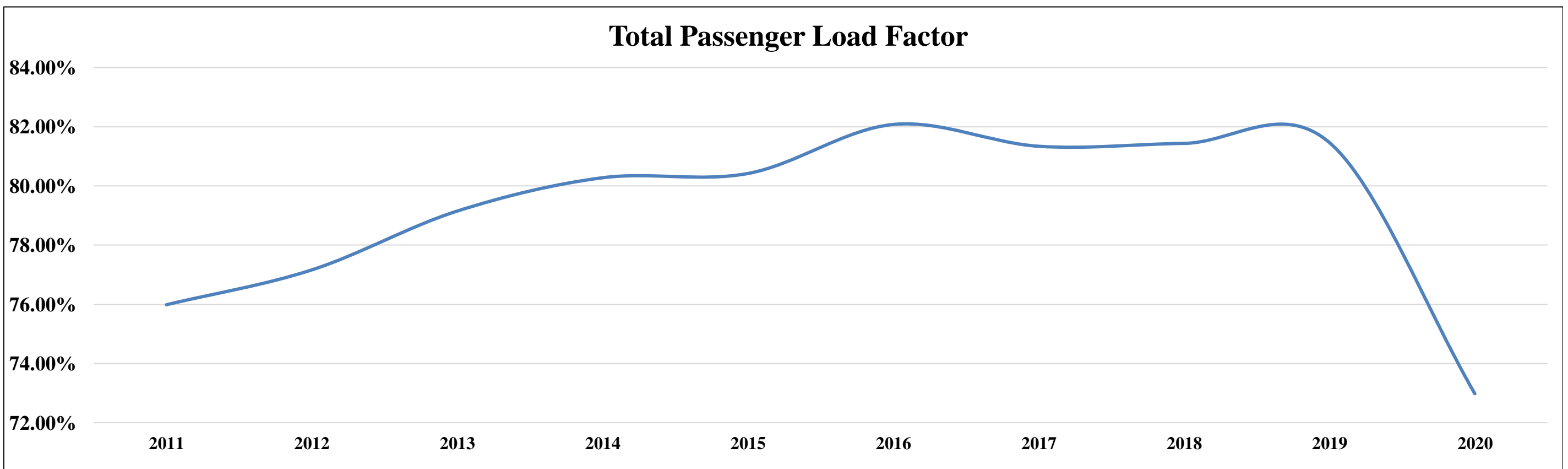
Domestic Passenger Load Factor	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	10-Year Annual Growth
	76.05%	77.61%	79.65%	80.76%	81.34%	83.45%	82.29%	82.38%	81.92%	72.79%	



International Passenger Load Factor	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	10-Year Annual Growth
	75.54%	74.24%	75.91%	77.25%	74.89%	73.69%	75.23%	75.26%	78.48%	74.58%	



Total Passenger Load Factor	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	10-Year Annual Growth
	75.99%	77.16%	79.15%	80.28%	80.42%	82.08%	81.34%	81.44%	81.46%	72.98%	



\* 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
<b>2020</b>	<b>10,531,456</b>	<b>(25.0%)</b>	<b>601,519,000</b>	<b>(24.4%)</b>
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%)
2012	13,368,218	(2.0%)	646,199,000	1.0%
2011	13,635,784	2.3%	639,606,000	2.6%

**International enplanements**

Fiscal Year	PHL International Passenger Enplanements	PHL Annual Growth	U.S. Air Carrier International Enplanements *	U.S. Annual Growth
<b>2020</b>	<b>1,315,951</b>	<b>(35.5%)</b>	<b>81,986,000</b>	<b>(28.7%)</b>
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%
2012	1,975,908	0.0%	96,911,000	1.4%
2011	1,975,799	6.3%	95,526,000	5.5%

**Total enplanements**

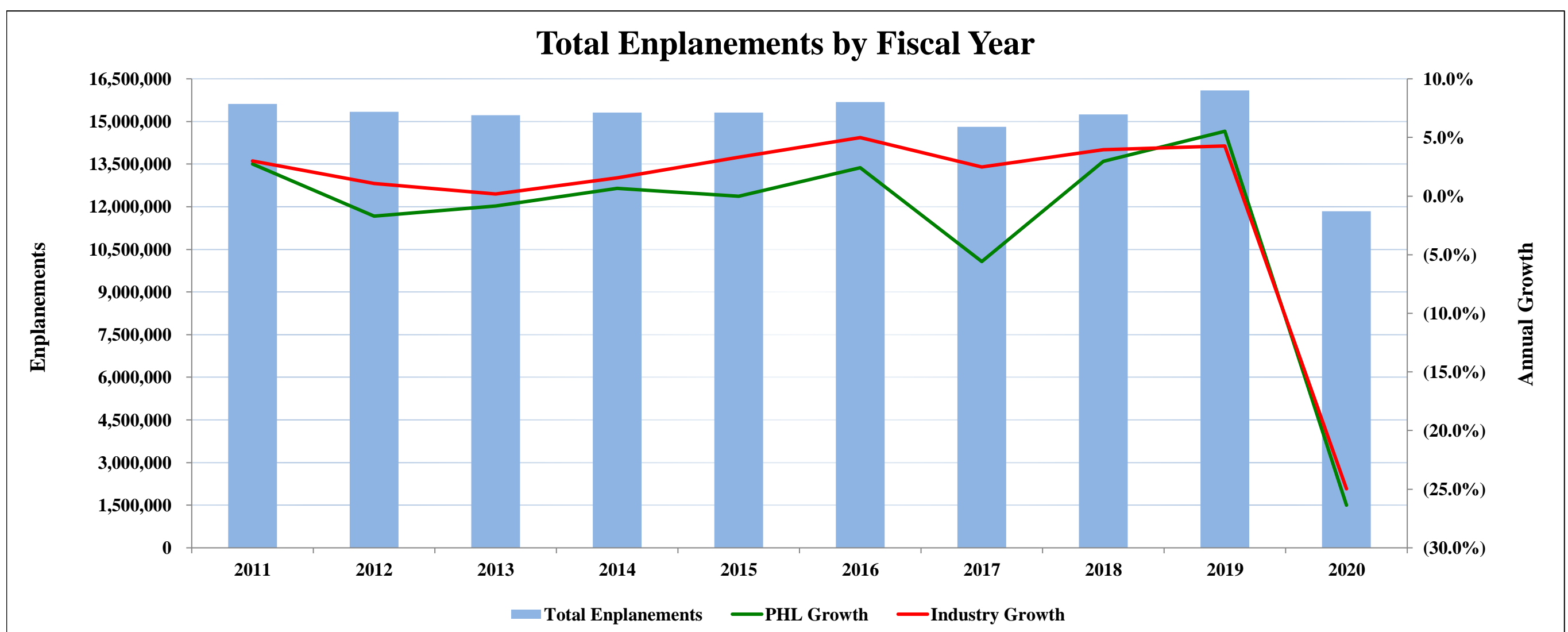
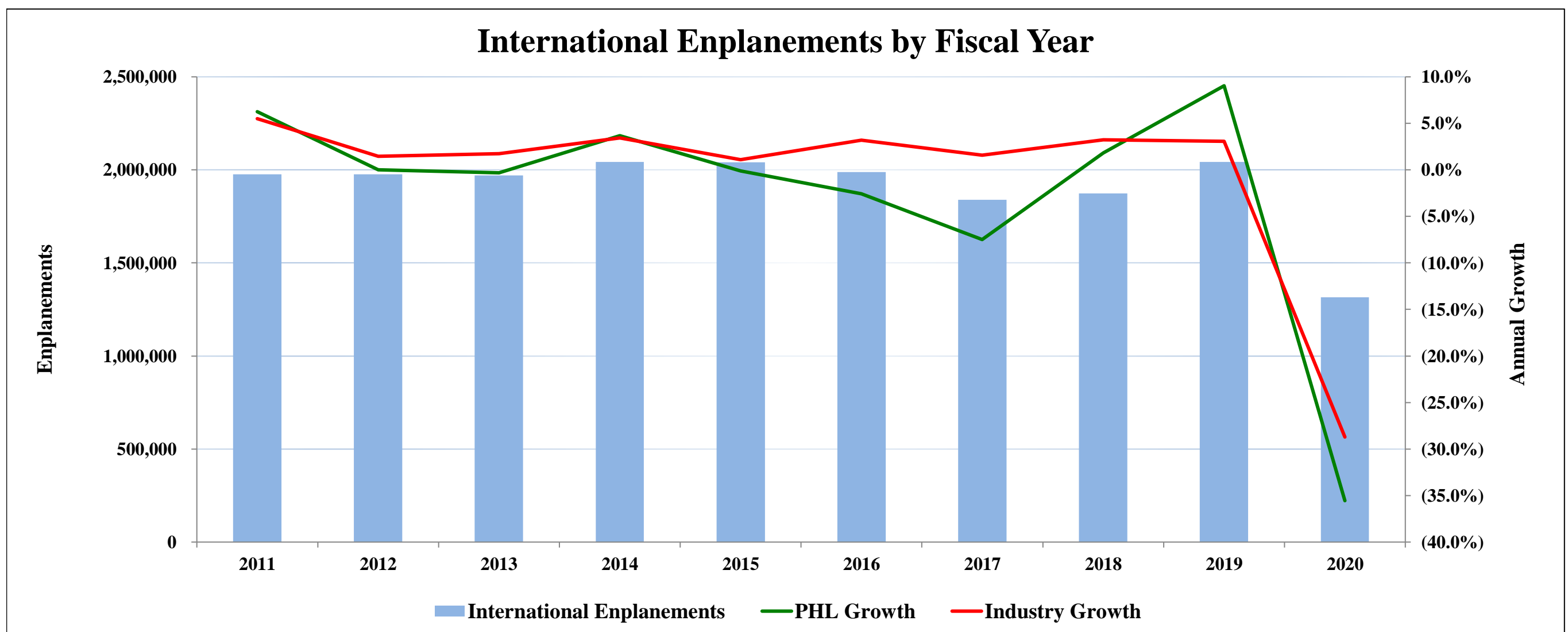
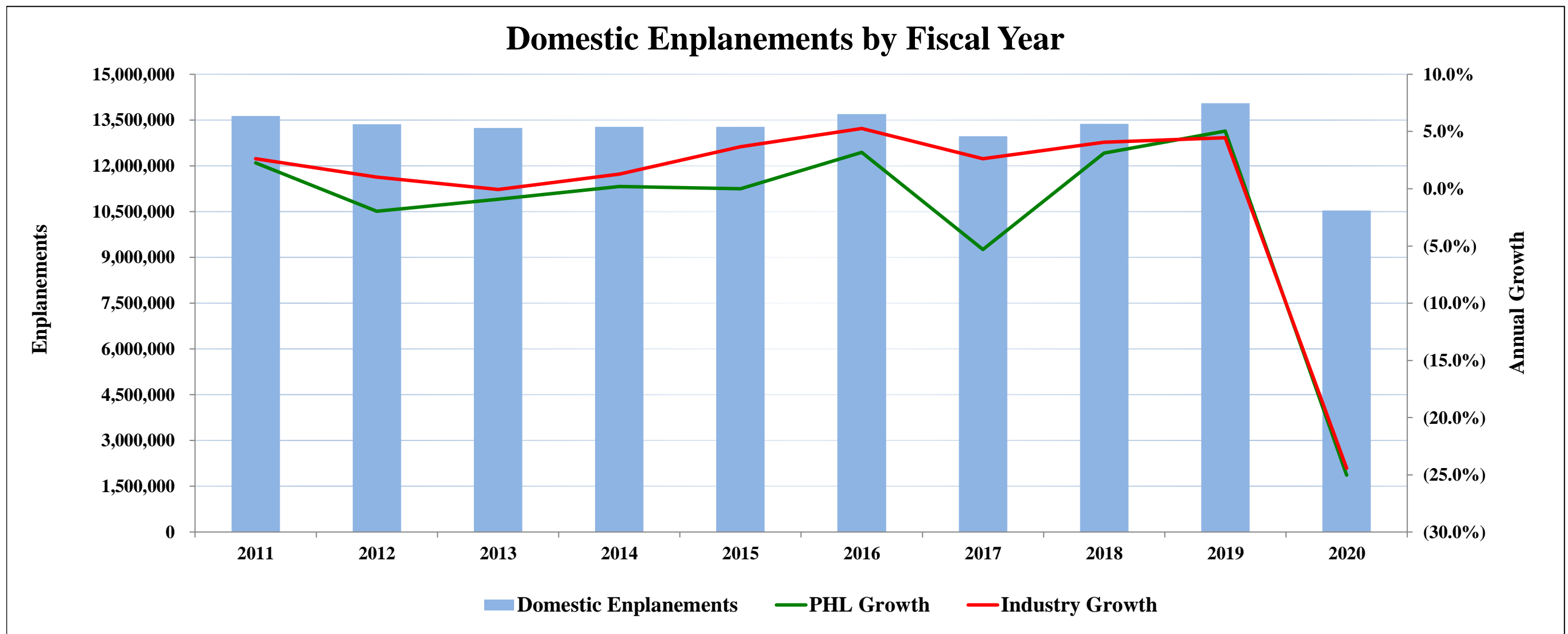
Fiscal Year	PHL Total Passenger Enplanements	PHL Annual Growth	U.S. Air Carrier Total Enplanements	U.S. Annual Growth
<b>2020</b>	<b>11,847,407</b>	<b>(26.4%)</b>	<b>683,505,000</b>	<b>(25.0%)</b>
2019	16,088,424	5.5%	910,946,000	4.3%
2018	15,245,453	3.0%	873,551,000	3.9%
2017	14,806,882	(5.6%)	840,358,000	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%
2012	15,344,126	(1.7%)	743,110,000	1.1%
2011	15,611,583	2.8%	735,132,000	3.0%

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

Note: Domestic and International Enplanements from 2010 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 2010 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	2020		2019		2018		2017		2016	
	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share
<b>Domestic</b>										
Scheduled major/national										
American	4,531,069	38.2%	6,609,437	41.1%	6,099,214	40.0%	5,869,032	39.6%	6,101,659	38.9%
Southwest	744,815	6.3%	1,096,018	6.8%	1,123,008	7.4%	1,152,350	7.8%	1,133,501	7.2%
Delta	604,282	5.1%	832,378	5.2%	834,666	5.5%	853,135	5.8%	973,307	6.2%
Frontier	797,901	6.7%	790,154	4.9%	657,572	4.3%	580,452	3.9%	473,972	3.0%
United	391,686	3.3%	554,088	3.4%	554,152	3.6%	529,057	3.6%	549,849	3.5%
Spirit	487,649	4.1%	515,578	3.2%	421,325	2.8%	361,782	2.4%	245,438	1.6%
JetBlue	177,613	1.5%	223,713	1.4%	218,290	1.4%	205,817	1.4%	183,285	1.2%
Alaska	114,340	1.0%	163,207	1.0%	141,157	0.9%	64,154	0.4%	59,076	0.4%
Sun Country	22,880	0.2%	6,934	0.0%	-	-	-	-	-	-
AirTran	-	-	-	-	-	-	-	-	-	-
Virgin America	-	-	-	-	-	-	-	-	-	-
Continental	-	-	-	-	-	-	-	-	-	-
USA 3000	-	-	-	-	-	-	-	-	-	-
Midwest Airlines	-	-	-	-	-	-	-	-	-	-
Northwest	-	-	-	-	-	-	-	-	-	-
Subtotal - scheduled major/national	7,872,235	66.4%	10,791,507	67.1%	10,049,384	65.9%	9,615,779	64.9%	9,720,087	62.0%
Scheduled regional/commuter										
American Eagle										
Piedmont	1,082,605	9.1%	1,432,000	8.9%	1,172,067	7.7%	918,638	6.2%	694,448	4.4%
Republic	808,038	6.8%	925,678	5.8%	1,063,517	7.0%	864,036	5.8%	1,326,308	8.5%
PSA	576,780	4.9%	671,061	4.2%	394,252	2.6%	309,469	2.1%	307,357	2.0%
Envoy	6,202	0.1%	8,147	0.1%	16,635	0.1%	-	-	-	-
Air Wisconsin	-	-	-	-	453,101	3.0%	1,002,131	6.8%	1,419,663	9.1%
Mesa	-	-	-	-	-	-	-	-	-	-
Chautauqua	-	-	-	-	-	-	-	-	-	-
Subtotal - American Eagle	2,473,625	20.9%	3,036,886	18.9%	3,099,572	20.3%	3,094,274	20.9%	3,747,776	23.9%
Other	185,302	1.6%	215,374	1.3%	222,087	1.5%	257,068	1.7%	227,752	1.5%
Subtotal - scheduled regional/commuter	2,658,927	22.4%	3,252,260	20.2%	3,321,659	21.8%	3,351,342	22.6%	3,975,528	25.3%
Charter	294	0.0%	2,896	0.0%	1,900	0.0%	463	0.0%	85	0.0%
<b>Total - domestic</b>	<b>10,531,456</b>	<b>88.9%</b>	<b>14,046,663</b>	<b>87.3%</b>	<b>13,372,943</b>	<b>87.7%</b>	<b>12,967,584</b>	<b>87.6%</b>	<b>13,695,700</b>	<b>87.3%</b>
<b>International</b>										
Scheduled										
American	815,679	6.9%	1,349,623	8.4%	1,228,549	8.1%	1,186,702	8.0%	1,324,804	8.4%
Piedmont	111,181	0.9%	161,566	1.0%	73,803	0.5%	-	-	-	-
Air Canada - Sky Regional / Jazz Aviation	72,582	0.6%	99,909	0.6%	93,978	0.6%	77,018	0.5%	61,797	0.4%
British	79,991	0.7%	97,561	0.6%	88,688	0.6%	118,177	0.8%	128,290	0.8%
Qatar	63,574	0.5%	80,795	0.5%	66,047	0.4%	52,728	0.4%	61,745	0.4%
Lufthansa	56,945	0.5%	78,033	0.5%	71,971	0.5%	73,251	0.5%	69,405	0.4%
Frontier	44,084	0.4%	74,154	0.5%	67,467	0.4%	68,053	0.5%	80,497	0.5%
Aer Lingus	29,418	0.2%	46,969	0.3%	10,951	0.1%	-	-	-	-
Republic	21,360	0.2%	41,720	0.3%	64,517	0.4%	36,300	0.2%	62,725	0.4%
Icelandair	6,492	0.1%	11,379	0.1%	9,690	0.1%	2,806	0.0%	-	-
Delta	0	0.0%	52	0.0%	29,362	0.2%	45,046	0.3%	35,045	0.2%
Air Wisconsin	-	-	-	-	67,128	0.4%	175,336	1.2%	160,730	1.0%
PSA	12,554	0.1%	-	-	217	0.0%	-	-	-	-
Spirit	1,922	0.0%	-	-	-	-	-	-	-	-
Air Jamaica / Caribbean	-	-	-	-	-	-	-	-	-	-
USA 3000	-	-	-	-	-	-	-	-	-	-
Air France	-	-	-	-	-	-	-	-	-	-
Subtotal - scheduled	1,315,782	11.1%	2,041,761	12.7%	1,872,368	12.3%	1,835,417	12.4%	1,985,038	12.7%
Charter	169	0.0%	-	-	142	0.0%	3,881	0.0%	2,820	0.0%
<b>Total - international</b>	<b>1,315,951</b>	<b>11.1%</b>	<b>2,041,761</b>	<b>12.7%</b>	<b>1,872,510</b>	<b>12.3%</b>	<b>1,839,298</b>	<b>12.4%</b>	<b>1,987,858</b>	<b>12.7%</b>
<b>Grand total</b>	<b>11,847,407</b>	<b>100.0%</b>	<b>16,088,424</b>	<b>100.0%</b>	<b>15,245,453</b>	<b>100.0%</b>	<b>14,806,882</b>	<b>100.0%</b>	<b>15,683,558</b>	<b>100.0%</b>

\* 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	2015		2014		2013		2012		2011	
	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share
<b>Domestic</b>										
Scheduled major/national										
American	5,912,774	38.6%	6,090,891	39.8%	5,918,404	38.9%	5,852,418	38.1%	5,788,450	37.1%
Southwest	1,017,105	6.6%	927,172	6.1%	1,054,353	6.9%	1,494,613	9.7%	1,707,286	10.9%
Delta	924,773	6.0%	908,882	5.9%	804,404	5.3%	813,547	5.3%	805,797	5.2%
Frontier	154,956	1.0%	1,783	0.0%	28,307	0.2%	78,442	0.5%	89,554	0.6%
United	520,995	3.4%	492,899	3.2%	540,335	3.6%	427,458	2.8%	405,836	2.6%
Spirit	142,411	0.9%	129,417	0.8%	30,747	0.2%	-	-	-	-
JetBlue	123,511	0.8%	116,655	0.8%	15,502	0.1%	-	-	-	-
Alaska	56,514	0.4%	54,569	0.4%	47,617	0.3%	2,790	0.0%	-	-
Sun Country	-	-	-	-	-	-	-	-	-	-
AirTran	42,858	0.3%	189,037	1.2%	296,466	1.9%	258,203	1.7%	300,480	1.9%
Virgin America	26,566	0.2%	97,932	0.6%	155,152	1.0%	38,878	0.3%	-	-
Continental	-	-	-	-	-	-	164,217	1.1%	233,502	1.5%
USA 3000	-	-	-	-	-	-	1,052	0.0%	5,286	0.0%
Midwest Airlines	-	-	-	-	-	-	-	-	-	-
Northwest	-	-	-	-	-	-	-	-	-	-
Subtotal - scheduled major/national	8,922,463	58.3%	9,009,237	58.8%	8,891,287	58.4%	9,131,618	59.5%	9,336,191	59.8%
Scheduled regional/commuter										
American Eagle										
Piedmont	708,011	4.6%	792,688	5.2%	854,595	5.6%	762,204	5.0%	766,538	4.9%
Republic	1,529,350	10.0%	1,462,890	9.6%	1,307,524	8.6%	1,318,546	8.6%	1,424,740	9.1%
PSA	239,146	1.6%	231,547	1.5%	264,630	1.7%	264,325	1.7%	181,411	1.2%
Envoy	-	-	-	-	-	-	-	-	-	-
Air Wisconsin	1,508,945	9.9%	1,302,475	8.5%	1,333,837	8.8%	1,287,022	8.4%	1,360,164	8.7%
Mesa	49,094	0.3%	50,508	0.3%	-	-	-	-	-	-
Chautauqua	-	-	-	-	75,628	0.5%	84,918	0.6%	58,684	0.4%
Subtotal - American Eagle	4,034,546	26.3%	3,840,108	25.1%	3,836,214	25.2%	3,717,015	24.2%	3,791,537	24.3%
Other	315,442	2.1%	434,826	2.8%	518,639	3.4%	518,655	3.4%	507,479	3.3%
Subtotal - scheduled regional/commuter	4,349,988	28.4%	4,274,934	27.9%	4,354,853	28.6%	4,235,670	27.6%	4,299,016	27.5%
Charter	266	0.0%	603	0.0%	345	0.0%	930	0.0%	577	0.0%
<b>Total - domestic</b>	<b>13,272,717</b>	<b>86.7%</b>	<b>13,284,774</b>	<b>86.7%</b>	<b>13,246,485</b>	<b>87.1%</b>	<b>13,368,218</b>	<b>87.1%</b>	<b>13,635,784</b>	<b>87.3%</b>
<b>International</b>										
Scheduled										
American	1,424,940	9.3%	1,472,915	9.6%	1,458,393	9.6%	1,428,157	9.3%	1,409,484	9.0%
Piedmont	-	-	-	-	-	-	-	-	-	-
Air Canada - Sky Regional / Jazz Aviation	56,038	0.4%	56,524	0.4%	53,728	0.4%	52,515	0.3%	49,839	0.3%
British	120,461	0.8%	112,422	0.7%	110,271	0.7%	114,085	0.7%	107,276	0.7%
Qatar	57,650	0.4%	18,299	0.1%	-	-	-	-	-	-
Lufthansa	70,438	0.5%	63,334	0.4%	54,906	0.4%	51,403	0.3%	60,185	0.4%
Frontier	35,937	0.2%	23,108	0.2%	22,949	0.2%	14,539	0.1%	-	-
Aer Lingus	-	-	-	-	-	-	-	-	-	-
Republic	59,107	0.4%	45,726	0.3%	70,712	0.5%	105,734	0.7%	86,009	0.6%
Icelandair	-	-	-	-	-	-	-	-	-	-
Delta	18,784	0.1%	15,473	0.1%	15,672	0.1%	20,304	0.1%	40,212	0.3%
Air Wisconsin	195,937	1.3%	219,574	1.4%	182,534	1.2%	151,941	1.0%	162,515	1.0%
PSA	-	-	-	-	-	-	-	-	-	-
Spirit	-	-	-	-	-	-	-	-	-	-
Air Jamaica / Caribbean	-	-	-	-	66	0.0%	30,032	0.2%	35,200	0.2%
USA 3000	-	-	-	-	-	-	6,528	0.0%	24,492	0.2%
Air France	-	-	-	-	-	-	-	-	-	-
Subtotal - scheduled	2,039,292	13.3%	2,027,375	13.2%	1,969,231	12.9%	1,975,238	12.9%	1,975,212	12.7%
Charter	729	0.0%	3,904	0.0%	169	0.0%	670	0.0%	587	0.0%
<b>Total - international</b>	<b>2,040,021</b>	<b>13.3%</b>	<b>2,031,279</b>	<b>13.3%</b>	<b>1,969,400</b>	<b>12.9%</b>	<b>1,975,908</b>	<b>12.9%</b>	<b>1,975,799</b>	<b>12.7%</b>
<b>Grand total</b>	<b>15,312,738</b>	<b>100.0%</b>	<b>15,316,053</b>	<b>100.0%</b>	<b>15,215,885</b>	<b>100.0%</b>	<b>15,344,126</b>	<b>100.0%</b>	<b>15,611,583</b>	<b>100.0%</b>

\* 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**

<b>Fiscal Year</b>	<b>Air Carrier</b>	<b>Commuter</b>	<b>General Aviation</b>	<b>Military</b>	<b>Total</b>
<b>2020</b>	<b>221,914</b>	<b>83,226</b>	<b>11,683</b>	<b>521</b>	<b>317,344</b>
<b>2019</b>	263,684	107,327	14,644	457	386,112
<b>2018</b>	240,676	115,986	14,323	412	371,397
<b>2017</b>	222,618	141,120	14,184	412	378,334
<b>2016</b>	226,056	153,590	13,971	405	394,022
<b>2015</b>	237,788	161,386	14,548	399	414,121
<b>2014</b>	241,252	166,014	13,883	400	421,549
<b>2013</b>	240,165	183,828	13,848	423	438,264
<b>2012</b>	255,629	177,194	14,129	436	447,388
<b>2011</b>	266,138	173,255	18,325	1,114	458,832

Note: Philadelphia International Airport's annual aircraft operations have declined from FY 2006 through FY 2018. The reduction in flights can be partially attributed to airline mergers and consolidations, and increasing load factors. Airlines have been reducing the number of flights that use smaller, less fuel-efficient aircraft.

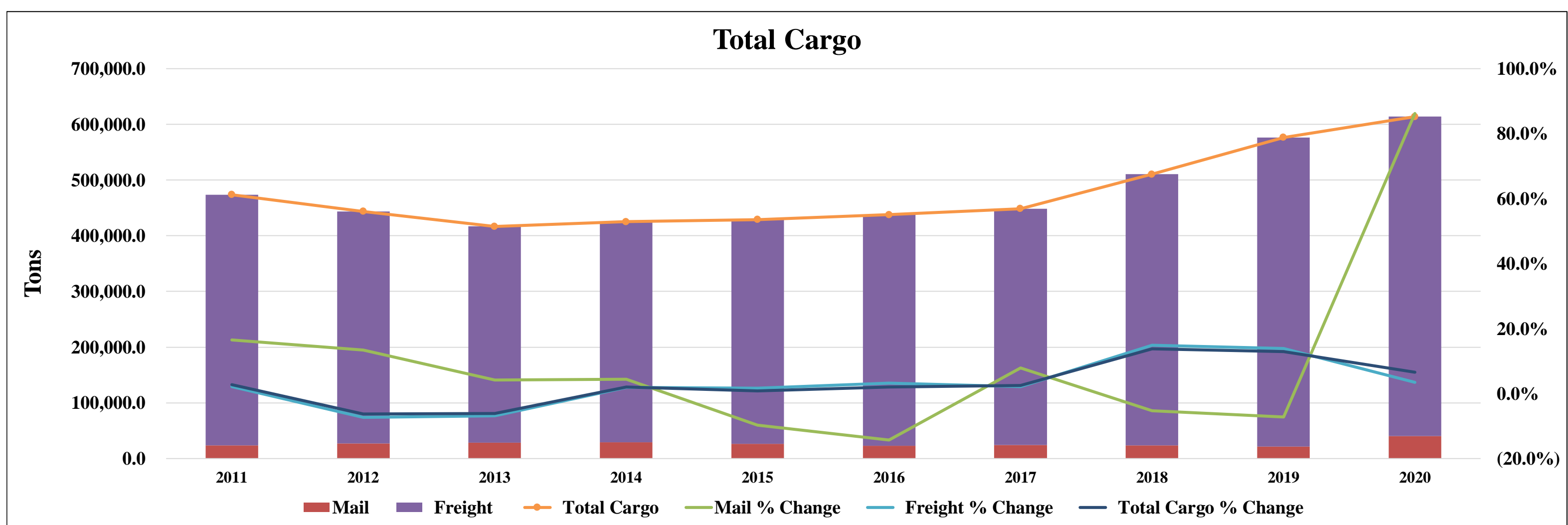
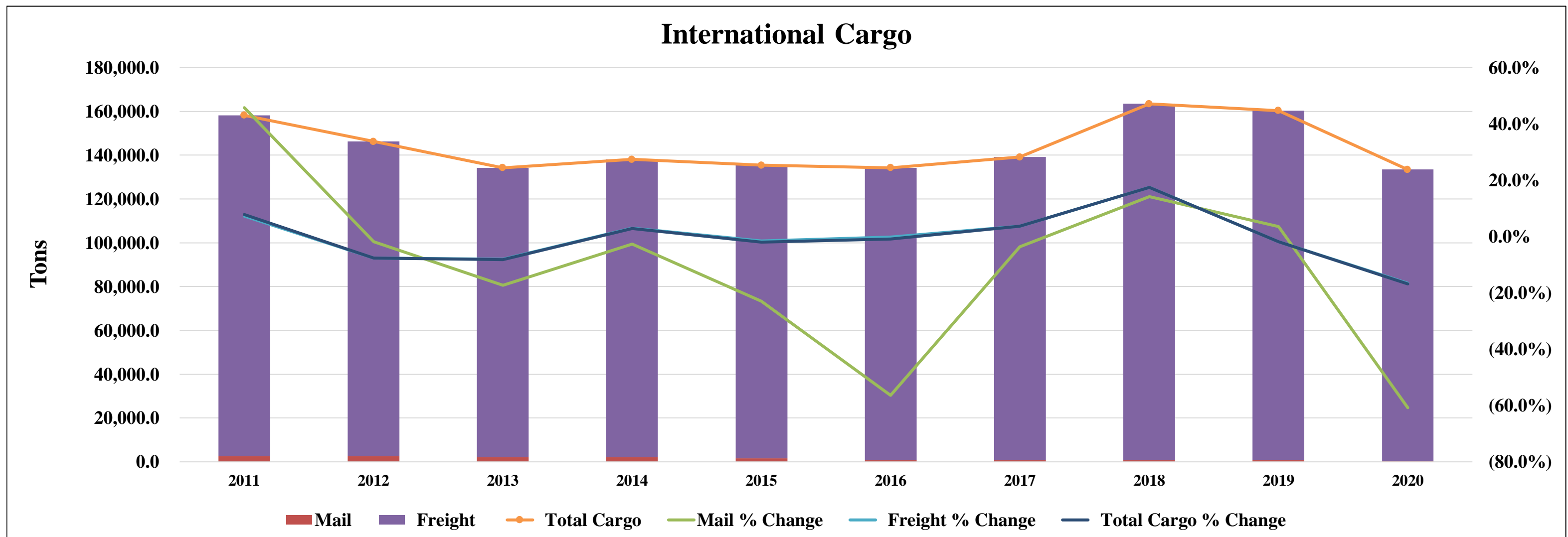
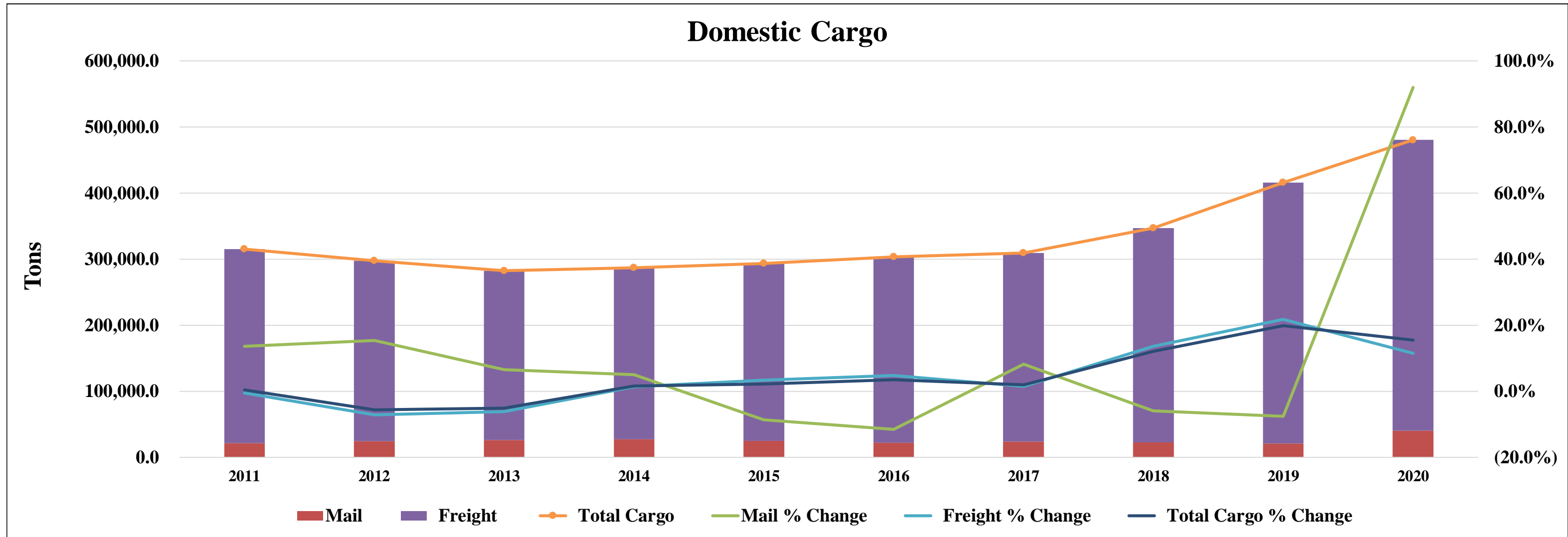
**PNE Takeoffs and landings**

<b>Fiscal Year</b>	<b>Air Carrier</b>	<b>Commuter</b>	<b>General Aviation</b>	<b>Military</b>	<b>Total</b>
<b>2020</b>	<b>0</b>	<b>0</b>	<b>68,059</b>	<b>0</b>	<b>68,059</b>
<b>2019</b>	0	0	69,240	0	69,240
<b>2018</b>	0	0	55,817	0	55,817
<b>2017</b>	0	0	56,373	0	56,373
<b>2016</b>	0	0	54,222	0	54,222
<b>2015</b>	0	0	72,975	0	72,975
<b>2014</b>	0	0	71,723	0	71,723
<b>2013</b>	0	0	67,997	0	67,997
<b>2012</b>	0	0	70,454	0	70,454
<b>2011</b>	0	0	66,507	0	66,507

Note: Northeast Philadelphia Airport's annual aircraft operations have generally declined from FY 2005 through FY 2018. The reduction in flights can be partially attributed to a change in procedures for recording training flights ("touch and go" operations) from FY 2005, as well as the closing of Hortman Aviation Flight School in 2015.

Source: City of Philadelphia

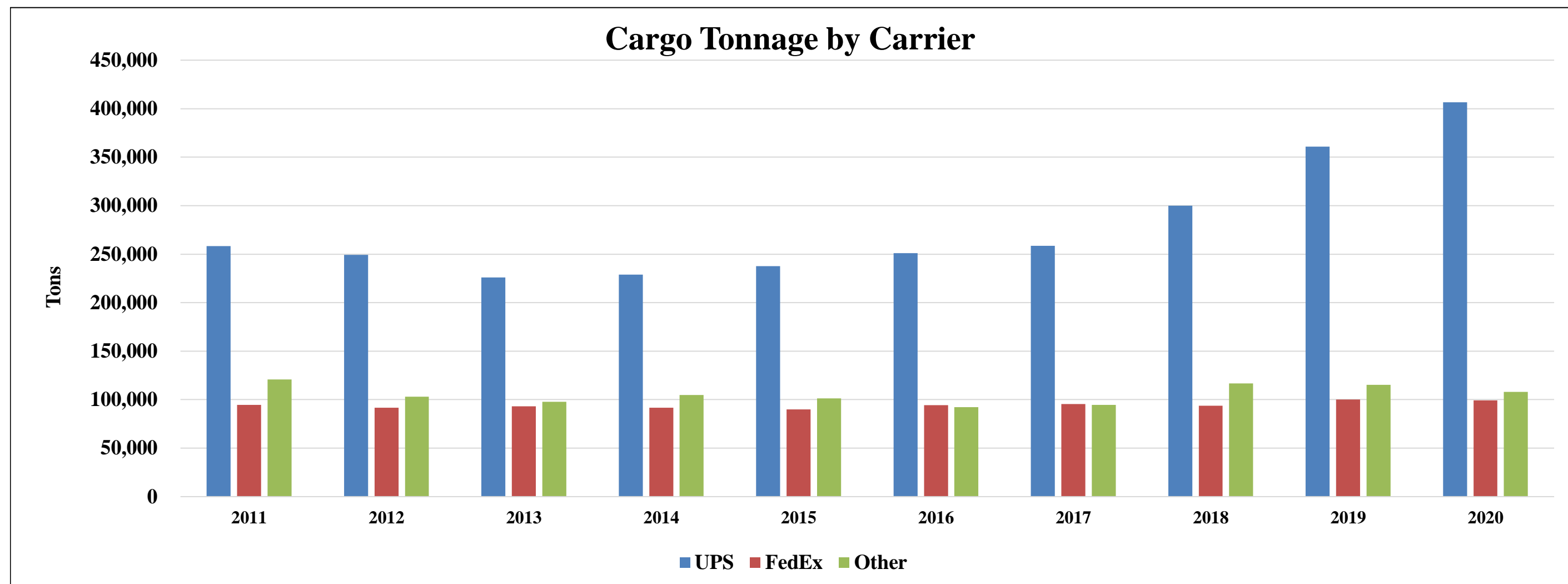
## Exhibit S-10: Cargo Tonnage (By Fiscal Year)



Source: City of Philadelphia

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

Carrier	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	10-Year Annual Growth
UPS	258,382	249,200	225,839	228,810	237,529	251,080	258,615	299,905	360,955	406,468	4.63%
FedEx	94,547	91,748	93,041	91,628	89,925	94,341	95,518	93,789	100,064	99,311	0.49%
Other	120,691	102,934	97,791	104,768	101,421	92,337	94,535	116,736	115,252	108,061	(1.10%)
<b>Total</b>	<b>473,620</b>	<b>443,882</b>	<b>416,671</b>	<b>425,206</b>	<b>428,875</b>	<b>437,758</b>	<b>448,668</b>	<b>510,430</b>	<b>576,271</b>	<b>613,840</b>	<b>2.63%</b>



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)

	2020	2019	2018	2017	2016	2015	2014	2013	Restated * 2012	2011
Operating revenues										
Charges for goods and services (1)	\$ 74,473,841	\$ 120,832,729	\$ 128,320,912	\$ 104,531,921	\$ 110,787,260	\$ 100,619,746	\$ 110,782,462	\$ 88,823,551	\$ 78,331,485	\$ 81,161,226
Rentals and concessions (2)	215,702,641	264,946,027	245,881,682	232,887,674	224,999,976	216,190,420	200,192,045	197,912,708	179,202,590	170,667,208
Miscellaneous operating revenues	5,228,340	5,292,986	5,367,810	4,200,936	5,009,010	5,554,490	4,439,768	4,630,590	5,631,463	6,226,427
Total operating revenues	295,404,822	391,071,742	379,570,404	341,620,531	340,796,246	322,364,656	315,414,275	291,366,849	263,165,538	258,054,861
Operating expenses										
Personal services	86,385,831	81,052,522	79,223,366	73,776,022	69,283,424	70,424,997	65,636,270	63,190,699	60,503,430	59,258,555
Purchase of services	107,925,323	113,187,323	111,100,076	118,283,429	108,418,709	101,642,118	94,403,544	88,684,536	81,733,892	78,491,464
Materials and supplies	8,862,639	8,202,311	9,805,303	5,156,099	6,944,528	8,669,852	8,927,068	6,557,009	6,728,927	4,458,556
Employee benefits	66,409,686	64,803,539	60,602,579	61,939,679	57,854,677	52,106,797	65,665,321	46,467,020	50,585,661	44,845,414
Indemnities and taxes	5,524,518	5,773,036	1,966,973	5,196,986	1,695,946	1,839,638	1,108,774	1,945,850	1,899,313	2,219,123
Depreciation and amortization	102,393,319	100,679,051	112,033,607	101,109,005	101,909,394	98,125,419	99,707,937	97,873,389	100,592,947	100,894,334
Total operating expenses	377,501,316	373,697,782	374,731,904	365,461,220	346,106,678	332,808,821	335,448,914	304,718,503	302,044,170	290,167,446
Operating income (loss)	(82,096,494)	17,373,960	4,838,500	(23,840,689)	(5,310,432)	(10,444,165)	(20,034,639)	(13,351,654)	(38,878,632)	(32,112,585)
Non-operating revenues (expenses)										
Federal, state and local grants	57,639,261	1,463,277	1,672,222	2,488,459	1,621,300	1,885,786	2,483,722	1,661,600	2,377,228	4,215,312
Interest income	25,343,078	23,582,264	9,836,271	3,786,077	2,658,109	363,206	1,076,392	632,234	5,654,556	2,235,393
Debt service, interest	(59,289,830)	(57,032,860)	(68,195,690)	(54,271,038)	(54,003,323)	(41,428,793)	(40,966,678)	(40,179,599)	(40,069,791)	(45,847,778)
Other revenue (expenses)	(50,338)	2,476,639	3,000,000	-	-	-	-	(13,994,139)	(407,921)	(5,247)
Loss on disposal of property, net	(307,101)	51,887	(59,048)	(122,785)	(67,463)	(69,113)	(75,920)	(13,394)	-	-
Customer facility charges	24,636,032	31,080,128	30,440,208	30,875,320	31,934,786	29,933,177	4,857,600	-	-	-
Passenger facility charges	46,749,088	64,031,965	61,067,558	59,384,648	60,920,335	61,180,724	60,653,369	58,188,449	59,741,500	62,042,429
Total non-operating revenues (expenses)	94,720,190	65,653,300	37,761,521	42,140,681	43,063,744	51,864,987	28,028,485	6,295,151	27,295,572	22,640,109
Gain (Loss) before capital contributions	12,623,696	83,027,260	42,600,021	18,299,992	37,753,312	41,420,822	7,993,846	(7,056,503)	(11,583,060)	(9,472,476)
Capital contributions										
Federal, state and local grants	20,327,935	22,238,626	19,583,401	9,566,140	24,203,573	35,549,920	20,046,410	39,691,462	29,242,258	39,639,059
Total capital contributions	20,327,935	22,238,626	19,583,401	9,566,140	24,203,573	35,549,920	20,046,410	39,691,462	29,242,258	39,639,059
Increase (decrease) in net position	\$ 32,951,631	\$ 105,265,886	\$ 62,183,422	\$ 27,866,132	\$ 61,956,885	\$ 76,970,742	\$ 28,040,256	\$ 32,634,959	\$ 17,659,198	\$ 30,166,583
Net position beginning of period	993,543,168	888,277,282	894,083,996	866,217,864	804,260,979	894,969,059	866,928,803	#REF!	#REF!	#REF!
Adjustment	(8,770,847)	-	(67,990,136)	-	-	(167,678,822)	-	-	(18,639,280)	-
<b>Net position end of period</b>	<b>\$ 1,017,723,952</b>	<b>\$ 993,543,168</b>	<b>\$ 888,277,282</b>	<b>\$ 894,083,996</b>	<b>\$ 866,217,864</b>	<b>\$ 804,260,979</b>	<b>\$ 894,969,059</b>	<b>#REF!</b>	<b>#REF!</b>	<b>#REF!</b>

\* Related to the adoption of GASB 65

Source: City of Philadelphia, Financial Statements

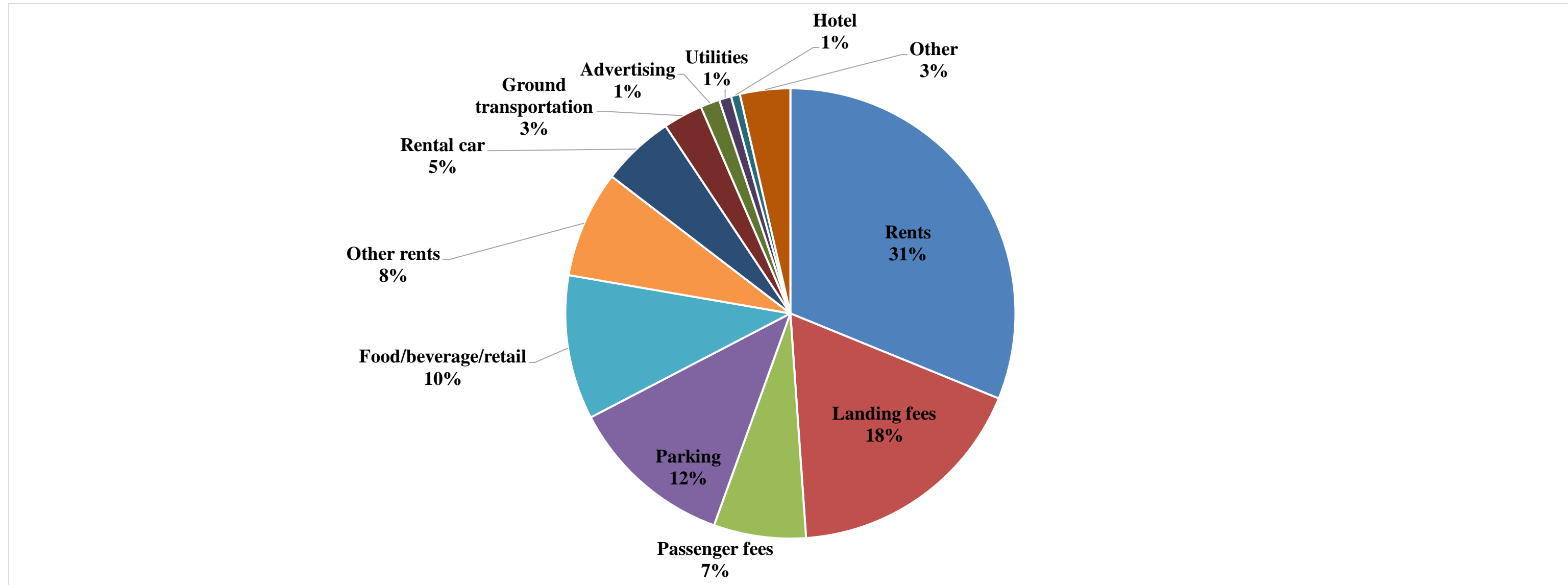
(1) Charges for goods and services are comprised of airline revenues, specifically landing fees and international arrival fees, and non-airline revenues, specifically utilities and other fees.

(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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	10-Year Annual Growth
<b>Airline revenue</b>											
Rents	\$ 92,060,092	\$ 112,437,578	\$ 122,195,881	\$ 111,099,652	\$ 107,504,766	\$ 115,637,922	\$ 98,895,068	\$ 102,444,565	\$ 84,597,375	\$ 73,285,708	2.31%
Landing fees	52,351,021	81,040,660	88,769,632	67,710,165	71,796,365	68,868,068	80,068,379	63,876,786	57,390,056	62,137,487	(1.70%)
Passenger fees	19,556,454	37,249,170	36,228,901	32,017,978	33,927,721	26,573,596	24,873,375	20,041,927	16,202,394	17,565,552	1.08%
<b>Total airline revenue</b>	<b>163,967,567</b>	<b>230,727,408</b>	<b>247,194,414</b>	<b>210,827,795</b>	<b>213,228,852</b>	<b>211,079,586</b>	<b>203,836,822</b>	<b>186,363,278</b>	<b>158,189,825</b>	<b>152,988,747</b>	<b>0.70%</b>
<b>Non-airline revenue</b>											
Parking	35,023,752	37,151,976	33,620,940	33,892,719	29,968,056	29,090,299	25,000,777	24,147,808	25,035,368	28,008,554	2.26%
Food/beverage/retail	30,613,092	38,725,616	33,082,150	31,458,225	35,971,023	23,802,476	27,241,432	23,651,437	25,902,344	22,817,909	2.98%
Other rents	22,686,419	34,128,018	19,456,269	20,309,076	19,279,017	17,990,122	17,972,046	18,475,294	17,437,758	15,083,071	4.17%
Rental car	15,473,293	19,821,992	19,088,359	19,057,032	18,925,037	17,972,921	19,129,901	19,353,044	18,374,270	17,977,440	(1.49%)
Ground transportation	8,410,149	9,905,712	7,759,709	5,589,833	2,539,609	2,069,814	1,777,269	1,627,271	1,512,007	1,489,869	18.90%
Advertising	4,111,262	4,031,350	4,165,545	4,113,665	3,948,970	2,814,100	2,700,000	2,700,000	2,325,320	2,568,692	4.82%
Utilities	2,566,366	2,542,899	2,862,116	2,872,521	3,207,446	3,548,830	4,300,906	3,733,830	3,889,574	4,070,184	(4.51%)
Hotel	1,896,680	2,174,191	2,131,110	2,095,984	2,036,604	1,972,306	1,881,380	1,707,073	1,800,406	1,732,421	0.91%
Other	10,656,242	11,862,580	10,209,792	11,403,680	11,691,632	12,024,202	11,573,742	9,607,814	8,698,666	11,317,974	(0.60%)
<b>Total non-airline revenue</b>	<b>131,437,255</b>	<b>160,344,334</b>	<b>132,375,990</b>	<b>130,792,736</b>	<b>127,567,394</b>	<b>111,285,070</b>	<b>111,577,453</b>	<b>105,003,571</b>	<b>104,975,713</b>	<b>105,066,114</b>	<b>2.26%</b>
<b>Total operating revenues</b>	<b>\$ 295,404,822</b>	<b>\$ 391,071,742</b>	<b>\$ 379,570,404</b>	<b>\$ 341,620,531</b>	<b>\$ 340,796,246</b>	<b>\$ 322,364,656</b>	<b>\$ 315,414,275</b>	<b>\$ 291,366,849</b>	<b>\$ 263,165,538</b>	<b>\$ 258,054,861</b>	<b>1.36%</b>

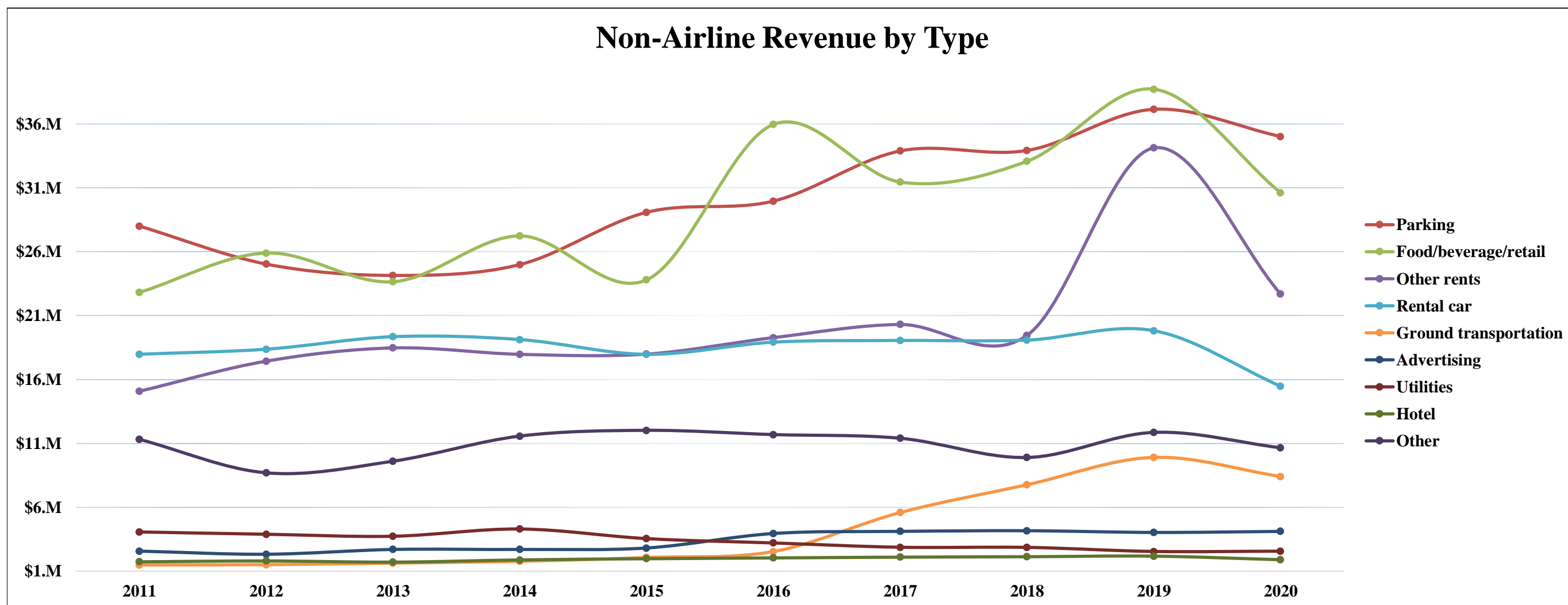
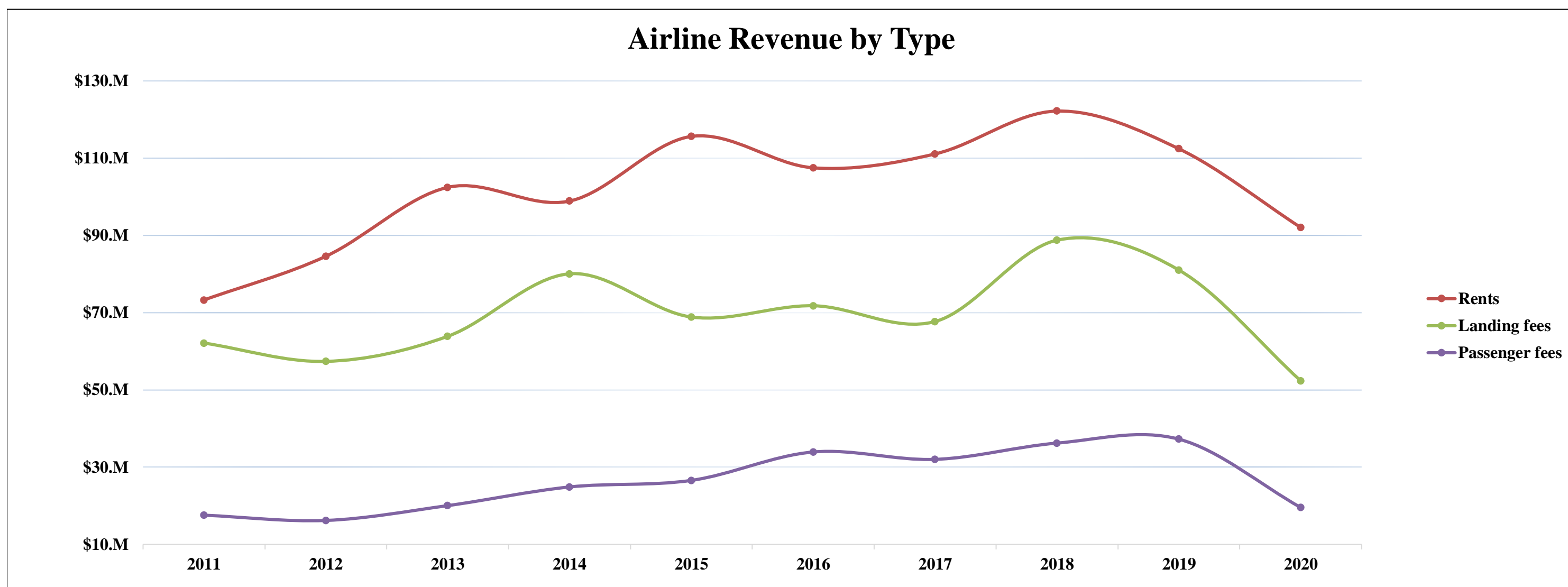
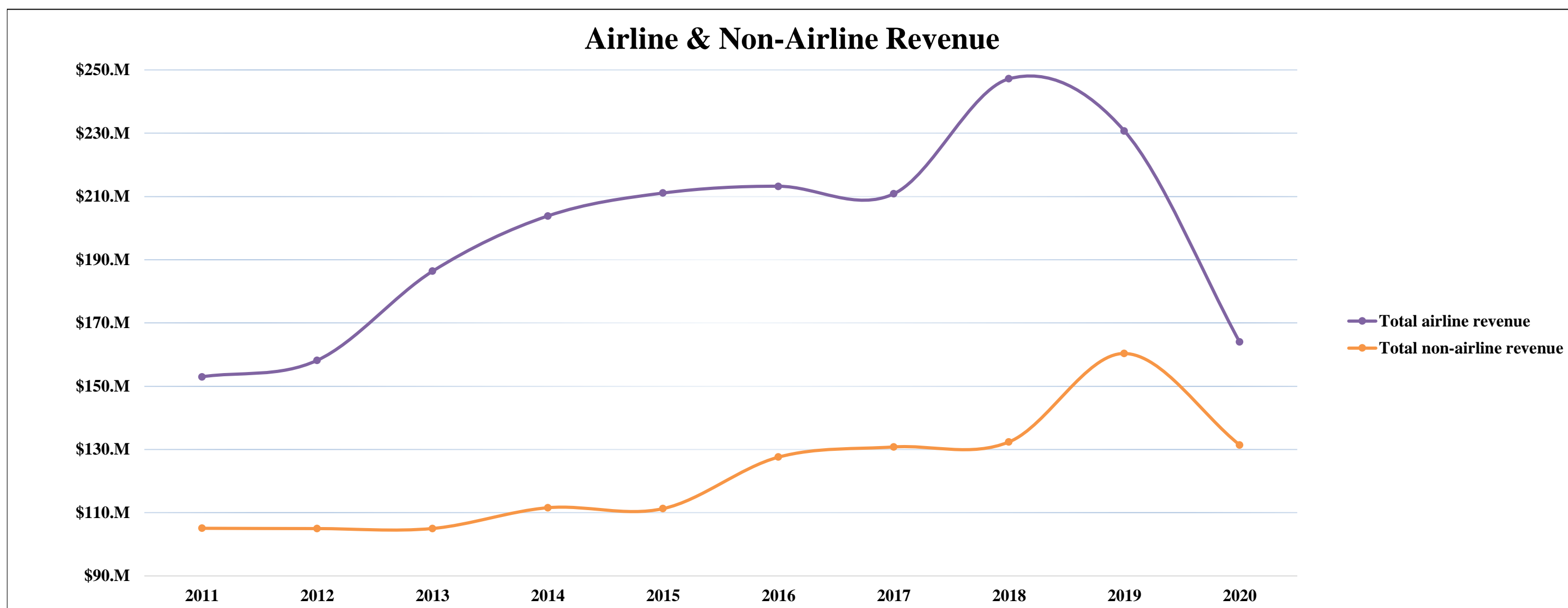
### 2020 Revenues by Source



Source: City of Philadelphia

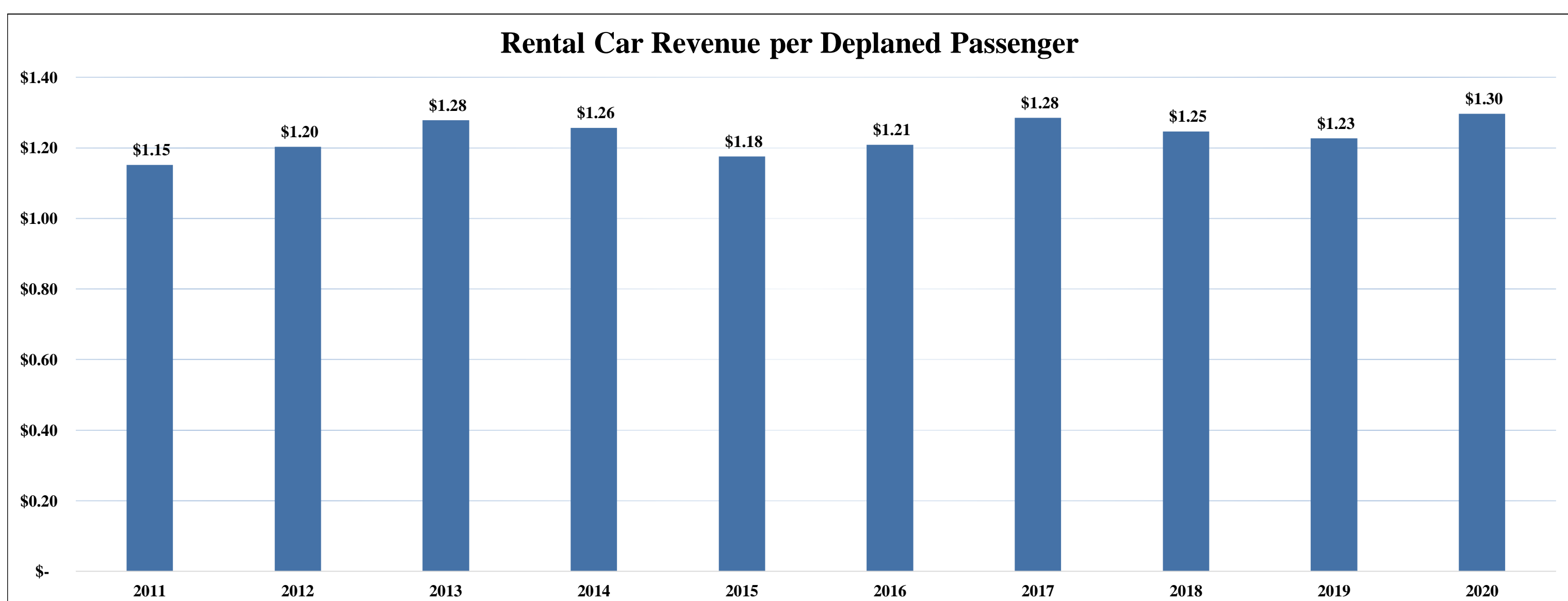
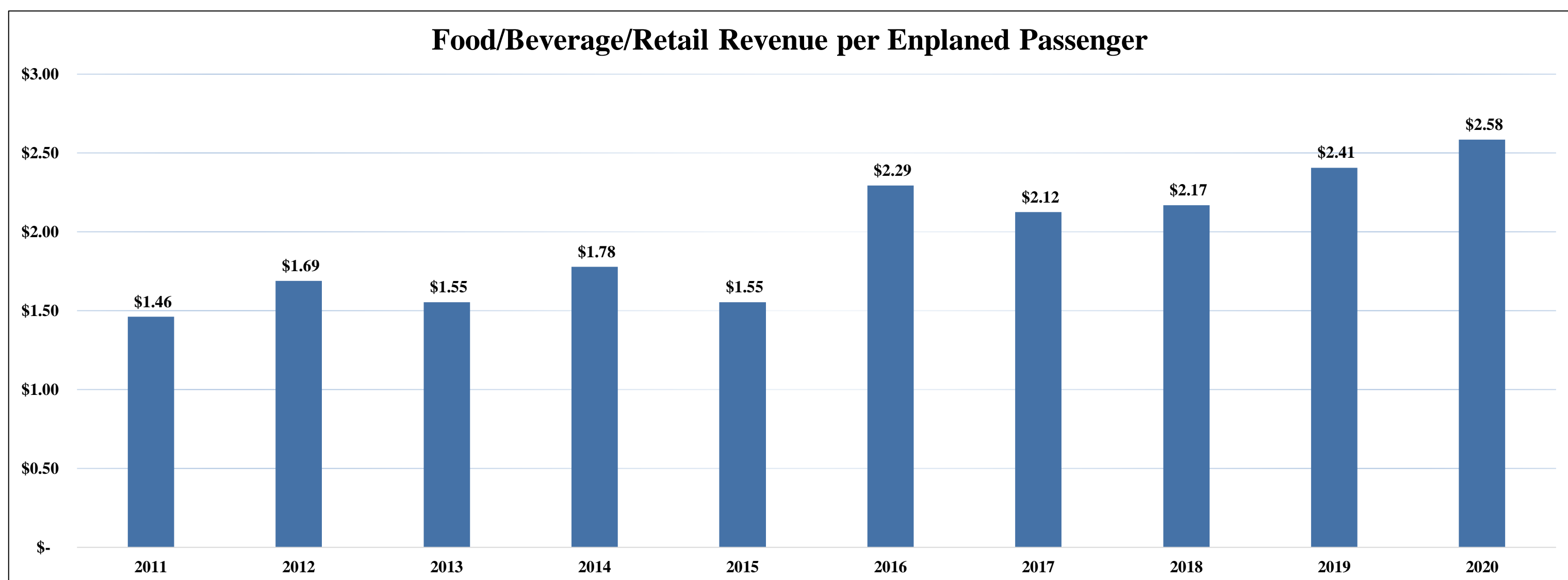
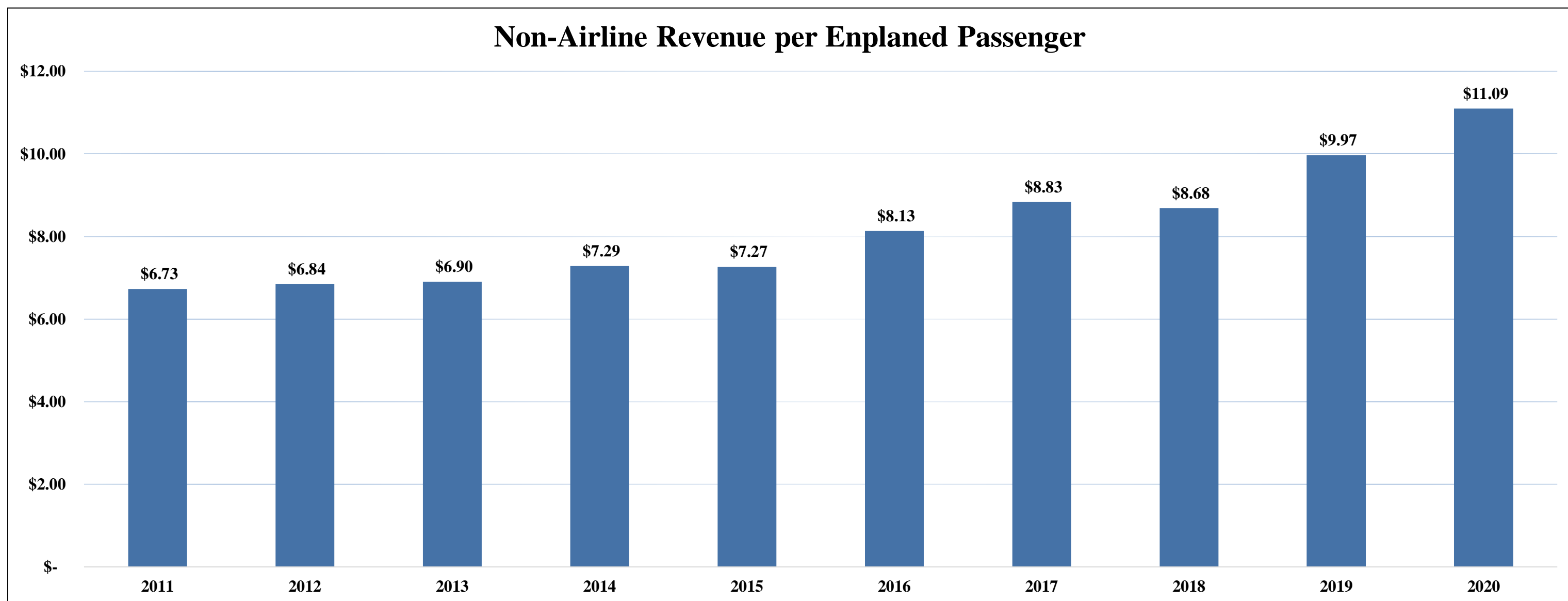


## Exhibit S-12: Operating Revenues by Source (Continued, By Fiscal Year)



Source: City of Philadelphia

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

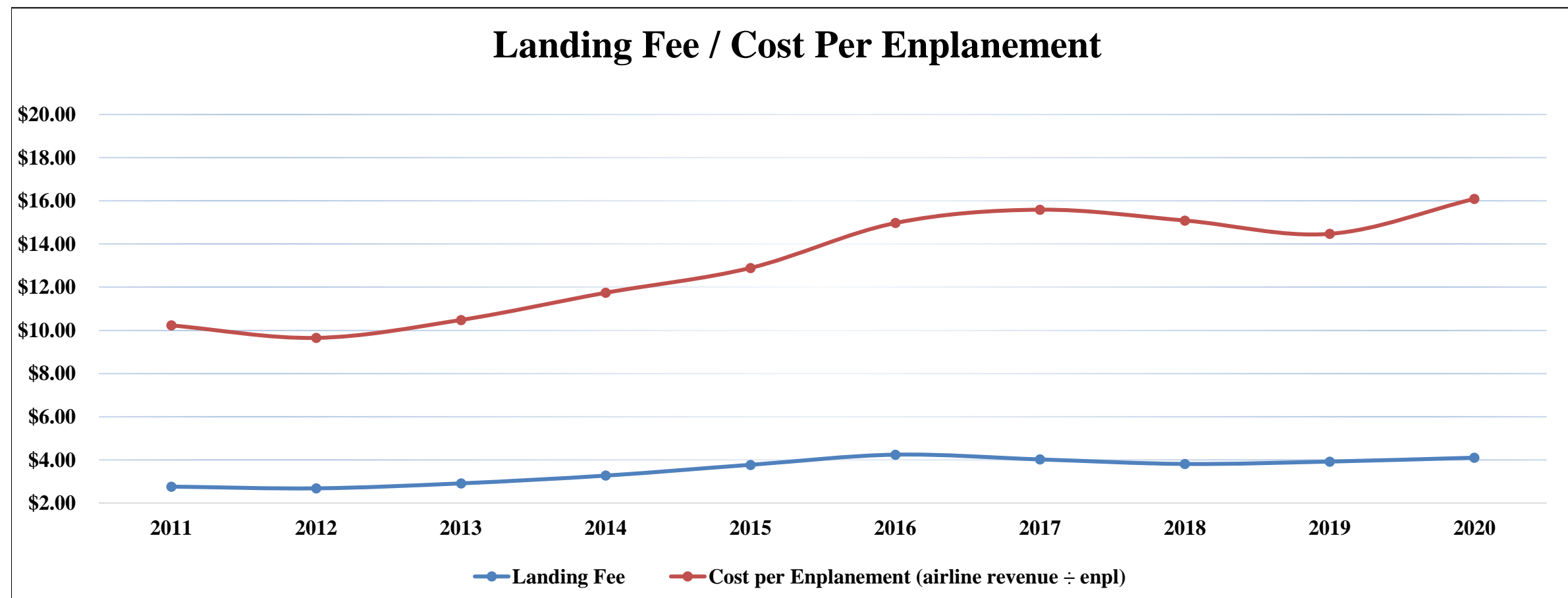


Source: City of Philadelphia



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

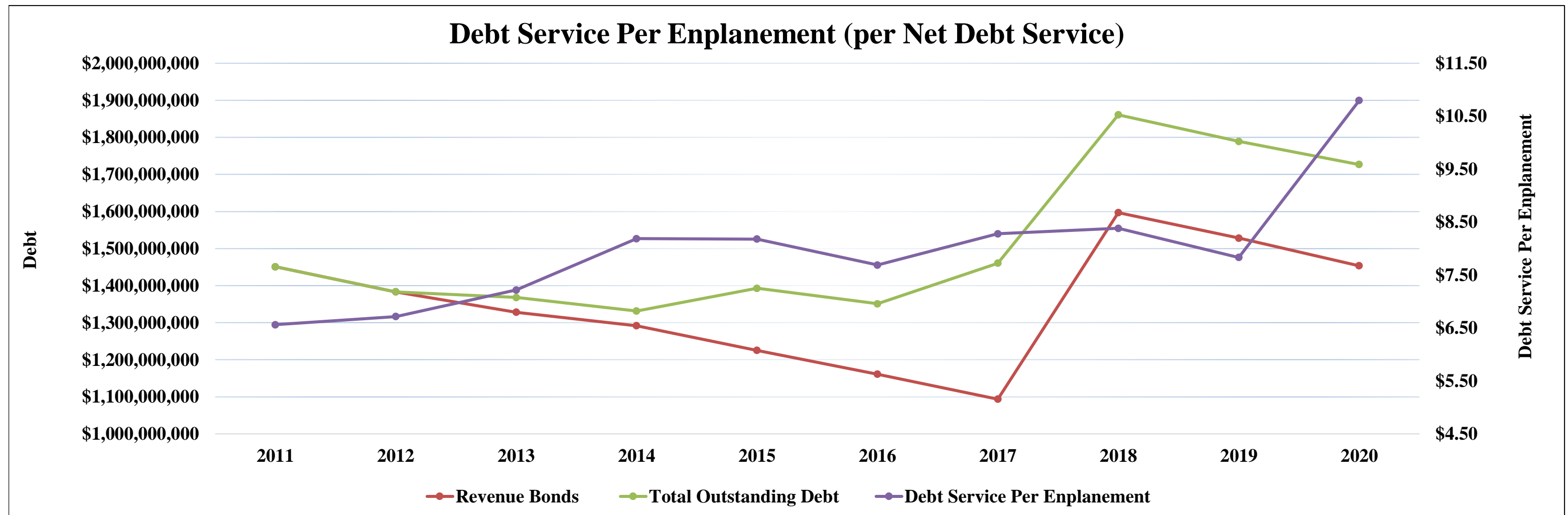
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Signatory airline rates &amp; charges</b>										
<b>Landing fee rate (per 1,000 pounds)</b>	\$ 4.10	\$ 3.92	\$ 3.81	\$ 4.02	\$ 4.24	\$ 3.77	\$ 3.27	\$ 2.91	\$ 2.68	\$ 2.76
<b>Terminal rental rates (per square foot)</b>										
Type 1 - Ticket counter and ticket counter offices	\$ 197.69	\$ 219.02	\$ 232.51	\$ 241.74	\$ 223.11	\$ 195.38	\$ 184.28	\$ 172.51	\$ 155.26	\$ 163.61
Type 2 - Hold rooms, baggage claim area, baggage claim offices, airline lounge, airline space	\$ 148.27	\$ 164.26	\$ 174.38	\$ 181.30	\$ 167.34	\$ 146.54	\$ 138.21	\$ 129.38	\$ 116.45	\$ 122.71
Type 3 - Airline operations space, baggage makeup space, inbound baggage	\$ 98.84	\$ 109.51	\$ 116.25	\$ 120.87	\$ 111.56	\$ 97.69	\$ 92.14	\$ 86.25	\$ 77.63	\$ 81.81
Type 4 - FIS Area, cart tunnel/baggage recheck	\$ 49.42	\$ 54.75	\$ 58.13	\$ 60.43	\$ 55.78	\$ 48.85	\$ 46.07	\$ 43.13	\$ 38.82	\$ 40.90
<b>Ramp area rental rate (per linear foot)</b>	\$ 25.33	\$ 22.37	\$ 16.30	\$ (8.60)	\$ 87.82	\$ 71.35	\$ 81.79	\$ 76.34	\$ 50.09	\$ 86.96
<b>International common use fees (per passenger)</b>										
Enplaning area fee	\$ 3.62	\$ 4.75	\$ 5.41	\$ 5.11	\$ 4.93	\$ 4.10	\$ 4.19	\$ 3.75	\$ 2.90	\$ 3.02
Deplaning area fee	\$ 3.46	\$ 4.61	\$ 5.16	\$ 5.10	\$ 4.82	\$ 4.18	\$ 4.10	\$ 3.65	\$ 2.95	\$ 3.07
FIS Area fee	\$ 5.21	\$ 6.31	\$ 7.21	\$ 6.10	\$ 4.96	\$ 3.98	\$ 3.30	\$ 2.42	\$ 2.08	\$ 2.34
Ticket counter area fee	\$ 1.79	\$ 1.98	\$ 1.72	\$ 1.79	\$ 1.98	\$ 1.73	\$ 1.63	\$ 1.26	\$ 1.41	\$ 1.41
<b>Passenger facility charges (per ticket sold)</b>	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50
<b>Cost per enplanement</b>	\$ 16.09	\$ 14.47	\$ 15.09	\$ 15.59	\$ 14.97	\$ 12.89	\$ 11.74	\$ 10.48	\$ 9.65	\$ 10.23



Source: City of Philadelphia

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Outstanding debt by type</b>										
Revenue bonds payable, net	\$ 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	\$ 1,328,226,206	\$ 1,383,070,191	\$ 1,450,836,074
General obligation bonds payable, net	-	-	-	-	-	-	-	-	-	-
Commercial paper	155,262,000	140,262,000	141,162,000	242,100,000	189,900,000	167,600,000	39,700,000	39,600,000	-	-
Taxable revenue note	118,040,000	120,450,000	122,770,000	125,000,000	-	-	-	-	-	-
<b>Total outstanding debt</b>	<b>\$ 1,726,764,105</b>	<b>\$ 1,789,067,631</b>	<b>\$ 1,860,796,911</b>	<b>\$ 1,460,634,740</b>	<b>\$ 1,350,804,087</b>	<b>\$ 1,392,929,622</b>	<b>\$ 1,331,448,241</b>	<b>\$ 1,367,826,206</b>	<b>\$ 1,383,070,191</b>	<b>\$ 1,450,836,074</b>
<b>Debt factors</b>										
Enplaned passengers	11,847,407	16,088,424	15,245,453	14,806,882	15,683,558	15,312,738	15,316,053	15,215,885	15,344,126	15,611,583
Operating revenue	\$ 295,404,822	\$ 391,071,742	\$ 379,570,404	\$ 341,620,531	\$ 340,796,245	\$ 322,364,656	\$ 315,414,275	\$ 291,366,849	\$ 263,165,538	\$ 258,054,861
Total assets	\$ 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	\$ 2,336,308,473	\$ 2,369,575,715	\$ 2,428,885,363
Total MSA population*	6,102,434	6,096,372	6,096,120	6,096,120	6,077,152	6,066,589	6,053,028	6,035,329	6,020,821	5,996,406
<b>Ratios</b>										
Outstanding debt per enplaned passenger	\$ 145.75	\$ 111.20	\$ 122.06	\$ 98.65	\$ 86.13	\$ 90.97	\$ 86.93	\$ 89.89	\$ 90.14	\$ 92.93
Outstanding debt to operating revenue	\$ 5.85	\$ 4.57	\$ 4.90	\$ 4.28	\$ 3.96	\$ 4.32	\$ 4.22	\$ 4.69	\$ 5.26	\$ 5.62
Outstanding debt to total assets	\$ 0.54	\$ 0.56	\$ 0.59	\$ 0.55	\$ 0.54	\$ 0.56	\$ 0.58	\$ 0.59	\$ 0.58	\$ 0.60
Outstanding debt per capita	\$ 282.96	\$ 293.46	\$ 305.24	\$ 239.60	\$ 222.28	\$ 229.61	\$ 219.96	\$ 226.64	\$ 229.71	\$ 241.95



\* Estimated 2018 MSA data used

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

Non-MSA data source: City of Philadelphia

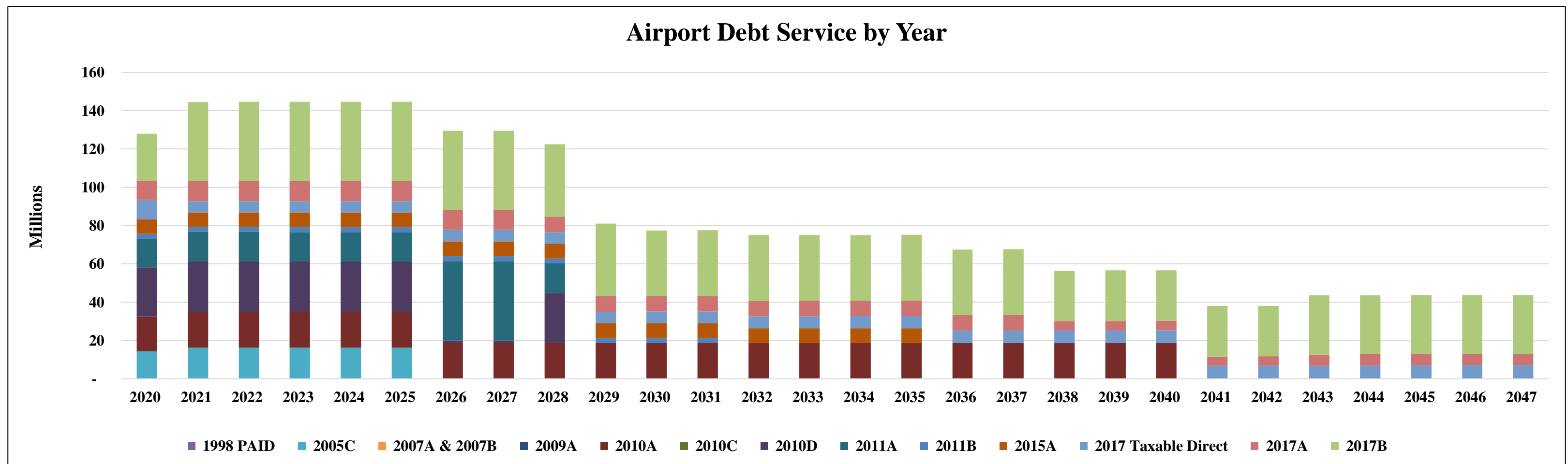
**Exhibit S-15: Pledged Debt Service Coverage**  
(By Fiscal Year)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Amounts available for debt service										
Fund balance	\$ 144,218,209	\$ 126,824,322	\$ 107,819,701	\$ 87,875,140	\$ 71,220,305	\$ 66,340,425	\$ 66,542,146	\$ 69,271,565	\$ 65,939,354	\$ 77,635,096
Project revenues	390,167,827	393,443,075	381,668,041	362,065,094	341,249,876	322,846,631	316,893,125	291,781,082	269,584,048	260,785,011
Passenger facility charges	31,199,992	31,188,782	31,201,355	33,692,950	31,176,287	31,169,120	31,168,394	31,159,879	31,572,638	32,352,816
1	565,586,028	551,456,179	520,689,097	483,633,184	443,646,468	420,356,176	414,603,665	392,212,526	367,096,040	370,772,923
Total expenses										
2 Net operating expenses*	151,738,808	161,160,835	150,971,582	136,747,633	132,649,211	125,966,943	117,782,250	110,710,079	99,513,684	98,383,522
Interdepartmental charges	123,017,460	121,054,115	116,749,066	116,753,148	106,775,414	108,692,423	103,902,286	101,858,400	92,666,125	88,638,745
3	274,756,268	282,214,950	267,720,648	253,500,781	239,424,625	234,659,366	221,684,536	212,568,479	192,179,809	187,022,267
Funds available for debt service coverage										
4 Revenue bonds (Line 1 - Line 2)	413,847,220	390,295,344	369,717,515	346,885,551	310,997,257	294,389,233	296,821,415	281,502,447	267,582,356	272,389,401
5 All bonds (Line 1 - Line 3)	290,829,760	269,241,229	252,968,449	230,132,403	204,221,843	185,696,810	192,919,129	179,644,047	174,916,231	183,750,656
Debt service										
<b>Revenue bonds</b>										
Series 1997A	-	-	-	-	-	-	-	-	-	-
Series 1998A	-	-	-	-	-	-	-	-	-	7,133,834
Series 1998 PAID	-	-	5,019	256	257	250	256	256	1,064,343	20,227,749
Series 2001 PAID	-	-	-	-	-	-	-	-	2,936,077	13,458,483
Series 2001B	-	-	-	-	-	-	-	-	-	2,758,744
Series 2005A	-	-	-	-	-	8,127,118	8,318,454	8,315,455	8,122,767	8,319,705
Series 2005B	-	-	-	-	-	-	-	-	-	-
Series 2005C	14,303,578	15,798,022	16,506,573	15,816,253	15,510,902	15,321,233	15,525,161	15,680,308	15,324,563	15,332,559
Series 2007A	-	-	3,669,500	11,780,500	11,677,215	11,513,459	11,775,999	11,744,763	11,507,400	9,421,986
Series 2007B	-	-	1,169,625	6,933,000	6,872,668	6,773,572	6,928,249	6,928,000	6,768,480	6,927,250
Series 2009A	-	-	814,652	3,745,704	3,717,417	3,663,031	3,746,016	3,748,666	3,657,784	3,749,316
Series 2010A	18,207,471	18,527,965	18,665,713	18,668,963	18,508,796	18,248,041	17,046,190	1,284,292	5,000	5,000
Series 2010B	-	-	-	-	-	5,444,908	5,572,999	5,573,750	5,449,704	5,189,246
Series 2010C	-	-	9,444,750	9,448,250	9,361,206	9,237,111	9,444,749	9,447,250	9,229,230	1,561,654
Series 2010D	25,738,362	26,192,436	26,392,200	26,404,199	26,164,179	25,795,633	26,388,847	26,391,851	25,781,859	8,362,121
Series 2011A	14,985,877	15,228,633	15,356,406	15,340,656	15,203,315	14,973,955	15,319,405	15,310,406	10,666,811	-
Series 2011B	2,528,576	2,568,328	2,590,019	2,594,019	2,569,120	2,534,670	2,593,018	2,591,019	2,528,127	-
Series 2015A	7,479,890	7,610,344	7,663,150	7,668,550	7,734,447					
Series 2017A	10,104,784	9,184,483	5,045,809							
Series 2017B	24,354,513	20,980,992	12,681,150							
Direct loan, commercial paper and credit facility fees	10,207,036	9,916,060	7,785,739	4,195,981	3,275,822	3,615,367	2,737,987	2,819,925		
6 <b>Net revenue bond debt service</b>	127,910,086	126,007,263	127,790,305	122,596,331	120,595,344	125,248,348	125,397,330	109,835,941	103,042,145	102,447,647
General obligation bonds	-	-	-	-	-	-	-	-	-	-
7 <b>Total net debt service</b>	\$ 127,910,086	\$ 126,007,263	\$ 127,790,305	\$ 122,596,331	\$ 120,595,344	\$ 125,248,348	\$ 125,397,330	\$ 109,835,941	\$ 103,042,145	\$ 102,447,647
Debt service coverage										
Revenue bonds only - Test "1" (Line 4/Line 6)	3.24	3.10	2.89	2.83	2.58	2.35	2.37	2.56	2.60	2.66
Total debt service - Test "2" (Line 5/Line 7)	2.27	2.14	1.98	1.88	1.69	1.48	1.54	1.64	1.70	1.79

\* Includes required Renewal Fund deposits

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

Year	1998 PAID	2005C	2007A & 2007B	2009A	2010A	2010C	2010D	2011A	2011B	2015A	2017 Taxable Direct	2017A	2017B	Total
2020	-	14,303,578	-	-	18,207,471	-	25,738,362	14,985,877	2,528,576	7,479,890	10,207,036	10,104,784	24,354,513	127,910,086
2021	-	16,235,471	-	-	18,667,963	-	26,391,000	15,388,156	2,589,500	7,665,450	5,806,579	10,490,294	41,344,000	144,578,412
2022	-	16,212,846	-	-	18,670,463	-	26,392,250	15,401,156	2,592,975	7,663,700	5,836,514	10,484,294	41,340,500	144,594,697
2023	-	16,189,761	-	-	18,669,713	-	26,388,625	15,412,156	2,590,163	7,667,700	5,868,652	10,487,294	41,344,750	144,618,813
2024	-	16,168,470	-	-	18,668,963	-	26,388,825	15,420,156	2,590,763	7,666,700	5,902,853	10,488,294	41,344,500	144,639,523
2025	-	16,141,080	-	-	18,668,963	-	26,382,025	15,439,156	2,591,306	7,665,450	5,938,978	10,476,794	41,348,000	144,651,752
2026	-	-	-	-	18,668,713	-	1,300,950	41,517,406	2,591,406	7,663,450	5,971,886	10,487,794	41,348,000	129,549,605
2027	-	-	-	-	18,666,263	-	1,300,950	41,530,656	2,585,656	7,665,200	6,006,578	10,479,544	41,342,500	129,577,346
2028	-	-	-	-	18,669,863	-	26,080,950	15,510,656	2,588,656	7,669,950	6,047,913	8,167,294	37,814,500	122,549,781
2029	-	-	-	-	18,667,475	-	-	-	2,589,450	7,661,950	6,085,612	8,165,544	37,817,750	80,987,780
2030	-	-	-	-	18,666,250	-	-	-	2,587,813	7,671,200	6,129,675	8,168,794	34,252,000	77,475,731
2031	-	-	-	-	18,669,525	-	-	-	2,588,250	7,671,200	6,169,822	8,166,294	34,263,500	77,528,590
2032	-	-	-	-	18,666,275	-	-	-	-	7,663,600	6,216,053	8,167,794	34,260,000	74,973,722
2033	-	-	-	-	18,669,525	-	-	-	-	7,669,000	6,263,089	8,167,544	34,260,250	75,029,408
2034	-	-	-	-	18,667,525	-	-	-	-	7,667,750	6,310,789	8,170,044	34,262,000	75,078,108
2035	-	-	-	-	18,669,025	-	-	-	-	7,665,000	6,359,014	8,167,744	34,263,000	75,123,783
2036	-	-	-	-	18,665,250	-	-	-	-	-	6,412,625	8,168,681	34,261,000	67,507,556
2037	-	-	-	-	18,664,000	-	-	-	-	-	6,466,340	8,164,150	34,263,750	67,558,240
2038	-	-	-	-	18,661,250	-	-	-	-	-	6,525,021	4,941,750	26,363,500	56,491,521
2039	-	-	-	-	18,665,250	-	-	-	-	-	6,583,388	4,942,250	26,362,750	56,553,638
2040	-	-	-	-	18,663,750	-	-	-	-	-	6,641,300	4,940,500	26,363,500	56,609,050
2041	-	-	-	-	-	-	-	-	-	-	6,708,618	4,941,250	26,358,750	38,008,618
2042	-	-	-	-	-	-	-	-	-	-	6,774,923	4,939,000	26,361,750	38,075,673
2043	-	-	-	-	-	-	-	-	-	-	6,840,075	5,788,500	30,905,000	43,533,575
2044	-	-	-	-	-	-	-	-	-	-	6,913,933	5,791,750	30,904,250	43,609,933
2045	-	-	-	-	-	-	-	-	-	-	6,986,078	5,788,500	30,903,000	43,677,578
2046	-	-	-	-	-	-	-	-	-	-	7,066,371	5,793,500	30,903,250	43,763,121
2047	-	-	-	-	-	-	-	-	-	-	7,095,794	5,790,750	30,906,750	43,793,294
2048	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	95,251,206	-	-	391,553,471	-	186,363,937	190,605,377	31,014,513	122,477,190	182,135,507	218,830,721	949,817,013	2,368,048,934



Sources: City of Philadelphia, Schedule of Rate Covenant Compliance (2020)  
Frasca & Associates, LLC (2021 and forward)

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

<b>Domestic</b>		
<b>2020 Market</b>	<b>Distance</b>	<b>Daily Pax</b>
Orlando, Florida	862	1,671
Atlanta, Georgia	665	900
Boston, Massachusetts	280	822
Los Angeles, California	2,394	788
Ft. Lauderdale, Florida	994	781
Chicago-O'Hare, Illinois	676	736
Tampa/St. Petersburg, Florida	920	695
Denver, Colorado	1,552	666
Dallas/Fort Worth, Texas	1,299	647
Miami, Florida	1,014	551
San Francisco, California	2,514	550
Las Vegas, Nevada	2,170	544
San Juan, Puerto Rico	1,579	471
Charlotte, North Carolina	447	431
Nashville, Tennessee	673	419
Phoenix, Arizona	2,069	406
Fort Myers-Regional, Florida	994	376
Minneapolis/St Paul, Minnesota	977	330
Detroit-Wayne Co., Michigan	451	329
Houston-Intercontinental, Texas	1,322	323
Raleigh/Durham, North Carolina	336	315
Seattle/Tacoma, Washington	2,370	295
San Diego, California	2,363	267
New Orleans, Louisiana	1,087	266
West Palm Beach, Florida	952	258
Chicago-Midway, Illinois	666	235
Austin, Texas	1,427	208
Jacksonville, Florida	742	207
St. Louis, Missouri	811	196
Cincinnati, Ohio	505	182

<b>International</b>		
<b>2020 Market</b>	<b>Distance</b>	<b>Daily Pax</b>
London-Heathrow, England	3,534	420
Toronto-Pearson, Canada	346	289
Cancun, Mexico	1,464	270
Dublin, Ireland	3,263	214
Montego Bay, Jamaica	1,484	177
Doha, Qatar	6,780	177
Montreal-Dorval, Canada	394	166
Frankfurt, Germany	3,937	161
Rome-Da Vinci, Italy	4,357	132
Madrid, Spain	3,671	122
Paris-De Gaulle, France	3,716	120
Punta Cana, Dominican Rep	1,527	119
Manchester, England	3,423	107
Amsterdam, Netherlands	3,725	100
Zurich, Switzerland	4,012	87
Aruba, Aruba	1,916	67
Barcelona, Spain	3,913	64
Ottawa, Canada	377	63
Nassau, Bahamas	1,032	62
Venice-Treviso, Italy	4,234	62
Athens, Greece	5,012	61
Prague, Czech Republic	4,169	59
Lisbon, Portugal	3,448	59
Bermuda, Atlantic Ocean	784	57
Budapest, Hungary	4,449	55
St. Maarten, St. Maarten (Dutch)	1,672	55
Edinburgh, Scotland	3,338	49
Shannon, Ireland	3,165	35
Quebec, Canada	516	30
Berlin-Tegel, Germany	4,054	25

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 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

FY 2013	
Market	Daily Pax
Orlando, Florida	1,589
Chicago-O'Hare, Illinois	1,016
Atlanta, Georgia	994
Los Angeles, California	977
San Francisco, California	886
Ft. Lauderdale, Florida	779
Las Vegas, Nevada	769
Tampa/St. Petersburg, Florida	761
Dallas/Fort Worth, Texas	677
Boston, Massachusetts	669

FY 2012	
Market	Daily Pax
Orlando, Florida	1,667
Atlanta, Georgia	1,045
Chicago-O'Hare, Illinois	947
Boston, Massachusetts	915
Los Angeles, California	824
Ft. Lauderdale, Florida	744
San Francisco, California	706
Las Vegas, Nevada	693
Tampa/St. Petersburg, Florida	678
Dallas/Fort Worth, Texas	603

FY 2011	
Market	Daily Pax
Orlando, Florida	1,693
Atlanta, Georgia	1,116
Chicago-O'Hare, Illinois	1,002
Boston, Massachusetts	925
Ft. Lauderdale, Florida	758
Tampa/St. Petersburg, Florida	744
Los Angeles, California	706
Las Vegas, Nevada	680
Dallas/Fort Worth, Texas	620
Denver, Colorado	588

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 correc

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

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

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

FY 2013	
Market	Daily Pax
London-Heathrow, England	518
Frankfurt, Germany	444
Cancun, Mexico	357
Toronto-Pearson, Canada	315
Paris-De Gaulle, France	248
Montego Bay, Jamaica	235
Rome-Da Vinci, Italy	225
Munich, Germany	222
Punta Cana, Dominican Rep	215
Tel Aviv/Yafo, Israel	212

FY 2012	
Market	Daily Pax
London-Heathrow, England	515
Frankfurt, Germany	463
Cancun, Mexico	351
Toronto-Pearson, Canada	344
Montego Bay, Jamaica	317
Paris-De Gaulle, France	244
Rome-Da Vinci, Italy	229
Manchester, England	218
Tel Aviv/Yafo, Israel	214
Munich, Germany	205

FY 2011	
Market	Daily Pax
London-Heathrow, England	510
Frankfurt, Germany	495
Cancun, Mexico	377
Toronto-Pearson, Canada	372
Paris-De Gaulle, France	292
Montego Bay, Jamaica	246
Montreal-Dorval, Canada	241
Rome-Da Vinci, Italy	229
Manchester, England	227
Tel Aviv/Yafo, Israel	207

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: 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	2020		2019		2018		2017		2016	
	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share
<b>Domestic</b>										
Scheduled major/national										
American	5,780,244	31.6%	7,555,183	41.2%	6,596,290	36.0%	6,519,145	33.0%	6,622,369	31.8%
Southwest	875,664	4.8%	1,137,504	6.2%	1,136,154	6.2%	1,147,550	5.8%	1,122,080	5.4%
Frontier	768,662	4.2%	679,553	3.7%	610,208	3.3%	540,837	2.7%	463,422	2.2%
Delta	706,240	3.9%	944,727	5.2%	965,077	5.3%	986,238	5.0%	1,054,651	5.1%
Spirit	514,559	2.8%	503,168	2.7%	434,762	2.4%	394,267	2.0%	265,760	1.3%
United	442,788	2.4%	607,765	3.3%	608,859	3.3%	581,513	2.9%	593,949	2.9%
JetBlue	243,445	1.3%	284,454	1.6%	269,609	1.5%	249,728	1.3%	219,834	1.1%
Alaska	129,926	0.7%	176,452	1.0%	153,673	0.8%	61,952	0.3%	55,912	0.3%
Sun Country	25,102	0.1%	-	-	-	-	-	-	-	-
Air Canada	269	0.0%	807	0.0%	574	0.0%	647	0.0%	660	0.0%
AirTran	-	-	-	-	-	-	-	-	-	-
Virgin America	-	-	-	-	-	-	-	-	-	-
Continental	-	-	-	-	-	-	-	-	-	-
USA 3000	-	-	-	-	-	-	-	-	-	-
Midwest Airlines	-	-	-	-	-	-	-	-	-	-
Northwest	-	-	-	-	-	-	-	-	-	-
Subtotal - scheduled major/national	9,486,899	51.8%	11,889,613	64.9%	10,775,207	58.8%	10,481,877	53.0%	10,398,636	49.9%
Scheduled regional/commuter										
American Eagle										
Piedmont	1,269,255	6.9%	1,556,777	8.5%	1,288,107	7.0%	1,073,784	5.4%	856,093	4.1%
Republic	1,096,532	6.0%	1,192,913	6.5%	1,311,277	7.2%	1,054,737	5.3%	1,573,718	7.6%
PSA	849,642	4.6%	894,744	4.9%	513,352	2.8%	411,243	2.1%	393,415	1.9%
Envoy	8,450	0.0%	11,961	0.1%	19,929	0.1%	-	-	448	0.0%
Air Wisconsin	-	-	-	-	530,395	2.9%	1,170,582	5.9%	1,641,945	7.9%
Mesa	-	-	-	-	-	-	-	-	-	-
Chautauqua	-	-	-	-	-	-	-	-	-	-
Subtotal - American Eagle	3,223,879	17.6%	3,656,396	20.0%	3,663,060	20.0%	3,710,345	18.8%	4,465,619	21.4%
Other	264,314	1.4%	266,991	1.5%	263,343	1.4%	299,419	1.5%	262,640	1.3%
Subtotal - scheduled regional/commuter	3,488,193	19.0%	3,923,387	21.4%	3,926,403	21.4%	4,009,764	20.3%	4,728,259	22.7%
Charter	878	0.0%	11,982	0.1%	4,054	0.0%	1,706	0.0%	679	0.0%
<b>Total - domestic</b>	<b>12,975,970</b>	<b>70.8%</b>	<b>15,824,982</b>	<b>86.4%</b>	<b>14,705,664</b>	<b>80.3%</b>	<b>14,493,348</b>	<b>73.4%</b>	<b>15,127,575</b>	<b>72.7%</b>
<b>International</b>										
Scheduled										
American	1,464,705	8.0%	2,443,560	13.3%	2,332,684	12.7%	2,136,282	10.8%	2,575,401	12.4%
British	231,472	1.3%	263,789	1.4%	237,237	1.3%	292,559	1.5%	293,400	1.4%
Lufthansa	135,418	0.7%	160,317	0.9%	142,492	0.8%	144,230	0.7%	155,154	0.7%
Qatar	126,980	0.7%	167,058	0.9%	165,072	0.9%	163,004	0.8%	174,408	0.8%
Piedmont	111,657	0.6%	158,973	0.9%	71,848	0.4%	-	-	-	-
Air Canada - Sky Regional / Jazz Aviation	99,842	0.5%	133,305	0.7%	132,880	0.7%	123,047	0.6%	106,378	0.5%
Frontier	48,378	0.3%	70,208	0.4%	62,575	0.3%	60,003	0.3%	76,825	0.4%
Aer Lingus	45,614	0.2%	70,140	0.4%	15,750	0.1%	-	-	-	-
Republic	24,129	0.1%	47,818	0.3%	72,324	0.4%	41,748	0.2%	79,176	0.4%
PSA	15,925	0.1%	-	-	268	0.0%	-	-	-	-
Icelandair	10,710	0.1%	16,104	0.1%	14,224	0.1%	3,780	0.0%	142	0.0%
Delta	3,366	0.0%	3,184	0.0%	62,562	0.3%	84,262	0.4%	81,552	0.4%
Spirit Airlines	2,910	0.0%	-	-	-	-	-	-	-	-
JetBlue	-	-	142	0.0%	142	0.0%	172	0.0%	142	0.0%
United	-	-	142	0.0%	-	-	-	-	-	-
Southwest	-	-	128	0.0%	256	0.0%	-	-	-	-
Air Wisconsin	-	-	-	-	68,761	0.4%	187,389	0.9%	192,136	0.9%
Air Jamaica / Caribbean	-	-	-	-	-	-	-	-	-	-
Continental	-	-	-	-	-	-	-	-	-	-
USA 3000	-	-	-	-	-	-	-	-	-	-
Air France	-	-	-	-	-	-	-	-	-	-
Subtotal - scheduled	2,321,105	12.7%	3,534,868	19.3%	3,379,075	18.4%	3,236,477	16.4%	3,734,713	17.9%
Charter	2,766	0.0%	4,184	0.0%	1,290	0.0%	6,400	0.0%	3,273	0.0%
<b>Total - international</b>	<b>2,323,871</b>	<b>12.7%</b>	<b>3,539,052</b>	<b>19.3%</b>	<b>3,380,365</b>	<b>18.5%</b>	<b>3,242,877</b>	<b>16.4%</b>	<b>3,737,986</b>	<b>18.0%</b>
<b>All-cargo airlines</b>	<b>3,018,703</b>	<b>16.5%</b>	<b>2,599,498</b>	<b>14.2%</b>	<b>2,199,913</b>	<b>12.0%</b>	<b>2,022,419</b>	<b>10.2%</b>	<b>1,955,784</b>	<b>9.4%</b>
<b>Grand total</b>	<b>18,318,544</b>	<b>100.0%</b>	<b>21,963,532</b>	<b>119.9%</b>	<b>20,285,942</b>	<b>110.7%</b>	<b>19,758,643</b>	<b>100.0%</b>	<b>20,821,345</b>	<b>100.0%</b>

Note: American and US Airways numbers combined for all previous years.

Source: City of Philadelphia



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

Airlines	2015		2014		2013		2012		2011	
	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share
<b>Domestic</b>										
Scheduled major/national										
American	6,645,942	30.3%	6,729,332	31.1%	6,494,844	31.3%	6,519,126	30.5%	6,592,315	30.0%
Southwest	1,073,920	4.9%	1,010,276	4.7%	1,189,716	5.7%	1,883,282	8.8%	2,335,648	10.6%
Frontier	164,022	0.7%	4,693	0.0%	28,290	0.1%	79,842	0.4%	101,704	0.5%
Delta	1,074,449	4.9%	1,024,831	4.7%	955,459	4.6%	972,645	4.6%	978,725	4.5%
Spirit	143,495	0.7%	132,519	0.6%	31,841	0.2%	-	-	-	-
United	585,951	2.7%	555,244	2.6%	661,536	3.2%	536,659	2.5%	518,260	2.4%
JetBlue	158,080	0.7%	158,398	0.7%	18,624	0.1%	-	-	-	-
Alaska	55,475	0.3%	55,410	0.3%	52,460	0.3%	2,880	0.0%	-	-
Sun Country	-	-	-	-	-	-	-	-	-	-
Air Canada	440	0.0%	660	0.0%	1,100	0.0%	880	0.0%	1,173	0.0%
AirTran	42,864	0.2%	204,488	0.9%	340,320	1.6%	301,816	1.4%	331,168	1.5%
Virgin America	35,545	0.2%	134,812	0.6%	213,741	1.0%	55,269	0.3%	-	-
Continental	-	-	-	-	-	-	179,638	0.8%	242,627	1.1%
USA 3000	-	-	-	-	-	-	-	-	23,036	0.1%
Midwest Airlines	-	-	-	-	-	-	-	-	-	-
Northwest	-	-	-	-	-	-	-	-	-	-
Subtotal - scheduled major/national	9,980,183	45.4%	10,010,661	46.2%	9,987,931	48.1%	10,532,037	49.3%	11,124,656	50.7%
Scheduled regional/commuter										
American Eagle										
Piedmont	844,519	3.8%	984,862	4.5%	1,108,958	5.3%	1,035,539	4.8%	1,038,016	4.7%
Republic	1,758,726	8.0%	1,729,624	8.0%	1,575,475	7.6%	1,629,517	7.6%	1,732,415	7.9%
PSA	292,049	1.3%	274,903	1.3%	321,950	1.5%	332,498	1.6%	243,104	1.1%
Envoy	-	-	-	-	-	-	-	-	-	-
Air Wisconsin	1,730,258	7.9%	1,486,845	6.9%	1,559,460	7.5%	1,576,239	7.4%	1,573,231	7.2%
Mesa	60,863	0.3%	64,607	0.3%	-	-	-	-	74	0.0%
Chautauqua	-	-	-	-	86,587	0.4%	96,884	0.5%	70,759	0.3%
Subtotal - American Eagle	4,686,414	21.3%	4,540,840	21.0%	4,652,430	22.4%	4,670,677	21.9%	4,657,599	21.2%
Other	382,585	1.7%	501,896	2.3%	626,130	3.0%	620,913	2.9%	605,377	2.8%
Subtotal - scheduled regional/commuter	5,068,999	23.1%	5,042,736	23.3%	5,278,560	25.4%	5,291,590	24.8%	5,262,976	24.0%
Charter	1,641	0.0%	4,257	0.0%	1,192	0.0%	9,055	0.0%	2,878	0.0%
<b>Total - domestic</b>	<b>15,050,823</b>	<b>68.5%</b>	<b>15,057,655</b>	<b>69.5%</b>	<b>15,267,683</b>	<b>73.5%</b>	<b>15,832,682</b>	<b>74.1%</b>	<b>16,390,510</b>	<b>74.6%</b>
<b>International</b>										
Scheduled										
American	2,710,497	12.3%	2,809,292	13.0%	2,644,675	12.7%	2,634,850	12.3%	2,584,725	11.8%
British	284,499	1.3%	275,550	1.3%	268,709	1.3%	277,447	1.3%	270,121	1.2%
Lufthansa	165,814	0.8%	137,300	0.6%	112,147	0.5%	112,152	0.5%	135,775	0.6%
Qatar	183,868	0.8%	44,280	0.2%	-	-	-	-	-	-
Piedmont	-	-	-	-	-	-	-	-	-	-
Air Canada - Sky Regional / Jazz Aviation	99,695	0.5%	99,656	0.5%	99,814	0.5%	94,620	0.4%	95,210	0.4%
Frontier	35,976	0.2%	25,738	0.1%	25,738	0.1%	18,770	0.1%	-	-
Aer Lingus	-	-	-	-	-	-	-	-	-	-
Republic	74,146	0.3%	58,631	0.3%	103,697	0.5%	158,701	0.7%	115,635	0.5%
PSA	-	-	-	-	-	-	-	-	-	-
Icelandair	142	0.0%	-	-	-	-	-	-	-	-
Delta	34,650	0.2%	22,694	0.1%	24,104	0.1%	29,898	0.1%	62,752	0.3%
Spirit Airlines	-	-	-	-	-	-	-	-	-	-
JetBlue	142	0.0%	-	-	-	-	-	-	-	-
United	-	-	-	-	-	-	-	-	-	-
Southwest	128	0.0%	-	-	-	-	-	-	-	-
Air Wisconsin	220,289	1.0%	255,351	1.2%	240,546	1.2%	228,326	1.1%	208,069	0.9%
Air Jamaica / Caribbean	-	-	-	-	-	-	47,424	0.2%	50,394	0.2%
Continental	-	-	-	-	-	-	1,028	0.0%	-	-
USA 3000	-	-	-	-	-	-	-	-	26,307	0.1%
Air France	-	-	-	-	-	-	-	-	-	-
Subtotal - scheduled	3,809,846	17.3%	3,728,492	17.2%	3,519,430	16.9%	3,603,216	16.9%	3,548,988	16.2%
Charter	2,532	0.0%	6,377	0.0%	1,483	0.0%	10,696	0.1%	9,394	0.0%
<b>Total - International</b>	<b>3,812,379</b>	<b>17.4%</b>	<b>3,734,869</b>	<b>17.2%</b>	<b>3,520,913</b>	<b>16.9%</b>	<b>3,613,912</b>	<b>16.9%</b>	<b>3,558,382</b>	<b>16.2%</b>
<b>All-Cargo Airlines</b>	<b>1,909,573</b>	<b>8.7%</b>	<b>1,899,162</b>	<b>8.8%</b>	<b>1,849,771</b>	<b>8.9%</b>	<b>1,911,577</b>	<b>9.0%</b>	<b>2,010,961</b>	<b>9.2%</b>
<b>Grand Total</b>	<b>20,772,775</b>	<b>94.6%</b>	<b>20,691,686</b>	<b>95.6%</b>	<b>20,638,367</b>	<b>99.4%</b>	<b>21,358,171</b>	<b>100.0%</b>	<b>21,959,853</b>	<b>100.0%</b>

Note: American and US Airways numbers combined for all previous years.

Source: City of Philadelphia

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

<b>Airlines</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
American Airlines	\$ 30,835,285	\$ 42,224,374	\$ 40,555,758	\$ 39,043,549	\$ 41,796,027	\$ 44,750,745	\$ 45,073,825	\$ 42,039,158	\$ 41,513,163	\$ 41,717,336
Frontier Airlines	3,337,467	3,976,829	3,401,138	2,885,920	2,677,659	1,099,228	110,986	194,315	419,786	400,188
Delta Air Lines	2,985,885	3,821,901	3,682,816	4,026,462	4,341,411	4,278,345	4,431,825	4,280,096	4,497,340	4,647,891
Southwest Airlines	2,356,576	4,051,031	4,175,470	4,368,651	4,289,012	4,105,508	4,239,400	4,631,058	5,723,994	7,189,896
Spirit Airlines	2,175,675	2,413,729	1,924,982	1,612,767	1,176,999	662,867	580,156	232,309	-	-
United Airlines	1,723,831	2,562,644	2,784,830	2,858,141	3,294,665	3,242,993	3,605,346	4,300,163	3,748,743	3,366,328
JetBlue Airways	700,938	959,985	929,915	842,883	783,146	534,959	493,608	112,065	-	-
British Airways	660,997	1,206,820	1,150,912	1,139,619	921,880	869,270	472,492	436,866	459,661	433,965
Alaska Airlines	346,259	699,374	462,178	307,026	233,192	216,975	196,234	176,761	46,155	-
Qatar Airways	336,050	504,626	438,982	378,817	478,185	510,368	244,782	-	-	-
Air Canada	276,193	412,727	394,457	316,888	262,846	238,548	314,671	300,001	315,303	279,844
Lufthansa German Airlines	172,183	274,763	255,235	269,827	252,421	277,672	278,363	248,459	227,404	248,691
Aer Lingus	135,287	195,223	107,638	-	-	-	-	-	-	-
Icelandair	23,508	50,274	43,518	37,135	-	-	-	-	-	-
Virgin America	-	-	-	-	-	45,827	396,871	620,919	271,653	-
AirTran Airways	-	-	-	-	-	-	-	474,237	1,094,262	1,287,966
Continental Airlines	-	-	-	-	-	-	-	-	1,001,188	1,766,211
Air Jamaica / Caribbean	-	-	-	-	-	-	-	-	118,003	152,355
USA 3000 Airlines	-	-	-	-	-	-	-	-	26,862	136,200
Midwest Airlines	-	-	-	-	-	-	-	-	-	58,127
Air France	-	-	-	-	-	-	-	-	-	-
Northwest Airlines	-	-	-	-	-	-	-	-	-	-
Other	682,953	677,664	759,727	1,296,964	412,891	347,420	214,807	142,043	277,982	357,430
<b>Total</b>	<b>\$ 46,749,088</b>	<b>\$ 64,031,965</b>	<b>\$ 61,067,558</b>	<b>\$ 59,384,648</b>	<b>\$ 60,920,335</b>	<b>\$ 61,180,724</b>	<b>\$ 60,653,369</b>	<b>\$ 58,188,449</b>	<b>\$ 59,741,500</b>	<b>\$ 62,042,429</b>

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