



PHILADELPHIA INTERNATIONAL AIRPORT
NORTHEAST PHILADELPHIA AIRPORT



CITY OF PHILADELPHIA
Philadelphia Airport System

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



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NORTHEAST PHILADELPHIA AIRPORT

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

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PHL PNE

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INTRODUCTION

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

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

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

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

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

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

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BACKGROUND INFORMATION ON THE AVIATION FUND

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

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

DESCRIPTION OF PHILADELPHIA AIRPORT SYSTEM

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

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

Philadelphia International Airport

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

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

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Northeast Philadelphia Airport

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

City of Philadelphia Home Rule Charter Change

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

AIRPORT STATISTICS AND HIGHLIGHTS

Air Service

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

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

Landline

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

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

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

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

Passenger Activity

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

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

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

Cargo Activity

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

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

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

OTHER OPERATIONAL AND FINANCIAL HIGHLIGHTS

Airport-Airline Use and Lease Agreement

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

Competitive Grant Awards

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

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

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Additionally, the Airport was awarded:

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

Bond Rating Increase

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

Awards and Recognition

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

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

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

Environmental Stewardship

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

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

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

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

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

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

Outreach

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

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

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

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

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

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Guest Experience

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

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

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

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

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

FINANCIAL STATEMENTS OVERVIEW

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

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

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

Aviation Fund financial activity is presented in three financial statements:

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

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

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

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

FINANCIAL HIGHLIGHTS

Net Position Summary

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

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

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

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

Assets

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

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

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

Deferred outflows of resources

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

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Liabilities

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

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

Deferred inflows of resources

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

Net investment in capital assets

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

Restricted for capital projects

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

Restricted for debt service

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

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Unrestricted net position

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

Summary of Revenues, Expenses and Changes in Net Position

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

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

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

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

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Revenues

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

Operating Revenues

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

Operating Revenues
(amounts expressed in thousands)

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

Airline Revenues

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

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

Non-Airline Revenues

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

Non-Operating Revenues

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

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

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

Expenses

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

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

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

Operating expenses

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

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

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CAPITAL ASSETS AND CONSTRUCTION

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

Capital Development

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

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

Major Capital Projects Underway

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

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

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

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

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

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

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

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

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

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

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

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

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Recently Completed Capital Projects and Acquisitions

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

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

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

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

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

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

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

DEBT ADMINISTRATION

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

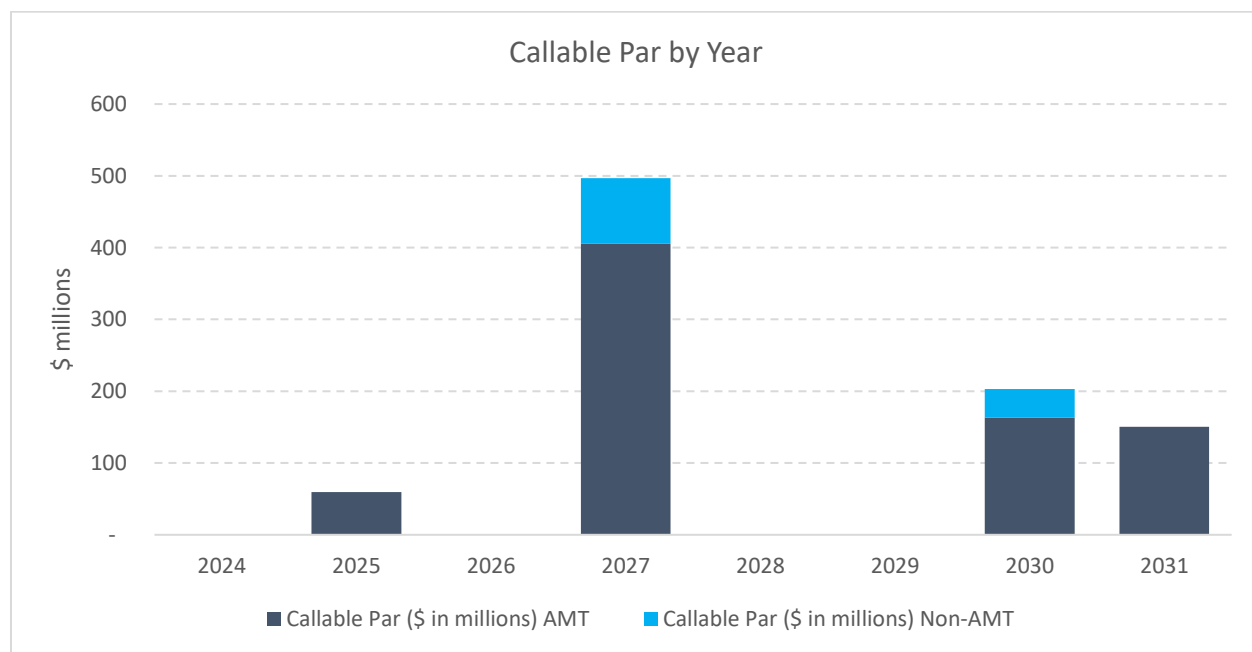
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City of Philadelphia – Aviation Fund
Changes in Borrowing
(amounts expressed in thousands)

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

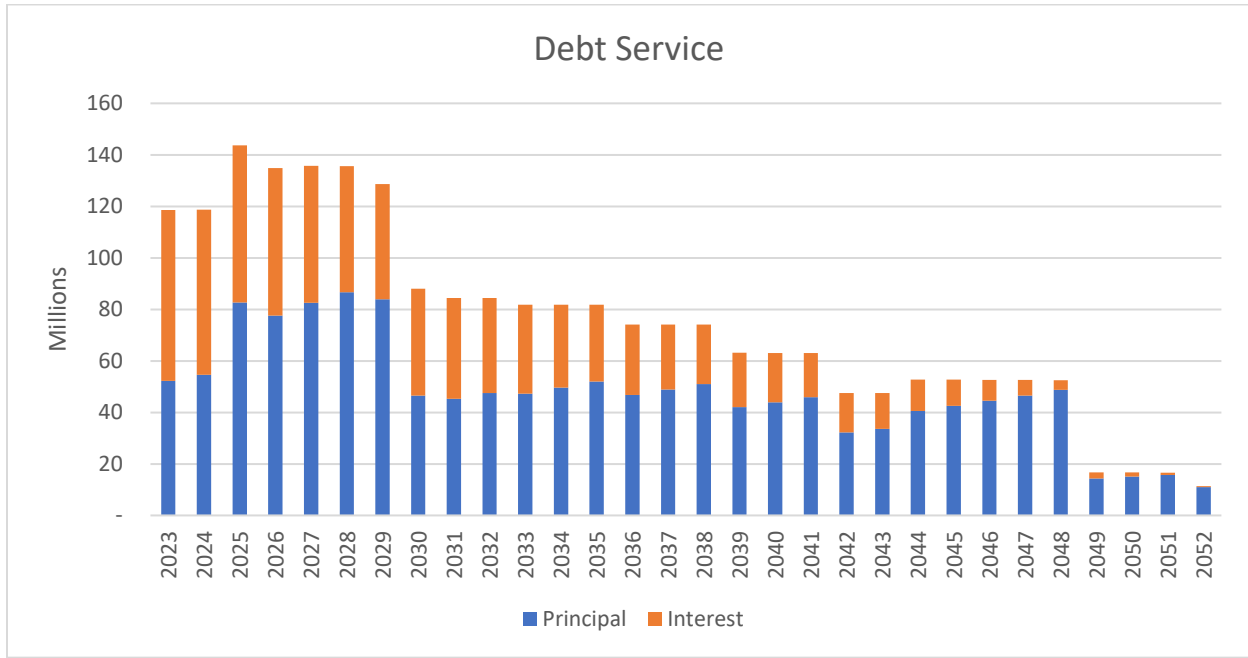
Airport Revenue Bonds

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



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

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

Commercial Paper Program

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

Direct Purchase Federally Taxable Loan

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

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

Rate Covenant

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

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

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

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

RATES AND CHARGES

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

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

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

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

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

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

REQUESTS FOR INFORMATION

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

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Statement of Net Position (Unaudited)

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

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

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

CITY OF PHILADELPHIA

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Statement of Cash Flows

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

CITY OF PHILADELPHIA
AVIATION FUND
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

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

Basis of Accounting

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

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

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

New Accounting Pronouncements – Adopted

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

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

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

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

New Accounting Pronouncements – To Be Adopted:

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

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

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

The new standards must be adopted as follows:

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

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

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

The effect of these statements has not yet been determined.

Cash and Investments

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

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

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

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

Accounts Receivable

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

Inventories

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

CITY OF PHILADELPHIA
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Notes to Financial Statements

Restricted Assets

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

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

Capital Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

Unearned Revenue

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

Revenues

Operating revenues consist of the following:

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

Non-operating revenues consist primarily of the following:

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

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

Capital contributions consist of the following:

- Grants from other governments for capital purposes.

Operating Expenses

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

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

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

Deferred Outflows/Inflows of Resources and Net Position

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

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

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

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

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Notes to Financial Statements

Compensated Absences

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

Claims and Judgments

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

Leases

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

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

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

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

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

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

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

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

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

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

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

Management's Use of Estimates

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

2. DEPOSITS AND INVESTMENTS

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

Deposits

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

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Investments

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

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

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

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

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

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

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

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

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- Level 3: Unobservable inputs for assets or liabilities

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

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

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

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

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

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

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

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

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

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

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

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

3. CAPITAL ASSET ACTIVITY

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

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

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

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

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

4. UNEARNED REVENUE

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

5. ARBITRAGE REBATE

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

6. DERIVATIVE INSTRUMENTS AND INTEREST RATE SWAP

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

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

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

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

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

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

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

As of June 30, 2023, the rates were:

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

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

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

7. COMMERCIAL PAPER NOTES

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

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

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

8. BONDS PAYABLE

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

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

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

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

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

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

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

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

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

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

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

Changes in Long-Term Debt

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

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9. DIRECT PURCHASE FEDERALLY TAXABLE LOAN

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

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

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10. FUND BALANCES

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

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

11. DEFERRED COMPENSATION PLAN

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

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

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12. OPERATING LEASES

The Airport as a Lessee

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

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

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

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

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

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The Airport as a Lessor

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

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

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

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

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

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

Regulated Leases

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

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

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

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

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

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

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

13. CONCENTRATION OF CREDIT RISK

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

14. PENSION PLANS

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

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

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

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

Pension Fund Description

Plan Administration

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

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

Plan Membership

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

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

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Contributions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City's Funding Policy

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

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

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

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

Minimum Municipal Obligation (MMO)

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

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

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

Revenue Recognition Policy (RRP)

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

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

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

Benefits

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

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

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

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Service-connected death benefits are payable to:

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

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

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

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

Investments

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

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

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The Fund seeks an annual total rate of return of not less than 7.35% over a full market cycle. It is anticipated that this return standard should enable the Fund to meet its current actuarially assumed earnings projection 7.35% over a market cycle. The investment return assumption was reduced by the Board from 7.40% to 7.35% from the prior fiscal year. The Fund's investment program will pursue its 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 April 22, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>
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><u>100.0%</u></u>

Money-Weighted Rate of Return

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

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Summary of Significant Accounting Policies

Basis of Presentation

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

Methods Used to Value Investments

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

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

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

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

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

Income Taxes

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

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Related Parties

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

Use of Estimates in Preparing Financial Statements

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

Risks and Uncertainties

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

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

Administrative Expenses

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

Cash Deposits, Investments and Securities Lending

Legal Provisions

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

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Custodial Credit Risk

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

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

Interest Rate Risk

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

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

Concentration of Credit Risk

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

Credit Risk

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

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Foreign Currency Risk

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

Derivatives

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

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

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

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

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Derivative Instruments

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

List of Derivatives Aggregated by Investment Type

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

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

Credit Risk

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

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

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Swap Agreements

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

Futures Contracts

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

Forward Contracts

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

Termination Risk

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

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Rollover Risk

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

Fair Value Measurement

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

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

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

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

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

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

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

Securities Lending Program

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

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

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

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

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

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

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

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

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

Investments Advisors

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

Net Pension Liability

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

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

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

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Actuarial Assumptions

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

Actuarial Cost Method: Entry Age Normal

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

Salary Increases: Age-based table

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

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

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

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

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

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

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Long-term Expected Rate of Return

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

Discount Rate

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

Sensitivity of the Net Pension Liability

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

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

Guarantee of Benefits

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

Participation in the Pension Fund

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

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Reporting Information for Participating Employers

Changes in Collective Net Pension Liability

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

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

Employer’s Proportionate Share

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

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

15. ACCUMULATED UNPAID SICK LEAVE

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

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

16. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Plan Description

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

Benefits Provided

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

Funding Policy

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

Employees Covered by Benefit Terms

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

<u>Medical Coverage</u>	
Active employees	26,715
Retired and Inactive employees deferring medical coverage	3,960
DROPEmployees with medical coverage	1,917
Total	32,592

<u>Life Insurance Coverage</u>	
Inactive employees or beneficiaries currently receiving life insurance coverage	27,769
Active employees	26,715
Total	54,484

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Total OPEB Liability

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

Actuarial Assumptions and Other Inputs

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

Measurement Dates

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

Discount Rates

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

Per Person Cost Trends

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

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

Retirees Share of Benefit-related Costs

Participation rates for medical coverage:

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

Participation rates for life insurance coverage:

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

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Mortality Rates

Rate of Pre-retirement Mortality:

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

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

Rate of Post-retirement Mortality:

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

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

Rates of Post-Disability Mortality

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

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

Change in the Total OPEB Liability

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

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Change in Net OPEB Liability

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

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

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

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

There were no benefit changes during the measurement period.

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

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

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

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

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

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

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

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

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

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

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

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

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Calculation of OPEB Expense

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

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

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

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

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

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

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

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

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17. RISK MANAGEMENT

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

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

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

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

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

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

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

18. COMMITMENTS

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

19. CONTINGENCIES

Claims and Litigation

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

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

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

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

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

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



PHILADELPHIA INTERNATIONAL AIRPORT
NORTHEAST PHILADELPHIA AIRPORT

REQUIRED SUPPLEMENTARY

INFORMATION

CITY OF PHILADELPHIA

AVIATION FUND

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

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

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

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



Disclosure Requirements

Fiscal Year Ended June 30, 2023

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

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

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

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

Table 1

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

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

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

Table 2

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

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

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

Table 3

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

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

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

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

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

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

Table 5

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

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

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

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

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

Table 7

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

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

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

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



PHL PNE

PHILADELPHIA INTERNATIONAL AIRPORT
NORTHEAST PHILADELPHIA AIRPORT

STATISTICAL SECTION

II. Statistical Section

Demographic and Economic Information

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

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

Business Drivers

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

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

Financial Trends and Revenue Capacity

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

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

Debt Capacity

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

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

Markets Served and Other Information

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

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

Exhibit S-1: Philadelphia International Airport Information

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

Data as of December 31, 2023

Source: City of Philadelphia

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

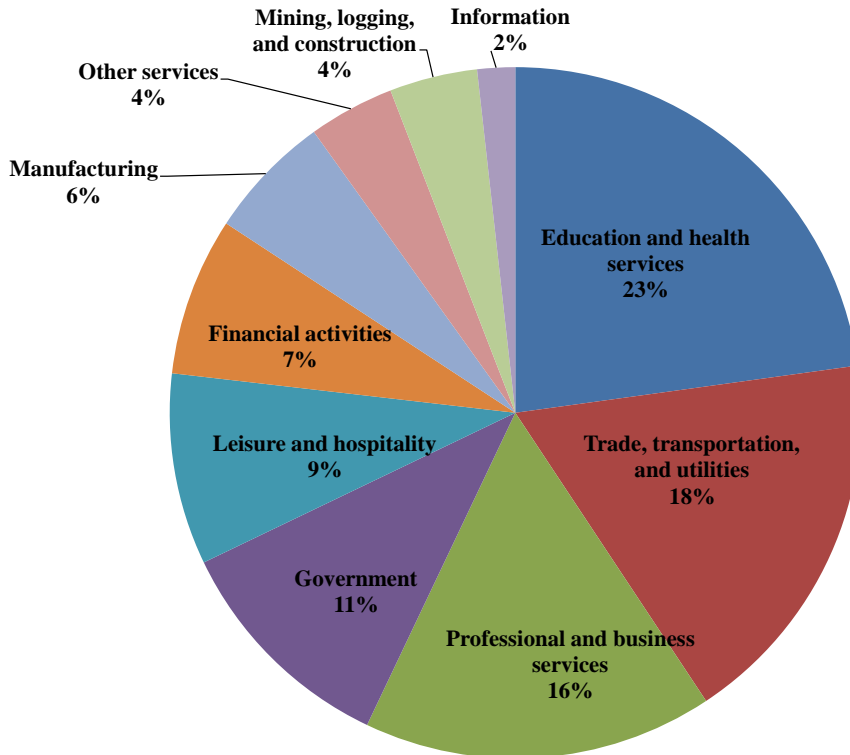
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	10-Year Annual Growth
Delaware & Maryland											
Cecil County, MD	104,942	104,096	103,740	102,855	102,826	102,746	102,701	102,452	102,249	101,931	0.29%
New Castle County, DE	575,494	572,714	570,718	558,753	559,335	559,793	557,851	555,587	552,465	549,486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

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

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

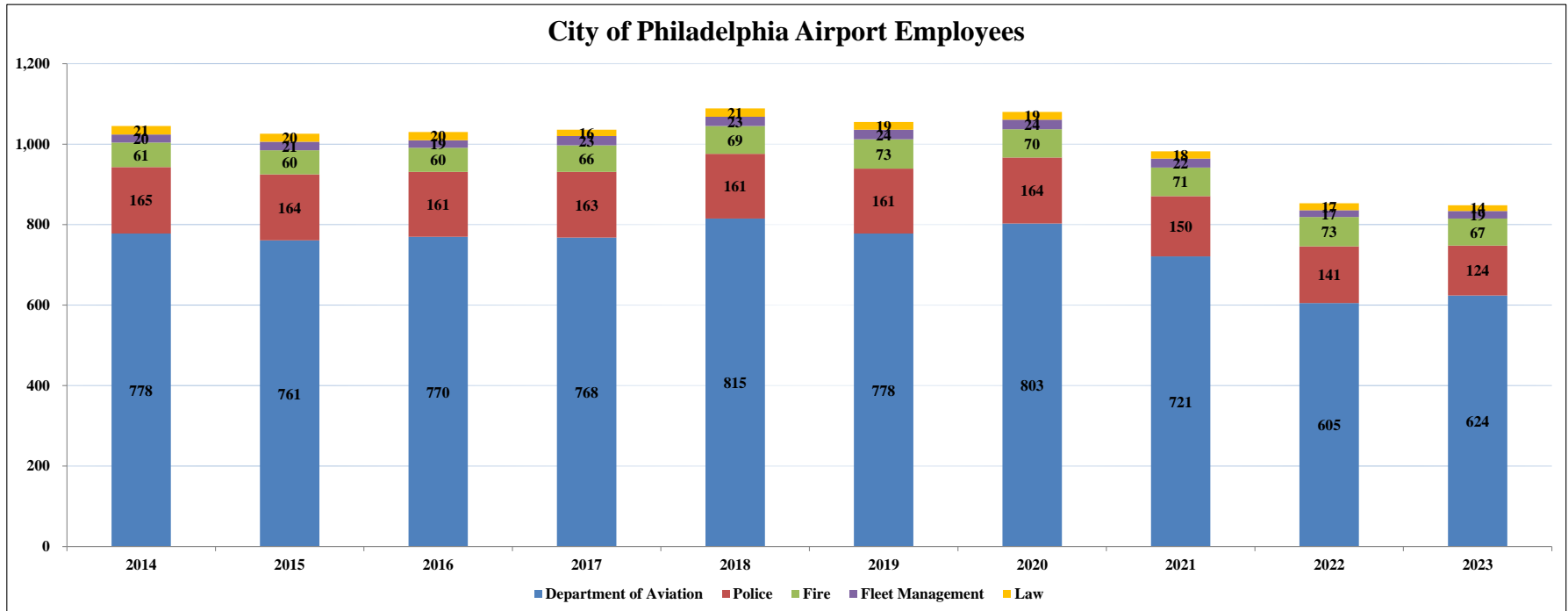
Industry	Annual Average Number of Employees (in thousands)										10-Year Annual Growth
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	
Education and health services	708.5	674.1	642.2	634.5	678.4	658.0	641.3	621.7	603.6	589.3	1.86%
Trade, transportation, and utilities	555.0	550.3	524.4	497.7	536.2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

Area Employment by Industry - 2023



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

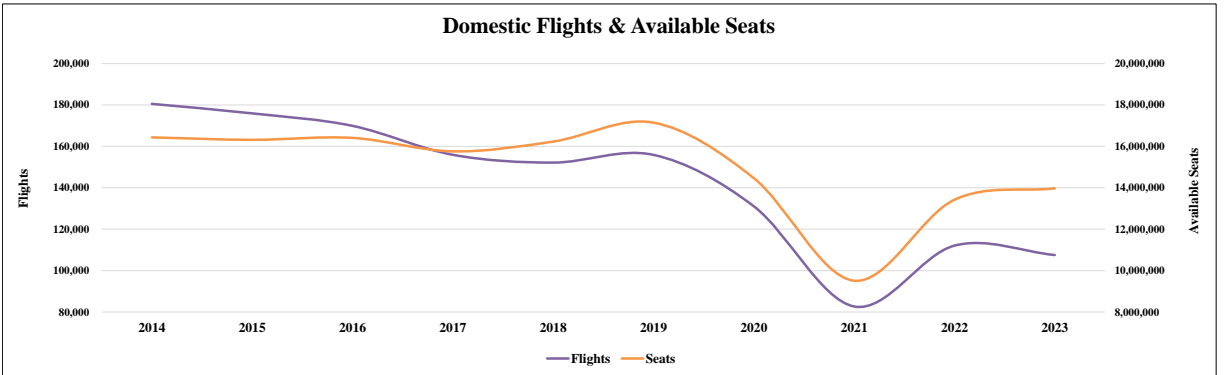
**Exhibit S-4: City of Philadelphia Airport Employees
(By Fiscal Year)**



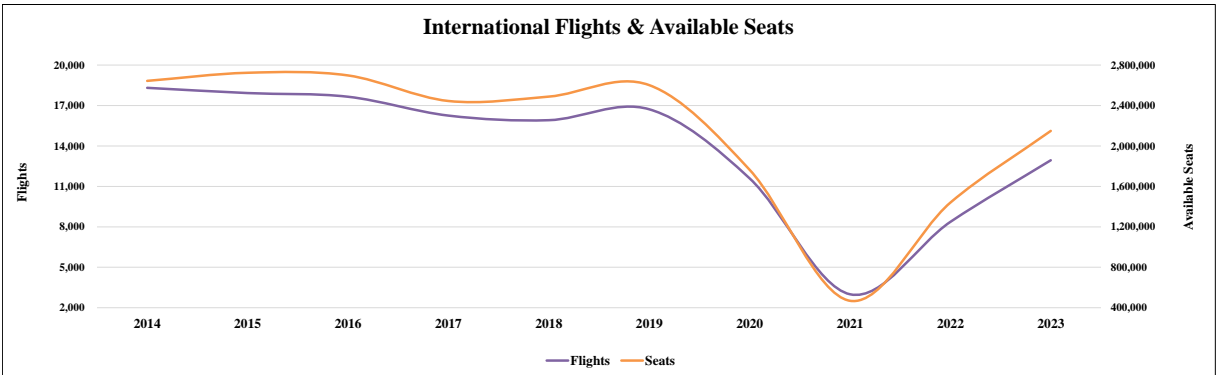
Filled positions at the end of the fiscal year
 Department of Aviation for 2014 - 2023 includes Division of Technology
 Source: City of Philadelphia, Quarterly City Manager's Report

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

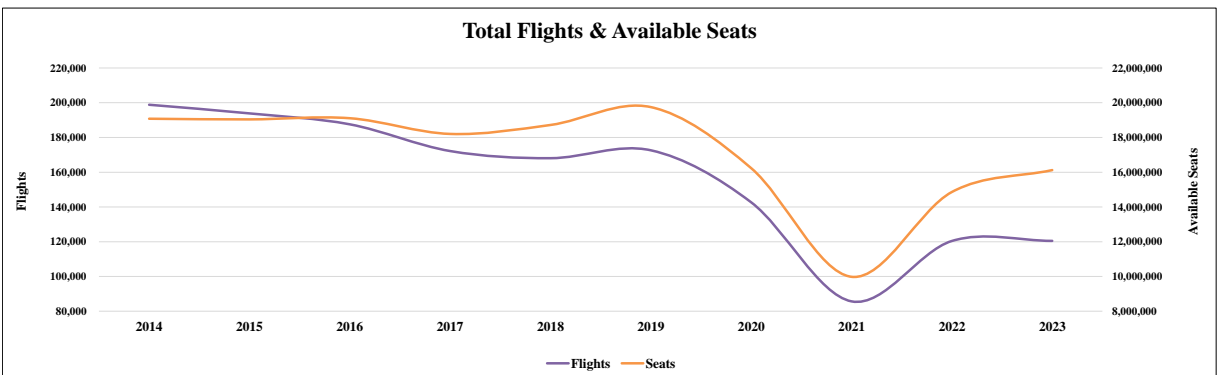
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	10-Year Annual Growth
Domestic Flights	180,527	175,947	169,921	155,947	152,169	155,908	131,077	82,677	112,072	107,542	(5.05%)
Domestic Seats	16,435,626	16,317,090	16,411,017	15,759,155	16,232,474	17,147,659	14,469,247	9,511,546	13,422,837	13,974,352	(1.61%)



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



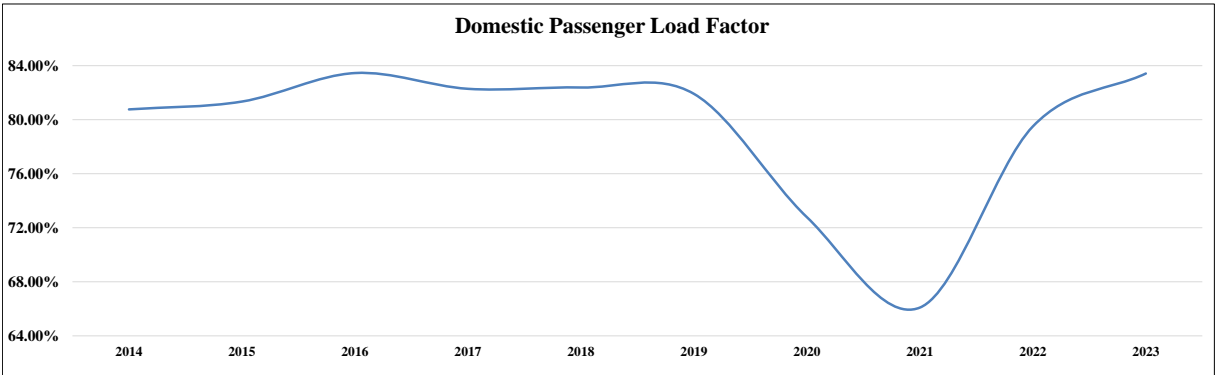
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	10-Year Annual Growth
Total Flights	198,839	193,870	187,571	172,199	168,080	172,628	142,675	85,676	120,442	120,480	(4.89%)
Total Seats	19,079,248	19,040,982	19,108,468	18,203,921	18,720,590	19,749,334	16,233,842	9,980,015	14,862,744	16,123,259	(1.67%)



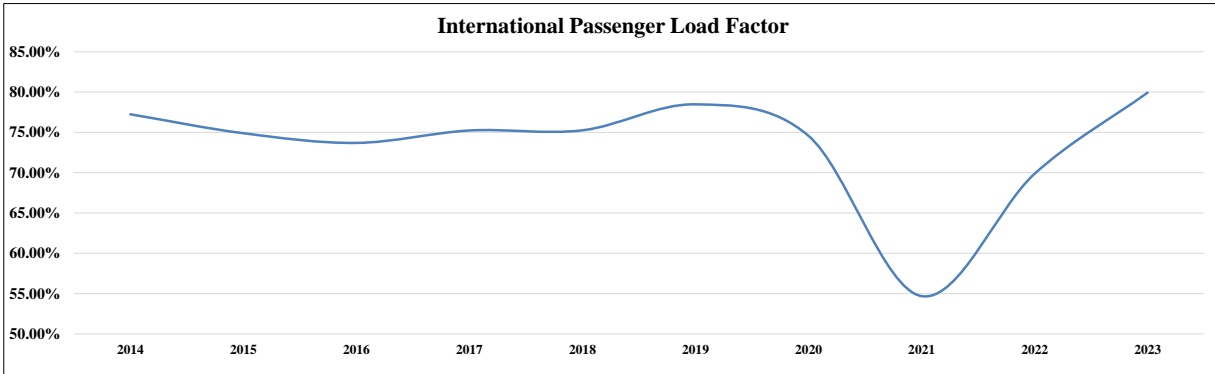
Source: Campbell-Hill Aviation Group, LLC

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

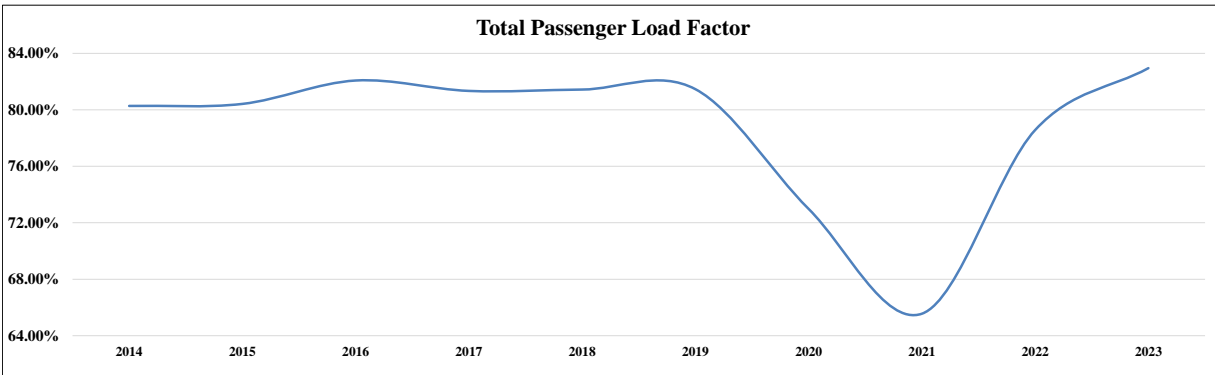
Domestic Passenger Load Factor	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	10-Year Annual Growth
	80.76%	81.34%	83.45%	82.29%	82.38%	81.92%	72.79%	66.09%	79.49%	83.42%	



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



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



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

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

Domestic enplanements

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

International enplanements

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

Total enplanements

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

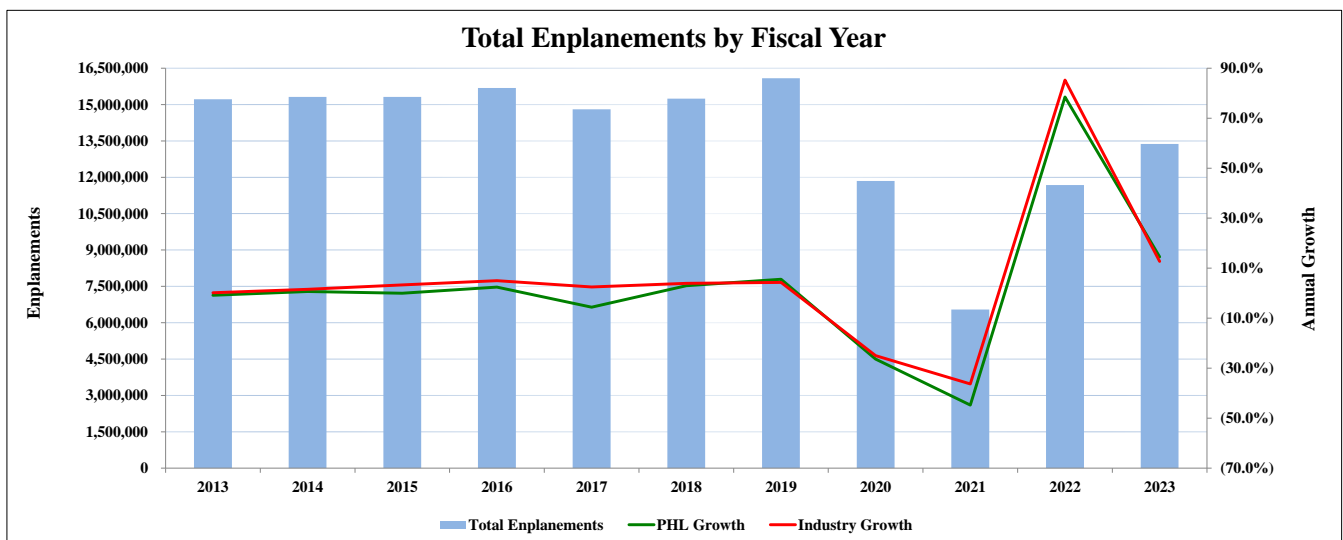
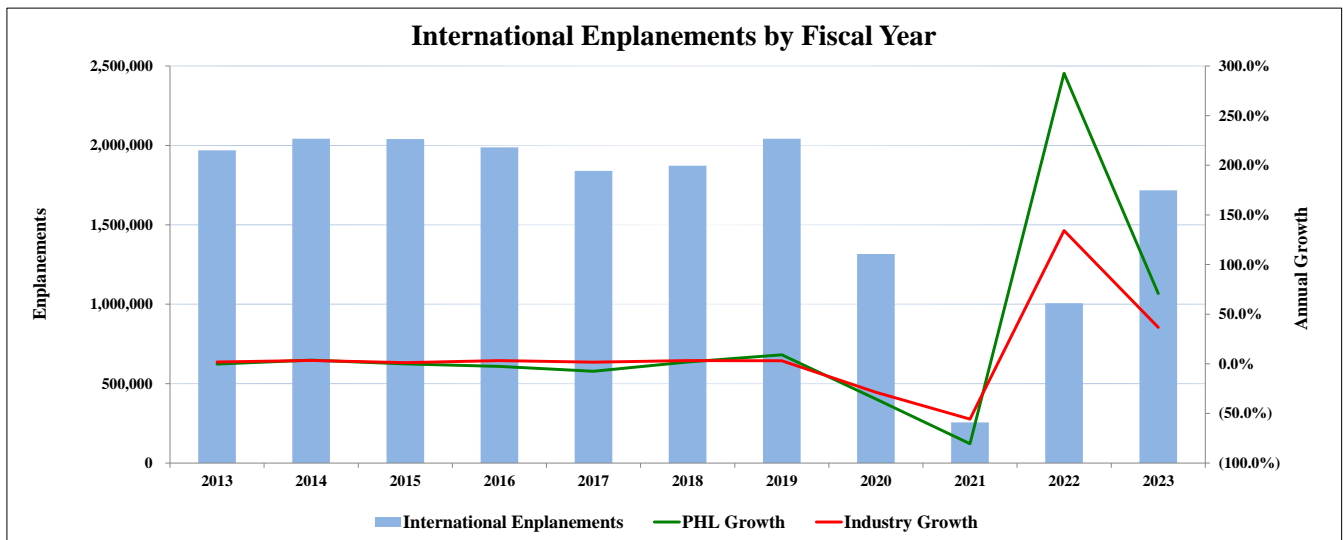
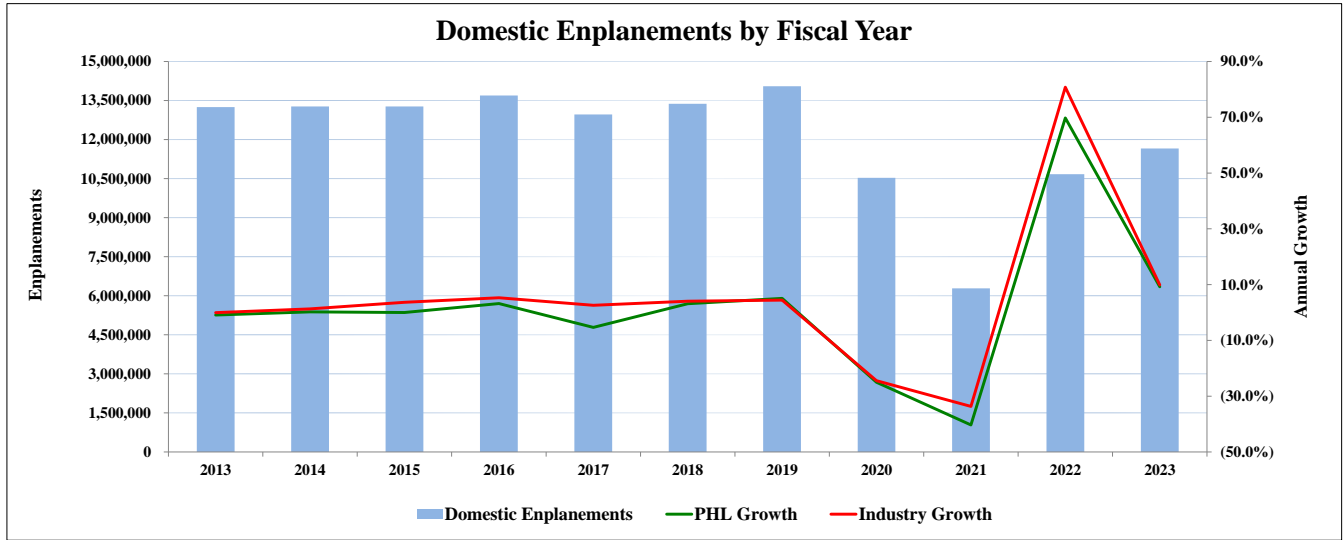
* 2017 U.S. Air Carrier Domestic and International Enplanements modified by Bureau of Transportation Statistics

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

PHL Passenger Enplanements and Annual Growth from City of Philadelphia

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

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



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

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

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

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

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

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

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

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

PHL Takeoffs and landings

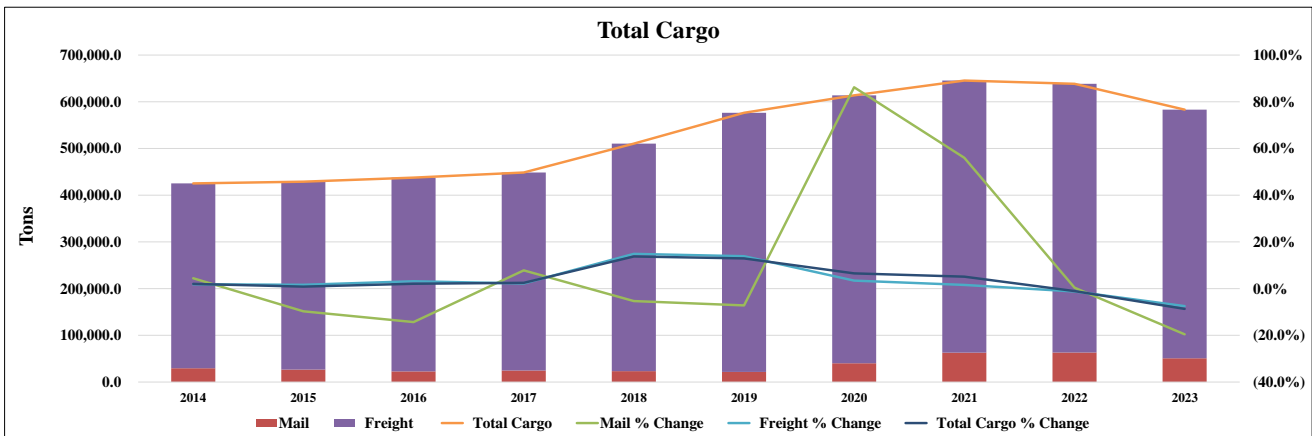
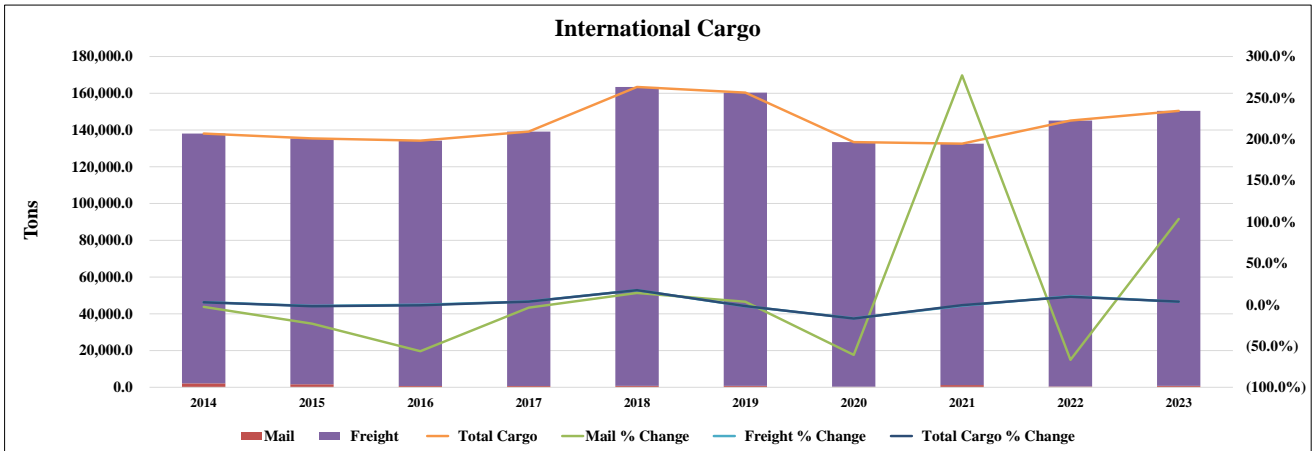
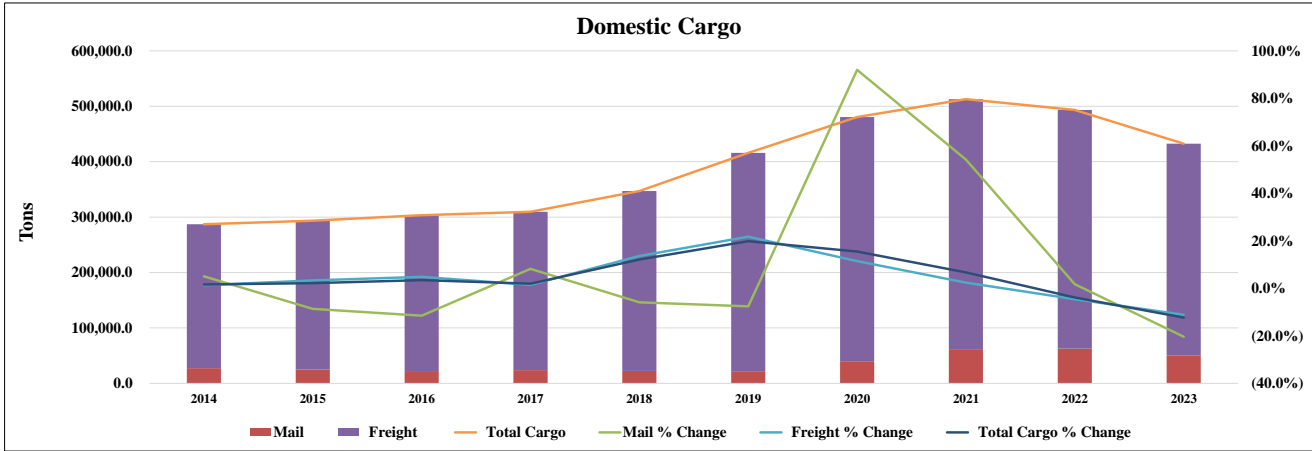
Fiscal Year	Air Carrier	Commuter	General Aviation	Military	Total
2023	216,138	57,223	13,063	635	287,059
2022	218,226	58,891	15,208	546	292,871
2021	165,542	41,985	10,941	334	218,802
2020	221,914	83,226	11,683	521	317,344
2019	263,684	107,327	14,644	457	386,112
2018	240,676	115,986	14,323	412	371,397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

PNE Takeoffs and landings

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

Source: City of Philadelphia

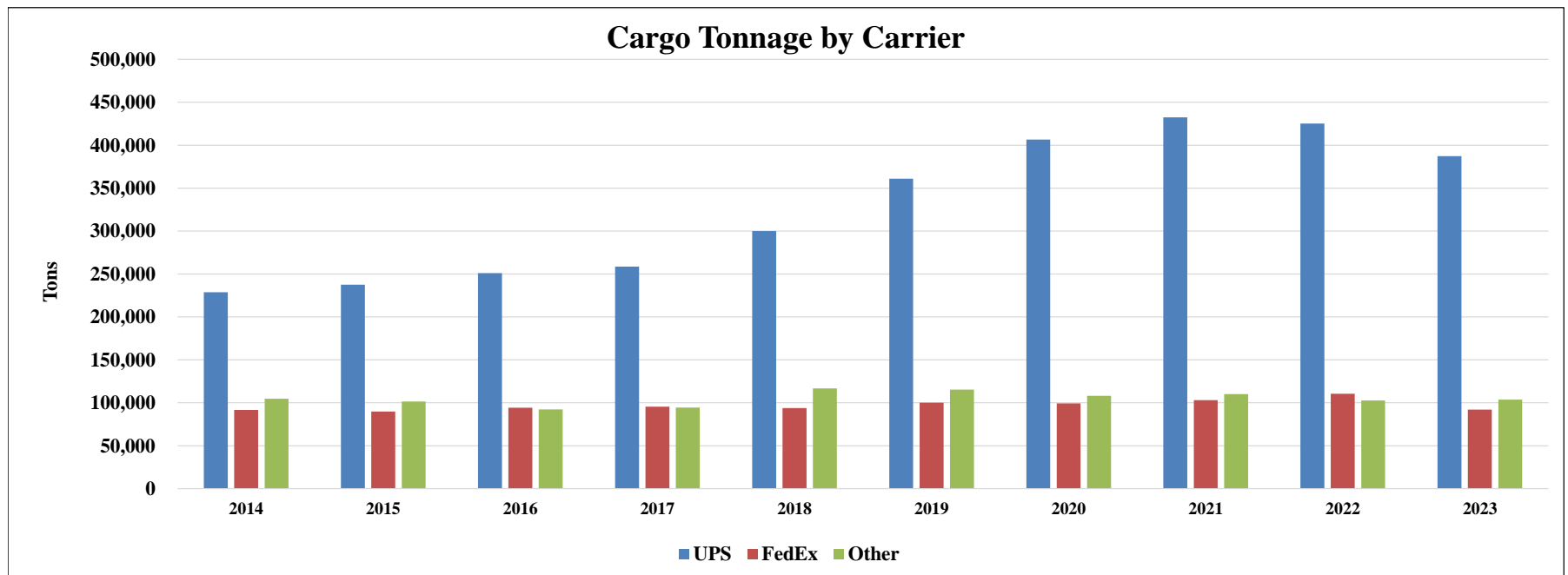
Exhibit S-10: Cargo Tonnage (By Fiscal Year)



Source: City of Philadelphia

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

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



Source: City of Philadelphia

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

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

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

* Related to the adoption of GASB 65

Source: City of Philadelphia, Financial Statements

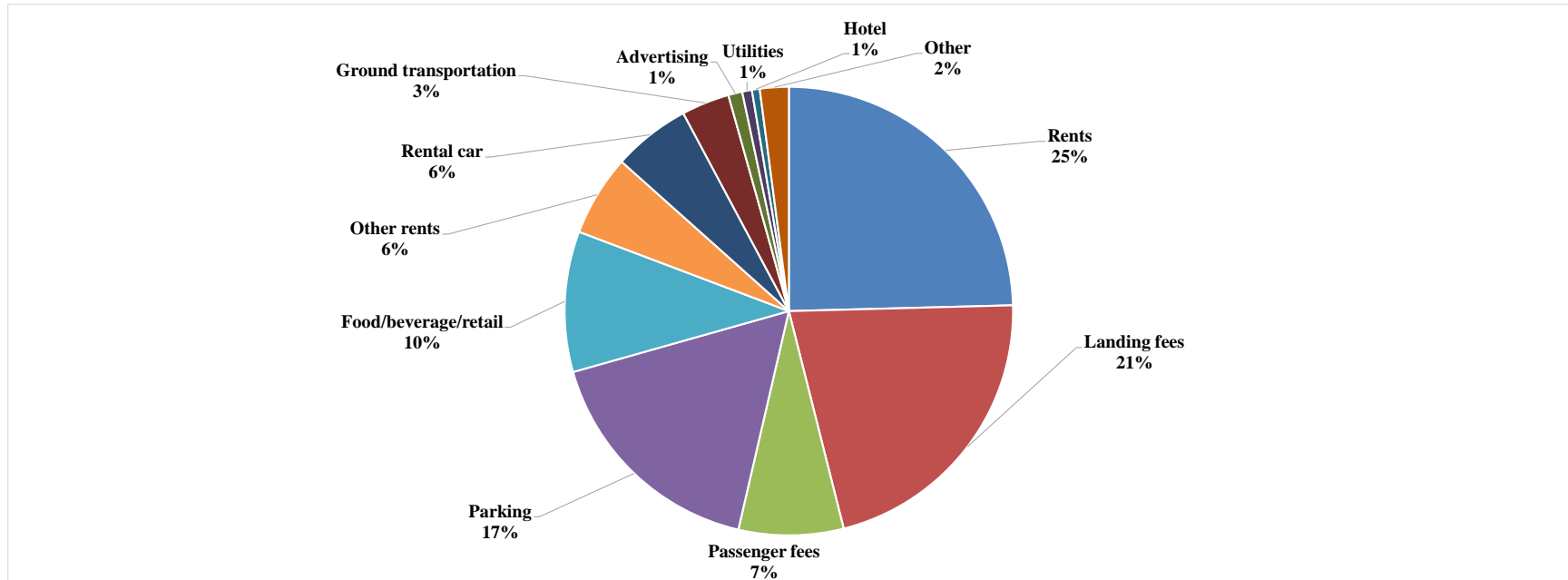
(1) Charges for goods and services are comprised of airline revenues, specifically landing fees and international arrival fees, and non-airline revenues, specifically utilities and other fees.

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

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

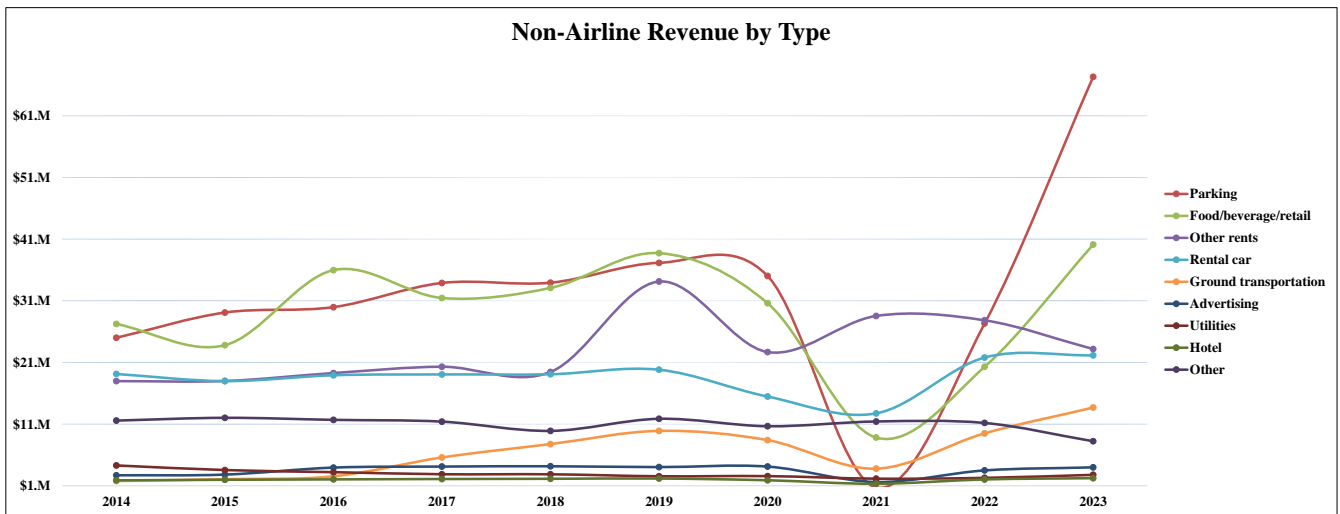
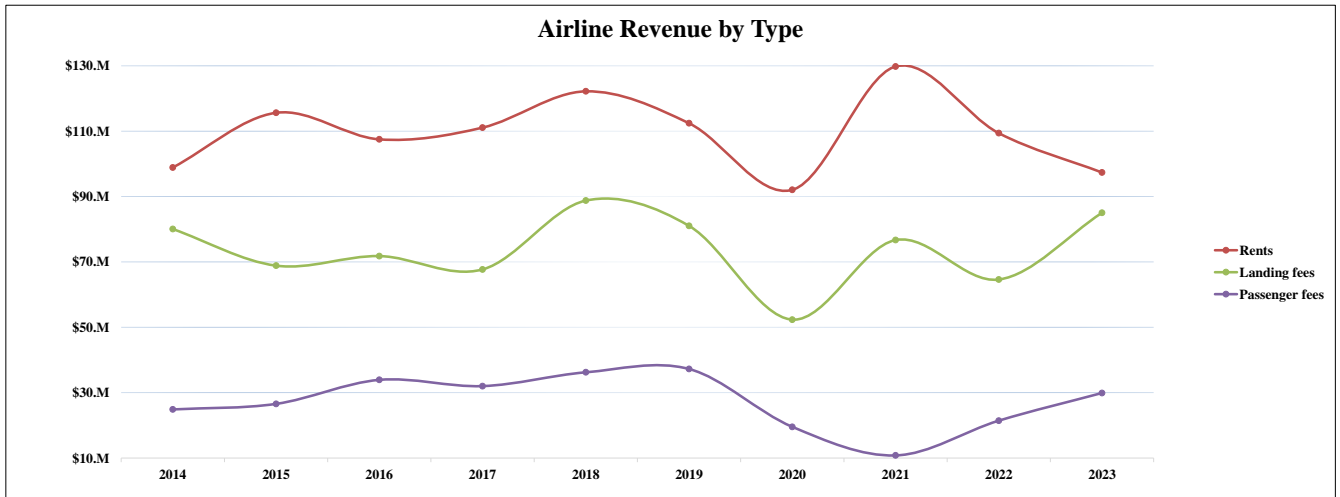
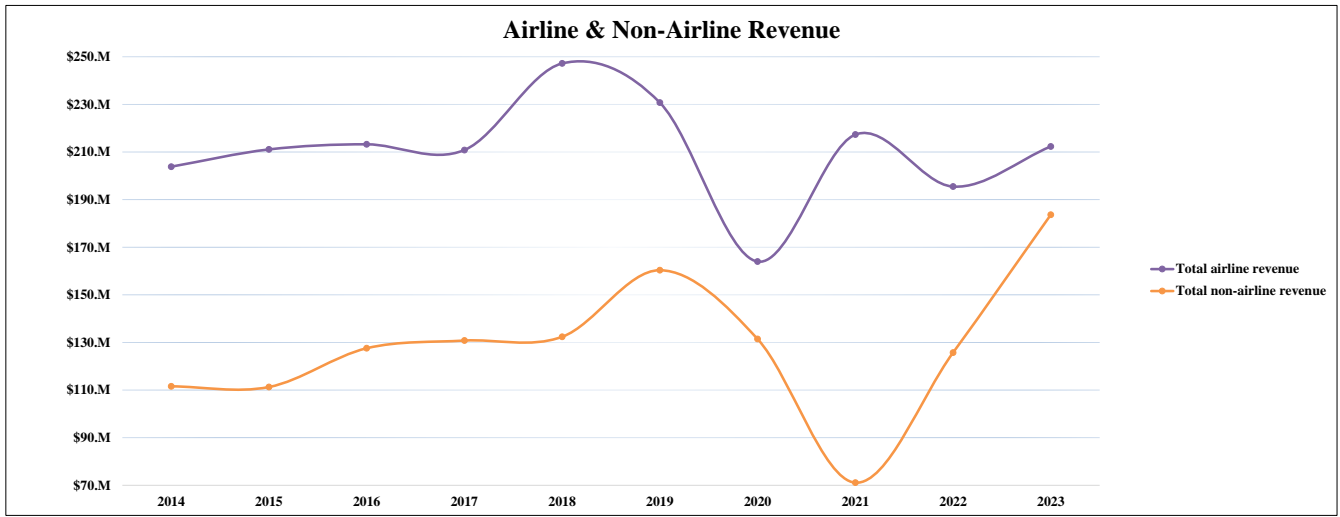
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	10-Year Annual Growth
Airline revenue											
Rents	\$ 97,367,383	\$ 109,403,014	\$ 129,802,226	\$ 92,060,092	\$ 112,437,578	\$ 122,195,881	\$ 111,099,652	\$ 107,504,766	\$ 115,637,922	\$ 98,895,068	(0.16%)
Landing fees	85,050,216	64,622,330	76,702,244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

2023 Revenues by Source



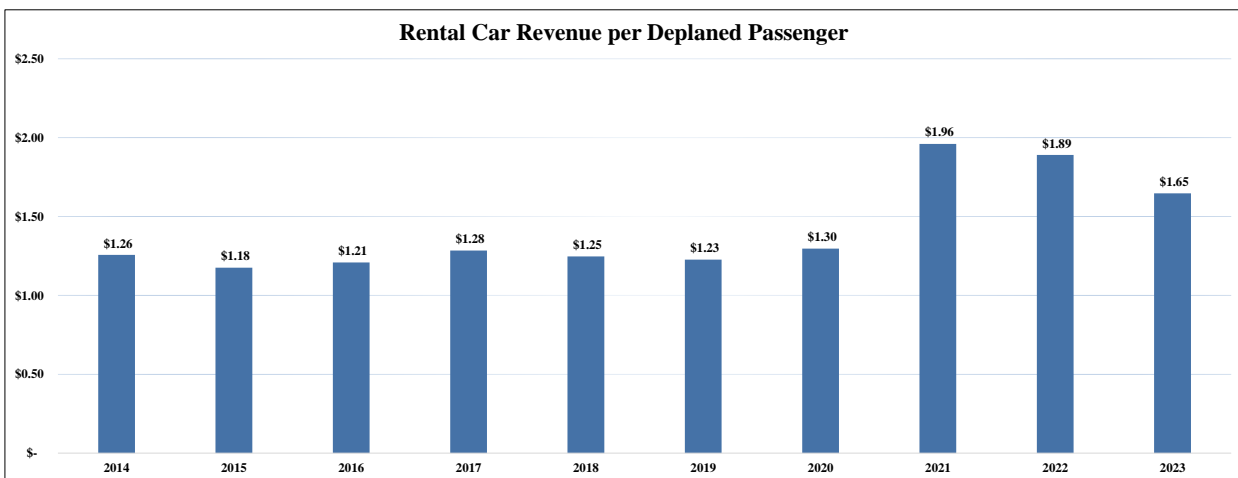
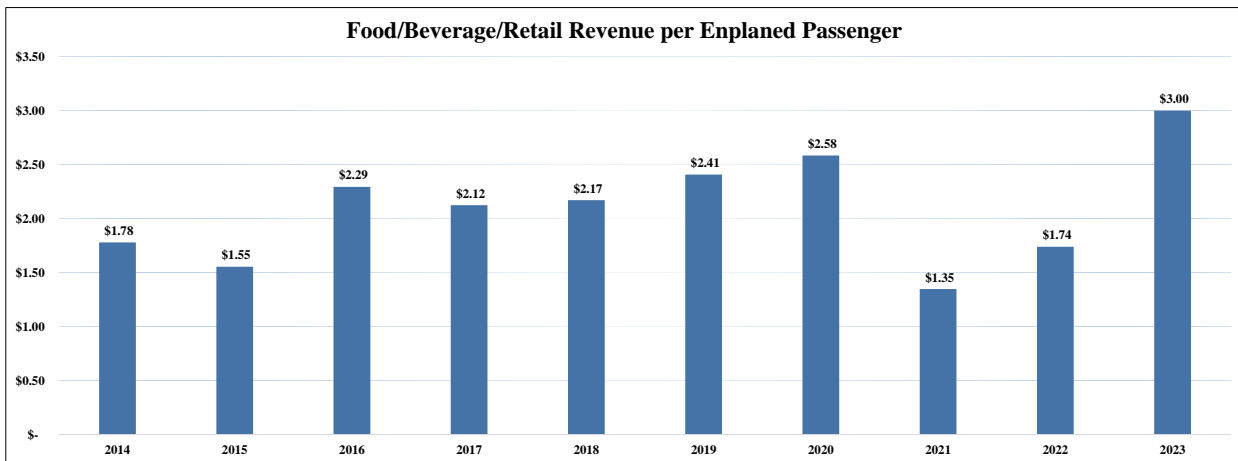
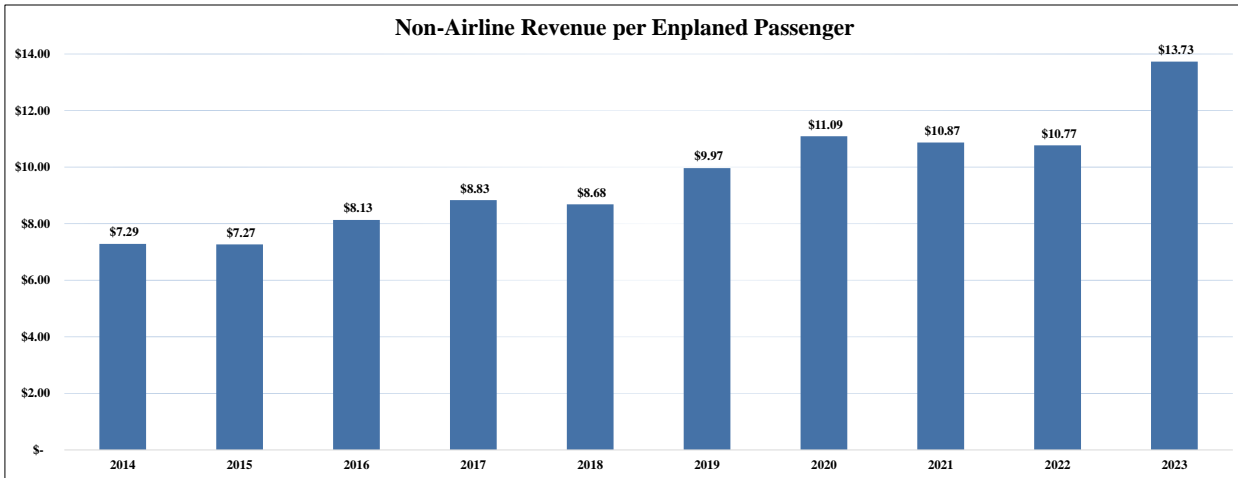
Source: City of Philadelphia

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



Source: City of Philadelphia

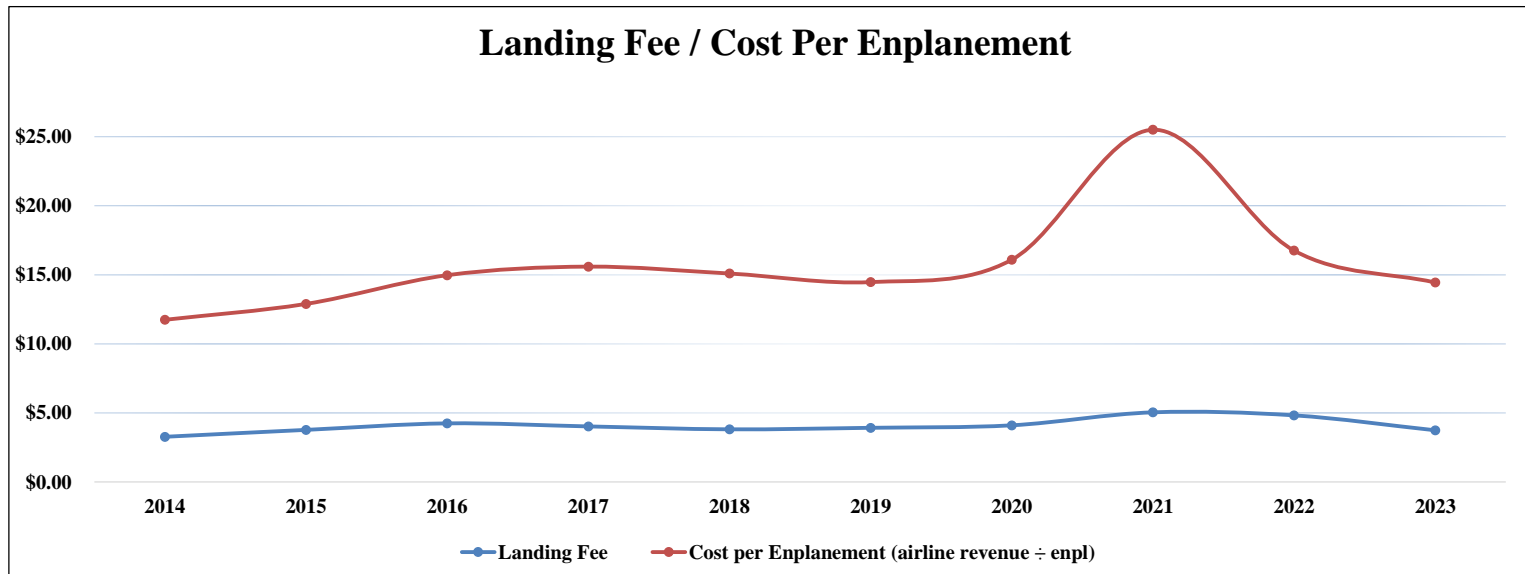
Exhibit S-12: Revenues by Source
(Continued, by Fiscal Year)



Source: City of Philadelphia

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

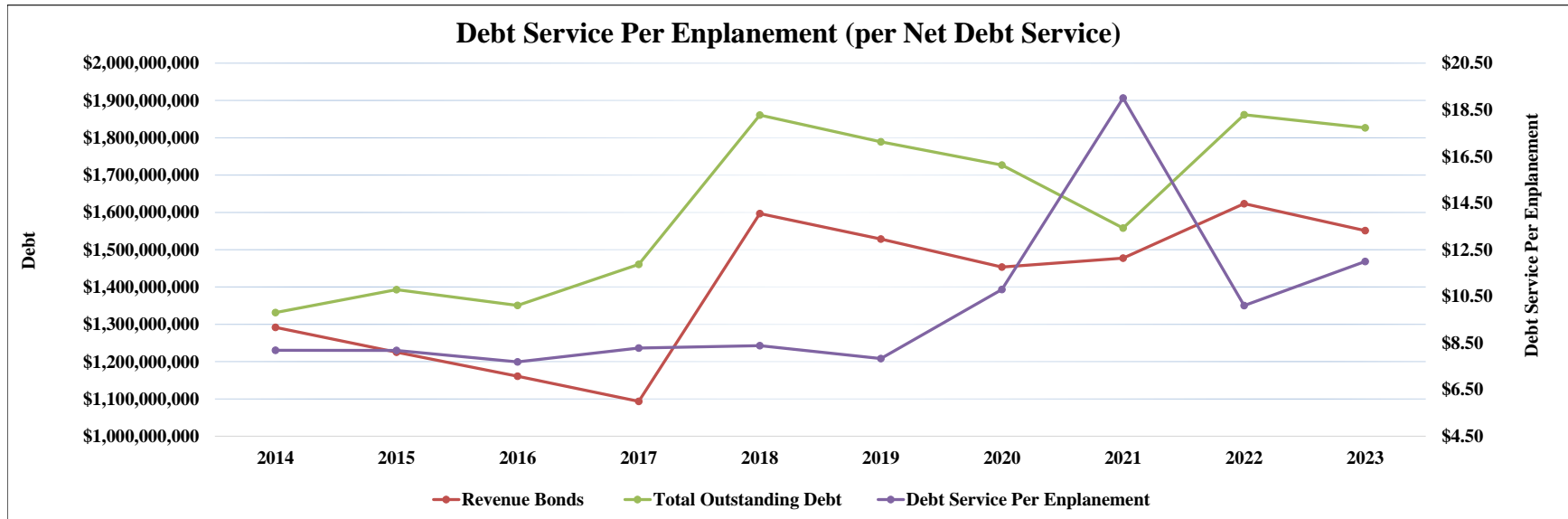
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Signatory airline rates & charges										
Landing fee rate (per 1,000 pounds)	\$ 3.74	\$ 4.82	\$ 5.04	\$ 4.10	\$ 3.92	\$ 3.81	\$ 4.02	\$ 4.24	\$ 3.77	\$ 3.27
Terminal rental rates (per square foot)										
Type 1 - Ticket counter and ticket counter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



Source: City of Philadelphia

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

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



* 2023 data is not available

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

Non-MSA data source: City of Philadelphia

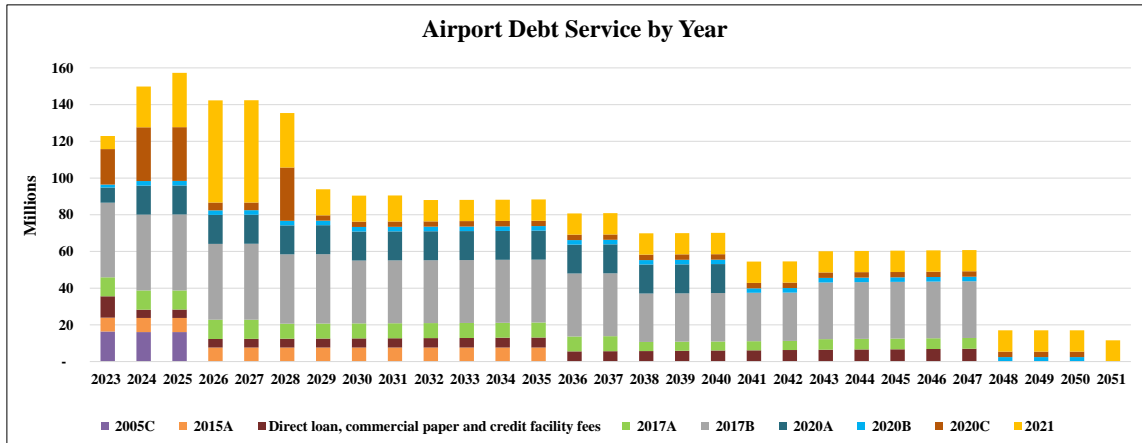
Exhibit S-15: Pledged Debt Service Coverage
(By Fiscal Year)

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

* Includes required Renewal Fund deposits

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

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



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

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

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

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

Daily Pax represents passengers per day each way

Distance is great-circle distance between PHL and indicated airport

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

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

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

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

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

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

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

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

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

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

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

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

Daily Pax represents passengers per day each way

Distance is great-circle distance between PHL and indicated airport

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Source: City of Philadelphia

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

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

Source: City of Philadelphia

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

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

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

Source: City of Philadelphia