



PHILADELPHIA INTERNATIONAL AIRPORT
NORTHEAST PHILADELPHIA AIRPORT



**CITY OF PHILADELPHIA
Philadelphia Airport System**

**Municipal Securities Disclosure
Annual Financial Information
Fiscal Year Ended June 30, 2024**



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NORTHEAST PHILADELPHIA AIRPORT

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Annual Financial Report
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Management's Discussion and Analysis (Unaudited)
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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, 2024, with selected comparative information for the fiscal year ended June 30, 2023.

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 2024 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 2024, 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, federal and state grants, passenger facility charges, customer facility charges, 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 2023 by Airports Council International – North America, PHL was ranked the twenty-first busiest airport in the United States, serving 28.1 million passengers; twenty-seventh busiest in the nation for aircraft operations; and eighteenth 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-hangars, ten corporate hangars and six open hangars for general aviation activities.

AIRPORT STATISTICS AND HIGHLIGHTS

Air Service

At fiscal year-end 2024, PHL offered 124 non-stop destinations, of which 93 were domestic and 31 were international destinations. Seat capacity in fiscal year 2024, which continued to be impacted by airline constraints, increased by 1.8 million (11.5%) over fiscal year 2023, bringing the fiscal year 2024 total seat capacity to 17.9 million. Domestic seats increased 1.7 million (12.3%), while international seats increased 0.1 million (6.6%).

Landline

Through a partnership with Landline Company and American Airlines, the Airport continues to offer premium motor coach services transporting passengers to PHL from Atlantic City International Airport (ACY), Lehigh Valley International Airport (ABE), Wilkes-Barre Scranton International Airport (AVP), and Wilmington Airport (ILG). This service offers connectivity for passengers in underserved markets, helps airlines reduce carbon emissions, and is time-competitive with flights on routes under 200 miles.

At the beginning of the fiscal year, this partnership alliance received Transportation Security Administration (TSA) approval for an industry-first airside-to-airside connectivity. This service allows travelers to undergo TSA screening, check into flights, and check their bags at their local airports before being shuttled to PHL by Landline without needing to be rescreened. Upon arrival at PHL, passengers are dropped off at Terminal F to proceed to their connecting flights, while their checked luggage is handled by American Airlines. For return trips, travelers board the Landline motor coach airside at PHL and arrive at their local airport with their checked baggage directly transferred. Robust security protocols are maintained throughout the process and passengers benefit from reduced commuting stress, no additional security lines, and the opportunity to enjoy PHL's services.

Passenger Activity

The total number of passengers served by the Airport in fiscal year 2024 was approximately 29.5 million, which is an increase of 10.1% from fiscal year 2023 passengers of 26.8 million. Domestic passenger traffic increased 10.3% in fiscal year 2024 when compared to fiscal year 2023. International passenger traffic continued its steady return as fiscal year 2024 increased by 8.4% from fiscal year 2023.

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PHL continues to serve as a major hub for American Airlines, which together with its regional airline affiliates, accounted for approximately 9.2 million enplaned passengers (62.7%) of the Airport's enplaned passengers in fiscal year 2024.

Enplanements and Operations Activity at PHL				
	Fiscal Year	Fiscal Year	Increase	Percentage
	2024	2023	(Decrease)	Increase
				(Decrease)
Domestic Enplanements (Outbound passengers):	12,862,407	11,657,137	1,205,270	10.3%
International Enplanements (Outbound passengers):	1,851,100	1,717,659	133,441	7.8%
Total Enplanements (Outbound passengers):	14,713,507	13,374,796	1,338,711	10.0%
Operations (takeoffs & landings):	303,356	287,059	16,297	5.7%
Landed Weight (1,000-pound units):	19,287,439	18,422,960	864,479	4.7%

Cargo Activity

In fiscal year 2024, PHL handled over 467 thousand tons of cargo. UPS accounted for 64% of the total cargo tonnage at PHL, which is a hub for the cargo carrier, while PHL's passenger carriers accounted for approximately 13% of the total. Overall cargo tonnage decreased by approximately 116.3 thousand tons (-19.9%) from fiscal year 2023 to fiscal year 2024. Cargo related to freight decreased by approximately 89.0 thousand tons, with a decrease in domestic freight of nearly 85.0 thousand tons (-22.2%), and a decrease in international freight of 4.1 thousand tons (2.7%). Cargo related to mail air service decreased by almost 27.3 thousand tons, with a decrease of 54.5% in domestic mail, and a 0.4% increase in international mail.

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Cargo Activity at PHL (amounts expressed in tons)				
	Fiscal Year	Fiscal Year	Increase	Percentage
	2024	2023	(Decrease)	Increase
			(Decrease)	(Decrease)
Domestic Freight:	297,965	382,938	(84,972)	(22.2)%
International Freight:	145,575	149,646	(4,071)	(2.7)%
Sub-Total Freight:	443,541	532,584	(89,043)	(16.7)%
Domestic Mail:	22,739	50,017	(27,278)	(54.5)%
International Mail:	821	818	3	0.4%
Sub-Total Mail:	23,559	50,834	(27,275)	(53.7)%
Total Cargo (Freight and Mail):	467,100	583,418	(116,318)	(19.9)%

OTHER OPERATIONAL AND FINANCIAL HIGHLIGHTS

Airport-Airline Use and Lease Agreement

PHL's three-year Airport-Airline Use and Lease Agreement (the "Airline Agreement") with its signatory airlines took effect on July 1, 2023, and includes options for two one-year extensions. The Airline Agreement 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 2024, PHL was awarded \$24.9 million in competitive grants from the Bipartisan Infrastructure Law-Airport Terminal Program (BIL-ATP) in the form of five grants through the FAA:

- \$15.5 million from three grants, one for \$8.5 million for a runway project and two totaling \$7.0 million for taxiway rehabilitation projects
- \$9.1 million for PHL's Overnight Apron Project and \$300 thousand for sustainable fuels

Additionally, the Airport was awarded:

- Federal grants for \$30.6 million from the FAA Airport Improvement Program for taxiway construction and rehabilitation as well as \$220 thousand from the Federal Aviation Administration for a decarbonization study
- State grants for \$600 thousand from the Pennsylvania Department of Community and Economic Development for energy efficiency assessment supplemental funding

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Bond Rating Increase

In FY2024, Fitch Ratings (“Fitch”) affirmed its “A” rating and assigned a positive outlook to the Airport’s revenue bonds. Subsequently, in the first quarter of FY2025, Fitch assigned an “A+” rating with a stable outlook to the Airport’s general airport revenue bonds citing PHL’s continued positive movement to full passenger traffic recovery; demonstration of strong financial performance; and a large and stable service area in the Greater Philadelphia region with a solid base of origination and destination (O&D) traffic.

Awards and Recognition

Airfield Project of the Year: The Taxiway P Realignment Project was recognized by the Northeast Chapter of the American Association of Airport Executives for its substantial enhancements to airport operations and safety.

FAA Civil Rights Advocate and Partner Award: The Department’s Title VI program was recognized by the FAA for its commitment to ensuring non-discrimination in public interactions and activities.

Envision Verified Award: PHL, as one of only 12 U.S. airports and the only PA airport, obtained Envision Verified status for integrating principles of sustainability into the Taxiway J Rehabilitation Project design and construction. The Envision rating system, established by the Institute for Sustainable Infrastructure, promotes the sustainability and resilience of infrastructure projects through evaluation of performance across 64 criteria, including community, quality of life, management, planning, materials, energy, water, environmental impacts, emissions, and resilience. The project uses 25% recycled-content slag cement in concrete paving, repurposes concrete demolition waste, and required the installation of advanced airfield lighting. Additionally, with the installation of updated energy-efficient lighting, energy consumption was reduced by 55% and 0.18 acres of unused pavement were converted to pervious grass cover.

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

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depreciation/amortization. Non-operating revenue and expense items include interest income, 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 accompanying *Notes to Financial Statements* ("Notes") 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. As of June 30, 2024, the Aviation Fund's net position was \$1.55 billion, a 13.1% increase over the fiscal year 2023. The Aviation Fund's unrestricted net position also increased \$53.9 million (33.9%) in fiscal year 2024.

The following table summarizes the Airport's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2024, and June 30, 2023:

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

	Fiscal Year 2024	Fiscal Year 2023	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Current assets	\$ 604,003	\$ 554,741	\$ 49,263	8.9%
Non-current assets	984,999	929,328	55,671	6.0%
Capital assets, net	2,380,558	2,318,310	62,248	2.7%
Total assets	3,969,561	3,802,379	167,182	4.4%
Deferred outflows	21,671	23,127	(1,455)	(6.3)%
Current liabilities	578,018	382,872	195,146	51.0%
Non-current liabilities	1,655,164	1,882,222	(227,059)	(12.1)%
Total liabilities	2,233,181	2,265,094	(31,913)	(1.4)%
Deferred inflows	203,257	185,547	17,710	9.5%
Net position:				
Net investment in capital assets	999,716	915,280	84,437	9.2%
Restricted for capital projects	169,709	131,784	37,926	28.8%
Restricted for debt service	172,392	168,691	3,701	2.2%
Unrestricted	212,976	159,109	53,867	33.9%
Total net position	\$ 1,554,794	\$ 1,374,864	\$ 179,930	13.1%

Assets

Current assets increased \$49.3 million as a result of a \$30.7 million increase in investments, a \$14.2 million increase in accounts receivable, a \$3.6 million increase in lease receivable and a \$2.2 million increase in cash and cash equivalents.

Non-current assets increased \$55.7 million due to a \$19.5 million increase in non-current lease receivable, a \$18.1 million increase in restricted cash and cash equivalents, a \$9.4 million increase in investments, a \$7.5 million increase in grants from other governments for capital purposes, a \$2.6 million increase in restricted receivables offset by a \$1.2 million decrease in sinking fund reserves.

Capital assets increased by \$62.2 million due to a \$163.1 million increase in construction in progress, and an increase of \$13.6 million in building and equipment, which was offset by an increase of \$114.3 million in accumulated depreciation.

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Deferred outflows of resources

Deferred outflows of resources decreased by a net of \$1.4 million primarily from a \$687.9 thousand decrease in other post-employment benefits, a \$575.1 thousand decrease related to the pension plan and a \$192.0 thousand decrease refunding in defeasance of debt.

Liabilities

Current liabilities increased \$195.1 million as compared to fiscal year 2023, primarily due to a \$107.5 million current portion of the 2017 taxable airport revenue note; a \$37.5 million increase in commercial paper notes; a \$28.1 million increase in current maturities of long-term bonded debt; a \$9.7 million increase in accounts and vouchers payable; a \$5.9 million increase in due to component units; a \$5.3 million in construction contracts payable; and a \$3.7 million increase in other post-employment benefits liability. These increases were offset by decreases of \$2.4 million in unearned revenue and \$488.0 thousand in accrued interest payable.

Non-current liabilities decreased \$227.1 million as compared to fiscal year 2023, primarily due to a \$110.2 million decrease in long-term taxable airport revenue notes; a \$82.7 million decrease in revenue bonds net of current maturities; a \$18.9 million decrease in unamortized bond premiums; a \$12.8 million decrease in net pension liability; and a \$2.7 million decrease in other post - employment benefits liability.

Deferred inflows of resources

Deferred inflows of resources increased \$17.7 million in fiscal year 2024. This includes a \$22.8 million increase in deferred inflows for leases. The increase was offset by a decrease of \$2.3 million in deferred inflows related to other post-employment benefits; a \$1.3 million decrease in deferred gain on refunding debt; a \$1.1 million decrease in deferred inflows related to pensions and a \$404.5 thousand decrease in accumulated fair value of hedging derivatives.

Net investment in capital assets

Net investment in capital assets increased by \$84.4 million, primarily due to a \$62.3 million net increase in capital assets less accumulated depreciation, a \$192.9 million increase in non-current debt, and a \$18.9 million increase in unamortized debt premium, which were offset by decreases of \$173.1 million in current debt, \$12.6 million in unspent proceeds of capital debt, and \$5.3 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 \$37.9 million in fiscal year 2024 is a result of a \$35.2 million increase in the portion of PFC balance reserved for 'pay as you go', and a \$2.8 million increase in restricted assets used for construction purposes.

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Restricted for debt service

The restricted for debt service balance increased by \$3.7 million. The increase was the result of a \$5.0 million increase in PFC's designated for debt service and a \$1.9 increase in restricted assets used for debt service, offset by a \$3.2 million decrease cash and investments in the sinking funds.

Unrestricted net position

Unrestricted net position increased by \$53.9 million. The unrestricted portion is comprised of the net position less the net investment in capital assets and restricted assets. For fiscal year 2024, the increase is the result of a \$165.7 million increase in total assets and deferred outflows netted against a \$14.2 million increase in total liabilities and deferred inflows. This net increase was offset by a decrease of \$84.4 million in total invested in capital assets, net of related debt; a decrease of \$37.9 million in total restricted for capital projects and a decrease of \$3.7 million in total restricted for debt service.

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 2024, the Aviation Fund strengthened its financial position with total revenues, including capital contributions, exceeding total expenses by almost \$180 million. The following table compares the changes in revenues, expenses and fund net position between June 30, 2024 and June 30, 2023:

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

	Fiscal Year 2024	Fiscal Year 2023	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Operating revenues	\$ 419,565	\$ 395,988	\$ 23,578	6.0%
Less: Operating expenses	(401,231)	(367,541)	(33,690)	9.2%
Operating gain (loss)	18,334	28,447	(10,113)	35.5%
Non-operating revenue, net	112,934	135,982	(23,049)	(16.9)%
Income before capital contributions	131,268	164,428	(33,161)	(20.2)%
Capital contributions	48,662	44,637	4,025	9.0%
Changes in net position	179,930	209,065	(29,135)	(13.9)%
Net position beginning of year	1,374,864	1,165,798	209,065	17.9%
Prior period adjustments	-	-	-	-
Net position end of year	<u>\$ 1,554,794</u>	<u>\$ 1,374,864</u>	<u>\$ 179,930</u>	<u>13.1%</u>

Revenues

For fiscal year 2024, approximately 71% of all revenue came from operating sources, while the remaining 29% 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 53% and 47% respectively in fiscal year 2024, and 54% and 46% in fiscal year 2023. Operating revenues increased by \$23.6 million (6.0%) in the fiscal year 2024. The following table presents a comparative summary of operating revenues by source for fiscal year 2024 and fiscal year 2023, followed by explanations of changes in these categories between years.

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Operating Revenues (amounts expressed in thousands)				
	Fiscal Year 2024	Fiscal Year 2023	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Operating revenues				
Rents	\$ 117,253	\$ 97,367	\$ 19,885	20.4%
Landing fees	85,424	85,050	374	0.4%
Passenger fees	21,489	29,913	(8,424)	(28.2)%
Total airline revenues	224,166	212,331	11,835	5.6%
Parking	65,488	67,321	(1,833)	(2.7)%
Food/Beverage/Retail	44,519	40,110	4,409	11.0%
Rental cars	22,704	22,152	552	2.5%
Ground transportation	16,152	13,685	2,467	18.0%
Other operating	46,536	40,390	6,147	15.2%
Total non-airline revenues	195,399	183,657	11,743	6.4%
Total operating revenue	\$ 419,565	\$ 395,988	\$ 23,578	6.0%

Airline Revenues

- Rents derived from PHL's signatory airlines increased by \$19.9 million (20.4%) from fiscal year 2023 to fiscal year 2024 due to increases in various terminal rental rates in fiscal year 2024 and an increase in the ramp area rental rate.
- Landing fees derived from PHL's signatory airlines increased by \$374 thousand (0.4%) from fiscal year 2023 to fiscal year 2024 primarily due to an increase in the landing fee rate.
- Passenger fees derived from PHL's signatory airlines decreased by \$8.4 million (-28.2%) due to a reduction of international common use gate fee charges in fiscal year 2024.

Non-Airline Revenues

- Parking revenue in fiscal year 2024 decreased by \$1.8 million (2.7%) from fiscal year 2023 due to construction related upgrades.
- Food/Beverage/Retail revenue increased \$4.4 million (11.0%) 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 \$552 thousand (2.5%) in fiscal year 2024 due to an increase in passenger activity.

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- Ground transportation revenue increased \$2.5 million (18.0%) due mainly to Transportation Network Company ("TNC") revenue improving as a result of an increase 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, increased \$6.1 million (15.2%) due primarily to increases in cargo area, land and other terminal rentals in fiscal year 2024.

Non-Operating Revenues

Non-operating revenues, which consist of PFCs, CFCs, interest income, and federal and state grants for non-capital purposes, decreased by \$22.6 million (11.6%) in fiscal year 2024. The following table presents a comparative summary of non-operating revenues by source for fiscal year 2024 and fiscal year 2023, followed by explanations of changes in these categories between years.

Non-Operating Revenues
(amounts expressed in thousands)

	Fiscal Year 2024	Fiscal Year 2023	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Non-operating revenue				
Passenger Facility Charges	\$ 58,978	\$ 53,393	\$ 5,586	10.5%
Customer Facility Charges	28,026	20,498	7,526	36.7%
Interest income	67,570	37,194	30,376	81.7%
Lease interest revenue	6,086	3,397	2,689	79.2%
Operating grants	4,670	75,823	(71,154)	(93.8)%
Other non-operating	2,331	(39)	2,370	6032.5%
Total non-operating revenue	\$ 167,660	\$ 190,265	\$ (22,605)	(11.9)%

- PFCs increased by \$5.6 million (10.5%) due to an increase in enplanements.
- CFCs increased by \$7.5 million (36.7%) due to an increase in deplanements and an increase in demand for car rentals. In addition, there was a 13.0% increase in the number of car rental transactions in fiscal year 2024 when compared to fiscal year 2023.
- Interest income increased by \$30.4 million (81.7%) in fiscal year 2024 largely due to a net \$30.9 million increase in interest on investments in the operating, capital and sinking fund

CITY OF PHILADELPHIA
AVIATION FUND
Management's Discussion and Analysis (Unaudited)
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reserve accounts, a \$4.8 million increase in premium on sale of investments, a \$1.8 million increase in other interest earnings offset by a net \$7.2 million decrease for changes in market value allowances in the operating, capital and sinking fund reserve accounts.

- Lease interest revenue increased \$2.7 million (79.2%) 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) decreased by \$71.2 million (93.8%), due to the reduction of American Rescue Plan Act ("ARPA") funds.

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 61.9% of total expenses; and depreciation and amortization, which account for 26.1% of total expenses. Non-operating expenses make up the remaining 12.0%, which includes debt service interest and other non-operating expenses.

The table below presents the major components of expense for fiscal year 2024 and fiscal year 2023, followed by an explanation of changes in these components.

Expenses (amounts expressed in thousands)				
	Fiscal Year 2024	Fiscal Year 2023	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Operating expenses				
Personnel services	\$ 90,045	\$ 77,026	\$ 13,019	16.9%
Employee benefits	39,015	30,882	8,133	26.3%
Purchase of services	136,467	125,459	11,007	8.8%
Materials & supplies/equipment	9,060	6,991	2,067	29.6%
Other operating	7,607	5,720	1,886	33.0%
Depreciation	119,037	121,462	(2,424)	(2.0)%
Total operating expenses	401,231	367,541	33,689	9.2%
Non-operating expenses				
Debt service interest	54,726	54,284	442	0.8%
Other non-operating	-	-	-	-
Total non-operating expenses	54,726	54,284	442	0.8%
Total expenses	\$ 455,957	\$ 421,825	\$ 34,132	8.1%

CITY OF PHILADELPHIA
AVIATION FUND
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Operating Expenses

Operating expenses increased by \$33.7 million (9.2%) in fiscal year 2024 and are comprised of the following:

- Personnel services and employee benefits increased by a net total of \$21.1 million (19.6%) in fiscal year 2024 due to several factors including increases in staffing levels, salaries, overtime compensation, and pension obligations.
- Purchase of services increased by \$11.0 million (8.8%) in fiscal year 2024 mainly due to increases in architectural and engineering services, rents, ground and building rentals and payments to the general fund.
- Materials and supplies/equipment increased \$2.1 million (29.6%) due to an increase in purchases of various supplies, including an increase in vehicle expenditures.
- Other operating expenses increased by \$1.8 million thousand (33.0%) in fiscal year 2024 due to an increase in indemnities and taxes.

CAPITAL ASSETS AND CONSTRUCTION

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 \$317 million was spent through the end of fiscal year 2024. 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.

As of fiscal year 2024, the Airport had capital assets of \$2.4 billion (net of depreciation) comprised mostly of runways, taxiways, and other land improvements, as well as terminal, maintenance buildings, and other structures net of any related accumulated depreciation. For fiscal year 2024, the balance in construction in process was \$648.0 million.

Some of the major projects underway during fiscal year 2024 include the following:

(in millions)

\$130.0	Restroom Renovation Program, Phases 5-9
50.0	Taxiway S Reconstruction
35.4	Terminal Energy Optimization Program
30.0	Wetlands Mitigation Project
25.0	Runway 9R-27L Improvements
20.0	Central Utility Building Emergency Substation Replacement
17.5	A-West Thermal Plant Cooling Tower Upgrade
15.0	Video Surveillance System Upgrade, Phase 2b

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- 15.0 Runway 8-26 Installation of Engineered Material Arresting System
14.4 PNE Taxiway C Rehabilitation

Some of the recently completed design and construction projects during fiscal year 2024 include the following:

(in millions)

- \$40.3 Taxiway P Realignment
31.0 Taxiway J Rehabilitation
30.0 Tinicum Island Road Relocation
20.0 Video Surveillance System Upgrade, Phase 2a
15.5 SEPTA Train Platform and Canopy Improvements

Additional information regarding the Aviation's capital assets can be found in Note 3 in the Notes to Financial Statements, as well as on the Airport's website at: <https://www.phl.org/about/cdp>.

DEBT ADMINISTRATION

As of June 30, 2024, the Airport's total outstanding debt was \$1.64 billion, a \$19.8 million (-1.2%) decrease over fiscal year 2023, 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.

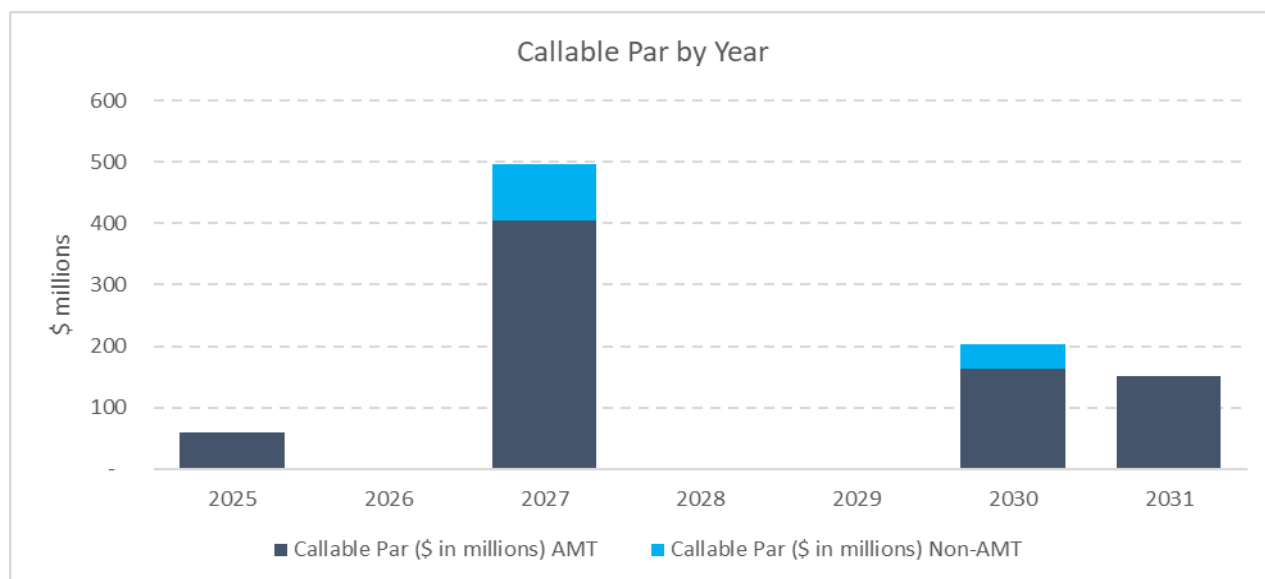
City of Philadelphia – Aviation Fund
Changes in Borrowing
(amounts expressed in thousands)

	Fiscal Year 2023			Fiscal Year 2024		
	Additions	Retirements/ Repayments		Additions	Retirements/ Repayments	
Airport Revenue Bonds	\$ 1,379,935	\$ -	\$ (54,610)	\$ 1,325,325	\$ (54,610)	
Commercial Paper	165,343	1,419,825	(1,382,325)	202,843	37,500	
Taxable Airport Revenue Note	112,930	-	(2,710)	110,220	(2,710)	
Total Borrowing	\$ 1,658,208	\$ 1,419,825	\$ (1,439,645)	\$ 1,638,388	\$ (19,820)	

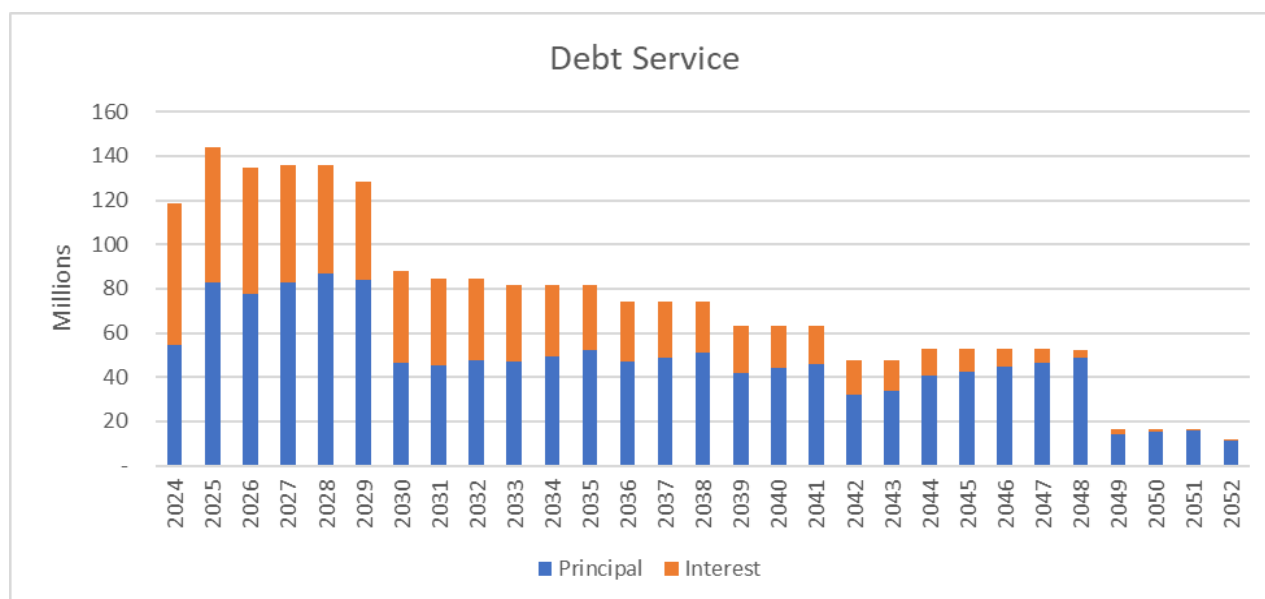
Airport Revenue Bonds

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.

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



Credit Ratings: The Airport's revenue bonds were rated A+ with a stable outlook by S&P Global Ratings ("S&P") in June 2023; Fitch Ratings upgraded the Airport's revenue bonds to A+ from A with a stable outlook in August 2024; and Moody's Investors Service ("Moody's") upgraded the Airport's revenue bonds to A1 from A2 with a stable outlook in October 2024.

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Commercial Paper Program

In December 2024, the Airport increased its Commercial Paper ("CP") program to \$500.0 million from \$350.0 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; 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, 2024, the Airport had drawn \$202.8 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 remaining amount of \$110.2 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 2024, the Airport's debt service coverage for Test 1 was 4.25x and Test 2 was 3.50x.

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City of Philadelphia - Aviation Fund		
Summary of Project Revenues and Expenses of the Airport System		
(amounts expressed in thousands)		
	Fiscal Year	Fiscal Year
	<u>2024</u>	<u>2023</u>
<u>Amounts Available for Debt Service</u>		
1. Space rentals	\$ 134,079	\$ 121,861
2. Landing fees	86,806	81,479
3. Ramp Area rentals	353	0
4. International Terminal revenues	<u>34,444</u>	<u>30,918</u>
5. Subtotal Airline Rentals, Fees and Charges	255,682	234,258
6. Non-Airline Revenues	222,618	295,685
7. Interest income and Contribution for carrier incentive program	<u>11,762</u>	<u>5,632</u>
8. Total Project Revenues	490,062	535,575
9. Passenger Facility Charges (PFCs) Available for Debt Service	42,163	25,625
10. Portion of Fund Balance Attributable to Amounts Available for Debt Service	<u>303,819</u>	<u>173,724</u>
11. Total Amounts Available for Debt Service	<u>836,044</u>	<u>734,924</u>
<u>Expenses</u>		
12. Net Operating Expenses	185,980	149,255
13. Required Renewal Fund Deposit	0	0
14. Revenue Bond Debt Service	152,925	160,421
15. Interdepartmental Charges	<u>114,465</u>	<u>117,593</u>
16. Total Expenses	<u>453,370</u>	<u>427,269</u>
17. Net Revenue	<u>\$ 382,674</u>	<u>\$ 307,655</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)	4.25	3.65
19. Test 2 (Line 11- Line 12- Line 13- Line 15) / (Line 14)	3.50	2.92

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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AVIATION FUND
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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 2024.

	Actual Fiscal Year 2024	Budget Fiscal Year 2024	Percent Increase (Decrease)
Average Terminal Rental Rate per Square Foot	\$ 192.50	\$ 200.13	(3.8)%
Ramp Area Rental Rate per Linear Foot	24.45	24.13	1.3%
Landing Fee Rate per 1,000 Pounds	3.51	4.35	(19.3)%

Overall, actual rates for fiscal year 2024 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.

CITY OF PHILADELPHIA
AVIATION FUND
Statement of Net Position (Unaudited)

	Fiscal Year <u>2024</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 14,644,591
Investments	507,378,604
Accounts receivable	43,026,409
Allowance for doubtful accounts	(169,672)
Lease receivable - current	34,856,886
Inventories	3,792,204
Due from other governmental units	474,287
Total current assets	<u>604,003,309</u>
Non-current assets:	
Restricted:	
Cash and cash equivalents	73,065,574
Cash held by fiscal agent	-
Investments	592,760,505
Sinking funds and reserves held by fiscal agents	135,093,809
Derivative investment	260,924
Grants from other governments for capital purposes	27,580,630
Receivables	12,318,079
Lease receivable - non-current	143,919,789
Total restricted assets	<u>984,999,310</u>
Capital assets:	
Land and other non-depreciable assets	237,768,172
Infrastructure	1,369,946,913
Construction in progress	648,060,112
Buildings and equipment	2,958,389,430
Right to use lease assets - equipment	134,887
Right to use lease assets - land	11,342,954
Less: accumulated depreciation and amortization	<u>(2,845,084,529)</u>
Property, plant and equipment, net	<u>2,380,557,939</u>
Total noncurrent assets	<u>3,365,557,249</u>
Total assets	<u>3,969,560,558</u>
Deferred outflows of resources	
Accumulated decrease in fair value of hedging derivatives	-
Deferred outflows related to other post-employment benefits	7,185,350
Deferred outflows related to pensions	14,222,790
Refunding in defeasance of debt	263,355
Total deferred outflow of resources	<u>21,671,495</u>
Liabilities	
Current liabilities	
Accounts and vouchers payable	31,406,446
Salaries and wages payable	2,130,250
Construction contracts payable	43,852,206
Due to component units	6,024,054
Accrued expenses	2,270,039
Accrued interest payable	30,667,232
Current portion of lease payable	193,329
Unearned revenue	62,073,405
Other post-employment benefits liability - current	3,657,620
Commercial paper notes	202,843,000
Current maturities of long-term bonded debt	82,680,000
Current portion of taxable airport revenue note	110,220,000
Total current liabilities	<u>578,017,581</u>
Non-current liabilities	
Taxable airport revenue note, long-term	-
Revenue bonds, net of current maturities	1,242,645,000
Lease payable, net of current portion	10,697,271
Unamortized bond premiums	152,314,556
Derivative instrument liability	-
Net pension liability	162,291,244
Other post-employment benefits liability	61,348,930
Other non-current liabilities	25,866,537
Total non-current liabilities	<u>1,655,163,538</u>
Total liabilities	<u>2,233,181,119</u>
Deferred inflows of resources	
Accumulated increase in fair value of hedging derivatives	260,924
Deferred gain on refunding debt	6,796,130
Deferred inflows - leases	180,796,496
Deferred inflows related to other post-employment benefits	11,995,220
Deferred inflows related to pensions	3,408,166
Total deferred inflows of resources	<u>203,256,936</u>
Net position	
Net investment in capital assets	999,716,357
Prior period adjustments	-
Restricted for:	
Capital projects	169,709,589
Debt service	172,391,823
Prior period adjustments	-
Unrestricted	212,976,229
Prior period adjustments	-
Total net position	<u>\$ 1,554,793,998</u>

CITY OF PHILADELPHIA

AVIATION FUND

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

	Fiscal Year <u>2024</u>
Operating revenues	
Airline revenues	
Rents	\$ 117,252,653
Landing fees	85,423,931
International arrival fees	21,489,398
Total airline revenues	<u>224,165,982</u>
Nonairline revenues	
Concessions	155,476,850
Other rents	29,540,039
Utilities and other fees	2,798,985
Other operating revenues	7,583,607
Total nonairline revenues	<u>195,399,481</u>
Total operating revenues	<u>419,565,463</u>
Operating expenses	
Personal services	90,045,014
Purchase of services	136,467,056
Materials and supplies	9,059,524
Employee benefits	39,015,377
Indemnities and taxes	7,606,652
Depreciation and amortization	119,037,434
Total operating expenses	<u>401,231,057</u>
Operating income	<u>18,334,406</u>
Non-operating revenues (expenses)	
Federal, state and local grants	4,669,655
Investment earnings	67,569,999
Lease interest revenue	6,085,768
Interest expense	(54,726,235)
Passenger facility charges	58,978,009
Customer facility charges	28,025,520
Gain/(Loss) on disposal of capital assets	112,394
Gain/(Loss) on lease terminations	(95,677)
Other revenue/(expense)	2,314,352
Total non-operating revenues (expenses)	<u>112,933,785</u>
Income before capital contributions	<u>131,268,191</u>
Capital contributions	
Federal, state and local grants	48,662,111
Contributed assets	-
Total capital contributions	<u>48,662,111</u>
Transfers	
Transfers (out)/in	-
Total transfers	<u>-</u>
Change in net position	179,930,302
Net position beginning of period	1,374,863,696
Net position end of period	<u>\$ 1,554,793,998</u>

CITY OF PHILADELPHIA

AVIATION FUND

Statement of Cash Flows

	Fiscal Year 2024
Cash flows from operating activities	
Receipts from customers	\$ 402,748,085
Receipts from interfund services	1,684,342
Payments to suppliers	(129,250,690)
Payments to employees	(141,664,735)
Internal activity-payments to other funds	(8,049,755)
Net cash provided by operating activities	<u>125,467,247</u>
Cash flows from non-capital financing activities	
Grant proceeds not specifically restricted for capital purposes	<u>5,017,121</u>
Cash flows from capital and related financing activities	
Proceeds from issuance of debt	1,419,825,000
Capital grants and contributions received	43,460,574
Purchase of capital assets	(176,021,598)
Proceeds from sales of capital assets	153,361
Principal paid on debt instruments	(1,439,645,000)
Interest received on leases	6,028,396
Interest paid on capital debt	(75,288,071)
Passenger & customer facility charges	<u>86,356,735</u>
Net cash provided by (used) in capital and related financing activities	<u>(135,130,603)</u>
Cash flows from investing activities	
Interest, dividends, and losses	63,862,939
Receipts from sinking funds and reserves	<u>1,167,712</u>
Net cash provided by investing activities	<u>65,030,651</u>
Net decrease in cash	60,384,416
Balance beginning of year	1,127,464,858
Balance end of year	<u>\$ 1,187,849,274</u>
Reconciliation of operating income/(loss) to net cash provided by operating activities:	
Operating income	\$ 18,334,406
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	119,037,434
Change in assets and liabilities:	
Receivables, net	(12,254,997)
Lease receivable	(23,301,747)
Deferred inflows leases	22,852,672
Lease payable	(213,771)
Inventories	868,176
Accounts and other payables	2,574,038
Unearned revenue	<u>(2,428,964)</u>
Net cash provided by operating activities	<u>\$ 125,467,247</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 (“ACFR”) 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 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. The statement has been adopted for requirements effective for the reporting period. All the applicable changes have been made to the financial statements.

CITY OF PHILADELPHIA
AVIATION FUND
Notes to Financial Statements

In June 2022, **GASB issued Statement No. 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. The adoption of this statement had no effect on previously reported amounts.

New Accounting Pronouncements – To Be Adopted:

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.

In December 2023, **GASB issued Statement No. 102, Certain Risk Disclosures**. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints.

In April 2024, **GASB issued Statement No. 103, Financial Reporting Model Improvements**. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues.

In September 2024, **GASB issued Statement No. 104, Disclosure of Certain Capital Assets**. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

The new standards must be adopted as follows:

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

GASB Statement No. 102 - Effective July 1, 2024 for financial statements for fiscal year ending June 30, 2025.

GASB Statement No. 103 - Effective July 1, 2025 for financial statements for fiscal year ending June 30, 2026.

GASB Statement No. 104 - Effective July 1, 2025 for financial statements for fiscal year ending June 30, 2026.

The effect of these statements has not yet been determined.

CITY OF PHILADELPHIA
AVIATION FUND
Notes to Financial Statements

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 U.S. 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, 2024.

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, 2024 and 2023. 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.

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.

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- 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. The proceeds are to be used for the planning, development, financing, construction, and operation of a consolidated rental car facility. Collections of CFCs began in May 2014. All unexpended CFC funds, including accumulated interest, are classified as restricted assets.

Capital Assets

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

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

Capital assets are recorded at cost, which does not include interest incurred as a result of financing asset acquisition or construction. After adoption of GASB No. 89, interest cost incurred before the end of a construction period is recognized as an expense in the

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period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset.

Cost of construction for capital assets includes all direct contract costs plus overhead costs. Constructed buildings include 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 2024 financial statements:

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

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

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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.
- 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.

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Operating Expenses

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

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

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

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.

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. Sick leave is accrued based on an estimate of future payouts.

Claims and Judgments

Pending claims and judgments are recorded when the City Solicitor has deemed that a probable loss to the City has occurred. Claims and judgments are recorded as expenditures when paid or when judgments have been rendered against the City.

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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*.

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.

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- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are 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, 2024, 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.

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.

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As of June 30, 2024, the fair value of the Aviation Fund's holdings consisted of the following:

	Fair Value	% of Total
Short-Term Investment Pools	\$ 68,061,808	5.19%
U.S. Government Securities	662,263,090	50.48%
U.S. Government Agency Securities	31,834,377	2.43%
Commercial Paper	295,837,476	22.55%
Corporate Bonds	246,495,868	18.79%
Municipal and Other Debt Securities	7,520,918	0.57%
	<u>\$ 1,312,013,536</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, 2024, the maturities of holdings were as follows:

Classifications	Less than 6 months	7 to 12 months	13 to 18 months	19 to 24 months
Commercial Paper	\$202,866,282	\$92,971,194	-	-
U.S. Government Security	362,344,308	84,003,525	144,393,654	71,521,603
U.S. Government Agency Securities	12,371,637	17,342,677	2,120,063	-
Municipal Debt	1,610,234	2,712,933	2,294,516	903,235
Corporate Bonds	31,044,132	120,625,290	57,116,550	37,709,896
Grand Total	<u>\$610,236,593</u>	<u>\$317,655,619</u>	<u>\$205,924,782</u>	<u>\$110,134,734</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.
- Level 3: Unobservable inputs for assets or liabilities.

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The Airport has the following recurring fair value measurements as of June 30, 2024:

- U.S. Treasury securities of \$662.3 million are valued using quoted prices from active markets (Level 1).
- U.S. Agency securities of \$31.8 million are valued using quoted prices for identical securities traded in active markets when sufficient activity exists (Level 2).
- Commercial Paper securities of \$295.8 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 \$246.5 million are valued using quoted prices for similar securities in active markets and via matrix pricing models (Level 2).
- Municipal Debt/Other securities of \$7.5 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 \$68.1 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 or U.S. Government Agency obligations are allowable investments up to 100% of the portfolio.

The City's investment in Commercial Paper is limited to 30% 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 is limited to 30% 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 is invested in money market funds (short-term investment pools).

The City limits its foreign currency risk by investing in certificates of deposit and banker's acceptances issued or endorsed by non-domestic banks that are denominated in U.S. dollars, providing that the banking institution has assets of not less than \$100 million and has a Thompson's Bank Watch Service "Peer Group Rating" not lower than II. At the end of the fiscal year, the City did not have any investments of that nature.

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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.

Depreciation on the capital assets is provided on the straight-line method over their estimated useful lives. Depreciation and amortization expenses were \$119,037,434 for the fiscal year ending June 30, 2024.

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The following tables present the changes in capital assets for fiscal year 2024.

	Balance FYE 06/30/2023	Additions	Deletions	Balance FYE 06/30/2024
Non-depreciable assets				
Land and intangibles	\$ 237,768,173	\$ -	\$ -	\$ 237,768,173
Right to Use Lease Asset - Land	11,342,954	-	-	11,342,954
Construction-in-progress	484,971,613	176,111,165	(13,022,670)	648,060,108
Total non-depreciable assets	<u>734,082,740</u>	<u>176,111,165</u>	<u>(13,022,670)</u>	<u>897,171,235</u>
Depreciable assets				
Buildings & improvements	2,033,949,244	-	-	2,033,949,244
Right to Use Lease Asset - Equipment	214,733	-	(79,846)	134,887
Infrastructure	1,369,946,913	-	-	1,369,946,913
Other improvements	844,328,215	13,022,670	-	857,350,885
Equipment	66,530,982	5,215,391	(4,657,073)	67,089,300
Total depreciable assets	<u>4,314,970,087</u>	<u>18,238,061</u>	<u>(4,736,919)</u>	<u>4,328,471,229</u>
Accumulated depreciation				
Buildings & improvements	(1,229,605,577)	(50,870,028)	-	(1,280,475,605)
Right to Use Lease Asset - Equipment	(122,882)	(50,177)	79,846	(93,213)
Other Improvements	(550,197,937)	(33,331,682)	-	(583,529,619)
Equipment (including Furniture)	(60,011,403)	(3,784,426)	4,616,106	(59,179,723)
Infrastructure	(890,805,249)	(31,001,121)	-	(921,806,370)
Total accumulated depreciation	<u>(2,730,743,048)</u>	<u>(119,037,434)</u>	<u>4,695,952</u>	<u>(2,845,084,530)</u>
Net depreciable assets	<u>1,584,227,039</u>	<u>(100,799,373)</u>	<u>(40,967)</u>	<u>1,483,386,699</u>
Total capital assets	<u><u>\$ 2,318,309,779</u></u>	<u><u>\$ 75,311,792</u></u>	<u><u>\$ (13,063,637)</u></u>	<u><u>\$ 2,380,557,934</u></u>

4. UNEARNED REVENUE

Unearned revenue was \$62,073,405 for the fiscal year ending June 30, 2024 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, 2024.

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, 2024 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, 2024	(\$404,505)
Fair value at June 30, 2024	\$260,924
Objective	Hedge changes in cash flow on the 2005 Series bonds
Notional amount at June 30, 2024	\$15,800,000
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, 2024	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, 2024, the swap had a notional amount of \$15.8 million and the associated variable-rate bonds had a \$15.8 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, 2024, the swap had a fair value of \$261 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.

Risk: As of June 30, 2024, the Airport was exposed to credit risk in the amount of the swap's mark-to-market. Because the bonds and swap both reset at a rate linked to SIFMA, the Airport is not subject to basis risk.

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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, 2024, the rates were:

<u>Interest Rate Swap</u>	<u>Terms</u>	<u>June 30, 2024</u>
Fixed payment to JPMorgan Chase	Fixed	1.95800%
Variable rate payment from JPMorgan Chase	SIFMA	<u>(3.47750)%</u>
Net interest rate swap payments		(1.51950)%
Variable rate bond coupon payments	Weekly resets	<u>3.75400%</u>
Synthetic interest rate on bonds		<u><u>2.23450%</u></u>

Swap payments and associated debt: As of June 30, 2024, 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>Variable Rate Bonds</u>		<u>Interest Rate</u>	<u>Total</u>
<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Swaps Net</u>	<u>Interest</u>
2025	<u>15,800,000</u>	<u>593,132</u>	<u>(288,155)</u>	<u>304,977</u>
Totals	<u><u>\$ 15,800,000</u></u>	<u><u>\$ 593,132</u></u>	<u><u>\$ (288,155)</u></u>	<u><u>\$ 304,977</u></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, 2024, the Aviation Fund had outstanding letters of credit of \$202.8 million and unused letters of credit equal to \$147.2 million related to the CP program.

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As of June 30, 2024, the total outstanding balance of CP notes was \$202,843,000.

Balance as of July 1, 2023	\$ 165,343,000
Commercial Paper Notes Issued	1,419,825,000
Commercial Paper Notes Refunded	<u>(1,382,325,000)</u>
Balance as of July 1, 2024	\$ 202,843,000

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 Ending June 30	Principal	Interest	Total Debt Service
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	83,910,000	44,724,919	128,634,919
2030-2034	236,265,000	184,381,769	420,646,769
2035-2039	240,695,000	126,654,872	367,349,872
2040-2044	196,375,000	77,633,050	274,008,050
2045-2049	196,715,000	30,458,900	227,173,900
2050-2054	41,840,000	2,785,650	44,625,650
Totals	<u>\$ 1,325,325,000</u>	<u>\$ 687,103,013</u>	<u>\$ 2,012,428,013</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 2024 were \$64.1 million, all of which were recorded as non-operating expense.

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Type of Debt	Authorized and Issued	Included in Current Liabilities	Portion Due After 30-Jun-24	Total Outstanding Bonded Debt	Final Maturity	Interest Percentage Rate
Airport Revenue Bonds - Series 2005C	\$ 189,500,000	15,800,000	-	15,800,000	2025	Variable Rate
Airport Revenue Bonds - Series 2015A	\$ 97,780,000	4,540,000	59,680,000	64,220,000	2035	4.00-5.05%
Airport Revenue Bonds - Series 2017A	\$ 138,630,000	5,230,000	108,415,000	113,645,000	2047	3.125-5.00%
Airport Revenue Bonds - Series 2017B	\$ 553,900,000	17,330,000	462,960,000	480,290,000	2047	5.00%
Airport Revenue Bonds - Series 2020A	\$ 187,140,000	7,360,000	179,780,000	187,140,000	2040	4.00-5.00%
Airport Revenue Bonds - Series 2020B	\$ 43,140,000	870,000	42,255,000	43,125,000	2050	3.00-5.00%
Airport Revenue Bonds - Series 2020C	\$ 111,520,000	23,735,000	95,340,000	119,075,000	2028	5.00%
Airport Revenue Bonds - Series 2021A	\$ 106,210,000	5,225,000	100,985,000	106,210,000	2029	5.00%
Airport Revenue Bonds - Series 2021B	\$ 16,195,000	1,230,000	14,965,000	16,195,000	2032	5.00%
Airport Revenue Bonds - Series 2021C	\$ 179,635,000	1,360,000	178,265,000	179,625,000	2052	4.00-5.00%
	<u>\$ 1,623,650,000</u>	<u>\$ 82,680,000</u>	<u>\$ 1,242,645,000</u>	<u>\$ 1,325,325,000</u>		

Changes in Long-Term Debt

	Beginning Balance	Additions (Deletions)	Retirements/ Repayments	Ending Balance	Due Within One Year
Revenue Bonds Payable	\$ 1,379,935,000	\$ -	\$ (54,610,000)	\$ 1,325,325,000	\$ 82,680,000
Taxable Airport Revenue Note	112,930,000	-	(2,710,000)	110,220,000	110,220,000
Unamortized Premium/(Discount)	171,273,676	-	(18,959,120)	152,314,556	-
Total Revenue Bonds Payable	<u>\$ 1,664,138,676</u>	<u>\$ -</u>	<u>\$ (76,279,120)</u>	<u>\$ 1,587,859,556</u>	<u>\$ 192,900,000</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.

Fiscal Years			Total
Ending June 30	Principal	Interest	Debt Service
2025	110,220,000	1,682,683	111,902,683
Totals	\$ 110,220,000	\$ 1,682,683	\$ 111,902,683

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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, 2024, 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			
June 30	Principal	Interest	Total
2025	\$ 193	\$ 230	\$ 423
2026	178	226	404
2027	170	222	393
2028	174	219	393
2029	178	215	393
2030-2034	948	1,016	1,964
2035-2040	1,055	910	1,964
2041-2044	1,173	791	1,964
2045-2049	1,305	659	1,964
2050-2054	1,451	513	1,964
2055-2059	1,614	350	1,964
2060-2064	1,796	169	1,964
2064-2066	657	13	670
	\$ 10,895	\$ 5,533	\$ 16,428

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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 153 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.

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, 2024, was \$54.7 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, 2024:

Lessor Activities (in \$000)			
Fiscal Year Ending			
June 30	Principal	Interest	Total
2025	34,857	4,811	39,668
2026	31,351	3,840	35,191
2027	28,117	2,959	31,076
2028	25,506	2,157	27,663
2029	22,133	1,425	23,558
2030-2034	17,733	3,622	21,355
2035-2039	7,941	2,250	10,191
2040-2044	7,942	1,060	9,002
2045-2049	3,049	153	3,202
2050-2054	148	10	158
	\$ 178,777	\$ 22,287	\$ 201,064

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As of June 30, 2024, the Airport reported current and non-current lease assets of \$178.8 million. The Airport also reported a deferred inflows of leases in the amount of \$180.8 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 \$4.6 million in fiscal year 2024.

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, 2024. Revenue recognized for these leases was \$3.6 million in fiscal year 2024.

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 \$2.3 million in fiscal year 2024.

Expected future minimum lease payments from regulated leases at June 30, 2024 are as follows (in thousands):

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Fiscal Year Ending June 30	Future Minimum Expected Receipts
2025	5,518
2026	5,449
2027	5,442
2028	5,047
2029	3,577
2030-2034	13,256
2035-2039	12,123
2040-2044	13,664
2045-2049	9,695
2050-2054	632
2055-2059	632
2060-2064	632
2065-2069	537
	\$ 76,204

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 62.7% of passengers enplaned at the airport in fiscal year 2024. Operating revenues from American Airlines and its affiliates totaled approximately \$156.7 million in fiscal year 2024 which represented approximately 37.4 % of total operating revenues in fiscal year 2024.

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, 2024.

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 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, 2023, the date of the most recent actuarial valuation, pension plan membership for the City as a whole consisted of the following:

Active Members	26,646
Terminated Vested	781
Disabled	3,758
Retirees	22,409
Beneficiaries	8,565
DROP Members	2,210
Total City Members	<u>64,369</u>
Annual Salaries	\$1,993,014,337
Average Salary per Active Member	\$74,796
Annual Retirement Allowances	\$848,128,541
Average Retirement Allowance	\$24,419

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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, 2023, members contributed at one of the following rates:

Employee Contribution Rates				
For the Plan Year Beginning July 1, 2023 to June 30, 2024				
	Municipal (1)	Elected (2)	Police	Fire
Plan 67	7.00%	N/A	6.00%	6.00%
Plan 87	3.66%	11.75%	6.84%	6.84%
Plan 87 - 50% of Aggregate Normal Cost (3)	4.43%	N/A	N/A	N/A
Plan 87 - Accelerated Vesting (4)	5.29%	13.92%	N/A	N/A
Plan 87 Prime (5)	4.66%	12.75%	7.84%	7.84%
Plan '10	2.60%	N/A	7.34%	7.34%
Plan '10 - Accelerated Vesting	3.49%	N/A	N/A	N/A
Plan '16 (6)	4.17%	N/A	N/A	N/A
Plan '16 - Accelerated Vesting (7)	4.64%	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 \$571,022 under Plan 87 Elected, normal cost of \$323,730 under Plan 87 Municipal and current annual payroll of \$3,205,286.

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") was 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 2024, the City and other employers' contributions of \$948.7 million were more than the actuarially determined employer contribution ("ADEC") of \$822.3 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.

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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.

In fiscal year 2024, the City and other employers’ contributions of \$948.7 million exceeded the MMO of \$671.7 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 before the MMO is determined. These amounts are accumulated at the Actuarial Asset Value return rates to preserve the new funding methodology.

In fiscal year 2024, the City and other employers’ contributions of \$948.7 million exceeded the contribution under the RRP of \$742.8 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

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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.

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, 2023, the date of the most recent actuarial valuation, there was \$7.2 million in the PAF, and the Board voted to make PAF distributions of \$ 56.9 thousand during the fiscal year ended June 30, 2024.

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 four-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, 2024 is \$200.4 million.

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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.

The Fund seeks an annual total rate of return of not less than 7.30% over a full market cycle. It is anticipated that this return standard should enable the Fund to meet its current actuarially assumed earnings projection 7.30% over a market cycle. The investment return assumption was reduced by the Board from 7.35% to 7.30% from the prior fiscal year. The Fund's investment program will pursue its aforementioned 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 October 24, 2023:

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Asset Class	Target Allocation
Broad Fixed Income	21.0%
91 Day T-Bills	4.0%
Opportunistic Credit	3.0%
U.S. All Cap Core Equity	24.0%
Broad Non-US Equity	12.0%
Emerging Markets Equity	2.0%
Global Low Volatility Equity	8.0%
Core Real Estate	7.0%
Public REITs	1.0%
Opportunistic Real Estate	1.0%
Global Infrastructure	5.0%
Private Debt	2.0%
Private Equity	10.0%
Total	<u>100.0%</u>

Money-Weighted Rate of Return

For the fiscal year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

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

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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 mark-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.

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

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in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

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

Administrative Expenses

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

Cash Deposits, Investments and Securities Lending

Legal Provisions

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

Custodial Credit Risk

Custodial credit risk for Deposits is the risk that in the event of a bank failure, the Fund’s deposits may not be returned to them. The Fund’s cash deposits are held in two banks as of June 30, 2024. 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.

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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, 2024, 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. There is no formal policy regarding concentration of credit risk.

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 \$841.4 million of directly owned fixed income. The Fund's directly owned rated debt investments as of June 30, 2024 were rated by S&P, a nationally recognized statistical rating agency.

Foreign Currency Risk

The Fund's exposure to foreign currency risk derives from its position in foreign currency-denominated cash and investments in fixed income, equities, and derivatives. The foreign currency investment in equity securities is 38.65% of the total investment in equities. There is no formally adopted policy to limit foreign currency exposure.

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.

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

Derivative Instruments

The following table summarizes the aggregate notional or contractual amounts for the Fund’s derivative financial instruments at June 30, 2024 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, 2024		Notional
Investment Derivatives					
Forward Currency Contracts	Net appreciation / (depreciation) in investments	\$ 2,957	Investments	\$ 254	\$ 204,217
Futures	Net appreciation / (depreciation) in investments	\$ -	Investments	\$ -	\$ 32,713
Grand Totals		<u>\$ 2,957</u>		<u>\$ 254</u>	<u>\$ 236,930</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.

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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 and S&P or Aa as issued by Moody's. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian. The City has never failed to access collateral when required.

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

Swap Agreements

These derivative instruments provide for periodic payments at predetermined future dates between parties based on the change in value of underlying securities, indexes or interest rates. Under fixed interest rate type swap arrangements, the Fund receives the fixed interest rate on certain equity or debt securities or indexes in exchange for a fixed charge. There were no fixed interest rate swaps during 2024. 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 \$30,835.

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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 \$7,909,896.

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.

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, 2024.

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. 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

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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 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.

2. 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 net asset value ("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.
3. Fixed income hedge funds: The primary goal of these funds is to create alpha by sourcing proprietary opportunities, avoiding capital loss, buying securities below their intrinsic value and selling securities above their intrinsic value. Firms look for opportunities that are currently mispriced, based on fundamentals or potentially an event that may improve the price of the holding. Investments are generally driven by fundamental, value-oriented analysis, and specific credit events. The fair values of the investments in this type have been determined using NAV per share (or its equivalent) of the investments. Investments can be redeemed with 90-120 days' notice. These funds have been terminated but because of their structure and illiquid nature, the investments have not been fully liquidated yet.
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

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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 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, 2024.

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, 2024, the fair value of securities on loan was \$320.2 million. Associated collateral totaling \$329.2 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, 2024, the invested cash collateral was \$329.2 million and is valued at amortized cost.

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Investment 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, 2024 were as follows:

Total Pension Liability	\$	13,032,857
Less: Plan Fiduciary Net Position		8,566,208
Collective Net Pension Liability	\$	4,466,649

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (“TPL”): 65.7%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2023 and was rolled forward to June 30, 2024. The June 30, 2023 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 7.35% from the prior year valuation to 7.30% 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, 2024. Measurements are based on the fair value of assets as of June 30, 2024 and the TPL as of the valuation date, July 1, 2023, updated to June 30, 2024. 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.

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There were no changes in benefits during the year. Effective July 1, 2024, there was an assumption change, approved by the Board, reducing the expected long-term return on assets from 7.35% to 7.30% which increased the TPL by approximately \$61 million.

During the measurement year, the collective NPL decreased by approximately \$376 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 \$1.7 billion. Additionally, there was an actuarial experience loss during the year of approximately \$171 million.

As defined under title §22-311 of the Philadelphia Code, the Pension Adjustment Fund (“PAF”) provides for additional benefit distributions to retirees and beneficiaries through the use of excess earnings. The Fiduciary Net Position (“FNP”) balances as of the beginning and end of the measurement period include the PAF assets. PAF distributions are reflected when the additional benefits are actually paid out of the FNP balance. During the measurement year, PAF distributions increased the collective NPL by approximately \$57 thousand.

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 7.30%. 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 7.30%, 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:

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	1% Decrease 6.30%	Discount Rate 7.30%	1% Increase 8.30%
Total Pension Liability	\$14,355,274	\$13,032,857	\$11,905,196
Plan Fiduciary Net Position	\$8,566,208	\$8,566,208	\$8,566,208
Collective Net Position Liability	\$5,789,066	\$4,466,649	\$3,338,988
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.7%	65.7%	72.0%

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.

Reporting Information for Participating Employers

Changes in Collective Net Pension Liability

The following table shows the changes in TPL, the FNP (i.e., fair value of the Plan assets), and the NPL during the measurement period ending on June 30, 2024.

Change in Collective Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2023	\$ 12,650,397	\$ 7,808,089	\$ 4,842,308
Changes for the year:			
Service cost	195,726	-	195,726
Interest	921,857	-	921,857
Changes in benefits	-	-	-
Differences between expected and actual experience	170,975	-	170,975
Changes of assumptions	60,692	-	60,692
Contributions - employer	-	948,686	(948,686)
Contributions - member	-	127,355	(127,355)
Net investment income	-	658,958	(658,958)
Benefit payments	(966,790)	(966,790)	-
Administrative expense	-	(10,033)	10,033
PAF Distributions	-	(57)	57
Net Changes	382,460	758,119	(375,659)
Balances at June 30, 2024	\$ 13,032,857	\$ 8,566,208	\$ 4,466,649

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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 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.

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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 \$103.6 million for fiscal year ending June 30, 2024.

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	<u>32,592</u>

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

Total OPEB Liability

The City's total OPEB liability reported as of June 30, 2024 of \$1.81 billion was measured as of June 30, 2023 based on an actuarial valuation as of June 30, 2022 .

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 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, 2023 and June 30, 2024 for reporting dates June 30, 2022 and June 30, 2023, respectively.

Discount Rates

The discount rate was 3.65% per annum for the valuation measured as of June 30, 2023 and 3.54% per annum for the valuation measured as of June 30, 2022.

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.

CITY OF PHILADELPHIA
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Notes to Financial Statements

Retirees Share of Benefit-Related Costs

Participation rates for medical coverage:

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

Participation rates for life insurance coverage:

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

Mortality Rates

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.

CITY OF PHILADELPHIA
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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 FNP (i.e., the fair value of Plan assets), and the Net OPEB Liability (“NOL”) during the measurement period ending on June 30, 2023.

Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2022	\$ 1,784,500	\$ -	\$ 1,784,500
Changes for the year:			
Service cost	82,200	-	82,200
Interest	64,300	-	64,300
Changes in benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(15,400)	-	(15,400)
Contributions - employer	-	101,100	(101,100)
Contributions - non-employer	-	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(101,100)	(101,100)	-
Administrative expense	-	-	-
Net Changes	30,000	-	30,000
Balances at June 30, 2023	\$ 1,814,500	\$ -	\$ 1,814,500

There were no actuarial experience losses or gains during the year because the TOL at the beginning of the year and end of the year were both based on the same valuation.

The employer contribution of \$101.1 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 in the liability of \$21.3 million due to the increase in the discount rate from 3.54% to 3.65%.

There were no benefit changes during the measurement period.

CITY OF PHILADELPHIA
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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 3.65%, 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.

	1% Decrease 2.65%	Discount Rate 3.65%	1% Increase 4.65%
Total OPEB Liability	\$1,961,500	\$1,814,500	\$1,681,000
Plan Fiduciary Net Position	\$0	\$0	\$0
Net OPEB Liability	\$1,961,500	\$1,814,500	\$1,681,000
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	\$1,640,000	\$1,814,500	\$2,019,400
Plan Fiduciary Net Position	\$0	\$0	\$0
Net OPEB Liability	\$1,640,000	\$1,814,500	\$2,019,400
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 10%. A 1% increase in the healthcare trends rate increases the TOL and NOL by approximately 11%.

CITY OF PHILADELPHIA
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Notes to Financial Statements

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

For the fiscal year ended June 30, 2024, the City recognized OPEB expense of \$84.4 million. The table below shows the development of OPEB expense.

<u>Calculation of OPEB Expense</u>	
Fiscal Year Ending	June 30, 2024
Measurement Year Ending	June 30, 2023
Change in Net OPEB Liability	\$ 30,000,000
Change in Deferred Outflows	23,600,000
Change in Deferred Inflows	(70,300,000)
Non-Employer Contributions	-
Employer Contributions	<u>101,100,000</u>
OPEB Expense	\$ 84,400,000
OPEB Expense as % of Payroll	4.23%
<u>Operating Expenses</u>	
Service Costs	\$ 82,200,000
Employee Contributions	-
Administrative Expenses	-
Total	<u>\$ 82,200,000</u>
<u>Financing Expenses</u>	
Interest Costs	\$ 64,300,000
Expected Return on Assets	-
Total	<u>\$ 64,300,000</u>
<u>Changes</u>	
Benefit Changes	\$ -
Recognition of Assumption Changes	(62,300,000)
Recognition of Liability Gains and Losses	200,000
Recognition of Investment Gains and Losses	-
Total	<u>\$ (62,100,000)</u>
OPEB Expense	\$ 84,400,000

CITY OF PHILADELPHIA
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At June 30, 2024, 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, 2024 Projected Fiscal Year End
June 30, 2023 Measurement Date

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 29,100,000	\$ 48,800,000
Changes in assumptions	71,300,000	328,600,000
Net differences between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to measurement date	103,600,000	-
Totals	\$ 204,000,000	\$ 377,400,000

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

June 30, 2025	(47,100,000)
June 30, 2026	(47,100,000)
June 30, 2027	(47,200,000)
June 30, 2028	(37,000,000)
June 30, 2029	(43,200,000)
Thereafter	(55,400,000)

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, 2025.

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.

CITY OF PHILADELPHIA
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Notes to Financial Statements

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, 2024 the amount of these liabilities was \$490.4 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, 2022 resulted from the following:

(Amounts in Millions of USD)

Fiscal Years Ending June 30	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2022	\$ 490.4	\$ 194.1	\$ (235.2)	\$ 449.3
2023	\$ 449.3	\$ 246.4	\$ (285.6)	\$ 410.1
2024	\$ 410.1	\$ 358.9	\$ (278.6)	\$ 490.4

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 2024 were \$1.8 million for Unemployment Compensation claims and \$100.7 million for Workers’ Compensation claims.

The City’s estimated outstanding workers’ compensation liabilities are \$324.3 million, discounted at 4.0%. On an undiscounted basis, these liabilities total \$436.7 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 \$284.7 million (discounted) and \$386.4 million (undiscounted).

CITY OF PHILADELPHIA
AVIATION FUND
Notes to Financial Statements

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 \$60.0 million for operating expenses and \$277.9 million for capital assets and improvements for fiscal year 2024. 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 \$600 thousand from the Aviation Fund. This represents the best estimate of the inventory of such litigation and pre-suits as of February 10, 2025.

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

CITY OF PHILADELPHIA
AVIATION FUND
Notes to Financial Statements

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.

The Pennsylvania Supreme Court has agreed to hear the case and a briefing schedule was set. Both parties submitted their briefs in the Fall of 2024 and are now waiting for a decision from the Court.

20. SUBSEQUENT EVENTS

- In November 2024, Spirit Airlines filed for chapter 11 bankruptcy protection. In fiscal year 2024, Spirit had 933.9 thousand enplaned passengers (6.3%) at the Airport.
- In December 2024, the Airport increased its CP program to \$500 million from \$350.0 million to provide funding for capital projects on an as needed basis. CP notes continue to be rolled over until long-term bonds are issued to refund outstanding CP.



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>2024</u>	Fiscal Year <u>2023</u>	Percentage Increase (Decrease)
Fund balance, legal basis	\$ 444,303,249	\$ 426,430,437	4.2%
Add assets not included in legal basis:			
Current assets	78,468,427	188,136,325	(58.3)%
Fixed assets, net of depreciation	2,380,557,939	2,318,309,782	2.7%
Restricted assets	<u>1,006,407,450</u>	<u>827,626,638</u>	<u>21.6%</u>
	<u>3,465,433,816</u>	<u>3,334,072,745</u>	<u>3.9%</u>
Deduct liabilities not included in legal basis:			
Construction accounts payable	(43,852,206)	(38,547,246)	13.8%
Current liabilities	(294,317,250)	(254,481,725)	15.7%
Bonds payable	(1,435,281,645)	(1,492,409,581)	(3.8)%
Other long-term liabilities	<u>(619,433,094)</u>	<u>(632,224,529)</u>	<u>(2.0)%</u>
	<u>(2,392,884,195)</u>	<u>(2,417,663,081)</u>	<u>(1.0)%</u>
Add (deduct) fund balance accounts included in legal basis:			
Reserve for encumbrance, current	50,486,794	43,820,732	15.2%
Reserve for encumbrance, prior	(13,473,944)	(12,725,415)	5.9%
Reserve for collectible accounts	<u>928,278</u>	<u>928,278</u>	<u>0.0%</u>
	<u>37,941,128</u>	<u>32,023,595</u>	<u>18.5%</u>
Net position - GAAP basis	<u>\$ 1,554,793,998</u>	<u>\$ 1,374,863,696</u>	<u>13.1%</u>

CITY OF PHILADELPHIA
AVIATION FUND
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024
(Amounts in thousands)

	<u>Budgeted Amounts</u>			Final Budget to Actual Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>				
Locally Generated Non-Tax Revenue	\$510,166	\$528,687	\$476,919	(\$51,768)
Revenue from Other Governments	1,650	4,520	5,017	497
Revenue from Other Funds	1,304	1,304	1,737	433
Total Revenues	513,120	534,511	483,673	(50,838)
<u>Expenditures and Encumbrances</u>				
Personal Services	85,859	92,859	89,551	3,308
Pension Contributions	26,936	30,136	29,333	803
Other Employee Benefits	31,169	27,969	23,232	4,737
Sub-Total Employee Compensation	143,964	150,964	142,116	8,848
Purchase of Services	164,188	164,188	141,124	23,064
Materials and Supplies	9,024	9,041	7,052	1,989
Equipment	7,378	7,361	3,993	3,368
Contributions, Indemnities and Taxes	8,812	12,812	7,605	5,207
Debt Service	168,998	168,998	153,886	15,112
Payments to Other Funds	33,019	33,019	16,100	16,919
Total Expenditures and Encumbrances	535,383	546,383	471,876	74,507
Operating Surplus (Deficit) for the Year	(22,263)	(11,872)	11,797	23,669
Fund Balance Available for Appropriation, July 1, 2023	354,670	426,430	426,430	-
<u>Operations in Respect to Prior Fiscal Years</u>				
Commitments Cancelled - Net	15,000	15,000	6,076	(8,924)
Prior Period Adjustments	-	-	-	-
Adjusted Fund Balance, July 1, 2023	369,670	441,430	432,506	(8,924)
Fund Balance Available for Appropriation, June 30, 2024	\$347,407	\$429,558	\$444,303	\$14,745



Disclosure Requirements

Fiscal Year Ended June 30, 2024

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 2022 - 2024**

<u>Airlines</u>	<u>Fiscal Year 2022</u>	<u>Fiscal Year 2023</u>	<u>Percentage Change</u>	<u>Fiscal Year 2024</u>	<u>Percentage Change</u>
Domestic					
Scheduled Major / National					
American	4,189,732	5,394,612	28.8%	5,971,581	10.7%
Other	3,634,501	4,431,314	21.9%	4,886,222	10.3%
	<u>7,824,233</u>	<u>9,825,926</u>	<u>25.6%</u>	<u>10,857,803</u>	<u>10.5%</u>
Scheduled Regional / Commuter	2,845,962	1,830,455	(35.7)%	2,004,427	9.5%
Charter	1,228	705	(42.6)%	177	(74.9)%
	<u>1,228</u>	<u>705</u>	<u>(42.6)%</u>	<u>177</u>	<u>(74.9)%</u>
Subtotal - Domestic	10,671,423	11,657,086	9.2%	12,862,407	10.3%
International					
Scheduled Major / National	948,117	1,609,668	69.8%	1,743,075	8.3%
Scheduled Regional / Commuter	47,655	107,981	126.6%	107,370	(0.6)%
Charter	10,195	61	-----	655	973.8%
	<u>10,195</u>	<u>61</u>	<u>-----</u>	<u>655</u>	<u>973.8%</u>
Subtotal - International	1,005,967	1,717,710	70.8%	1,851,100	7.8%
Total Enplaned Passengers	11,677,390	13,374,796	14.5%	14,713,507	10.0%

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 2024**

<u>Airlines</u>	<u>Enplaned Passengers</u>	<u>Percent of Total</u>
Domestic		
Scheduled Major / National		
American Airlines	5,971,581	40.6%
Frontier Airlines	1,767,241	12.0%
Spirit Airlines	834,595	5.7%
Delta Air Lines	856,858	5.8%
Southwest Airlines	669,558	4.6%
United Airlines	572,748	3.9%
Alaska Airlines	94,879	0.6%
JetBlue Airways	67,909	0.5%
Sun Country Airlines	22,434	0.2%
	<u>10,857,803</u>	<u>73.8%</u>
Scheduled Regional / Commuter		
American Eagle		
Piedmont Airlines	701,078	4.8%
PSA Airlines	582,332	4.0%
Republic Airlines	446,516	3.0%
Air Wisconsin	94,131	0.6%
Landline Co. (Bus Service)	43,179	0.3%
	<u>1,867,236</u>	<u>12.7%</u>
Other	137,191	0.9%
	<u>2,004,427</u>	<u>13.6%</u>
Charter	177	0.0%
Subtotal - Domestic	<u>12,862,407</u>	<u>87.4%</u>
International		
Scheduled Major / National		
American Airlines	1,272,844	8.7%
Qatar Airways	39,618	0.3%
Frontier Airlines	73,762	0.5%
British Airways	88,355	0.6%
Air Canada / Jazz Aviation	82,182	0.6%
Spirit Airlines	99,299	0.7%
Lufthansa / Eurowings / Discover	46,178	0.3%
Aer Lingus	40,487	0.3%
Delta Air Lines	350	0.0%
	<u>1,743,075</u>	<u>11.8%</u>
Scheduled Regional / Commuter		
American Eagle		
Piedmont Airlines	101,904	0.7%
Air Wisconsin	2,733	0.0%
PSA Airlines	1,082	0.0%
Republic Airlines	1,651	0.0%
	<u>107,370</u>	<u>0.7%</u>
Charter	655	0.0%
Subtotal - International	<u>1,851,100</u>	<u>12.6%</u>
Total Enplaned Passengers	<u>14,713,507</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 2024**

<u>Airlines</u>	<u>Landed Weight</u>	<u>Percent of Total</u>
Domestic		
Scheduled Major / National		
American Airlines	6,755,737	35.0%
Frontier Airlines	1,829,009	9.5%
Delta Air Lines	946,267	4.9%
Spirit Airlines	819,456	4.2%
Southwest Airlines	696,335	3.6%
United Airlines	597,684	3.1%
Alaska Airlines	97,026	0.5%
JetBlue Airways	92,602	0.5%
Sun Country Airlines	21,067	0.1%
Air Canada	437	0.0%
	<u>11,855,620</u>	<u>61.5%</u>
Scheduled Regional / Commuter		
American Eagle		
Piedmont Airlines	694,079	3.6%
PSA Airlines	685,465	3.6%
Republic Airlines	523,975	2.7%
Air Wisconsin	107,207	0.6%
Landline Co. (Bus Service)	73,935	0.4%
	<u>2,084,661</u>	<u>10.8%</u>
Other	213,131	1.1%
	<u>2,297,792</u>	<u>11.9%</u>
Charter	583	0.0%
Subtotal - Domestic	<u>14,153,995</u>	<u>73.4%</u>
International		
Scheduled Major / National		
American Airlines	1,967,052	10.2%
British Airways	181,211	0.9%
Air Canada	110,821	0.6%
Lufthansa / Eurowings / Discover	103,578	0.5%
Spirit Airlines	87,613	0.5%
Frontier Airlines	80,547	0.4%
Qatar Airways	67,034	0.3%
Aer Lingus	52,548	0.3%
United Airlines	2,643	0.0%
Delta Air Lines	2,154	0.0%
JetBlue Airways	172	0.0%
	<u>2,655,373</u>	<u>13.8%</u>
Scheduled Regional / Commuter		
American Eagle		
Piedmont Airlines	113,839	0.6%
Air Wisconsin	2,632	0.0%
PSA Airlines	1,127	0.0%
Republic Airlines	2,099	0.0%
	<u>119,697</u>	<u>0.6%</u>
Charter	907	0.0%
Subtotal - International	<u>2,775,977</u>	<u>14.4%</u>
All-Cargo Airlines	<u>2,356,094</u>	<u>12.2%</u>
Total Landed Weight	<u>19,286,066</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)

	Fiscal Year <u>2020</u>	Fiscal Year <u>2021</u>	Fiscal Year <u>2022</u>	Fiscal Year <u>2023</u>	Fiscal Year <u>2024</u>
<u>Amounts Available for Debt Service</u>					
1. Space rentals	85,717	109,670	113,991	121,861	134,079
2. Landing fees	55,080	79,570	64,619	81,479	86,806
3. Ramp Area rentals	(13)	321	298	0	353
4. International Terminal revenues	<u>23,616</u>	<u>29,623</u>	<u>17,082</u>	<u>30,918</u>	<u>34,444</u>
5. Subtotal, Airline Rentals, Fees and Charges	164,400	219,184	195,990	234,258	255,683
6. Nonairline Revenues	221,630	110,658	158,584	295,685	222,618
7. Interest income and Contribution for carrier incentive program	<u>4,137</u>	<u>1,985</u>	<u>1,389</u>	<u>5,632</u>	<u>11,762</u>
8. Total Project Revenues	390,167	331,827	355,963	535,575	490,063
9. Passenger Facility Charges (PFCs) Available for Debt Service	31,200	49,621	31,976	25,625	42,163
10. Portion of Fund Balance Attributable to Amounts Available for Debt Service	<u>144,218</u>	<u>160,843</u>	<u>173,724</u>	<u>173,724</u>	<u>303,819</u>
11. Total Amounts Available for Debt Service	<u>565,585</u>	<u>542,291</u>	<u>561,663</u>	<u>734,924</u>	<u>836,046</u>
<u>Expenses</u>					
12. Net Operating Expenses	151,739	130,128	149,982	149,255	185,980
13. Required Renewal Fund Deposit	0	0	0	0	0
14. Revenue Bond Debt Service	127,910	124,331	117,989	160,421	152,925
15. Interdepartmental Charges	<u>123,017</u>	<u>109,798</u>	<u>103,007</u>	<u>117,593</u>	<u>114,465</u>
16. Total Expenses	<u>402,666</u>	<u>364,257</u>	<u>370,978</u>	<u>427,269</u>	<u>453,370</u>
17. Net Revenue	<u>\$ 162,919</u>	<u>\$ 178,034</u>	<u>\$ 190,685</u>	<u>\$ 307,655</u>	<u>\$ 382,676</u>
<u>Rate Covenant Tests of the Original General Airport Revenue Bond Ordinance</u>					
18. Test A (Line 11- Line 12- Line 13) / (Line 14)	3.24	3.32	3.49	3.65	4.25
19. Test B (Line 11- Line 12- Line 13- Line 15) / (Line 14)	2.27	2.43	2.62	2.92	3.50

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**

PFC	Approval	Initial	Amended
<u>Application No.</u>	<u>Date</u>	<u>Approved</u>	<u>Approved</u>
		<u>Amount</u>	<u>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 2015 - 2024

<u>Fiscal Year</u>	<u>Collections</u>	<u>Interest</u>	<u>Total Revenues</u>
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
2024	58,445,183	9,272,279	67,717,462
Totals	<u>\$ 1,549,384,119</u>	<u>\$ 62,759,597</u>	<u>\$ 1,612,143,716</u>
		Expenditures	<u>\$ 1,417,454,193</u>
		Balance	<u><u>\$ 194,689,523</u></u>

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

Table 7

**City of Philadelphia Aviation Department
Philadelphia International Airport (PHL)
Historical Enplaned Passengers
Fiscal Years 2015 - 2024**

<u>Fiscal Year</u>	<u>Domestic</u>	<u>International</u>	<u>Total</u>	<u>Percentage Increase (Decrease)</u>
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%
2024	12,862,407	1,851,100	14,713,507	10.0%
<hr/>				
	Compound Annual Growth Rate			
2020 - 2024	2.0%	3.5%	2.2%	
2015 - 2024	(0.3)%	(1.0)%	(0.4)%	

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	4,200	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, 2024

Source: City of Philadelphia

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

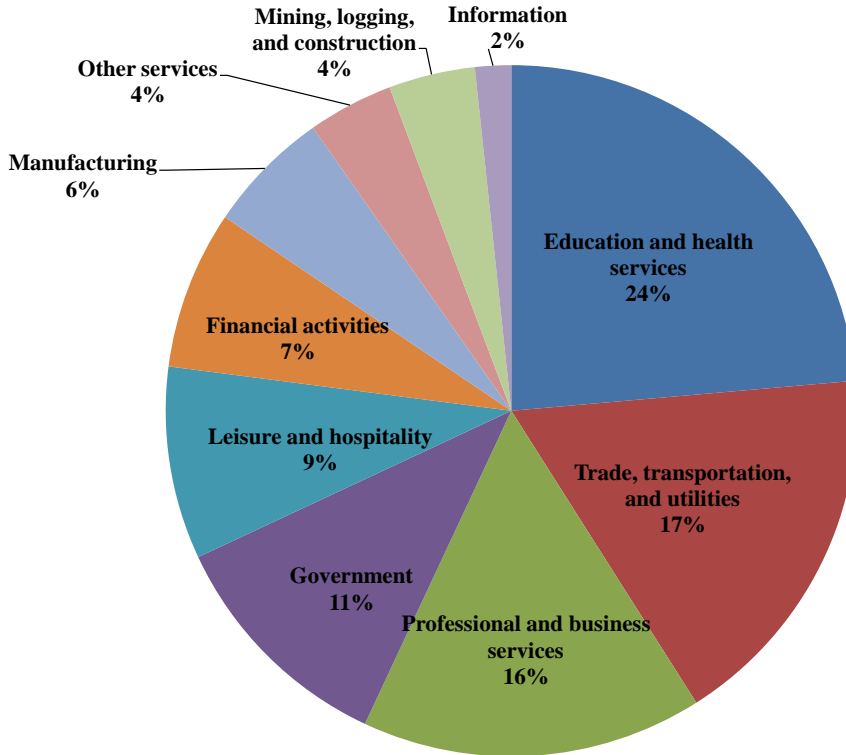
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	10-Year Annual Growth
Delaware & Maryland											
Cecil County, MD	105,672	104,870	104,096	103,740	102,855	102,826	102,746	102,701	102,452	102,249	0.33%
New Castle County, DE	578,592	575,254	572,714	570,718	558,753	559,335	559,793	557,851	555,587	552,465	0.46%
Total - Delaware & Maryland	684,264	680,124	676,810	674,458	661,608	662,161	662,539	660,552	658,039	654,714	0.44%
New Jersey											
Burlington County	469,167	466,101	464,411	461,862	445,349	445,384	448,596	448,342	448,844	450,318	0.41%
Camden County	527,196	524,649	524,124	523,204	506,471	507,078	510,719	510,741	510,809	510,913	0.31%
Gloucester County	308,423	306,767	304,620	302,607	291,636	291,408	292,206	291,703	291,651	291,151	0.58%
Salem County	65,338	65,157	65,058	64,859	62,385	62,607	62,792	63,158	63,730	64,360	0.15%
Total - New Jersey	1,370,124	1,362,674	1,358,213	1,352,532	1,305,841	1,306,477	1,314,313	1,313,944	1,315,034	1,316,742	0.40%
Pennsylvania											
Bucks County	645,984	645,557	647,159	646,008	628,270	628,195	628,341	626,751	626,209	625,806	0.32%
Chester County	549,784	546,638	540,864	534,645	524,989	522,046	519,293	516,489	515,226	512,864	0.70%
Delaware County	576,720	575,873	576,772	576,388	566,747	564,751	564,696	563,995	563,705	562,913	0.24%
Montgomery County	868,742	865,044	864,022	856,947	830,915	828,604	826,075	820,656	817,869	815,947	0.63%
Philadelphia County	1,550,542	1,566,836	1,589,480	1,601,005	1,584,064	1,584,138	1,580,863	1,574,765	1,570,507	1,564,042	(0.09%)
Total - Pennsylvania	4,191,772	4,199,948	4,218,297	4,214,993	4,134,985	4,127,734	4,119,268	4,102,656	4,093,516	4,081,572	0.27%
Philadelphia MSA	6,246,160	6,242,746	6,253,320	6,241,983	6,102,434	6,096,372	6,096,120	6,077,152	6,066,589	6,053,028	0.31%

Note: Population estimates for 2014 to 2016 modified by U.S. Census Bureau, Population Division.
Population estimates as of July 1st
2024 data is not available
Source: U.S. Census Bureau, Population Division

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

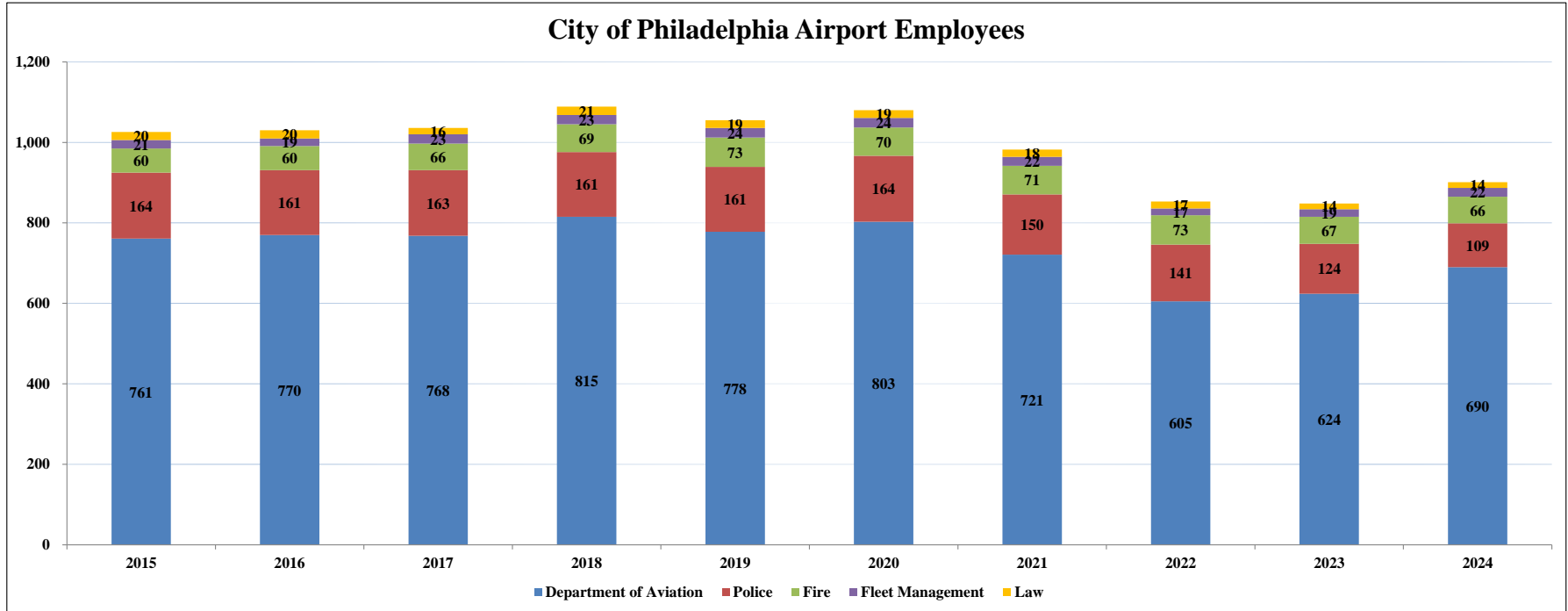
Industry	Annual Average Number of Employees (in thousands)										10-Year Annual Growth
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Education and health services	736.0	704.1	674.1	642.2	634.5	678.4	658.0	641.3	621.7	603.6	2.00%
Trade, transportation, and utilities	542.3	547.4	550.3	524.4	497.7	536.2	529.2	523.2	522.0	518.5	0.45%
Professional and business services	497.3	498.4	498.3	471.0	447.6	480.7	477.2	466.7	461.0	450.7	0.99%
Government	345.4	337.3	330.3	326.1	329.3	346.8	338.7	335.6	333.8	334.3	0.33%
Leisure and hospitality	280.8	273.2	257.9	224.3	196.0	273.1	268.7	265.9	259.0	252.3	1.08%
Financial activities	231.1	229.5	227.0	217.4	215.3	220.5	217.1	214.6	211.8	208.4	1.04%
Manufacturing	181.0	181.9	179.3	173.4	174.5	181.8	181.1	180.3	179.0	179.6	0.08%
Other services	124.8	123.1	119.7	111.8	101.3	121.8	120.5	120.3	119.8	117.6	0.60%
Mining, logging, and construction	125.9	124.8	123.7	119.3	113.1	123.4	117.9	116.5	114.0	110.1	1.35%
Information	52.6	53.8	54.1	48.9	50.7	48.6	44.6	45.9	46.4	46.4	1.26%
Philadelphia PA-NJ-DE-MD Metropolitan statistical area	3,117.2	3,073.5	3,014.7	2,858.8	2,760.0	3,011.3	2,953.0	2,910.3	2,868.5	2,821.5	1.00%

Area Employment by Industry - 2024



* Number of employees (in thousands) for 2015-2024 modified by U.S. Department of Labor, Bureau of Labor Statistics for all industries - December 2024 figures are preliminary.
Source: U.S. Department of Labor, Bureau of Labor Statistics

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



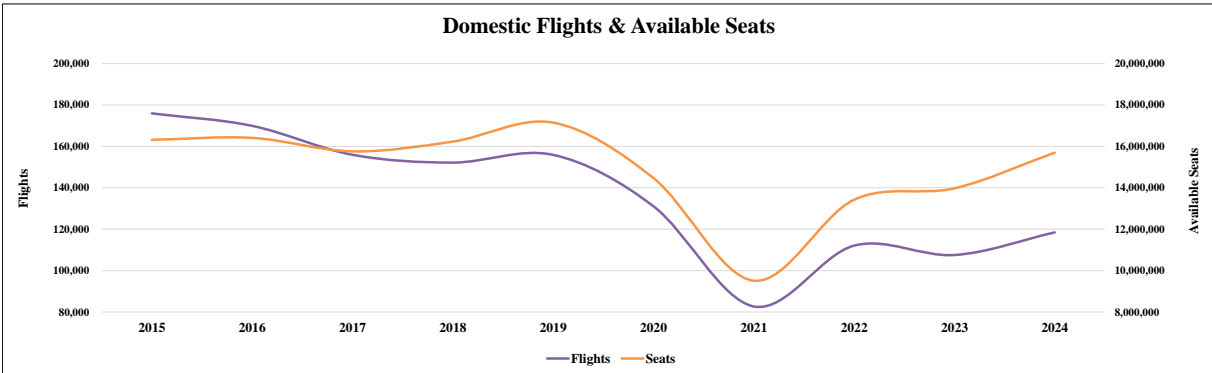
Filled positions at the end of the fiscal year

Department of Aviation for 2015 - 2024 includes Office of Innovation and Technology

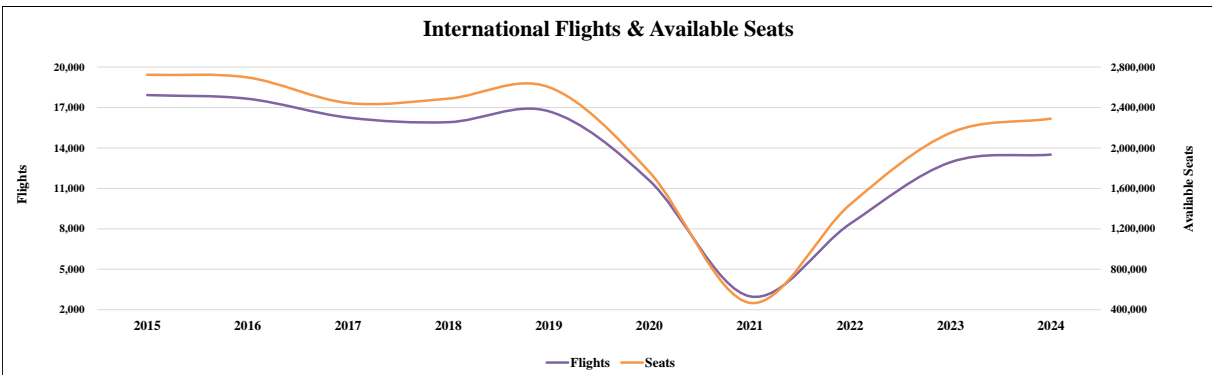
Source: City of Philadelphia, Quarterly City Manager's Report

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

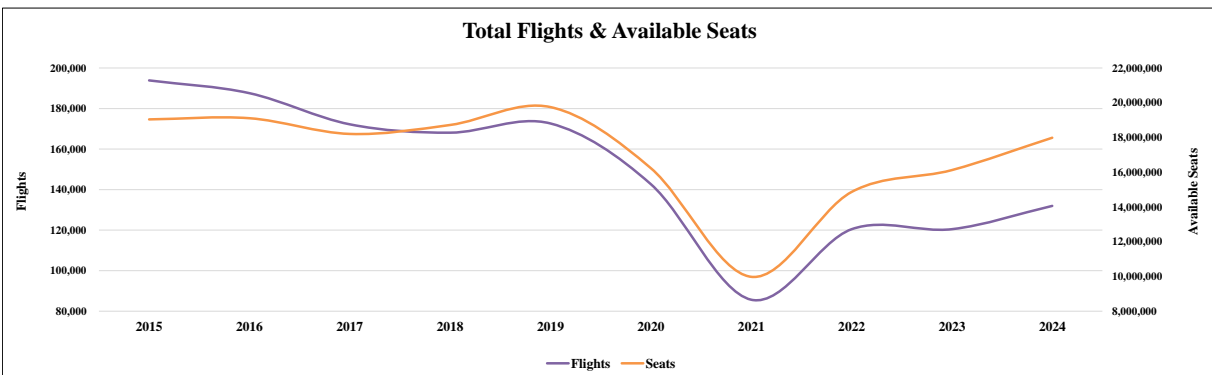
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-Year Annual Growth
Domestic Flights	175,947	169,921	155,947	152,169	155,908	131,077	82,677	112,072	107,542	118,458	(3.88%)
Domestic Seats	16,317,090	16,411,017	15,759,155	16,232,474	17,147,659	14,469,247	9,511,546	13,422,837	13,974,352	15,695,798	(0.39%)



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-Year Annual Growth
International Flights	17,923	17,650	16,252	15,911	16,720	11,598	2,999	8,370	12,938	13,506	(2.79%)
International Seats	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	2,290,005	(1.72%)



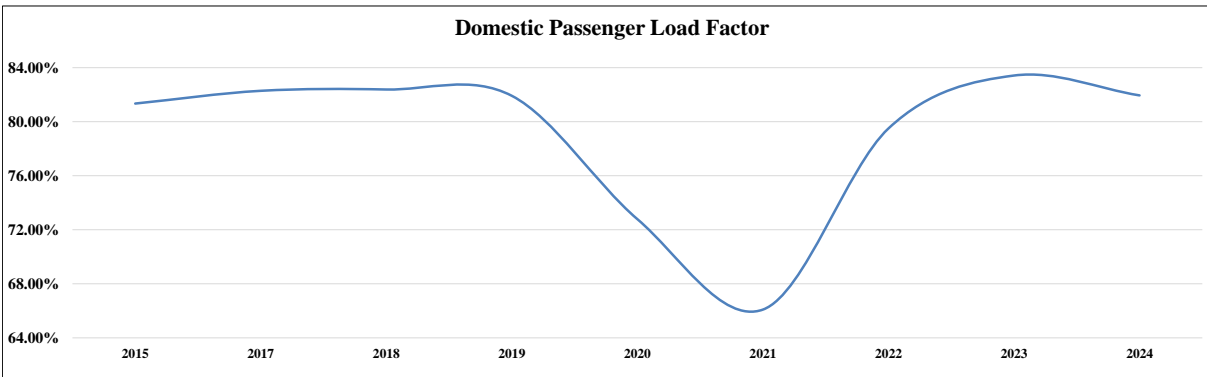
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-Year Annual Growth
Total Flights	193,870	187,571	172,199	168,080	172,628	142,675	85,676	120,442	120,480	131,964	(3.77%)
Total Seats	19,040,982	19,108,468	18,203,921	18,720,590	19,749,334	16,233,842	9,980,015	14,862,744	16,123,259	17,985,803	(0.57%)



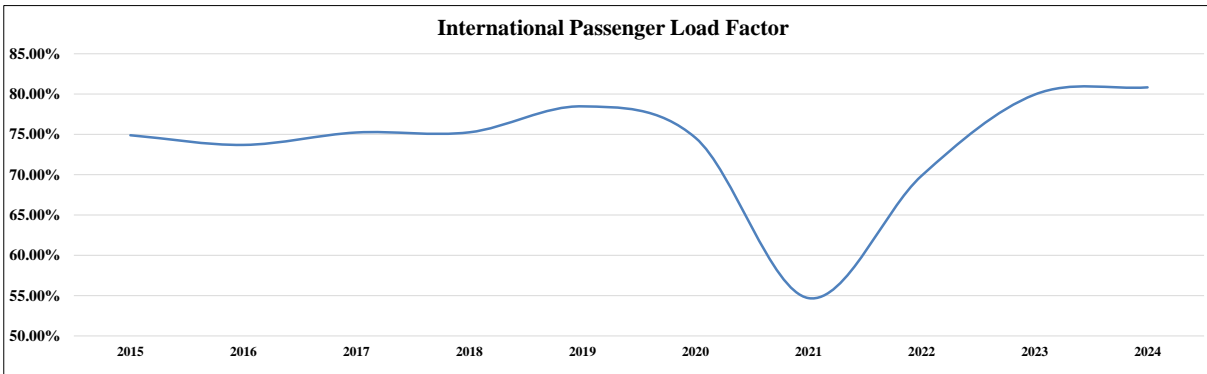
Source: Campbell-Hill Aviation Group, LLC

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

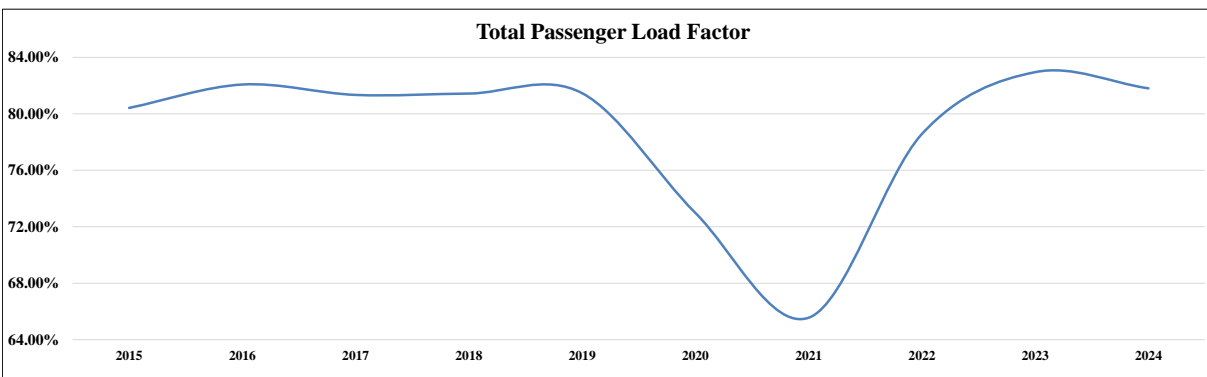
Domestic Passenger Load Factor	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-Year Annual Growth
	81.34%	83.45%	82.29%	82.38%	81.92%	72.79%	66.09%	79.49%	83.42%	81.95%	0.07%



International Passenger Load Factor	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-Year Annual Growth
	74.89%	73.69%	75.23%	75.26%	78.48%	74.58%	54.69%	69.86%	79.93%	80.83%	0.77%



Total Passenger Load Factor	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-Year Annual Growth
	80.42%	82.08%	81.34%	81.44%	81.46%	72.98%	65.56%	78.55%	82.95%	81.81%	0.17%



* 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
2024	12,862,407	10.3%	844,031,000	6.5%
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%

International enplanements

Fiscal Year	PHL International Passenger Enplanements	PHL Annual Growth	U.S. Air Carrier International Enplanements *	U.S. Annual Growth
2024	1,851,100	7.8%	130,444,000	12.3%
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%

Total enplanements

Fiscal Year	PHL Total Passenger Enplanements	PHL Annual Growth	U.S. Air Carrier Total Enplanements	U.S. Annual Growth
2024	14,713,507	10.0%	974,475,000	7.2%
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%

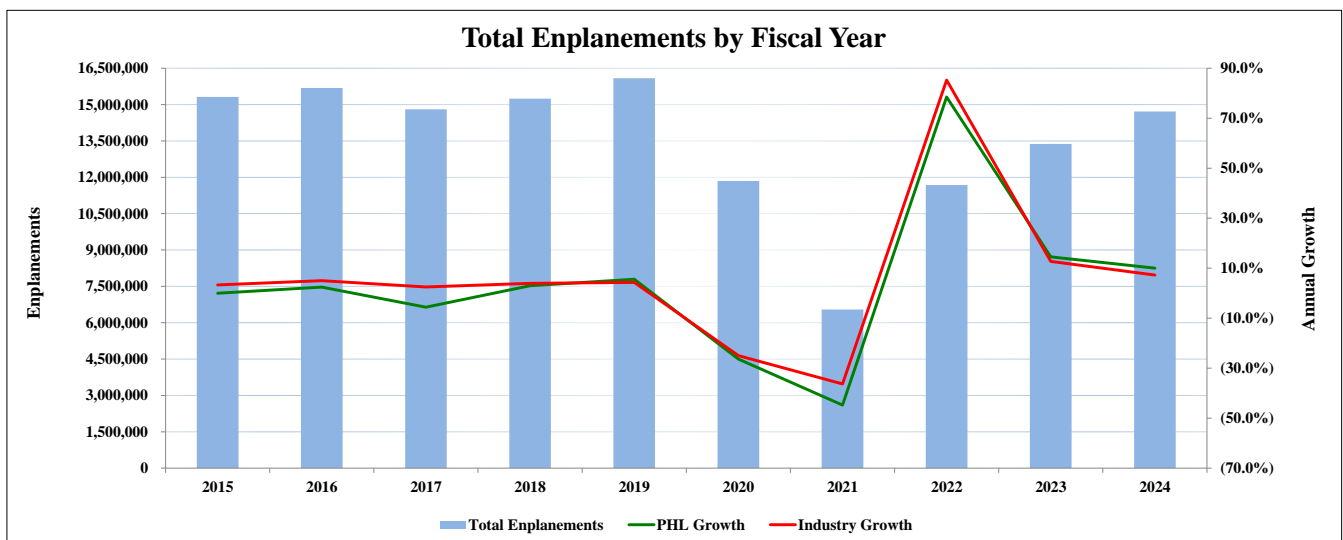
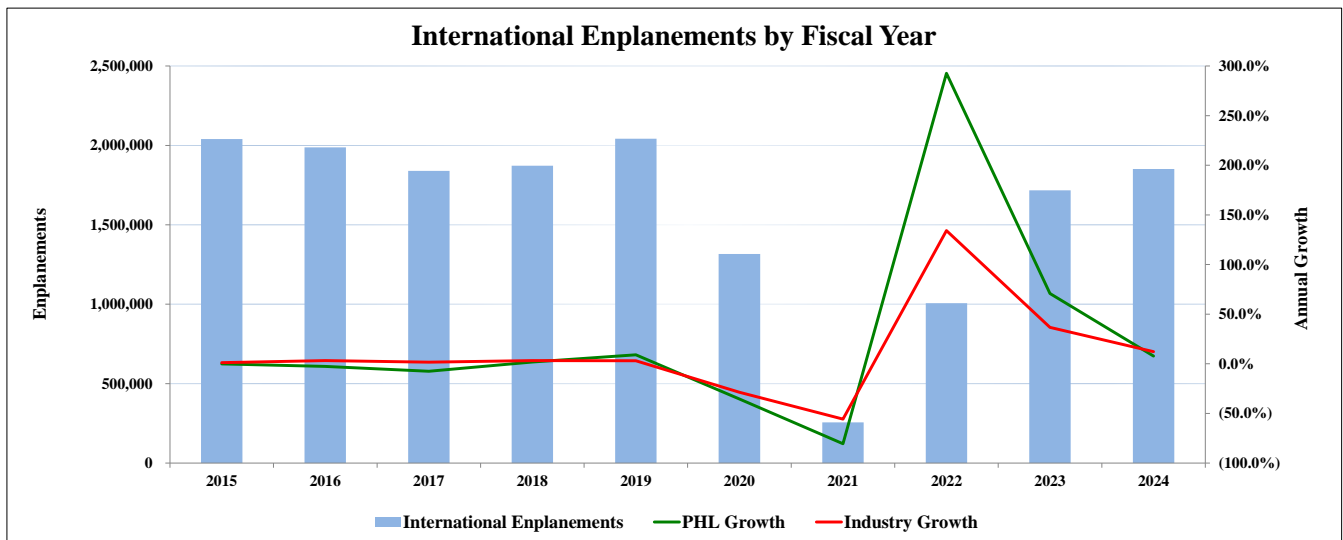
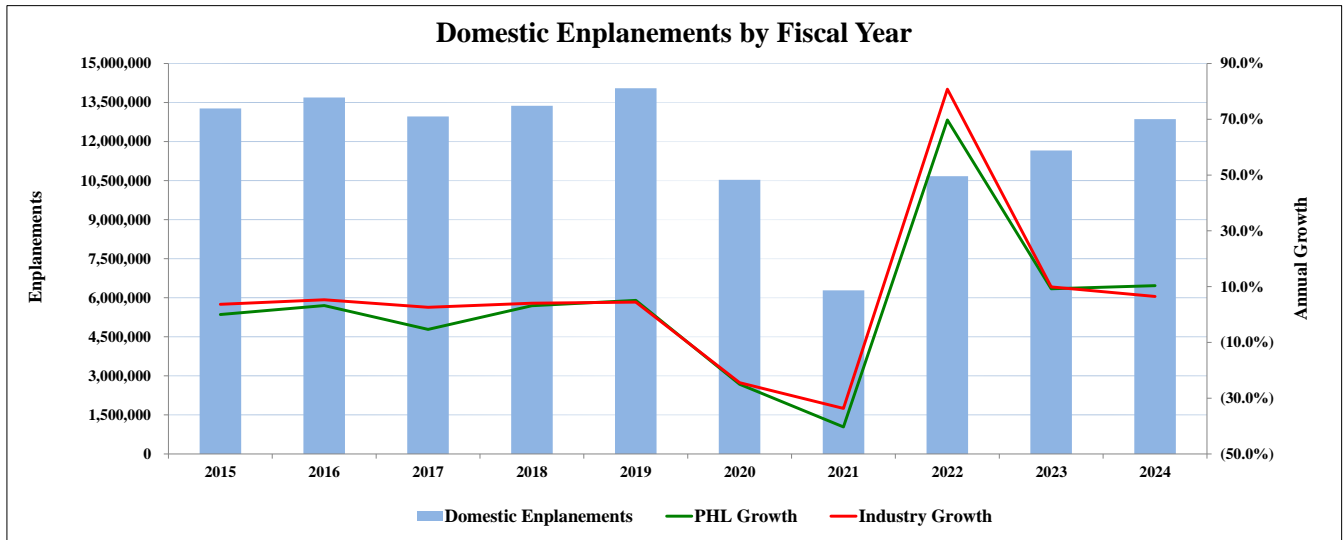
* 2017 U.S. Air Carrier Domestic and International Enplanements modified by Bureau of Transportation Statistics

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	2024		2023		2022		2021		2020	
	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	5,971,581	40.6%	5,394,612	40.3%	4,189,732	35.9%	2,412,503	36.9%	4,531,069	38.2%
Frontier	1,767,241	12.0%	1,469,354	11.0%	1,113,508	9.5%	598,096	9.1%	797,901	6.7%
Delta	856,858	5.8%	815,318	6.1%	622,057	5.3%	270,227	4.1%	604,282	5.1%
Spirit	834,595	5.7%	886,873	6.6%	686,480	5.9%	501,805	7.7%	487,649	4.1%
Southwest	669,558	4.6%	540,525	4.0%	581,132	5.0%	383,428	5.9%	744,815	6.3%
United	572,748	3.9%	536,673	4.0%	426,115	3.6%	124,860	1.9%	391,686	3.3%
Alaska	94,879	0.6%	78,727	0.6%	79,021	0.7%	43,036	0.7%	114,340	1.0%
JetBlue	67,909	0.5%	90,836	0.7%	114,573	1.0%	150,054	2.3%	177,613	1.5%
Sun Country	22,434	0.2%	13,008	0.1%	11,615	0.1%	6,955	0.1%	22,880	0.2%
Subtotal - scheduled major/national	10,857,803	73.8%	9,825,926	73.5%	7,824,233	67.0%	4,490,964	68.6%	7,872,235	66.4%
Scheduled regional/commuter										
American Eagle										
Piedmont	701,078	4.8%	654,983	4.9%	818,459	7.0%	428,105	6.5%	1,082,605	9.1%
PSA	582,332	4.0%	808,344	6.0%	1,077,067	9.2%	443,891	6.8%	576,780	4.9%
Republic	446,516	3.0%	303,431	2.3%	764,766	6.5%	745,475	11.4%	808,038	6.8%
Air Wisconsin	94,131	0.6%	9,553	0.1%	-	-	-	-	-	-
Landline Co. (Bus Service)	43,179	0.3%	34,545	0.3%	1,886	0.0%	-	-	-	-
Envoy	-	-	-	-	-	-	-	-	6,202	0.1%
Subtotal - American Eagle	1,867,236	12.7%	1,810,856	13.5%	2,662,178	22.8%	1,617,471	24.7%	2,473,625	20.9%
Other	137,191	1.0%	19,599	0.2%	183,784	1.6%	177,439	2.7%	185,302	1.6%
Subtotal - scheduled regional/commuter	2,004,427	13.7%	1,830,455	13.7%	2,845,962	24.4%	1,794,910	27.4%	2,658,927	22.4%
Charter	177	0.0%	705	0.0%	1,228	0.0%	562	0.0%	294	0.0%
Total - domestic	12,862,407	87.5%	11,657,086	87.2%	10,671,423	91.4%	6,286,436	96.1%	10,531,456	88.9%
International										
Scheduled										
American	1,272,844	8.7%	1,112,075	8.3%	672,675	5.8%	192,089	2.9%	815,679	6.9%
Piedmont	101,904	0.7%	99,061	0.7%	33,972	0.3%	12,040	0.2%	111,181	0.9%
Spirit	99,299	0.7%	58,384	0.4%	17,228	0.1%	1,583	0.0%	1,922	0.0%
British	88,355	0.6%	77,787	0.6%	36,345	0.3%	2,771	0.0%	79,991	0.7%
Air Canada - Sky Regional / Jazz Aviation	82,182	0.6%	66,534	0.5%	36,610	0.3%	0	0.0%	72,582	0.6%
Frontier	73,762	0.5%	86,886	0.6%	63,530	0.5%	15,899	0.2%	44,084	0.4%
Lufthansa / Eurowings / Discover	46,178	0.3%	47,493	0.4%	22,081	0.2%	0	0.0%	56,945	0.5%
Aer Lingus	40,487	0.3%	46,704	0.3%	11,922	0.1%	0	0.0%	29,418	0.2%
Qatar	39,618	0.3%	113,607	0.8%	86,186	0.7%	23,932	0.4%	63,574	0.5%
Air Wisconsin	2,733	0.0%	-	-	-	-	-	-	-	-
Republic	1,651	0.0%	2,549	0.0%	6,142	0.1%	2,828	0.0%	21,360	0.2%
PSA	1,082	0.0%	6,371	0.0%	7,541	0.1%	4,789	0.1%	12,554	0.1%
Delta	350	0.0%	198	0.0%	1,540	0.0%	-	-	-	-
Eastern Airlines	-	-	-	-	-	-	275	0.0%	-	-
Icelandair	-	-	-	-	-	-	-	-	6,492	0.1%
Subtotal - scheduled	1,850,445	12.5%	1,717,649	12.8%	995,772	8.5%	256,206	3.9%	1,315,782	11.1%
Charter	655	0.0%	61	0.0%	10,195	0.1%	-	-	169	0.0%
Total - international	1,851,100	12.5%	1,717,710	12.8%	1,005,967	8.6%	256,206	3.9%	1,315,951	11.1%
Grand total	14,713,507	100.0%	13,374,796	100.0%	11,677,390	100.0%	6,542,642	100.0%	11,847,407	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	2019		2018		2017		2016		2015	
	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	6,609,437	41.1%	6,099,214	40.0%	5,677,406	38.3%	5,890,212	37.6%	5,912,774	38.6%
Southwest	790,154	4.9%	1,123,008	7.4%	1,152,350	7.8%	1,133,501	7.2%	1,017,105	6.6%
Delta	515,578	3.2%	834,666	5.5%	853,135	5.8%	973,307	6.2%	924,773	6.0%
Frontier	832,378	5.2%	657,572	4.3%	580,452	3.9%	473,972	3.0%	154,956	1.0%
United	1,096,018	6.8%	554,152	3.6%	529,057	3.6%	549,849	3.5%	520,995	3.4%
Spirit	554,088	3.4%	421,325	2.8%	361,782	2.4%	245,438	1.6%	142,411	0.9%
JetBlue	223,713	1.4%	218,290	1.4%	205,817	1.4%	183,285	1.2%	123,511	0.8%
Alaska	163,207	1.0%	141,157	0.9%	64,154	0.4%	59,076	0.4%	56,514	0.4%
Sun Country	6,934	0.0%	-	-	-	-	-	-	-	-
AirTran	-	-	-	-	-	-	-	-	42,858	0.3%
Virgin America	-	-	-	-	-	-	-	-	26,566	0.2%
Subtotal - scheduled major/national	10,791,507	67.1%	10,049,384	65.9%	9,424,153	63.6%	9,508,640	60.6%	8,922,463	58.3%
Scheduled regional/commuter										
American Eagle										
Piedmont	1,432,000	8.9%	1,172,067	7.7%	918,638	6.2%	694,448	4.4%	708,011	4.6%
Republic	925,678	5.8%	1,063,517	7.0%	864,036	5.8%	1,326,308	8.5%	1,529,350	10.0%
Air Wisconsin	-	-	453,101	3.0%	1,002,131	6.8%	1,419,663	9.1%	1,508,945	9.9%
PSA	671,061	4.2%	394,252	2.6%	309,469	2.1%	307,357	2.0%	239,146	1.6%
Envoy	8,147	0.1%	16,635	0.1%	-	-	-	-	-	-
Mesa	-	-	-	-	-	-	-	-	49,094	0.3%
Subtotal - American Eagle	3,036,886	18.9%	3,099,572	20.3%	3,094,274	20.9%	3,747,776	23.9%	4,034,546	26.3%
Other	215,374	1.3%	222,087	1.5%	257,068	1.7%	227,752	1.5%	315,442	2.1%
Subtotal - scheduled regional/commuter	3,252,260	20.2%	3,321,659	21.8%	3,351,342	22.6%	3,975,528	25.3%	4,349,988	28.4%
Charter	2,896	0.0%	1,900	0.0%	463	0.0%	85	0.0%	266	0.0%
Total - domestic	14,046,663	87.3%	13,372,943	87.7%	12,775,958	86.3%	13,484,253	86.0%	13,272,717	86.7%
International										
Scheduled										
American	1,349,623	8.4%	1,228,549	8.1%	1,378,328	9.3%	1,536,251	9.8%	1,424,940	9.3%
Air Canada - Sky Regional / Jazz Aviation	99,909	0.6%	93,978	0.6%	77,018	0.5%	61,797	0.4%	56,038	0.4%
British	97,561	0.6%	88,688	0.6%	118,177	0.8%	128,290	0.8%	120,461	0.8%
Piedmont	161,566	1.0%	73,803	0.5%	-	-	-	-	-	-
Lufthansa	78,033	0.5%	71,971	0.5%	73,251	0.5%	69,405	0.4%	70,438	0.5%
Frontier	74,154	0.5%	67,467	0.4%	68,053	0.5%	80,497	0.5%	35,937	0.2%
Air Wisconsin	-	-	67,128	0.4%	175,336	1.2%	160,730	1.0%	195,937	1.3%
Qatar	80,795	0.5%	66,047	0.4%	52,728	0.4%	61,745	0.4%	57,650	0.4%
Republic	41,720	0.3%	64,517	0.4%	36,300	0.2%	62,725	0.4%	59,107	0.4%
Delta	52	0.0%	29,362	0.2%	45,046	0.3%	35,045	0.2%	18,784	0.1%
Aer Lingus	46,969	0.3%	10,951	0.1%	-	-	-	-	-	-
Icelandair	11,379	0.1%	9,690	0.1%	2,806	0.0%	-	-	-	-
PSA	-	-	217	0.0%	-	-	-	-	-	-
Subtotal - scheduled	2,041,761	12.7%	1,872,368	12.3%	2,027,043	13.7%	2,196,485	14.0%	2,039,292	13.3%
Charter	-	-	142	0.0%	3,881	0.0%	2,820	0.0%	729	0.0%
Total - international	2,041,761	12.7%	1,872,510	12.3%	2,030,924	13.7%	2,199,305	14.0%	2,040,021	13.3%
Grand total	16,088,424	100.0%	15,245,453	100.0%	14,806,882	100.0%	15,683,558	100.0%	15,312,738	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

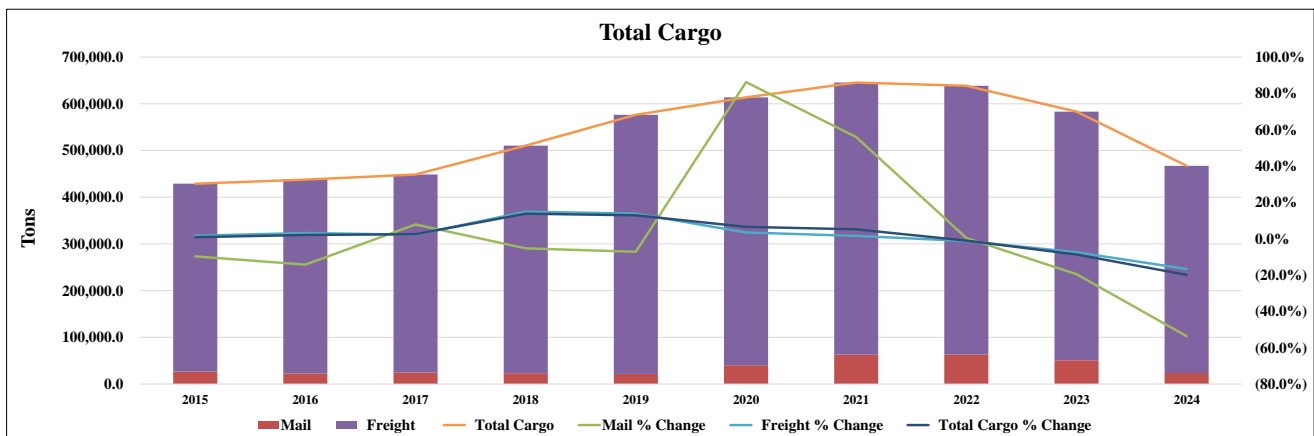
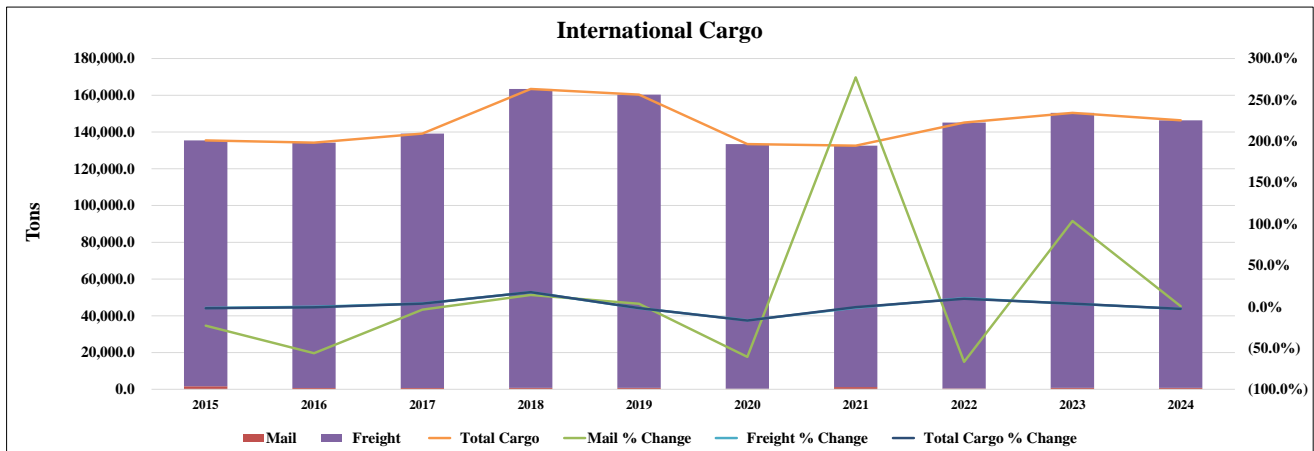
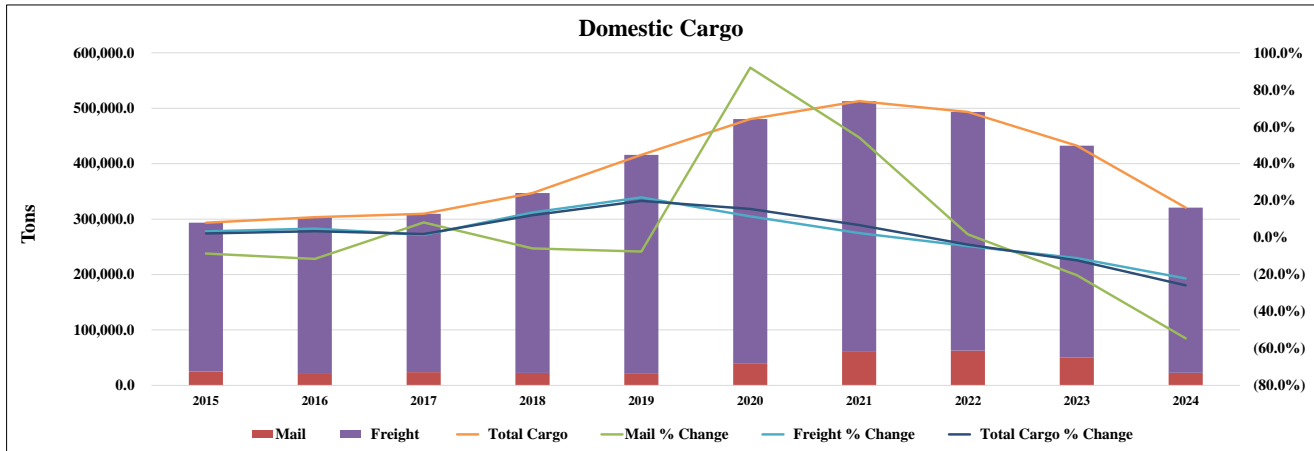
Fiscal Year	Air Carrier	Commuter	General Aviation	Military	Total
2024	229,266	62,245	11,383	462	303,356
2023	216,138	57,223	13,063	635	287,059
2022	218,226	58,891	15,208	546	292,871
2021	165,542	41,985	10,941	334	218,802
2020	221,914	83,226	11,683	521	317,344
2019	263,684	107,327	14,644	457	386,112
2018	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

PNE Takeoffs and landings

Fiscal Year	Air Carrier	Commuter	General Aviation	Military	Total
2024	0	0	118,395	0	118,395
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

Source: City of Philadelphia

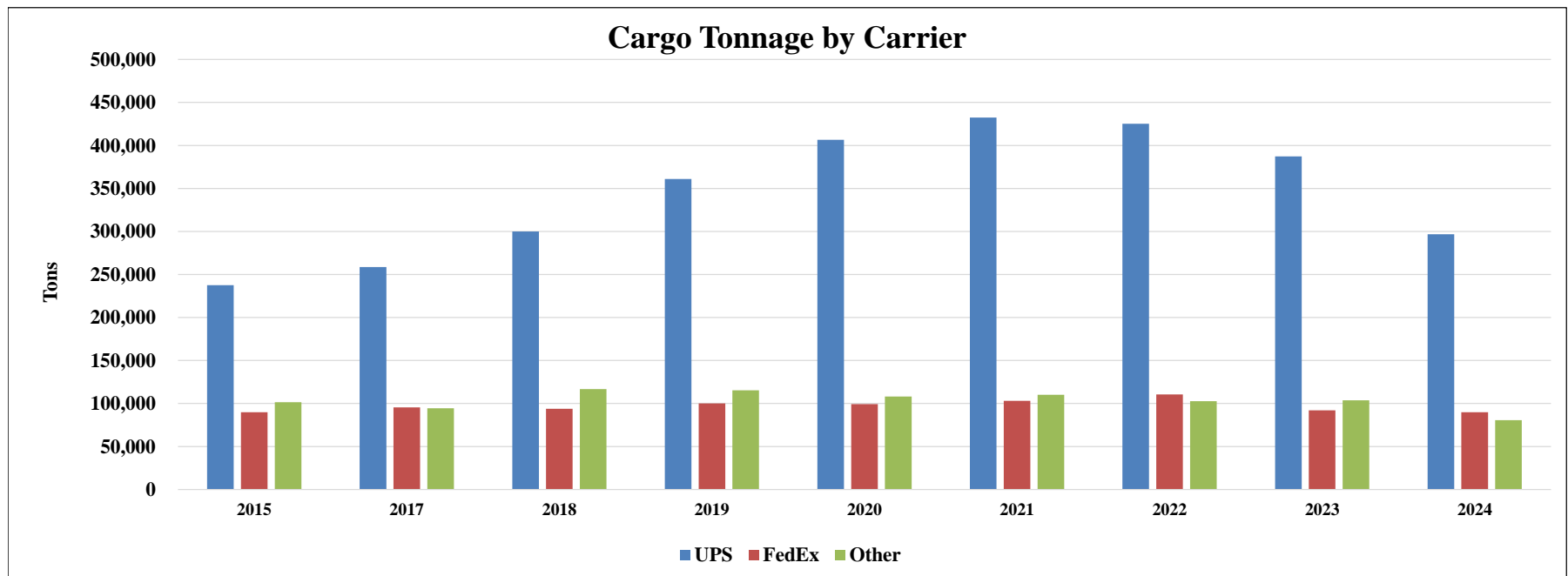
Exhibit S-10: Cargo Tonnage (By Fiscal Year)



Source: City of Philadelphia

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-Year Annual Growth
Carrier											
UPS	237,529	251,080	258,615	299,905	360,955	406,468	432,363	425,238	387,222	296,801	2.25%
FedEx	89,925	94,341	95,518	93,789	100,064	99,311	103,002	110,526	92,053	89,772	(0.02%)
Other	101,421	92,337	94,535	116,736	115,252	108,061	110,042	102,706	103,757	80,527	(2.28%)
Total	428,875	437,758	448,668	510,430	576,271	613,840	645,407	638,470	583,032	467,100	0.86%



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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating revenues										
Charges for goods and services (1)	\$ 109,712,314	\$ 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
Rentals and concessions (2)	302,269,542	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
Miscellaneous operating revenues	7,583,607	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
Total operating revenues	419,565,463	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
Operating expenses										
Personal services	90,045,014	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
Purchase of services	136,467,056	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
Materials and supplies	9,059,524	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
Employee benefits	39,015,377	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
Indemnities and taxes	7,606,652	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
Depreciation and amortization	119,037,434	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
Total operating expenses	401,231,057	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
Operating income (loss)	18,334,406	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)
Non-operating revenues (expenses)										
Federal, state and local grants	4,669,655	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
Interest income	67,569,999	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
Debt service, interest	(48,640,467)	(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)
Other revenue (expenses)	2,314,352	68,134	(859,037)	103,355	(50,338)	2,476,639	3,000,000	-	-	-
Gain/(Loss) on disposal of property, net	16,717	(107,427)	59,702	121,046	(307,101)	51,887	(59,048)	(122,785)	(67,463)	(69,113)
Customer facility charges	28,025,520	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
Passenger facility charges	58,978,009	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
Total non-operating revenues (expenses)	112,933,785	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
Gain (Loss) before capital contributions	131,268,191	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
Capital contributions										
Federal, state and local grants	48,662,111	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
Contributed assets	-	-	49,049,602	-	-	-	-	-	-	-
Total capital contributions	48,662,111	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
Increase (decrease) in net position	\$ 179,930,302	\$ 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
Net position beginning 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
Adjustment	-	-	-	-	(8,770,847)	-	(67,990,136)	-	-	(167,678,822)
Net position end of period	\$ 1,554,793,998	\$ 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

* Related to the adoption of GASB 65

Source: City of Philadelphia, Financial Statements

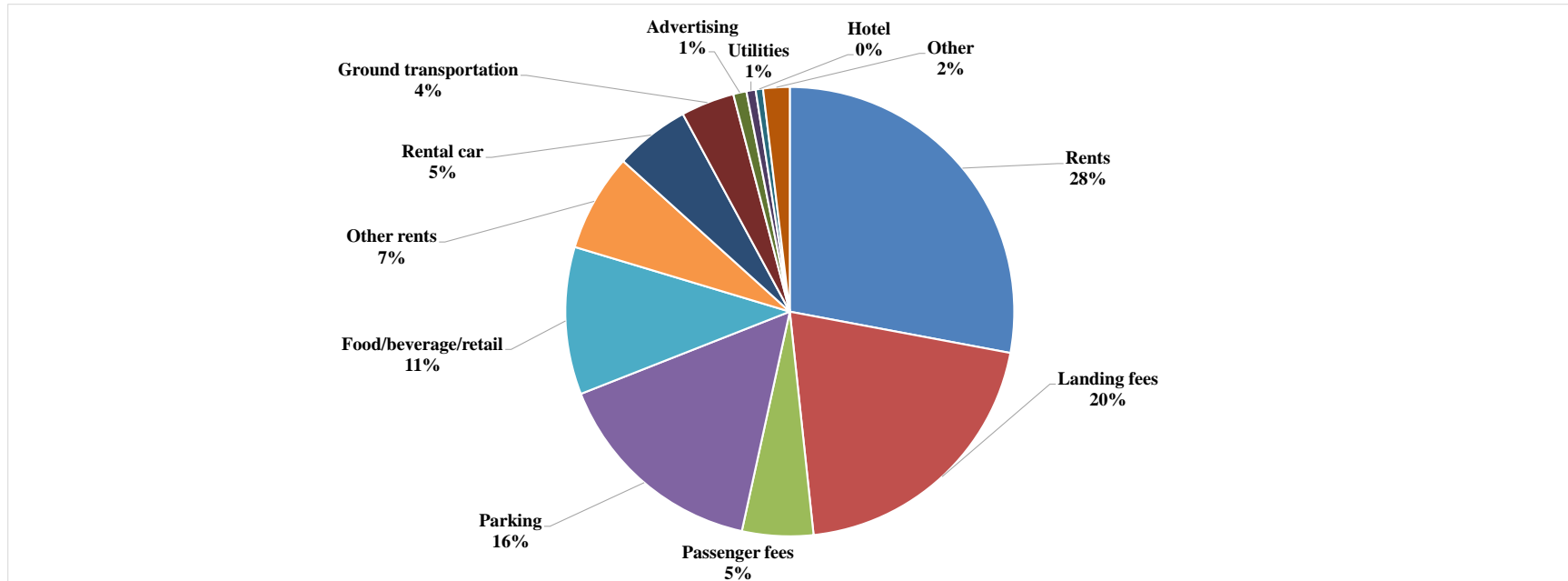
(1) Charges for goods and services are comprised of airline revenues, specifically landing fees and international arrival fees, and non-airline revenues, specifically utilities and other fees.

(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)

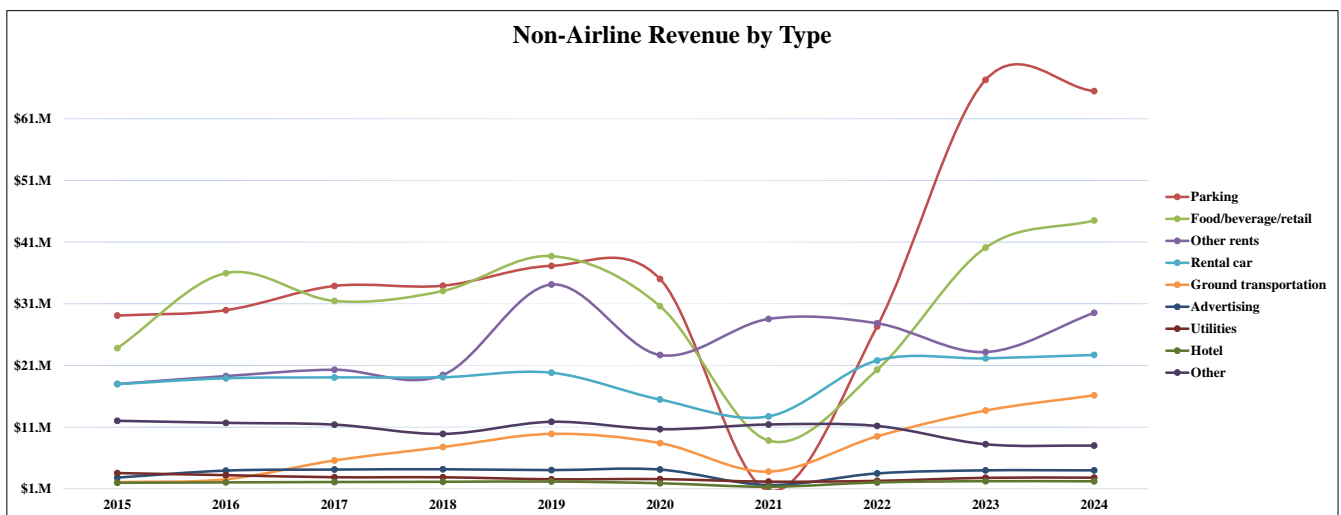
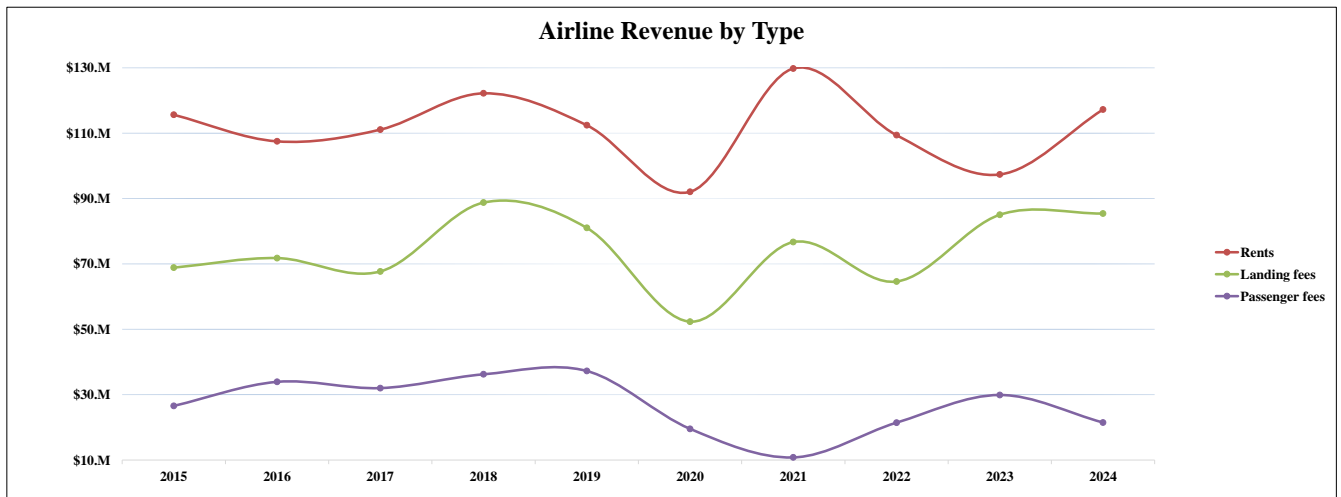
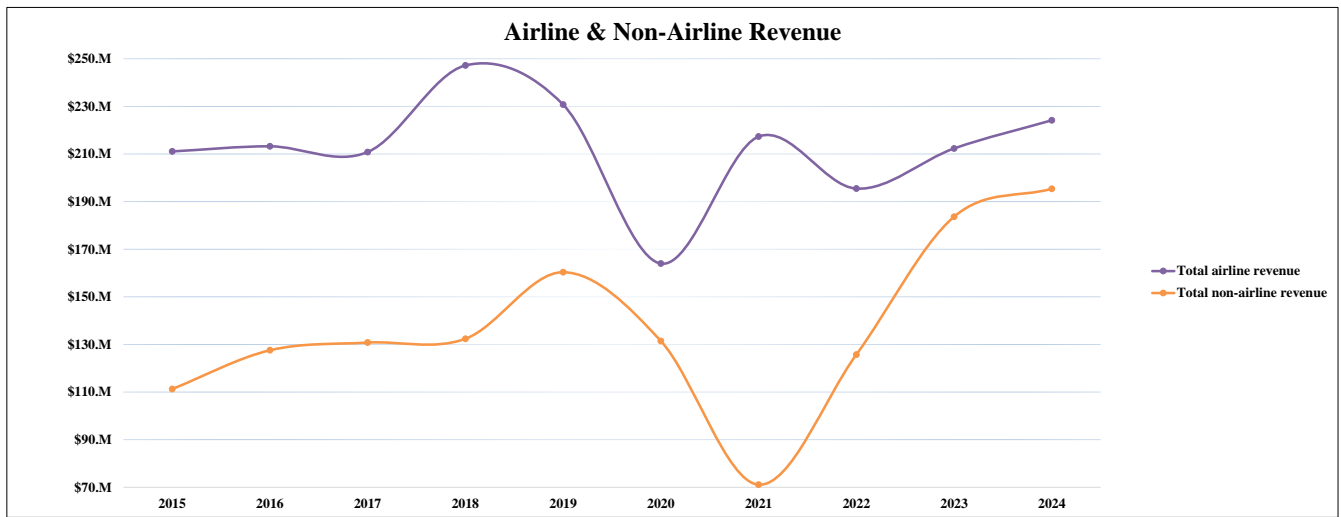
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	10-Year Annual Growth
Airline revenue											
Rents	\$ 117,252,653	\$ 97,367,383	\$ 109,403,014	\$ 129,802,226	\$ 92,060,092	\$ 112,437,578	\$ 122,195,881	\$ 111,099,652	\$ 107,504,766	\$ 115,637,922	0.14%
Landing fees	85,423,931	85,050,216	64,622,330	76,702,244	52,351,021	81,040,660	88,769,632	67,710,165	71,796,365	68,868,068	2.18%
Passenger fees	21,489,398	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	(2.10%)
Total airline revenue	224,165,982	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	0.60%
Non-airline revenue											
Parking	65,487,818	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	8.45%
Food/beverage/retail	44,518,896	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	6.46%
Other rents	29,540,039	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	5.08%
Rental car	22,704,042	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	2.36%
Ground transportation	16,152,399	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	22.81%
Advertising	3,985,864	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	3.54%
Utilities	2,798,985	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	(2.35%)
Hotel	2,208,762	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	1.14%
Other	8,002,676	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	(3.99%)
Total non-airline revenue	195,399,481	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	5.79%
Total operating revenues	\$ 419,565,463	\$ 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	2.67%

2024 Revenues by Source



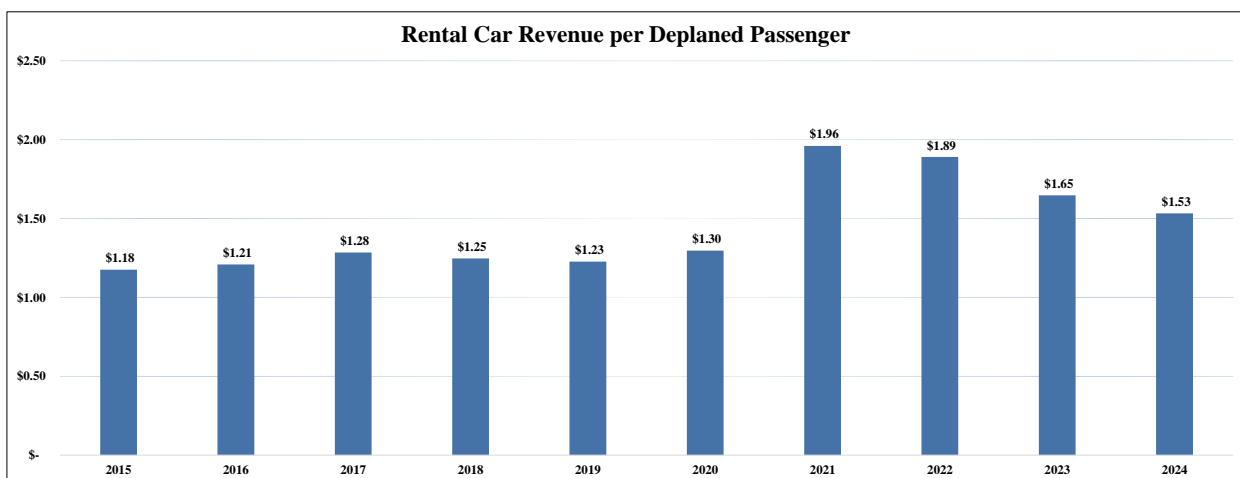
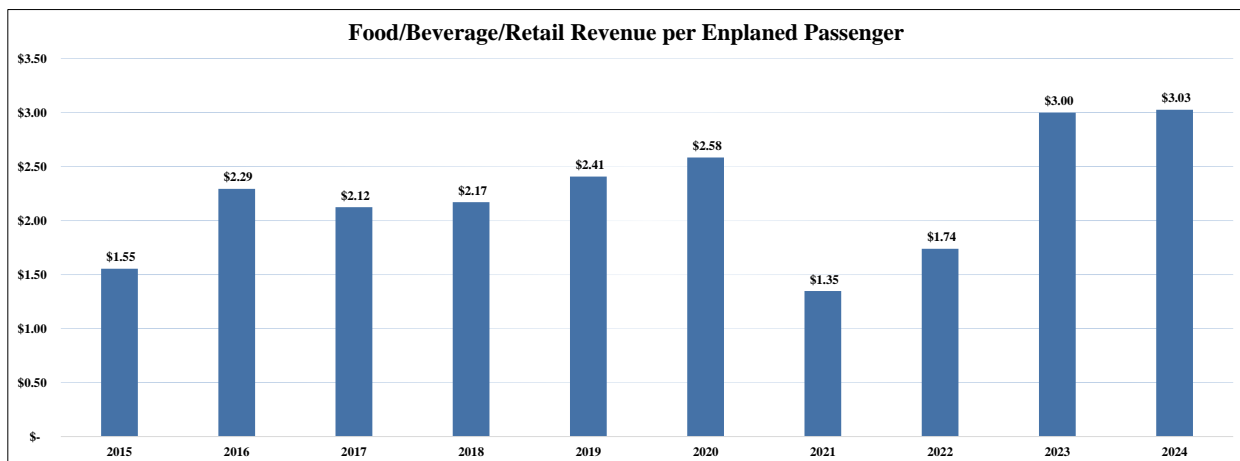
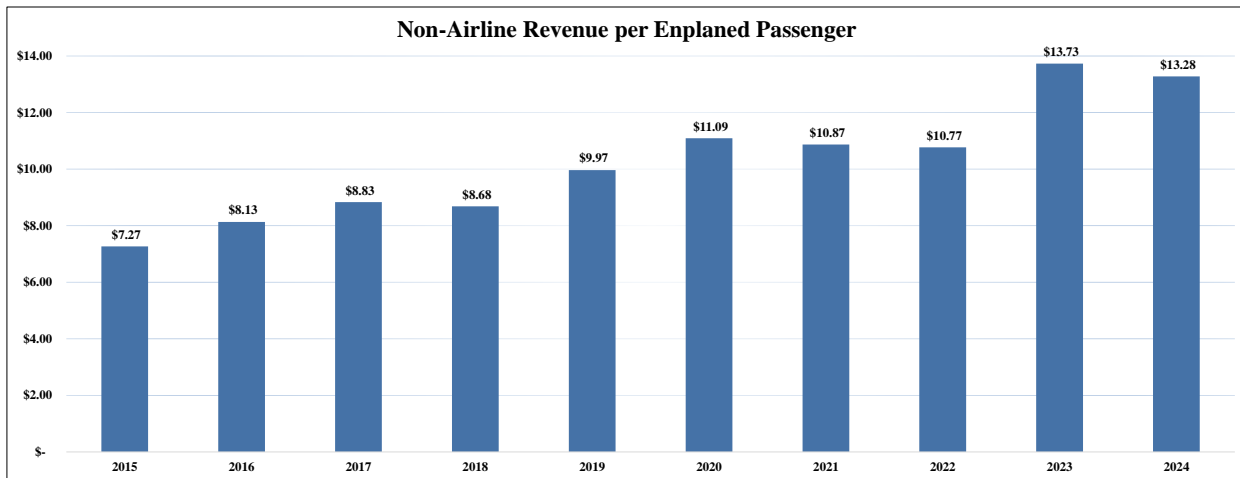
Source: City of Philadelphia

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



Source: City of Philadelphia

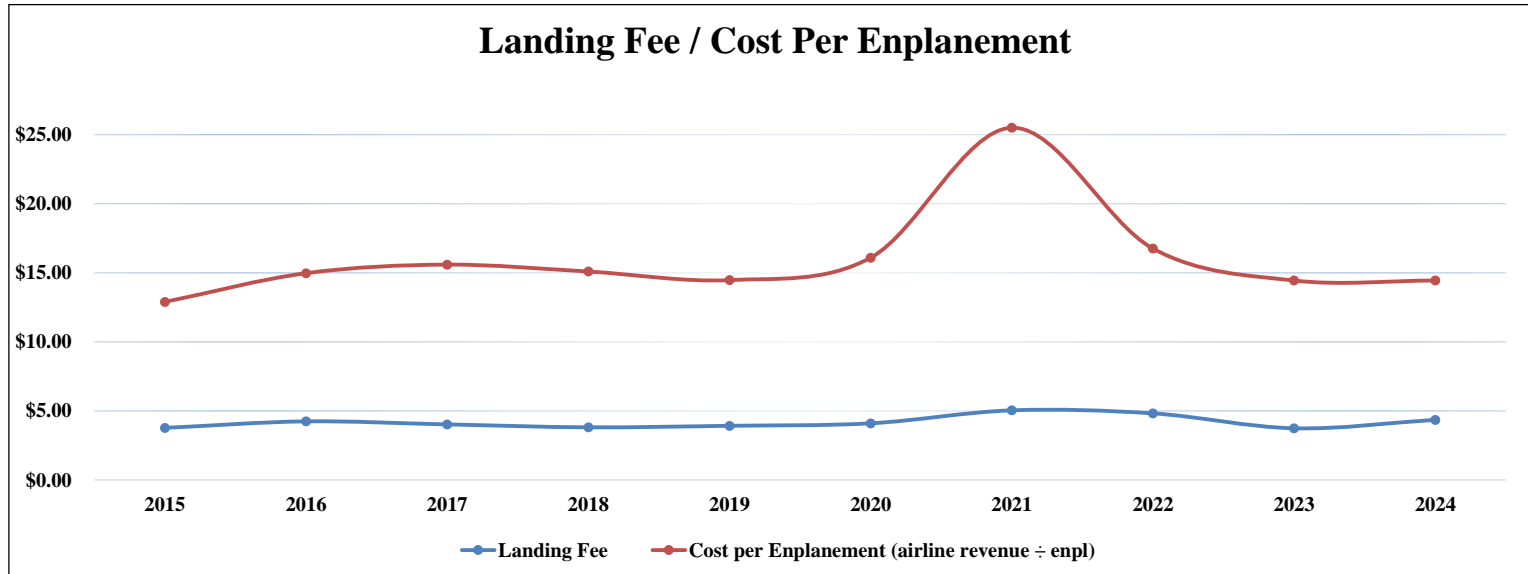
Exhibit S-12: Revenues by Source
(Continued, by Fiscal Year)



Source: City of Philadelphia

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

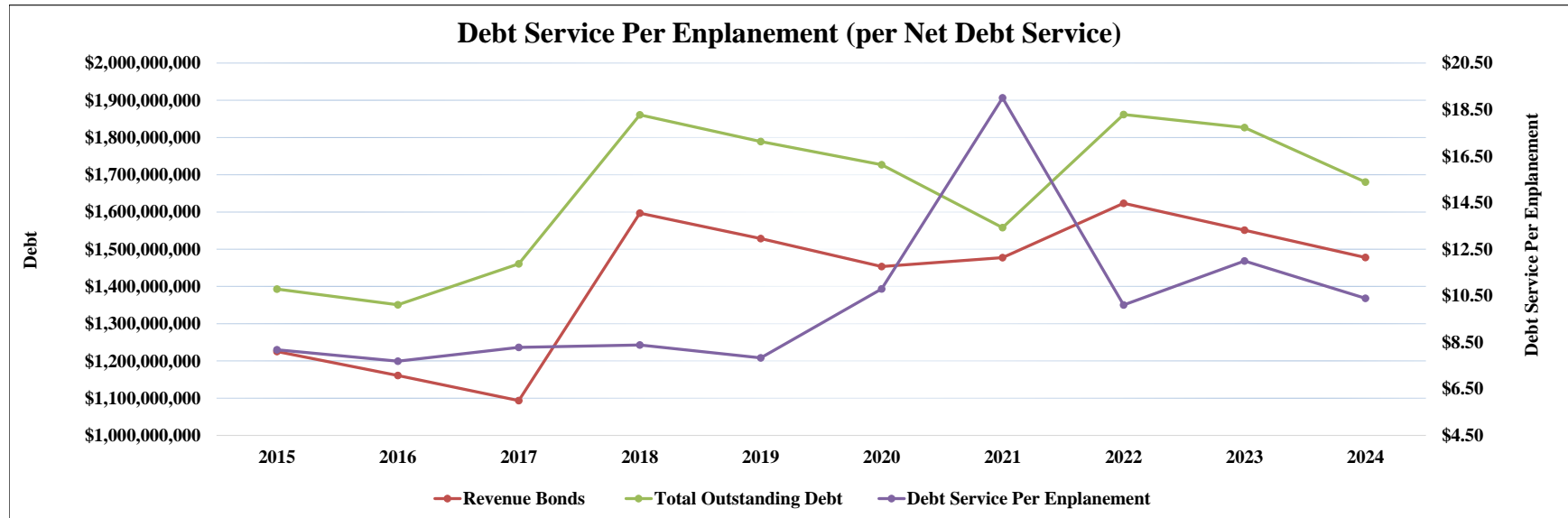
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Signatory airline rates & charges										
Landing fee rate (per 1,000 pounds)	\$ 4.35	\$ 3.74	\$ 4.82	\$ 5.04	\$ 4.10	\$ 3.92	\$ 3.81	\$ 4.02	\$ 4.24	\$ 3.77
Terminal rental rates (per square foot)										
Type 1 - Ticket counter and ticket counter offices	\$ 200.13	\$ 190.49	\$ 194.18	\$ 196.44	\$ 197.69	\$ 219.02	\$ 232.51	\$ 241.74	\$ 223.11	\$ 195.38
Type 2 - Hold rooms, baggage claim area, baggage claim offices, airline lounge, airline space	\$ 150.10	\$ 142.86	\$ 145.64	\$ 147.33	\$ 148.27	\$ 164.26	\$ 174.38	\$ 181.30	\$ 167.34	\$ 146.54
Type 3 - Airline operations space, baggage makeup space, inbound baggage	\$ 100.06	\$ 95.24	\$ 97.09	\$ 98.22	\$ 98.84	\$ 109.51	\$ 116.25	\$ 120.87	\$ 111.56	\$ 97.69
Type 4 - FIS Area, cart tunnel/baggage recheck	\$ 50.03	\$ 47.62	\$ 48.55	\$ 49.11	\$ 49.42	\$ 54.75	\$ 58.13	\$ 60.43	\$ 55.78	\$ 48.85
Ramp area rental rate (per linear foot)	\$ 24.13	n/a	\$ 22.29	\$ 10.10	\$ 25.33	\$ 22.37	\$ 16.30	\$ (8.60)	\$ 87.82	\$ 71.35
International common use fees (per passenger)										
Enplaning area fee	\$ 4.77	\$ 4.05	\$ 5.52	\$ 8.57	\$ 3.62	\$ 4.75	\$ 5.41	\$ 5.11	\$ 4.93	\$ 4.10
Deplaning area fee	\$ 4.62	\$ 3.93	\$ 5.52	\$ 8.57	\$ 3.46	\$ 4.61	\$ 5.16	\$ 5.10	\$ 4.82	\$ 4.18
FIS Area fee	\$ 6.42	\$ 5.96	\$ 5.28	\$ 8.21	\$ 5.21	\$ 6.31	\$ 7.21	\$ 6.10	\$ 4.96	\$ 3.98
Ticket counter area fee	\$ 1.19	\$ 1.60	\$ 1.63	\$ 2.53	\$ 1.79	\$ 1.98	\$ 1.72	\$ 1.79	\$ 1.98	\$ 1.73
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	\$ 14.44	\$ 16.75	\$ 25.50	\$ 16.09	\$ 14.47	\$ 15.09	\$ 15.59	\$ 14.97	\$ 12.89



Source: City of Philadelphia

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Outstanding debt by type										
Revenue bonds payable, net	\$ 1,477,639,556	\$ 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
General obligation bonds payable, net	-	-	-	-	-	-	-	-	-	-
Commercial paper	202,843,000	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
Taxable revenue note	-	110,220,000	112,930,000	-	118,040,000	120,450,000	122,770,000	125,000,000	-	-
Total outstanding debt	\$ 1,680,482,556	\$ 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
Debt factors										
Enplaned passengers	14,713,507	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
Operating revenue	\$ 419,565,463	\$ 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
Total assets	\$ 3,969,560,558	\$ 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
Total MSA population*	6,246,160	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
Ratios										
Outstanding debt per enplaned passenger	\$ 114.21	\$ 136.58	\$ 159.46	\$ 238.11	\$ 145.75	\$ 111.20	\$ 122.06	\$ 98.65	\$ 86.13	\$ 90.97
Outstanding debt to operating revenue	\$ 4.01	\$ 4.61	\$ 5.80	\$ 5.40	\$ 5.85	\$ 4.57	\$ 4.90	\$ 4.28	\$ 3.96	\$ 4.32
Outstanding debt to total assets	\$ 0.42	\$ 0.48	\$ 0.52	\$ 0.49	\$ 0.54	\$ 0.56	\$ 0.59	\$ 0.55	\$ 0.54	\$ 0.56
Outstanding debt per capita	\$ 269.04	\$ 292.70	\$ 298.30	\$ 250.11	\$ 282.96	\$ 293.46	\$ 305.24	\$ 239.60	\$ 222.28	\$ 229.61



* 2023 data is not available

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

Non-MSA data source: City of Philadelphia

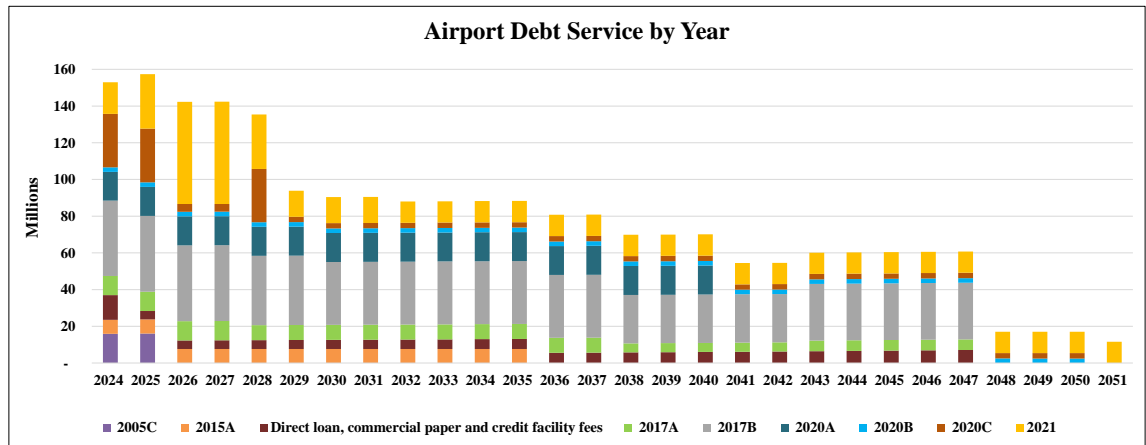
Exhibit S-15: Pledged Debt Service Coverage
(By Fiscal Year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Amounts available for debt service										
Fund balance	\$ 303,819,202	\$ 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
Project revenues	490,063,393	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
Passenger facility charges	42,163,000	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
1	836,045,595	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
Total expenses										
2 Net operating expenses*	185,979,913	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
Interdepartmental charges	114,464,562	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
3	300,444,475	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
Funds available for debt service coverage										
4 Revenue bonds (Line 1 - Line 2)	650,065,682	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
5 All bonds (Line 1 - Line 3)	535,601,120	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
Debt service										
Revenue bonds										
Series 1995	-	-	-	-	-	-	-	-	-	-
Series 1997A	-	-	-	-	-	-	-	-	-	-
Series 1997B	-	-	-	-	-	-	-	-	-	-
Series 1998A	-	-	-	-	-	-	-	-	-	-
Series 1998 PAID	-	-	-	-	-	-	5,019	256	257	250
Series 2001 PAID	-	-	-	-	-	-	-	-	-	-
Series 2001B	-	-	-	-	-	-	-	-	-	-
Series 2005A	-	-	-	-	-	-	-	-	-	8,127,118
Series 2005B	-	-	-	-	-	-	-	-	-	-
Series 2005C	15,892,073	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
Series 2007A	-	-	-	-	-	-	3,669,500	11,780,500	11,677,215	11,513,459
Series 2007B	-	-	-	-	-	-	1,169,625	6,933,000	6,872,668	6,773,572
Series 2009A	-	-	-	-	-	-	814,652	3,745,704	3,717,417	3,663,031
Series 2010A	-	-	-	-	18,207,471	18,527,965	18,665,713	18,668,963	18,508,796	18,248,041
Series 2010B	-	-	-	-	-	-	-	-	-	5,444,908
Series 2010C	-	-	-	-	-	-	9,444,750	9,448,250	9,361,206	9,237,111
Series 2010D	-	-	-	-	25,738,362	26,192,436	26,392,200	26,404,199	26,164,179	25,795,633
Series 2011A	-	-	-	15,003,181	14,985,877	15,228,633	15,356,406	15,340,656	15,203,315	14,973,955
Series 2011B	-	-	-	2,524,717	2,528,576	2,568,328	2,590,019	2,594,019	2,569,120	2,534,670
Series 2015A	7,614,985	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	10,417,546	10,311,081	10,333,631	10,220,860	10,104,784	9,184,483	5,045,809	-	-	-
Series 2017B	41,065,614	40,650,056	40,746,423	40,308,690	24,354,513	20,980,992	12,681,150	-	-	-
Series 2020A	15,669,535	8,274,541	8,295,010	5,994,503	-	-	-	-	-	-
Series 2020B	2,462,725	1,587,569	1,591,743	1,151,786	-	-	-	-	-	-
Series 2020C	29,119,890	19,312,113	19,362,596	18,767,858	-	-	-	-	-	-
Series 2021	17,192,333	7,200,654	5,936,762	-	-	-	-	-	-	-
Direct loan, commercial paper and credit facility fees	13,490,616	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
6 Net revenue bond debt service	152,925,317	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
General obligation bonds	-	-	-	-	-	-	-	-	-	-
7 Total net debt service	\$ 152,925,317	\$ 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
Debt service coverage										
Revenue bonds only - Test "1" (Line 4/Line 6)	4.25	3.65	3.49	3.32	3.24	3.10	2.89	2.83	2.58	2.35
Total debt service - Test "2" (Line 5/Line 7)	3.50	2.92	2.62	2.43	2.27	2.14	1.98	1.88	1.69	1.48

* 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
2024	15,892,073	7,614,985	13,490,616	10,417,546	41,065,614	15,669,535	2,462,725	29,119,890	17,192,333	152,925,317
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
	32,000,763	91,948,735	143,156,907	177,193,308	801,154,364	268,072,385	66,883,175	160,391,890	462,307,433	2,203,108,961



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		
2024 Market	Distance	Daily Pax
Orlando, Florida	861	2,325
Atlanta, Georgia	665	1,423
Tampa, Florida	920	996
Fort Lauderdale, Florida	992	954
Chicago-O'Hare, Illinois	678	931
Los Angeles, California	2,401	899
Boston, Massachusetts	280	852
Miami, Florida	1,013	822
Denver, Colorado	1,557	821
Dallas/Fort Worth, Texas	1,302	818
Las Vegas, Nevada	2,176	677
San Juan, Puerto Rico	1,576	647
Charlotte-Douglas, North Carolina	447	624
Houston-Intercontinental, Texas	1,324	622
Nashville, Tennessee	675	615
San Francisco, California	2,521	614
Phoenix, Arizona	2,075	547
West Palm Beach, Florida	951	531
Fort Myers, Florida	992	483
Detroit, Michigan	453	436
Raleigh/Durham, North Carolina	336	432
Chicago-Midway, Illinois	668	397
Seattle, Washington	2,378	390
San Diego, California	2,369	382
Minneapolis/Saint Paul, Minnesota	980	368
Jacksonville, Florida	742	366
New Orleans, Louisiana	1,088	304
Charleston, South Carolina	550	283
Austin, Texas	1,430	275
Saint Louis, Missouri	813	249

International		
2024 Market	Distance	Daily Pax
Cancun, Mexico	1,468	607
London-Heathrow, England	3,546	576
Punta Cana, Dominican Republic	1,523	324
Toronto, Ontario	347	319
Dublin, Ireland	3,274	298
Doha, Qatar	6,797	281
Montego Bay, Jamaica	1,480	239
Lisbon, Portugal	3,458	210
Rome-Da Vinci, Italy	4,371	202
Montreal-Trudeau, Quebec	394	183
Madrid, Spain	3,683	176
Paris-De Gaulle, France	3,729	175
Zurich, Switzerland	4,025	164
Barcelona, Spain	3,925	161
Amsterdam, Netherlands	3,737	158
Aruba, Aruba	1,911	142
Frankfurt, Germany	3,950	130
Venice, Italy	4,249	116
Nassau, Bahamas	1,030	88
Athens, Greece	5,035	71
Providenciales, Turks and Caicos Islands	1,259	68
Bermuda, Bermuda	784	53
Halifax, Nova Scotia	692	49
Nice, France	4,086	35
Quebec, Quebec	516	24
Santo Domingo, Dominican Republic	1,514	19
Copenhagen, Denmark	3,947	15
Naples, Italy	4,495	14
Grand Cayman, Cayman Islands	1,463	10
St. Lucia, Saint Lucia	1,998	9

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 2024	
Market	Daily Pax
Orlando, Florida	2,325
Atlanta, Georgia	1,423
Tampa, Florida	996
Fort Lauderdale, Florida	954
Chicago-O'Hare, Illinois	931
Los Angeles, California	899
Boston, Massachusetts	852
Miami, Florida	822
Denver, Colorado	821
Dallas/Fort Worth, Texas	818

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

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 2024	
Market	Daily Pax
Cancun, Mexico	607
London-Heathrow, England	576
Punta Cana, Dominican Republic	324
Toronto, Ontario	319
Dublin, Ireland	298
Doha, Qatar	281
Montego Bay, Jamaica	239
Lisbon, Portugal	210
Rome-Da Vinci, Italy	202
Montreal-Trudeau, Quebec	183

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

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	2024		2023		2022		2021		2020	
	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	6,755,737	35.0%	6,554,425	35.6%	4,948,794	28.8%	3,429,714	27.1%	5,780,244	31.6%
Frontier	1,829,009	9.5%	1,368,441	7.4%	1,088,975	6.3%	641,060	5.1%	768,662	4.2%
Delta	946,267	4.9%	860,461	4.7%	695,678	4.0%	457,240	3.6%	706,240	3.9%
Spirit	819,456	4.2%	895,375	4.9%	686,033	4.0%	510,539	4.0%	514,559	2.8%
Southwest	696,335	3.6%	554,383	3.0%	576,608	3.4%	518,415	4.1%	875,664	4.8%
United	597,684	3.1%	513,559	2.8%	457,608	2.7%	168,393	1.3%	442,788	2.4%
Alaska	97,026	0.5%	80,435	0.4%	81,071	0.5%	62,733	0.5%	129,926	0.7%
JetBlue	92,602	0.5%	119,983	0.7%	163,955	1.0%	211,902	1.7%	243,445	1.3%
Sun Country	21,067	0.1%	14,759	0.1%	15,215	0.1%	9,948	0.1%	25,102	0.1%
Air Canada - Sky Regional / Jazz Aviation	437	-	2,004	0.0%	1,607	0.0%	134	0.0%	269	0.0%
Subtotal - scheduled major/national	11,855,620	61.5%	10,963,825	59.5%	8,715,544	50.7%	6,010,078	47.4%	9,486,899	51.8%
Scheduled regional/commuter										
American Eagle										
Piedmont	694,079	3.6%	732,316	4.0%	868,373	5.1%	610,707	4.8%	1,269,255	6.9%
PSA	685,465	3.6%	971,330	5.3%	1,331,982	7.7%	713,989	5.6%	849,642	4.6%
Republic	523,975	2.7%	364,032	2.0%	906,954	5.3%	1,068,191	8.4%	1,096,532	6.0%
Air Wisconsin	107,207	0.6%	12,079	0.1%	611	0.0%	5,264	0.0%	-	-
Landline (Bus Service)	73,935	0.4%	64,634	0.4%	-	-	-	-	-	-
Envoy	-	-	-	-	124	0.0%	-	-	8,450	0.0%
Subtotal - American Eagle	2,084,661	10.8%	2,144,391	11.6%	3,108,044	18.1%	2,398,151	18.9%	3,223,879	17.6%
Other	213,131	1.1%	208,049	1.1%	235,081	1.4%	263,031	2.1%	264,314	1.4%
Subtotal - scheduled regional/commuter	2,297,792	11.9%	2,352,440	12.8%	3,343,125	19.4%	2,661,182	21.0%	3,488,193	19.0%
Charter	583	0.0%	401	0.0%	2,290	0.0%	1,545	0.0%	878	0.0%
Total - domestic	14,153,995	73.4%	13,316,666	72.3%	12,060,959	70.2%	8,672,805	68.4%	12,975,970	70.8%
International										
Scheduled										
American	1,967,052	10.2%	1,227,239	6.7%	1,151,945	6.7%	612,162	4.8%	1,464,705	8.0%
British	181,211	0.9%	175,326	1.0%	107,665	0.6%	43,515	0.3%	231,472	1.3%
Piedmont	113,839	0.6%	57,880	0.3%	43,694	0.3%	19,643	0.2%	111,657	0.6%
Air Canada - Sky Regional / Jazz Aviation	110,821	0.6%	88,996	0.5%	57,757	0.3%	172	0.0%	99,842	0.5%
Lufthansa / Eurowings / Discover	103,578	0.5%	108,294	0.6%	60,141	0.3%	-	-	135,418	0.7%
Spirit Airlines	87,613	0.5%	59,671	0.3%	23,114	0.1%	-	-	2,910	0.0%
Frontier	80,547	0.4%	65,124	0.4%	73,223	0.4%	20,499	0.2%	48,378	0.3%
Qatar	67,034	0.3%	192,369	1.0%	177,564	1.0%	66,738	0.5%	126,980	0.7%
Aer Lingus	52,548	0.3%	52,374	0.3%	13,920	0.1%	-	-	45,614	0.2%
United	2,643	0.0%	-	-	-	-	-	-	-	-
Air Wisconsin	2,632	0.0%	-	-	-	-	329	0.0%	-	-
Delta	2,154	0.0%	396	0.0%	6,444	0.0%	396	0.0%	3,366	0.0%
Republic	2,099	0.0%	225	0.0%	11,317	0.1%	8,319	0.1%	24,129	0.1%
PSA	1,127	0.0%	711	0.0%	15,004	0.1%	9,983	0.1%	15,925	0.1%
JetBlue	172	0.0%	172	0.0%	-	-	-	-	-	-
Eastern	-	-	-	-	-	-	578	0.0%	-	-
Icelandair	-	-	-	-	-	-	-	-	10,710	0.1%
Subtotal - scheduled	2,775,070	14.4%	2,028,777	11.0%	1,741,788	10.1%	782,334	6.2%	2,321,105	12.7%
Charter	907	0.0%	1,798	0.0%	29,261	0.2%	2,181	0.0%	2,766	0.0%
Total - international	2,775,977	14.4%	2,030,575	11.0%	1,771,049	10.3%	784,515	6.2%	2,323,871	12.7%
All-cargo airlines	2,356,094	12.2%	3,074,410	16.7%	3,356,587	19.5%	3,216,797	25.4%	3,018,703	16.5%
Grand total	19,286,066	100.0%	18,421,651	100.0%	17,188,595	100.0%	12,674,117	100.0%	18,318,544	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	2019		2018		2017		2016		2015	
	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	7,555,183	34.4%	6,596,290	32.5%	6,519,145	33.0%	6,622,369	31.8%	6,645,942	32.0%
Southwest	1,137,504	5.2%	1,136,154	5.6%	1,147,550	5.8%	1,122,080	5.4%	1,073,920	5.2%
Delta	944,727	4.3%	965,077	4.8%	986,238	5.0%	1,054,651	5.1%	1,074,449	5.2%
Frontier	679,553	3.1%	610,208	3.0%	540,837	2.7%	463,422	2.2%	164,022	0.8%
United	607,765	2.8%	608,859	3.0%	581,513	2.9%	593,949	2.9%	585,951	2.8%
Spirit	503,168	2.3%	434,762	2.1%	394,267	2.0%	265,760	1.3%	143,495	0.7%
JetBlue	284,454	1.3%	269,609	1.3%	249,728	1.3%	219,834	1.1%	158,080	0.8%
Alaska	176,452	0.8%	153,673	0.8%	61,952	0.3%	55,912	0.3%	55,475	0.3%
Air Canada	807	0.0%	574	0.0%	647	0.0%	660	0.0%	440	0.0%
Sun Country	-	-	-	-	-	-	-	-	-	-
AirTran	-	-	-	-	-	-	-	-	42,864	0.2%
Virgin America	-	-	-	-	-	-	-	-	35,545	0.2%
Subtotal - scheduled major/national	11,889,613	54.1%	10,775,207	53.1%	10,481,877	53.0%	10,398,636	49.9%	9,980,183	48.0%
Scheduled regional/commuter										
American Eagle										
Piedmont	1,556,777	7.1%	1,288,107	6.3%	1,073,784	5.4%	856,093	4.1%	844,519	4.1%
Republic	1,192,913	5.4%	1,311,277	6.5%	1,054,737	5.3%	1,573,718	7.6%	1,758,726	8.5%
PSA	894,744	4.1%	513,352	2.5%	411,243	2.1%	393,415	1.9%	292,049	1.4%
Envoy	11,961	0.1%	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%
Mesa	-	-	-	-	-	-	-	-	60,863	0.3%
Subtotal - American Eagle	3,656,396	16.6%	3,663,060	18.1%	3,710,346	18.8%	4,465,619	21.4%	4,686,414	22.6%
Other	266,991	1.2%	263,343	1.3%	299,419	1.5%	262,640	1.3%	382,585	1.8%
Subtotal - scheduled regional/commuter	3,923,387	17.9%	3,926,403	19.4%	4,009,765	20.3%	4,728,259	22.7%	5,068,999	24.4%
Charter	11,982	0.1%	4,054	0.0%	1,706	0.0%	679	0.0%	1,641	0.0%
Total - domestic	15,824,982	72.1%	14,705,664	72.5%	14,493,348	73.4%	15,127,575	72.7%	15,050,823	72.5%
International										
Scheduled										
American	2,443,560	11.1%	2,332,684	11.5%	2,136,282	10.8%	2,575,401	12.4%	2,710,497	13.0%
British	263,789	1.2%	237,237	1.2%	292,559	1.5%	293,400	1.4%	284,499	1.4%
Qatar	167,058	0.8%	165,072	0.8%	163,004	0.8%	174,408	0.8%	183,868	0.9%
Lufthansa	160,317	0.7%	142,492	0.7%	144,230	0.7%	155,154	0.7%	165,814	0.8%
Piedmont	158,973	0.7%	71,848	0.4%	-	-	-	-	-	-
Air Canada - Sky Regional / Jazz Aviation	133,305	0.6%	132,880	0.7%	123,047	0.6%	106,378	0.5%	99,695	0.5%
Frontier	70,208	0.3%	62,575	0.3%	60,003	0.3%	76,825	0.4%	35,976	0.2%
Aer Lingus	70,140	0.3%	15,750	0.1%	-	-	-	-	-	-
Republic	47,818	0.2%	72,324	0.4%	41,748	0.2%	79,176	0.4%	74,146	0.4%
PSA	-	-	268	0.0%	-	-	-	-	-	-
Icelandair	16,104	0.1%	14,224	0.1%	3,780	0.0%	142	0.0%	142	0.0%
Delta	3,184	0.0%	62,562	0.3%	84,262	0.4%	81,552	0.4%	34,650	0.2%
JetBlue	142	0.0%	142	0.0%	172	0.0%	142	0.0%	142	0.0%
United	142	0.0%	-	-	-	-	-	-	-	-
Southwest	128	0.0%	256	0.0%	-	-	-	-	128	0.0%
Air Wisconsin	-	-	68,761	0.3%	187,389	0.9%	192,136	0.9%	220,289	1.1%
PSA	-	-	268	0.0%	-	-	-	-	-	-
Subtotal - scheduled	3,534,869	16.1%	3,379,343	16.7%	3,236,477	16.4%	3,734,713	17.9%	3,809,846	18.3%
Charter	4,184	0.0%	1,290	0.0%	6,400	0.0%	3,273	0.0%	2,532	0.0%
Total - International	3,539,053	16.1%	3,380,633	16.7%	3,242,877	16.4%	3,737,986	18.0%	3,812,379	18.4%
All-Cargo Airlines	2,599,498	11.8%	2,199,913	10.8%	2,022,419	10.2%	1,955,784	9.4%	1,909,573	9.2%
Grand Total	21,963,533	100.0%	20,286,210	100.0%	19,758,644	100.0%	20,821,345	100.0%	20,772,775	100.0%

Source: City of Philadelphia

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

Airlines	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
American Airlines	\$ 35,287,908	\$ 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
Frontier Airlines	7,981,182	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
Spirit Airlines	4,209,318	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
Delta Air Lines	3,578,090	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
United Airlines	2,504,963	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
Southwest Airlines	2,437,246	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
British Airways	807,802	751,039	312,718	66,181	660,997	1,206,820	1,150,912	1,139,619	921,880	869,270
Qatar Airways	500,468	548,545	544,789	180,732	336,050	504,626	438,982	378,817	478,185	510,368
Alaska Airlines	396,948	314,374	318,341	199,678	346,259	699,374	462,178	307,026	233,192	216,975
Air Canada	311,042	279,983	161,962	-	276,193	412,727	394,457	316,888	262,846	238,548
JetBlue Airways	269,936	315,732	534,694	707,999	700,938	959,985	929,915	842,883	783,146	534,959
Aer Lingus	190,491	234,755	50,511	-	135,287	195,223	107,638	-	-	-
Lufthansa / Eurowings / Discover	176,914	179,029	108,553	-	172,183	274,763	255,235	269,827	252,421	277,672
Sun Country	106,695	65,192	59,717	-	-	-	-	-	-	-
Icelandair	-	-	-	-	23,508	50,274	43,518	37,135	-	-
Virgin America	-	-	-	-	-	-	-	-	-	45,827
Other	219,006	480,126	136,028	(211,368)	682,953	677,664	759,727	1,296,964	412,891	347,420
Total	\$ 58,978,009	\$ 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

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