Allegheny County Airport Authority

(a component unit of the County of Allegheny, Pennsylvania)

Comprehensive Annual Financial Report
with Supplemental Information
December 31, 2019

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ALLEGHENY COUNTY AIRPORT AUTHORITY

PITTSBURGH INTERNATIONAL AIRPORT
ALLEGHENY COUNTY AIRPORT

April 10, 2020

To the Board of the Allegheny County Airport Authority,

This Comprehensive Annual Financial Report, (CAFR), of the Allegheny County Airport Authority (the "Authority"), is hereby submitted for the fiscal year ended December 31, 2019. Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Finance Department of the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of the operations of the Authority.

This Letter should be read in conjunction with the accompanying Management Discussion & Analysis ("MD&A") in order to gather a more complete financial and business picture of the Authority. It is our intent to submit the FY2019 Comprehensive Annual Report to the Government Finance Officers Association for their review and seek the Certificate of Achievement for Excellence in Financial Reporting award.

REPORTING ENTITY

The Authority was created on June 17, 1999 and exists pursuant to the Municipality Authorities Act of May 2, 1945, P.L. 382, as amended. The Authority is governed by a nine-member Board of Directors appointed by the Chief Executive of Allegheny County.

The Authority manages the operations of two airports that include Pittsburgh International Airport (PIT), and Allegheny County Airport (AGC). Pittsburgh International Airport is the larger facility and is located 16 miles west of downtown Pittsburgh. Allegheny County Airport is a small general aviation airport located in West Mifflin approximately 10 miles southeast of downtown Pittsburgh.

ECONOMIC CONDITION AND OUTLOOK

Pittsburgh International Airport has transitioned from a connecting hub market to a strong local origin-and-destination market providing passengers with increasing customer amenities and a growing list of air service options. With a new approach to working with airline partners, the community, and utilizing the momentum of the Pittsburgh economy, the airport has increased nonstop markets served from 37 in 2015 to 63 in 2019.

With more than 180 peak season weekday departures on 17 airlines, the Authority focuses on increasing service to unserved and underserved destinations. In 2019, passenger traffic increased by 1.2 percent to bring total passenger traffic to nearly 9.8 million passengers, the most since 2007. In addition to air service, customer amenities specifically relating to the food and beverage program and the in-terminal experience have been a priority to ensure residents and visitors alike have a positive experience at the airport. Sense of place is important, and we are focused on bringing more of Pittsburgh's local brands into our concession program.

The Authority has gained momentum during the past few years, picking up important air service wins and improving customer satisfaction – all while lowering costs to our airline partners. Continuing to add to our air service portfolio as well as focusing on matching the facility to the needs of today's Pittsburgh market are priorities of management while always maintaining a safe and secure environment. As the market and aviation industry have evolved, so too must our facility. The Authority is in the midst of a billion-dollar Terminal Modernization Program that will stabilize airline costs in the long term and modernize and right-size the facilities for decades to come. As the region's front door, it's important to have a facility that reflects today's Pittsburgh region while meeting the practical market demands in a cost-effective and operationally efficient manner. The TMP design was informed and influenced by extensive collaboration and coordination over the past seven years between the Authority and the airlines serving the Airport, their Airline Technical Representative (as defined in the Airline Operating Agreement as defined hereinafter) as well as community input. The TMP is designed to balance airside and landside terminal operations to serve current and projected passenger demand and capacity requirements as well as improve building system functionality for a terminal with systems reaching the end of useful life. It is estimated that the TMP will be completed in 2023.

The Authority is engaged in strategic planning to further increase cargo operations at the Airport. In November 2019 the Airport was awarded an $18.7 million federal grant by the U.S. Department of Transportation ("USDOT") through the Better Utilizing Investments to Leverage Development program, to be used to build a 75,000 square foot cargo processing facility and an adjacent surface parking lot, which are expected to be constructed in 2021 and 2022, respectively. The new building will enable the Airport to serve larger planes and offer opportunities for airlines that require sorting facilities and access for high volumes of trucks.

COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a Public Health Emergency of International Concern by the World Health Organization. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. These measures included international travel restrictions and orders to stay home. As a result, domestic travel across the United States has significantly declined. The Authority cannot predict the duration of COVID-19, the duration or expansion of travel restrictions and warnings, whether additional countries or destinations will be added to the travel restrictions or warnings, what effect such travel restrictions and warnings may have on air travel, and to what extent COVID-19 may disrupt global supply chains and manufacturing operations around the world. No impairments were recorded as of the balance sheet date as no triggering events or changes in circumstances had occurred as of year-end. However, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Authority's results of operations, cash flows and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

In response to the COVID-19 outbreak, the Authority has implemented Irregular Operation Plans which are intended to mitigate financial impacts to the Authority. The Authority has taken the following actions in accordance with those plans: (i) the Authority has instituted a hiring freeze on nonessential Authority positions; (ii) Capital Program – the Authority is delaying all non-mission critical project spending; (iii) the Authority is delaying or reducing non-essential expenditures (i.e., travel, training, shuttle services, consulting services, certain major maintenance, equipment, supplies and marketing); (iv) the Authority's Government Relations team is working with industry groups and the regional U.S. Congressional delegation to seek federal assistance; and (v) the Authority is evaluating measures to assist airlines and concessionaires.

Congress passed the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") on March 25, 2020 in response to the disease outbreak. The CARES Act contains various provisions to assist airports throughout the nation, including $10 billion in financial assistance. The Authority expects to receive monetary assistance but cannot predict the level of that assistance.

MAJOR INITIATIVES

During 2019, the Authority continued its economic strategic goal of improving its financial condition. During the year, and in addition to scheduled bond debt service payments, the Authority defeased all outstanding bonds of approximately $70.9 million in debt principal.

Total gas drilling bonus and rent payments received to-date are $50 million. The bonus payments of $46.3 million were accreted over a five-year period which ended in February 2018. Drilling on the first completed wellpad began in June 2016 with the Authority to receive monthly royalty payments equal to 18% of the production value. The Authority received $10 million of these royalty payments during 2019. Net revenues from the natural gas lease are being used to reduce airline rates and charges and for capital expenditures, including economic development, at the Airport.

During 2019, Fitch reaffirmed its rating of A/Stable and Moody's upgraded its rating to A2/Stable. This provides evidence that the Authority continues to be viewed as a sound business entity whose financial viability remains highly stable.

LONG-TERM FINANCIAL PLANNING

The Authority's long-term planning is based on maintaining a safe, customer-centric and cost-competitive environment for the airlines and passengers at its two airports. This includes the continued application of passenger facility charges, customer facility charges, gaming and gas drilling revenues to reduce annual debt service requirements. The Authority has completed the process of creating a new long-term AOA that upon signature by the airlines will become effective January 1, 2020.

The Terminal Modernization Program, discussed above, is a key piece of stabilizing airline costs into the future. The program involves the modernizing of the entire facility including the terminal buildings, parking and roadways and reducing the number of gates. More information on this major capital initiative can be found at www.PITtransformed.com.

The Authority is very fortunate to have approximately 8,800 acres of land surrounding the Airport, of which approximately 4,000 acres are eligible for commercial development. The Authority has been actively engaged in the development of its property to stimulate regional economic growth and to develop additional Airport revenues. The Authority has constructed infrastructure and installed utility services to select areas to provide "pad ready" development sites. Revenues from the various developers and land tenants are used by the Authority for further investment in development activities.

FINANCIAL INFORMATION

The Finance Department is responsible for implementing and maintaining an internal control structure to ensure the integrity of the Authority's operations and to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The internal control structure is designed to provide reasonable assurance that the assets, resources, and operations of the Authority are handled in a manner that protects against waste, theft or neglect and other irregularities that may hinder operations. This objective is being met by adequate supervision of employees, segregation of duties and multiple levels of approvals of expenditures.

BUDGETARY CONTROLS

The budget process is designed to ensure that the Authority will have adequate funding to meet its operational objectives. The Airline Operating Agreement specifies a residual rate-making methodology for the calculation of airline rates and charges. Under this methodology, total operating, maintenance expenses and debt service (including coverage) are calculated for each cost-revenue center and offset by non-airline revenues. This agreement provides that the aggregate of airport fees and charges paid by the Signatory Airlines must be sufficient to pay for the net cost of operating, maintaining and developing Pittsburgh International Airport (excluding the commercial and industrial areas) including the satisfaction of debt service coverage, deposit and payment requirements of the bond ordinance and bond indentures. The Authority's annual operating and capital budgets are reviewed with the board and subsequently approved at the regular meeting in October for the upcoming fiscal year that begins January 1.

INDEPENDENT AUDIT

The Authority's independent auditor, Plante & Moran, PLLC has performed the annual audit for the year ended December 31, 2019 and rendered an unmodified opinion as to the Authority's financial statements. The audits were conducted in accordance with auditing standards generally accepted in the United States. The report is contained herein.

INTERNAL CONTROLS

The Authority's management is responsible for the establishment and maintenance of internal accounting controls that ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. To ensure that the costs of controls do not exceed the benefits obtained, management is required to use cost estimates and judgments to attain reasonable assurance as to the adequacy of such controls. The Authority has established internal controls to fulfill these requirements and these controls are reviewed annually by an external audit firm for applicability, relevance and effectiveness.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Allegheny County Airport Authority for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2018. This was the ninth consecutive year that the Authority has achieved this prestigious award. In order to receive the Certificate of Achievement, a government must publish an easily readable and efficiently organized

CAFR. This report must satisfy both accounting principles generally accepted in the United States and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Management believes our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program requirements, and it will be submitted to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The completion of this report would not have been possible without the support of the Authority's Board of Directors and their commitment to the continuous improvement of corporate governance and financial reporting. In addition, key members of the Finance Department played a major role in compiling and completing this expanded report.

Respectfully Submitted,

Christina A. Cassotis
Chief Executive Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Allegheny County Airport Authority

Pennsylvania

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

ACAA Board of Directors

2020

<u>Officers</u>

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Matt Smith, Vice Chairman

Ashley Henry Shook, Secretary

Jan Rea, Treasurer

<u>Operations and Facilities Committee</u>

Rich Stanizzo, Chairman

<u>Business & Communications Committee</u>

Ashley Henry-Shook, Chairwoman

<u>Finance & Administration Committee</u>

Matt Smith, Chairman

<u>Audit Committee</u>

Jan Rea, Chairwoman

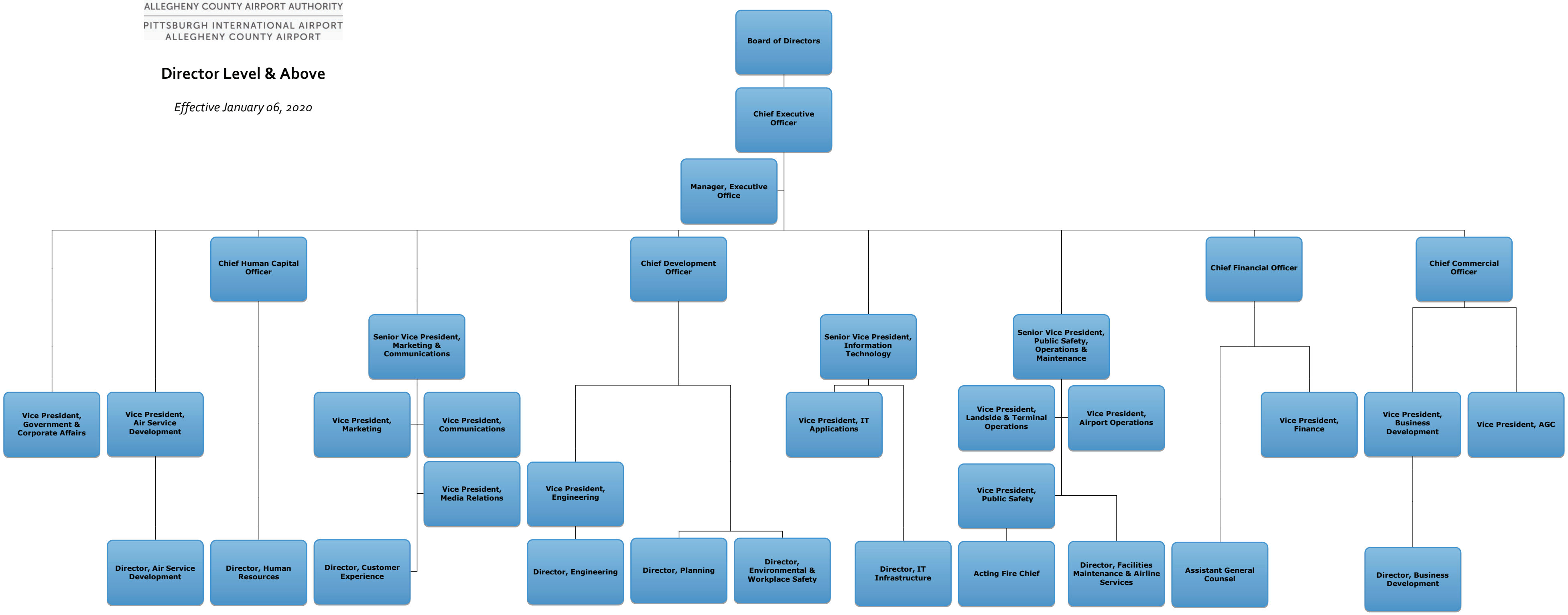
<u>Members</u>

Rich Stanizzo
Cindy Shapira
Dr. William H. Curtis
Lance Chimka
Randy Vulakovich

ALLEGHENY COUNTY AIRPORT AUTHORITY
PITTSBURGH INTERNATIONAL AIRPORT
ALLEGHENY COUNTY AIRPORT

Director Level & Above

Effective January 06, 2020



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Independent Auditor's Report

To the Board of Directors
Allegheny County Airport Authority

Report on the Financial Statements

We have audited the accompanying basic financial statements of Allegheny County Airport Authority (the "Authority"), a component unit of the County of Allegheny, Pennsylvania, as of and for the year then ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Allegheny County Airport Authority as of December 31, 2019 and the changes in its financial position and its cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Allegheny County Airport Authority

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Allegheny County Airport Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; schedule of passenger facility charge collections and expenditures, as required by the *Passenger Facility Charge Audit Guide for Public Agencies*; and introductory and statistical section schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The schedules of expenditures of federal awards and passenger facility charge collections and expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and passenger facility charge collections and expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical section schedules, as identified in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2020 on our consideration of Allegheny County Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Allegheny County Airport Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

April 10, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

The Allegheny County Airport Authority's (Authority) discussion and analysis is presented to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, and (c) identify changes in the Authority's financial position. Management encourages the reader to consider Management's Discussion and Analysis (MD&A) of the Authority's financial performance in conjunction with the information contained in the Authority's financial statements.

The Airline Operating Agreement

The Authority is responsible for the operation of the facilities at Pittsburgh International Airport (PIT or the Airport) and the Allegheny County Airport (AGC). PIT is operated by the Authority pursuant to an Amended and Restated Airline Operating Agreement (the AOA). The original term of the AOA expired on May 8, 2018. Prior to the expiration of the original AOA, the Authority amended and extended the agreement through December 31, 2019. The AOA has been signed by Allegiant Airlines, American Airlines, British Airways, Delta Airlines, JetBlue Airways, Republic Airlines, Southwest Airlines, Spirit Airlines, United Airlines, Air Canada and Alaska Airlines (the Signatory Airlines). The Authority has completed the process of creating a new long-term AOA that upon signature by the airlines will become effective January 1, 2020. As of the date of issuance of the financial statements, the new agreement has not been finalized.

Airline revenue at PIT is based upon a residual arrangement as determined in the AOA. Signatory Airlines agree to pay for the operations of the Airport, as well as fund certain capital expenditures, based upon rates and charges that take into account all revenues, expenses and debt service at PIT. The AOA is designed to minimize costs to the Signatory Airlines while assuring the payment of all net operating costs and debt service related to PIT.

Overview of the Financial Statements

The Authority's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB). Revenues are recognized when earned, and expenses are recognized when incurred. Capital assets are recorded in land, building, and equipment accounts and are depreciated over their useful lives (except land). See Notes 1 and 2 to the financial statements for a summary of the Authority's organization and significant accounting policies. Following this discussion and analysis are the basic financial statements of the Authority, including the notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's financial position and activities.

The Statement of Net Position presents information on all of the Authority's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Authority's financial condition.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing the change in the Authority's net position during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are recorded and reported in this statement for some items that will result in cash flows in future periods.

The Statement of Cash Flows relates to the flows of cash and cash equivalents. Consequently, only transactions that provide or use cash are recorded in this statement. A reconciliation is provided at the bottom of the Statement of Cash Flows to assist in the understanding of the difference between cash flows from operating activities and operating income.

For the fiscal years ending December 31, 2015 through December 31, 2018, the Authority's audited financial statements also included comparative information for the prior fiscal year. However, the Authority's audited financial statements for the fiscal year ended December 31, 2019 only present single year financials for the year ending December 31, 2019. The Authority took this approach for fiscal year 2019 due to the major retrospective disclosures required by the implementation of several accounting changes required by the Government Accounting Standards Board ("GASB") effective January 1, 2019. Such changes include GASB 88 (Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements), and GASB 83 (Certain Asset Retirement Obligations). Also GASB 87 (Leases) will be implemented in a future year. The 2019 audited financial statements include all the required note disclosures, if any, concerning the GASB requirements listed above. The Authority's 2019 Comprehensive Annual Financial Report includes the ten-year statistical section as provided in previous years.

Significant Events/Financial Highlights

Enplaned passengers at the Airport increased by 1.2% in 2019 as compared to 2018, which followed a 7.5% increase in 2018. The Airport now has a diversified portfolio of airlines, including major network carriers, low cost carriers (LCCs) and ultra-low-cost carriers (ULCCs). As of March 2020, 17 carriers provide regularly scheduled service to 63 airports nonstop, up from 37 at the beginning of 2015. This diversification has led to new additions such as British Airways, which started year-round nonstop service to London Heathrow in April 2019. British Airways last serviced PIT 20 years ago and has returned thanks to a resurgent Pittsburgh economy and an aggressive airport air service strategy. The airport has also seen increased service to the West Coast on United to San Francisco as well new service to Seattle on Alaska Airlines. Growth on Delta, United, Spirit, and Allegiant among others helped to fuel passenger growth in 2019.

Management is pleased to see the growth in passenger levels through the strength of origin and destination traffic (nonconnecting passengers who begin or end their trip at PIT), and is optimistic the added routes and frequencies in 2015 through 2019 will provide sustainable passenger levels. The Pittsburgh economy continues to improve and management attributes the performance in 2019 passenger levels to new carriers and routes at PIT that have succeeded in attracting more travelers with the growth of the regional economy. However, in March, 2019, aviation authorities around the world grounded the Boeing MAX 737 airliner. This grounding remained in effect for the remainder of 2019 and greatly reduced traffic at PIT as many airlines experienced a shortage of available aircraft. Management believes that growth levels at PIT will increase once new aircraft become available or the grounding is lifted.

In 2017, the Authority approved a master plan for the Airport which identified the need to right-size and modernize the Airport's terminal facilities. The existing terminal was designed and constructed in the late 1980s and early 1990s in close cooperation with the former US Airways to accommodate its hubbing operations. The terminal complex was therefore designed to handle high volumes of connecting traffic. The Airport no longer serves as a major hub, with US Airways ending its hubbing operations in 2002. Traffic at the Airport is now comprised of approximately 97% origination and destination ("O&D") passengers, and is now served by a diversified portfolio of airlines. Because the Airport is no longer a hub, the existing terminal facilities far exceed the current level of activity in some respects, and in other respects, are undersized for a thriving O&D market. In addition, building systems such as elevators, escalators, mechanical, electrical, and communications that became operational in 1992 are reaching or have reached the end of their respective service lives. Furthermore, other aspects of the terminal are causing capacity issues in the security screening areas.

The Terminal Modernization Program (the "TMP") will replace the existing landside terminal at the Airport with a new landside terminal and associated facilities (including roadways, parking, rental car facilities). The new landside terminal will be built adjacent to the existing airside terminal and will take into account evolving customer requirements by using new technology and will expand congested facilities in the existing landside terminal in a cost-effective and operationally efficient manner. The TMP design was informed and influenced by extensive collaboration and coordination over the past seven years between the Authority and the airlines serving the Airport and their Airline Technical Representative (as defined in the Airline Operating Agreement as defined hereinafter). The TMP is designed to balance airside and landside terminal operations to serve current and projected passenger demand and capacity requirements as well as improve building system functionality for the airside terminal. It is estimated that the TMP will be completed in 2023 at a cost of approximately $1.332 billion, including construction, design, project and construction management, contingencies, and escalation (based on 60% design completion as of March 2020).

The Authority has been designated a recipient of revenues generated from casinos and racinos authorized to operate pursuant to the Pennsylvania Race Horse Development and Gaming Act (Gaming Act). The Authority was eligible to receive up to 5% of the annual net revenues, on an annual basis not to exceed $150 million for up to a 12-year period, generated from gaming operations in Pennsylvania. The County of Allegheny (County), the prior recipient of the funds, received $42.5 million of these revenues prior to the close of 2009 to complete the repayment of the $42.5 million capital contribution that the County made toward the original construction of the Airport, which the County funded with the issuance of its General Obligation Bonds. Through February, 2019, the Authority has received $107.5 million of the original $150.0 million allotment bringing the total received by the County and Authority to $150.0 million. The Authority is designated to receive and has reported $12.4 million in revenue for the current year which has not been collected as of year-end. The Authority expects to continue to receive payments of $8.0 million in 2020 and thereafter payments of $12.4 million annually for so long as it continues to be a recipient under the Gaming Act. The Authority anticipates applying additional gaming grants to capital construction project costs, reduce debt service payments from other sources, and for other purposes permitted under the Gaming Act.

The parking operation at PIT is the largest non-aeronautical operating revenue generator for the Airport. There was $41.6 million of parking revenue included in the results of the Airport for 2019, up from $36.9 million for 2018. This 12.7% increase is directly related to parking rate and passenger increases. The Airport currently has approximately 2,100 short-term parking spaces, 3,750 long-term parking spaces, and 7,900 extended-term parking spaces.

On December 5, 2012, the Authority opened bids for the exploration, drilling and production of minerals, namely Marcellus Shale natural gas, on the properties of PIT and AGC. CNX Gas Company LLC was the sole qualified bidder. On February 8, 2013, the Authority Board awarded the bid and authorized execution of a lease with CNX Gas Company LLC. Upon execution, the Authority received an up-front bonus payment of $42.8 million with an additional $3.5 million held in escrow until certain property deed mineral rights issues were resolved These bonus payments, along with the associated ground and surface rental payments, were accreted proratably over the five-year initial term of the lease based upon straight-line methodology. During the years 2013 through 2016, all bonus and rent payments covering the initial term were received. The total of all such payments received was $49.6 million. In addition to these initial payments, the Authority began receiving monthly royalty revenue payments during 2016. Royalty revenues over the life of the drilling operations have been recognized as earned. Net revenues from the natural gas lease are being used to reduce airline rates and charges and for capital expenditures, including economic development, at the Airport. During 2019 and 2018, a total of $29.0 million in royalties was received with $24.5 million allocated to various capital projects and $3.8 million allocated to reduce airline rates and charges.

On December 18, 2019, the Authority utilized $75.8 million in cash and other monetary assets from existing resources in order to complete an in-substance defeasance of all outstanding bonds. The proceeds of $75.8 million were used to purchase U.S. Treasury Securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased, the liability for the bonds and related balances have been removed from long term debt, and a loss of $3.6 million was recorded during 2019. This defeasance allows the Authority to issue future bonds at potentially lower interest rates and under a new modernized bond indenture.

The following is a summary of the Authority's statements of revenues, expenses and changes in net position for the years ended December 31, 2019 and 2018 (in thousands):

	2019	2018	% Change 2019/2018
Operating revenues			
Landing fees and airline rentals/fees	$ 59,055	$ 60,481	-2.40%
Parking revenues	41,631	36,926	12.70%
Rental car revenues	12,510	12,715	-1.60%
Other revenues	31,366	32,960	-4.80%
Total operating revenues	144,562	143,082	1.00%
Nonoperating revenues			
Passenger and customer facility charges	28,516	24,952	14.30%
Gaming act revenues	12,400	8,000	55.00%
Gas drilling revenues	10,122	19,267	-47.50%
Other revenues	5,231	3,194	63.80%
Total nonoperating revenues	56,269	55,413	1.50%
Total revenues	200,831	198,495	1.20%
Operating expenses			
Salaries, wages and benefits	53,700	54,194	-0.90%
Utilities, cleaning and maintenance	29,779	29,365	1.40%
Depreciation	56,981	55,787	2.10%
Other expenses	39,331	42,134	-6.70%
Total operating expenses	179,791	181,480	-0.90%
Nonoperating expenses			
Interest expense	3,538	4,320	-18.10%
Loss on defeasance	**3,636**	-	-
Loss on disposal of capital assets	7	13	-46.20%
Total nonoperating expenses	7,181	4,333	65.70%
Total expenses	186,972	185,813	0.50%
Income before capital contributions and and grants	13,859	12,682	9.30%
Capital contributions and grants	8,175	29,837	-72.60%
Increase in net position	22,034	42,519	-48.20%
Net Position – beginning of year, as previously reported	633,370	592,062	7.00%
Change in accounting principle	-	(1,211)	-
Net Position – beginning of year	633,370	590,851	7.20%
Net Position – end of year	$ 655,404	$ 633,370	3.50%

Total operating revenues were approximately $1.5 million, or 1.0%, higher compared to 2018. The net decrease in landing and terminal fees of $1.4 million was primarily a result of increased parking revenues. Combined parking and ground transportation revenues finished the year $4.7 million higher compared to 2018. Parking garage and lot revenues increased by $2.8 million due to higher passenger traffic and parking rate increases. Ground transportation revenues also increased by $1.9 million primarily due to increased participation of transportation network companies.

Total operating expenses (including depreciation) were $1.7 million, or 0.9%, lower in 2019 as compared to 2018. The largest drivers for this decrease are elements of other expenses, including advertising costs decrease of $0.9 million and Allegheny County Airport costs decrease of 0.5 million. Salaries, wages and benefits decreased approximately $0.5 million due to attrition which more than offset normal pay increases. The continued application of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, resulted in the recognition of additional pension expense of $8.9 million and $9.0 million in 2019 and 2018, respectively.

Total net nonoperating revenues (expenses) were approximately $2.0 million lower in 2019 as compared to 2018, or 3.9%. Interest expense was approximately $0.8 million lower, reflecting the amortization of long-term debt. Investment income was $2.0 million higher compared to 2018 due to the investment of available funds in managed investment accounts (see Note 3 to the financials). Gas drilling revenues were $9.1 million lower in 2019 primarily due to lack of market demand and related price declines.

Capital contributions and grants decreased by $21.7 million primarily due to $20.6 million in grant revenues related to deicing pad reconstruction received in 2018.

Financial Position

The following represents a summary of the Authority's statements of financial position at December 31, 2019 and 2018 (in thousands):

	2019	2018	% Change 2019/2018
Assets and Deferred Outflows of Resources			
Assets			
Current assets - unrestricted	$ 101,971	$ 100,204	1.8%
Current assets - restricted	13,977	70,899	-80.3%
Net property and equipment	646,096	605,190	6.8%
Other noncurrent assets - unrestricted	17,789	21,352	-16.7%
Other noncurrent assets - restricted	40,131	18,092	121.8%
Total assets	819,964	815,737	0.5%
Deferred Outflows of Resources	19,140	31,633	-39.5%
Total assets and deferred outflows of resources	$ 839,104	$ 847,370	-1.0%

	2019	2018	% Change 2019/2018
Liabilities and Deferred Inflows of Resources			
Liabilities			
Current payables from unrestricted assets	$ 19,910	$ 18,686	6.6%
Current payables from restricted assets	13,978	27,398	-49.0%
Long-term liabilities	146,853	162,314	-9.5%
Total liabilities	180,741	208,398	-13.3%
Deferred Inflows of Resources	2,959	5,602	-47.2%
Total liabilities and deferred inflows of resources	183,700	214,000	-14.2%
Net Position			
Net investment in capital assets	600,732	537,520	11.8%
Restricted	40,079	71,025	-43.6%
Unrestricted	14,593	24,825	-41.2%
Total net position	$ 655,404	$ 633,370	3.5%

The Authority's total net position increased $22.0 million from 2018 and is directly related to successful operations along with gaming and gas drilling revenues. The net investment in capital assets increased by $63.2 million primarily due to TMP project costs. The decrease in unrestricted net position of $10.2 million was primarily due to the utilization of gaming, gas drilling and other unrestricted monies to fund portions of the TMP project and to facilitate the bond debt defeasance. This utilization will enable the Authority to minimize the debt service costs of the TMP. It is anticipated that the unrestricted funds will be replenished when the TMP bonds are issued in 2020.

Capital Asset and Debt Administration

Capital Assets - The Authority's capital assets, net of depreciation as of December 31, 2019 and 2018, amounted to $646,095,692 and $605,189,898, respectively. The capital assets include land and land improvements (including runways and taxiways); buildings and building improvements; equipment, furniture and fixtures; as well as construction in progress. The total increase in the Authority's capital assets before accumulated depreciation for 2019 was 4.4%.

Major capital projects in progress and expenditures incurred during 2019 included the following:

2019	
Terminal modernization program	$ 68,861,000
Innovation campus development	6,389,000
Airfield area projects	3,983,000

Major capital projects in progress and expenditures incurred during 2018 included the following:

2018	
Rehabilitation of taxiways and runways	$ 27,836,000
People mover	6,064,000
Roadways	16,543,000

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method. Acquisitions are funded using a variety of financing techniques, including federal grants, state grants, PFCs, debt issuance and cost recovery through airline rates and charges. Major commitments include $35.2 million for TMP program management and design and $12.7 million for multiple other projects including the AGC restoration project and roadway rehabilitation projects. Further detailed information on the Authority's capital assets can be found in Note 5 to the financial statements.

Debt Administration - As of December 31, 2019 and 2018, the Authority's long-term debt outstanding totaled $43,148,234 and $71,511,923, respectively. As previously mentioned, all outstanding bond debt was defeased on December 18, 2019. The outstanding debt as of December 31, 2019 consists solely of draws from a line of credit. During 2019, Fitch reaffirmed their rating of A/Stable and Moody's upgraded their rating to A2/Stable. Detailed information regarding the Authority's long-term debt can be found in Note 6 to the financial statements.

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic". First identified in late 2019 and known now as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. These measures included international travel restrictions, and in some states, orders to stay home. As a result, domestic travel across the United States has significantly declined. As of the date of issuance of the financial statements, the Authority's operations in 2020 have been significantly impacted, however, the Authority continues to monitor the situation.

On March 25, Congress and the White House agreed to a COVID-19 assistance package, which includes $10 billion from the federal general fund to remain available until expended for airports to prevent, prepare for, and respond to coronavirus. Additionally, the final assistance package is expected to include significant cash grants for airlines.

The Authority cannot predict the duration of COVID-19, the duration or expansion of travel restrictions and warnings, whether additional countries or destinations, including domestic destinations, will be added to the travel restrictions or warnings, what effect such travel restrictions and warnings may have on air travel to and from the Airport, and whether and to what extent COVID-19 may disrupt global supply chains and manufacturing operations around the world. No impairments were recorded as of the balance sheet date as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Authority's results of operations, cash flows and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives and expends. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to Dale Cottrill, Chief Financial Officer, Landside Terminal, 4th Floor Mezz., Pittsburgh, PA 15231-0370 or via the "Contact Us" area of the Authority's website at www.flypittsburgh.com.

Statement of Net Position

	December 31, 2019
Assets	
Current assets:	
Cash and cash equivalents (Note 3)	$ 50,036,182
Investments (Note 3)	24,925,862
Receivables:	
Trade receivables	6,091,213
Due from County of Allegheny, Pennsylvania (Note 11)	250,000
Due from other governments	2,824,001
State gaming receivable	12,399,997
Gas drilling receivable	1,304,711
Other receivables	1,736,736
Inventory	2,402,897
Restricted assets:	
Cash and cash equivalents (Note 3)	3,830,469
Investments (Note 3)	8,265,244
Accrued interest receivable	208,011
Passenger and customer facility charge receivables	1,673,870
Total current assets	115,949,193
Noncurrent assets:	
Investments (Note 3)	17,570,663
Restricted assets - Investments (Note 3)	40,130,818
Capital assets: (Note 5)	
Assets not subject to depreciation	227,105,051
Assets subject to depreciation - Net	418,990,641
Prepaid debt issuance costs	218,056
Total noncurrent assets	704,015,229
Total assets	819,964,422
Deferred Outflows of Resources	
Deferred pension costs (Note 8)	19,026,475
Deferred OPEB costs (Note 9)	113,060
Total deferred outflows of resources	19,139,535

	December 31, 2019
Liabilities	
Current liabilities:	
Accounts payable	$ 10,086,116
Due to County of Allegheny, Pennsylvania (Note 11)	718,025
Payables from restricted assets:	
Accounts payable	10,921,878
Accrued liabilities	2,122,432
Retainage payable	128,838
Other liabilities	804,446
Unearned revenue	2,652,776
Accrued liabilities and other	6,192,493
Amount due to airlines	260,559
Total current liabilities	33,887,563
Noncurrent liabilities:	
Long-term debt (Note 6)	43,148,234
Net pension liability (Note 8)	98,796,640
Net OPEB liability (Note 9)	1,276,559
Unearned revenue	2,498,143
Other noncurrent liabilities	1,133,306
Total noncurrent liabilities	146,852,882
Total liabilities	180,740,445
Deferred Inflows of Resources	
Deferred pension cost reductions (Note 8)	2,957,566
Deferred OPEB cost reductions (Note 9)	1,574
Total deferred inflows of resources	2,959,140
Net Position	
Net investment in capital assets	600,732,387
Restricted:	
Capital projects	39,871,240
Debt service	208,207
Unrestricted	14,592,538
Total net position	**$ 655,404,372**

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended December 31, 2019
Operating Revenue	
Landing fees	$ 17,279,723
Terminal area airline rentals and fees	41,775,380
Other aeronautical revenue	8,908,660
Parking revenue	41,631,005
Rental car revenue	12,510,219
Terminal concessions	10,707,375
Other nonaeronautical revenue	8,938,623
Allegheny County Airport revenue	2,811,510
Total operating revenue	144,562,495
Operating Expenses	
Salaries, wages, and benefits	53,700,238
Utilities	10,860,849
Cleaning and maintenance services	18,917,978
Professional services	23,445,358
Other	13,291,357
Allegheny County Airport expenses	2,594,279
Depreciation	56,981,022
Total operating expenses	179,791,081
Operating Loss	(35,228,586)
Nonoperating Revenue (Expense)	
Investment income	4,641,026
Loss on sale of assets	(7,732)
Customer facility charges	9,536,624
Passenger facility charges	18,979,556
Gaming act revenue	12,400,000
Gas drilling revenue	10,121,571
Miscellaneous	203,669
Interest expense	(3,537,841)
Net decrease in fair value of investments	386,528
Loss on in-substance debt defeasance	(3,635,528)
Total nonoperating revenue	49,087,873
Income - Before capital contributions	13,859,287
Capital Contributions - Capital grants	8,175,418
Change in Net Position	22,034,705
Net Position - Beginning of year	633,369,667
Net Position - End of year	**$ 655,404,372**

Statement of Cash Flows

	Year Ended December 31, 2019
Cash Flows from Operating Activities	
Receipts from customers and users	$ 144,789,053
Payments to suppliers for goods and services	(64,890,898)
Payments to employees and fringes	(47,048,040)
Net cash and cash equivalents provided by operating activities	32,850,115
Cash Flows from Noncapital Financing Activities	
Gas drilling rent and royalty receipts	10,296,860
Gaming Act receipts	8,000,003
Net cash and cash equivalents provided by noncapital financing activities	18,296,863
Cash Flows from Capital and Related Financing Activities	
Receipt of capital grants and contributions	13,153,785
Purchase of capital assets	(97,888,636)
Interest and other charges paid, long-term debt, and related items	(3,259,239)
Net drawdowns on lines of credit	43,148,234
Payments to escrow trustee for bond defeasance	(75,753,819)
Passenger facility charges collected	20,055,792
Customer facility charges collected	10,077,148
Net cash and cash equivalents used in capital and related financing activities	(90,466,735)
Cash Flows from Investing Activities	
Interest received on investments	4,524,275
Net proceeds from sale and repurchase of investment securities	54,495,888
Net cash and cash equivalents provided by investing activities	59,020,163
Net Increase in Cash and Cash Equivalents	19,700,406
Cash and Cash Equivalents - Beginning of year	34,166,245
Cash and Cash Equivalents - End of year	**$ 53,866,651**
Classification of Cash and Cash Equivalents	
Cash and cash equivalents	$ 50,036,182
Current restricted cash and cash equivalents	3,830,469
Total cash and cash equivalents	**$ 53,866,651**

See notes to financial statements.

	Year Ended December 31, 2019
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities	
Operating loss	$ (35,228,586)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:	
Depreciation	56,981,022
Changes in assets and liabilities:	
Receivables	226,558
Inventories	(127,076)
Prepaid and other assets	1,616,760
Accounts payable	2,854,074
Net pension or OPEB liability	(20,719)
Deferrals related to pension or OPEB	8,950,376
Accrued and other liabilities	(2,402,294)
Total adjustments	68,078,701
Net cash and cash equivalents provided by operating activities	**$ 32,850,115**

Note 1 - Nature of Business

Allegheny County Airport Authority (the "Authority") presently leases and operates the Pittsburgh International Airport (PIT or the "Airport") and the Allegheny County Airport (AGC) (collectively, the "Airport System"). The Authority's activities are commercial in nature and are intended to be self-sustaining. The Authority is a body corporate and politic existing under the laws of the Commonwealth of Pennsylvania pursuant to the Municipality Authorities Act of 1945, approved on May 2, 1945, P.L. 382, and subsequently amended by the Municipal Authority Act, Act 22 of 2001. The Authority was organized by the County of Allegheny, Pennsylvania (the "County") on June 17, 1999. On September 16, 1999, pursuant to an Airport Operation, Management and Transfer Agreement, and Lease between the County and the Authority (the "Transfer Agreement"), as amended, the County transferred and leased the Airport System to the Authority for an initial term of 25 years with two 25-year extension options exercisable at the option of the Authority. In connection with the Transfer Agreement, the County transferred to the Authority all of the County's rights, title, and interest in the property utilized by the County in connection with the Airport System. In addition, all contractual rights, obligations, and liabilities pertaining to the Airport System, including revenue and general obligation bonds issued by the County to finance construction and development of PIT, were transferred to the Authority by the County. Prior to the organization of the Authority, the operations were included in the County's Department of Aviation.

Board members of the Authority are appointed by the county executive, subject to confirmation by a majority of the County Council. The Authority's financial statements are presented as a component unit in the County's general purpose financial statements and Comprehensive Annual Financial Report. Given the relationship of the parties to the Transfer Agreement, no adjustments were made to the historical carrying values of the Airport System's assets and liabilities and net position. The accompanying financial statements reflect the financial position and results of operations of the Authority as of and for the year ended December 31, 2019.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The Governmental Accounting Standards Board (GASB) establishes standards for external financial reporting for state and local governments and components thereof. The Authority's net position is classified into three categories according to external restrictions or availability of assets for satisfaction of authority obligations. The Authority's net position is classified as follows:

- *Net Investment in Capital Assets* - This represents the Authority's total investment in capital assets - net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- *Restricted Net Position* - This includes resources for which the Authority is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- *Unrestricted Net Position* - Unrestricted net position represents resources derived from operations that may be used at the discretion of the board of directors for any purpose.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then unrestricted resources as they are needed.

Basis of Accounting

The Authority is accounted for as a single-purpose, business-type entity since its operations are financed and operated in a manner similar to a private business. The Authority's financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Note 2 - Significant Accounting Policies (Continued)

Revenue and Expenses

Revenue from airlines, concessionaires, lessees, and parking is reported as operating revenue. Operating expenses include the cost of administering the airport system, plus depreciation and amortization of capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses or capital contributions and grants.

Revenue Recognition and Unearned Revenue

Airline Operating Agreement

Landing fees and terminal building lease rental revenue include amounts computed in accordance with the Airline Operating Agreement (AOA) between the Authority and those airlines serving PIT that sign this agreement (the "Signatory Airlines"). The AOA provides that the aggregate of airline fees and charges, together with other revenue, including nonairline revenue, for each fiscal year should be sufficient to pay the operating expenses of the cost centers included in the AOA and to make all deposits and payments under the bond indentures issued in connection with financings of capital projects for the Authority. The original term of the AOA expired on May 8, 2018. Prior to the expiration of the original AOA, the Authority amended and extended the agreement through December 31, 2019. The Authority has completed the process of creating a new long-term AOA that, upon signature by the airlines, became effective January 1, 2020. As of the date of issuance of the financial statements, the new long-term AOA has not yet been finalized.

American Airlines, together with its affiliated commuter airlines, accounted for approximately 23 percent of total enplaned passengers at PIT in 2019. Southwest Airlines accounted for approximately 25 percent of total enplaned passengers at PIT in 2019. Revenue from American Airlines represents approximately 15 percent of PIT operating revenue in 2019. No other airline represents more than 10 percent of operating revenue or 20 percent of total enplaned passengers.

Concession and Rental Car Revenue

Concession and rental car revenue is generally based on a fixed percentage of tenant revenue, subject to certain minimum monthly fees. Concessions are operated under the Master Lease Development and Concession Agreement (the "Master Lease"). The Master Lease was extended from its initial term through December 31, 2029. During 2019, the Authority's revenue-sharing percentage was 77 percent.

Parking Revenue

Parking revenue is derived from a third-party operator and is based on a fixed percentage of net revenue, as defined in the associated management agreement.

Gas Drilling Revenue

In February 2013, a lease was executed with CNX Gas Company LLC (CNX) for the exploration, drilling, and production of minerals, namely Marcellus Shale natural gas, on the properties of Pittsburgh International and Allegheny County airports. The Authority's contract includes approximately $46.1 million in nonrefundable bonus payments, which were accreted to nonoperating revenue during the initial five-year term (March 2013 through February 2018) of the lease. The lease term continues from year to year as long as any leased minerals are produced in paying quantities from the leased premises. During 2016, the Authority began receiving royalty revenue payments for gas production. Total royalty revenue approximated $9.8 million during 2019. The Authority also receives surface and ground rents for undeveloped acreage. The Authority received approximately $327,000 of ground rent during 2019. While the Authority continues to receive royalties and rents on an ongoing basis under the gas lease, there can be no assurance that CNX will continue operations at the Airport Complex, or that other companies active in the oil and gas business will be interested in obtaining rights at either the Airport or the Allegheny County Airport.

Note 2 - Significant Accounting Policies (Continued)

Passenger Facility Charges (PFCs)

On October 1, 2001, the airlines began collecting PFCs on qualifying enplaning passengers at PIT on behalf of the Authority. PFCs are fees imposed on enplaning passengers by airports to finance eligible airport-related projects that preserve or enhance safety, capacity, or security of the national air transportation system; fund noise mitigation at the airport; or furnish opportunities for enhanced competition between or among air carriers. Regulations have been promulgated by the Federal Aviation Administration (FAA) that enhance the eligibility of PFC usage to include, among other things, debt service payments. Both the fee imposed and the intended uses must be reviewed and approved by the FAA.

Previously, the Authority received approval to impose and use a $3.00 PFC. Effective December 1, 2004, the FAA approved an increase to the PFC, allowing the Authority to collect at the current maximum rate of $4.50. The project summary was approved by the FAA in its Record of Decision, dated July 2001, and subsequently amended through December 17, 2019, as follows:

Reimbursement for preapplication projects (to be applied to debt service)	$ 215,055,143
Safety and security-related projects	160,695,520
Environmental-related projects	82,427,857
Terminal development projects	107,613,676
Total	$ 565,792,196

The Authority has expended $331,386,593 on these projects through December 31, 2019.

PFC revenue is classified as nonoperating in the statement of revenue, expenses, and changes in net position and is restricted for capital improvements, debt service, and certain other uses approved by the FAA.

Customer Facility Charges (CFCs)

Beginning June 1, 2011, the Authority began collecting CFCs from all rental car concessionaires that operate at PIT. Effective November 1, 2018, the Authority began charging $5.50 to each on-airport rental car concessionaire customer on a per transaction day basis. CFC revenue is classified as nonoperating in the statement of revenue, expenses, and changes in net position. Such amounts are restricted for operating and maintenance expense, capital improvements, and debt service related to the rental car operation at the Airport or for any rental car-related purpose the Authority determines is a reasonable use of such funds.

The CFC rate was increased to $5.50 effective November 1, 2018 and to $6.00 effective February 1, 2020. Also, at the request of the rental car companies, in April 2020, the Authority raised the cap on the number of days of collection from seven to 30. Pursuant to the new rental car agreements, prior to DBO, CFCs equal to the first $5.00 per transaction day will be used to fund rental car-allocable project costs on a pay-as-you-go basis, and the remaining $1.00 in incremental CFCs will be used to fund up to $1 million in costs to realign service areas and up to $7 million to fund Terminal Modernization Program rental car tenant improvements.

Federal and State Grants

Outlays for airport capital improvements and, from time to time, certain airport operating expenses are subject to reimbursement from federal grant programs. Funds are also received for airport development from the State of Pennsylvania. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred and are recorded as a component of capital contributions and grants. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

Note 2 - Significant Accounting Policies (Continued)

Tenant-financed Improvements

Unearned revenue also includes amounts funded by tenants of the Authority for certain capital assets. These unearned revenue amounts are being amortized to contribution revenue using the straight-line method over the depreciable lives of the related assets through credits to current rents payable.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments (including restricted assets) with a maturity of three months or less when acquired. Cash equivalents at December 31, 2019 consisted of government investment pools, Treasury notes, and commercial paper.

Investments

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Changes in the fair value of investments are reported as nonoperating revenue in the statement of revenue, expenses, and changes in net position.

Inventories

Inventories are valued at cost, which is determined using the weighted-average method of accounting. Inventories are composed of construction-related materials and parts used for maintenance of facilities and equipment.

Capital Assets

Capital assets are defined by the Authority as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs incurred for major improvements are carried in construction in progress until the assets are placed in service or are available for use, whichever occurs first.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Terminal buildings	10-30
Airfield (runways/taxiways/deicing)	20
Site development	30-50
Parking garage/lots/etc.	15-40
Hangers	5-30
Roadways	10-20
Mobile and other equipment	10-20
Computer/Security equipment and systems	5-20
Utilities	10-40
Other assets	10-30
Other structures	10-30
Landing area - Non sub	20-50

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

Note 2 - Significant Accounting Policies (Continued)

The Authority reports deferred outflows related to pension and other postemployment benefits. See Notes 8 and 9 for further details on pension and other postemployment benefits, respectively.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Authority reports deferred inflows related to pension and other postemployment benefits. See Notes 8 and 9 for further details on pension and other postemployment benefits, respectively.

Pension

The Authority participates in a single-employer defined benefit pension plan sponsored by the County, known as the Allegheny County Employees' Retirement System (the "Plan"). For reporting and accounting purposes, the Plan is treated as a cost-sharing multiple-employer defined-benefit plan, as the Plan covers both the Authority's and the County's employees. The Authority records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan’s fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Allegheny County Employees’ Retirement System Pension Plan and additions to/deductions from the pension plan’s fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Other Postemployment Benefit Costs

The Authority has a single-employer defined benefit other postemployment benefit (OPEB) plan, Postemployment Medical Benefits Plan (the "OPEB Plan"). For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Compensated Absences (Vacation and Sick Leave)

It is the Authority's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Certain firefighters employed by the Authority earn vested sick benefits that are accrued for based on the estimated amount that the Authority will pay upon employment termination (current rates of compensation plus appropriate taxes); vacation pay is accrued based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

Use of Estimates

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

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2020.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The requirements of the standard will be applied retrospectively and are effective for the Authority's financial statements for the December 31, 2021 fiscal year.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, which enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The requirements of GASB 92 that relate to the effective date of GASB 87 and its associated implementation guidance are effective upon issuance. All other provisions of the statement are effective for the Authority's financial statements for the December 31, 2021 fiscal year.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 10, 2020, which is the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. These measures included international travel restrictions and, in some states, orders to stay home. As a result, domestic travel across the United States has significantly declined. As of the date of issuance of the financial statements, the Authority’s operations in 2020 have been significantly impacted, but the Authority continues to monitor the situation.

On March 25, Congress and the White House agreed to a COVID-19 assistance package, which includes $10 billion from the federal general fund to remain available until expended for airports to prevent, prepare for, and respond to coronavirus. Additionally, the final assistance package is expected to include significant cash grants for airlines.

Note 2 - Significant Accounting Policies (Continued)

The Authority cannot predict the duration of COVID-19, the duration or expansion of travel restrictions and warnings, whether additional countries or destinations, including domestic destinations, will be added to the travel restrictions or warnings, what effect such travel restrictions and warnings may have on air travel to and from the Airport, and whether and to what extent COVID-19 may disrupt global supply chains and manufacturing operations around the world. No impairments were recorded as of the statement of net position date, as no triggering events or changes in circumstances had occurred as of year end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Authority's results of operations, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

Note 3 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

Cash and cash equivalents	$ 50,036,182
Investments	42,496,525
Restricted cash and cash equivalents	3,830,469
Restricted investments	48,396,062
Total deposits and investments	$ 144,759,238

These amounts are classified into the following deposit and investment categories:

Deposits with financial institutions	$ 20,755,974
Investments:	
Reported at cost - Investment pool - Federated government obligations fund	5,564,029
Reported at fair value:	
Commercial paper	30,567,117
Treasury notes	87,594,436
Municipal bonds	277,682
Total	$ 144,759,238

The Authority's investment policy is to follow Section 5611 of the Commonwealth of Pennsylvania Municipality Authorities Act and Act 131 of 2014 (Section 2) (collectively the "Acts"). In accordance with the Acts, the Authority is authorized to invest in (1) U.S. Treasury bills; (2) short-term obligations of the U.S. government or its agencies or instrumentalities; (3) obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania (the "Commonwealth") or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or any political subdivision of the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision; (4) commercial paper rated in the highest rating category, without reference to a subcategory, by a rating agency; and (5) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933 if the only investments of that company are in the authorized investments for authority funds listed (1) through (4) above.

Commonwealth of Pennsylvania law requires that the Authority's deposits be placed in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC), the Federal Savings and Loan Insurance Corporation, or the National Credit Union Insurance Fund. To the extent that such accounts are so insured, and for any amounts above the insured maximum, the approved collateral, as provided by law, shall be pledged by the depository.

Note 3 - Deposits and Investments (Continued)

The Authority has designated four banks for the deposit of its funds. The Authority's deposits and investments are in accordance with statutory authority and the adopted investment policy.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority’s cash deposits are insured up to $250,000 at financial institutions insured by the FDIC. Any cash deposits in excess of the $250,000 FDIC limits are uninsured and collateralized by financial institutions via single collateral pool arrangements, as permitted by Act No. 72 of the 1971 session of the Pennsylvania General Assembly, for the protection of public depositors. At December 31, 2019, the Authority had $19,970,985 of bank deposits that were uninsured but collateralized.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2019, the Authority’s investments were not exposed to custodial credit risk. The Authority’s investments are held by the pledging financial institution’s trust department or agent in the Authority’s name. The Authority’s investment policy does not address how investment securities and securities underlying repurchase agreements are to be held.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Authority does not have an investment policy that manages exposure to fair value losses arising from rising interest rates.

At December 31, 2019, the Authority had the following investments and maturities:

Type of Investment	Carrying Value	Less Than 1 Year	1-5 Years
Investment pool - Federated government obligations fund	$ 5,564,029	$ 5,564,029	$ -
Commercial paper	30,567,117	30,567,117	-
Treasury notes	87,594,436	66,102,924	21,491,512
Municipal bonds	277,682	-	277,682
Total	$ 124,003,264	$ 102,234,070	$ 21,769,194

Note 3 - Deposits and Investments (Continued)

Credit Risk

The risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Act provides for investment of governmental funds into certain authorized investment types. Statutes do not prescribe regulations related to demand deposits; however, they do allow pooling of governmental funds for investment. The Authority has no investment policy that would further limit its investment choices. The deposit and investment policy of the Authority adheres to state statutes, related trust indentures, and prudent business practices. As of December 31, 2019, the credit quality ratings of investments are as follows:

Investment	Carrying Value	Standard & Poor's	Moody's
Investment pool - Federated government obligations fund*	$ 5,564,029	AAA	Aaa
Commercial paper	30,567,117	A-1	P-1
Treasury notes	87,594,436	AAA	Aaa
Municipal bonds	277,682	AA+	Not rated
Total	$ 124,003,264		

*Investment is valued at amortized cost rather than fair value.

Concentration of Credit Risk

The Authority's investment policy places no limit on the amount the Authority may invest in any one issuer. At December 31, 2019, the Authority does not have any investments subject to concentration of credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The Authority's exposure to foreign currency risk derives from its investments in commercial paper issued by Canadian, Asian, and other foreign corporations. The Authority's investment policy permits it to hold commercial paper rated in the highest rating category, without reference to a subcategory, by a rating agency. At December 31, 2019, the Authority's investment in commercial paper of foreign currencies matured in less than one year and had a fair value of $22,563,752.

Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 3 - Deposits and Investments (Continued)

The Authority has the following recurring fair value measurements as of December 31, 2019:

	Assets Measured at Carrying Value on a Recurring Basis at December 31, 2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2019
Investments by Fair Value Level				
U.S. Treasury securities	$ 87,594,436	$ -	$ -	$ 87,594,436
Municipal bonds	-	277,682	-	277,682
Commercial paper	-	30,567,117	-	30,567,117
Total investments by fair value level	$ 87,594,436	$ 30,844,799	$ -	$ 118,439,235

Securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 and Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note 4 - Restricted Assets

At December 31, 2019, restricted assets are composed of the following:

Passenger and customer facility charge receivables	$ 1,673,870
Airport system capital fund	29,063,892
Equipment and capital outlay fund	3,087,866
Other aviation facilities fund	79,922
Deposits held for others	683,063
Customer facility charges fund	19,260,201
Other	259,598
Total	$ 54,108,412

Bond Ordinance Number 1008-88 was adopted by the Board of County Commissioners of Allegheny County on July 22, 1988 and supplemented on June 7, 1990; February 20, 1992; June 3, 1993; and August 8, 1997 by the County and supplemented on December 1, 1999; October 1, 2001; October 3, 2002; October 3, 2007; August 11, 2010; and May 8, 2012 by the Authority (the "Bond Ordinance"). The Bond Ordinance provides, among other things, that certain accounting procedures be followed and certain funds (as therein defined) be established and maintained to provide bondholders a degree of security against certain contingencies.

Under the AOA, the Authority must also maintain certain funds and accounts (as therein defined). The AOA further requires the use of a cost-center structure. In general, revenue from included cost centers is pledged to the payment of the Authority's revenue bonds, while revenue from excluded cost centers is not.

Note 4 - Restricted Assets (Continued)

The Bond Ordinance requires the Authority to maintain, charge, and collect rates, rentals, and other charges for the use of the included cost centers, which, together with other available funds, will be sufficient to provide in each fiscal year: (a) revenue equal to the total amounts required to be deposited to the funds established by the Bond Ordinance and (b) net revenue at least equal to 125 percent of the debt service requirement with respect to the Authority's revenue bonds during the current fiscal year. The Bond Ordinance generally defines the debt service requirements as the sum of the amounts required to be deposited in respect of interest on and principal of the Authority's revenue bonds outstanding in any fiscal year. The Bond Ordinance defines other available funds as all unexpended and unencumbered amounts in the Revenue Fund remaining after all transfers and payments required to be made have been made.

All revenue of the Authority is deposited into the Revenue Fund and disbursed in accordance with the Authority's annual budget to provide for current operations and maintenance expenses and to replenish balances in the funds to their required levels under the Bond Ordinance. Withdrawals from the Revenue Fund for deposit in any of the funds and accounts established under the AOA may only be made after all required deposits under the Bond Ordinance have been satisfied. Amounts in the Revenue Fund are pledged to secure the Authority's revenue bonds, but all current operations and maintenance expenses of the Authority are paid prior to debt service on the Authority's revenue bonds.

The Debt Service and Debt Service Reserve funds are used for the payment of bond principal and interest and redemption premiums, if any, on the Authority's revenue bonds. The Operation and Maintenance Reserve Fund must be maintained at a balance at least equal to one-sixth of the Authority's current operating budget of the included cost centers as a reserve for payment of operation and maintenance expenses. The balance of the Renewal and Replacement Fund must be maintained at $2,000,000 and can be disbursed by the Authority only for extraordinary repairs and replacements to property within the included cost centers. Finally, amounts in the Debt Service Coverage Fund are used for the purpose of establishing future coverage on the Authority's revenue bonds. Due to the bond defeasance described in Note 6 and no other outstanding revenue bonds issued under the provisions of the Master Indenture and supplemental indentures, there were no required restrictions in these funds as of December 31, 2019.

The Passenger Facility Charge Fund provides for the segregation of PFC receipts, as required by the FAA. Such revenue is to be expended only for allowable capital projects, or to repay debt issued for allowable capital projects, under a record of decision granted by the FAA.

All other restricted funds and accounts (including those established under the AOA) of the Authority represent amounts held for customer facility charge fund expenditures, specific capital projects, or deposits held on behalf of others.

Note 5 - Capital Assets

Capital asset activity of the year ended December 31, 2019 is as follows:

	Balance January 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Transfers	Balance December 31, 2019
Capital assets not being depreciated:						
Land	$ 113,155,708	$ (648,308)	$ -	$ -	$ 15,395	$ 112,522,795
Construction in progress	41,890,824	-	97,888,636	-	(25,197,204)	114,582,256
Subtotal	155,046,532	(648,308)	97,888,636	-	(25,181,809)	227,105,051
Capital assets being depreciated:						
Terminal buildings	770,017,618	(52,288,120)	-	-	2,781,324	720,510,822
Airfield (runways, taxiways, and deicing)	541,807,701	(351,715,480)	-	-	2,658,246	192,750,467
Site development	81,493,578	(3,411,395)	-	-	-	78,082,183
Parking garage and lots	126,949,685	(5,379,706)	-	-	37,674	121,607,653
Hangers	46,936,947	(214,120)	-	-	1,475,131	48,197,958
Other structures	200,803,056	(2,955,097)	-	-	9,938,317	207,786,276
Roadways	68,860,651	769,586	-	-	1,402,006	71,032,243
Mobile and other equipment	51,162,134	-	-	(1,446,055)	2,949,981	52,666,060
Computer and security equipment/systems	59,082,371	(1,107,952)	-	(1,820)	2,856,497	60,829,096
Utilities	49,342,961	-	-	-	1,080,372	50,423,333
Other assets	22,911,807	(288,473)	-	-	2,261	22,625,595
Landing area (non sub)	-	417,239,065	-	(93,225)	-	417,145,840
Subtotal	2,019,368,509	648,308	-	(1,541,100)	25,181,809	2,043,657,526
Accumulated depreciation:						
Terminal buildings	660,006,962	(44,262,013)	17,479,640	-	-	633,224,589
Airfield (runways, taxiways, and deicing)	414,030,137	(318,926,676)	8,710,586	-	-	103,814,047
Site development	48,769,940	(3,106,542)	1,741,192	-	-	47,404,590
Parking garage and lots	81,563,517	(3,907,396)	5,174,498	-	-	82,830,619
Hangers	41,280,753	(194,672)	615,901	-	-	41,701,982
Other structures	122,059,826	(2,075,630)	6,658,038	-	-	126,642,234
Roadways	61,984,463	(89,841)	671,862	-	-	62,566,484
Mobile and other equipment	38,788,658	(1,438,327)	2,165,731	(1,446,055)	-	38,070,007
Computer and security equipment/systems	41,233,697	-	2,764,876	-	-	43,998,573
Utilities	42,409,102	-	1,324,195	-	-	43,733,297
Other assets	17,098,088	(802,002)	1,270,478	-	-	17,566,564
Landing area (non sub)	-	374,803,099	8,404,025	(93,225)	-	383,113,899
Subtotal	1,569,225,143	-	56,981,022	(1,539,280)	-	1,624,666,885
Net capital assets being depreciated	450,143,366	648,308	(56,981,022)	(1,820)	25,181,809	418,990,641
Net business-type activities capital assets	$ 605,189,898	$ -	$ 40,907,614	$ (1,820)	$ -	$ 646,095,692

Note 5 - Capital Assets (Continued)

Construction Commitments

Construction in progress related to runway and taxiway rehabilitation, garage and parking lots, terminal enhancements, nonairfield property development, and terminal modernization program. As of December 31, 2019, the Authority's equipment purchases and construction commitments are as follows:

	Spent to Date	Remaining Commitment
Terminal Modernization Project	$ 86,428,255	$ 36,696,559
AGC restoration and upgrades	11,196,996	1,125,208
Development area projects	9,697,954	1,703,712
Roadway Rehabilitation Project	296,729	2,177,601
Other projects	105,921,535	6,178,272
Total	$ 213,541,469	$ 47,881,352

Inexhaustible Assets

The Authority maintains various collections of inexhaustible assets to which no value can be determined. Such collections could include contributed works of art, historical treasures, literature, etc., that are held for exhibition and public service. These collections are neither disposed of for financial gain nor encumbered in any means. Accordingly, such collections are not capitalized or recognized for financial statement purposes.

Note 6 - Long-term Debt

Long-term debt activity for the year ended December 31, 2019 can be summarized as follows:

Lines of Credit - Direct Borrowings

On January 14, 2019, the Authority negotiated a line of credit from the bank. The term of the line was for two years, and the initial maturity date was January 14, 2021. During this term, the interest rate was 79 percent of the daily London Interbank Offered Rate (LIBOR) plus an initial spread of 48 basis points. The agreement included a maximum availability of $100,000,000 and the funds were used to pay for costs of the Authority’s terminal modernization program. The outstanding principal and any unpaid interest were due on the initial maturity date. However, a three-year term-out period could be elected by the Authority during which the loan would be paid off in quarterly installments. The security for repayment of the loan was a subordinate lien on the net revenue, as defined in the Authority’s former Master Trust Indenture. The Authority made two drawdowns during the course of the year in the amounts of $5,176,869 and $33,625,265. Interest paid in 2019 was $79,316.

On December 18, 2019, the Authority replaced the above line of credit with a new line of credit from the bank by paying off the outstanding balance on the previous line of credit with proceeds from the first drawdown on the new line of credit. This was the First Supplemental Trust Indenture under the new Master Trust Indenture. The term of the line is for three years, and the initial maturity date is December 16, 2022. During this term, the interest rate is 79 percent of the daily LIBOR plus an initial spread of 48 basis points. The agreement includes a maximum availability of $200,000,000 at closing and a subsequent step down to $100,000,000 on June 1, 2020 through the maturity date. The funds are to be used to pay for costs of the Authority’s terminal modernization program. The outstanding principal and any unpaid interest were due on the initial maturity date. However, a three-year term-out period could be elected by the Authority during which the loan would be paid off in quarterly installments. The security for repayment of the loan is a subordinate lien on the net revenue, as defined in the new Master Trust Indenture. The Authority made two drawdowns in the month of December in the amounts of $39,014,881 and $4,133,353. Interest due to be paid as of December 31, 2019 is $60,383. The balance of the line of credit was $43,148,234 at December 31, 2019.

Note 6 - Long-term Debt (Continued)

Bond Defeasance

On December 18, 2019, the Authority utilized $75.8 million in cash and other monetary assets from existing resources in order to complete an in-substance defeasance of all outstanding bonds. These resources were used to defease $70.9 million of outstanding Airport Revenue Bonds Series 2012 A-1 (AMT), Series 2012 A-2 (AMT), and Series 2012 B (Non-AMT) and Airport Revenue Refunding Bonds Series 2002 B and Series 2001, with interest rates ranging from 2 to 5 percent. The proceeds of $75.8 million were used to purchase U.S. Treasury securities, as outlined in the Escrow Deposit Trust Agreement. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased, the liability for the bonds and related balances have been removed from long-term debt, and a loss of $3.6 million was recorded during 2019. At December 31, 2019, the outstanding balance of the defeased Airport Revenue Bonds was $70,880,000.

Derivative Financial Instrument - Forward Delivery Agreement

The Authority was a party to a forward delivery agreement (the "Forward Delivery Agreement") effective October 4, 2001. The Forward Delivery Agreement required the counterparty to deposit securities in certain of the Authority’s debt service and debt service reserve trust accounts and provide the Authority with a guaranteed rate of return. The securities that were deposited into these accounts were timed to mature prior to scheduled debt service payment dates on the associated revenue bonds.

Eligible securities under the Forward Delivery Agreement were generally limited to: (a) obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America; (b) U.S. government-sponsored enterprises; and (c) commercial paper and prime commercial paper, in each case, with an original maturity of not more than 365 days (and in some cases, 270 days) rated in the highest categories by Moody’s and Standard & Poor’s and issued by any corporation, finance company, or banking institution organized and existing under the laws of the United States of America or any state thereof.

The Authority terminated the Forward Delivery Agreement on December 12, 2019. This was earlier than the settled termination date of July 7, 2022. The reason for the early termination was due to the debt defeasance in substance of all current bonds during 2019. The fair value of the Forward Delivery Agreement as of the early termination date of December 12, 2019 was $465,000 and historically presented as an adjustment to the carrying amount of the related deferred inflows in the statement of net position. The fair value of the Forward Delivery Agreement has been removed as a deferred inflow and included in the loss on in-substance debt defeasance during 2019.

Pledged Revenue from Airport Operations

The principal, interest, and redemption premiums, if any, related to bonds authorized and issued under the provisions of the Master Indenture and Supplemental Indentures are payable by the Authority only out of net revenue (as defined) and from such other monies as may be available for such purpose. Bonds authorized and issued do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of the Authority’s properties, including PIT, or upon any of its income or receipts of revenue, except as noted above. The holders of the revenue bonds have no claim upon the taxing power or tax revenue of the County.

As required by the Master Indenture, the Authority must attain a debt service coverage ratio of 1.25, as well as meet other nonfinancial covenants. As of December 31, 2019, amounts available to pay debt service charges were approximately $55 million. Required principal and interest debt service per the terms of the Master Indenture for the year ended December 31, 2019 were approximately $15.2 million.

Note 6 - Long-term Debt (Continued)

The Authority's ability to derive net revenue from operations depends upon various factors, many of which are not within the control of the Authority. The primary source of net revenue is the airline operating agreement (AOA) between the Authority and the Signatory Airlines. The AOA provides for the landing fees, terminal rentals, and ramp fees to be charged to the airlines. In addition, the Signatory Airlines are obligated to pay costs associated with aircraft support systems and tenant improvements.

At any point in time, the U.S. economy, excess airline capacity, and industry-wide competition through airfare discounting may create significant constraints on the operations of the airlines. Due to these factors, the financial results of the Authority are largely dependent upon conditions in the national economy and the U.S. airline industry and the financial condition of air carriers serving the Authority.

Other Pledges of Revenue

In 2005, the Authority entered into a series of agreements surrounding the development and financing of certain land owned by the Authority to be known as the Clinton Industrial Park. As part of this endeavor, a funding and development agreement was signed with the Redevelopment Authority of Allegheny County (RAAC) to provide tax increment financing (TIF) for the project. The RAAC originally issued TIF notes in the amount of $5,000,000 (the "2005 TIF Notes") to a single lender, and, in July 2015, the lender refinanced the notes. The refinanced notes totaled $3,786,718 and carry an annual interest rate of 2.75 percent with a maturity date of June 1, 2025. These notes are a limited obligation of the RAAC and are generally payable from two sources. The first source is 100 percent of the tax increment revenue pledged by the local taxing authorities. The second source is the Authority's pledge of 75 percent of gross revenue from the leasing of the property. All amounts pledged in this agreement are maintained in separate trust accounts under the direction of the trustee, US Bank, National Association. As principal payments are due to the lender, the trustee makes the payments from the trust accounts. At December 31, 2019, the TIF notes' balance was $2,391,718, and the corresponding trust accounts contained $1,543,557. As additional security and credit enhancement, the Commonwealth Financing Authority has agreed to guarantee the payment of the TIF notes. While the Authority has pledged to assign certain of its revenue to the trustee for the satisfaction of the TIF notes, the Authority is not party to the respective trust indentures and is under no obligation to repay the TIF notes; therefore, the TIF notes are not reflected as liabilities of the Authority in these financial statements. Revenue from the leasing of the property is reported net of any pledged amounts remitted according to this agreement.

In 2008, the Authority entered into a series of agreements surrounding the development and financing of certain land owned by the Authority to be known as the Northfield Site, Phase I. As part of this endeavor, a funding and development agreement was signed with the RAAC to provide tax increment financing for the project. The RAAC originally issued TIF notes in the amount of $5,000,000 (the "2008 TIF Notes") to a single lender, and, in December 2015, the lender refinanced the notes. The refinanced notes totaled $4,577,000 and carry an annual interest rate of 4.5 percent, with a maturity date of December 1, 2028. These notes are a limited obligation of the RAAC and are generally payable from two sources. The first source is 75 percent of the tax increment revenue pledged by the local taxing authorities. The second source is the Authority's pledge of 75 percent of gross revenue from the leasing of the property. All amounts pledged in this agreement are maintained in separate trust accounts under the direction of the trustee, Wells Fargo Bank, National Association. As principal payments are due to the lender, the trustee makes the payments from the trust accounts. At December 31, 2019, the TIF notes balance was $3,643,908, and the corresponding trust accounts contained $1,689,760. As additional security and credit enhancement, the Commonwealth Financing Authority has agreed to guarantee the payment of the TIF notes. While the Authority has pledged to assign certain of its revenue to the trustee for the satisfaction of the TIF notes, the Authority is not party to the respective trust indentures and is under no obligation to repay the TIF notes; therefore, the TIF notes are not reflected as liabilities of the Authority in these financial statements. Revenue from the leasing of the property is reported net of any pledged amounts remitted according to this agreement.

Note 7 - Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, natural disasters, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority carries commercial insurance to cover these risks of loss. The commercial insurance coverage is on a guaranteed-cost basis covering any expense of the Authority. Settled claims have not exceeded this commercial coverage in any of the past three years. The range of deductibles is from $0 on aviation liability to a maximum of $100,000 on employees and officers and property insurance.

Note 8 - Pension Plan

Plan Description

The County sponsors the Allegheny County Employees' Retirement System (the "Retirement System"), a single-employer defined benefit pension plan that covers substantially all authority employees. As a component unit of the County, the Authority applies the cost-sharing pension plan accounting and reporting requirements for its stand-alone financial reports, as required by the GASB.

Benefit and contribution provisions for the Retirement System are determined under statutes enacted by the General Assembly of the Commonwealth of Pennsylvania. The Retirement System Board (the "Board") administers the Retirement System and consists of seven members: the county executive, the county controller, the county treasurer, two members elected by the county employees and retirees, one member appointed by the county executive, and one member appointed by the County Council. The Board, pursuant to express statutory authority, has the right to increase the employee contributions in the event it is actuarially determined that a contribution increase is required in order for the Retirement System to meet its funding requirements. Also, the obligation of the Retirement System to pay retirement benefits is further secured by a statutory obligation imposed upon the County to utilize its taxing authority to meet such obligation.

The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to: Allegheny County Employees' Retirement System, 106 County Office Building, 542 Forbes Avenue, Pittsburgh, PA 15219 or obtaining online at www.alleghenycounty.us/retirement.

Benefits Provided

Monthly benefit payments are determined for each individual member according to the retirement option selected and the age and length of service at retirement. Under normal retirement, employees hired prior to February 21, 2014 (generally, attainment of age 60 with 20 years of service for nonuniformed employees), the retirement benefit is equal to 50 percent of final average salary plus 1 percent of final average salary for each full year of service between 20 and 40 years. Final average salary is the monthly average of the 24 highest months of compensation in the last 48 months of employment preceding retirement.

Act 125, signed into law December 23, 2013, became effective 60 days later and applies to participating employees hired or rehired on or after February 21, 2014. Act 125 revises the Retirement System's vesting requirement from 8 to 10 years and the service requirement from 20 to 25 years. The determination of final average salary is changed to equal the monthly average of the highest 48 months of compensation out of the last 8 years of service. Additionally, overtime compensation is limited to 10 percent of base pay.

In addition to retirement benefits, the Retirement System also provides disability and survivor benefits. Any eligible employee who has completed at least 12 years of service and who was employed prior to attaining age 55 who becomes mentally incapacitated or totally and permanently disabled is eligible to receive a disability retirement benefit. There is no age requirement to receive this benefit. Additionally, any eligible employee may elect the spouse's benefit at any time prior to retirement. The election is irrevocable after attaining age 50. If this election is made, the surviving spouse shall be eligible to receive certain benefits, depending on type of coverage selected.

Note 8 - Pension Plan (Continued)

Contributions

Beginning 2014, authority employees were required to contribute 9.0 percent of covered compensation effective December 28, 2014 through December 31, 2017. Effective January 1, 2018, the contribution rate increased to 9.5 percent of covered compensation, and, subsequent to year end, the contribution rate increased again to 10.0 percent of covered compensation effective January 1, 2019. Employee contributions are matched equally by the County, as prescribed by the Second Class County Code of the Commonwealth of Pennsylvania, and deposited in the Pension Trust Fund. The Board, pursuant to express statutory authority, has the right to increase or decrease the contribution rate in the event it is actuarially determined that a contribution change is required in order for the Board to meet its funding requirements. Employees with at least 24 months of service who terminate prior to satisfying the minimum service requirements for a retirement benefit are entitled to refunds of their contributions, plus interest thereon. Employees with less than 24 months of service who terminate prior to satisfying the minimum service requirements for a retirement benefit are entitled to refunds of their contributions only.

The annual required contribution for the current year was determined as part of an actuarial valuation as of January 1, 2019 and is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended December 31, 2019, contributions to the pension plan from the Authority were $3,104,246 (or 10.0 percent of covered payroll). The Authority contributed all required amounts for the year ended December 31, 2019.

Net Pension Liability

At December 31, 2019, the Authority reported a liability of $98,796,640 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019, which used update procedures to roll forward the estimated liability to December 31, 2019. The Authority's proportion of the net pension liability was based on the wages reported by the Authority and County relative to the collective wages of the plan. This basis of allocation is consistent with the manner in which contributions to the pension plan are determined. At December 31, 2019, the Authority’s proportion was 7.6167 percent, which was a decrease of 0.0836 percent from its proportion measured as of December 31, 2018.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the Authority recognized pension expense of $12,046,590.

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 4,701,614	$ 7,205
Changes in assumptions	12,927,513	1,298,331
Net difference between projected and actual earnings on pension plan investments	-	621,499
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	1,397,348	1,030,531
Total	$ 19,026,475	$ 2,957,566

Note 8 - Pension Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31	Amount
2020	$ 8,531,904
2021	4,440,786
2022	2,639,942
2023	217,802
2024	238,475
Total	$ 16,068,909

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using an inflation assumption of 2.75 percent; assumed salary increases (including inflation) of 3.25 - 5.75 percent; an investment rate of return (net of investment expenses) of 7.75 percent; and the RP-2000 Combined Healthy Annuitants Mortality Table (Base Year - 2010), with blue-collar adjustments and adjustments for mortality improvements based on Scale AA and RP-2000 Disabled Retirees Mortality Table, with no future improvement.

Discount Rate

The discount rate used to measure the total pension liability was 5.22 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that authority contributions will be made at contractually required rates, actuarially determined (10 percent effective January 1, 2018). Based on those assumptions, in the January 1, 2019 valuation, the pension plan’s fiduciary net position was projected to reach a depletion date in 2043. Therefore, in the determination of the discount rate, the long-term expected rate of return was applied through 2043 to projected benefit payments, and a municipal bond rate of 3.26 percent was applied to projected benefit payments thereafter to determine the total pension liability. For this purpose, the index used was the S&P Municipal Bond 20 Year High Grade Index as of December 31, 2019.

Investment Rate of Return

Best estimates of geometric real rates of return as of the December 31, 2019 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	16.50 %	4.55 %
International equity	16.50	4.75
Private equity	20.00	7.10
Core fixed income	12.50	1.65
High yield	12.00	3.45
Real estate	12.50	4.00
TIPS	5.00	1.20
Commodities	5.00	2.00

Note 8 - Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Authority, calculated using the discount rate of 5.22 percent, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (4.22%)	Current Discount Rate (5.22%)	1 Percentage Point Increase (6.22%)
Authority's proportionate share of the net pension liability	$ 120,317,356	$ 98,796,640	$ 80,766,322

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 9 - Other Postemployment Benefit Plan

Plan Description

The Authority provides OPEB for all employees who meet eligibility requirements. The benefits are provided through the Authority's Postemployment Medical Benefits Plan (the "OPEB Plan"), a single-employer plan administered by the Authority. The plan provides reimbursement for medical benefits to eligible firefighter retirees hired before May 1, 2005 and their spouses. Benefits are provided upon the retiree's date of retirement. The retiree is responsible for any premium cost in excess of the defined benefit. Payments to the retirees are made on a reimbursement basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided

The OPEB Plan provides medical benefits for eligible firefighter retirees who were hired before May 1, 2005 and their spouses. Benefits are provided through a third-party insurer, and the cost of the benefits is split between the OPEB Plan and the retiree. The Authority covers 62.0 percent of the premiums at age 50, which increases 3.00 percent each year until the age of 65 when the retiree becomes eligible for Medicare and the benefits are terminated.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2017
Inactive plan members or beneficiaries currently receiving benefits	9
Active plan members	18
Total plan members	27

Note 9 - Other Postemployment Benefit Plan (Continued)

Contributions

Retiree healthcare costs are paid by the Authority on a "pay-as-you-go" basis. The Authority has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended December 31, 2019, the Authority made payments for postemployment health benefit premiums of $121,442.

Total OPEB Liability

The Authority's total OPEB liability of $1,276,559 was measured as of December 31, 2017, which used updated procedures to roll forward the estimated liability to December 31, 2018 for the fiscal year ended December 31, 2019.

Changes in the total OPEB liability during the measurement year were as follows:

Changes in Total OPEB Liability	Total OPEB Liability
Balance at January 1, 2019	$ 1,276,559
Changes for the year:	
Service cost	32,488
Interest	34,953
Benefit payments, including refunds	(121,442)
Other adjustments	54,001
Net changes	-
Balance at December 31, 2019	$ 1,276,559

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

For the year ended December 31, 2019, the Authority recognized OPEB expense of $67,441.

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 1,574
Benefit payments subsequent to the measurement date	113,060	-
Total	$ 113,060	$ 1,574

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

Years Ending December 31	Amount
2020	$ 528
2021	528
2022	518
Total	$ 1,574

Note 9 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using an inflation assumption of 0.00 percent; assumed salary increases (including inflation) of 3.0 percent; a healthcare cost trend rate of 5.75 percent for 2019, decreasing 0.25 percent per year to an ultimate rate of 5.00 percent for 2023 and later years; a retiree's share of benefit-related costs of 38.00 percent at age 50, decreasing 3.00 each year until age 65 when benefits terminate; and the RP-2014 mortality tables with the MP-2016 improvement scale. These assumptions were applied to all periods included in the measurement.

Inactive plan members share in the cost of OPEB and are responsible for any premium cost in excess of the defined benefit.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.80 percent. The discount rate was based on the 20-year, tax-exempt municipal bond rate from FMS bonds.

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

The following presents the total OPEB liability of the Authority, calculated using the discount rate of 2.80 percent, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (1.80%)	Current Discount Rate (2.80%)	1 Percentage Point Increase (3.80%)
Total OPEB liability of the OPEB Plan	$ 1,346,426	$ 1,276,559	$ 1,209,789

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

The following presents the total OPEB liability of the Authority, calculated using the healthcare cost trend rate of 6.00 percent, as well as what the Authority's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Healthcare Cost Trend Rate (6.00%)	1 Percentage Point Increase (7.00%)
Total OPEB liability of the OPEB Plan	$ 1,230,808	$ 1,276,559	$ 1,327,514

Note 10 - Contingent Liabilities

The Authority is subject to various legal proceedings and claims that arise in the ordinary course of its business. The Authority believes that the amount, if any, of ultimate liability with respect to legal actions will be insignificant or will be covered by insurance.

The Authority’s Bylaws obligate the Authority to indemnify the members of the Authority’s board of directors for claims filed against them in their capacity as board members, as well as for costs of defense. The Authority maintains directors and officers liability insurance to insure the Authority against losses and claims for its indemnification obligations. During 2018, certain board members notified the Authority that they had been named as defendants in a lawsuit filed by certain investors against an airline that had previously operated at the Airport and requested indemnification by the Authority in accordance with the Bylaws. Accordingly, during 2019, the Authority paid a portion of the legal fees incurred in connection with this litigation to the limited extent of its deductible and a small portion of the hourly rates.

Note 11 - Related Party Transactions

The Authority has entered into intergovernmental agreements with the County that provide for, among other things, contractual services for county police services, 911 services, and certain accounting and professional services. The Authority contracts the Allegheny County, Pennsylvania treasurer office to perform audit functions. During 2019, the Authority paid $5,180 to the county treasurer. The Authority contracts with Allegheny County Police for public safety services at the airport. During 2019, the Authority paid $10,432,707 to the county police.

In June 2017, the Authority entered into a 20-year lease agreement with the County for the 67,390 square foot property located at 150 Hookstown Grade Road, Coraopolis, PA 15108. The County repurposed the facility to become the Allegheny County Emergency Operations and 911 Center. The lease agreement requires the County to make monthly rental payments of $87,832 (after the application of rent credits) to the Authority upon occupancy. Rent credits will be granted to the County as a result of the following:

- Improvements made to the facility and funded by the County. All improvements to the facility will accrue to the benefit of the Authority and will be funded as follows:
  - $2,450,000 - Funded by the County
  - $1,550,000 - Funded by the Authority
  - All remaining - Funded by the County
- Certain operating expenses typically paid by lessors, but in this case, paid by the County. In the base year of the lease, these costs are estimated to be $76,825.

The Authority will pay for certain operating expenses of the facility, and these costs include utilities, janitorial costs, refuse collection, facility manager, routine building and parking lot maintenance, and landscaping costs. The Authority estimates that, in the base year of the lease, these costs will total $450,165. In 2019, actual costs were $791,659. The lease provides that any increase in the actual operating expense over the base year estimated total will be paid by the County. In subsequent years, if the actual operating costs paid by the Authority are less than the base year amount, the Authority will issue a rent credit to the County in the amount of the difference.

The lease provides for a refurbishment allowance of $673,390 to be paid by the Authority after year 10 of the lease.

In August 2018, the Authority signed an intergovernmental agreement designed to coincide with the 20-year term of the lease for the Allegheny County Emergency Operations and 911 Center.

This agreement requires the Authority to pay the County for certain emergency response services totaling an estimated $514,910 in the base year and for the 19 following years. Furthermore, this agreement provides that the Authority will reimburse the County for certain capital equipment costs already incurred on behalf of the Authority totaling $1,187,744. These amounts will be reimbursed via monthly payments of $4,949 over the 20-year term of the agreement.

Both the lease and the intergovernmental agreement commenced on the first day of the month following the day that the County occupies the facility, which was February 1, 2019.

Required Supplemental Information

Required Supplemental Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Allegheny County Employees' Retirement System

Last Six Plan Years

Years Ended December 31

	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	7.61670 %	7.70030 %	7.49320 %	7.48040 %	7.77210 %	7.26080 %
Authority's proportionate share of the net pension liability	$ 98,796,640	$ 98,817,359	$ 81,391,583	$ 83,549,481	$ 48,915,429	$ 40,088,306
Authority's covered payroll	$ 31,042,463	$ 30,916,747	$ 29,243,194	$ 28,239,219	$ 28,433,558	$ 26,486,921
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	318.26 %	319.62 %	278.33 %	295.86 %	172.03 %	151.35 %
Plan fiduciary net position as a percentage of total pension liability	42.75 %	40.56 %	46.41 %	43.44 %	56.62 %	60.26 %

Notes to Schedule

Benefit Changes: None noted

Change of Assumptions: Decrease in discount rate from 5.31 percent at December 31, 2018 to 5.22 percent at December 31, 2019.

The amounts presented for each fiscal year were determined as of December 31 (measurement date)

Note: 10 years of information is required to be disclosed and will be added as the information becomes available

See note to required supplemental information.

Required Supplemental Information
Schedule of Pension Contributions
Allegheny County Employees' Retirement System

Last Six Fiscal Years

Years Ended December 31

	2019	2018	2017	2016	2015	2014
Statutorily required contribution	$ 3,104,246	$ 2,937,091	$ 2,631,887	$ 2,541,530	$ 2,559,020	$ 2,245,908
Contributions in relation to the statutorily required contribution	3,104,246	2,937,091	2,631,887	2,541,530	2,559,020	2,245,908
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 31,042,463	$ 30,919,747	$ 29,243,194	$ 28,239,219	$ 28,433,558	$ 26,486,921
Contributions as a Percentage of Covered Payroll	10.00 %	9.50 %	9.00 %	9.00 %	9.00 %	8.48 %

The amounts presented for each fiscal year were determined as of December 31 (the Authority's most recent fiscal year end).

Note: 10 years of information is required to be disclosed and will be added as the information becomes available.

See note to required supplemental information.

Required Supplemental Information
Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Two Fiscal Years

	2019	2018
Total OPEB Liability		
Service cost	$ 32,488	$ 30,683
Interest	34,953	36,343
Changes in benefit terms	-	(1,574)
other adjustments	54,001	-
Benefit payments, including refunds	(121,442)	(112,446)
Net Change in Total OPEB Liability	-	(46,994)
Total OPEB Liability - Beginning of year	1,276,559	1,323,553
Total OPEB Liability - End of year	**$ 1,276,559**	**$ 1,276,559**
Covered Payroll	$ 1,708,786	$ 1,708,786
Total OPEB Liability as a Percentage of Covered Payroll	74.71 %	74.71 %

Note: 10 years of information is required to be disclosed and will be added as the information becomes available.

OPEB Information

Benefit Changes

There were no changes of benefit terms in 2019.

Changes in Assumptions

There were no changes of benefit assumptions in 2019.

Statistical Section

Statistical Section Table of Contents

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

The statistical section is organized into the following main categories:

Financial trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time. (Tables I through II)

Revenue capacity

These schedules contain information to help the reader assess the Authority's most significant local revenue sources. (Tables III through V)

Debt capacity

These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future. (Tables VI through VII)

Operating information

These schedules are intended to provide contextual information about the Authority's operations and resources in order for readers to understand and assess its economic condition. (Tables VIII through X and narrative section entitled *Capital Asset and Other Airport Information*)

Demographic and economic information

These schedules help the reader understand the environment within which the Authority's financial activities take place. (Table XI through XII)

Table I

Statements of Revenues, Expenses, and Changes in Net Position Information

Last Ten Fiscal Years
December 30, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Revenues										
Landing fees	$ 17,279,723	$ 15,251,639	$ 14,365,250	$ 13,470,508	$ 12,448,844	$ 14,361,523	$ 16,175,824	$ 17,143,051	$ 19,201,040	$ 18,342,746
Terminal area airline rentals and fees	41,775,380	45,229,579	59,801,919	57,810,845	57,159,010	58,931,950	58,843,123	57,404,063	60,386,937	58,522,518
Other aeronautical revenue	8,908,660	11,164,643	8,820,789	8,633,244	8,695,472	19,765,780	8,361,062	8,303,814	8,088,975	8,414,687
Parking revenues	41,631,005	36,925,829	33,895,240	31,417,166	30,554,032	29,964,552	28,319,696	28,421,320	27,093,789	25,752,667
Rental car revenues	12,510,219	12,714,616	11,891,053	11,460,088	11,519,067	12,117,122	11,229,331	10,743,783	11,019,172	10,685,157
Terminal concessions	10,707,375	10,577,565	8,028,157	7,890,938	7,455,056	7,261,383	7,084,889	6,846,108	6,667,693	6,515,999
Other nonaeronautical revenue	8,938,623	8,194,466	7,166,081	6,203,074	6,414,724	5,975,443	6,472,957	7,210,668	7,096,012	6,025,208
Pittsburgh International Airport revenues	141,750,985	140,058,337	143,968,489	136,885,863	134,246,205	148,377,753	136,486,882	136,072,807	139,553,618	134,258,982
Allegheny County Airport revenues	2,811,510	3,025,549	3,049,570	2,995,960	2,980,767	2,948,259	2,791,541	2,977,693	2,933,006	3,007,121
Total operating revenues	144,562,495	143,083,886	147,018,059	139,881,823	137,226,972	151,326,012	139,278,423	139,050,500	142,486,624	137,266,103
Operating Expenses										
Salaries, wages, and benefits	53,700,238	54,194,079	48,904,569	47,003,628	39,943,997	38,706,910	37,787,004	35,922,495	34,316,615	34,108,583
Utilities	10,860,849	11,006,346	10,216,075	10,355,357	10,596,853	11,173,533	10,867,128	10,134,704	11,953,353	12,398,369
Cleaning and maintenance services	18,917,978	18,358,894	16,807,122	17,143,416	16,479,835	16,134,004	15,863,165	15,464,350	14,598,330	14,287,536
Professional services	23,445,358	23,374,131	20,818,792	18,949,222	17,468,184	16,392,772	15,203,481	17,386,131	16,026,779	15,541,273
Other	13,291,357	15,701,447	9,802,286	9,627,834	9,387,942	8,597,630	8,433,613	6,461,705	7,174,810	7,512,679
Pittsburgh International Airport expenses	120,215,780	122,634,897	106,548,844	103,079,457	93,876,811	91,004,849	88,154,391	85,369,385	84,069,887	83,848,440
Allegheny County Airport expenses	2,594,279	3,060,064	3,281,416	2,808,271	2,917,479	2,964,068	2,761,368	2,712,854	2,658,304	2,726,922
Depreciation	56,981,022	55,786,882	55,642,763	56,805,124	56,782,417	54,781,801	54,065,640	63,242,378	67,679,727	69,157,568
Total operating expenses	179,791,081	181,481,843	165,473,023	162,692,852	153,576,707	148,750,718	144,981,399	151,324,617	154,407,918	155,732,930
Income (Loss) From Operations	(35,228,586)	(38,397,957)	(18,454,964)	(22,811,029)	(16,349,735)	2,575,294	(5,702,976)	(12,274,117)	(11,921,294)	(18,466,827)

Table I

Statements of Revenues, Expenses, and Changes in Net Position Information (Continued)

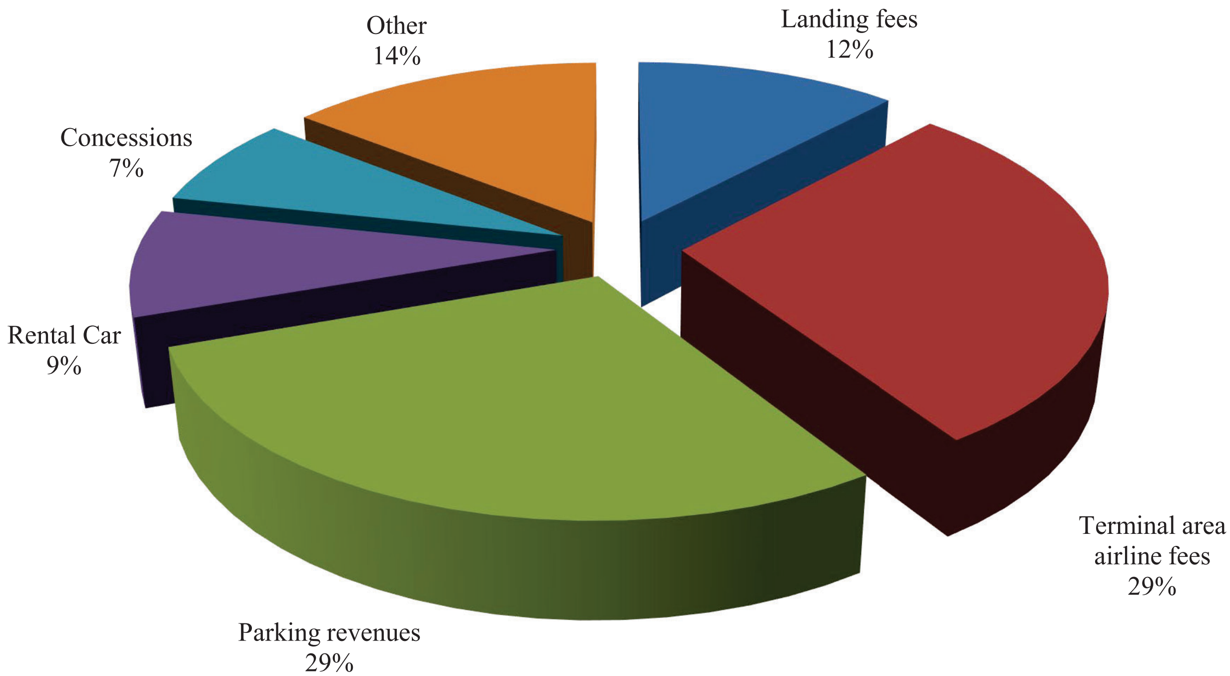
Last Ten Fiscal Years
December 30, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Nonoperating Revenue (Expense)										
Interest expense	$ (3,537,841)	$ (4,320,322)	$ (7,100,150)	$ (9,901,627)	$ (12,769,066)	$ (15,278,047)	$ (18,070,409)	$ (19,521,728)	$ (22,509,254)	$ (25,072,692)
Investment income	4,641,026	2,667,551	1,869,435	841,899	559,527	2,803,774	1,048,441	1,177,556	1,000,877	2,787,975
Customer facility charges	9,536,624	5,928,821	4,893,987	4,990,737	5,030,877	4,982,379	5,060,175	4,987,257	3,040,737	-
Passenger facility charges	18,979,556	19,023,229	17,794,862	16,176,674	15,856,825	15,561,599	15,546,574	16,208,155	16,920,897	16,999,264
Gain (loss) on disposal of capital assets	(7,732)	(12,504)	-	(1,088,113)	39,551	(10,499)	(45,525)	(11,928)	(1,526,932)	(252,331)
Swap termination gain		-	-	-	-	-	-	-	860,000	5,075,000
Gaming act revenues	12,400,000	8,000,000	8,000,000	12,400,000	12,400,000	12,400,000	12,400,000	12,400,000	12,400,000	14,600,000
Gas drilling revenues	10,121,571	19,266,592	25,983,025	13,918,971	10,192,316	9,072,202	7,143,289	-	-	-
Miscellaneous	203,669	322,646	2,498,496	894,399	599,277	1,136,594	395,709	1,117,946	4,819,801	1,073,551
Loss on in-substance debt defeasance	(3,635,528)									
Net increase (decrease) in fair value of investments	386,528	203,976	(483,433)	(49,040)	35,676	64,730	(9,173)	186,588	420,274	(491,546)
Total nonoperating income (expense)	49,087,873	51,079,989	53,456,222	38,183,900	31,944,983	30,732,732	23,469,081	16,543,846	15,426,400	14,719,221
Income (Loss) Before Capital Contributions and Grants	13,859,287	12,682,032	35,001,258	15,372,871	15,595,248	33,308,026	17,766,105	4,269,729	3,505,106	(3,747,606)
Capital Contributions and Grants	8,175,418	29,836,954	9,349,376	23,400,937	14,759,396	20,144,222	3,219,515	18,394,142	9,763,031	23,589,746
Increase (Decrease) in Net Position	22,034,705	42,518,986	44,350,634	38,773,808	30,354,644	53,452,248	20,985,620	22,663,871	13,268,137	19,842,140
Net Position, Beginning of Year, As Previously Reported	633,369,667	592,061,788	547,711,154	508,937,346	530,269,549	476,817,301	455,831,681	399,676,167	386,408,030	366,565,890
Change in Accounting Principle and Prior Period Adjustments (1)		(1,211,107)	-	-	(51,686,847)	-	-	33,491,643	-	-
Net Position, Beginning of Year, As Restated	633,369,667	590,850,681	547,711,154	508,937,346	478,582,702	476,817,301	455,831,681	433,167,810	386,408,030	366,565,890
Net Position, End of Year	$ 655,404,372	$ 633,369,667	$ 592,061,788	$ 547,711,154	$ 508,937,346	$ 530,269,549	$ 476,817,301	$ 455,831,681	$ 399,676,167	$ 386,408,030

(1) - Note that only 2018, 2015 and 2012 respective amounts have been restated for these items.

Operating Revenue by Category

For the Year Ended December 30, 2019



Operating Expenses by Business Unit

For the Year Ended December 30, 2019

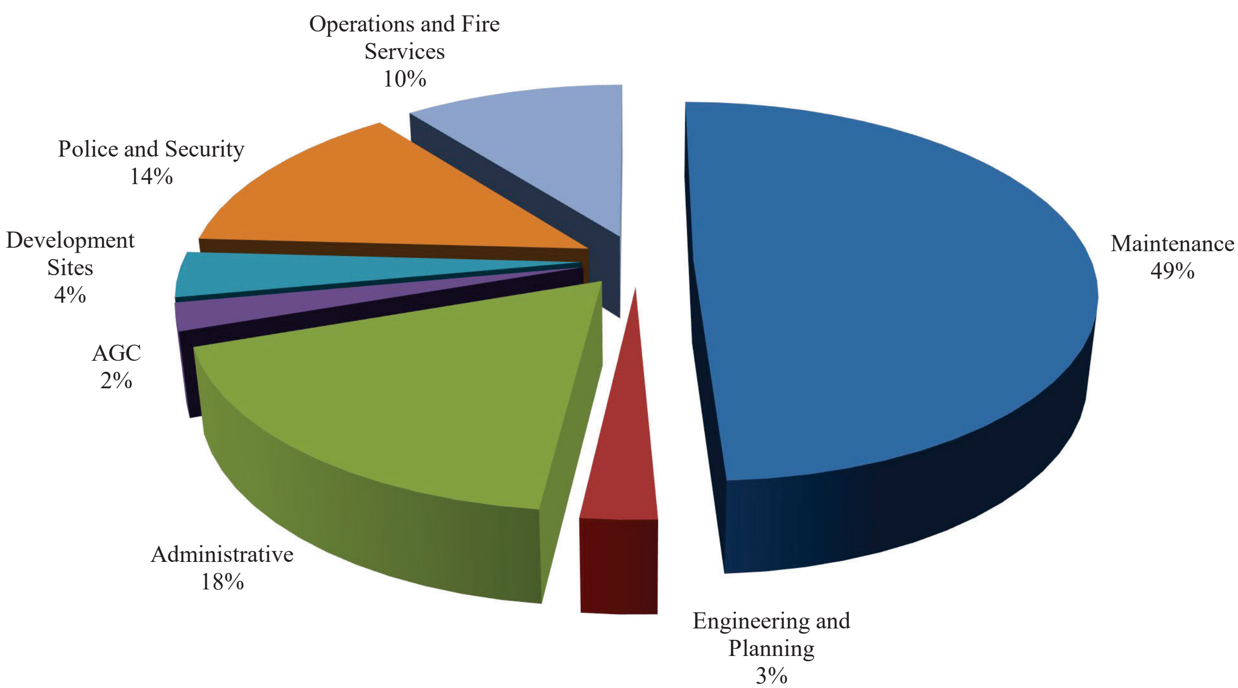


Table II
Net Position by Component

Last Ten Fiscal Years
December 30, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net investment in capital assets	$ 600,732,387	$ 537,519,690	$ 523,445,000	$ 492,846,022	$ 453,272,524	$ 432,654,829	$ 401,875,598	$ 389,895,553	$ 335,751,365	$ 330,934,058
Restricted net position										
Capital	39,871,240	53,764,257	47,545,824	44,539,284	45,164,846	41,551,209	37,423,426	34,303,804	17,988,319	26,950,089
Debt service	208,207	17,261,196	19,718,004	19,458,747	19,978,735	19,685,858	19,840,923	19,768,112	58,418,174	56,965,251
Total restricted net position (expendable)	40,079,447	71,025,453	67,263,828	63,998,031	65,143,581	61,237,067	57,264,349	54,071,916	76,406,493	83,915,340
Unrestricted (deficit) net position	14,592,538	24,824,524	1,352,960	(9,132,899)	(9,478,759)	36,377,653	17,677,354	11,864,212	(12,481,691)	(28,441,368)
Total net position	$ 655,404,372	$ 633,369,667	$ 592,061,788	$ 547,711,154	$ 508,937,346	$ 530,269,549	$ 476,817,301	$ 455,831,681	$ 399,676,167	$ 386,408,030

Note: 2018 reflects the impact of adoption of GASB Statement 75. 2015 and forward reflects the impact of adoption of GASB Statement 68.

Table III
Summary of Airline Rate Base Fees
Last Ten Fiscal Years
December 30, 2019

Airline Group	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
American	$ 13,218,040	$ 18,294,407	$ 26,777,240	$ 25,787,789	$ 25,847,593	$ 27,451,129	$ 28,674,840	$ 28,389,935	$ 30,954,582	$ 29,714,592
Southwest	9,153,211	7,528,484	7,243,540	6,978,846	7,590,483	8,674,778	8,613,629	8,811,681	9,739,306	8,952,376
Delta	8,329,580	7,311,514	7,739,515	7,524,428	7,311,689	7,896,444	8,354,040	8,102,657	8,612,918	7,691,962
United	8,157,134	7,280,370	7,825,091	7,523,024	7,426,050	7,967,974	8,502,783	8,498,218	9,036,714	8,790,495
Other signatories	7,224,379	5,944,189	5,119,148	3,252,934	2,314,704	2,219,936	2,114,305	2,145,295	2,170,394	2,130,828
Total signatory airlines	46,082,344	46,358,964	54,704,534	51,067,021	50,490,519	54,210,261	56,259,597	55,947,786	60,513,914	57,280,253
Other passenger carriers	1,609,264	3,434,097	2,657,432	2,325,699	1,752,589	1,441,706	1,178,110	1,242,612	1,746,898	1,801,946
Total rate base fees <A>	$ 47,691,608	$ 49,793,061	$ 57,361,966	$ 53,392,720	$ 52,243,108	$ 55,651,967	$ 57,437,707	$ 57,190,398	$ 62,260,812	$ 59,082,199
Total rate base fees	$ 47,691,608	$ 49,793,061	$ 57,361,966	$ 53,392,720	$ 52,243,108	$ 55,651,967	$ 57,437,707	$ 57,190,398	$ 62,260,812	$ 59,082,199
Cargo landings and rents	1,983,312	1,785,438	1,648,031	1,612,284	1,495,458	1,622,521	1,622,009	1,710,552	1,802,355	1,890,052
Other terminal and hangar fees	16,316,709	20,067,362	23,977,962	24,909,592	24,564,760	35,784,767	24,320,792	23,949,979	23,613,785	24,307,700
Concession revenues	63,604,379	59,118,477	52,293,056	49,345,717	48,142,557	48,001,577	45,313,542	44,575,886	43,856,123	42,049,162
Other operating revenues	12,154,977	9,293,999	8,687,474	7,625,550	7,800,322	7,316,921	7,792,832	8,645,992	8,020,543	6,929,869
Total PIT operating revenues <B>	$ 141,750,985	$ 140,058,337	$ 143,968,489	$ 136,885,863	$ 134,246,205	$ 148,377,753	$ 136,486,882	$ 136,072,807	$ 139,553,618	$ 134,258,982

<A> Includes both signatory and nonsignatory landing, terminal, and ramp fees, as well as gate usage fees for all fiscal years.

<B> PIT is Pittsburgh International Airport.

Note: United includes Continental and Southwest includes Airtran for all years due to mergers between these airlines, which were fully effective for fiscal year 2014. American includes USAirways for all years due to merger effective for fiscal year 2015.

Airline Revenue Derived by Carrier

For the Year Ended December 30, 2019

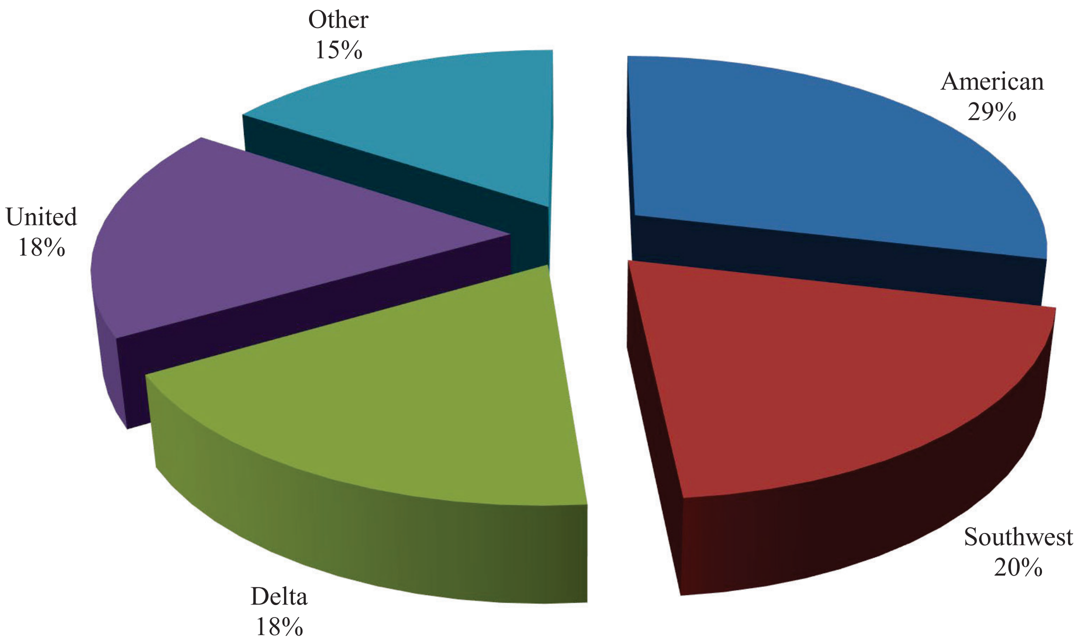


Table IV
Rates and Cost Per Enplaned Passenger

Last Ten Fiscal Years
December 30, 2019

	2019 Actual	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual	2010 Actual
Landing fee rate	$ 2.6055	$ 2.3030	$ 2.3971	$ 2.4240	$ 2.2239	$ 2.6063	$ 2.9068	$ 3.1558	$ 3.3764	$ 3.3389
Terminal fee rate	179.61	145.67	139.90	133.42	132.61	136.04	140.32	130.05	133.68	128.85
Ramp fee rate	266.17	204.24	192.25	192.80	196.19	191.86	229.90	242.09	279.21	298.17
Operating expenses	107,045,661	109,461,863	99,934,480	96,447,247	93,079,111	90,560,685	87,806,989	85,322,555	83,706,181	83,730,243
Debt service	21,190,890	24,812,266	58,580,713	66,040,592	65,698,295	66,453,095	66,865,521	63,221,381	62,125,185	61,116,900
Nonrate base revenues	(94,286,037)	(93,485,248)	(88,275,106)	(90,342,569)	(87,411,914)	(98,005,686)	(82,399,643)	(92,166,739)	(90,236,059)	(90,863,055)
Debt service and operating expense offset	(5,545,000)	(9,200,000)	(27,402,477)	(32,964,368)	(31,864,241)	(16,653,372)	(27,903,808)	(12,250,000)	(6,400,000)	(6,637,000)
Airline capital fund deposits	13,799,380	13,038,513	10,529,788	11,009,655	10,591,738	10,433,599	9,933,170	9,932,664	9,836,475	9,341,009
Other, primarily cargo landing fees	(1,481,784)	(1,137,193)	(740,884)	(938,359)	(845,550)	(927,641)	(1,040,186)	(1,212,280)	(1,271,259)	(1,332,567)
Total rate base costs	40,723,110	43,490,201	52,626,514	49,252,198	49,247,439	51,860,680	53,262,043	52,847,581	57,760,523	55,355,530
Other airline costs	6,968,498	6,302,860	4,735,452	4,140,522	2,995,669	3,791,287	4,175,664	4,342,816	4,500,289	3,726,669
Total airline costs	$ 47,691,608	$ 49,793,061	$ 57,361,966	$ 53,392,720	$ 52,243,108	$ 55,651,967	$ 57,437,707	$ 57,190,397	$ 62,260,812	$ 59,082,199
Total enplaned passengers	4,881,951	4,834,085	4,495,180	4,151,628	4,053,880	4,000,461	3,943,152	4,015,229	4,160,024	4,098,384
Cost per enplaned passenger	$ 9.77	$ 10.30	$ 12.76	$ 12.86	$ 12.89	$ 13.91	$ 14.57	$ 14.24	$ 14.97	$ 14.42

Table V
History of Total Concessions Per Enplanement
Last Ten Fiscal Years
December 30, 2019

	2019 Actual	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual	2010 Actual
Parking	$ 41,631,005	$ 36,925,829	$ 33,895,240	$ 31,417,166	$ 30,554,032	$ 29,964,552	$ 28,319,696	$ 28,421,320	$ 27,093,789	$ 25,752,667
Rent-A-Car	12,510,219	12,714,616	11,891,053	11,460,088	11,519,067	12,117,122	11,229,331	10,743,783	11,019,172	10,685,157
AirMall Concessions	7,925,137	8,901,724	5,957,342	5,926,912	5,553,241	5,372,968	5,194,833	4,829,979	5,199,124	5,178,194
Hotel/ConvCenter	616,152	576,308	549,420	541,551	516,217	546,935	569,682	580,804	544,038	433,144
Total passenger concessions	$ 62,682,513	$ 59,118,477	$ 52,293,055	$ 49,345,717	$ 48,142,557	$ 48,001,577	$ 45,313,542	$ 44,575,886	$ 43,856,123	$ 42,049,162
Total enplaned passengers	4,881,951	4,834,085	4,495,180	4,151,628	4,053,880	4,000,461	3,943,152	4,015,229	4,160,024	4,098,384
Concessions per enplaned passenger	$ 12.84	$ 12.23	$ 11.63	$ 11.89	$ 11.88	$ 12.00	$ 11.49	$ 11.10	$ 10.54	$ 10.26

Table VI
Outstanding Debt by Type and Revenue Bond Debt Service Ratios
Last Ten Fiscal Years
December 30, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Outstanding Debts										
Revenue bonds	$ -	$ 71,511,923	$ 88,589,194	$ 174,972,222	$ 229,952,019	$ 282,405,082	$ 333,672,158	$ 383,078,577	$ 360,304,163	$ 401,626,602
Loans and other credit facility agreements	43,148,234	-	-	3,050,178	4,237,142	4,679,259	5,112,209	5,540,742	28,691,009	28,518,218
Obligations under capital lease		-	1,108,506	2,183,208	3,225,137	4,235,292	5,214,642	6,164,126	-	-
Total Outstanding Debt	$ 43,148,234	$ 71,511,923	$ 89,697,700	$ 180,205,608	$ 237,414,298	$ 291,319,633	$ 343,999,009	$ 394,783,445	$ 388,995,172	$ 430,144,820
Outstanding Debt Per Capita	Not Available	$ 58.69	$ 73.34	$ 146.47	$ 192.95	$ 236.60	$ 279.33	$ 321.13	$ 316.92	$ 351.47
Total Enplaned Passengers	4,894,337	4,834,085	4,495,180	4,151,628	4,053,880	4,000,461	3,943,152	4,015,229	4,160,024	4,098,384
Outstanding Debt/Enplaned Passenger	$ 8.82	$ 14.79	$ 19.95	$ 43.41	$ 58.56	$ 72.82	$ 87.24	$ 98.32	$ 93.51	$ 104.95
Outstanding Debt as % of Personal Income	Not Available	0.09%	0.13%	0.27%	0.36%	0.44%	0.52%	0.62%	0.63%	0.74%
Revenue Bond Debt Service										
Principal	$ 19,024,760	$ 16,860,000	$ 85,520,000	$ 53,990,000	$ 51,130,000	$ 49,535,000	$ 47,495,000	$ 43,355,000	$ 41,270,000	$ 37,898,334
Interest	3,635,528	4,090,908	8,274,802	10,923,357	13,441,080	15,790,882	18,243,304	18,739,168	20,855,186	23,218,566
Total Revenue Bond Debt Service	$ 22,660,288	$ 20,950,908	$ 93,794,802	$ 64,913,357	$ 64,571,080	$ 65,325,882	$ 65,738,304	$ 62,094,168	$ 62,125,186	$ 61,116,900
Total Expenses (Less Depreciation)	$ 122,810,059	$ 125,694,961	$ 109,830,260	$ 105,887,728	$ 96,794,290	$ 93,968,917	$ 90,915,759	$ 88,082,239	$ 86,728,191	$ 86,575,362
Revenue Bond Debt Service/ Total Expenses	18.45%	16.67%	85.40%	61.30%	66.71%	69.52%	72.31%	70.50%	71.63%	70.59%
Revenue Bond Debt Service/ Enplaned Passenger	$ 4.63	$ 4.33	$ 20.87	$ 15.64	$ 15.93	$ 16.33	$ 16.67	$ 15.46	$ 14.93	$ 14.91

Table VII
Revenue Bond Debt Service Coverage

Last Ten Fiscal Years
December 30, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Pledged Revenues										
Landing fees	$ 17,280	$ 14,854	$ 14,365	$ 13,471	$ 12,449	$ 14,362	$ 16,175	$ 17,176	$ 19,282	$ 18,412
Terminal area airline fees	41,758	44,798	59,719	57,728	57,076	58,849	60,112	57,436	60,589	58,673
Other aeronautical revenue	8,297	8,770	7,818	7,691	7,808	7,736	7,499	7,452	7,249	7,594
Parking revenues	41,631	36,926	32,289	29,796	29,156	28,092	26,337	27,115	25,422	24,603
Rent-A-Car revenues	12,510	12,715	11,891	11,460	11,519	12,117	11,229	10,753	11,042	10,705
Terminal concessions	10,707	10,578	7,584	7,446	7,010	6,817	5,288	6,401	6,668	6,516
Other non-aeronautical revenue	12,821	22,519	34,433	44,742	43,235	38,564	37,029	31,282	24,535	26,860
Total pledged revenues	145,004	151,160	168,099	172,334	168,253	166,537	163,669	157,615	154,787	153,363
Operation and Maintenance Expenses										
Salaries, wages and related expenses	32,699	26,854	26,823	26,502	25,084	25,144	24,547	24,008	22,726	22,753
Cost allocations	44,664	51,471	43,540	40,697	38,713	35,827	34,891	33,856	31,737	31,051
Utilities	9,480	9,122	8,384	8,595	8,681	9,129	8,832	8,750	10,599	11,145
Cleaning and maintenance services	16,640	18,059	16,499	16,798	16,213	15,841	15,548	15,238	14,269	13,995
Professional services	187	340	553	236	285	256	261	173	178	215
Other	2,641	3,181	3,744	3,248	3,713	3,944	3,315	2,878	3,766	4,132
Total operation and maintenance expenses	106,311	109,027	99,543	96,076	92,689	90,141	87,394	84,903	83,275	83,291
Net Revenues	38,692	42,133	68,556	76,258	75,564	76,396	76,275	72,712	71,512	70,072
Plus: Other Available Funds	16,332	16,332	16,332	16,332	16,332	16,332	16,332	16,332	16,332	16,332
Total Net Revenues and Other Available Funds	$ 55,024	$ 58,465	$ 84,888	$ 92,590	$ 91,896	$ 92,728	$ 92,607	$ 89,044	$ 87,844	$ 86,404
Deposit Requirement Payments										
Deposits for debt service - Airport Revenue Bonds	$ 15,161	$ 16,686	$ 57,453	$ 64,914	$ 64,571	$ 65,326	$ 65,738	$ 62,094	$ 62,125	$ 61,117
Funding deposit requirement	429	410	174	598	301	311	266	165	410	339
Total deposit requirement payments	$ 15,590	$ 17,096	$ 57,627	$ 65,512	$ 64,872	$ 65,637	$ 66,004	$ 62,259	$ 62,535	$ 61,456
Coverage Ratio	3.53	3.42	1.47	1.41	1.42	1.41	1.40	1.43	1.40	1.41

Table VIII
Enplaned Passengers by Airline Group

Last Ten Fiscal Years
December 30, 2019

Group	2019 Actual	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual	2010 Actual
American	1,136,330	1,156,825	1,169,648	1,157,703	1,347,399	1,380,672	1,325,803	1,148,791	1,326,871	1,315,833
Southwest	1,231,855	1,257,464	1,211,828	1,134,880	1,025,342	1,062,692	1,073,403	1,021,737	1,093,219	991,889
Delta	921,353	848,698	768,660	750,335	753,924	741,023	704,436	742,383	726,664	691,169
United	763,085	713,564	650,645	624,348	628,187	650,568	688,264	913,844	763,812	842,916
JetBlue	151,570	198,193	176,070	156,189	147,317	104,709	98,888	137,114	127,505	121,502
Other signatories	475,372	494,114	332,819	148,498	9,021	7,592	14,747	13,100	25,309	35,877
Total signatory airlines	4,679,565	4,668,858	4,309,670	3,971,953	3,911,190	3,947,256	3,905,541	3,976,969	4,063,380	3,999,186
Scheduled nonsignatory	195,464	141,007	163,218	161,700	101,910	37,972	22,452	23,498	80,400	83,492
Nonscheduled	19,308	24,220	22,292	17,975	40,780	15,233	15,159	14,762	16,244	15,706
Total enplaned passengers	4,894,337	4,834,085	4,495,180	4,151,628	4,053,880	4,000,461	3,943,152	4,015,229	4,160,024	4,098,384

Note: United includes Continental and Southwest includes Airtran for all years due to mergers between these airlines, which were fully effective for fiscal year 2014. American includes US Airways for all years due to merger effective for fiscal year 2015.

Source: Monthly Analysis of Scheduled Airline Traffic Report

Table IX
Activity Statistics

Last Ten Fiscal Years
December 30, 2019

Fiscal Year	Total Passengers	<A> Aircraft Operations	Landed Weight (1,000 Lbs.)	Cargo Volume (1,000 Lbs.)
2019	9,779,024	148,119	6,263,255	165,517
2018	9,658,897	151,414	6,196,005	156,219
2017	8,988,016	148,681	5,762,766	148,343
2016	8,309,754	141,630	5,387,059	150,239
2015	8,128,187	141,674	5,347,849	138,324
2014	7,998,970	135,293	5,233,428	135,840
2013	7,884,170	139,300	5,259,149	142,631
2012	8,041,357	139,217	5,091,746	146,653
2011	8,300,310	148,782	5,444,878	148,007
2010	8,195,359	144,563	5,257,071	144,870

<A> An operation is any aircraft landing or takeoff.
Sources: Federal Aviation Administration Tower Reports and Airline Self Reporting

Table X
Count of Employees by Department

Last Ten Fiscal Years
December 30, 2019

Bus Unit	Description	Year End 2019	Year End 2018	Year End 2017	Year End 2016	Year End 2015	Year End 2014	Year End 2013	Year End 2012	Year End 2011	Year End 2010
1100	Administration	7	8	8	4	6	16	9	10	9	9
1200	Human Resources	8	8	10	9	10	6	4	4	4	4
1300	Finance	15	17	16	15	16	16	15	16	17	17
1400	Information Technology	13	12	7	4	5	5	5	3	3	3
1530	Engineering/Construction	8	12	7	7	7	8	8	8	8	8
1540	Planning	4	8	6	5	5	5	4	5	5	5
1700	Business Development	7	7	8	5	5	9	9	8	7	7
1850	Field Maintenance	107	110	114	116	114	118	113	117	119	117
1810	Facilities Maintenance	85	81	84	82	84	86	87	90	92	89
1860	Airfield Operatings	19	30	33	39	48	42	43	41	39	39
1870	Emergency Planning	8	11	12	10	10	10	12	13	11	12
	PSOM Admin	9									
1830	Fire Services	39	53	49	42	48	50	54	48	52	45
2300	Air Service Development	3	4	5	2	2	2	3	2	3	3
2400	Marketing & Communications	25	28	21	18	15	3	12	12	10	9
1820	Airline Services	58	61	63	67	66	65	68	73	73	72
1520	Facilities/Engineering/Maintenance	4	6	10	6	6	-	-	-	-	-
2440	Terminal Operations	-	-	7	5	-	-	-	-	-	-
1310	Legal	3									
1510	TMP	11									
9100	Allegheny County Airport	19	14	21	20	15	17	16	15	15	15
	Totals	452	470	481	456	462	458	462	465	467	454

Source: Allegheny County Airport Authority Human Resources Executive Summary of Employment Transactions

Pittsburgh International Airport (PIT) is located in Southwestern Pennsylvania approximately 15 miles west of downtown Pittsburgh. PIT occupies approximately 8,800 acres and is situated in Moon and Findlay Townships in Allegheny County. Access to PIT is provided via interstate 376. The volume, usage and nature of the Authority's most significant capital assets is discussed below and on the following five pages.

Airfield

PIT has four runways, consisting of one crosswind runway (oriented northwest to southeast) and three parallel runways (oriented east to west) of which one is immediately north of the passenger terminal complex and the other two are south of the terminal:

Runway 28L/10R	11,500 feet long, 200 feet wide
Runway 28C/10C	9,700 feet long, 150 feet wide
Runway 28R/10L	10,500 feet long, 150 feet wide
Runway 14/32	8,100 feet long, 150 feet wide

The separation between the runways permits the capability of conducting dual landings and dual takeoffs in all weather conditions. All of PIT's runways can accommodate air carrier aircraft and are equipped with instrument landing systems, lighting systems and other air navigation aids, permitting PIT to operate in virtually all weather conditions. Precision instrument approach capability is provided to Runways 10R, 10L, 28R, 28L and 32. In addition, Runways 10R and 10L have the ability to handle Category II/III instrument landing systems (ILS).

Passenger Terminal

The Midfield Terminal opened on October 1, 1992 and consists of approximately 1.7 million square feet of enclosed space. The Midfield Terminal consists of a four-level landside terminal, a four-level airside terminal connected to the landside terminal by an automated underground people-mover system, and a two-level central services building and a commuter terminal. The landside terminal houses pre-security and ground transportation operations (passenger drop-off, ticketing/check-in, baggage claim and the security checkpoint). The existing landside terminal and people-mover system will be removed from service upon the completion of the TMP.

The "X-shaped" airside terminal has two major elements - a central "core" and four concourses. The Midfield Terminal with 75 gates was originally constructed to function as a major hub facility for the former US Airways to support a major connecting hub operation. As a result of de-hubbing in 2002, the number of gates in use was reduced, and the Authority removed gates from service in anticipation of constructing the TMP. New, common use technology and equipment also reduced the number of gates necessary for daily airline operations, so that 59 gates are currently available for use. The Midfield Terminal also originally included a commuter terminal. However, due to the reduction in connecting traffic and the discontinuation of service to many smaller communities, the commuter terminal was closed for operations and currently serves as an alternative security check point.

Arriving international passengers clear immigration and customs through a Federal Inspection Services ("FIS") facility comprising approximately 60,000 square feet, which can accommodate roughly 800 passengers per hour. The current FIS facility was designed primarily for connecting international passengers and is incorrectly configured for the needs of an O&D market.

Ground Access and Transportation

PIT can be accessed directly from the north or south via I-376 and Business I-376, which form a loop around the airport. The Midfield Terminal is served by a four lane, two-level roadway serving both sides of the landside terminal. One level serves the ticketing level and the other level serves the baggage claim level. Curb frontage on one side of the terminal is for private automobiles and curb frontage on the other side of the landside terminal is for commercial vehicles and ground transportation services.

The Airport's three-level parking garage contains approximately 2,100 public parking spaces, a rental car facility with 850 ready and return spaces, and 149 leased parking spaces for a total of approximately 3,099 parking spaces. The parking garage is connected to the landside terminal by an enclosed moving walkway and crosswalks that cross over the Airport's public arrivals roadways. Additionally, the Airport has 11,450 surface public parking spaces in its long-term and extended-term parking lots and 1,430 employee parking spaces in employee surface parking lots.

Rental car ready/return stalls are located on level 1 of the garage. Hertz operates a quick turnaround area adjacent to the garage at grade level for stacking, cleaning, fueling, washing and staging cars prior to moving them into the ready car spaces in the garage and the other companies perform these functions on leased space in the vicinity of the landside terminal as part of the service facilities. Currently, eight "companies" representing nine brands of rental car companies operate on-airport from the garage: (1) Thrifty, (2) Avis, (3) Budget, (4) Dollar, (5) Enterprise, (6) Hertz, (7) Payless, and (8) Vanguard (Alamo and National).

Hotel

A Hyatt Regency Hotel, which opened in June 2001, is located adjacent to the parking garage and adjacent to the landside terminal building and is accessible via the enclosed moving walkways. The facility contains 331 hotel rooms and approximately 21,000 square feet of convention space. The hotel provides a restaurant, bar/lounge, and an indoor pool/health club facility.

Airline Support

The Authority leases land and buildings to airlines and others for activities supporting airline operations. An aboveground aircraft fuel farm supplies fuel to the aircraft hydrant fueling system, which serves all 75 jet gates (of which 59 are currently in use), and a fueling rack at the commuter gates. An automotive fuel storage facility is located adjacent to the fuel farm.

American Airlines leases aircraft maintenance and parts facilities, which encompasses 473,529 square feet at PIT. American Airlines also leases a special services building at PIT.

LSG Sky Chefs leases a catering/food preparation facility containing 80,000 square feet that also serves as its North American frozen food kitchen and freezing facility.

In addition, the Authority constructed a wide-body deicing facility at PIT, which is being managed by a third-party company. That company also operates the Authority's main deicing pads, which are boom and truck operated, and utilize hot air technology.

Three cargo carriers, FedEx, UPS and Qatar Cargo, are signatories to the Airfield Use Agreement relating to the use and lease of the airfield for cargo operations (in December 2019, Qatar Cargo suspended cargo operations at the Airport on a temporary basis due to lower demand during the off-peak season).

The Authority is engaged in strategic planning to further increase cargo operations at the Airport. In November 2019 the Airport was awarded an $18.7 million federal grant by the U.S. Department of Transportation ("USDOT") through the Better Utilizing Investments to Leverage Development program, to be used to build a 75,000 square foot cargo processing facility and an adjacent surface parking lot, which are expected to be constructed in 2021 and 2022, respectively. The new building will enable the Airport to serve larger planes and offer opportunities for airlines that require sorting facilities and access for high volumes of trucks.

Republic Airways operates aircraft maintenance facilities at PIT in three hangars containing 133,300 square feet. Atlantic Aviation operates a fixed base operation ("FBO"), containing a terminal building, two hangars, a fuel farm and an equipment maintenance building.

The Authority also owns and leases three corporate hangars that contain 114,000 square feet. MPAir leases 153,331 square feet of land from the Authority, which consists of a recently constructed hangar and flight facility. The Authority has leased to FJ Turbine its jet engine test cell facility consisting of 14,985 square feet and prep room consisting of 12,400 square feet.

Also located at PIT is a full-service fixed base operator (FBO) - Atlantic Aviation, which operates from the Business Aviation Center, and a limited FBO, Corporate Air, LLC, which operates from a corporate hangar facility.

Commercial/Industrial Property Development

There are approximately 3,600 acres of land at the Airport available to the Authority for non-aviation development of which approximately 52% are developable. In addition, approximately 5,000 acres of land at the Airport are designated as a "Foreign Trade Zone".

Significant development activities have been undertaken by the Authority in order to provide "pad ready" development sites, including the completion and continued development of infrastructure, including roadways and installation of utility services to develop further commercial office and industrial uses. Dick's Sporting Goods has located its corporate headquarters at the Airport; those facilities include one of the corporate hangars noted in the prior section. The Authority has entered into numerous ground leases with major development companies for over 3,000,000 square feet of office park, flex space, distribution facilities and other similar uses. The Authority is also developing the Pittsburgh Airport Innovation Campus to be a center for advanced manufacturing, particularly additive manufacturing and 3D-printing as mentioned in relation to the development of Neighborhood 91. Additionally, two new developments expected to break ground in 2020 will add another 1,000,000 square feet among four new buildings. Revenues from the various developers and land tenants are utilized by the Authority for further investment in development activities.

In addition, the County recently relocated its emergency response and 911 call center to the Airport on property leased from the Authority. The call center provides centralized 911 emergency call and response services to the entire County.

Other Facilities

Aircraft rescue and firefighting (ARFF) services are provided from one fire station. The Authority also operates an aircraft rescue and firefighting training center at PIT, which includes a fire-training simulator as well as classrooms, a management center, a vehicle bay, trainee/equipment support areas and a visitor center.

PIT also accommodates airfield maintenance buildings, an FAA Airport traffic control tower, air navigation aids and guidance systems, and various other support facilities. It also serves as the home of the Pittsburgh Air Reserve Station.

Sources: Planning Department of Allegheny County Airport Authority & Business Development

Table XI
Allegheny County - Demographic and Economic Statistics

For the Year Ended December 30, 2019

Year	Population	Personal Income (millions)	Per Capita Personal Income	Annual Average Unemployment Rate
2019	Not Available	Not Available	Not Available	4.2%
2018	1,218,452	76,711	59,899	5.3%
2017	1,223,048	68,316	55,263	4.7%
2016	1,230,360	67,145	54,357	5.2%
2015	1,230,459	66,556	54,090	4.8%
2014	1,231,255	66,458	53,976	5.3%
2013	1,231,527	65,527	53,208	6.5%
2012	1,229,338	63,677	51,798	6.9%
2011	1,227,442	61,542	50,138	7.0%
2010	1,223,840	58,165	47,527	7.5%

n/a = information is not available
* Preliminary
Sources: Bureau of Economic Analysis U.S. Department of Commerce (www.bea.gov/regional)
Bureau of Labor Statistics U.S. Department of Labor (data.bls.gov)
Pennsylvania Department of Labor and Industry, Center for Workforce Information & Analysis

Table XII
Allegheny County - Principal Employers

For the Year Ended 2019 and 2010
December 30, 2019

2019 (1)

Employer	Employees		Percentage of Total County Employment
University of Pittsburgh Medical Center	53,000		7.55%
Highmark Health	27,279		3.89%
United States Government	18,473		2.63%
Commonwealth of Pennsylvania	15,972		2.28%
University of Pittsburgh	12,338		1.76%
PNC Financial Services	13,000		1.85%
Giant Eagle, Inc.	10,394		1.48%
Wal-Mart Stores, Inc.	9,000		1.28%
County of Allegheny	7,164		1.02%
BNY Mellon	7,000		1.00%
Total	173,620		24.74%
Total Employees in County	701,729	(3)	

2010 (2)

Employer	Employees		Percentage of Total County Employment
University of Pittsburgh Medical Center	36,755		5.79%
United States Government	18,738		2.95%
Commonwealth of Pennsylvania	13,805		2.17%
University of Pittsburgh	11,328		1.78%
West Penn Allegheny Health System	10,616		1.67%
Giant Eagle, Inc.	10,440		1.64%
Wal-Mart Stores, Inc.	10,030		1.58%
PNC Financial Services Group	9,150		1.44%
Westinghouse Electric	8,000		1.26%
Mellon Financial Corp.	7,017		1.11%
Allegheny County	-		0.00%
The Bank of New York Mellon			0.00%
Total	135,879		21.39%
Total Employees in County	634,800	(2)	

Sources:
(1) Pittsburgh Business Times, "2019 Book of Lists"
(2) City of Pittsburgh Comprehensive Annual Financial Report 2010
(3) Pennsylvania Department of Labor and Industry; Center for Workforce Information & Analysis February 2019.

Compliance Section

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Directors
Allegheny County Airport Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Allegheny County Airport Authority (the "Authority"), a component unit of the County of Allegheny, Pennsylvania, as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 10, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

To Management and the Board of Directors
Allegheny County Airport Authority

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

April 10, 2020

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance; Report on Compliance for the Passenger Facility Charge Program

Independent Auditor's Report

To the Board of Directors
Allegheny County Airport Authority

Report on Compliance for Each Major Federal Program and for the Passenger Facility Charge Program

We have audited Allegheny County Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2019. In addition, we audited compliance with the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the "Guide"), for the year ended December 31, 2019. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The passenger facility charge program is identified in the accompanying schedule of passenger facility charge collections and expenditures.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program and the passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program and the passenger facility charge program based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Guide; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards, the Guide, and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program and passenger facility charge program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program and Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and its passenger facility charge program for the year ended December 31, 2019.

To the Board of Directors
Allegheny County Airport Authority

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and the passenger facility charge program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *Passenger Facility Charge Audit Guide for Public Agencies*. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

April 10, 2020

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

Federal Agency/Pass-through Agency/ Program Title	CFDA Number	Grant Number	Provided to Subrecipients	Federal Expenditures
U.S Department of Transportation - Airport Improvement Program:				
Deice Pad C Rehab	20.106	3-42-0081-121	$ -	$ 23,906
Deice Pad C Rehab	20.106	3-42-0081-122	-	64,911
Deice Pad C Rehab	20.106	3-42-0081-123	-	716,524
Vehicle Transponders	20.106	3-42-0081-124	-	298,125
AGC Master Plan Update	20.106	3-42-0082-38	-	159,105
Upper West Ramp Drainage Rehab	20.106	3-42-0082-39	-	432,032
Total federal expenditures			**$ -**	**$ 1,694,603**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Allegheny County Airport Authority (the "Authority") under programs of the federal government for the year ended December 31, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	______ Yes	__X__ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ Yes	__X__ None reported
Noncompliance material to financial statements noted?	______ Yes	__X__ None reported

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	______ Yes	__X__ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ Yes	__X__ None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	______ Yes	__X__ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
20.106	Airport Improvement Program	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	__X__ Yes	______ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

Schedule of Passenger Facility Charge Collections and Expenditures

December 31, 2019

Collections	Date Approved	Amount Approved For Use	Cumulative Total - December 31 2018	Quarter 1 January - March	Quarter 2 April - June	Quarter 3 July - September	Quarter 4 October - December	Year Ended, December 31, 2019	Cumulative Total - December 31 2019
Passenger facility charge collections			$ 311,037,786	$ 4,365,292	$ 4,967,462	$ 4,845,710	$ 5,747,313	$ 19,925,777	$ 330,963,563
Interest earned			402,090	3,886	14,391	1,650	1,014	20,941	423,031
Total passenger facility charge collections received			$ 311,439,876	$ 4,369,178	$ 4,981,853	$ 4,847,360	$ 5,748,327	$ 19,946,718	$ 331,386,594
Application 01-01-C-05-PIT	7/27/2001	$ 74,437,558	$ 74,437,558	$ -	$ -	$ -	$ -	$ -	$ 74,437,558
Application 03-02-U-03-PIT	11/3/2003	677,573	677,573	-	-	-	-	-	677,573
Application 04-03-U-02-PIT	11/24/2004	2,135,005	2,135,005	-	-	-	-	-	2,135,005
Application 04-04-C-01-PIT	1/7/2007	251,401,645	203,119,262	4,331,078	4,555,426	159,864	1,346,626	10,392,994	213,512,257
Application 07-05-C-01-PIT	9/5/2007	134,901,500	27,682,145	-	426,427	4,687,495	-	5,113,922	32,796,067
Applilcation 07-06-C-00-PIT	11/16/2007	40,370,883	3,388,332	38,100	-	-	-	38,100	3,426,432
Application 20-07-C-00-PIT	12/17/2019	61,868,032	-	-	-	-	4,401,701	4,401,701	4,401,701
Total passenger facility charge collections expended		$ 565,792,196	$ 311,439,875	$ 4,369,178	$ 4,981,853	$ 4,847,360	$ 5,748,328	$ 19,946,718	$ 331,386,593

See notes to schedule of passenger facility charge collections and expenditures.

Notes to Schedule of Passenger Facility Charge Collections and Expenditures

December 31, 2019

Note 1 - General

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized domestic airports to impose a passenger facility charge (PFC) on enplaning passengers. PFCs may be used for airport projects that meet at least one of the following criteria:

The Federal Aviation Administration (FAA) has approved seven PFC applications and amendments submitted by Allegheny County Airport Authority (the "Authority"). The Authority is currently authorized to collect PFCs in the amount of $4.50 per enplaned passenger up to a total for approved collections of approximately $566 million. Project expenditures may include amounts used to pay PFC-eligible costs on approved projects.

As of December 31, 2019, the Authority had received approximately $331 million of PFC revenue and $423,000 of interest earnings. The Authority had expended approximately $331.4 million on approved projects.

Note 2 - Basis of Presentation

The accompanying schedule of passenger facility charge collections and expenditures has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP).