Allegheny County Airport Authority

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

Annual Comprehensive Financial Report
with Supplemental Information
December 31, 2020

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PITTSBURGH INTERNATIONAL AIRPORT
ALLEGHENY COUNTY AIRPORT

March 31, 2021

To the Board of Directors of the Allegheny County Airport Authority,

This Annual Comprehensive Financial Report of the Allegheny County Airport Authority (the "Authority") is hereby submitted for the fiscal year ended December 31, 2020. Responsibility for the accuracy of the data, 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 and Analysis to gather a more complete financial and business picture of the Authority.

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 County Executive of Allegheny County.

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

ECONOMIC CONDITIONS

Like all airports, Pittsburgh International Airport was significantly impacted in 2020 by the COVID-19 pandemic. In the five years leading up to the pandemic, however, growth was remarkable, with record O&D traffic, new flights, new airlines, new destinations, and strong finances. The Authority went into the pandemic in a strong position and took immediate fiscal and operational actions to mitigate the negative impacts, including reducing or delaying all non-mission critical operational and capital spending.

The Authority benefited from three instances of Federal pandemic relief in 2020 and early 2021, (1) the Coronavirus Aid, Relief, and Economic Security Act, (2) the Coronavirus Response and Relief Supplemental Appropriation Act, and (3) the American Rescue Plan Act of 2021. This relief comes in the form of grant revenue totaling an estimated $82.8 million over the next four

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years. These Federal Acts serve to partially offset the significant reduction in the Authority's revenue during the downturn in the travel industry caused by the pandemic.

STAYING TRUE TO OUR FIVE-YEAR BUSINESS PLAN

In 2019, Authority leadership launched a five-year business plan, titled the Smart Plan Forward. The Smart Plan Forward formulated innovative ways of working, inspiring the team, and a clear destination: a Smarter Airport driven by the dual imperatives of (1) safety, security, and health and (2) air service. With this plan, the Authority will redefine what it means to be an airport. More than an airport operator, a Smarter Airport acknowledges and supports the complex system of modernized physical space, cutting-edge technology, and interdependent relationships among its stakeholders. All of these elements are needed to galvanize travelers and ensure the safety and efficiency of flight arrivals and departures. The Authority's vision of a Smarter Airport will inspire the next generation of aviation leadership.

The pandemic made the initiatives outlined in the Smart Plan Forward even more crucial than before. By focusing on the plan, the Authority was able to pivot, innovate, and find some success in the pandemic world. Leadership used the opportunity to calibrate itself for a new future and prioritized working on the dual imperatives, as well as focusing on innovation, technology, and airport development. These actions proved essential in keeping the airport well-positioned for the return of travel.

Safety, Security, and Health: The health lens was enhanced in everything the Authority does. A health and safety program known as *Safe Travels* was implemented airport-wide for passengers and staff. Partnering with a local robotics firm, Pittsburgh International Airport was the first airport in the nation to use UV disinfecting light on autonomous robots to clean floors.

Air Service – Passenger and Cargo: Pittsburgh International Airport's passenger traffic finished the year down 62.7 percent, in line with national averages related to the impact of the pandemic. Conversely, cargo tonnage, including mail, finished down only 2.4 percent as a result of the initiatives outlined below. Operations at Allegheny County Airport finished the year down 10 percent with 53,285 operations, as private flying recovered more quickly than commercial flying in the second half of 2020.

Cargo: Cargo has become a key part of Pittsburgh International Airport's business plan. Officials look to build the airport into an international logistics center, capitalizing on its abundant space and ideal geographic location. Advancing the airport's competitive advantages for cargo growth persuaded Qatar Airways Cargo, National Airlines, and Cathay Pacific Airways to bring cargo freighters into PIT.

To support cargo growth, the Authority plans to build a 75,000-square-foot cargo processing facility, aircraft taxiway and ramp, and an adjacent surface parking lot. The project will be partially funded through an $18.7 million BUILD grant. PIT was the first airport to ever be awarded this grant by the U.S. Department of Transportation. The expansion projects, called Cargo 4, are expected to be operational in 2024. Cargo 4 will enable Pittsburgh International Airport to serve additional larger planes and offer opportunities for airlines that require sorting facilities and access for high volumes of trucks.

Development: Stabilizing and growing non-airline revenues in non-traditional ways was a mandate from leadership. In aiming for that goal, the Authority found success in its real estate development initiative. In 2019, the Authority announced plans for Neighborhood 91, the world's first development program to condense and connect all components of the additive manufacturing 3-D printing supply chain into one production neighborhood concept. In 2020, the Authority announced its anchor tenant, Wabtec. The Fortune 500 company, which maintains operations on six continents from its Pittsburgh headquarters, is a leading provider of equipment, systems, digital solutions, and value-added services for freight and transit rail.

Innovation: Like many other airports, Pittsburgh International Airport is seeking alternative energy sources. Taking this concept to a higher level, PIT is well on its way to becoming the first major airport to be completely powered by its own microgrid. The project is in construction now and scheduled to be completed in June of 2021. Once complete, the microgrid will be capable of producing enough energy to power more than 13,000 residential homes, an equivalent of more than 23 megawatts of electricity. The project is expected to lower the cost of electricity to the Authority and its tenants while making PIT one of the most site-hardened airports in the world.

The Authority continues to develop its natural resources. Natural gas drilling began in June 2016, with the Authority receiving monthly royalty payments equal to 18% of the production value. Net revenues from the natural gas lease are being used to reduce airline rates and for capital expenditures, including economic development.

Technology: Pittsburgh International Airport's latest transformative venture is the xBridge, a 10,000-square-foot innovation center custom-built to nurture the evolution of the aviation industry and inspire creative solutions to aviation's many challenges. In 2020, Fortune 100 company Honeywell joined several local partners in this learning laboratory. The company is partnering with the Authority to develop a live dashboard measuring air quality that will help the Authority's staff identify and correct issues in real time. Based on the success of xBridge pilot systems, PIT may expand the technology throughout the airport. Carnegie Mellon University and other local firms, including Zensors, Carnegie Robotics, and RE^2, joined Honeywell in selecting xBridge as the ideal place to test and develop their products.

These are just a few examples of why Pittsburgh International Airport was named as one of *Fast Company* magazine's most innovative businesses for 2020—a distinguished award for any organization and an exceptional award for an airport.

TERMINAL MODERNIZATION PROGRAM

The Authority has completed design of its $1.39 billion Terminal Modernization Program (TMP) that will stabilize airline costs and modernize and right-size the facilities for decades to come. Program construction was delayed in 2020 as a result of the pandemic. However, airlines continue to support the project and have recently authorized the start of construction with initial site preparation and early stage project bids.

During the construction delay, the Authority re-examined all aspects of the design to incorporate public health measures, including new health and safety conventions developed in response to the pandemic. The TMP design was informed and influenced by extensive collaboration and coordination between the Authority and the airlines serving the airport, 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 to improve building system functionality for a terminal with systems reaching the end of their useful life. It is estimated that the TMP will be completed in 2024 with an opening in early 2025. More information on this major capital initiative can be found at www.PITtransformed.com.

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. The aggregate of airport fees paid by the Signatory Airlines must be sufficient to pay for the net cost of operating, maintaining, and developing the airfield and terminals of Pittsburgh International Airport and Allegheny County Airport. The Authority's annual operating and capital budgets are reviewed and approved by its Board of Directors.

FINANCIAL INFORMATION AND INTERNAL CONTROLS

Management of the Authority 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, neglect, and other irregularities that may hinder operations, as well as to ensure that financial transactions are properly recorded and adequately documented. The Authority has established internal controls to fulfill these requirements. These controls are reviewed annually by an external audit firm for applicability, relevance, and effectiveness.

INDEPENDENT AUDIT

The Authority's independent auditor, Plante & Moran, PLLC, has performed the annual audit for the year ended December 31, 2020, and has 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. Their report is contained herein.

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 Annual Comprehensive Financial Report for the fiscal year ended December 31, 2018. That was the ninth consecutive year that the Authority achieved this prestigious award. The December 31, 2019 Annual Comprehensive Financial Report is currently under review by the GFOA. In order to receive the Certificate of Achievement, a government entity must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. 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 the current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program requirements.

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 report.

Sincerely,

Christina A. Cassotis
Chief Executive Officer

ACAA Board of Directors

2020

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Matt Smith, Vice Chairman

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Jan Rea, Treasurer

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Rich Stanizzo, Chairman

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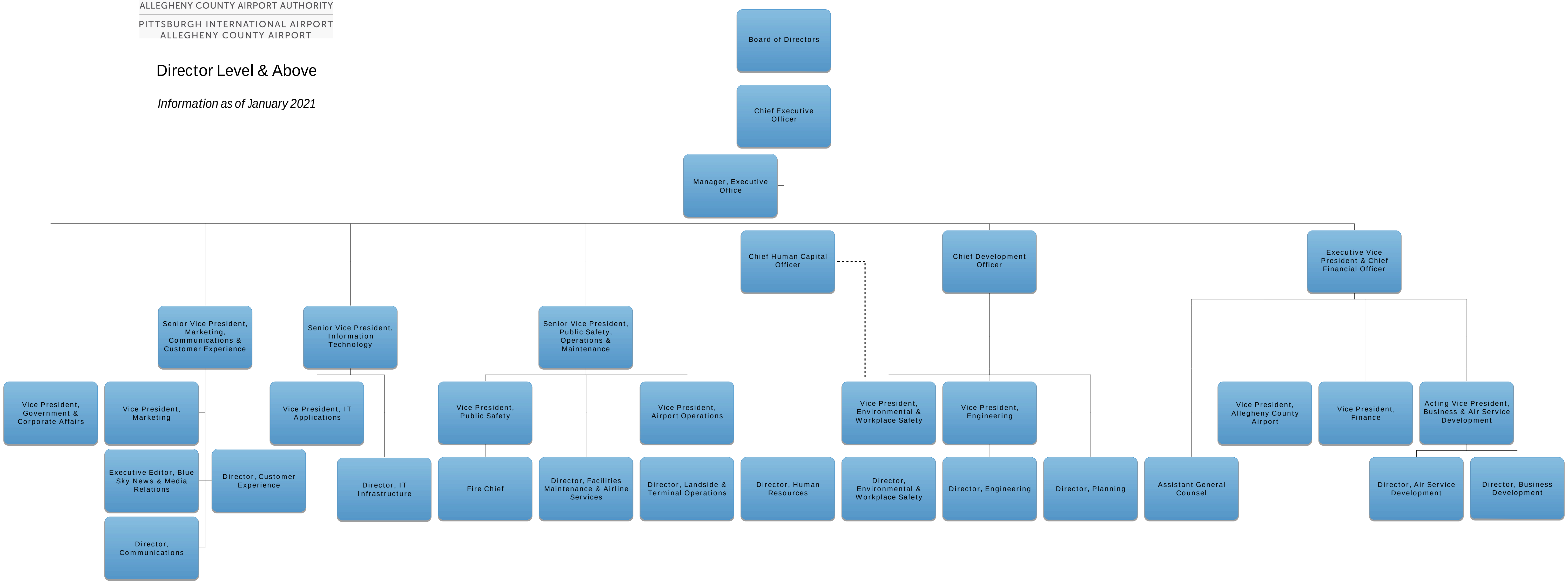
ALLEGHENY COUNTY AIRPORT AUTHORITY

PITTSBURGH INTERNATIONAL AIRPORT
ALLEGHENY COUNTY AIRPORT

Director Level & Above

Information as of January 2021



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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 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, 2020 and the related notes to the financial statements, which collectively comprise the Authority's 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 financial statements referred to above present fairly, in all material respects, the financial position of Allegheny County Airport Authority as of December 31, 2020 and the respective 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 March 31, 2021 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 solely 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 effectiveness of Allegheny County Airport Authority's 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

March 31, 2021

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 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) (collectively the Airports). PIT and AGC are operated by the Authority pursuant to an Airline Operating Agreement and Terminal Building Lease (the AOA). The original term of the AOA expired on May 8, 2018. The Authority amended and extended the agreement through December 31, 2019. The Authority then negotiated a new AOA that became effective January 1, 2020 and expires on December 31, 2021. This new AOA has been signed by Alaska Airlines, Allegiant Air, American Airlines, British Airways, Delta Air Lines, JetBlue Airways, Southwest Airlines, Spirit Airlines, and United Airlines (the Signatory Airlines).

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 Airports, as well as fund certain capital expenditures, based upon rates and charges that take into account all revenues, expenses and debt service. The AOA is designed to minimize costs to the Signatory Airlines while assuring the payment of all net operating costs and debt service of the Airports.

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 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 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 the 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 (1) the operating loss and (2) net cash and cash equivalents used in operating activities.

For the fiscal years ending December 31, 2015 through December 31, 2018, the Authority's audited financial statements included comparative information for the prior fiscal year. The Authority's audited financial statements for the fiscal year ended December 31, 2020 only present single year financials. The Authority first took this approach for fiscal year 2019. The Authority's 2020 Annual Comprehensive Financial Report will include the ten-year statistical section as provided in previous years.

Significant Events and Financial Highlights

Enplaned passengers at the Airport decreased by 62.7% in 2020 as compared to 2019, which followed the prior year's 1.2% increase. The decline in passengers during 2020 was a result of reduced demand due to the coronavirus pandemic that significantly impacted passenger counts in the last 10 months of 2020. The Airport's diversified portfolio of airlines, including major network carriers, low cost carriers, and ultra low cost carriers helped weather the pandemic's impacts. American Airlines and Southwest Airlines traded positions several times during 2020 as the market share leader. Before the pandemic, 1 in 10 passengers were flying on an ultra low cost carrier, while heading into 2021 the ratio is closer to 1 in 5.

Air cargo tonnage experienced some positive developments in 2020, such as larger aircraft and additional flights. Year-over-year cargo tonnage at PIT was down only 2.4% versus 2019. During 2020, Cathay Pacific, National Airlines and Qatar Airways helped to drive the continual improvement in international cargo activity. In the second half of 2020, increased operations by integrators FedEx and UPS helped to increase domestic cargo activity.

Despite the headwinds associated with 2020, the Airport has had success during the first quarter of 2021 in recruiting additional air service. Many airlines have announced new or expanded service to popular leisure destinations. Cargo activity is also off to a strong start with tonnage increasing 7.4% year-to-date through February 2021 when compared to the first two months of 2020. As of March 2021, 11 carriers provide regularly scheduled service to and from PIT, as well as two charter operators.

The Authority continues to be designated as a recipient of Pennsylvania state revenue generated from casinos and operations that combine a racetrack with a casino. This designation is a result of the Pennsylvania Racehorse Development and Gaming Act which is often referred to as the Gaming Act. An amendment to this act known as the Pennsylvania Gaming Economic Development and Tourism Fund Capital Budget appropriated a $12.4 million payment to the Authority in 2020. The Authority expects to continue to receive this $12.4 million annual payment for as long as it is a recipient under the Gaming Act.

The parking operation at PIT is the largest non-aeronautical operating revenue generator for the Airport. There was $13.7 million of parking revenue included in the results of the Airport for 2020, down from $41.6 million for 2019. This 67.1% decrease is directly related to the 62.8% decline in passenger traffic caused by the coronavirus pandemic.

On February 8, 2013, the Authority's Board awarded the bid to drill natural gas at the Airports to CNX Gas Company LLC (CNX). Their lease will continue from year to year as drilling continues. In addition to ground rent, the authority earns ongoing royalties on the natural gas production. Net revenues from the natural gas lease have been used to reduce airline rates and charges and for capital expenditures, including economic development, at the Airport. During 2020 and 2019, drilling revenues of $5.6 million and $10.1 million, respectively, were received with $7.9 million allocated to fund 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 to complete an in-substance defeasance of all outstanding bonds. The cash was 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 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 under a new modernized bond indenture. The Airlines have agreed to reimburse the Authority $24.9 million in future years, representing the amount of unrestricted funds the Authority used in the defeasance.

The following is a summary of the Authority's statements of revenues, expenses and changes in net position for the years ended December 31, 2020 and 2019 (in thousands):

	2020	2019	% Change 2020 vs 2019
Operating revenues			
Landing fees and airline rentals and fees	$ 47,157	$ 59,055	-20.1%
Parking revenues	13,712	41,631	-67.1%
Rental car revenues	7,933	12,510	-36.6%
Other revenues	28,710	31,366	-8.5%
Total operating revenues	97,512	144,562	-32.5%
Nonoperating revenues			
Passenger and customer facility charges	11,531	28,516	-59.6%
Gaming act revenues	12,400	12,400	-
Gas drilling revenues	5,560	10,122	-45.1%
Non-capital grants	13,092	-	-
Other revenues	2,539	5,231	-51.5%
Total nonoperating revenues	45,122	56,269	-19.8%
Total revenues	142,634	200,831	-29.0%
Operating expenses			
Salaries, wages, and benefits	54,765	53,700	2.0%
Utilities, cleaning, and maintenance	27,257	29,779	-8.5%
Depreciation	60,418	56,981	6.0%
Other expenses	38,385	39,331	-2.4%
Total operating expenses	180,825	179,791	0.6%
Nonoperating expenses			
Interest expense	881	3,538	-75.1%
Loss on defeasance	-	3,636	-
Other expenses	432	7	5785.7%
Total nonoperating expenses	1,313	7,181	-82.0%
Total expenses	182,138	186,972	-2.6%
Income before capital contributions and grants	(39,504)	14	-385.0%
Capital contributions and grants	19,962	8,175	144.2%
(Decrease) Increase in net position	$ (19,542)	$ 22	-188.7%
Net Position – beginning of year	$ 655,404	$ 633,370	3.5%
Net Position – end of year	$ 635,862	$ 655,404	-3.0%

Total operating revenues were down approximately $47.1 million, or 32.5%, compared to 2019. The net decrease in landing and terminal fees of $11.9 million was primarily a result of lower expenses and capital fund deposits charged to the airlines. Combined parking and ground transportation revenues finished the year down $27.9 million, or 67.1%, compared to 2019 as a direct result of the 62.8% decrease in enplaned passengers year over year. Similarly, rental car revenues were down $4.6 million, or 36.6% in 2020 as compared to 2019.

Total operating expenses (including depreciation) were up $1.0 million, or 0.6%, in 2020 as compared to 2019. Salaries, wages and benefits increased approximately $1.1 million, mainly due to the continued application of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This application resulted in the recognition of additional pension expense of $14.7 million and $8.9 million in 2020 and 2019, respectively. Excluding the additional pension expense and depreciation, operating expenses were $8.2 million lower in 2020 due to the implementation of various cost saving measures in response to the revenue losses discussed above.

Nonoperating revenues and nonoperating expenses both declined in 2020, accounting for $5.3 million of the reduction in net position from 2019 to 2020. Non-capital grants consisted primarily of funds received via the Coronavirus Aid, Relief and Economic Security Act. Passenger and customer facility charges decreased by $17.0 million due to the decline in passenger traffic during 2020. Gas drilling revenues were $4.6 million lower in 2020 due to a decrease in drilling volumes and market prices.

Capital contributions and grants increased by $11.8 million in 2020, primarily due to $6.2 million in grants for security systems and aircraft ramp rehabilitation.

Significant Capital Project – Terminal Modernization Program

In 2017, the Authority approved its 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 2004. Traffic at the Airport is now comprised of approximately 97% origination and destination ("O&D") passengers. Passengers are 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 (TMP) will replace the existing landside terminal at the Airport with a new landside terminal housing ticketing, the TSA checkpoint, and baggage claim. In addition, associated facilities including roadways, parking, and rental car facilities will be constructed adjacent to the new terminal. The new landside terminal will be integrated with the existing airside terminal and will eliminate the need for the train that connects the existing facilities. Design of the new terminal has taken into account evolving customer requirements, technology, and health standards. The TMP design was informed and influenced by extensive collaboration and coordination between the Authority and the airlines serving the Airport. The TMP is designed to balance airside and landside terminal operations to serve current and projected passenger demand as well as improve building system functionality and operating costs.

COVID-19 Significant Legislation (3 Acts)

On March 11, 2020, the World Health Organization declared a pandemic, based on the outbreak of a respiratory disease caused by a new coronavirus. First identified in late 2019 and now known as COVID-19, the outbreak has spread across the globe. In response, many countries have implemented measures to combat the outbreak. These measures included international travel restrictions, and in some states, orders to stay home. As a result, domestic travel across the United States significantly declined. However, legislation was subsequently passed on three separate occasions to partially offset the negative financial impacts of COVID-19.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748, Public Law 116-136), signed into law on March 27, 2020, included $10 billion in funds to be awarded as economic relief to eligible U.S. airports affected by the COVID-19 pandemic. The Authority was awarded $36.2 million. Funds are to be utilized within four years, with a key focus on operating costs and debt service. During 2020, the Authority utilized $10.7 million of the CARES funding to partially offset reductions in revenue caused by the pandemic. Other revenue losses were mitigated by reducing operating expenses and deferred capital spending.

The Coronavirus Response and Relief Supplemental Appropriation Act, signed into law on December 27, 2020, includes nearly $2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports. From this second relief package, the Authority was awarded $10.7 million, which included $1.0 million in relief to third party concessions.

The American Rescue Plan Act of 2021 (H.R. 1319, Public Law 117-2), signed into law on March 11, 2021, includes $8 billion in funds to be awarded as economic assistance to eligible U.S. airports. As of March 25, 2021, the Authority expects to receive another $35.9 million.

Financial Position

The following represents a summary of the Authority's statements of financial position at December 31, 2020 and 2019 (in thousands):

	2020	2019	% Change 2020 vs 2019
Assets and Deferred Outflows of Resources			
Assets			
Current assets - unrestricted	$ 129,003	$ 101,971	26.50%
Current assets - restricted	9,237	13,977	-33.90%
Net property and equipment	674,125	646,096	4.30%
Other noncurrent assets - unrestricted	1,836	17,789	-89.70%
Other noncurrent assets - restricted	32,860	40,131	-18.10%
Total assets	847,061	819,964	3.30%
Deferred Outflows of Resources	35,721	19,140	86.60%
Total assets and deferred outflows of resources	$ 882,782	$ 839,104	5.20%

	2020	2019	% Change 2020 vs 2019
Liabilities and Deferred Inflows of Resources			
Liabilities			
Current payables from unrestricted assets	$ 21,715	$ 19,910	9.10%
Current payables from restricted assets	9,237	13,978	-33.90%
Long-term liabilities	210,193	146,853	43.10%
Total liabilities	241,145	180,741	33.40%
Deferred Inflows of Resources	5,775	2,959	95.20%
Total liabilities and deferred inflows of resources	246,920	183,700	35.40%
Net Position			
Net investment in capital assets	595,210	600,732	-0.90%
Restricted	32,860	40,079	-18.00%
Unrestricted	7,792	14,593	-46.60%
Total net position	$ 635,862	$ 655,404	-3.00%

The Authority's total net position decreased by $19.5 million from 2019 due to the following changes. The net investment in capital assets decreased by $5.5 million, primarily due to an increase of $28.0 million in net property and equipment which was more than offset by a $33.7 million increase in long-term debt. Restricted net position decreased by $7.2 million primarily because capital funding collections from the airlines were greatly reduced. The decrease in unrestricted net position of $6.8 million was primarily due to the $28.6 million increase in the net pension liability which was offset by a $16.7 million increase in deferred pension outflows.

The $27.0 million increase in unrestricted current assets is directly related to a $12.6 million increase in grants due from federal, state and local governments and the receipt of $12.4 million in gaming revenues.

Capital Asset and Debt Administration

Capital Assets - The Authority's capital assets, net of depreciation, as of December 31, 2020 and 2019, amounted to $674.1 million and $646.1 million 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 2020 was 0.6%.

Major capital projects in progress and expenditures incurred during 2020 included the following:

Terminal modernization program	$53.6 million
Innovation campus development	$1.7 million
Airfield area projects	$4.1 million

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

Terminal modernization program	$68.9 million
Innovation campus development	$6.4 million
Airfield area projects	$3.9 million

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 $69.6 million for TMP program management, design and construction and $48.4 million for multiple other projects including airside terminal rehabilitation, snow removal equipment and development area 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, 2020 and 2019, the Authority's long-term debt outstanding totaled $76.8 million and $43.1 million, respectively. As previously mentioned, all outstanding bond debt was defeased on December 18, 2019. The outstanding debt as of December 31, 2020 consists primarily of draws from a line of credit. In March 2020, Fitch withdrew its ratings on all Allegheny County Airport Authority bonds as they were defeased. Detailed information regarding the Authority's long-term debt can be found in Note 6 to the financial statements.

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 requests for additional information should be addressed in writing to the Authority's Chief Financial Officer, Pittsburgh International Airport, 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, 2020

Assets	
Current assets:	
Cash and cash equivalents (Note 3)	$ 31,178,979
Investments (Note 3)	60,209,350
Receivables:	
Trade receivables	5,120,965
Due from County of Allegheny, Pennsylvania (Note 11)	481,236
Due from other governments	15,397,521
State gaming receivable	12,400,000
Gas drilling receivable	724,905
Other receivables	1,177,220
Inventory	2,313,089
Restricted assets:	
Cash and cash equivalents (Note 3)	2,195,100
Investments (Note 3)	6,380,555
Accrued interest receivable	7,393
Passenger and customer facility charge receivable	653,969
Total current assets	138,240,282
Noncurrent assets:	
Restricted assets - Investments (Note 3)	32,860,165
Capital assets: (Note 5)	
Assets not subject to depreciation	285,686,315
Assets subject to depreciation - Net	388,438,393
Prepaid debt issuance costs	486,101
Long-term lease receivable	1,350,000
Total noncurrent assets	708,820,974
Total assets	847,061,256
Deferred Outflows of Resources - Deferred pension costs (Note 8)	35,721,134
Liabilities	
Current liabilities:	
Accounts payable	8,742,588
Due to County of Allegheny, Pennsylvania (Note 11)	1,299,759
Payables from restricted assets:	
Accounts payable	7,090,956
Accrued liabilities	465,446
Retainage payable	772,869
Other liabilities	907,746
Unearned revenue	5,645,073
Accrued liabilities and other	6,027,568
Total current liabilities	30,952,005
Noncurrent liabilities:	
Long-term debt (Note 6)	76,822,324
Net pension liability (Note 8)	127,357,162
Unearned revenue	2,287,200
Other noncurrent liabilities	3,726,623
Total noncurrent liabilities	210,193,309
Total liabilities	241,145,314
Deferred Inflows of Resources - Deferred pension cost reductions (Note 8)	5,774,717
Net Position	
Net investment in capital assets	595,209,963
Restricted:	
Capital projects	32,852,772
Debt service	7,393
Unrestricted	7,792,231
Total net position	**$ 635,862,359**

See notes to financial report.

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended December 31, 2020
Operating Revenue	
Landing fees	$ 11,842,189
Terminal area airline rentals and fees	35,314,364
Other aeronautical revenue	8,797,493
Parking revenue	13,711,988
Rental car revenue	7,933,045
Terminal concessions	8,281,487
Other nonaeronautical revenue	9,088,397
Allegheny County Airport revenue	2,542,728
Total operating revenue	97,511,691
Operating Expenses	
Salaries, wages, and benefits	54,764,544
Utilities	9,086,233
Cleaning and maintenance services	18,171,130
Professional services	24,662,534
Other	11,218,139
Allegheny County Airport expenses	2,504,576
Depreciation	60,417,786
Total operating expenses	180,824,942
Operating Loss	(83,313,251)
Nonoperating Revenue (Expense)	
Investment income	725,293
Gain on sale of assets	1,550,691
Customer facility charges	4,585,923
Passenger facility charges	6,945,191
Gaming act revenue	12,400,003
Gas drilling revenue	5,559,879
Grant revenue	13,091,912
Interest expense	(881,263)
Net decrease in fair value of investments	(113,508)
Other nonoperating revenue	263,582
Other nonoperating expense	(318,579)
Total nonoperating revenue	43,809,124
Income - Before capital contributions	(39,504,127)
Capital Contributions - Capital grants	19,962,114
Change in Net Position	(19,542,013)
Net Position - Beginning of year	655,404,372
Net Position - End of year	**$ 635,862,359**

See notes to financial report.

Statement of Cash Flows

	Year Ended December 31, 2020
Cash Flows from Operating Activities	
Receipts from customers and users	$ 99,981,010
Payments to suppliers for goods and services	(66,689,094)
Payments to employees and fringes	(42,164,387)
Net cash and cash equivalents used in operating activities	(8,872,471)
Cash Flows from Noncapital Financing Activities	
Gaming Act receipts	12,400,000
Gas drilling rent and royalty receipts	6,139,685
Grant revenue receipts	9,785,773
Other revenue	263,582
Net cash and cash equivalents provided by noncapital financing activities	28,589,040
Cash Flows from Capital and Related Financing Activities	
Receipt of capital grants and contributions	11,396,055
Proceeds from sale of capital assets	2,750,000
Purchase of capital assets	(89,646,111)
Interest and other charges paid, long-term debt, and related items	(881,263)
Debt service charge	(268,045)
Net drawdowns on lines of credit and BIOS loan	33,674,090
Passenger facility charges collected	6,382,756
Customer facility charges collected	4,128,457
Net cash and cash equivalents used in capital and related financing activities	(32,464,061)
Cash Flows from Investing Activities	
Interest received on investments	812,403
Purchases of investment securities	(8,557,483)
Net cash and cash equivalents used in investing activities	(7,745,080)
Net Decrease in Cash and Cash Equivalents	(20,492,572)
Cash and Cash Equivalents - Beginning of year	53,866,651
Cash and Cash Equivalents - End of year	**$ 33,374,079**
Classification of Cash and Cash Equivalents	
Cash and cash equivalents	$ 31,178,979
Restricted cash and cash equivalents	2,195,100
Total cash and cash equivalents	**$ 33,374,079**

See notes to financial report.

	Year Ended December 31, 2020
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities	
Operating loss	$ (83,313,251)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:	
Depreciation	60,417,786
Changes in assets and liabilities:	
Receivables	2,469,323
Inventories	89,808
Prepaid and other assets	1,019,901
Accounts payable	(2,156,191)
Net pension liability	27,283,963
Deferrals related to pension	(13,766,022)
Accrued and other liabilities	(917,788)
Total adjustments	74,440,780
Net cash and cash equivalents used in operating activities	**$ (8,872,471)**

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 Annual Comprehensive 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, 2020.

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 and the Signatory Airlines recently agreed on a new AOA that covers the term of January 1, 2020 through December 31, 2021. Negotiations continue on a longer-term extension of this new AOA.

American Airlines, together with its affiliated commuter airlines, accounted for approximately 24 percent of total enplaned passengers at PIT in 2020. Southwest Airlines accounted for approximately 26 percent of total enplaned passengers at PIT in 2020. Revenue from American Airlines represents approximately 19 percent of PIT operating revenue in 2020. Revenue from Southwest Airlines represents approximately 11 percent of PIT operating revenue in 2020. 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 2020, 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 $45.1 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 $5.2 million during 2020. The Authority has and continues to receive ground rent payments for underdeveloped acreage. During the year ended December 31, 2020, this revenue was approximately $346,000.

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 $338,896,798 on these projects through December 31, 2020.

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 on June 1, 2011, the Authority began collecting CFCs from all rental car concessionaires that operate at PIT. 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 fee is charged to each on-airport rental car concessionaire customer on a per transaction day basis. 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 7 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 is 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, 2020 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. See Note 8 for further details on pension deferred outflows.

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. See Note 8 for further details on pension deferred inflows.

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.

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 Governmental Accounting Standards Board 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 were originally effective for the Authority's financial statements for the year ended December 31, 2020 but were extended to December 31, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

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 provisions of this statement were originally effective for the Authority's financial statements for the year ending December 31, 2021 but were extended to December 31, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Authority does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. With the London Interbank Offered Rate (LIBOR) expecting to cease existence in its current form at the end of 2021, this statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) in hedging derivative instruments and leases. The removal of LIBOR as an appropriate benchmark interest rate for a hedging derivative instrument is effective for the Authority's financial statements for the December 31, 2022 fiscal year. All other requirements of the statement are effective for the Authority's financial statements for the December 31, 2021 fiscal year. Lease modification requirements are effective one year later.

In March 2020, the GASB issued Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2023.

Note 2 - Significant Accounting Policies (Continued)

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. 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, 2023.

In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the Authority's financial statements for the year ending December 31, 2022.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including March 31, 2021, which is the date the financial statements were available to be issued.

Note 3 - Deposits and Investments

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

Cash and cash equivalents	$ 31,178,979
Investments	60,209,350
Restricted cash and cash equivalents	2,195,100
Restricted investments	39,240,720
Total deposits and investments	$ 132,824,149

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

Deposits with financial institutions	$ 29,276,266
Investments:	
Reported at cost - Investment pool - Federated government obligations fund	498,647
Reported at fair value:	
Commercial paper	16,294,228
Treasury notes	86,755,008
Total	$ 132,824,149

Note 3 - Deposits and Investments (Continued)

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.

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, 2020, the Authority had $28,932,295 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, 2020, 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.

Note 3 - Deposits and Investments (Continued)

At December 31, 2020, the Authority had the following investments and maturities:

Type of Investment	Carrying Value	Less Than 1 Year
Investment pool - Federated government obligations fund	$ 498,647	$ 498,647
Commercial paper	16,294,228	16,294,228
Treasury notes	86,755,008	86,755,008
Total	$ 103,547,883	$ 103,547,883

Credit Risk

Credit risk is 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, 2020, the credit quality ratings of investments are as follows:

Investment	Carrying Value	Standard & Poor's	Moody's
Investment pool - Federated government obligations fund*	$ 498,647	AAA	Aaa
Commercial paper	16,294,228	A-1	P-1
Treasury notes	86,755,008	AAA	Aaa
Total	$ 103,547,883		

*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, 2020, 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, 2020, the Authority's investment in commercial paper of foreign currencies matured in less than one year and had a fair value of $12,286,427.

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, and 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.

Note 3 - Deposits and Investments (Continued)

In instances where 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.

The Authority has the following recurring fair value measurements as of December 31, 2020:

	Assets Measured at Carrying Value on a Recurring Basis at December 31, 2020			
	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, 2020
Investments by Fair Value Level				
U.S. Treasury securities	$ 86,755,008	$ -	$ -	$ 86,755,008
Commercial paper	-	16,294,228	-	16,294,228
Total investments by fair value level	$ 86,755,008	$ 16,294,228	$ -	$ 103,049,236

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, 2020, restricted assets are composed of the following:

Passenger and customer facility charge receivables	$ 653,969
Airport system capital fund	23,460,285
Equipment and capital outlay fund	2,658,812
Deposits held for others	758,053
Customer facility charges fund	12,463,063
Other	2,103,000
Total	$ 42,097,182

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 all cost centers is pledged to the payment of the Authority's revenue bonds. However, future debt service on the TMP will be charged to the terminal cost center exclusively.

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, 2020 is as follows:

	Balance January 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Transfers	Balance December 31, 2020
Capital assets not being depreciated:						
Land	$ 112,522,795	$ 107,977	$ -	$ -	$ -	$ 112,630,772
Construction in progress	114,582,256	(31,170,561)	89,643,848	-	-	173,055,543
Subtotal	227,105,051	(31,062,584)	89,643,848	-	-	285,686,315
Capital assets being depreciated:						
Terminal buildings	720,510,822	5,945,673	-	-	-	726,456,495
Airfield (runways, taxiways, and deicing)	192,750,467	7,872,586	-	-	-	200,623,053
Site development	78,082,183	-	-	-	-	78,082,183
Parking garage and lots	121,607,653	302,852	-	-	-	121,910,505
Hangers	48,197,958	868,639	-	(1,005,785)	-	48,060,812
Other structures	207,786,276	810,090	-	-	-	208,596,366
Roadways	71,032,243	391,745	-	-	-	71,423,988
Mobile and other equipment	52,666,060	1,913,305	-	(693,582)	-	53,885,783
Computer and security equipment/systems	60,829,096	2,195,535	-	-	-	63,024,631
Utilities	50,423,333	446,207	-	-	-	50,869,540
Other assets	22,625,595	9,595,126	-	-	-	32,220,721
Landing area (non sub)	417,145,840	720,826	-	(74,664,263)	-	343,202,403
Subtotal	2,043,657,526	31,062,584	-	(76,363,630)	-	1,998,356,480
Accumulated depreciation:						
Terminal buildings	633,224,589	20,013	17,626,140	-	-	650,870,742
Airfield (runways, taxiways, and deicing)	103,814,047	(20,013)	9,164,947	-	-	112,958,981
Site development	47,404,590	-	1,750,183	-	-	49,154,773
Parking garage and lots	82,830,619	-	5,166,952	-	-	87,997,571
Hangers	41,701,982	-	646,085	(29,358)	-	42,318,709
Other structures	126,642,234	(615,892)	7,625,285	-	-	133,651,627
Roadways	62,566,484	-	798,443	-	-	63,364,927
Mobile and other equipment	38,070,007	1,446,062	2,315,282	(693,582)	-	41,137,769
Computer and security equipment/systems	43,998,573	-	3,047,713	-	-	47,046,286
Utilities	43,733,297	-	1,380,482	-	-	45,113,779
Other assets	17,566,564	615,892	3,026,002	-	-	21,208,458
Landing area (non sub)	383,113,899	(1,446,062)	7,870,272	(74,443,644)	-	315,094,465
Subtotal	1,624,666,885	-	60,417,786	(75,166,584)	-	1,609,918,087
Net capital assets being depreciated	418,990,641	31,062,584	(60,417,786)	(1,197,046)	-	388,438,393
Net business-type activities capital assets	$ 646,095,692	$ -	$ 29,226,062	$ (1,197,046)	$ -	$ 674,124,708

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, 2020, the Authority's equipment purchases and construction commitments are as follows:

	Spent to Date	Remaining Commitment
Terminal Modernization Project	$ 140,049,482	$ 69,597,213
Airside terminal projects	2,167,180	4,451,967
Development area projects	16,324,232	6,762,210
Snow removal equipment	-	5,793,955
Other projects	84,001,573	10,273,505
Total	$ 242,542,467	$ 96,878,850

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, 2020 can be summarized as follows:

Lines of Credit - Direct Borrowings

On December 18, 2019, the Authority negotiated a new line of credit from the bank. 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 18, 2022. The initial interest rate was 79 percent of the daily LIBOR plus an initial spread of 48 basis points. This loan agreement was amended by a first amendment dated May 12, 2020 and a second amendment dated December 30, 2020. Commencing on June 1, 2020, the interest rate is 79 percent of the daily LIBOR plus an initial spread of 114 basis points. The revised maximum commitment as of December 30, 2020 through the initial maturity date is $150,000,000. The funds are to be used to pay for costs of the Authority's Terminal Modernization Project. The security for repayment of the loan is a subordinate lien on the net revenue per the new Master Trust Indenture. Interest paid in 2020 on the line of credit was $739,332. The balance of this line of credit was $74,680,519 at December 31, 2020.

BIOS Loan

On June 20, 2020, the Authority entered into an agreement with the PA Department of Community & Economic Development for a Business in Our Sites (BIOS) loan in the amount of $6 million. This loan will be used to advance land development at the Neighborhood 91 site. The Authority has drawn down $2,141,805 as of December 31, 2020. Per modified payment terms of the note, upon the lease of any portion of the site, interest will begin to accrue at 2 percent; however, principal and interest will not be due until a minimum of 25 percent of the site is leased or the fifth anniversary of the effective date, whichever comes first. As of December 31, 2020, no tenant has started a lease.

Note 6 - Long-term Debt (Continued)

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 moneys 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, 2020, amounts available to pay debt service charges were approximately $22 million. There was no required principal and interest debt service per the terms of the Master Indenture for the year ended December 31, 2020.

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 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 industrywide 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, U.S. Bank, National Association. As principal payments are due to the lender, the trustee makes the payments from the trust accounts. At December 31, 2020, the TIF notes' balance was $1,991,718, and the corresponding trust accounts contained $1,657,112. 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 6 - Long-term Debt (Continued)

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, 2020, the TIF notes balance was $3,250,904, and the corresponding trust accounts contained $1,596,180. 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.

Note 8 - Pension Plan (Continued)

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 on 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 the type of coverage selected.

Contributions

Beginning in 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, 2020 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, 2020, contributions to the pension plan from the Authority were $2,946,664 (or 10.0 percent of covered payroll). The Authority contributed all required amounts for the year ended December 31, 2020.

Note 8 - Pension Plan (Continued)

Net Pension Liability

At December 31, 2020, the Authority reported a liability of $127,357,162 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020, which used update procedures to roll forward the estimated liability to December 31, 2020. 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, 2020, the Authority's proportion was 7.1843 percent, which was a decrease of 0.4324 percent from its proportion measured as of December 31, 2019.

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

For the year ended December 31, 2020, the Authority recognized pension expense of $17,626,127.

At December 31, 2020, 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	$ 4,610,108	$ -
Changes in assumptions	30,278,108	715,991
Net difference between projected and actual earnings on pension plan investments	-	587,544
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	832,918	4,471,182
Total	$ 35,721,134	$ 5,774,717

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
2021	$ 9,378,066
2022	7,670,708
2023	5,403,068
2024	5,402,983
2025	2,091,592
Total	$ 29,946,417

Actuarial Assumptions

The total pension liability in the December 31, 2020 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.

Note 8 - Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.80 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, 2020 valuation, the pension plan's fiduciary net position was projected to reach a depletion date in 2023. Therefore, in the determination of the discount rate, the long-term expected rate of return was applied through 2023 to projected benefit payments, and a municipal bond rate of 1.93 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, 2020.

Investment Rate of Return

Best estimates of geometric real rates of return as of the December 31, 2020 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 %	7.50 %
International equity	16.50	8.50
Domestic bonds	29.50	2.50
Real estate	12.50	4.50
Alternative assets	25.00	5.25

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 3.80 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 (2.80%)	Current Discount Rate (3.80%)	1 Percentage Point Increase (4.80%)
Authority's proportionate share of the net pension liability	$ 154,450,217	$ 127,357,162	$ 104,867,917

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

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.

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.

The Authority estimates the net OPEB liability (asset) using an actuarial valuation as of December 31, 2019 and, for the year ended December 31, 2020, concluded the net OPEB liability and related deferrals were not material to the Authority's financial statements.

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.

In January 1998, the Pennsylvania Department of Environmental Protection (DEP) issued an Administrative Order to the Allegheny County Department of Aviation alleging violations of a January 1994 Consent Order and Adjudication (the "Consent Order") and violations of the Pennsylvania Clean Streams Law and Dam Safety Act at the Pittsburgh International Airport. The alleged violations have been resolved except for issues relating to DIW. The Authority continues to negotiate the DIW issue with DEP. In connection with these negotiations, the Authority agreed to construct a stormwater deicing treatment facility (the "Treatment Facility") and amended its NPDES permit renewal application to include discharges from the Treatment Facility when it is constructed. DEP prepared a draft NPDES renewal permit in 2010, and both the Authority and EPA submitted comments on the draft permit to DEP. In August 2020, DEP prepared a revised draft NPDES permit and published notice of the draft permit in the Pennsylvania Bulletin for public comment. The Authority again submitted comments, which DEP is considering. The Authority's comments include, inter alia, a request for additional time to update studies on DIW generation and treatment and to receive stream conditions, as these are now significantly outdated, and reconsideration of effluent limits based on inapplicable guidance regarding discharges to intermittent and ephemeral streams. As of the date of these financial statements, DEP has not issued a final NPDES renewal permit that would authorize discharge from the previously proposed Treatment Facility.

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. One of the directors was dismissed from the case in 2020 and is no longer subject to liability in this matter for which the Authority would be responsible. The matter remains active as to a former board member, and the Authority is still subject to the indemnification obligations under the bylaws. Accordingly, during 2020, 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 2020, the Authority paid $6,000 to the county treasurer and $5,000 to the county controller. The Authority contracts with Allegheny County Police for public safety services at the airport. During 2020, the Authority had $11,246,591 of police expenses and paid $9,246,591 to the county police, due to the COVID-19 credit given to the Authority by the County.

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 2020, actual costs were $931,401. 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 Seven Plan Years

Years Ended December 31

	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	7.18430 %	7.61670 %	7.70030 %	7.49320 %	7.48040 %	7.77210 %	7.26080 %
Authority's proportionate share of the net pension liability	$ 127,357,162	$ 98,796,640	$ 98,817,359	$ 81,391,583	$ 83,549,481	$ 48,915,429	$ 40,088,306
Authority's covered payroll	$ 29,466,640	$ 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	432.21 %	318.26 %	319.62 %	278.33 %	295.86 %	172.03 %	151.35 %
Plan fiduciary net position as a percentage of total pension liability	36.14 %	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 5.22 at December 21, 2019 to 3.80 percent at December 31, 2020

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.

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

Last Seven Fiscal Years

Years Ended December 31

	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	$ 2,946,664	$ 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	2,946,664	3,104,246	2,937,091	2,631,887	2,541,530	2,559,020	2,245,908
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 29,466,640	$ 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 %	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.

Statistical Section

Statistical Section Table of Contents

This part of the annual comprehensive 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, 2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Revenues										
Landing fees	$ 11,842,189	$ 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
Terminal area airline rentals and fees	35,314,364	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
Other aeronautical revenue	8,797,493	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
Parking revenues	13,711,988	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
Rental car revenues	7,933,045	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
Terminal concessions	8,281,487	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
Other nonaeronautical revenue	9,088,397	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
Pittsburgh International Airport revenues	94,968,963	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
Allegheny County Airport revenues	2,542,728	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
Total operating revenues	97,511,691	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
Operating Expenses										
Salaries, wages, and benefits	54,764,544	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
Utilities	9,086,233	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
Cleaning and maintenance services	18,171,130	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
Professional services	24,662,534	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
Other	11,218,139	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
Pittsburgh International Airport expenses	117,902,580	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
Allegheny County Airport expenses	2,504,576	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
Depreciation	60,417,786	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
Total operating expenses	180,824,942	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
Income (Loss) From Operations	(83,313,251)	(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)

Table I

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

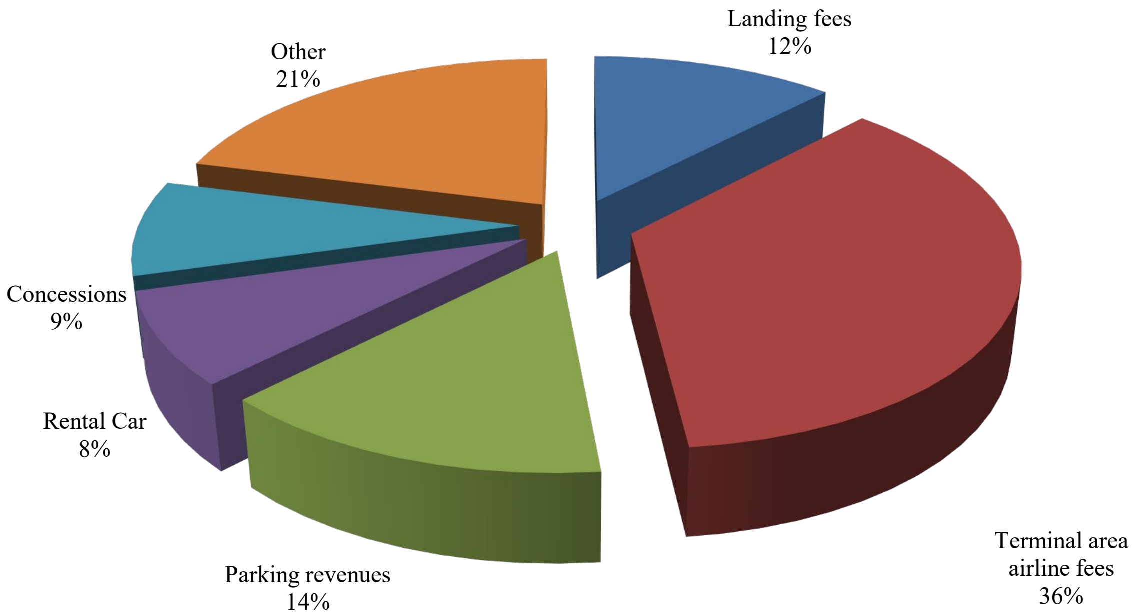
Last Ten Fiscal Years
December 30, 2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Nonoperating Revenue (Expense)										
Interest expense	$ (881,263)	$ (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)
Investment income	725,293	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
Customer facility charges	4,585,923	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	6,945,191	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
Gain (loss) on disposal of capital assets	1,550,691	(7,732)	(12,504)	-	(1,088,113)	39,551	(10,499)	(45,525)	(11,928)	(1,526,932)
Swap termination gain			-	-	-	-	-	-	-	860,000
Gaming act revenues	12,400,003	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
Gas drilling revenues	5,559,879	10,121,571	19,266,592	25,983,025	13,918,971	10,192,316	9,072,202	7,143,289	-	-
Grant revenue	13,091,912									
Miscellaneous revenue	263,582	203,669	322,646	2,498,496	894,399	599,277	1,136,594	395,709	1,117,946	4,819,801
Miscellaneous expense	(318,579)									
Loss on in-substance debt defeasance	-	(3,635,528)								
Net increase (decrease) in fair value of investments	(113,508)	386,528	203,976	(483,433)	(49,040)	35,676	64,730	(9,173)	186,588	420,274
Total nonoperating income (expense)	43,809,124	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
Income (Loss) Before Capital Contributions and Grants	(39,504,127)	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
Capital Contributions and Grants	19,962,114	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
Increase (Decrease) in Net Position	(19,542,013)	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
Net Position, Beginning of Year, As Previously Reported	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
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	655,404,372	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
Net Position, End of Year	$ 635,862,359	$ 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

(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, 2020



Operating Expenses by Business Unit

For the Year Ended December 30, 2020

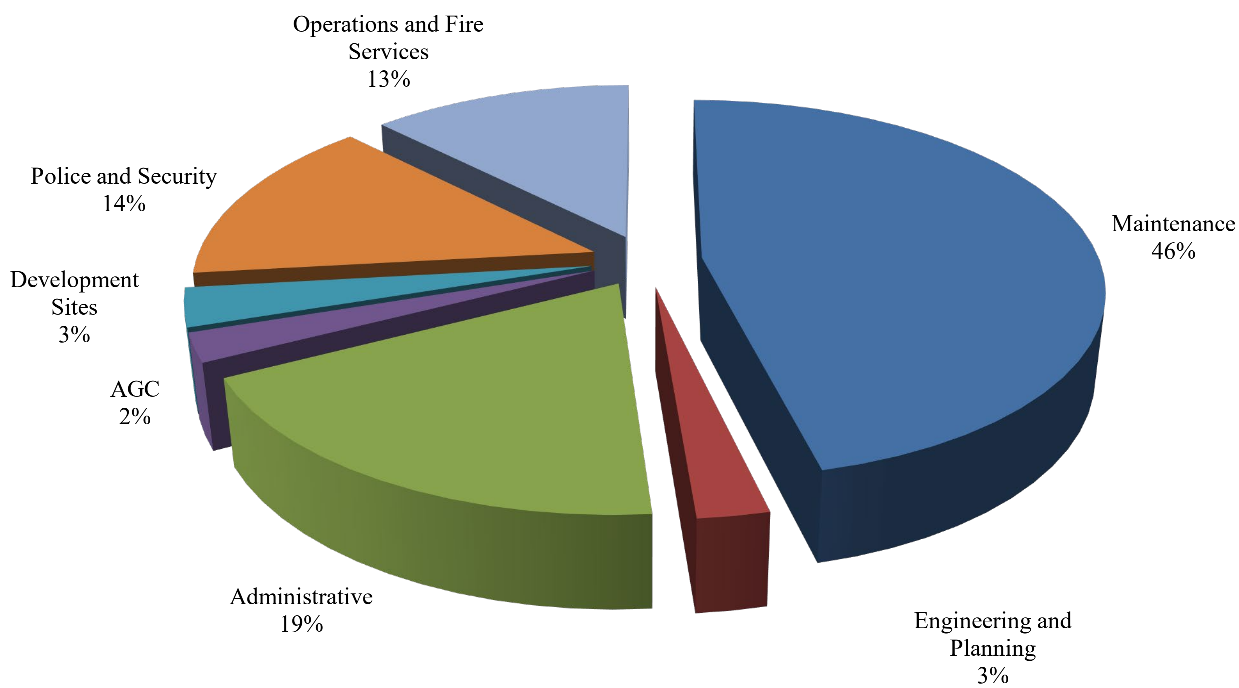


Table II
Net Position by Component

Last Ten Fiscal Years
December 30, 2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net investment in capital assets	$ 595,209,963	$ 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
Restricted net position										
Capital	32,852,772	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
Debt service	7,393	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
Total restricted net position (expendable)	32,860,165	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
Unrestricted (deficit) net position	7,792,231	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)
Total net position	$ 635,862,359	$ 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

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, 2020

Airline Group	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
American	$ 10,886,918	$ 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
Southwest	7,596,123	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
Delta	6,129,846	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
United	6,445,602	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
Other signatories	5,244,541	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
Total signatory airlines	36,303,030	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
Other passenger carriers	914,338	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
Total rate base fees <A>	$ 37,217,368	$ 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
Total rate base fees	$ 37,217,368	$ 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
Cargo landings and rents	2,357,515	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
Other terminal and hangar fees	15,378,934	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
Concession revenues	28,787,311	63,604,379	63,619,256	52,293,056	49,345,717	48,142,557	48,001,577	45,313,542	44,575,886	43,856,123
Other operating revenues	11,227,835	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
Total PIT operating revenues <B>	$ 94,968,963	$ 141,750,985	$ 144,559,116	$ 143,968,489	$ 136,885,863	$ 134,246,205	$ 148,377,753	$ 136,486,882	$ 136,072,807	$ 139,553,618

<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, 2020

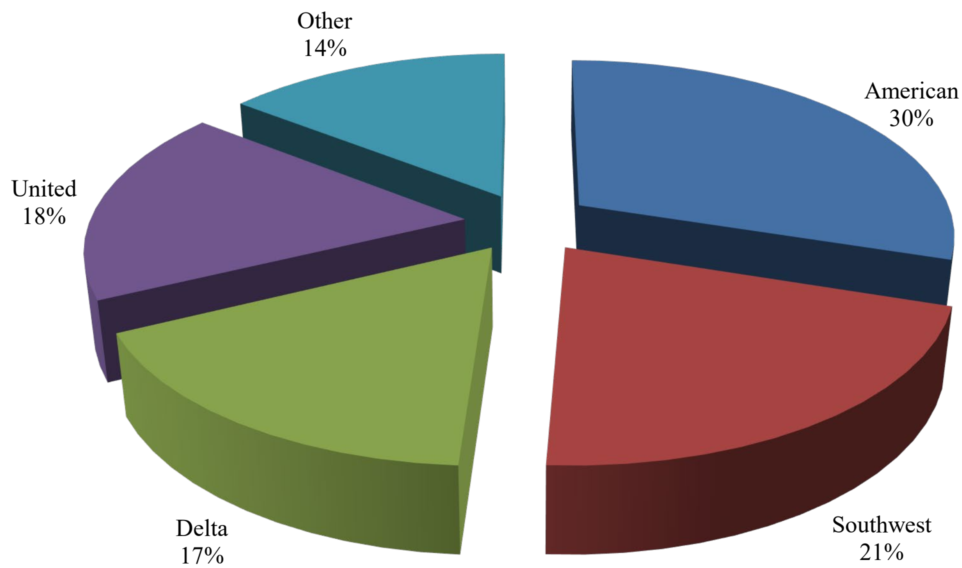


Table IV
Rates and Cost Per Enplaned Passenger
Last Ten Fiscal Years
December 30, 2020

	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual
Landing fee rate	$ 3.0100	$ 2.6055	$ 2.3030	$ 2.3971	$ 2.4240	$ 2.2239	$ 2.6063	$ 2.9068	$ 3.1558	$ 3.3764
Terminal fee rate	161.67	179.61	145.67	139.90	133.42	132.61	136.04	140.32	130.05	133.68
Ramp fee rate	n/a	266.17	204.24	192.25	192.80	196.19	191.86	229.90	242.09	279.21
Operating expenses	98,523,291	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
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
Nonrate base revenues	(51,083,457)	(87,317,539)	(87,182,388)	(83,539,654)	(86,202,047)	(84,416,245)	(94,214,399)	(78,223,979)	(87,823,923)	(85,735,770)
Debt service and operating expense offset	(12,934,912)	(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)
Airline capital fund deposits	4,758,828	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
Other, primarily cargo landing fees	(2,046,382)	(1,481,784)	(1,137,193)	(740,884)	(938,359)	(845,550)	(927,641)	(1,040,186)	(1,212,280)	(1,271,259)
Total rate base costs	37,217,368	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
Total enplaned passengers	1,815,361	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
Cost per enplaned passenger	$ 20.50	$ 9.77	$ 10.30	$ 12.76	$ 12.86	$ 12.89	$ 13.91	$ 14.57	$ 14.24	$ 14.97

Table V
History of Total Concessions Per Enplanement

Last Ten Fiscal Years
December 30, 2020

	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual
Parking	$ 13,711,988	$ 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
Rent-A-Car	7,933,045	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
AirMall Concessions	5,804,834	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
Hotel/ConvCenter	534,024	616,152	576,308	549,420	541,551	516,217	546,935	569,682	580,804	544,038
Total passenger concessions	$ 27,983,891	$ 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
Total enplaned passengers	1,815,361	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
Concessions per enplaned passenger	$ 15.42	$ 12.84	$ 12.23	$ 11.63	$ 11.89	$ 11.88	$ 12.00	$ 11.49	$ 11.10	$ 10.54

Table VI
Outstanding Debt by Type and Revenue Bond Debt Service Ratios

Last Ten Fiscal Years
December 30, 2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
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
Loans and other credit facility agreements	76,822,324	43,148,234	-	-	3,050,178	4,237,142	4,679,259	5,112,209	5,540,742	28,691,009
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	$ 76,822,324	$ 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
Outstanding Debt Per Capita	Not Available	Not Available	$ 58.69	$ 73.34	$ 146.47	$ 192.95	$ 236.60	$ 279.33	$ 321.13	$ 316.92
Total Enplaned Passengers	1,822,219	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
Outstanding Debt/Enplaned Passenger	$ 42.16	$ 8.82	$ 14.79	$ 19.95	$ 43.41	$ 58.56	$ 72.82	$ 87.24	$ 98.32	$ 93.51
Outstanding Debt as % of Personal Income	Not Available	Not Available	0.09%	0.13%	0.27%	0.36%	0.44%	0.52%	0.62%	0.63%
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
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
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
Total Expenses (Less Depreciation)	$ 120,407,156	$ 122,810,059	$ 122,810,059	$ 125,694,961	$ 109,830,260	$ 105,887,728	$ 96,794,290	$ 93,968,917	$ 90,915,759	$ 88,082,239
					0					
Revenue Bond Debt Service/ Total Expenses	0.00%	18.45%	17.06%	74.62%	59.10%	60.98%	67.49%	69.96%	68.30%	70.53%
Revenue Bond Debt Service/ Enplaned Passenger	$ -	$ 4.63	$ 4.33	$ 20.87	$ 15.64	$ 15.93	$ 16.33	$ 16.67	$ 15.46	$ 14.93

Table VII
Revenue Bond Debt Service Coverage

Last Ten Fiscal Years
December 30, 2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Pledged Revenues										
Landing fees	$ 11,842	$ 17,280	$ 14,854	$ 14,365	$ 13,471	$ 12,449	$ 14,362	$ 16,175	$ 17,176	$ 19,282
Terminal area airline fees	35,314	41,758	44,798	59,719	57,728	57,076	58,849	60,112	57,436	60,589
Other aeronautical revenue	8,798	8,297	8,770	7,818	7,691	7,808	7,736	7,499	7,452	7,249
Parking revenues	13,712	41,631	36,926	32,289	29,796	29,156	28,092	26,337	27,115	25,422
Rent-A-Car revenues	7,933	12,510	12,715	11,891	11,460	11,519	12,117	11,229	10,753	11,042
Terminal concessions	8,282	10,707	10,578	7,584	7,446	7,010	6,817	5,288	6,401	6,668
Other non-aeronautical revenue	21,748	12,821	22,519	34,433	44,742	43,235	38,564	37,029	31,282	24,535
AGC revenues	2,775									
Total pledged revenues	110,404	145,004	151,160	168,099	172,334	168,253	166,537	163,669	157,615	154,787
Operation and Maintenance Expenses										
Salaries, wages and related expenses	41,985	32,699	26,854	26,823	26,502	25,084	25,144	24,547	24,008	22,726
Cost allocations	-	44,664	51,471	43,540	40,697	38,713	35,827	34,891	33,856	31,737
Utilities	9,430	9,480	9,122	8,384	8,595	8,681	9,129	8,832	8,750	10,599
Cleaning and maintenance services	18,200	16,640	18,059	16,499	16,798	16,213	15,841	15,548	15,238	14,269
Professional services	24,719	187	340	553	236	285	256	261	173	178
Other	10,052	2,641	3,181	3,744	3,248	3,713	3,944	3,315	2,878	3,766
Total operation and maintenance expenses	104,386	106,311	109,027	99,543	96,076	92,689	90,141	87,394	84,903	83,275
Net Revenues	6,018	38,692	42,133	68,556	76,258	75,564	76,396	76,275	72,712	71,512
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	$ 22,350	$ 55,024	$ 58,465	$ 84,888	$ 92,590	$ 91,896	$ 92,728	$ 92,607	$ 89,044	$ 87,844
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
Funding deposit requirement	198	429	410	174	598	301	311	266	165	410
Total deposit requirement payments	$ 198	$ 15,590	$ 17,096	$ 57,627	$ 65,512	$ 64,872	$ 65,637	$ 66,004	$ 62,259	$ 62,535
Coverage Ratio	112.77	3.53	3.42	1.47	1.41	1.42	1.41	1.40	1.43	1.40

Table VIII
Enplaned Passengers by Airline Group

Last Ten Fiscal Years
December 30, 2020

Group	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual
American	431,438	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
Southwest	478,707	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
Delta	279,350	921,353	848,698	768,660	750,335	753,924	741,023	704,436	742,383	726,664
United	243,810	763,085	713,564	650,645	624,348	628,187	650,568	688,264	913,844	763,812
Other signatories	358,437	626,942	692,307	508,889	304,687	156,338	112,301	113,635	150,214	152,814
Total signatory airlines	1,791,742	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
Scheduled nonsignatory	20,662	195,464	141,007	163,218	161,700	101,910	37,972	22,452	23,498	80,400
Nonscheduled	9,815	19,308	24,220	22,292	17,975	40,780	15,233	15,159	14,762	16,244
Total enplaned passengers	1,822,219	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

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, 2020

Fiscal Year	Total Passengers	<A> Aircraft Operations	Landed Weight (1,000 Lbs.)	Cargo Volume (1,000 Lbs.)
2020	3,649,270	91,803	3,703,501	157,603
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

<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, 2020

Bus Unit	Description	Year End 2020	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
1100	Administration	8	7	8	8	4	6	16	9	10	9
1200	Human Resources	8	8	8	10	9	10	6	4	4	4
1300	Finance	14	15	17	16	15	16	16	15	16	17
1400	Information Technology	14	13	12	7	4	5	5	5	3	3
1530	Engineering/Construction	9	8	12	7	7	7	8	8	8	8
1540	Planning	2	4	8	6	5	5	5	4	5	5
1700	Business Development	7	7	7	8	5	5	9	9	8	7
1850	Field Maintenance	84	107	110	114	116	114	118	113	117	119
1810	Facilities Maintenance	72	85	81	84	82	84	86	87	90	92
1860	Airfield Operatings	20	19	30	33	39	48	42	43	41	39
1870	Emergency Planning	7	8	11	12	10	10	10	12	13	11
	PSOM Admin	9	9								
1830	Fire Services	50	39	53	49	42	48	50	54	48	52
2300	Air Service Development	4	3	4	5	2	2	2	3	2	3
2400	Marketing & Communications	19	25	28	21	18	15	3	12	12	10
1820	Airline Services	52	58	61	63	67	66	65	68	73	73
1520	Facilities/Engineering/Maintenance	3	4	6	10	6	6	-	-	-	-
2410	Government and Community Affairs	3									
2440	Terminal Operations	-	-	-	7	5	-	-	-	-	-
1310	Legal	3	3								
1510	TMP	3	11								
9100	Allegheny County Airport	9	19	14	21	20	15	17	16	15	15
	Totals	400	452	470	481	456	462	458	462	465	467

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.

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, the following rental car companies operate on airport from the garage:

Hertz (Hertz, Dollar & Thrifty brand), Enterprise (Enterprise, Alamo-National brand), and Avis-Budget.

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, but resumed service in December 2020).

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. Wabtec Corporation signed on as the first manufacturing anchor tenant at Neighborhood 91. Neighborhood 91, developed in conjunction with the University of Pittsburgh, is the first development of the 195-acre Pittsburgh Airport Innovation Campus. Wabtec will occupy more than 11,000 square feet of space at Neighborhood 91, which is currently under construction and targeting completion by Spring 2021. The company will be able to ship parts immediately from the airport to any location in the world within 24 hours, which will improve supply chain performance and cut transportation costs. 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 & Business Development departments of Allegheny County Airport Authority

Table XI
Allegheny County - Demographic and Economic Statistics

For the Year Ended December 30, 2020

Year	Population	Personal Income (millions)	Per Capita Personal Income	Annual Average Unemployment Rate
2020	1,214,810	Not Available	Not Available	6.6%
2019	1,216,040	79,996	64,871	4.5%
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%

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 2020 and 2011
December 30, 2020

2020 (1)

Employer	Employees	Percentage of Total County Employment
University of Pittsburgh Medical Center	53,000	8.39%
Highmark Health	23,846	3.78%
United States Government	18,109	2.87%
University of Pittsburgh	13,643	2.16%
PNC Financial Services	12,500	1.98%
Commonwealth of Pennsylvania	12,218	1.94%
Giant Eagle, Inc.	9,884	1.57%
Wal-Mart Stores, Inc.	9,000	1.43%
BNY Mellon	7,000	1.11%
County of Allegheny	6,237	0.99%
Total	165,437	26.22%
Total Employees in County	631,382 (3)	

2011 (2)

Employer	Employees	Percentage of Total County Employment
University of Pittsburgh Medical Center	38,700	12.57%
United States Government	18,570	6.03%
Commonwealth of Pennsylvania	13,610	4.42%
University of Pittsburgh	12,215	3.97%
West Penn Allegheny Health System	11,087	3.60%
Giant Eagle, Inc.	9,981	3.24%
Wal-Mart Stores, Inc.	7,550	2.45%
PNC Financial Services Group	7,032	2.28%
Westinghouse Electric	6,000	1.95%
Mellon Financial Corp.	5,266	1.71%
Allegheny County	-	0.00%
The Bank of New York Mellon		0.00%
Total	130,011	42.22%
Total Employees in County	307,764 (2)	

Sources:
(1) Allegheny County Accounting Department
(2) City of Pittsburgh Annual Comprehensive Financial Report 2011
(3) Pennsylvania Department of Labor and Industry; Center for Workforce Information & Analysis

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, 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 31, 2021.

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) as a basis for designing 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 financial statements. 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 Authority'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

March 31, 2021

plante moran

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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 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, 2020. 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, 2020. 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 the major federal program and its passenger facility charge program for the year ended December 31, 2020.

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

March 31, 2021

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying 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	$ -	$ 8,472
AGC Wildlife Management	20.106		3-42-0082-037	-	36,764
AGC Master Plan Update	20.106		3-42-0082-038	-	2,439
AGC Upper West Ramp Drainage Rehab	20.106		3-42-0082-039	-	3,360,178
PCA System Upgrade	20.106		3-42-0081-130	-	201,421
Airside Terminal Renovation	20.106		3-42-0081-130	-	1,078,271
Taxiway N	20.106		3-42-0081-128	-	150,957
COVID-19 - Allegheny County Airport CARES Act	20.106		3-42-0082-040	-	157,000
COVID-19 - Pittsburgh International Airport CARES Act	20.106		3-42-0081-127	-	10,495,912
Total				**$ -**	**$ 15,491,414**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

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, 2020. 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 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.

Note 3 - Donated Personal Protective Equipment (Unaudited)

During the year ended December 31, 2020, the Authority received donated personal protective equipment (PPE) in the amount of $439,000 that is not included in the schedule of expenditures of federal awards. The value of the PPE is recorded at fair market value at the time of receipt.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2020

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? ______ Yes __X__ 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, 2020

Collections	Date Approved	Amount Approved For Use	Cumulative Total - December 31 2019	Quarter 1 January - March	Quarter 2 April - June	Quarter 3 July - September	Quarter 4 October - December	Year Ended, December 31, 2020	Cumulative Total - December 31 2020
Passenger facility charge collections			$ 330,963,563	$ 4,543,149	$ 703,580	$ 938,297	$ 1,322,600	$ 7,507,626	$ 338,471,189
Interest earned			423,031	2,378	156	21	22	2,577	425,608
Total passenger facility charge collections received			$ 331,386,594	$ 4,545,527	$ 703,736	$ 938,318	$ 1,322,623	$ 7,510,203	$ 338,896,797
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	212,562,020	-	-	-	-	-	212,562,020
Application 07-05-C-01-PIT	9/5/2007	134,901,500	33,746,304	-	-	-	-	-	33,746,304
Applilcation 07-06-C-00-PIT	11/16/2007	40,370,883	3,426,432	-	-	-	-	-	3,426,432
Application 20-07-C-00-PIT	12/17/2019	61,868,032	4,401,701.42	4,545,527.00	195,197.39	543,871.00	2,225,609	7,510,204	11,911,906
Total passenger facility charge collections expended		$ 565,792,196	$ 331,386,593	$ 4,545,527	$ 195,197	$ 543,871	$ 2,225,609	$ 7,510,204	$ 338,896,798

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

Notes to Schedule of Passenger Facility Charge Collections and Expenditures

December 31, 2020

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, 2020, the Authority had received approximately $338 million of PFC revenue and $425,600 of interest earnings. The Authority had expended approximately $339 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).