Allegheny County Airport Authority

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

Annual Comprehensive Financial Report
with Supplemental Information
December 31, 2021

Contents

Introductory Section

April 11, 2022

To the Board 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, 2021. 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, Pennsylvania.

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

At the outset of 2021, the Authority continued to rebuild from the adverse effects of the pandemic. While others in the aviation industry may have paused when air travel plummeted to record lows, the Authority never stopped evolving and innovating. The path forward embraced prioritizing the projects and services that deliver on the Authority's mission to become a global aviation leader driving innovation, regional growth, and prosperity by investing in employees, customers, airlines, and partners.

ORGANIZATIONAL PROGRESS

In late June 2021, the Authority successfully executed a new operating lease agreement through 2028 with its airline partners, paving the way to securing long-term bond financing for its Terminal Modernization Program (the "TMP"). The project officially broke ground in the fall of 2021, and construction of the new, right-sized terminal to serve the region remains on schedule for a 2025 opening.

The Authority embraces the role airports can play in bringing value to the local economy and workforce. About 80 percent of all work for the new terminal and multimodal complex will be completed by businesses based in the Pittsburgh region. This partnership will deliver approximately $2.5 billion in economic impact to the Pittsburgh region.

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As with all projects undertaken by the Authority, we have an absolute commitment to increasing Disadvantaged Business Enterprise (DBE) participation. The Authority unbundled the TMP construction packages to allow smaller firms to compete and, in many cases, exceed the Federal Aviation Administration's (the "FAA") local recommendation of 14 percent DBE participation. An audit by the FAA found that the Authority not only complied with DBE requirements but exceeded them and cited the Authority's DBE program as an example for others to follow. The Authority takes an active role in the community, holding events throughout the area to create awareness and identify new DBE-designated entities that are able to conduct business with the Authority. These events include hosting bonding classes to teach skills and navigate the regulatory requirements to be awarded contracts.

What began as an idea to develop vacant land on PIT property formed the foundation for Neighborhood 91, the world's first end-to-end additive manufacturing production campus. Neighborhood 91 went from idea to reality in less than three years, welcoming anchor tenant Wabtec in the summer of 2021. The Fortune 500 company and global leader in freight and transit rail technology utilizes this additive manufacturing site to bring more sustainable solutions to market faster. Other tenants specialize in noble gases, powder storage, and high-value metal printing and finishing. Neighborhood 91 is poised to shape the future of the region.

The Authority unveiled a first-of-its-kind airport microgrid in the summer of 2021, providing a direct electric power source for the PIT terminal and airport campus in the event of an outage that affects the traditional grid. In partnership with People's Natural Gas, the microgrid is fueled by natural gas. By utilizing cleaner energy, the microgrid, along with over 9,000 solar panels, provides a yearly carbon reduction of over 8 million pounds. The microgrid is inspiring change in the industry; in 2020, it was recognized as a "World Changing Idea" by Fast Company magazine, and, in 2021, it won both the American Association for Airport Executives' (AAAE) Outstanding Sustainability Infrastructure Development and the Airports Council International's (ACI) North America Environmental Achievement Award for Innovation. PIT's microgrid and solar panels are inspiring change across the state, as the Pennsylvania Department of Environmental Protection is now examining its utilization of capped landfill space as part of a review of other similar opportunities to redevelop land. The Authority continues to make progress in carbon reductions and seeks sustainable and innovative solutions throughout the Airport.

The Authority maintains strong partnerships with its labor unions. After successful negotiations, the Authority reached new agreements that will run from 2021 to 2025 with all unions at the Airport. The Authority believes labor groups create value and strengthen the culture of its airport campus. As part of the TMP project, the Authority, the Occupational Safety and Health Administration (OSHA), and the Pittsburgh Regional Building Trades Council developed a first-of-its-kind regional partnership to unite all project workers under one health and safety program. All partners are working cooperatively and collaboratively to ensure a safe work environment for all.

Pittsburgh International Airport's robust cargo operation means jobs and investment for the region. In 2021, cargo generated an estimated $955 million in direct, indirect, and induced economic impact on the region, including creating an estimated 3,770 jobs. The Authority is developing two new cargo centers to increase PIT's capacity, help attract new carriers, and increase current operations. The first facility, Cargo 4, will add a 75,000 square-foot cargo processing building, a new taxiway, aircraft parking apron, and an adjacent surface parking lot that will be built to suit future partners. Cargo 4 is the recipient of the U.S. Department of Transportation's BUILD Grant, the first cargo project to receive such funds. The second new facility, Cargo B, will add over 100,000 square feet of building and ground transfer capacity to import and export air freight. The addition of these two logistic centers will strengthen the country's domestic and international supply chain and continue to bolster the regional economy.

Providing air service to the region remains one of the Authority's dual imperatives along with safety, security, and public health. 2021 brought much-needed recovery to an industry still impacted by the global COVID-19 pandemic. Air travel at Pittsburgh International Airport demonstrated a steady increase and recovery over the course of 2021, reaching 84% of pre-pandemic levels in December. At the close of 2021, total passenger traffic had increased 74% on a year-over-year basis, with 6,354,770 passengers having moved through PIT. Airlines operating at PIT offered nonstop service to over 60 destinations, a number that continues to grow with the return of leisure travel and more recent uptick in business travel. Late in the year, British Airways announced the return of their London-Pittsburgh route, set to resume in June 2022. The flight is an important offering for Pittsburgh travelers, in addition to bringing more than $50 million a year in regional economic impact.

Allegheny County Airport, celebrating its 90th anniversary in 2021, saw its busiest year in a decade due to the rise in general aviation. AGC offers community meeting space, aviation education and training, and flight options for private and corporate entities.

Welcoming travelers back to air travel in a global health crisis relies upon a strong commitment to the safety, security, and public health. The Authority's Safe Travels program includes measures such as increased cleaning of the terminal, installation of additional hand-washing stations, use of UV-enhanced autonomous robotic floor scrubbers, touchless technology, and the continued use of masking. For its efforts, in March 2021, the Global Biorisk Advisory Council awarded PIT its STAR Facility accreditation, the "gold standard" for cleaning and disease prevention in public facilities.

Strengthened by the Authority's SMART Plan Forward; the business plan adopted in 2019; and with the support of staff, airline partners, passengers, the Board of Directors, Allegheny County Executive Rich Fitzgerald, and regional elected officials, the Authority is pleased to have recorded an outstanding year.

FINANCIAL INFORMATION

The Finance Department is responsible for implementing and maintaining an internal control structure to ensure the integrity of the Authority's operations and to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. 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. This objective is being met by adequate supervision of employees, segregation of duties, and multiple levels of approvals of expenditures.

BUDGETARY CONTROLS

The budget process is designed to ensure that the Authority will have adequate funding to meet its operational objectives. The passenger 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.

INDEPENDENT AUDIT

The Authority's independent auditor, Plante & Moran, PLLC, has performed the annual audit for the year ended December 31, 2021 and has rendered an unmodified opinion as to the Authority's financial statements. The audit was conducted in accordance with auditing standards generally accepted in the United States. Their report is contained herein.

INTERNAL CONTROLS

The Authority’s management is responsible for the establishment and maintenance of internal accounting controls that ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. 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.

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, 2020. That was the eleventh consecutive year that the Authority achieved this prestigious award. 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 of America 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

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

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Allegheny County Airport Authority
Pennsylvania

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

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Executive Director/CEO

ACAA Board of Directors

2021

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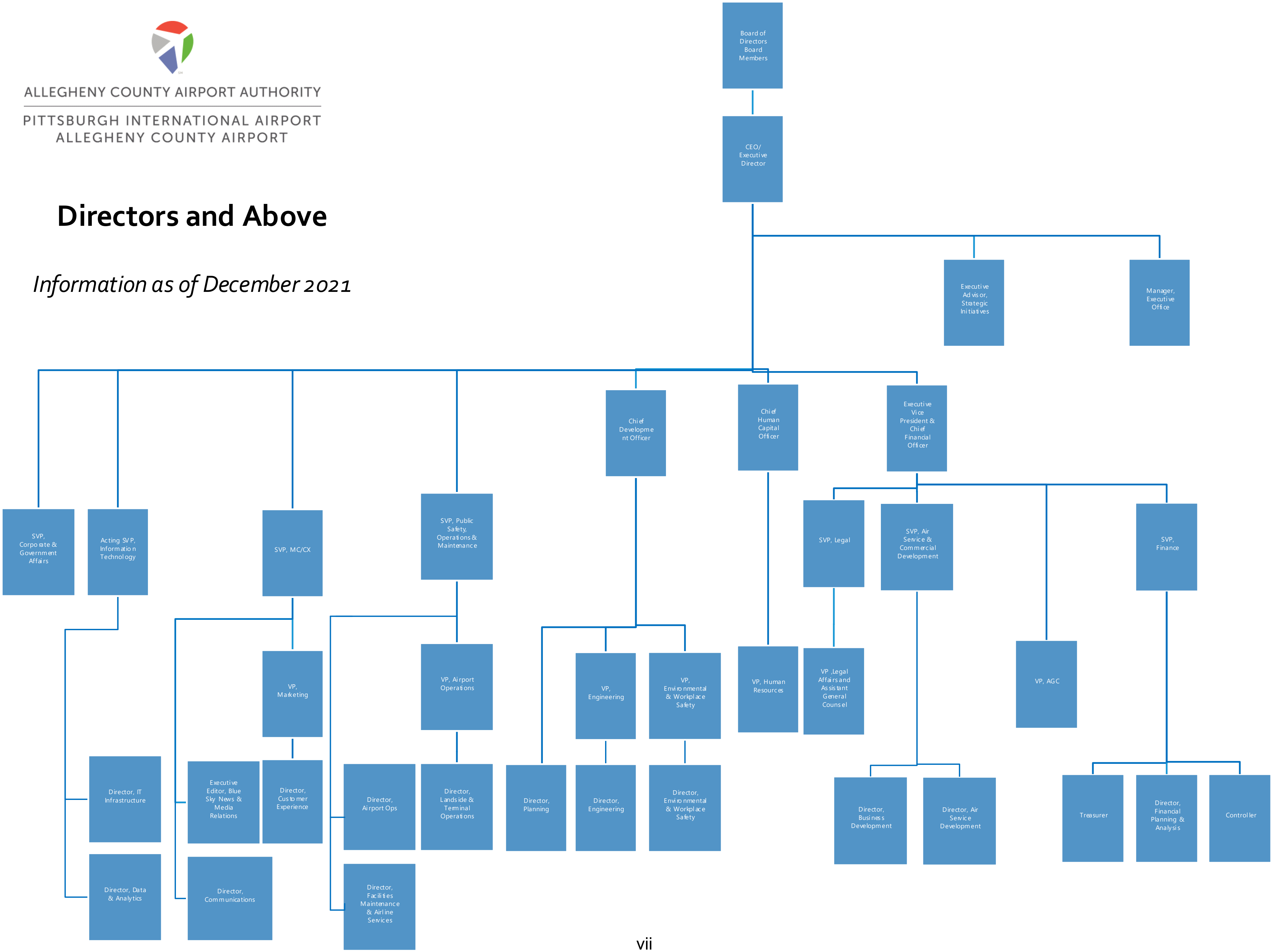
ALLEGHENY COUNTY AIRPORT AUTHORITY

PITTSBURGH INTERNATIONAL AIRPORT
ALLEGHENY COUNTY AIRPORT

Directors and Above

Information as of December 2021



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Independent Auditor's Report

To the Board of Directors
Allegheny County Airport Authority

Report on the Audit of the Financial Statements

Opinion

We have audited 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, 2021 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Allegheny County Airport Authority as of December 31, 2021 and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Allegheny County Airport Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
Allegheny County Airport Authority

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical section schedules but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the Board of Directors
Allegheny County Airport Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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

April 11, 2022

The Allegheny County Airport Authority's (the "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 this discussion and analysis in conjunction with the information contained in the Authority's financial statements.

The Airline Operating Agreement

The Authority operates and manages the facilities at Pittsburgh International Airport (PIT or the "Airport") and the Allegheny County Airport (AGC) (collectively, the "Airports") pursuant to the terms of the Airport Operation, Management and Transfer Agreement and Lease dated September 16, 1999 between Allegheny County, Pennsylvania (the "County") and the Authority. The County transferred and leased the Airports to the Authority for a term of 25 years plus two 25-year options (since extended by 10 years). Additionally, passenger airline operations are governed by an Airline Operating Agreement and Terminal Building Lease (the "AOA"), which expires on December 31, 2028, with an option to extend for an additional 3 years upon mutual agreement. 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 (collectively, the "Signatory Airlines").

Airline revenue at PIT is based upon a residual arrangement, as determined in the AOA. The Signatory Airlines collectively assume financial risk by agreeing to pay the costs of running the Airports that are not allocated to other users or offset by nonairline sources of revenue.

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 Revenue, 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.

Significant Events and Financial Highlights

Enplaned passengers at the Airport increased by 74.2% in 2021 as compared to 2020, which followed the prior year's 62.7% decrease driven by the negative impact of the coronavirus pandemic. While 2021 showed signs of a meaningful recovery in passenger demand, enplaned passengers were still down 35.2% compared to 2019, in line with several peer airports. The Airport's diversified portfolio of airlines, including major network carriers, low-cost carriers, and ultra-low-cost carriers, helped weather the pandemic. During 2021, Southwest Airlines was the Airport's largest carrier, measured by the number of passengers, and the market share leader for 9 out of 12 months. American Airlines claimed the market share lead in the remaining three months of 2021.

The Airport increased air cargo in 2021, handling a total of 249.4 million pounds of combined mail and freight. This was an increase of 29.5% year over year and the busiest year for air cargo at the Airport since 2004. During 2021, e-commerce giant Amazon, through its partner Sun Country Airlines, began daily Amazon Air cargo service to the Airport and quickly added a second daily flight. Several international carriers also helped to drive cargo activity in addition to domestic integrators FedEx and UPS.

Despite the headwinds associated with the pandemic, the Airport has had success in recruiting additional air service, as several airlines launched new or expanded service to popular leisure destinations in 2021. Twenty new year-round and seasonal routes began last year, including nonstop service to Phoenix-Mesa, Hilton Head, Key West, and Portland, Maine. Additionally, the Airport was selected as one of the first 16 markets to be served by the new, ultra-low-cost start-up airline Breeze Airways. As of March 2022, 13 carriers provide regularly scheduled service to and from PIT, as well as 2 charter operators. In June 2022, 2 key routes will be added: British Airways is scheduled to resume nonstop service to London-Heathrow and Sun Country Airlines announced twice weekly passenger service to Minneapolis-St. Paul.

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 annually. 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.

In 2021, the parking operation at PIT was the largest non-aeronautical operating revenue generator for the Airport. There was $28.8 million in parking revenue included in the results of the Airport for 2021, an increase from $13.7 million in 2020. As coronavirus safety restrictions were lifted and vaccinations became available to Americans, the demand for air travel began to rebound. Enplaned passengers climbed from 1.8 million in 2020 to 3.2 million in 2021, a 74% increase. After closures of certain parking lots in 2020, all lots were reopened in the spring of 2021 to meet the recovering passenger demand. Additionally, there was a significant change in parking operations, with the opening of a new Economy Lot that added an additional segmentation in pricing for the first time in nearly 30 years. New technology that enabled touchless payment and pre-pay stations was installed in multiple locations at the airport.

On February 8, 2013, the Authority's board awarded the bid to drill natural gas at the Airports to CNX Gas Company LLC (CNX). Its lease has continued from year to year. 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 2021 and 2020, drilling revenues were $8.5 million and $5.6 million, respectively.

On December 18, 2019, the Authority utilized $75.8 million in cash and other monetary assets to complete an in-substance defeasance of all outstanding bonds. U.S. Treasury Securities were purchased and 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 were considered defeased and the associated balances were removed from long term debt. The Airlines agreed to reimburse the Authority $24.9 million, representing the amount of unrestricted funds used in the defeasance. As of December 31, 2021, $11.2 million was repaid. The remaining balance is expected to be repaid over the course of 2022, 2023, and 2024.

The Terminal Modernization Program (the “TMP”) officially broke ground in the fall of 2021 and construction of the new, rightsized terminal to serve the region remains on schedule for a 2025 opening. Between the time of the in-substance defeasance and the first bond offering for the TMP in 2021, the Authority obtained a line of credit facility with PNC to pay certain costs of the TMP and for cash flow purposes (the “PNC Line of Credit”). The terms of the credit facility were updated during 2021 to include extending the maturity date, reducing the par amount, and transitioning to a new interest rate index with new interest spreads. As of December 31, 2021, the amended facility has a maturity date of December 16, 2023, a par amount available of $50.0 million, and a pricing formula based on the 1-month Bloomberg Short-Term Yield Index. The security for repayment of the facility is a subordinate lien on the net revenue, as defined in the new Master Trust Indenture. The outstanding principal and any unpaid interest are due on the maturity date. The balance of the line of credit was $1,116,543 on December 31, 2021.

The AOA provides approval for $1.4 billion in TMP costs and $90.0 million for (i) renovations of the existing airside terminal and (ii) Signatory Airline fit-outs of the project’s newly constructed leased premises, such as ticket counters and offices. TMP design and construction is primarily being funded with bond financing. The initial bond sale was completed on August 26, 2021 (the “2021 Bonds”). Leading up to the sale, three bond rating agencies cited, among other things, the strength of leadership, a strong diversified local economy, and a diversified air carrier mix.

The bond sale was executed at a time of favorable market conditions and was met with solid investor demand. The Authority benefited from a relatively low interest rate environment, and investor demand was stoked by the lack of outstanding Authority bonds and a large-scale issuance, which allowed for coupon diversification.

A strong competitive bidding process provided the Authority with very favorable pricing at levels better than projected. The 2021 Bonds consisted of two tranches:

- Series 2021A Bonds: The principal amount of the Series 2021A Bonds is $719,850,000, and the proceeds from these bonds are used to (i) pay costs of the TMP, the airside terminal renovations, and the airline fit-outs, including repayment of a portion of the then-outstanding principal balance under the PNC Line of Credit; (ii) fund capitalized interest on the 2021A Bonds; (iii) fund the Common Debt Service Reserve Account in the Debt Service Reserve Fund; and (iv) pay the costs of issuance of the 2021A Bonds.

- Series 2021B Bonds: The principal amount of the Series 2021B Bonds is $112,820,000, and the proceeds from these Bonds are used to (i) pay costs of the TMP, including repayment of a portion of the outstanding principal balance under the PNC Line of Credit; (ii) fund capitalized interest on the 2021B Bonds; (iii) fund the Common Debt Service Reserve Account in the Debt Service Reserve Fund; and (iv) pay the costs of issuance of the 2021B Bonds (including the premium for the insured Series 2021B Bonds).

The 2021 Bonds have a 35-year final maturity with principal repayment structured to achieve approximately level annual debt service.

A bond investment advisory firm was contracted in 2022 to maximize the return on invested 2021 Bond proceeds in accordance with expected cash utilization. The investment decisions are regulated by the new Master Trust Indenture and applicable state law.

The following is a summary of the Authority's Statement of Revenue, Expenses and Changes in Net Position for the years ended December 31, 2021 and 2020 (in thousands):

	2021	2020	% Change 2021 vs 2020
Operating revenues			
Landing fees and airline rentals and fees	$ 49,169	$ 47,157	4.3%
Parking revenues	28,848	13,712	110.4%
Rental car revenues	11,906	7,933	50.1%
Other revenues	30,926	28,710	7.7%
Total operating revenues	120,849	97,512	23.9%
Nonoperating revenues			
Passenger and customer facility charges	20,852	11,531	80.8%
Gaming act revenues	12,400	12,400	-
Gas drilling revenues	8,509	5,560	53.0%
Non capital grants	19,580	13,092	49.6%
Other revenues	655	2,539	-74.2%
Total nonoperating revenues	61,996	45,122	37.4%
Total revenues	$ 182,845	$ 142,634	28.2%

	2021	2020	% Change 2021 vs 2020
Operating expenses			
Salaries, wages, and benefits	63,302	54,765	15.6%
Utilities, cleaning, and maintenance	27,758	27,257	1.8%
Depreciation	59,119	60,416	-2.1%
Other expenses	39,369	38,387	2.6%
Total operating expenses	189,548	180,825	4.8%
Nonoperating expenses			
Interest expense	14,880	881	1589.0%
Other expenses	-	432	-
Total nonoperating expenses	14,880	1,313	1033.3%
Total expenses	204,428	182,138	12.2%
Loss before capital contributions and grants	(21,583)	(39,504)	45.4%
Capital contributions and grants	39,814	19,962	99.4%
Increase (decrease) in net position	18,231	(19,542)	193.3%
Net Position – beginning of year	635,862	655,404	-3.0%
Net Position – end of year	$ 654,093	$ 635,862	2.9%

Total operating revenues increased approximately $23.3 million, or 23.9%, compared to 2020. The primary drivers were combined parking and ground transportation revenues finishing the year up $15.1 million, or 110.4%, compared to 2020 as a direct result of the 74.2% increase in enplaned passengers year over year. Similarly, rental car revenues were up $4.0 million, or 50.1% in 2021 as compared to 2020.

Total operating expenses (including depreciation) were up $8.7 million, or 4.8%, in 2021 as compared to 2020. Salaries, wages, and benefits increased approximately $8.5 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 $20.4 million and $14.7 million in 2021 and 2020, respectively.

Nonoperating revenues increased by $16.9 million in 2021 primarily due to the increase in passenger activity over 2020. Passenger and customer facility charges increased $9.3 million. Non capital grants increased $6.5 million and consisted primarily of funds received via the Coronavirus Aid, Relief, and Economic Security Act (CARES). Gas drilling revenues were $2.9 million higher in 2021 due to an increase in market prices.

Nonoperating expenses increased $13.6 million due to interest charges related to the 2021 Bonds.

Capital contributions and grants increased by $19.9 million in 2021, primarily due to approximately $39.7 million of grant revenue in 2021 generated from CARES, the American Rescue Plan Act of 2021 (ARPA), and the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA).

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 composed of approximately 97% Origination and Destination (O&D) passengers who 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. For example, the TSA security screening area was not originally designed to meet today’s needs, causing congestion. In addition, building systems such as elevators, escalators, mechanical, electrical, and communications that became operational in 1992 are reaching the end of their respective service lives, requiring significant maintenance or replacement.

The 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 landside terminal. The new landside terminal will be integrated with the existing airside terminal, eliminating the need for a train between the buildings. The design of the new terminal took 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 its airline partners. The TMP is designed to balance airside and landside terminal operations to serve current and projected passenger demands and improve building system functionality along with reduced operating costs.

The TMP Budget totals nearly $1.4 billion, and the opening date is scheduled for early 2025. Major components of the program include a terminal ($761.9 million), a multimodal complex ($164.8 million), indirect costs such as designs and management ($303.8 million), and contingencies ($102.5 million). The newly executed AOA allowed the TMP construction to formally start in the summer of 2021. Initial construction activities included the removal of multiple jet-bridges on the west ramp, implementation of the TMP Logistics Site Plan, early site access work, and drilling of the terminal foundation piers. Construction is on schedule, and the TMP costs are in line with the established budget. Construction bids awarded in 2021 totaled $607.7 million, which represents 64.9% of the overall construction value of $936.8 million. Furthermore, costs to date totaled $231.2 million through the end of 2021.

COVID-19 Significant Legislation (Four 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 spread across the globe. In response, many countries 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. In response, legislation was subsequently passed on four separate occasions to partially offset the negative financial impacts of COVID-19.

The CARES Act, signed into law on March 27, 2020, included $10.0 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 2021, the Authority utilized $8.2 million to pay down part of the PNC Line of Credit and

$15.0 million to partially offset reductions in revenue caused by decreases in passenger traffic due to the pandemic. As of December 31, 2021, $2.3 million remaining from this grant is to be used by March 2024.

CRRSAA, signed into law on December 27, 2020, included nearly $2.0 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 $10.6 million. During 2021, the Authority utilized $9.5 million to partially pay down the PNC Line of Credit. As of December 31, 2021, $1.1 million remaining from this grant is to be used by April 2025.

ARPA, signed into law on March 11, 2021, included $8.0 billion in funds to be awarded as economic assistance to eligible U.S. airports. The Authority was awarded $35.8 million from this third relief package. During 2021, the Authority utilized $2.7 million to pay down part of the PNC Line of Credit and $4.3 million to partially offset reductions in revenue caused by the pandemic. As of December 31, 2021, $28.8 million remaining from this grant is to be used by August 2025.

The Bipartisan Infrastructure Law (BIL), another major legislative act, was signed on November 15, 2021. The BIL included $25.0 billion in funds for airport-related projects. These funds can be invested in runways, taxiways, safety, and sustainability projects, as well as terminal, airport-transit connections, and roadway projects. The Authority will receive formula-based amounts of $11.0 million for PIT and $763 thousand for AGC (for 2022 and 2023) with the amounts to be recalculated for 2024, 2025, and 2026. In addition to the formula-based amounts, the BIL includes competitive grants for airport terminal development projects that address the aging infrastructure of the nation’s airports. The first competitive grant is scheduled to be awarded in late 2022, with new funds to be awarded annually through 2026. The Authority applied for a competitive grant in March 2022.

Financial Position

The following represents a summary of the Authority's Statement of Net Position at December 31, 2021 and 2020 (in thousands):

	2021	2020	% Change 2021 vs 2020
Assets and Deferred Outflows of Resources			
Assets			
Current assets - Unrestricted	$ 128,837	$ 129,003	-0.1%
Current assets - Restricted	32,893	9,237	256.1%
Net property and equipment	745,467	674,125	10.6%
Other non current assets - Unrestricted	43,477	1,836	2268.0%
Other non current assets - Restricted	903,358	32,860	2649.1%
Total assets	1,854,032	847,061	118.9%
Deferred Outflows of Resources	61,010	35,721	70.8%
Total assets and deferred outflows of resources	$ 1,915,042	$ 882,782	116.9%

	2021	2020	% Change 2021 vs 2020
Liabilities and Deferred Inflows of Resources			
Liabilities			
Current payables from unrestricted assets	$ 23,454	$ 21,715	8.0%
Current payables from restricted assets	32,893	9,237	256.1%
Long-term liabilities	1,196,374	210,193	469.2%
Total liabilities	1,252,721	241,145	419.5%
Deferred Inflows of Resources	8,227	5,775	42.5%
Total liabilities and deferred inflows of resources	1,260,948	246,920	410.7%
Net Position			
Net investment in capital assets	558,844	595,210	-6.1%
Restricted	64,964	32,860	97.7%
Unrestricted	30,285	7,792	288.7%
Total net position	$ 654,093	$ 635,862	2.9%

The Authority's total net position increased by $18.2 million from 2020 due to changes in net investments in capital assets, restricted net position, and unrestricted net position. The net investment in capital assets decreased by $36.4 million due to a $946.2 million increase in long-term debt primarily related to the 2021 Bonds, partially offset by an increase of $838.4 million in unspent bond proceeds and a $71.4 million increase in net capital assets. Restricted net position increased by $32.1 million primarily because of the Operation and Maintenance reserve of $19.3 million required under the 2021 Bonds' new Master Trust Indenture. The increase in unrestricted net position of $22.5 million was primarily due to an increase in unrestricted investments, which offset the increase in the net pension liability.

Capital Asset and Debt Administration

Capital Assets - The Authority's capital assets, net of depreciation, as of December 31, 2021 and 2020 amounted to $745.5 million and $674.1 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 2021 was 5.7%.

Major capital projects in progress and expenditures incurred during 2021 included the following:

Terminal Modernization Program	$81.4 million
Development area projects	$7.4 million
Airfield projects	$5.1 million

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

Terminal Modernization Program	$53.6 million
Development area projects	$1.7 million
Airfield projects	$4.1 million

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method. Acquisitions are funded using a variety of sources, including federal grants, state grants, passenger facility charges, debt issuance, and cost recovery through airline rates and charges. Major commitments include $370.7 million for the TMP and $40.2 million for multiple other 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, 2021 and 2020, the Authority's long-term debt outstanding totaled $1,019.4 million and $76.8 million, respectively. The outstanding debt as of December 31, 2021 consists primarily of taxable draws from the PNC Line of Credit and the 2021 Bonds. Additionally, the Authority reported $3.7 million and $3.0 million in capital lease obligations at December 31, 2021 and 2020, respectively. In August 2021, ratings were obtained from Fitch (A Stable), Moody's (A2 Stable), and Kroll (A+). 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, 2021

Assets	
Current assets:	
Cash and cash equivalents (Note 3)	$ 26,641,458
Investments (Note 3)	71,486,833
Receivables:	
Trade receivables	9,287,435
Due from County of Allegheny, Pennsylvania (Note 11)	472,580
Due from other governments	15,269,842
Gas drilling receivable	1,929,154
Other receivables	1,526,096
Inventory	2,223,281
Restricted assets: (Note 4)	
Cash and cash equivalents (Note 3)	31,106,158
Passenger and customer facility charge receivable	1,787,295
Total current assets	161,730,132
Noncurrent assets:	
Restricted assets: (Note 4)	
Restricted cash and cash equivalents	827,363,191
Restricted investment securities	75,994,594
Investments (Note 3)	42,081,541
Capital assets: (Note 5)	
Assets not subject to depreciation	403,290,579
Assets subject to depreciation - Net	342,176,366
Prepaid debt issuance costs	45,615
Long-term lease receivable	1,350,000
Total noncurrent assets	1,692,301,886
Total assets	1,854,032,018
Deferred Outflows of Resources - Deferred pension costs (Note 8)	61,009,645
Liabilities	
Current liabilities:	
Accounts payable	8,351,156
Due to County of Allegheny, Pennsylvania (Note 11)	1,266,455
Payables from restricted assets:	
Accounts payable	3,005,664
Accrued liabilities	25,734,416
Retainage payable	3,059,477
Other liabilities	1,093,896
Unearned revenue	5,642,521
Accrued liabilities and other	7,809,832
Current portion of long-term debt (Note 6)	383,571
Total current liabilities	56,346,988
Noncurrent liabilities:	
Long-term debt (Note 6)	1,022,662,706
Net pension liability (Note 8)	170,587,105
Unearned revenue	2,109,554
Other noncurrent liabilities	1,014,531
Total noncurrent liabilities	1,196,373,896
Total liabilities	1,252,720,884
Deferred Inflows of Resources - Deferred pension cost reductions (Note 8)	8,227,160
Net Position	
Net investment in capital assets	558,844,307
Restricted:	
Capital projects	47,146,954
Operations and maintenance	17,817,421
Unrestricted	30,284,937
Total net position	**$ 654,093,619**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended December 31, 2021
Operating Revenue	
Landing fees	$ 15,407,701
Terminal area airline rentals and fees	33,760,990
Other aeronautical revenue	8,561,005
Parking revenue	28,847,945
Rental car revenue	11,906,074
Terminal concessions	10,208,268
Other nonaeronautical revenue	9,489,811
Allegheny County Airport revenue	2,666,777
Total operating revenue	120,848,571
Operating Expenses	
Salaries, wages, and benefits	63,302,220
Utilities	10,887,662
Cleaning and maintenance services	16,870,532
Professional services	28,876,231
Other	7,995,308
Allegheny County Airport expenses	2,496,366
Depreciation	59,119,359
Total operating expenses	189,547,678
Operating Loss	(68,699,107)
Nonoperating Revenue (Expense)	
Investment income	449,723
Loss on sale of assets	(2,072)
Customer facility charges	7,706,289
Passenger facility charges	13,145,575
Gaming Act revenue	12,400,000
Gas drilling revenue	8,509,477
Grant revenue	19,580,305
Interest expense	(10,558,701)
Net decrease in fair value of investments	(418,261)
Bond issuance costs	(3,903,044)
Other nonoperating revenue	207,231
Total nonoperating revenue	47,116,522
Loss - Before capital contributions	(21,582,585)
Capital Contributions - Capital grants	39,813,845
Change in Net Position	18,231,260
Net Position - Beginning of year	635,862,359
Net Position - End of year	**$ 654,093,619**

See notes to financial statements.

Statement of Cash Flows

Year Ended December 31, 2021

Cash Flows from Operating Activities	
Receipts from customers and users	$ 116,153,423
Payments to suppliers for goods and services	(61,795,214)
Payments to employees and fringes	(38,380,460)
Net cash and cash equivalents provided by operating activities	15,977,749
Cash Flows from Noncapital Financing Activities	
Gaming Act receipts	24,800,000
Gas drilling rent and royalty receipts	7,305,228
Grant revenue receipts	19,580,305
Nonoperating receipts	207,231
Net cash and cash equivalents provided by noncapital financing activities	51,892,764
Cash Flows from Capital and Related Financing Activities	
Issuance of Series 2021A and 2021B bonds and other debt	1,020,811,702
Receipt of capital grants and contributions	39,948,194
Payments for construction in process and purchase of capital assets	(130,463,668)
Net payments on line of credit, interest, and other debt-related charges	(77,207,834)
Passenger facility charges collected	13,145,575
Customer facility charges collected	7,706,289
Net cash and cash equivalents used in capital and related financing activities	873,940,258
Cash Flows from Investing Activities	
Interest received on investments	38,855
Purchases of investment securities	(102,575,961)
Net cash and cash equivalents used in investing activities	(102,537,106)
Net Increase in Cash and Cash Equivalents	839,273,665
Cash and Cash Equivalents - Beginning of year	45,837,142
Cash and Cash Equivalents - End of year	**$ 885,110,807**
Classification of Cash and Cash Equivalents	
Cash and cash equivalents	$ 26,641,458
Restricted cash and cash equivalents - Current	31,106,158
Restricted cash and cash equivalents - Noncurrent	827,363,191
Total cash and cash equivalents	**$ 885,110,807**
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities	
Operating loss	$ (68,699,107)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:	
Depreciation	59,119,359
Changes in assets and liabilities:	
Receivables	(4,693,558)
Inventories	89,808
Prepaid and other assets	(1,133,326)
Accounts payable	(4,476,724)
Net pension liability	43,229,943
Deferrals related to pension	(22,836,068)
Accrued and other liabilities	15,377,422
Total adjustments	84,676,856
Net cash and cash equivalents provided by operating activities	**$ 15,977,749**

See notes to financial statements.

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 the 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, 2021.

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

<u>Airline Operating Agreement</u>

Landing fees and terminal building lease rental revenue include amounts computed in accordance with the Airline Operating Agreement (AOA) between the Authority and the 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 from January 1, 2020 through December 31, 2021. The AOA was extended to expire on December 31, 2028.

American Airlines, together with its affiliated commuter airlines, accounted for approximately 24 percent of total enplaned passengers at PIT in 2021. Southwest Airlines accounted for approximately 27 percent of total enplaned passengers at PIT in 2021. Revenue from American Airlines represents approximately 14 percent of PIT operating revenue in 2021. Revenue from Southwest Airlines represents approximately 9 percent of PIT operating revenue in 2021. No other airline represents more than 10 percent of operating revenue or 20 percent of total enplaned passengers.

<u>Concession and Rental Car Revenue</u>

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 2021, the Authority's revenue-sharing percentage was 77 percent.

<u>Parking Revenue</u>

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.

<u>Gas Drilling Revenue</u>

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 $8.1 million during 2021. The Authority has and continues to receive ground rent payments for underdeveloped acreage. During the year ended December 31, 2021, this revenue was approximately $320,000.

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 $344,845,723 on these projects through December 31, 2021.

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, 2021 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, 2022 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 ended 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 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.

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.

Note 2 - Significant Accounting Policies (Continued)

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.

Note 3 - Deposits and Investments

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

Cash and cash equivalents	$ 26,641,458
Investments	113,568,374
Restricted cash and cash equivalents - Current	31,106,158
Restricted cash and cash equivalents - Noncurrent	827,363,191
Restricted investments - Noncurrent	75,994,594
Total deposits and investments	$ 1,074,673,775

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

Deposits with financial institutions	$ 702,525,580
Investments:	
Reported at cost - Investment pool - Federated government obligations fund	182,585,229
Reported at fair value:	
Commercial paper	36,869,015
Treasury notes	152,693,951
Total	$ 1,074,673,775

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.

Note 3 - Deposits and Investments (Continued)

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, 2021, the Authority had $702,068,269 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, 2021, the Authority's investments were not exposed to custodial credit risk. The Authority's investments are held by the pledging financial institution's trust department or agent in the Authority's name. The Authority's investment policy does not address how investment securities and securities underlying repurchase agreements are to be held.

Interest Rate Risk

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

At December 31, 2021, the Authority had the following investments and maturities:

Type of Investment	Carrying Value	Less Than 1 Year	1-5 Years
Investment pool - Federated government obligations fund	$ 182,585,229	$ 182,585,229	$ -
Commercial paper	36,869,015	36,869,015	-
Treasury notes	152,693,951	70,670,148	82,023,803
Total	$ 372,148,195	$ 290,124,392	$ 82,023,803

Note 3 - Deposits and Investments (Continued)

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, 2021, the credit quality ratings of investments are as follows:

Investment	Carrying Value	Standard & Poor's	Moody's
Investment pool - Federated government obligations fund*	$ 182,585,229	AAA	Aaa
Commercial paper	36,869,015	A-1	P-1
Treasury notes	152,693,951	AAA	Aaa
Total	$ 372,148,195		

*Investment is valued at amortized cost rather than fair value. There is no limitation on redemption frequency, no redemption notice period required, and no unfunded commitments.

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, 2021, 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, 2021, the Authority's investment in commercial paper of foreign currencies matured in less than one year and had a fair value of $35,896,517.

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.

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.

Note 3 - Deposits and Investments (Continued)

The Authority has the following recurring fair value measurements as of December 31, 2021:

	Assets Measured at Carrying Value on a Recurring Basis at December 31, 2021			
	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, 2021
Investments by Fair Value Level				
U.S. Treasury securities	$ 154,152,351	$ -	$ -	$ 154,152,351
Commercial paper	-	36,869,015	-	36,869,015
Total investments by fair value level	$ 154,152,351	$ 36,869,015	$ -	$ 191,021,366

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.

The fair value of commercial paper at December 31, 2021 was determined primarily using Level 2 inputs. The Authority estimates the fair value of these investments using other inputs, such as top tier third-party pricing sources, including Interactive Data Corporation.

Note 4 - Restricted Assets

At December 31, 2021, restricted assets are composed of the following:

Passenger and customer facility charge receivables	$ 1,787,295
Unspent bond proceeds	849,260,214
Operations and maintenance reserve	21,281,239
Airport system capital fund	29,278,382
Equipment and capital outlay fund	4,204,662
Prefunded grant proceeds	2,392,241
Deposits held for others	947,282
Customer facility charges fund	18,277,459
Passenger facility charges fund	5,986,746
Other	2,835,718
Total	$ 936,251,238

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, 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.

Note 4 - Restricted Assets (Continued)

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 grants and capital projects, or deposits held on behalf of others.

Note 5 - Capital Assets

Capital asset activity of the year ended December 31, 2021 is as follows:

	Balance January 1, 2021	Additions	Disposals and Adjustments	Transfers	Balance December 31, 2021
Capital assets not being depreciated:					
Land	$ 112,630,772	$ -	$ -	$ -	$ 112,630,772
Construction in progress	173,055,543	130,463,860	(2,264)	(12,857,332)	290,659,807
Subtotal	285,686,315	130,463,860	(2,264)	(12,857,332)	403,290,579
Capital assets being depreciated:					
Terminal buildings	726,456,495	-	-	1,760,869	728,217,364
Airfield (runways, taxiways, and deicing)	200,623,053	-	-	2,046,112	202,669,165
Site development	78,082,183	-	-	-	78,082,183
Parking garage and lots	121,910,505	-	-	(1,813)	121,908,692
Hangers	48,060,812	-	-	158,137	48,218,949
Other structures	208,596,366	-	-	911,969	209,508,335
Roadways	71,423,988	-	-	141,391	71,565,379
Mobile and other equipment	53,885,783	-	(1,299,178)	2,265,112	54,851,717
Computer and security equipment/systems	63,024,631	-	-	1,069,648	64,094,279
Utilities	50,869,540	-	-	1,088,334	51,957,874
Other assets	32,220,721	-	-	3,417,573	35,638,294
Landing area (non sub)	343,202,403	-	-	-	343,202,403
Subtotal	1,998,356,480	-	(1,299,178)	12,857,332	2,009,914,634
Accumulated depreciation:					
Terminal buildings	650,870,742	17,452,270	-	-	668,323,012
Airfield (runways, taxiways, and deicing)	112,958,981	9,306,915	-	-	122,265,896
Site development	49,154,773	1,742,669	-	-	50,897,442
Parking garage and lots	87,997,571	5,109,060	-	-	93,106,631
Hangers	42,318,709	608,077	-	-	42,926,786
Other structures	133,651,627	6,434,813	-	-	140,086,440
Roadways	63,364,927	806,375	-	-	64,171,302
Mobile and other equipment	41,137,769	2,232,489	(1,299,178)	-	42,071,080
Computer and security equipment/systems	47,046,286	2,718,581	-	-	49,764,867
Utilities	45,113,779	1,385,155	-	-	46,498,934
Other assets	21,208,458	2,259,692	-	-	23,468,150
Landing area (non sub)	315,094,465	9,063,263	-	-	324,157,728
Subtotal	1,609,918,087	59,119,359	(1,299,178)	-	1,667,738,268
Net capital assets being depreciated	388,438,393	(59,119,359)	-	12,857,332	342,176,366
Net business-type activities capital assets	$ 674,124,708	$ 71,344,501	$ (2,264)	$ -	$ 745,466,945

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, 2021, the Authority's equipment purchases and construction commitments are as follows:

	Spent to Date	Remaining Commitment
Terminal Modernization Project	$ 221,468,200	$ 370,726,432
Airside terminal projects	4,931,280	167,416
Development area projects	23,989,945	12,161,613
Snow removal equipment	5,134,102	679,253
Other projects	97,670,740	27,217,866
Total	$ 353,194,267	$ 410,952,580

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, 2021 can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
Line of credit	Variable	N/A	$ 74,680,519	$ 22,602,947	$ (96,166,923)	$ 1,116,543	$ -
BIOS Loan	2.00%	$82,783-$217,925	2,141,805	753,204	-	2,895,009	-
Total direct borrowings and direct placements principal outstanding			76,822,324	23,356,151	(96,166,923)	4,011,552	-
Other debt - Series 2021A and 2021B bonds	4.00% - 5.00%	$12,560,000-$26,860,323	-	832,670,000	-	832,670,000	-
Unamortized bond premiums - Series 2021A and 2021B bonds			-	186,337,775	(3,669,108)	182,668,667	-
Total long-term debt			76,822,324	1,042,363,926	(99,836,031)	1,019,350,219	-
Other liabilities:							
Capital lease - 3D printer	6.25%	$29,294 - $45,085	3,018,259	-	(365,554)	2,652,705	365,081
Capital lease - Powder facility	6.25%	$1,459 - $6,895	-	1,050,723	(7,370)	1,043,353	18,490
Total capital leases			3,018,259	1,050,723	(372,924)	3,696,058	383,571
Total long-term debt and capital leases			$ 79,840,583	$ 1,043,414,649	$ (100,208,955)	$ 1,023,046,277	$ 383,571

Note 6 - Long-term Debt (Continued)

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, with an initial maturity date of December 16, 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; a second amendment dated December 30, 2020; and a third amendment dated November 17, 2021. Under the terms of the latest agreement, the credit facility was updated to include extending the maturity date, reducing the par amount of the facility, and transitioning to a new index with new applicable spreads. As of December 31, 2021, the amended facility has a maturity date of December 16, 2023; a par amount available of $50,000,000; and an interest rate of 79 percent of BSBY plus 40 or 50 basis points.

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 2021 on the line of credit was $647,778. The balance of this line of credit was $1,116,543 at December 31, 2021.

BIOS Loan - Direct Borrowings

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 $2,895,009 as of December 31, 2021. Per modified payment terms of the note, upon the earlier of the leasing of 30 percent of the site or the fifth anniversary of the Effective Date the Borrower will begin to make monthly principal and interest payments in an amount to fully amortize the loan by the maturity date. As of December 31, 2021, there is one tenant that has started to lease.

Series 2021A and 2021B Bonds

On August 26, 2021, the Authority issued its Airport Revenue Bonds: Series 2021A (AMT) and Series 2021B (Non-AMT) (the "2021 Bonds") in the amounts of $719,850,000 and $112,820,000, respectively. The proceeds of the 2021 Bonds will be used to pay (1) a portion of the costs of the Authority’s Terminal Modernization Program, (2) the costs of funding capitalized interest on and a debt service reserve account for the 2021 Bonds, and (3) the costs of issuing the 2021 Bonds.

The principal of, interest on, and premium on the 2021 Bonds are payable by the Authority only out of net revenue (as defined under the provisions of the Master Indenture and Supplemental Indentures) and from such other moneys as may be available for such purpose. Neither the general credit of the Authority nor the credit or taxing power of the County of Allegheny, Pennsylvania; the Commonwealth of Pennsylvania; or any political subdivision thereof is pledged for the payment of the 2021 Bonds. The 2021 Bonds shall not be or be deemed a general obligation of the Authority or an obligation of the County, the Commonwealth of Pennsylvania, or any political subdivision thereof. The scheduled payments of principal and interest on the 2021 Bonds when due are guaranteed by third-party insurers. The ultimate ability of such insurers and guarantors to meet their obligations with respect to the Authority’s 2021 Bonds will be predicated on their future financial condition.

Note 6 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the BIOS loan and Series 2021A and 2021B bonds, excluding any premiums and discounts, are as follows:

	Direct - BIOS loan		Other Than Direct - Series 2021A and 2021B bonds		
Years Ending December 31	Principal	Interest	Principal	Interest	Total
2022	$ -	$ -	$ -	$ 38,042,100	$ 38,042,100
2023	-	-	-	38,042,100	38,042,100
2024	-	-	-	38,042,100	38,042,100
2025	82,783	28,606	12,560,000	38,042,100	50,713,489
2026	168,068	54,709	13,190,000	37,414,100	50,826,877
2027-2031	892,616	221,272	76,520,000	176,493,500	254,127,388
2032-2036	986,411	127,477	97,610,000	155,409,000	254,132,888
2037-2041	765,131	28,205	120,695,000	132,319,550	253,807,886
2042-4046	-	-	146,835,000	106,171,350	253,006,350
2047-2051	-	-	184,010,000	69,001,250	253,011,250
2052-2055	-	-	181,250,000	21,153,500	202,403,500
Total	$ 2,895,009	$ 460,269	$ 832,670,000	$ 850,130,650	$ 1,686,155,928

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, 2021, 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, 2021.

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.

Note 6 - Long-term Debt (Continued)

Capital Lease Obligations

The Authority reports capital lease obligations related to two capital leases - 3D printing equipment and a powder facility located in Neighborhood 91. As of December 31, 2021, assets recorded under these capital leases were $3,077,000 and $1,050,723, respectively, and accumulated depreciation associated with the capital leases was $513,000 and $7,000, respectively. In November, 2020, the Authority entered into an agreement to lease 3D printer equipment from a lessor over a period of seven years. Lease terms include monthly payments of $45,320, including interest of 6.25 percent. The lease agreement includes an option for the Authority to purchase the equipment from the lessor for the amount of unpaid lease payments remaining. The powder facility lease commenced on August 1, 2021 and is a 25-year lease that includes monthly payments of $6,931, including interest at 6.25 percent. The lease agreement includes an option for the Authority to purchase the facility from the lessor for the amount of unpaid lease payments remaining. Annual debt service requirements to maturity for the capital lease obligations are as follows:

	3D Printer lease		Powder Facility lease		
Fiscal Year Ending December 31	Principal	Interest	Principal	Interest	Total
2022	$ 365,081	$ 154,774	$ 18,490	$ 64,686	$ 603,031
2023	414,094	129,749	19,679	63,497	627,019
2024	440,729	103,113	20,945	62,231	627,018
2025	469,078	74,765	22,292	60,884	627,019
2026	499,250	44,593	23,726	59,450	627,019
2027-2031	464,473	12,716	143,581	272,297	893,067
2032-2036	-	-	196,093	219,785	415,878
2037-2041	-	-	267,810	148,068	415,878
2042-4046	-	-	330,737	50,484	381,221
Total	$ 2,652,705	$ 519,710	$ 1,043,353	$ 1,001,382	$ 5,217,150

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, 2021, 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, 2021, 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 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 the contribution rate increased again to 10.0 percent of covered compensation effective January 1, 2019 and to 10.5 percent effective January 1, 2021. 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, 2021 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, 2021, contributions to the pension plan from the Authority were $3,182,128 (or 10.5 percent of covered payroll). The Authority contributed all required amounts for the year ended December 31, 2021.

Note 8 - Pension Plan (Continued)

Net Pension Liability

At December 31, 2021, the Authority reported a liability of $170,587,105 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021, which used update procedures to roll forward the estimated liability to December 31, 2021. 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, 2021, the Authority's proportion was 7.4560 percent, which was an increase of 0.2717 percentage points from its proportion measured as of December 31, 2020.

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

For the year ended December 31, 2021, the Authority recognized pension expense of $23,566,552.

At December 31, 2021, 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	$ 4,652,794	$ -
Changes in assumptions	53,001,708	212,303
Net difference between projected and actual earnings on pension plan investments	-	4,675,017
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	3,355,143	3,339,840
Total	$ 61,009,645	$ 8,227,160

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
2022	$ 15,199,454
2023	12,850,239
2024	12,854,019
2025	9,396,699
2026	2,482,074
Total	$ 52,782,485

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using an inflation assumption of 2.75 percent; assumed salary increases (including inflation) of 3.25 - 5.75 percent; and an investment rate of return (net of investment expenses) of 7.75 percent. Mortality rates were based on the PubG-2010 Healthy Retiree Total Dataset with Pub-2010 Contingent Survivor Total Dataset table for spouses for all healthy employees except Police/Fire employees who use PubS-2010(A) Healthy Retiree Amount-Weighted, Above Median for Public Safety Employees; Pub-2010(A) Contingent Survivor Amount-Weighted, Above Median table for spouses; PubG2010 Disabled Retiree table for Non-Safety Employees for disabled Non-Uniformed Employees; and PubS2010 Disabled Retiree table for all other disabled employees.

Note 8 - Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.46 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 (10.5 percent effective January 1, 2021). Based on those assumptions, in the January 1, 2021 valuation, the pension plan's fiduciary net position was projected to reach a depletion date in 2041. Therefore, in the determination of the discount rate, the long-term expected rate of return was applied through 2041 to projected benefit payments, and a municipal bond rate of 2.25 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, 2021.

Investment Rate of Return

Best estimates of geometric real rates of return as of the December 31, 2021 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 3.46 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 (2.46%)	Current Discount Rate (3.46%)	1 Percentage Point Increase (4.46%)
Authority's proportionate share of the net pension liability	$ 207,789,119	$ 170,587,105	$ 140,089,050

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, 2021, 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, sometime between May 2002 and December 2006, the Authority agreed to construct in-stream lined retention basins in the East Fork of Enlow Run and West Fork of McClarens Run, a conveyance system between the two basins, and a stormwater deicing treatment facility (the "Treatment Facility") to treat the water collected in the retention basins. The retention basins and conveyance system have been constructed, but the Treatment Facility has not been constructed. In December 2006, the Authority 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, which included proposed effluent limits for the Treatment Facility. Both the Authority and EPA submitted comments on the draft permit to DEP. A final permit renewal was not issued, and the existing permit remained in effect pending renewal. In August 2020, DEP prepared a revised draft NPDES permit, again with proposed effluent limits for the Treatment Facility, and published notice of the draft permit in the Pennsylvania Bulletin for public comment. The Authority again submitted comments that DEP is considering. The Authority’s comments include, inter alia, a request for additional time to update studies on DIW generation and treatment, as well as receiving stream conditions, as these are now significantly outdated, and reconsideration of the Treatment Facility effluent limits that are based on the DEP’s guidance regarding discharges to intermittent and ephemeral streams, which the Authority believes are inapplicable. In March 2022, DEP issued a second predraft NPDES permit renewal and a revised fact sheet responding to comments submitted by EPA and the Authority. The predraft renewal permit includes, among other things, a proposed compliance schedule for the proposed DIW treatment system. The DEP is also proposing a Consent Order and Agreement, which would impose an enforceable schedule for addressing DIW beyond the 59-month limit for a compliance schedule in a NPDES permit and a requirement to address a discharge containing a white precipitate from Outfall 016.

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 2021, the Authority did not make any payments to the county treasurer or the county controller for these services. The Authority contracts with Allegheny County Police for public safety services at the Airport. During 2021, the Authority recognized expenses of $11,378,559 paid to the Allegheny County Police for public safety services at the Airport.

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 paid by the County in this case. 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 2021, actual costs were $922,745. 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.

Note 12 - Purchase Commitments

Electricity

In June 2021, the Authority commenced operation of an on-site microgrid consisting of a natural gas energy plant and a solar facility. The energy plant is owned and operated by Peoples Natural Gas Company. The Authority entered into a 20-year agreement with Peoples Natural Gas Company, under which Peoples Natural Gas company invoices the Authority monthly for electricity at a varying usage rate. The energy plant provides electricity to the airfield, the airside and landside terminals, the Hyatt hotel, and a gas station. The solar facility virtually net meters electricity to 23 airport-owned electric meters outside of the energy plant main service area. The solar facility is owned and operated by IMG Energy Solutions, which invoices the Authority monthly for electricity at a varying usage rate. In addition to microgrid-supplied electricity, the Authority maintains two backup power agreements with Duquesne Light Company for the supply of emergency power, if needed.

The Authority executed another contract with an electricity provider that has a purchase rate of $0.05306/kWh and $0.05186/kWh; both contracts ended on November 30, 2021. A new contract was executed before year end at a purchase rate of $0.07256 kWh, and this contract has an end date of May 31, 2023.

Natural Gas

The Authority has separate contracts with natural gas providers for both airport locations for the purchase of natural gas consumed.

The Authority entered into a new contract with a natural gas provider for specific locations, which will base quantity purchased on actual consumption each month. The purchase rate is $2.596 per dth beginning on April 1, 2021 through December 31, 2021, the rate would decrease in 2022 to $2.587 per dth through the contract end date of December 31, 2024.

The Authority entered into a new contract with a natural gas provider for specific locations, which will base quantity purchased on actual consumption each month. The purchase rate is $2.518 per dth beginning on December 1, 2019 through December 31, 2022. The contract was extended for the period from January 1, 2023 through December 31, 2024 at a rate of $2.538 per dth.

Note 13 - Subsequent Events

The Bipartisan Infrastructure Law (BIL) was signed on November 15, 2021. The BIL included $25.0 billion in funds for airport-related projects. These funds can be invested in runways, taxiways, safety, and sustainability projects, as well as terminal, airport-transit connections, and roadway projects. The Authority will receive formula-based amounts of $11.0 million for PIT and $763 thousand for AGC (for 2022 and 2023), with the amounts to be recalculated for 2024, 2025, and 2026. In addition to the formula-based amounts, the BIL includes competitive grants for airport terminal development projects that address the aging infrastructure of the nation’s airports. The first competitive grant is scheduled to be awarded in late 2022, with new funds to be awarded annually through 2026. The Authority applied for a competitive grant in March 2022.

Required Supplemental Information

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

Last Eight Plan Years

Years Ended December 31

	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	7.45600 %	7.18430 %	7.61670 %	7.70030 %	7.49320 %	7.48040 %	7.77210 %	7.26080 %
Authority's proportionate share of the net pension liability	$ 170,587,105	$ 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	$ 30,305,981	$ 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	562.88 %	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	32.44 %	36.14 %	42.75 %	40.56 %	46.41 %	43.44 %	56.62 %	60.26 %

Notes to Schedule

Benefit Changes

None noted

Change of Assumptions

2021

Decrease in discount rate from 3.80 percent at December 31, 2020 to 3.46 percent at December 31, 2021
Mortality rates updated from RP-2000 basis to Society of Actuaries study (Pub-2010) of public retirement plans published in 2019.
Active participant load - A 10 percent load was added to the active participants to account for the difference between calculating final average salary based on annual compensation for valuation purposes and the monthly formula used for calculating actual retirement benefits.

2020

Decrease in discount rate from 5.22 at December 31, 2019 to 3.80 percent at December 31, 2020

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

Last Eight Plan Years

Years Ended December 31

2019

Decrease in discount rate from 5.31 percent at December 31, 2018 to 5.22 percent at December 31, 2019

Other Notes

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

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 3,182,128	$ 2,946,664	$ 3,104,246	$ 2,937,091	$ 2,631,887	$ 2,541,530	$ 2,559,020
Contributions in relation to the statutorily required contribution	3,182,128	2,946,664	3,104,246	2,937,091	2,631,887	2,541,530	2,559,020
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 30,305,981	$ 29,466,640	$ 31,042,463	$ 30,919,747	$ 29,243,194	$ 28,239,219	$ 28,433,558
Contributions as a Percentage of Covered Payroll	10.50 %	10.00 %	10.00 %	9.50 %	9.00 %	9.00 %	9.00 %

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

The statistical section is organized into the following main categories:

Financial trends

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

Revenue capacity

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

Debt capacity

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

Operating information

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

Demographic and economic information

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

Table I

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

Last Ten Fiscal Years
December 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating Revenues										
Landing fees	$ 15,407,701	$ 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
Terminal area airline rentals and fees	33,760,990	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
Other aeronautical revenue	8,561,005	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
Parking revenues	28,847,944	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
Rental car revenues	11,906,074	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
Terminal concessions	10,208,269	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
Other nonaeronautical revenue	9,489,811	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
Pittsburgh International Airport revenues	118,181,794	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
Allegheny County Airport revenues	2,666,777	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
Total operating revenues	120,848,571	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
Operating Expenses										
Salaries, wages, and benefits	63,302,220	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
Utilities	10,887,662	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
Cleaning and maintenance services	16,870,532	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
Professional services	28,876,231	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
Other	7,995,308	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
Pittsburgh International Airport expenses	127,931,953	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
Allegheny County Airport expenses	2,496,366	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
Depreciation	59,119,359	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
Total operating expenses	189,547,678	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
Income (Loss) From Operations	(68,699,107)	(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)

Table I

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

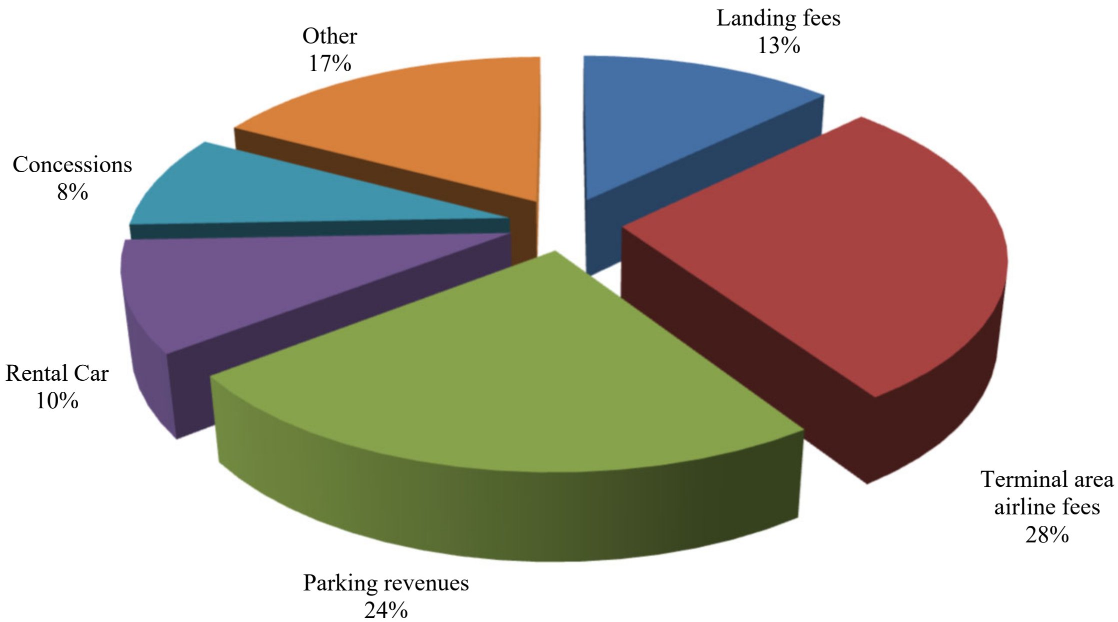
Last Ten Fiscal Years
December 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Nonoperating Revenue (Expense)										
Interest expense	$ (10,558,701)	(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)
Investment income	449,723	725,293	4,641,026	2,667,551	1,869,435	841,899	559,527	2,803,774	1,048,441	1,177,556
Customer facility charges	7,706,289	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
Passenger facility charges	13,145,575	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
Gain (loss) on disposal of capital assets	(2,072)	1,550,691	(7,732)	(12,504)	-	(1,088,113)	39,551	(10,499)	(45,525)	(11,928)
Swap termination gain	-	-	-	-	-	-	-	-	-	-
Gaming act revenues	12,400,000	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
Gas drilling revenues	8,509,477	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 revenues	19,580,305	13,091,912	-	-	-	-	-	-	-	-
Miscellaneous revenue	207,231	263,582	203,669	322,646	2,498,496	894,399	599,277	1,136,594	395,709	1,117,946
Miscellaneous expense	-	(318,579)	-	-	-	-	-	-	-	-
Bond issuance costs	(3,903,044)	-	-	-	-	-	-	-	-	-
Loss on in-substance debt defeasance	-	-	(3,635,528)	-	-	-	-	-	-	-
Net increase (decrease) in fair value of investments	(418,261)	(113,508)	386,528	203,976	(483,433)	(49,040)	35,676	64,730	(9,173)	186,588
Total nonoperating income (expense)	47,116,522	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
Income (Loss) Before Capital Contributions and Grants	(21,582,585)	(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
Capital Contributions and Grants	39,813,845	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
Increase (Decrease) in Net Position	18,231,260	(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
Net Position, Beginning of Year, As Previously Reported	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
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	635,862,359	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
Net Position, End of Year	$ 654,093,619	$ 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

(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 31, 2021



Operating Expenses by Business Unit

For the Year Ended December 31, 2021

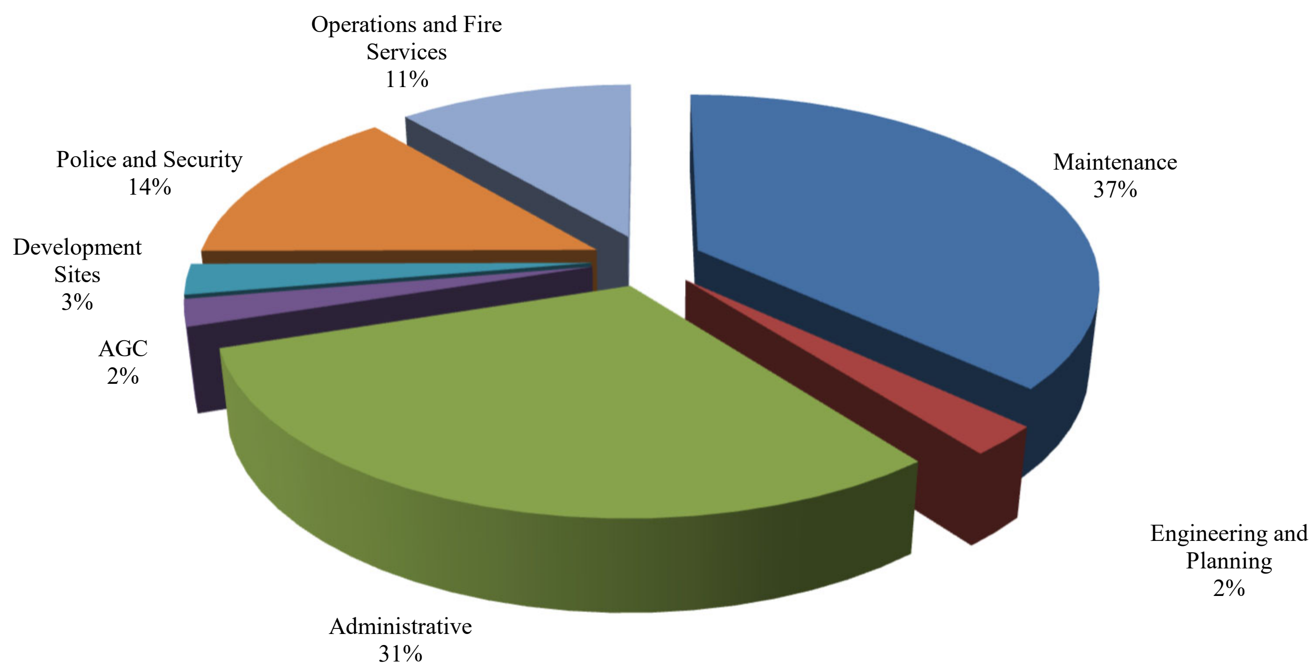


Table II
Net Position by Component

Last Ten Fiscal Years
December 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net investment in capital assets	$ 558,844,307	$ 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
Restricted net position										
Capital	47,146,954	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
Debt service, Operations and Maintenance	17,817,421	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
Total restricted net position (expendable)	64,964,375	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
Unrestricted (deficit) net position	30,284,937	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
Total net position	$ 654,093,619	$ 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

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 31, 2021

Airline Group	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
American	$ 10,663,933	$ 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
Southwest	7,823,839	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
Delta	6,578,882	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
United	6,803,779	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
Other signatories	5,984,768	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
Total signatory airlines	37,855,201	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
Other passenger carriers	1,195,429	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
Total rate base fees <A>	$ 39,050,630	$ 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
Total rate base fees	$ 39,050,630	$ 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
Cargo landings and rents	3,446,961	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
Other terminal and hangar fees	14,055,047	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
Concession revenues	49,790,928	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
Other operating revenues	11,838,232	11,227,833	12,154,977	9,293,999	8,687,474	7,625,550	7,800,322	7,316,921	7,792,832	8,645,992
Total PIT operating revenues <B>	$ 118,181,798	$ 94,968,961	$ 141,750,985	$ 144,559,116	$ 143,968,489	$ 136,885,863	$ 134,246,205	$ 148,377,753	$ 136,486,882	$ 136,072,807

<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 31, 2021

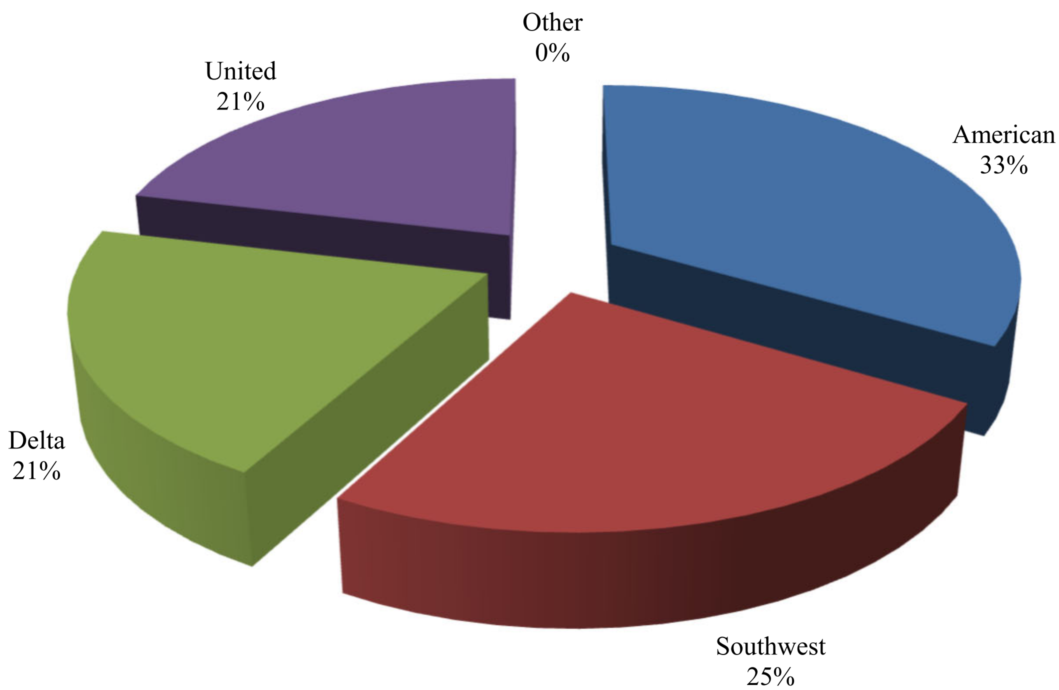


Table IV
Rates and Cost Per Enplaned Passenger
Last Ten Fiscal Years
January 1, 2022

	2021 Actual	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual	2013 Actual	2012 Actual
Landing fee rate	$ 3.0621	$ 3.0100	$ 2.6055	$ 2.3030	$ 2.3971	$ 2.4240	$ 2.2239	$ 2.6063	$ 2.9068	$ 3.1558
Terminal fee rate	158.29	161.67	179.61	145.67	139.90	133.42	132.61	136.04	140.32	130.05
Ramp fee rate	n/a	n/a	266.17	204.24	192.25	192.80	196.19	191.86	229.90	242.09
Operating expenses	103,080,417	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
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
Nonrate base revenues	(71,561,210)	(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)
Debt service and operating expense offset	(18,183,300)	(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)
Airline capital fund deposits	28,709,094	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
Other, primarily cargo landing fees	(2,994,371)	(2,046,382)	(1,481,784)	(1,137,193)	(740,884)	(938,359)	(845,550)	(927,641)	(1,040,186)	(1,212,280)
Total rate base costs	$ 39,050,630	$ 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
Total enplaned passengers	3,168,029	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
Cost per enplaned passenger	$ 12.33	$ 20.50	$ 9.77	$ 10.30	$ 12.76	$ 12.86	$ 12.89	$ 13.91	$ 14.57	$ 14.24

Table V
History of Total Concessions Per Enplanement

Last Ten Fiscal Years
December 31, 2021

	2021 Actual	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual	2013 Actual	2012 Actual
Parking	$ 28,847,944	$ 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
Rent-A-Car	11,906,074	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
AirMall Concessions	7,836,435	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
Hotel/ConvCenter	556,928	534,024	616,152	576,308	549,420	541,551	516,217	546,935	569,682	580,804
Total passenger concessions	$ 49,147,381	$ 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
Total enplaned passengers	3,168,029	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
Concessions per enplaned passenger	$ 15.51	$ 15.42	$ 12.84	$ 12.23	$ 11.63	$ 11.89	$ 11.88	$ 12.00	$ 11.49	$ 11.10

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

Last Ten Fiscal Years
December 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Outstanding Debts										
Revenue bonds	$ 1,015,338,667	$ -	$ -	$ 71,511,923	$ 88,589,194	$ 174,972,222	$ 229,952,019	$ 282,405,082	$ 333,672,158	$ 383,078,577
Loans and other credit facility agreements	4,011,552	76,822,324	43,148,234	-	-	3,050,178	4,237,142	4,679,259	5,112,209	5,540,742
Obligations under capital lease	3,696,058			-	1,108,506	2,183,208	3,225,137	4,235,292	5,214,642	6,164,126
Total Outstanding Debt	$ 1,023,046,277	$ 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
Outstanding Debt Per Capita	$ 843.00	$ 63.24	$ 35.48	$ 58.69	$ 73.34	$ 146.47	$ 192.95	$ 236.60	$ 279.33	$ 321.13
Total Enplaned Passengers	3,173,664	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
Outstanding Debt/Enplaned Passenger	$ 322.35	$ 42.16	$ 8.82	$ 14.79	$ 19.95	$ 43.41	$ 58.56	$ 72.82	$ 87.24	$ 98.32
Outstanding Debt as % of Personal Income	Not Available	0.92%	0.05%	0.09%	0.13%	0.27%	0.36%	0.44%	0.52%	0.62%
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
Interest	10,326,956	-	3,635,528	4,090,908	8,274,802	10,923,357	13,441,080	15,790,882	18,243,304	18,739,168
Total Revenue Bond Debt Service	$ 10,326,956	$ -	$ 22,660,288	$ 20,950,908	$ 93,794,802	$ 64,913,357	$ 64,571,080	$ 65,325,882	$ 65,738,304	$ 62,094,168
Total Expenses (Less Depreciation)	$ 130,428,319	$ 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
						0				
Revenue Bond Debt Service/ Total Expenses	7.92%	0.00%	18.45%	17.06%	74.62%	59.10%	60.98%	67.49%	69.96%	68.30%
Revenue Bond Debt Service/ Enplaned Passenger	$ 3.25	$ -	$ 4.63	$ 4.33	$ 20.87	$ 15.64	$ 15.93	$ 16.33	$ 16.67	$ 15.46

Table VII
Revenue Bond Debt Service Coverage

Last Ten Fiscal Years
January 1, 2022

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Pledged Revenues										
Landing fees	$ 15,408	$ 11,842	$ 17,280	$ 14,854	$ 14,365	$ 13,471	$ 12,449	$ 14,362	$ 16,175	$ 17,176
Terminal area airline fees	33,761	35,314	41,758	44,798	59,719	57,728	57,076	58,849	60,112	57,436
Other aeronautical revenue	8,561	8,798	8,297	8,770	7,818	7,691	7,808	7,736	7,499	7,452
Parking revenues	28,848	13,712	41,631	36,926	32,289	29,796	29,156	28,092	26,337	27,115
Rent-A-Car revenues	11,906	7,933	12,510	12,715	11,891	11,460	11,519	12,117	11,229	10,753
Terminal concessions	10,208	8,282	10,707	10,578	7,584	7,446	7,010	6,817	5,288	6,401
Other non-aeronautical revenue	28,266	21,748	12,821	22,519	34,433	44,742	43,235	38,564	37,029	31,282
AGC revenues	2,794	2,775								
Total pledged revenues	139,752	110,404	145,004	151,160	168,099	172,334	168,253	166,537	163,669	157,615
Operation and Maintenance Expenses										
Salaries, wages and related expenses	44,764	41,985	32,699	26,854	26,823	26,502	25,084	25,144	24,547	24,008
Cost allocations			44,664	51,471	43,540	40,697	38,713	35,827	34,891	33,856
Utilities	11,211	9,430	9,480	9,122	8,384	8,595	8,681	9,129	8,832	8,750
Cleaning and maintenance services	16,899	18,200	16,640	18,059	16,499	16,798	16,213	15,841	15,548	15,238
Professional services	28,954	24,719	187	340	553	236	285	256	261	173
Other	7,448	10,052	2,641	3,181	3,744	3,248	3,713	3,944	3,315	2,878
Total operation and maintenance expenses	109,276	104,386	106,311	109,027	99,543	96,076	92,689	90,141	87,394	84,903
Net Revenues	30,476	6,018	38,692	42,133	68,556	76,258	75,564	76,396	76,275	72,712
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	$ 46,808	$ 22,350	$ 55,024	$ 58,465	$ 84,888	$ 92,590	$ 91,896	$ 92,728	$ 92,607	$ 89,044
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
Funding deposit requirement	385	198	429	410	174	598	301	311	266	165
Total deposit requirement payments	$ 385	$ 198	$ 15,590	$ 17,096	$ 57,627	$ 65,512	$ 64,872	$ 65,637	$ 66,004	$ 62,259
Coverage Ratio	121.47	112.77	3.53	3.42	1.47	1.41	1.42	1.41	1.40	1.43

Table VIII
Enplaned Passengers by Airline Group

Last Ten Fiscal Years
December 31, 2021

Group	2021 Actual	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual	2013 Actual	2012 Actual
American	764,238	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
Southwest	865,760	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
Delta	534,738	279,350	921,353	848,698	768,660	750,335	753,924	741,023	704,436	742,383
United	396,612	243,810	763,085	713,564	650,645	624,348	628,187	650,568	688,264	913,844
Other signatories	564,008	358,437	626,942	692,307	508,889	304,687	156,338	112,301	113,635	150,214
Total signatory airlines	3,125,356	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
Scheduled nonsignatory	40,722	20,662	195,464	141,007	163,218	161,700	101,910	37,972	22,452	23,498
Nonscheduled	7,586	9,815	19,308	24,220	22,292	17,975	40,780	15,233	15,159	14,762
Total enplaned passengers	3,173,664	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

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
January 1, 2022

Fiscal Year	Total Passengers	<A> Aircraft Operations	Landed Weight (1,000 Lbs.)	Cargo Volume (1,000 Lbs.)
2021	6,354,770	108,464	4,662,435	209,700
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

<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 31, 2021

Bus Unit	Description	Year End 2021	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
1100	Administration	14	8	7	8	8	4	6	16	9	10
1200	Human Resources	9	8	8	8	10	9	10	6	4	4
1300	Finance	14	14	15	17	16	15	16	16	15	16
1400	Information Technology	16	14	13	12	7	4	5	5	5	3
1530	Engineering/Construction	11	9	8	12	7	7	7	8	8	8
1540	Planning	3	2	4	8	6	5	5	5	4	5
1700	Business Development	8	7	7	7	8	5	5	9	9	8
1850	Field Maintenance	91	84	107	110	114	116	114	118	113	117
1810	Facilities Maintenance	72	72	85	81	84	82	84	86	87	90
1860	Airfield Operatings	26	20	19	30	33	39	48	42	43	41
1870	Emergency Planning	7	7	8	11	12	10	10	10	12	13
	PSOM Admin	3	9	9	-	-	-	-	-	-	-
1830	Fire Services	46	50	39	53	49	42	48	50	54	48
2300	Air Service Development	4	4	3	4	5	2	2	2	3	2
2400	Marketing & Communications	20	19	25	28	21	18	15	3	12	12
1820	Airline Services	54	52	58	61	63	67	66	65	68	73
1520	Facilities/Engineering/Maintenance	5	3	4	6	10	6	6	-	-	-
2410	Government and Community Affairs	3	3	-	-	-	-	-	-	-	-
2440	Terminal Operations	-	-	-	-	7	5	-	-	-	-
1310	Legal	3	3	3	-	-	-	-	-	-	-
1510	TMP	6	3	11	-	-	-	-	-	-	-
9100	Allegheny County Airport	13	9	19	14	21	20	15	17	16	15
	Totals	428	400	452	470	481	456	462	458	462	465

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

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

Airfield

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

Runway 10R/28L	11,500 feet long, 200 feet wide
Runway10C/28C	10,775 feet long, 150 feet wide
Runway 10L/28R	10,502 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 can 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, a two-level central service 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 "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, and in anticipation of future changes, the Authority removed gates from service. 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 to help alleviate congestion during peak throughput times at the main 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 suboptimal 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, I-576, 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 roadway serves the ticketing level and the other roadway 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 including taxis, TNCs, limousines, private and public buses, and hotel courtesy shuttles.

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, extended term and economy 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, six “companies” representing nine brands of rental car companies operate on-airport from the garage: (1) Avis, (2) Budget, (3) Dollar, (4) Enterprise, (5) Hertz, and (6) Vanguard (Alamo and National).

Hotel

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

Airline Support

The Authority leases land and buildings to airlines and others for activities supporting airline operations. An aboveground aircraft fuel farm supplies fuel to the aircraft hydrant fueling system, which serves all 59 jet gates and a fueling rack. 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 service 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.

Six cargo carriers, FedEx, UPS, Sun Country, Mas Air, Cathay Pacific, and Qatar Cargo, are signatories to the Airfield Use Agreement relating to the use and lease of the airfield for cargo operations. (

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 is set to open within the next three years. The new building will enable the Airport to serve additional cargo operations and offer opportunities for airlines that require varying levels of cargo handling and access for high volumes of trucks.

Republic Airways operates aircraft maintenance facilities at PIT in two hangars containing 99,625 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 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, and L J Aviation which operates from corporate hangar facilities.

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 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 numerous ground leases with major development companies for over 4,000,000 square feet of office park, flex space, distribution facilities and other similar uses. The Authority is also developing the Pittsburgh Airport Innovation Campus known as Neighborhood 91to be a center for advanced manufacturing, particularly additive manufacturing and 3D-printing as mentioned in relation to the development of Neighborhood 91. The development has broken ground in 2020 and will add another 1,000,000 square feet among four new buildings. Revenues from the various developers and land tenants are utilized by the Authority for further investment in development activities.

In addition, the County 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 and the Pennsylvania Air National Guard.

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

Table XI
Allegheny County - Demographic and Economic Statistics

For the Year Ended December 31, 2021

Year	Population	Personal Income (millions)	Per Capita Personal Income	Annual Average Unemployment Rate
2021	1,213,573	Not Available	Not Available	3.7%
2020	1,214,810	83,313	64,236	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%

n/a = information is not available

Sources:

Table XII
Allegheny County - Principal Employers

For the Year Ended 2021 and 2012
December 31, 2021

2021 (1)

Employer	Employees	Percentage of Total County Employment
University of Pittsburgh Medical Center	53,000	8.12%
Highmark Health	23,846	3.65%
United States Government	18,109	2.77%
University of Pittsburgh	13,643	2.09%
PNC Financial Services	12,500	1.91%
Commonwealth of Pennsylvania	12,218	1.87%
Giant Eagle, Inc.	9,884	1.51%
Wal-Mart Stores, Inc.	9,000	1.38%
BNY Mellon	7,000	1.07%
County of Allegheny	6,237	0.96%
Total	165,437	25.33%
Total Employees in County	652,800 (3)	

2012 (2)

Employer	Employees	Percentage of Total County Employment
University of Pittsburgh Medical Center	42,900	13.94%
United States Government	19,416	6.31%
Commonwealth of Pennsylvania	13,600	4.42%
University of Pittsburgh	12,448	4.04%
Giant Eagle, Inc.	11,119	3.61%
West Penn Allegheny Health System	10,117	3.29%
The Bank of New York Mellon	7,600	2.47%
Allegheny County	6,817	2.22%
Westinghouse Electric	5,600	1.82%
Highmark, Inc.	5,100	1.66%
Total	134,717	43.78%
Total Employees in County	307,764 (2)	

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