Allegheny County Airport Authority
(A Component Unit of County of Allegheny, Pennsylvania)

ALLEGHENY COUNTY
AIRPORT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

Christina A. Cassotis, Chief Executive Officer

Allegheny County Airport Authority
(A Component Unit of County of Allegheny, Pennsylvania)

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ALLEGHENY COUNTY AIRPORT AUTHORITY

INTRODUCTORY SECTION

PITTSBURGH
INTERNATIONAL AIRPORT

April 18 2019

To the Board of the Allegheny County Airport Authority,

This Comprehensive Annual Financial Report, (CAFR), of the Allegheny County Airport Authority (the "Authority"), is hereby submitted for the fiscal years ended December 31, 2018 and 2017. Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Finance Department of the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of the operations of the Authority.

This Letter should be read in conjunction with the accompanying Management Discussion & Analysis ("MD&A") in order to gather a more complete financial and business picture of the Authority. It is our intent to submit the FY2018 Comprehensive Annual Report to the Government Finance Officers Association for their review and seek the Certificate of Achievement for Excellence in Financial Reporting award.

REPORTING ENTITY

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

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

Pittsburgh International Airport
Landside Terminal, 4th Floor Mezz.
PO Box 12370 Pittsburgh, PA 15231-0370
(412) 472-3500 FLYPITTSBURGH.COM

ECONOMIC CONDITION AND OUTLOOK

Pittsburgh International Airport has transitioned from a mega-connecting hub market to a strong local O&D market providing passengers with increasing customer amenities and a growing list of air service options. With a new approach to working with airline partners, the community, and utilizing the momentum of the Pittsburgh economy, the airport has nearly doubled nonstop markets served from 2015 to 2018. With over 190 peak season weekday departures on 17 airlines, the Authority focuses on increasing service to unserved and underserved destinations. In 2018, passenger traffic increased by 7.5 percent to bring total passenger traffic to nearly 9.7 million passengers, the most since 2007. In addition to air service, customer amenities specifically relating to the food and beverage program and the in-terminal experience have been a priority to ensure residents and visitors alike have a positive experience at the airport. Sense of place is important, and we are focused on bringing more of Pittsburgh's local brands into our concession program.

The Authority has gained momentum during the past few years, picking up important air service wins and improving customer satisfaction – all while lowering costs to our airline partners. Continuing to add to our air service portfolio as well as focusing on matching the facility to the needs of today's Pittsburgh market are priorities of management while maintaining a safe and secure environment. As the market and aviation industry have evolved, so too must our facility. The Authority is in the midst of a billion-dollar Terminal Modernization Program to stabilize airline costs in the long term and to better serve all of our stakeholders. Concept designs were released in Q1 of 2019 with schematic designs expected to be completed later this year. Groundbreaking is expected to occur before the end of the year. The new terminal is expected to be open in 2023.

MAJOR INITIATIVES

During 2018, the Authority continued its economic strategic goal of improving its financial condition. During the year, and in addition to scheduled bond debt service payments, the Authority repaid approximately $18 million in debt principal and took on no additional debt. The Authority also reserved approximately $12 million toward the early defeasance of the 2012 bonds with the goal of eliminating all remaining pre-2019 debt by the end of the year 2019.

Total gas drilling bonus and rent payments received to-date is $49.9 million. The bonus payments of $46.1 million were accreted over a five year period which ended in February 2018. Drilling on the first completed well pad began in June 2016 with the Authority to receive monthly royalty payments equal to 18% of the production value. The Authority received $17 million of these royalty payments during 2018. Net revenues from the natural gas lease are being used to reduce airline rates and charges and for capital expenditures, including economic development, at the Airport.

During 2018, the Fitch and Moody's bond rating agencies reviewed the Authority's credit and maintained the Authority's rating at A and A3, respectively, with a stable outlook. This provides evidence that the Authority continues to be viewed as a sound business entity whose financial viability remains highly stable.

LONG-TERM FINANCIAL PLANNING

The Authority's long-term planning is based on maintaining a safe, customer-centric and cost-competitive environment for the airlines and passengers at its two airports. This includes the continued application of passenger facility charges, customer facility charges, gaming and gas drilling revenues to reduce annual debt service requirements. The Authority has extended the existing residual airline operating agreement through the end of 2019. The majority of the current bond debt will be defeased by that time.

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

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

FINANCIAL INFORMATION

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

BUDGETARY CONTROLS

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

INDEPENDENT AUDIT

The Authority's independent auditor, **BKD, LLP**, has performed the annual audits as of and for the years ended December 31, 2018 and 2017, and rendered an unmodified opinion as to the Authority's financial statements. The audits were conducted in accordance with auditing standards generally accepted in the United States of America. The report is contained herein.

INTERNAL CONTROLS

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Allegheny County Airport Authority for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2017. This was the eighth consecutive year that the Authority has achieved this prestigious award. In order to receive the Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,

Christina A. Cassotis
Chief Executive Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Allegheny County Airport Authority

Pennsylvania

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2017

Executive Director/CEO

PIT – ALLEGHENY COUNTY AIRPORT AUTHORITY

BOARD MEMBERS AND OFFICERS

On November 5th, 1999, a new era began when the Airport Authority assumed administration of both Pittsburgh International and Allegheny County Airports from Allegheny County.

Under a lease with an initial term of 25 years and two additional 25-year option terms, the Allegheny County Airport Authority, governed by a board appointed by the Allegheny County Chief Executive, operates the two premier airports that serve the Pittsburgh region.

Chairman
David Minnotte

Vice Chairman
Robert J. Lewis

Treasurer
Hon. Jan Rea

Secretary
Ashley Henry Shook

Rich Stanizzo
Cynthia Shapira
Hon. Matthew Smith
William Curtis
Lance Chimka

Officers

Chief Executive Officer
Christina A. Cassotis

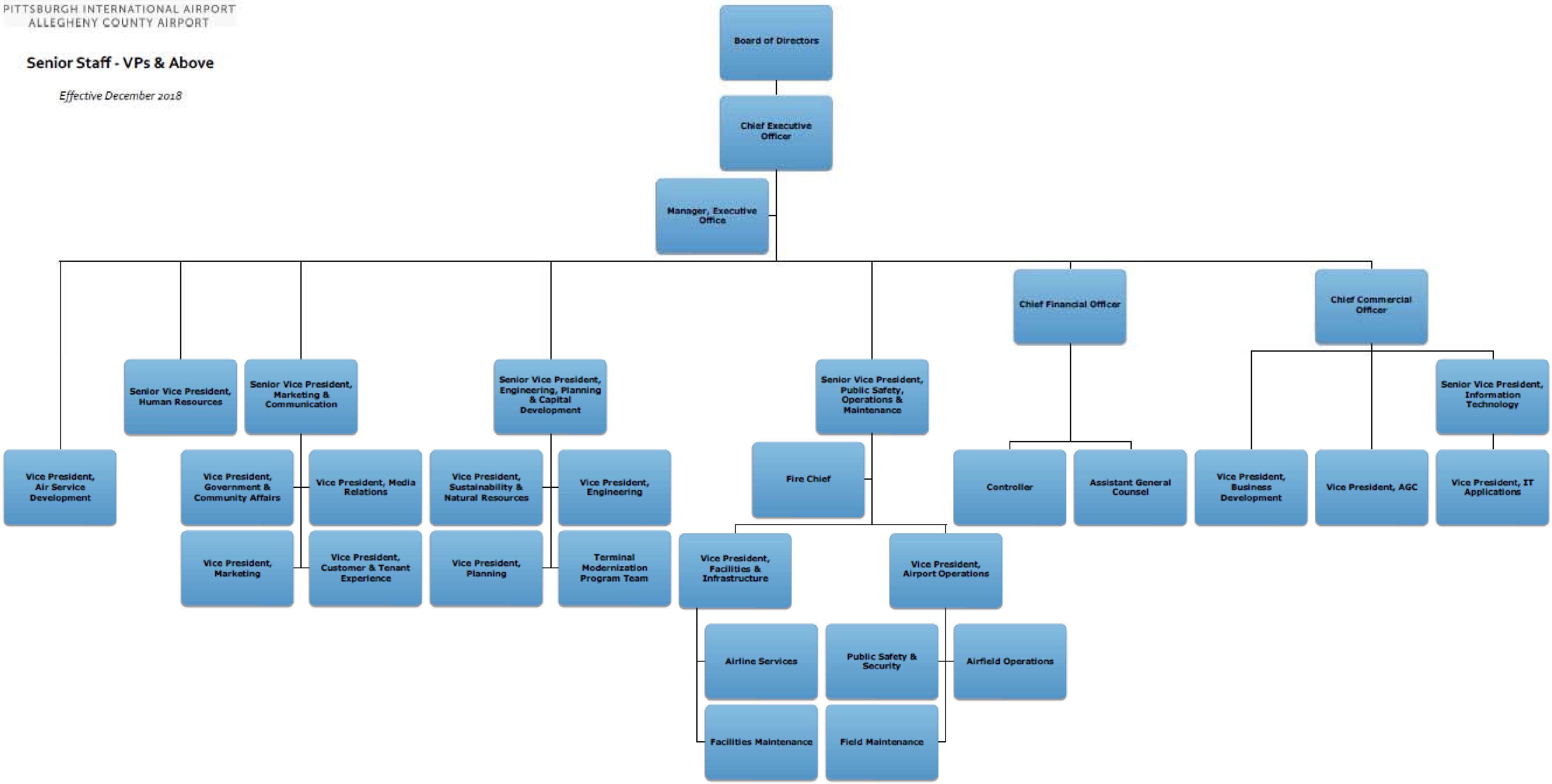
Chief Financial Officer
Dale Cottrill

Chief Commercial Officer
Eric Sprys

ALLEGHENY COUNTY AIRPORT AUTHORITY
PITTSBURGH INTERNATIONAL AIRPORT
ALLEGHENY COUNTY AIRPORT

Senior Staff - VPs & Above

Effective December 2018



ALLEGHENY COUNTY
AIRPORT AUTHORITY

FINANCIAL SECTION

BKD
CPAs & Advisors
201 N. Illinois Street, Suite 700 | P.O. Box 44998 | Indianapolis, IN 46244-0998
317.383.4000 | Fax 317.383.4200 | bkd.com

Independent Auditor's Report

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

We have audited the accompanying financial statements of the Allegheny County Airport Authority (Authority), a component unit of the County of Allegheny, Pennsylvania, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Allegheny County Airport Authority as of December 31, 2018 and 2017, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, for 2018, the Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Introductory and Statistical Sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

BKD, LLP

Indianapolis, Indiana
April 18, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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

The Airline Operating Agreement

The Authority is responsible for the operation of the facilities at Pittsburgh International Airport (PIT or the Airport) and the Allegheny County Airport (AGC). PIT is operated by the Authority pursuant to an Amended and Restated Airline Operating Agreement (the AOA). The AOA has been signed by Allegiant Airlines, American Airlines, British Airways, Delta Airlines, JetBlue Airways, Republic Airlines, Southwest Airlines, Spirit Airlines and United Airlines (the Signatory Airlines).

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

Overview of the Financial Statements

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

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

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

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

Significant Events/Financial Highlights

Enplaned passengers at the Airport increased by 7.5% in 2018 as compared to 2017, which followed a 8.3% increase in 2017. The Airport now has a diversified portfolio of airlines, including major network carriers, low cost carriers (LCCs) and ultra low cost carriers (ULCCs). As of March 2019, 17 carriers provide regularly scheduled service to 66 airports nonstop, up from 37 at the beginning of 2015. This diversification has led to new additions such as British Airways, which started year-round nonstop service to London Heathrow on April 2. British Airways last serviced PIT 20 years ago and has returned thanks to a resurgent Pittsburgh economy and an aggressive airport air service strategy. The airport has also seen increased service to the West Coast on United to San Francisco as well new service to Seattle on Alaska Airlines. Growth on Delta, Spirit and Southwest among others helped to fuel the passenger growth in 2018.

Management is pleased to see the growth in passenger levels through the strength of origin and destination traffic (nonconnecting passengers who begin or end their trip at PIT), and is optimistic the added routes and frequencies in 2015 through 2018 will continue predictable passenger levels. The Pittsburgh economy continues to improve and management attributes the performance in 2018 passenger levels to new carriers and routes at PIT that have succeeded in attracting more travelers with the growth of the regional economy. Pursuant to Federal Aviation Administration (FAA) approval, the Authority continued to apply Passenger Facility Charges (PFC) revenue to reduce debt service costs, resulting in decreased airline rates and charges. The total amount of PFCs allocated to debt service in 2018 and 2017 was $9.2 million and $17.2 million, respectively. The Authority anticipates future applications of PFC revenues will predominantly be used for eligible debt service or construction costs.

The Authority has been designated a recipient of revenues generated from casinos and racinos authorized to operate pursuant to the Pennsylvania Race Horse Development and Gaming Act (Gaming Act). The Authority is eligible to receive up to 5% of the annual net revenues, on an annual basis not to exceed $150 million for up to a 12-year period, generated from gaming operations in Pennsylvania. The County of Allegheny (County), the prior recipient of the funds, received $42.5 million of these revenues prior to the close of 2009 to complete the repayment of the $42.5 million capital contribution that the County made toward the original construction of the Airport, which the County funded with the issuance of its General Obligation Bonds. Through the end of 2018, the Authority has received $99.5 million of the original $150.0 million allotment bringing the total received by the County and Authority to $142.0 million. The Authority has subsequently received $8.0 million of gaming revenue for fiscal 2018 and is designated to receive an additional $12.4 million for 2019. The Authority anticipates applying the remaining $20.4 million of gaming grants to (i) reduce debt service payments on the Authority's General Airport Revenue Bonds (GARBs), thereby reducing the costs charged to the airlines operating from PIT; and (ii) for other purposes permitted under the Gaming Act. In addition to the above, the Commonwealth amended and extended the Act to provide the Authority with an additional $12.4 million annually into perpetuity.

The parking operation at PIT is the largest non-aeronautical operating revenue generator for the Airport. There was $36.9 million of parking revenue included in the results of the Airport for 2018. Management expects net parking revenues to continue to improve in 2019 as they are directly related to enplanements. The Airport currently has approximately 2,100 short-term parking spaces, 4,350 long-term parking spaces, and 7,900 extended-term parking spaces.

Consistent with the AOA, the net cost of operating the Airport is passed on to the signatory air carriers through airline rates and charges. Therefore, any reduction in fees directly benefits the carriers' level of profitability at the Airport. The Authority intends to continue the application of these funds throughout the duration of the receipt of Gaming Act revenues and the PFC authorization applicable to the use of PFC funds. Management is actively monitoring and adjusting the operation of the Airport to match the activity of the airline tenants. Operating costs have been reduced wherever possible, non-airline revenues enhanced, and innovative ideas that improve the efficiency of the Airport implemented.

On December 5, 2012, the Authority opened bids for the exploration, drilling and production of minerals, namely Marcellus Shale natural gas, on the properties of PIT and AGC. CNX Gas Company LLC was the sole qualified bidder. On February 8, 2013, the Authority Board awarded the bid and authorized execution of a lease with CNX Gas Company LLC. Upon execution, the Authority received an up-front bonus payment of $42.8 million with an additional $3.5 million held in escrow until certain property deed mineral rights issues are resolved, but not later than two years from the date of the lease execution. These bonus payments, along with the associated ground and surface rental payments, were accreted proratably over the five-year initial term of the lease based upon straight-line methodology. Lease execution with CNX occurred on February 22, 2013. During the years 2013 through 2016, all bonus and rent payments covering the initial term were received. The total of all such payments received was $49.6 million. In addition to these initial payments, the Authority began receiving monthly royalty revenue payments during 2016. Royalty revenues over the life of the drilling operations will be recognized as earned. Net revenues from the natural gas lease are being used to reduce airline rates and charges and for capital expenditures, including economic development, at the Airport. During 2018 and 2017, a total of $12.8 million was accreted from the bonus and rental payments with $7.2 million allocated to reduce airline rates and charges in 2017.

The following is a summary of the Authority's statements of revenues, expenses and changes in net position for the years ended December 31, 2018, 2017 and 2016 (in thousands):

	2018	2017	2016	% Change 2018/2017
Operating revenues				
Landing fees and airline rentals/fees	$ 60,481	$ 74,167	$ 71,282	-18.5%
Parking revenues	36,926	33,895	31,417	8.9%
Rental car revenues	12,715	11,891	11,460	6.9%
Other revenues	32,960	27,066	25,722	21.8%
Total operating revenues	143,082	147,019	139,881	-2.7%
Nonoperating revenues				
Passenger and customer facility charges	24,952	22,689	21,168	10.0%
Gaming act revenues	8,000	8,000	12,400	0.0%
Gas drilling revenues	19,267	25,983	13,919	-25.8%
Other revenues	3,194	3,884	1,687	-17.8%
Total nonoperating revenues	55,413	60,556	49,174	-8.5%
Total revenues	198,495	207,575	189,055	-4.4%
Operating expenses				
Salaries, wages and benefits	54,194	48,905	47,004	10.8%
Utilities, cleaning and maintenance	29,365	27,023	27,498	8.7%
Depreciation	55,787	55,643	56,805	0.3%
Other expenses	42,134	33,902	31,385	24.3%
Total operating expenses	181,480	165,473	162,692	9.7%
Nonoperating expenses				
Interest expense	4,320	7,100	9,902	-39.2%
Loss on disposal of capital assets	13	-	1,088	0.0%
Total nonoperating expenses	4,333	7,100	10,990	0.0%
Total expenses	185,813	172,573	173,682	7.7%
Income before capital contributions and grants and grants	12,682	35,002	15,373	-63.8%
Capital contributions and grants	29,837	9,349	23,401	219.1%
Increase in net position	42,519	44,351	38,774	-4.1%
Net Position - beginning of year, as previously reported	592,062	547,711	508,937	8.1%
Change in accounting principle	(1,211)	-	-	
Net Position - beginning of year	590,851	547,711	508,937	7.9%
Net Position - end of year	$ 633,370	$ 592,062	$ 547,711	7.0%

2018

Total operating revenues were approximately $3.9 million, or 2.7%, lower compared to 2017. The net decrease in landing and terminal fees of $13.7 million were primarily a result of decreasing overall debt service costs. Other aeronautical revenues increased by $2.3 million primarily due to additional revenues from airline bankruptcy settlements and increased hangar rentals. Combined parking, ground transportation and rent-a-car revenues finished the year $3.8 million higher compared to 2017. Parking garage and lot revenues increased by $3.0 million due to higher passenger traffic. Rental car revenues and ground transportation revenues also increased by $0.8 and $0.4 million, respectively.

Total operating expenses (including depreciation) were $16.0 million, or 9.7%, more in 2018 as compared to 2017. The largest drivers for this increase are salaries, wages, and benefits, professional services and other expenses. Salaries, wages and benefits increased approximately $5.3 million or 10.8% due to normal pay increases and the continued application of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, relating to recognition of pension expense. Professional services increased by $2.6 million versus 2017 due to an increase of $0.8 million for financial and legal consulting services, an increase of $0.6 million for information technology consulting services and an increase of $0.7 million in police services. Other expenses increased $5.9 million due to $3.1 million, or 170% increase in advertising costs to stimulate airline traffic growth.

Total net nonoperating revenues (expenses) were approximately $2.4 million lower in 2018 as compared to 2017, or 4.4%. Interest expense was approximately $2.8 million lower, reflecting the amortization of long-term debt. Investment income was $.8 million higher compared to 2017 due to the investment of available funds in managed investment accounts (see Note 7 to the financials). Gas drilling revenues were $6.7 million lower in 2018 primarily due to reaching the end of the annual accretion of $8.9 million of the upfront bonus payments in February 2018.

Capital contributions and grants increased by $20.5 million primarily due to $20.6 million in grant revenues related to deicing pad reconstruction.

2017

Total operating revenues finished the year approximately $7.1 million, or 5.1%, higher compared to 2016. The increase in landing and terminal fees of $2.9 million were primarily a result of increases in operating expenses which were offset by increases in nonaeronautical revenues. Other aeronautical revenues were essentially flat compared to 2016 as the majority of those revenues are at contracted rates. Combined parking, ground transportation and rent-a-car revenues finished the year $2.9 million higher compared to 2016. Parking garage and lot revenues increased by $2.2 million due to higher passenger traffic. Rental car revenues and ground transportation revenues also increased by $0.4 and $0.3 million, respectively.

Total operating expenses (including depreciation) were $2.8 million, or 1.7%, more in 2017 as compared to 2016. The largest drivers for this increase are salaries, wages and benefits and professional services. Salaries, wages and benefits increased approximately $1.9 million or 4.0% due to normal pay increases and the continued application of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, related to recognition of pension expense. Professional services increased by $1.9 million versus 2016 due to an increase of $1.0 million for security guard services, an increase of $0.5 million for marketing consulting services and an increase of $.4 million in engineering, legal and other contracted services.

Total net nonoperating revenues (expenses) were approximately $15.3 million higher in 2017 as compared to 2016, or 40.0%. Interest expense was approximately $2.8 million lower, reflecting the amortization of long-term debt. Investment income was $1.0 million higher compared to 2016 due to the investment of available funds in managed investment accounts (see Note 7 to the financials). Passenger facility charges are $1.6 million higher than 2016 and this is directly related to the increase in passengers.

During 2016, the Authority began receiving gas drilling royalty revenue, which totaled $3.2 million for the year. In March, 2017 a second drilling pad began production and royalty revenues for 2017 increased to $15.3 million.

Capital contributions and grants decreased by $14.1 million in 2017 compared to 2016, or 60.1%. Grant funding represented $12.6 million of the decrease, which can be attributed to the usage of previously granted funds for airfield rehabilitation projects at PIT and AGC during 2016 and a temporary hiatus of development area construction pending completion of the Terminal Modernization Program plan.

Financial Position

The following represents a summary of the Authority's statements of financial position at December 31, 2018, 2017 and 2016 (in thousands):

	2018	2017	2016	% Change 2018/2017
Assets and Deferred Outflows of Resources				
Assets				
Current assets - unrestricted	$ 100,205	$ 87,167	$ 80,877	14.96%
Current assets - restricted	70,899	38,990	126,378	81.84%
Net property and equipment	605,190	594,000	617,284	1.88%
Other noncurrent assets - unrestricted	21,352	893	1,386	2291.04%
Other noncurrent assets - restricted	18,092	51,000	-	-64.53%
Total assets	815,738	772,050	825,925	5.66%
Deferred Outflows of Resources	31,633	28,230	37,436	12.05%
Total assets and deferred outflows of resources	$ 847,371	$ 800,280	$ 863,361	5.88%

	2018	2017	2016	% Change 2018/2017
Liabilities and Deferred Inflows of Resources				
Liabilities				
Current payables from unrestricted assets	$ 18,686	$ 20,612	$ 29,422	-9.34%
Current payables from restricted assets	27,398	23,382	63,366	17.18%
Long-term liabilities	162,314	153,623	212,423	5.66%
Total liabilities	208,398	197,617	305,211	5.46%
Deferred Inflows of Resources	5,603	10,601	10,439	-47.15%
Total liabilities and deferred inflows of resources	214,001	208,218	315,650	2.78%
Net Position				
Net investment in capital assets	537,520	523,445	492,846	2.69%
Restricted	71,025	67,264	63,998	5.59%
Unrestricted	24,825	1,353	(9,133)	1734.81%
Total net position	$ 633,370	$ 592,062	$ 547,711	6.98%

The Authority's total net position increased $41.3 million from 2017 and is directly related to successful operations along with increased grant revenues.

Capital Asset and Debt Administration

Capital Assets - The Authority's capital assets, net of depreciation as of December 31, 2018 and 2017, amounted to $605,189,898 and $594,000,368, 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 2018 and 2017 was 2.0%.

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

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

Major capital projects in progress and expenditures incurred during 2017 included the following:

2017	
Rehabilitation of taxiways and runways	$ 13,247,000
People mover	2,492,000
Roadways	2,344,000

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method. Acquisitions are funded using a variety of financing techniques, including federal grants, state grants, PFCs, debt issuance and cost recovery through airline rates and charges. Major commitments include $7.1 million of grant funds for industrial site development and other projects, $14.1 million in gaming funds for the terminal modernization program and $7.9 million in gas drilling funds for the terminal moderaization program and other programs. 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, 2018 and 2017, the Authority's long-term debt outstanding totaled $71,511,923 and $89,697,700, respectively. Principal payments of $18,185,777 and $90,507,908 were made in 2018 and 2017, respectively. During 2017, the Authority received credit rating upgrades from Fitch and Standard and Poor's. Moody's and Fitch reaffirmed their rating during 2018. The Authority currently has the highest ratings in its history - Fitch A, Moody's A3, S&P A and all outlooks are stable. Detailed information regarding the Authority's long-term debt can be found in Note 7 to the financial statements.

Economic Factors and Other Matters

Statistics, as provided by the Allegheny County Airport Authority Traffic Reports for 2018, indicate that domestic air travel increased as compared to 2017. PIT served nearly 9.7 million passengers in 2018, an increase of 7.5% compared to 2017. The increase can be attributed to new carriers and routes at PIT that have succeeded in attracting more travelers with the growth of the regional economy. In 2018, Pittsburgh International Airport experienced new service on multiple routes by a diverse mix of international, ultra-low cost, and legacy carriers. Nearly every carrier saw percentage increases in 2018 including Spirit at 89 percent, Southern at 21 percent, United at 20 percent, and Allegiant at 15 percent. Condor led the way by international carriers, tallying a 93 percent increase.

The Airport has a diversified portfolio of airlines with 17 carriers serving 66 airports nonstop as of the end of March 2019, up from 37 at the beginning of 2015. This is welcomed news and confirms the stabilization and rebound of service for our traveling public.

The Authority's key metrics have improved dramatically over the last two years. Airline cost per passenger has continued to decline and finances have stabilized. The team has established a new vision as a global aviation leader driving innovation, regional growth and prosperity and the organization's momentum is getting recognized in the industry. During 2017, Pittsburgh International was named Air Transport World magazine's 2017 Airport of the Year for its impressive turnaround story. Pittsburgh was the first U.S. airport to win this global award and joins the company of London Heathrow, Hong Kong and Singapore.

Requests for Information

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

Allegheny County Airport Authority

(A Component Unit of the County of Allegheny, Pennsylvania)

Statements of Net Position
December 31, 2018 and 2017

		2018		2017
Assets and Deferred Outflows of Resources				
Current Assets				
Unrestricted Assets				
Cash and cash equivalents	$	22,738,808	$	20,281,682
Short-term investments		49,917,111		39,957,196
Accounts receivable, trade - net allowance for doubtful accounts of $81,864 and $566,103 in 2018 and 2017, respectively		5,026,002		4,067,235
Grants receivable from governmental agencies		7,802,368		7,252,394
Inventory		2,275,821		1,941,565
State gaming receivable		8,000,000		8,000,000
Gas drilling receivable		1,480,000		3,259,872
Other receivables and assets		2,963,689		2,407,489
Total unrestricted current assets		100,203,799		87,167,433
Restricted Assets				
Cash and cash equivalents		11,427,437		24,743,847
Investments		56,090,043		11,458,165
Accrued interest receivable		91,260		418,528
Passenger and customer facility charge receivables		3,290,630		2,369,822
Total restricted current assets		70,899,370		38,990,362
Total current assets		171,103,169		126,157,795
Noncurrent Assets				
Unrestricted Assets				
Investments		20,765,672		-
Derivative instruments - forward delivery agreements		523,796		798,291
Prepaid bond insurance costs		62,469		94,320
Capital assets, at cost - net of accumulated depreciation of $1,569,225,143 and $1,516,426,437 in 2018 and 2017, respectively		605,189,898		594,000,368
Total unrestricted noncurrent assets		626,541,835		594,892,979
Restricted Assets - investments		18,091,853		50,999,862
Total noncurrent assets		644,633,688		645,892,841
Total assets		815,736,857		772,050,636
Deferred Outflows of Resources		31,633,378		28,229,511
Total assets and deferred outflows of resources		847,370,235		800,280,147

Allegheny County Airport Authority

(A Component Unit of the County of Allegheny, Pennsylvania)

Statements of Net Position (Continued)
December 31, 2018 and 2017

	2018	2017
Liabilities and Deferred Inflows of Resources		
Current Liabilities		
Payable From Unrestricted Assets		
Accounts payable	$ 5,996,252	$ 7,294,061
Due to County of Allegheny	1,121,943	1,849,866
Accrued liabilities	7,841,668	4,596,383
Amounts due to airlines	204,921	261,324
Unearned revenue	3,481,401	6,610,507
Current portion of other long-term liabilities	39,591	-
Total current liabilities - payable from unrestricted assets	18,685,776	20,612,141
Payable From Restricted Assets		
Accounts payable	12,157,668	1,486,273
Accrued liabilities	1,811,633	2,151,793
Retainage payable	781,610	825,753
Other liabilities	796,829	950,087
Current portion of long-term debt	11,850,000	17,968,506
Total current liabilities - payable from restricted assets	27,397,740	23,382,412
Total current liabilities	46,083,516	43,994,553
Long-Term Liabilities		
Long-term debt	59,661,923	71,729,194
Net pension liability	98,817,359	81,391,583
Other postemployment benefit obligation	1,276,559	-
Unearned revenue	1,410,340	426,400
Other long-term liabilities	1,148,153	76,028
Total long-term liabilities	162,314,334	153,623,205
Total liabilities	208,397,850	197,617,758
Deferred Inflows of Resources	5,602,718	10,600,601
Total liabilities and deferred inflows of resources	214,000,568	208,218,359
Net Position		
Net investment in capital assets	537,519,690	523,445,000
Restricted for:		
Capital	53,764,257	47,545,824
Debt service	17,261,196	19,718,004
Total restricted	71,025,453	67,263,828
Unrestricted	24,824,524	1,352,960
Total net position	$ 633,369,667	$ 592,061,788

Allegheny County Airport Authority

(A Component Unit of the County of Allegheny, Pennsylvania)

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2018 and 2017

	2018	2017
Operating Revenues		
Landing fees	$ 15,251,639	$ 14,365,250
Terminal area airline rentals and fees	45,229,579	59,801,919
Other aeronautical revenue	11,164,643	8,820,789
Parking revenues	36,925,829	33,895,240
Rental car revenues	12,714,616	11,891,053
Terminal concessions	10,577,565	8,028,157
Other nonaeronautical revenue	8,194,466	7,166,081
Total Pittsburgh International Airport revenues	140,058,337	143,968,489
Allegheny County Airport revenues	3,025,549	3,049,570
Total operating revenues	143,083,886	147,018,059
Operating Expenses		
Salaries, wages and benefits	54,194,079	48,904,569
Utilities	11,006,346	10,216,075
Cleaning and maintenance services	18,358,894	16,807,122
Professional services	23,374,131	20,818,792
Other	15,701,447	9,802,286
Total Pittsburgh International Airport expenses	122,634,897	106,548,844
Allegheny County Airport expenses	3,060,064	3,281,416
Depreciation	55,786,882	55,642,763
Total operating expenses	181,481,843	165,473,023
Operating Loss	(38,397,957)	(18,454,964)
Nonoperating Revenues (Expenses)		
Interest expense	(4,320,322)	(7,100,150)
Investment income	2,667,551	1,869,435
Customer facility charges	5,928,821	4,893,987
Passenger facility charges	19,023,229	17,794,862
Loss on disposal of capital assets	(12,504)	-
Gaming act revenues	8,000,000	8,000,000
Gas drilling revenues	19,266,592	25,983,025
Miscellaneous	322,646	2,498,496
Net increase (decrease) in fair value of investments	203,976	(483,433)
Total nonoperating revenues, net	51,079,989	53,456,222
Income Before Capital Contributions and Grants	12,682,032	35,001,258
Capital Contributions and Grants	29,836,954	9,349,376
Increase in Net Position	42,518,986	44,350,634
Net Position, Beginning of Year, as Previously Reported	592,061,788	547,711,154
Change in Accounting Principle	(1,211,107)	-
Net Position, Beginning of Year, as Restated	590,850,681	547,711,154
Net Position, End of Year	$ 633,369,667	$ 592,061,788

Allegheny County Airport Authority

(A Component Unit of the County of Allegheny, Pennsylvania)

Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Cash receipts from customers and users	$ 141,839,310	$ 145,987,357
Cash payments to vendors for goods and services	(72,020,170)	(59,914,885)
Cash payments for employee services	(44,463,906)	(42,078,483)
Net cash provided by operating activities	25,355,234	43,993,989
Cash Flows From Capital and Related Financing Activities		
Receipt of passenger facility charges	18,908,515	17,392,828
Additions to capital assets	(55,514,080)	(34,679,123)
Interest paid on long-term debt	(4,099,585)	(8,436,834)
Principal payments of long-term debt	(17,968,506)	(89,644,880)
Grants and contributions received	29,286,980	19,289,484
Net cash used in capital and related financing activities	(29,386,676)	(96,078,525)
Cash Flows From Noncapital and Related Financing Activities		
Receipt of customer facility charges	5,122,727	4,869,633
Gas drilling rent and royalty receipts	18,977,446	13,247,598
Gaming Act receipts	8,000,000	-
Grants and miscellaneous	322,646	2,498,496
Net cash provided by noncapital and related financing activities	32,422,819	20,615,727
Cash Flows From Investing Activities		
Maturities of investment securities	68,230,094	26,968,005
Purchases of investment securities	(108,842,696)	(125,013,006)
Investment income	1,361,941	858,033
Net cash used in investing activities	(39,250,661)	(97,186,968)
Net Decrease in Cash and Cash Equivalents	(10,859,284)	(128,655,777)
Cash and Cash Equivalents, Beginning of Year	45,025,529	173,681,306
Cash and Cash Equivalents, End of Year	$ 34,166,245	$ 45,025,529
Cash and Cash Equivalents, End of Year, Consists of:		
Unrestricted cash and cash equivalents	$ 22,738,808	$ 20,281,682
Restricted cash and cash equivalents	11,427,437	24,743,847
	$ 34,166,245	$ 45,025,529

Allegheny County Airport Authority

(A Component Unit of the County of Allegheny, Pennsylvania)

Statements of Cash Flows (Continued)
Years Ended December 31, 2018 and 2017

	2018	2017
Noncash Transactions From Capital and Related Financing Activities		
Capital asset acquisitions included in accounts payable	$ 14,750,911	$ 4,463,819
Increase (decrease) capital contributions and grants included in receivables	549,974	(9,940,108)
Contributed capital assets	1,187,744	-
Total noncash capital and related financing transactions	$ 16,488,629	$ (5,476,289)
Noncash Transactions From Noncapital and Related Financing Activities - amortization of gas drilling deposit and rents	$ 2,069,018	$ 10,694,238
Noncash Transactions From Investing Activities - net		
Increase (decrease) in fair value of investments	$ 203,976	$ (483,433)
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	$ (38,397,957)	$ (18,454,964)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	55,786,882	55,642,763
Amortization of unearned operating revenue	(582,456)	(582,456)
Changes in assets and liabilities:		
Accounts receivable - trade	(958,767)	331,992
Inventories	(334,256)	(153,098)
Other current assets	(556,200)	362,738
Deferred outflows - pension	(3,696,964)	7,970,309
Deferred outflows - OPEB	(614)	-
Accounts and other payables	(1,354,212)	(406,043)
Due to County of Allegheny	(727,923)	383,636
Other current liabilities	3,598,335	518,332
Net pension liability	17,425,776	(2,157,898)
Other postemployment benefit obligations	(46,994)	-
Other long-term liabilities	(76,028)	-
Deferred inflows - pension	(4,724,962)	538,678
Deferred inflows - OPEB	1,574	-
Net cash provided by operating activities	$ 25,355,234	$ 43,993,989

Note 1: Organization

Organization

The Allegheny County Airport Authority (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 May 2, 1945, P.L. 382, subsequently amended by the Municipal Authority Act, Act 22 of 2001. The Authority was organized by the County of Allegheny, Pennsylvania (County) on June 17, 1999. On September 16, 1999, pursuant to an Airport Operation, Management and Transfer Agreement, and Lease between the County and the Authority (Transfer Agreement), as amended, the County transferred and leased the Airport System to the Authority for an initial term of 25 years with two 25-year extension options exercisable at the option of the Authority. In connection with the Transfer Agreement, the County transferred to the Authority all of the County's rights, title, and interest in the property utilized by the County in connection with the Airport System. In addition, all contractual rights, obligations, and liabilities pertaining to the Airport System, including revenue and general obligation bonds issued by the County to finance construction and development of PIT, were transferred to the Authority by the County. Prior to the organization of the Authority, the operations were included in the County's Department of Aviation.

Board members of the Authority are appointed by the County Executive subject to confirmation by a majority of the County Council. The Authority's financial statements are presented as a component unit in the County's General Purpose Financial Statements and Comprehensive Annual Financial Report. Given the relationship of the parties to the Transfer Agreement, no adjustments were made to the historical carrying values of the Airport System's assets and liabilities and net position. The accompanying financial statements reflect the financial position and results of operations of the Authority as of and for the years ended December 31, 2018 and 2017.

Note 2: Summary of Significant Accounting Policies

Financial Statement Presentation

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 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 accrual basis of accounting using the economic resources measurement focus. Revenues are recognized when earned or when services are provided, and expenses are recognized when the related obligations are incurred.

Newly Issued Accounting Pronoucements

GASB Statement No. 75 - During fiscal year 2018, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). This statement required governments to recognize their unfunded accrued OPEB obligation on the face of their financial statements along with incorporating more extensive note disclosures and required supplementary information about their OPEB liabilities. The adoption of GASB Statement No. 75 resulted in a $1,211,107 decrease in beginning net position as of January 1, 2018. Refer to Note 12 for more information regarding the Authority's OPEB. This fiscal year 2017 financial statements were not restated as it was not practical to do so as the actuarial data required to restate fiscal year 2017 was not available.

GASB Statement No. 89 - During fiscal year 2018, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period it occurs rather then reporting as part of the historical cost of a capital asset. Adoption of this standard did not result in a restatement. The Authority ceased capitalizing interest in 2018, but will continue depreciating all remaining capital assets that previously had capitalized interest included in their historical cost.

Revenues and Expenses

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

Recognition of Revenue and Unearned Revenue

Airline Operating Agreement—Landing fees and terminal building lease rental revenues include amounts computed in accordance with the Airline Operating Agreement (AOA) between the Authority and those airlines serving PIT that sign this agreement (Signatory Airlines). The original term of the AOA expired on May 8, 2018. Before the expiration of the original AOA, the Authority amended and extended the agreement through December 31, 2019. The Authority is in the process of writing a new long-term AOA that will begin after the next expiration. Such revenues are also realized from certain fixed fees for nonscheduled airlines and private users of AGC.

American Airlines, together with its affiliated commuter airlines, accounted for approximately 24% and 26% of total enplaned passengers at PIT in 2018 and 2017, respectively. Southwest Airlines accounted for approximately 26% and 27% of total enplaned passengers at PIT in 2018 and 2017, respectively. The American Airlines revenue represents 19% and 28% of PIT operating revenue in 2018 and 2017, respectively. No other airline represents more than 10% of operating revenue.

The AOA provides that the aggregate of airline fees and charges together with other revenues, including non-airline revenues, 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 bond ordinance and indentures issued in connection with financings of capital projects for the Authority.

Concession and rental car revenues—Concession and rental car revenues are generally based on a fixed percentage of tenant revenues subject to certain minimum monthly fees. Concessions are operated under a Master Lease Development and Concession Agreement (Master Lease). The Master Lease was extended from its initial term through December 31, 2029. During 2017, the Authority's revenue sharing percentage was 59%, however, effective January 1, 2018, this increased to 77% percent. In return for the extension, the concessionaire agreed to provide a nonrefundable up-front payment of $6,666,667, which was recorded as unearned revenue and fully amortized to operating revenues.

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

Gas drilling revenues—In February 2013, a lease was executed with CNX Gas Company LLC 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 an approximate $46.3 million nonrefundable bonus amount, of which approximately $3.5 million was held in escrow until certain property deed mineral rights issues are resolved. The initial bonus payments received of $42.8 million have been recognized as unearned revenue and were amortized to nonoperating revenues over the five-year initial term (March 2013 through February 2018) of the lease based upon a straight-line methodology. Any amounts received from the escrow will be recognized over the remaining term of the initial lease period. As of December 31, 2018, all funds have been released and recognized as revenue. During 2016, the Authority began receiving royalty revenue payments for mineral production. Total royalty revenue approximated $17.2 million and $15.3 million during 2018 and 2017, respectively. The Authority also receives surface and ground rents for the completed oil pads that are amortized over the remaining life of the contract. The Authority received $346,000 of ground rent during 2018, but no cash rent payments were received during 2017. The Authority will continue to receive additional funds for surface and ground rents as the oil pads are completed.

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 October 6, 2016, 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	45,745,644
	$ 503,924,164

The Authority has expended $311,349,875 on these projects through December 31, 2018.

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

Customer Facility Charges (CFCs)—Beginning June 1, 2011, the Authority began collecting CFCs from all rental car concessionaires that operate at PIT. The Authority was charging $3.00 to each on-airport rental car concessionaire customer on a per transaction day basis. Effective November 1, 2018, the CFC rate increased to $5.50. CFC revenues are classified as nonoperating in the statements of revenues, 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.

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

Tenant financed improvements—Unearned revenues also include 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.

Cash and Cash Equivalents

For purposes of the accompanying statements of cash flows, the Authority considers all cash on hand and highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents. Cash equivalents at December 31, 2018 and 2017 consisted of money market mutual funds, treasury notes and commercial paper.

Investments

Investments are carried at fair value, based on quoted market prices, and changes in the fair value of investments are reported as nonoperating revenues in the statement of revenues, expenses and changes in net position.

Inventories

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

Capital Assets

Capital assets are stated at historical cost unless contributed, in which case they are recorded at acquisition value as of the date contributed. The Authority's capitalization threshold for capital assets is $5,000. 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. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position by the Authority that is applicable to a future reporting period. As of December 31, 2018 and 2017, deferred outflows of resources consisted of the following components:

	2018	2017
Differences between expected and actual experience - pension	$ 4,163,115	$ 3,793,306
Changes of assumptions - pension	18,884,763	21,264,321
Net difference between projected and actual earnings on investments - pension	4,773,335	-
Changes in proportion - pension	2,275,420	1,342,042
Contributions subsequent to measurement date - OPEB	113,060	-
Deferred losses on refunding of debt	1,423,685	1,829,842
Total deferred outflows of resources	$ 31,633,378	$ 28,229,511

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period. As of December 31, 2018 and 2017, deferred inflows of resources consisted of the following components:

	2018	2017
Differences between expected and actual experience - pension	$ 25,496	$ 42,532
Changes of assumptions - pension	4,424,069	7,631,515
Net difference between projected and actual earnings on investments - pension	-	1,238,903
Changes in proportion - pension	627,783	889,360
Differences between expected and actual experience - OPEB	1,574	-
Forward delivery agreements	523,796	798,291
Total deferred inflows of resources	$ 5,602,718	$ 10,600,601

Capitalized Interest

During 2017, interest incurred during construction periods was capitalized and included in the cost of property and equipment. Interest capitalized on projects funded by internally generated funds was based on the weighted-average borrowing rate of the Authority and actual expenditures during the period of construction. Interest capitalized on projects funded from bond proceeds was based on the interest cost of the specific borrowing, less interest earned on unspent construction-related bond proceeds during the construction period. Interest was not capitalized on project costs that are reimbursed from government grants or PFCs.

Total interest expense for the Authority was approximately $6.6 million (excluding amortization included within interest expense) for the year ended December 31, 2017, while interest capitalized as part of the cost of constructed assets was approximately $1.8 million. For December 31, 2017, total interest incurred by the Authority was approximately $8.4 million.

In 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was adopted so no interest was capitalized. Total interest expense (excluding amortization included within interest expense) for the Authority during 2018 was approximately $4.1 million.

Compensated Absences

In accordance with the vesting method provided under GASB Statements No. 16, *Accounting for Compensated Absences*, accumulated vacation is accrued based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

Certain firefighters employed by the Authority earn vested sick benefits that are paid at termination or retirement. Liabilities for such benefits are accrued at current rates of compensation, plus appropriate taxes.

Defined-Benefit Pension Plan

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 Authority and County employees. For purposes 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 Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the 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.

Postemployment Benefits Other Than Pensions (OPEB)

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

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, deferred outflows of resources, liabilities and deferred inflows of resources, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 financial statement presentation. These reclassifications had no effect on the change in net position.

Future Accounting Standards

In fiscal year 2019, the Authority will implement GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement standardizes requirements on the recognition and measurement for asset retirement obligations, other than landfills, to reduce inconsistency in financial reporting and enhance comparability.

In fiscal year 2020, the Authority will implement GASB Statement No. 87, *Leases*. The statement provides a new framework for accounting for leases under the principal that leases are financings and lessees should recognize an intangible asset and a corresponding liability while the lessor will recognize a lease receivable and related deferred inflow of resources.

The Authority has not determined the impact of these new standards on their financial statements, however, they could have a material future impact.

Subsequent Events

On January 14, 2019, the Authority negotiated a new line of credit and term loan from the bank. The term of the line is for two years and the initial maturity date is January 14, 2021. During this term, the interest rate is 79% of the daily LIBOR rate plus an initial spread of 48 basis points. The agreement includes a maximum availability of $100,000,000 and the funds are to be used to pay for costs of the Authority's terminal modernization program. The outstanding principal and any unpaid interest are due on the initial maturity date. However, a three year term-out period can be elected by the Authority during which the loan will be paid off in quarterly installments. The security for repayment of the loan is a subordinate lien on the net revenues as defined in the Authority's revenue bond trust indenture.

Note 3: Cash, Cash Equivalents and Investment Securities

Deposits

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'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.

Investments

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 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.

The maturity ranges and credit ratings for the Authority's investment securities at December 31, 2018 and 2017 follow:

2018

	Standard & Poor's	Moody's	Total	Less Than 1 Year	1 - 5 years
U.S. treasury notes	AA+	Aaa	$ 123,493,854	$ 93,364,856	$ 30,128,998
U.S. Government-sponsored enterprise securities (GSEs)	AA+	Aaa	8,452,457	-	8,452,457
Pennsylvania municipal securities					
Bethlehem PA Txbl - Ref Ser B	A+	Not Rated	276,070	-	276,070
Pennsylvania St Build America Bonds	Not Rated	Aa3	619,213	619,213	-
Total Pennsylvania municipal securities			895,283	619,213	276,070
Commercial paper	A-1+/A-1	P-1	21,281,730	21,281,730	-
Money market mutual funds					
Wells Fargo Investments - Wells Fargo Advantage Government Fund	AAAm	Aaa-mf	9,624,273	9,624,273	-
PNC Government Money Market Fund	AAAm	Aaa-mf	236,518	236,518	-
Huntington - Federated Government Obligations Money Market Fund	AAAm	Aaa-mf	103,162	103,162	-
Total money market mutual funds			9,963,953	9,963,953	-
Total investments			$ 164,087,277	$ 125,229,752	$ 38,857,525

2017

	Standard & Poor's	Moody's	Total	Less Than 1 Year	1 - 5 years
U.S. treasury notes	AA+	Aaa	$ 94,328,474	$ 46,219,024	$ 48,109,450
U.S. Government-sponsored enterprise securities (GSEs)	AA+	Aaa	5,189,308	3,211,260	1,978,048
Pennsylvania municipal securities					
Bethlehem PA Txbl - Ref Ser B	A+	Not Rated	279,892	-	279,892
Pennsylvania St Build America Bonds	Not Rated	Aa3	632,472	-	632,472
Total Pennsylvania municipal securities			912,364	-	912,364
Commercial paper	A-1+	P-1	12,351,321	12,351,321	-
Money market mutual funds					
Wells Fargo Investments - Wells Fargo Advantage Government Fund	AAAm	Aaa-mf	19,694,884	19,694,884	-
PNC Government Money Market Fund	AAAm	Not Rated	395,704	395,704	-
Huntington - Federated Government Obligations Money Market Fund	AAAm	Aaa-mf	252,307	252,307	-
Total money market mutual funds			20,342,895	20,342,895	-
Total investments			$ 133,124,362	$ 82,124,500	$ 50,999,862

Interest Rate Risk: the risk that changes in interest rates of debt securities will adversely affect the value of an investment. The Authority does not have an investment policy that manages exposure to fair value losses arising from rising interest rates.

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

Custodial Credit Risk: 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, 2018 and 2017, the Authority's investments were not exposed to custodial credit risk. The Authority's investments in commercial paper, U.S. GSEs, Pennsylvania municipal bonds and U.S. treasury notes are held by the pledging financial institution's trust department or agent in the Authority's name. The Authority's open-end money market mutual funds are not subject to custodial credit risk at December 31, 2018 and 2017 as their existence is not evidenced by securities that exist in physical or book entry form. The Authority's investment policy does not address how investment securities and securities underlying repurchase agreements are to be held.

Concentration of Credit Risk: The Authority places no limit on the amount the Authority may invest in any one issuer. At December 31, 2018, the Authority did not have any concentration in any one issuer. At December 31, 2017, the Authority's investment in one money market mutual fund constituted 14.8% of its total investments.

Foreign Currency Risk: This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Authority's exposure to foreign currency risk derives from its investments in commercial paper issued by Canadian and Asian 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, 2018 and 2017, the Authority's investment in commercial paper of foreign currencies matured in less than one year and had a fair value of $19,292,328 and $991,756, respectively.

Summary of Carrying Values

Cash, cash equivalents and investment securities included in the statements of net position are classified as follows:

	2018	2017
Cash and cash equivalents		
Current - unrestricted	$ 22,738,808	$ 20,281,682
Current - restricted	11,427,437	24,743,847
Total cash and cash equivalents	34,166,245	45,025,529
Investments securities		
Current - unrestricted	49,917,111	39,957,196
Current - restricted	56,090,043	11,458,165
Noncurrent - unrestricted	20,765,672	-
Noncurrent - restricted	18,091,853	50,999,862
Total investment securities	144,864,679	102,415,223
	$ 179,030,924	$ 147,440,752

Investment Income

Investment income for the years ended December 31, 2018 and 2017 consisted of:

	2018	2017
Interest and dividend income	$ 2,667,551	$ 1,869,435

Restricted Cash, Cash Equivalents and Investments

Cash, cash equivalents and investment securities are restricted as follows:

	2018	2017
2012 Capital projects fund	$ -	$ 438,155
Debt service funds	837,998	2,967,538
Debt service reserve funds	17,168,941	21,338,154
Operation and maintenance reserve	16,805,201	16,395,426
Renewal and replacement fund	2,000,000	2,000,000
Debt service coverage fund	16,331,938	16,331,938
Airport system capital fund	20,238,182	20,515,805
Equipment and capital outlay fund	1,905,596	1,983,223
Other aviation facilities fund	488,617	537,019
Deposits held for others	796,829	950,087
CFC account	9,036,031	3,744,529
	$ 85,609,333	$ 87,201,874

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

Under the AOA, the Authority must also maintain certain Funds and Accounts (as therein defined). The AOA further requires the use of a cost-center structure. In general, revenues from Included Cost Centers are pledged to the payment of the Authority's Revenue Bonds, while revenues from Excluded Cost Centers are not.

The Bond Ordinance requires the Authority to maintain, charge, and collect rates, rentals, and other charges for the use of the Included Cost Centers, which, together with Other Available Funds, will be sufficient to provide in each fiscal year: (a) Revenues equal to the total amounts required to be deposited to the Funds established by the Bond Ordinance and (b) Net Revenues at least equal to 125% of the Debt Service Requirement with respect to the Authority's Revenue Bonds during the then current fiscal year. The Bond Ordinance generally defines the Debt Service Requirements as the sum of the amounts required to be deposited in respect of interest on (to the extent not payable as Capitalized Interest) and principal of the Authority's Revenue Bonds outstanding in any fiscal year. The Bond Ordinance defines Other Available Funds as all unexpended and unencumbered amounts in the Revenue Fund remaining after all transfers and payments required to be made have been made.

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

The Debt Service and Debt Service Reserve Funds are used for the payment of bond principal and interest and redemption premiums, if any, on the Authority's Revenue Bonds. The Operation and Maintenance Reserve Fund must be maintained at a balance at least equal to one-sixth of the Authority's current operating budget of the Included Cost Centers as a reserve for payment of operation and maintenance expenses. The balance of the Renewal and Replacement Fund must be maintained at $2,000,000 and can be disbursed by the Authority only for extraordinary repairs and replacements to property within the Included Cost Centers. Finally, amounts in the Debt Service Coverage Fund are used for the purpose of establishing future coverage on the Authority's Revenue Bonds.

The Passenger Facility Charge Fund provides for the segregation of PFC receipts, as required by the FAA. Such revenues are 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. There were no restrictions for PFC receipts as of December 31, 2018.

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

Note 4: Derivative Financial Instruments

The Authority is a party to a forward delivery agreement (the Forward Delivery Agreement). The Forward Delivery Agreement require the counterparty to deposit securities in certain of the Authority's debt service and debt service reserve trust accounts and provide the Authority with a guaranteed rate of return. The securities that are deposited into these accounts are timed to mature prior to scheduled debt service payment dates on the associated revenue bonds.

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

Objective of the Forward Delivery Agreement

The Forward Delivery Agreement allow the Authority to earn a guaranteed fixed rate of return over the life of the investments. These agreements are utilized by the Authority to earn a rate of return in excess of a rate that would otherwise be feasible by investing in securities with a shorter term.

Terms

The general terms of the agreement are set forth in the table below:

	Effective Date of Agreement	Termination Date	Scheduled Amount	Guaranteed Rate	Fair Value at December 31 2018	Fair Value at December 31 2017
Series 2001 Debt Service Reserve Account	10/4/2001	7/1/2022	8,329,078	4.7200%	$ 523,796	$ 798,291

Fair Value

The fair value of each Forward Delivery Agreement is based on the value of the future discounted cash flows expected to be received over the life of the agreement relative to an estimate of discounted cash flows that could be received over the same term based on current market conditions. The fair values of the Forward Delivery Agreements are classified as a noncurrent asset in the Authority's statements of net position for the years ended December 31, 2018 and 2017. As the Forward Delivery Agreements are effective hedging instruments, the offsetting balances are reflected as deferred inflows. The changes in fair value of the Forward Delivery Agreements of $274,495 and $376,824 for the years ended December 31, 2018 and 2017, respectively, are shown as an adjustment to the carrying amount of the related deferred inflows in the statements of net position.

Credit Risk

Credit risk is the risk that a counterparty will not fulfill its obligations. Under the terms of the Forward Delivery Agreements, the Authority is either holding cash or an approved security within certain debt service and debt service reserve funds. None of the principal amount of an investment under the Forward Delivery Agreements is at risk to the credit of the counterparty. Should the counterparty default, the Authority's maximum exposure is the positive termination value, if any, related to this agreement.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Authority's financial instruments or cash flows. The fair market values of the Forward Delivery Agreement is expected to fluctuate over the life of the agreement in response to changes in interest rates. The Authority does not have a formally adopted policy related to interest rate risk on the Forward Delivery Agreement.

Termination Risk

The Authority or the counterparties may terminate the Forward Delivery Agreement if the other party fails to perform under the terms of the contract. If the Forward Delivery Agreement has a negative fair value at the time of termination, the Authority would be liable to the counterparty for a payment equivalent to the fair market value of the instrument at the time of termination.

Note 5: Capital Assets

Capital assets activity for the years ended December 31, 2018 and 2017, is as follows:

	2018					
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance	Useful Lives
Capital assets, not being depreciated:						
Land	$ 112,760,052	$ -	$ -	$ 395,656	$ 113,155,708	
Construction in progress	29,179,617	66,975,916	-	(54,264,709)	41,890,824	
Total capital assets, not being depreciated	141,939,669	66,975,916	-	(53,869,053)	155,046,532	
Capital assets, being depreciated:						
Terminal buildings	764,603,256	-	-	5,414,362	770,017,618	10-30 years
Airfield (runways/taxiways/deicing)	539,712,699	-	(1,196,245)	3,291,247	541,807,701	20 years
Site development	81,493,578	-	-	-	81,493,578	30-50 years
Parking garage/lots/etc.	125,157,385	-	-	1,792,300	126,949,685	15-40 years
Hangars	45,578,731	-	-	1,358,216	46,936,947	5-30 years
Other structures	167,475,112	-	-	33,327,944	200,803,056	10-30 years
Roadways	68,823,926	-	-	36,725	68,860,651	10-20 years
Mobile and other equipment	49,602,509	13,000	(1,804,435)	3,351,060	51,162,134	10-20 years
Computer/security equipment and systems	57,518,389	-	-	1,563,982	59,082,371	5-20 years
Utilities	48,319,861	-	-	1,023,100	49,342,961	10-40 years
Other assets	20,201,690	-	-	2,710,117	22,911,807	10-30 years
Total capital assets being depreciated	1,968,487,136	13,000	(3,000,680)	53,869,053	2,019,368,509	
Less accumulated depreciation for:						
Terminal buildings	(641,866,857)	(18,140,105)	-	-	(660,006,962)	
Airfield (runways/taxiways/deicing)	(398,740,873)	(16,485,510)	1,196,246	-	(414,030,137)	
Site development	(47,007,998)	(1,761,942)	-	-	(48,769,940)	
Parking garage/lots/etc.	(76,267,240)	(5,296,277)	-	-	(81,563,517)	
Hangars	(40,713,759)	(566,994)	-	-	(41,280,753)	
Other structures	(116,953,724)	(5,106,102)	-	-	(122,059,826)	
Roadways	(61,296,557)	(687,906)	-	-	(61,984,463)	
Mobile and other equipment	(38,715,914)	(1,864,674)	1,791,930	-	(38,788,658)	
Computer/security equipment and systems	(38,036,453)	(3,197,244)	-	-	(41,233,697)	
Utilities	(41,118,665)	(1,290,437)	-	-	(42,409,102)	
Other assets	(15,708,397)	(1,389,691)	-	-	(17,098,088)	
Total accumulated depreciation	(1,516,426,437)	(55,786,882)	2,988,176	-	(1,569,225,143)	
Net depreciable assets	452,060,699	(55,773,882)	(12,504)	53,869,053	450,143,366	
Net capital assets	$ 594,000,368	$ 11,202,034	$ (12,504)	$ -	$ 605,189,898	

	2017					
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance	Useful Lives
Capital assets, not being depreciated:						
Land	$ 93,811,868	$ -	$ -	$ 18,948,184	$ 112,760,052	
Construction in progress	37,222,732	30,547,425	-	(38,590,540)	29,179,617	
Total capital assets, not being depreciated	131,034,600	30,547,425	-	(19,642,356)	141,939,669	
Capital assets, being depreciated:						
Terminal buildings	761,431,513	-	-	3,171,743	764,603,256	10-30 years
Airfield (runways/taxiways/deicing)	537,590,117	1,811,228	(3,813,326)	4,124,680	539,712,699	20 years
Site development	81,493,578	-	-	-	81,493,578	30-50 years
Parking garage/lots/etc.	120,757,852	-	-	4,399,533	125,157,385	15-40 years
Hangars	44,449,815	-	-	1,128,916	45,578,731	5-30 years
Other structures	166,534,983	-	-	940,129	167,475,112	10-30 years
Roadways	68,823,926	-	-	-	68,823,926	10-20 years
Mobile and other equipment	46,389,800	-	(220,503)	3,433,212	49,602,509	10-20 years
Computer/security equipment and systems	55,074,246	-	-	2,444,143	57,518,389	5-20 years
Utilities	48,319,861	-	-	-	48,319,861	10-40 years
Other assets	20,201,690	-	-	-	20,201,690	10-30 years
Total capital assets being depreciated	1,951,067,381	1,811,228	(4,033,829)	19,642,356	1,968,487,136	
Less accumulated depreciation for:						
Terminal buildings	(624,096,257)	(17,770,600)	-	-	(641,866,857)	
Airfield (runways/taxiways/deicing)	(385,714,862)	(16,839,337)	3,813,326	-	(398,740,873)	
Site development	(45,179,658)	(1,828,340)	-	-	(47,007,998)	
Parking garage/lots/etc.	(71,014,033)	(5,253,207)	-	-	(76,267,240)	
Hangars	(39,832,555)	(881,204)	-	-	(40,713,759)	
Other structures	(112,272,963)	(4,680,761)	-	-	(116,953,724)	
Roadways	(60,664,615)	(631,942)	-	-	(61,296,557)	
Mobile and other equipment	(37,147,644)	(1,788,773)	220,503	-	(38,715,914)	
Computer/security equipment and systems	(34,632,486)	(3,403,967)	-	-	(38,036,453)	
Utilities	(39,775,895)	(1,342,770)	-	-	(41,118,665)	
Other assets	(14,486,535)	(1,221,862)	-	-	(15,708,397)	
Total accumulated depreciation	(1,464,817,503)	(55,642,763)	4,033,829	-	(1,516,426,437)	
Net depreciable assets	486,249,878	(53,831,535)	-	19,642,356	452,060,699	
Net capital assets	$ 617,284,478	$ (23,284,110)	$ -	$ -	$ 594,000,368	

As of December 31, 2018 and 2017, construction in progress related primarily to runway and taxiway rehabilitation, garage and parking lots, terminal enhancements and non-airfield property development.

As of December 31, 2018, the Authority had equipment purchase and construction commitments of approximately $37.9 million.

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: Changes in Long-Term Liabilities

Long-term obligation activity for the Authority for the years ended December 31, 2018 and 2017, is as follows:

2018	(As Restated) Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable, net	$ 88,589,194	$ -	$ (17,077,271)	$ 71,511,923	$ 11,850,000
Energy savings equipment lease purchase	1,108,506	-	(1,108,506)	-	-
Subtotal	89,697,700	-	(18,185,777)	71,511,923	11,850,000
Net pension liability	81,391,583	20,362,867	(2,937,091)	98,817,359	-
Net other postemployment benefits liability	1,323,553	67,026	(114,020)	1,276,559	-
Other long-term liabilities	76,028	1,187,744	(76,028)	1,187,744	39,591
Unearned revenue	7,036,907	1,438,176	(3,583,342)	4,891,741	3,481,401
Total long-term liabilities	$ 179,525,771	$ 23,055,813	$ (24,896,258)	$ 177,685,326	

2017	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable, net	$ 174,972,222	$ -	$ (86,383,028)	$ 88,589,194	$ 16,860,000
Industry Drive loan	940,275	-	(940,275)	-	-
PA Department of Transportation loan	99,941	-	(99,941)	-	-
Business-in-Our-Sites Program loan	1,483,595	-	(1,483,595)	-	-
Ewing Road loan	526,367	-	(526,367)	-	-
Energy savings equipment lease purchase	2,183,208	-	(1,074,702)	1,108,506	1,108,506
Subtotal	180,205,608	-	(90,507,908)	89,697,700	17,968,506
Net pension liability	83,549,481	473,989	(2,631,887)	81,391,583	-
Other long-term liabilities	76,028	-	-	76,028	-
Unearned revenue	18,197,339	-	(11,160,432)	7,036,907	6,610,507
Total long-term liabilities	$ 282,028,456	$ 473,989	$ (104,300,227)	$ 178,202,218	

Note 7: Long-Term Debt

At December 31, 2018 and 2017, long-term debt consisted of the following:

	2018	2017
Airport Revenue Bonds, Series 2012 A-1 (AMT), interest rates of 4.0% - 5.0%, due through 2028	$ 21,130,000	$ 21,130,000
Airport Revenue Bonds, Series 2012 A-2 (AMT), interest rate of 2.05%, due through 2020	2,180,000	4,315,000
Airport Revenue Bonds, Series 2012 B (Non-AMT), interest rate of 4.0%, due through 2032	13,900,000	13,900,000
Airport Revenue Refunding Bonds, Series 2002 B, interest rates of 5.0%, due through 2023	12,955,000	21,350,000
Airport Revenue Refunding Bonds, Series B 2001, interest rate of 5.0%, due through 2022	20,715,000	27,045,000
Total revenue bond debt	70,880,000	87,740,000
Energy savings equipment lease purchase loan, interest rate of 3.101%, due through 2018	-	1,108,506
Total other debt	-	1,108,506
Total long-term debt	70,880,000	88,848,506
Plus: net unamortized premiums	631,923	849,194
Total long-term debt including premiums	71,511,923	89,697,700
Less: current maturities	(11,850,000)	(17,968,506)
	$ 59,661,923	$ 71,729,194

The scheduled debt service requirements of long-term debt for years subsequent to December 31, 2018, assuming the current interest rates remain the same for the term of the debt are as follows:

	Principal*	Interest	Total
2019	$ 11,850,000	3,310,890	$ 15,160,890
2020	12,330,000	2,782,700	15,112,700
2021	12,795,000	2,166,198	14,961,198
2022	5,885,000	1,526,450	7,411,450
2023	2,575,000	1,232,200	3,807,200
2024 - 2028	14,880,000	4,157,650	19,037,650
2029 - 2031	10,565,000	856,200	11,421,200
	$ 70,880,000	$ 16,032,288	$ 86,912,288

* Principal includes the bonds due January 1 of the succeeding years, as the Authority has paid January 1, 2019, in December 2018 and plans to continue that practice.

Airport Revenue Bonds

In October 2001, the Authority issued its Airport Revenue Bonds, Refunding Series A of 2001, in the amount of $52,600,000, and Refunding Series B of 2001, in the amount of $52,575,000 (individually, the Series A 2001 Refunding Bonds and the Series B 2001 Refunding Bonds, and collectively, the 2001 Refunding Bonds). The proceeds of the 2001 Refunding Bonds were used to (1) pay a portion of the cost of refunding the Authority's Airport Revenue Notes, Series 1999A (PIT) outstanding under the Trust Indenture (Original Indenture) dated as of December 1, 1999, by and between the Authority and National City Bank of Pennsylvania, as Trustee, and the concomitant refunding of the County of Allegheny Airport Revenue Bonds Series A and B of 1992 outstanding under the Certain Resolution of the County of Allegheny dated July 22, 1988, as supplemented and amended and (2) pay the cost of issuance of the 2001 Refunding Bonds. All remaining principal on the Series A 2001 Refunding Bonds was paid in full during 2015.

In October 2002, the Authority issued its Airport Revenue Bonds, Refunding Series A of 2002, in the amount of $57,250,000 and Airport Revenue Bonds, Refunding Series B of 2002, in the amount of $57,250,000 (individually, the Series A Refunding Bonds and the Series B Refunding Bonds, and collectively, the 2002 Refunding Bonds). The proceeds of the 2002 Refunding Bonds were used to refund the outstanding principal balance of the County of Allegheny, Airport Revenue Bonds, Series 1993, which were equal to and represented by the outstanding principal balance of the Authority's Airport Revenue Notes, Series 1999B. All remaining principal on the 2002 Series A Refunding Bonds was paid in full during 2014.

On May 8, 2012, the Authority issued its Airport Revenue Bonds: Series 2012 A-1 (AMT), 2012 A-2 (AMT), and Series 2012B (Non-AMT) (the 2012 Bonds) in the amounts of $21,130,000, $14,365,000 and $13,900,000, respectively. The proceeds of the 2012 Bonds were used to pay (1) a portion of the costs of certain projects under the Authority's long-term capital improvement plan, (2) the costs of funding capitalized interest on and a debt service reserve account for the 2012 Bonds, and (3) the costs of issuing the 2012 Bonds.

Airport Revenue Bond obligations (Revenue Bonds) of the Authority totaled $70,880,000 and $87,740,000 at December 31, 2018 and 2017, respectively. The principal, interest and redemption premiums, if any, related to the Revenue Bonds are payable by the Authority only out of Net Revenues (as defined in the Original Indenture) and from such other monies as may be available for such purpose. Certain of the Authority's Revenue Bonds are subject to various optional and mandatory sinking fund redemption requirements. The Revenue Bonds 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 revenues, except as noted above. The holders of the Revenue Bonds have no claim upon the taxing power or tax revenues of the County.

Payment of Airport Revenue Bonds Under Operating Agreements

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

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

The scheduled payments of principal and interest on the Revenue Bonds when due are guaranteed by various third-party insurers and guarantors. Payment of the principal and interest on the Series 2001 Refunding Bonds is insured by Municipal Bond Insurance Association. Payment of the principal and interest on the Series 2002 Refunding Bonds is insured by Financial Guaranty Insurance Company. The ultimate ability of such insurers and guarantors to meet their obligations with respect to the Authority's Revenue Bonds will be predicated on their future financial condition.

Commonwealth of Pennsylvania Department of Transportation Loan

In September 2007, the Authority entered into a loan agreement with the Commonwealth of Pennsylvania, Department of Transportation, to provide a portion of funding necessary to complete the Authority's South Ramp Taxi lanes Relocation and Hangar Redevelopment Project at the Allegheny County Airport. The estimated project cost was $4,100,000, of which the Department of Transportation agreed to loan the Authority $1,000,000 at an annual interest rate of 4.125%. The term of the loan is 120 months and requires monthly payments of $10,184. The remaining project costs were funded through Authority funds, FAA grants, Pennsylvania Department of Transportation grants, and an additional $1,300,000 10-year term loan. The Authority has the ability to prepay this loan, in $1,000 increments, without penalty. During 2017, the remaining loan balance was paid in full.

Industry Drive Loan

In March 2003, the Authority entered into an agreement with the Redevelopment Authority of Allegheny County (RAAC), an authority organized by the County of Allegheny, Pennsylvania, under the Urban Redevelopment Law of Pennsylvania, the Act of May 24, 1945, P.L. 991, et seq., as amended. This agreement provides funding for the construction of an extension of the existing public road known as Industry Drive to permit further development of the undeveloped land lying mostly to the north of the Industry Drive Extension right-of-way between the right-of-way and the Pennsylvania Route 60 Bypass. RAAC agreed to lend $4,000,000 at an annual interest rate of 4.7% to the Authority for this project and the Authority agreed to contribute $2,800,000. The repayment terms are $9,652 per month on a 20-year term. During 2017, the remaining loan balance was paid in full.

Business-in-Our-Sites Program Loan

In January 2007, the Authority entered into a loan agreement with the Commonwealth Finance Authority to provide a $2,000,000 loan for the purpose of completing the Cherrington Parkway Extension. Terms of this loan are 20 years with a 3% interest rate. Per requirements of the agreement, all principal and interest payments were initially deferred; however, monthly payments began in August 2012. During 2017, the remaining loan balance was paid in full.

Ewing Road Loan

In March 2009, the Authority entered into a loan agreement with the RAAC to provide a $1,003,000 loan for the construction of roadway improvements at the intersection of Ewing Road and Hookstown Grade Road and Business Route I-376 to promote the development of US Airways Operations Control Center and the further development of the Cherrington office complex, both located in Moon Township. While the loan document was executed in 2009, the proceeds were not distributed and the repayment schedule did not begin until September 2011. The term of the loan is 10 years and the interest rate is 4%. During 2017, the remaining loan balance was paid in full.

Energy Savings Equipment Lease Purchase Agreement

In July 2011, the Authority entered into a lease purchase agreement with Grant Capital Management to provide a $7,000,000 loan for energy savings projects at PIT. Grant Capital Management assigned this lease purchase agreement to Capital One Public Funding on July 14, 2011. Deutsche Bank National Trust Company was named as the servicing agent on behalf of Capital One. Terms of the loan include an interest rate of 3.101% with repayment schedule beginning January 1, 2012 through December 1, 2018. Capital One Public Funding has a secured interest in the equipment purchased under this agreement with no revenues pledged as security. During 2018, the remaining loan balance was paid in full.

Pledge of Revenues

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 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% 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% of the tax increment revenue as pledged by the local taxing authorities. The second source is the Authority has pledged 75% of gross revenues from the leasing of the property. All amounts pledged in this agreement are maintained in separate trust accounts under the direction of the trustee, US Bank, National Association. As principal payments are due to the lender, the trustee makes the payments from the trust accounts. At December 31, 2018, the TIF Notes balance was $2,771,718 and the corresponding trust accounts contained $1,296,583. 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 revenues 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. Revenues from the leasing of the property are reported net of any pledged amounts remitted according to this agreement.

In 2008, the Authority entered into a series of agreements surrounding the development and financing of certain land owned by the Authority to be known as the Northfield Site, Phase I. As part of this endeavor, a Funding and Development Agreement was signed with the RAAC to provide Tax Increment Financing (TIF) 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% 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% of the tax increment revenue as pledged by the local taxing authorities. The second source is the Authority has pledged 75% of gross revenues 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, 2018, the TIF Notes balance was $3,967,638 and the corresponding trust accounts contained $636,979. 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 revenues 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. Revenues from the leasing of the property are reported net of any pledged amounts remitted according to this agreement.

In 2015, 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, Phase II. As part of this endeavor, a Funding and Development Agreement was signed with the RAAC to provide Tax Increment Financing (TIF) for the project. The RAAC issued TIF Notes in the amount of $5,700,000 (the 2015 TIF Notes) to a single lender in December 2015 with an annual interest rate of 5.0% and with a maturity date of December 1, 2025. These notes are a limited obligation of the RAAC and are generally payable from one source. The source is 70% of the tax increment revenue as pledged by the local taxing authorities. All amounts pledged in this agreement are maintained in separate trust accounts under the direction of the trustee, US Bank, National Association. As principal payments are due to the lender, the trustee makes the payments from the trust accounts. At December 31, 2018, the TIF Notes balance was $4,150,906 and the corresponding trust accounts contained $496,541. 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 revenues 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. Revenues from the leasing of the property are reported net of any pledged amounts remitted according to this agreement.

Note 8: Related Party Transactions With County

The Authority has entered into intergovernmental agreements with the County that provide for, among other things, contractual services for County police services and certain accounting and professional services. Expenses relating to these services are included in professional services for the years ended December 31, 2018 and 2017, in the accompanying statements of revenues, expenses and changes in net position and amounted to $10,723,794 and $10,527,681, respectively.

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 Hookstone Grade Road, Corapolis, PA 15108. The County will repurpose 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:

1) 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:

    $2,445,000 - Funded by the County

    $1,550,000 - Funded by the Authority

    All remaining - Funded by the County

2) Certain operating expenses typically paid by lessors, but in this case, paid by the County. In the base year of the lease, these costs are estimated to be $76,825.

The Authority will pay for certain operating expenses of the facility and these costs include utilities, janitorial costs, refuse collection, 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. 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 will commence on the first day of the month following the day that the County occupies the facility. The Authority estimates that the occupancy date will be in the first half of 2019, dependent upon the substantial completion of the agreed upon improvements.

Note 9: Risk Management and Insurance Arrangements

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; illnesses or injuries to employees; and natural disasters. 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 10: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2018 and 2017:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2018				
Investments by fair value level				
U.S. treasury notes	$ 123,493,854	$ 123,493,854	$ -	$ -
U.S. Government-sponsored enterprise securities	8,452,457	-	8,452,457	-
Pennsylvania municipal securities	895,283	-	895,283	-
Commercial paper	21,281,730	-	21,281,730	-
Money market mutual funds	9,963,953	9,963,953	-	-
Total investments by fair value level	$ 164,087,277	$ 133,457,807	$ 30,629,470	$ -
Investment derivative instruments				
Forward delivery agreements	$ 523,796	$ -	$ -	$ 523,796

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2017				
Investments by fair value level				
U.S. treasury notes	$ 94,328,474	$ 94,328,474	$ -	$ -
U.S. Government-sponsored enterprise securities	5,189,308	-	5,189,308	-
Pennsylvania municipal securities	912,364	-	912,364	-
Commercial paper	12,351,321	-	12,351,321	-
Money market mutual funds	20,342,895	20,342,895	-	-
Total investments by fair value level	$ 133,124,362	$ 114,671,369	$ 18,452,993	$ -
Investment derivative instruments				
Forward delivery agreements	$ 798,291	$ -	$ -	$ 798,291

Investments

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.

Derivative Investments

The fair value of the forward delivery agreements is estimated by the counterparty using a proprietary model and, therefore, are classified within Level 3 of the valuation hierarchy.

Note 11: Pension Plan

Plan Description

The County sponsors the Allegheny County Employees' Retirement System (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 their stand-alone financial reports as required by 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 (Board) administers the Retirement System and consists of seven members: the County Executive, the County Controller, the County Treasurer, two members elected by the County employees and retirees, one member appointed by the County Executive and one member appointed by the County Council. The Board, pursuant to express statutory authority, has the right to increase the employee contributions in the event it is actuarially determined that a contribution increase is required in order for the Retirement System to meet its funding requirements. Also, the obligation of the Retirement System to pay retirement benefits is further secured by a statutory obligation imposed upon the County to utilize its taxing authority to meet such obligation.

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

Benefits Provided

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

Act 125, signed into law December 23, 2013, became effective 60 days later and applies to participating employees hired or re-hired on or after February 21, 2014. Act 125 revises the Retirement System's vesting requirement from eight to ten 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 eight years of service. Additionally, overtime compensation is limited to 10% 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 attained age 50. If this election is made, the surviving spouse shall be eligible to receive certain benefits, depending on type of coverage selected.

Contributions

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

The annual required contribution for the current year was determined as part of an actuarial valuation as of January 1, 2018, and are 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 years ended December 31, 2018 and 2017, contributions to the pension plan from the Authority were $2,937,091 and $2,631,887 (or 9.5 and 9.0% of covered payroll), respectively. The Authority contributed all required amounts for the years ended December 31, 2018 and 2017.

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

At December 31, 2018 and 2017, the Authority reported a liability of $98,817,359 and $81,391,583, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of January 1, 2018 and 2017, rolled forward to the measurement date. Member census data as of December 31, 2017 and 2016 was used in the valuations and adjusted, where appropriate, to reflect changes between the December 31, 2018 and 2017 and measurement dates. Standard actuarial roll forward techniques were used to project the total pension liability computed as of the January 1, 2018 and 2017 valuation dates to the respective measurement dates. 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, 2018, the Authority's proportion was 7.7003%, which was an increase of 0.2071% from its proportion measured as of December 31, 2017.

For the years ended December 31, 2018 and 2017, the Authority recognized pension expense of $11,940,941 and $8,982,976, respectively. At December 31, 2018 and 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,163,115	$ 25,496
Changes of assumptions	18,884,763	4,424,069
Net difference between projected and actual earnings on pension plan investments	4,773,335	-
Changes in proportion	2,275,420	627,783
Total	$ 30,096,633	$ 5,077,348

	2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,793,306	$ 42,532
Changes of assumptions	21,264,321	7,631,515
Net difference between projected and actual earnings on pension plan investments	-	1,238,903
Changes in proportion	1,342,042	889,360
Total	$ 26,399,669	$ 9,802,310

Amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2018, related to pensions will be recognized within pension expense as follows:

2019	$ 7,622,686
2020	8,972,563
2021	4,837,769
2022	3,017,185
2023	569,082
	$ 25,019,285

Actuarial Assumptions

The total pension liability in the actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2018

Inflation	2.75%
Salary increases	3.25% - 5.75% average, including inflation
Ad hoc cost of living adjustments	$20/month
Long-term expected rate of return	7.75% net of pension plan investment expense

2017

Inflation	2.75%
Salary increases	3.25% - 5.75% average, including inflation
Ad hoc cost of living adjustments	$20/month
Long-term expected rate of return	7.75% net of pension plan investment expense

Mortality rates were based on the RP-2000 Combined Healthy Annuitants Mortality Table (Base Year – 2010), with blue-collar adjustments and adjustments for mortality improvements based on Scale AA and RP-2000 Disabled Retirees Mortality Table, with no future improvement.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
U.S. Equity	16%	4.55%
Non-U.S. Equity	19%	4.75%
Private Equity	20%	7.10%
Core Fixed Income	10%	1.65%
High Yield	12%	3.45%
Real Estate	10%	4.00%
TIPS	5%	1.20%
Commodities	8%	2.00%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 5.31% and 5.54% in the January 1, 2018 and 2017 valuations, respectively. 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 participating employer contributions will be made at contractually required rates, actuarially determined (10% effective January 1, 2019). Based on those assumptions in the January 1, 2018 valuation, the pension plan's fiduciary net position was projected to reach a depletion date in 2039. Therefore, in the determination of the discount rate, the long-term expected rate of return was applied through 2039 to projected benefit payments and a municipal bond rate of 3.64% 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, 2018.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The Authority's proportionate share of the net pension liability at December 31, 2018 has been calculated using a discount rate of 5.31%. The following presents the Authority's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease (4.31%)	Current Discount Rate	1% Increase (6.31%)
Authority's proportionate share of the net pension liability	$ 119,553,297	$ 98,817,359	$ 81,434,137

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of Allegheny County Employees' Retirement System.

Note 12: Other Postemployment Benefit Plan

The Authority adopted GASB Statement No. 75 for the December 31, 2018 year end and all applicable disclosures are included below. For the year ended December 31, 2017, the Authority is presenting their other postemployment benefit plan under GASB Statement No. 45. The disclosures associated with GASB Statement No. 45 are not material to the financial statements so are not included in the below disclosure.

Plan Description

The Authority provides benefits through the Authority's Postemployment Medical Benefits Plan (the OPEB Plan), which is a single-employer defined benefit other postemployment benefit (OPEB) plan administered by the Authority. The plan provides reimbursement for medical benefits to eligible firefighter retirees hired before May 1, 2005, and their spouses. Benefits are provided upon the retiree's date of retirement. The retiree is responsible for any premium cost in excess of the defined benefit. Payments to the retirees are made on a reimbursement basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan does not issue separate financial statements.

Benefits Provided

The OPEB Plan provides medical benefits to eligible firefighter retirees and their spouses that were hired before May 1, 2005. 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% of the premiums at age 50, which increases 3.00% each year until the age of 65 when the retiree becomes eligible for Medicare and the benefits are terminated.

The employees covered by the benefit terms at the measurement date of December 31, 2017 are:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	18
	27

Total OPEB Liability

The Authority's total OPEB liability of $1,276,559 was measured as of December 31, 2017 for the year ended December 31, 2018, and was determined by actuarial valuations as of that date. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	0.00%
Discount rate	2.80%
Salary increases	3.00%
Health care cost trend rates	6.00% for 2018, decreasing 0.25% per year to an ultimate rate of 5.00% for 2023 and later years
Retiree's share of benefit-related costs	38.0% at age 50, decreasing 3.00% each year until age 65 when the benefits terminate

The discount rate was based on the 20-year, tax-exempt municipal bond rate from FMS Bonds.

Mortality rates were based on the RP 2014, as appropriate with adjustments for mortality improvements based on MP-2016.

Changes in the Total OPEB Liability

Changes in the total OPEB liability are:

	2018
Balance, beginning of year	$ 1,323,553
Changes for the year:	
Service cost	30,683
Interest	36,343
Differences between expected and actual experience	(1,574)
Benefit payments	(112,446)
Net change	(46,994)
Balance, end of year	$ 1,276,559

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The total OPEB liability of the Authority has been calculated using a discount rate of 2.80%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease (1.80%)	Current Discount Rate (2.80%)	1% Increase (3.80%)
Authority's proportionate share of the net pension liability	$ 1,346,426	$ 1,276,559	$ 1,209,789

The total OPEB liability of the Authority has been calculated using health care cost trend rates of 6.00%. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	1% Decrease (5.00%)	Health Care Cost Trend Rate (6.00%)	1% Increase (7.00%)
Authority's proportionate share of the net pension liability	$ 1,230,808	$ 1,276,559	$ 1,327,514

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

For the year ended December 31, 2018, the Authority recognized OPEB expense of $67,026. At December 31, 2018, the Authority reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,574
Benefit payments subsequent to the measurement date	113,060	-
Total	$ 113,060	$ 1,574

At December 31, 2018, the Authority reported $113,060 as deferred outflows of resources related to OPEB resulting from Authority benefit payments subsequent to the measurement date and prior to year end that will be recognized as a reduction of the total OPEB liability during the year ending December 31, 2019. Other amounts reported as deferred inflows of resources at December 31, 2018, related to OPEB will be recognized in OPEB expense as follows:

2019	$	528
2020		528
2021		518
	$	1,574

Note 13: Purchase Commitments

Natural Gas

The Authority has a contract with a natural gas provider for the purchase of approximately 246,000 dth of natural gas each year. A Blend and Extend Agreement was executed in December 2011 reducing the purchase rate to the New York Mercantile Exchange (NYMEX) rate plus $0.373 per dth beginning January 1, 2012 through December 31, 2017. The Authority subsequently executed a Blend and Extend Agreement in February 2014 that further reduced the purchase rate to the NYMEX rate plus $0.200 per dth effective March 1, 2014 through December 31, 2018. The Authority is responsible for the nominations under the contract and can adjust the monthly nominations of the natural gas purchases up to 20% each year.

Subsequent to year end, the Authority entered into a new contract with a natural gas provider, which will base quantity purchased on actual consumption each month. The purchase rate will be $2.799 per dth beginning January 1, 2019 through December 31, 2020 with one year renewal periods beginning after 2020.

Electricity

The Authority had previously executed a contract with an electricity provider for the purchase of electricity for specific meters at a rate of $0.0539/kWh through December 26, 2017. The Authority executed another contract for the period December 1, 2017 through November 30, 2020 that further reduced rates to $0.05084/kWh. The commitment includes all of the Authority’s forecasted electricity usage.

Note 14: Contingencies

Deicing

The Pennsylvania Department of Environmental Protection (DEP) issued an Administrative Order dated January 26, 1998, to the County, which alleges violations of a January 1994 Consent Order and Adjudication and violations of the Pennsylvania Clean Streams Law at the PIT. The Administrative Order cited several violations, all of which have been resolved, except for the deicing. The Authority has withdrawn a previous appeal without prejudice and continues to negotiate with the DEP to reach a resolution of the matter. The Authority continues to address the deicing issues and has spent, and continues to budget for, significant capital funding in an attempt to resolve the deicing issue.

Other

In the ordinary course of the Authority's operations, there have been various legal proceedings brought against the Authority. Authority management is of the opinion that these matters will not have a materially adverse effect on the Authority's financial position or results of operations.

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

Allegheny County Airport Authority
(A Component Unit of County of Allegheny, Pennsylvania)

ALLEGHENY COUNTY
AIRPORT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

Allegheny County Airport Authority
(A Component Unit of the County of Allegheny, Pennsylvania)
Schedules of Required Supplementary Information
Schedules of the Authority's Proportionate Share of the Net Pension Liability
Allegheny County Employees' Retirement System
Last 5 Fiscal Years*

	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	7.7003%	7.4932%	7.4804%	7.7721%	7.2608%
Authority's proportionate share of the net pension liability	$ 98,817,359	$ 81,391,583	$ 83,549,481	$ 48,915,429	$ 40,088,306
Authority's covered payroll	$ 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	320%	278%	296%	172%	151%
Plan fiduciary net position as a percentage of the total pension liability	40.56%	46.41%	43.44%	56.62%	60.26%

Notes to Schedule:

Benefit changes: None noted

Changes of assumptions: Decrease in discount rate from 5.54% at December 31, 2017 to 5.31% at December 31, 2018.

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

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

Allegheny County Airport Authority

(A Component Unit of the County of Allegheny, Pennsylvania)

Schedules of Required Supplementary Information
Schedules of Authority Contributions
Allegheny County Employees' Retirement System
Last 5 Fiscal Years*

	2018	2017	2016	2015	2014
Statutorily required contribution	$ 2,937,091	$ 2,631,887	$ 2,541,530	$ 2,559,020	$ 2,245,908
Contributions in relation to the statutorily required contribution	$ 2,937,091	$ 2,631,887	$ 2,541,530	$ 2,559,020	$ 2,245,908
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 30,916,747	$ 29,243,194	$ 28,239,219	$ 28,433,558	$ 26,486,921
Contributions as a percentage of covered payroll	9.50%	9.00%	9.00%	9.00%	8.48%

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

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

Allegheny County Airport Authority

(A Component Unit of the County of Allegheny, Pennsylvania)

Schedules of Required Supplementary Information
Schedules of Authority Contributions
Postemployment Medical Benefits Plan (OPEB)

	2018
Total OPEB Liability	
Service cost	$ 30,683
Interest	36,343
Differences between expected and actual experience	(1,574)
Benefit payments	(112,446)
Net Change in Total OPEB Liability	(46,994)
Total OPEB Liability - Beginning	1,323,553
Total OPEB Liability - Ending	$ 1,276,559
Authority's covered-employee payroll	$ 1,708,786
Total OPEB Liability as a Percentage of Covered-Employee Payroll	74.71%

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

Allegheny County Airport Authority
(A Component Unit of County of Allegheny, Pennsylvania)

ALLEGHENY COUNTY
AIRPORT AUTHORITY

STATISICAL SECTION

Allegheny County Airport Authority
(a Component Unit of County of Allegheny, Pennsylvania)
Statistical Section (Unaudited)
December 31, 2018

This part of the Authority's 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 say about the Authority's overall financial health.

Contents

Financial Trends

These tables 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 tables contain information to help the reader assess the Authority's most significant revenue sources. [Tables III through V]

Debt Capacity

These tables present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future. [Tables VI through VII]

Operating Information

These tables and narrative information 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 tables offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place. [Tables XI through XII]

Table I

Allegheny County Airport Authority

(a Component Unit of County of Allegheny, Pennsylvania)

Statements of Revenues, Expenses and Changes in Net Position Information
Past Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating Revenues										
Landing fees	$ 15,251,639	$ 14,365,250	$ 13,470,508	$ 12,448,844	$ 14,361,523	$ 16,175,824	$ 17,143,051	$ 19,201,040	$ 18,342,746	$ 15,797,800
Terminal area airline rentals and fees	45,229,579	59,801,919	57,810,845	57,159,010	58,931,950	58,843,123	57,404,063	60,386,937	58,522,518	60,003,960
Other aeronautical revenue	11,164,643	8,820,789	8,633,244	8,695,472	19,765,780	8,361,062	8,303,814	8,088,975	8,414,687	9,911,913
Parking revenues	36,925,829	33,895,240	31,417,166	30,554,032	29,964,552	28,319,696	28,421,320	27,093,789	25,752,667	23,960,285
Rental car revenues	12,714,616	11,891,053	11,460,088	11,519,067	12,117,122	11,229,331	10,743,783	11,019,172	10,685,157	10,390,528
Terminal concessions	10,577,565	8,028,157	7,890,938	7,455,056	7,261,383	7,084,889	6,846,108	6,667,693	6,515,999	6,773,408
Other nonaeronautical revenue	8,194,466	7,166,081	6,203,074	6,414,724	5,975,443	6,472,957	7,210,668	7,096,012	6,025,208	6,495,226
Pittsburgh International Airport revenues	140,058,337	143,968,489	136,885,863	134,246,205	148,377,753	136,486,882	136,072,807	139,553,618	134,258,982	133,333,120
Allegheny County Airport revenues	3,025,549	3,049,570	2,995,960	2,980,767	2,948,259	2,791,541	2,977,693	2,933,006	3,007,121	2,520,991
Total operating revenues	143,083,886	147,018,059	139,881,823	137,226,972	151,326,012	139,278,423	139,050,500	142,486,624	137,266,103	135,854,111
Operating Expenses										
Salaries, wages, and benefits	54,194,079	48,904,569	47,003,628	39,943,997	38,706,910	37,787,004	35,922,495	34,316,615	34,108,583	32,162,176
Utilities	11,006,346	10,216,075	10,355,357	10,596,853	11,173,533	10,867,128	10,134,704	11,953,353	12,398,369	12,210,573
Cleaning and maintenance services	18,358,894	16,807,122	17,143,416	16,479,835	16,134,004	15,863,165	15,464,350	14,598,330	14,287,536	14,076,866
Professional services	23,374,131	20,818,792	18,949,222	17,468,184	16,392,772	15,203,481	17,386,131	16,026,779	15,541,273	14,925,129
Other	15,701,447	9,802,286	9,627,834	9,387,942	8,597,630	8,433,613	6,461,705	7,174,810	7,512,679	8,215,086
Pittsburgh International Airport expenses	122,634,897	106,548,844	103,079,457	93,876,811	91,004,849	88,154,391	85,369,385	84,069,887	83,848,440	81,589,830
Allegheny County Airport expenses	3,060,064	3,281,416	2,808,271	2,917,479	2,964,068	2,761,368	2,712,854	2,658,304	2,726,922	2,530,068
Depreciation	55,786,882	55,642,763	56,805,124	56,782,417	54,781,801	54,065,640	63,242,378	67,679,727	69,157,568	68,988,438
Total operating expenses	181,481,843	165,473,023	162,692,852	153,576,707	148,750,718	144,981,399	151,324,617	154,407,918	155,732,930	153,108,336
Income (Loss) From Operations	(38,397,957)	(18,454,964)	(22,811,029)	(16,349,735)	2,575,294	(5,702,976)	(12,274,117)	(11,921,294)	(18,466,827)	(17,254,225)

Table I (Continued)

Allegheny County Airport Authority

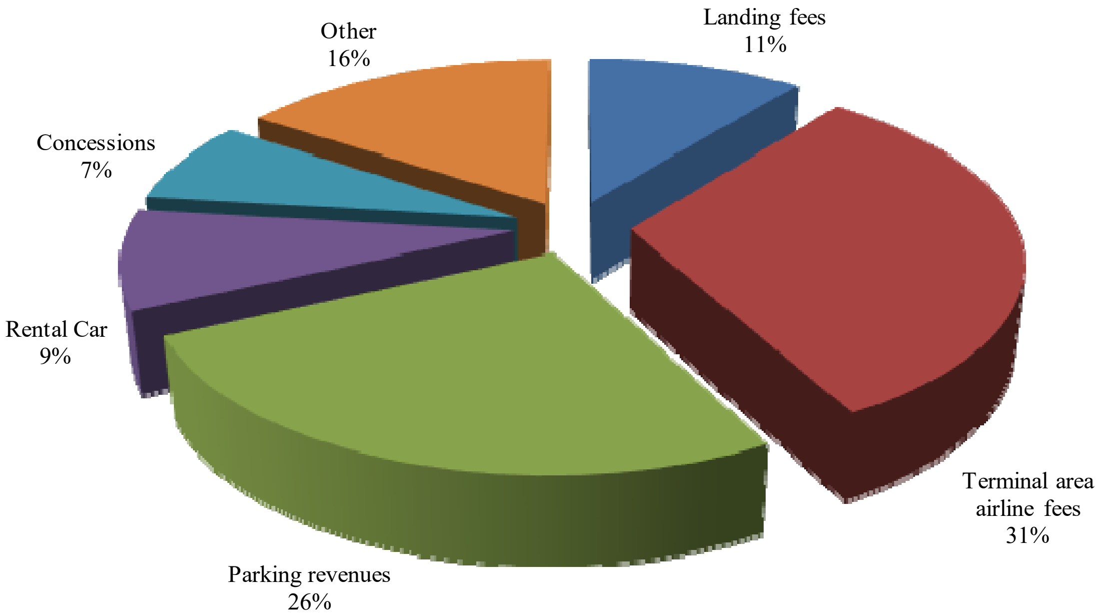
(a Component Unit of County of Allegheny, Pennsylvania)

Statements of Revenues, Expenses and Changes in Net Position Information (Continued)
Past Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Nonoperating Revenue (Expense)										
Interest expense	$ (4,320,322)	$ (7,100,150)	$ (9,901,627)	$ (12,769,066)	$ (15,278,047)	$ (18,070,409)	$ (19,521,728)	$ (22,509,254)	$ (25,072,692)	$ (26,572,399)
Investment income	2,667,551	1,869,435	841,899	559,527	2,803,774	1,048,441	1,177,556	1,000,877	2,787,975	4,298,369
Customer facility charges	5,928,821	4,893,987	4,990,737	5,030,877	4,982,379	5,060,175	4,987,257	3,040,737	-	-
Passenger facility charges	19,023,229	17,794,862	16,176,674	15,856,825	15,561,599	15,546,574	16,208,155	16,920,897	16,999,264	16,530,149
Gain (loss) on disposal of capital assets	(12,504)	-	(1,088,113)	39,551	(10,499)	(45,525)	(11,928)	(1,526,932)	(252,331)	(3,600)
Swap termination gain	-	-	-	-	-	-	-	860,000	5,075,000	-
Gaming act revenues	8,000,000	8,000,000	12,400,000	12,400,000	12,400,000	12,400,000	12,400,000	12,400,000	14,600,000	-
Gas drilling revenues	19,266,592	25,983,025	13,918,971	10,192,316	9,072,202	7,143,289	-	-	-	-
Miscellaneous	322,646	2,498,496	894,399	599,277	1,136,594	395,709	1,117,946	4,819,801	1,073,551	(279,277)
Net increase (decrease) in fair value of investments	203,976	(483,433)	(49,040)	35,676	64,730	(9,173)	186,588	420,274	(491,546)	21,930
Total nonoperating income (expense)	51,079,989	53,456,222	38,183,900	31,944,983	30,732,732	23,469,081	16,543,846	15,426,400	14,719,221	(6,004,828)
Income (Loss) Before Capital Contributions and Grants	12,682,032	35,001,258	15,372,871	15,595,248	33,308,026	17,766,105	4,269,729	3,505,106	(3,747,606)	(23,259,053)
Capital Contributions and Grants	29,836,954	9,349,376	23,400,937	14,759,396	20,144,222	3,219,515	18,394,142	9,763,031	23,589,746	23,454,904
Increase (Decrease) in Net Position	42,518,986	44,350,634	38,773,808	30,354,644	53,452,248	20,985,620	22,663,871	13,268,137	19,842,140	195,851
Net Position, Beginning of Year, As Previously Reported	592,061,788	547,711,154	508,937,346	530,269,549	476,817,301	455,831,681	399,676,167	386,408,030	366,565,890	366,370,039
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	590,850,681	547,711,154	508,937,346	478,582,702	476,817,301	455,831,681	433,167,810	386,408,030	366,565,890	366,370,039
Net Position, End of Year	$ 633,369,667	$ 592,061,788	$ 547,711,154	$ 508,937,346	$ 530,269,549	$ 476,817,301	$ 455,831,681	$ 399,676,167	$ 386,408,030	$ 366,565,890

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

Allegheny County Airport Authority
(a Component Unit of County of Allegheny, Pennsylvania)
Operating Revenue by Category
Year Ended December 31, 2018



Allegheny County Airport Authority
(a Component Unit of County of Allegheny, Pennsylvania)
Operating Expenses by Business Unit
Year Ended December 31, 2018

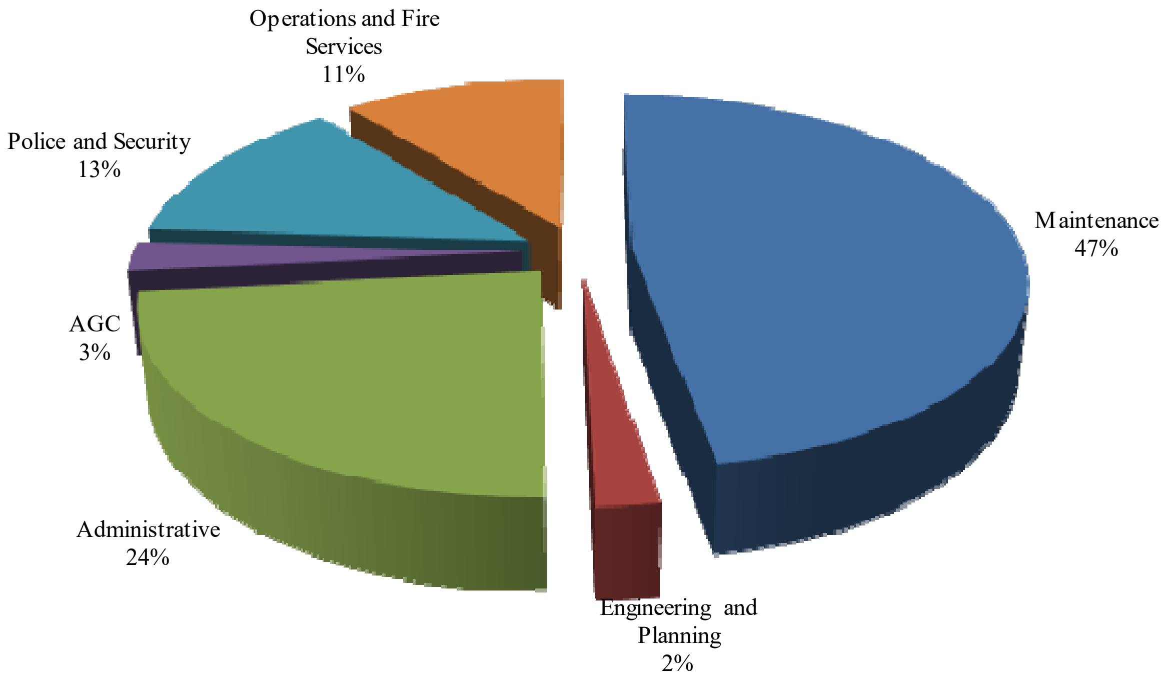


Table II

Allegheny County Airport Authority

(a Component Unit of County of Allegheny, Pennsylvania)

Net Position by Component
Past Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net investment in capital assets	$ 537,519,690	$ 523,445,000	$ 492,846,022	$ 453,272,524	$ 432,654,829	$ 401,875,598	$ 389,895,553	$ 335,751,365	$ 330,934,058	$ 329,378,831
Restricted net position										
Capital	53,764,257	47,545,824	44,539,284	45,164,846	41,551,209	37,423,426	34,303,804	17,988,319	26,950,089	5,624,657
Debt service	17,261,196	19,718,004	19,458,747	19,978,735	19,685,858	19,840,923	19,768,112	58,418,174	56,965,251	60,399,555
Total restricted net position (expendable)	71,025,453	67,263,828	63,998,031	65,143,581	61,237,067	57,264,349	54,071,916	76,406,493	83,915,340	66,024,212
Unrestricted (deficit) net position	24,824,524	1,352,960	(9,132,899)	(9,478,759)	36,377,653	17,677,354	11,864,212	(12,481,691)	(28,441,368)	(28,837,153)
Total net position	$ 633,369,667	$ 592,061,788	$ 547,711,154	$ 508,937,346	$ 530,269,549	$ 476,817,301	$ 455,831,681	$ 399,676,167	$ 386,408,030	$ 366,565,890

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

Allegheny County Airport Authority

(a Component Unit of County of Allegheny, Pennsylvania)

Summary of Airline Rate Base Fees
Past Ten Fiscal Years

Airline Group	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
American	$ 18,294,407	$ 26,777,240	$ 25,787,789	$ 25,847,593	$ 27,451,129	$ 28,674,840	$ 28,389,935	$ 30,954,582	$ 29,714,592	$ 29,949,897
Southwest	7,528,484	7,243,540	6,978,846	7,590,483	8,674,778	8,613,629	8,811,681	9,739,306	8,952,376	7,591,885
Delta	7,311,514	7,739,515	7,524,428	7,311,689	7,896,444	8,354,040	8,102,657	8,612,918	7,691,962	7,613,892
United	7,280,370	7,825,091	7,523,024	7,426,050	7,967,974	8,502,783	8,498,218	9,036,714	8,790,495	8,490,468
JetBlue	1,823,357	1,818,476	1,573,258	1,513,512	1,475,713	1,527,489	1,614,606	1,695,917	1,603,538	1,504,437
Other signatories	4,120,832	3,300,672	1,679,676	801,192	744,223	586,816	530,689	474,477	527,290	373,935
Total signatory airlines	46,358,964	54,704,534	51,067,021	50,490,519	54,210,261	56,259,597	55,947,786	60,513,914	57,280,253	55,524,514
Other passenger carriers	3,434,097	2,657,432	2,325,699	1,752,589	1,441,706	1,178,110	1,242,612	1,746,898	1,801,946	2,436,789
Total rate base fees <A>	$ 49,793,061	$ 57,361,966	$ 53,392,720	$ 52,243,108	$ 55,651,967	$ 57,437,707	$ 57,190,398	$ 62,260,812	$ 59,082,199	$ 57,961,303
Total rate base fees	$ 49,793,061	$ 57,361,966	$ 53,392,720	$ 52,243,108	$ 55,651,967	$ 57,437,707	$ 57,190,398	$ 62,260,812	$ 59,082,199	$ 57,961,303
Cargo landings and rents	1,785,438	1,648,031	1,612,284	1,495,458	1,622,521	1,622,009	1,710,552	1,802,355	1,890,052	1,714,638
Other terminal and hangar fees	20,067,362	23,977,962	24,909,592	24,564,760	35,784,767	24,320,792	23,949,979	23,613,785	24,307,700	26,037,732
Concession revenues	59,118,477	52,293,056	49,345,717	48,142,557	48,001,577	45,313,542	44,575,886	43,856,123	42,049,162	40,268,500
Other operating revenues	9,293,999	8,687,474	7,625,550	7,800,322	7,316,921	7,792,832	8,645,992	8,020,543	6,929,869	7,350,947
Total PIT operating revenues <B>	$ 140,058,337	$ 143,968,489	$ 136,885,863	$ 134,246,205	$ 148,377,753	$ 136,486,882	$ 136,072,807	$ 139,553,618	$ 134,258,982	$ 133,333,120

<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.

Allegheny County Airport Authority
(a Component Unit of County of Allegheny, Pennsylvania)
Airline Revenue Derived by Carrier
Year Ended December 31, 2018

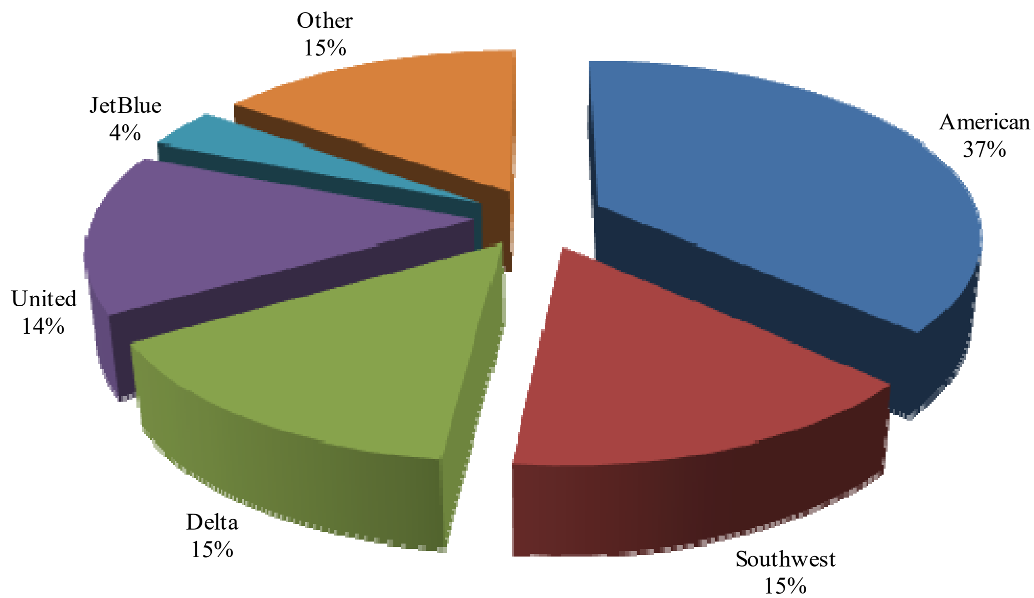


Table IV

Allegheny County Airport Authority

(a Component Unit of County of Allegheny, Pennsylvania)

Rates and Cost Per Enplaned Passenger
Past Ten Fiscal Years

	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual	2010 Actual	2009 Actual
Landing fee rate	$ 2.3030	$ 2.3971	$ 2.4240	$ 2.2239	$ 2.6063	$ 2.9068	$ 3.1558	$ 3.3764	$ 3.3389	$ 2.8269
Terminal fee rate	145.67	139.90	133.42	132.61	136.04	140.32	130.05	133.68	128.85	131.21
Ramp fee rate	204.24	192.25	192.80	196.19	191.86	229.90	242.09	279.21	298.17	415.69
Operating expenses	109,461,863	99,934,480	96,447,247	93,079,111	90,560,685	87,806,989	85,322,555	83,706,181	83,730,243	81,546,678
Debt service	24,812,266	58,580,713	66,040,592	65,698,295	66,453,095	66,865,521	63,221,381	62,125,185	61,116,900	62,621,553
Nonrate base revenues	(93,485,248)	(88,275,106)	(90,342,569)	(87,411,914)	(98,005,686)	(82,399,643)	(92,166,739)	(90,236,059)	(90,863,055)	(92,989,366)
Debt service and operating expense offset	(9,200,000)	(27,402,477)	(32,964,368)	(31,864,241)	(16,653,372)	(27,903,808)	(12,250,000)	(6,400,000)	(6,637,000)	(4,585,000)
Airline capital fund deposits	13,038,513	10,529,788	11,009,655	10,591,738	10,433,599	9,933,170	9,932,664	9,836,475	9,341,009	8,603,493
Other, primarily cargo landing fees	(1,137,193)	(740,884)	(938,359)	(845,550)	(927,641)	(1,040,186)	(1,212,280)	(1,271,259)	(1,332,567)	(1,136,907)
Total rate base costs	43,490,201	52,626,514	49,252,198	49,247,439	51,860,680	53,262,043	52,847,581	57,760,523	55,355,530	54,060,451
Other airline costs	6,302,860	4,735,452	4,140,522	2,995,669	3,791,287	4,175,664	4,342,816	4,500,289	3,726,669	3,900,852
Total airline costs	$ 49,793,061	$ 57,361,966	$ 53,392,720	$ 52,243,108	$ 55,651,967	$ 57,437,707	$ 57,190,397	$ 62,260,812	$ 59,082,199	$ 57,961,303
Total enplaned passengers	4,834,085	4,495,180	4,151,628	4,053,880	4,000,461	3,943,152	4,015,229	4,160,024	4,098,384	4,016,937
Cost per enplaned passenger	$ 10.30	$ 12.76	$ 12.86	$ 12.89	$ 13.91	$ 14.57	$ 14.24	$ 14.97	$ 14.42	$ 14.43

Table V

Allegheny County Airport Authority
(a Component Unit of County of Allegheny, Pennsylvania)
History of Total Concessions Per Enplanement
Past Ten Fiscal Years

	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual	2010 Actual	2009 Actual
Parking	$ 36,925,829	$ 33,895,240	$ 31,417,166	$ 30,554,032	$ 29,964,552	$ 28,319,696	$ 28,421,320	$ 27,093,789	$ 25,752,667	$ 23,960,285
Rent-A-Car	12,714,616	11,891,053	11,460,088	11,519,067	12,117,122	11,229,331	10,743,783	11,019,172	10,685,157	10,390,528
AirMall Concessions	8,901,724	5,957,342	5,926,912	5,553,241	5,372,968	5,194,833	4,829,979	5,199,124	5,178,194	5,440,761
Hotel/ConvCenter	576,308	549,420	541,551	516,217	546,935	569,682	580,804	544,038	433,144	476,929
Total passenger concessions	$ 59,118,477	$ 52,293,055	$ 49,345,717	$ 48,142,557	$ 48,001,577	$ 45,313,542	$ 44,575,886	$ 43,856,123	$ 42,049,162	$ 40,268,503
Total enplaned passengers	4,834,085	4,495,180	4,151,628	4,053,880	4,000,461	3,943,152	4,015,229	4,160,024	4,098,384	4,016,937
Concessions per enplaned passenger	$ 12.23	$ 11.63	$ 11.89	$ 11.88	$ 12.00	$ 11.49	$ 11.10	$ 10.54	$ 10.26	$ 10.02

Table VI

Allegheny County Airport Authority

(a Component Unit of County of Allegheny, Pennsylvania)

Outstanding Debt by Type and Revenue Bond Debt Service Ratios
Past Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Outstanding Debts										
Revenue bonds	$ 71,511,923	$ 88,589,194	$ 174,972,222	$ 229,952,019	$ 282,405,082	$ 333,672,158	$ 383,078,577	$ 360,304,163	$ 401,626,602	$ 441,544,935
Loans and other credit facility agreements	-	-	3,050,178	4,237,142	4,679,259	5,112,209	5,540,742	28,691,009	28,518,218	33,048,651
Obligations under capital lease	-	1,108,506	2,183,208	3,225,137	4,235,292	5,214,642	6,164,126	-	-	-
Total Outstanding Debt	$ 71,511,923	$ 89,697,700	$ 180,205,608	$ 237,414,298	$ 291,319,633	$ 343,999,009	$ 394,783,445	$ 388,995,172	$ 430,144,820	$ 474,593,586
Outstanding Debt Per Capita	Not Available	$ 73.34	$ 146.47	$ 192.95	$ 236.60	$ 279.33	$ 321.13	$ 316.92	$ 351.47	$ 388.32
Total Enplaned Passengers	4,834,085	4,495,180	4,151,628	4,053,880	4,000,461	3,943,152	4,015,229	4,160,024	4,098,384	4,016,937
Outstanding Debt/Enplaned Passenger	$ 14.79	$ 19.95	$ 43.41	$ 58.56	$ 72.82	$ 87.24	$ 98.32	$ 93.51	$ 104.95	$ 118.15
Outstanding Debt as % of Personal Income	Not Available	0.13%	0.27%	0.36%	0.44%	0.52%	0.62%	0.63%	0.74%	0.84%
Revenue Bond Debt Service										
Principal	$ 16,860,000	$ 85,520,000	$ 53,990,000	$ 51,130,000	$ 49,535,000	$ 47,495,000	$ 43,355,000	$ 41,270,000	$ 37,898,334	$ 37,240,000
Interest	4,090,908	8,274,802	10,923,357	13,441,080	15,790,882	18,243,304	18,739,168	20,855,186	23,218,566	25,367,894
Total Revenue Bond Debt Service	$ 20,950,908	$ 93,794,802	$ 64,913,357	$ 64,571,080	$ 65,325,882	$ 65,738,304	$ 62,094,168	$ 62,125,186	$ 61,116,900	$ 62,607,894
Total Expenses (Less Depreciation)	$ 125,694,961	$ 109,830,260	$ 105,887,728	$ 96,794,290	$ 93,968,917	$ 90,915,759	$ 88,082,239	$ 86,728,191	$ 86,575,362	$ 84,119,898
Revenue Bond Debt Service/ Total Expenses	16.67%	85.40%	61.30%	66.71%	69.52%	72.31%	70.50%	71.63%	70.59%	74.43%
Revenue Bond Debt Service/ Enplaned Passenger	$ 4.33	$ 20.87	$ 15.64	$ 15.93	$ 16.33	$ 16.67	$ 15.46	$ 14.93	$ 14.91	$ 15.59

Table VII

Allegheny County Airport Authority
(a Component Unit of County of Allegheny, Pennsylvania)
Revenue Bond Debt Service Coverage
Past Ten Years Ended December 31
(in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Pledged Revenues										
Landing fees	$ 14,854	$ 14,365	$ 13,471	$ 12,449	$ 14,362	$ 16,175	$ 17,176	$ 19,282	$ 18,412	$ 15,789
Terminal area airline fees	44,798	59,719	57,728	57,076	58,849	60,112	57,436	60,589	58,673	59,893
Other aeronautical revenue	8,770	7,818	7,691	7,808	7,736	7,499	7,452	7,249	7,594	9,115
Parking revenues	36,926	32,289	29,796	29,156	28,092	26,337	27,115	25,422	24,603	21,560
Rent-A-Car revenues	12,715	11,891	11,460	11,519	12,117	11,229	10,753	11,042	10,705	10,388
Terminal concessions	10,578	7,584	7,446	7,010	6,817	5,288	6,401	6,668	6,516	6,773
Other non-aeronautical revenue	22,519	34,433	44,742	43,235	38,564	37,029	31,282	24,535	26,860	28,524
Total pledged revenues	151,160	168,099	172,334	168,253	166,537	163,669	157,615	154,787	153,363	152,042
Operation and Maintenance Expenses										
Salaries, wages and related expenses	26,854	26,823	26,502	25,084	25,144	24,547	24,008	22,726	22,753	21,349
Cost allocations	51,471	43,540	40,697	38,713	35,827	34,891	33,856	31,737	31,051	29,633
Utilities	9,122	8,384	8,595	8,681	9,129	8,832	8,750	10,599	11,145	11,258
Cleaning and maintenance services	18,059	16,499	16,798	16,213	15,841	15,548	15,238	14,269	13,995	13,797
Professional services	340	553	236	285	256	261	173	178	215	247
Other	3,181	3,744	3,248	3,713	3,944	3,315	2,878	3,766	4,132	4,851
Total operation and maintenance expenses	109,027	99,543	96,076	92,689	90,141	87,394	84,903	83,275	83,291	81,135
Net Revenues	42,133	68,556	76,258	75,564	76,396	76,275	72,712	71,512	70,072	70,907
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	$ 58,465	$ 84,888	$ 92,590	$ 91,896	$ 92,728	$ 92,607	$ 89,044	$ 87,844	$ 86,404	$ 87,239
Deposit Requirement Payments										
Deposits for debt service - Airport Revenue Bonds	$ 16,686	$ 57,453	$ 64,914	$ 64,571	$ 65,326	$ 65,738	$ 62,094	$ 62,125	$ 61,117	$ 62,607
Deposits for debt service - General Obligation Bonds	-	-	-	-	-	-	-	-	-	14
Funding deposit requirement	410	174	598	301	311	266	165	410	339	(41)
Total deposit requirement payments	$ 17,096	$ 57,627	$ 65,512	$ 64,872	$ 65,637	$ 66,004	$ 62,259	$ 62,535	$ 61,456	$ 62,580
Coverage Ratio	3.42	1.47	1.41	1.42	1.41	1.40	1.43	1.40	1.41	1.39

Table VIII

Allegheny County Airport Authority

(a Component Unit of County of Allegheny, Pennsylvania)

Enplaned Passengers by Airline Group
Past Ten Fiscal Years

Group	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual	2010 Actual	2009 Actual
American	1,156,825	1,169,648	1,157,703	1,347,399	1,380,672	1,325,803	1,148,791	1,326,871	1,315,833	1,403,194
Southwest	1,257,464	1,211,828	1,134,880	1,025,342	1,062,692	1,073,403	1,021,737	1,093,219	991,889	971,386
Delta	848,698	768,660	750,335	753,924	741,023	704,436	742,383	726,664	691,169	689,693
United	713,564	650,645	624,348	628,187	650,568	688,264	913,844	763,812	842,916	720,920
JetBlue	198,193	176,070	156,189	147,317	104,709	98,888	137,114	127,505	121,502	89,319
Other signatories	494,114	332,819	148,498	9,021	7,592	14,747	13,100	25,309	35,877	-
Total signatory airlines	4,668,858	4,309,670	3,971,953	3,911,190	3,947,256	3,905,541	3,976,969	4,063,380	3,999,186	3,874,512
Scheduled nonsignatory	141,007	163,218	161,700	101,910	37,972	22,452	23,498	80,400	83,492	124,185
Nonscheduled	24,220	22,292	17,975	40,780	15,233	15,159	14,762	16,244	15,706	18,240
Total enplaned passengers	4,834,085	4,495,180	4,151,628	4,053,880	4,000,461	3,943,152	4,015,229	4,160,024	4,098,384	4,016,937

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

Allegheny County Airport Authority

(a Component Unit of County of Allegheny, Pennsylvania)

Activity Statistics
Past Ten Fiscal Years

Fiscal Year	Total Passengers	<A> Aircraft Operations	Landed Weight (1,000 Lbs.)	Cargo Volume (1,000 Lbs.)
2018	9,658,897	151,414	6,196,005	156,219
2017	8,988,016	148,681	5,762,766	148,343
2016	8,309,754	141,630	5,387,059	150,239
2015	8,128,187	141,674	5,347,849	138,324
2014	7,998,970	135,293	5,233,428	135,840
2013	7,884,170	139,300	5,259,149	142,631
2012	8,041,357	139,217	5,091,746	146,653
2011	8,300,310	148,782	5,444,878	148,007
2010	8,195,359	144,563	5,257,071	144,870
2009	8,031,175	147,720	5,237,314	134,204

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

Table X

Allegheny County Airport Authority

(a Component Unit of County of Allegheny, Pennsylvania)

Count of Employees By Department
Past Ten Fiscal Years

Bus Unit	Description	Year End 2018	Year End 2017	Year End 2016	Year End 2015	Year End 2014	Year End 2013	Year End 2012	Year End 2011	Year End 2010	Year End 2009
11	Administration	8	8	4	6	16	9	10	9	9	7
12	Human Resources	8	10	9	10	6	4	4	4	4	4
13	Finance	17	16	15	16	16	15	16	17	17	17
14	Information Technology	12	7	4	5	5	5	3	3	3	3
15	Engineering/Construction	12	7	7	7	8	8	8	8	8	8
16	Planning	8	6	5	5	5	4	5	5	5	5
17	Business Development	7	8	5	5	9	9	8	7	7	7
18	Field Maintenance	110	114	116	114	118	113	117	119	117	115
19	Facilities Maintenance	81	84	82	84	86	87	90	92	89	90
20	Airfield Operatings	30	33	39	48	42	43	41	39	39	39
21	Emergency Planning	11	12	10	10	10	12	13	11	12	12
22	Fire Services	53	49	42	48	50	54	48	52	45	47
23	Air Service Development	4	5	2	2	2	3	2	3	3	3
24	Marketing & Communications	28	21	18	15	3	12	12	10	9	10
27	Airline Services	61	63	67	66	65	68	73	73	72	72
29	Facilities/Engineering/Maintenance	6	10	6	6	-	-	-	-	-	-
30	Terminal Operations	-	7	5	-	-	-	-	-	-	-
91	Allegheny County Airport	14	21	20	15	17	16	15	15	15	16
	Totals	470	481	456	462	458	462	465	467	454	455

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

Allegheny County Airport Authority
(a Component Unit of County of Allegheny, Pennsylvania)
Capital Asset and Other Airport Information
December 31, 2018

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

Airfield

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

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

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

Passenger Terminal

The Midfield Terminal opened on October 1, 1992, and consists of approximately 1.7 million square feet of enclosed space. The Midfield Terminal consists of a four-level landside terminal, a four-level airside terminal connected to the landside terminal by an automated underground people-mover system, and a two-level central services building and a commuter terminal.

The midfield location of the passenger terminal complex between the parallel runways provides for the optimal movement of aircraft between the terminal gates and the runways and has been the model for the design of many other major world airports.

The landside terminal provides for the ticketing of passengers, collecting and sorting baggage, baggage claim and security screening of passengers. The landside terminal is designed to be expanded to the north and south as additional facilities are required. The "X-shaped" airside terminal has two major elements – a central "core" and four concourses. An automated baggage system conveys inbound and outbound baggage between the landside and airside terminals for US Airways. In 2006, the Authority upgraded the baggage system and assumed responsibility for all baggage system operations, including those previously handled by US Airways.

There are 70 domestic gates and 5 international gates for a total of 75 jet gates equipped with loading bridges, aircraft support systems and hydrant fueling. The commuter terminal had 25 commuter aircraft parking positions. As a result of US Airways de-hubbing of PIT, in January 2008, the Authority temporarily decommissioned portions of the A and B Concourses, including 26 of the 75 jet gates, as a cost saving measure. In 2013, 10 of those jet gates were placed back in service to accommodate Southwest and United aircraft. Also, due to the reduction in connecting traffic and the discontinuation of services to many of the smaller communities, the commuter terminal was closed for operations and currently serves as an alternate security checkpoint. In 2011, the Authority removed the commuter aircraft apron from the air operations area and relocated Authority employee parking to this area.

During 2014 and continuing into 2015, the concessions areas of the airside terminal have been upgraded by AirMall Pittsburgh, Inc. as part of their contract revision with the Authority. This $5,000,000 project reconfigured the central concourse area to provide better traffic flow and has attracted several new upscale retailers. In conjunction with this project, the Authority replaced the outdated existing flooring with a new, more resilient and more attractive terrazzo flooring.

Arriving international passengers clear immigration and customs through a Federal Inspection Services (FIS) facility comprising approximately 60,000 square feet, which can accommodate 800 passengers per hour.

Ground Access and Transportation

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

A three-level parking garage adjacent to the landside terminal contains 2,100 public parking spaces, a rental car facility with 799 ready and return spaces, and 145 leased parking spaces for a total of 3,044 parking spaces and is connected to the landside terminal by enclosed moving walkways. The garage is designed to be expanded to the south to provide approximately 850 additional spaces.

In addition, 13,200 public parking spaces and 1,150 employee parking spaces are provided in a long-term, extended-term, and employee surface parking lots. Moving walkways link the long-term surface parking lot to the landside terminal with a maximum walking distance of 800 feet to the moving walkways. During 2006, the Authority undertook a major expansion of the parking operation servicing PIT, adding an additional 1,100 spaces, in an effort to accommodate the increased demand resulting from the upturn in O&D traffic.

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

Hotel

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

Airline Support

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

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

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

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

Air cargo transported by the passenger and all-cargo airlines is processed through four buildings comprising approximately 233,000 square feet and a cargo aircraft apron comprising 721,750 square feet.

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

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

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

Commercial/Industrial Property Development

There are approximately 3,800 acres of land at PIT available to the Authority for non-aviation development of which approximately 52% are developable. There are approximately 5,000 acres designated as a foreign trade zone at PIT.

The Authority has been actively engaged in the development of its property to stimulate the economies of the region as well as stimulating activity in the airport corridor. The Authority has constructed infrastructure and installed utility services to these areas to provide “pad ready” development sites. Revenues for the various developers and land tenants are used by the Authority for further investment in development activities.

As shown on Figure 1, several active commercial/industrial developments are in process at PIT, including:

- The Airside Business Park is located on the site of the former airport terminal. Currently, there are six buildings totaling over 400,000 square feet completed and substantially occupied.

- Clinton Commerce Park is a 330-acre bulk warehouse park on the northwest side of PIT. Construction of a 100,000 square foot, build-to-suit facility for a printing company was completed in 2008 and is currently occupied. In addition, a 400,000 square foot building designed for bulk warehousing was completed and leased in 2009. A 225,000 square foot facility also completed in 2009 is currently occupied. In 2016, a 300,000 square foot building was completed and a fifth building was completed in July of 2017 and is 265,000 square feet. Currently, two buildings are under construction with completion dates anticipated in the 4th quarter of 2019. The buildings are 66,000 square feet and 202,000 respectively.

- Cherrington Commerce Park is a 160-acre business park located on the east side of PIT where site work was completed in 2008. In 2010, site work was completed on a 90-acre park called the Pittsburgh International Business Park. Five buildings have been constructed totaling more than 265,000 square feet.

- Dick’s Sporting Goods relocated its world corporate headquarters at PIT in 2009. The company currently leases 186 acres of airport property in the Northfield site and has constructed a 661,000 square foot office complex and a 70,000 square foot corporate hangar. The company took occupancy of those facilities in February 2010. In 2013, Dick’s entered into a lease for the remaining Northfield acreage and has plans to complete the first building on this new site. Dick’s is planning for further development in the future. Their agreement has been extended through 2020.

- Development of Industry Drive, which is located off of McClaren Road exit on I-376 began in 2004. This development is comprised of a 200,000 square foot office building that is occupied by Thermo Fisher. Additionally, two other office buildings were constructed in 2014 and 2015 totaling more than 100,000 square feet.

In December, we broke ground on the Pittsburgh Airport Innovation Campus. The 195 acer development is located west of the extended parking and spanning to Clinton Road. This mixed-use site has capacity for more than 3 million square feet of commercial development. Multiple building sites will be prepared and ready for vertical construction in the 4th quarter of 2019.

Renovations for the future home of Allegheny County Emergency Service, were completed in November. The building located off of Hookstown Grade Road, in Moon Township, was formerly occupied by American Airlines. This location will eventually house the 911 emergency dispatch for Allegheny County.

Sunoco, Inc. opened an automobile gas station and convenience store on 2.5 acres located at the northwestern corner of PIT's parking lots. The operation provides 24-hour self-fueling.

In addition, a regional transportation authority (Moon Transportation Authority), in cooperation with the Pennsylvania Department of Transportation, completed the construction of an interchange along Business Route-376 in 2003. This interchange opened additional areas of airport property to commercial development.

Other Facilities

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

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

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

Table XI

Allegheny County Airport Authority

(a Component Unit of County of Allegheny, Pennsylvania)

Allegheny County - Demographic and Economic Statistics
For the Last Ten Years Ended December 31

Year	Population	Personal Income (millions)	Per Capita Personal Income	Annual Average Unemployment Rate
2018	n/a	n/a	n/a	4.4%*
2017	1,223,048	68,316	55,263	4.7%
2016	1,230,360	67,145	54,357	5.2%
2015	1,230,459	66,556	54,090	4.8%
2014	1,231,255	66,458	53,976	5.3%
2013	1,231,527	65,527	53,208	6.5%
2012	1,229,338	63,677	51,798	6.9%
2011	1,227,442	61,542	50,138	7.0%
2010	1,223,840	58,165	47,527	7.5%
2009	1,222,171	56,311	46,074	6.7%

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

Table XII

Allegheny County Airport Authority

(a Component Unit of County of Allegheny, Pennsylvania)

Allegheny County - Principal Employers
For 2018 and 2009

2018 (1)

Employer	Employees	Percentage of Total County Employment
University of Pittsburgh Medical Center	46,480	7.20%
Highmark Health	20,497	3.17%
United States Government	18,199	2.82%
Commonwealth of Pennsylvania	16,580	2.57%
University of Pittsburgh	12,047	1.87%
PNC Financial Services	11,953	1.85%
Giant Eagle, Inc.	9,902	1.53%
Wal-Mart Stores, Inc.	9,000	1.39%
County of Allegheny	7,044	1.09%
BNY Mellon	7,000	1.08%
Total	158,702	24.57%
Total Employees in County	645,906 (3)	

2009 (2)

Employer	Employees	Percentage of Total County Employment
University of Pittsburgh Medical Center	37,000	12.02%
United States Government	18,666	6.07%
Commonwealth of Pennsylvania	13,661	4.44%
West Penn Allegheny Health System	11,432	3.71%
University of Pittsburgh	11,261	3.66%
Wal-Mart Stores, Inc.	10,030	3.26%
PNC Financial Services Group	9,150	2.97%
Giant Eagle, Inc.	8,347	2.71%
Allegheny County	7,184	2.33%
The Bank of New York Mellon	6,668	2.17%
Total	133,399	43.34%
Total Employees in County	307,764 (2)	

Sources:
(1) Pittsburgh Business Times, "2019 Book of Lists"
(2) City of Pittsburgh Comprehensive Annual Financial Report 2009
(3) Pennsylvania Department of Labor and Industry; Center for Workforce Information & Analysis February 2019.