Port Authority of Allegheny County
d/b/a Pittsburgh Regional Transit

Single Audit

June 30, 2022

MaherDuessel

Pursuing the profession while promoting the public good©
www.md-cpas.com

PITTSBURGH REGIONAL TRANSIT

JUNE 30, 2022

DIRECTORY

Financial Statements:

Independent Auditor's Reports Required by the Uniform Guidance:

PITTSBURGH REGIONAL TRANSIT

YEARS ENDED JUNE 30, 2022 AND 2021

TABLE OF CONTENTS

PITTSBURGH REGIONAL TRANSIT

YEARS ENDED JUNE 30, 2022 AND 2021

TABLE OF CONTENTS

(Continued)

MaherDuessel

Independent Auditor's Report

Board of Directors
Port Authority of Allegheny County
d/b/a Pittsburgh Regional Transit

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Port Authority of Allegheny County d/b/a Pittsburgh Regional Transit (PRT), a component unit of Allegheny County, as of and for the years ended June 30, 2022 and 2021, the aggregate remaining fund information as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise PRT's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities as of June 30, 2022 and 2021, the aggregate remaining fund information as of December 31, 2021 and 2020, and the changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 2 to the financial statements, PRT adopted Governmental Accounting Standards Board (GASB) Statement No. 87, "*Leases*," which requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PRT's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PRT's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 audits 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the PRT's basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2023 on our consideration of PRT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PRT's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PRT's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
January 29, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)

The following management's discussion and analysis of the financial performance and activity of the Port Authority of Allegheny County (d.b.a. Pittsburgh Regional Transit, PRT) is intended to provide an introduction to and an overview and analysis of the basic financial statements of PRT for the years ended June 30, 2022 (Fiscal Year 2022) and June 30, 2021 (Fiscal Year 2021). The management of PRT has prepared this discussion, and it should be read in conjunction with the financial statements and the notes which follow this section.

PRT was established in January 1958 pursuant to the Enabling Act. PRT began transit operations on March 1, 1964 with the consolidation of 33 private transit carriers, including the Pittsburgh Railways Company and 32 other bus and inclined plane companies. PRT was formed for the purpose of, among other things, planning, acquiring, holding, constructing, improving, maintaining and operating a comprehensive public transportation system within Allegheny County, which includes the City of Pittsburgh, and outside of Allegheny County to the extent necessary for an integrated system.

HIGHLIGHTS

- Over Fiscal Years 2020, 2021, and 2022, PRT utilized approximately $163.9 million in CARES Act and ARPA Funding to mitigate the impact of lower Passenger Revenues due to the COVID-19 Pandemic.

- PRT has approximately $338.6 million remaining in Federal Stimulus funds at fiscal year-end 2022 to support operations in a post-pandemic environment.

- Since February 2020, PRT has taken many steps to ensure the safety of both its employees and customers during the COVID-19 Pandemic from updating its Pandemic and Continuity of Operations Plans, purchasing personal protective equipment for employees, implementing masking requirements for employees and patrons, daily disinfecting of vehicles and public facilities, financial incentives for employee vaccinations, additional paid time-off for employees that developed an adverse reaction to the vaccine or contracted COVID, reduced vehicle capacity limits and rear door boarding when appropriate to lessen the chance of transmission and mandating vaccinations for employees.

- Total Passenger Revenues were up approximately 52.6% to $46.9 million in FY2022 from $30.7 million in FY2021. Total Passenger Revenues are still $22.4 million lower than the FY2020 total of $69.3 million. Ridership was up from FY2021 levels by over 43% from 22.4 million in FY2021 to 32.3 million in FY2022.

- PRT was a recipient of $141.7 million in CARES ACT funding to assist in reducing the pandemic's operational and financial impact. In FY2020, the PRT utilized $31.4 million of its $141.7 million in CARES ACT funding. In FY2021, the PRT utilized another $73.9 million in CARES ACT funding for operating purposes.

- PRT was a recipient of $216.9 million of American Rescue Plan Act (ARPA) funding to also assist in mitigating the pandemic's financial impact on PRT. Since ARPA funds must be obligated by December 31, 2024 and spent by December 31, 2026, PRT switched from using CARES funding to ARPA funding. In FY2022, PRT utilized $58.6 million in ARPA funding in order to support operations.

- In November 2013, the Pennsylvania State legislature passed the Act 89 Transportation Funding package, which provided additional funding for statewide transportation projects including roads, bridges, and public transportation. Preliminary estimates were that in five years the legislation had the potential to provide $2.3 billion annually in additional transportation funding, of which public transit agencies would receive almost $500 million statewide.

- Preliminary projections provided by the Pennsylvania Department of Transportation (PennDOT) were that by the fifth year of legislation, PRT should receive approximately $80 million annually in additional capital funding and almost $50 million in additional operating revenue. Actual additional State capital and operating funding has trended below initial estimates but has remained well above historical levels.

- A portion of this increased funding had been supported via the Pennsylvania Turnpike Bonding $450 million annually with the proceeds being transferred to the Pennsylvania Department of Transportation (PennDOT). In FY2023, the Pennsylvania Turnpike payment has been reduced to $50 million annually. The State's 2023 Budget includes a transition in transit funding with up to $450 million originating from the Commonwealth's Motor Vehicle Fund. This will benefit PRT in the long run as Motor Vehicle funding is bondable which wasn't permitted with Turnpike's funding.

- Act 44 State Operating Assistance in Fiscal Year 2022 increased $5.2 million over the prior year from $245.6 million in Fiscal Year 2021 to $250.8 million in Fiscal Year 2022. Local match requirements of 15% on the additional Commonwealth funding were met through a combination of local Drink Tax Revenue and Regional Asset District (RAD) revenue.

- Prior to the PennDOT required entry to defer grant revenue, PRT ended Fiscal Year 2022 with a $3.7 million operating surplus, which is classified as unearned grant revenue per PennDOT's adopted regulations. This is a decrease of $2.1 million from Fiscal Year 2021. In FY 2021, prior to the deferred grant revenue entry, PRT ended the fiscal year with a $5.8 million operating surplus. Combined with Fiscal Year 2020 Deferred Revenues of $19.3 million, Fiscal Year 2019 Deferred Revenues of $11.2 million, Fiscal Year 2018 Deferred Revenues of $19.0 million, Fiscal Year 2017 Deferred Revenues of $19.1 million, Fiscal Year 2016 Deferred Revenues of $14.2 million, Fiscal Year 2015 Deferred Revenue of 16.3 million, Fiscal Year 2014 Deferred Revenue of $21.9 million, Fiscal Year 2013 Deferred Revenue of $24.8 million, and Fiscal Year 2012 deferred grant revenue of $4.8 million, PRT continues to improve its cash position. These Deferred Revenues will act as a buffer against prolonged revenue losses from the pandemic. PRT's Board of Directors has adopted a resolution that the organization should have reserves equivalent to one month's Operating Budget Expense.

- Prior to the COVID-19 outbreak, PRT was in the midst of a significant public outreach campaign. It held meetings throughout the region to discuss possible initiatives and receive input from the community on how PRT can better address needs.

- PRT has built on that input in addition to insights from numerous other public meetings to complete NEXTransit which is a 25-year Long-Range Plan of improvements and growth priorities for the organization. NEXTransit was adopted by PRT's Board of Director's in early FY2022. The Plan will take on greater importance as PRT responds to the long-term impacts of the pandemic.

- During FY2022, PRT worked on elements of a new Strategic Plan that covers the period FY2023 to FY2028. The Strategic Plan followed the completion of a Tactical Plan that was initiated early in the tenure of PRT's Chief Executive Officer.

- The Strategic Plan was formally adopted by the PRT Board of Directors in early FY2023. The Plan incorporates both new Vision and Mission Statements as well as establishes organizational values of Collaboration, Safety, Customer Service, Equity, Flexibility and Integrity.

- The Strategic Plan establishes foundational goals of Accountability, Organizational Resilience, Customer Experience and Sustainability.

- PRT's smart-card based Automated Fare Collection System, branded "Connect Card," is fully implemented with all products online. PRT has contracted with a Mobile Application provider who has completed installation of mobile app readers on its bus fleet. The plan is to complete installation of the readers on all railcars by the end of FY2023.

- PRT has been in negotiations with its largest union, the Amalgamted Transit Union Local #85. Both the union and PRT Board of Directors ratified a new four-year contract in November 2022. The previous contract expired June 30, 2022.

- Finally, PRT has been formally approved for $149.9 million in Federal funding towards its Bus Rapid Transit (BRT) project that will improve mobility between Downtown Pittsburgh and the Oakland business district which is home to major universities and medical centers. Design has been completed and construction bid documents are being publicly advertised.

BASIC FINANCIAL STATEMENTS

PRT's financial statements are prepared in conformity with generally accepted accounting principles (GAAP) that apply to U.S. governmental units. PRT uses the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when incurred. Since PRT is comprised of a single enterprise fund, no individual fund level financial statements are presented.

The following financial statements, along with the "Notes to Financial Statements," serve as the basis for the analysis and understanding of PRT's financial position:

- ♦ **Statements of Net Position** - These financial statements summarize PRT's capital structure as to whether company assets were financed with equity or by incurring a liability. Net position increases when revenues exceed expenses. Increases in assets without a corresponding increase in liabilities generally indicate an improved financial condition.

- ♦ **Statements of Revenues, Expenses, and Changes in Net Position** - These financial statements provide information on the net income generated from PRT's continuing operations. Operating Expenses are subtracted from Operating Revenues to determine an Operating Gain or Loss. Non-Operating Revenues that are defined as significant recurring federal and state grants are added to the Operating Gain or Loss in order to calculate Gain or Loss Before Capital Grant Funding. The Capital Grant Funding is added to the Gain or Loss Before Capital Grant Funding that results in the Change in Net Position. The Change in Net Position is added to the Total Net Position from the end of the previous fiscal year. This summation results in the Total Net Position for the current fiscal year.

- ♦ **Statements of Cash Flows -** The statements of cash flows detail the cash flows generated by PRT's operations, non-capital financing, and capital and related financing activities. These statements incorporate a direct approach by adding Fiscal Year 2022 changes in cash flows from operating activities, non-capital financing activities, capital and related financing activities, and investing activities to the fiscal year-end 2021 cash balance.

PRT'S FINANCIAL CONDITION

The *Statements of Net Position* and the *Statements of Revenues, Expenses, and Changes in Net Position* report information about PRT as a whole and detail changes in PRT's financial position. These statements include all assets and liabilities using the accrual basis of accounting. An increase or decrease in PRT's net position is one indicator of whether its financial health has improved or deteriorated over time. Other less tangible factors, such as the age of the revenue vehicle fleet, new service initiatives, health of the local economy, labor union contractual issues, significant capital projects, and the level of inter-governmental financial support, all combine to influence the current and future financial health of the organization.

Public transit service is provided with the assistance of Federal, State and County operating subsidies and grants which are categorized as non-operating revenues on the *Statements of Revenues, Expenses, and Changes in Net Position.* Operating expenses are subtracted from Operating Revenues in order to determine PRT's operating surplus or loss. Non-Operating Revenues (Expenses) are added to the Operating Loss. This financial result is entitled Loss Before Capital Grant Funding on the *Statement of Revenues, Expenses and Changes in Net Position.*

In Fiscal Year 2022, PRT completed the fiscal year with net operating expenses exceeding revenues before capital grant funding by $55.5 million. Adjusting for the effect of the non-cash items such as depreciation and OPEB and pension obligation adjustments, PRT's *Net Revenues over Expenses before Capital Grant Funding* are balanced. In July 2012, PennDOT adopted new regulations on grant revenue recognition requiring all fixed route public transit agencies to report balanced operating result, i.e., no surplus or deficit of funds after the use of operating grant funds, at the end of each fiscal year and to do so by classifying any surplus as unearned grant revenue. PRT deferred $3.7 million in Commonwealth of Pennsylvania Act 44 grant revenue to meet required regulations for surpluses. Once capital items are accounted for, net position increased by $39.9 million.

PRT AS TRUSTEE

PRT is a trustee of the PRT Retirement and Disability Allowance Plan for Employees Represented by Local 29 of the International Brotherhood of Electrical Workers and the PRT Retirement and Disability Allowance Plan for Employees Not Represented by a Union. In addition, the PRT serves as a joint trustee with the Amalgamated Transit Union (ATU) Local #85 on the PRT Retirement and Disability Plan for Employees Represented by Local 85 of the Amalgamated Transit Union. Although not subject to the Employee Retirement Income Security Act (ERISA), PRT follows its guidelines and has separate, external audits of these plans conducted.

PRT adopted GASB Statement No. 84, *"Fiduciary Activities,"* for the fiscal year ended June 30, 2021. The adoption of this statement added the inclusion of the Statements of Plan Net Position and Statements of Changes in Plan Net Position of the Pension Trust Funds for the plans noted above, as well as applicable financial statement disclosure.

In Fiscal Year 2022, PRT adopted GASB #87 which impacts the reporting of leases. This reporting change is reflected in PRT's financial statements and resulted in the presentation of a lease asset and lease liability of $10.7 million and $11.7 million as of Fiscal Year 2022 and Fiscal Year 2021, respectively.

STATEMENTS OF NET POSITION

PRT's Total Assets in Fiscal Year 2022 decreased by $22.5 million from the prior year, from $1.520 billion in Fiscal Year 2021 to $1.498 billion in Fiscal Year 2022. Total Current Assets decreased by $3.2 million or 1.4%, from $224 million in Fiscal Year 2021 to $220.8 million in Fiscal Year 2022. Total Non-current Assets during the same period decreased by $19.2 million. Below are explanations of significant changes in various current and non-current asset classifications.

Current Assets

Cash and cash equivalents: PRT's ending cash and cash equivalents balance was $160.1 million, an increase of $44 million or 37.9% compared to Fiscal Year 2021. $27.2 million of this increase was due to an increase in County Capital Match funds.

Capital grants receivable: Capital grants receivable decreased by $5.4 million or 14%, from $38.3 million in Fiscal Year 2021 to $32.9 million in Fiscal Year 2022, due principally to a decrease in accounts receivables from the Pennsylvania Department of Transportation (PennDOT).

Other receivables: Other receivables decreased $44.8 million or 88%, from $50.6 million in Fiscal Year 2021 to $5.8 million in Fiscal Year 2022 as a result of a reduction in Accounts Receivable-Other that was impacted by timing of Drink Tax funding due from Allegheny County.

Non-Current Assets

PRT's major operating facilities include four bus garages, a rail center, a complex housing the Power and Way Departments, the Manchester Administrative Center and General Shops building, South Hills Village Parking Garage, fixed guideways such as the 9.1 mile Martin Luther King, Jr. East Busway, 4.3-mile South Busway, 5.0-mile West Busway, 25.4 miles of Light Rail Transit (LRT) infrastructure, the Monongahela Incline, and other various structures that are situated throughout Allegheny County. Service reductions in March 2011 resulted in the closure of the Harmar Garage, dividing operations among the remaining four garages. PRT continues to own the Harmar facility and is using it for storage purposes. In total, non-current assets in Fiscal Year 2022 decreased by $26.3 million from Fiscal Year 2021 values.

Restricted assets for capital additions and related debt: In Fiscal Year 2022, restricted assets for capital additions and related debt increased by $5.0 million or 54% compared to Fiscal Year 2021 due to an increase in the Deferred Capital Project Fund.

Reserve fund: During Fiscal Year 2017, PRT adopted a resolution to implement and maintain an operating reserve fund. Approximately $43.2 million, or one month of PRT's operating expenses based on the Fiscal Year 2023 budget was transferred into the fund.

Capital assets, net of accumulated depreciation: Capital assets, net of accumulated depreciation, decreased $26.3 million or 2.1% from Fiscal Year 2021.

Current Liabilities

Current liabilities include accounts payable; accrued compensation, benefits, and withholdings; unearned revenue; reserves for claims and settlements; current portion of bonds payable; current portion of lease payable and other current liabilities.

In Fiscal Year 2022, total current liabilities increased by $5.1 million or 2% over Fiscal Year 2021 levels due to increased Unearned Revenues which related to an increase in Deferred State Operating Assistance and County Grant Credits.

Non-Current Liabilities

PRT's non-current liabilities include long-term debt obligations, lease payable, reserves for claims and settlements, net pension liability, and OPEB liability. At year-end, net bonds payable totaled $114.3 million, a decline of $16.2 million over Fiscal Year 2021. For Fiscal Year 2022, the OPEB liability increased by $69.4 million from $524.5 million in Fiscal Year 2021 to $593.9 million in Fiscal Year 2022. For Fiscal Year 2022, the Pension liability decreased by $96.8 million from $310.2 million in Fiscal Year 2021 to $213.4 million in Fiscal Year 2022. In Fiscal Year 2022, total non-current liabilities decreased by $45.3 million over Fiscal Year 2021. The majority of this decrease in non-current liabilities is attributable to decreases in Bonds Payable, and Net Pension liability.

Net Position

PRT's Net Position increased by $39.9 million from $188.8 million to $228.7 million.

FINANCIAL COMPARISON: FISCAL YEAR 2022 OVER FISCAL YEAR 2021

The following discussion measures the financial performance of PRT by comparing the actual revenues, expenses, and changes in net position. This section comments on revenue and expense categories that exhibited significant dollar variances between Fiscal Year 2022 and Fiscal Year 2021.

Revenues

Total operating revenues in Fiscal Year 2022 increased by $18.1 million or 45.9% compared to Fiscal Year 2021. A $16.2 million increase in Passenger Fares and a $1.4 million increase in Shared Ride revenues were the primary drivers in this increase in total operating revenues. In Fiscal Year 2022, Passenger Fares supported 10.4% of PRT's Total Operating Expense, excluding OPEB, Depreciation expense and a pension expense accounting entry.

Advertising Revenue increased by $717,733 from Fiscal Year 2021 levels. This increase is due to a rebound in advertising interest among businesses from pandemic levels.

PRT contracts with Transdev Services Inc., a privately-owned transportation company, for professional services to coordinate door-to-door, demand-response transportation service for elderly and handicapped citizens. The Commonwealth of Pennsylvania reimburses PRT for the costs incurred in providing the Shared Ride program, which is available to persons over 65 years of age. ACCESS Shared Ride revenues in Fiscal Year 2022 increased by $1.4 million when compared to Fiscal Year 2021 due to higher Shared Ride ridership than during the pandemic which results in higher cost.

As indicated in the *PRT Ridership Statistics* below, total ridership in Fiscal Year 2022 increased by 43.89% compared to Fiscal Year 2021 due to the limited re-openings of local organizations and businesses post-pandemic. Most sub-categories of ridership increased in FY2022 as a result of a limited economic re-opening after the pandemic. Originating Ridership statistics for bus, light rail, and the incline increased by 37.54% in Fiscal Year 2022. Contract Services ridership which represents riders from local universities participating in a U-Pass program increased by 207.12% year-over-year as these schools resumed more of an in-person schedule. Senior ridership decreased by 185,497 rides in Fiscal Year 2022 or a 6.72%. Ridership on ACCESS in Fiscal Year 2022 increased by 26.80% compared to Fiscal Year 2021. Ridership within the Downtown

Free-Zone for light rail mode increased by .23% and Transfers increased by 12.57% vs. Fiscal Year 2021. PRT continued to experience changes in its commuter routes as employers continued work from home policies or hybrid work plans.

PRT Ridership Statistics

	FY2022	**FY2021**	**Percent +/(-)**
Originating	22,388,328	16,277,252	37.54%
Transfers	916,526	814,218	12.57%
Contracted Services	5,417,234	1,763,876	207.12%
Seniors	2,576,358	2,761,855	(6.72%)
ACCESS	845,865	667,101	26.80%
Free Ridership	184,221	183,798	.23%
	32,328,532	**22,468,100**	**43.89%**

Expenses

Total Operating Expenses decreased from $509.4 million in Fiscal Year 2021 to $502.2 million in Fiscal Year 2022. The decrease in expenses were driven by a $2.9 million decrease in OPEB expense and a $15.2 million decrease in Pension expense, net. Excluding the Pension, OPEB and Depreciation expenses; Operating Expenses increased $8.7 million or roughly 2.0% compared to Fiscal Year 2021.

.

Salary and Wages increased by $4.0 million or 2.2% due to contractual wage increases, increased personnel levels and additional salary-related merit and market-based adjustments. Total employee fringe benefits in Fiscal Year 2022, excluding Pension and OPEB adjusting entries decreased $2.3 million compared to Fiscal Year 2021. Health care expense decreased by $3.5 million due to lower retiree and active employee Medical Expense.

Fuels and Lubricants increased by $3.0 million or 24.7% in Fiscal Year 2022 due to increased diesel fuel and gasoline expense resulting from higher market prices than earlier in the pandemic.

Casualty and Liability Expense increased by $1.5 million due to a reduction in the Accident Recovery Credit in Fiscal Year 2022.

Purchased Transportation increased by $2.9 million from FY2021 levels. This increase is due to an increase in service demand as the economy began to open up in the later stages of the pandemic.

Non-Operating Revenues

In total, non-operating revenues in Fiscal Year 2022 decreased $8 million or 2.0% compared to Fiscal Year 2021. Non-operating revenues originate from a number of sources. The Commonwealth of Pennsylvania provides Act 89 subsidy for operating, which in Fiscal Year 2022, after the required PennDOT deferral, increased by $7.3 million or 3.0% from $239.7 million in Fiscal Year 2021 to $247.1 million. In FY 2022, PRT received a portion of its State Operating Assistance from the Public Transportation Assistance Fund

(PTAF). PRT was required to use a portion of PTAF revenues towards debt service payments in FY 2022. The operating subsidy from Allegheny County for Fiscal Year 2022 fully matched 15% of the pre-deferred State Operating Assistance amount. The Regional Asset District (RAD) contributed \$2.9 million of the \$37.7 million in local governments Act 44 matching.

Capital funds used for operating assistance decreased by \$17.7 million or 14% from Fiscal Year 2021. In Fiscal Year 2022, PRT used lower amounts of Federal Capital Funds in the form of ARPA funding in order to support operations of PRT than in FY2021.

CONDITIONS AFFECTING FUTURE FINANCIAL POSITION

As the Commonwealth's second largest public transportation system, PRT is an essential partner in the southwestern Pennsylvania region's economy, moving 200,000 people pre-pandemic each weekday to and from work, school, and entertainment. PRT acknowledges that its services are integral to the lives of many Allegheny County residents. Clearly PRT wishes it could meet every demand for restoration of bus and rail service, but as a practical matter, this will not be financially possible or practical given the difficulty in attracting Bus and Rail drivers to meet even current service levels. Any significant increase in service must be funded through increased operating revenue, either through increased fare revenue as a result of ridership increases or an increase in subsidy.

The Act 89 Commonwealth Transit Funding legislation of 2013 had a provision whereby the annual \$450 million funding contribution from the Pennsylvania Turnpike Commission (PTC) would be reduced to \$50 million beginning in FY2023 and the Commonwealth's Motor Vehicle Fund would fund the resulting gap. In early 2018, PRT, together with PTC and Allegheny County formed the Southwest Partnership for Mobility (SPM) to address the challenges facing the region's transportation system and the looming impacts of changes to Act 89. The SPM identified two actions that were needed to address the region's transportation funding challenges. The first of these challenges was to stabilize the public transportation funding structure that was scheduled to transition from PTC funding to the Commonwealth's Motor Vehicle Fund. Beginning in FY2023, the Commonwealth successfully transitioned public transportation funding from PTC to the Motor Vehicle Fund while increasing State Operating Assistance support in FY2023.

Secondly, the SPM raised awareness of the need to explore locally enacted revenue sources for public transportation services above the status quo. This discussion took on greater urgency as the pandemic negatively impacted passenger ridership. It is currently projected that PRT will utilize all its CARES Act, CHHRSAA and ARPA funding by the beginning of FY2026. This will leave in excess of \$160 million in deferred revenue that will have to be used judiciously in the future to support operations.

PRT will focus on improving the service that is already offered. PRT has faced great difficulty in hiring both Operators and Maintenance personnel which is an industry trend impacting many agencies. To counter this trend, PRT has been both reviewing its hiring practices and evaluating alternative avenues for attracting new talent. The ultimate goal of this initiative is to have staffing levels that reduce out of service and provide dependable service.

Despite the pandemic, PRT will continue to plan for the future. PRT has completed a twenty-five-year, long-range plan entitled NEXTransit. This plan is the culmination of both community and employee input NEXTransit identifies both initiatives and corridors that will be explored over the next twenty-five years that would be an improvement to the existing services offered by PRT.

In addition, PRT has adopted a Strategic Plan with a new company mission and vision that will cover FY2023 to FY2028. The Strategic Plan is predicated on the strategic goals of Accountability, Customer Experience, Sustainability and Organizational Resilience. In addition to the Strategic Plan implementation, PRT will also continue to monitor current resource levels to make sure PRT remains on firm financial ground. It will continually monitor the financial impacts of the pandemic on PRT, and try to determine if these are temporary or lasting changes.

PRT's Board of Directors, management, and employees are energized to continue to fulfill the commitment policymakers made to PRT with the continued State funding levels under the transition from Pennsylvania Turnpike Funding to Motor Vehicle funding. The same energy will be brought to bear to continue to make the case the public transportation is essential for both economic prosperity and the vitality of the region.

GLOSSARY OF TERMS

ACCESS Program – A program that provides subsidized door-to-door, advanced reservation transportation services for the elderly and handicapped residents of Allegheny County. (The PRT's demand-responsive service.)

Balanced Budget – A budget where total Revenues, Grants, and Operating Assistance equals total expenses.

Base Fare – Cash fare that is charged to an adult for regular local transit service.

Capital Improvement Program – A financial plan for the allocation of Capital Project funds necessary to acquire, improve, or maintain PRT's fixed assets.

Fixed Guideway – A separate right-of-way for the exclusive use of public transportation vehicles.

Fixed Route – An established route where transit vehicles follow a schedule over a prescribed route.

Incline – A fixed facility that is comprised of two (2) vehicles operating in opposite directions on angled, parallel tracks.

Light Rail – A type of electric rail transit system that typically operates on dedicated right-of-way or in mixed traffic with other vehicles. Typically involves short distances between stops.

Operating Budget – Combines the financial plan for the allocation of projected revenues and expenses consumed in the daily operations of the transit system and specific programs to support achievement of the PRT's mission statement.

North Shore Connector Project -- The 1.2 mile extension of PRT's Light Rail Transit System, of which the centerpiece is a tunnel underneath the Allegheny River.

Paratransit – Flexible forms of public transportation services that are not provided over a fixed route. (PRT's ACCESS Program.)

Passenger Revenues – Revenues consisting of farebox collections, ticket sales, school permits and pass sales, weekend fare receipts, weekly permit sales, monthly pass sales, and special event fare receipts.

Ridership – Number of customers using PRT's transit services.

Vehicle Improvement Program – The terminology used by PRT for rehabilitation of its revenue vehicle fleet.

SOURCE: American Public Transit Association, A Glossary of Transit Terminology, September 1984.

PITTSBURGH REGIONAL TRANSIT

STATEMENTS OF NET POSITION

JUNE 30, 2022 AND 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	$ 160,144,214	$ 116,096,511
Capital grants receivable	32,932,090	38,282,275
Other receivables	5,830,130	50,633,814
Prepaid expenses	1,679,998	927,688
Materials and supplies, net	20,231,995	18,113,294
Total current assets	220,818,427	224,053,582
Non-current assets:		
Restricted and designated assets:		
Restricted assets for capital additions and related debt	14,304,536	9,307,936
Designated for reserve fund	43,247,892	41,196,321
Capital assets, net of accumulated depreciation	1,220,093,600	1,246,391,068
Total non-current assets	1,277,646,028	1,296,895,325
Total Assets	1,498,464,455	1,520,948,907
Deferred Outflows of Resources		
Deferred charge on refunding	4,513,744	5,182,447
Related to pensions	26,222,547	31,708,636
Related to OPEBs	128,379,939	112,865,159
Total Deferred Outflows of Resources	159,116,230	149,756,242
Liabilities		
Current liabilities:		
Accounts payable	13,427,740	15,148,954
Accrued compensation, benefits, and withholdings	22,590,501	21,087,818
Unearned revenue	196,211,680	190,352,896
Reserves for claims and settlements	7,221,341	8,194,067
Current portion of bonds payable	13,220,000	12,590,000
Current portion of lease payable	1,005,829	956,874
Other current liabilities	1,793,500	2,003,333
Total current liabilities	255,470,591	250,333,942
Non-current liabilities:		
Bonds payable, net	114,287,136	130,454,860
Lease payable	9,735,536	10,741,365
Reserves for claims and settlements	2,169,895	2,841,497
OPEB liability	593,890,229	524,547,318
Net pension liability	213,438,022	310,238,835
Total non-current liabilities	933,520,818	978,823,875
Total Liabilities	1,188,991,409	1,229,157,817
Deferred Inflows of Resources		
Related to pensions	97,334,551	44,497,246
Related to OPEBs	142,556,142	208,280,285
Total Deferred Inflows of Resources	239,890,693	252,777,531
Net Position		
Net investment in capital assets	1,140,764,116	1,147,195,963
Unrestricted	(912,065,533)	(958,426,162)
Total Net Position	$ 228,698,583	$ 188,769,801

See accompanying notes to financial statements.

PITTSBURGH REGIONAL TRANSIT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Operating Revenues:		
Passenger fares	$ 46,907,211	$ 30,720,420
State Shared Ride Program	7,721,160	6,338,710
Advertising	2,317,917	1,600,184
Miscellaneous income	626,132	781,282
Total operating revenues	57,572,420	39,440,596
Operating Expenses:		
Salaries and wages	184,058,097	180,013,823
Fringe benefits	163,349,951	165,638,872
Pension expense, net	(38,477,419)	(23,273,962)
OPEB expense, net	(11,896,012)	(9,007,995)
Services	15,658,641	15,652,494
Fuel and lubricant	14,944,692	11,980,515
Tires and tubes	1,724,404	1,535,744
Other materials and supplies	24,678,409	25,874,905
Utilities	6,982,354	7,204,632
Casualty and liability	3,731,452	2,246,741
Purchased transportation	27,807,315	24,878,539
Leases and rentals	451,636	432,505
Miscellaneous expense	5,884,784	5,113,724
Depreciation	103,339,824	101,062,073
Total operating expenses	502,238,128	509,352,610
Operating Loss	(444,665,708)	(469,912,014)
Non-Operating Revenues (Expenses):		
Capital funds used for operating assistance:		
Federal government	93,594,456	105,548,785
Commonwealth of Pennsylvania	13,773,816	14,943,466
Local governments	992,300	5,574,096
Operating grants:		
Commonwealth of Pennsylvania	247,067,592	239,720,391
Local governments - matching	37,716,078	36,727,514
Total government subsidies for operations	393,144,242	402,514,252
Interest income	29,667	18,919
Interest expense	(4,009,196)	(4,667,217)
Bond issue costs	-	(651,252)
Total non-operating revenues (expenses)	389,164,713	397,214,702
Loss Before Capital Grant Funding	(55,500,995)	(72,697,312)
Capital grant funding:		
Federal	20,400,526	24,489,228
State	71,221,063	70,226,849
Local	3,808,188	7,663,488
Total capital grant funding	95,429,777	102,379,565
Change in Net Position	39,928,782	29,682,253
Total net position - beginning	188,769,801	159,087,548
Total net position - ending	$ 228,698,583	$ 188,769,801

See accompanying notes to financial statements.

PITTSBURGH REGIONAL TRANSIT

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash Flows From Operating Activities:		
Receipts from customers	$ 102,376,104	$ 34,336,338
Payments for goods and services	(106,699,969)	(92,106,369)
Payments to employees	(345,905,365)	(351,151,941)
Net cash provided by (used in) operating activities	(350,229,230)	(408,921,972)
Cash Flows From Non-Capital Financing Activities:		
Operating subsidies	399,003,026	414,452,902
Cash Flows From Capital and Related Financing Activities:		
Capital grants received	100,779,962	112,113,923
Investments in transit operating property	(77,903,831)	(85,132,498)
Payments on bonds payable	(12,590,000)	(153,955,000)
Payments on lease payable	(956,874)	(910,301)
Proceeds from issuance of bonds	-	144,518,722
Interest paid	(7,036,846)	(10,189,194)
Payment of bond issue costs	-	(651,252)
Net cash provided by (used in) capital and related financing activities	2,292,411	5,794,400
Cash Flows From Investing Activities:		
Proceeds from (deposits to) restricted/designated assets	(7,048,171)	1,013,713
Interest and dividends on investments	29,667	18,919
Net cash provided by (used in) investing activities	(7,018,504)	1,032,632
Net Increase (Decrease) in Cash and Cash Equivalents	44,047,703	12,357,962
Cash and Cash Equivalents:		
Beginning of year	116,096,511	103,738,549
End of year	$ 160,144,214	$ 116,096,511
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Operating loss	$ (444,665,708)	$ (469,912,014)
Adjustments to reconcile operating loss and depreciation expense to cash and cash equivalents provided by (used in) operating activities:		
Depreciation	103,339,824	101,062,073
Change in assets, liabilities, and deferred outflows and inflows:		
Accounts receivable	44,803,684	(5,104,258)
Materials and supplies	(2,118,701)	70,698
Prepaid expenses and other current assets	(752,310)	(64,429)
Accounts payable	(859,740)	3,071,523
Accrued compensation, benefits, and withholdings	1,502,683	(5,499,246)
Reserves for claims and settlements	(1,644,328)	(264,362)
OPEB liability and related components	(11,896,012)	(9,007,995)
Net pension liability and related components	(38,477,419)	(23,273,962)
Total adjustments	94,436,478	60,990,042
Net cash provided by (used in) operating activities	$ (350,229,230)	$ (408,921,972)

See accompanying notes to financial statements.

PITTSBURGH REGIONAL TRANSIT

STATEMENTS OF PLAN NET POSITION
PENSION TRUST FUNDS

DECEMBER 31, 2021 AND 2020

	2021	2020
Assets		
Receivables:		
Plan members	$ 1,969,439	$ 1,835,408
Employer	2,192,105	3,620,668
Proceeds from asset sales	5,234,493	2,071,897
Interest and dividends	784,047	728,406
Total receivables	10,180,084	8,256,379
Investments:		
U.S. government securities	46,448,769	36,914,101
Money market	28,549,104	27,408,420
Corporate debt securities	83,547,704	71,349,358
Common stock	338,549,008	267,670,717
Common/collective trusts	193,376,027	208,812,817
Registered investment companies	265,055,836	254,507,486
Partnership/joint venture interest	102,266,183	86,198,359
Other	21,895,827	4,220,466
Total investments	1,079,688,458	957,081,724
Total Assets	$ 1,089,868,542	$ 965,338,103
Liabilities and Net Position		
Liabilities:		
Accrued investment and administrative expense	$ 1,097,072	$ 789,254
Investment securities purchased	273,845	334,172
Total Liabilities	1,370,917	1,123,426
Net Position:		
Restricted for pension benefits	1,088,497,625	964,214,677
Total Liabilities Net Position	$ 1,089,868,542	$ 965,338,103

See accompanying notes to financial statements.

PITTSBURGH REGIONAL TRANSIT

STATEMENTS OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Additions:		
Contributions:		
Plan members	$ 17,068,486	$ 16,350,566
Employer reimbursement for healthcare expenses	3,582,933	3,421,847
Employer - actuarially recommended	43,137,588	44,694,132
Total contributions	63,789,007	64,466,545
Investment income		
Interest and dividends	12,000,797	11,642,548
Net increase (decrease) in fair value of investments	141,575,705	81,935,999
Investment expense	(3,187,674)	(2,289,563)
Total investment income	150,388,828	91,288,984
Total additions	214,177,835	155,755,529
Deductions:		
Retirement and disability allowances	89,047,588	86,631,876
Administrative expenses	847,299	652,185
Total deductions	89,894,887	87,284,061
Change in Net Position	124,282,948	68,471,468
Total net position - beginning	964,214,677	895,743,209
Total net position - ending	$ 1,088,497,625	$ 964,214,677

See accompanying notes to financial statements.

1. Organization

The Port Authority of Allegheny County d/b/a Pittsburgh Regional Transit (PRT) was established under the Second-Class County Port Authority Act of 1956 and is responsible for the management and operation of certain transit facilities serving the County of Allegheny, Pennsylvania (County) and portions of adjacent counties. PRT is not subject to federal or state income taxes.

The financial reporting status of PRT has been determined to be a component unit of the County for financial reporting purposes in accordance with accounting principles generally accepted in the United States of America (GAAP). The County provides substantial operating subsidies and capital funding. Pursuant to Pennsylvania Act 72 of 2013, signed into law on July 19, 2013, PRT's board appointments were restructured whereas the County Chief Executive has six appointments, and the remaining five members are appointed by the Governor and legislative leaders of the State Senate and House.

The Amalgamated Transit Union Pension Fund, International Brotherhood of Electrical Workers Pension Fund, and Non-Rep Pension Fund are considered fiduciary fund component units of PRT. The fiduciary fund component units are separate entities that function as an integral part of PRT; however, since they are held for the benefit of others and are not available to address activities or obligations of PRT, they are reported separately. Additionally, the fiduciary fund component units are reported as of the years ended December 31, 2021 and 2020.

As discussed in Note 7, PRT contracts with Transdev Services, Inc. for professional services to coordinate ACCESS, a paratransit system, which provides transit service within PRT's jurisdiction. ACCESS financial statements have not been included in the reporting entity because PRT has neither control, financial responsibility, nor accountability for ACCESS.

2. Summary of Significant Accounting Policies

The financial statements of PRT have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. PRT's significant accounting policies are as follows:

Measurement Focus

PRT uses "income determination" as its measurement focus. Accordingly, all assets, liabilities, deferred inflows, and deferred outflows are included on the statement of net position. Net position reflects the economic net worth of PRT. The statement of revenues, expenses, and changed in net position reflects the change in total economic net worth for the period, presented through revenues and expenses of PRT.

Basis of Accounting

PRT's accounts are reported as an Enterprise Fund on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Operating revenues and expenses consist of those revenues and expenses that result from ongoing principal operations of PRT. Operating revenues consist primarily of user charges. Non-operating revenues and expenses consist of those revenues and expenses that are related to grants and other financing and investing types of activities.

When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is PRT's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

Fiduciary Fund Component Units

Fiduciary fund Component Units are used to account for assets held in a trustee capacity. PRT reports the following fiduciary fund component units:

The *Pension Trust Funds* are used to account for employee retirement systems:

- The Amalgamated Transit Union Pension Fund accounts for the retirement pension plan of PRT union employees represented by Local 85.
- The International Brotherhood of Electrical Workers Pension Fund accounts for the retirement pension plan of PRT union employees represented by Local 29.
- The Non-Rep Pension Fund accounts for the retirement pension plan of PRT employees who are not represented by a union.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, as well as short-term investments, with a maturity date within three months of the date acquired by PRT.

Investments

Investments are recorded at fair value.

PRT categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Materials and Supplies

PRT maintains spare parts and supplies that are used to maintain transit equipment. The inventory is stated at cost, net of an allowance for obsolete parts of $379,905 at June 30, 2022 and 2021.

Capital Assets

Transit operating property and equipment are recorded at cost and include certain property acquired from predecessor private mass transportation companies. Transit operating property and equipment also include certain capitalized labor and overhead expenses incurred to ready such property and equipment for use. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. During both fiscal years 2022 and 2021, no interest expense was capitalized.

Depreciation is recorded using the straight-line method based on estimated useful lives that generally range from four to 30 years.

Projects in progress remaining at June 30, 2022 and 2021 primarily consist of various infrastructure upgrades and building improvements.

Leases

PRT is a lessee for a noncancellable lease of office space. PRT measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset was measured as the initial amount of the lease liability. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The lease asset is reported with capital assets and the lease liability is reported as a lease payable on the statements of net position.

Revenue, Receivables, and Unearned Revenues

PRT utilizes an automated fare collection system. Fares are recorded as revenue at the time services are performed.

Grants and contributions are recorded as revenue when all applicable eligibility requirements are met. The Federal Transit Administration (FTA), the Pennsylvania Department of Transportation, and the County provide financial assistance and make grants directly to PRT for operation, acquisition of property and equipment, and other capital related expenses. Operating grants and subsidies in the accompanying statements of revenues and expenses include only operating grants from the indicated sources. PRT is permitted to utilize certain capital funds for operating expenses including labor, fringe benefits, materials and supplies, and other expense classifications. Capital funds used for operating assistance represent capital grant funds applied to these expenses. Capital grants for the acquisition of property and equipment and other capital related expenditures are recorded as capital grant funding.

The Commonwealth of Pennsylvania (Commonwealth) created Act 44 to provide a dedicated source of funding called the Public Transportation Trust Fund (PTTF), which provides both operating and capital assistance to PRT as well as all other transit agencies in the Commonwealth. PTTF includes several existing sources of state funding as well as some new sources. Also, it eliminates the filing of separate applications to receive those funds.

The sources of revenue available to the Commonwealth to fund PTTF are:

1. A percentage from sales tax (4.4%).
2. Lottery funds for the Free Transit for Senior Citizens Program.
3. State bond funding for capital projects.

4. Remainder of Public Transportation Assistance Fund (PTAF) after funding payments on existing debt.
5. Annual payments from the Turnpike Commission.

Five program accounts have been created within the new trust fund: Transit Operating Assistance, Asset Improvement Program, Capital Improvements Program, New Initiatives, and Programs of Statewide Significance. Local matching funds are required to receive assistance under most of the programs.

Capital and Operating Funding for the Year Ended June 30, 2022

PRT received $251.2 million in State Operating Assistance during fiscal year 2022. After recognizing unearned revenue for State Operating Assistance carried forward to future years, PRT recognized $249.6 million in State Operating Assistance for fiscal year 2022 under Act 44. The State operating assistance funds required a 15% local match of $37.7 million. Allegheny County provided $34.8 million of local match with an additional $2.9 million provided by the Regional Asset District (RAD).

Because of existing debt agreements, PRT obtained capital funding under PTAF totaling $17.4 million to use for debt service. Local matching share required for this funding was provided by the County.

PRT utilized $203.8 million in capital funding for capital improvements, debt service payments, and to support bus purchases in fiscal year 2022. PRT applied $108.4 million of this capital funding in its operating budget.

PRT utilized a total of $4.8 million in capital funding from the County during fiscal year 2022, which was required to match federal and state capital grants.

As of June 30, 2022, the primary components of unearned revenue were: $157.8 million of State operating assistance carryover, $26 million of County funds to be used for capital grant matching, and $7.5 million of State PTAF funds to be used for debt service.

Capital and Operating Funding for the Year Ended June 30, 2021

PRT received $245.6 million in State Operating Assistance during fiscal year 2021. After recognizing unearned revenue for State Operating Assistance carried forward to future years, PRT recognized $239.7 million in State Operating Assistance for fiscal year 2021 under Act 44. The State operating assistance funds required a 15% local match of $36.7

million. Allegheny County provided $21 million in local match with an additional $3 million provided by the Regional Asset District (RAD). Allegheny County was able to provide another $12.7 million in local match from its designated CARES Funding.

Because of existing debt agreements, PRT obtained capital funding under PTAF totaling $17.9 million to use for debt service. Local matching share required for this funding was provided by the County.

PRT utilized $228.4 million in capital funding for capital improvements, debt service payments, and to support bus purchases in fiscal year 2021. PRT applied $126 million of this capital funding in its operating budget.

PRT utilized a total of $13.3 million in capital funding from the County during fiscal year 2021, which was required to match federal and state capital grants.

As of June 30, 2021, the primary components of unearned revenue were: $156.6 million of State operating assistance carryover, $22.3 million of County funds to be used for capital grant matching, and $7.3 million of State PTAF funds to be used for debt service.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows and inflows of resources. These separate financial statement elements represent a consumption (outflows) or addition (inflow) of net position that applies to a future period and so will not be recognized as an outflow (expense) or inflow (revenue) of resources until then.

Compensated Absences

In accordance with GAAP, PRT accrues vacation benefits earned by its employees.

Self-Insurance

PRT has a self-insurance program for public liability, property damage, and workers' compensation claims. Estimated costs of these self-insurance programs are accrued in the year the expenses are incurred, based upon the estimates of the claim liabilities made by management and legal counsel of PRT. Estimates of claim liabilities are accrued based on projected settlements for claims and include estimates for claims incurred but not reported.

Any adjustments made to previously recorded reserves are reflected in current operating results.

Refunding Transactions

In accordance with applicable guidance, the excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a deferred outflow of resources on the statements of net position and amortized as a component of interest expense over the shorter of the term of the refunding issue or refunded bonds.

Use of Estimates in the Preparation of Financial Statements

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Classification of Net Position

Accounting standards require the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

- Restricted – This component of net position consists of constraints placed on assets through external restrictions, reduced by liabilities related to those assets.

- Unrestricted – This component of net position consists of assets that do not meet the definition of “restricted” or “net investment in capital assets.”

Pensions

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 pension plans, as well as additions to and deductions from the pension plan fiduciary net position have been determined on the same basis as they are reported in the financial statements of the pension plans. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value.

Adopted Pronouncements

The requirements of the following Governmental Accounting Standards Board (GASB) statements were adopted for the financial statements:

GASB Statement No. 87, "*Leases*," requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. As a result of this implementation, a right to use a lease asset and lease liability have been reflected for the years ended June 30, 2022 and 2021. As the lease liability approximated the lease asset as of June 30, 2021, there was no restatement to net position.

GASB Statement No. 92 (Omnibus 2020) was also adopted for the year ended June 30, 2022. This statement did not affect the financial statements of PRT.

Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 91 (Conduit Debt Obligations), 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), 99 (Omnibus 2022), 100 (Accounting Changes and Error Corrections), and 101 (Compensated Absences). Management has not yet determined the impact of these statements on the financial statements.

Reclassifications

Certain reclassifications have been made in the prior financial statements in order for them to be in conformity with current year presentation.

3. Cash and Investments

The investment and deposit policy of PRT funds is governed by the by-laws of PRT and the Second-Class County Port Authority Act. In accordance with these regulations, PRT has established investment procedures that require that monies be deposited with FDIC-insured banks in demand deposit accounts or certificates of deposit (which are required to be 100% collateralized by separately identified United States obligations, if not covered by FDIC insurance). Investments are limited to United States obligations and repurchase agreements. Repurchase agreements must be purchased from banks located within the Commonwealth and the underlying collateral securities must have a market value of at least 100% of the cost of the related repurchase agreement. PRT's investment procedures do not require the delivery of the underlying securities to PRT; however, it is the obligation of the bank to deposit the pledged obligations with either the Federal Reserve Bank, the trust department of the financial institution issuing the repurchase agreement, or another bank, trust company, or depository satisfactory to PRT. There were no deposit or investment transactions during 2022 and 2021 that were in violation of either state statutes or the policies of PRT. PRT does not have a formal investment policy which addresses custodial credit risk, interest rate risk, credit risk, or concentration of credit risk.

PRT's unrestricted cash and investments are available for general operating purposes and restricted cash and investments in the amount of $14,304,536 are available for acquisition of assets under capital projects and scheduled payments of the Special Revenue Transportation Bonds (Note 5). Board-designated funds in the amount of $43,247,892 are available to fund future operating deficits.

GAAP requires disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. PRT's cash and investments as reported on the statements of net position consist of the following:

	2022		2021	
	Cash and Cash Equivalents	Restricted and Designated	Cash and Cash Equivalents	Restricted and Designated
Deposits	$ 10,247,436	$ 43,247,892	$ 19,576,785	$ 41,196,321
INVEST	149,896,778	-	96,519,726	-
Money Market	-	14,304,536	-	9,307,936
Total	$ 160,144,214	$ 57,552,428	$ 116,096,511	$ 50,504,257

The following is a description of PRT's deposit and investment risks:

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, PRT's deposits may not be returned to it. As of June 30, 2022 and 2021, respectively, $59,328,295 and $60,856,078 of PRT's bank balance of $59,828,295 and $61,356,078 were exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of PRT's investments. The investments noted above have maturities of less than one year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2022, PRT's investments in INVEST and money markets were rated AAA by Standard & Poor's.

PRT's investments in money markets and INVEST are reported at cost which approximates fair value. The fair value of PRT's investments in INVEST is the same as the value of the pool shares. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth. PRT can withdraw funds from INVEST without limitations or fees.

<u>Pension Trust Funds</u>

The pension trust funds are used to account for assets held by PRT in a trustee capacity for future payment of retirement benefits to employees or former employees. PRT's employees participate in three plans: the Plan for Employees Represented by Local 85 of the Amalgamated Transit Union (the ATU Plan), Plan for Employees Represented by Local Union 29 of the International Brotherhood of Electrical Workers (the IBEW Plan), and Plan for Employees who are Not Represented by a Union (the NonRep Plan) (collectively, the Funds).

The Funds' investments in money markets, equity and fixed-income funds, and guaranteed interest accounts are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book-entry form. Investments in common stock are not subject to the disclosure requirements of GASB Statement No. 40.

The following is a description of the pension trust funds' investment risks:

Custodial Credit Risk – Certificates of Deposit. In the case of deposits, this is the risk that in the event of bank failure, the Funds' deposits may not be returned to it. The Fund's investment policy does specifically cover custodial credit risk for deposits. As of December 31, 2021 and 2020, the Funds' certificate of deposit balance of $677,431 and $742,653, respectively, was fully insured and was not exposed to custodial credit risk. The carrying amounts of these deposits are the same as the bank balance.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of the Plans' investments. According to the ATU Plan's investment policy, bond portfolios must not have a par-weighted average maturity of greater than seven years. According to the IBEW and NonRep Plans' investment policy, portfolio maturity or duration structures are left to the discretion of the investment managers with the understanding that performance will be evaluated to determine if total return is justified by the volatility of the returns incurred due to the maturity/duration profile. The following tables show investment maturities in years for the Plans' investments with maturities:

	2021	Maturity in years (amounts presented in thousands)					
	Fair Value	Less than 1 year	1-5 years	6-10 years	11-15 years	16-20 years	21+ years
U.S. government securities	$ 46,449	$ -	$ 14,358	$ 9,874	$ 1,294	$ 4,749	$ 16,174
Corporate debt	83,547	1,947	34,130	22,345	7,005	3,809	14,311
Certificates of deposit	677	-	677	-	-	-	-
Other	6,043	-	616	1,218	1,879	-	2,330
Total	$ 136,716	$ 1,947	$ 49,781	$ 33,437	$ 10,178	$ 8,558	$ 32,815

	2020 Fair Value	Maturity in years (amounts presented in thousands) Less than 1 year	1-5 years	6-10 years	11-15 years	16-20 years	21+ years
U.S. government securities	$ 36,914	$ 2,350	$ 6,252	$ 10,247	$ 851	$ 3,232	$ 13,982
Corporate debt	71,349	1,261	21,053	23,290	10,538	4,093	11,114
Certificates of deposit	743	-	743	-	-	-	-
Other	3,477	-	287	1,704	1,136	-	350
Total	$ 112,483	$ 3,611	$ 28,335	$ 35,241	$ 12,525	$ 7,325	$ 25,446

Credit Risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The IBEW Plan and the NonRep Plan's investment policy provides that at least 50% of the convertible portfolio, measured at cost, should have a rating of "Baa/BBB" or better by a recognized rating service. Bonds, except 144A issues, generally must be rated investment grade "Baa/BBB" or equivalent. 144A issues purchased should demonstrate characteristics of investment grade securities in the opinion of the investment managers. For bond portfolios, the average par-weighted quality shall be no less than "Aa/AA." The ATU Plan's investment policy provides that at least 50% of the convertible portfolio, measured at cost, should have a rating of "Baa/BBB" or better by a recognized rating service. Bonds must be rated investment grade "Baa/BBB" or equivalent. Additionally, the average par-weighted quality of a given portfolio shall be no less than "Aa/AA."

As of December 31, 2021 and 2020, the pension trust funds' investments in fixed income bonds for the ATU Plan, the IBEW Plan, and the NonRep Plan rated as follows:

	2021							
	IBEW Plan & NonRep				ATU Plan			
Standard & Poor's Quality Rating	Corporate debt	U.S. Govt. sector	Money markets	Other	Corporate debt	U.S. Govt. sector	Money markets	Other
AAA	8%	0%	100%	0%	18%	0%	100%	3%
AA	17%	100%	0%	0%	8%	0%	0%	94%
A	36%	0%	0%	0%	28%	0%	0%	1%
BBB	34%	0%	0%	0%	36%	0%	0%	2%
BB	0%	0%	0%	0%	10%	0%	0%	0%
B	0%	0%	0%	0%	0%	0%	0%	0%
CCC	0%	0%	0%	0%	0%	0%	0%	0%
Not Rated	5%	0%	0%	0%	0%	0%	0%	0%

	2020							
	IBEW Plan & NonRep Plan				ATU Plan			
Standard & Poor's Quality Rating	Corporate debt	U.S. Govt. sector	Money markets	Other	Corporate debt	U.S. Govt. sector	Money markets	Other
AAA	9%	0%	100%	0%	19%	0%	100%	8%
AA	11%	100%	0%	0%	6%	0%	0%	86%
A	42%	0%	0%	0%	28%	0%	0%	3%
BBB	34%	0%	0%	0%	45%	0%	0%	3%
BB	0%	0%	0%	0%	0%	0%	0%	0%
B	0%	0%	0%	0%	0%	0%	0%	0%
CCC	0%	0%	0%	0%	1%	0%	0%	0%
Not Rated	4%	0%	0%	0%	1%	0%	0%	0%

Concentration of Credit Risk. According to the Plan's investment policy, no more than 5% of the convertible section may be invested in one company, valued at market. Also, the maximum exposure to non-U.S. convertibles is 20% of the convertible portfolio with a target exposure of 10%. At no time should the total investment in 144A securities (private-sale issues available only to qualified institutional buyers) exceed 20% of the fixed income section, valued at market, and at no time should any one issuer of 144A securities account for more than 2.5% of the fixed income section, valued at market. Regarding the real estate section, no more than 50% of the portfolio may be invested in a single property type or geographic sector.

The Funds had no debt investments in any one issuer equal to or greater than 5% of trust net position at December 31, 2022 and 2021.

Fair Value Measurements

The following methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of the future fair values. Furthermore, although the Trust Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Common stock, U.S. government securities, corporate debt securities, other investments, and registered investment companies are valued using quoted marked prices in active markets for those securities (Level 1). The money market investment is cost based which approximates fair value. Further detail on the investments in common stock and registered investment companies is provided below:

Common Stock by Sector

IBEW Plan & NonRep Plan			**ATU Plan**		
	2021	2020		2021	2020
Energy	5.1%	2.8%	Basic Materials	3.7%	4.3%
Materials	3.6%	3.9%	Consumer Discretionary	13.4%	11.7%
Industrials	10.3%	9.4%	Financial	11.1%	11.9%
Consumer Discretionary	11.9%	9.6%	Real Estate	1.8%	1.9%
Consumer Staples	6.3%	3.5%	Consumer Staples	6.2%	5.9%
Healthcare	18.6%	22.5%	Healthcare	14.5%	14.7%
Financials	26.6%	25.0%	Utilities	2.5%	2.2%
Information Technology	9.0%	14.5%	Communication	8.6%	9.0%
Telecommunications	2.9%	6.1%	Energy	3.0%	2.7%
Utilities	4.7%	1.9%	Industrials	9.9%	9.6%
Real Estate	0.4%	0.4%	Technology	25.3%	26.1%
Other	0.6%	0.4%			

Registered Investment Companies by Type

IBEW Plan & NonRep Plan	2021	2020	**ATU Plan**	2021	2020
Domestic Equity	39.7%	38.0%	Domestic Equity	2.3%	1.7%
Global Equity	12.6%	13.6%	Global Equity	0.0%	0.0%
International Equity	19.7%	18.9%	International Equity	62.0%	60.3%
Defensive Equity	9.2%	7.7%	Defensive Equity	0.0%	0.0%
Fixed Income	16.6%	21.8%	Fixed Income	35.7%	38.0%
Infrastructure	2.20%	0%			

The IBEW Fund and NonRep Fund pooled separate account – real estate and common collective trust - is valued at net asset value per share as determined by investment managers using the so-called “practical expedient.” The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using the method are met.

The IBEW Fund and NonRep Fund interest in the pooled separate account and common collective trust are valued at fair value, which is principally derived from the market value, as determined by external appraisals, of the underlying real estate holdings and real estate related investments. The pooled separate account and common collective trust sometimes hold securities as well. These are generally priced using values obtained from independent pricing sources. Unit values are calculated on a daily basis. The pooled separate account offers quarterly redemptions with at least 90 days’ notice and there are no unfunded commitments as of December 31, 2021 and 2020. The common collective trust account offers daily redemptions with no redemption notice period and there are no unfunded commitments as of December 31, 2021 and 2020.

The ATU Fund common/collective trusts and partnership/joint venture interests are valued at net asset value per share as determined by investment managers using the so-called “practical expedient.” The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using the method are met. The net asset values are determined by the funds and provided by the portfolio manager. Valuations are generally based on the compilation of prices from each fund’s underlying company or fund administrator. Upon completion of the fund valuations, the ATU Fund’s individual investor valuations are based upon their ownership share of each pool.

The following table summarizes investments measured at fair value based on net asset value per share as of December 31, 2021 and 2020, respectively:

December 31, 2021	Fair Value *	Unfunded Commitments *	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Partnership/joint venture interests	$ 97,336	$ -	Quarterly	90 days
Common/collective trusts	$ 200,981	n/a	Daily	n/a

* amounts in thousands

December 31, 2020	Fair Value *	Unfunded Commitments *	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Partnership/joint venture interests	$ 81,863	$ 7,967	Quarterly	90 days
Common/collective trusts	$ 196,834	n/a	Daily	n/a

* amounts in thousands

4. Capital Assets/Accumulated Depreciation

A summary of changes in capital assets for the year ended June 30, 2022 is as follows:

	June 30, 2021	Increases	Decreases	June 30, 2022
Capital assets, not being depreciated:				
Land	$ 95,953,095	$ -	$ -	$ 95,953,095
Projects in progress	97,055,105	36,005,188	(24,674,845)	108,385,448
Total capital assets, not being depreciated	193,008,200	36,005,188	(24,674,845)	204,338,543
Capital assets, being depreciated:				
Buildings	384,423,646	7,162,486	(4,245,606)	387,340,526
Transportation equipment	719,948,778	37,181,579	(32,297,737)	724,832,620
Track, roadway, and subway stations	1,416,957,561	16,943,651	(4,622,001)	1,429,279,211
Other property, equipment, and assets	180,008,989	4,424,298	(24,583,345)	159,849,942
Right-to-use leased office space	12,608,540	-	-	12,608,540
Total capital assets being depreciated	2,713,947,514	65,712,014	(65,748,689)	2,713,910,839
Less: accumulated depreciation for:				
Buildings	(204,956,350)	(15,865,058)	4,245,606	(216,575,802)
Transportation equipment	(460,906,717)	(38,030,933)	32,297,737	(466,639,913)
Track, roadway, and subway stations	(853,593,279)	(39,142,398)	4,622,001	(888,113,676)
Other property, equipment, and assets	(140,197,999)	(8,690,029)	24,583,345	(124,304,683)
Right-to-use leased office space	(910,301)	(1,611,407)	-	(2,521,708)
Total accumulated depreciation	(1,660,564,646)	(103,339,825)	65,748,689	(1,698,155,782)
Total capital assets, being depreciated, net	1,053,382,868	(37,627,811)	-	1,015,755,057
Total capital assets, net	$ 1,246,391,068	$ (1,622,623)	$ (24,674,845)	$ 1,220,093,600

A summary of changes in capital assets for the year ended June 30, 2021 is as follows:

	June 30, 2020	Increases	Decreases	June 30, 2021
Capital assets, not being depreciated:				
Land	$ 95,953,095	$ -	$ -	$ 95,953,095
Projects in progress	55,908,712	49,793,322	(8,646,929)	97,055,105
Total capital assets, not being depreciated	151,861,807	49,793,322	(8,646,929)	193,008,200
Capital assets, being depreciated:				
Buildings	382,948,577	1,475,069	-	384,423,646
Transportation equipment	710,129,530	29,614,178	(19,794,930)	719,948,778
Track, roadway, and subway stations	1,439,055,829	10,592,749	(32,691,017)	1,416,957,561
Other property, equipment, and assets	179,604,600	891,213	(486,824)	180,008,989
Right-to-use office space	12,608,540	-	-	12,608,540
Total capital assets being depreciated	2,724,347,076	42,573,209	(52,972,771)	2,713,947,514
Less: accumulated depreciation for:				
Buildings	(192,189,505)	(12,766,845)	-	(204,956,350)
Transportation equipment	(442,964,773)	(37,736,874)	19,794,930	(460,906,717)
Track, roadway, and subway stations	(848,204,196)	(38,080,100)	32,691,017	(853,593,279)
Other property, equipment, and assets	(129,116,870)	(11,567,953)	486,824	(140,197,999)
Right-to-use office space	-	(910,301)	-	(910,301)
Total accumulated depreciation	(1,612,475,344)	(101,062,073)	52,972,771	(1,660,564,646)
Total capital assets, being depreciated, net	1,111,871,732	(58,488,864)	-	1,053,382,868
Total capital assets, net	$ 1,263,733,539	$ (8,695,542)	$ (8,646,929)	$ 1,246,391,068

5. Long-Term Debt

On December 2, 2020, PRT issued $120,200,000 of the Special Revenue Transportation Bonds, Refunding Series of 2020 (the 2020 Bonds). The proceeds from the sale of the 2020 Bonds together with the amounts on deposit in the 2011 debt service reserve fund were used to provide funds required for refunding PRT’s 2011 Bonds. This refunding resulted in an economic gain and cashflow savings to PRT of approximately $30 million.

Interest on the 2020 Bonds is payable semiannually on each March 1 and September 1, commencing September 1, 2021. The interest rate is 5.00% throughout the term of the 2020 Bonds. The 2020 Bonds were issued at a premium of $24.3 million, which is being amortized over the life of the 2020 Bonds.

The 2020 Bonds are secured by funds distributed to PRT by the Commonwealth pursuant to Section 1310 of the Public Transportation Assistance Law, specifically including all monies distributed from PTAF. The 2020 Bonds are not subject to optional redemption prior to maturity.

On March 1, 2011, PRT issued $252,845,000 of the Special Revenue Transportation Bonds, Refunding Series of 2011 (the 2011 Bonds). The proceeds from the sale of the 2011 Bonds, together with the amounts on deposit in the 2001 debt service reserve fund, were used to provide funds required for 1) refunding PRT's 2001 Bonds and 2) terminating the Swap Agreement. During the year ended June 30, 2021, PRT currently refunded the bonds with the issuance of the Series 2020 Bonds, as noted above.

Interest on the 2011 Bonds was payable semiannually on each March 1 and September 1, commencing September 1, 2011. Interest rates ranged from 2% to 5.25% throughout the term of the 2011 Bonds. The 2011 Bonds were issued at a premium of $10.3 million, which was being amortized over the life of the 2011 Bonds.

The 2011 Bonds were secured by funds distributed to PRT by the Commonwealth pursuant to Section 1310 of the Public Transportation Assistance Law, specifically including all monies distributed from PTAF.

The following is a summary of debt transactions of PRT for the year ended June 30, 2022:

	Balance at July 1, 2021	Issuance	Amortization/ Payments and Retirements	Balance at June 30, 2022
Series of 2020 Bonds	$ 120,200,000	$ -	$ (12,590,000)	$ 107,610,000
Unamortized net bond premium	22,844,860	-	(2,947,724)	19,897,136
Net outstanding	$ 143,044,860	$ -	$ (15,537,724)	127,507,136
Less: current amount:				
Series of 2020 Bonds				(13,220,000)
Total long-term bonds payable, net				$ 114,287,136

The following is a summary of debt transactions of PRT for the year ended June 30, 2021:

	Balance at July 1, 2020	Issuance	Amortization/ Payments and Retirements	Balance at June 30, 2021
Series of 2011 Bonds	$ 153,955,000	$ -	$(153,955,000)	$ -
Series of 2020 Bonds	-	120,200,000	-	120,200,000
Unamortized net bond premium	4,963,349	24,318,722	(6,437,211)	22,844,860
Net outstanding	$ 158,918,349	$ 144,518,722	$(160,392,211)	143,044,860
Less: current amount:				
Series of 2020 Bonds				(12,590,000)
Total long-term bonds payable, net				$ 130,454,860

The annual debt service requirements related to the Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 13,220,000	$ 5,380,500	$ 18,600,500
2024	13,875,000	4,719,500	18,594,500
2025	14,575,000	4,025,750	18,600,750
2026	15,300,000	3,297,000	18,597,000
2027	16,065,000	2,532,000	18,597,000
2028-2029	34,575,000	2,614,000	37,189,000
Total	$ 107,610,000	$ 22,568,750	$ 130,178,750

Restricted assets include approximately $9.3 million of cash invested in a debt service fund restricted for debt service on the above bonds.

6. Lease Payable

During August 2017, PRT entered into an agreement to extend its agreement as lessee for office space for the period July 1, 2020 to June 30, 2030. An initial lease liability was recorded in the amount of $12,608,540. As of June 30, 2021 and 2022, the lease liability was $11,698,238 and $10,741,365, respectively. PRT is required to make monthly principal and interest payments of $126,671 for fiscal years 2020 to 2025 and $142,796 for fiscal years 2026 to 2030. The lease has an interest rate of 5%. The value of the right-to-use asset, net of accumulated amortization, as of June 30, 2021 and 2022 was $11,698,239 and $10,086,832, respectively.

The following is a summary of lease transactions of PRT for the year ended June 30, 2022:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Lease payable	$ 11,698,239	$ -	$ (956,874)	$ 10,741,365

The following is a summary of lease transactions of PRT for the year ended June 30, 2021:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Lease payable	$ 12,608,540	$ -	$ (910,301)	$ 11,698,239

The future principal and interest lease payments related to the lease is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 1,005,829	$ 514,226	$ 1,520,055
2024	1,057,290	462,765	1,520,055
2025	1,111,382	408,673	1,520,055
2026	1,366,237	347,316	1,713,553
2027	1,436,137	277,416	1,713,553
2028-2029	4,764,490	376,167	5,140,657
Total	$ 10,741,365	$ 2,386,563	$ 13,127,928

7. ACCESS Program Services

PRT has a contract with Transdev Services, Inc., which provides professional services to coordinate the paratransit system, ACCESS, which provides transit services within the County for elderly and handicapped individuals. Expenses under this contract amounted to $27.8 million and $24.8 million for fiscal years 2022 and 2021, respectively.

PRT currently receives partial reimbursement for these services from the Commonwealth in the form of a grant. The amount is based on ridership and average fare statistics. Revenue under this program totaled $7.7 million and $6.3 million in fiscal years 2022 and 2021, respectively.

8. Public Liability, Property Damage, and Workers' Compensation Claims

The Supreme Court of Pennsylvania has held PRT to be a Commonwealth Agency as defined in the Political Subdivision Tort Claims Act. As such, PRT is immune from certain claims and its liability is limited to $1,000,000 per occurrence and $250,000 per plaintiff claim arising out of an occurrence. As the result of this holding, it has not been necessary for PRT to purchase excess public liability insurance, and it is self-insured for public liability claims.

PRT is self-insured for its compensation and occupational disease liability in accordance with the provisions of Article III, Section 305 of the Pennsylvania Workmen's Compensation Act (Act). On a yearly basis, PRT carries excess workers' compensation insurance in the amount of $5,000,000 over its self-insurance retention of $1,000,000 per occurrence to further ensure that it can meet its obligation under the Workers' Compensation Act.

PRT maintains an estimate of its potential liability related to claims that have been filed as of June 30, 2022. The reserve balance is approximately $11.9 million and $11 million at June 30, 2022 and 2021, respectively.

9. Commitments and Contingencies

In the ordinary course of PRT's operations and capital grants projects, there have been various legal proceedings brought against PRT. Based on an evaluation that included consultation with an outside legal counsel concerning the legal and factual issues involved, management is of the opinion that these matters will not result in material adverse effect on PRT's operations and financial position.

PRT is subject to state and federal audits by grantor agencies. These laws and regulations are complex and subject to interpretation. PRT is not aware of any pending audit involving prior or current years; however, compliance with such laws and regulations can be subject to future reviews and interpretation which could result in disallowed costs.

PRT is facing discrimination claims and threats of litigation from approximately 80 former employees who were separated from employment or opted to retire in lieu of complying with a vaccine mandate implemented by PRT in March 2022, along with claims of forced vaccination for some of this group of employees. PRT is also facing unit and individual grievances from the union – ATU Local 85 – representing this group of former employees seeking to have PRT's vaccine mandate deemed void and to return these employees to work with full back pay and seniority. PRT believes it has strong and meritorious defenses to these claims, and has been successful in all forums where these claims have been filed/litigated to date. Accordingly, no amounts have been accrued withing these financial statements related to the outcome of this matter.

10. Pension Plans

General Information About the Pension Plans. PRT offers three single-employer defined benefit retirement and disability plans for eligible employees. The three plans are as follows: Plan for Employees Represented by Local 85 of the Amalgamated Transit Union (the ATU Plan), Plan for Employees Represented by Local Union 29 of the International Brotherhood of Electrical Workers (the IBEW Plan), and Plan for Employees who are Not Represented by a Union (the NonRep Plan). The IBEW and NonRep Plans are closed to new participation.

Under each of the three plans, employees' eligibility for normal benefits begins at age 65, at which time the individual is entitled to an annual retirement benefit, payable monthly for life. This benefit is equal to 2.25% of the average annual compensation for the last 16 quarters of employment times the years and months of continuous service or the average of the highest four of the last eight years immediately preceding the date of retirement, whichever is highest.

Early retirement is available to all participants who have reached the age of 55 and have at least 10 years of service or who meet certain continuous service requirements. Early retirement with full pension benefits is available after 25 years of continuous service for all plans. Early retirement with full pension benefits is also available after age 55 to those participants meeting certain service requirements. Individuals not meeting these requirements who retire after age 55 but prior to the date for normal benefits receive reduced benefits. The cost sharing of health care benefits is provided from PRT operating revenues for ATU and IBEW employees. Health care benefits for retirees in the NonRep Plan were eliminated for those retiring on or after July 1, 2007.

For new hires, the plans have been amended to replace the eligibility requirement for unreduced early retirement benefits from 25 years of service without regard to age, to 25 years of service and age 55. These amendments were effective as of December 1, 2005 for the ATU and NonRep Plans and May 1, 2006 for the IBEW Plan.

No new employees are permitted to start participation in the NonRep and IBEW Plans effective September 2011 and January 2012, respectively. Current participants in the Plans have the option to continue participation in the Plan or to exit the Plan and roll their current accumulated contributions to a Section 457 deferred compensation plan. New employees are required to participate in the newly offered Section 457 deferred compensation plan.

Benefit provisions for the ATU and IBEW Plans are established and amended by the Retirement and Disability Allowance Committees for each plan, as stated in written agreements.

Management and Union Plans - Summary of Significant Accounting Policies

Financial information is presented on the accrual basis of accounting. Employer contributions to the Plans are recognized when earned. Benefits and refunds are recognized when incurred, in accordance with the terms of each Plan.

Each Plan's assets are reported at fair value. No Plan had any investment transactions with related parties during the year.

Statements of Plan Net Position – ATU, IBEW, and NonRep Plans

COMBINING STATEMENT OF PLAN NET POSITION
PENSION TRUST FUNDS

DECEMBER 31, 2021

	ATU	IBEW	NonRep	Total
Assets				
Receivables:				
Plan members	$ 1,847,898	$ 15,835	$ 105,706	$ 1,969,439
Employer	2,157,561	-	34,544	2,192,105
Proceeds from asset sales	5,234,493	-	-	5,234,493
Interest and dividends	784,047	-	-	784,047
Total receivables	10,023,999	15,835	140,250	10,180,084
Investments:				
U.S. government securities	40,435,869	988,334	5,024,566	46,448,769
Money market	27,871,673	111,349	566,082	28,549,104
Corporate debt securities	75,294,027	1,356,649	6,897,028	83,547,704
Common stock	332,996,222	912,706	4,640,080	338,549,008
Common/collective trusts	177,147,742	2,667,427	13,560,858	193,376,027
Registered investment companies	192,024,952	12,004,013	61,026,871	265,055,836
Partnership/joint venture interest	97,336,437	810,297	4,119,449	102,266,183
Other	3,796,221	2,975,016	15,124,590	21,895,827
Total investments	946,903,143	21,825,791	110,959,524	1,079,688,458
Total Assets	$ 956,927,142	$ 21,841,626	$ 111,099,774	$ 1,089,868,542
Liabilities and Net Position				
Liabilities:				
Accrued investment and administrative expense	$ 995,922	$ 22,175	$ 78,975	$ 1,097,072
Investment securities purchased	155,599	118,246	-	273,845
Total Liabilities	1,151,521	140,421	78,975	1,370,917
Net Position:				
Restricted for pension benefits	955,775,621	21,701,205	111,020,799	1,088,497,625
Total Liabilities and Net Position	$ 956,927,142	$ 21,841,626	$ 111,099,774	$ 1,089,868,542

COMBINING STATEMENT OF PLAN NET POSITION
PENSION TRUST FUNDS

DECEMBER 31, 2020

	ATU	IBEW	NonRep	Total
Assets				
Receivables:				
Plan members	$ 1,712,890	$ 17,371	$ 105,147	$ 1,835,408
Employer	3,289,207	-	331,461	3,620,668
Proceeds from asset sales	2,055,267	2,845	13,785	2,071,897
Interest and dividends	656,984	11,810	59,612	728,406
Total receivables	7,714,348	32,026	510,005	8,256,379
Investments:				
U.S. government securities	29,534,867	1,262,272	6,116,962	36,914,101
Money market	25,084,259	349,573	1,974,588	27,408,420
Corporate debt securities	63,101,019	1,410,938	6,837,401	71,349,358
Common stock	261,493,850	1,056,597	5,120,270	267,670,717
Common/collective trusts	196,833,877	2,049,084	9,929,856	208,812,817
Registered investment companies	177,459,391	13,179,633	63,868,462	254,507,486
Partnership/joint venture interest	81,862,294	741,715	3,594,350	86,198,359
Other	3,477,813	127,036	615,617	4,220,466
Total investments	838,847,370	20,176,848	98,057,506	957,081,724
Total Assets	$ 846,561,718	$ 20,208,874	$ 98,567,511	$ 965,338,103
Liabilities and Net Position				
Liabilities:				
Accrued investment and administrative expense	$ 653,008	$ 15,259	$ 120,987	$ 789,254
Investment securities purchased	250,440	83,732	-	334,172
Total Liabilities	903,448	98,991	120,987	1,123,426
Net Position:				
Restricted for pension benefits	845,658,270	20,109,883	98,446,524	964,214,677
Total Liabilities and Net Position	$ 846,561,718	$ 20,208,874	$ 98,567,511	$ 965,338,103

Statements of Changes in Plan Net Position – ATU, IBEW, and NonRep Plans

COMBINING STATEMENT OF PLAN NET POSITION
PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2021

	ATU	IBEW	NonRep	Total
Additions:				
Contributions:				
Plan members	$ 16,037,701	$ 136,933	$ 893,852	$ 17,068,486
Employer reimbursement for healthcare expenses	3,195,487	101,061	286,385	3,582,933
Employer - actuarially recommended	35,237,520	792,066	7,108,002	43,137,588
Total contributions	54,470,708	1,030,060	8,288,239	63,789,007
Investment income:				
Interest and dividends	10,593,612	233,921	1,173,264	12,000,797
Net increase (decrease) in fair value of investments	126,239,955	2,565,355	12,770,395	141,575,705
Investment expense	(2,983,417)	(52,902)	(151,355)	(3,187,674)
Total investment income	133,850,150	2,746,374	13,792,304	150,388,828
Total additions	188,320,858	3,776,434	22,080,543	214,177,835
Deductions:				
Retirement and disability allowances	77,477,387	2,151,182	9,419,019	89,047,588
Administrative expenses	726,120	33,930	87,249	847,299
Total deductions	78,203,507	2,185,112	9,506,268	89,894,887
Change in Net Position	110,117,351	1,591,322	12,574,275	124,282,948
Total net position - beginning	845,658,270	20,109,883	98,446,524	964,214,677
Total net position - ending	$ 955,775,621	$ 21,701,205	$ 111,020,799	$ 1,088,497,625

COMBINING STATEMENT OF PLAN NET POSITION
PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2020

	ATU	IBEW	NonRep	Total
Additions				
Contributions:				
Plan members	$ 15,300,511	$ 149,959	$ 900,096	$ 16,350,566
Employer reimbursement for healthcare expenses	3,063,357	97,506	260,984	3,421,847
Employer - actuarially recommended	36,418,627	837,771	7,437,394	44,693,792
Total contributions	54,782,495	1,085,236	8,598,474	64,466,205
Investment income:				
Interest and dividends	10,194,685	247,668	1,200,195	11,642,548
Net increase (decrease) in fair value of investments	72,786,187	1,547,268	7,602,544	81,935,999
Investment expense	(2,059,240)	(37,950)	(192,373)	(2,289,563)
Total investment income	80,921,632	1,756,986	8,610,366	91,288,984
Total additions	135,704,127	2,842,222	17,208,840	155,755,189
Deductions:				
Retirement and disability allowances	75,158,381	2,096,598	9,376,557	86,631,536
Administrative expenses	402,623	40,079	209,483	652,185
Total deductions	75,561,004	2,136,677	9,586,040	87,283,721
Change in Net Position	60,143,123	705,545	7,622,800	68,471,468
Total net position - beginning	785,515,147	19,404,338	90,823,724	895,743,209
Total net position - ending	$ 845,658,270	$ 20,109,883	$ 98,446,524	$ 964,214,677

Employees Covered by Benefit Terms. As of the most recent actuarial valuations, the following employees were covered by the benefit terms:

	ATU	IBEW	NonRep	Total
Inactive plan members or beneficiaries currently receiving benefits	3,176	142	430	3,748
Participants who transferred to another plan	39	28	52	119
Inactive plan members entitled to but not yet receiving benefits	28	3	22	53
Active plan members	2,187	26	95	2,308
Total plan members	5,430	199	599	6,228

Contributions. Participants in the ATU Plan, IBEW Plan, and NonRep Plan contribute 10.5% of earnings to their respective plans. PRT's contributions to the plans are based on actuarially determined rates.

Net Pension Liability. PRT's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of January 1, 2021. There were no plan changes between the January 1, 2021 valuation date and the December 31, 2021 liability measurement date. Standard actuarial techniques were used to roll forward the total pension liability from the valuation date to the measurement date.

Actuarial Assumptions. The total pension liability in the January 1, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method Individual entry age normal

Actuarial assumptions:

Investment rate of return:	7.25%
Underlying inflation rate	2.50%
Salary projection:	3.50%*

*with exceptions for years covered by the ATU and IBEW collective bargaining agreement

ATU. For healthy lives, mortality is in accordance with the RP-2000 Combined Mortality Table adjusted for blue collar employees with separate rates for employees and annuitants. Mortality improvements use 2004 as a base year and are projected through 2014 using

100% of Scale AA after 2014 using 50% of Scale AA. For disabled lives, mortality is in accordance with the disabled mortality table specified in IRS Revenue Ruling 96-7 for disabilities occurring prior to 1995.

IBEW and NonRep. For healthy lives, mortality is in accordance with the PubG-2010(A) Retiree Table. For disabled lives, mortality is in accordance with the PubNS-2010 Disabled Retiree Table.

Actuarial assumptions are based on actuarial experience study for the period January 1, 2020 to December 31, 2020.

Change of Actuarial Assumptions. No significant changes were made from the prior valuation.

Long-Term Expected Rate of Return. The long-term expected rate of return on 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 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 following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2021:

	IBEW and NonRep	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.0%	6.40%
International equity	17.0%	7.80%
Defensive equity	5.0%	4.80%
Global infrastructure	5.0%	5.80%
Core Real Estate	7.0%	5.40%
Private equity	5.0%	9.00%
Private credit	5.0%	7.10%
Fixed income	22.0%	1.70%
Cash	1.0%	0.10%
	100.0%	

	ATU	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US large cap equity	39.0%	6.30%
Non-US developed markets	18.0%	6.70%
Non-US emerging markets	3.0%	7.90%
Private equity	2.5%	10.50%
Equity long/short	5.0%	4.00%
Fixed income	27.5%	1.00%
Absolute return	5.0%	4.60%
	100.0%	

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that PRT's contributions will be made based on the actuarially determined contribution. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability. Changes in PRT's net pension liability for the year ended June 30, 2022 are as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at 6/30/21	$ 1,274,453,512	$ 964,214,677	$ 310,238,835
Changes for the year:			
Service cost	22,565,123	-	22,565,123
Interest	90,657,579	-	90,657,579
Differences between expected and actual experience	(262,543)	-	(262,543)
Changes of assumptions	(13,369)	-	(13,369)
Employer contributions	-	43,137,588	(43,137,588)
Member contributions	-	17,068,486	(17,068,486)
Net investment income	-	150,388,828	(150,388,828)
Benefit payments, including refunds of employee contributions	(89,047,588)	(89,047,588)	-
Employer reimbursement for healthcare expenses	3,582,933	3,582,933	-
Administrative expenses	-	(847,299)	847,299
Balances at 6/30/22	$ 1,301,935,647	$ 1,088,497,625	$ 213,438,022

Changes in Net Pension Liability. Changes in PRT's net pension liability for the year ended June 30, 2021 are as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at 6/30/20	$ 1,253,809,131	$ 895,743,209	$ 358,065,922
Changes for the year:			
Service cost	21,151,412	-	21,151,412
Interest	88,729,957	-	88,729,957
Differences between expected and actual experience	(7,099,832)	-	(7,099,832)
Changes of assumptions	1,072,873	-	1,072,873
Employer contributions	-	44,694,132	(44,694,132)
Member contributions	-	16,350,566	(16,350,566)
Net investment income	-	91,288,984	(91,288,984)
Benefit payments, including refunds of employee contributions	(86,631,876)	(86,631,876)	-
Employer reimbursement for healthcare expenses	3,421,847	3,421,847	-
Administrative expenses	-	(652,185)	652,185
Balances at 6/30/21	$ 1,274,453,512	$ 964,214,677	$ 310,238,835

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ATU, IBEW, and NonRep financial reports that can be obtained from PRT's Finance Department.

Sensitivity of the Net Pension Liability to Changes in Discount Rate. The following presents the net pension liability of PRT, calculated using the discount rate of 7.25%, as well as what PRT's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
ATU	$ 297,743,443	$ 186,534,304	$ 91,336,412
IBEW	7,021,244	4,536,620	2,417,743
NonRep	35,280,298	22,367,098	11,336,510
	$ 340,044,985	$ 213,438,022	$ 105,090,665

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the years ended June 30, 2022 and 2021, PRT recognized pension expense of $5,483,606 and $22,459,119, respectively. Cash payments into the plan are included in fringe benefits on the statement of revenues, expenses, and changes in net position and any remaining excess (deficiency) is reported as pension expense, net.

At June 30, 2022 and 2021, PRT reported deferred outflows of resources related to pensions from the following sources:

	2022	2021
Differences between expected and actual experience	$ 471,658	$ 61,854
Changes of assumptions	6,315,396	13,034,724
Contributions made subsequent to the measurement date	19,435,493	18,612,058
	$ 26,222,547	$ 31,708,636

At June 30, 2022 and 2021, PRT reported deferred inflows of resources related to pensions from the following sources:

	2022	2021
Differences between expected and actual experience	$ 4,305,482	$ 4,994,866
Changes of assumptions	7,292	-
Net difference between projected and actual earnings on pension plan investments	93,021,777	39,502,380
	$ 97,334,551	$ 44,497,246

Deferred outflows of resources related to PRT pension contributions subsequent to the measurement date of $19,435,493 and $18,612,058 are recognized as a reduction of the net pension liability in the subsequent year.

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

Year Ending June 30,	
2023	$ (11,762,434)
2024	(40,148,489)
2025	(22,255,728)
2026	(16,380,846)
	$ (90,547,497)

11. Post-Employment Benefits Other Than Pensions

General Information About the OPEB Plans. PRT provides certain post-retirement healthcare benefits to its retirees. In accordance with the ATU, IBEW, and NonRep Retirement and Disability Allowance Plans, post-retirement benefits are provided to those who become entitled to receive a pension allowance or a disability allowance. Post-retirement benefits consisting of medical, hospital, prescription, dental, and vision insurance coverage, and Medicare Part B premium reimbursement are provided for the retiree.

Plan membership as of the January 1, 2021 valuation was as follows:

	ATU	IBEW	NonRep	Total
Active participants	2,296	59	313	2,668
Retired employees:				
With medical coverage	1,897	61	209	2,167
Without medical coverage, but with other benefits	31	2	25	58
Spouses:				
Surviving spouses	236	1	15	252
Covered dependents under retiree medical	1,257	21	143	1,421
Total plan members	5,717	144	705	6,566

Benefits Provided. Healthcare benefits include medical, dental, and vison coverage for eligible employees as follows:

Effective January 1, 2009, ATU and IBEW employees who were hired prior to July 1, 2012 must meet one of the following conditions to receive lifetime postretirement healthcare benefits:

- Attainment of 30 years of service, or Age 65 with 10 years of service
- Age 62 with 20 years of service
- Attainment of 25 years of service by June 30, 2012

ATU employees hired on and after July 1, 2012 and IBEW employees hired between July 1, 2012 and April 30, 2015 will receive a maximum of 3 years of healthcare benefits following retirement. Eligibility for an unreduced pension benefit is required to receive retiree healthcare coverage. Such participants must meet one of the following conditions:

- Age 55 with 25 years of service, or
- Age 55 with sum of age plus service equal to 85, or
- Age 65 with 10 years of service
- Disabled with 10 years of service

Effective December 31, 2018, ATU retirees are eligible to receive Medicare Part B premium reimbursement upon meeting the following requirements prior to retirement:

- 25 years of service and hired before December 1, 2005
- Age 55 with 10 years of service
- Receiving pension disability allowance

IBEW employees hired on or after May 1, 2015 will not be eligible for postretirement healthcare coverage.

NonRep employees who retired prior to July 1, 2007 receive postretirement healthcare benefits. Effective July 1, 2007, NonRep. employees who retire with eligibility for a pension benefit (25 years of service with no age requirement if hired before December 1, 2005; age 55 with 10 years of service; or disabled with 10 years of service) may elect to continue healthcare coverage with PRT but are required to pay the full amount of the premiums.

Contributions. PRT's contribution is based on projected pay-as-you-go financing requirements. For fiscal years 2022 and 2021, PRT contributed \$21 million and \$23 million (excluding the implicit rate subsidy), respectively, to the plans.

Plan members receiving benefits contributed \$2.1 and \$2.3 million for fiscal years June 30, 2022 and 2021, respectively, through their contributions as required by the cost sharing provisions of the Plans. Under these provisions, retirees receiving benefits pay a certain percentage of any cost increases after the base year, as determined by the respective plans. Retiree cost sharing percentages for the ATU, IBEW, and Non-Rep Plans are based on the particular health care coverage that is selected by the retiree, the number of family members covered and the age of the retiree and each covered family member, and when retirement became effective.

OPEB Liability. PRT's OPEB liability was measured as of December 31, 2021 and 2020 and was determined by an actuarial valuation as of January 1, 2021 and January 1, 2019, respectively. Standard actuarial techniques were used to roll forward the total pension liability from the valuation date to the measurement date.

<u>Actuarial Assumptions. The methods and assumptions are as follows:</u>

- Discount rate, using Fidelity Fixed Income Market Data for Municipal GO AA Yield Curve at 20 years: 1.84%
- Actuarial cost method: Individual Entry Normal Level Percent of Pay
- Plan participation: 100% of eligible ATU and IBEW employees (medical, dental, and vision coverage), 25% of eligible Non-Rep (medical coverage)
- Mortality:
    - IBEW and Non-Rep: Society of Actuaries (SOA) scale MP-2020
    - ATU: RP-2000 Mortality Table, using separate rates for employees and annuitants, and adjusted for white collar employees
- Salary increase: 3.5% per year

Changes in Actuarial Assumptions are as follows:

The assumed discount rate was 1.84% at the December 31, 2021 measurement date.

The following changes were made for the January 1, 2021 valuation:

- Mortality and mortality improvement assumptions were updated for IBEW and Non-rep

- ATU retirement rates were updated
- Short and long term historical trend rates for healthcare costs were updated
- IBEW employee life insurance benefit was increased from $5,000 to $12,500

Changes in the Total OPEB Liability. The changes in the total OPEB liability of PRT for the year ended June 30, 2022 were as follows:

	OPEB Liability
Balance at June 30, 2021	$ 524,547,318
Changes for the year:	
Service cost	17,127,635
Interest	11,604,594
Differences between expected and actual	59,847,654
Change in benefit terms	450,926
Changes of assumptions	5,536,166
Benefits paid	(25,224,064)
Balances at June 30, 2022	$ 593,890,229

Changes in the Total OPEB Liability. The changes in the total OPEB liability of PRT for the year ended June 30, 2021 were as follows:

	OPEB Liability
Balance at June 30, 2020	$ 672,396,227
Changes for the year:	
Service cost	15,805,384
Interest	18,529,505
Changes of benefit terms	-
Differences between expected and actual	(202,252,482)
Changes of assumptions	48,871,545
Benefits paid	(28,802,861)
Balances at June 30, 2021	$ 524,547,318

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following represents the total OPEB liability calculated using the stated discount rate, as well as what the total OPEB liability would be if it was calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

1% Decrease (0.84%)	Current Discount Rate (1.84%)	1% Increase (2.84%)
$ 680,119,773	$ 593,890,229	$ 523,691,708

Sensitivity of the Total OPEB Liability to Changes in the Medical Trend Rate – The following presents the total OPEB liability calculated using the stated medical trend assumption, as well as what the total OPEB liability would be if it was calculated using a medical trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease	Current	1% Increase
Initial rate, pre-Medicare	5.25%	6.25%	7.25%
Initial rate, post-Medicare	3.25%	4.25%	5.25%
Ultimate rate	3.00%	4.00%	5.00%
	$ 520,250,582	$ 593,890,229	$ 684,711,918

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. For the years ended June 30, 2022 and 2021, PRT recognized OPEB expense of $12,005,993 and $17,113,961, respectively. Cash payments into the plan are included in fringe benefits on the statement of revenues, expenses, and changes in net position and any remaining excess (deficiency) is reported as OPEB expense, net.

At June 30, 2022 and 2021, PRT reported deferred outflows of resources related to OPEBs from the following sources:

	2022	2021
Differences between expected and actual experience	$ 46,837,294	$ -
Changes of assumptions	68,310,156	101,144,633
Contributions made subsequent to the measurement date	13,232,489	11,720,526
	$ 128,379,939	$ 112,865,159

At June 30, 2022 and 2021, PRT reported deferred inflows of resources related to OPEBs from the following sources:

	2022	2021
Differences between expected and actual experience	$ 139,767,412	$ 198,519,731
Changes of assumptions	2,788,730	9,760,554
	$ 142,556,142	$ 208,280,285

Deferred outflows of resources related to PRT OPEB contributions subsequent to the measurement date of $13,232,489 and $11,720,526 are recognized as a reduction of the net pension liability in the years ended June 30, 2022 and 2021, respectively.

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

Year Ending June 30,	
2023	$ (12,994,068)
2024	(14,312,853)
2025	(8,630,095)
2026	8,528,324
	$ (27,408,692)

REQUIRED SUPPLEMENTARY INFORMATION

PORT AUTHORITY OF ALLEGHENY COUNTY D/B/A PITTSBURGH REGIONAL TRANSIT

SCHEDULE OF CHANGES IN THE NET
PENSION LIABILITY AND RELATED RATIOS - ATU

YEARS ENDED JUNE 30
LAST TEN YEARS*

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:								
Service cost	$ 21,461,427	$ 20,030,979	$ 19,539,210	$ 18,544,833	$ 17,959,953	$ 17,641,994	$ 16,952,228	$ 14,262,520
Interest	79,520,555	77,767,904	76,265,451	72,730,713	71,007,455	70,211,764	69,033,870	64,022,119
Differences between expected and actual experience	(1,775,103)	(5,675,816)	(237,838)	104,701	(2,103,754)	(2,141,941)	3,688,462	-
Changes of assumptions	-	1,072,873	25,042,154	-	(10,620,990)	(4,479,512)	47,574,706	-
Benefit payments, including refunds of member contributions and certain healthcare expenses	(77,477,387)	(75,158,721)	(72,447,485)	(69,091,544)	(66,892,328)	(65,950,889)	(65,427,602)	(64,382,251)
Employer reimbursement for healthcare expenses	3,195,487	3,063,357	2,807,460	2,333,274	2,033,015	1,936,792	1,864,037	1,808,498
Net Changes in Total Pension Liability	24,924,979	21,100,576	50,968,952	24,621,977	11,383,351	17,218,208	73,685,701	15,710,886
Total Pension Liability - Beginning	1,117,384,946	1,096,284,370	1,045,315,418	1,020,693,441	1,009,310,090	992,091,882	918,406,181	902,695,295
Total Pension Liability - Ending (a)	$ 1,142,309,925	$ 1,117,384,946	$ 1,096,284,370	$ 1,045,315,418	$ 1,020,693,441	$ 1,009,310,090	$ 992,091,882	$ 918,406,181
Plan Fiduciary Net Position:								
Plan member contributions	$ 16,037,701	$ 15,300,511	$ 15,591,086	$ 14,831,860	$ 14,312,058	$ 13,930,234	$ 13,482,012	$ 13,068,460
Employer actuarially recommended contributions	35,237,520	36,418,627	34,211,911	32,676,285	29,117,937	26,080,452	22,261,679	20,047,266
Net investment income	133,850,150	80,921,632	122,543,622	(46,218,752)	100,845,535	35,100,028	(2,750,524)	39,425,414
Benefit payments, including refunds of member contributions and certain healthcare expenses	(77,477,387)	(75,158,381)	(72,447,485)	(69,091,544)	(66,892,328)	(65,950,889)	(65,427,602)	(64,382,251)
Employer reimbursement for healthcare expenses	3,195,487	3,063,357	2,807,460	2,333,274	2,033,015	1,936,792	1,864,037	1,808,498
Administrative expense	(726,120)	(402,623)	(719,039)	(751,373)	(582,040)	(496,899)	(583,165)	(530,846)
Net Change in Plan Fiduciary Net Position	110,117,351	60,143,123	101,987,555	(66,220,250)	78,834,177	10,599,718	(31,153,563)	9,436,541
Plan Fiduciary Net Position - Beginning	845,658,270	785,515,147	683,527,592	749,747,842	670,913,665	660,313,947	691,467,510	682,030,969
Plan Fiduciary Net Position - Ending (b)	$ 955,775,621	$ 845,658,270	$ 785,515,147	$ 683,527,592	$ 749,747,842	$ 670,913,665	$ 660,313,947	$ 691,467,510
Net Pension Liability - Ending (a-b)	$ 186,534,304	$ 271,726,676	$ 310,769,223	$ 361,787,826	$ 270,945,599	$ 338,396,425	$ 331,777,935	$ 226,938,671
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.67%	75.68%	71.65%	65.39%	73.45%	66.47%	66.56%	75.29%
Covered-Employee Payroll	$ 152,357,516	$ 144,798,145	$ 148,327,726	$ 140,278,658	$ 135,837,359	$ 133,588,113	$ 127,714,679	123,363,442
Net Pension Liability as a Percentage of Covered-Employee Payroll	122.43%	187.66%	209.52%	257.91%	199.46%	253.31%	259.78%	183.96%

* Until a full 10-year trend is compiled, the required information for the Plan is presented for as many years as are available.

See accompanying note to required supplementary pension schedules.

PORT AUTHORITY OF ALLEGHENY COUNTY D/B/A PITTSBURGH REGIONAL TRANSIT

SCHEDULE OF CHANGES IN THE NET
PENSION LIABILITY AND RELATED RATIOS - IBEW

YEARS ENDED JUNE 30
LAST TEN YEARS*

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:								
Service cost	$ 185,985	$ 198,767	$ 222,168	$ 231,980	$ 248,724	$ 238,162	$ 252,182	$ 278,428
Interest	1,837,171	1,828,037	1,846,891	1,825,648	1,850,223	1,860,812	1,830,476	1,804,357
Changes of benefit terms	-	-	-	-	-	-	16,606	-
Differences between expected and actual experience	152,068	(305,663)	121,451	(454,188)	(234,234)	(259,056)	(327,711)	-
Changes of assumptions	(13,369)	-	96,811	-	-	650,549	669,288	-
Benefit payments, including refunds of member contributions and certain healthcare expenses	(2,151,182)	(2,096,598)	(2,087,052)	(2,010,653)	(2,058,112)	(2,108,295)	(2,095,130)	(2,134,184)
Employer reimbursement for healthcare expenses	101,061	97,506	85,856	70,829	59,062	60,528	60,633	56,122
Net Changes in Total Pension Liability	111,734	(277,951)	286,125	(336,384)	(134,337)	442,700	406,344	4,723
Total Pension Liability - Beginning	26,126,091	26,404,042	26,117,917	26,454,301	26,588,638	26,145,938	25,739,594	25,734,871
Total Pension Liability - Ending (a)	$ 26,237,825	$ 26,126,091	$ 26,404,042	$ 26,117,917	$ 26,454,301	$ 26,588,638	$ 26,145,938	$ 25,739,594
Plan Fiduciary Net Position:								
Plan member contributions	$ 136,933	$ 149,959	$ 160,688	$ 179,201	$ 184,388	$ 155,496	$ 120,620	$ 106,547
Employer actuarially recommended contributions	792,066	837,771	821,230	658,157	806,107	913,536	828,090	815,889
Net investment income	2,746,374	1,756,986	3,020,511	(819,490)	2,458,203	1,127,108	(62,544)	1,266,792
Benefit payments, including refunds of member contributions and certain healthcare expenses	(2,151,182)	(2,096,598)	(2,087,052)	(2,010,653)	(2,058,112)	(2,108,295)	(2,095,130)	(2,134,184)
Employer reimbursement for healthcare expenses	101,061	97,506	85,856	70,829	59,062	60,528	60,633	56,122
Administrative expense	(33,930)	(40,079)	(54,392)	(54,678)	(67,221)	(42,495)	(59,812)	(60,407)
Net Change in Plan Fiduciary Net Position	1,591,322	705,545	1,946,841	(1,976,634)	1,382,427	105,878	(1,208,143)	50,759
Plan Fiduciary Net Position - Beginning	20,109,883	19,404,338	17,457,497	19,434,131	18,051,704	17,945,826	19,153,969	19,103,210
Plan Fiduciary Net Position - Ending (b)	$ 21,701,205	$ 20,109,883	$ 19,404,338	$ 17,457,497	$ 19,434,131	$ 18,051,704	$ 17,945,826	$ 19,153,969
Net Pension Liability - Ending (a-b)	$ 4,536,620	$ 6,016,208	$ 6,999,704	$ 8,660,420	$ 7,020,170	$ 8,536,934	$ 8,200,112	$ 6,585,625
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.71%	76.97%	73.49%	66.84%	73.46%	67.89%	68.64%	74.41%
Covered-Employee Payroll	$ 1,304,139	$ 1,428,203	$ 1,530,373	$ 1,706,677	$ 1,845,900	$ 1,864,753	$ 1,916,931	$ 2,130,900
Net Pension Liability as a Percentage of Covered-Employee Payroll	347.86%	421.24%	457.39%	507.44%	380.31%	457.81%	427.77%	309.05%

* Until a full 10-year trend is compiled, the required information for the Plan is presented for as many years as are available.

See accompanying note to required supplementary pension schedules.

PORT AUTHORITY OF ALLEGHENY COUNTY D/B/A PITTSBURGH REGIONAL TRANSIT

SCHEDULE OF CHANGES IN THE NET
PENSION LIABILITY AND RELATED RATIOS - NonRep

YEARS ENDED JUNE 30
LAST TEN YEARS*

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:								
Service cost	$ 917,711	$ 921,666	$ 1,026,743	$ 1,072,258	$ 1,116,566	$ 1,176,670	$ 1,155,659	$ 1,190,636
Interest	9,299,853	9,134,016	9,138,606	8,993,603	8,974,766	8,864,104	8,602,050	8,294,767
Differences between expected and actual experience	1,360,492	(1,118,353)	287,727	(1,039,129)	275,652	904,469	362,560	-
Changes of assumptions	-	-	537,205	-	-	1,632,561	2,903,673	-
Benefit payments, including refunds of member contributions and certain healthcare expenses	(9,419,019)	(9,376,557)	(9,116,116)	(9,022,211)	(8,878,245)	(8,981,209)	(8,764,596)	(8,512,796)
Employer reimbursement for healthcare expenses	286,385	260,984	241,294	211,954	203,652	185,834	174,680	166,456
Net Changes in Total Pension Liability	2,445,422	(178,244)	2,115,459	216,475	1,692,391	3,782,429	4,434,026	1,139,063
Total Pension Liability - Beginning	130,942,475	131,120,719	129,005,260	128,788,785	127,096,394	123,313,965	118,879,939	117,740,876
Total Pension Liability - Ending (a)	$ 133,387,897	$ 130,942,475	$ 131,120,719	$ 129,005,260	$ 128,788,785	$ 127,096,394	$ 123,313,965	$ 118,879,939
Plan Fiduciary Net Position:								
Plan member contributions	$ 893,852	$ 900,096	$ 984,218	$ 1,003,129	$ 1,025,619	$ 1,090,555	$ 1,111,025	$ 1,154,760
Employer actuarially recommended contributions	7,108,002	7,437,394	7,129,273	5,701,085	6,118,561	6,190,809	5,667,461	5,313,090
Net investment income	13,792,304	8,610,366	13,631,723	(3,657,679)	10,398,441	4,657,193	(270,864)	4,854,389
Benefit payments, including refunds of member contributions and certain healthcare expenses	(9,419,019)	(9,376,557)	(9,116,116)	(9,022,211)	(8,878,245)	(8,981,209)	(8,764,596)	(8,512,796)
Employer reimbursement for healthcare expenses	286,385	260,984	241,294	211,954	203,652	185,834	174,680	166,456
Administrative expense	(87,249)	(209,483)	(125,325)	(115,060)	(194,676)	(113,635)	(140,666)	(160,534)
Net Change in Plan Fiduciary Net Position	12,574,275	7,622,800	12,745,067	(5,878,782)	8,673,352	3,029,547	(2,222,960)	2,815,365
Plan Fiduciary Net Position - Beginning	98,446,524	90,823,724	78,078,657	83,957,439	75,284,087	72,254,540	74,477,500	71,662,135
Plan Fiduciary Net Position - Ending (b)	$ 111,020,799	$ 98,446,524	$ 90,823,724	$ 78,078,657	$ 83,957,439	$ 75,284,087	$ 72,254,540	$ 74,477,500
Net Pension Liability - Ending (a-b)	$ 22,367,098	$ 32,495,951	$ 40,296,995	$ 50,926,603	$ 44,831,346	$ 51,812,307	$ 51,059,425	$ 44,402,439
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.23%	75.18%	69.27%	60.52%	65.19%	59.23%	58.59%	62.65%
Covered-Employee Payroll	$ 8,512,962	$ 8,572,438	$ 8,914,879	$ 9,553,580	$ 9,767,772	$ 9,976,365	$ 10,581,158	$ 10,997,673
Net Pension Liability as a Percentage of Covered-Employee Payroll	262.74%	379.07%	452.02%	533.06%	458.97%	519.35%	482.55%	403.74%

* Until a full 10-year trend is compiled, the required information for the Plan is presented for as many years as are available.

See accompanying note to required supplementary pension schedules.

PORT AUTHORITY OF ALLEGHENY COUNTY D/B/A PITTSBURGH REGIONAL TRANSIT

SCHEDULE OF AUTHORITY CONTRIBUTIONS - PENSIONS

YEARS ENDED JUNE 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution:										
ATU	$ 35,237,520	$ 36,418,967	$ 34,211,911	$ 32,676,285	$ 29,117,937	$ 25,162,906	$ 23,179,225	* $ 20,047,266	$ 17,602,620	$ 13,984,742
IBEW	792,066	837,771	821,230	658,157	806,107	913,536	828,090	815,889	848,189	774,765
NonRep	7,108,002	7,437,394	7,129,273	5,701,085	6,118,561	6,190,809	5,667,461	5,313,090	6,100,903	4,674,158
	43,137,588	44,694,132	42,162,414	39,035,527	36,042,605	32,267,251	29,674,776	26,176,245	24,551,712	19,433,665
Contributions in relation to the actuarially determined contribution:										
ATU	35,237,520	36,418,967	34,211,911	32,676,285	29,117,937	25,162,906	23,179,225	20,047,266	17,602,620	13,984,742
IBEW	792,066	837,771	821,230	658,157	806,107	913,536	828,090	815,889	848,189	774,765
NonRep	7,108,002	7,437,394	7,129,273	5,701,085	6,118,561	6,190,809	5,667,461	5,313,090	6,100,903	4,674,158
	43,137,588	44,694,132	42,162,414	39,035,527	36,042,605	32,267,251	29,674,776	26,176,245	24,551,712	19,433,665
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll:										
ATU	$ 153,757,623	$ 151,885,562	$ 144,568,395	$ 142,111,013	$ 137,756,902	$ 133,588,113	$ 127,714,679	$ 123,363,442	$ 120,440,624	$ 121,432,288
IBEW	1,232,230	1,420,920	1,506,183	1,551,817	1,750,302	1,885,119	1,916,931	2,130,900	2,267,698	2,404,723
NonRep	8,434,819	8,826,652	8,829,432	8,822,859	9,632,840	9,976,365	10,581,158	10,997,673	11,821,211	14,030,280
	$ 163,424,672	$ 162,133,134	$ 154,904,010	$ 152,485,689	$ 149,140,044	$ 145,449,597	$ 140,212,768	$ 136,492,015	$ 134,529,533	$ 137,867,291
Contributions as a percentage of covered-employee payroll										
ATU	22.92%	23.98%	23.66%	22.99%	21.14%	18.84%	18.15%	16.25%	14.62%	11.52%
IBEW	64.28%	58.96%	54.52%	42.41%	46.06%	48.46%	43.20%	38.29%	37.40%	32.22%
NonRep	84.27%	84.26%	80.74%	64.62%	63.52%	62.05%	53.56%	48.31%	51.61%	33.31%
Annual money-weighted rate of return, net of investment expense										
ATU	16.10%	10.70%	18.40%	-6.20%	15.80%	5.60%	-0.50%	6.17%		
IBEW	11.09%	10.03%	17.84%	-4.20%	14.30%	6.69%	-0.21%	7.14%		
NonRep	11.09%	10.03%	17.84%	-4.20%	14.30%	6.69%	-0.21%	7.14%		

Note: annual money-weighted rate of return is not readily available for 2013 and prior

Note to Required Supplementary Pension Schedules:

Valuation date: Actuarial calculations are performed each year as of January 1. Contributions noted above are as of each pension plan's calendar year ending December 31 using actuarially determined contribution rates calculated as of January 1, one year prior to the end of the calendar year in which contributions are reported.

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level-dollar monthly payments
Remaining amortization period	15 years
Asset valuation method	Smoothed market value (with phase-in)
Inflation	2.50%
Salary increases	3.50% (with exceptions for years covered by the ATU and IBEW collective bargaining agreement)
Investment rate of return	7.25% IBEW and NonRep (8.00% for 2013 and prior) 7.25% ATU (8.00% for 2016 and prior)
Mortality	ATU: For healthy lives, mortality is in accordance with the RP-2000 Combined Mortality Table adjusted for blue collar employees with separate rates for employees and annuitants. Mortality improvements use 2004 as a base year and are projected through 2014 using 100% of Scale AA after 2014 using 50% of Scale AA. For disabled lives, mortality is in accordance with the disabled mortality table specified in IRS Revenue Ruling 96-7 for disabilities occurring prior to 1995. IBEW and NonRep: Society of Actuaries Scale MP-2020. For non-disabled participants: PubG-2010(a) Retiree Table. For disabled participants: PubNS-2010 Disabled Retiree Table. For surviving beneficiaries: Pub-2010(a) Contingent Survivor Table.

The NonRep plan was closed to new participants effective September 1, 2011

The IBEW plan was closed to new participants effective January 1, 2012

* Preliminary contributions of $22,261,679 had been determined for the 2015 plan year. The final contribution determination for 2015, reflecting changes approved by the Retirement Committee, was completed in January 2017. A final contribution of $917,546 toward the 2015 plan year funding was made by the Authority in February 2017.

PITTSBURGH REGIONAL TRANSIT

SCHEDULE OF CHANGES IN THE
OPEB LIABILITY AND RELATED RATIOS - ATU

YEARS ENDED JUNE 30
LAST TEN YEARS*

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service cost	$ 16,605,085	$ 15,342,073	$ 11,063,966	$ 9,523,002	$ 7,862,601
Interest	10,629,945	16,847,765	18,376,049	18,351,223	18,970,326
Differences between expected and actual experience	54,661,166	(182,014,952)	(62,586,492)	-	-
Change in benefit terms	-	-	6,327,280	24,477,127	-
Changes of assumptions	5,900,894	44,231,497	104,356,787	(26,986,489)	55,044,733
Benefit payments	(22,414,708)	(25,389,479)	(24,118,471)	(27,352,586)	(26,713,212)
Net Changes in Total OPEB Liability	65,382,382	(130,983,096)	53,419,119	(1,987,723)	55,164,448
Total OPEB Liability - Beginning	479,015,571	609,998,667	556,579,548	558,567,271	503,402,823
Total OPEB Liability - Ending (a)	$ 544,397,953	$ 479,015,571	$ 609,998,667	$ 556,579,548	$ 558,567,271
Covered-Employe Payroll	$ 149,474,375	$ 145,777,201	$ 140,863,321	$ 131,806,885	$ 128,520,603
OPEB Liability as a Percentage of Covered-Employee Payroll	364.21%	328.59%	433.04%	422.27%	434.61%

* Until a full 10-year trend is compiled, the required information for the Plan is presented for as many years as are available.

See accompanying notes to required supplementary schedules - other postemployment benefits (OPEBs).

PITTSBURGH REGIONAL TRANSIT

SCHEDULE OF CHANGES IN THE
OPEB LIABILITY AND RELATED RATIOS - IBEW

YEARS ENDED JUNE 30
LAST TEN YEARS*

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service cost	$ 226,659	$ 257,011	$ 200,062	$ 301,690	$ 277,648
Interest	280,902	452,565	522,209	606,359	644,668
Differences between expected and actual experience	1,463,685	(5,208,621)	(2,009,026)	-	-
Changes of benefit terms	450,926	-	184,596	-	-
Changes of assumptions	(277,062)	1,448,408	845,192	(1,121,548)	1,169,548
Benefit payments	(537,711)	(632,460)	(661,629)	(737,990)	(696,907)
Net Changes in Total OPEB Liability	1,607,399	(3,683,097)	(918,596)	(951,489)	1,394,957
Total OPEB Liability - Beginning	12,833,007	16,516,104	17,434,700	18,386,189	16,991,232
Total OPEB Liability - Ending (a)	$ 14,440,406	$ 12,833,007	$ 16,516,104	$ 17,434,700	$ 18,386,189
Covered-Employee Payroll	$ 2,983,475	$ 2,997,599	$ 3,069,187	$ 2,950,858	$ 3,018,623
OPEB Liability as a Percentage of Covered-Employee Payroll	484.01%	428.11%	538.13%	590.83%	609.09%

* Until a full 10-year trend is compiled, the required information for the Plan is presented for as many years as are available.

See accompanying notes to required supplementary schedules - other postemployment benefits (OPEBs).

PITTSBURGH REGIONAL TRANSIT

SCHEDULE OF CHANGES IN THE
OPEB LIABILITY AND RELATED RATIOS - NonRep

YEARS ENDED JUNE 30
LAST TEN YEARS*

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service cost	$ 295,891	$ 206,300	$ 187,362	$ 226,112	$ 206,778
Interest	693,747	1,229,175	1,516,159	1,747,860	1,924,121
Differences between expected and actual experience	3,722,803	(15,028,909)	(6,143,926)	-	-
Changes of benefit terms	-	-	265,483	-	-
Changes of assumptions	(87,666)	3,191,640	2,505,100	(2,567,989)	3,300,173
Benefit payments	(2,271,645)	(2,780,922)	(2,846,595)	(3,174,213)	(3,120,071)
Net Changes in Total OPEB Liability	2,353,130	(13,182,716)	(4,516,417)	(3,768,230)	2,311,001
Total OPEB Liability - Beginning	32,698,740	45,881,456	50,397,873	54,166,103	51,855,102
Total OPEB Liability - Ending (a)	$ 35,051,870	$ 32,698,740	$ 45,881,456	$ 50,397,873	$ 54,166,103
Covered-Employee Payroll	$ 23,473,110	$ 19,839,664	$ 21,458,198	$ 18,269,218	$ 19,182,175
OPEB Liability as a Percentage of Covered-Employee Payroll	149.33%	164.81%	213.82%	275.86%	282.38%

* Until a full 10-year trend is compiled, the required information for the Plan is presented for as many years as are available.

See accompanying notes to required supplementary schedules - other postemployment benefits (OPEBs).

Valuation Date

The actuarial valuation date was performed as of January 1, 2021. The liability measurement date was performed as of December 31, 2021. Standard actuarial techniques were used to roll forward the OPEB liability from the valuation date to the measurement date.

Funding Policy

PRT's funding policy is to pay for plan benefits when they become due each year, as such no actuarially determined contribution is calculated. There is no accumulation of assets in a trust for the plans.

Actuarial Methods and Assumptions

The methods and assumptions are as follows:

- Discount rate, using Fidelity Fixed Income Market Data for Municipal GO AA Yield Curve at 20 years: 1.84%
- Actuarial cost method: Individual Entry Normal Level Percent of Pay
- Plan participation: 100% of eligible ATU and IBEW employees (medical, dental, and vision coverage), 25% of eligible Non-Rep (medical coverage)
- Mortality:
    - IBEW and Non-Rep: Society of Actuaries (SOA) scale MP-2020
    - ATU: RP-2000 Mortality Table, using separate rates for employees and annuitants, and adjusted for white collar employees
- Salary increase: 3.5% per year

- Assumed rates of retirement are as follows:

ATU

	Service		
Age	10 to 24 years	25 or more years	Bridge eligible*
Below 54	0.0%	40%	50%
55-59	0.2%	30%	50%
60-61	0.5%	10%	50%
62	10.0%	80%	60%
63-64	3.0%	30%	35%
65	80.0%	80%	100%
66-69	30.0%	30%	100%
Over 70	100.0%	100%	100%

Rate is 0% for employees hired on or after December 1, 2005

* Employees who attained 25 years service by June 30, 2012, who are eligible for retiree medical benefits

IBEW and Non-Rep

	Percentage of retirement based on pension eligibility	
Age	Reduced benefits for early retirement	Unreduced benefits
Below 54	0.0%	40%
55-59	3.0%	40%
60-64	10.0%	40%
65	0.0%	70%
66-69	0.0%	30%
Over 70	0.0%	100%

Rate is 0% for IBEW employees hired on or after May 1, 2006

- Healthcare cost trend rates are as follows:

	Medical and Drug				Medicare
Year	Pre-Medicare	Post-Medicare	Dental	Vision	Part B
Short term:					
2021	6.50%	4.00%	3.00%	2.00%	5.50%
2022	6.25%	4.25%	3.00%	2.00%	5.50%
2023	6.00%	4.50%	3.00%	2.00%	5.50%
2024	5.75%	4.75%	3.00%	2.00%	5.50%
2025	5.50%	5.00%	3.00%	2.00%	5.50%
2026	5.25%	5.00%	3.00%	2.00%	5.50%
2027	5.00%	5.00%	3.00%	2.00%	5.50%
Long term:					
2028-2050	5.00%	5.00%	3.00%	2.00%	5.00%
2051-2069	4.50%	4.50%	3.00%	2.00%	4.50%
2070 and later	4.00%	4.00%	3.00%	2.00%	4.00%

Changes in Actuarial Assumptions

The assumed discount rate was 1.84% at the December 31, 2021 measurement date.

The annual mortality improvement scale was updated from MP-2020 to MP-2021 and the long term trend rates for dental and vision was updated at the December 31, 2021 measurement date.

The assumed discount rate was 2.00% at the December 31, 2020 measurement date.

The assumed benefit provisions included a reduction of insurance premiums costs of approximately 50% at the December 31, 2020 measurement date.

The following changes were made for the January 1, 2019 valuation:

- Mortality and mortality improvement assumptions were updated for IBEW and Non-rep
- ATU retirement rates were updated
- Short and long term historical trend rates for healthcare costs were updated
- Assumptions related to the removal of the ACA Cadillac Tax

The assumed discount rate was 3.71% at the December 31, 2018 measurement date.

The assumed discount rate was 3.31% at the December 31, 2017 measurement date.

An update to the retirement assumption for ATU employees was made to reflect plan experience for the December 31, 2017 measurement date.

SUPPLEMENTARY INFORMATION

PITTSBURGH REGIONAL TRANSIT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

Federal Grantor / Pass-Through Grantor / Program Title	Federal Assistance Listing Number	Grantor Number or Pass-Through Grantor Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
DEPARTMENT OF TRANSPORTATION:				
FEDERAL TRANSIT ADMINISTRATION:				
Federal Transit Cluster:				
Federal Transit - Capital Investment Grants:				
FY 2010 Fixed Guideway	20.500	PA-05-0076	$ -	$ 309,819
Total ALN 20.500			-	309,819
Federal Transit - Formula Grants:				
PA-2016-027-00 Trams Grant	20.507	PA-95-0001	-	74,554
PA-2019-045-00 Super Grant	20.507	PA-90-X928	-	983,561
PA-2020-051-00 Super Grant	20.507	PA-90-X970	-	2,070,342
COVID-19 PA-2021-046-00 ARPA Flex Funds 5307	20.507	PA-2021-046	-	58,642,774
PA-2021-030 Super Grant	20.507	PA-95-X004	-	6,172,200
PA-2021-030 Super Grant	20.507	PA-90-X995	-	19,550,337
Total ALN 20.507			-	87,493,768
State of Good Repair Grants Program:				
PA-2020-051-00 Super Grant	20.525	PA-54-X024	-	4,767,382
Total ALN 20.525			-	4,767,382
Bus and Bus Facilities Formula, Competitive, and Discretionary Programs:				
PA-2020-065-00 Bus Procurement	20.526	PA-34-0040	-	1,274,073
PA-2021-030 Super Grant	20.526	PA-34-X070	-	3,290,769
PA-2021-030 Super Grant	20.526	PA-34-X026	-	16,072,540
Total ALN 20.526			-	20,637,382
TOTAL FEDERAL TRANSIT CLUSTER			-	113,208,351
TOTAL FEDERAL TRANSIT ADMINISTRATION			-	113,208,351
Metropolitan Transportation Planning:				
Passed through the Commonwealth of Pennsylvania:				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	520906-5	-	461,456
Total ALN 20.505				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	CSPC	-	184,000
TOTAL ALN 20.205 AND HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			-	184,000
TOTAL DEPARTMENT OF TRANSPORTATION			-	113,853,807
DEPARTMENT OF HOMELAND SECURITY:				
Rail and Transit Security Grant Program:				
2019 Transit Security Grant Program	97.075	EMW2019RA00038	-	83,356
Total ALN 97.075			-	83,356
TOTAL DEPARTMENT OF HOMELAND SECURITY			-	83,356
DEPARTMENT OF JUSTICE:				
Passed through the Federal Bureau of Investigation:				
Equitable Sharing Program	16.922	AFF19	-	57,821
Total ALN 16.922			-	57,821
TOTAL DEPARTMENT OF JUSTICE			-	57,821
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 113,994,984

See accompanying notes to schedule of expenditures of federal awards.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Port Authority of Allegheny County d/b/a Pittsburgh Regional Transit (PRT) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of PRT, it is not intended to and does not present the net position, changes in net position, or cash flows of PRT.

2. Summary of Significant Accounting Policies

The accompanying schedule is presented using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. For the year ended June 30, 2022, PRT did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Port Authority of Allegheny County
d/b/a Pittsburgh Regional Transit

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended June 30, 2022

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Port Authority of Allegheny County
d/b/a Pittsburgh Regional Transit

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate other fund information of the Port Authority of Allegheny County d/b/a Pittsburgh Regional Transit (PRT), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise PRT's basic financial statements, and have issued our report thereon dated January 29, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Maher Duessel

Pittsburgh, Pennsylvania
January 29, 2023

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Port Authority of Allegheny County
d/b/a Pittsburgh Regional Transit

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Port Authority of Allegheny County d/b/a Pittsburgh Regional Transit's (PRT)'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of PRT's major federal programs for the year ended June 30, 2022. PRT's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, PRT complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of PRT and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of PRT's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to PRT's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on PRT's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about PRT's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding PRT's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of PRT's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of PRT's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Maher Duessel

Pittsburgh, Pennsylvania
January 29, 2023

PITTSBURGH REGIONAL TRANSIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

   Material weakness(es) identified? ☐ yes ☒ no
   Significant deficiencies identified that are not considered to be material weakness(es)?
   ☐ yes ☒ none reported

3. Noncompliance material to financial statements noted? ☐ yes ☒ no

4. Internal control over major program:

   Material weakness(es) identified? ☐ yes ☒ no
   Significant deficiencies identified that are not considered to be material weakness(es)?
   ☐ yes ☒ none reported

5. Type of auditor's report issued on compliance for major program: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ☐ yes ☒ no

7. Major Programs:

Federal ALN(s)	Name of Federal Program or Cluster
20.500, 20.507, 20.525 and 20.526	Federal Transit Cluster

8. Dollar threshold used to distinguish between type A and type B programs: $3,000,000

9. Auditee qualified as low-risk auditee? ☒ yes ☐ no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

No matters were reported.

III. Findings and questioned costs for federal awards.

No matters were reported.

PITTSBURGH REGIONAL TRANSIT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2022

NONE