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

Single Audit

June 30, 2023

MaherDuessel

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PITTSBURGH REGIONAL TRANSIT

JUNE 30, 2023

DIRECTORY

Financial Statements:

Independent Auditor's Reports Required by the Uniform Guidance:

PITTSBURGH REGIONAL TRANSIT

YEARS ENDED JUNE 30, 2023 AND 2022

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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, 2023 and 2022, the aggregate remaining fund information as of and for the years ended December 31, 2022 and 2021, 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, 2023 and 2022, the aggregate remaining fund information as of December 31, 2022 and 2021, 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 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.

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 generally accepted auditing standards 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 generally accepted auditing standards 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 26, 2024 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 26, 2024

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, 2023 (Fiscal Year 2023) and June 30, 2022 (Fiscal Year 2022). 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, 2022 and 2023, PRT utilized approximately $355.9 million in CARES Act and ARPA Funding to mitigate the impact of lower Passenger Revenues due to the COVID-19 Pandemic.

- PRT has approximately $146.6 million remaining in Federal Stimulus funds at fiscal year-end 2023 to support operations in a post-pandemic environment.

- PRT took many steps to ensure the safety of both its employees and customers during the COVID-19 Pandemic. These steps were instrumental in keeping critical service functioning during the height of the emergency. PRT's pandemic response included such initiatives as 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.

- The formal declaration of pandemic's end will allow PRT to focus on re-building its customer base to hopefully one day approach pre-pandemic ridership levels.

- Total Passenger Revenues were up approximately 13.5% to $53.2 million in FY2023 from $46.9 million in FY2022. Total Passenger Revenues are still $16.1 million lower than the FY2020 total of $69.3 million. Ridership was up from FY2022 levels by over 17.3% from 32.3 million in FY2022 to 37.9 million in FY2023.

- 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 $73.9 million, and in FY2023, another $36.3 million in CARES ACT funding in order to support daily operations.

- 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.

- PRT was a recipient of $143.8 million in Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). This funding source will be used to offset anticipated operating shortfalls over the next three to four fiscal years due to lower Passenger Revenue levels.

- 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 change will benefit PRT in the future as there is an urgent need to replace the Light Rail Vehicle (LRV) Fleet. A LRV Replacement Committee has been established to begin the procurement process of these vehicles. PRT will need to entertain a certain level of debt financing in order to make the railcar purchases a reality.

- Act 44 State Operating Assistance in Fiscal Year 2023 increased $20.7 million over the prior year from $250.8 million in Fiscal Year 2022 to $271.5 million in Fiscal Year 2023. 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 2023 with a $133.7 million operating surplus, which is classified as unearned grant revenue per PennDOT's adopted regulations. This is an increase of $137 million from Fiscal Year 2022. This increase was due to a renewed commitment to maximize federal stimulus invoicing against all eligible expenses. In FY 2022, prior to the deferred grant revenue entry, PRT ended the fiscal year with a $3.7 million operating surplus. 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.

- On the input and insights from numerous public meetings, PRT has published 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.

- An project offshoot of the NEXTransit Plan is a complete Service Re-design project that will incorporate transit demand changes in the a post-pandemic environment.

- In addition to the NEXTransit Plan, PRT's Board of Directors adopted a Strategic Plan in early FY2023. The Plan incorporated both new Vision and Mission Statements as well as established organizational values of Collaboration, Safety, Customer Service, Equity, Flexibility and Integrity.

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

- PRT spent much of FY2023 communicating the elements of the Strategic Plan to employees and creating linkages between the Plan and daily performance.

- Finally, PRT began construction on Phase I of 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. Bids for Phase II of the project are expected in FY2024.

- PRT continues to conduct broad discussions with State and Local leaders to make preparations in the eventuality that ridership remains depressed and remaining federal stimulus is exhausted over the next few years.

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, capital and related financing activities and Investing Activities. These statements incorporate a direct approach by adding Fiscal Year 2023 changes in cash flows from operating activities, non-capital financing activities, capital and related financing activities, and investing activities to the fiscal year-end 2022 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 2023, PRT completed the fiscal year with net operating expenses exceeding revenues before capital grant funding by $83.4 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 $137.4 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 $24.6 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.

STATEMENTS OF NET POSITION

PRT's Total Assets in Fiscal Year 2023 increased by $153.7 million from the prior year, from $1.498 billion in Fiscal Year 2022 to $1.652 billion in Fiscal Year 2023. Total Current Assets increased by $169.5 million or 76.7%, from $220.8 million in Fiscal Year 2022 to $390.3 million in Fiscal Year 2023. Total Non-current Assets during the same period decreased by $15.7 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 $272.6 million, an increase of $112.5 million or 70.27% compared to Fiscal Year 2022. $65.7 million of this increase was due to an increase in State Operating Assistance and an additional $43.8 million was due to Federal Stimulus funding.

Capital grants receivable: Capital grants receivable increased by $33.1 million or 101%, from $32.9 million in Fiscal Year 2022 to $66 million in Fiscal Year 2023, due principally to a increase in accounts receivables from both the Federal and Pennsylvania Department of Transportation (PennDOT).

Other receivables: Other receivables increased $22.2 million or 382%, from $5.8 million in Fiscal Year 2022 to $28.1 million in Fiscal Year 2023 due to 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 2023 decreased by $15.7 million from Fiscal Year 2022 values.

Restricted assets for capital additions and related debt: In Fiscal Year 2023, restricted assets for capital additions and related debt decreased by $4.7 million or 33% compared to Fiscal Year 2022 due to a reduction 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 $44.6 million, or one month of PRT's operating expenses based on the Fiscal Year 2024 budget was transferred into the fund.

Capital assets, net of accumulated depreciation: Capital assets, net of accumulated depreciation, decreased $12.4 million or 1.02% from Fiscal Year 2022.

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 2023, total current liabilities increased by $165.8 million or 64.9% over Fiscal Year 2022 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 $97.5 million, a decline of $16.8 million over Fiscal Year 2022. For Fiscal Year 2023, the OPEB liability decreased by $135.8 million from $593.9 million in Fiscal Year 2022 to $458.0 million in Fiscal Year 2023. For Fiscal Year 2023, the Pension liability increased by $224.6 million from $213.4 million in Fiscal Year 2022 to $438 million in Fiscal Year 2023 due to lackluster market returns in calendar year 2022. In Fiscal Year 2023, total non-current liabilities increased by $70.4 million over Fiscal Year 2022. The majority of this increase in non-current liabilities is attributable to the net change in the Net Pension and OPEB liabilities.

Net Position

PRT's Net Position increased by $25.1 million from $228.7 million to $253.3 million.

FINANCIAL COMPARISON: FISCAL YEAR 2023 OVER FISCAL YEAR 2022

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 2023 and Fiscal Year 2022.

Revenues

Total operating revenues in Fiscal Year 2023 increased by $7.2 million or 12.5% compared to Fiscal Year 2022. A $6.3 million increase in Passenger Fares was the primary driver in this increase in total operating revenues. In Fiscal Year 2023, Passenger Fares supported 11.1% of PRT's Total Operating Expense, excluding OPEB, Depreciation expense and a pension expense accounting entry.

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 2023 increased by $938,953 when compared to Fiscal Year 2022 due to higher Shared Ride ridership emerging in the post pandemic era which results in higher cost.

As indicated in the *PRT Ridership Statistics* below, total ridership in Fiscal Year 2023 increased by 17.26% compared to Fiscal Year 2022 due to the limited re-openings of local organizations and businesses post-pandemic. All sub-categories of ridership increased in FY2023 as a result of a limited economic re-opening after the pandemic. Originating Ridership statistics for bus, light rail, and the incline increased by 12.54% in Fiscal Year 2023. Contract Services ridership which represents riders from local universities participating in a U-Pass program increased by 21.24% year-over-year as these schools resumed more of an in-person schedule. Senior ridership rebounded and increased by 842,508 rides in Fiscal Year 2023 or a 32.70%. Ridership on ACCESS in Fiscal Year 2023 increased by 9.56% compared to Fiscal Year 2022. Ridership within the Downtown Free-Zone for light rail mode increased by 306.40% and Transfers increased by 14.67% vs. Fiscal Year 2022. PRT continued to experience changes in its commuter routes as employers continued work from home policies or hybrid work plans.

PRT Ridership Statistics

	FY2023	FY2022	Percent +/(-)
Originating	25,195,582	22,388,328	12.54%
Transfers	1,051,022	916,526	14.67%
Contracted Services	6,567,642	5,417,234	21.24%
Seniors	3,418,866	2,576,358	32.70%
ACCESS	926,751	845,865	9.56%
Free Ridership	748,669	184,221	306.40%
	37,908,532	**32,328,532**	**17.26%**

Expenses

Total Operating Expenses increased from $502.2 million in Fiscal Year 2022 to $562.9 million in Fiscal Year 2023. The increase in expenses were driven primarily by a $59 million increase in Pension Expense, net. Excluding the Pension, OPEB and Depreciation expenses; Operating Expenses increased $31.0 million or roughly 6.9% compared to Fiscal Year 2023.

Salary and Wages increased by $5.8 million or 3.2% due to contractual wage increases, increased personnel levels and additional salary-related merit and market-based adjustments. Total employee fringe benefits in Fiscal Year 2023, excluding Pension and OPEB adjusting entries, increased $5.0 million compared to Fiscal Year 2022. Health care expense increased by $5.0 million due to increases to Managed Health Care Premiums for Active Employees.

Services increased by $3.5 million from FY2022 levels predominantly due to increases in Engineering Services, Work-Done-by-Outside Contractors, Temporary Help, and Marketing and Communications expense.

Fuels and Lubricants increased by $4.2 million or 28% in Fiscal Year 2023 due to increased diesel fuel and lubricant expense resulting from higher market prices than earlier in the pandemic.

Other Materials and Supplies increased by $4.5 million or 18.3% primarily due to a $3.7 million increase in Materials due to a combination of inflationary increases as well as increased vehicle maintenance activity post-pandemic.

Casualty and Liability Expense increased by $1.1 million due to an increase in general insurance in Fiscal Year 2023.

Purchased Transportation increased by $2.4 million from FY2022 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 2023 increased $25.6 million or 6.6% compared to Fiscal Year 2022. Non-operating revenues originate from a number of sources. The Commonwealth of Pennsylvania provides Act 89 subsidy for operating, which in Fiscal Year 2023, decreased by $113.0 million or 46.0% from

$247.1 million in Fiscal Year 2022 to $134.1 million. This reduction is directly related to a PennDOT requirement to report a balanced Operating Statement and report excess State Operating Assistance as Deferred Revenue. In FY 2023, 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 2023. The operating subsidy from Allegheny County for Fiscal Year 2023 fully matched 15% of the pre-deferred State Operating Assistance amount. The Regional Asset District (RAD) contributed $3.0 million of the $40.5 million in local governments Act 44 matching.

Capital funds used for operating assistance increased by $130.7 million or 120.6% from Fiscal Year 2022. In Fiscal Year 2023, PRT used higher amounts of Federal Capital Funds in the form of ARPA and PAAC Cares Act funding in order to support operations of PRT than in FY2022.

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 continued 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, CRRSAA, ARPA funding and Operating Reserves in the FY2027/FY2028 timeframe. These funding sources will need to be used judiciously in order to support future operations.

PRT will continue to 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 altered its hiring practices and increased avenues for attracting new talent beyond traditional avenues. 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 and local funding levels. 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, 2023 AND 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 272,672,311	$ 160,144,214
Capital grants receivable	66,076,208	32,932,090
Other receivables	28,109,254	5,830,130
Prepaid expenses	1,309,918	1,679,998
Materials and supplies, net	22,185,830	20,231,995
Total current assets	390,353,521	220,818,427
Non-current assets:		
Restricted and designated assets:		
Restricted assets for capital additions and related debt	9,590,603	14,304,536
Designated for reserve fund	44,613,298	43,247,892
Capital assets, net of accumulated depreciation	1,207,646,610	1,220,093,600
Total non-current assets	1,261,850,511	1,277,646,028
Total Assets	1,652,204,032	1,498,464,455
Deferred Outflows of Resources		
Deferred charge on refunding	3,845,041	4,513,744
Related to pensions	144,230,414	26,222,547
Related to OPEBs	80,387,434	128,379,939
Total Deferred Outflows of Resources	228,462,889	159,116,230
Liabilities		
Current liabilities:		
Accounts payable	22,794,073	13,427,740
Accrued compensation, benefits, and withholdings	23,743,920	22,590,501
Unearned revenue	351,396,559	196,211,680
Reserves for claims and settlements	6,928,294	7,221,341
Current portion of bonds payable	13,875,000	13,220,000
Current portion of lease payable	1,057,290	1,005,829
Other current liabilities	1,573,167	1,793,500
Total current liabilities	421,368,303	255,470,591
Non-current liabilities:		
Bonds payable, net	97,464,412	114,287,136
Lease payable	8,678,246	9,735,536
Reserves for claims and settlements	1,728,934	2,169,895
OPEB liability	458,044,709	593,890,229
Net pension liability	438,010,154	213,438,022
Total non-current liabilities	1,003,926,455	933,520,818
Total Liabilities	1,425,294,758	1,188,991,409
Deferred Inflows of Resources		
Related to pensions	11,304,321	97,334,551
Related to OPEBs	190,747,193	142,556,142
Total Deferred Inflows of Resources	202,051,514	239,890,693
Net Position		
Net investment in capital assets	1,139,102,214	1,140,764,116
Unrestricted	(885,781,565)	(912,065,533)
Total Net Position	$ 253,320,649	$ 228,698,583

See accompanying notes to financial statements.

PITTSBURGH REGIONAL TRANSIT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Operating Revenues:		
Passenger fares	$ 53,247,074	$ 46,907,211
State Shared Ride Program	8,660,113	7,721,160
Advertising	2,230,196	2,317,917
Miscellaneous income	647,361	626,132
Total operating revenues	64,784,744	57,572,420
Operating Expenses:		
Salaries and wages	189,905,402	184,058,097
Fringe benefits	168,326,326	163,349,951
Pension expense, net	20,534,035	(38,477,419)
OPEB expense, net	(39,661,964)	(11,896,012)
Services	19,150,307	15,658,641
Fuel and lubricant	19,140,694	14,944,692
Tires and tubes	2,063,320	1,724,404
Other materials and supplies	29,192,637	24,678,409
Utilities	7,772,317	6,982,354
Casualty and liability	4,860,864	3,731,452
Purchased transportation	30,227,185	27,807,315
Leases and rentals	379,076	451,636
Miscellaneous expense	9,277,094	5,884,784
Depreciation	101,757,900	103,339,824
Total operating expenses	562,925,193	502,238,128
Operating Loss	(498,140,449)	(444,665,708)
Non-Operating Revenues (Expenses):		
Capital funds used for operating assistance:		
Federal government	221,434,759	93,594,456
Commonwealth of Pennsylvania	16,837,688	13,773,816
Local governments	816,108	992,300
Operating grants:		
Commonwealth of Pennsylvania	134,069,743	247,067,592
Local governments - matching	40,526,646	37,716,078
Total government subsidies for operations	413,684,944	393,144,242
Interest income	4,790,049	104,605
Interest expense	(3,395,372)	(4,084,134)
Loss on disposal of capital assets	(294,444)	-
Total non-operating revenues (expenses)	414,785,177	389,164,713
Loss Before Capital Grant Funding	(83,355,272)	(55,500,995)
Capital grant funding:		
Federal	1,418,948	20,400,526
State	103,532,044	71,221,063
Local	3,026,346	3,808,188
Total capital grant funding	107,977,338	95,429,777
Change in Net Position	24,622,066	39,928,782
Total net position - beginning	228,698,583	188,769,801
Total net position - ending	$ 253,320,649	$ 228,698,583

See accompanying notes to financial statements.

PITTSBURGH REGIONAL TRANSIT

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities:		
Receipts from customers	$ 63,963,300	$ 102,376,104
Payments for goods and services	(122,102,219)	(107,238,766)
Payments to employees	(357,078,309)	(345,905,365)
Net cash provided by (used in) operating activities	(415,217,228)	(350,768,027)
Cash Flows From Non-Capital Financing Activities:		
Operating subsidies	547,412,143	399,003,026
Cash Flows From Capital and Related Financing Activities:		
Capital grants received	74,833,220	100,779,962
Investments in transit operating property	(82,518,060)	(77,903,831)
Payments on bonds payable	(13,220,000)	(12,590,000)
Payments on lease payable	(1,005,829)	(956,874)
Interest paid	(5,894,725)	(6,498,049)
Net cash provided by (used in) capital and related financing activities	(27,805,394)	2,831,208
Cash Flows From Investing Activities:		
Proceeds from (deposits to) restricted/designated assets	3,348,527	(7,048,171)
Interest and dividends on investments	4,790,049	29,667
Net cash provided by (used in) investing activities	8,138,576	(7,018,504)
Net Increase (Decrease) in Cash and Cash Equivalents	112,528,097	44,047,703
Cash and Cash Equivalents:		
Beginning of year	160,144,214	116,096,511
End of year	$ 272,672,311	$ 160,144,214
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Operating loss	$ (498,140,449)	$ (444,665,708)
Adjustments to reconcile operating loss and depreciation expense to cash and cash equivalents provided by (used in) operating activities:		
Depreciation	101,757,900	103,339,824
Change in assets, liabilities, and deferred outflows and inflows:		
Accounts receivable	(821,444)	44,803,684
Materials and supplies	(1,953,835)	(2,118,701)
Prepaid expenses and other current assets	370,080	(752,310)
Accounts payable	2,279,038	(859,740)
Accrued compensation, benefits, and withholdings	1,153,419	1,502,683
Reserves for claims and settlements	(734,008)	(1,644,328)
OPEB liability and related components	(39,661,964)	(11,896,012)
Net pension liability and related components	20,534,035	(38,477,419)
Total adjustments	82,923,221	93,897,681
Net cash provided by (used in) operating activities	$ (415,217,228)	$ (350,768,027)

See accompanying notes to financial statements.

PITTSBURGH REGIONAL TRANSIT

STATEMENTS OF PLAN NET POSITION
PENSION TRUST FUNDS

DECEMBER 31, 2022 AND 2021

	2022	2021
Assets		
Receivables:		
Plan members	$ 1,313,326	$ 1,969,439
Employer	549,111	2,192,105
Proceeds from asset sales	2,877,334	5,234,493
Interest and dividends	1,178,990	784,047
Total receivables	5,918,761	10,180,084
Investments:		
Cash and cash equivalents	76,457	-
U.S. government securities	50,806,041	46,448,769
Money market	20,800,205	28,549,104
Corporate debt securities	64,076,677	83,547,704
Common stock	274,186,080	338,549,008
Common/collective trusts	153,770,286	193,376,027
Registered investment companies	188,585,832	265,055,836
Partnership/joint venture interest	91,312,296	102,266,183
Pooled separate accounts - real estate	5,855,067	-
Municipal issues	4,700,316	-
Other	18,646,022	21,895,827
Total investments	872,815,279	1,079,688,458
Total Assets	$ 878,734,040	$ 1,089,868,542
Liabilities and Net Position		
Liabilities:		
Accrued investment and administrative expense	$ 534,971	$ 1,097,072
Investment securities purchased	718,338	273,845
Total Liabilities	1,253,309	1,370,917
Net Position:		
Restricted for pension benefits	877,480,731	1,088,497,625
Total Liabilities Net Position	$ 878,734,040	$ 1,089,868,542

See accompanying notes to financial statements.

PITTSBURGH REGIONAL TRANSIT

STATEMENTS OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Additions:		
Contributions:		
Plan members	$ 16,929,786	$ 17,068,486
Employer reimbursement for healthcare expenses	4,108,813	3,582,933
Employer - actuarially recommended	40,991,731	43,137,588
Total contributions	62,030,330	63,789,007
Investment income		
Interest and dividends	13,878,511	12,000,797
Net increase (decrease) in fair value of investments	(191,097,020)	141,575,705
Investment expense	(2,300,098)	(3,187,674)
Total investment income	(179,518,607)	150,388,828
Total additions	(117,488,277)	214,177,835
Deductions:		
Retirement and disability allowances	92,953,297	89,047,588
Administrative expenses	575,320	847,299
Total deductions	93,528,617	89,894,887
Change in Net Position	(211,016,894)	124,282,948
Total net position - beginning	1,088,497,625	964,214,677
Total net position - ending	$ 877,480,731	$ 1,088,497,625

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, 2022 and 2021.

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, 2023 and 2022.

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 2023 and 2022, 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, 2023 and 2022 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.

Key estimates and judgments related to leases include how PRT determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- PRT uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, PRT generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that PRT is reasonably certain to exercise.

PRT monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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, 2023

PRT received $271 million in State Operating Assistance during fiscal year 2023. After recognizing unearned revenue for State Operating Assistance carried forward to future years, PRT recognized $134.1 million in State Operating Assistance for fiscal year 2023 under Act 44. The State operating assistance funds required a 15% local match of $40.5 million. Allegheny County provided $37.5 million of local match with an additional $3 million provided by the Regional Asset District (RAD).

Because of existing debt agreements, PRT obtained capital funding under PTAF totaling $18.4 million to use for debt service. Local matching share required for this funding was provided by the County.

PRT utilized $108 million in capital funding for capital improvements, debt service payments, and to support bus purchases in fiscal year 2023. PRT applied $239.1 million of this capital funding in its operating budget including $155 million of federal ARPA flex funds.

PRT utilized a total of $3.8 million in capital funding from the County during fiscal year 2023, which was required to match federal and state capital grants.

As of June 30, 2023, the primary components of unearned revenue were: $297.7 million of State operating assistance carryover, $26.8 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, 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 $247.1 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 $94.4 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 including $58.6 million of federal ARPA flex funds.

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: $160.3 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.

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.

Adoption of Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements were adopted for the year ended June 30, 2023: Statement Nos. 91 (Conduit Debt Obligations), 94 (Public-Private and Public-Public Partnerships and Availability Payment Arrangements), and 96 (Subscription-Based Information Technology Arrangements). These statements had no significant impact on PRT's financial statements for the year ended June 30, 2023.

Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 100 (Accounting Changes and Error Corrections), and 101 (Compensated Absences).

Management has not yet determined the impact of these statements on the financial statements.

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 2023 and 2022 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 $9,590,603 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 $44,613,298 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:

	2023		2022	
	Cash and Cash Equivalents	Restricted and Designated	Cash and Cash Equivalents	Restricted and Designated
Deposits	$ 25,960,555	$ -	$ 10,247,436	$ 43,247,892
INVEST	246,711,756	44,901,200	149,896,778	-
Money Market	-	9,302,701	-	14,304,536
Total	$ 272,672,311	$ 54,203,901	$ 160,144,214	$ 57,552,428

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, 2023 and 2022, respectively, $29,911,623 and $59,328,295 of PRT's bank balance of $30,411,623 and $59,828,295 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, 2023, 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.

Pension Trust Funds

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, 2022 and 2021, the Funds' certificate of deposit balance of $0 and $677,431, respectively, was fully insured and was not exposed to custodial credit risk. As of December 31, 2022 and 2021, the Funds' cash and cash equivalents balance of $76,457 and $0, 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:

	2022	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	$ 50,806	$ 2,564	$ 13,034	$ 9,991	$ 1,758	$ 2,940	$ 20,519
Corporate debt	64,077	1,314	25,470	20,527	5,002	2,643	9,121
Municipal issues	4,700	-	765	1,895	1,847	193	-
Total	$ 119,583	$ 3,878	$ 39,269	$ 32,413	$ 8,607	$ 5,776	$ 29,640

	2021 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	$ 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

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, 2022 and 2021, the pension trust funds’ investments in fixed income bonds for the ATU Plan, the IBEW Plan, and the NonRep Plan rated as follows:

	2022							
	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	16%	0%	100%	0%	11%	0%	100%	27%
AA	9%	100%	0%	0%	10%	0%	0%	55%
A	38%	0%	0%	0%	30%	0%	0%	18%
BBB	37%	0%	0%	0%	45%	0%	0%	0%
BB	0%	0%	0%	0%	1%	0%	0%	0%
B	0%	0%	0%	0%	0%	0%	0%	0%
CCC	0%	0%	0%	0%	0%	0%	0%	0%
Not Rated	0%	0%	0%	0%	3%	0%	0%	0%

	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%

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, 2023 and 2022.

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		
	2022	2021		2022	2021
Energy	12.2%	5.1%	Basic Materials	3.8%	3.7%
Materials	4.6%	3.6%	Consumer Discretionary	11.3%	13.4%
Industrials	6.9%	10.3%	Financial	10.6%	11.1%
Consumer Discretionary	6.2%	11.9%	Real Estate	2.4%	1.8%
Consumer Staples	5.4%	6.3%	Consumer Staples	5.3%	6.2%
Healthcare	23.2%	18.6%	Healthcare	14.9%	14.5%
Financials	22.7%	26.6%	Utilities	2.2%	2.5%
Information Technology	9.3%	9.0%	Communication	7.6%	8.6%
Telecommunications	3.7%	2.9%	Energy	4.0%	3.0%
Utilities	4.6%	4.7%	Industrials	10.6%	9.9%
Real Estate	0.4%	0.4%	Technology	27.3%	25.3%
Other	0.8%	0.6%			

Registered Investment Companies by Type

IBEW Plan & NonRep Plan			ATU Plan		
	2022	2021		2022	2021
Domestic Equity	43.8%	39.7%	Domestic Equity	6.9%	2.3%
Global Equity	13.4%	12.6%	Global Equity	0.0%	0.0%
International Equity	14.7%	19.7%	International Equity	69.7%	62.0%
Defensive Equity	10.7%	9.2%	Defensive Equity	0.0%	0.0%
Fixed Income	16.5%	16.6%	Fixed Income	23.4%	35.7%
Infrastructure	0.90%	2.20%	Infrastructure	0.0%	0.0%

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, 2022 and 2021. The common collective trust account offers daily redemptions with no redemption notice period and there are no unfunded commitments as of December 31, 2022 and 2021.

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, 2022 and 2021, respectively:

December 31, 2022	Fair Value *	Unfunded Commitments *	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Partnership/joint venture interests	$ 91,312	$ -	Quarterly	90 days
Common/collective trusts	$ 135,878	n/a	Daily	n/a

* amounts in thousands

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

4. Capital Assets/Accumulated Depreciation

A summary of changes in capital assets for the year ended June 30, 2023 is as follows:

	June 30, 2022	Increases	Decreases	June 30, 2023
Capital assets, not being depreciated:				
Land	$ 95,953,095	$ -	$ -	$ 95,953,095
Projects in progress	108,385,448	68,776,783	(28,130,771)	149,031,460
Total capital assets, not being depreciated	204,338,543	68,776,783	(28,130,771)	244,984,555
Capital assets, being depreciated:				
Buildings	387,340,526	28,627,322	(43,503,263)	372,464,585
Transportation equipment	724,832,620	8,346,077	(13,493,359)	719,685,338
Track, roadway, and subway stations	1,429,279,211	8,204,780	(5,208,442)	1,432,275,549
Other property, equipment, and assets	159,849,942	3,781,163	(2,086,102)	161,545,003
Right-to-use leased office space	12,608,540	-	-	12,608,540
Total capital assets being depreciated	2,713,910,839	48,959,342	(64,291,166)	2,698,579,015
Less: accumulated depreciation for:				
Buildings	(216,575,802)	(13,993,590)	43,503,263	(187,066,129)
Transportation equipment	(466,639,913)	(39,366,844)	13,198,915	(492,807,842)
Track, roadway, and subway stations	(888,113,676)	(39,354,617)	5,208,442	(922,259,851)
Other property, equipment, and assets	(124,304,683)	(7,781,995)	2,086,102	(130,000,576)
Right-to-use leased office space	(2,521,708)	(1,260,854)	-	(3,782,562)
Total accumulated depreciation	(1,698,155,782)	(101,757,900)	63,996,722	(1,735,916,960)
Total capital assets, being depreciated, net	1,015,755,057	(52,798,558)	(294,444)	962,662,055
Total capital assets, net	$ 1,220,093,600	$ 15,978,225	$ (28,425,215)	$ 1,207,646,610

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

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.

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.

The following is a summary of debt transactions of PRT for the year ended June 30, 2023:

	Balance at July 1, 2022	Issuance	Amortization/ Payments and Retirements	Balance at June 30, 2023
Series of 2020 Bonds	$ 107,610,000	$ -	$ (13,220,000)	$ 94,390,000
Unamortized net bond premium	19,897,136	-	(2,947,724)	16,949,412
Net outstanding	$ 127,507,136	$ -	$ (16,167,724)	111,339,412
Less: current amount:				
Series of 2020 Bonds				(13,875,000)
Total long-term bonds payable, net				$ 97,464,412

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

Year Ending June 30,	Principal	Interest	Total
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	16,870,000	1,728,750	18,598,750
2029	17,705,000	885,250	18,590,250
Total	$ 94,390,000	$ 17,188,250	$ 111,578,250

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 established in the amount of $12,608,540. As of June 30, 2023 and 2022, the lease liability was $9,735,536 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, 2023 and 2022 was $8,825,978 and $10,086,832, respectively.

The following is a summary of lease transactions of PRT for the year ended June 30, 2023:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Lease payable	$ 10,741,365	$ -	$ (1,005,829)	$ 9,735,536

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

Year Ending June 30,	Principal	Interest	Total
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	1,509,612	203,941	1,713,553
2029-2030	3,254,878	172,227	3,427,105
Total	$ 9,735,536	$ 1,872,338	$ 11,607,874

7. ACCESS Program Services

PRT has a contract with Transdev Services, Inc. (d/b/a ACCESS Transportation Systems), which provides professional services to coordinate the paratransit system, ACCESS Transportation Systems, which provides transit services within the County for elderly and handicapped individuals. Expenses under this contract amounted to $30.2 million and $27.8 million for fiscal years 2023 and 2022, 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 $8.7 million and $7.7 million in fiscal years 2023 and 2022, 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, 2023. The reserve balance is approximately $8.7 million and $9.3 million at June 30, 2023 and 2022, 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 continues to face discrimination claims and litigation from approximately 100 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. 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 within 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, 2022

	ATU	IBEW	NonRep	Total
Assets				
Receivables:				
Plan members	$ 1,236,382	$ 8,888	$ 68,056	$ 1,313,326
Employer	549,111	-	-	549,111
Proceeds from asset sales	2,877,334	-	-	2,877,334
Interest and dividends	1,178,990	-	-	1,178,990
Total receivables	5,841,817	8,888	68,056	5,918,761
Investments:				
Cash and cash equivalents	-	12,079	64,378	76,457
U.S. government securities	42,168,229	1,364,599	7,273,213	50,806,041
Money market	20,800,205	-	-	20,800,205
Corporate debt securities	57,181,081	1,089,364	5,806,232	64,076,677
Common stock	268,676,323	870,430	4,639,327	274,186,080
Common/collective trusts	135,877,995	2,826,618	15,065,673	153,770,286
Registered investment companies	133,267,390	8,739,189	46,579,253	188,585,832
Partnership/joint venture interest	91,312,296	-	-	91,312,296
Pooled separate accounts - real estate	-	924,982	4,930,085	5,855,067
Muncipal issues	4,700,316	-	-	4,700,316
Other	-	2,945,691	15,700,331	18,646,022
Total investments	753,983,835	18,772,952	100,058,492	872,815,279
Total Assets	$ 759,825,652	$ 18,781,840	$ 100,126,548	$ 878,734,040
Liabilities and Net Position				
Liabilities:				
Accrued investment and administrative expense	$ 427,027	$ 14,267	$ 93,677	$ 534,971
Investment securities purchased	-	209,026	509,312	718,338
Total Liabilities	427,027	223,293	602,989	1,253,309
Net Position:				
Restricted for pension benefits	759,398,625	18,558,547	99,523,559	877,480,731
Total Liabilities and Net Position	$ 759,825,652	$ 18,781,840	$ 100,126,548	$ 878,734,040

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

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, 2022

	ATU	IBEW	NonRep	Total
Additions:				
Contributions:				
Plan members	$ 15,933,825	$ 121,292	$ 874,669	$ 16,929,786
Employer reimbursement for healthcare expenses	3,681,651	111,320	315,842	4,108,813
Employer - actuarially recommended	33,725,590	697,334	6,568,807	40,991,731
Total contributions	53,341,066	929,946	7,759,318	62,030,330
Investment income:				
Interest and dividends	12,374,637	240,854	1,263,020	13,878,511
Net increase (decrease) in fair value of investments	(178,347,481)	(2,069,155)	(10,680,384)	(191,097,020)
Investment expense	(1,985,476)	(60,548)	(254,074)	(2,300,098)
Total investment income	(167,958,320)	(1,888,849)	(9,671,438)	(179,518,607)
Total additions	(114,617,254)	(958,903)	(1,912,120)	(117,488,277)
Deductions:				
Retirement and disability allowances	81,287,339	2,161,455	9,504,503	92,953,297
Administrative expenses	472,403	22,300	80,617	575,320
Total deductions	81,759,742	2,183,755	9,585,120	93,528,617
Change in Net Position	(196,376,996)	(3,142,658)	(11,497,240)	(211,016,894)
Total net position - beginning	955,775,621	21,701,205	111,020,799	1,088,497,625
Total net position - ending	$ 759,398,625	$ 18,558,547	$ 99,523,559	$ 877,480,731

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

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	3,195	142	429	3,766
Participants who transferred to another plan	36	29	52	117
Inactive plan members entitled to but not yet receiving benefits	34	2	21	57
Active plan members	2,189	22	91	2,302
Total plan members	5,454	195	593	6,242

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, 2022, 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, 2022 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, 2022:

	IBEW and NonRep	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.0%	5.10%
International equity	17.0%	5.50%
Defensive equity	5.0%	4.20%
Global infrastructure	5.0%	5.00%
Core Real Estate	7.0%	4.80%
Private equity	5.0%	8.40%
Private credit	5.0%	6.80%
Fixed income	22.0%	0.90%
Cash	1.0%	0.00%
	100.0%	

	ATU	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US large cap equity	39.0%	5.50%
Non-US developed markets	17.5%	7.60%
Non-US emerging markets	3.5%	9.20%
Private equity	2.5%	9.40%
Equity long/short	5.0%	5.50%
Fixed income	27.5%	2.30%
Absolute return	5.0%	5.50%
	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, 2023 are as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at 6/30/22	$ 1,301,935,647	$ 1,088,497,625	$ 213,438,022
Changes for the year:			
Service cost	22,310,369	-	22,310,369
Interest	91,678,618	-	91,678,618
Differences between expected and actual experience	(11,636,065)	-	(11,636,065)
Changes of assumptions	46,800	-	46,800
Employer contributions	-	40,991,731	(40,991,731)
Member contributions	-	16,929,786	(16,929,786)
Net investment income	-	(179,518,607)	179,518,607
Benefit payments, including refunds of employee contributions	(92,953,297)	(92,953,297)	-
Employer reimbursement for healthcare expenses	4,108,813	4,108,813	-
Administrative expenses	-	(575,320)	575,320
Balances at 6/30/23	$ 1,315,490,885	$ 877,480,731	$ 438,010,154

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

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	$ 507,572,797	$ 395,381,517	$ 299,373,948
IBEW	9,837,500	7,409,510	5,334,401
NonRep	48,052,687	35,219,127	24,239,901
	$ 565,462,984	$ 438,010,154	$ 328,948,250

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the years ended June 30, 2023 and 2022, PRT recognized pension expense of $57,084,517 and $5,483,606, 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, 2023 and 2022, PRT reported deferred outflows of resources related to pensions from the following sources:

	2023	2022
Differences between expected and actual experience	$ 50,442	$ 471,658
Changes of assumptions	303,876	6,315,396
Net difference between projected and actual earnings on pension plan investments	128,881,850	-
Contributions made subsequent to the measurement date	14,994,246	19,435,493
	$ 144,230,414	$ 26,222,547

At June 30, 2023 and 2022, PRT reported deferred inflows of resources related to pensions from the following sources:

	2023	2022
Differences between expected and actual experience	$ 11,303,106	$ 4,305,482
Changes of assumptions	1,215	7,292
Net difference between projected and actual earnings on pension plan investments	-	93,021,777
	$ 11,304,321	$ 97,334,551

Deferred outflows of resources related to PRT pension contributions subsequent to the measurement date of $14,994,246 and $19,435,493 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,	
2024	$ 8,433,944
2025	26,385,438
2026	32,260,318
2027	50,852,147
	$ 117,931,847

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 2023 and 2022, PRT contributed $21 million and $23 million (excluding the implicit rate subsidy), respectively, to the plans.

Plan members receiving benefits contributed $2.1 for fiscal years June 30, 2023 and 2022, 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, 2022 and 2021 and was determined by an actuarial valuation as of January 1, 2021. 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: 4.05%
- 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: PRI-2012 Mortality Table, using separate rates for employees and annuitants, and adjusted for white collar employees
- Salary increases:
    - 1/1/2023: 4.00%
    - 1/1/2024: 3.00%
    - 1/1/2025: 3.00%
    - 1/1/2026: 2.75%
    - 1/1/2027 and later: 3.50%

Changes in Actuarial Assumptions are as follows:

The assumed discount rate was 4.05% at the December 31, 2022 measurement date. Salary increases were updated to the following:

- 1/1/2023: 4.00%
- 1/1/2024: 3.00%
- 1/1/2025: 3.00%
- 1/1/2026: 2.75%
- 1/1/2027 and later: 3.50%

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, 2023 were as follows:

	OPEB Liability
Balance at June 30, 2022	$ 593,890,229
Changes for the year:	
Service cost	18,209,272
Interest	11,019,153
Differences between expected and actual	-
Change in benefit terms	-
Changes of assumptions	(138,608,968)
Benefits paid	(26,464,977)
Balances at June 30, 2023	$ 458,044,709

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

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 (3.05%)	Current Discount Rate (4.05%)	1% Increase (5.05%)
$ 513,687,401	$ 458,044,709	$ 411,691,073

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	5.00%	6.00%	7.00%
Initial rate, post-Medicare	3.50%	4.50%	5.50%
Ultimate rate	3.00%	4.00%	5.00%
	$ 408,063,501	$ 458,044,709	$ 518,440,041

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. For the years ended June 30, 2023 and 2022, PRT recognized OPEB expense of ($12,642,511) and $12,005,993, 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, 2023 and 2022, PRT reported deferred outflows of resources related to OPEBs from the following sources:

	2023	2022
Differences between expected and actual experience	$ 33,826,934	$ 46,837,294
Changes of assumptions	32,773,535	68,310,156
Contributions made subsequent to the measurement date	13,786,965	13,232,489
	$ 80,387,434	$ 128,379,939

At June 30, 2023 and 2022, PRT reported deferred inflows of resources related to OPEBs from the following sources:

	2023	2022
Differences between expected and actual experience	$ 81,015,093	$ 139,767,412
Changes of assumptions	109,732,100	2,788,730
	$ 190,747,193	$ 142,556,142

Deferred outflows of resources related to PRT OPEB contributions subsequent to the measurement date of $13,786,965 and $13,232,489 are recognized as a reduction of the net pension liability in the years ended June 30, 2023 and 2022, 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,	
2024	$ (43,189,721)
2025	(37,506,963)
2026	(20,348,544)
2027	(23,101,496)
	$ (124,146,724)

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*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:									
Service cost	$ 21,217,071	$ 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	80,466,511	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	(11,654,477)	(1,775,103)	(5,675,816)	(237,838)	104,701	(2,103,754)	(2,141,941)	3,688,462	-
Changes of assumptions	46,800	-	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	(81,287,339)	(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	3,681,651	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	12,470,217	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	1,142,309,925	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	902,695,295
Total Pension Liability - Ending (a)	$ 1,154,780,142	$ 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	$ 15,933,825	$ 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	33,725,590	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	(167,958,320)	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	(81,287,339)	(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	3,681,651	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	(472,403)	(726,120)	(402,623)	(719,039)	(751,373)	(582,040)	(496,899)	(583,165)	(530,846)
Net Change in Plan Fiduciary Net Position	(196,376,996)	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	955,775,621	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)	$ 759,398,625	$ 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)	$ 395,381,517	$ 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	65.76%	83.67%	75.68%	71.65%	65.39%	73.45%	66.47%	66.56%	75.29%
Covered-Employee Payroll	$ 150,857,412	$ 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	262.09%	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*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:									
Service cost	$ 162,729	$ 185,985	$ 198,767	$ 222,168	$ 231,980	$ 248,724	$ 238,162	$ 252,182	$ 278,428
Interest	1,818,935	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	(201,297)	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	(2,161,455)	(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	111,320	101,061	97,506	85,856	70,829	59,062	60,528	60,633	56,122
Net Changes in Total Pension Liability	(269,768)	111,734	(277,951)	286,125	(336,384)	(134,337)	442,700	406,344	4,723
Total Pension Liability - Beginning	26,237,825	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)	$ 25,968,057	$ 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	$ 121,292	$ 136,933	$ 149,959	$ 160,688	$ 179,201	$ 184,388	$ 155,496	$ 120,620	$ 106,547
Employer actuarially recommended contributions	697,334	792,066	837,771	821,230	658,157	806,107	913,536	828,090	815,889
Net investment income	(1,888,849)	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	(2,161,455)	(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	111,320	101,061	97,506	85,856	70,829	59,062	60,528	60,633	56,122
Administrative expense	(22,300)	(33,930)	(40,079)	(54,392)	(54,678)	(67,221)	(42,495)	(59,812)	(60,407)
Net Change in Plan Fiduciary Net Position	(3,142,658)	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	21,701,205	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)	$ 18,558,547	$ 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)	$ 7,409,510	$ 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	71.47%	82.71%	76.97%	73.49%	66.84%	73.46%	67.89%	68.64%	74.41%
Covered-Employee Payroll	$ 1,155,172	$ 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	641.42%	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*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:									
Service cost	$ 930,569	$ 917,711	$ 921,666	$ 1,026,743	$ 1,072,258	$ 1,116,566	$ 1,176,670	$ 1,155,659	$ 1,190,636
Interest	9,393,172	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	219,709	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	(9,504,503)	(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	315,842	286,385	260,984	241,294	211,954	203,652	185,834	174,680	166,456
Net Changes in Total Pension Liability	1,354,789	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	133,387,897	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)	$ 134,742,686	$ 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	$ 874,669	$ 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	6,568,807	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	(9,671,438)	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	(9,504,503)	(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	315,842	286,385	260,984	241,294	211,954	203,652	185,834	174,680	166,456
Administrative expense	(80,617)	(87,249)	(209,483)	(125,325)	(115,060)	(194,676)	(113,635)	(140,666)	(160,534)
Net Change in Plan Fiduciary Net Position	(11,497,240)	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	111,020,799	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)	$ 99,523,559	$ 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)	$ 35,219,127	$ 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	73.86%	83.23%	75.18%	69.27%	60.52%	65.19%	59.23%	58.59%	62.65%
Covered-Employee Payroll	$ 8,330,246	$ 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	422.79%	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 PRT CONTRIBUTIONS - PENSIONS

YEARS ENDED JUNE 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution:										
ATU	$ 33,725,590	$ 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
IBEW	697,334	792,066	837,771	821,230	658,157	806,107	913,536	828,090	815,889	848,189
NonRep	6,568,807	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
	40,991,731	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
Contributions in relation to the actuarially determined contribution:										
ATU	33,725,590	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
IBEW	697,334	792,066	837,771	821,230	658,157	806,107	913,536	828,090	815,889	848,189
NonRep	6,568,807	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
	40,991,731	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
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll:										
ATU	$ 152,400,958	$ 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
IBEW	1,106,785	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
NonRep	8,261,278	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
	$ 161,769,021	$ 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
Contributions as a percentage of covered-employee payroll										
ATU	22.13%	22.92%	23.98%	23.66%	22.99%	21.14%	18.84%	18.15%	16.25%	14.62%
IBEW	63.01%	64.28%	58.96%	54.52%	42.41%	46.06%	48.46%	43.20%	38.29%	37.40%
NonRep	79.51%	84.27%	84.26%	80.74%	64.62%	63.52%	62.05%	53.56%	48.31%	51.61%
Annual money-weighted rate of return, net of investment expense										
ATU	-16.00%	16.10%	10.70%	18.40%	-6.20%	15.80%	5.60%	-0.50%	6.17%	
IBEW	-7.81%	11.09%	10.03%	17.84%	-4.20%	14.30%	6.69%	-0.21%	7.14%	
NonRep	-7.81%	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 2014

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*

	2023	2022	2021	2020	2019	2018
Total OPEB Liability:						
Service cost	$ 17,681,658	$ 16,605,085	$ 15,342,073	$ 11,063,966	$ 9,523,002	$ 7,862,601
Interest	10,123,125	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	(127,708,933)	5,900,894	44,231,497	104,356,787	(26,986,489)	55,044,733
Benefit payments	(23,819,511)	(22,414,708)	(25,389,479)	(24,118,471)	(27,352,586)	(26,713,212)
Net Changes in Total OPEB Liability	(123,723,661)	65,382,382	(130,983,096)	53,419,119	(1,987,723)	55,164,448
Total OPEB Liability - Beginning	544,397,953	479,015,571	609,998,667	556,579,548	558,567,271	503,402,823
Total OPEB Liability - Ending (a)	$ 420,674,292	$ 544,397,953	$ 479,015,571	$ 609,998,667	$ 556,579,548	$ 558,567,271
Covered-Employe Payroll	$ 155,750,877	$ 149,474,375	$ 145,777,201	$ 140,863,321	$ 131,806,885	$ 128,520,603
OPEB Liability as a Percentage of Covered-Employee Payroll	270.09%	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*

	2023	2022	2021	2020	2019	2018
Total OPEB Liability:						
Service cost	$ 233,245	$ 226,659	$ 257,011	$ 200,062	$ 301,690	$ 277,648
Interest	264,829	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	(3,617,222)	(277,062)	1,448,408	845,192	(1,121,548)	1,169,548
Benefit payments	(561,541)	(537,711)	(632,460)	(661,629)	(737,990)	(696,907)
Net Changes in Total OPEB Liability	(3,680,689)	1,607,399	(3,683,097)	(918,596)	(951,489)	1,394,957
Total OPEB Liability - Beginning	14,440,406	12,833,007	16,516,104	17,434,700	18,386,189	16,991,232
Total OPEB Liability - Ending (a)	$ 10,759,717	$ 14,440,406	$ 12,833,007	$ 16,516,104	$ 17,434,700	$ 18,386,189
Covered-Employee Payroll	$ 2,867,879	$ 2,983,475	$ 2,997,599	$ 3,069,187	$ 2,950,858	$ 3,018,623
OPEB Liability as a Percentage of Covered-Employee Payroll	375.18%	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*

	2023	2022	2021	2020	2019	2018
Total OPEB Liability:						
Service cost	$ 294,369	$ 295,891	$ 206,300	$ 187,362	$ 226,112	$ 206,778
Interest	631,199	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	(7,282,813)	(87,666)	3,191,640	2,505,100	(2,567,989)	3,300,173
Benefit payments	(2,083,925)	(2,271,645)	(2,780,922)	(2,846,595)	(3,174,213)	(3,120,071)
Net Changes in Total OPEB Liability	(8,441,170)	2,353,130	(13,182,716)	(4,516,417)	(3,768,230)	2,311,001
Total OPEB Liability - Beginning	35,051,870	32,698,740	45,881,456	50,397,873	54,166,103	51,855,102
Total OPEB Liability - Ending (a)	$ 26,610,700	$ 35,051,870	$ 32,698,740	$ 45,881,456	$ 50,397,873	$ 54,166,103
Covered-Employee Payroll	$ 21,991,284	$ 23,473,110	$ 19,839,664	$ 21,458,198	$ 18,269,218	$ 19,182,175
OPEB Liability as a Percentage of Covered-Employee Payroll	121.01%	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, 2022. 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: 4.05%
- 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 increases:
  - 1/1/2023: 4.00%
  - 1/1/2024: 3.00%
  - 1/1/2025: 3.00%
  - 1/1/2026: 2.75%
  - 1/1/2027 and later: 3.50%

- 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 4.05% at the December 31, 2022 measurement date.

Salary increases were updated to the following:

- 1/1/2023: 4.00%
- 1/1/2024: 3.00%
- 1/1/2025: 3.00%
- 1/1/2026: 2.75%
- 1/1/2027 and later: 3.50%

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, 2023

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	$ -	$ 45,220
PA-2021-007-00 East Busway TOD Plan	20.500	PA-94-2001	-	575,207
Total ALN 20.500			-	620,427
Federal Transit - Formula Grants:				
PA-2016-027-00 Trams Grant	20.507	PA-95-0001	-	328,546
PA-2020-027-00 Trams Grant	20.507	PA-90-X954	-	36,315,566
COVID-19 PA-2021-046-00 ARPA Flex Funds 5307	20.507	PA-90-Y005	-	155,593,227
PA-2021-030 Super Grant	20.507	PA-95-X004	-	1,086,522
PA-2022-035-00 Flex Grant CMAQ	20.507	PA-95-X116	-	166,695
PA-2022-052 Super Grant	20.507	PA-90-Y044	-	11,232,579
PA-2022-052 Super Grant	20.507	PA-54-0029	-	16,450,412
PA-2023-040 Trams Grant	20.507	PA-34-0093	-	293,825
Total ALN 20.507			-	221,467,372
TOTAL FEDERAL TRANSIT CLUSTER			-	222,087,799
TOTAL FEDERAL TRANSIT ADMINISTRATION			-	222,087,799
Metropolitan Transportation Planning:				
Passed through the Commonwealth of Pennsylvania:				
Transit Services Programs Cluster:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	520906-5	-	515,274
TOTAL TRANSIT SERVICES PROGRAM CLUSTER			-	515,274
Highway Planning and Construction	20.205	CSPC	-	184,000
TOTAL DEPARTMENT OF TRANSPORTATION			-	222,787,073
DEPARTMENT OF HOMELAND SECURITY:				
Rail and Transit Security Grant Program:				
2019 Transit Security Grant Program	97.075	EMW2019RA00038	-	39,100
DEPARTMENT OF JUSTICE:				
Passed through the Federal Bureau of Investigation:				
Equitable Sharing Program	16.922	AFF19	-	27,535
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 222,853,708

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, 2023. 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, 2023, 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, 2023

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, 2023, and the related notes to the financial statements, which collectively comprise PRT's basic financial statements, and have issued our report thereon dated January 26, 2024.

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 26, 2024

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, 2023. 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, 2023.

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 26, 2024

PITTSBURGH REGIONAL TRANSIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

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, 2023

NONE