

DAC Bond

## OFFICIAL STATEMENT

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: Standard & Poor's: "AA" (Stable outlook)

AGM Insured

Underlying Rating: "A/Stable"

See "BOND RATINGS" and "MUNICIPAL BOND INSURANCE" herein

*In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the Authority with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax, and the Bonds are exempt from personal property taxes in Pennsylvania. See "TAX MATTERS" herein.*

**\$6,170,000**

**STATE PUBLIC SCHOOL BUILDING AUTHORITY  
(Commonwealth of Pennsylvania)**

**COLLEGE REVENUE BONDS (WESTMORELAND COUNTY COMMUNITY COLLEGE PROJECT),  
SERIES OF 2020**

**Dated:** Date of Delivery

**Interest Due:** April 15 and October 15

**Principal Due:** October 15, see inside front cover

**First Interest Payment:** April 15, 2020

The State Public School Building Authority (the "Authority" or "SPSBA") is issuing its College Revenue Bonds (Westmoreland County Community College Project), Series of 2020 in the aggregate principal amount of \$6,170,000 as fully registered securities (the "Bonds" or "2020 Bonds"). The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant in order to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, the Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein. The principal of the Bonds will be paid to the registered owners or assigns, when due, upon presentation and surrender of the Bonds to The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania as trustee for the Bonds (the "Trustee") acting as trustee, paying agent and registrar, at its designated corporate trust office in Pittsburgh, Pennsylvania. Interest on the Bonds is payable initially on April 15, 2020, and thereafter, semiannually on April 15 and October 15 of each year, until the principal sum thereof is paid. Payment of interest on the Bonds will be made by check drawn on the Paying Agent mailed to the registered owners of the Bonds as of the Record Date. (See "THE BONDS" herein.)

**The Bonds are subject to redemption prior to maturity (See "REDEMPTION OF THE BONDS" herein).**

The Bonds are being issued by the Authority to provide funds for a project consisting of: (1) acquiring the College's Enterprise Resource Planning System (the "ERP System"); and (2) paying the costs and expenses of issuing the Bonds. See "PURPOSE OF THE BONDS" herein.

The Bonds will be issued by the Authority pursuant to a Trust Indenture dated as of October 15, 1995, as previously supplemented, and as shall be further supplemented by an Eighth Supplemental Trust Indenture dated as of the Date of Delivery of the Bonds (the "Indenture") between the Authority and the Trustee. The Bonds are limited obligations of the Authority, payable solely from the payments to be made by the Westmoreland County Community College (the "College" or "WCCC") under a note (the "2020 Note") to be issued by the College to evidence its payment obligations under a Loan Agreement dated as of October 15, 1995, as previously supplemented, and as shall be further supplemented by an Eighth Supplemental Loan Agreement dated as of the Date of Delivery of the Bonds (the "Loan Agreement") between the Authority and the College.

**THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE SECURED BY AND PAYABLE SOLELY FROM THE PAYMENTS TO BE MADE BY THE COLLEGE UNDER THE 2020 NOTE AND THE LOAN AGREEMENT. NEITHER THE PRINCIPAL OR REDEMPTION PRICE OF THE BONDS, NOR THE INTEREST THEREON, SHALL CONSTITUTE A GENERAL INDEBTEDNESS OF THE AUTHORITY OR AN INDEBTEDNESS OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER; CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY OR THE GENERAL CREDIT OR TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF; OR BE DEEMED TO BE A GENERAL OBLIGATION OF THE AUTHORITY OR OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. THE AUTHORITY HAS NO TAXING POWER.**

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**



**MATURITIES, AMOUNTS, RATES AND PRICES/YIELDS**

**See Inside Front Cover**

The Bonds are offered for delivery when, as and if issued by the Authority subject to the approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania, Bond Counsel, appointed by the Office of General Counsel. Certain legal matters will be passed upon for the College by its counsel Daniel B. Pagliari, Esquire, New Kensington, Pennsylvania. Certain legal matters will be passed upon for the Authority by its counsel, Barley Snyder LLP, Lancaster, Pennsylvania and for the Underwriter by Dinsmore & Shohl LLP, Pittsburgh, Pennsylvania. It is expected that the Bonds will be available for delivery through DTC, on or about February 11, 2020.

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**BOENNING & SCATTERGOOD INC.**

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**Dated:** January 14, 2020

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE" and "Appendix C - Specimen Municipal Bond Insurance Policy".

**\$6,170,000**  
**STATE PUBLIC SCHOOL BUILDING AUTHORITY**  
**(Commonwealth of Pennsylvania)**  
**COLLEGE REVENUE BONDS (WESTMORELAND COUNTY COMMUNITY COLLEGE PROJECT),**  
**SERIES OF 2020**

**Dated:** Date of Delivery  
**Interest Due:** April 15 and October 15

**Principal Due:** October 15, as shown on below  
**First Interest Payment:** April 15, 2020

**BOND MATURITY SCHEDULE**

<b>Date</b>	<b>Principal Amount</b>	<b>Coupon</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP 85732M (1)</b>
10/15/2020	\$525,000	2.000%	1.200%	100.537%	4G9
10/15/2021	\$540,000	2.000%	1.240%	101.257%	4H7
10/15/2022	\$555,000	4.000%	1.290%	107.108%	4J3
10/15/2023	\$580,000	4.000%	1.340%	109.513%	4K0
10/15/2024	\$600,000	4.000%	1.380%	111.827%	4L8
10/15/2025	\$625,000	4.000%	1.430%	113.965%	4M6
10/15/2026	\$650,000	4.000%	1.530%	115.621%	4N4
10/15/2027	\$680,000	4.000%	1.630%	117.036%	4P9
10/15/2028	\$700,000	2.000%	2.030%	99.761%	4Q7
10/15/2029	\$715,000	2.000%	2.080%	99.300%	4R5

<sup>1)</sup> The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority or the Underwriter and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the Authority nor the Underwriter has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

**STATE PUBLIC SCHOOL BUILDING AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA**

**MEMBERS OF THE AUTHORITY**

Honorable Thomas W. Wolf  
Governor of the Commonwealth of Pennsylvania ..... President

Honorable Wayne Langerholc Jr.  
Designated by the President Pro Tempore of the Senate ..... Vice President

Honorable Andrew E. Dinniman  
Designated by the Minority Leader of the Senate ..... Vice President

Honorable Curtis G. Sonney  
Designated by the Speaker of the House of Representatives ..... Vice President

Honorable Joseph M. Torsella  
State Treasurer ..... Treasurer

Honorable Curtis M. Topper  
Secretary of General Services ..... Secretary

Honorable Anthony M. DeLuca  
Designated by the Minority Leader of the House of Representatives ..... Board Member

Honorable Eugene A. DePasquale  
Auditor General ..... Board Member

Honorable Pedro A. Rivera  
Secretary of Education ..... Board Member

**EXECUTIVE DIRECTOR**

ERIC GUTSHALL

**COUNSEL TO THE AUTHORITY**

(Appointed by the Office of General Counsel)  
BARLEY SNYDER LLP  
Lancaster, Pennsylvania

**BOND COUNSEL**

(Appointed by the Office of General Counsel)  
ECKERT SEAMANS CHERIN & MELLOTT, LLC  
Harrisburg, Pennsylvania

**COUNSEL TO THE COLLEGE**

DANIEL B. PAGLIARI, ESQ.  
New Kensington, Pennsylvania

**COUNSEL TO THE UNDERWRITER**

DINSMORE & SHOHL LLP  
Pittsburgh, Pennsylvania

**UNDERWRITER**

BOENNING & SCATTERGOOD INC.  
Pittsburgh, Pennsylvania

**TRUSTEE**

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.  
Pittsburgh, Pennsylvania

**DISSEMINATION AGENT**

DIGITAL ASSURANCE CERTIFICATION L.L.C.  
Orlando, Florida

**AUTHORITY ADDRESS**

STATE PUBLIC SCHOOL BUILDING AUTHORITY  
1035 Mumma Road  
Wormleysburg, Pennsylvania 17043

**WESTMORELAND COUNTY COMMUNITY COLLEGE**

**Westmoreland, Pennsylvania**

145 Pavillion Lane

Youngwood, Pennsylvania 15697

Phone: (724) 925-4000

Fax: (724) 925-4221

Website: [www.wccc.edu](http://www.wccc.edu)

**BOARD OF TRUSTEES**

<b>Name</b>	<b>Office</b>	<b>Term Expiration</b>
Leia Shilobod	Chairman	5/1/2020
Chad Amond	Vice Chairman	5/7/2024
Jess Stairs	Secretary	5/7/2022
Dr. William Kerr	Treasurer	5/7/2020
Gene P. Ciafre	Member	5/6/2024
Barbara Ferrier	Member	5/7/2024
Ashley Frederick	Member	5/7/2024
Bridget Johnston	Member	5/7/2024
Larry J. Larese	Member	5/7/2020
Kala Mologne	Member	5/6/2020
Charles Nevins	Member	5/7/2022
Ronald H. Ott	Member	5/7/2022
Michael Porembka	Member	5/7/2022
R. Douglas Weimer	Member	5/6/2020
John D. Wright	Member	5/6/2020

**COLLEGE PRESIDENT**

DR. TUESDAY STANLEY, ED. D.

**VICE PRESIDENT OF ADMINISTRATIVE SERVICES**

JOHN GREGORY ROSE

**SOLICITOR TO THE COLLEGE**

DANIEL B. PAGLIARI, ESQ.

**DIRECTOR OF ACCOUNTING**

TAWNYA L. DURBIN, CPA

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

No dealer, broker, salesperson or other person has been authorized by the Authority or the College to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement. Such other information or representations, if given or made, must not be relied upon as having been authorized by the Authority or the College. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof or the dates of the information contained herein.

The Authority has not prepared or assisted in the preparation of this Official Statement except for the statements under the captions **"THE AUTHORITY"** and **"LITIGATION-The Authority."** The Authority has reviewed only the information contained herein under such captions and approved only such information for use within the Official Statement.

Certain information contained in this Official Statement has been obtained from the College, The Depository Trust Company and other sources that are believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information, and nothing contained in this Official Statement is, or may be relied on as, a promise or representation by the Authority or the Underwriter. The information herein relating to the College and its affairs and condition has been provided by the College, and neither the Authority nor the Underwriter make any representation with respect to, or warrants the accuracy of, such information.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The order and placement of materials in this Official Statement, including the appendices hereto, are not to be deemed a determination of relevance, materiality or importance. The Official Statement, including the appendices, must be considered in its entirety.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the revenues and obligations of the Authority or the College include, among others, changes in economic conditions, mandates from other governments and various other events, conditions and circumstances, many of which are beyond the control of the Authority or the College. Such forward-looking statements speak only as of the date of this Official Statement. The Authority and the College disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Authority's or the College's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT.

This Table of Contents is for convenience of reference only and does not list all of the subjects in this Official Statement. In all instances, references should be made to the complete body of the Official Statement to determine the subjects discussed herein.

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## SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement. No person is authorized to detach this **SUMMARY STATEMENT** from this Official Statement or otherwise use it without the entire Official Statement.

<b>Issuer</b> .....	State Public School Building Authority (the "Authority" or "SPSBA").
<b>The Bonds</b> .....	College Revenue Bonds (Westmoreland County Community College Project), Series of 2020 (the "Bonds" or "2020 Bonds"), in the aggregate principal amount of \$6,170,000. The Bonds are initially dated the Date of Delivery and will mature as shown in the <b>BOND MATURITY SCHEDULE</b> – shown on the inside of the Cover Page of this Official Statement. Interest on the Bonds will begin to accrue on the Date of Delivery and is payable initially on April 15, 2020, and on each April 15 and October 15 thereafter. (See " <b>THE BONDS</b> " herein.)
<b>Redemption Provisions</b> .....	The Bonds are subject to mandatory, optional and extraordinary redemption prior to their stated dates of maturity. (See " <b>REDEMPTION OF THE BONDS</b> " herein.)
<b>Form of Bonds</b> .....	Book-entry form only.
<b>Purpose of the Bonds</b>	The Bonds are being issued by the Authority to provide funds for a project consisting of: (1) acquiring the College's Enterprise Resource Planning System (the "ERP System"); and (2) paying the costs and expenses of issuing the Bonds. See " <b>PURPOSE OF THE BONDS</b> " herein.
<b>Security for the Bonds</b>	The Bonds will be issued by the Authority pursuant to a Trust Indenture dated as of October 15, 1995, as previously supplemented, and as shall be further supplemented by an Eighth Supplemental Trust Indenture dated as of the Date of Delivery of the Bonds (collectively, the "Indenture") between the Authority and the Trustee. The Bonds are limited obligations of the Authority, payable solely from the payments to be made by the Westmoreland County Community College (the "College" or "WCCC") under a note (the "2020 Note") issued to evidence its payment obligations under a Loan Agreement dated as of October 15, 1995, as previously supplemented, and as shall be further supplemented by an Eighth Supplemental Loan Agreement dated as of the Date of Delivery of the Bonds (collectively, the "Loan Agreement") between the Authority and the College.
<b>Credit Enhancement</b> .....	The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by AGM. (See " <b>MUNICIPAL BOND INSURANCE</b> " herein.)
<b>Bond Ratings</b> .....	The Bonds are expected to receive a credit rating of "AA" (Stable outlook) from S&P Global Ratings, New York, New York, ("S&P") with the understanding that the above-described municipal bond insurance policy will be issued at the time of settlement of the Bonds. S&P has also assigned its underlying rating of "A/Stable" to the Bonds (based upon the College's financial condition). (See " <b>BOND RATINGS</b> " herein.)
<b>Continuing Disclosure Undertaking</b> .....	The College has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities and Exchange Act of 1934, as amended and interpreted (the "Rule"). (See " <b>CONTINUING DISCLOSURE UNDERTAKING</b> " herein.)



## OFFICIAL STATEMENT

\$6,170,000

### STATE PUBLIC SCHOOL BUILDING AUTHORITY

(Commonwealth of Pennsylvania)

### COLLEGE REVENUE BONDS (WESTMORELAND COUNTY COMMUNITY COLLEGE PROJECT), SERIES OF 2020

## INTRODUCTION

This Official Statement of the State Public School Building Authority (the "Authority" or "SPSBA"), which includes the cover page hereof and the Appendices hereto, provides certain information relating to the Authority and the \$6,170,000 College Revenue Bonds (Westmoreland County Community College Project), Series of 2020, dated as of their Date of Delivery. The Bonds are being issued pursuant to the State Public School Building Authority Act of 1947, P.L. 1217, as supplemented and amended (the "Act"), and a resolution duly adopted by the Authority on November 21, 2019 (the "Resolution"), and are secured by a Trust Indenture dated as of October 15, 1995 (the "Original Indenture"), as supplemented by that certain First Supplemental Trust Indenture dated as of August 1, 1998 (the "First Supplemental Indenture"), as further supplemented by that certain Second Supplemental Trust Indenture dated as of October 1, 1998 (the "Second Supplemental Indenture"), as further supplemented by that certain Third Supplemental Trust Indenture dated as of March 15, 2002 (the "Third Supplemental Indenture"), as further supplemented by that certain Fourth Supplemental Trust Indenture dated as of February 1, 2004 (the "Fourth Supplemental Indenture"), as further supplemented by that certain Fifth Supplemental Trust Indenture dated as of March 1, 2008 (the "Fifth Supplemental Indenture"), and as further supplemented by that certain Sixth Supplemental Trust Indenture dated as of May 30, 2012 (the "Sixth Supplemental Indenture"), as further supplemented by that certain Seventh Supplemental Trust Indenture dated as of June 14, 2016 (the "Seventh Supplemental Indenture"), as further supplemented by that certain Eighth Supplemental Trust Indenture dated as of the Date of Delivery of the Bonds (the "Eighth Supplemental Indenture" which, together with the Original Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture and the Seventh Supplemental Indenture are collectively referred to herein as the "Indenture"), entered into by the Authority and The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania, as Trustee (the "Trustee").

Pursuant to a Loan Agreement dated as of October 15, 1995, between the Authority, as lender, and the Westmoreland County Community College (the "College" or "WCCC"), as borrower (the "Original Loan Agreement"), as supplemented by that certain First Supplemental Loan Agreement dated as of August 1, 1998 (the "First Supplemental Loan Agreement"), as further supplemented by that certain Second Supplemental Loan Agreement dated as of October 1, 1998 (the "Second Supplemental Loan Agreement"), as further supplemented by that certain Third Supplemental Loan Agreement dated as of March 15, 2002 (the "Third Supplemental Loan Agreement"), as further supplemented by that certain Fourth Supplemental Loan Agreement dated as of February 1, 2004 (the "Fourth Supplemental Loan Agreement"), as further supplemented by that certain Fifth Supplemental Loan Agreement dated as of March 1, 2008 (the "Fifth Supplemental Loan Agreement"), as further supplemented by that certain Sixth Supplemental Loan Agreement dated as of May 30, 2012 (the "Sixth Supplemental Loan Agreement"), as further supplemented by that certain Seventh Supplemental Loan Agreement dated as of June 14, 2016 (the "Seventh Supplemental Loan Agreement") and as further supplemented by that certain Eighth Supplemental Loan Agreement dated as of the Date of Delivery of the Bonds (the "Eighth Supplemental Loan Agreement" which, together with the "Original Loan Agreement, as supplemented by the First Supplemental Loan Agreement, the Second Supplemental Loan Agreement, the Third Supplemental Loan Agreement, the Fourth Supplemental Loan Agreement, the Fifth Supplemental Loan Agreement, the Sixth Supplemental Loan Agreement and the Seventh Supplemental Loan Agreement are collectively referred to herein as the "Loan Agreement"), the Authority will lend the proceeds of the Bonds to the College, which will use such proceeds as more fully described herein under **"PURPOSE OF THE BONDS"**. The College will issue its general obligation note (the "2020 Note") to evidence its payment obligation under the Loan Agreement with respect to the Bonds.

The Bonds are being issued as Additional Bonds (as defined in the Indenture) under the Indenture and are equally and ratably secured under the Indenture with the Prior College Bonds (as defined hereinafter under the heading **"SOURCES OF PAYMENTS AND SECURITY FOR THE BONDS – Additional Bonds"**) previously issued under the Indenture. (See **"WESTMORELAND COUNTY COMMUNITY COLLEGE – Long Term Indebtedness"** herein for details regarding the outstanding Prior College Bonds). The Bonds are secured by and payable under the Indenture from payments to be made by the College in respect of the 2020 Note, together with each similar note of the College previously issued in respect of its own companion series of Prior College Bonds. Each such note issued by the College to evidence its payment obligations under the Loan Agreement, including the 2020 Note, secures the Bonds and the Prior College Bonds on a parity basis, except with respect to any fund or account established under the Indenture solely for the benefit and security of a particular series of bonds, or with respect to amounts due from any bond insurer or other source of credit enhancement securing or payable solely with respect to a particular series of bonds.

The Authority is a body corporate and politic created in 1947 by the Act. Under the Act, the Authority is constituted a public corporation and governmental instrumentality, having perpetual existence, for the purpose of acquiring, financing, refinancing, constructing, improving, maintaining and operating public school and educational broadcasting facilities, and furnishing and equipping the same for use as part of the public school system of the Commonwealth of Pennsylvania (the "Commonwealth") under the jurisdiction of the Pennsylvania Department of Education (the "Department"). Under the Act, and Article XIX-A of the Public School Code, Act of July 1, 1985, P.L. 103, No. 31, Section 1 et seq., as amended (the "Community College Act"), the Authority also has for its purpose the acquiring, financing, refinancing, construction, improvement, furnishing, equipping, maintenance and operation of community college buildings.

The College was established under the sponsorship of the County of Westmoreland, Pennsylvania (the "County") pursuant to a resolution adopted by the Board of County Commissioners of the County dated July 7, 1970 in accordance with the provisions of the Community College Act and general guidelines for the implementation of the Community College Act prepared by the Department of Education. The College offers more than 127 different degree and certificate programs and serves approximately 4,645 full-time and part-time students as of the Fall Semester of 2019. The College's main campus is a 110-acre site located in the Borough of Youngwood, six miles from the City of Greensburg, the County seat. For further information about the College, see "**WESTMORELAND COUNTY COMMUNITY COLLEGE**" herein.

## PURPOSE OF THE BONDS

The Bonds are being issued by the Authority to provide funds for a project consisting of: (1) acquiring the College's Enterprise Resource Planning System (the "ERP System"); and (2) paying the costs and expenses of issuing the Bonds.

### Sources and Uses of Bond Proceeds

The following is a summary of the sources and uses of the proceeds from the issuance of the Bonds

<b>Sources of Funds</b>	
Bond Proceeds	\$6,170,000.00
Net Original Issue Premium	473,178.40
<b>Total</b>	<b>\$6,643,178.40</b>
 <b>Uses of Funds</b>	
Project Fund Deposit	\$6,500,000.00
Costs of Issuance	139,873.65
Contingency	\$3,304.75
<b>Total</b>	<b>\$ 6,643,178.40</b>

(1) Includes legal, printing, rating, municipal bond insurance premium, underwriter's discount, trustee and miscellaneous other costs.

## FUTURE FINANCING

The College does not anticipate issuing any additional bonds/notes in the next three years, except those to refund existing bonds, in the event that economic conditions allow the College to realize savings.

## THE AUTHORITY

The Authority and the Pennsylvania Higher Educational Facilities Authority (PHEFA), (together, the "Authorities") share an executive, fiscal and administrative staff, and operate under a joint administrative budget. The Authority serves as a conduit issuer for school districts, community colleges and technical schools and intermediate units in the Commonwealth and has issued, and will continue to issue, multiple series of bonds to finance various projects. Each such series of bonds is or will be secured by instruments and collateral separate and apart from other series, including the Bonds.

Under the Act, the Authority members are the Governor of the Commonwealth, the State Treasurer, the Auditor General, the Secretary of Education, the Secretary of the Department of General Services, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Minority Leader of the Senate and the Minority Leader of the House of Representatives. The President Pro Tempore of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives and the Minority Leader of the House of Representatives may designate any member of his or her legislative body to act as a member of the Authority in his or her stead. The members of the Authority serve without compensation but are entitled to reimbursement for all necessary expenses incurred in connection with the performance of their duties as members. The powers of the Authority are exercised by a governing body consisting of the members of the Authority acting as a board.

The Bonds are being issued by the Authority on behalf of the College pursuant to the Act, the Indenture and the Resolution, which approved the projects financed thereunder. The Authority has and will continue to issue bonds/notes for other eligible institutions and projects in the Commonwealth. None of the revenues of the Authority pledged to payment of the Bonds will be pledged to the payment of such other bonds/notes.

The following are key staff members of the Authority who are involved in the administration of the financing and projects:

**Eric Gutshall**  
**Executive Director**

Mr. Gutshall was appointed by Governor Wolf as Executive Director of the Authority and PHEFA on December 9, 2019. He previously served as Governor Wolf's Secretary of Intergovernmental Affairs and as Director of Constituent Services. He obtained his Bachelor of Science degree in Business Administration from Central Pennsylvania College and his Master of Public Administration from the University of Pennsylvania.

**Beverly M. Nawa**  
**Administrative Officer**

Mrs. Nawa serves as the Administrative Officer of both the Authority and PHEFA. She has been with the Authorities since 2004. She served as Acting Executive Director from October 2018 to December 2019. Ms. Nawa is a graduate of Alvernia University with a bachelor's degree in business administration.

**David Player**  
**Comptroller & Director of Financial Management**

Mr. Player serves as the Comptroller & Director of Financial Management of both the Authority and PHEFA. He has been with the Authorities since 1999. Mr. Player is a graduate of the Pennsylvania State University and a Certified Public Accountant.

## **THE BONDS**

### **Description of the Bonds**

The Bonds are being issued by the Authority on behalf of the College in the aggregate principal amount shown on the cover page hereof pursuant to the Act, the Resolution and the Indenture. The Bonds will be dated the date of delivery thereof and will bear interest from such date at the rates set forth on the inside front cover page hereof, payable semiannually on April 15 and October 15 of each year (each, an "Interest Payment Date"), commencing April 15, 2020 (until maturity or prior redemption), and will mature on the dates and in the amounts forth on the inside front cover page hereof. The Bonds when issued will be registered in the name of Cede & Co., as a nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. While the Bonds are in the Book-Entry-Only System, references to the "owner" or the "registered owner" as described herein are to Cede & Co., as registered owner for DTC. Each beneficial owner of a Bond may desire to make arrangements with a DTC Participant to receive notices or communications with respect to matters described herein. See "**BOOK-ENTRY-ONLY SYSTEM**" herein.

The Bonds will be issued in fully registered form in denominations of \$5,000 or any multiple thereof. While all of the Bonds are held in Book-Entry Only form, payments thereon shall be made to Cede & Co., as holder thereof. See "**BOOK-ENTRY ONLY SYSTEM**" herein. At all other times, the principal of the Bonds, and the premium, if any, payable upon redemption, are payable at the designated corporate trust office of the Trustee, and the interest thereon is payable by check mailed by the Trustee on each Interest Payment Date to the persons who were the registered owners of the Bonds on the registration books maintained by the Trustee, at the close of the last day of the calendar month (whether or not a business day) immediately preceding the month of an Interest Payment Date (a "Record Date"), irrespective of any transfer or exchange of any Bond subsequent to such Record Date and prior to such interest payment date, unless the Authority defaults in the payment of interest due on such Interest Payment Date. In the event of any such default, any defaulted interest will be payable to the person in whose name such Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owners of the Bonds not fewer than fifteen (15) business days preceding such special record date.

In the event any Bond is mutilated, lost, stolen, or destroyed, the Authority may execute and the Trustee may authenticate a new Bond of like tenor and denomination in accordance with the provisions of the Indenture, and the Authority and the Trustee may charge the registered owner of such Bond with its reasonable fees and expenses and require indemnity in connection therewith.

### **Transfer, Exchange and Registration of Bonds**

Each Bond is transferable by the registered owner thereof in person or by his attorney duly authorized in writing or legal representative at the office of the Trustee in Pittsburgh, Pennsylvania, or such other offices as may be designated by the Trustee, but only in the manner, subject to the limitations and upon payment of charges provided by the Indenture, and upon surrender and cancellation of such Bond accompanied by a duly executed instrument of transfer in form and with guarantee of signature satisfactory to the Trustee. Upon such transfer, a new Bond or Bonds of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount and bearing the same rate of interest, will be issued to the transferee in exchange therefor at the earliest practicable time. In like manner each Bond may be exchanged by the registered owner or by his duly authorized attorney or other legal representative for Bonds of the same maturity and of authorized denomination or denominations in the same aggregate principal amount and bearing

the same rate of interest. Any such transfer or exchange as described herein shall be made without charge, except for the payment of any taxes or other governmental charges relating thereto. No exchange or transfer shall be required to be made (i) between the Record Date and the related Interest Payment Date or (ii) during a period beginning at the opening of business (15) days before the date of the mailing notice of redemption of Bonds selected for redemption and ending at the close of business on the day of such redemption. The Authority, the Trustee and any paying agent of the Authority may treat and consider the person in whose name a Bond is registered as the absolute owner thereof for the purpose for receiving payment of, or on account of, the principal or redemption price thereof and the interest due thereon and for all other purposes whatsoever.

### **BOOK-ENTRY ONLY SYSTEM**

Portions of the following information concerning The Depository Trust Company ("DTC") and DTC's book-entry-only system have been obtained from DTC. The Authority (sometimes herein referred to as the "Issuer"), the College, and the Underwriter make no representation as to the accuracy of such information.

DTC will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Trustee, and shall affect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Trustee. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A BONDHOLDER WITH RESPECT TO EITHER: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (3) THE DELIVERY OR THE TIMELINESS OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO THE OWNER OF THE BONDS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

Neither the Authority nor the Trustee shall have any responsibility or obligation to any DTC Participant or Indirect Participant with respect to:

- (i) the accuracy of the records of DTC, its nominee or any DTC Participant or Indirect Participant with respect to any beneficial ownership interest in any Bonds;
- (ii) the delivery to any DTC Participant or Indirect Participant or any other Person, other than the registered owner of a Bond, as shown in the Bond Register, of any notice with respect to any Bond, including, without limitation, any notice of redemption;
- (iii) the selection by DTC or any DTC Participant or Indirect Participant of any person to receive payment in the event of a partial redemption of Bonds;
- (iv) the payment to any DTC Participant or Indirect Participant or any other Person other than the registered owner of a Bond, as shown in the Bond Register, of any amount with respect to the principal of, redemption price, or interest on, any Bond; or
- (v) any consent given by DTC as registered owner.

Prior to the discontinuation of the book-entry only system as described herein, the Authority and the Trustee may treat DTC and any successor securities depository to be the absolute owner of the Bonds for all purposes, including, without limitation:

- (i) the payment of principal of, redemption price or interest on, the Bonds;
- (ii) giving notices of redemption and other matters with respect to the Bonds;
- (iii) registering transfers with respect to the Bonds; and
- (iv) the selection of Bonds for redemption.

The Beneficial Owners of the Bonds have no right to a securities depository for the Bonds. DTC or any successor securities depository may resign as depository for the Bonds by giving notice to the Trustee and the Authority and discharging its responsibilities under applicable law. In addition, the Authority, or the Authority at the request of the College, may remove DTC or a successor securities depository for any reason at any time. In such event, the Authority shall (i) appoint a securities depository qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, notify the prior securities depository of the appointment of such successor

depository and transfer separate bond certificates to such successor securities depository or (ii) notify the securities depository of the availability through the securities depository of bond certificates and transfer one or more separate bond certificates to Depository Participants having Bonds credited to their accounts at the securities depository. In such event, such Bonds shall no longer be restricted to being registered in the registration books of the Authority in the name of the securities depository or its nominee, but may be registered in the name of the successor securities depository or its nominee, or in whatever name or names the Depository Participants receiving such Bonds shall designate, in accordance with the provisions of the Indenture.

### **Discontinuance of Book-Entry Only System**

The book-entry only system for registration of the ownership of the Bonds may be discontinued at any time if: (i) DTC determines to resign as securities depository for the Bonds; or (ii) the Authority determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Beneficial Owners. In either such event (unless the Authority appoints a successor securities depository), Bonds will then be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Authority or the Trustee for the accuracy of such designation. Whenever DTC requests the Authority or the Trustee to do so, the Authority or the Trustee shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

THE AUTHORITY, THE COLLEGE AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (I) PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS, (II) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS PRELIMINARY OFFICIAL STATEMENT.

## **REDEMPTION OF THE BONDS**

### **Optional Redemption**

The Bonds stated to mature on or after October 15, 2028 are subject to redemption prior to maturity, at the option of the Authority at the direction of the College in a whole or from time to time in part, on or after October 15, 2027, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the date fixed for redemption. Any partial redemption may be in any order of maturity and in any principal amount within a maturity as designated by the College. In the case of any Bond also subject to mandatory redemption, the Authority at the direction of the College shall be entitled to designate whether any optional redemption shall be credited against principal amounts due at maturity or against particular scheduled mandatory redemption obligations with respect to such Bond. The Bonds to be redeemed within a maturity will be selected by the Trustee by lot.

### **Mandatory Redemption**

The Bonds are not subject to mandatory redemption.

### **Extraordinary Optional Redemption**

The Bonds will be subject to redemption prior to maturity at the option of the Authority at the direction of the College, in whole or in part at any time, in any order of maturity selected by the College, and within any maturity by lot, upon payment of a redemption price equal to one hundred percent (100%) of the principal amount, plus accrued interest to the date of redemption, but only in the event that all or a portion of the projects financed or refinanced with the proceeds of the Bonds are condemned or sold under threat of condemnation, damaged or destroyed, and it is determined by the College that repair, replacement or reconstruction is not desirable, practical or financially feasible, from and to the extent of insurance proceeds, condemnation awards, or proceeds of sale in lieu of condemnation payable to the College are deposited for such purposes with the Trustee.

### **Notice of Redemption**

So long as the Bonds are registered in the name of DTC or its nominee, the Trustee shall cause notice of any optional redemption of the Bonds to be made only to DTC or its nominee. If at any time the book-entry only system is discontinued with respect to the Bonds or if any Bonds are not registered in the name of DTC, its nominee or similar depository or nominee, the Trustee shall cause any notice of redemption to be mailed by first class mail, postage prepaid to the Owners of all the Bonds to be redeemed at the registered addresses appearing in the Bond Register. Each such notice shall be given in the name of the Authority and shall (i) be mailed not less than 30 nor more than 60 days prior to the redemption date (ii) identify the Bonds to be redeemed (specifying the CUSIP numbers, if any, assigned to the Bonds), (iii) specify the redemption date and the redemption price, and (iv) state that on the redemption date the Bonds called for redemption will be redeemable at the corporate trust office in Pittsburgh, Pennsylvania of the Trustee or any alternative Paying Agent, that interest will cease to accrue from the redemption date, and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds. No defect affecting any particular Bonds, whether in the notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for the redemption of any other Bonds.

No further interest shall accrue on any Bond called for redemption after the redemption date if payment of the redemption price has been duly provided for and the Owners of such Bonds shall have no rights except payment of the redemption price and the unpaid interest accrued on such Bonds to the date fixed for redemption.

If at the time of mailing any notice of redemption the Authority shall not have deposited with the Trustee monies sufficient to redeem all the Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption monies with the Trustee not later than the opening of business on the redemption date and shall be of no effect unless such monies are so deposited. If such monies are not deposited by such date and time, the Trustee shall promptly notify the Owners of all Bonds called for redemption of such fact.

## **MUNICIPAL BOND INSURANCE**

### **BOND INSURANCE POLICY**

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix C to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### **ASSURED GUARANTY MUNICIPAL CORP.**

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure), and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

#### *Current Financial Strength Ratings*

On November 7, 2019, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

On December 21, 2018, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

#### *Capitalization of AGM*

At September 30, 2019:

- The policyholders' surplus of AGM was approximately \$2,473 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,100 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$1,829 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

#### *Incorporation of Certain Documents by Reference*

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (filed by AGL with the SEC on March 1, 2019);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 (filed by AGL with the SEC on May 10, 2019);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019 (filed by AGL with the SEC on August 8, 2019); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019 (filed by AGL with the SEC on November 8, 2019).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "MUNICIPAL BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

#### *Miscellaneous Matters*

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE".

### **BOND INSURANCE RISK FACTORS**

In the event of a default in the payment of principal or interest with respect to the Bonds when any such payment becomes due, any owner of the Bonds shall have a claim under the Municipal Bond Insurance Policy (the "Policy") for such payment. However, in the event of any acceleration of the due date of such principal resulting from any default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, any payments to be made pursuant to the Policy will be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. In addition, the Policy does not insure the payment of any redemption premium.

Under most circumstances, any default in the payment of principal and interest does not accelerate the obligations of the Bond Insurer without its consent. The Bond Insurer may direct, and must consent to, any remedies that a trustee might exercise following such a default and the Bond Insurer's consent may be required in connection with amendments to the Indenture in those circumstances.

In the event that the Bond Insurer is unable to make any payments of principal and interest as such payments become due under the Policy, the Bonds will be payable solely from the moneys received by the Trustee pursuant to the Indenture. In the event that the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.



The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors that could change over time. No assurance is given that the long-term ratings of the Bond Insurer and, therefore, the ratings on the Bonds insured, will not be subject to downgrade, and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "**BOND RATINGS**" herein.

The obligations of the Bond Insurer under the Policy are general obligations of the Bond Insurer and, upon an event of default by the Bond Insurer, the remedies available to the Trustee may be limited by applicable bankruptcy law or other similar laws related to the insolvency of entities like the Bond Insurer.

## **SOURCE OF PAYMENTS AND SECURITY FOR THE BONDS**

### **College Loan Payments**

On the date of issuance of the Bonds, the Authority and the College will enter into the Eighth Supplemental Loan Agreement pursuant to which the Authority will, among other things, lend the proceeds of the Bonds to the College. Under the Eighth Supplemental Loan Agreement, the College agrees to repay such loan in such amounts and at such times as will provide sufficient funds to, among other things, meet the debt service requirements on the Bonds. The College will deliver to the Authority the 2020 Note, which is a general obligation of the College, dated the date of delivery thereof, evidencing its payment obligation under the Loan Agreement with respect to the Bonds. The Bonds are limited obligations of the Authority, payable solely from (i) payments received from the College under the Eighth Supplemental Loan Agreement and the 2020 Note, and (ii) certain moneys held by the Trustee in funds established under the Indenture, if any, excepting, however, sinking or Indenture funds pledged to any Additional Bonds (as defined in the Indenture) and the 2020 Rebate Fund.

The Bonds are secured under the Indenture by the assignment to the Trustee of all the right, title and interest of the Authority in and to the 2020 Note and the Eighth Supplemental Loan Agreement (except for the Authority's right to payment of certain fees and expenses and to indemnification) including amounts payable thereunder. The timely payment of all payments due under the Eighth Supplemental Loan Agreement and the 2020 Note is the unsecured general obligation of the College ranking on a parity with the Prior College Bonds (hereinafter defined below under the sub-heading "Additional Bonds"). See "**WESTMORELAND COUNTY COMMUNITY COLLEGE – Long Term Indebtedness**" herein. **NEITHER THE AUTHORITY NOR THE COLLEGE HAVE TAXING POWER.**

**THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM (I) PAYMENTS RECEIVED FROM THE COLLEGE UNDER THE EIGHTH SUPPLEMENTAL LOAN AGREEMENT AND THE 2020 NOTE, AND (II) CERTAIN MONEYS HELD BY THE TRUSTEE IN FUNDS ESTABLISHED UNDER THE INDENTURE, IF ANY, EXCEPTING, HOWEVER, SINKING OR INDENTURE FUNDS PLEDGED TO ANY ADDITIONAL BONDS (AS DEFINED IN THE INDENTURE) AND THE 2020 REBATE FUND. NEITHER THE PRINCIPAL OF OR REDEMPTION PRICE OF THE BONDS, NOR THE INTEREST ACCRUING ON THE BONDS, SHALL CONSTITUTE A GENERAL INDEBTEDNESS OF THE AUTHORITY OR AN INDEBTEDNESS OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER, CONSTITUTE OR GIVE RISE TO A GENERAL PECUNIARY LIABILITY OF THE AUTHORITY OR A PECUNIARY LIABILITY OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF, CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY OR THE GENERAL CREDIT OR TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF, OR BE DEEMED TO BE A GENERAL OBLIGATION OF THE AUTHORITY OR AN OBLIGATION OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE AUTHORITY NOR THE COLLEGE HAVE TAXING POWER.**

### **Additional Bonds**

Upon compliance with the terms and obligations and conditions of the Indenture and the Loan Agreement, the Authority, at the request of the College, may issue Additional Bonds on parity with the Bonds and bonds issued pursuant to the: (a) Original Indenture (the "1995 F Bonds") which are no longer outstanding; (b) First Supplemental Indenture (the "1998 Bonds") which are no longer outstanding; (c) Second Supplemental Indenture (the "1998Q Bonds") which are no longer outstanding; (d) Third Supplemental Indenture (the "2002 Bonds") which are no longer outstanding; (e) Fourth Supplemental Indenture (the "2004 Bonds") which are no longer outstanding; (f) Fifth Supplemental Indenture (the "2008 Bonds") which are no longer outstanding; (g) Sixth Supplemental Indenture (the "2012 Bonds") of which \$12,975,000 are currently outstanding; (h) Seventh Supplemental Indenture (the "2016 Bonds") of which \$39,070,000 are currently outstanding and together with the 2012 Bonds, the "Prior College Bonds"), and the Bonds, issued pursuant to the Eighth Supplemental Indenture, for any purpose permitted under the Act. In connection with the issuance of Additional Bonds, additional funds may be established under the Indenture for the benefit of such additional series of bonds. In such event, the holders of the Bonds will have no claims or right to any such funds. In such event, the holders of the Bonds will have no claims or right to any such funds. For a further description of the conditions under which such Additional Bonds may be issued, see "**SUMMARIES OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT AND THE INDENTURE**" herein.

## COMMUNITY COLLEGE FUNDING STRUCTURE

### Local Sponsor Obligation

**General:** Under the Community College Act of 1963, as amended (the "Community College Act"), all community colleges must be supported by a local sponsor, which in the College's case is the County of Westmoreland (the "Local Sponsor").

**Capital Expenses:** The Local Sponsor is obligated under the Community College Act to pay up to one-half of the College's annual approved capital expenses (including debt service). The Local Sponsor, for their year ending December 31, 2019 and each year thereafter, is expected to contribute \$1,511,694 for the College's Capital Appropriation. The College's remaining capital expenditures are funded through fees assessed upon students on a per credit basis and other revenues. The Commonwealth is also responsible for up to one-half of the annual approved capital expenses. See Appendix D **"SUMMARY OF OUTSTANDING DEBT SERVICE (BONDS ONLY)"**.

**Operating Costs:** The Community College Act stipulates that the local sponsor shall provide to the community college an amount at least equal to the community college's annual operating costs less the student tuition and less the Commonwealth's payment for operating costs. The County's fiscal year 2019 budget for the College's Operating Appropriation, for the College's FY2019-20, is \$2,005,153 as it was in both FY2018-19 and FY2017-18.

See **"WESTMORELAND COUNTY COMMUNITY COLLEGE – Budgetary Procedures"** herein for more specific information about local sponsor funding.

**Taxing Power Regarding Community Colleges:** The Community College Act authorizes, but does not require, the governing body of each county or municipality comprising a local sponsor of a community college to levy taxes annually on subjects of taxation as prescribed by law in such county or municipality for the purpose of establishing, operating and maintaining a community college. The tax levy authorized is in excess of and beyond the millage fixed or limited by law, subject to certain limiting provisions of the Community College Act. The applicable sponsor has not adopted nor proposes to adopt such a tax. **THE COLLEGE HAS NO TAXING POWER.**

**THE LOCAL SPONSOR'S ABILITY TO BUDGET AND APPROPRIATE SUCH MONEYS AND TO MAKE SUCH PAYMENTS IS DEPENDENT UPON ITS OWN FINANCIAL CONDITION. EVEN THOUGH TIMELY PAYMENTS HAVE BEEN MADE BY THE LOCAL SPONSOR TO THE COLLEGE THROUGHOUT THE COLLEGE'S 49 YEAR HISTORY, NO REPRESENTATION CAN BE MADE OR ASSURANCE GIVEN THAT THE LOCAL SPONSOR WILL HAVE SUFFICIENT FUNDS IN ITS OPERATING BUDGET FOR EACH FISCAL YEAR DURING THE TERM OF THE BONDS TO PAY ITS PORTION OF THE COLLEGE'S OPERATING COSTS AND CAPITAL EXPENSES, INCLUDING DEBT SERVICE ON THE BONDS.**

### Commonwealth Obligation

**General:** The Community College Act provides for reimbursement by the Commonwealth of a portion of annual operating costs and a portion of annual approved capital expenses of community colleges.

**Capital Expenses:** The Community College Act provides that the Commonwealth will pay to a community college on account of its capital expenses (including debt service) an amount up to one-half of such college's annual capital expenses from certain funds appropriated for that purpose to the extent that said capital expenses have been approved for such reimbursement by the Department and that such appropriated funds are available in the Commonwealth's budget.

**Operating Costs:** The Community College Act provides that the Commonwealth will pay to a community college on account of its operating costs during the fiscal year, an amount from funds appropriated in the State Budget.

See **"WESTMORELAND COUNTY COMMUNITY COLLEGE – Budgetary Procedures"** herein for more specific information about Commonwealth revisions to the College's funding formula.

**ALL COMMUNITY COLLEGE SUBSIDIES IN THE COMMONWEALTH ARE SUBJECT TO APPROPRIATION BY THE PENNSYLVANIA GENERAL ASSEMBLY. ALTHOUGH THE CONSTITUTION OF THE COMMONWEALTH PROVIDES THAT "THE GENERAL ASSEMBLY SHALL PROVIDE FOR THE MAINTENANCE AND SUPPORT OF A THOROUGH AND EFFICIENT SYSTEM OF PUBLIC EDUCATION TO SERVE THE NEEDS OF THE COMMONWEALTH", THE GENERAL ASSEMBLY IS NOT LEGALLY OBLIGATED TO APPROPRIATE SUCH SUBSIDIES AND THERE CAN BE NO ASSURANCE THAT IT WILL DO SO IN THE FUTURE. THE ALLOCATION FORMULA PURSUANT TO WHICH THE COMMONWEALTH DISTRIBUTES SUCH SUBSIDIES TO THE VARIOUS COMMUNITY COLLEGES THROUGHOUT THE COMMONWEALTH MAY BE AMENDED AT ANY TIME BY THE PENNSYLVANIA GENERAL ASSEMBLY. MOREOVER, THE COMMONWEALTH'S ABILITY TO MAKE SUCH DISBURSEMENTS WILL BE DEPENDENT UPON ITS OWN FINANCIAL CONDITION. AT VARIOUS TIMES IN THE PAST, THE ENACTMENT OF BUDGET AND APPROPRIATION LAWS BY THE COMMONWEALTH HAS BEEN DELAYED, RESULTING IN INTERIM BORROWING BY CERTAIN COMMUNITY COLLEGES PENDING THE AUTHORIZATION AND PAYMENT OF COMMONWEALTH AID. CONSEQUENTLY, THERE CAN BE NO ASSURANCE THAT FINANCIAL SUPPORT FROM THE COMMONWEALTH OF COMMUNITY COLLEGES, EITHER FOR CAPITAL PROJECTS OR EDUCATION PROGRAMS IN GENERAL, WILL CONTINUE AT PRESENT LEVELS OR THAT MONEYS WILL BE PAYABLE TO A COMMUNITY COLLEGE IF INDEBTEDNESS OF SUCH COMMUNITY COLLEGE IS NOT PAID.**

## **Direct Payment of Commonwealth Appropriations to Trustee**

Provisions of the Community College Act require that, should any community college fail to make its required debt service payment with respect to a general obligation note such as the 2020 Note, the Secretary of Education of the Commonwealth is required to withhold from such community college out of any subsidy payment of any type due such community college from the Commonwealth, an amount equal to the debt service payment owed by such community college. Any amounts so withheld are payable to the Trustee under the Indenture. Based on the College's maximum annual debt service of \$5,791,665 after issuance of the Bonds and the amount of Commonwealth operating and capital expense appropriations presently budgeted at \$15,016,881 by the College for fiscal year 2019-20, the Commonwealth coverage of the College's maximum anticipated debt service would currently be approximately 2.59 times.

**ADDITIONALLY, PROSPECTIVE PURCHASERS OF THE BONDS SHOULD TAKE NOTE OF THE FACT THAT THE COMMONWEALTH OF PENNSYLVANIA FAILED TO ADOPT A COMPLETE BUDGET FOR ITS FISCAL YEAR ENDING JUNE 30, 2016 UNTIL MARCH OF 2016. SUCH FAILURE HAS DRAWN INTO QUESTION BOTH THE FINANCIAL ABILITY OF, AND THE LEGAL COMPETENCY FOR, THE SECRETARY OF EDUCATION TO WITHHOLD AND PAY STATE APPROPRIATIONS IN SUPPORT OF THE DEBT SERVICE ON THE BONDS IN FUTURE YEARS, AND AS OTHERWISE REQUIRED BY THE SCHOOL CODE. MAJOR RATING AGENCIES HAVE RECENTLY WITHDRAWN OR REEVALUATED RATINGS ON OUTSTANDING INDEBTEDNESS OF A NUMBER OF PENNSYLVANIA SCHOOL DISTRICTS AS A RESULT OF THE DELAY BY THE COMMONWEALTH IN ADOPTING THE BUDGET AND THE RESULTING UNCERTAINTY. NO ASSURANCES CAN BE GIVEN REGARDING THE ABILITY OF THE SECRETARY OF EDUCATION TO WITHHOLD AND PAY STATE APPROPRIATIONS IN SUPPORT OF DEBT SERVICE ON THE BONDS IN FUTURE YEARS IF THE COMMONWEALTH AGAIN EXPERIENCES SIGNIFICANT DELAYS IN ADOPTING A BUDGET.**

Notwithstanding the foregoing, the Commonwealth budget for fiscal year 2017-18 became law on July 11, 2017, when the Governor failed to sign or veto the budget as adopted by the General Assembly on June 30, 2017. Thereafter, for each of the fiscal years 2018-19 and 2019-20, the Commonwealth's budgets have been timely adopted by the General Assembly and signed by the Governor ahead of the respective June 30 deadline.

## **Pennsylvania Department of Education Project Approval**

As discussed under the heading "Commonwealth Obligation" section above, the Community College Act provides that the Commonwealth will reimburse a community college up to one-half of the annual cost on certain capital projects assuming that said capital projects have been approved by the Department of Education. The Department has approved the project being financed by the Bonds.

## **SUMMARIES OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT AND THE INDENTURE**

The following are summaries of certain provisions of the Loan Agreement and the Indenture. These summaries do not purport to be and should not be regarded as complete statements of the terms of the Loan Agreement or the Indenture or as complete statements of the provisions summarized. Reference is made to the documents in their entirety, copies of which may be obtained from the Trustee, for a complete statement of the terms and conditions therein.

### **The Loan Agreement**

In connection with the issuance of the Bonds, the Authority will enter into the Eighth Supplemental Loan Agreement, pursuant to which the Authority will loan the proceeds of the Bonds to the College. The Eighth Supplemental Loan Agreement requires the College to make loan repayments to the Authority in amounts sufficient to pay, among other things, the debt service payments on the Bonds. The obligation of the College to the Authority under the Eighth Supplemental Loan Agreement will be evidenced by the 2020 Note.

Source of Debt Service Payments. The debt service payments are payable by the College from its general revenues, from whatever source derived. The College covenants to include in its budget for each fiscal year during the term of the Eighth Supplemental Loan Agreement the amount of loan payments required to be paid to the Authority with respect to the 2020 Note and the Eighth Supplemental Loan Agreement in such fiscal year.

If the College defaults in its payments on the 2020 Note in any fiscal year because its revenues in such fiscal year are insufficient to pay its obligations as they become due and payable, the Authority shall notify the Secretary of the Department of Education of such default and request that the Secretary of the Department withhold out of any appropriation due the College under the Community College Act an amount equal to the sum or sums owing by the College to the Authority under the Eighth Supplemental Loan Agreement and the 2020 Note, and to pay over to the Trustee, the amount so withheld.

Assignment of the Eighth Supplemental Loan Agreement. The Loan payments shall be paid by the College directly to the Trustee under an assignment by the Authority to the Trustee of such payments and the 2020 Note for the benefit and security of the Bondholders under the Indenture.

Unsecured General Obligation. Payment of the principal and redemption price of and interest due under the 2020 Note, which correspond in amounts and time of payment with those due on the 2020 Bonds, and Eighth Supplemental Loan Agreement, and all other sums payable under the Loan Agreement are the unsecured general obligations of the College. The payments are required to be made in full directly to the Trustee, as assignee, when due without delay or diminution for any cause whatsoever, including, without limitation, destruction of the College's facilities, and without right of set-off for default on the part of the Authority under the Eighth Supplemental Loan Agreement. The College's obligations under the Loan Agreement and the 2020 Note are not secured by any mortgage or other lien on any real or personal property of the College. **THE COLLEGE HAS NO TAXING POWER.**

Annual Audit. The College covenants to keep accurate records and books of account with respect to the Project (as defined in the Eighth Supplemental Loan Agreement) and shall furnish to the Authority a copy of its annual audited financial statements within 30 days of the availability of such statements, and copies of all financial statements required to be submitted by the College to the Department under the laws of the Commonwealth.

## **The Indenture**

Limited Obligation of the Authority. The Bonds are limited obligations of the Authority and are secured by and payable solely from the payments to be made by the College under the 2020 Note and the Loan Agreement. Neither the principal or redemption price of the Bonds, nor the interest thereon, shall constitute a general indebtedness of the Authority or an indebtedness of the Commonwealth of Pennsylvania or any political subdivision thereof within the meaning of any constitutional or statutory provision whatsoever; constitute a charge against the general credit of the Authority or the general credit or taxing power of the Commonwealth of Pennsylvania or any political subdivision thereof; or be deemed to be a general obligation of the Authority or obligation of the Commonwealth of Pennsylvania or any political subdivision thereof. **The Authority has no taxing power.**

Pledge of Certain Revenues. The Authority in the Indenture has pledged and assigned and granted to the Trustee a security interest in all loan payments, and other sums payable by the College under the Eighth Supplemental Loan Agreement and the 2020 Note, for the benefit and security of the registered owners of the Bonds issued under the Indenture.

Revenue Fund. All loan payments by the College under the Eighth Supplemental Loan Agreement and the 2020 Note are required to be deposited in the Revenue Fund established under the Indenture with the Trustee on or before the date of any required or permitted payment of principal of or interest on the Bonds. Moneys in the Revenue Fund established under the Indenture are required to be transferred by the Trustee at the times set forth in the Indenture to the various other funds established under the Indenture.

Project Fund. The Trustee shall transfer to the Project Fund established under the Indenture the amount designated for the Project purposes of the Bonds.

Debt Service Fund. The Trustee shall transfer to the Debt Service Fund established under the Indenture from moneys in the Revenue Fund, moneys in an amount sufficient to make the interest payments and principal payments on the Bonds when due.

Rebate Fund. Under the Indenture a Rebate Fund is established. The Authority will periodically and upon retirement of the last of the Bonds determine the sum required to be deposited in the Rebate Fund, if any, and direct the Trustee to transfer such sum from other funds and accounts established under the Indenture. The Authority will direct the Trustee to pay to the United States Government the sums on deposit in the Rebate Fund at the times and in the amounts, if any, required by the Internal Revenue Code of 1986, as amended. Also, under the Eighth Supplemental Loan Agreement the College is obligated to make rebate payments as required. All amounts in the Rebate Fund shall be held by the Trustee free and clear of the lien of the Indenture.

Investment of Funds. Moneys held in the funds and accounts established under the Indenture may and, upon instructions of the College shall, be wholly or partially deposited and redeposited by the Trustee in Investment Securities with any authorized depository, which deposits, to the extent not insured, shall be secured as provided by the Indenture, or invested or reinvested by the Trustee at the direction of the College solely in obligations which meet the requirements set forth in the Indenture, subject to limitations provided in the Indenture.

Additional Bonds. The Indenture permits the Authority to issue one or more series of Additional Bonds thereunder from time to time to: (i) pay the Costs of undertaking or completing any College Project; and (ii) pay the Cost of refunding all or a portion of bonds outstanding under the Indenture and issued on behalf of the College or any other obligation of the College.

Default and Remedies. The Act provides certain remedies to the Bondholders in the event of default or failure on the part of the Authority to fulfill its covenants under the Indenture.

Under the Indenture, upon the occurrence of an Event of Default (as defined therein) the Trustee may enforce, and upon the written direction of the Insurer (as defined therein) or the written request of the holders of 25% in principal amount of the bonds then outstanding, under the Indenture, accompanied by indemnity as provided in the Indenture, shall enforce for the benefit of all Bondholders all their rights to bringing suit, action or proceeding at law or in equity and of having a receiver appointed. For a more complete statement of rights and remedies of the Bondholders and of the limitations thereon, reference is made to the Indenture.

Annual Audit. The Authority covenants that it will keep proper books of record and account in which complete and correct entries shall be made of all transactions of the Authority and which, at all reasonable times, will be subject to the inspection of the Trustee or its representative duly authorized in writing.

Modifications and Amendments. Amendments to the Indenture are permitted without consent of Bondholders for certain purposes, including the imposition of additional restrictions and conditions respecting issuance of bonds, the addition of covenants and agreements by the Authority, the modification of the Indenture to conform the same with governmental regulations (so long as the rights if Bondholders are not adversely affected thereby), the curing of any ambiguity, defect or inconsistency in the Indenture, and the making of provision for matters which are necessary or desirable and which do not adversely affect the interests of Bondholders. Certain other modifications may be made to the Indenture, but only with the consent of the Insurer and owners of not less than 66 2/3% in principal amount of outstanding bonds issued under the Indenture.

## **BONDHOLDERS' RISKS**

The Bonds are limited obligations of the Authority and are payable solely from payments made by the College on the 2020 Note and pursuant to the Loan Agreement and from certain funds held by the Trustee pursuant to the Indenture. No representation or assurance can be given to the effect that the College will generate sufficient revenues to meet the College's payment obligations under the Loan Agreement and the 2020 Note.

Future legislation, regulatory actions, economic conditions, changes in private philanthropy, changes in the number of students in attendance at the College, competition or other factors could adversely affect the College's ability to generate revenues. Neither the Underwriter nor the Authority has made any independent investigation of the extent to which any of these factors could have an adverse impact on the revenues of the College. Additionally, Commonwealth subsidies are subject to annual appropriation. See "**COMMUNITY COLLEGE FUNDING STRUCTURE**" herein.

### **Potential Effects of Bankruptcy**

If the College were to file a petition for relief under Chapter 11 of the United States Code, as amended (the "Bankruptcy Code"), the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the College and its property. If the bankruptcy court so ordered, the College's property, including its revenues, could be used for the benefit of the College despite the claims of its creditors (including the Trustee.)

In a bankruptcy proceeding, the College could file a plan for the adjustment of its debts which modifies the rights of creditors generally or the rights of any class of creditors, secured or unsecured. The plan, when confirmed by the court, would bind all creditors who had notice or knowledge of the plan and discharge all claims against the debtor provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interest of creditors, is feasible and has been accepted by each class of claims impaired thereunder.

Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and does not discriminate unfairly.

### **Enforceability of Remedies**

The remedies available to Bondholders upon an Event of Default under the Loan Agreement are in many respects dependent upon judicial action which is subject to discretion or delay. Under existing law and judicial decisions, including specifically the Bankruptcy Code, the remedies specified in the Loan Agreement may not be readily available or may be limited. A court may decide not to order specific performance.

The various legal opinions to be delivered concurrently with the original delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws or legal or equitable principles affecting creditors' rights.

### **No Liens on College Facilities**

The College has not given or granted a mortgage lien or other security interest or encumbrance upon any facilities or revenues of the College to secure its payment obligations under the Loan Agreement.

### **Accreditation**

The College is currently fully accredited by its regional accreditor, Middle States Commission on Higher Education. See "**WESTMORELAND COUNTY COMMUNITY COLLEGE—Accreditation**" herein. However, such accreditation is subject to periodic review and no assurances can be given that such accreditation may not, in the future, be suspended or withdrawn, due to a failure by the College to maintain one or more standards of excellence necessary to support its current accreditation status. Any such suspension or withdrawal, if it were to occur, could be expected to have an adverse effect on pupil enrollments.

### **Bond Insurance Risk Factors**

The College has purchased the Policy to guarantee the scheduled payment of principal and interest on the Bonds. As such, the following are risk factors relating to the bond insurance.

In the event of a failure of the Authority to make a scheduled payment of principal or interest with respect to the Bonds when all or some becomes due, the Trustee on behalf of any owner of the Bonds shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure the payment of redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds which is recovered from the Bondholder as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment unless the Insurer, in its discretion, chooses to pay such amounts at an earlier date.

Default of payment of principal and interest does not result in an acceleration of the obligations of the Insurer unless the Insurer consents thereto. The Insurer may direct and must consent to any remedies and the Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength and claim paying ability of the Insurer. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See **"BOND RATINGS"** herein.

The obligations of the Insurer are unsecured obligations of the Insurer and upon any default by the Insurer, the remedies available may be limited by applicable insurance law or other laws related to insolvency.

Neither the College, the Underwriter nor the Authority have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the College to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See **"MUNICIPAL BOND INSURANCE"** herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

#### **Other Risk Factors**

In the future, the following factors, among others, may adversely affect the revenues or operations of the College to an extent that cannot be determined at this time.

- (a) Changes in the demand for higher education in general or for programs offered by the College in particular.
- (b) Competition from other educational institutions.
- (c) Higher interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures.
- (d) Increasing costs of compliance with governmental regulations, including accommodations for handicapped or special needs students, and costs of compliance with the changes in such regulations.
- (e) A decline in the market value of the College's investments or a reduction in the College's ability to generate unrestricted revenue from its investments.
- (f) Increased costs and decreased availability of public liability insurance.
- (g) Employee strikes and other adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs.
- (h) Cost and availability of energy.
- (i) An increase in the costs of health care benefits, retirement plans, or other benefit packages offered by the College to its employees and retirees.
- (j) The occurrence of natural disasters, including floods and hurricanes and pandemics and similar events, which might damage the facilities of the College, interrupt service to such facilities or otherwise impair the operation and ability of such facilities to produce revenue.
- (k) Decreases in student retention and graduation rates.
- (l) Unknown Litigation.

- (m) Safety and security incidents including data breaches.
- (n) Factors that may adversely affect the College's reputation and image.

**The foregoing is NOT an exhaustive list of all possible factors that could adversely impact the ability of the College to make payments on the 2020 Note and under the Loan Agreement, which are the sole source of payment of the Bonds.**

## **WESTMORELAND COUNTY COMMUNITY COLLEGE**

### **Introduction**

Founded in 1970, Westmoreland County Community College enrolls approximately 6,000 students each fall and spring semester in more than 65 career preparation and associate to baccalaureate degree transfer programs. As an Achieving the Dream Leader College, WCCC is focused on student learning and success. Classes are conducted at the main campus in Youngwood, the Advanced Technology Center in Mt. Pleasant and education centers in Latrobe, Murrysville, Indiana, New Kensington, and Uniontown, as well as online. WCCC also offers short-term job training programs through its Workforce and Continuing Education divisions. WCCC is accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools.

WCCC began its operation in January 1971 with rented classrooms at local high schools. In 1972, WCCC found a permanent home in the former Westinghouse manufacturing facility in Youngwood, Pennsylvania. This facility, now known as Student Achievement Center (formerly known as Founders Hall), has been renovated and remodeled several times (with the most recent renovation to be completed in 2020) since then to accommodate a growing student body and expanded academic curriculum.

The Youngwood Campus, which serves as the main campus of WCCC, occupies 110 acres in central Westmoreland County, six miles from Greensburg, the County seat. The Youngwood campus currently contains 60 classrooms, 28 laboratories and six multi-purpose instructional rooms in four buildings - Student Achievement Center, Commissioners Hall, Science Innovation Center, and the renovated Business and Industry Center. In addition to housing the instructional and administrative functions, the main campus is also the location of the college library, Learning Assistance Center, College Store, gymnasium, theater and modern athletic field complex.

Along with the Youngwood campus, WCCC operates education centers in five areas of Westmoreland County – the Advanced Technology Center ("ATC") in Mt. Pleasant, the New Kensington Center in the City of New Kensington, the Murrysville Center in Penn Township, the Center in the City of Latrobe, and the Public Safety Training Center in South Huntingdon Township in the County of Westmoreland. Additional education centers have been established in Indiana County and Fayette County. The physical facilities have been designed to accommodate future changes and expansion.

### **Mission Statement**

Westmoreland County Community College improves the quality of life in the communities it serves through education, training and cultural enrichment.

### **Vision**

Westmoreland County Community College is recognized as a premier institution of higher learning focused on student success, workforce development, economic growth and cultural experiences.

### **Core Values**

Teaching and Learning: The College is committed to excellent instruction and lifelong learning.

Innovation and Creativity: The College is committed to creativity, new ideas and the advancement of art, culture and technology.

Equity and Inclusion: The College is committed to an educational and workplace environment where all are treated with dignity and respect.

Collaboration and Teamwork: The College is committed to cooperation within its college and to strong relationships with employers, school districts and other community partners.

Accountability and Integrity: The College is committed to high, ethical educational standards.

Social Responsibility and Stewardship: The College is committed to principles of service and good citizenship.

### **Education Centers**

#### Advanced Technology Center

Occupying 73,500 square-feet of space, the ATC provides affordable, hands-on learning to prepare WCCC students and incumbent workers for high-demand, technically oriented careers, in manufacturing, energy and other industry sectors. The facility features classrooms, specialized labs for hands-on training, open, flexible instructional space which allows for collaborative learning, corporate suites and conference areas.

The ATC houses college programs previously located in 26,000-square-feet of space at the WCCC Youngwood campus, including Applied Industrial Technology, Computer Numerical Control, Drafting and Design, Electrical Utility Technology, Electronics, Manufacturing Technology, Mechatronics, Natural Gas and Oil, Welding and others. The ATC opened in August of 2014.

### New Kensington Education Center

The New Kensington Center, establishment in 1987, is located in downtown New Kensington and serves the northern portion of Westmoreland County. The center houses classrooms, computer labs, a science lab, offices, a student lounge and the local Team Pennsylvania Career Link.

### Latrobe Education Center (formerly the Laurel Education Center)

Since its establishment in 1989, the Laurel Education Center has become the College's largest center based on an enrollment in excess of 900 registrants. As a result, it has been necessary to expand the facilities twice since its establishment. This center was closed in August 2015 and renamed as the Latrobe Education Center was opened in August, 2015.

### Murrysville Education Center

The Bushy Run Center has been serving residents of the western part of the County since December 1991. In 2000 the size of the Center was expanded to meet enrollment needs.

### Indiana County Education Center

With sponsorship funding from the Indiana County Commissioners, WCCC conducted its first classes at Indiana County high schools in June 2000. One year later, the Indiana County Community College Center relocated to its present home in a 9,000-square-foot building in an industrial park. To meet community needs, the College established a nursing program at the Indiana Center and renovated the building's second floor to accommodate growing student enrollment.

### Fayette County Education Center

To meet the educational and job skills training needs of an area underserved by postsecondary institutions, WCCC opened the Fayette County Education Center in January 2008. Local businessman, Joe Hardy, provided scholarship funding for two years to help Fayette County students in financial need. The College leased 4,760 square feet within the Fayette Community Action Agency campus in Uniontown, the center comprises traditional and computer classrooms and offers courses for career preparation, job skills advancement and transfer to four-year colleges. The College has leased an additional 732 square feet of space to accommodate the enrollment growth.

### Public Safety Training Center

The Regional Public Safety Training Center is located on a 166-acre site in South Huntingdon Township, Westmoreland County. The Center addresses the training needs of all areas of emergency services (fire, police, EMT etc.). In addition, it serves the safety training needs of the corporate community as well. A firing range, Class A burn building and a search and rescue rubble pile were constructed and became operational in January of 2008.

### Distance Learning

To facilitate learning for students at remote sites, WCCC developed a distance learning system. Interactive audiovisual equipment links the Youngwood campus with the education centers, as well as other sites, providing two-way communication. A class or training program is conducted at two or more sites simultaneously, enabling the instructor to communicate with students at all facilities. The addition of a distance learning system enables WCCC to carry out its mission of providing "access to quality educational opportunities that meet the diverse needs and interests of the communities we serve." The majority of this project was funded by a Carl Perkins Grant. In addition, the College offers courses online.

### **Accreditation**

Westmoreland is fully accredited by Middle States Association of Colleges and Schools, the accrediting association for institutions of higher education in the region. In 2014, the Middle States Association reaffirmed the College's accreditation for another ten years. Programs at the College are approved by the Pennsylvania State Department of Education for veteran's educational benefits. In addition, some programs carry specific approval by national and local professional accrediting organizations.

The following programs have earned special accreditation by the agencies named: The Baking and Pastry AAS, Culinary Arts program and Restaurant/Culinary Management program are accredited by the American Culinary Federation Education Foundation Accrediting Commission (ACFEFAC); The Dental Assisting and Dental Hygiene are accredited by the Commission on Dental Accreditation of the American Dental Association; Medical Assisting Diploma, Youngwood campus is accredited by the Commission on Accreditation of Allied Health Education Programs (CAAHEP); Diagnostic Medical Sonography AAS is accredited by the CAAHEP; The Nursing AAS program is on full approval status by the Pennsylvania State Board of Nursing; The Nursing AAS program is accredited by the Accreditation Commission for Education in Nursing (ACEN).



## Programs

WCCC offers a broad range of academic programs that prepare students for transfer to four-year universities or for immediate employment in vocational and technical fields. Students have the opportunity to earn associate of science, associate of fine arts and associate of applied science degrees, as well as diplomas and certificates in approximately 100 programs of study. The programs are periodically reviewed and revised by the faculty to keep up with changes in technology and the demands of the current job market.

To simplify the transfer process for students, WCCC maintains matriculation agreements with a number of area colleges and universities ensuring that credits earned at WCCC will transfer to those institutions.

## Services

To help students achieve their educational and career goals, WCCC provides a comprehensive student support services program including academic and career counseling, tutoring, childcare, financial aid and placement. A varied activities program offers students opportunities to participate in intercollegiate and intramural athletics, student government, and a growing selection of clubs and organizations that complement the educational experience.

## Governing Structure

A fifteen-member Board of Trustees governs the College's operations. Trustees are appointed to a six-year term by the Westmoreland County Board of Commissioners (the "County"). In addition to appointing trustees, the County approves the College's annual budget (see **"Budgetary Procedures" herein**). Trustees may serve more than one term upon reappointment by the County. The term of office of each Trustee expires on June 30 of each year. Officers of the Board of Trustees are elected annually by their peers in June with the term beginning in July of each year.

## Employees

The College employs or has employed the following number of employees in each of the fiscal years set forth below:

<u>Employees</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Faculty (Full-time)	83	82	81	79	80
Faculty (Part-time)	312	287	250	253	217
Administrators	38	36	36	36	36
Support Staff	88	85	89	80	82

SOURCE: The College.

## Labor Relations

The College enjoys a positive employee relations climate with a dedicated and loyal staff. Labor contracts with the faculty's union, the Westmoreland County Community College Professional Association, are three years in length and the current contract expires June 30, 2022. Labor contracts with the support staff's union, the Clerical and Maintenance Employee Support Personnel Association, are three years in length and the current contract expires June 30, 2022. Both unions are PSEA/NEA affiliates.

## Pension Program

The College provides certain retirement benefits, including post-employment health benefits, and multiemployer contributory pension plans, to its employees for which it has accrued liabilities. See APPENDIX A **"ANNUAL FINANCIAL STATEMENTS for the Years ending June 30, 2019 and 2018"**

## Enrollment

The College's enrollment for each of the fiscal years set forth below is or was as follows:

<u>Fiscal Year</u>	<u>Semester Headcount</u>			<u>Full Time Equivalent</u>		
	<u>Credit</u>	<u>Non-Credit</u>	<u>Total</u>	<u>Credit</u>	<u>Non-Credit</u>	<u>Total</u>
2014-15	14,300	10,461	24,761	4,721	391	5,112
2015-16	14,076	9,179	23,255	4,577	446	5,023
2016-17	13,006	9,516	22,522	4,256	434	4,690
2017-18	12,105	10,109	22,214	3,980	519	4,499
2018-19	11,562	13,026	24,588	3,633	522	4,155

SOURCE: The College.

## Budgetary Procedures

The College's annual operating and capital budget is prepared by the Vice President of Administrative Services in consultation with the President's Cabinet. A preliminary forecast is developed and submitted to the Pennsylvania Department of Education ("PDE") the September prior to the start of the fiscal year (which begins the following July 1). The budget is developed over the course of the year and is then submitted to the Board of Trustees for approval, at its June regular meeting. After the close of the fiscal year, the College's financial statements are audited by an independent audit firm which also provides an agreed upon procedures report.

The three major sources of revenue for the College's budget are the Commonwealth of Pennsylvania, the Local Sponsor (Westmoreland County), and student tuition and fees. Operating funds from the Commonwealth are allocated a specified basic subsidy. The Commonwealth may provide one-half of approved capital costs, although funding approval of the Commonwealth's share of new facilities and equipment outlays is contingent upon available funding in the PDE's annual budget appropriation.

Under Act 46 passed by the State Legislature in July 2005, operating budget funding for Pennsylvania Community Colleges was changed from formula funding based upon FTE enrollments taught in the current fiscal year to an annual appropriation provided at the start of the fiscal year. The appropriation amount has three components: a base allocation equal to prior year base allocation plus any adjustment occurring through the state budget process, a small amount of additional funding if enrollments grew between the last two audited years, and economic development program funding based upon FTEs taught by the College in high priority program areas in the prior fiscal year. Economic development funding is distributed proportionately based upon each college's share of the total FTEs taught. The Commonwealth also provides one-half of approved capital costs, including debt service payments, and eligible capital purchases and equipment and property leases. Total projected Commonwealth funding for the 2019-20 year is \$15,016,881.

The Local Sponsor is the County of Westmoreland, which provides an annual appropriation for the College through its operating budget. These funds are provided through the County's general revenues, including property and other local taxes. The annual appropriation for the College for calendar year 2015 was \$3,568,182, for 2016 was \$3,566,847, for 2017 was \$3,566,847, for 2018 was \$3,566,847, and for 2019 was \$3,566,847. Through the annual budget process, the College first allocates from the county appropriation sufficient funds to balance the capital budget, after Commonwealth and other funding sources have been taken into account. The balance of the available appropriation is then applied to the operating budget.

Student tuition and fees are set by the College's Board of Trustees, usually in the winter or early spring of each year. Under the Community College Act, no more than one-third of the College's operating expenses can be secured from student tuition. Tuition revenues in excess of one third of the operating expenditures are to be deposited in a special reserve account. Transfers can then be made from this reserve account to help stabilize the operating budget during the years when the tuition revenues are less than one-third of the operating expenditures. Tuition revenues for the College are currently budgeted at slightly less than one-third, and the Tuition Compliance Reserve account presently has no accumulated balance. A special \$6 per credit hour capital fee is charged to students from outside boundaries of the Local Sponsor. The College's tuition rate for FY2019-20 is \$133 per credit hour for students from the Local Sponsor, \$266 per credit hour for students from non-sponsoring Pennsylvania municipalities, and \$399 per credit hour for students from outside Pennsylvania. There is also a general fee of \$61 per credit hour. In addition, special laboratory fees are charged for a variety of scientific, technical, and occupational courses. (See "**Student Tuition and Fees**" herein)

The College also receives revenues and incurs expenditures for a variety of grant and contract programs. Account balances are invested and earn interest through insured and collateralized bank accounts or U.S. Treasury securities.

***Implementation of and compliance with the College's approved budget as set forth by the College's Board of Trustees is the responsibility of the Vice President of Administrative Services as delegated by the President.***

## Accounting Matters

The College's financial statements are prepared in accordance with Government Accounting Standards Board (GASB) standards.

The College has adopted GASB Statements No. 34 and 35 (as amended by GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*), and No. 38, *Certain Financial Statement Note Disclosures*. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a basis to focus on the College as a whole.

Potential purchasers of the Bonds should read the College's audited financial statements for the year ended June 30, 2019 in their entirety for more complete information regarding the College's financial position, results of its operations and changes in its accounting and reporting methods. The report of the College's independent accountants, together with the College's financial statements as of June 30, 2019 and the related notes to financial statements are included in Appendix A of this Official Statement.

***In the opinion of the administration of the College, there has been no material adverse change in the financial condition of the College since June 30, 2019, the most recent date of audited financial statements.***

The following tables set forth a summary of the College's **"STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS"** and **"STATEMENT OF NET ASSETS"** for each of the fiscal years set forth, which are all derived from audited financial statements, and a summary of the College's 2019-20 Operating Budget. For a more complete discussion of the College's financial position and results of operations at June 30, 2019, see **"MANAGEMENT'S DISCUSSION AND ANALYSIS"** included in the financial information included in Appendix A hereto.

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**WESMORELAND COUNTY COMMUNITY COLLEGE**  
**STATEMENT OF NET POSITION**  
**FOR THE YEARS ENDING JUNE 30,**

	2015	2016	2017	2018	2019
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 11,426,623	\$ 16,338,940	\$ 18,591,008	\$ 19,143,411	\$ 17,854,219
Investments - short-term	700,000	1,300,000	1,100,000	1,300,000	1,701,146
Student accounts receivable, net	182,614	335,537	473,441	620,958	792,009
Contributions and other receivable, net	-	-	-	-	2,146,926
Other receivables	1,891,789	1,035,281	1,502,813	1,597,967	-
Prepaid expenses	399,396	150,611	504,782	218,320	183,919
Inventories	803,294	911,126	707,024	902,306	314,035
Total current assets	\$ 15,403,716	\$ 20,071,495	\$ 22,879,068	\$ 23,782,962	\$ 22,992,254
Non-current assets					
Fixed assets, net	\$ 55,344,665	\$ 52,000,332	\$ 49,919,503	\$ 56,645,667	\$ 78,536,011
Restricted cash and cash equivalents	-	43,529,566	42,192,186	36,166,866	17,429,626
Investments - long-term	1,000,000	400,000	600,000	400,000	-
Endowments assets - restricted	-	-	-	-	-
Investment income receivable	-	-	-	-	-
Inter-affiliated transactions	-	-	-	-	-
Contributions and other assets, net	-	90,471	85,456	80,440	21,847
Total non-current assets	\$ 56,344,665	\$ 96,020,369	\$ 92,797,145	\$ 93,292,973	\$ 95,987,484
Total assets	\$ 71,748,381	\$ 116,091,864	\$ 115,676,213	\$ 117,075,935	\$ 118,979,738
<b>Deferred outflow of resources</b>					
Deferred amounts from debt refunding	\$ 223,798	\$ 180,166	\$ 136,534	\$ 92,902	\$ 62,170
Deferred amounts from net pension liability	695,762	1,244,953	1,663,180	1,088,904	1,348,374
Deferred amounts from net OPEB liability	-	-	-	9,342	13,040
Total Deferred Outflow of Resources	\$ 919,560	\$ 1,425,119	\$ 1,799,714	\$ 1,191,148	\$ 1,423,584
Total Assets and Deferred Outflow of Resources	\$ 72,667,941	\$ 117,516,983	\$ 117,475,927	\$ 118,267,083	\$ 120,403,322
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 532,206	\$ 152,342	\$ 524,488	\$ 391,068	\$ 447,058
Current portion - long-term debt	3,622,003	3,565,264	3,620,264	3,721,291	3,429,166
Accrued liabilities	1,784,269	1,013,821	1,614,050	2,786,373	4,489,375
Payroll liabilities	2,249,393	2,267,994	1,362,485	1,318,750	1,307,905
Compensated absences	428,867	375,194	427,435	348,368	418,564
Employee benefit plans	-	-	-	-	-
Deferred revenues	185,744	181,827	811,267.00	805,595	269,835
Total current liabilities	\$ 8,802,482	\$ 7,556,442	\$ 8,359,989	\$ 9,371,445	\$ 10,361,903
Non-current liabilities					
Net pension liability	\$ 9,650,244	\$ 7,851,404	\$ 8,337,521	\$ 6,716,765	\$ 7,062,211
Net OPEB liability	-	-	-	147,000	136,000
Long-term debt, net of current	23,822,844	64,375,657	60,755,393	57,034,103	53,604,938
Total Noncurrent Liabilities	\$ 33,473,088	\$ 72,227,061	\$ 69,092,914	\$ 63,897,868	\$ 60,803,149
Total liabilities	\$ 42,275,570	\$ 79,783,503	\$ 77,452,903	\$ 73,269,313	\$ 71,165,052
<b>Deferred Inflows of Resources</b>					
Deferred amounts from net pension liability	\$ 2,604,786	\$ 4,184,428	\$ 3,406,128	\$ 3,270,848	\$ 2,075,807
Deferred amounts from net OPEB liability	-	-	-	7,000	18,000
Total Deferred Inflows of Resources	\$ 2,604,786	\$ 4,184,428	\$ 3,406,128	\$ 3,277,848	\$ 2,093,807
<b>Net Position</b>					
Net investment in capital assets	\$ 28,123,616	\$ 27,769,143	\$ 28,001,671	\$ 32,150,041	\$ 38,993,703
Expendable	-	-	232,790	-	-
Unrestricted	(336,031)	5,779,909	8,382,435	9,569,881	8,150,760
Total Net Position	\$ 27,787,585	\$ 33,549,052	\$ 36,616,896	\$ 41,719,922	\$ 47,144,463
<b>Total Liabilities, Deferred Inflow of Resources and Net Position</b>	\$ 72,667,941	\$ 117,516,983	\$ 117,475,927	\$ 118,267,083	\$ 120,403,322

SOURCE: College financial statements for the years ending June 30, 2015 through and including 2019

**WESMORELAND COUNTY COMMUNITY COLLEGE  
STATEMENT REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDING JUNE 30,**

	2015	2016	2017	2018	2019
<b>REVENUES</b>					
Operating revenues					
Student tuition and fees net of allowances	\$ 19,709,046	\$ 23,134,133	\$ 22,357,927	\$ 21,522,625	\$ 20,604,821
Less - Other Scholarships	(3,499,215)	(2,752,374)	(2,896,595)	(2,931,522)	(3,262,617)
Net student tuition and fees	16,209,831	20,381,759	19,461,332	18,591,103	17,342,204
Governmental and other grants	5,151,170	4,670,262	4,432,902	4,143,889	4,837,798
Auxiliary enterprises					
Bookstore	3,917,788	3,647,726	2,988,157	2,700,582	1,902,636
Auxiliary	408,210	415,546	395,335	435,788	458,735
Other operating revenue	1,173,964	1,098,510	1,269,475	1,034,441	951,182
Total Operating revenues	\$ 26,860,963	\$ 30,213,803	\$ 28,547,201	\$ 26,905,803	\$ 25,492,555
<b>EXPENSES</b>					
Educational and general					
Instruction	\$ 16,043,763	\$ 15,474,822	\$ 15,036,982	\$ 14,686,325	\$ 14,460,662
Academic support	2,676,968	2,506,655	2,641,328	2,520,591	2,516,989
Student services	4,115,641	3,616,063	3,938,029	3,799,772	4,026,383
Institutional support	6,329,255	5,953,951	6,485,026	6,213,791	6,998,505
Operation and facilities	5,192,636	4,378,513	4,740,412	4,587,736	4,705,989
Governmental grants, net of allowances	11,732,339	8,964,595	8,698,249	8,389,498	8,090,575
Depreciation	3,107,883	3,431,577	4,221,298	4,148,538	4,481,226
Amortization	705,577	1,181,383	5,013	5,016	5,016
Auxiliary enterprises					
Bookstore	3,509,442	3,321,958	2,815,425	2,500,977	1,916,263
Auxiliary	1,041,712	995,746	1,001,292	1,010,592	1,025,364
Operating expenses	\$ 54,455,216	\$ 49,825,263	\$ 49,583,054	\$ 47,862,836	\$ 48,226,972
Total Operating income (loss)	\$ (27,594,253)	\$ (19,611,460)	\$ (21,035,853)	\$ (20,957,033)	\$ (22,734,417)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State appropriations	\$ 11,252,236	\$ 11,746,106	\$ 12,005,383	\$ 12,005,383	\$ 12,313,802
Local appropriations	1,423,370	1,244,287	1,244,287	1,244,287	1,274,720
State and local capital appropriation	4,693,763	4,907,846	5,120,917	6,276,877	5,771,771
Federal Pell Grant Program	9,132,510	7,857,933	7,082,151	7,142,759	6,698,833
Other capital grants	1,685,695	99,270	169,669	226,853	156,430
Investment income	28,636	24,253	174,929	559,516	850,373
Interest on capital assets-related debt	(810,406)	(878,782)	(1,964,743)	(1,721,480)	(1,128,169)
Loss on sale assets	(180)	(12,717)	(71,859)	(13,299)	(885)
Payments to/from WCCC & Foundation	3,571,424	384,731	342,963	492,163	2,222,083
Net nonoperating revenues	\$ 30,977,048	\$ 25,372,927	\$ 24,103,697	\$ 26,213,059	\$ 28,158,958
Increase (Decrease) In Net Position	\$ 3,382,795	\$ 5,761,467	\$ 3,067,844	\$ 5,256,026	\$ 5,424,541
Net assets - beginning of year	\$ 35,969,536	\$ 27,787,585	\$ 33,549,052	\$ 36,616,896	\$ 41,719,922
Adjustment for change in account principle	(11,564,746)	-	-	(153,000)	-
Beginning of year, as restated	\$ 24,404,790	\$ 27,787,585	\$ 33,549,052	\$ 36,463,896	\$ 41,719,922
Net assets - end of year	\$ 27,787,585	\$ 33,549,052	\$ 36,616,896	\$ 41,719,922	\$ 47,144,463

SOURCE: College financial statements for the years ending June 30, 2015 through and including 2019

**WESTMORELAND COUNTY COMMUNITY COLLEGE  
OPERATING BUDGET  
2019-20**

<b>REVENUES</b>	<b>FY2019-20 Operating Budget</b>
Sponsor	\$ 2,055,153
State	12,313,802
State FICA	718,093
Student Tuition & Fees	17,642,741
Miscellaneous	451,319
Sub-Total Revenues	\$ 33,181,108
Grants	3,025,000
<b>TOTAL REVENUES</b>	<b>\$ 36,206,108</b>
<b>EXPENDITURES</b>	
Wages	\$ 18,187,136
Staff Benefits	9,419,409
Facilities	2,556,460
Supplies	435,386
Contracted Serv, Phone, Postage	1,365,382
Equipment/Facilities Repair & Maintenance	757,536
Travel & Hospitality	239,319
Other Expense (Legal, Audit, Bad Debts)	975,480
Small Equipment/Furniture	45,000
Sub-Total Expenditures	\$ 33,981,108
Grants	3,025,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 37,006,108</b>
<b>TOTAL FUND BALANCE TRANSFERS IN (OUT)</b>	<b>\$ 800,000</b>
<b>NET FUND BALANCE CHANGE</b>	<b>\$ -</b>

SOURCE: College Officials.

## Long Term Indebtedness

The Table below shows long term indebtedness of the College that will be outstanding as of the Date of Delivery.

ISSUE	Gross Outstanding*
College Revenue Bonds, Series of 2020 (this issue)	\$ 6,170,000
College Revenue Bonds, Series A of 2016	35,325,000
College Revenue Bonds, Series B of 2016	3,745,000
College Revenue Bonds, Series A of 2012	11,225,000
College Revenue Bonds, Series B of 2012	1,750,000
<b>TOTAL DEBT</b>	<b>\$ 58,215,000</b>

\*Includes the Bonds offered through this Official Statement; excludes leases.

*Upon the issuance of the Bonds, the Bonds and each series of the Prior College Bonds will be equally and ratably secured and payable under the Indenture from loan payments of the College under the Loan Agreement and each note of the College issued in accordance therewith, including the 2020 Note, except with respect to any fund or account established thereunder solely for the benefit and security of a particularly series of bonds, or with respect to amounts due from any bond insurer or other source of credit enhancement securing or payable solely with respect to any particular series of bonds. See Appendix D "SUMMARY OF OUTSTANDING DEBT SERVICE (BONDS ONLY)".*

## Student Tuition and Fees

The following table sets forth the fees, costs and charges paid by students of the College per semester, per credit hour, in each of the fiscal years set forth - Tuition per credit hour for Pennsylvania residents who are not residents of the sponsoring county is twice the standard per credit hour rate. Tuition per credit hour for out-of-state residents is three times the standard per credit hour rate. The following table sets forth the standard tuition and student fee assessed to students in each of the fiscal years set forth:

	2015-16	2016-17	2017-18	2018-19	2019-20
Tuition (per credit hour) for:					
County Residents	\$122	\$122	\$124	\$133	\$133
Out of County Residents	244	244	248	266	266
Out of State Residents	366	366	372	399	399
Student (General Fee per Credit)	39	47	49	51	61

Note: In addition to these fees, the College charges course fees in high cost course areas such as allied health and laboratory sciences. Course fees range from \$10 to \$209 per course. Please see the College website for additional information on tuition and fees.

SOURCE: The College.

## Financial Aid

Number of students of the College who have received grants, scholarships, loans or other financial aid in the fiscal years set forth below:

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>GRANTS</b>					
PELL	2,918	2,489	2,233	2,220	2,004
PHEAA	1,103	818	1,003	839	945
Other (TRA/OVR/SEOG)	839	944	1,006	764	518
<b>LOANS</b>					
Stafford	2,496	2,510	2,413	2,185	2,045
<b>EMPLOYMENT</b>					
College Work-Study Program	90	67	35	31	53

## Satisfactory Academic Progress Liability

The College receives significant financial assistance from Federal and Commonwealth agencies in the form of grants and student financial assistance for students. Total assistance received during the year ended June 30, 2019 under these programs approximated \$22,000,000. Expenses of funds under these programs require compliance with the applicable grant agreements and regulations and are subject to audit. Any ineligible disbursements identified may become a liability of the College.

In June 2018, the College discovered an issue concerning its compliance with the satisfactory academic progress ("SAP") standards of the U.S. Department of Education ("USDE"). The SAP standards measure students' academic progress and resulting eligibility for Federal Student Financial Assistance under Title IV of the Higher Education Act of 1965, as amended ("Title IV"). Following a review of the matter in 2018, a final determination was made by USDE, on August 23, 2019, that the College would be responsible for the repayment of Title IV funds in the amount of \$415,281.06. The outstanding amount of this liability is shown in the audited financial statements of the College for the fiscal year ended June 30, 2019.

### Special Fundraising Activities

WCCC receives funding from external sources to support initiatives at the College. These grants support college-wide projects which include funds for faculty/staff compensation, travel, student tuition, instructional supplies, senior citizen wages, and other related program costs. Grants were also received to support Nursing, Dental and Public Safety Training programs.

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>GRANTS RECEIVED</b>	\$ 6,153,008	\$ 3,507,841	\$ 3,087,015	\$ 3,246,137	\$ 3,198,968

### CONTINUING DISCLOSURE UNDERTAKING

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the "Rule"), the College will agree pursuant to a Continuing Disclosure Agreement between the College and Digital Assurance Certification, LLC as Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") to be delivered on the date of issuance of the Bonds, to cause the following information to be provided:

- (i) to provide at least annually to the Municipal Securities Rulemaking Board (the "MSRB") Electronic Municipal Market Access ("EMMA") System, in such electronic format as is prescribed by the MSRB and accompanied by such identifying information as prescribed by the MSRB, the following annual financial information and operating data with respect to the College for each of its fiscal years, beginning with the fiscal year ending June 30, 2020, within 270 days following the end of such fiscal year:
  - the financial statements for the most recent calendar year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards
  - Summary of the operating budget
- (ii) in a timely manner not in excess of ten business days after the occurrence of the event, to file with the MSRB, notice of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the College; (13) the consummation of a merger, consolidation, or acquisition involving the College or the sale of all or substantially all of the assets of the College, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the obligated person, any of which reflect financial difficulties.
- (iii) in a timely manner, to provide to the EMMA, in such electronic format as is prescribed by the MSRB and accompanied by such identifying information as prescribed by the MSRB notice of a failure to provide required annual financial information, on or before the date specified above.

The College's obligations under the Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds. In addition, the College's obligations to provide information and notices such as specified above shall terminate (i) at such other times as such information and notices (or any portion thereof) are no longer required to be provided by the Rule as it applies to the Bonds, (ii) in the event of a repeal or rescission of the Rule or (iii) upon a determination that the Rule is invalid or unenforceable.



The College and DAC, with the consent of the Authority, may amend the Continuing Disclosure Agreement and waive any of the provisions thereof, but no such amendment or waiver shall be executed and effective unless (i) the amendment or waiver is made in connection with a change in legal requirements, change in law or change in identity, nature or status of the College or the operations conducted by the College, (ii) the Continuing Disclosure Agreement as modified by the amendment or waiver, complies with the requirements of the Rule, and (iii) the amendment or waiver does not materially impair the interests of the registered owners of the Bonds. To the extent that the Rule requires or permits an approving vote of beneficial owners of the Bonds in connection with an amendment, the approving vote of the beneficial owners of Bonds constituting more than 50% of the aggregate principal amount of the then outstanding Bonds shall constitute such approval.

In the event of a breach or default by the College of its covenants to provide annual financial information and notices as provided above, the Disclosure Dissemination Agent or any holder or beneficial owner of Bonds shall have the right to bring an action in a court of competent jurisdiction to compel specific performance by the College. A breach or default under the Continuing Disclosure Agreement shall not constitute an event of default under the Loan Agreement, the 2020 Note, the Indenture, the Bonds or any other agreement. The Dissemination Agent shall be under no obligation to enforce the Continuing Disclosure Agreement unless (i) directed in writing by the holders or beneficial owners of at least 25% of the outstanding principal amount of the Bonds and (ii) furnished with indemnity and security for expenses satisfactory to it.

### COMPLIANCE WITH PREVIOUS CONTINUING DISCLOSURE UNDERTAKINGS

The College has entered into prior undertakings to provide information pursuant to Continuing Disclosure Agreements for several outstanding bond issues. The requirements of the outstanding bond issues require the College to submit information annually, with the shortest submission period being 270 days following the close of each fiscal year of the College, which occurs on June 30th. The following table provides information regarding the undertaking, annual filing deadlines and the College's performance of its filing obligations:

Bond Issue Subject to a CDA	Fiscal Year	Annual Filing Deadline	Due Date	Date of Actual Filing Audit	Date of Actual Filing Budget	Date of Actual Filing Operating Data
Series of 2004	6/30/2015	180 days following	12/27/2015	5/2/2016	3/9/2016	4/27/2016
Dated Date: February 1, 2004	6/30/2016	June 30th	12/27/2016	12/20/2016	12/20/2016	12/20/2016
Closing Date: February 24, 2004	6/30/2017		12/27/2017	12/21/2017	12/21/2017	12/21/2017
	6/30/2018	Insurer: MBIA	12/27/2018	12/18/2018	12/18/2018	12/18/2018
<i>Bonds matured October 15, 2019</i>	6/30/2019		-	-	-	-
Series A of 2008	6/30/2015	180 days following	12/27/2015	4/1/2016	3/9/2016	4/27/2016
Dated Date: March 1, 2008	6/30/2016	June 30th	12/27/2016	12/20/2016	12/20/2016	12/20/2016
Closing Date: March 5, 2008	6/30/2017		12/27/2017	12/21/2017	12/21/2017	12/21/2017
	6/30/2018	Insurer: FSA	-	-	-	-
<i>Bonds matured October 15, 2018</i>	6/30/2019		-	-	-	-
Series B of 2008	6/30/2015	180 days following	12/27/2015	4/1/2016	3/9/2016	4/27/2016
Dated Date: March 1, 2008	6/30/2016	June 30th	-	-	-	-
Closing Date: March 5, 2008	6/30/2017		-	-	-	-
<i>Refunded, in full, by the by the</i>	6/30/2018	Insurer: FSA	-	-	-	-
<i>Series B of 2016</i>	6/30/2019		-	-	-	-
Series A of 2012	6/30/2015	270 days following	3/26/2016	4/1/2016	3/9/2016	4/27/2016
Dated Date: May 30, 2012	6/30/2016	June 30th	3/27/2017	12/20/2016	12/20/2016	12/20/2016
Closing Date: May 30, 2012	6/30/2017		3/27/2018	12/21/2017	12/21/2017	12/21/2017
	6/30/2018	Insurer: AGM	3/27/2019	12/18/2018	12/18/2018	12/18/2018
	6/30/2019		3/26/2020	12/23/2019	12/23/2019	1/6/2020
Series B of 2012	6/30/2015	270 days following	3/26/2016	4/1/2016	3/9/2016	4/27/2016
Dated Date: May 30, 2012	6/30/2016	June 30th	3/27/2017	12/20/2016	12/20/2016	12/20/2016
Closing Date: May 30, 2012	6/30/2017		3/27/2018	12/21/2017	12/21/2017	12/21/2017
	6/30/2018	Insurer: AGM	3/27/2019	12/18/2018	12/18/2018	12/18/2018
	6/30/2019		3/26/2020	12/23/2019	12/23/2019	1/6/2020
Series A of 2016	6/30/2015	270 days following	-	-	-	-
Dated Date: June 14, 2016	6/30/2016	June 30th	3/27/2017	12/20/2016	12/20/2016	12/20/2016
Closing Date: June 14, 2016	6/30/2017		3/27/2018	12/21/2017	12/21/2017	12/21/2017
	6/30/2018	Insurer: AGM	3/27/2019	12/18/2018	12/18/2018	12/18/2018
	6/30/2019		3/26/2020	12/23/2019	12/23/2019	1/6/2020
Series B of 2016	6/30/2015	270 days following	-	-	-	-
Dated Date: June 14, 2016	6/30/2016	June 30th	3/27/2017	12/20/2016	12/20/2016	12/20/2016
Closing Date: June 14, 2016	6/30/2017		3/27/2018	12/21/2017	12/21/2017	12/21/2017
	6/30/2018	Insurer: AGM	3/27/2019	12/18/2018	12/18/2018	12/18/2018
	6/30/2019		3/26/2020	12/23/2019	12/23/2019	1/6/2020

Some of the College's bond issues that have been outstanding during the past five (5) years have been insured by various bond insurance companies that have received rating downgrades and upgrades by S&P and/or Moody's. This information was publicly available from widely accepted information sources at the time of their respective downgrades or upgrades. For informational purposes, the College has uploaded a summary of these rating changes relating to certain bond insurance companies on February 29, 2016.

As outlined in the table above, the College failed to provide certain annual financial information in a timely manner during the past five (5) years, however the College subsequently filed all the required annual financial information on the dates stated on the above table along with a "Failure to Provide" notice to the MSRB's EMMA System on May 3, 2016. The College will continue to adhere to procedures that were put in place to provide timely ongoing disclosure of annual financial information and notice of material events affecting its securities.

The College has engaged Digital Assurance Certification, LLC ("DAC") as its Dissemination Agent for the purpose of complying with Rule 15c2-12.

## **LITIGATION**

*The Authority.* There is no litigation of any nature now pending or, to the Authority's knowledge, threatened against it restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds, the Indenture, or any proceedings of the Authority taken in connection with issuance or sale of the Bonds, the pledge or application of any moneys or security provided for the payment of the Bonds, or the existence or powers of the Authority.

*The College.* There is no litigation, currently pending or to the knowledge of the College threatened against it, which, individually or in the aggregate, will have a material adverse effect on its financial condition or which will affect the validity or enforceability of the Loan Agreement or the 2020 Note, or which in any way contests the existence or powers of the College.

## **LEGALITY FOR INVESTMENTS**

Under the Act, the Bonds are securities in which all officers of the Commonwealth and its political subdivisions and municipal officers and administrative departments, boards and commissions of the Commonwealth, all banks, savings banks, trust companies, savings and loan associations, investment companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all administrators, executors, guardians, trustees and other fiduciaries, and all other persons who are authorized to invest in Bonds or other financial obligations of the Commonwealth may properly and legally invest any funds, including capital belonging to them or within their control, and the Bonds are securities which may properly and legally be deposited with and received by any Commonwealth and municipal officers or agency of the Commonwealth for any purpose for which the deposit of other bonds or other obligations of the Commonwealth is authorized by law.

## **TAX MATTERS**

### **Federal**

#### ***Exclusion of Interest from Gross Income***

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes assuming continuing compliance by the Authority and the College with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering its opinion, Bond Counsel has assumed compliance by the Authority and the College with covenants contained in the Indenture and the Loan Agreement and representations in the Tax Certificate executed by the Authority and the College on the date of issuance of the Bonds relating to actions to be taken by the Authority and the College after issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to, *inter alia*, the use and investment of proceeds of the Bonds, and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

#### ***Other Federal Tax Matters***

Ownership or disposition of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds.

**Bond Counsel is not rendering any opinion regarding any federal tax matters other than as described under the caption "Exclusion of Interest From Gross Income-Bonds" above and expressly stated in the form of the opinion of Bond Counsel included as APPENDIX B. Prospective purchasers of the Bonds should consult their independent tax advisors with regard to all federal tax matters.**

#### **Pennsylvania**

In the opinion of Bond Counsel, under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax, and the Bonds are exempt from personal property taxes in Pennsylvania; however, under the laws of the Commonwealth, as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth.

**Bond Counsel is not rendering any opinion as to any Commonwealth of Pennsylvania tax matters other than those described under the caption "Pennsylvania" above and expressly stated in the form of the opinion of Bond Counsel included as APPENDIX B. hereto.**

**Prospective purchasers of the Bonds should consult their independent tax advisors with regard to all Commonwealth of Pennsylvania tax matters.**

#### **Other**

The Bonds and the interest thereon may be subject to state and local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

**Purchasers of the Bonds should consult their independent tax advisors with regard to all state and local tax matters that may affect them.**

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Authority is not a qualified issuer and has not designated the Bonds as "qualified tax-exempt obligations" for the purposes and effect contemplated by Section 265 of the Code.

### **CERTAIN LEGAL MATTERS**

Purchase of the Bonds by the Underwriter is subject to the receipt of the approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for the College by Daniel B. Pagliari, Esq., New Kensington, Pennsylvania, whose approving legal opinion will be delivered to the Underwriter at the time of the delivery of the Bonds. Certain legal matters will be passed upon for the Authority by Barley Snyder, LLP, Lancaster, Pennsylvania and for the Underwriter by Dinsmore & Shohl, LLP, Pittsburgh, Pennsylvania.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law and in reliance on the representations and covenants that it deems relevant to such opinions.

### **FINANCIAL STATEMENTS**

The financial statements of the College as of and for the fiscal years ended June 30, 2019 and 2018 included in Appendix A have been audited by MaherDuessel, Pittsburgh, PA Certified Public Accountants, as stated in its report appearing in Appendix A. In the opinion of the College there has been no material adverse change in the financial conditions of the College since June 30, 2019.

### **UNDERWRITING**

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Authority at an aggregate price of \$6,599,988.40 (which represents the par amount of the Bonds less underwriter's discount of \$43,190.00, plus net original issue premium of \$473,178.40.) The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time, by the Underwriter.

## BOND RATING

S&P Global Ratings is expected to assign its municipal bond rating of "AA" (Stable outlook) to the Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of principal of and interest on the Bonds will be issued by AGM. S&P has, also, assigned an underlying rating of "A/Stable" to the Bonds. Such ratings reflect only the view of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following address: 55 Water Street, 38<sup>th</sup> Floor, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. The Authority and the College are not required to maintain any particular rating on the Bonds and shall have no liability if a rating is lowered, withdrawn or suspended.

## MISCELLANEOUS MATTERS

This Official Statement has been prepared under the direction of the College by Boenning & Scattergood Inc., Pittsburgh, Pennsylvania, in its capacity as Underwriter to the College. The information set forth in this Preliminary Official Statement has been obtained from the College and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Bonds, the Indenture, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the College or the Underwriter upon request. The information assembled in this Preliminary Official Statement is not to be construed as a contract with holders of the Bonds.

The Authority has no responsibility for the College's compliance with the Continuing Disclosure Agreement or for the contents of, or any omissions from, the financial information, operating data, or notices provided thereunder.

The references herein to the Indenture, the Loan Agreement, the 2020 Note, the Continuing Disclosure Agreement, the Act, the Community College Act and other materials are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof, copies of which will be furnished by the Authority upon request.

The information contained in this Preliminary Official Statement has been compiled or prepared from official and other sources deemed to be reliable and, although not guaranteed as to the completeness or accuracy, is believed to be correct as of this date. Statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The information contained in this Preliminary Official Statement should not be construed as representing all the conditions affecting the Authority, the College, or the Bonds.

The Authority has not assisted in the preparation of this Preliminary Official Statement, except for the statements under the sections, captioned "**THE AUTHORITY**" and, as it relates to the Authority, "**LITIGATION**", herein and, except for those sections, the Authority is not responsible for any statements made in this Preliminary Official Statement. Except for the authorization, execution and delivery of documents required to affect the issuance of the Bonds, the Authority has not otherwise assisted in the public offer, sale or distribution of the Bonds. Accordingly, except as foresaid, the Authority assumes no responsibility for the disclosures set forth in this Preliminary Official Statement.

## STATE PUBLIC SCHOOL BUILDING AUTHORITY

By: /s/ Eric M. Gutshall  
Title: Executive Director

The College hereby approves the use and distribution of this Official Statement in connection with the issuance and the sale of the Bonds and hereby certifies that, as of the date hereof, the statements contained in this Official Statement relating to the College do not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

## APPROVED:

### WESTMORELAND COUNTY COMMUNITY COLLEGE

By: /s/ Leia Shilobod  
Title: Chairperson, Board of Trustees

By: /s/ Dr. Tuesday Stanley ED. D  
Title: President of the College

**APPENDIX A**

**WESTMORELAND COUNTY COMMUNITY COLLEGE  
ANNUAL FINANCIAL REPORT  
FOR THE YEARS ENDING JUNE 30, 2019 AND 2018**





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**Westmoreland County Community College**  
(A Component Unit of Westmoreland County)

Financial Statements and  
Required Supplementary Information

Years Ended June 30, 2019 and 2018 with  
Independent Auditor's Report

**MaherDuessel**

Pursuing the profession while promoting the public good®  
[www.md-cpas.com](http://www.md-cpas.com)

# WESTMORELAND COUNTY COMMUNITY COLLEGE

YEARS ENDED JUNE 30, 2019 AND 2018

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## Independent Auditor's Report

### **Board of Trustees Westmoreland County Community College**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Westmoreland County Community College (WCCC), a component unit of Westmoreland County, and its discretely presented component unit, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise WCCC's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors Responsibility*

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

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

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

*Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of WCCC as of June 30, 2019 and 2018, and the respective changes in financial position, and cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of WCCC's proportionate share of the net pension liability, schedule of WCCC's pension contributions, schedule of WCCC's proportionate share of PSERS' net OPEB liability and the contributions to PSERS' premium assistance (Schedules), and notes to required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Pittsburgh, Pennsylvania  
December 3, 2019

## **WESTMORELAND COUNTY COMMUNITY COLLEGE**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS** **FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

The following presents management's discussion and analysis of the Westmoreland County Community College's (College) financial and operational activity during the fiscal years ended June 30, 2019, 2018, and 2017. We intend for this management's discussion and analysis to provide the reader with information that will assist in understanding our Financial Statements, the changes in key items in those Financial Statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our Financial Statements. This analysis reflects on current activities, resulting changes and currently known facts, and should be read in conjunction with the College's Financial Statements, including the notes accompanying these Financial Statements. Responsibility for the completeness and fairness of this information rests with College management.

#### **Using This Annual Report**

The financial statement format focuses on the College as a whole. The Financial Statements are designed to emulate business presentation models, whereby all College activities are consolidated. The Statements of Activities focuses on both the gross costs and the net costs of College activities that are supported mainly by State Appropriations, Local Sponsor Appropriations, Tuition and Fees. This approach is intended to summarize and simplify the user's analysis of both the revenues and the costs of various College services to students and the public. Although the Westmoreland County Community College Education Foundation is considered a component unit of the College, Management's Discussion and Analysis will focus primarily on the activities of the College. The Statements of Net Position are prepared on the accrual basis and present all assets, deferred outflows of resources, deferred inflows of resources, and liabilities of the College, both financial and capital, and classified between short and long-term.

#### **Financial Highlights**

As of June 30, 2019, the College's Net Position increased to \$47.1 million from \$41.7 million at June 30, 2018. There were increases and decreases throughout the various categories of Revenues and Expenses. Overall, the total Revenues of the College continued to be greater than the total Expenses. Total Revenues for the 2018-2019 fiscal year were \$58.0 million, and total Expenses were \$52.6 million. This contributed to a \$5.4 million increase in the Net Position, which included operating and nonoperating.

For the year ended June 30, 2018, the College's Net Position increased to \$41.7 million from \$36.6 million at June 30, 2017. There were increases and decreases throughout the various categories of Revenues and Expenses. Overall, the total Revenues of the College continued to be greater than the total Expenses. Total Revenues for the 2017-2018 fiscal year were \$57.7 million, and total Expenses were \$52.5 million. This contributed a \$5.2 million increase in the Net Position, which included operating and nonoperating.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

### Net Position (in millions) As of June 30

	2019	2018	2017	2019-2018 Increase (Decrease)	2018-2017 Increase (Decrease)	2019-2018 Percent Change	2018-2017 Percent Change
Current Assets	\$ 23.0	\$ 23.8	\$ 22.9	\$ (0.8)	\$ 0.9	(3.4)	3.9
Non-Current Assets:							
Capital Assets, Net of Depreciation	78.5	56.6	49.9	21.9	6.7	38.7	13.4
Restricted Cash	17.4	36.2	42.2	(18.8)	(6.0)	(51.9)	(14.2)
Other	0.1	0.5	0.7	(0.4)	(0.2)	(80.0)	(28.6)
Total Assets	<u>\$ 119.0</u>	<u>\$ 117.1</u>	<u>\$ 115.7</u>	<u>\$ 1.9</u>	<u>\$ 1.4</u>	1.6	1.2
Total Deferred Outflows	<u>\$ 1.4</u>	<u>\$ 1.2</u>	<u>\$ 1.8</u>	<u>\$ 0.2</u>	<u>\$ (0.6)</u>	16.7	(33.3)
Current Liabilities	\$ 10.4	\$ 9.4	\$ 8.4	\$ 1.0	\$ 1.0	10.6	11.9
Non-Current Liabilities	60.8	63.9	69.1	(3.1)	(5.2)	(4.9)	(7.5)
Total Liabilities	<u>\$ 71.2</u>	<u>\$ 73.3</u>	<u>\$ 77.5</u>	<u>\$ (2.1)</u>	<u>\$ (4.2)</u>	(2.9)	(5.4)
Total Deferred Inflows	<u>\$ 2.1</u>	<u>\$ 3.3</u>	<u>\$ 3.4</u>	<u>\$ (1.2)</u>	<u>\$ (0.1)</u>	(36.4)	(2.9)
Net Position:							
Investment in Capital Assets	\$ 39.0	\$ 32.2	\$ 28.0	\$ 6.8	\$ 4.2	21.1	15.0
Restricted	0.0	0.0	0.2	0.0	(0.2)	0.0	0.0
Unrestricted	8.1	9.5	8.4	(1.4)	1.1	(14.7)	13.1
Total Net Position	<u>\$ 47.1</u>	<u>\$ 41.7</u>	<u>\$ 36.6</u>	<u>\$ 5.4</u>	<u>\$ 5.1</u>	12.9	13.9

As previously mentioned, the total Net Position at June 30, 2019 increased to \$47.1 million from \$41.7 million at June 30, 2018. This increase is due to the increase in Revenues being \$5.4 million greater than the increase in Expenses. Current Assets decreased by \$0.8 million. The change in Current Assets can be attributed to a \$0.9 million decrease in Cash, Cash Equivalents & Investments, a \$0.2 million increase in Receivables, an increase of \$0.5 million in contributions receivable and a decrease of \$0.6 million in Inventory due to implementing the virtual bookstore.

The total Net Position at June 30, 2018 increased to \$41.7 million from \$36.6 million at June 30, 2017. This increase is due to the increase in Revenues being \$5.1 million greater than the increase in Expenses. Current Assets increased by \$0.9 million. The change in Current Assets can be attributed to a \$0.8 million increase in Cash, Cash Equivalents & Investments, along with a \$0.2 million increase in Receivables.

Non-Current Assets increased by \$2.7 million for the year ended June 30, 2019. Changes in Non-Current Assets included a \$18.8 million decrease in Restricted cash for the use of College Revenue Bonds 2016 Series A. The proceeds from this \$43 million bond issue are being used to

## **WESTMORELAND COUNTY COMMUNITY COLLEGE**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS** **FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

finance various renovation and deferred maintenance projects at the Youngwood Campus. The projects include renovations at the Youngwood Founder's Hall, Science Hall, and Commissioner's Hall buildings. Major maintenance projects include replacing HVAC units and electric unit substations. Net Fixed Assets increased by \$21.9 million due to an increase of \$26.4 in net additions and a \$4.5 million increase in Accumulated Depreciations. There was also a net \$0.4 million decrease in the remaining Non-Current Assets related to other miscellaneous activities.

Non-Current Assets increased by \$0.5 million for the year ended June 30, 2018. Changes In Non-Current Assets included a \$6.0 million decrease in Restricted Cash from the use of College Revenue Bonds 2016 Series A. The proceeds from this \$43 million bond issue are being used to finance various renovation and deferred maintenance projects at the Youngwood Campus. The projects include renovations at the Youngwood Founder's Hall, Science Hall, and Commissioner's Hall buildings. Major maintenance projects include replacing HVAC units and electric unit substations. Net Fixed Assets increased by \$6.7 million due to an increase of \$10.3 in net additions and a \$3.6 million increase in Accumulated Depreciation. There was also a net \$0.2 million decrease in the remaining Non-Current Assets related to other miscellaneous activities.

During 2018-2019, Total Liabilities decreased by \$2.1 million, mostly from \$3.4 million in net payments on Long-term Debt. There was an increase of \$0.3 million for the College's share of State Unfunded Pension Liability. Government Accounting Standards Board Statement (GASB) No. 68 requires the College to report the portion of the State's Unfunded Pension Liability related to College employees. There was a \$1.0 million increase in Current Liabilities. Of this increase, \$1.3 million is due to accrued construction expenses and \$0.4 million is attributable to a liability to the Department of Education. The increases are offset by a \$0.5 million decrease in unearned revenue related to the recognition of state project funding, \$0.3 million decrease in the current long-term debt along with a \$0.1 million increase in Accounts Payable and Payroll related liabilities.

During 2017-2018, Total Liabilities decreased by \$4.2 million, mostly from \$3.7 million in net payments on Long-term Debt. There was a decrease of \$1.6 million for the College's share of State Unfunded Pension Liability. Government Accounting Standards Board Statement (GASB) No. 68 requires the College to report the portion of the State's Unfunded Pension Liability related to College employees. There was a \$1.0 million increase in Current Liabilities. Of this increase, \$1.2 million is due to accrued construction expenses offset by a \$.1 million decrease in Accounts Payable and Payroll related liabilities.

During 2018-2019 and 2017-2018, respectively, deferred inflows of resources recognized decreased approximately \$1.2 million and \$0.1 million and resulted primarily from the change in the College's portion of the collective net pension liability since the prior measurement date. Deferred outflows of resources recognized increased approximately \$0.2 million during 2018-2019 and decreased \$0.6 million and resulted primarily from net differences between projected and actual investment earning and contributions subsequent to the measurement date.

## **WESTMORELAND COUNTY COMMUNITY COLLEGE**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS** **FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

The Investment in Capital Assets increased to \$39.0 million at June 30, 2019 from \$32.2 million at June 30, 2018. The June 30, 2019 Investment In Capital Assets of \$39.0 million is calculated by adding the total Net Fixed Assets of \$78.5 million with the total Restricted Cash of \$17.4 million and subtracting the total Debt (net of deferred outflow) of \$56.9 million.

The Investment in Capital Assets increased to \$32.2 million at June 30, 2018 from \$28.0 million at June 30, 2017. The June 30, 2018 Investment In Capital Assets of \$32.2 million is calculated by adding the total Net Fixed Assets of \$56.6 million with the total Restricted Cash of \$36.2 million and subtracting the total Debt (net of deferred outflow) of \$60.6 million.

The increase in Unrestricted Net Position can be attributed to Total Revenues being greater than Total Expenses by \$5.4 million.



# WESTMORELAND COUNTY COMMUNITY COLLEGE

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	Operating Results (in millions)						
	For the Years Ended June 30,						
	2019	2018	2017	2019-2018 Increase (Decrease)	2018-2017 Increase (Decrease)	2019-2018 Percent Change	2018-2017 Percent Change
Operating Revenues:							
Tuition & Fees	\$ 20.6	\$ 21.5	\$ 22.4	\$ (0.9)	\$ (0.9)	(4.2)	(4.0)
Other Scholarships	(3.3)	(2.9)	(2.9)	(0.4)	0.0	13.8	0.0
Governmental and Other Grants	4.8	4.1	4.4	0.7	(0.3)	17.1	(6.8)
Auxiliary Enterprises	2.4	3.1	3.4	(0.7)	(0.3)	(22.6)	(8.8)
Other Operating Revenue	1.0	1.1	1.3	(0.1)	(0.2)	(9.1)	9.1
Total Operating Revenues	25.5	26.9	28.6	(1.4)	(1.7)	(5.2)	(5.6)
Operating Expenses:							
Educational and General	45.3	44.4	45.8	0.9	(1.4)	2.0	(3.1)
Auxiliary Enterprises	2.9	3.5	3.8	(0.6)	(0.3)	(17.1)	(7.9)
Total Operating Expenses	48.2	47.9	49.6	0.3	(1.7)	0.6	(3.4)
Operating Loss	(22.7)	(21.0)	(21.0)	(1.7)	(0.0)	8.1	7.7
Nonoperating Revenues (Expenses):							
State Appropriations	12.3	12.0	12.0	0.3	0.0	2.5	0.0
Local Appropriations	1.2	1.2	1.2	0.0	0.0	0.0	0.0
State and Local Capital Appropriations	5.8	6.3	5.1	(0.5)	1.2	(7.9)	23.5
Other Capital Grants	0.2	0.2	0.2	0.0	0.0	0.0	0.0
Federal Pell Grant Program	6.7	7.1	7.1	(0.4)	0.0	(5.6)	0.0
Interest on Capital Assets - Related Debt	(1.1)	(1.7)	(2.0)	0.6	0.3	(35.3)	(15.0)
Investment Income	0.9	0.6	0.2	0.3	0.4	50.0	0.0
Payments to/from WCCC & Foundation	2.1	0.5	0.3	1.6	0.2	320.0	66.7
Total Nonoperating Revenues (Expenses)	28.1	26.2	24.1	1.9	2.1	7.3	(5.5)
Increase (Decrease) in Net Position	5.4	5.2	3.1	0.2	2.1		
Net Position:							
Beginning of Year	41.7	36.6	33.5	5.1	3.1		
Adjustment to Change In Accounting Principle	0.0	(0.1)	0.0	0.1	(0.1)		
Beginning of Year - As Restated	41.7	36.5	33.5	5.2	3.0		
End of Year	\$ 47.1	\$ 41.7	\$ 36.6	\$ 5.4	\$ 5.1		
Total Revenues (includes other scholarships)	\$ 58.0	\$ 57.7	\$ 57.6	\$ 0.3	\$ 0.1	0.5	(3.2)

For 2018-2019, Operating Revenues decreased \$1.4 million, which includes a \$0.9 million decrease in Tuition & Fees, Tuition & Fee Allowances, which is for Grants paying Tuition, increased by \$0.4 million, a \$0.7 million increase in Governmental Grants, and a \$0.8 million decrease in Auxiliary Enterprises and Other Revenues. Nonoperating Revenues (Expenses) increased \$1.9 million with an increase of \$0.3 million in State Appropriations and a \$0.3 million increase in investment income offset by \$0.6 decrease in Interest Expense, PELL Grant Revenues

## **WESTMORELAND COUNTY COMMUNITY COLLEGE**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS** **FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

decrease \$0.4 million, an increase in Foundation payment of \$1.6 million, and a \$0.5 million decrease in total Appropriation Revenue for capital projects.

For 2017-2018, Operating Revenues decreased \$1.7 million, which includes a \$0.9 million decrease in Tuition & Fees, Tuition & Fee Allowances, which is for Grants paying Tuition was consistent with prior year, a \$0.3 million decrease in Governmental Grants, and a \$0.3 million decrease in Auxiliary Enterprises and Other Revenues. Nonoperating Revenues (Expenses) increased \$2.1 million with a \$0.3 decrease in Interest Expense, PELL Grant Revenues were consistent with prior year, and a \$1.2 million increase in total Appropriation Revenues for capital projects.

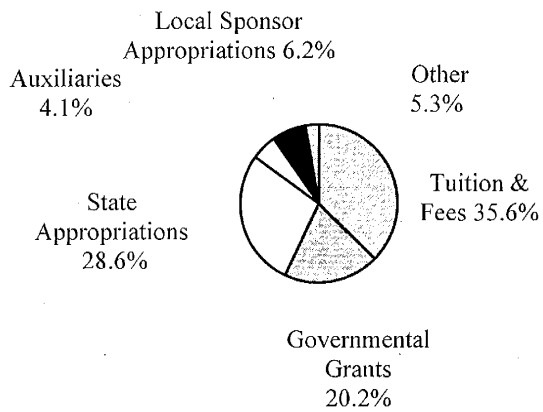
Student Tuition and Fee revenue decreased in 2018-2019 due to student credit hour enrollment dropping 9.5%. The decrease in Student Tuition and Fee revenue from the enrollment decline was partially offset by additional revenues generated from an \$11 per credit increase in Student Tuition and Fee rates. The decrease in Auxiliary Enterprise revenues is mainly attributed to the enrollment decline, which reduced bookstore sales.

Student Tuition and Fee revenue decreased in 2017-2018 due to student credit hour enrollment dropping 6.4%. The decrease in Student Tuition and Fee revenue from the enrollment decline was partially offset by additional revenues generated from a \$4 per credit increase in Student Tuition and Fee rates. The decrease in Auxiliary Enterprise revenues is mainly attributed to the enrollment decline, which reduced bookstore sales.

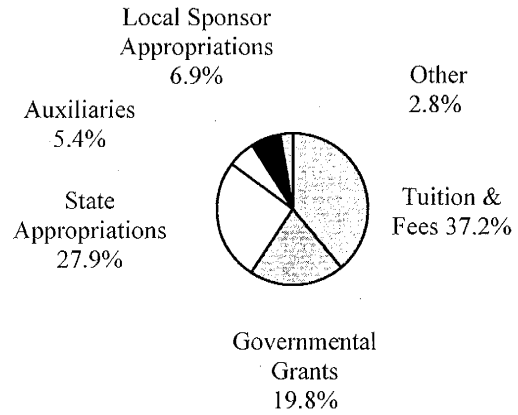
# WESTMORELAND COUNTY COMMUNITY COLLEGE

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

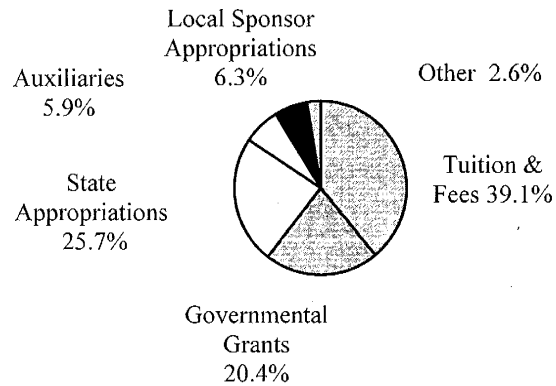
**Revenues By Source  
Fiscal 2019**



**Revenues By Source  
Fiscal 2018**



**Revenues By Source  
Fiscal 2017**



# WESTMORELAND COUNTY COMMUNITY COLLEGE

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

		Total Expenses (in millions) For the Years Ended June 30,						
		2019	2018	2017	2019-2018 Increase (Decrease)	2019-2018 Percent Change	2018-2017 Increase (Decrease)	2018-2017 Percent Change
Operating Expenses:								
Instruction	\$	14.5	\$ 14.7	\$ 15.0	\$ (0.2)	(1.4)	\$ (0.3)	(2.0)
Academic Support		2.5	2.5	2.6	0.0	0.0	(0.1)	(3.8)
Student Services		4.0	3.8	3.9	0.2	5.3	(0.1)	(2.6)
Institutional Support		7.0	6.2	6.5	0.8	12.9	(0.3)	(4.6)
Operation and Facilities		4.7	4.7	4.9	0.0	0.0	(0.2)	(4.1)
Governmental Grant Expenditures (gross, with allowances)		11.4	11.3	11.6	0.1	0.9	(0.3)	(2.6)
Depreciation		4.5	4.1	4.2	0.4	9.8	(0.1)	(2.4)
Auxiliary Enterprises		2.9	3.5	3.8	(0.6)	(17.1)	(0.3)	(7.9)
Other Capital		-	-	-	0.0	0.0	0.0	0.0
Total Operating Expenses		51.5	50.8	52.5	0.7	1.4	(1.7)	(3.2)
Non-Operating Expenses:								
Interest on Capital Assets - Related Debt		1.1	1.7	2.0	(0.6)	(35.3)	(0.3)	(15.0)
Total Expenses (includes allowances)	\$	52.6	\$ 52.5	\$ 54.5	\$ 0.1	0.2	\$ (2.0)	(3.7)

Total Operating Expenses for the 2018-2019 fiscal year increased by \$0.7 million over the 2017-2018 fiscal year. The major expense fluctuations are a \$0.2 million decrease in Instruction, a \$0.2 million increase in Student Services, and a \$0.8 million increase in Institutional Support, a \$0.1 million increase in Grant Expenditures offset by a \$0.6 million decrease in Auxiliary Enterprises. The Operation and Facilities expense was consistent with the prior year. Depreciation Expense increased \$0.4 million over the prior year.

Total Operating Expenses for the 2017-2018 fiscal year decreased by \$1.7 million over the 2016-2017 fiscal year. The major expense fluctuations are a \$0.3 million decrease in Instruction, \$0.3 million decrease Institutional Support, a \$0.3 million decrease in Auxiliary Enterprises, a \$0.3 million decrease in Grant Expenditures, a \$0.2 million decrease in Operations and Facilities. The remaining expense categories decreased by a total of \$0.3 million.

The decrease in Instruction expense for 2018-2019 is mainly due to a decrease in Salaries and Wages due to faculty position vacancies and decrease in courses as a result of a decline in enrollment. The expense decrease in Auxiliary Enterprises is due to a decrease in salaries and benefits and lower Textbook purchases due to lower Sales from the enrollment decline. The increase in Institutional Support is due to the increase in bad debt expense. The increase in Student Services is due to an increase in benefits, offset by decreases in supplies, travel, and other expenses.

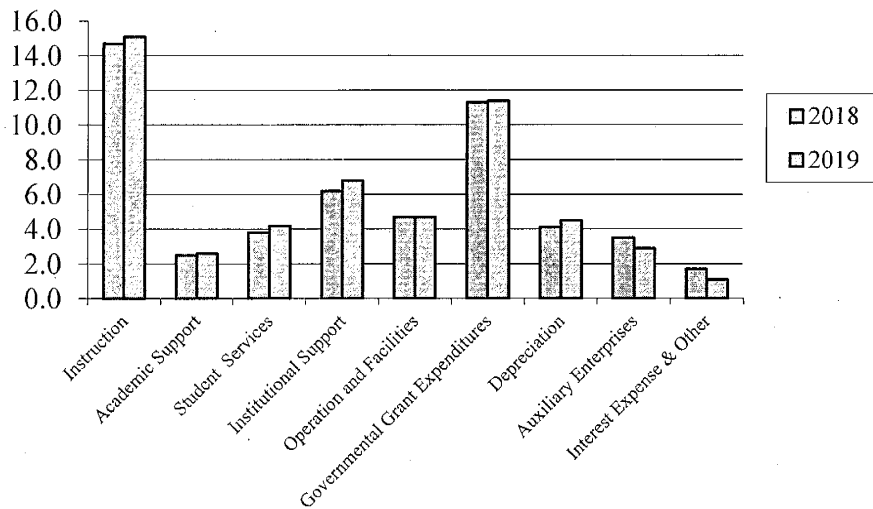
The expense decrease in Instruction for 2017-2018 is due to a decrease in Salaries and benefits in addition to decreases in contract service and travel. The expense decrease in Auxiliary Enterprises is due to a decrease in salaries and benefits and lower Textbook purchases due to lower Sales from the enrollment decline. The expense decrease in Operations and Facilities is due to a decrease in salaries and wages and supplies.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Total Non-Operating Expenses for the 2018-2019 fiscal year decreased by \$0.6 million over the 2017-2018 fiscal year due to the decrease in outstanding debt.

**Expense Comparisons 2018 and 2019 (in millions)**

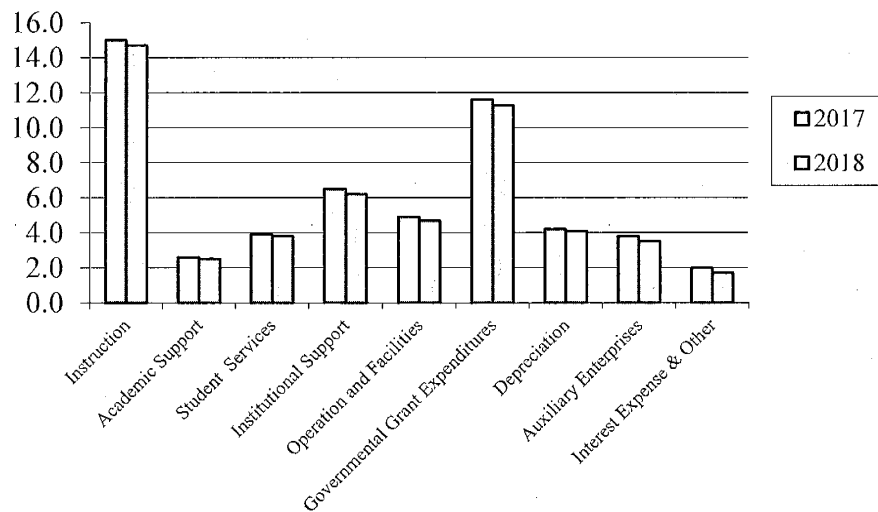


## WESTMORELAND COUNTY COMMUNITY COLLEGE

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Total Non-Operating Expenses for the 2017-2018 fiscal year decreased by \$0.3 million over the 2016-2017 fiscal year due the decrease in outstanding debt.

Expense Comparisons 2017 and 2018 (in millions)



# WESTMORELAND COUNTY COMMUNITY COLLEGE

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Analysis of Net Capital Assets (in millions)							
As of June 30,							
	2019	2018	2017	2019-2018 Increase (Decrease)	2019-2018 Percent Change	2018-2017 Increase (Decrease)	2018-2017 Percent Change
Capital Assets:							
Land	\$ 2.8	\$ 2.8	\$ 2.8	\$ -	0.0	\$ -	0.0
Buildings and improvements	101.6	86.2	86.1	15.4	0.2	0.1	0.0
Equipment, furniture, and books	32.9	33.9	33.7	(1.0)	(0.0)	0.2	0.0
Construction in progress	20.7	11.1	1.1	9.6	0.9	10.0	9.1
Total capital assets	158.0	134.0	123.7	24.0	0.2	10.3	0.1
Less accumulated depreciation	(79.5)	(77.4)	(73.8)	2.1	(0.0)	(3.6)	0.0
Net capital assets	<u>\$ 78.5</u>	<u>\$ 56.6</u>	<u>\$ 49.9</u>	<u>\$ 26.1</u>	0.5	<u>\$ 6.7</u>	0.1

As of June 30, 2019, the College had \$158.0 million invested in Capital Assets and \$79.5 million in Accumulated Depreciation, resulting in \$78.5 million in Net Capital Assets. The College continued to make significant investments in both facilities and technology. The net additions to Total Capital Assets amounted to \$24.0 million for the 2018-2019 fiscal year. The highest increases in Capital Assets were \$15.4 million in Buildings and Improvements and \$9.6 million in Construction in Progress due to the renovations at the Youngwood Campus. The renovations are being funded by a \$43 million Bond Issue during the 2015-2016 fiscal year. Net Capital Assets increased by \$26.1 million, which includes an increase in Accumulated Depreciation of \$2.1 million.

As of June 30, 2018, the College had \$134.0 million invested in Capital Assets and \$77.4 million in Accumulated Depreciation, resulting in \$56.6 million in Net Capital Assets. The College continued to make significant investments in both facilities and technology. The net additions to Total Capital Assets amounted to \$10.3 million for the 2017-2018 fiscal year. The highest increase in Capital Assets was \$10.0 million in Construction in Progress. Construction in Progress is related to the \$43 million Bond Issue during the 2015-2016 fiscal year, which is for renovations to the Youngwood Campus. Net Capital Assets increased by \$6.7 million, which includes an increase in Accumulated Depreciation of \$3.6 million.

The College's total Long-Term Debt decreased to \$57.0 million in the 2018-2019 fiscal year, down from \$60.8 million in fiscal year 2018. This decrease was due to payments made on Long-Term Debt Loans. The number of outstanding loans for Long-Term Debt decreased from six to five for the 2018-2019 fiscal year. The 2008 Series A Bonds final payment was in fiscal year 2018-2019. These loans were incurred for the purchase, construction, and renovations of buildings at the Youngwood Campus, Education Centers located in Westmoreland County, Indiana County, and the Advanced Technology Center. The loan payments are primarily funded by State Appropriations, Local Sponsor Appropriations, and Westmoreland County Community College

## **WESTMORELAND COUNTY COMMUNITY COLLEGE**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS** **FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

Education Foundation donations. The outstanding loans are payable over various time periods, with the earliest being paid off in the 2019-2020 fiscal year and the latest in the 2035-2036 fiscal year. The average annual principal payment on these loans is \$3.3 million.

The College's total Long-Term Debt decreased to \$60.8 million in the 2017-2018 fiscal year, down from \$64.4 million in fiscal year 2017. This decrease was due to payments made on Long-Term Debt Loans. The number of outstanding loans for Long-Term Debt remained at six for the 2017-2018 fiscal year. These loans were incurred for the purchase, construction, and renovations of buildings at the Youngwood Campus, Education Centers located in Westmoreland County, Indiana County, and the Regional Safety Training Center. The loan payments are primarily funded by State Appropriations, Local Sponsor Appropriations, and Westmoreland County Community College Education Foundation donations. The outstanding loans are payable over various time periods, with the earliest being paid off in the 2018-2019 fiscal year and the latest in the 2035-2036 fiscal year. The average annual principal payment on these loans is \$3.3 million.

#### **Fiscal Outlook**

State appropriations, County appropriations, student tuition and fees, and governmental grants compose the College's principal revenue sources and support the College's operational needs and its abilities to expand programs and pursue other initiatives. The viability of each of these four critical revenue components is highly dependent on variables external to the College such as enrollment trends, local and state economic conditions, federal, state and local legislative actions and others. The College's ability to manage fluctuations within these revenue sources, as well as potential increases in employee benefits, will be vital to its continued success.

As part of the College's Strategic Plan, the College is identifying and implementing operational and financial efficiencies to meet current and future needs. Projects initiated to help meet this goal include; the budgeting director will meet with staff to assist in establishing a needs based operating and capital budgeting process. Additional meetings throughout the year will be held with directors to assess accountability. The College will continue to assess the need and viability for additional programs to enhance revenue growth.



# WESTMORELAND COUNTY COMMUNITY COLLEGE

## STATEMENTS OF NET POSITION

JUNE 30, 2019 AND 2018

	2019		2018	
	WCCC	Component Unit WCCC Foundation	WCCC	Component Unit WCCC Foundation
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 17,854,219	\$ 1,395,413	\$ 19,143,411	\$ 2,975,854
Investments - short-term	1,701,146	506,874	1,300,000	500,000
Student accounts receivable, net	792,009	-	620,958	-
Contributions and other receivable, net	2,146,926	79,145	1,597,967	20,232
Other receivable	-	-	-	-
Prepaid expenses	183,919	-	218,320	-
Inventories	314,035	-	902,306	-
Total current assets	22,992,254	1,981,432	23,782,962	3,496,086
Noncurrent assets:				
Capital assets, net	78,536,011	-	56,645,667	-
Restricted cash and cash equivalents	17,429,626	-	36,166,866	-
Investments - long-term	-	524,123	400,000	745,622
Endowments assets - restricted	-	1,604,980	-	1,464,224
Contributions receivable, net	21,847	389,459	80,440	324,072
Total noncurrent assets	95,987,484	2,518,562	93,292,973	2,533,918
<b>Total Assets</b>	<b>118,979,738</b>	<b>4,499,994</b>	<b>117,075,935</b>	<b>6,030,004</b>
<b>Deferred Outflows of Resources</b>				
Deferred amounts from debt refunding	62,170	-	92,902	-
Deferred amounts from net pension liability	1,348,374	-	1,088,904	-
Deferred amounts from net OPEB liability	13,040	-	9,342	-
<b>Total Deferred Outflows of Resources</b>	<b>1,423,584</b>	<b>-</b>	<b>1,191,148</b>	<b>-</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payables	447,058	-	391,068	-
Current portion - long-term debt	3,429,166	-	3,721,291	-
Accrued liabilities	4,489,375	10,265	2,786,373	9,535
Payroll liabilities	1,307,905	-	1,318,750	-
Compensated absences	418,564	-	348,368	-
Unearned revenues	269,835	5,000	805,595	4,500
Total current liabilities	10,361,903	15,265	9,371,445	14,035
Noncurrent liabilities:				
Net pension liability	7,062,211	-	6,716,765	-
Net OPEB liability	136,000	-	147,000	-
Long-term debt, net of current portion	53,604,938	-	57,034,103	-
Total noncurrent liabilities	60,803,149	-	63,897,868	-
<b>Total Liabilities</b>	<b>71,165,052</b>	<b>15,265</b>	<b>73,269,313</b>	<b>14,035</b>
<b>Deferred Inflows of Resources</b>				
Deferred amounts from net pension liability	2,075,807	-	3,270,848	-
Deferred amounts from net OPEB liability	18,000	-	7,000	-
<b>Total Deferred Inflows of Resources</b>	<b>2,093,807</b>	<b>-</b>	<b>3,277,848</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	38,993,703	-	32,150,041	-
Restricted:				
Expendable	-	2,660,893	-	4,202,436
Nonexpendable	-	602,051	-	597,978
Unrestricted	8,150,760	1,221,785	9,569,881	1,215,555
<b>Total Net Position</b>	<b>\$ 47,144,463</b>	<b>\$ 4,484,729</b>	<b>\$ 41,719,922</b>	<b>\$ 6,015,969</b>

See accompanying notes to financial statements.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2019 AND 2018

	2019		2018	
	WCCC	Component Unit WCCC Foundation	WCCC	Component Unit WCCC Foundation
<b>Operating Revenues:</b>				
Student tuition and fees	\$ 20,604,821	\$ -	\$ 21,522,625	\$ -
Less - other scholarships	3,262,617	-	2,931,522	-
Net student tuition and fees	17,342,204	-	18,591,103	-
Governmental, contributions, and other grants	4,837,798	1,144,553	4,143,889	3,010,080
Auxiliary enterprises - bookstore	1,902,636	-	2,700,582	-
Auxiliary enterprises - other	458,735	-	435,788	-
Other operating revenues	951,182	-	1,034,441	-
<b>Total operating revenues</b>	<b>25,492,555</b>	<b>1,144,553</b>	<b>26,905,803</b>	<b>3,010,080</b>
<b>Expenses:</b>				
Educational and general:				
Instruction	14,460,662	-	14,686,325	-
Academic support	2,516,989	-	2,520,591	-
Student services	4,026,383	-	3,799,772	-
Institutional support	6,998,505	397,140	6,213,791	418,075
Operation and facilities	4,705,989	-	4,587,736	-
Governmental grant expenditures, net of allowances	8,090,575	-	8,389,498	-
Scholarships and program	-	97,124	-	153,141
Fundraising	-	34,650	-	34,345
Depreciation	4,481,226	-	4,148,538	-
Amortization	5,016	-	5,016	-
Auxiliary enterprises - bookstore	1,916,263	-	2,500,977	-
Auxiliary enterprises - other	1,025,364	-	1,010,592	-
<b>Total operating expenses</b>	<b>48,226,972</b>	<b>528,914</b>	<b>47,862,836</b>	<b>605,561</b>
<b>Operating Income (Loss)</b>	<b>(22,734,417)</b>	<b>615,639</b>	<b>(20,957,033)</b>	<b>2,404,519</b>
<b>Nonoperating Revenues (Expenses):</b>				
State appropriations	12,313,802	-	12,005,383	-
Local appropriations	1,274,720	-	1,244,287	-
State and local capital appropriation	5,771,771	-	6,276,877	-
Federal Pell Grant program	6,698,833	-	7,142,759	-
Other capital grants	156,430	-	226,853	-
Investment income	850,373	71,461	559,516	49,811
Gain (loss) on investments	-	3,743	-	82,261
Interest on capital assets-related debt	(1,128,169)	-	(1,721,480)	-
Loss on sale of assets	(885)	-	(13,299)	-
Payments to/from WCCC and WCCC Foundation	2,222,083	(2,222,083)	492,163	(492,163)
<b>Net nonoperating revenues (expenses)</b>	<b>28,158,958</b>	<b>(2,146,879)</b>	<b>26,213,059</b>	<b>(360,091)</b>
<b>Changes in Net Position</b>	<b>5,424,541</b>	<b>(1,531,240)</b>	<b>5,256,026</b>	<b>2,044,428</b>
Net position - beginning of year, as originally stated	41,719,922	6,015,969	36,616,896	3,971,541
Effect of implementation of GASB Statement No. 75	-	-	(153,000)	-
<b>Net position - end of year</b>	<b>\$ 47,144,463</b>	<b>\$ 4,484,729</b>	<b>\$ 41,719,922</b>	<b>\$ 6,015,969</b>

See accompanying notes to financial statements.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## STATEMENTS OF CASH FLOWS

JUNE 30, 2019 AND 2018

	2019		2018	
	WCCC	Component Unit WCCC Foundation	WCCC	Component Unit WCCC Foundation
<b>Cash Flows From Operating Activities:</b>				
Payments received for tuition and fees	\$ 17,171,153	\$ -	\$ 18,443,586	\$ -
Payments received for grants and contracts	4,347,432	-	4,234,027	-
Payments received for contributions	-	1,020,753	-	2,793,487
Payments to suppliers	(9,880,219)	(396,410)	(8,457,514)	(453,912)
Payments to utilities	(3,069,749)	-	(3,158,504)	-
Payments to employees	(19,696,195)	-	(20,634,578)	-
Payments for benefits	(9,105,118)	-	(8,784,116)	-
Payments of scholarships and program expenses	-	(131,774)	-	(187,486)
Auxiliary payments	(566,629)	-	(572,972)	-
Bookstore receipts	339,690	-	295,594	-
Other receipts	951,182	-	1,034,441	-
Net cash provided by (used in) operating activities	(19,508,453)	492,569	(17,600,036)	2,152,089
<b>Cash Flows From Noncapital Financing Activities:</b>				
State appropriations	12,313,802	-	12,005,383	-
Local appropriations	1,274,720	-	1,244,287	-
Federal appropriations	6,698,833	-	7,142,759	-
Other receipts (payments)	2,222,083	(2,222,083)	492,163	(492,163)
Net cash provided by (used in) noncapital financing activities	22,509,438	(2,222,083)	20,884,592	(492,163)
<b>Cash Flows From Capital and Related Financing Activities:</b>				
State appropriations	3,460,551	-	3,471,573	-
Local appropriations	2,311,220	-	2,805,304	-
Capital grants	156,430	-	226,853	-
Purchases of capital assets	(24,332,723)	-	(10,522,607)	-
Principal paid on capital debt	(3,610,000)	-	(3,510,000)	-
Change in restricted cash	18,737,240	-	6,025,320	-
Interest paid on capital debt	(1,863,268)	-	(1,788,112)	-
Net cash provided by (used in) capital and related financing activities	(5,140,550)	-	(3,291,669)	-
<b>Cash Flows From Investing Activities:</b>				
Purchase of investments, net	-	77,612	-	14,702
Investment income	850,373	71,461	559,516	49,811
Net cash provided by (used in) investing activities	850,373	149,073	559,516	64,513
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,289,192)	(1,580,441)	552,403	1,724,439
<b>Cash and Cash Equivalents:</b>				
Beginning of year	19,143,411	2,975,854	18,591,008	1,251,415
End of year	\$ 17,854,219	\$ 1,395,413	\$ 19,143,411	\$ 2,975,854

(Continued)

See accompanying notes to financial statements.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## STATEMENTS OF CASH FLOWS

JUNE 30, 2019 AND 2018  
(Continued)

	2019		2018	
	WCCC	Component Unit WCCC Foundation	WCCC	Component Unit WCCC Foundation
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating income (loss)	\$ (22,734,417)	\$ 615,639	\$ (20,957,033)	\$ 2,404,519
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	4,481,226	-	4,148,538	-
Amortization	5,016	-	5,016	-
Bad debt expense	856,983	-	510,058	-
Change in assets and liabilities:				
Receivables, net	(1,518,400)	(124,300)	(242,671)	(218,093)
Inventories	588,271	-	(195,282)	-
Prepaid expenses	34,401	-	286,462	-
Accounts payable	55,990	-	(133,420)	-
Accrued expenses	280,917	730	253,240	(35,837)
Payroll liabilities	(10,845)	-	(43,735)	-
Compensated absences	70,196	-	(79,067)	-
Unearned revenues	(535,760)	500	(5,672)	1,500
Deferred outflows	(232,436)	-	608,566	-
Deferred inflows	(1,184,041)	-	(128,280)	-
Net pension liability	345,446	-	(1,620,756)	-
Net OPEB liability	(11,000)	-	(6,000)	-
Total adjustments	3,225,964	(123,070)	3,356,997	(252,430)
Net cash provided by (used in) operating activities	<u>\$ (19,508,453)</u>	<u>\$ 492,569</u>	<u>\$ (17,600,036)</u>	<u>\$ 2,152,089</u>
<b>Supplementary Information:</b>				
Accrued expenses related to capital financing activities	<u>\$ 2,440,193</u>	<u>\$ -</u>	<u>\$ 1,018,108</u>	<u>\$ -</u>

(Concluded)

See accompanying notes to financial statements.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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### 1. Organization

Westmoreland County Community College (WCCC), established in 1970, provides associate, vocational, and continuing education courses to residents of Westmoreland County (County) and the surrounding area. WCCC is a component unit in the governmental reporting entity of Westmoreland County. WCCC is a legally separate organization for which the nature and significance of the relationship with the County is such that exclusion from the audited financials of the County would cause the financials of the County to be misleading or incomplete. As a result, WCCC's financial statements will be included in the County's December 31, 2019 Comprehensive Annual Financial Report.

WCCC is operated by a 15-member Board of Trustees (Board) who are appointed by the County Commissioners. Board members can be reappointed to six-year terms with no more than five board members subject to reappointment every other year. This Board has decision-making responsibility to significantly influence operations and primary accountability for fiscal matters. Westmoreland County also appropriates and disburses funds to WCCC that are utilized in the operation of WCCC.

The main campus is located in Youngwood, Pennsylvania with seven off-campus centers located in Westmoreland, Fayette, and Indiana counties. Primary revenue sources for WCCC are student tuition and fees and federal, county, and state appropriations and grants. State appropriations are to fund-allowable operating and capital costs based upon formulas set by the Pennsylvania Department of Education. The County, as local sponsor of WCCC, contributes to the operating and capital costs of WCCC. Student tuition and fees fund the remaining balance of revenue.

WCCC implemented the Governmental Accounting Standards Board (GASB) Statement No. 39, *"Determining Whether Certain Organizations Are Component Units."* This statement amends GASB Statement No. 14, *"The Financial Reporting Entity"* to provide additional guidance to determine whether certain organizations for which WCCC is not financially accountable should be reported as a component unit based on the nature and significance of their relationship to WCCC. As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of WCCC as well as its component unit the Westmoreland County Community College Education Foundation, Inc. (Foundation).

The Foundation was incorporated under the nonprofit corporation law of the Commonwealth of Pennsylvania (Commonwealth) on October 21, 1985 and is a 501(c)(3) organization as described by the Internal Revenue Code (IRC) and is exempt from federal

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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and state income taxes. The Foundation's purpose is to enhance, improve and expand the educational programs, curriculum and facilities of WCCC and to broaden and extend the educational opportunities for students by awarding scholarships, grants and loans.

The discretely presented component unit, the Foundation, is an organization that is legally separate from WCCC but is considered part of the reporting entity. In accordance with generally accepted accounting standards as prescribed by the Financial Accounting Standards Board (FASB), the Foundation has certain revenue recognition criteria and presentation features that are different from GASB revenue recognition criteria and presentation features. The Foundation is required to report information regarding its financial position and activities according to two classes of net assets (reported as net position in these financial statements): net assets without donor restrictions and net assets with donor restrictions. Minimal modifications have been made to the Foundation's financial information in WCCC's financial reporting entity for these differences.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

WCCC is a special-purpose government entity engaged in business-type activities. Accordingly, the financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America, using the economic measurement focus and the accrual basis of accounting. The financial statements of the Foundation are also presented under the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recorded when incurred. WCCC follows accounting principles issued by the GASB. The presentation provides a comprehensive entity-wide perspective of WCCC's assets, deferred outflow of resources, liabilities, deferred inflow of resources, net position, revenues, expenses, and changes in net position, and the direct method of cash flow presentation.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures. Accordingly, actual results could differ from those estimates.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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### Cash and Cash Equivalents

Cash consists of all highly liquid investments with maturities of three months or less to be cash equivalents and are stated at fair value. Cash and cash equivalents that are restricted or intended for capital expenditures are classified as noncurrent assets and are not cash and cash equivalents for purposes of the statements of cash flows.

### Investments

Investments in securities, consisting of certificates of deposits, equity and fixed-income securities and U.S. Treasury notes, are recorded at fair value based on quoted market values, with changes in market value during the year reflected in the statement of revenues, expenses, and changes in net position. Purchases and sales of investments are accounted for as of the trade date. (See Note 3)

### Student Accounts Receivable

Student accounts receivable consist of amounts due for tuition and fees. Uncollectible amounts have been reserved based on the student's enrollment status and historical collection experience.

### Other Receivables

Other receivables consist of amounts due for grants and contracts from federal, state, and local governments, or private sources, made in accordance with agreements. Uncollectible amounts have been reserved based on outstanding balance of the receivables.

### Promises to Give

Contributions are recognized when a donor makes a promise to give to the Foundation that is in substance unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Foundation's major campaign pledges are generally collected in one to five years. For each active campaign year, a reasonable provision for uncollectible pledges is recorded based upon the collection history of the three completed previous campaigns as calculated by management. The Foundation's promises to give are classified on the statement of net position as contributions and other receivables. (See Note 7)

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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### Inventory

Inventory consists of bookstore and office supplies and is valued at the lower of cost or market. The first-in, first out (FIFO) method is used to determine the cost of inventories. (See Note 8)

### Capital Assets

Acquired fixed assets are stated at cost at the date of acquisition. Donated fixed assets are recorded at their estimated fair market value at the date of donation in the case of gifts. The assets are being depreciated by the straight-line method over their estimated useful lives and are included as a separate functional expense category in the statements of revenues, expenses and changes in net position. The estimated useful lives are as follows:

Buildings	30 years
Improvements	20 years
Equipment and furniture	10 years
Other	5 years
Vehicles	5 years
Library books and tapes	5 years
Computer equipment	5 years

Expenditures for maintenance, repairs, and betterments that do not materially extend the useful life of an asset are charged to operations as incurred. Renewals and betterments that substantially extend an asset's useful life are capitalized.

### Compensated Absences

Employees of WCCC are entitled to paid vacation, paid sick days and personal days off, depending on job classification and length of service. Employees are represented by two (2) labor unions, and each contract contains different provisions for such employee-compensated absences. In addition, nonunion employees also have contracts or agreements with WCCC that provide for compensated absences. The estimated and accrued liability is recorded at year-end in the statements of net position, and the net change from prior year is recorded as a component of operating expense in the statements of revenues, expenses, and changes in net position.



# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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### Unearned Revenues and Students' Deposits

Deposits and advance payments received for tuition and fees related to WCCC's summer programs and the following academic year are deferred and are recorded as revenues as earned.

### Bond Premiums and Discount

Bond premiums and discounts are amortized over the term of the bonds. Bond premiums are presented as an increase in the face amount of the applicable debt payable, while discounts are presented as a decrease in the face amount of the debt payable.

### Deferred Outflows of Resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods; therefore, it will not be recognized as an outflow of resources (expense/expenditure) until then. WCCC's deferred outflows of resources are related to the net pension and OPEB liabilities. They also consist of deferred charges arising from the refinancing of debt. WCCC recorded total deferred outflows of resources of \$1,423,584 and \$1,191,148 at June 30, 2019 and 2018, respectively. More detailed information can be found in Notes 10 and 13.

### Deferred Inflows of Resources

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period; therefore, it will not be recognized as an inflow of resources (revenue) until that time. WCCC's deferred inflows of resources are related to the net pension and OPEB liabilities. WCCC recorded total deferred inflows of resources of \$2,093,807 and \$3,277,848 at June 30, 2019 and 2018, respectively.

### Deferred Inflows and Outflows of Resources Related to Pensions and OPEBs

In conjunction with pension and OPEB accounting requirements, differences between expected and actual experience, changes in assumptions, the effect of the change in WCCC's proportion, the net difference between expected and actual investment earnings, and payments made to PSERS subsequent to the measurement date are recorded as a

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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deferred inflow or outflow of resources related to pensions or a deferred inflow or outflow of resources related to OPEBs on the government-wide financial statements. These amounts are determined based on the actuarial valuations performed for SERS and PSERS. Notes 12 through 14 present additional information about SERS and PSERS and WCCC's pension and OPEB plans.

### Pensions

Employees of WCCC are provided pension benefits through three available pension plans. 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 fiduciary net position of the Pennsylvania State Employees' Retirement System (SERS) and the Public School Employees' Retirement System (PSERS) and additions to/deductions from SERS's and PSERS's fiduciary net position have been determined on the same basis as they are reported by SERS and PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Net Position

Net position is classified into three major categories:

- Net investment in capital assets - This category includes all of WCCC's capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.
- Restricted - Owned by WCCC and Foundation, but the use or purpose of the funds is restricted by an external source or entity. The restricted net position category is subdivided further into expendable and nonexpendable.
  - Restricted expendable - The portion of the Foundation's net assets with donor restrictions and WCCC's net assets that are restricted for a specific use or time determined by a donor are included in this category.
  - Restricted nonexpendable - This category includes the Foundation's endowment funds whose principal may be invested; however, only interest, dividends, and capital gain may be spent.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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- Unrestricted - Resources derived primarily from student tuition, fees, appropriations, and auxiliary enterprises. They are used for the general obligations of WCCC and may be used at the discretion of the Board for any purpose furthering WCCC's mission.

### Use of Restricted Net Position

When an expense is incurred that can be paid using either restricted or unrestricted resources, WCCC's policy is to apply the expense at the discretion of WCCC management.

### Fair Value Measurement

The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under the Fair Value Measurement topic are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that WCCC has the ability to access.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., currency rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. (See also Note 4)

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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### Endowment

The Foundation follows the provisions of the Codification topic Presentation of Financial Statements for Not-for-Profit Entities as it relates to the presentation of donor-restricted and Board-designated endowment funds. A portion of the Foundation's net assets are donor-restricted endowment funds, which are governed by the Commonwealth Act 141 (Act 141). Act 141 permits integration of total return policy that allows a nonprofit to choose to treat a percentage of the average market value of the endowment's investments as income each year. (See Note 5)

### Classification of Revenue

Revenue is classified as either operating or non-operating:

- Operating revenue includes revenue from activities that have characteristics similar to exchange transactions. These include student tuition and fees (net of scholarship discounts), sales and services of auxiliary enterprises, certain federal, state, local and private grants, and contracts. Included within other operating revenue is approximately \$688,400 and \$705,000 in reimbursed Employee FICA expense received from the state for the years ended June 30, 2019 and 2018, respectively. The presumption is that there is a fair exchange of value between all parties to the transaction.
- Non-operating revenue includes revenue from activities that have the characteristics of non-exchange transactions, such as appropriations, certain federal, state, and local grants. The implication is that such revenues are derived from more passive efforts related to the acquisition of the revenue, rather than the earning of it.

### Scholarship Discounts

Student tuition and fees revenue and certain other revenues from WCCC charges are reported net of scholarship discounts in the accompanying statements of revenues, expenses, and changes in net position. The scholarship discount is the difference between the actual charge for goods and services provided by WCCC and the amount that is paid by students or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants and other federal, state, or non-operating programs are recorded as either operating or non-operating revenues in the accompanying statements of revenues, expenses and changes in net position. To the extent that revenues from these programs

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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are used to satisfy tuition, fees, and other charges, WCCC has recorded a scholarship discount.

### Foundation Public Support and Revenue

Capital campaign contributions are generally available for use in the related campaign year towards current capital projects unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of the net realizable value using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. The majority of the promises to give are received from a broad base of Westmoreland County contributors as a result of the capital campaign.

Other contributions of cash and other assets are reported as donor-restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statements of revenues, expenses, and changes in net position as net assets released from restrictions. Endowment contributions and investments are recorded as restricted if specified by the donor.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

### WCCC Affiliations Payments and Receipts

The Foundation receives contributions restricted by the donor or grantor for purposes of scholarships, capital expenditures, and other academic programs. The Foundation transfers certain of those contributions to WCCC who expends these funds in accordance with the purposes specified by the donor or grantor.

### Bond Interest Expense

Interest expense is capitalized on qualifying assets during the period necessary to ready the assets for its intended use. Interest capitalized is net of interest earnings, if any, from

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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proceeds of tax-exempt borrowings for the respective projects. For fiscal years 2019 and 2018, total interest incurred amounted to \$1,759,568 and \$1,877,592, respectively, of which \$631,399 and \$156,112, respectively, was capitalized.

### Income Taxes

WCCC is exempt from filing income taxes and information returns under the Internal Revenue Service Reg. 1.501(c) and IRC Section 6033A(a)(c)(ii) as described in IRC Section 170(b)(1)(A)(ii).

The Foundation is also a tax-exempt organization under Section 501(c) (3) of the IRC and is also classified as an entity that is not a private foundation. The Foundation follows the Codification topic on Income Taxes. The topic prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. The Foundation classifies interest and penalties as tax expense, if incurred. The Foundation's statement of net position at June 30, 2019 and 2018 does not include any liabilities associated with uncertain tax positions; further, the Foundation has no unrecognized tax benefits. The Foundation believes that it is no longer subject to examination of its tax returns for years before 2016.

### Functional Expense Allocation

The costs of providing the various programs and support services have been summarized on a functional basis in the statements of revenues, expenses, and changes in net position. Certain costs have been allocated among the programs and support services benefited. Although methods of allocation used are considered appropriate, other methods could be used that would provide different amounts.

### Adopted Standards

The requirements of the following GASB Statements were adopted for WCCC's 2019 financial statements. The adoption of these pronouncements did not have a significant impact to WCCC's financial statements.

GASB Statement No. 83, "*Certain Retirement Obligations*," addresses accounting and financial reporting for certain asset retirement obligations (AROs). The provisions of this statement have been adopted and incorporated into these financial statements.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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GASB Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*," improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The provisions of this statement have been adopted and incorporated into these financial statements.

### Pending Standards

The GASB has issued the following statements that will become effective in future years as shown below. Management has not yet determined the impact of these statements on WCCC's financial statements.

GASB Statement No. 84, "*Fiduciary Activities*," enhances the consistency and comparability of fiduciary activity reporting by state and local governments. This statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. This statement is effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 90, "*Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*," improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement is effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87, "*Leases*," is effective for fiscal years beginning after December 15, 2019. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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GASB Statement No, 89, "*Accounting for Interest Costs Incurred Before the End of a Construction Period*," is effective for fiscal years beginning after December 15, 2019. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred.

GASB Statement No, 91, "*Conduit Debt Obligations*," is effective for fiscal years beginning after December 15, 2019. The objectives of this statement are to provide a single method of reporting conduit debt obligations and to eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures.

### 3. Deposits, Cash Equivalents, and Investments

#### WCCC Deposits

The carrying amount of WCCC's cash and cash equivalents was \$35,283,845 and \$55,310,277 at June 30, 2019 and 2018, respectively. Of these amounts, \$17,429,626 and \$36,166,866 were restricted at June 30, 2019 and 2018, respectively. Restricted cash represents college revenue bond proceeds available to fund construction projects. Of these balances, \$250,000 was covered by Federal Depository Insurance Corporation (FDIC), and the remaining balances were secured by pledged bank collateral under the pooled collateral agreement described in Pennsylvania Act 72. WCCC does not carry any bank balance over and above the insured and secured amounts.

WCCC's investment portfolio may include investments in the following:

- Fixed-Income Investments - Limited to obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America and the Commonwealth of Pennsylvania, or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth.
- Cash Equivalent Investments –
  - Instruments issued by, guaranteed by, or insured by the United States government,
  - Certificates of deposits issued by national banks. These certificates of deposits are insured by FDIC or, for any amounts above the insured maximum, are backed by approved collateral in accordance with Act 72, and



# WESTMORELAND COUNTY COMMUNITY COLLEGE

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- Short-term cash reserve funds issued by national banks. These short-term cash reserve funds are insured by FDIC or, for any amounts above the insured maximum, are backed by approved collateral in accordance with Act 72.

### Foundation Deposits

The carrying amount of Foundation cash accounts (checking accounts and money markets) was \$1,395,413 and \$2,975,854 at June 30, 2019 and 2018, respectively. The bank balance of these cash accounts of the Foundation was \$1,395,413 and \$2,896,309 and at June 30, 2019 and 2018, respectively. Of the bank balances, \$250,000 was covered by FDIC, and the remaining balance was secured by pledged bank collateral under the pooled collateral agreement described in Pennsylvania Act 72. The Foundation does not carry any bank balance over and above the insured and secured amounts.

The Foundation's investment portfolio may include the following investments:

- Equities –
  - Equity holdings in any one company shall not exceed 10% of the equity portfolio market value, and
  - Not more than 35% of the market value of the portfolio shall be invested in any one of the Standard & Poor's Economic sectors.
- Fixed Income -
  - U.S. Treasury bills, notes, or bonds, which management's expectation is to reinvest these assets into other U.S. Treasury bills. WCCC classified all of these investments as long-term;
  - Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, and Student Marketing Association or other government agency notes, bonds and debentures;
  - Commercial Paper rated A-1 or P-1;
  - Negotiable Certificates of Deposit and banker's acceptance issued by a financial institution that maintains FDIC insurance in an amount equal to or less than available coverage;
  - Collateralized repurchase agreements maturing in 30 days or less where the security interest in the collateral is perfected;
  - Corporate debt obligations;
  - Mortgage pass-through, collateralized mortgage and other securitized debt obligations;

# WESTMORELAND COUNTY COMMUNITY COLLEGE

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- Taxable municipal bonds; and
- Preferred stocks.
- Mutual Funds - may be invested in investment companies registered under the Investment Company Act of 1940 (mutual funds).

As of June 30, values and maturities of WCCC's and the Foundation's investments are as follows:

Investments	Maturities	2019 Fair Value	2018 Fair Value
WCCC:			
Certificates of deposit	1-2 years	\$ 1,701,146	\$ 1,700,000
Foundation:			
S&T wealth management*		2,129,103	2,175,926
U.S. Treasury notes	August 2018	-	33,920
Certificates of deposit	July 2020	506,874	500,000
		<u>\$ 4,337,123</u>	<u>\$ 4,409,846</u>

\* Includes equity and fixed income mutual funds.

Investments as of June 30 are as follows:

	Cost	2019 Fair Value	Carrying Value
WCCC:			
Certificates of deposit	\$ 1,701,146	\$ 1,701,146	\$ 1,701,146
Foundation:			
Securities, equity, and fixed income	1,993,906	2,129,103	2,129,103
U.S. Treasury Notes	-	-	-
Certificates of deposit	506,874	506,874	506,874
	<u>\$ 4,201,926</u>	<u>\$ 4,337,123</u>	<u>\$ 4,337,123</u>

# WESTMORELAND COUNTY COMMUNITY COLLEGE

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	2018		
	Cost	Fair Value	Carrying Value
WCCC:			
Certificates of deposit	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000
Foundation:			
Securities, equity, and fixed income	1,905,024	2,175,926	2,175,926
U.S. Treasury Notes	33,820	33,920	33,920
Certificates of deposit	500,000	500,000	500,000
	<u>\$ 4,138,844</u>	<u>\$ 4,409,846</u>	<u>\$ 4,409,846</u>

Summarized investment return and net position classification for the year ended June 30 is as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
WCCC:			
Interest and dividends	\$ 850,373	\$ -	\$ 850,373
Foundation:			
Interest and dividends	37,500	33,961	71,461
Realized and unrealized gains, net	1,303	2,440	3,743
Total return on investments	<u>\$ 889,176</u>	<u>\$ 36,401</u>	<u>\$ 925,577</u>

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
WCCC:			
Interest and dividends	\$ 559,516	\$ -	\$ 559,516
Foundation:			
Interest and dividends	21,021	28,790	49,811
Realized and unrealized gains, net	29,186	53,075	82,261
Total return on investments	<u>\$ 609,723</u>	<u>\$ 81,865</u>	<u>\$ 691,588</u>

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. WCCC has a formal investment policy that high and moderate volatile investments, including all equity investments, are to be avoided as a means of managing its exposure to fair value losses arising from increasing interest rates.

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. WCCC's investment policy limits its investment choices to fixed income investments limited to obligations of the United States of America or any agency or instrumentalities backed by the full faith and credit of the United States of America and the Commonwealth or any of its agencies or instrumentalities backed by the full faith or credit of the Commonwealth.

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

## **4. Fair Value Measurement**

The methods for valuing the Foundation's investments, by significant category, are as follows:

### Mutual Funds (Equity and Fixed-Income)

Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Foundation are actively traded.

### U.S. Treasury Notes

Valued at the closing price reported on the active markets on which individual securities are traded.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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Total assets at fair value for the year ended June 30 were as follows:

	2019			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed-income securities	\$ 777,961	\$ -	\$ -	\$ 777,961
Equities	1,351,142	-	-	1,351,142
U.S. Treasury notes	-	-	-	-
Total assets at fair value	<u>\$ 2,129,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,129,103</u>

	2018			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed-income securities	\$ 784,878	\$ -	\$ -	\$ 784,878
Equities	1,391,048	-	-	1,391,048
U.S. Treasury notes	33,920	-	-	33,920
Total assets at fair value	<u>\$ 2,209,846</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,209,846</u>

The Foundation's financial instruments consist primarily of cash and cash equivalents, contributions and other receivables, investments, accounts payable, and other liabilities. The carrying amount of cash and cash equivalents, accounts payable, and other liabilities approximates their fair value due to the short-term nature of such instruments. The carrying amount of contribution and other receivables is recorded at the amount of expected future cash flows to be received, which approximates their fair value.

### 5. Endowments

The Foundation's endowment consists of 43 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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### Interpretation of Relevant Law

The Board of the Foundation has elected to be governed by provisions of Act 141. Act 141 requires an organization to adopt and follow a "total return" investment policy to seek the best total return on the principal, whether from capital appreciation, earnings or both. If Act 141 is applicable and elected by an organization, the Board is required to make an annual "spending" election of between 2% and 7% of the value of endowment assets. For purposes of this provision, the value of the trust principal is the fair market value of the trust assets averaged over the past three or more years. In addition to the use of Act 141 for donor restricted endowment funds, the Board has not used Act 141 as a framework for its restricted or unrestricted Board-designated endowment funds.

The Foundation considers the following factors in making a determination to spend or accumulate donor-restricted funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

The following represents endowment fund net assets and changes in donor-restricted and Board-designated endowment net assets for June 30:

	2019		
	Board-Designated Without Donor Restrictions	With Donor Restrictions	Total
Beginning endowment	\$ 742,211	\$ 1,539,224	\$ 2,281,435
Contributions	-	136,302	136,302
Transfers	2,500	-	2,500
Investment income	17,846	33,696	51,542
Net depreciation (realized and unrealized)	(8,374)	2,440	(5,935)
Investment fees	(5,698)	(10,829)	(16,527)
Spend release, net of transfers	74,516	(95,853)	(21,337)
Ending endowment	<u>\$ 823,000</u>	<u>\$ 1,604,980</u>	<u>\$ 2,427,980</u>

	2018		
	Board-Designated Without Donor Restrictions	With Donor Restrictions	Total
Beginning endowment	\$ 772,635	\$ 1,352,273	\$ 2,124,908
Contributions	-	103,013	103,013
Transfers	25,048	-	25,048
Investment income	15,620	27,521	43,141
Net depreciation (realized and unrealized)	30,001	53,075	83,076
Investment fees	(6,356)	(11,189)	(17,545)
Spend release, net of transfers	(94,737)	14,531	(80,206)
Ending endowment	<u>\$ 742,211</u>	<u>\$ 1,539,224</u>	<u>\$ 2,281,435</u>

### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2019 and 2018.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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### Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board, the primary objective of the endowment assets is the long-term growth of principal with generation of income without an undue exposure to risk. Assets are invested in a manner that is intended to produce results that meet or exceed various industry benchmarks, which are monitored by the investment advisory committee of the Board. Actual returns in any given year may vary.

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year up to 7% of its endowment fund's average fair value over the prior five years through the fiscal year-end proceeding the fiscal year in which the distribution is planned. Approximately, \$13,000 and \$36,000 was released for scholarships for the years ended June 30, 2019 and 2018, respectively. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.



# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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### 6. Accounts Receivable - Students

Student accounts receivable at June 30, consist of:

	<u>2019</u>	<u>2018</u>
Accounts receivable - students	\$ 1,462,693	\$ 1,250,750
Less: allowance for doubtful accounts	<u>(670,684)</u>	<u>(629,792)</u>
	<u>\$ 792,009</u>	<u>\$ 620,958</u>

### 7. Contributions Receivable

Unconditional promises to give, recorded for the Foundation, as of June 30 consist of the following:

	<u>2019</u>	<u>2018</u>
Annual giving and capital campaign contributions:		
Gross unconditional promises to give	\$ 419,328	\$ 348,124
Less: allowance for uncollectible promises	<u>(4,300)</u>	<u>(3,820)</u>
Net unconditional promises to give	<u>\$ 415,028</u>	<u>\$ 344,304</u>
Amounts due in:		
Less than one year	\$ 25,569	\$ 20,232
One to five years	<u>389,459</u>	<u>324,072</u>
Net unconditional promises to give	<u>\$ 415,028</u>	<u>\$ 344,304</u>

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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### 8. Inventories

Inventories at June 30 consist of the following:

	2019	2018
Bookstore	\$ 231,505	\$ 810,784
Office supplies	82,530	91,522
	<u>\$ 314,035</u>	<u>\$ 902,306</u>

### 9. Capital Assets

	Balance at June 30, 2018	Additions	Transfers	Deletions	Balance at June 30, 2019
Capital assets, not being depreciated:					
Land	\$ 2,798,297	\$ -	\$ -	\$ -	\$ 2,798,297
Construction in progress	11,085,939	17,588,072	(8,023,186)	-	20,650,825
Total capital assets, not being depreciated	13,884,236	17,588,072	(8,023,186)	-	23,449,122
Capital assets, being depreciated:					
Buildings	47,790,398	-	-	-	47,790,398
Improvements	38,383,018	7,366,828	8,023,186	-	53,773,032
Equipment and furniture	31,611,456	1,361,047	-	(2,412,862)	30,559,641
Vehicles	386,098	40,551	-	-	426,649
Library books and tapes	1,902,087	15,957	-	-	1,918,044
Total capital assets, being depreciated	120,073,057	8,784,383	8,023,186	(2,412,862)	134,467,764
Less total accumulated depreciation	77,311,626	4,481,226	-	(2,411,977)	79,380,875
Net capital assets, being depreciated	42,761,431	4,303,157	8,023,186	(885)	55,086,889
Net capital assets	<u>\$ 56,645,667</u>	<u>\$ 21,891,229</u>	<u>\$ -</u>	<u>\$ (885)</u>	<u>\$ 78,536,011</u>

Transfers from construction in progress during the year ended June 30, 2019 relate to the completion of the Student Innovation Center, the Public Safety Center, and security projects.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 2,798,297	\$ -	\$ -	\$ 2,798,297
Construction in progress	1,098,164	9,987,775	-	11,085,939
Total capital assets, not being depreciated	3,896,461	9,987,775	-	13,884,236
Capital assets, being depreciated:				
Buildings	47,790,398	-	-	47,790,398
Improvements	38,298,840	84,178	-	38,383,018
Equipment and furniture	31,404,159	792,340	(585,043)	31,611,456
Vehicles	401,905	5,200	(21,007)	386,098
Library books and tapes	1,881,379	20,708	-	1,902,087
Total capital assets, being depreciated	119,776,681	902,426	(606,050)	120,073,057
Less total accumulated depreciation	73,753,639	4,148,538	(590,551)	77,311,626
Net capital assets, being depreciated	46,023,042	(3,246,112)	(15,499)	42,761,431
Net capital assets	\$ 49,919,503	\$ 6,741,663	\$ (15,499)	\$ 56,645,667

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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### 10. Long-Term Debt

Long-term debt at June 30 is summarized as follows:

	Balance at June 30, 2018	Issuance	Payments	Balance at June 30, 2019	Due within one year
General obligation bonds:					
2004 series	\$ 515,000	\$ -	\$ 5,000	\$ 510,000	\$ 510,000
2008 series A	395,000	-	395,000	-	-
2012 series A	12,755,000	-	755,000	12,000,000	775,000
2012 series B	2,325,000	-	530,000	1,795,000	45,000
2016 series A	38,435,000	-	1,525,000	36,910,000	1,585,000
2016 series B	4,560,000	-	400,000	4,160,000	415,000
	58,985,000	-	3,610,000	55,375,000	3,330,000
Bond premiums (discounts)	1,770,394	-	111,290	1,659,104	99,166
	<u>\$ 60,755,394</u>	<u>\$ -</u>	<u>\$ 3,721,290</u>	<u>\$ 57,034,104</u>	<u>\$ 3,429,166</u>

In November 1995, WCCC issued College Revenue Bonds Series of 1995 for \$22,170,000. The proceeds from this issue were used to pay the various amounts due to the County and for various other construction projects. The annual interest rates on the bonds range from 3.75% to 5.70%. See below where this bond was refunded by the 1998 Q Series. In November 1998, WCCC issued College Revenue Refunding Bonds Series Q of 1998 for \$10,810,000. The proceeds were used to refund \$10,530,000 of the Series 1995 Bonds and various construction projects. The annual interest rates on the bonds range from 3.60% to 5.25%. Series Q of 1998 Bonds matured in October 2015. Also in October 1998, WCCC issued College Revenue Bonds Series E of 1998 for \$5,140,000. The proceeds were used to fund various construction projects at WCCC.

In May 2002, WCCC issued College Revenue Bonds Series of 2002 for \$8,000,000. The proceeds from this issue were to finance a regional emergency services training center located on land owned by WCCC in South Huntingdon Township, Pennsylvania. The annual interest rates on the bonds range from 2.50% to 5.25%. In May 2012, WCCC issued College Revenue Bonds 2012 Series A for \$16,975,000 and 2012 Series B for \$4,900,000. The proceeds from Series A were to be used to finance acquisition, construction and equipping a new facility to house WCCC's Laurel Education Center and refurbishment, construction, and equipping of new education space for WCCC's Technology Training Center. The proceeds from the Series B were used to refund all of the 2002 Series Revenue Bonds. Of

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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the proceeds, \$4,253,720 was escrowed for the refunding of the outstanding bonds with the remaining proceeds applied to the capital projects explained for the Series A issuance. Restricted cash from this bond issue was used in various projects during the year ended June 30, 2015. The annual interest rates on the bonds range from 1.00% to 3.125%. The Series 2012 A Bonds mature in October 2031.

In February 2004, WCCC issued College Revenue Refunding Bonds of 2004 for \$5,110,000. The proceeds were used to partially refund \$3,395,000 of the 1995 bond issue and \$1,515,000 of the 2002 bond issue. The annual interest rates on the 2004 bonds range from 2.00% to 4.00%. The Series 2004 Bonds mature in October 2019. The Authority has pledged to the Trustee, in the Indenture, a security interest in all loan payments, and other sums payable by WCCC under the Loan Agreement and the Note, for the benefit and security of the registered owners of the Bonds issued under such indenture.

In March 2008, WCCC issued College Revenue Bonds 2008 Series A of \$3,770,000 with annual interest rates ranging between 2.50% and 3.50% to advance refund of the 1998 Series E College Revenue Bonds. The 1998 Series E Bonds were to mature October 15, 2018. The Series 2008 A Bonds matured in October 2018. Of the net proceeds, \$3,505,900 was deposited in an irrevocable trust with an escrow agent to provide debt service payments.

Also in March 2008, WCCC issued College Revenue Bonds 2008 Series B for \$7,135,000. The proceeds from this issue were to be used to finance the gymnasium HVAC system at WCCC's main campus and construct an off-campus facility in New Kensington, Pennsylvania. The annual interest rates on the bonds range from 2.50% to 4.20%. The Series 2008 B Bonds were refunded with the 2016 B Series Bonds.

In June 2016, WCCC issued College Revenue Bonds 2016 Series A for \$41,340,000. The proceeds from this issue are to be used to finance the renovations, improvements, and construction at the Youngwood, Pennsylvania campus. The annual interest rates on the bonds range from 2.00% to 5.00%. The Series 2016 A Bonds mature in October 2035.

In June 2016, WCCC issued College Revenue Bonds 2016 Series B for \$5,365,000. The proceeds from this issue were used to refund the College Revenue Bonds 2008 Series B. The annual interest rates on the bonds range from 0.95% to 3.00%. The series 2016 B Bonds mature in October 2027.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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The Series 2004 Revenue Bonds partially refunded \$3,395,000 of the 1995 bond issue and \$1,515,000 of the 2002 bond issue. There were bond discount and expenses related to the 1995 and 2002 series bonds that were unamortized as of the refunding amount. Therefore, there was a \$122,623 accounting (or book) loss on the bond transactions. In accordance with generally accepted accounting principles, this amount will be amortized over 18 years, which represents the original remaining life of the Series 1995 bonds. The method of amortization will be the straight-line method. During the period ended June 30, 2019, interest expense was increased by the amortized amount of \$7,911, leaving an unamortized loss of this refunding at \$1,978 at June 30, 2019.

The Series A 2008 Revenue Bonds refunded the Series E 1998 Revenue Bonds at issuance. WCCC used \$3,505,900 of the new bond proceeds to advance a refund of \$3,385,000 in outstanding debt, excluding interest. The difference between these two amounts is \$120,900. Also, bond discount and expenses related to the 1998 series bonds that were unamortized as of the refunding amounted to \$63,965. Therefore, \$184,865 is the total accounting (or book) loss on the bond transactions. In accordance with generally accepted accounting principles, this amount will be amortized over 18 years, which represents the original remaining life of the Series 2002 bonds. The method of amortization will be the straight-line method. During the period ended June 30, 2019, interest expense was increased by the amortized amount of \$4,300, leaving an unamortized loss of this refunding at \$0 at June 30, 2019.

The Series B 2012 Revenue Bonds refunded the Series 2002 Revenue Bonds at issuance. WCCC used \$4,253,720 of the new bond proceeds to advance a refund of \$4,150,000 in outstanding debt, excluding interest. The difference between these two amounts is \$103,720. Also, bond discount and expenses related to the Series 2002 bonds that were unamortized as of the refunding amounted to \$95,401. Therefore, \$199,121 is the total accounting (or book) loss on the bond transactions. In accordance with generally accepted accounting principles, this amount will be amortized over 10 years, which represents the life of the Series B 2012 bonds. The method of amortization will be the straight-line method. During the period ended June 30, 2019, interest expense was increased by the amortized amount of \$18,521, leaving an unamortized loss of this refunding at \$60,192 at June 30, 2019. In total, interest expense was increased by \$43,632 for refunding losses. The annual interest rates on the bonds range from 2.50% to 4.20%. These bonds mature in October 2022.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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Interest expense, net of premium (discount) amortization of \$111,291 and \$110,264, for long-term debt for the years ended June 30, 2019 and 2018, was \$1,128,169 and \$1,721,480, respectively. Interest expense is net of amounts capitalized as discussed in Note 2.

Principal and interest payments required for the bond retirement for the years subsequent to June 30, 2019 are as follows:

	Principal	Interest	Total
<hr/>			
2004 Series			
<hr/>			
2020	\$ 510,000	\$ 10,200	\$ 520,200
Total	<u>\$ 510,000</u>	<u>\$ 10,200</u>	<u>\$ 520,200</u>
2012 Series A			
<hr/>			
2020	\$ 775,000	\$ 370,079	\$ 1,145,079
2021	790,000	352,563	1,142,563
2022	810,000	332,750	1,142,750
2023	830,000	310,808	1,140,808
2024	855,000	287,104	1,142,104
2025-2029	4,690,000	1,011,236	5,701,236
2030-2032	3,250,000	185,220	3,435,220
Total	<u>\$ 12,000,000</u>	<u>\$ 2,849,760</u>	<u>\$ 14,849,760</u>
2012 Series B			
<hr/>			
2020	\$ 45,000	\$ 45,453	\$ 90,453
2021	570,000	38,278	608,278
2022	580,000	24,040	604,040
2023	<u>600,000</u>	<u>8,250</u>	<u>608,250</u>
Total	<u>\$ 1,795,000</u>	<u>\$ 116,021</u>	<u>\$ 1,911,021</u>

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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	Principal	Interest	Total
<hr/>			
2016 Series A			
2020	\$ 1,585,000	\$ 1,224,119	\$ 2,809,119
2021	1,650,000	1,159,419	2,809,419
2022	1,725,000	1,083,294	2,808,294
2023	1,815,000	994,794	2,809,794
2024	1,905,000	901,794	2,806,794
2025-2029	10,580,000	3,462,472	14,042,472
2030-2034	12,195,000	1,849,150	14,044,150
2035-2036	5,455,000	164,925	5,619,925
	<hr/>		
Total	\$ 36,910,000	\$ 10,839,967	\$ 47,749,967
<hr/>			
2016 Series B			
2020	\$ 415,000	\$ 100,856	\$ 515,856
2021	425,000	88,256	513,256
2022	440,000	75,281	515,281
2023	450,000	61,931	
2024	470,000	48,131	
2025-2029	1,960,000	85,366	2,045,366
	<hr/>		
Total	\$ 4,160,000	\$ 459,821	\$ 4,619,821
<hr/>			
Total			
2020	\$ 3,330,000	\$ 1,750,708	\$ 5,080,708
2021	3,435,000	1,638,515	5,073,515
2022	3,555,000	1,515,365	5,070,365
2023	3,695,000	1,375,783	5,070,783
2024	3,230,000	1,237,029	4,467,029
2025-2029	17,230,000	4,559,074	21,789,074
2030-2034	15,445,000	2,034,370	17,479,370
2035-2036	5,455,000	164,925	5,619,925
	<hr/>		
Total	\$ 55,375,000	\$ 14,275,769	\$ 69,650,769
<hr/>			



# WESTMORELAND COUNTY COMMUNITY COLLEGE

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### 11. Operating Leases

WCCC leases an off-campus facility and office equipment under long-term, noncancelable operating lease agreements. The leases expire at various dates through 2032. In the normal course of business, it is expected that these leases will be renewed or replaced by leases on other properties. Lease expense totaled \$440,727 and \$433,599 during fiscal years 2019 and 2018, respectively.

The following is a schedule by year of future minimum rental payments required under the operating lease agreements for each fiscal year:

Year Ending June 30,

2020	\$ 440,792
2021	319,222
2022	276,232
2023	245,932
2024	245,932
Thereafter	<u>2,069,931</u>
	<u>\$ 3,598,041</u>

### 12. Retirement Plans

WCCC has three (3) contributory pension plans covering substantially all full-time employees:

- Pennsylvania State Employees' Retirement System (SERS)
- Public School Employees' Retirement System (PSERS)
- Teachers Insurance and Annuity Association/College Retirement and Equity Fund (TIAA-CREF).

The employees previously had the option to choose under which plan they will be covered. Based on the negotiated collective bargaining agreements, as of July 1, 2015, new employees are now only permitted coverage under the Teachers Insurance and Annuity Association (TIAA) Plan. New employees who had coverage with a previous employer

# WESTMORELAND COUNTY COMMUNITY COLLEGE

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participating in Public School Employees' Retirement System (PSERS) and/or School Employees' Retirement System (SERS) may continue such participation.

### Plan Descriptions

#### **SERS**

SERS administers a governmental cost-sharing, multiple-employer defined benefit pension plan (SERS Pension) and the State Employees' Defined Contribution Plan (SERS investment plan). The SERS investment plan was established as part of Act 2017-5 and began enrollment on January 1, 2019. Both SERS plans were established by the Commonwealth of Pennsylvania (Commonwealth) to provide pension benefits, including retirement, death, and disability benefits, for employees of state government and certain independent agencies. Membership in SERS is mandatory for most state employees. Members and employees of the Pennsylvania General Assembly, certain elected or appointed officials in the executive branch, department heads and certain employees in the field of education are not required but are given the option to participate. SERS issues a publicly available financial report that can be obtained at [www.sers.pa.gov](http://www.sers.pa.gov).

#### **PSERS**

PSERS administers a governmental cost-sharing, multi-employer defined benefit pension plan (PSERS Pension) and a governmental cost-sharing, multi-employer defined benefit Health Insurance Premium Assistance Program OPEB plan (Premium Assistance), to public school employees of the Commonwealth of Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

Employees eligible for PSERS benefits include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania.

PSERS retirees can participate in the Premium Assistance if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and

# WESTMORELAND COUNTY COMMUNITY COLLEGE

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- Participate in the PSERS Health Options Program or an employer-sponsored health insurance program.

### ***TIAA-CREF***

TIAA-CREF is defined contribution pension plan. In a defined contribution plan, benefits depend on amounts contributed to the plan plus investment earnings. Employer and employee contribution rates are established by statute. Each employee who elects to participate in this plan is required to make contributions equal to 5% of total annual gross compensation. WCCC's contribution rate at June 30, 2019 and 2018 was 10% of each enrolled employee's total annual gross compensation. Beyond that salary-based contribution, WCCC bears no responsibility for any liabilities, funded or unfunded, of TIAA-CREF. Contributions are immediately and fully vested.

### Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions or OPEBs, pension expense, and OPEB expense, information about the fiduciary net position of SERS and PSERS and additions to/deductions from SERS/PSERS' fiduciary net position have been determined on the same basis as they are reported by SERS and PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Detailed information about SERS' fiduciary net position related to pension is available in the SERS Comprehensive Annual Financial Report, which can be found on the SERS website at [www.sers.pa.gov](http://www.sers.pa.gov).

Detailed information about PSERS' fiduciary net position related to pension and OPEBs is available in the PSERS Comprehensive Annual Financial Report, which can be found on the PSERS website at [www.psers.pa.gov](http://www.psers.pa.gov).

### Benefits Provided

#### ***SERS***

SERS provides retirement, disability and death benefits. Article II of the Commonwealth's constitution assigns the authority to establish and amend the benefit provision of the SERS plan to the Pennsylvania General Assembly (Assembly). Member retirement benefits are

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determined by taking years of credited service, multiplied by final average salary, multiplied by 2.0%, multiplied by the class of service multiplier. Most employees who entered SERS membership prior to January 1, 2011, and who retire at age 60 with three years of service, or at any age with 35 years of service, are entitled to a full retirement benefit. Most employees who entered SERS membership after January 1, 2011, and who retire at age 65, are entitled to a full retirement benefit.

According to the State Employees' Retirement Code, all obligations of SERS will be assumed by the Commonwealth should SERS terminate.

### ***PSERS – Pension***

Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially

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equivalent to the benefit that would have been effective if the member had retired on the day before death.

### ***PSERS – Premium Assistance***

Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive PSERS Premium Assistance payments equal to the lesser of \$100 per month or their eligible out-of-pocket monthly health insurance premium. As of June 30, 2018, there were no assumed future benefit increases to participating eligible retirees.

### **Member Contributions**

#### ***SERS***

Employees who participate in SERS are required to make a contribution. All employee contributions are recorded in individually identified accounts that are credited with interest, calculated at 4% per annum, as mandated by statute. Accumulated employee contributions and credited interest vest immediately and are returned to the employee upon termination of service if the employee is not eligible for other benefits.

The following illustrates the SERS' member's contribution as a percent of the member's gross pay:

- Most members of SERS and all state employees hired after June 30, 2001 and prior to January 1, 2011:
  - Membership Class AA      6.25%
- Members who enter SERS for the first time on or after January 1, 2011:
  - Membership Class A-3      6.25%
  - Membership Class A-4 (optional for A-3 members who elect within 45 days of entering SERS)      9.30%

#### ***PSERS***

The following illustrates the PSERS' member's contribution as a percent of the member's qualifying compensation:

- Active members who joined PSERS prior to July 22, 1983:

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- Membership Class T-C 5.25%
- Membership Class T-D 6.50%
- Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001:
  - Membership Class T-C 6.25%
  - Membership Class T-D 7.50%
- Members who joined PSERS after June 30, 2001, and before July 1, 2011:
  - Membership Class T-D 7.50%
- Members who joined PSERS after June 30, 2011:
  - Membership Class T-E\* 7.50%
  - Membership Class T-F\*\* 10.30%

\*Shared risk program could cause future contribution rates to fluctuate between 7.50% and 9.50%.

\*\*Shared risk program could cause future contribution rates to fluctuate between 10.30% and 12.30%.

Effective with Act 5, which was enacted on June 12, 2017, vested Class T-E and Class T-F members can now withdraw their accumulated contributions and interest from the Members' Savings Account upon their retirement.

### Employer Contributions

During the years ended June 30, 2019 and 2018, WCCC contributed the following to each of its retirement plans:

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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	2019	2018
SERS	\$ 377,560	\$ 457,031
PSERS Pension	315,776	280,774
PSERS Premium Assistance	8,040	7,342
Total PSERS	323,816	288,116
TIAA-CREF	1,339,440	1,359,035
Total contributions	\$ 2,040,816	\$ 2,104,182

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### **SERS**

Section 5507 of the State Employees' Retirement Code (SERC) (71 Pa. C.S. §5507) requires that all SERS-participating employers make contributions to the fund on behalf of all active members and annuitants necessary to fund the liabilities and provide the annuity reserves required to pay benefits. SERS funding policy, as set by the SERS board, provides for periodic active member contributions at statutory rates. The SERS funding policy also provides for periodic employer contributions at actuarially determined rates based on SERS funding valuation, expressed as a percentage of annual retirement covered payroll, such that they, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate assets to pay benefits when due.

Employer rates are computed based on SERS fiscal year-end of December 31 and differ depending on membership class. For WCCC's years ended June 30, 2019 and 2018, the employer required contribution rates were as follows:

	2019	2018
Membership Class AA	34.63%	34.44%
Membership Class A-3	23.94%	23.80%
Membership Class A-4	23.94%	23.80%

WCCC remits contributions to SERS on a quarterly basis. Approximately \$104,140 and \$99,879, respectively, is owed to SERS as of June 30, 2019 and 2018, which represents WCCC's required contribution for the end of year payroll.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

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### ***PSERS***

WCCC's contractually required PSERS contribution rate for fiscal years ended June 30, 2019 and 2018 was 33.43% and 32.57%, respectively, of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. This rate is composed of a 32.60% rate for the Pension Plan and a 0.83% rate for the Premium Assistance for fiscal year ended June 30, 2019. This rate is composed of a 31.74% rate for the Pension Plan and a 0.83% rate for the Premium Assistance for fiscal year ended June 30, 2018.

The combined rate for the fiscal year ended June 30, 2019 was an increase from the fiscal year ended June 30, 2018 combined rate of 32.57%. The combined rate for the fiscal year ended June 30, 2018 was an increase from the fiscal year ended June 30, 2017 combined rate of 30.03%. The combined contribution rate will increase to 34.29% in fiscal year 2020 and is projected to grow to 36.30% by fiscal year 2024.

WCCC remits contributions to PSERS on a quarterly basis. Approximately \$86,343 and \$80,261, respectively, is owed to PSERS as of June 30, 2019 and 2018, which represents WCCC's required contribution for the end of year payroll.

### Commonwealth Contributions

### ***SERS***

No Commonwealth contributions are made on behalf of WCCC's participation in SERS.

### ***PSERS***

The Commonwealth of Pennsylvania pays approximately one-half of contributions directly to PSERS on behalf of WCCC. These contributions qualify as a special funding situation. The PSERS net pension liability recorded by WCCC reflects a reduction for the Commonwealth's support. The total of the collective net pension liability relative to PSERS that is associated with WCCC is as follows:



# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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	2019	2018
WCCC's proportionate share of PSERS net pension liability	\$ 3,120,000	\$ 3,556,000
Commonwealth's proportionate share of PSERS net pension liability associated with WCCC	<u>3,141,000</u>	<u>3,556,000</u>
Total	<u>\$ 6,261,000</u>	<u>\$ 7,112,000</u>

### Proportionate Share

#### **SERS**

WCCC's proportion of SERS' net pension liability was calculated utilizing the projected-contribution method. This methodology applies the most recently calculated contribution rates for the Commonwealth's fiscal year 2020, from the December 31, 2018 valuation, to the expected funding payroll.

At December 31, 2018 (measurement date for the net pension liability reported at June 30, 2019), WCCC's proportion for SERS was .019%, which was an increase of .0006% from its proportion measured as of December 31, 2017. At December 31, 2017 (measurement date for the net pension liability reported at June 30, 2018), WCCC's proportion for SERS was .0183%, which was a decrease of .006718% from its proportion measured as of December 31, 2016.

#### **PSERS**

WCCC's proportion of PSERS' net pension liability and PSERS' net OPEB liability were calculated utilizing WCCC's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll.

At June 30, 2018 (measurement date for PSERS' net pension liability and net OPEB liability reported at June 30, 2019), WCCC's proportion for PSERS was .0065%, which was a decrease of .0007% from its proportion measured as of June 30, 2017. At June 30, 2017 (measurement date for PSERS' net pension liability and net OPEB liability reported at June 30, 2018), WCCC's proportion for PSERS was .0072%, which was an increase of .0001% from its proportion measured as of June 30, 2016.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

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### 13. Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2019 and 2018, WCCC reported a liability for its proportionate share of SERS' and PSERS' net pension liabilities as follows:

	2019	2018
SERS	\$ 3,942,211	\$ 3,160,765
PSERS	3,120,000	3,556,000
Total	<u>\$ 7,062,211</u>	<u>\$ 6,716,765</u>

The SERS net pension liability reported at June 30, 2019 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date, and includes a restatement of \$47,964,000 as of January 1, 2018 to its net position restricted for pensions due to the adoption of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". The SERS net pension liability reported at June 30, 2018 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

The PSERS net pension liability reported at June 30, 2019 was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2017 to June 30, 2018. The PSERS net pension liability reported at June 30, 2018 was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2016 to June 30, 2017.

For the years ended June 30, 2019 and 2018, WCCC recognized pension expense as follows:

	2019	2018
SERS	\$ (631,503)	\$ (817,921)
PSERS	215,774	360,691
Total	<u>\$ (415,729)</u>	<u>\$ (457,230)</u>

At June 30, 2019 and 2018, WCCC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:				
SERS	\$ 59,158	\$ 42,717	\$ 53,443	\$ 60,016
PSERS	25,000	48,000	37,000	21,000
Changes in assumptions:				
SERS	105,031	-	158,248	-
PSERS	58,000	-	97,000	-
Net difference between projected and actual earnings on pension plan investments:				
SERS	383,554	-	-	125,670
PSERS	15,000	-	82,000	-
Differences between employer contributions and proportionate share of contributions:				
SERS	82,700	24,616	114,273	59,212
PSERS	-	-	-	-
Changes in proportion:				
SERS	89,831	1,638,474	-	2,867,950
PSERS	32,000	322,000	73,000	137,000
WCCC contributions subsequent to the measurement date:				
SERS	182,324	-	193,166	-
PSERS	315,776	-	280,774	-
Total	<u>\$ 1,348,374</u>	<u>\$ 2,075,807</u>	<u>\$ 1,088,904</u>	<u>\$ 3,270,848</u>

\$498,100 and \$473,940 was reported at June 30, 2019 and 2018, respectively, as deferred outflows of resources resulting from WCCC's contributions subsequent to the measurement date. The amount recorded at June 30, 2019 will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. The amount recorded at June 30, 2018 was recognized as a reduction of the net pension liability for the year ended June 30, 2019.

Other amounts reported at June 30, 2019 as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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	SERS	PSERS	Total
<u>Year Ending June 30:</u>			
2020	\$ (804,186)	\$ (64,000)	\$ (868,186)
2021	(199,729)	(57,000)	(256,729)
2022	(112,480)	(107,000)	(219,480)
2023	122,877	(12,000)	110,877
2024	7,985	-	7,985
Total	<u>\$ (985,533)</u>	<u>\$ (240,000)</u>	<u>\$ (1,225,533)</u>

### Actuarial Assumptions

#### **SERS**

The following methods and assumptions were used in the actuarial valuation for the December 31, 2018 measurement date:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.60%
- Salary growth – Effective average of 5.60%, with range of 3.70% - 8.90% and comprised of 2.60% for inflation
- Mortality rates were based on the RP-2000 Mortality Tables adjusted for actual plan experience and future improvement
- Experience study – January 1, 2011 through December 31, 2015

There were no changes in assumptions for the December 31, 2018 valuation.

There were no changes in benefit terms for the December 31, 2018 valuation. However, on June 12, 2017, with the passage of Act 2017-5, two new side-by-side hybrid defined benefit/defined contribution benefit options and a new defined contribution only option were established for all state employees who first enter SERS membership on or after January 1, 2019. Additionally, all current SERS members were given a one-time, irrevocable option to select one of the three new retirement benefit options between January 1, 2019 and March 31, 2019. The newly elected option will be effective July 1, 2019, and generally will apply to all future service.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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### ***PSERS***

The following methods and assumptions were used in the actuarial valuation for the June 30, 2018 measurement date:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary growth – Effective average of 5.00%, comprised of 2.75% for inflation and 2.25% for real wage growth and merit or seniority increases
- Mortality rates were based on the RP-2014 Mortality Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale
- Experience study – July 1, 2010 through June 30, 2015

There were no changes in assumptions for the June 30, 2018 valuation.

There were no changes in benefit terms for the June 30, 2018 valuation.

### Pension Plan Investments

### ***SERS***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of manager fees 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 pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the SERS Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Private equity	16.0%	7.25%
Global public equity	48.0%	5.15%
Real estate	12.0%	5.26%
Multi-strategy	10.0%	4.44%
Legacy hedge funds	0.0%	1.26%
Fixed income	11.0%	0.00%
Cash	3.0%	0.00%
	<u>100.0%</u>	

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For SERS' years ended December 31, 2018 and 2017, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was (4.5%) and 15.1%, respectively.

### **PSERS**

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

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	20.0%	5.2%
Fixed income	36.0%	2.2%
Commodities	8.0%	3.2%
Absolute return	10.0%	3.5%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	8.0%	5.2%
Real estate	10.0%	4.2%
Alternative investments	15.0%	6.7%
Cash	3.0%	0.4%
Financing (LIBOR)	-20.0%	0.9%
	<u>100.0%</u>	

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For PSERS' years ended June 30, 2018 and 2017, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 9.30% and 10.15%, respectively.

### Discount Rate

The discount rate used to measure the total pension liability for both SERS and PSERS was 7.25%. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current contribution rate and that the contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position 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.

### Sensitivity of WCCC's Proportionate Share of SERS' and PSERS' Net Pension Liability to Changes in the Discount Rate

The following presents WCCC's proportionate share of SERS' and PSERS' net pension liabilities calculated using the discount rate described above, as well as what WCCC's proportionate share of SERS' and PSERS' net pension liabilities would be if they were

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calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
<u>June 30, 2019</u>			
WCCC's proportionate share of SERS' net pension liability	<u>\$ 4,840,713</u>	<u>\$ 3,942,211</u>	<u>\$ 3,172,243</u>
WCCC's proportionate share of PSERS' net pension liability	<u>\$ 3,868,000</u>	<u>\$ 3,120,000</u>	<u>\$ 2,488,000</u>
<u>June 30, 2018</u>			
WCCC's proportionate share of SERS' net pension liability	<u>\$ 4,389,714</u>	<u>\$ 3,160,765</u>	<u>\$ 2,660,513</u>
WCCC's proportionate share of PSERS' net pension liability	<u>\$ 4,377,000</u>	<u>\$ 3,556,000</u>	<u>\$ 2,863,000</u>

### 14. Net OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

WCCC reported a liability of \$136,000 and \$147,000 at June 30, 2019 and 2018, respectively, for its proportionate share of PSERS' net OPEB liability.

PSERS' net OPEB liability reported at June 30, 2019 was measured as of June 30, 2018, and the total OPEB liability used to calculate PSERS' net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2017 to June 30, 2018. PSERS' net OPEB liability reported at June 30, 2018 was measured as of June 30, 2017, and the total OPEB liability used to calculate PSERS' net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2016 to June 30, 2017.

For the years ended June 30, 2019 and 2018, respectively, WCCC recognized OPEB expense of \$4,342 and \$1,000. At June 30, 2019 and 2018, WCCC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:



# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,000	\$ -	\$ -	\$ -
Changes in assumptions	2,000	5,000	-	7,000
Net difference between projected and actual earnings on OPEB plan investments	-	-	-	-
Changes in proportion	2,000	13,000	2,000	-
College contributions subsequent to the measurement date	8,040	-	7,342	-
Total	<u>\$ 13,040</u>	<u>\$ 18,000</u>	<u>\$ 9,342</u>	<u>\$ 7,000</u>

\$8,040 and \$7,342 was reported at June 30, 2019 and 2018, respectively, as deferred outflows of resources resulting from WCCC's contributions subsequent to the measurement date. The amount recorded at June 30, 2019 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. The amount recorded at June 30, 2018 was recognized as a reduction of the net OPEB liability for the year ended June 30, 2019.

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

### Year Ending June 30:

2020	\$ (2,000)
2021	(2,000)
2022	(2,000)
2023	(2,000)
2024	(2,000)
2025	(3,000)
Total	<u>\$ (13,000)</u>

### *Actuarial Assumptions*

The following methods and assumptions were used in the actuarial valuation for the June 30, 2018 measurement date:

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 2.98% - S&P 20-year Municipal Bond Rate
- Salary increases – Effective average of 5.00%, comprised of 2.75% for inflation and 2.25% for real wage growth and merit or seniority increases
- Premium Assistance reimbursement is capped at \$1,200 per year
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in Premium Assistance per year
- Mortality rates were based on the RP-2014 Mortality Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale
- Experience study – July 1, 2010 through June 30, 2015
- Participation rate –
  - Eligible retirees will elect to participate pre-age 65 at 50%
  - Eligible retirees will elect to participate post-age 65 at 70%.

### *Changes in Assumptions*

The discount rate decreased from 3.13% to 2.98% for the June 30, 2018 valuation.

### *Changes in Benefit Terms*

There were no changes in benefit terms for the June 30, 2018 valuation.

### *OPEB Plan Investments*

Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Employer contribution rates are established to provide reserves in the Health Insurance Account that are sufficient for the payment of the Premium Assistance for each succeeding year. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.9%	0.03%
US Core Fixed Income	92.8%	1.2%
Non-US Developed Fixed	1.3%	0.04%
	<u>100.0%</u>	

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For PSERS' years ended June 30, 2018 and 2017, the annual money-weighted rate of return on the Premium Assistance plan investments, net of plan investment expenses, was 1.63% and 0.90%, respectively.

### *Discount Rate*

The discount rate used to measure the total OPEB liability was 2.98% for the June 30, 2018 measurement date and 3.13% for the June 30, 2017 measurement date. Under the Premium Assistance plan's funding policy, contributions are structured for short-term funding of the Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of the Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of the Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 2.98%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2018, was applied to all projected benefit payments to measure the total OPEB liability as of the June 30, 2018 measurement date. A discount rate of 3.13%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2017, was applied to all projected benefit payments to measure the total OPEB liability as of the June 30, 2017 measurement date.

### *Sensitivity of WCCC's Proportionate Share of PSERS' Net OPEB Liability to Changes in the Discount Rate*

The following presents WCCC's proportionate share of PSERS' net OPEB liability calculated using the discount rates described above, as well as what WCCC's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

<u>June 30, 2019</u>	<u>1% Decrease (1.98%)</u>	<u>Current Discount Rate (2.98%)</u>	<u>1% Increase (3.98%)</u>
WCCC's proportionate share of PSERS' net OPEB liability	<u>\$ 154,000</u>	<u>\$ 136,000</u>	<u>\$ 120,000</u>
<u>June 30, 2018</u>	<u>1% Decrease (2.13%)</u>	<u>Current Discount Rate (3.13%)</u>	<u>1% Increase (4.13%)</u>
WCCC's proportionate share of PSERS' net OPEB liability	<u>\$ 167,000</u>	<u>\$ 147,000</u>	<u>\$ 130,000</u>

*Sensitivity of WCCC's Proportionate Share of PSERS' Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*

Healthcare cost trend rates were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2018, retirees' Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on the healthcare cost trends as depicted below.

The following presents WCCC's proportionate share of PSERS' net OPEB liability calculated using current healthcare cost trend rates as well as what WCCC's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

<u>June 30, 2019</u>	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
WCCC's proportionate share of PSERS' net OPEB liability	<u>\$ 150,000</u>	<u>\$ 136,000</u>	<u>\$ 120,000</u>
<u>June 30, 2018</u>	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
WCCC's proportionate share of PSERS' net OPEB liability	<u>\$ 167,000</u>	<u>\$ 147,000</u>	<u>\$ 130,000</u>

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

### 15. Tuition and Fees

Net tuition and fee revenue for the years ended June 30 consisted of the following:

	2019	2018
Gross tuition and fee waivers	\$ 19,649,842	\$ 20,344,224
Less - waivers:		
Employees	(171,443)	(203,760)
Senior citizens	(44,626)	(48,391)
Meritorious and presidential	(297,237)	(233,017)
Firemen	(48,019)	(80,472)
GED and dual enrollment	(863,765)	(752,310)
	<u>18,224,752</u>	<u>19,026,274</u>
Capital fees	120,729	134,936
Facilities fees	1,739,222	1,782,576
Student services fees	<u>520,118</u>	<u>578,839</u>
	<u>2,380,069</u>	<u>2,496,351</u>
Other scholarships	<u>(3,262,617)</u>	<u>(2,931,522)</u>
	<u>\$ 17,342,204</u>	<u>\$ 18,591,103</u>

Tuition and fees are applied to students' accounts at the approved rates. Students who qualify for waivers then have their tuition and fees reduced according to the approved waiver category they fall under.

### 16. Allocation for Unemployment Compensation

WCCC maintains a direct funding policy for unemployment compensation purposes. Under this method, actual unemployment claims are billed directly to WCCC by the state unemployment fund. In prior years, a designation was established in its current funds to meet its current and projected needs. This designation was developed by appropriating a portion of its unrestricted fund balance. The designation for the years ended June 30, 2019 and 2018 was \$1,500,000.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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### **17. Risk Management and Contingent Liabilities**

During the year, employees of WCCC were covered by WCCC 's medical self-insurance plan. Claims were paid by a third-party administrator acting on behalf of WCCC. The administrative contract between WCCC and the third-party administrator is renewable annually, and administrative fees and stop-loss premiums are included in the contractual provisions. WCCC was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Highmark Life and Casualty, a commercial insurer licensed to do business in Pennsylvania in accordance with the Pennsylvania Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$175,000. WCCC has accrued approximately \$217,000 and \$263,000 as of June 30, 2019 and 2018, respectively, related to its self-insurance plan, which is included in accrued liabilities.

WCCC receives significant financial assistance from Federal and Commonwealth agencies in the form of grants. Expenses of funds under these programs require compliance with the grant agreements and are subject to audit. Any disallowed expenses resulting from such audits become a liability of WCCC. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition of WCCC.

### **18. Net Assets with Donor Restrictions**

Net assets with donor restrictions for time or purpose total \$2,660,893 as of June 30, 2019, of which \$1,963,515, \$679,155, and \$18,223 are available for scholarships, WCCC programs and capital expenditures, and projects at the discretion of the Alumni Association, respectively. Net assets with donor restrictions for time or purpose totaled \$4,202,436 as of June 30, 2018, of which \$1,764,688, \$2,419,525, and \$18,223 are available for scholarships, WCCC programs and capital expenditures, and projects at the discretion of the Alumni Association, respectively. Net assets with donor restrictions of \$97,124 and \$153,141 were released at June 30, 2019 and 2018, respectively, for scholarships and \$2,225,841 and \$509,092 for capital expenditures, respectively.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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The Foundation's net assets restricted in perpetuity at June 30 were as follows:

	2019	2018
Eberly Endowment	\$ 378,504	\$ 375,984
Oliver Painter Endowment	41,876	41,607
Betty Cooper Endowment	37,172	36,933
Cecil Yates Endowment	29,947	29,689
Visual Arts Endowment	29,158	28,963
J.S. Millison Culinary Endowment	23,181	23,024
Iva Jones King Endowment	17,609	17,461
Dr. Krenzinski Endowment	14,869	14,773
Graphic Design	14,869	14,773
J. Shaffer Endowment	14,866	14,771
	<u>\$ 602,051</u>	<u>\$ 597,978</u>

The income generated from these endowments is restricted for certain programs as set forth by the donors.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

### 19. Natural Classifications with Functional Classifications

Expenses by natural classification for the year ended June 30 are as follows:

	2019									
	Salaries and Wages	Benefits	Facilities and Utilities	Supplies and Equipment Maintenance	Travel, Services, and Other Expenses	Depreciation and Amortization	Student Grants/ Scholarships	Bookstore Textbooks	Total	
Instruction	\$ 9,836,623	\$ 4,172,672	\$ 43,263	\$ 242,319	\$ 165,785	\$ -	\$ -	\$ -	\$ 14,460,662	
Academic support	1,581,065	570,685	316	32,349	232,574	-	-	-	2,516,989	
Student services	2,388,174	1,013,059	-	97,719	527,431	-	-	-	4,026,383	
Institutional support	2,797,176	1,186,556	-	533,204	2,481,569	-	-	-	6,998,505	
Operations and facilities	1,050,251	445,513	2,994,944	154,746	60,535	-	-	-	4,705,989	
Grants - operations	1,860,587	485,365	-	166,616	502,960	-	-	-	3,015,528	
Grants - student aid	-	-	-	-	-	-	5,075,047	-	5,075,047	
Depreciation	-	-	-	-	-	4,481,226	-	-	4,481,226	
Amortization	-	-	-	-	-	5,016	-	-	5,016	
Auxiliary enterprise	449,187	88,701	31,226	182,775	620,178	-	-	1,569,560	2,941,627	
	\$ 19,963,063	\$ 8,062,551	\$ 3,069,749	\$ 1,409,728	\$ 4,591,032	\$ 4,486,242	\$ 5,075,047	\$ 1,569,560	\$ 48,226,972	



# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

	2018								
	Salaries and Wages	Benefits	Facilities and Utilities	Supplies and Equipment Maintenance	Travel, Services, and Other Expenses	Depreciation and Amortization	Student Grants/ Scholarships	Bookstore Textbooks	Total
Instruction	\$ 10,286,676	\$ 4,003,225	\$ 28,034	\$ 236,889	\$ 131,501	\$ -	\$ -	\$ -	\$ 14,686,325
Academic support	1,616,770	629,192	160	41,068	233,401	-	-	-	2,520,591
Student services	2,320,390	903,017	-	102,464	473,901	-	-	-	3,799,772
Institutional support	2,677,107	1,041,839	-	567,129	1,927,716	-	-	-	6,213,791
Operations and facilities	933,446	363,266	3,092,605	170,293	28,126	-	-	-	4,587,736
Grants - operations	1,763,380	454,946	-	54,536	470,136	-	-	-	2,742,998
Grants - student aid	-	-	-	-	-	-	5,646,500	-	5,646,500
Depreciation	-	-	-	-	-	4,148,538	-	-	4,148,538
Amortization	-	-	-	-	-	5,016	-	-	5,016
Auxiliary enterprise	464,424	119,462	31,269	180,376	619,498	-	-	2,096,540	3,511,569
	\$ 20,062,193	\$ 7,514,947	\$ 3,152,068	\$ 1,352,755	\$ 3,884,279	\$ 4,153,554	\$ 5,646,500	\$ 2,096,540	\$ 47,862,836

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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### **20. Subsequent Events**

The College has requested that the State Public School Building Authority issue revenue bonds to finance the cost of acquiring Enterprise Resource Planning software and related information technology and equipment. The PA Department of Education has approved funding of 50% of the project cost which is estimated to be \$6,500,000. This project is intended to meet administrative needs of the College and future program needs of the students. The project is expected to be substantially complete within two years from the date of the issuance of the Bonds. The bond issuance is anticipated in early 2020.

WCCC evaluated its current year financial statements for subsequent events through Independent Auditor's Report date, the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## SCHEDULE OF WCCC'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PSERS

Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
WCCC's proportion of the net pension liability	0.0065%	0.0072%	0.0071%	0.0074%	0.0078%
WCCC's proportionate share of the net pension liability	\$ 3,120,000	\$ 3,556,000	\$ 3,519,000	\$ 3,162,000	\$ 3,088,000
State's proportionate share of the net pension liability associated with WCCC	3,141,000	3,556,000	3,519,000	3,162,000	3,088,000
Total	\$ 6,261,000	\$ 7,112,000	\$ 7,038,000	\$ 6,324,000	\$ 6,176,000
WCCC's covered payroll	\$ 881,499	\$ 964,863	\$ 922,767	\$ 936,749	\$ 995,624
WCCC's proportionate share of the net pension liability as a percentage of its covered payroll	353.9425%	368.5497%	381.3530%	337.5504%	310.1572%
PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability	54.0000%	51.8400%	50.1400%	54.3600%	57.2400%

\* The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, WCCC is presenting information for those years only for which information is available.

## SCHEDULE OF WCCC'S CONTRIBUTIONS

Last 10 Fiscal Years\*\*

	2019	2018	2017	2016	2015
Contributions recognized by PSERS	\$ 315,776	\$ 280,774	\$ 289,691	\$ 238,406	\$ 199,335
WCCC's covered payroll	955,761	964,863	922,767	936,749	995,624
Contributions as a percentage of covered payroll	33.04%	29.10%	31.39%	25.45%	20.02%

\*\* The amounts presented for each fiscal year were determined as of the fiscal year end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, WCCC is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## SCHEDULE OF WCCC'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - SERS

Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
WCCC's proportion of the net pension liability	0.0190%	0.0183%	0.0250%	0.0257%	0.0442%
WCCC's proportionate share of the net pension liability	\$ 3,942,211	\$ 3,160,765	\$ 4,818,521	\$ 4,689,404	\$ 6,562,244
State's proportionate share of the net pension liability associated with WCCC	-	-	-	-	-
Total	<u>\$ 3,942,211</u>	<u>\$ 3,160,765</u>	<u>\$ 4,818,521</u>	<u>\$ 4,689,404</u>	<u>\$ 6,562,244</u>
WCCC's covered payroll	\$ 1,211,186	\$ 1,152,638	\$ 1,520,909	\$ 1,588,596	\$ 2,610,927
WCCC's proportionate share of the net pension liability as a percentage of its covered payroll	325.4835%	274.2201%	316.8185%	295.1917%	251.3377%
SERS' plan fiduciary net position as a percentage of SERS' total pension liability	56.4000%	63.0000%	57.8000%	58.9000%	64.8000%

\* The amounts presented for each fiscal year were determined as of the measurement date, which is as of the end of the calendar year-end that occurred within the fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, WCCC is presenting information for those years only for which information is available.

## SCHEDULE OF WCCC'S CONTRIBUTIONS

Last 10 Fiscal Years\*\*

	2019	2018	2017	2016	2015
Contributions recognized by SERS	\$ 377,560	\$ 457,031	\$ 419,639	\$ 339,066	\$ 291,934
WCCC's covered payroll	1,181,713	1,152,638	1,520,909	1,588,596	2,610,927
Contributions as a percentage of covered payroll	31.95%	39.65%	27.59%	21.34%	11.18%

\*\* The amounts presented for each fiscal year were determined as of the fiscal year end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, WCCC is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## SCHEDULE OF WCCC'S PROPORTIONATE SHARE OF PSERS' NET OPEB LIABILITY

Last 10 Fiscal Years<sup>1</sup>

	2019	2018
College's proportion of PSERS' net OPEB liability	0.0065%	0.0072%
College's proportionate share of PSERS' net OPEB liability	\$ 136,000	\$ 147,000
College's covered payroll	\$ 881,499	\$ 964,863
College's proportionate share of PSERS' net OPEB liability as a percentage of its covered payroll	15.43%	15.24%
PSERS' plan fiduciary net position as a percentage of PSERS' total OPEB liability	5.56%	5.73%

<sup>1</sup> The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the College is presenting information for those years only for which information is available.

## SCHEDULE OF WCCC'S CONTRIBUTIONS TO PSERS' PREMIUM ASSISTANCE

Last 10 Fiscal Years<sup>4</sup>

	2019	2018
Contributions recognized by PSERS	\$ 8,040	\$ 7,342
College's covered payroll	955,761	964,863
Contributions as a percentage of covered payroll	0.84%	0.76%

<sup>4</sup> The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the College is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2019

### 1. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 68 for the PSERS Pension Plan

Actuarial Date/ Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
College's Fiscal Year	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Discount Rate	7.25%	7.25%	7.25%	7.50%	7.50%	N/A
Salary Increases	5.00%	5.00%	5.00%	5.50%	5.50%	N/A
Mortality	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2000	RP-2000	N/A
Changes in Benefits	None	Vested Class T-E and T-F members can withdraw their accumulated contributions and interest	None	None	None	N/A
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	33.36%	32.60%	31.74%	29.20%	25.00%	20.50%
Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015

N/A – Years pre-date required implementation date of GASB Statement No. 68; thus, actuarial valuation assumptions for these years are not presented.

# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2019

### 2. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 68 for the SERS Pension Plan

Actuarial Date/ Measurement Date	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
College Fiscal Year	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Discount Rate	7.25%	7.25%	7.25%	7.50%	7.50%	N/A
Salary Increases	5.60%	5.60%	5.60%	5.70%	6.10%	N/A
Mortality	RP-2000	RP-2000	RP-2000	RP-2000	RP-2000	N/A
Changes in Benefits	None	None	None	None	None	N/A
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above <sup>1</sup>	33.53%	32.90%	33.22%	29.50%	25.00%	20.50%
Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015

N/A – Years pre-date required implementation date of GASB Statement No. 68; thus, actuarial valuation assumptions for these years are not presented.

<sup>1</sup> – Information was obtained from the SERS CAFR for the year ending December 31, 2018. Contribution rate information for each individual service class was not presented within the CAFR; thus, this represents a blended rate for all membership classes.



# WESTMORELAND COUNTY COMMUNITY COLLEGE

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2019

### 3. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 75 for the PSERS Premium Assistance (OPEBs)

Actuarial Date/ Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
College Fiscal Year	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Discount Rate	2.98%	3.13%	N/A	N/A	N/A	N/A
Salary Increases	5.00%	5.00%	N/A	N/A	N/A	N/A
Mortality	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	N/A	N/A	N/A	N/A
Changes in Benefits	None	Vested Class T-E and T-F members can withdraw their accumulated contributions and interest	N/A	N/A	N/A	N/A
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	0.84%	0.83%	0.83%	N/A	N/A	N/A
Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2020	6/30/2019	6/30/2018	N/A	N/A	N/A

N/A – Years pre-date required implementation date of GASB Statement No. 75; thus, actuarial valuation assumptions for these years are not presented.

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**APPENDIX B**

**FORM OF OPINION OF BOND COUNSEL**

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[Date of Closing]

Boenning & Scattergood Inc.  
Pittsburgh, PA

State Public School Building Authority  
Harrisburg, PA

Re: \$6,170,000 College Revenue Bonds (Westmoreland County Community  
College Project), Series of 2020

We have served as co-bond counsel in connection with the issuance by the State Public School Building Authority (the "Authority"), a body corporate and politic created by and existing under the State Public School Building Authority Act, approved by the General Assembly of the Commonwealth on July 5, 1947, P.L. 1217, as amended (the "Act"), in connection with the issuance and sale of its College Revenue Bonds (Westmoreland County Community College Project), Series of 2020 (the "Bonds"), in the aggregate principal amount of \$6,170,000, being issued under and secured by an Eighth Supplemental Trust Indenture, dated as of the date of hereof, amending and supplementing a Trust Indenture, dated as of October 15, 1995 (collectively, the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), Pittsburgh, Pennsylvania.

The Bonds are being issued for the purpose of providing funds for: (1) acquiring enterprise resource planning software and related information technology and equipment; and (2) paying related costs and expenses, including the costs of issuance of the Bonds and the related General Obligation Note, Series of 2020 (the "Note") of Westmoreland County Community College (the "College").

The proceeds of the Bonds are being loaned by the Authority to the College pursuant to an Eighth Supplemental Loan Agreement, dated as of date hereof, amending and supplementing a Loan Agreement, dated as of October 15, 1995, between the Authority and the College (the "Loan Agreement"), pursuant to which the College is delivering to the Authority the Note under which the College is required to make payments in the amounts and on the dates required for the payment of principal of and interest on the Bonds. Under the Indenture, the Authority has pledged and assigned to the Trustee as security for the payment of the Bonds all revenues of the Authority derived from, and all right, title, and interest of the Authority in and to, the Loan Agreement and the Note (except certain rights to indemnification and to the payment of the Authority's fees and expenses thereunder).

As the basis for this opinion we have examined such matters of law and such documents, certifications, instruments, and records as we deemed necessary to enable us to render the opinion set forth below, including the Act, applicable provisions of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder or made applicable with respect thereto (collectively, the "Code"), and original counterparts or certified copies of the resolution of the Authority adopted on November 21, 2019 (the "Resolution") authorizing issuance of the Bonds,

the Indenture, the Loan Agreement, the certificates of certain Authority officials having responsibility for issuing the Bonds given pursuant to the Code, certifications by the College as to certain matters under the Code, opinions as to various matters delivered by the Authority's counsel and counsel to the College, and the other documents, certifications, instruments, and records listed in a closing document index with respect to the Bonds. We have also examined the fully executed and authenticated Bonds or a true copy thereof. In rendering this opinion, we have relied on the opinions referred to above as to all matters of fact and law set forth therein, and on the genuineness, truthfulness, and completeness of all documentation examined as referred to above.

Based on the foregoing and the other qualifications and limitations set forth herein, we are of the opinion that:

1. The Authority is validly existing under the Act, and at all relevant times had and has full power and authority thereunder to adopt the Resolution, to execute the Indenture and the Loan Agreement, to perform its obligations thereunder, and to issue the Bonds.
2. The Indenture and the Loan Agreement have been duly authorized, executed, and delivered by the Authority, and the obligations of the Authority thereunder are valid and binding and enforceable in accordance with the respective terms thereof, except as enforcement may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights ("Creditors' Rights Limitations").
3. The Bonds have been duly authorized, executed, and issued by the Authority, and are valid and binding special, limited obligations of the Authority, payable solely from the sources described in the Indenture and the Loan Agreement, and enforceable in accordance with their terms, except as enforcement may be affected by Creditors' Rights Limitations, and the Bonds are entitled to the benefit and security of the Indenture and the Loan Agreement to the extent provided therein.
4. Under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax and the Bonds are exempt from personal property taxes in the Commonwealth of Pennsylvania; however, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Commonwealth of Pennsylvania taxes and local taxes within the Commonwealth of Pennsylvania.
5. Under existing statutes, regulations, rulings, and court decisions, interest on the Bonds will not be includible in the gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the Authority and the College, respectively, with the requirements of the Code. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering this opinion, we have assumed compliance by the Authority and the College, respectively, with the covenants and representations contained in the Tax Certificate, dated as of the date hereof, between the Authority and the College, the Indenture and the Loan Agreement,

respectively, relating to actions to be taken by the Authority and the College, respectively, after the issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to, inter alia, the use of and investment of proceeds of the Bonds and rebate to the United States Department of Treasury of specified arbitrage earnings, if required. Failure to comply with such covenants could result in the interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

We call your attention to the fact that the Bonds are special, limited obligations of the Authority, and neither the faith nor credit of the Commonwealth of Pennsylvania or of any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Authority has no taxing power.

We express no opinion as to any matter not set forth in the numbered paragraphs herein. This opinion is rendered on the basis of federal law and the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof. This opinion is given as of the date hereof and we assume no obligation to supplement this opinion to reflect changes in the law that may hereafter occur or changes in facts or circumstances that may hereafter come to our attention.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

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**APPENDIX C**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: \$ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.  
1633 Broadway, New York, N.Y. 10019  
(212) 974-0100

**APPENDIX D**

**SUMMARY OF OUTSTANDING DEBT SERVICE (BONDS ONLY)**

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**State Public School Building Authority  
(Westmoreland County Community College)  
College Revenue Bonds, Series of 2020**

**Summary of Outstanding Annual Debt Service (after the issuance of the 2020 Bonds)**

Date	Series A of 2012 Debt Service	Series B of 2012 Debt Service	Series A of 2016 Debt Service	Series B of 2016 Debt Service	Series of 2020 Debt Service	Semi-Annual Debt Service	Annual Debt Service
10/15/2019	-	-	-	-	-	-	-
4/15/2020	180,922.50	22,487.50	596,209.38	47,315.63	35,057.78	881,992.78	881,992.78
10/15/2020	970,922.50	592,487.50	2,246,209.38	472,315.63	623,600.00	4,905,535.00	-
4/15/2021	171,640.00	15,790.00	563,209.38	40,940.63	93,350.00	884,930.00	5,790,465.00
10/15/2021	981,640.00	595,790.00	2,288,209.38	480,940.63	633,350.00	4,979,930.00	-
4/15/2022	161,110.00	8,250.00	520,084.38	34,340.63	87,950.00	811,735.00	5,791,665.00
10/15/2022	991,110.00	608,250.00	2,335,084.38	484,340.63	642,950.00	5,061,735.00	-
4/15/2023	149,697.50	-	474,709.38	27,590.63	76,850.00	728,847.50	5,790,582.50
10/15/2023	1,004,697.50	-	2,379,709.38	497,590.63	656,850.00	4,538,847.50	-
4/15/2024	137,406.88	-	427,084.38	20,540.63	65,250.00	650,281.88	5,189,129.38
10/15/2024	1,017,406.88	-	2,432,084.38	495,540.63	665,250.00	4,610,281.88	-
4/15/2025	124,206.88	-	376,959.38	15,790.63	53,250.00	570,206.88	5,180,488.75
10/15/2025	1,029,206.88	-	2,451,959.38	500,790.63	678,250.00	4,660,206.88	-
4/15/2026	110,066.25	-	356,209.38	10,940.63	40,750.00	517,966.25	5,178,173.13
10/15/2026	1,045,066.25	-	2,476,209.38	505,940.63	690,750.00	4,717,966.25	-
4/15/2027	94,405.00	-	333,684.38	5,681.25	27,750.00	461,520.63	5,179,486.88
10/15/2027	1,064,405.00	-	2,498,684.38	510,681.25	707,750.00	4,781,520.63	-
4/15/2028	78,157.50	-	309,328.13	-	14,150.00	401,635.63	5,183,156.25
10/15/2028	1,078,157.50	-	2,524,328.13	-	714,150.00	4,316,635.63	-
4/15/2029	60,157.50	-	283,025.00	-	7,150.00	350,332.50	4,666,968.13
10/15/2029	1,100,157.50	-	2,553,025.00	-	722,150.00	4,375,332.50	-
4/15/2030	41,437.50	-	254,650.00	-	-	296,087.50	4,671,420.00
10/15/2030	1,126,437.50	-	2,599,650.00	-	-	3,726,087.50	-
4/15/2031	21,093.75	-	207,750.00	-	-	228,843.75	3,954,931.25
10/15/2031	1,146,093.75	-	2,652,750.00	-	-	3,798,843.75	-
4/15/2032	-	-	158,850.00	-	-	158,850.00	3,957,693.75
10/15/2032	-	-	2,688,850.00	-	-	2,688,850.00	-
4/15/2033	-	-	120,900.00	-	-	120,900.00	2,809,750.00
10/15/2033	-	-	2,725,900.00	-	-	2,725,900.00	-
4/15/2034	-	-	81,825.00	-	-	81,825.00	2,807,725.00
10/15/2034	-	-	2,766,825.00	-	-	2,766,825.00	-
4/15/2035	-	-	41,550.00	-	-	41,550.00	2,808,375.00
10/15/2035	-	-	2,811,550.00	-	-	2,811,550.00	-
4/15/2036	-	-	-	-	-	-	2,811,550.00
10/15/2036	-	-	-	-	-	-	-
4/15/2037	-	-	-	-	-	-	-
Total	13,885,602.50	1,843,055.00	45,537,056.25	4,151,281.25	7,236,557.78	72,653,552.78	72,653,552.78

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