

This Preliminary Official Statement is deemed final for purposes of SEC Rule 15c2-12. Certain information contained herein is subject to completion and amendment or other change without notice. The securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful, prior to registration or qualification under the securities laws of any such jurisdiction. The District has deemed this Preliminary Official Statement to be final for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, except for certain information which has been omitted in accordance with such Rule and which will be provided in the final Official Statement.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 30, 2025



**NEW ISSUE – BOOK—ENTRY-ONLY**

**Rating:** S&P Rated: "AA" (stable outlook)

BAM Insured

Underlying Rating: "A+" (stable outlook)

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

*In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. The Bonds, and interest income therefrom, are free from taxation for purposes of personal, and corporate net, income taxes within the Commonwealth of Pennsylvania. (See section entitled "TAX MATTERS" herein.)*

**\$150,000,000\***

**Municipal Authority of Westmoreland County  
(Westmoreland County, Pennsylvania)  
Municipal Service Revenue Refunding Bonds, Series A of 2025**

**Dated:** Date of Settlement

**Interest Due:** February 15 and August 15

**Due:** August 15, as shown on the inside front cover

**First Interest Payment Due:** February 15, 2026

The Municipal Authority of Westmoreland County, Westmoreland County, Pennsylvania (the "Authority") Municipal Service Revenue Refunding Bonds, Series A of 2025 (the "2025A Bonds" or the "Bonds") will be issued by the Authority and interest on the Bonds will be payable semiannually on February 15 and August 15 of each year, beginning February 15, 2026. Principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania, as paying agent (the "Paying Agent" or "Trustee"). The Bonds are being issued pursuant to a Trust Indenture dated as of October 1, 1993, as previously amended and supplemented (the "1993 Indenture"), and as amended and supplemented by an Eighteenth Supplemental Trust Indenture dated as of \_\_\_\_\_, 2025 (the "Eighteenth Supplemental Trust Indenture", collectively with the 1993 Indenture, the "Trust Indenture") between the Authority and the Trustee.

The Bonds will be issued in fully registered form, without coupons, and when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds. The Bonds will be issued in book entry form, in denominations of \$5,000 or integral multiples thereof. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payment of principal, redemption price, if any, and interest with respect to the 2025A Bonds are to be made directly to DTC at the designated office of the Trustee. Disbursements of such payments to DTC Participants is the responsibility of DTC and the disbursement of such payments to the beneficial owners is the responsibility of DTC Participants. See "THE BONDS" and "BOOK-ENTRY SYSTEM" herein.

The Bonds are subject to optional and mandatory redemption prior to their stated maturity as more fully set forth herein. See "REDEMPTION" herein.

The proceeds to be derived by the Authority from the issuance and sale of the Bonds will be used to finance: (i) the current refunding of all or a portion of the Authority's outstanding Municipal Service Revenue Bonds, Series of 2016, currently outstanding in the amount of \$163,650,000; (ii) the current refunding of all of the Authority's outstanding Municipal Service Revenue Bonds, Series of 2013, currently outstanding in the amount of \$1,870,000; (iii) the purchase, if necessary, of a debt service reserve fund surety policy (the "2025A Surety Policy") for deposit into the debt service reserve fund under the Trust Indenture; and (iv) the costs of issuing and insuring the Bonds (the "Project"). See "SOURCES AND USES OF FUNDS" herein.

**THE BONDS ARE LIMITED OBLIGATIONS OF THE MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY (THE "AUTHORITY") PAYABLE SOLELY FROM THE RECEIPTS AND REVENUES OF THE AUTHORITY DERIVED FROM THE OPERATION OF ITS MUNICIPAL SERVICE SYSTEM. NEITHER THE GENERAL CREDIT NOR THE TAXING POWER OF THE COUNTY OF WESTMORELAND OR THE COMMONWEALTH OF PENNSYLVANIA OR ANY OTHER POLITICAL SUBDIVISION OR INSTRUMENTALITY THEREOF IS PLEDGED FOR THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER.**

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY (See "MUNICIPAL BOND INSURANCE" herein).



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

See Inside Cover

The Bonds have been executed and delivered by the Authority pursuant to the provisions of the Municipality Authorities Act, as amended, a Resolution of the Authority duly adopted on March 19, 2025 and the Trust Indenture.

This cover page contains certain information for reference purposes only. It is not a complete summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered, subject to prior sale, withdrawal or modification, when, as and if issued by the Authority and received by the Underwriter and subject to the approving legal opinion of Dinsmore & Shohl LLP, Pittsburgh, Pennsylvania as Bond Counsel, to be furnished upon delivery of the Bonds. Additional matters will be passed upon for the Authority by Scott E. Avolio, Esquire, Authority Solicitor, Greensburg, Pennsylvania and for the Underwriter by their counsel, Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania. The Bonds are expected to be delivered to The Depository Trust Company, New York, New York, on or about \_\_\_\_\_, 2025.

**STIFEL**

Dated: \_\_\_\_\_

\* Preliminary, subject to change.

**\$150,000,000\***  
**Municipal Authority of Westmoreland County**  
**(Westmoreland County, Pennsylvania)**  
**Municipal Service Revenue Refunding Bonds, Series A of 2025**

**Dated:** Date of Settlement  
**Due:** August 15, as shown below

**Interest Payable:** February 15 and August 15  
**First Interest Payment:** February 15, 2026

**BOND MATURITY SCHEDULE**

<b>Year of Maturity (August 15)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP Numbers<sup>(1)</sup></b>
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<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.

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\* Preliminary, subject to change

**Municipal Authority of Westmoreland County  
(Westmoreland County, Pennsylvania)  
124 Park & Pool Road  
New Stanton, PA 15672  
Phone: (724) 755.5800  
Fax: (724) 755.5921  
www.mawc.org**

**MEMBERS OF THE AUTHORITY BOARD**

<b>Name</b>	<b>Office</b>	<b>Term Expiration</b>
Randy Roadman	Chairman	12/31/2026
Dr. Jawdat Nikoula	Vice Chairman	12/31/2025
Jerome DeFabo, Sr.	Secretary	12/31/2028
John Sphon	Treasurer	12/31/2027
Brian Durbin	Assistant Secretary/Treasurer	12/31/2029

**MANAGER**

Resource Development and Management, Inc.  
Pittsburgh, Pennsylvania

**SOLICITOR**

Scott E. Avolio, Esq.  
Greensburg, Pennsylvania

**CONSULTING ENGINEER**

Gibson Thomas Engineers, Inc.  
Latrobe, Pennsylvania

**TRUSTEE**

The Bank of New York Mellon Trust Company, N.A.  
Pittsburgh, Pennsylvania

**AUDITORS**

DeLuzio & Company, LLP  
Greensburg, Pennsylvania

**BOND COUNSEL**

Dinsmore & Shohl LLP  
Pittsburgh, Pennsylvania

**UNDERWRITER**

Stifel, Nicolaus & Company, Incorporated  
Pittsburgh, Pennsylvania

**UNDERWRITER'S COUNSEL**

Eckert Seamans Cherin & Mellott, LLC  
Harrisburg, Pennsylvania

**DISSEMINATION AGENT**

Digital Assurance Certification, LLC  
Orlando, Florida

## SUMMARY STATEMENT

The 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.

- Issuer** ..... Municipal Authority of Westmoreland County, Westmoreland County, Pennsylvania, located in Westmoreland County, Pennsylvania.
- Bonds** ..... \$150,000,000\* aggregate principal amount of its Municipal Service Revenue Refunding Bonds, Series A of 2025 (the "2025A Bonds" or the "Bonds"). The Bonds will be initially dated the Date of Delivery and will mature as shown in the **BOND MATURITY SCHEDULE** shown on the inside of the Cover Pages of this Official Statement. Interest on the Bonds will begin to accrue on the Date of Delivery and is payable initially on February 15, 2026 and on each February 15 and August 15 thereafter. (See **"THE BONDS"** herein.)
- Redemption Provisions** .. The Bonds are subject to mandatory and optional redemption prior to their stated dates of maturity, or as more fully described herein (See **"REDEMPTION PROVISIONS"** herein.)
- Form** ..... Book-entry only form.
- Purpose of the Bonds** ..... The proceeds to be derived by the Authority from the issuance and sale of the Bonds will be used to finance: (i) the current refunding of all or a portion of the Authority's outstanding Municipal Service Revenue Bonds, Series of 2016, currently outstanding in the amount of \$163,650,000; (ii) the current refunding of all of the Authority's outstanding Municipal Service Revenue Bonds, Series of 2013, currently outstanding in the amount of \$1,870,000; (iii) the purchase, if necessary, of a debt service reserve fund surety policy (the "2025A Surety Policy") for deposit into the debt service reserve fund under the Trust Indenture; and (iv) the costs of issuing and insuring the Bonds (the "Project"). (the "Project"). See **"SOURCES AND USES OF FUNDS"** herein.
- Security for the Bonds** .... The Bonds will be secured under the provisions of the Indenture. The principal and redemption premium, if any, and the interest on the Bonds shall be payable solely from the Net Receipts and Revenues of the Municipal Service System (each as defined in the Indenture). The Bonds will be issued under an Eighteenth Supplemental Trust Indenture dated as of \_\_\_\_\_, 2025 supplementing the Trust Indenture dated as of October 1, 1993, between the Authority and the Trustee (the "Eighteenth Supplemental Indenture"), as previously amended and supplemented (the 1993 Indenture, and together with the Eighteenth Supplemental Indenture, the "Trust Indenture"), and will be secured thereby. **THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY SECURED BY RECEIPTS AND REVENUES, AS DESCRIBED IN THE INDENTURE, NEITHER THE CREDIT NOR THE TAXING POWER OF THE COUNTY OF WESTMORELAND, THE COMMONWEALTH OF PENNSYLVANIA, OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY, IS PLEDGED TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER.**
- Credit Enhancement** ..... 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 BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"). (See **"MUNICIPAL BOND INSURANCE"** herein.)
- Bond Ratings** ..... 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 outlook) to the Bonds. (See **"BOND RATINGS"** herein.)
- Continuing Disclosure Undertaking** ..... The Authority has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c-12, as promulgated under the Securities and Exchange Act of 1934, as amended and interpreted (the "Rule") (See **"CONTINUING DISCLOSURE UNDERTAKING"** herein.)
- Certain Bondholders Risks and Considerations** ..... Investments in the Bonds involves certain risks and investment considerations (See **"CERTAIN BONDHOLDER RISKS AND CONSIDERATIONS"** herein.)

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\* Preliminary, subject to change

No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, any such other information or representations may not be relied upon as having been authorized by the Authority or the Underwriter. 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. This Official Statement has been approved by the Authority and the information set forth herein has been obtained from the Authority and other sources which are believed to be reliable, but the Authority does not guaranty the accuracy or completeness of information from sources other than the Authority. 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 or 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 guaranty the accuracy or completeness of such information, which has been obtained from the Authority or from sources other than the Authority. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made under this Official Statement 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 earliest date of which said information is given.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT 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 STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE PUBLIC OFFERING PRICES STATED ON THE COVER HEREOF MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER WITHOUT PRIOR NOTICE.

THE ORDER AND PLACEMENT OF THE MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

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 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS OR THE INDENTURE IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF CERTAIN STATES, IF ANY, IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN 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. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT IS SUBMITTED IN CONNECTION WITH THE SALE OF THE SECURITIES REFERRED TO HEREIN, AND MAY NOT BE REPRODUCED OR BE USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE. NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES AT ANY TIME IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

Neither the Authority's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forecasted information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forecasted information.

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 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. Such forward-looking statements speak only as of the date of this Official Statement. The Authority disclaims 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 expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The Authority does not generally publish its business plans and strategies or make external disclosures of its anticipated financial position or results of operations. Accordingly, the Authority does not intend to update or otherwise revise the forecasted financial information to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, the Authority does not intend to update or revise the forecasted financial information to reflect changes in general economic or industry conditions. Additional information relating to the principal assumptions used in preparing the projections is set forth herein.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "**MUNICIPAL BOND INSURANCE**" and "**Appendix F - Specimen Municipal Bond Insurance Policy**".

The Authority deems this Preliminary Official Statement to be final for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1).

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## **PRELIMINARY OFFICIAL STATEMENT**

**\$150,000,000\***

**Municipal Authority of Westmoreland County  
(Westmoreland County, Pennsylvania)  
Municipal Service Revenue Refunding Bonds, Series A of 2025**

### **INTRODUCTION**

This Official Statement, including the Cover Page hereof and the Appendices hereto, is furnished by the Municipal Authority of Westmoreland County, Westmoreland County, Pennsylvania (the "Authority"), in connection with the offering of the Authority's \$150,000,000\* principal amount of Municipal Service Revenue Refunding Bonds, Series A of 2025 (the "2025A Bonds" or the "Bonds"). The Bonds are being issued pursuant to the Pennsylvania Municipality Authorities Act, 53 Pennsylvania Consolidated Statutes Annotated §5601 et seq., as amended (the "Authorities Act"), and pursuant to a Trust Indenture, dated as of October 1, 1993 (the "1993 Indenture") as amended and supplemented by a First Supplemental Trust Indenture dated as of July 15, 1995 (the "First Supplemental Indenture"), a Second Supplemental Trust Indenture dated as of July 15, 1996 (the "Second Supplemental Indenture"), a Third Supplemental Trust Indenture dated as of February 15, 1998 (the "Third Supplemental Indenture"), a Fourth Supplemental Trust Indenture dated May 18, 1999 (the "Fourth Supplemental Indenture"), a Fifth Supplemental Trust Indenture dated December 1, 2000 (the "Fifth Supplemental Indenture"), a Sixth Supplemental Trust Indenture dated August 1, 2001, (the "Sixth Supplemental Indenture") a Seventh Supplemental Trust Indenture dated August 15, 2003 (the "Seventh Supplemental Indenture"), an Eighth Supplemental Indenture dated as of November 1, 2005 (the "Eighth Supplemental Indenture"), a Ninth Supplemental Trust Indenture dated as of November 1, 2006 (the "Ninth Supplemental Indenture"), a Tenth Supplemental Trust Indenture dated as of December 15, 2009 (the "Tenth Supplemental Indenture"), an Eleventh Supplemental Trust Indenture dated as of May 13, 2010 (the "Eleventh Supplemental Indenture"), a Twelfth Supplemental Trust Indenture dated as of May 1, 2013 (the "Twelfth Supplemental Indenture"), a Thirteenth Supplemental Trust Indenture dated as of March 1, 2015 (the "Thirteenth Supplemental Indenture"), a Fourteenth Supplemental Trust Indenture dated as of August 15, 2016 (the "Fourteenth Supplemental Indenture"), a Fifteenth Supplemental Trust Indenture dated as of December 15, 2017 (the "Fifteenth Supplemental Indenture"), a Sixteenth Supplemental Trust Indenture dated as of June 1, 2020 (the "Sixteenth Supplemental Indenture"), a Seventeenth Supplemental Trust Indenture dated as of March 4, 2025, (the "Seventeenth Supplemental Indenture"), and an Eighteenth Supplemental Trust Indenture dated as of \_\_\_\_\_, 2025, (the "Eighteenth Supplemental Indenture"), and together with the 1993 Indenture as previously supplemented, the "Trust Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"). The Bonds and the Eighteenth Supplemental Trust Indenture have been authorized by a Resolution of the Authority adopted on March 19, 2025 (the "Resolution"). The Authority has previously issued various series of bonds under the Trust Indenture, of which a portion will remain outstanding on the date of issuance of the 2025A Bonds.

The Bonds are issuable only as fully registered bonds without coupons, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. See **"THE BONDS — BOOK-ENTRY-ONLY SYSTEM"** herein.

**NEITHER DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE OF THE BONDS MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAVE BEEN NO CHANGES IN THE AFFAIRS OF THE AUTHORITY, THE TOWNSHIPS, BOROUGHES, COMMUNITIES AND OTHER AREAS SERVICED BY THE AUTHORITY SINCE THE DATE OF THIS OFFICIAL STATEMENT OR THE EARLIEST DATE AS OF WHICH CERTAIN INFORMATION CONTAINED HEREIN IS GIVEN.**

### **AUTHORITY**

The Municipal Authority of Westmoreland County was incorporated on April 15, 1942 under the Authorities Act pursuant to a resolution adopted by the Commissioners of Westmoreland County on April 9, 1942 and now exists under and is governed by the Authorities Act. The term of existence of the Authority was extended to October 31, 2073.

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\* Preliminary, subject to change.

The Authority is authorized by law and by its charter to acquire, hold, construct, improve, maintain, operate, own and lease, either in the capacity of lessor or lessee, water works, water supply works, water distribution systems, sewers, sewer systems, or part thereof, and sewage treatment works, including works for treating and disposing of industrial waste and facilities and equipment for the collection, removal or disposal of ashes, garbage, rubbish and other refuse materials, by incineration, landfill, or other methods. The Authority operates a water system (the "Water System") and a wastewater system (the "Wastewater System"). See, "**DESCRIPTION OF SERVICE AREA**" and "**HISTORY AND PRESENT OPERATIONS OF THE WATER AND WASTEWATER SYSTEMS**".

The Authority is governed by a Board of five members who are appointed by the Commissioners of Westmoreland County. Each member serves for a term of five years, and the terms of the members are staggered so that the term of one member expires each year.

## **SECURITY FOR THE BONDS**

Under the Trust Indenture, the principal of and interest on the Bonds is payable solely from the Receipts and Revenues of the Authority's Municipal Service System and all moneys deposited and held under the Trust Indenture (except for the Rebate Fund), all to the extent provided in the Trust Indenture.

The Trust Indenture contains a covenant of the Authority to maintain, charge and collect allowable rates, rentals and other charges for the use of the Municipal Service System which will be sufficient at all times to pay the Authority's administrative and operating expenses and not less than 110% of the debt service requirements with respect to all Outstanding Bonds (see "**THE TRUST INDENTURE - Rate Covenant**").

The Municipal Service System includes both the Water System and the Wastewater System. A description of each respective system and operating data are shown below. For additional financial data on the Water System, the Wastewater System and the combined Municipal Service System, see APPENDIX A - "**Engineer's Annual Report and Budget**" and see APPENDIX C — "**Authority's Audited Financial Statements 2025 and 2024**".

The Trust Indenture creates a Debt Service Reserve Fund, in which is to be maintained by the Trustee an amount equal to the Maximum Annual Debt Service on all Outstanding Bonds. The Authority is required to make quarterly deposits with the Trustee in amounts sufficient to pay the debt service of all Bonds Outstanding when due. Under the Trust Indenture, the Authority is required to maintain on deposit with the Trustee for the credit of the Debt Service Reserve Fund, an amount equal to the Reserve Requirement. See "**THE TRUST INDENTURE – Debt Service Reserve Fund**". See also "**THE TRUST INDENTURE – Springing Amendment to the Indenture**".

## **Municipal Service Rates**

The Authorities Act affords the Authority the exclusive power and right, subject to court review on a customer's petition, to fix, alter, charge and collect reasonable and uniform rates and other charges, in the area served by its facilities for the purpose of providing for the payment of the expenses of the Authority, the construction, improvement, repair, maintenance and operation of its facilities and properties, the payment of the principal of and interest on its obligations, and to fulfill the terms and provisions of any agreements made with the purchasers or holders of any such obligations.

**Water and Wastewater Systems.** Pennsylvania law provides that the Authority may, in the event of nonpayment of its rates by any customer, shut off water service to such customer's premises until such time as water and/or sewer rates have been paid in full. The Authority's collection methods, including the termination of service under certain circumstances, are similar to methods which have been upheld by the courts in Pennsylvania, and the Authority believes its methods are reasonable and appropriate. The Authority may also terminate water service if notified to do so by a provider of sewer service to a customer of the Authority.

The Authority's current residential water rates have been in effect since April 1, 2025.

The current water and wastewater rate schedules appear in the Annual Report – Year Ending March 31, 2025 and Budget Ending March 31, 2026 (the "**Engineer's Annual Report and Budgets**") included in this Official Statement as APPENDIX A.



## PURPOSE OF THE 2025A BONDS

The proceeds to be derived by the Authority from the issuance and sale of the 2025A Bonds will be used to finance: (i) the current refunding of all or a portion of the Authority's outstanding Municipal Service Revenue Bonds, Series of 2016, currently outstanding in the amount of \$163,650,000, of which \$151,150,000 will be refunded (the "Refunded 2016 Bonds"); (ii) the current refunding of all of the Authority's outstanding Municipal Service Revenue Bonds, Series of 2013, currently outstanding in the amount of \$1,870,000 (the "Refunded 2013 Bonds"); (iii) the purchase, if necessary, of a debt service reserve fund surety policy (the "2025A Surety Policy") for deposit into the debt service reserve fund under the Trust Indenture; and (iv) the costs of issuing and insuring the Bonds (the "Project").

Upon issuance of the Bonds, a portion of the proceeds of the Bonds will be irrevocably deposited with The Bank of New York Mellon Trust Company, N.A., as Trustee for the Refunded 2016 Bonds and the Refunded 2013 Bonds, which will be used to redeem the Refunded 2016 Bonds and the Refunded 2013 Bonds at redemption prices of 100% of principal amounts of the Refunded 2016 Bonds and the Refunded 2013 Bonds, plus accrued interest, pursuant to the optional redemption provisions applicable to the Refunded 2016 Bonds and the Refunded 2013 Bonds, on or about \_\_\_\_\_, 2025.

## ESTIMATED SOURCES AND USES OF FUNDS

The estimated uses of 2025A Bond proceeds are summarized as follows:

<b>Sources of Funds</b>		
Bond Principal	\$	-
Original Issue Premium/Discount		-
<b>Total Sources</b>	<b>\$</b>	<b>-</b>
<b>Uses of Funds</b>		
Redemption of Refunded 2016 Bonds	\$	-
Redemption of Refunded 2013 Bonds		-
Costs of Issuance <sup>(1)</sup>		-
<b>Total Uses</b>	<b>\$</b>	<b>-</b>

- (1) Includes the Underwriter's discount, legal fees and expenses, printing fees, rating fee, Trustee fees, redemption agent fees, bond insurance and other related fees.

## THE 2025A BONDS

### Description

The 2025A Bonds will be issued in registered form, without coupons, in denominations of \$5,000 principal amount and integral multiples thereof, will be in the aggregate principal amount of \$150,000,000\* and will be dated the Date of Delivery, when interest begins to accrue. The 2025A Bonds will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on each of the 2025A Bonds will be payable initially on February 15, 2026, and thereafter, semiannually on February 15 and August 15 of each year until the maturity date of such 2025A Bond or, if such 2025A Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

*When issued, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any physical delivery of bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See "BOOK – ENTRY ONLY SYSTEM" herein.*

\* Preliminary, subject to change.

## Payment of Principal and Interest

*So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, redemption premium, if any, and interest on the Bonds, when due, are to be made to DTC, and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the Authority with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid. If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal, redemption premium, if any, and interest on the Bonds shall be made as described in the following paragraphs:*

The principal of the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to the Trustee, at its specified corporate trust office (or to any successor Trustee or alternate designated office(s)).

Interest will be payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of such Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding February 15, 2026, in which event such Bond shall bear interest from the Date of Delivery, or (d) as shown by the records of the Trustee, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on each certificated Bond will be payable by check drawn on the Trustee, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the first (1<sup>st</sup>) day of the month (whether or not a day on which the Trustee is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Trustee, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the Authority shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such certificated 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 such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the Business Day preceding the date of mailing. If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

## Transfer, Exchange and Registration of Bonds

*Subject to the provisions described below under "BOOK-ENTRY-ONLY SYSTEM,"* the Bonds are transferable or exchangeable upon surrender of such Bonds to the Trustee, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Trustee shall enter any transfer of ownership of certificated Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered bond or bonds of authorized denominations of the same series, maturity date and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The Authority and the Trustee may deem and treat the registered owner of such Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity date and interest rate.

The Authority and the Trustee shall not be required (a) to register the transfer of or exchange any Bonds (i) during a period beginning at the opening of business fifteen (15) days before the day of the mailing of notice of redemption of the Bonds and ending at the close of business on the day of such mailing, (ii) at any time following the selection of such Bond, in whole or in part, for redemption, or (iii) during the period commencing on a Regular

Record Date and ending on the corresponding Interest Payment Date. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity and interest rate.

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

The Bonds will be issued as fully registered bonds in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"), as registered owners of the Bonds. Purchasers of such Bonds will not receive physical delivery of bond certificates. For purposes of this Official Statement, so long as all of the Bonds are immobilized in the custody of DTC, references to holders or owners of the Bonds (except under "TAX EXEMPTION AND OTHER TAX MATTERS") mean DTC or its nominee.

*The information in this section has been obtained from materials provided by DTC for such purpose. The Authority (herein referred to as the "Issuer", and the Underwriter does not guaranty the accuracy or completeness of such information and such information is not to be construed as a representation of the Authority or the Underwriter.*

The Depository Trust Company ("DTC"), New York, NY, 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 maturity, 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 3.5 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 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, premium and interest payments on the Securities 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 payable 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, the Paying Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Paying 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.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Paying Agent. 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.

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

The book-entry 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 Paying Agent for the accuracy of such designation. Whenever DTC requests the Authority or the Paying Agent to do so, the Authority or the Paying Agent 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.

## **REDEMPTION**

### **Optional Redemption**

The Bonds maturing on or after August 15, 20\_\_ shall be subject to redemption prior to maturity, at the option of the Authority, in whole or in part on \_\_\_\_\_ 15, 20\_\_ or on any date thereafter, in any order of maturity as

selected by the Authority, in both cases upon payment of 100% of the par value of such Bonds together with interest accrued to the date set for redemption.

### **Mandatory Redemption**

The Bonds stated to mature on August 15, 20\_\_ and August 15, 20\_\_ (the "Term Bonds") are subject to mandatory redemption prior to maturity in part, by lot, at a redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption, on August 15, of each of the following years in the following aggregate principal amounts:

#### **Bonds Maturing August 15, 20\_\_**

<u>Maturity</u>	<u>Amount</u>	
20__		\$
20__*		

#### **Bonds Maturing August 15, 20\_\_**

<u>Maturity</u>	<u>Amount</u>	
20__		\$
20__*		

\*Stated Maturity

In lieu of any such Mandatory Redemption, the Trustee, in its capacity as Paying Agent, on behalf of the Authority, may purchase from money in the Debt Service Fund at a price not to exceed the principal amount plus accrued interest, or the Authority may tender to the Paying Agent, all or part of the Bonds subject to being selected for mandatory redemption in any such year.

### **Notice of Redemption**

*So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, the Authority and the Trustee shall send redemption notices only to Cede & Co. See "**BOOK-ENTRY ONLY SYSTEM**" herein for further information regarding conveyance of notices to Beneficial Owners.*

If at time of mailing of a notice of redemption the Authority shall not have deposited with the Trustee (or, in the case of a refunding, with another bank or depository acting as refunding escrow agent) money sufficient to redeem all Bonds called for redemption, the notice of redemption may state that it is conditional, *i.e.*, that it is subject to the deposit of sufficient redemption money with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such money is so deposited.

Notice of any redemption shall be given by depositing a copy of the redemption notice in first class mail not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Trustee, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Indenture, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

### **Manner of Redemption**

*So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, the payment of the redemption price shall be made to Cede & Co. in accordance with the existing arrangements by and among the*

*Authority, the Trustee and DTC and, if less than all Bonds of any particular maturity are to be redeemed, the amount of the interest of each DTC Participant, Indirect Participant and Beneficial Owner in such Bonds to be redeemed shall be determined by the governing arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. See “BOOK-ENTRY ONLY SYSTEM” herein for further information regarding redemption of Bonds registered in the name of Cede & Co.*

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing the number of Bonds that is equal to the principal amount thereof divided by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for a Bond or Bonds, appropriate, of authorized denominations of the same series, maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required by law or executive order to close, then the date for payment of the principal, premium, if any, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

## **MUNICIPAL BOND INSURANCE**

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds. 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 an appendix 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.

### **Build America Mutual Assurance Company**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27<sup>th</sup> Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.bambonds.com](http://www.bambonds.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

## *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$503.3 million, \$258.1 million and \$245.2 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.bambonds.com](http://www.bambonds.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "**MUNICIPAL BOND INSURANCE**".

## *Additional Information Available from BAM*

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Credit Profiles.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

## **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 will have a claim under the Policy for such payment. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or 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. To the extent that any payment of principal and interest by the Authority in connection with a mandatory or optional prepayment of the Bonds is recovered by the Authority from

any owner of the Bonds as a voidable preference under applicable bankruptcy law, such payments are covered by the Policy. However, such payments will be made by the Bond Insurer at such times and in such amounts as such payments would have been due had there been no such prepayment by the Authority, unless the Bond Insurer chooses to pay such amounts at an earlier date.

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 the Trustee exercises following such a default and the Bond Insurer's consent may be required in connection with amendments to the Resolution in those circumstances.

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 insured long-term ratings on the Bonds are dependent 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.

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.

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

## DESCRIPTION OF THE SERVICE AREA

The Water System serves approximately 123,218 (FY2025 budgeted) customers and the Wastewater System serves approximately 31,900 (FY2025 budgeted) customers, encompassing more than 350,000 residents, with approximately 24 billion gallons of potable water and approximately 730 million gallons of unfiltered water annually in five counties. The principal county served is Westmoreland; portions of Allegheny, Armstrong, Fayette and Indiana Counties are also served.

Westmoreland County (the "County") is bordered on the north and east by Armstrong, Butler, Indiana, Cambria and Somerset Counties and on the west and south by Allegheny, Washington and Fayette Counties. Westmoreland County is comprised of 1,033 square miles and has a population of 351,163 persons, (based on 2023 population estimates) from the U.S. Census Bureau. The City of Greensburg, as the County seat, serves as the County's principal professional, business and banking center.

The service area of the Authority includes the municipalities of Greensburg, Jeannette, Vandergrift, Irwin, Scottdale, Mt. Pleasant, McKeesport, Port Vue, White Oak, Youngwood, Murrysville, New Stanton, West Newton, Leechburg and Ligonier which, together with their satellite township residential communities, form the population centers. The largest township, Hempfield, has a population of 41,613 residents (based on 2023 population estimates). In total, over 75 municipalities within a five (5) county radius are included in the service area. These municipalities are well established communities offering residential neighborhoods and commercial districts to supply the needs of the residents.

While the principal business of the Authority is the operation of a water and wastewater facilities, the Authority also maintains a non-operating landfill in Loyalhanna Township, Westmoreland County.

For a further description of the County, see "APPENDIX B: **Demographic and Economic Information Westmoreland County**" herein.



## HISTORY AND PRESENT OPERATIONS OF THE WATER AND WASTEWATER SYSTEM

### Water System

The Water System of the Authority was developed by the integration of established systems acquired from: The Citizens Water Company of Scottdale in 1943; the Westmoreland Water Company and the Vandergrift Water Company in 1950; the North Huntingdon Township Authority, the West Newton Water Company, and the Rostraver Construction Company in 1956; the McKeesport Water Authority, the White Oak Water Authority, and the Village of Herminie in 1986; the Borough of Port Vue in 1987; the Borough of Wall, Forward Township and Bell Township in 1993; the Village of Moween, Village of Truxall and Loyalhanna Township in 1994; North Versailles Township in May 1996; Kiski Township Water Authority in 1997; Saltsburg Borough in 2000, and Ligonier Borough in 2007.

Since 1950, the Authority has developed two new supply sources with modern treatment and pumping facilities and has installed approximately 2,100 miles of mains to serve new customers and interconnect the various parts of the service area. The service area, as now comprised, extends approximately 25 miles from east to west and 40 miles from north to south, and incorporates approximately 2,400 miles of pipeline.

The Beaver Run Reservoir, which is one of the Authority's principal sources of water supply, was constructed by the Authority and first placed in service in 1952 and then enlarged in 1962. It has a present capacity of approximately 11 billion gallons, and an estimated safe permitted yield of 35 million gallons of water per day. The Youghiogheny River is the second principal source of water supply, with a drainage area of 1,326 square miles and a minimum flow of 213 million gallons of water per day.

The newest treatment facility was constructed at Beaver Run Reservoir and went on-line in July of 1996. It has a rated capacity of 24 million gallons per day. The Authority also operates two other water treatment plants in the southern and western parts of its service area. The facility near Connellsville (known as the Indian Creek Supply Filtration Plant) has a rated capacity of 40 million gallons per day and draws its water supply from both Indian Creek and the Youghiogheny River. The facility at McKeesport was completed in 1990 with a rated capacity of 10 million gallons a day to replace the eighty-year-old plant which formerly served that city. The McKeesport plant draws its water supply from the lower Youghiogheny River just before it joins the Monongahela River. The Ligonier portion of the service district, which currently uses 0.4 million gallons per day, is supplied by a 16" waterline from the Greater Johnstown Water Authority. The supply has a capacity of 3.0 million gallons per day. This district can also be served by the Mellon Wells which has a capacity of 0.5 million gallons per day.

The Authority's right to use the water supply in the Youghiogheny River Lake is governed by an agreement, as amended and effective as of May 1, 2024, between the Department of the Army through the US Army Corp of Engineers. Pursuant to the agreement, the Authority has reserved the right to use an undivided 4.13% (approximately 10,000 acre-feet after adjustment of sediment deposits) of water storage space in the lake.

The Authority has entered into agreements with the Plum Borough and the Municipality of Monroeville water authorities to provide them a minimum of 5.1 million gallons per day which began March 27, 2016. The contract generates a minimum of \$2 million in additional water revenue annually.

The Authority has also entered into a contract with Tenaska Inc., an energy provider, to supply it with an average annual supply of 6.0 million gallons of water per day (which began in 2016). The contract generates a minimum of \$2.2 million in additional water revenue annually. The cost of the upgrades were funded by Tenaska, Inc.

The Authority has also entered into an agreement with the Municipal Authority of Belle Vernon to provide them with a minimum of 400,000 gallons per day beginning approximately July 2017. The contract generates a minimum of \$375,000 in additional water revenue annually.

The Authority has amended an agreement with Pennsylvania American Water to provide a minimum of 2 million gallons of water per day beginning August 2017. The contract generates approximately \$1,100,000 in additional annual revenue.

In February of 1999, the Authority entered into an agreement with Resource Development and Management, Inc. under which such company is responsible for providing management services to the Authority in connection with the Authority's Water System. See "**MANAGEMENT AGREEMENT**" herein.

## WATER SYSTEM INFORMATION

### Water Customers

The Authority, based on the budget year ending March 31, 2026 plans to serve 123,667 water customers. The number of water customers served, the average daily water demand (in gallons), the miles of main in the water system and the operating revenues, for the years ended March 31, 2020 through 2026 (budgeted), are shown in the following table:

<b>Year ended March 31</b>	<b>Water Customers Served</b>	<b>Average Daily Delivery (million gals)</b>	<b>Miles of Main</b>	<b>Water Operating Revenue</b>
2020	121,124	62.8	2,326	87,372,774
2021	121,850	61.4	2,335	90,061,273
2022	122,175	59.7	2,340	90,986,793
2023	122,581	60.3	2,347	94,422,204
2024	122,999	58.5	2,355	89,757,390
2025	123,415	60.4	2,362	99,907,728
2026 (budgeted)	123,667	N/A	2,400	106,765,000

Source: Authority's Manager

### Raw Water Supply (Surface Water Sources)

<b>Name of Source</b>	<b>Type of Source</b>	<b>Quality of Water</b>	<b>Maximum Amount of Available Water</b>	<b>Maximum Allowable (Consumptive Permit)</b>
Beaver Run	Reservoir	Good	11 Billion	34 MGD
Youghiogheny	River	Good	14 Billion	50 MGD
McKeesport	River	Good	14 Billion	10 MGD
Greater Johnstown Water Authority	Reservoir	Good	3 Billion	3 MGD

Source: Authority's Manager

### Water Treatment Supply

<b>Name of Facility</b>	<b>Age</b>	<b>Maximum Capacity</b>	<b>Condition of Facility</b>
Beaver Run	28 Yrs	24 MGD	Good
Indian Creek	52 Yrs	40 MGD	Good
McKeesport	35 Yrs	10 MGD	Good
Greater Johnstown Water Authority	12 Yrs	3 MGD	Good

Source: Authority's Manager

### Water Storage Facilities

<b>Number of Storage Facilities</b>	<b>Aggregate Capacity</b>
66	107,851 MG

Source: Authority's Manager

### Ten Largest Customers for the 12 months ended March 31, 2025 (Water)

Customer	Gallons	Revenues	% of Water Revenues (1)	% of Total Revenues (2)	Location
Tenaska Inc.	1,825,360	\$ 1,973,378	2.04%	1.98%	West Newton
Allegheny Ludlum Corp.	208,620	1,392,195	1.44%	1.39%	Vandergrift
Plum Borough Municipal Authority	695,927	800,320	0.83%	0.80%	Plum Borough
Pennsylvania American Water Co.	310,540	777,146	0.81%	0.78%	Connellsville
Pleasant Valley Water Authority	106,288	711,472	0.74%	0.71%	Connellsville
Monroeville Municipal Authority	567,682	652,838	0.68%	0.65%	Monroeville
APEX Energy	89,179	590,440	0.61%	0.59%	West Newton
Pennsylvania American Water Co.	231,166	578,474	0.60%	0.58%	Connellsville
City of Duquesne	176,588	537,632	0.56%	0.54%	Duquesne
Monroeville Municipal Authority	350,567	403,156	0.42%	0.40%	Monroeville
Total	4,561,917	\$ 8,417,051	8.72%	8.42%	

(1) Based on FY2025 Water Revenues of \$96,535,164

(2) Based on total FY2025 Revenues (Water Operating Revenues) of \$99,907,728

Source: Authority's Manager and 2025 Financial Statements

### Water Rates

The following table shows current and historic water rates. A new rate increase is effective beginning April 1, 2025.

		Allowance	
	Quarterly	Provided for	Charge per 1,000
Effective Date	Minimum Rate	Minimum Gallons	Gallons over Minimum
4/1/2025	\$73.92 /quarter	3,000 gallons	\$10.30
4/1/2024	\$67.50 /quarter	3,000 gallons	\$9.40
4/1/2018	\$61.79 /quarter	3,000 gallons	\$8.57
4/1/2017	\$57.75 /quarter	3,000 gallons	\$8.01
4/1/2016	\$53.98 /quarter	3,000 gallons	\$7.49
2/11/2013	\$44.18 /quarter	3,000 gallons	\$5.99
4/1/2009	\$35.54 /quarter	3,000 gallons	\$4.79

As of April 1, 2003, the Authority implemented a \$1.00 quarterly capital improvement surcharge to every customer.

See "APPENDIX A: **Annual Report – Year Ending March 31, 2025 and Budget – Year Ending March 31, 2026**" therein for additional details regarding the Authority water rates.

Source: Authority's Manager

### Comparative Table of Residential Rates by Supplier (as of 2025) - WATER

Name of Supplier	Monthly Cost for 4,000 gallons
Municipal Authority of Westmoreland County	\$ 55.54
New Kensington Municipal Authority	\$ 75.79
Indiana County Municipal Authority	\$ 75.25
Pennsylvania American Water Company	\$ 93.89
Sewickley Water Authority	\$ 73.38
Pittsburgh Water and Sewer Authority	\$ 80.68
Greater Johnstown Water Authority	\$ 65.57

Source: Authority's Manager

## **Wastewater System**

On March 29, 2001, the wastewater system of the Authority began with the acquisition of the Avonmore Borough Sewage Treatment Plant (STP) and collection system. Avonmore Borough STP was built in 1972 and is located just off of First Street in Avonmore. The plant utilizes extended aeration activated sludge for treatment.

On December 14, 2006, the Authority purchased the Ligonier Water Pollution Control Plant (WPCP) and the portion of the collection system that was previously owned by Ligonier Borough. Ligonier WPCP was originally constructed in 1962 and was refurbished in 1999 with Pennvest funding resources. It is located along the eastbound lanes of U.S. Route 30 in Ligonier. The plant utilizes Sequential Batch Reactors (SBRs) for treatment.

On January 5, 2007, the Authority purchased White Oak Borough's wastewater collection system and pump station. The pump station is a pneumatic lift station built in 1968. The pump station was replaced in 2018. All wastewater in the system is sent to the McKeesport wastewater treatment plant, which is owned and operated by the Pennsylvania American Water.

On January 13, 2011, the Authority purchased the I-70 Industrial Park STP and collection system from the Westmoreland County Industrial Development Corporation. The facility was built in 1993 and is located in South Huntingdon Township. The plant utilizes lagoons for treatment.

On April 13, 2015, the Authority purchased the Jeannette Wastewater Treatment Plant (WWTP) and collection system from the City of Jeannette Municipal Authority. The plant was originally constructed in 1937, upgraded in 1967, and expanded in 2015. The plant is located in Penn Borough. The plant utilizes both activated sludge and SBRs for treatment.

On February 4, 2016, the Authority purchased the Youngwood Borough STP and collection system. The plant was built in 1963, upgraded in 1982, and upgraded again to switch to ultraviolet (UV) disinfection in 2000. The plant is located in Youngwood Borough. The plant utilizes activated sludge for treatment.

On July 25, 2016, the Authority purchased New Stanton STP, Darragh STP, Hempfield Park STP, and the associated collection systems from The Hempfield Township Municipal Authority. The New Stanton STP was originally constructed in 1970 and is located in Hunker. It utilizes activated sludge for treatment. Darragh STP was built in 2006 and is located in Hempfield Township. It utilizes SBRs for treatment. Hempfield Park STP was upgraded with a complete replacement of the former system with a package plant in 2014. It is located at Hempfield Park in Hempfield Township. It utilizes extended aeration activated sludge for treatment.

On October 1, 2018, the Authority purchased the Sewickley STP, Hutchinson STP, and the associated collection systems from the Municipal Sewer Authority of the Township of Sewickley. The Sewickley STP was constructed in 2011 and is located in Sewickley Township. This plant utilizes SBRs for treatment. Hutchison STP was built in 2018 and is also located in Sewickley Township. It utilizes activated sludge for treatment.

On March 1, 2020, the Authority purchased the Upper Tyrone Township collection system and four pump stations. All wastewater in the system is sent to the Scottdale STP.

On August 4, 2020, the Authority purchased the Mount Pleasant Borough STP and collection system, which includes four pump stations. The plant was built in 1966, upgraded in 1990, and again in 2015 to include a flex rake bar screen at the headworks of the plant. The plant is located in Mount Pleasant Township. The Mount Pleasant Township Municipal Authority still owns and maintains their portion of the collection system that flows to this plant. The plant utilizes bio towers (fixed film) for treatment.

On February 1, 2021, the Authority purchased the Iron Bridge STP from East Huntingdon Township and the associated collection system, which includes one pump station. The plant was built in 2000. The plant is located in East Huntingdon Township. The plant utilizes activated sludge for treatment.

On August 1, 2023, the Authority purchased the Scottdale STP from Westmoreland Fayette Municipal Sewage Authority. The Authority also acquired the collection systems in Scottdale Borough and Everson Borough. The plant was built in 1964 and upgraded in 2016. The plant utilizes SBRs for treatment. The plant is located in East Huntingdon Township. MAWC now owns and operates all the collection systems that are treated at Scottdale STP. This includes the Upper Tyrone system and four pump stations (acquired March 1, 2020), the Everson Borough collection system, the Scottdale Borough collection system and Swedetown Pump Station, as well as

portions of East Huntingdon Township that are served by this plant and Loucks Acres pump station. The collection system is now referred to as the Scottdale collection system. There are a total of 6 pump stations that convey flow to this plant for treatment.

## WASTEWATER SYSTEM INFORMATION

### Wastewater Customers

The Authority, based on its budget ending March 31, 2026 plans to serve 32,100 wastewater customers. The number of wastewater customers served, the miles of main in the wastewater system and the operating revenues, for the years ended March 31, 2020 through 2026 (budgeted), are shown in the following table:

Year ended March 31	Wastewater Customers Served	Miles of Main	Wastewater Operating Revenue
2020	28,382	560.60	16,156,229
2021	31,309	607.50	17,024,421
2022	31,594	612.30	17,638,554
2023	31,699	619.70	17,821,176
2024	34,280	651.30	18,706,777
2025	34,352	649.70	21,192,962
2026 (budgeted)	32,100	660.00	22,715,000

Source: Authority's Manager

### Wastewater Treatment Facilities

Name of Facility	Type	Customers	Average Annual GPD FY2019	Hydraulic Design Capacity (GPD)	Miles of Main
Avonmore STP	STP	437	189,000	257,000	6.0
1-70 Industrial Park STP	STP	13	11,000	50,000	1.5
Jeannette STP	STP	5,571	2,580,000	3,300,000	74.3
Youngwood STP	STP	Eliminated	-	-	-
Ligonier STP	STP	949	502,000	900,000	9.4
New Stanton STP	STP	11,655	4,611,000	7,200,000	275.7
Darragh STP	STP	2,285	510,000	1,120,000	53.9
Hempfield Park STP	STP	Eliminated	-	-	-
Sewickley STP	STP	1,204	168,000	440,000	33.0
Hutchinson STP	STP	147	10,000	44,000	2.9
Iron Bridge STP	STP	582	157,000	250,000	14.0
Mt. Pleasant Township STP	STP	2,136	1,065,000	1,500,000	25.0
Scottdale STP	STP	3,199	1,824,000	2,500,000	53.1
White Oak (PAWC + NHTMA)	Collection	3,506	N/A	N/A	53.7
Outside Treatment/Intermunicipal	Collection	2,668	N/A	N/A	47.2
Upper Tyrone Township Sewage (WFMSA)	Collection	Included in Scottdale STP	N/A	N/A	N/A
East Huntingdon Township Sewage (WFMSA)					

Source: Authority Manager

### Ten Largest Customers for the 12 months ended March 31, 2025 (Wastewater)

Customer	EST. Annual Revenue	% of Wastewater Revenue (1)	% of Total Total Revenue (2)
Allied Waste Services of Scottdale	\$ 197,478	0.93%	0.16%
Unity Township Municipal Authority	154,347	0.73%	0.13%
Westmoreland County - Manor Home	104,877	0.49%	0.09%
Dick's Sporting Goods	99,359	0.47%	0.08%
RIDC Regional Growth Fund	90,872	0.43%	0.07%
Cintas Corp.	68,042	0.32%	0.06%
Stadium Casino Westmoreland RE LLC	60,290	0.28%	0.05%
Hempfield Suburban MHC LLC	58,745	0.28%	0.05%
Elliot Company	55,097	0.26%	0.05%
1043 Towne Square Owner LLC	54,232	0.26%	0.04%
<b>Total</b>	<b>\$ 943,339</b>	<b>4.45%</b>	<b>0.78%</b>

(1) Based on FY2025 Wastewater Revenues of \$21,192,962

(2) Based on total FY2025 Revenues (Water and Wastewater and Other Operating Revenues) of \$121,239,795

Source: Authority's Manager

### Wastewater Rates

See "APPENDIX A: Annual Report – Year Ending March 31, 2025 and Budget – Year Ending March 31, 2026" therein for additional details regarding the Authority wastewater rates.

### Comparative Table of Residential Rates by Supplier (as of 2025) – WASTEWATER

Name of Supplier	Monthly Cost for 4,000 gallons
Sutersville-Sewickley Municipal Authority	\$ 116.00
I-70 Industrial Park Sewage*	\$ 94.35
Upper Tyrone Township Sewage*	\$ 79.74
Sewickley Township Sewage*	\$ 65.71
City of Jeannette Sewage*	\$ 58.37
Borough of Manor Sewage	\$ 62.37
North Huntingdon Township Municipal Authority	\$ 53.80
Ligonier Borough Sewage*	\$ 54.99
White Oak Borough Sewage*	\$ 70.64
East Huntingdon Township Sewage*	\$ 34.99
Avonmore Borough Sewage*	\$ 41.12
Hempfield Township Sewage*	\$ 37.08
Mount Pleasant Borough Sewage	\$ 27.28

\* Systems are part of and owned by the Authority

Source: Authority's Manager

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# GENERAL FINANCIAL INFORMATION

## MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY Comparative Summary of Net Assets and Liabilities (For Fiscal Years Ended March 31,)

	2021	2022	2023 <sup>(1)</sup>	2024 <sup>(1)</sup>	2025
<b>Current Assets</b>					
Cash and cash equivalents, unrestricted	\$ 32,955,491	\$ 36,150,461	\$ 30,684,527	\$ 13,869,356	\$ 13,304,393
Accounts receivable, customers (net of allowance for doubtful accounts)	6,110,790	7,377,787	7,327,912	8,084,838	9,647,798
Unbilled water and sewer service	10,669,704	9,995,199	9,928,769	10,322,094	10,261,675
Surcharges receivable, current portion	350,000	350,000	350,000	350,000	350,000
Grants receivable	-	-	-	-	-
Other receivables	235,285	619,743	381,570	513,241	528,220
Inventory - material and supplies	3,914,453	3,808,950	7,080,136	7,458,718	9,200,198
Prepaid expenses	1,023,104	1,138,084	595,682	1,214,622	690,082
<b>Total Current Assets</b>	<b>\$ 55,258,827</b>	<b>\$ 59,440,224</b>	<b>\$ 56,348,596</b>	<b>\$ 41,812,869</b>	<b>\$ 43,982,366</b>
<b>Property, Plant and Equipment</b>					
Property, plant and equipment	\$ 858,530,155	\$ 881,298,641	\$ 911,281,664	\$ 958,074,217	\$ 1,006,197,190
Less accumulated depreciation	(241,031,877)	(251,821,548)	(268,150,448)	(284,619,352)	(302,626,515)
<b>Property, Plant and Equipment, net</b>	<b>\$ 617,498,278</b>	<b>\$ 629,477,093</b>	<b>\$ 643,131,216</b>	<b>\$ 673,454,865</b>	<b>\$ 703,570,675</b>
<b>Non-Current Assets</b>					
Surcharges receivable, net of current portion	\$ 1,166,543	\$ 1,603,849	\$ 1,343,974	\$ 1,119,752	\$ 939,570
Restricted assets:					
Prepaid bond insurance	920,538	871,552	822,566	773,581	724,596
Special funds held by trustee	140,795,056	120,369,951	97,754,612	62,765,189	100,729,080
Restricted cash held by Authority	3,613,385	1,767,245	2,628,293	3,628,507	2,312,858
<b>Total Non-Current Assets</b>	<b>\$ 146,495,522</b>	<b>\$ 124,612,597</b>	<b>\$ 102,549,445</b>	<b>\$ 68,287,029</b>	<b>\$ 104,706,104</b>
<b>Total Assets</b>	<b>\$ 819,252,627</b>	<b>\$ 813,529,914</b>	<b>\$ 802,029,257</b>	<b>\$ 783,554,763</b>	<b>\$ 852,259,145</b>
<b>Deferred Outflows of Resources</b>					
Deferred losses on bond refundings, net of amortization	\$ 3,104,156	\$ 2,879,725	\$ 2,655,295	\$ 2,455,041	\$ 2,272,057
Net difference between projected and actual earnings on pension plan investments	-	5,145,157	11,129,745	6,991,296	6,890,001
Difference between expected and actual experience related to pensions	549,765	1,900,074	1,108,993	604,021	85,889
Changes in assumptions related to pensions	29,403	12,005	-	137,509	73,331
Contribution to pension plan subsequent to measurement date	51,812	51,452	-	-	-
Difference between expected and actual experience related to OPEB	16,345	4,756,335	3,987,075	3,217,815	2,696,819
Changes in assumptions related to OPEB	7,818,150	5,911,510	4,004,870	2,098,230	191,593
<b>Total Deferred Outflows of Resources</b>	<b>\$ 11,569,631</b>	<b>\$ 20,656,258</b>	<b>\$ 22,885,978</b>	<b>\$ 15,503,912</b>	<b>\$ 12,209,690</b>
<b>Current Liabilities</b>					
Current portion of long-term debt	22,260,054	22,572,041	34,412,558	24,190,989	16,919,414
Accounts payable	6,325,593	5,141,347	6,462,872	7,766,775	7,455,013
Customer service deposits	1,247,215	1,195,861	1,149,278	1,100,978	1,082,863
Escrow liabilities	159,461	537,061	206,853	210,654	442,570
Accrued compensation	3,175,658	3,303,499	3,436,751	5,028,019	5,182,002
Accrued interest	2,118,811	2,088,621	2,053,996	2,038,356	2,216,182
Capital lease obligation, current	87,386	-	-	-	-
Other accrued liabilities	576,651	695,964	859,638	825,234	830,417
Accrued pension	135,814	157,145	238,674	276,259	316,141
Current portion of lease liability	-	-	-	-	489,021
Current portion of subscription liability	-	-	292,303	343,541	415,919
<b>Total Current Liabilities</b>	<b>\$ 36,086,643</b>	<b>\$ 35,691,539</b>	<b>\$ 49,112,923</b>	<b>\$ 41,780,805</b>	<b>\$ 35,349,542</b>
<b>Non-Current Liabilities</b>					
Long-term debt, net of current portion and unamortized premiums and discounts	491,341,769	469,576,606	435,090,413	423,293,085	480,073,187
Capital lease obligation, non-current	-	-	-	-	-
Accrued landfill closure costs	283,459	237,289	194,772	149,816	117,366
Advances for construction	2,840,705	3,206,827	3,630,013	4,294,915	5,029,849
Net OPEB liability	81,374,230	71,795,393	66,832,000	65,910,512	65,049,245
Lease liability, net of current portion	-	-	-	-	9,685,630
Net pension liability	15,824,775	15,948,261	24,329,507	15,943,517	17,707,130
Subscription liability, net of current portion	-	-	2,229,126	1,885,586	1,594,393
<b>Total Non-Current Liabilities</b>	<b>\$ 591,664,938</b>	<b>\$ 560,764,376</b>	<b>\$ 532,305,831</b>	<b>\$ 511,477,431</b>	<b>\$ 579,256,800</b>
<b>Total Liabilities</b>	<b>\$ 627,751,581</b>	<b>\$ 596,455,915</b>	<b>\$ 581,418,754</b>	<b>\$ 553,258,236</b>	<b>\$ 614,606,342</b>
<b>Deferred Inflows of Resources</b>					
Net difference between projected and actual earnings on pension plan investments	\$ 10,196,276	\$ 12,317,413	\$ 8,406,165	\$ 10,521,550	\$ 4,877,988
Deferred revenues	141,573	-	-	-	-
Changes in assumptions related to pensions	787,319	906,680	412,505	117,304	988
Difference between expected and actual experience related to pensions	-	-	-	12,015	10,233
Changes in assumptions related to OPEB	-	17,051,776	21,889,772	19,451,890	19,316,534
Difference between expected and actual experience related to OPEB	19,493,276	14,623,586	9,754,892	7,371,364	2,198,301
Deferred gains on bond refundings, net of amortization	8,899	6,281	3,663	1,045	-
<b>Total Deferred Inflows of Resources</b>	<b>\$ 30,627,343</b>	<b>\$ 44,905,736</b>	<b>\$ 40,466,997</b>	<b>\$ 37,475,168</b>	<b>\$ 26,404,044</b>
<b>Net Position</b>					
Net investment in capital assets	\$ 160,306,713	\$ 173,776,358	\$ 190,245,185	\$ 221,699,701	\$ 252,120,887
Restricted for capital projects	3,644,260	1,769,250	3,406,445	3,628,507	2,312,858
Unrestricted	8,492,361	17,278,913	9,377,854	(17,002,937)	(30,975,296)
<b>Total Net Position</b>	<b>\$ 172,443,334</b>	<b>\$ 192,824,521</b>	<b>\$ 203,029,484</b>	<b>\$ 208,325,271</b>	<b>\$ 223,458,449</b>

<sup>(1)</sup>As restated.

Source: Authority audited financial statements for the Fiscal Years Ending March 15, 2021 through 2025.

The Authority also adopted GASB 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" effective for their fiscal year ending March 31, 2019. GASB 75 addresses reporting by governments that provide Other Post-Employment Benefits ("OPEB") to their employees and for governments that finance OPEB for employees of other governments. Information will continue to be gathered until ten fiscal years are presented.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Comparative Summary of Statement of Revenues, Expenses and Changes in Net Position**  
(For Fiscal Years Ended March 31,)

	2021	2022	2023 <sup>(1)</sup>	2024 <sup>(1)</sup>	2025
<b>OPERATING REVENUES</b>					
Water sales	\$ 88,548,010	\$ 87,548,661	\$ 88,048,607	\$ 86,458,074	\$ 96,535,164
Wastewater sales	17,024,421	17,638,554	17,821,176	18,706,777	21,192,962
Other operating revenues	1,945,458	4,290,022	6,437,391	3,337,442	3,410,761
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 107,517,889</b>	<b>\$ 109,477,237</b>	<b>\$ 112,307,174</b>	<b>\$ 108,502,293</b>	<b>\$ 121,138,887</b>
<b>OPERATING EXPENSES</b>					
Source of supply	\$ 1,075,085	\$ 992,302	\$ 1,038,900	\$ 1,075,349	\$ 1,106,947
Treatment system	8,688,752	9,109,157	11,671,599	13,600,497	13,111,156
Distribution	21,126,537	20,556,330	23,650,647	27,388,726	26,981,755
Engineering	1,674,676	1,537,634	1,644,530	1,735,261	1,830,789
Wastewater system	9,424,097	10,444,798	12,079,508	13,537,077	14,588,462
Landfill	4,842	4,765	4,765	8,978	16,667
Depreciation and amortization	15,777,383	16,491,844	16,853,075	18,002,750	19,340,338
Commercial and general expenses	21,858,960	21,067,926	23,573,776	20,900,942	19,182,725
Management fee	1,350,000	1,562,500	1,750,000	1,750,000	1,812,433
(Gain) Loss on disposals of capital assets	-	-	556,194	(400,389)	212,862
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 80,980,332</b>	<b>\$ 81,767,256</b>	<b>\$ 92,822,994</b>	<b>\$ 97,599,191</b>	<b>\$ 98,184,134</b>
<b>Operating Income before Non Operating Revenues (Expenses)</b>	<b>\$ 26,537,557</b>	<b>\$ 27,709,981</b>	<b>\$ 19,484,180</b>	<b>\$ 10,903,102</b>	<b>\$ 22,954,753</b>
<b>Non Operating Revenue (Expenses)</b>					
Investment income	\$ 2,891,362	\$ 1,983,251	\$ 2,810,346	\$ 2,673,917	\$ 2,032,844
Net increase (decrease) in the fair value of investments	40,103	(249,750)	511,226	2,339,794	820,119
Interest expense	(19,831,042)	(17,959,022)	(16,951,350)	(15,572,984)	(15,513,939)
Loss on sales of property	(199,495)	(365,140)	-	-	-
<b>Total Non Operating Expenses</b>	<b>\$ (17,099,072)</b>	<b>\$ (16,590,661)</b>	<b>\$ (13,629,778)</b>	<b>\$ (10,559,273)</b>	<b>\$ (12,660,976)</b>
<b>Income before Capital Contributions</b>	<b>\$ 9,438,485</b>	<b>\$ 11,119,320</b>	<b>\$ 5,854,402</b>	<b>\$ 343,829</b>	<b>\$ 10,293,777</b>
Capital contributions	\$ 6,497,060	\$ 9,261,867	\$ 4,350,561	\$ 6,296,359	\$ 4,839,401
<b>Increase in Net Position</b>	<b>\$ 15,935,545</b>	<b>\$ 20,381,187</b>	<b>\$ 10,204,963</b>	<b>\$ 6,640,188</b>	<b>\$ 15,133,178</b>
<b>Total Net Position, Beginning of Year</b>	<b>\$ 156,507,789</b>	<b>\$ 172,443,334</b>	<b>\$ 192,824,521</b>	<b>\$ 203,029,484</b>	<b>\$ 208,325,271</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,344,401)</b>	<b>-</b>
<b>Total Net Position, End of Year</b>	<b>\$ 172,443,334</b>	<b>\$ 192,824,521</b>	<b>\$ 203,029,484</b>	<b>\$ 208,325,271</b>	<b>\$ 223,458,449</b>

<sup>(1)</sup>As restated.

Source: Authority audited financial statements, for the Fiscal Years Ending March 31, 2021 through 2025.

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**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**OPERATING BUDGET  
FOR FISCAL YEARS ENDING MARCH 31, 2025 and 2026**

	<b>2025</b>	<b>2026</b>
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 118,412,000</b>	<b>\$ 129,480,000</b>
<b>OPERATING EXPENSES</b>		
Source of Supply	1,165,000	1,696,000
Treatment System	12,192,500	13,752,000
Distribution	18,527,000	19,127,000
Engineering	1,740,000	1,970,000
Distribution Facilities	5,573,900	6,290,000
Wastewater System	14,656,000	15,982,000
Commercial and General	26,563,500	26,786,000
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 80,417,900</b>	<b>\$ 85,603,000</b>
<b>OPERATING INCOME</b>	<b>\$ 37,994,100</b>	<b>\$ 43,877,000</b>
<b>OTHER INCOME*</b>	<b>\$ 6,050,000</b>	<b>\$ 5,776,000</b>
<b>GROSS INCOME</b>	<b>\$ 44,044,100</b>	<b>\$ 49,653,000</b>
<b>DEBT EXPENSE</b>		
Interest	\$ 16,120,000	\$ 15,581,500
Bond Discount Amortization	(1,774,000)	(1,641,500)
Trustee Fees and Expenses	100,000	100,000
<b>TOTAL DEBT EXPENSE</b>	<b>\$ 14,446,000</b>	<b>\$ 14,040,000</b>
<b>EARNINGS BEFORE MANAGEMENT FEE, ADMINISTRATION EXPENSES AND DEPRECIATION</b>	<b>\$ 29,598,100</b>	<b>\$ 35,613,000</b>
<b>MANAGEMENT FEES</b>	<b>\$ 1,812,500</b>	<b>\$ 2,000,000</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Officers Compensation	\$ -	\$ -
Legal Fees	200,000	220,000
Engineering Fees	10,000	10,000
Accounting Fees	110,000	110,000
Other Administrative Expenses	5,000	5,000
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$ 325,000</b>	<b>\$ 345,000</b>
<b>TOTAL MANAGEMENT FEE AND ADMINISTRATIVE EXPENSES</b>	<b>\$ 2,137,500</b>	<b>\$ 2,345,000</b>
<b>EARNINGS BEFORE DEPRECIATION</b>	<b>\$ 27,460,600</b>	<b>\$ 33,268,000</b>
<b>DEPRECIATION PROVISION</b>	<b>\$ 18,000,000</b>	<b>\$ 17,300,000</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 9,460,600</b>	<b>\$ 15,968,000</b>

\* Includes interest income, contributed capital, and tapping fees

See "APPENDIX A: Annual Report – Year Ending March 31, 2025 and Budget – Year Ending March 31, 2026" therein for additional details regarding the Authority 2025 BUDGET

Source: Authority's Operating Budget for the Years Ending March 31, 2025 and 2026.

## PENSION PROGRAMS

### Pension Plan for the Employees of the Municipal Authority of Westmoreland County

*Plan Description* – The Authority sponsors the MAWC Pension Plan, a single employer defined benefit pension plan, established on April 1, 1953, as last amended on October 15, 1997. Plan provisions are established by the Authority for contributions required by Act 205 of the Commonwealth of Pennsylvania.

The Plan issues a separate stand-alone financial report that includes financial statements and required supplementary information, which is available for inspection at the Authority's office.

*Benefits Provided* – The plan pays benefits in the event of disability, death, or retirement of participants who meet the eligibility requirements.

Cost of living adjustments are negotiated as part of the collective bargaining agreement between the Authority and the Utilities Worker's Union of America AFL/CIO. The latest cost of living increase was 1% granted on January 1, 2000, 2001 and 2002.

*Employees Covered by Benefit Terms* – As of March 31, 2025, the following employees were covered by benefit terms:

Participants	Count
Active	108
Terminated – Vested	13
Participants receiving benefits	251
<b>Total</b>	<b>372</b>

Plan participation was closed to employees hired after October 14, 2012 and for all part-time employees not participating in the MAWC Pension Plan on October 14, 2012.

*Contributions* – Act 205 requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation. Employees are not required to contribute under the Act.

The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205. In 2025 and 2024, the MMO for the Plan was \$3,179,484 and \$4,014,249 respectively. The Authority paid \$3,179,484 during fiscal year ended March 31, 2025 and \$4,014,249 during fiscal year ended March 31, 2024.

### Net Pension Liability

The Authority's net pension liability was measured as of March 31, 2025 and 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023.

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Authority, calculated using the discount rate of 7.10%, as well as what the Authority's net pension liability would be if they were calculated using a discount rate that is one-percentage-point lower (6.10%) or one-percentage-point higher (8.10%) than the current rate:

	1% Decrease Rate (6.10%)	Current Discount Rate (7.10%)	1% Increase Rate (8.10%)
Total Pension Liability	\$ 123,900,122	\$ 112,591,927	\$ 102,883,308
Plan Fiduciary Net Position	94,607,938	94,607,938	94,607,938
Net Pension Liability	\$ 29,292,184	\$ 17,983,989	\$ 8,275,370

## Pennsylvania Municipal Retirement System Plan (PMRS)

**Plan Description** – The PMRS pension plan is a single employer defined benefit pension plan controlled by the provisions of Resolution No. 02-11 adopted pursuant to Act 15 of 1974. This plan was acquired on April 13, 2015 through the acquisition of the Jeannette Municipal Authority. The plan participates in the Pennsylvania Municipal Retirement System, which is an agent multiple employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained by contacting the PMRS accounting office.

**Benefits Provided** – The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the plan.

**Employees Covered by Benefit Terms** – Previous employees of the Jeannette Municipal Authority are covered by this plan. As of January 1, 2023, the following employees were covered by benefit terms:

<b>Participants</b>	<b>Count</b>
Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to, but not yet receiving benefits	5
Active employees	3
<b>Total</b>	<b>21</b>

This Plan was frozen as of April 13, 2015; therefore, the plan is not open to new participants and current participants will not accumulate years of service for the calculation of benefits.

**Contributions** – Act 205 requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation. Employees are not required to contribute under the Act.

The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

In 2025 and 2024, the MMO for the Plan was \$360 and \$3,303, respectively. The Authority contributed the entire MMO amount for both years.

### Net Pension Liability

The Authority's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023.

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Authority, calculated using the discount rate of 5.25%, as well as what the Authority's net pension liability would be if they were calculated using a discount rate that is one-percentage-point lower (4.25%) or one-percentage-point higher (6.25%) than the current rate:

	<b>1% Decrease Rate (4.25%)</b>	<b>Current Discount Rate (5.25%)</b>	<b>1% Increase Rate (6.25%)</b>
Total Pension Liability	\$ 2,860,259	\$ 2,557,788	\$ 2,304,285
Plan Fiduciary Net Position	2,834,647	2,834,647	2,834,647
Net Pension Liability	\$ 25,612	\$ (276,859)	\$ (530,362)

## Defined Contribution Plans

The Authority maintains two defined contribution plans. Employees hired prior to October 15, 2012, are eligible to participate in a section 457 plan. Contributions under the 457 plan are made only by employees on a voluntary basis. Employees hired on or after October 15, 2012 are eligible to participate in a 401(k) plan. Under the 401(k) plan, employees elect salary deferrals between five and fifteen percent with the Authority contributing four percent of the employee's annual compensation. Effective January 1, 2018, the Authority contributes five percent of the employee's annual compensation. For the fiscal years ended March 31, 2025 and 2024, total employer contributions to the 401(k) plan were \$1,098,137 and \$974,719, respectively. Employee and employer contributions to these defined contribution plans are subject to the plan limitations and Internal Revenue Service limits annually.

See "APPENDIX C: **Financial Statements – Years Ending March 31, 2025 and 2024**" for additional details regarding the Authority's **PENSION FUNDS**.

## OTHER POST-EMPLOYMENT BENEFITS

### OPEB Plan for the Employees of the Municipal Authority of Westmoreland County

*Plan Description* – In addition to providing the pension benefits described, the Authority provides single-employer post-employment medical and life insurance benefits (OPEB) for retired employees. The benefit levels, employee contributions and employer contributions are governed by the Authority and can be amended by the Authority through its personnel manual and union contracts. The Authority has chosen an unfunded pay-as-you-go-plan whereby all benefits are paid out of the general assets of the Authority.

Stand-alone financial statements are not issued for this plan.

#### Post-Retirement Medical Benefits

*Benefits Provided* – All members collecting a pension from the Authority and who retired from active service with the Authority are eligible for post-retirement medical benefits for themselves and their spouse until the death of the member.

#### Post-Retirement Death Benefits

*Benefits Provided* – All members collective a pension from the Authority and who retired from active service with the Authority are eligible for life insurance. Effective for employees hired after October 14, 2012, same age and service requirements of the defined benefit pension plan and voluntarily terminate from active service with the Authority.

The benefit provided is \$40,000, reduced \$4,000 per year at each anniversary of the date of retirement until \$20,000 is reached after 5 years. The \$20,000 is maintained for the rest of the eligible retiree's lifetime. The Authority pays the entire cost of the plan.

*Employees Covered by Benefit Terms* – As of March 31, 2025, the following employees were covered by benefit terms:

<b>Participants</b>	<b>Count</b>
Active	336
Terminated – Vested	-
Participants receiving benefits	334
<b>Total</b>	<b>670</b>

Spouses of active members are not included in the above participant counts, but benefits have been valued for future eligible spouses and included in the net OPEB liability.

### Funding Policy

Post-employment insurance benefits are currently funded on a pay-as-you-go-basis. The Authority funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide postretirement benefits. In fiscal year 2025 and 2024, the Authority contributed approximately \$2,804,000 and \$2,613,000, respectively, to the OPEB Plan, all of which was for current premiums.

### Net OPEB Liability

The Authority's net OPEB liability was measured as of March 31, 2025 and 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023.

### Sensitivity of the Net OPEB Liability to changes in the discount rate

	<b>1% Decrease Rate (3.50%)</b>	<b>Current Discount Rate (4.50%)</b>	<b>1% Increase Rate (5.50%)</b>
Net OPEB Liability	\$ 73,862,817	\$ 65,049,245	\$ 57,727,122

### Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rates:

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if they were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Initial Rate	6.50%	7.50%	8.50%
Ultimate	3.00%	4.00%	5.00%
Net OPEB Liability	\$ 56,657,589	\$ 65,049,245	\$ 75,621,842

See "APPENDIX C: **Financial Statements – Years Ending March 31, 2025 and 2024**" for additional details regarding the Authority's **OTHER POST-EMPLOYMENT BENEFITS**.

## **CONSULTING ENGINEER'S ANNUAL REPORT**

The duties of the Authority's Consulting Engineer include, among other things, the preparation of an annual report, to be filed with the Authority, the Trustee, and the Bond Insurer, concerning the maintenance, repair, condition and operation of the Municipal Service System, capital additions to be constructed or acquired, estimated Current Expenses and Gross Revenues, and necessary or advisable rate changes. The Consulting Engineer's Annual Report and Recommended Budget for the fiscal year beginning April 1, 2025 is included herein at APPENDIX A. The recommendations of the Consulting Engineer contained in such report have been accepted and are being implemented by the Authority.

## **OUTSTANDING INDEBTEDNESS**

The outstanding indebtedness of the Authority on March 31, 2025 is shown in its audited financial statements as of and for the years ended March 31, 2025 and March 31, 2024 included as APPENDIX C as well as APPENDIX G hereto. Such indebtedness includes the 2025A Bonds and certain subordinate Other Obligations (as hereinafter defined and as defined in the Trust Indenture). Presently, the Other Obligations include loans from the Pennsylvania Infrastructure Investment Authority ("Pennvest") and from the Rural Utility Service ("RUS") which the Authority has either incurred directly or has, through the purchase of other systems, assumed liability.

## **FUTURE FINANCINGS**

The Authority anticipates issuing additional long-term debt in the in the next two years in the aggregate amount of approximately \$75,000,000 in addition to any refunding bonds/notes in order to complete various capital improvements to its Water System and Wastewater System.

## **THE TRUST INDENTURE**

The following summarizes certain of the provisions of the Trust Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to the actual Trust Indenture. Any capitalized term not otherwise defined in this Official Statement has the same meaning as such term has in the Trust Indenture. A copy of the Trust Indenture is available for inspection at the designated corporate trust office of the Trustee.

### **Application of Revenues**

As stated below, the Authority is required to deposit all Receipts and Revenues from the ownership and operation of the Municipal Service System to the credit of the Revenue Fund. The Trust Indenture provides that the moneys to the credit of the Revenue Fund will be applied for the following purposes and in the following order of priority:

- (1) To the payment of the current expenses of operating and maintaining the Municipal Service System, such payments to be made in accordance with the currently effective budget of current expenses;
- (2) To make transfers to the Debt Service Fund, to pay principal of and interest on the Bonds when due, at the times and in the amounts stated in the Trust Indenture;
- (3) To make up any deficiency in the Debt Service Reserve Fund, in no more than four (4) quarterly, substantially equal installments;
- (4) An amount equal to 3-1/2% of the Operating Revenues of the Water System during the preceding fiscal quarter shall be deposited quarterly to the credit of the Capital Expenditures Fund;
- (5) Subject to making the foregoing payments and transfers the Authority may pay from the Revenue Fund the amounts due, from time to time, on other obligations.

### **Funds and Accounts of the Authority**

Pursuant to the Trust Indenture, the following funds have been established for purposes specified by, and in compliance with, the Trust Indenture.

#### **Revenue Fund**

Deposited with an Authorized Depository, not held by the Trustee under the Trust Indenture; generally, the Authority deposits all of its Receipts and Revenues into the Revenue Fund. From the Revenue Fund, the Authority first pays its current operating expenses and maintenance expenses and then transfers moneys from the Revenue Fund to other Funds which, with the exception of the Capital Expenditures Fund are Funds established under the Trust Indenture (see "**Application of Revenues**" above).

#### **Debt Service Fund**

The Debt Service Fund is held by the Trustee. The Authority transfers, in quarterly installments, money out of the Revenue Fund into the Debt Service Fund. The Trustee uses the money in the Debt Service Fund to pay the debt service requirement on the Bonds, i.e., principal, interest, maturity value, accreted value and/or contributions to bond sinking funds.

## **Debt Service Reserve Fund**

The Debt Service Reserve Fund is held by the Trustee. The Debt Service Reserve Fund is required to be maintained in an amount equal to the Reserve Requirement (defined as the Maximum Debt Service Requirement on all Bonds Outstanding under the Trust Indenture; however see "Springing Amendment to the Trust Indenture" hereinbelow). Generally, the Authority transfers money to this fund on the date the Authority issues a new series of Bonds in the amount required to increase the balance in such fund to equal the Reserve Requirement computed as of the date of issuance of such new series of Bonds. The purpose of the Debt Service Reserve Fund is to provide a reserve in the event there are insufficient funds in the Debt Service Fund to pay principal, interest, maturity value and/or accreted value, when due, on any one or more series of Bonds issued by the Authority. Following the issuance of the 2025A Bonds, the Reserve Requirement will be \$\_\_\_\_\_, which includes the current Debt Service Reserve Fund deposit of \$23,966,171 plus a 2020 Surety Policy in the amount of \$1,415,610 and a 2025 Surety Policy in the amount of \$3,609,500.

## **Sinking Funds**

Various sinking funds have been established and are being held by the Trustee to affect the mandatory redemption of certain prior series of Bonds. Moneys in such sinking funds are not available to pay debt service on the 2025A Bonds.

## **Capital Expenditures Fund**

The Authority is required to deposit to the credit of this Fund, which is held by an Authorized Depository and not the Trustee, the amounts required under item four under the subheading "Application of Revenues" as set forth above. The moneys deposited to the credit of the Capital Expenditures Fund are to be applied by the Authority for the purposes set forth in the currently effective budget of capital expenditures or, if the moneys to the credit of the Debt Service Fund shall at any time be insufficient to pay the principal, compound accreted value of and the interest on Bonds as such principal, compound accreted value and interest shall become due, to the transfer of the amount of the deficiency to the credit of the Debt Service Fund.

## **Construction Funds**

Various Construction Funds have been established under the Trust Indenture, funded with proceeds of various series of Bonds which funds are to be applied to payment of the cost of the construction program described in the applicable Supplemental Indenture.

## **Rebate Fund**

The estimated amounts of rebate liability of the Authority are to be deposited into this fund and paid to the United States Treasury in compliance with Section 148 of the Internal Revenue Code of 1986, as amended (the "Code").

## **Clearing Fund**

The Clearing Fund is held by the Trustee. The Authority is to deliver the proceeds from the sale of any Bonds to the Clearing Fund. From the Clearing Fund, the Trustee shall pay the costs and expenses associated with the each Bond issuance, and transfer the accrued interest on each Bond issuance (at the time of issuance) to the Debt Service Fund, the required reserve amount to the Debt Service Reserve Fund and all other transfers required by the Indenture or any Supplemental Indenture authorizing the issuance of such Bonds, including capitalized interest into the Debt Service Fund.

## **Issue of Additional Bonds**

In addition to the Bonds Outstanding, upon satisfying certain requirements set forth in the Trust Indenture, including, but not limited to, those set forth below, the Authority may from time to time issue Additional Bonds for the following purposes and in the following amounts:

(1) For the purpose of acquiring or constructing capital additions, upon delivery to the Trustee of, among other things: (a) a report of an independent public accountant demonstrating that the Net Revenues of the

Municipal Service System for any period of twelve (12) consecutive months during the eighteen (18) month period immediately preceding the first day of the month in which such Additional Bonds are issued is not less than 110% of the Average Annual Debt Service Requirements on the Bonds Outstanding during that period, and (b) a Consulting Engineer's certificate stating, among other things, that (i) the estimated Net Revenues which will be derived by the Authority from the Municipal Service System, including the Capital Additions, which estimate shall be based upon any period of twelve (12) consecutive months in the twenty-four (24) month period following the date of issuance of the Additional Bonds on the basis of rates projected to be in effect during that period and on the basis of customers estimated to be served during that period and (ii) the percentage derived by dividing the sum of such amounts referred to in (i) by the Average Annual Debt Service Requirement on all Bonds which will be Outstanding immediately after the issuance of the Additional Bonds, which percentage shall not be less than 110%.

(2) For the purpose of completing the 1993 Project or any Capital Additions financed with the proceeds of Additional Bonds in an amount necessary to complete such project, but not in excess of 15% of the principal amount of the Bonds previously issued to pay the cost of such project.

(3) For the purpose of refunding Outstanding Bonds, upon delivery to the Trustee of, among other things, (i) an Officers' Certificate stating, among other things, the amount of proceeds to be received from the Additional Bonds, the cost of issuing the Additional Bonds, and the Maximum Annual Debt Service Requirement on all Bonds after the issuance of the Additional Bonds, (ii) if only a portion of the Outstanding Bonds is to be refunded, and if such refunding extends the term of the Bonds being refunded or if the Average Annual Debt Service Requirements on the Bonds being refunded is increased, a Consulting Engineer's Certificate setting forth the estimated amount of the average Net Revenues of the Municipal Service System for any period of twelve (12) months following the issuance of such Additional Bonds, which shall be not less than 110% of the Average Annual Debt Service Requirement on all Bonds which will be Outstanding immediately after the issuance of such Additional Bonds, and (iii) cash, Defeased Tax-Exempt Securities and/or Government Obligations.

#### **Additional Bonds for Working Capital Purposes**

The Authority may issue Additional Bonds to provide funds for working capital provided that the total aggregate amount of Outstanding Bonds issued for working capital purposes may not exceed 10% of the Authority's Gross Revenues for the immediately preceding Fiscal Year, and further provided that no Additional Bonds may be Outstanding for working capital purposes during the last seven (7) Business Days of any Fiscal Year.

#### **Other Obligations**

The Authority may issue bonds, notes or other obligations (the "Other Obligations") under indentures, resolutions or agreements other than the Trust Indenture, provided that if such Other Obligations have a claim on or are otherwise secured by the Receipts and Revenues derived from the Municipal Service System, the security for such Other Obligations must be subordinate to the payment of all Bonds.

#### **Rate Covenant**

The Authority covenants in the Trust Indenture that among other things, so long as any Bonds shall remain Outstanding, it will maintain, charge, and collect reasonable rates, rents and other charges for the use of the Municipal Service System, which rates, rents and other charges, together with other Receipts and Revenues and any balance in the Revenue Fund at the end of the preceding fiscal year, shall be at least sufficient, after making due and reasonable allowance for contingencies and a margin of error in the estimates, to provide annually at all times (i) sufficient funds to pay the current expenses of the Authority, and (ii) an amount equal to 110% of the Debt Service Requirements on Outstanding Bonds in the current fiscal year; provided, however, that in the event such 110% requirement is not met in any fiscal year, the Authority will promptly revise its rates, with the approval of the Consulting Engineer, so that the requirement will be met.



## **Insurance Covenant**

The Authority covenants in the Trust Indenture that it will at all times keep insured, by a reputable insurance company, all property included in the Municipal Service System against loss or damage by fire, or other hazards, to the extent customarily insured against by persons engaged in operating similar properties in the same area. The insurance policies shall be held for the benefit of the Authority and the Trustee and shall provide that all claims in excess of five hundred thousand dollars (\$500,000) shall be made payable to the Trustee.

## **Consulting Engineer Covenant**

The Authority covenants in the Trust Indenture that, for the purpose of performing and carrying out the duties imposed on the Consulting Engineer by the Trust Indenture, it will employ an independent engineer or engineering firm who or which is qualified to pass on engineering questions relating to the operation and maintenance of municipal service systems. The duties of the Consulting Engineer include, among other things, the preparation of an annual report, to be filed with the Authority, the Trustee, and the Bond Insurer, concerning the maintenance, repair, condition and operation of the Municipal Service System, capital additions to be constructed or acquired, estimated Current Expenses and Gross Revenues, and necessary or advisable rate changes.

## **Budget Covenant**

The Authority covenants in the Trust Indenture to adopt a budget of Current Expenses and Gross Revenues for each fiscal year, on or before thirty (30) days prior to the beginning of such Fiscal Year.

## **Independent Audit Covenant**

The Authority covenants in the Trust Indenture that April 1 each year it will cause an audit to be made of its books and accounts pertaining to the Municipal Service System for the preceding fiscal year by an independent certified accountant and will file, or cause to be filed, copies of such audit report with the Authority, the Trustee, and the Consulting Engineer.

## **Modifications of Provisions of Trust Indenture**

Certain modifications and alterations of the Trust Indenture not adversely affecting the rights of the holders of the Bonds Outstanding thereunder may be made without the consent of the holders of such Bonds, but with the prior consent of the Bond Insurer and in the manner and upon the terms and conditions provided in the Trust Indenture. Any other modifications or alterations of the Trust Indenture and of the rights and obligations of the Authority and of the holders of the Bonds outstanding thereunder may be made with the consent of the holders (i) of not less than 66-2/3% of the aggregate principal amount of the Bonds then Outstanding, (ii) of the Bond Insurer, and (iii) of the holders of not less than 66-2/3% of the aggregate principal amount of the Bonds of each series then outstanding and affected by any such modification or alteration, in case one or more but less than all of the Series of the Bonds then Outstanding are so affected; provided, however, that no such modification or alteration shall (i) extend the fixed maturity date of any Bond, or reduce any premium payable upon the redemption thereof, without the consent of the holder of each Bond so affected, or (ii) permit the creation by the Authority of any lien upon any property which shall be a part of the Municipal Service System or any lien prior to or on a parity with the lien of the Trust Indenture upon any part of the Receipts and Revenues of the Municipal Service System, or reduce the aforesaid percentage of Bonds, the holders of which are required to consent to any such modification or alteration, without the consent of the holders of all Bonds then Outstanding.

## **Defaults and Remedies**

The Trust Indenture defines an "Event of Default" to include, among other things:

- (a) failure to pay the principal of, or the premium (if any) payable upon the redemption of, any Bond when due and payable either at maturity, or by proceedings for redemption; or
- (b) failure to pay any installment of interest on any Bond when payable; or

(c) the entry of an order or decree appointing a receiver or receivers of the Municipal Service System or of the Receipts and Revenues thereof with the consent or acquiescence of the Authority, or, if such order or decree shall have been entered without the acquiescence or consent of the Authority, the failure of the Authority to cause such order or decree to be vacated or discharged or stayed on appeal within sixty (60) days after entry; or

(d) the institution of any proceeding with the consent or acquiescence of the Authority for the purpose of effecting a composition between the Authority and its creditors, or for the purpose of adjusting the claims of such creditors pursuant to any Federal or State statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable out of the Receipts and Revenues of the Municipal Service System, or if such proceeding shall have been instituted without the consent or acquiescence of the Authority, the failure of the Authority to have such proceeding withdrawn, or any order entered therein vacated or discharged, within sixty (60) days after the institution of such proceeding or the entry of such order; or

(e) the entry of a final judgment against the Authority, which judgment constitutes or could result in a lien or charge upon the Municipal Service System or the Receipts and Revenues thereof, or which materially and adversely affects the ownership, control or operation of the Municipal Service System, if such judgment shall not be discharged within sixty (60) days from the entry thereof, or if an appeal shall not be taken therefrom, or from the order, decree or process upon which or pursuant to which such judgment was granted or entered, in such manner as to conclusively set aside the execution or levy under such judgment, order, decree or process, or the enforcement thereof; or

(f) the failure of the Authority to repair or replace, with reasonable dispatch, any part of the Municipal Service System necessary for its efficient operation which shall have been destroyed or damaged; or

(g) the failure or refusal of the Authority to comply with any provisions of the Authorities Act or the rendering of the Authority, for any reason, incapable of fulfilling its obligations under the Trust Indenture or the Authorities Act; or

(h) the failure of the Authority to observe any other covenant, condition or agreement of the Authority contained in the Bonds or in the Trust Indenture and the continuation of such failure for a period of thirty (30) days after written notice of such failure from the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Registered Owners of not less than twenty-five per centum (25%) in aggregate principal amount of the Bonds then Outstanding, provided that, the failure of the rate schedule adopted by the Authority pursuant to the Trust Indenture to produce an amount sufficient to pay the Authority's Current Expenses plus 110% of the Debt Service Requirements on the Bonds will not constitute an Event of Default.

Subject to the Bond Insurer's ability to control remedies, upon the happening and continuance of certain Events of Default, then in every such case, the Trustee may declare the principal of all Outstanding Bonds, together with accrued interest thereon immediately due and payable and upon such declaration, such amounts shall immediately become due and payable.

Upon the happening and continuance of any event of default, the Trustee may, and upon the request of the holders of not less than 25% of the Bonds then Outstanding, shall, accelerate the maturity of all Outstanding Bonds.

The Trust Indenture provides that all moneys received by the Trustee or by any receiver from the operation of the Municipal Service System or otherwise upon the exercise of the remedies provided in the Trust Indenture shall, after payment of the costs and expenses of the operation thereof, be applied:

First: to the payment of the fees, counsel fees and expenses of the Trustee and of the receivers, if any, and all costs and disbursements allowed by the court, if there be any court action;

Second: to the payment of the whole amount of principal and interest which shall then be owing or unpaid upon the Bonds, and in case such amounts shall be insufficient to pay in full the whole sum so due and unpaid, then to the payment of such principal and interest ratably, subject to certain exceptions, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest;

Third: to the payment of the surplus, if any, to the Authority or to whomever is lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

### **Springing Amendment to the Trust Indenture**

The Seventeenth Supplemental Indenture includes an amendment to the Trust Indenture to change the definition of Reserve Requirement (as defined in the Trust Indenture) to be based on an amount not to exceed the least of: (1) one hundred percent (100%) of the maximum principal and interest due on the Bonds Outstanding under the Trust Indenture for the then current and any succeeding Fiscal Year, (2) one hundred twenty-five percent (125%) of the average annual principal and interest requirements for the Bonds Outstanding under the Trust Indenture until their final maturity; (3) ten percent (10%) of the proceeds of the Bonds Outstanding under the Trust Indenture (the "Springing Amendment"). The Springing Amendment requires the consent of each insurer of Outstanding Bonds and the holders of 66-2/3% in principal amount of the Outstanding Bonds. **BY PURCHASING THE BONDS, THE PURCHASERS OF A BENEFICIAL INTEREST ARE CONSENTING TO SUCH SPRINGING AMENDMENT.** The Springing Amendment will become effective, only if, and when, the necessary percentage of consents is obtained or otherwise results (e.g., due to Bonds of non-consenting holders ceasing to be Outstanding under the Trust Indenture or through the issuance of Additional Bonds to which such purchasers also consent). The Authority expects to post a notice on the Electronic Municipal Market Access (EMMA) system if and when the Springing Amendments have received the required consents and are in effect.

### **MANAGEMENT AGREEMENT**

The Authority has entered into a management agreement effective as of January 21, 1999 (the "Management Agreement") with Resource Development and Management, Inc. (hereinafter called the "Manager"). The Management Agreement was for a term of fourteen years beginning on February 1, 1999. In November 2022, the Authority amended the Management Agreement extending the term to December 31, 2030. The Authority has utilized an outside management service to manage the Authority's water system since 1950.

### **Duties of the Manager**

Under the Management Agreement, subject to the general supervision, discretion and control of the Authority in the exercise and discharge of its public duties under the law, the Manager shall have full charge and direction of the Authority Municipal Services business, and shall (acting in cooperation with, and subject to the supervision, discretion and control of the Board of the Authority which will be communicated to the Manager from time to time by the Chairman) render to the Authority the following services:

(a) The Manager, in exercising its duties and responsibilities under the Agreement, will regularly consult with and discuss its services with the Chairman and/or the Board.

(b) The Manager shall supervise all departments, divisions and phases of the Municipal Services Business of the Authority.

(c) The Manager shall, with periodic consultation with the Chairman and/or the Board, supervise and keep all accounts and records related to the Authority water system and the water supply business of the Authority, in accordance with the system of accounts approved by the Independent Public Accountant pursuant to the provisions of the Trust Indenture, and shall countersign all checks upon funds of the Authority. The Manager shall make periodic internal audits of books and records of the water supply business of the Authority, in addition to the annual audit by the Independent Public Accountant, and shall prepare and furnish to the Board of the Authority, quarterly, statements of the income and expenses of the water supply business of the Authority. The Manager shall also prepare and furnish to the Authority all such additional statements with respect to the financial affairs of the Authority water system as may reasonably be requested by the Board of the Authority for its own use or for the use of any interested party.

(d) The Manager shall maintain and monitor a staff development program intended to improve the internal management of the system.

(e) The Manager shall review all assets of the Authority and recommend future courses of action relative to the disposition, retention and/or utilization in order to reduce costs and increase revenue.

(f) The Manager shall prepare management statistics on the Authority's operations and make written reports and recommendations for increasing general efficiency of such operations, to the Board of the Authority.

(g) The Manager shall review all trust indentures and comply with all requirements and provisions of the indentures.

(h) The Manager shall, with periodic consultation with the Chairman and/or the Board, hire, discharge and direct the work of all employees of the Authority connected with the Authority water system and the water supply business, and, from time to time, fix, determine and negotiate the rates of pay, and the number of employees reasonably proper for efficient operation, maintenance, extension and development of the Authority Municipal Services Business and the water supply business and for the furnishing of adequate and satisfactory Municipal Services to consumers.

(i) The Manager shall, with periodic consultation with the Chairman and/or the Board, prepare for and conduct all labor negotiations with the Authority's employees or the collective bargaining representatives of the Authority's employees.

(j) The Manager shall assist in the preparation of all rate schedules and shall make a periodic examination of such schedules to determine whether revenue is being fully developed from such rates, and shall direct the preparation of any and all reports required to be filed with any governmental agency.

(k) The Manager shall assist the Consulting Engineer, and/or other engineers retained by the Authority, in preparing plans, cost estimates and work orders for Capital Additions (as defined in the Trust Indenture) which have been authorized by the Authority.

(l) The Manager shall assist in the preparation of all necessary applications for permits or priority ratings.

(m) The Manager shall, in cooperation with the Consulting Engineer or other professionals deemed necessary by the Manager and Chairman and/or the board, supervise acceptance tests of all new machinery and equipment, and shall inspect all construction work during the progress thereof and after the completion thereof, and shall make reports to the Authority with respect thereto.

(n) The Manager shall, in cooperation with the Consulting Engineer, make, or cause to be made, a complete review and general inspection of the operating records, policies and methods of the Authority and of the Authority Municipal Services Business and all of the facilities thereof, and file with the Authority, during the last quarter of each fiscal year, a written report in appropriate detail showing the results of such inspection and containing such recommendations and suggestions as to operating methods, renewals, extensions and improvements to the Authority Municipal Services Business as may be deemed advisable by the Manager and the Consulting Engineer. Contemporaneously with the filing of such report, the Manager shall submit suggestions for an operating budget for the Authority Municipal Services Business for the next succeeding calendar year.

(o) The Manager shall render to the Authority all reasonable assistance in the promotion of satisfactory relations and good will between it and the municipalities in which the Municipal Services Business of the Authority shall be carried on, and between the Authority and its customers, and shall make periodic surveys of the Municipal Service Business in an effort to secure new and additional Municipal Services customers to benefit the Authority and stimulate economic development in the region the Authority serves.

(p) Whenever the Authority shall be required to take any action by the provisions of the Trust Indenture, the Manager, if such action shall be within the scope of its duties under this Agreement, shall take such action on behalf of the Authority in such manner and within such time as to comply with such provisions of the Trust Indenture, or, if such action shall not be within the scope of the Manager's duties hereunder, shall give written notice to the Authority to take the requisite action so provided for by the Trust Indenture; and in general shall render all reasonable assistance to the Authority in order to enable the Authority to perform and fulfill its obligations under the Trust Indenture, to secure efficient and economical administration and operation of the Authority Municipal Services Business, and to assure adequate and efficient Municipal Services at reasonable rates and charges to consumers.

(q) All of the aforementioned duties and responsibilities shall be performed by the Manager. In conjunction with the primary objective of the Management Agreement, the Manager will provide a Management Team which

includes the Resident Manager of the Authority. It is the intention of this provision to facilitate the management of the Authority in its day to day affairs through the Resident Manager.

(r) The Manager shall arrange for the purchase of all materials and supplies required for the operation of the Authority Municipal Services Business and, in cooperation with the Consulting Engineer, shall determine the amount of, and shall place all insurance required by the provisions of the Trust Indenture or deemed desirable by the board of the Authority.

(s) When the Authority undertakes any project to provide wastewater services to its customers in its service delivery area, the Manager will make recommendations to the Authority regarding the entry into the wastewater services business and will make recommendations to the Authority for the Authority's implementation.

(t) When the Authority implements the recommendation by the Manager to provide wastewater services, then the Manager will provide the same type of managerial services in the wastewater system as the manager provides in the water delivery system.

### **Compensation of the Manager**

As compensation for its services under the Management Agreement, the Manager received (will receive) an annual fee of \$1,750,000 annually for year 2024, \$2,000,000 for years 2025 through 2027, and \$2,250,000 for years 2028 through 2030, paid in monthly installments.

### **Assignment**

The Management Agreement may not be assigned by either party without the written consent of the other party.

### **Independent Contractor**

Under the Management Agreement, the Manager is an independent contractor and is not an employee of the Authority. The Manager has no authority to bind the Authority by any promise or representation unless specifically authorized in a particular transaction.

The Manager has acknowledged that the provisions of the United States Social Security Act, the Pennsylvania Unemployment Compensation Act or the Pennsylvania Workmen's Compensation Act, or any similar act or legislation wherein coverage is based upon the relations of employer/employee, are not applicable under the terms of the Management Agreement.

### **Previous Negotiations**

The Management Agreement merges all previous negotiations between the parties thereto, and persons affiliated with the parties thereto, with respect to the subject matter covered thereby, and is binding upon and inures to the benefit of the successors and assigns of the parties thereto.

## **CERTAIN BONDHOLDER RISKS AND CONSIDERATIONS**

*The following section describes certain risk and investment considerations affecting the payment of and security for the Bonds. The following discussion is not meant to be an exhaustive list of the risks and investment considerations associated with the purchase of the Bonds and does not necessarily reflect the relative importance of the various issues. Potential investors are advised to consider the following factors, along with all other information in this Official Statement, in evaluating the Bonds. There can be no assurance that other risk factors will not become material in the future.*

### **General**

The payment of principal of and interest on the Bonds is secured solely from the Receipts and Revenues of the Authority derived from the Municipal Service System. The realization of the Receipts and Revenues is subject to, among other things, the demand for water and wastewater services, the capabilities of management of the Authority, the ability of the Authority to provide water and wastewater services to its users, and the ability of the

Authority to establish and maintain fees and charges sufficient to provide the required debt service coverage as well as pay for expenses.

Among other matters, drought, general and local economic conditions and changes in law and government regulations (including initiatives and moratoriums on growth) could adversely affect the amount of Receipts and Revenues realized by the Authority.

### **Limited Obligations**

The Bonds are limited obligations of the Authority and are not secured by a legal or equitable pledge or charge or lien upon any property of the Authority or any of its income, except the Receipts and Revenues. The obligation of the Authority to pay the Bonds does not constitute an obligation of the County of Westmoreland or the Commonwealth of Pennsylvania or any other political subdivision or instrumentality to levy or pledge any form of taxation. The Authority has no taxing power.

No bondholder shall ever have the right to compel the exercise of taxation in any form on any real or personal property to pay the Bonds or interest thereon, nor shall any bondholder be entitled to the payment of such principal and interest from any other funds of the Authority other than the Receipts and Revenues in the manner and to the extent provided in the Trust Indenture. In addition, no recourse shall be had for the payment of the principal or interest on the Bonds or for any claim based thereon or the Trust Indenture against any member of the board of trustees for the Authority or any other officer of the Authority or any person executing the Bonds. Therefore, the security for the punctual payment of the principal of and interest on the Bonds is dependent on the Authority's ability to generate such Receipts and Revenues in an amount sufficient to meet the debt service requirements of the Bonds and all other parity obligations.

The Authority is obligated under the Trust Indenture to pay the Bonds solely from the Receipts and Revenues. There is no assurance that the Authority can succeed in operating the Municipal Service System such that sufficient Receipts and Revenues in the future will be realized.

### **Permits and Environmental Regulation**

The operations of the Authority are subject to permits from State regulatory agencies. Non-compliance with such permits may result in significant penalties from such state agencies or other enforcement actions that could have a material adverse effect on the finances and operations of the Authority.

The Municipal Service System is subject to various federal, State and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability to the Authority as owner of the Municipal Service System for remediating adverse environmental conditions on or relating to the Municipal Service System, whether arising from preexisting conditions or conditions arising as a result of the activities conducted in connection with the ownership, operation, and maintenance of the Municipal Service System. Costs incurred by the Authority with respect to environmental remediation or liability could adversely impact its financial condition and its ability to own, operate, and maintain the Municipal Service System and its ability to produce Receipts and Revenues of the Municipal Service System.

The kind and degree of treatment and quality affected through the Municipal Service System is regulated, to a large extent, by the federal government and/or the Commonwealth of Pennsylvania. In the event that the federal government, acting through the Environmental Protection Agency, or the Commonwealth of Pennsylvania, acting through the Department of Environmental Protection, or additional federal or state agencies, should impose stricter quality standards upon the Municipal Service System, the Authority's expenses could increase accordingly and rates and charges would have to be increased to offset those expenses. It is not possible to predict the direction federal or state regulation will take with respect to quality or treatment standards, although it is likely that, over time, both will impose more stringent standards with attendant higher costs.

### **Water Quality Control**

Contamination of the Authority's water supply may result in disruption in its services and litigation which could adversely affect its operating results and financial condition. The Authority's water supplies are subject to contamination, including contamination from the development of naturally occurring compounds and chemicals in groundwater systems, and pollution resulting from manmade sources. In the event that its water supply is contaminated, the Authority may have to interrupt the use of that water supply until it is able to substitute the flow

of water from an uncontaminated water source. In addition, the Authority may incur significant costs in order to treat the contaminated source through expansion of its current treatment facilities, or development of new treatment methods. If the Authority is unable to substitute water supply from an uncontaminated water source, or to treat adequately the contaminated water source in a cost-effective manner, there may be an adverse effect on its revenues, operating results and financial condition. The costs it incurs to decontaminate a water source or an underground water system could be significant and could adversely affect the Authority's operating results and financial condition.

In addition to the potential pollution of its water supply as described above, in the wake of the September 11, 2001 terrorist attacks and the ensuing threats to the nation's health and security, the Authority has taken steps to increase security measures at its facilities and heighten employee awareness of threats to its water supply. The Authority also has tightened its security measures regarding the delivery and handling of certain chemicals used in its business. The Authority has and will continue to bear increased costs for security precautions to protect its facilities, operations and supplies. These costs may be significant. The Authority currently is not aware of any specific threats to its facilities, operations or supplies; however, there can be no assurance that the Authority would be able to exert any control over the effects of terrorist events should they occur.

The Authority also could be held liable for consequences arising out of human exposure to hazardous substances in its water supplies or other environmental damage. For example, private plaintiffs have the right to bring personal injury or other toxic tort claims arising from the presence of hazardous substances in its drinking water supplies. The Authority's insurance policies may not be sufficient to cover the costs of these claims.

### **Investment of Funds**

All funds and accounts held under the Trust Indenture are required to be invested in investments permitted under the Trust Indenture. All investments, including those permitted under the Trust Indenture and those authorized by law from time to time for investments by public agencies, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, loss of market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Trust Indenture or by the Authority could have a material adverse effect on the security of the Bonds.

### **Limitations on Remedies and Limited Recourse upon Default**

The ability of the Authority to comply with its covenants under the Trust Indenture and to generate Receipts and Revenues sufficient to pay the Bonds may be adversely affected by actions and events outside of the control of the Authority and may be adversely affected by actions taken (or not taken) by persons obligated to pay rates, fees and charges imposed by the Authority on the Municipal Service System customers, elected officials, voters, property owners, or taxpayers.

Failure by the Authority to pay the Bonds as required under the Trust Indenture constitutes an event of default under the Trust Indenture and the Trustee is permitted to pursue remedies at law or in equity to enforce the Authority obligation to make such payments. The remedies available to the owners of the Bonds upon the occurrence of an event of default under the Trust Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

If the Authority fails to comply with its covenants under the Trust Indenture or fails to pay the Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the Bonds. The enforcement of the remedies provided in the Trust Indenture could prove both expensive and time consuming.

### **Bankruptcy**

In addition to the limitations on remedies contained in the Trust Indenture, the rights and remedies provided in the Trust Indenture may be limited by and are subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent conveyance, and other similar laws relating to or affecting creditors' rights, to the application of equitable principles, if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the Commonwealth of Pennsylvania. The opinion to be delivered by Bond Counsel concurrently with the issuance of the Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the Bonds will be similarly qualified. See APPENDIX D: **"PROPOSED FORM OF OPINION OF BOND COUNSEL"**.

**Notwithstanding the foregoing, the Authority is not currently authorized under current Pennsylvania law to file a petition for the adjustment of its obligations under Chapter 9 of the Bankruptcy Code (Title 11, United States Code).** If current Pennsylvania law were changed to authorize such a filing, the rights and remedies provided in the Trust Indenture may be limited by and become subject to provisions of the federal bankruptcy laws, hereafter enacted, and to other laws or equitable principles that may affect creditors' rights. Upon such a change in Pennsylvania law, if the Authority were to file a petition under Chapter 9 of the Bankruptcy Code, the Bondholders and the Trustee could be prohibited or severely restricted from taking any steps to enforce their rights under the Trust Indenture.

### **System Demand**

The demand for water and wastewater services is subject to seasonal fluctuations. Demand for water during the warmer months is generally greater than during the cooler months due primarily to additional requirements for water in connection with cooling systems, swimming pools, irrigation systems and other outside water use. Throughout the year, and particularly during the typically warmer months, demand will vary with temperature and rainfall levels. In the event the temperatures during the typically warmer months are cooler than expected, or if there is more rainfall than expected, the demand for water may decrease. Reduction in levels of demand could require an increase in rates or charges in order to comply with the covenants to fix rates and charges for the Municipal Service System.

### **System Expenses**

There can be no assurance that the Authority's operating expenses will be consistent with the descriptions in this Official Statement. Increases in expenses could require an increase in rates or charges in order to comply with the rate covenant.

### **Earthquakes, Floods and Other Natural Disasters**

Earthquakes, floods or other natural disasters could interrupt operation of the Municipal Service System and cause increased costs and thereby interrupt the ability of the Authority to realize Receipts and Revenues. The Authority is not obligated under the Trust Indenture to have earthquake or flood insurance.

### **Governmental Restrictions on Water Use**

Drought conditions may impact the ability of the Authority to serve its current and future customers, and may impact its customers' use of its water, which may adversely affect its financial condition and results of operations.

The Authority depends on an adequate water supply to meet the present and future demands of its customers. Drought conditions could interfere with its sources of water supply and could adversely affect its ability to supply water in sufficient quantities to its existing and future customers. An interruption in its water supply could have a material adverse effect on the Authority's financial condition and results of operations. Moreover, governmental restrictions on water usage during drought conditions may result in a decreased demand for the Authority's water, even if its water reserves are sufficient to serve its customers during these drought conditions, which may adversely affect its revenues and earnings.

### **Secondary Market for Bonds**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

### **Failure to Provide Ongoing Disclosure**

The failure of the Authority to comply with the Continuing Disclosure Agreement described herein may adversely affect the transferability and liquidity of the Bonds and their market price. See "**CONTINUING DISCLOSURE UNDERTAKING**" herein.



## **Bond Audits**

Officials with the Internal Revenue Service (the “IRS”) have indicated that more resources will be invested in audits of tax-exempt bonds. The 2025A Bonds may be, from time to time, subject to audits by the IRS. The Authority believes that the 2025A Bonds properly comply with applicable tax laws. In addition, Dinsmore & Shohl, LLP, as Bond Counsel, will render an opinion with respect to the tax-exempt status of interest on the 2025A Bonds, as described under the heading “**TAX EXEMPTION AND OTHER TAX MATTERS**” below. Such opinion speaks only as of its date and Bond Counsel has no obligation to monitor compliance following the issuance of the 2025A Bonds. No ruling with respect to the tax-exempt status of interest on the 2025A Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts and are not guarantees. There can be no assurance that an audit of the 2025A Bonds will not adversely affect the tax-exempt status of interest on the 2025A Bonds.

## **Tax Compliance**

The Code provides that interest on obligations such as the 2025A Bonds is excludable from gross income for federal income tax purposes if certain requirements are met with respect to the terms, amount and purpose of the obligations and the use of funds generated by the issuance of the obligations. Failure to comply with such requirements could cause the interest on the 2025A Bonds to become includible in gross income for federal income tax purposes retroactive to their date of issue. See “**TAX EXEMPTION AND OTHER TAX MATTERS**” herein.

The Trust Indenture does not provide for the payment of any additional interest or penalty in event of the taxability of the interest on the 2025A Bonds. The 2025A Bonds are not subject to optional or mandatory redemption prior to maturity in the event of such taxability of interest on the 2025A Bonds, although the 2025A Bonds are subject to optional redemption at the direction of the Authority. See “**REDEMPTION**” herein.

## **Cybersecurity**

The Authority, like many other governmental entities, relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the Authority will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of remedying any such damage could be significant. In addition to the various processes in place to safeguard against cybersecurity attacks, the Authority also maintains a cybersecurity insurance policy, to cover its various systems and to further mitigate risk.

On June 20, 2024, the Authority was the victim of a monetary theft through a vendor impersonation scam. The amount of the monetary loss did not impact the financial security of the Authority. Officials have since recovered nearly all of the stolen funds. Customer data and utility infrastructure information was not disclosed as a result of the incident. The Authority has purchased third-party software and has implemented procedures, including staff training, to mitigate future cybersecurity threats and attacks.

## **Public Health Emergencies Could Negatively Affect the Authority’s Operations**

Regional, national or global public health emergencies, such as the outbreak of the novel coronavirus (“COVID-19” or the “Pandemic”), could have materially adverse regional, national or global economic and social impacts causing, among other things, the promulgation of local or state orders limiting certain activities, extreme fluctuations in financial markets and contraction in available liquidity, prohibitions of gatherings and public meetings in such places as entertainment venues extensive job losses and declines in business activity across important sectors of the economy, impacts on supply chain and availability of resources, declines in business and consumer confidence that negatively impact economic conditions or cause an economic recession. The Authority cannot predict the extent to which its operations or financial condition may decline nor the amount of increased costs, if any, that may be incurred by the Authority associated with operating during any public health emergencies. Accordingly, the Authority cannot predict the effect any public health emergencies will have on the finances or operations of the Authority or whether any such effects will have a material adverse effect on the ability to support payment of debt service on the Bonds.

**The foregoing is NOT an exhaustive list of all possible factors that could adversely impact the ability of the Authority to make payments on the Bonds.**

## **TAX EXEMPTION AND OTHER TAX MATTERS**

### **State Tax Matters**

In the opinion of Bond Counsel, the Bonds, and the interest income therefrom, are free from taxation for purposes of personal income and corporate net income taxes within the Commonwealth of Pennsylvania.

The residence of a holder of a Bond in a state other than Pennsylvania, or being subject to tax in a state other than Pennsylvania, may result in income or other tax liabilities being imposed by such other state or its political subdivisions based on the interest or other income from the Bonds.

### **Federal Income Tax Matters**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds (including for this purpose, in the case of Bonds sold at an original issue discount, the difference between the initial offering price and accrued value) is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of Federal alternative minimum taxes on individuals.

#### Original Issue Discount

The Bonds that mature on \_\_\_\_\_ and on \_\_\_\_\_ (collectively, the "Tax-Exempt Discount Bonds") are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at their maturity. OID is the excess of the stated redemption price of a bond at maturity (par) over the price to the public at which a substantial amount of bonds of the same maturity are sold pursuant to the initial offering. Under the Code, OID on each Tax-Exempt Discount Bond will accrue over its term and the amount of accretion will be based on the yield to maturity, compounded semi-annually. The amount of OID that accrues during each semi-annual period will do so ratably within that period on a daily basis. With respect to an initial purchaser of a Tax-Exempt Discount Bond at its initial offering price, the portion of OID that accrues during the period that such purchaser owns such Bond is added to the purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale, or other disposition of that Tax-Exempt Discount Bond and thus, in practical effect, is treated as interest, which is excludable from gross income for federal income tax purposes.

Holders of Tax-Exempt Discount Bonds should consult their own tax advisors as to the effect of OID with respect to their federal tax liability.

#### Original Issue Premium

The Bonds that mature on \_\_\_\_\_ and on \_\_\_\_\_ (collectively, the "Tax-Exempt Premium Bonds") are being sold at an original issue premium ("OIP"). An amount equal to the excess of the issue price of a Tax-Exempt Premium Bond over its stated redemption price at maturity constitutes OIP on such Tax-Exempt Premium Bond. An initial purchaser of a Tax-Exempt Premium Bond must amortize any OIP over such Tax-Exempt Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Tax-Exempt Premium Bonds callable prior to their maturity, by amortizing the OIP to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As OIP is amortized, the amount of the amortization decreases the purchaser's basis in such Tax-Exempt Premium Bond resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Tax-Exempt Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Tax-Exempt Premium Bonds should consult with their tax advisors with respect to the determination and treatment of OIP for federal income tax purposes and with respect to the state and local tax consequences of owning a Tax-Exempt Premium Bond.

#### Continuing Compliance

The Code imposes various terms, restrictions, conditions and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds. The Authority has covenanted to comply with all such requirements, including non-arbitrage requirements under Section 148 of the Code, that are necessary to ensure that interest on the Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable

in gross income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with the aforesaid covenants. Moreover, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax-exempt status of the interest on the Bonds.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Such changes or actions could constitute an exchange or other tax event with respect to the Bonds, which could result in gain or loss to the holder of a Bond, and a consequent tax liability.

Pursuant to its continuing disclosure obligations made pursuant to SEC Rule 15c2-12 (see “Continuing Disclosure Undertaking” herein), the Authority may be required to provide notice of such changes or actions, as Material Events under said Rule. However, holders of the Bonds should consult their own tax advisors as to the effect of such changes or actions with respect to their federal tax liability.

### *Collateral Tax Liabilities*

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from gross income for Federal and Pennsylvania income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may result in other collateral effects on a Bondholder’s Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion; each Bondholder or potential Bondholder is urged to consult with its own tax advisors with respect to the effects of purchasing, holding or disposing of the Bonds on its tax liabilities.

Examples of tax consequences for certain taxpayers include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability of certain S corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of social security or railroad retirement benefits under Section 86 of the Code, limiting the use of the Earned Income Credit under Section 32 of the Code, limiting the use of the refundable credit for coverage under a qualified health plan under Section 36B of the Code, and denying an interest expense deduction to certain financial institutions under Section 265 of the Code (unless, and in the circumstance when, the Bonds have been designated by the issuer as “qualified tax-exempt obligations”).

### *Change in Law; Adverse Determinations*

From time to time, certain legislative proposals may be introduced, or are pending, in the Congress of the United States or the various state legislatures, including some that carry retroactive effective dates, that, if, enacted, could alter or amend the federal and state tax matters described above or affect the market value of the Bonds. No prediction can be made whether or in what form any such proposal or proposals might be enacted into law or whether, if enacted, the same would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the “Service”) regularly audits tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No prediction can be made whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures, the Service may treat the Authority as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until such time as the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, such as the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bondholder who fails to provide an accurate Form W-9 Request for Taxpayer

Identification Number and Certification, or to any Bondholder who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns.

**THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE LIST OF THE PROVISIONS OF FEDERAL, STATE AND LOCAL TAX LAWS WHICH MAY HAVE AN EFFECT ON INDIVIDUALS AND CORPORATIONS HOLDING THE BONDS OR RECEIVING INTEREST THEREON. PROSPECTIVE PURCHASERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE EFFECT ON THEIR FEDERAL, STATE OR LOCAL TAX LIABILITY AND GENERAL FINANCIAL AFFAIRS OF HOLDING THE BONDS OR RECEIVING INTEREST THEREON.**

### **CONTINUING DISCLOSURE UNDERTAKING**

In accordance with the requirements of the Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”), the Authority (being an “obligated person” with respect to the Bonds, within the meaning of the Rule), will execute a Continuing Disclosure Undertaking. See Appendix E for the proposed form of Continuing Disclosure Undertaking (the “Continuing Disclosure Undertaking”).

With respect to the filing of annual financial and operating information, the Authority reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the Authority or its operations or financial reporting, but the Authority will agree that any such modification will be done in a manner consistent with the Rule.

The Authority acknowledges that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holders and beneficial owners of the Bonds, but the right of the holders and beneficial owners of the Bonds to enforce the provisions of the Authority’s continuing disclosure undertaking shall be limited to a right to obtain specific enforcement, and any failure by the Authority to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The Authority’s obligations with respect to continuing disclosure described herein shall terminate upon the prior redemption or payment in full of all of the Bonds or if and when the Authority is no longer an “obligated person” with respect to the Bonds, within the meaning of the Rule.

The Municipal Securities Rulemaking Board (the “MSRB”) has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other “obligated persons” with respect to municipal securities issues) are made available through the MSRB’s Electronic Municipal Market Access (“EMMA”) System, which may be accessed on the internet at <http://www.emma.msrb.org>.

Some operating data of the Authority may be inherently included in the annual filings of financial statements, the summary of the budget, contents in Official Statements of future Note or Bond issues as well as publicly available information. In connection with the Continuing Disclosure Undertaking associated with the Bonds, the Authority will not be filing this information separately but it may be available in the other annual filings of the Authority or publicly available elsewhere.

### **Future Continuing Disclosure Compliance**

The Authority has procedures in place to facilitate the timely filing of the required annual information and event notices within all required time periods. The Authority has engaged Digital Assurance Certification, LLC (“DAC”) as its Dissemination Agent for the purpose of complying with Rule 15c2-12.

### **Default; Remedies**

The continuing disclosure undertakings described above are for the benefit of the holders of the Bonds or beneficial owners of the Bonds (determined in a manner permitted under Rule 15c2-12). Unless otherwise required by law, no owners of the Bonds or beneficial owner is entitled to damages resulting from the Authority’s noncompliance with its continuing disclosure undertakings; however, owners of the Bonds may take action to require performance of such obligation by any judicial proceeding available. Breach of the continuing disclosure undertakings of the Authority does not constitute an event of default under the Trust Indenture and any rights and remedies

provided in the Trust Indenture in the event of default are not applicable to a breach of the continuing disclosure undertakings.

### **Termination of Report Obligations**

The continuing disclosure undertakings of the Authority described herein will be in effect from and after the issuance and delivery of the Bonds, and will extend to the earlier of (a) the date all principal and interest on the Bonds have been deemed paid pursuant to the terms of the Trust Indenture, or (b) the date on which those portions of the Rule which required this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds. The Authority's continuing disclosure obligations with respect to a particular Obligated Person will be terminated when that person no longer meets the objective criteria for an Obligated Person.

### **Amendment; Waiver**

As provided in the Continuing Disclosure Agreement, the Authority's continuing disclosure undertakings may be amended from time to time by the Authority without the consent of the owners of the Bonds, if such amendment would not, in and of itself, cause the continuing disclosure undertakings (or action of the purchasers of the Bonds in reliance on the undertakings of the Authority) to violate the Rule, as amended or officially interpreted from time to time by the SEC.

The Authority will provide notice of such amendment to EMMA with its Annual Financial Information, as provided in the Disclosure Certificate.

### **Disclosure Dissemination Agent**

The Authority has entered into a Disclosure Dissemination Agent Agreement ("Disclosure Dissemination Agreement") with Digital Assurance Certification, LLC ("DAC") as its Disclosure Dissemination Agent for the purpose of ensuring ongoing compliance with its continuing disclosure filing requirements. DAC provides its clients with automated filing of rating events, templates consolidating all outstanding filing requirements that accompany reminder notices of annual or interim mandatory filings, review of all template filings by professional accountants, as well as a time and date stamp record of each filing along with the unique ID from EMMA accompanying the copy of the actual document filed. DAC also offers its clients a series of training webinars each year qualified for 15-20 NASBA certified CPE credits, as well as model secondary market compliance policies and procedures.

## **FINANCIAL STATEMENTS**

The financial statements of the Authority included in Appendix C have been audited by DeLuzio & Company, LLP, independent certified public accountants to the extent and for the periods indicated in their report which appears in Appendix C. The Authority has not engaged DeLuzio & Company, LLP to perform any procedures after the date of their report in connection with the issue and sale of the Bonds.

## **NEGOTIABILITY OF BONDS**

The Bonds have all the qualities and incidents of securities under Article 8 of the Uniform Commercial Code and are negotiable instruments, subject to the provisions for registration contained in the Trust Indenture.

## **NO LITIGATION CERTIFICATE**

At Closing, the Authority will deliver a certificate stating that there is no litigation pending or, to its knowledge, threatened against the Authority which, in any way, questions or might affect the existence of the Authority, the validity of or the security for the Bonds or their issuance, sale or delivery.

## **LEGAL MATTERS**

All legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Dinsmore & Shohl, LLP, Pittsburgh, Pennsylvania, Bond Counsel. See "**APPENDIX D - PROPOSED FORM OF OPINION OF BOND COUNSEL**". Scott E. Avolio, Esquire, of Greensburg, Pennsylvania, the Authority's Solicitor, will pass upon certain legal matters for the Authority and Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania, will pass upon certain legal matters for the Underwriter.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering the legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to such transaction. Nor does the rendering of an opinion guaranty the outcome of any legal dispute that may arise out of the transaction.

## **BOND RATINGS**

The Bonds are expected to be assigned a rating of "AA" (stable outlook) by S&P, with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by BAM at the time of delivery of the Bonds. S&P has also assigned an underlying rating of "A+" (stable outlook) to the Bonds. An explanation of the significance of such rating may be obtained only from the rating agency furnishing the same. There is no assurance that any such rating will be in effect for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Bonds.

## **UNDERWRITING**

Stifel, Nicolaus & Company, Incorporated (the "Underwriter" or "Stifel") has agreed, subject to certain conditions, to purchase the Bonds from the Authority at an aggregate price of \$\_\_\_\_\_, (which represents par, less underwriter's discount of \$\_\_\_\_\_, plus/less original issue premium/discount of \$\_\_\_\_\_). 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.

The Underwriter has read and participated in the preparation of certain portions of this Official Statement and has supervised the compilation and editing thereof. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter do not guarantee the accuracy or completeness of such information.

Stifel and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the Authority and to persons and entities with relationships with the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

## **MISCELLANEOUS**

Officials of the Authority have furnished certain information in this Official Statement relating to the Authority and the purposes for which the Bonds are being issued. The Authority will certify to the Underwriter that the final Official Statement does not contain any untrue statement of a fact or omit any statement of any material fact required to be stated therein. Certain information contained in the Official Statement has been obtained from sources other than the Authority.

All references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such documents or provisions, and reference is hereby made to the complete documents relating to such matters for further information. Copies of such complete documents will be furnished by the Authority on request.

Use of the words "shall," "will," "must," or other words of similar import or meaning in summaries of documents or law in this Official Statement to describe future events or continuing obligations is not intended as a representation that such events will occur or such obligations will be fulfilled, but only that the document or law requires or contemplates such event to occur or such obligation to be fulfilled.

The Authority has authorized the execution and distribution of this Official Statement.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

By: \_\_\_\_\_  
Name: Randy Roadman  
Title: Chairman

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**APPENDIX A**  
**ENGINEER'S ANNUAL REPORT AND BUDGET**

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1/22/2025



# Municipal Authority of Westmoreland County

## OPERATING BUDGET

APRIL 1, 2025 TO MARCH 31, 2026

## ANNUAL REPORT

FISCAL YEAR END MARCH 31, 2025

Gibson-Thomas Engineering, Resource Development  
& Management, and Municipal Authority of  
Westmoreland County  
COUNTY OF WESTMORELAND, COMMONWEALTH OF PENNSYLVANIA

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**Gibson-Thomas**  
**ENGINEERING**

**Latrobe Corporate Office**  
1004 Ligonier Street, PO Box 853  
Latrobe, PA 15650  
Phone: 724-539-8562  
Fax: 724-539-3697  
[www.gibson-thomas.com](http://www.gibson-thomas.com)

January 22, 2025

Members of the Board  
Municipal Authority of Westmoreland County  
124 Park and Pool Road  
New Stanton, PA 15672

Subject: Municipal Authority of Westmoreland County  
Operating Budget and Annual Report

Dear Members of the Board:

In accordance with the requirements of the Trust Indenture, dated October 1, 1993, the following Annual Report for the year ending March 31, 2025 and recommended Operating Budget for the fiscal year beginning April 1, 2025, including a statement of ordinary budget needs for each quarter of the ensuing fiscal year, we, as Consulting Engineer for the Municipal Authority of Westmoreland County, submit our reports setting forth our findings as required by the Indenture.

We take this opportunity to express our appreciation to the Board Members of the Municipal Authority of Westmoreland County, the Solicitor, the Accountant, and Management team for their cooperation in the pursuit of our duties as Consulting Engineer to the Authority.

Respectfully submitted,

**GIBSON-THOMAS ENGINEERING CO., INC.**

  
Mark J. Gera, P.E.

MJG/dld  
Enclosures

January 22, 2025

Members of the Board  
Municipal Authority of Westmoreland County  
124 Park and Pool Road  
New Stanton, PA 15672

Subject: Municipal Authority of Westmoreland County  
Operating Budget and Annual Report

Dear Members of the Board:

The proposed budget as presented for the fiscal year beginning April 1, 2025, to March 31, 2026, reflects an average rate adjustment of 9.5% across all water accounts, along with a similar adjustment to most wastewater rate districts. The need for an adjustment to rates follows a multi-year steep escalation in significant operating expenses resulting from inflationary pressures across most economic sectors. The rate of inflation has recently slowed; however, this just slowed the rate of increase and has not come close to returning the cost of goods and services to pre-inflation numbers, leaving us to plan for these higher costs as the new norm. Key expense categories that drove increased operating expenses include multiyear (2022-2024) increases in chemicals of 127% (\$2.4M), asphalt and concrete restoration of 102% (\$2.7M), and electricity of 60% (\$2.6M), with another 15% (\$1M) increase in electricity capacity rates from PJM coming in June of 2025.

In addition to inflation, the adjustment to water and wastewater rates is necessary to continue the capital investment in existing infrastructure necessary to maintain the MAWC's high standards of service. Investments in piping infrastructure, treatment, pumping and storage, and technologies across drinking water and wastewater systems will be the focus of future municipal bond proceeds, ensuring resiliency and necessary redundancy.

We recognize and appreciate the efforts of the Board of Directors, professional consultants, and employees of the Authority. We look forward to their continued cooperation in the pursuit of our duties as the contracted management company.

Respectfully submitted,  
**RESOURCE DEVELOPMENT & MANAGEMENT, INC.**



Michael F. Kukura  
Resident Manager



Brian J. Hohman  
Business Manager



# MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY

County of Westmoreland, Commonwealth of Pennsylvania



The Authority Board is currently made up of the following members:

**Randy Roadman – Chairman** (Term Expires 12/31/26)  
**Dr. Jawdat Nikoula – Vice Chairman** (Term Expires 12/31/25)  
**Jerome Defabo, Sr. – Secretary** (Term Expires 12/31/28)  
**Brian Durbin – Secretary-Treasurer** (Term Expires 12/31/29)  
**John Sphon – Treasurer** (Term Expires 12/31/27)

The principal administrators and advisors are as follows:

Resource Development & Management, Inc. – Manager  
Scott Avolio, Esq. – Solicitor  
Deluzio and Co., LLP – Auditor  
The Bank of New York Mellon – Trustee  
First National Bank – Depository Bank  
Gibson-Thomas Engineering Co., Inc. – Consulting Engineers

## **Overview**

The Municipal Authority of Westmoreland County (MAWC) was incorporated on April 15, 1942, under the Municipality Authorities Act of 1935, and has a current term of existence expiring on September 7, 2073.

The MAWC is made up of acquired drinking water and wastewater systems that have been integrated through careful planning over many decades. The drinking water system of the Authority was developed over the past 82 years through the strategic acquisition and interconnection of established systems, and planned water line extensions to accommodate growth in the communities served. Today the expansive system services 123,335 water customers across 72 municipalities in five counties; Westmoreland, Fayette, Armstrong, Indiana and Allegheny. In 2001, the Authority began acquiring wastewater systems, and today, the wastewater systems encompass 11 treatment plants, servicing 31,845 customers across 31 communities.

Throughout its history, the MAWC has undertaken significant capital improvement projects to improve its redundancy, distribution, supply and treatment of its drinking water systems. Through a series of municipal bond issuances over the past 20 years, the MAWC has improved its ability to treat and distribute safe and clean water throughout its service area. The Authority system, with its 67 water storage facilities, 48 water pumping stations, one major reservoir, 3 modern treatment plants, 11 wastewater treatment plants, and more than 2,400 miles of water transmission and distribution mains, and more than 600 miles of wastewater transmission and collection lines, continues to be maintained very effectively, ensuring safe and dependable service to its over 155,180 water and wastewater customers.

## **HISTORY – DRINKING WATER SYSTEM**

After being incorporated on April 15, 1942, the Authority acquired the Citizens Water Company in 1943. Then in 1950, the Authority acquired the Westmoreland Water Company in Greensburg and the Vandergrift Water Company and started planning to build today's Beaver Run Reservoir. The McKeesport water system was purchased in 1987.

The Citizens Water Company served Scottdale, Mount Pleasant, and Everson Boroughs, and portions of East and South Huntingdon Townships from its treatment works on the Bridgeport Dam.

The Westmoreland Water Company, North Huntingdon Township Authority, and West Newton Water Company were acquired in the 1950s and served the cities of Greensburg,



Jeanette, the Boroughs of South and Southwest Greensburg, Penn, Manor, Irwin, West Newton, and portions of Hempfield, North Huntingdon, Penn, South Huntingdon and Unity Townships. The Greensburg area was served by the Water Works in South Greensburg.

The Vandergrift Water Company served Vandergrift, East Vandergrift, Hyde Park, Oklahoma, Apollo, North Apollo, and Leechburg Boroughs, along with some bordering townships in Westmoreland and Armstrong counties. The original Vandergrift treatment works was on the Kiskiminetas River near where State Route 66 crosses the river today.

On May 10, 1950, the Authority entered into an agreement with Allegheny Ludlum Steel Corporation to build the Beaver Run Reservoir. The agreement outlined the desire to provide water to the Authority's system, as well as raw water to Allegheny Ludlum's West Leechburg Steel Plant through a large diameter transmission line. Revenues from the sales agreement would assist the Authority with the financing of the dam construction. Shortly thereafter, a \$24 million bond issue would finance the construction of the Beaver Run Reservoir, its original water treatment plant, and the interconnection of the northern portion of MAWC's system through the installation of 200 miles of pipe.

In the 1960s, the MAWC acquired the Mountain Water Supply Company from the Pennsylvania Railroad, which included a 30-inch pipe that ran from the Indian Creek Reservoir in Fayette County to the South Side of Pittsburgh. The reservoir and pipe were originally used to fill ponds for steam engines along the railroad. Today, the pipe services portions of MAWC's service territory with potable water, though the pipe was capped in Wall Borough, Allegheny County.

Prior to the construction of the Indian Creek supply filtration plant in 1973, the MAWC was operating nine reservoirs in the southern portion of its service area with a storage capacity of only 63 million gallons. The Indian Creek plant was built on the Youghiogheny River in Dunbar Township at the site of a former electrical generation plant. Today, the Indian Creek plant still uses the original dam that supplied the electric plant with water for steam generation and cooling. Construction of the Indian Creek plant allowed MAWC to decommission all nine small reservoirs.

In the 1980s, the MAWC acquired water systems in New Alexandria, Herminie, White Oak, McKeesport and Port Vue, and constructed the McKeesport Water Treatment Plant.

In the 1990s, the MAWC acquired water systems in Saltsburg, Wall, and West Leechburg Boroughs, and Conemaugh, Forward, Loyalhanna, and Kiski Townships, along with several small systems, including Moween, Murray Woods Estates, Salina, Truxel, Tinsmill, and William Penn Estates.

In 2006, the MAWC bought the water and wastewater systems of the former Ligonier Municipal Authority, which included the Furnace Run Water Treatment Plant.

In 2007, the MAWC moved its headquarters and consolidated its operations to a central location in New Stanton, Pennsylvania. Prior to this move, the Authority's principal office and operations center had been located on State Route 30, west of Greensburg, and it operated four remote maintenance locations in Rostraver, McKeesport, Scottdale and Vandergrift. All remote facilities were eventually closed and sold, allowing for employees within the commercial, engineering, distribution, collection and facilities departments to report to the New Stanton headquarters.

In 2013, the MAWC completed an interconnection with the Greater Johnstown Water Authority (GJWA), allowing it to decommission its Furnace Run Water Treatment Plant in Ligonier. The project commencing in 2011 included the construction of 16.5 miles of 16" transmission line. The Ligonier area is now served by water treated by the GJWA from its North Fork Reservoir.

In 2014, the MAWC entered into an agreement to sell a minimum of five million gallons per day to Monroeville and Plum, joining Duquesne as bulk resale customers in Allegheny County. The contract required installation of two pumping stations, various valves, metered pits, and 12,035 feet of 24-inch transmission line to begin serving water in April 2016. The MAWC also sells bulk resale water to Belle Vernon (0.4 MGD), Pennsylvania American (1.5 to 2.0 MGD), and Pleasant Valley in Fayette County; and Parks (0.165 MGD) and Gilpin (0.165 MGD) in Armstrong County.

In October 2019, the MAWC and Tenaska Co. completed a nearly ten-year project to install a new pumping and supply system that would provide 8.5 MGD of water to Tenaska's gas-fired electric generation facility. Tenaska paid for all capital costs (\$30M) for the water facilities needed to supply their new power plant. The capital upgrades involved improvements to the Indian Creek Treatment Plant and a new pump station.

In 2021, the Furnace Run Dam in Laughlintown, Westmoreland County was breached and the area restored to the natural contours with abandonment of the outdated Furnace Run Water Treatment Plant. This project was made possible through the interconnection with the Greater Johnstown Water Authority completed in 2013.

As a result of these and other acquisitions and expansions, the potable water service area as now comprised extends approximately 25 miles from east to west and 40 miles from north to south and incorporates over 2,400 miles of water pipeline across a five-county region in western Pennsylvania.

## **CURRENT SUPPLY AND TREATMENT – DRINKING WATER SYSTEM**

Today, the MAWC relies on two principal sources of supply and three treatment facilities:

- The Beaver Run Reservoir, constructed in 1952 and then enlarged in 1962, has a present capacity of 11 billion gallons and a permitted withdrawal of 35 million gallons of water per day.
  - *The George R. Sweeney Water Treatment Plant*, located at the Beaver Run Reservoir in Bell Township. This facility replaced a smaller filtration plant and went online in July 1997. That plant was upgraded in 2015, it has a rated capacity of 30 million gallons per day. This facility serves the northern portion of the MAWC service territory.
- The Youghiogheny River has a drainage area of 1,326 square miles and a minimum flow of 213,000,000 gallons per day.
  - *The Indian Creek Filtration Plant*, located in Dunbar Township, near the city of Connellsville, has a rated capacity of 40 million gallons per day and draws its water supply from both Indian Creek and the Youghiogheny River and services the southern portion of the MAWC service territory and the North Versailles area. This facility was constructed in 1973 and was upgraded in 1979 and again in 2017- 2018. In 2023, the Authority began an expansion project to increase capacity to 50 million gallons per day by 2026.
  - *The McKeesport Filtration Plant*, located in the City of McKeesport, was completed in 1990 with a rated capacity of 10 million gallons per day. The McKeesport plant draws its water supply from the Youghiogheny River and serves the McKeesport, White Oak, and Port Vue portions of the MAWC service territory.

While the MAWC was originally made up of isolated acquired systems, these drinking water systems have been interconnected over the past 80 years to make up two large regional systems. The Indian Creek and Sweeney systems are today robustly interconnected by 19 miles of 48-inch water line which allows them to support one another readily in the event of issues at either water treatment plant. More recent water system acquisitions such as Ligonier and McKeesport are interconnected to neighboring systems which increases their reliability of service.

## **HISTORY – WASTEWATER SYSTEM**

In 2001, the MAWC expanded its operation and management mission to include wastewater collection and treatment. This began a series of wastewater system acquisitions. The acquisitions history is as follows; Avonmore Borough's collection and treatment systems, acquired in 2001; Ligonier Borough Municipal Authority's collection and treatment systems, acquired in 2006; White Oak Borough's collection system,

acquired in 2007, the I-70 Industrial Park's collection and treatment systems, acquired in 2011; the city of Jeannette Municipal Authority's collection and treatment systems, acquired in 2015; the Youngwood Borough Authority's collection and treatment systems, acquired in 2016; the Hempfield Township Municipal Authority's collection and treatment systems, acquired in 2016; the Penn Borough's collection system, acquired in 2018; the Municipal Sewage Authority of the Township of Sewickley's collection and treatment systems, acquired in 2018; the Upper Tyrone Township's collection system, acquired in 2020; the Mount Pleasant Borough's collection and treatment systems, acquired in 2020; the East Huntingdon Township's collection and treatment systems, acquired in 2022; and the Westmoreland Fayette Municipal Sewage Authority's collection and treatment systems, acquired in 2023.

The wastewater systems, while still somewhat fragmented, are moving towards becoming watershed based, which allows maximum efficiency. Municipality based systems often have more treatment plants because of their locations and designs are based on political boundaries as opposed to the utilization gravity and allowing the wastewater to flow to a plant close by that's downhill in another municipality.

For example, in 2020 after acquiring Hempfield's wastewater system, the Youngwood plant was decommissioned because this wastewater could flow by gravity to the New Stanton Sewage Treatment Plant.

Furthermore, after a series of three acquisitions from 2020 to 2023, the MAWC is now operating the Upper Tyrone Township's collection system, the East Huntingdon Township's collection system, and the Westmoreland Fayette Municipal Sewage Authority's collection and treatment systems as a single system with flows being treated at the Scottdale Sewage Treatment Plant.

In 2016, the MAWC acquired a large tract of land adjacent to its New Stanton Campus. And then in 2020, as a result of its expanding sanitary sewer operations, the Authority began construction on a new office and maintenance building for its water distribution group, now Building 3. At this time, the Authority consolidated its wastewater operations at the office and maintenance building previously occupied by the water distribution group, now Building 2. This expansion and construction project was completed in 2021.

#### **MUNICIPAL FINANCING / RECENT CAPITAL INVESTMENTS**

In 2005, the Authority issued bonds in the amount of \$57,450,000. Together with other funds of the Authority, the 2005 borrowing supported a program of capital improvements having an estimated cost of \$61,284,000. Most of the 2005 funds, approximately two-thirds of the total, were used to support the construction of transmission and distribution system facilities. The remainder was used for water storage facility improvements, treatment plant



improvements and for general operating facilities.

In 2006, the Authority issued bonds in the amount of \$73,383,154. The proceeds of the 2006 borrowing were used to refinance the 2005 borrowing, purchase the wastewater system in White Oak Borough, Allegheny County, purchase the water and wastewater systems in Ligonier Borough, Westmoreland County, and generate additional funds which were used for capital improvements to the water distribution system.

In 2013, the Authority issued bonds in the amount of \$132,110,000 to fund the 2013, 5-year plan as defined by the Authority's Consulting Engineer, Manager, and operating personnel. Of the many projects funded, some of the most significant include Installation of approximately 6 new system pump stations with SCADA control systems, the purchase of sixteen new emergency generators for critical pump stations, construction of four new water tanks, structural and process improvements to all three treatment plants, the installation of approximately 22,000 feet of 48" transmission lines, and other significant distribution system improvements.

In 2016, with interest rates for borrowing still at extremely favorable rates, the Authority chose to refinance \$33,581,500 in outstanding bonds and issued \$150,893,500 of new financing to extend the capital improvements started with the 2005 and 2011 Capital Improvement Programs. The extended program included major improvements to their three water treatment plants, storage enhancements, pump station replacements, transmission and distribution line replacements, along with other miscellaneous improvements. Specific projects included in this phase involve major treatment plant upgrades and capacity increases at the Indian Creek and Sweeney water treatment plants. This 2016 bond issue was also used to finance major acquisitions of sanitary sewer systems to expand the customer base and fulfill the Authority's role as a regional system.

In 2017, the Authority again took advantage of interest rates by refinancing the 2013 bonds. The refinance resulted in savings to the Authority of approximately 3 million dollars.

In 2020, the Authority issued \$37,550,000 of Bonds to refinance previous PennVest and RUS Loans and to refund 2015 Series Bond. This was done to take advantage of lower interest rates and to incur savings through the benefit of refinancing.

During the fiscal year ending 2024, the Authority closed work orders associated with the completion of 205 capital expenditure projects under the 2016 issue. Highlighted by the following:

- Wastewater-Westmoreland Fayette Municipal Sewage Authority Acquisition

- Wastewater Treatment-Avonmore Sewage Treatment Plant Upgrade
- Water Distribution Facilities-Pressure Reducing Valves Phase 2 Upgrades
- Water Production-Sweeney Treatment Plant Raw Water Pump
- Water Distribution Facilities-Storage Tank Upgrades - Painting and Rehab
- Wastewater Collection System-Fort Allen Interceptor Rehabilitation
- Various Water Production and Wastewater Treatment System Upgrades
- Various Water Distribution System Upgrades to Hydrants, Meters, Services, Distribution, and Transmission Lines
- Various Wastewater Collection System Upgrades

In addition to these highlights, the Authority completed a significant number of main line extensions through system development, along with numerous replacements. The Authority also continues to enhance leak detection throughout the system. The Authority is leveraging available technology for detection and data computation to minimize water loss and address leak repairs more rapidly through the expansive system.

## TRUST INDENTURE REQUIREMENTS

According to section 7.11 of the Trust Indenture with the Bank of New York Mellon, as trustee, dated October one, 1993, it is required that your consulting engineer shall prepare and file with the Authority, in each year, a report on the following engineering and financial matters:

- A. His advice and recommendations as to the proper maintenance, repair and operation of the water system during the ensuing fiscal year, and his estimate of the aggregate amount which should be expended during the ensuing fiscal year for operating expenses, and his estimate of the Gross Revenues of the Municipal Service System.
- B. His advice and recommendations as to capital additions which should be constructed or otherwise acquired during the ensuing fiscal year and his estimate of the amounts of money necessary for such purposes.
- C. His advice and recommendations as to any necessary or advisable revision of rates rents and charges for water.
- D. His findings as to whether the properties of the water system have been maintained in good repair and sound operating condition and his estimate of the amount if any, required to be expended to place such properties in such condition and the details of such expenditures and the approximate time required therefore.

## REVIEW OF PAST YEAR OPERATIONS

Operating revenue for the fiscal year ending March 31, 2025 for the water system is projected to be \$98,769,632, an increase of \$8,611,853 (9.55%) from the prior fiscal year. The wastewater system operating revenue for the fiscal year ending March 31, 2025 is projected to be \$20,942,196, an increase of \$2,235,419 (11.95%) from the prior year. This increase was due to the April 1, 2024 rate increase. The total combined operating revenue for both the water and wastewater systems is projected to be \$119,711,828, an increase of \$10,847,272 (9.96%) compared to the revenues of the previous year.

Operating expenses for the fiscal year ending March 31, 2025 for the water system are projected to be \$66,458,600, an increase of \$2,239,174 (3.49%) over the prior fiscal year's operating expenses. The operating expenses of the wastewater system are projected to be \$14,905,181, an increase of \$1,332,403 (9.82%) over operating expenses experienced the prior fiscal year. The total combined operating expenses for both the water and wastewater systems for the fiscal year ending March 31, 2025 are projected to be \$81,363,781 an increase of \$3,571,577 (4.59%) compared to the prior year.

During the fiscal year ending March 31, 2025, the total number of customers served by the water system is projected to increase by 367 customers. The total number of wastewater customers served is projected to increase by 90 over the previous year. As of March 31, 2025, the Authority is projected to serve 123,366 water customers and 31,853 wastewater customers.

Operational data, including the numbers of customers served and quantities sold for the past six years are shown on page 24 in Schedule IV. Also shown in Schedule IV are details of revenues and expenses for the same period. On page 34 in Exhibit I, a seven-year comparison of revenues and expenses from 2019 to present is shown graphically. On page 35 in Exhibit II, the record of customers from 2019 to present is shown graphically.

Over the past 10 years, the Authority's potable water customer base has increased significantly. Reference Exhibit II. During that same period, however, the total volume of potable water sales per customer has continued to decline. This trend of declining water consumption per customer has been a common experience in recent years among most water utilities due to conservation, recycling and economic factors. It should be noted that an increasing customer base and the continued sale of bulk treated water has allowed the Authority to overcome the negative impacts of declining water usage.

The annual volume of water sales from April 1, 2019 through projected March 31, 2025 is shown graphically on page 36 in Exhibit III. Similarly, the different categories of the



Authority's annual operating revenue from April 1, 2019 through projected March 31, 2025 are shown graphically on page 37 in Exhibit IV. Most of the Authority's revenue derives from direct potable water sales to Authority customers, charges for fire protection, and wastewater treatment charges; however, significant increase in bulk water sales have occurred in that the Authority is relying more upon bulk water sales to other water utilities and businesses and less upon sales of unfiltered (raw) water. The amounts received from bulk raw water revenue categories may change radically from year to year, while bulk sales to contracted entities should provide a larger stability of added revenue.

Direct potable water sales to Authority customers, payments by Authority customers and municipalities for fire protection services, and wastewater revenue, however, are not discretionary and are not prone to high volatility. In recent years, the Authority entered into long term agreements with additional major customers including Belle Vernon Municipal Authority, PA American in Fayette County, Monroeville Municipal Authority, Gilpin Township Municipal Authority, Parks Township Municipal Authority, Plum Borough Municipal Authority and Tenaska Corp. These entities have contracted for an average of approximately 13 MGD of potable water usage in the last three years.

Throughout the past several decades, new regulations governing the treatment and delivery of water have required many additional expenditures for capital improvements, training and increased professionalism of its staff, increased sampling, more comprehensive record keeping, and enhanced security. Many of these mandated regulations do not provide a funding mechanism and place pressure on customer rates to meet requirements. The Authority has been successful in meeting the never-ending challenge to improve the quality of services it provides to its customers while maintaining reasonable prices. During the past several years, because of out-of-control inflation, increases in electricity, chemicals, fuel, health care, paving, and other commodities impacting pipe and other materials caused excessive increases in many of the Authority's expense items. Prior to 2021, the Authority was able to weather normal financial pressures. Historically, the Authority has had success in controlling its costs while it continually improved the quality of the services it provided; however, inflationary pressure from 2021 to 2024 strained cash reserves and placed upward pressure on customer rates.

In October 2008, the Authority successfully conducted a public auction of natural gas rights to a portion of its property. The Authority realized income for the drilling rights in October 2008 in the amount of \$6,098,228 because of the sale. Further, the Authority is expected to realize revenue for years to come from the on-going sale of natural gas and water sales related to gas well drilling operations. In the fiscal year end 2026, the Authority is projecting miscellaneous revenue from gas drilling lease royalties of \$1,350,000 and \$2,245,0000 from other miscellaneous revenue categories.

## BUDGET FOR OPERATING REVENUES AND EXPENSES

The proposed budget is presented in Schedule I on Page 17. Using the current levels of demand as a basis, the estimated operating revenues for the fiscal year ending March 31, 2026, are projected to be a total of \$129,480,000. Of that total operating revenue, \$103,170,000 is expected from water operations, \$22,715,000 is expected from wastewater operations and \$3,595,000 from miscellaneous revenue and royalties. Operating expenses are estimated to be \$85,603,000 with \$69,621,000 being related to water operations and \$15,982,000 being related to wastewater operations.

A conservative approach was employed in projecting anticipated water and wastewater sales for the new budget year. Water sales for the budget year were based upon the average of actual monthly sales from April 1, 2024, through December 31, 2024.

## CAPITAL EXPENDITURES BUDGET

The Maintenance Capital Expenditures Budget for the Authority is presented in Schedule III, on Page 23. The Maintenance Capital Expenditures Budget presents a program of improvements which is, for the most part, routine in nature. The Authority normally undertakes capital improvements of a similar type every year. The estimated total cost of the recommended maintenance capital improvements is \$8,135,000. Included in the funding is a total of \$4,610,000 to be derived from operations during the coming fiscal year. The remaining \$3,525,000 is derived from developers, taps, and PennDOT.

In addition to the improvements itemized in the Maintenance Capital Expenditures Budget, the Authority looks to larger capital improvements through municipal financing. All capital investments aim to improve the long-term stability and structural integrity of the Authority's system and allow them to improve supply to existing and future customers

## HISTORY OF RATES

In April 2016, the Authority authorized raising their rates by 25%, with subsequent increases in 2017 and 2018 by an additional 7% each year to support a planned capital improvement plan. Under good economic conditions, favorable interest rates, strong gas royalties, and good fiscal management, the Authority did not raise customer rates for 6 straight years. In April 2024, the Authority increased rates for water and wastewater services by 9.5% on average. This increase was necessary due to inflationary pressure placed on operating expenditures and a depletion of cash reserves from 2021 through 2023. Rates for electricity and chemicals more than doubled, along with other core business expense items.

Chemicals required to treat water cannot be rationed. The same goes for electricity, which is essential to pumping treated water from the plant to the water system and from low-lying areas to water towers, where it's then fed by gravity to homes or businesses. Additionally, costs associated with road restoration after leak repairs, another high-cost budget item, have increased substantially over the past few years.

The proposed budget for fiscal year end 2026 includes a 9.5% increase to both water and wastewater rates that will take effect in April 2025. The April 2024 and 2025 increases were necessary to address annual operating expenses in a high inflation environment, and to continue infrastructure investments to keep the system safe and reliable.

The schedule of current water rates is shown in Schedule VI on Pages 26, and the schedule of current wastewater rates is shown in Schedule VII on Pages 27 to 32.

As is shown at the end of Schedule II – Detail on page 22, the recommended Budget provides \$36,544,000 available to meet the current annual bond debt service obligation of \$29,854,000. Details of a new borrowing for 2025 have not been finalized but will fall within funds available for additional debt service.

### MAINTENANCE

The Authority has an aggressive maintenance program to find and repair leaks and to maintain the standard of service that customers are accustomed to receiving. The budget for the year ending March 31, 2026 allocates \$8,135,000, more than 6.8% of the anticipated total operating revenues, toward maintenance capital projects.

The Authority system, with its 67 water storage tanks, 48 water pumping stations, one major reservoir, 3 modern water treatment plants, 11 wastewater treatment plants, more than 2,400 miles of water transmission and distribution mains, and more than 600 miles of wastewater transmission and collection mains, continues to be maintained very effectively, ensuring safe and dependable service to its over 155,180 water and wastewater customers.

### CONCLUSIONS

The Authority provides quality service to its customers at affordable rates through sound management and operational practices. The Authority has used accumulated reserves to manage operational expenses while balancing user rates during extreme inflation from 2021 through 2023. The Authority has also continued to authorize capital expenditures to provide system redundancy as well as improved efficiencies. The use of existing employees to reduce the cost of some capital projects is an example of the productive use of resources without requiring any unnecessary costs.

With the continuing challenges of maintaining a system of the magnitude of MAWC, the Authority authorized the development of a long-range plan for growth and improvements. This plan was funded through additional borrowing to meet the needs of the Authority going forward. With the completion of the 2012 and 2016 Multi-Year Plans, the Authority now looks to the future with a plan to address new challenges and new capital investments. Authority rate increases and additional borrowing will lead to even more improvements to the system through 2028.

All the aforementioned items demonstrate the Authority's ability to be an industry leader in providing quality utility services now and in the future.

## SCHEDULE I - SUMMARY

Operating Budget for the Year Ending March 31, 2026

	Quarter Ending 6/30/2025	Quarter Ending 9/30/2025	Quarter Ending 12/31/2025	Quarter Ending 3/31/2026	Year Ending 3/31/2026
<b>Total Operating Revenue</b>	\$31,175,600	\$33,560,600	\$32,256,300	\$32,487,500	\$129,480,000
<b>Operating Expenses</b>					
Source of Supply	\$855,450	\$286,850	\$278,150	\$275,550	\$1,696,000
Treatment System	3,611,100	3,492,000	3,325,300	3,323,600	13,752,000
Distribution	4,777,800	4,971,100	4,888,600	4,489,500	19,127,000
Engineering	420,050	462,750	448,450	638,750	1,970,000
Distribution Facilities	1,570,078	1,576,638	1,575,258	1,568,026	6,290,000
Wastewater System	3,843,600	4,164,300	3,907,200	4,066,900	15,982,000
Commercial and General	6,618,200	6,745,700	6,489,100	6,933,000	26,786,000
<b>Total Operating Expenses</b>	\$21,696,278	\$21,699,338	\$20,912,058	\$21,295,326	\$85,603,000
<b>Operating Income</b>	\$9,479,322	\$11,861,262	\$11,344,242	\$11,192,174	\$43,877,000
Other Income *	1,251,000	2,026,200	1,195,400	1,303,400	5,776,000
<b>Gross Income</b>	\$10,730,322	\$13,887,462	\$12,539,642	\$12,495,574	\$49,653,000
<b>Debt Expense</b>					
Interest	\$3,334,174	\$3,295,495	\$3,258,635	\$5,693,195	\$15,581,500
Bond Discount Amortization	(472,500)	(422,800)	(371,400)	(374,800)	(1,641,500)
Trustee Fees and Expenses	19,600	32,900	30,400	17,100	100,000
<b>Total Debt Expense</b>	\$2,881,274	\$2,905,595	\$2,917,635	\$5,335,495	\$14,040,000
<b>Earnings before Management Fee, Administrative Expenses, and Depreciation</b>	\$7,849,048	\$10,981,867	\$9,622,007	\$7,160,078	\$35,613,000
<b>Management Fees</b>	\$500,000	\$500,000	\$500,000	\$500,000	\$2,000,000
<b>Administrative Expenses</b>					
Officers Compensation	\$0	\$0	\$0	\$0	\$0
Legal Fees	50,000	50,000	50,000	70,000	220,000
Engineering Fees	2,500	2,500	2,500	2,500	10,000
Accounting Fees	36,100	38,400	17,600	17,900	110,000
Other Administrative Expenses	1,250	1,250	1,250	1,250	5,000
<b>Total Administrative Expenses</b>	\$89,850	\$92,150	\$71,350	\$91,650	\$345,000
<b>Total Management Fee and Administrative Expenses</b>	\$589,850	\$592,150	\$571,350	\$591,650	\$2,345,000
<b>Earnings before Depreciation</b>	\$7,259,198	\$10,389,717	\$9,050,657	\$6,568,428	\$33,268,000
<b>Depreciation Provision</b>	4,500,000	4,500,000	4,500,000	3,800,000	17,300,000
<b>Net Income (Loss)</b>	\$2,759,198	\$5,889,717	\$4,550,657	\$2,768,428	\$15,968,000

\* Includes interest income, contributed capital, and tipping fees

**SCHEDULE II - DETAIL**  
Operating Budget for Year Ending March 31, 2026

	Quarter Ending 6/30/2025	Quarter Ending 9/30/2025	Quarter Ending 12/31/2025	Quarter Ending 3/31/2026	Year Ending 3/31/2026
<b>Water Sales</b>					
Residential	\$16,552,700	\$17,975,500	\$17,147,900	\$16,723,900	\$68,400,000
Commercial	4,216,200	4,678,200	4,687,000	4,118,600	17,700,000
Industrial	1,078,000	1,225,500	924,500	1,772,000	5,000,000
Private Fire	535,400	536,600	540,100	537,900	2,150,000
Public Fire	127,100	127,300	127,600	128,000	510,000
Municipal	604,100	609,900	614,200	571,800	2,400,000
Raw Water	121,400	214,400	107,300	156,900	600,000
Sale for Resale	1,538,200	1,551,900	1,500,700	1,659,200	6,250,000
Miscellaneous	54,500	52,100	33,600	19,800	160,000
<b>Total Water Sales</b>	<b>\$24,827,600</b>	<b>\$26,971,400</b>	<b>\$25,682,900</b>	<b>\$25,688,100</b>	<b>\$103,170,000</b>
<b>Wastewater Sales</b>					
Residential	\$3,912,600	\$4,116,900	\$4,123,500	\$4,197,000	\$16,350,000
Commercial	1,151,900	1,168,000	1,168,500	1,211,600	4,700,000
Industrial	68,200	78,500	78,600	91,700	315,000
Municipal	282,800	292,900	309,100	315,200	1,200,000
Discounts Forfeited, Penalties	36,800	34,900	40,000	38,300	150,000
<b>Total Wastewater Sales</b>	<b>\$5,452,300</b>	<b>\$5,691,200</b>	<b>\$5,717,700</b>	<b>\$5,853,800</b>	<b>\$22,715,000</b>
<b>Other Operating Revenue</b>					
Discounts and Penalties	\$191,200	\$206,700	\$222,500	\$204,600	\$825,000
Royalties	\$304,000	\$325,000	\$317,000	\$404,000	\$1,350,000
Other Operating Revenue	405,900	370,600	331,600	341,900	1,450,000
Billing Services	15,100	14,600	15,100	15,200	60,000
Provision for Uncollectible	(20,500)	(18,900)	(30,500)	(20,100)	(90,000)
<b>Total Other Operating Revenue</b>	<b>\$895,700</b>	<b>\$898,000</b>	<b>\$855,700</b>	<b>\$945,600</b>	<b>\$3,595,000</b>
<b>Total Operating Revenues</b>	<b>\$31,175,600</b>	<b>\$33,560,600</b>	<b>\$32,256,300</b>	<b>\$32,487,500</b>	<b>\$129,480,000</b>
<b>Source of Supply</b>					
Operating Labor	\$81,500	\$82,800	\$75,200	\$73,000	\$312,500
Operating Labor Overtime	1,400	2,400	400	800	5,000
Supervisory Salaries	24,800	24,700	24,800	25,200	99,500
Water Purchased	73,000	72,000	73,000	72,000	290,000
Supplies and Expenses	656,550	86,450	86,450	86,550	916,000
Utilities	3,300	3,300	3,100	3,300	13,000
Security	14,900	15,200	15,200	14,700	60,000
<b>Total Source of Supply</b>	<b>\$855,450</b>	<b>\$286,850</b>	<b>\$278,150</b>	<b>\$275,550</b>	<b>\$1,696,000</b>



	Quarter Ending 6/30/2025	Quarter Ending 9/30/2025	Quarter Ending 12/31/2025	Quarter Ending 3/31/2026	Year Ending 3/31/2026
<b>Treatment System</b>					
Operating Labor	\$641,000	\$698,600	\$690,800	\$672,600	\$2,703,000
Operating Labor Overtime	57,100	68,100	57,100	52,700	235,000
Supervisory Salaries	319,500	319,500	319,500	327,500	1,286,000
Chemicals	950,000	950,000	950,000	950,000	3,800,000
GAC - Sweeney WTP	31,800	31,200	30,600	30,400	124,000
Sludge Removal	389,300	214,800	77,900	68,000	750,000
Supplies and Expenses - Operations	176,400	200,400	158,000	164,200	699,000
Meals	1,500	1,500	1,500	1,500	6,000
Maintenance	141,000	128,000	136,000	130,000	535,000
Power Purchased - Plants	856,000	856,000	856,000	856,000	3,424,000
Utilities	47,500	23,900	47,900	70,700	190,000
<b>Total Treatment System</b>	<b>\$3,611,100</b>	<b>\$3,492,000</b>	<b>\$3,325,300</b>	<b>\$3,323,600</b>	<b>\$13,752,000</b>
<b>Distribution</b>					
Operating Labor	\$1,455,700	\$1,483,000	\$1,505,300	\$1,463,000	\$5,907,000
Operating Labor - Overtime	158,600	227,500	174,700	239,200	800,000
Supervisory Salaries	146,000	146,000	146,000	152,000	590,000
Supervisory Labor - Foremen	346,600	354,000	354,100	343,300	1,400,000
Supervisory Labor - Foremen - Overtime	23,300	39,900	38,900	37,900	140,000
Supplies and Expenses	55,500	70,200	62,500	86,800	275,000
Transportation	325,000	325,000	325,000	325,000	1,300,000
Uniforms & Shoes	28,500	11,000	32,500	73,000	145,000
Utilities	53,400	57,100	50,300	89,200	250,000
Fleet	5,500	6,200	6,500	6,800	25,000
Maintenance Equipment	9,700	15,200	11,500	13,600	50,000
Maintenance to Mains - Materials	623,000	703,100	582,100	691,800	2,600,000
Maintenance to Mains - Paving	1,334,300	1,245,700	1,328,000	592,000	4,500,000
Maintenance to Mains - Backhoe	148,300	195,700	184,500	291,500	820,000
Maintenance to Mains - Meals	19,000	26,700	24,100	30,200	100,000
Maintenance to Mains - Permit Fees	43,400	64,800	62,600	54,200	225,000
<b>Total Distribution System</b>	<b>\$4,777,800</b>	<b>\$4,971,100</b>	<b>\$4,888,600</b>	<b>\$4,489,500</b>	<b>\$19,127,000</b>
<b>Engineering</b>					
Operating Labor	\$215,300	\$219,900	\$220,300	\$213,500	\$869,000
Operating Labor - Overtime	4,900	8,200	6,400	5,500	25,000
Supervisory Salaries	156,000	157,000	156,000	174,000	643,000
Supplies and Expenses	37,600	71,400	59,500	121,500	290,000
Utilities	3,750	3,750	3,750	3,750	15,000
DEP System Fees	0	0	0	118,000	118,000
Landfill Expenses	2,500	2,500	2,500	2,500	10,000
<b>Total Engineering</b>	<b>\$420,050</b>	<b>\$462,750</b>	<b>\$448,450</b>	<b>\$638,750</b>	<b>\$1,970,000</b>

	Quarter Ending 6/30/2025	Quarter Ending 9/30/2025	Quarter Ending 12/31/2025	Quarter Ending 3/31/2026	Year Ending 3/31/2026
<b>Distribution Facilities</b>					
Operating Labor	254,100	260,100	267,300	259,500	1,041,000
Operating Labor - Overtime	12,500	12,500	12,500	12,500	50,000
Supervisory Salaries	237,000	237,000	237,000	245,000	956,000
Purchased Power - Pumping	525,000	525,000	525,000	525,000	2,100,000
Meals	750	750	750	750	3,000
Supplies and Expense	82,000	82,000	80,000	80,000	324,000
Utilities	27,000	27,000	27,000	27,000	108,000
Materials	87,000	81,000	81,000	81,000	330,000
Tank Maintenance	20,000	20,000	20,000	20,000	80,000
Hydrant Maintenance - Labor	109,300	111,200	103,000	100,000	423,500
Hydrant Maintenance - Labor - Overtime	0	700	200	600	1,500
Hydrant Maintenance - Materials	12,132	13,632	12,112	12,124	50,000
Hydrant Maintenance - Supplies and Expense	14,521	14,521	14,271	14,187	57,500
Hydrant Maintenance - Meals	120	120	120	140	500
Valve Maintenance - Labor	101,800	103,400	106,000	102,800	414,000
Valve Maintenance - Labor - Overtime	3,750	3,750	3,750	3,750	15,000
Valve Maintenance - Materials	4,995	4,995	4,995	5,015	20,000
Valve Maintenance - Supplies and Expense	11,250	11,250	11,250	11,250	45,000
Valve Maintenance - Meals	280	240	240	240	1,000
Leak Detection - Labor	47,700	48,600	49,900	48,300	194,500
Leak Detection - Materials	130	130	120	120	500
Leak Detection - Supplies and Expense	18,750	18,750	18,750	18,750	75,000
<b>Total Distribution Facilities</b>	<b>\$1,570,078</b>	<b>\$1,576,638</b>	<b>\$1,575,258</b>	<b>\$1,568,026</b>	<b>6,290,000</b>
<b>Wastewater System</b>					
Operating Labor	\$989,200	\$995,800	\$997,200	\$969,800	\$3,932,000
Operating Labor - Overtime	46,200	46,300	46,200	46,300	185,000
Supervisory Salaries	312,000	311,000	311,000	321,000	1,255,000
Supplies and Expenses	225,000	225,000	225,000	225,000	900,000
Engineering	15,000	15,000	15,000	15,000	60,000
Legal	18,800	18,700	18,700	18,800	75,000
Pension	72,300	72,300	72,700	72,700	290,000
Transportation	68,700	68,800	68,700	68,800	275,000
Payroll Taxes	97,200	99,300	99,300	98,200	394,000
Sludge Removal	141,300	141,200	141,300	141,200	565,000
Chemicals	55,000	55,000	55,000	55,000	220,000
Purchased Power	312,500	312,500	312,500	312,500	1,250,000
Outside Treatment Services	805,100	1,035,600	842,500	1,016,800	3,700,000
Utilities	43,800	43,700	43,800	43,700	175,000
Insurance	87,000	87,000	40,600	17,400	232,000
Group Health Insurance	270,100	332,900	311,000	332,000	1,246,000
Billing and Postage	35,900	35,600	38,300	44,200	154,000
Computer Supplies and Expense	14,500	14,500	14,500	14,500	58,000
Maintenance to Mains	168,800	168,800	168,700	168,700	675,000
Environmental Compliance	85,200	85,300	85,200	85,300	341,000
<b>Total Wastewater System</b>	<b>\$3,843,600</b>	<b>\$4,164,300</b>	<b>\$3,907,200</b>	<b>\$4,066,900</b>	<b>\$15,982,000</b>



	Quarter Ending 6/30/2025	Quarter Ending 9/30/2025	Quarter Ending 12/31/2025	Quarter Ending 3/31/2026	Year Ending 3/31/2026
<b>Commercial and General</b>					
Operating Labor	\$689,000	\$704,300	\$687,000	\$671,200	\$2,751,500
Operating Labor - Overtime	7,500	7,500	7,500	7,500	30,000
Supervisory Salaries	577,500	578,500	577,000	594,000	2,327,000
Meter Reading - Labor	148,200	150,600	154,200	149,500	602,500
Meter Reading - Expenses	50,100	38,200	27,900	33,800	150,000
Service - Labor	509,600	521,000	536,500	520,900	2,088,000
Service - Labor Overtime	21,300	17,700	16,400	24,600	80,000
Service - Supplies and Expense	64,900	66,000	57,400	76,700	265,000
Service - Meals	300	100	900	700	2,000
Supplies and Expense	122,400	170,400	221,200	162,000	676,000
Office Forms and Paper	9,200	5,900	5,000	4,900	25,000
Utilities	34,700	33,300	33,900	48,100	150,000
Computer Forms and Supplies	164,800	260,200	232,300	150,200	807,500
Public Relations Expense	5,500	12,300	13,800	8,400	40,000
Postage	163,600	148,600	151,100	136,700	600,000
General Insurance Expense	44,600	46,300	47,200	61,900	200,000
Workers Compensation Insurance	144,200	147,500	46,600	51,700	390,000
Auto Insurance	32,500	36,700	4,600	12,200	86,000
General Liability Insurance	93,700	119,800	40,700	65,800	320,000
Property Insurance	161,900	162,400	162,300	43,400	530,000
Group Health Insurance	2,148,100	2,069,000	1,948,400	1,489,000	7,654,500
Other Post-Employment Benefits	0	0	0	1,500,000	1,500,000
Inventory Adjustments	0	0	0	0	0
Payroll Taxes	528,000	540,000	541,000	531,000	2,140,000
Pension Costs	997,000	1,002,000	1,006,000	595,000	3,600,000
Maintenance to Properties - Labor	69,600	68,700	70,700	87,000	296,000
Maintenance to Properties - Labor - Overtime	25,000	25,000	25,000	25,000	100,000
Maintenance to Properties - Materials	97,200	113,900	99,500	114,400	425,000
Capitalized Payroll Overhead	(279,900)	(287,900)	(212,500)	(219,700)	(1,000,000)
Capitalized Administrative Overhead	(12,300)	(12,300)	(12,500)	(12,900)	(50,000)
<b>Total Commercial and General</b>	<b>\$6,618,200</b>	<b>\$6,745,700</b>	<b>\$6,489,100</b>	<b>\$6,933,000</b>	<b>\$26,786,000</b>
<b>Total Operating Expenses</b>	<b>\$21,696,278</b>	<b>\$21,699,338</b>	<b>\$20,912,058</b>	<b>\$21,295,326</b>	<b>\$85,603,000</b>
<b>Operating Income</b>	<b>\$9,479,322</b>	<b>\$11,861,262</b>	<b>\$11,344,242</b>	<b>\$11,192,174</b>	<b>\$43,877,000</b>
<b>Other Income</b>					
Interest	\$544,000	\$544,000	\$544,000	\$544,000	\$2,176,000
Tapping Fees	394,600	406,400	411,600	387,400	1,600,000
Contributed Capital	312,400	1,075,800	239,800	372,000	2,000,000
<b>Total Other Income</b>	<b>\$1,251,000</b>	<b>\$2,026,200</b>	<b>\$1,195,400</b>	<b>\$1,303,400</b>	<b>\$5,776,000</b>
<b>Gross Income</b>	<b>\$10,730,322</b>	<b>\$13,887,462</b>	<b>\$12,539,642</b>	<b>\$12,495,574</b>	<b>\$49,653,000</b>

	Quarter Ending 6/30/2025	Quarter Ending 9/30/2025	Quarter Ending 12/31/2025	Quarter Ending 3/31/2026	Year Ending 3/31/2026
<b>Debt Expense</b>					
Bond Interest Expense	\$3,807,000	\$3,718,500	\$3,630,000	\$3,630,000	\$14,785,500
Other Interest Expense	(472,826)	(423,005)	(371,365)	2,063,196	796,000
Bond Discount Amortization	(472,500)	(422,800)	(371,400)	(374,800)	(1,641,500)
Trustee Fees and Expenses	19,600	32,900	30,400	17,100	100,000
<b>Total Debt Expense</b>	<b>2,881,274</b>	<b>\$2,905,595</b>	<b>\$2,917,635</b>	<b>\$5,335,496</b>	<b>\$14,040,000</b>
 Management Fees	 \$500,000	 \$500,000	 \$500,000	 \$500,000	 \$2,000,000
Officers Compensation	0	0	0	0	0
Legal Fees	50,000	50,000	50,000	70,000	220,000
Engineering Fees	2,500	2,500	2,500	2,500	10,000
Accounting Fees	36,100	38,400	17,600	17,900	110,000
Other Administrative Expenses	1,250	1,250	1,250	1,250	5,000
Depreciation Provision	4,500,000	4,500,000	4,500,000	3,800,000	17,300,000
<b>Total Expenses including Depreciation</b>	<b>\$7,971,124</b>	<b>\$7,997,745</b>	<b>\$7,988,985</b>	<b>\$9,727,146</b>	<b>\$33,685,000</b>
 <b>Net Income (Loss):</b>					
From Water	\$1,150,498	\$4,362,817	\$2,740,157	\$981,528	\$9,235,000
From Wastewater	1,608,700	1,526,900	1,810,500	1,786,900	6,733,000
<b>Total Net Income (Loss)</b>	<b>\$2,759,198</b>	<b>\$5,889,717</b>	<b>\$4,550,657</b>	<b>\$2,768,428</b>	<b>\$15,968,000</b>
 <b>Add:</b>					
Partial Balance in Revenue Fund-End of Prior Fiscal Year					\$0
Bond Interest Expense *					15,580,500
Bond Discount Amortization Expense					(1,641,500)
Depreciation					17,300,000
Other Post-Employment Benefits					1,500,000
					<u>\$32,739,000</u>
 <b>Less:</b>					
Restricted Interest Income					\$756,000
Tapping Fees					1,600,000
Contributed Capital					2,000,000
Pennvest/Pennworks/RUS/Hempfield Payments					3,227,000
Debt Service Deposits					29,854,000
Capital Surcharge Funding less Pennvest P&I					45,000
Required Capital Expenditure Fund Deposits - Water					3,739,925
Required Capital Expenditure Fund Deposits - Wastewater					795,025
Additional Capital Expenditure Fund Deposits - Water					50
Special Revenue Fund Deposit					0
					<u>\$42,017,000</u>
 <b>Surplus Available</b>					<u><u>\$6,690,000</u></u>

\* Includes interest expense for subordinate debt

### SCHEDULE III - MAINTENANCE CAPITAL EXPENDITURES

#### Maintenance Capital Expenditures Budget For the Year Ending March 31, 2026

Budget Number	Item	Estimated Cost
1A-1	Tank Repair	\$50,000
1A-2	PennDOT	300,000
1A-3	New Distribution Mains and Hydrants	860,000
1A-4	New Distribution Mains (Refundables)	1,500,000
1A-5	Main Extension Deposits Refunded	250,000
1A-6	Wastewater	755,000
	Total Items 1A-1 through 1A-6	<u>\$3,715,000</u>
1B-1	Renewal of Services	\$800,000
1B-2	New Services	1,250,000
1C-1	Install New Meters	500,000
1C-2	Purchase Meters	0
2	Office Equipment and Supplies	220,000
3	Transportation Equipment	1,000,000
4	Distribution Tools and Equipment	75,000
5	Production and Safety	550,000
8	Pump Station Replacement	0
9	Engineering	25,000
	New Stanton Facilities Maintenance	200,000
	Total Items 1B through 9	<u>\$4,420,000</u>
	Total Capital Expenditures	<u><u>\$8,135,000</u></u>

#### Funding for Maintenance Capital Expenditures For the Year Ending March 31, 2026

3.5% of Gross Revenues - Water	\$3,739,925
Transfer from Capital Surcharge Account	0
Additional Capital Funding - Water	50
3.5% of Gross Revenues - Wastewater	795,025
Capital Fund Interest	75,000
Tap Deposits	1,550,000
Large Tap Deposits	250,000
Developer and PennDOT Deposits	1,725,000
Total Funding Provided	<u><u>\$8,135,000</u></u>

**HISTICORAL COMPARISON OF OPERATIONAL DATA, REVENUES, AND EXPENSES WITH BUDGET**

Year Ending	3/31/2019	3/31/2020	3/31/2021	3/31/2022	3/31/2023	3/31/2024	PROJECTED 3/31/2025	BUDGET 3/31/2025	BUDGET 3/31/2026
Number of Water Customers	120,871	121,124	121,850	122,175	122,581	122,999	123,366	123,218	123,667
Number of Wastewater Customers	26,072	26,456	29,224	29,382	29,421	31,763	31,853	31,900	32,100
Water Sold [Millions of Gallons]									
Potable - Residential/Commercial/Industrial/Municipal	7,204	7,742	8,070	8,721	8,832	8,633	8,860	8,798	8,872
Potable - Resale	3,174	3,200	3,284	3,286	3,206	3,038	3,053	3,200	3,300
Non-Potable (Raw Water)	153	65	93	2	2	-	-	2	-
Total Water Sales	10,531	11,007	11,447	12,009	12,040	11,671	11,913	12,000	11,972
Operating Revenues, Water									
Residential	\$ 56,862,742	\$ 56,570,946	\$ 59,674,035	\$ 57,226,606	\$ 57,485,801	\$ 57,235,695	\$ 62,670,345	\$ 62,450,000	\$ 68,400,000
Commercial	14,588,339	14,175,839	13,253,855	14,347,972	14,573,760	14,962,175	16,254,760	16,550,000	17,700,000
Industrial	3,131,595	3,625,098	3,767,273	3,860,642	4,345,721	3,570,701	4,595,172	4,350,000	5,000,000
Private Fire Protection	1,729,616	1,759,447	1,771,932	1,803,292	1,847,676	1,874,915	1,977,378	1,910,000	2,150,000
Public Fire Protection	423,793	424,971	426,771	430,066	432,764	434,945	471,343	460,000	510,000
Municipal	2,114,130	2,054,514	1,715,057	1,994,001	1,975,979	1,855,443	2,135,099	2,200,000	2,400,000
Raw Water Sales	197,996	57,640	383,560	(1,578)	1,225,963	772,767	1,167,874	545,000	600,000
Resale	5,616,845	5,746,927	5,745,786	5,851,135	5,886,079	5,557,765	6,003,168	6,000,000	6,250,000
Miscellaneous Water Sales	118,137	107,543	134,175	142,855	183,731	193,668	179,989	142,000	160,000
Miscellaneous Operating Revenue	6,795,440	3,728,778	3,388,325	5,696,942	6,498,060	3,699,705	3,314,504	3,175,000	3,595,000
Total Operating Revenue, Water	\$ 91,578,633	\$ 88,251,703	\$ 90,260,769	\$ 91,351,933	\$ 94,455,534	\$ 90,157,779	\$ 98,769,632	\$ 97,782,000	\$ 106,765,000
Total Operating Revenue, Wastewater	\$ 15,286,438	\$ 16,156,229	\$ 17,024,421	\$ 17,638,554	\$ 17,821,176	\$ 18,706,777	\$ 20,942,196	\$ 20,630,000	\$ 22,715,000
Operating Expenses, Water									
Source of Supply	\$ 935,775	\$ 1,072,453	\$ 1,075,085	\$ 992,302	\$ 1,037,374	\$ 1,075,349	\$ 1,067,853	\$ 1,165,000	\$ 1,696,000
Treatment	8,810,618	8,651,821	8,688,752	9,109,157	11,670,279	13,600,497	12,205,308	12,192,500	13,752,000
Distribution	14,585,589	16,209,876	16,867,627	16,153,533	18,726,965	21,796,060	19,771,772	18,527,000	19,127,000
Engineering	1,535,671	1,604,446	1,679,518	1,542,399	1,649,294	1,744,238	1,809,530	1,740,000	1,970,000
Distribution Facilities	4,325,411	4,573,553	4,397,491	4,566,575	5,223,311	5,589,795	5,847,938	5,573,900	6,290,000
Commercial & General *	26,518,568	25,204,732	21,146,012	20,504,161	23,260,659	20,413,487	25,756,199	26,563,500	26,786,000
Total Operating Expenses, Water	\$ 56,711,632	\$ 57,316,881	\$ 53,854,485	\$ 52,868,129	\$ 61,567,882	\$ 64,219,426	\$ 66,458,600	\$ 65,761,900	\$ 69,621,000
Total Operating Expenses, Wastewater	\$ 8,414,783	\$ 8,825,100	\$ 9,394,069	\$ 10,406,769	\$ 12,090,717	\$ 13,572,778	\$ 14,905,181	\$ 14,656,000	\$ 15,982,000
Administrative Expenses	290,645	341,935	527,163	248,762	263,646	254,013	345,072	325,000	345,000
Trustee Fees	38,295	70,441	44,027	67,641	65,256	122,218	96,849	100,000	100,000
Management Fees	1,300,000	1,300,000	1,350,000	1,563,000	1,750,000	1,750,000	1,812,500	1,812,500	2,000,000
TOTAL EXPENSES	\$ 66,755,355	\$ 67,854,357	\$ 65,169,744	\$ 65,154,301	\$ 75,737,501	\$ 79,918,435	\$ 83,618,202	\$ 82,655,400	\$ 88,048,000
Operating Revenue Available for All Debt	\$ 40,109,716	\$ 36,553,575	\$ 42,115,446	\$ 43,836,186	\$ 36,539,209	\$ 28,946,121	\$ 36,093,626	\$ 35,756,600	\$ 41,432,000
Operating Revenue Available for Water Debt	33,238,061	29,222,446	34,485,094	36,604,401	30,808,750	23,812,122	30,056,611	29,782,600	34,699,000
Operating Revenue Available for Wastewater Debt	6,871,655	7,331,129	7,630,352	7,231,785	5,730,459	5,133,999	6,037,015	5,974,000	6,733,000

\* Includes Payroll Taxes

SCHEDULE IV - HISTORICAL COMPARISON OF DATA

**SCHEDULE V  
INSURANCE**

**Property**

Carrier Great American Insurance Group  
Policy Number MAC 9012887-23  
Term April 1, 2024 to April 1, 2025  
Premium \$523,927  
Policy Limit \$80,000,000 per loss

**Executive Protection**

Carrier Chubb Group of Insurance Co.  
Policy Number: 8172-8637  
Term April 1, 2024 to April 1, 2025  
Premium \$10,926  
Policy Limit \$1,000,000

**General Liability**

Carrier H.A.R.I.E.  
Policy Number HGL 30194179724  
Term April 1, 2024 to April 1, 2025  
Premium \$277,861 (includes Terrorism)  
Policy Limit \$2,000,000/\$3,000,000

**Public Officials and Employees Liability**

Carrier National Union Fire Insurance Co.  
Policy Number 02-829-76-46  
Term April 1, 2024 to April 1, 2025  
Premium \$39,095  
Policy Limit \$1,000,000

**Worker's Compensation**

Carrier H.A.R.I.E.  
Policy Number HWC 30194169724  
Term April 1, 2024 to April 1, 2025  
Premium \$359,877  
Policy Limit \$1,000,000

**Surety Bonds**

Carrier Selective Ins. Co. of America  
Policy Number  
Term Various  
Premium  
Policy Limit varies for each governmental unit

**Business Automobile**

Carrier H.A.R.I.E.  
Policy Number HCA 30194209724  
Term April 1, 2024 to April 1, 2025  
Premium \$105,374  
Policy Limit \$2,000,000

**Commercial Umbrella**

Carrier Hudson Specialty Insurance Co.  
Policy Number GAXS000062  
Term April 1, 2024 to April 1, 2025  
Premium \$148,503  
Policy Limit \$3,000,000

**Privacy Liability & Network Risk**

Carrier Travelers  
Policy Number 107810185  
Term April 1, 2024 to April 1, 2025  
Premium \$20,130  
Policy Limit \$1,000,000

**Pollution Site**

Carrier Axis Surplus Ins. Co.  
Policy Number MNGR-P-0000144  
Term October 1, 2022 to October 1, 2025  
Premium \$84,379  
Policy Limit \$1,000,000

**Crime**

Carrier Chubb  
Policy Number 81343505  
Term April 1, 2024 to April 1, 2025  
Premium \$5,497  
Policy Limit \$1,000,000

**Police Professional**

Carrier Greenwich Insurance Co  
Policy Number PPL0953065  
Term April 1, 2024 to April 1, 2025  
Premium \$8,569  
Policy Limit \$4,000,000

**Flood**

Carrier Selective Insurance Co.  
Policy Number 0000105408 & FLD 0005373  
Term 3/12/2024-25 & 4/22/2024-25  
Premium \$15,251 & \$1,479  
Policy Limit \$500,000 / \$500,000

## SCHEDULE - VI Water Service Rates

### Schedule of Quarterly and Monthly Minimum Charges for Water Service

Rates effective on all billing on or after April 1, 2025

Size of Meter [in.]	All Areas			
	Quarterly Minimum	Quarterly Allowance*	Monthly Minimum	Monthly Allowance*
½	\$73.92	3,000	\$24.64	1,000
¾	\$86.70	3,000	\$28.90	1,000
1	\$109.95	3,000	\$36.65	1,000
1½	\$196.48	3,000	\$65.16	1,000
2	\$307.47	3,000	\$102.49	1,000
3	\$598.83	3,000	\$199.61	1,000
4	\$888.90	3,000	\$296.30	1,000
6	\$1,757.01	3,000	\$585.67	1,000
8	\$2,910.51	3,000	\$970.17	1,000
10	\$4,342.35	3,000	\$1,447.45	1,000
12	\$5,774.07	3,000	\$1,924.69	1,000

\*Allowance provided for Minimum [Gallons]

### Charges for Water Consumption in Excess of Minimum Allowances \*\*

** Charges per 1,000 gallons	All Areas
Charge for all use in excess of quarterly or monthly minimum allowance for quantities up to: Next 237,000 gallons per quarter	\$10.30
Charge for all use in excess of: 240,000 gallons per quarter	\$8.00

Capital Improvement Surcharge	\$1.00
Quarterly surcharge added to every water customer in addition to the quarterly minimum and excess consumption charges	

### Schedule of Annual Charges per Connection for Private Fire Protection Services

Connection Type or Size	All Areas
Fire Hydrant	\$567.40
4" or Smaller	\$911.41
6"	\$3,186.08
8"	\$5,458.19
10"	\$9,098.68
12"	\$13,648.05

### Tap In Fees for Water Service

Connection Size	Fee
¾"	\$3,200.00
1"	\$3,300.00
1" Doubled to ¾"	\$4,200.00
2"	\$5,900.00
4"	\$11,800.00
6"	\$17,700.00
8" and larger	\$23,600.00

### Annual Charge per Hydrant for Public Fire Service

Annual Fee	\$60.00
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## SCHEDULE - VII Wastewater Service Rates

The charges for sanitary sewage collection, transportation, and treatment services to be furnished by the Authority to customers in each of the municipalities within the Authority's service area shall be as follows:

### Section 1.1 Avonmore Borough Customers

Rates effective as of April 1, 2025

Type of Customer	Billing Frequency	Base Rate per EDU	Allowance in Gallons	Rate (Gallon Range) Per Thousand Gallons
Water Meter Size 5/8"	Quarterly	\$55.88	3,000	\$7.50 (3,000 – 240,000) \$4.67 (over 240,000)
	Monthly	\$18.62	1,000	\$7.50 (1,000 – 80,000) \$4.67 (over 80,000)
Water Meter Size 3/4"	Quarterly	\$72.63	3,000	\$7.50 (3,000 – 240,000) \$4.67 (over 240,000)
	Monthly	\$24.21	1,000	\$7.50 (1,000 – 80,000) \$4.67 (over 80,000)
Water Meter Size 1"	Quarterly	\$107.16	3,000	\$7.50 (3,000 – 240,000) \$4.67 (over 240,000)
	Monthly	\$35.72	1,000	\$7.50 (1,000 – 80,000) \$4.67 (over 80,000)
Water Meter Size 1.5"	Quarterly	\$184.11	3,000	\$7.50 (3,000 – 240,000) \$4.67 (over 240,000)
	Monthly	\$61.37	1,000	\$7.50 (1,000 – 80,000) \$4.67 (over 80,000)
Water Meter Size 2"	Quarterly	\$323.52	3,000	\$7.50 (3,000 – 240,000) \$4.67 (over 240,000)
	Monthly	\$107.84	1,000	\$7.50 (1,000 – 80,000) \$4.67 (over 80,000)
Water Meter Size 3"	Quarterly	\$808.77	3,000	\$7.50 (3,000 – 240,000) \$4.67 (over 240,000)
	Monthly	\$269.59	1,000	\$7.50 (1,000 – 80,000) \$4.67 (over 80,000)
Water Meter Size 4"	Quarterly	\$1,294.02	3,000	\$7.50 (3,000 – 240,000) \$4.67 (over 240,000)
	Monthly	\$431.34	1,000	\$7.50 (1,000 – 80,000) \$4.67 (over 80,000)
Water Meter Size 6"	Quarterly	\$2,709.36	3,000	\$7.50 (3,000 – 240,000) \$4.67 (over 240,000)
	Monthly	\$903.12	1,000	\$7.50 (1,000 – 80,000) \$4.67 (over 80,000)
Water Meter Size 8"	Quarterly	\$10,029.93	3,000	\$7.50 (3,000 – 240,000) \$4.67 (over 240,000)
	Monthly	\$3,343.31	1,000	\$7.50 (1,000 – 80,000) \$4.67 (over 80,000)
Water Meter Size 10"	Quarterly	\$14,944.62	3,000	\$7.50 (3,000 – 240,000) \$4.67 (over 240,000)
	Monthly	\$4,981.54	1,000	\$7.50 (1,000 – 80,000) \$4.67 (over 80,000)
Water Meter Size 12"	Quarterly	\$19,876.35	3,000	\$7.50 (3,000 – 240,000) \$4.67 (over 240,000)
	Monthly	\$6,625.45	1,000	\$7.50 (1,000 – 80,000) \$4.67 (over 80,000)

### Section 1.2 East Huntingdon Township – West Pittsburgh & Loucks Acres Customers

Rates effective as of April 1, 2025

Type of Customer	Billing Frequency	Base Rate per EDU*	Allowance in Gallons	Rate (Gallon Range) Per Thousand Gallons
Water Meter Size 5/8"	Quarterly	\$49.44	6,000	\$2.32 (6,000 – 80,000) \$1.65 (80,000 – 755,000) \$1.29 (over 755,000)
	Monthly	\$16.49	2,000	\$2.32 (2,000 – 76,000) \$1.65 (76,000 – 751,000) \$1.29 (over 751,000)
Water Meter Size 3/4"	Quarterly	\$64.89	6,000	\$2.32 (6,000 – 80,000) \$1.65 (80,000 – 755,000) \$1.29 (over 755,000)
	Monthly	\$21.63	2,000	\$2.32 (2,000 – 76,000) \$1.65 (76,000 – 751,000) \$1.29 (over 751,000)
Water Meter Size 1"	Quarterly	\$80.34	12,000	\$2.32 (12,000 – 86,000) \$1.65 (86,000 – 761,000) \$1.29 (over 761,000)
	Monthly	\$26.78	4,000	\$2.32 (4,000 – 78,000) \$1.65 (78,000 – 753,000) \$1.29 (over 753,000)
Water Meter Size 2"	Quarterly	\$204.96	33,000	\$2.32 (33,000 – 107,000) \$1.65 (107,000 – 782,000) \$1.29 (over 782,000)
	Monthly	\$68.32	11,000	\$2.32 (11,000 – 85,000) \$1.65 (85,000 – 760,000) \$1.29 (over 760,000)
Water Meter Size 3"	Quarterly	\$215.28	33,000	\$2.32 (33,000 – 107,000) \$1.65 (107,000 – 782,000) \$1.29 (over 782,000)
	Monthly	\$71.76	11,000	\$2.32 (11,000 – 85,000) \$1.65 (85,000 – 760,000) \$1.29 (over 760,000)
Well Water	Quarterly	\$104.03		

\* Add Debt Service of \$36.00 per Quarter and Line Maintenance of \$14.00 per Quarter

### Section 1.2 East Huntingdon Township – Iron Bridge Section Customers

Rates effective as of April 1, 2025

Type of Customer	Billing Frequency	Base Rate per EDU	Allowance in Gallons	Rate (Gallon Range) Per Thousand Gallons
Quarterly Customers	Quarterly	\$49.28		\$3.94 (over 0)
Monthly Customers	Monthly	\$16.43		\$3.94 (over 0)
Well Water	Quarterly	\$87.60		



### Section 1.3 Hempfield Sewage Customers

Rates effective as of April 1, 2025

Type of Customer	Billing Frequency	Base Rate per EDU	Allowance in Gallons	Rate (Gallon Range) Per Thousand Gallons
Residential	Quarterly	\$69.00		\$3.52 (over 0)
Commercial	Quarterly	\$69.00		\$3.52 (0 – 15,000)
				\$5.73 (next 3,000)
				\$7.51 (over 18,000)
	Monthly	\$23.00		\$3.52 (0 – 5,000)
				\$5.73 (next 1,000)
				\$7.51 (over 6,000)
TFE Flat Rate	Quarterly	\$69.00		
Well Water (Unmetered)	Quarterly	\$124.89		

### Section 1.4 I-70 Industrial Park Customers

Rates effective as of April 1, 2025

Type of Customer	Billing Frequency	Base Rate per EDU	Allowance in Gallons	Rate (Gallon Range) Per Thousand Gallons
Quarterly Customers	Quarterly	\$123.69		\$13.28 (over 0)
Monthly Customers	Monthly	\$41.23		\$13.28 (over 0)

### Section 1.5 Mt. Pleasant Borough Customers

Rates effective as of April 1, 2025

Type of Customer	Billing Frequency	Base Rate per EDU*	Allowance in Gallons	Rate (Gallon Range) Per Thousand Gallons
Water Meter Size 5/8"	Quarterly	\$55.86	6,000	\$4.33 (6,000 – 16,000) \$4.11 (16,000 – 56,000) \$3.78 (over 56,000)
	Monthly	\$18.62	2,000	\$4.33 (6,000 – 16,000) \$4.11 (16,000 – 56,000) \$3.78 (over 56,000)
Water Meter Size 3/4"	Quarterly	\$93.93	6,000	\$4.33 (6,000 – 16,000) \$4.11 (16,000 – 56,000) \$3.78 (over 56,000)
	Monthly	\$31.31	2,000	\$4.33 (6,000 – 16,000) \$4.11 (16,000 – 56,000) \$3.78 (over 56,000)
Water Meter Size 1"	Quarterly	\$182.70	12,000	\$4.33 (6,000 – 16,000) \$4.11 (16,000 – 56,000) \$3.78 (over 56,000)
	Monthly	\$60.90	4,000	\$4.33 (6,000 – 16,000) \$4.11 (16,000 – 56,000) \$3.78 (over 56,000)
Water Meter Size 2" and over	Quarterly	\$296.94	30,000	\$4.33 (6,000 – 16,000) \$4.11 (16,000 – 56,000) \$3.78 (over 56,000)
	Monthly	\$98.98	10,000	\$4.33 (6,000 – 16,000) \$4.11 (16,000 – 56,000) \$3.78 (over 56,000)

\* Add \$15 per month Capital Improvement Fee per bill

### Section 1.6 Jeannette Customers

Rates effective as of April 1, 2025

Type of Customer	Billing Frequency	Base Rate per EDU	Allowance in Gallons	Rate (Gallon Range) Per Thousand Gallons
Residential	Quarterly	\$175.09		
Commercial, Industrial, Post Offices	Quarterly	\$175.09	6,000	\$9.02 (over 6,000)
Churches	Quarterly	\$74.28	6,000	\$9.02 (over 6,000)
Schools	Quarterly	\$3.98 per student		

### Section 1.7 Ligonier Borough Customers

Rates effective as of April 1, 2025

Type of Customer	Billing Frequency	Base Rate per EDU	Allowance in Gallons	Rate (Gallon Range) Per Thousand Gallons
All	Quarterly	\$123.57	6,000	\$6.90 (6,000 – 10,000) \$6.05 (over 10,000)

# Section 1.8 Scottsdale Customers

Rates effective as of August 1, 2023

Type of Customer	Billing Frequency	Base Rate per EDU	Allowance in Gallons	Rate (Gallon Range) Per Thousand Gallons
Residential Water Meter Size 5/8"	Quarterly	\$29.00	1,000	\$2.00 (1,000 - 74,000) \$1.35 (75,000 - 675,000) \$1.00 (over 675,000)
Residential Water Meter Size 3/4"	Quarterly	\$33.00	1,000	\$2.00 (1,000 - 74,000) \$1.35 (75,000 - 675,000) \$1.00 (over 675,000)
Residential Water Meter Size 1"	Quarterly	\$40.00	1,000	\$2.00 (1,000 - 74,000) \$1.35 (75,000 - 675,000) \$1.00 (over 675,000)
Residential Water Meter Size 1-1/2"	Quarterly	\$66.00	1,000	\$2.00 (1,000 - 74,000) \$1.35 (75,000 - 675,000) \$1.00 (over 675,000)
Residential Water Meter Size 2"	Quarterly	\$113.00	1,000	\$2.00 (1,000 - 74,000) \$1.35 (75,000 - 675,000) \$1.00 (over 675,000)
Commercial Water Meter Size 5/8"	Quarterly	\$13.33	1,000	\$2.00 (1,000 - 74,000) \$1.35 (26,000 - 225,000) \$1.00 (over 225,000)
Commercial Water Meter Size 3/4"	Quarterly	\$14.68	1,000	\$2.00 (1,000 - 74,000) \$1.35 (26,000 - 225,000) \$1.00 (over 225,000)
Commercial Water Meter Size 1"	Quarterly	\$17.98	1,000	\$2.00 (1,000 - 74,000) \$1.35 (26,000 - 225,000) \$1.00 (over 225,000)
Commercial Water Meter Size 1-1/2"	Quarterly	\$26.33	1,000	\$2.00 (1,000 - 74,000) \$1.35 (26,000 - 225,000) \$1.00 (over 225,000)
Commercial Water Meter Size 2"	Quarterly	\$34.68	1,000	\$2.00 (1,000 - 74,000) \$1.35 (26,000 - 225,000) \$1.00 (over 225,000)
Commercial Water Meter Size 3"	Quarterly	\$51.33	1,000	\$2.00 (1,000 - 74,000) \$1.35 (26,000 - 225,000) \$1.00 (over 225,000)
Commercial Water Meter Size 4"	Quarterly	\$68.03	1,000	\$2.00 (1,000 - 74,000) \$1.35 (26,000 - 225,000) \$1.00 (over 225,000)
Commercial Water Meter Size 6"	Quarterly	\$101.33	1,000	\$2.00 (1,000 - 74,000) \$1.35 (26,000 - 225,000) \$1.00 (over 225,000)
Commercial Water Meter Size 8"	Quarterly	\$134.83	1,000	\$2.00 (1,000 - 74,000) \$1.35 (26,000 - 225,000) \$1.00 (over 225,000)
Well Water	Quarterly Flat Rate Fee	\$46.75		

Everson Customers: add Debt Service of \$36.00 per Quarter and Line Maintenance of \$10.00 per Quarter

Scottsdale Customers: add Debt Service of \$36.00 per Quarter and Line Maintenance of \$12.00 per Quarter

**Section 1.9 Sewickley Township Customers**

Rates effective as of April 1, 2025

Type of Customer	Billing Frequency	Base Rate per EDU	Allowance in Gallons	Rate (Gallon Range) Per Thousand Gallons
All	Monthly	\$65.71		

**Section 1.10 Upper Tyrone Township Customers**

Rates effective as of April 1, 2025

Type of Customer	Billing Frequency	Base Rate per EDU	Allowance in Gallons	Rate (Gallon Range) Per Thousand Gallons
Residential	Monthly	\$79.74		
Commercial	Monthly	\$79.74	1,000	\$4.24 (over 1,000)
Debt Surcharge Only	Monthly	\$79.74		

**Section 1.11 White Oak Borough Customers**

Rates effective as of April 1, 2025

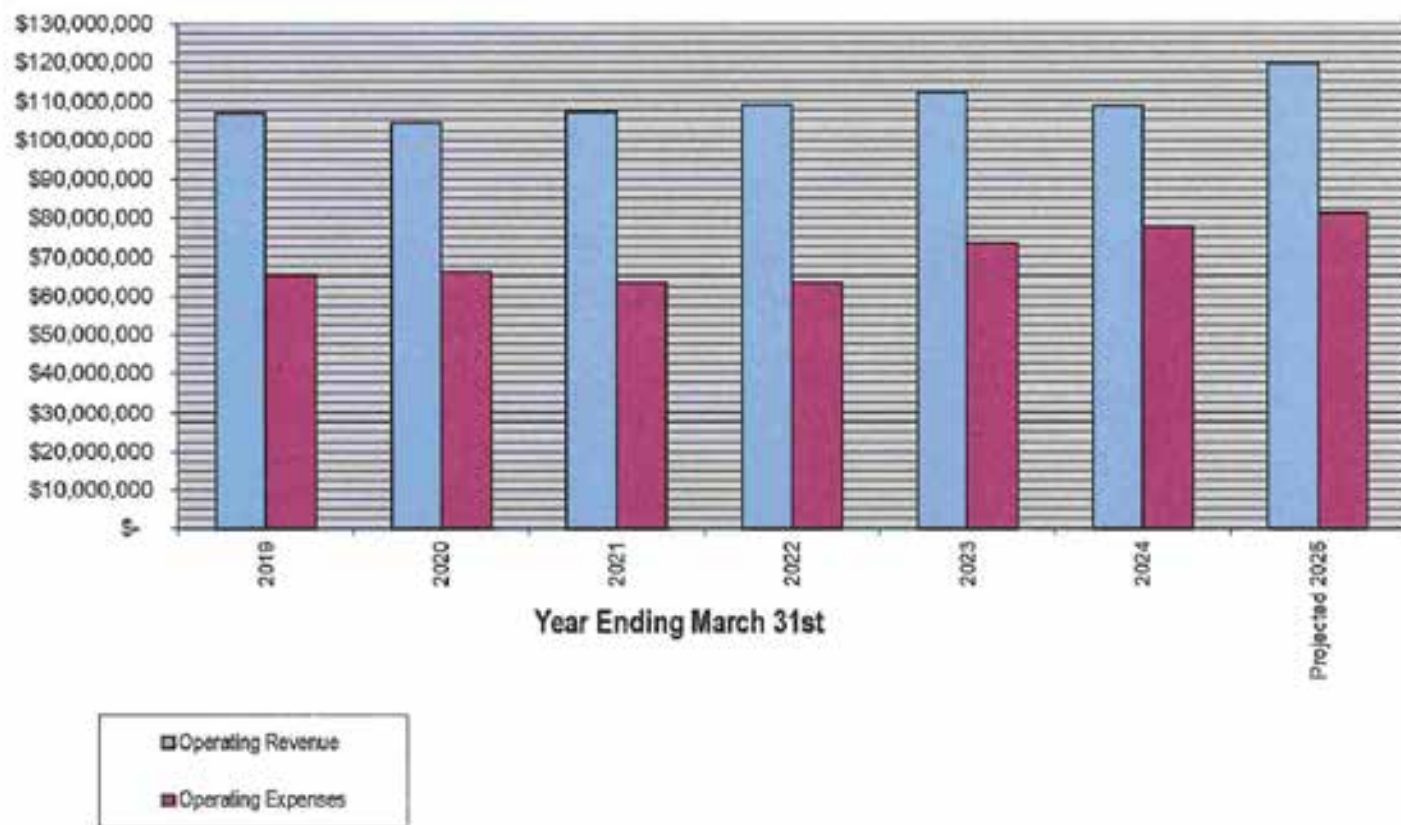
Type of Customer	Billing Frequency	Base Rate per EDU	Allowance in Gallons	Rate (Gallon Range) Per Thousand Gallons
Residential	Quarterly	\$108.42	3,000	\$11.50 (over 3,000)
Commercial, Industrial, Other	Monthly	\$36.14	1,000	\$11.50 (over 1,000)
Well Water	Quarterly	\$247.60		

### Miscellaneous Fee Schedule

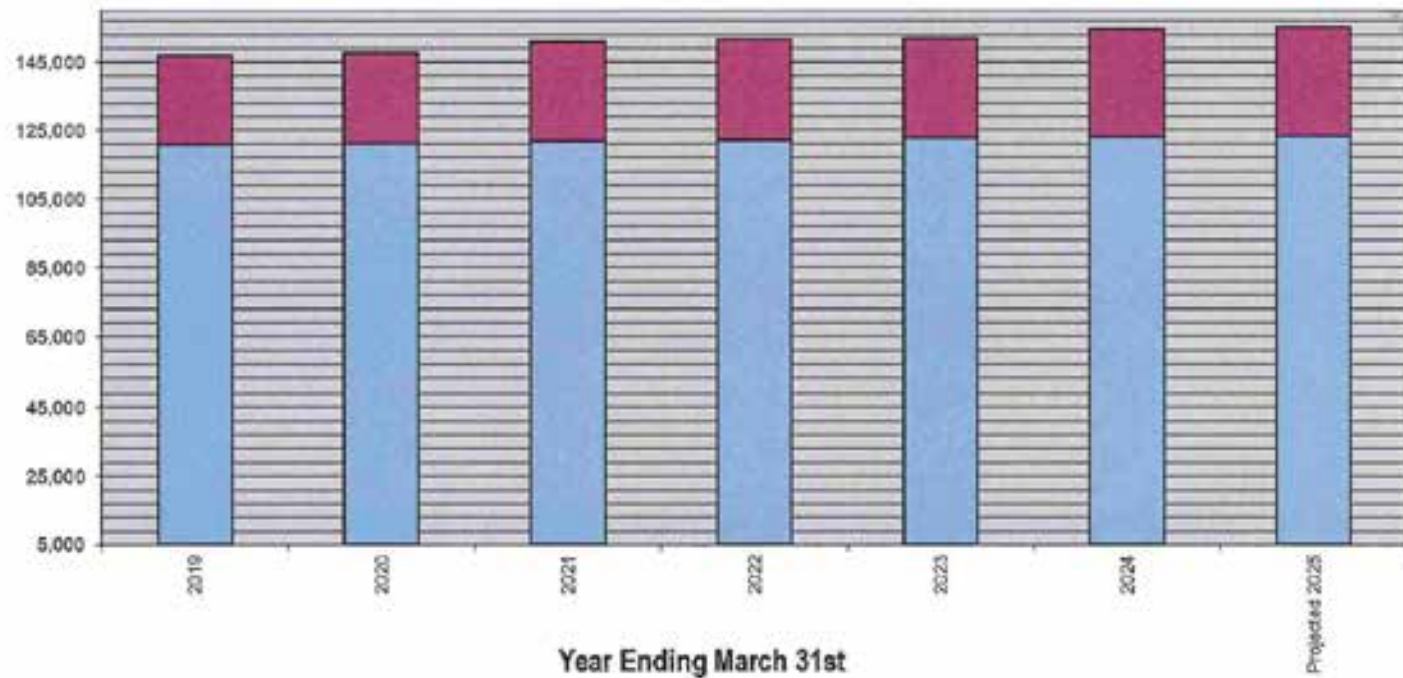
Effective on or after April 1, 2024

Security Deposits	Residential Accounts	\$	100.00	
	Non-Residential Accounts	\$	150.00	
Hydrant Meters	Security Deposit	\$	1,200.00	
	Down Payment	\$	520.00	
	Monthly Minimum	\$	171.73	
	Cost per Thousand Gallons	\$	9.40	
Late Payment Fee			5%	
No-Lien Letters		\$	50.00	
Sewer Lateral Inspection		\$	350.00	
Certified Shut-Off Notices		\$	12.00	
Credit/Debit Card Convenience Fee		\$	3.75	
Returned Check Fee		\$	35.00	
Water Turn-On Fees	Same Day Before 3:30 PM	\$	60.00	
	Saturdays	\$	175.00	
	Next Day	\$	24.00	
	Sunday/ Holiday	\$	300.00	
Turn-Off for Sewer Authorities	Turn-Off	\$	75.00	
	Turn-On	\$	75.00	
Hydrant Flow Tests		\$	350.00	
Deduct Meter Installation/Replacement		\$	150.00	Service Charge + Meter Cost
Meter Tests		\$	65.00	
Paper Copy of Rules and Regulations		\$	25.00	
Copy Fee - Right-to-Know - per page		\$	0.33	Black & White
		\$	0.65	Color
New Fire Hydrant Installation	Private	\$	3,500.00	
	Public	\$	2,500.00	
Sale of Contract Bid Specifications		\$	25.00	
Frozen Meter Replacement -	5/8" x 5/8" R900i (Pro Coder)	At cost	\$ 220.00	Pricing Bid Through April 30, 2025
	3/4" x 5/8"	At cost	\$ 220.00	Pricing Bid Through April 30, 2025
	1" T10 E-Coder R900i	At cost	\$ 572.00	Pricing Bid Through April 30, 2025
	2" Mach 10, 17" length	At cost	\$ 1,369.00	Pricing Bid Through April 30, 2025
Meter Flanges (1 pair)	2"	At cost	\$ 275.00	Pricing Bid Through April 30, 2025
Meter Tandem Setter	3/4"	At cost	\$ 300.55	Pricing Bid Through March 31, 2025
	1"	At cost	\$ 502.25	Pricing Bid Through March 31, 2025
Meter Pit		At cost	\$ 82.10	Pricing Bid Through March 31, 2025
Meter Ring		At cost	\$ 90.55	Pricing Bid Through March 31, 2025
Meter Pit Lids		At cost	\$ 50.88	Pricing Bid Through March 31, 2025
Backflow Certification Test Submission		\$	20.00	

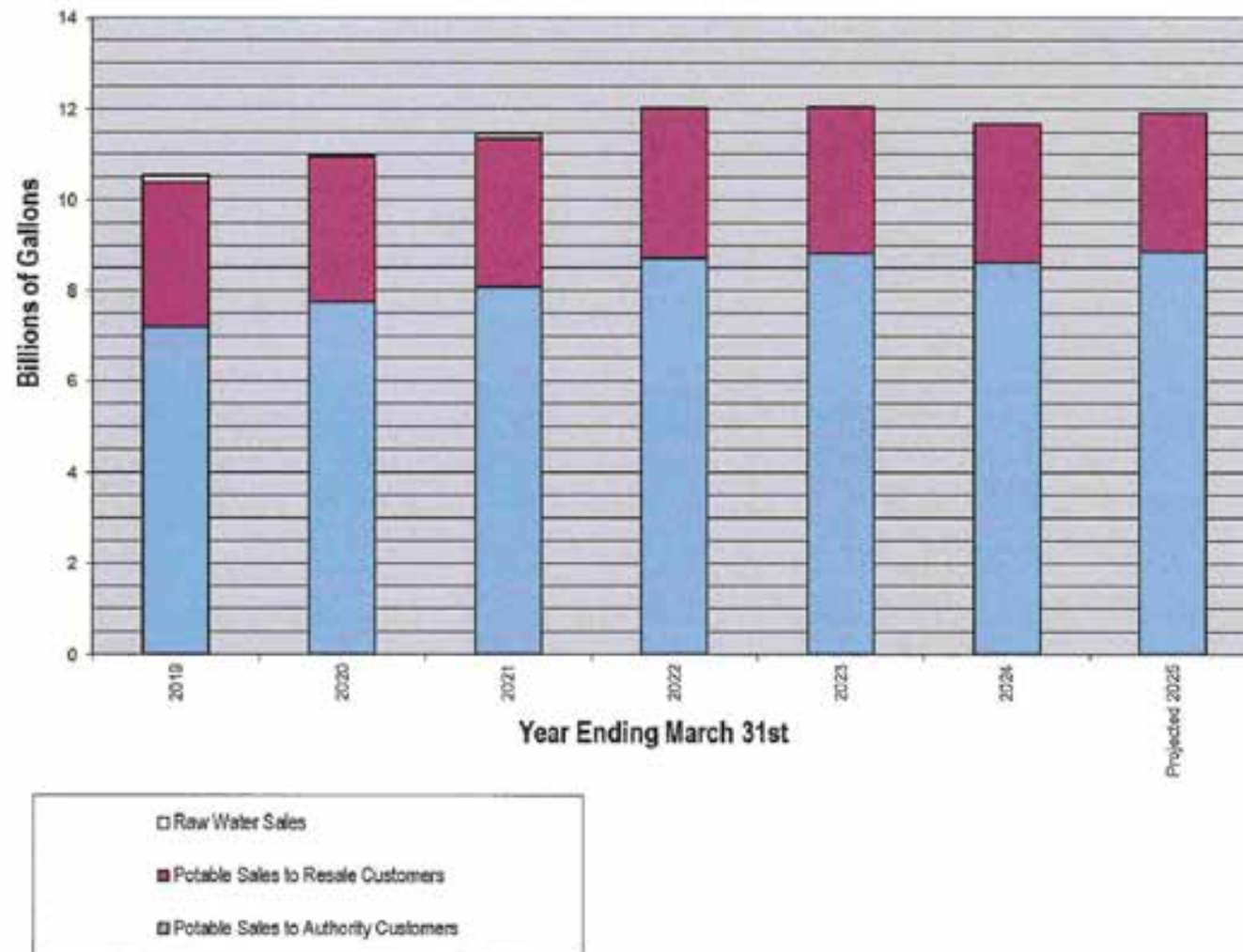
# **EXHIBIT I** **Comparison of Revenues and Expenses**



## EXHIBIT II Number of Customers

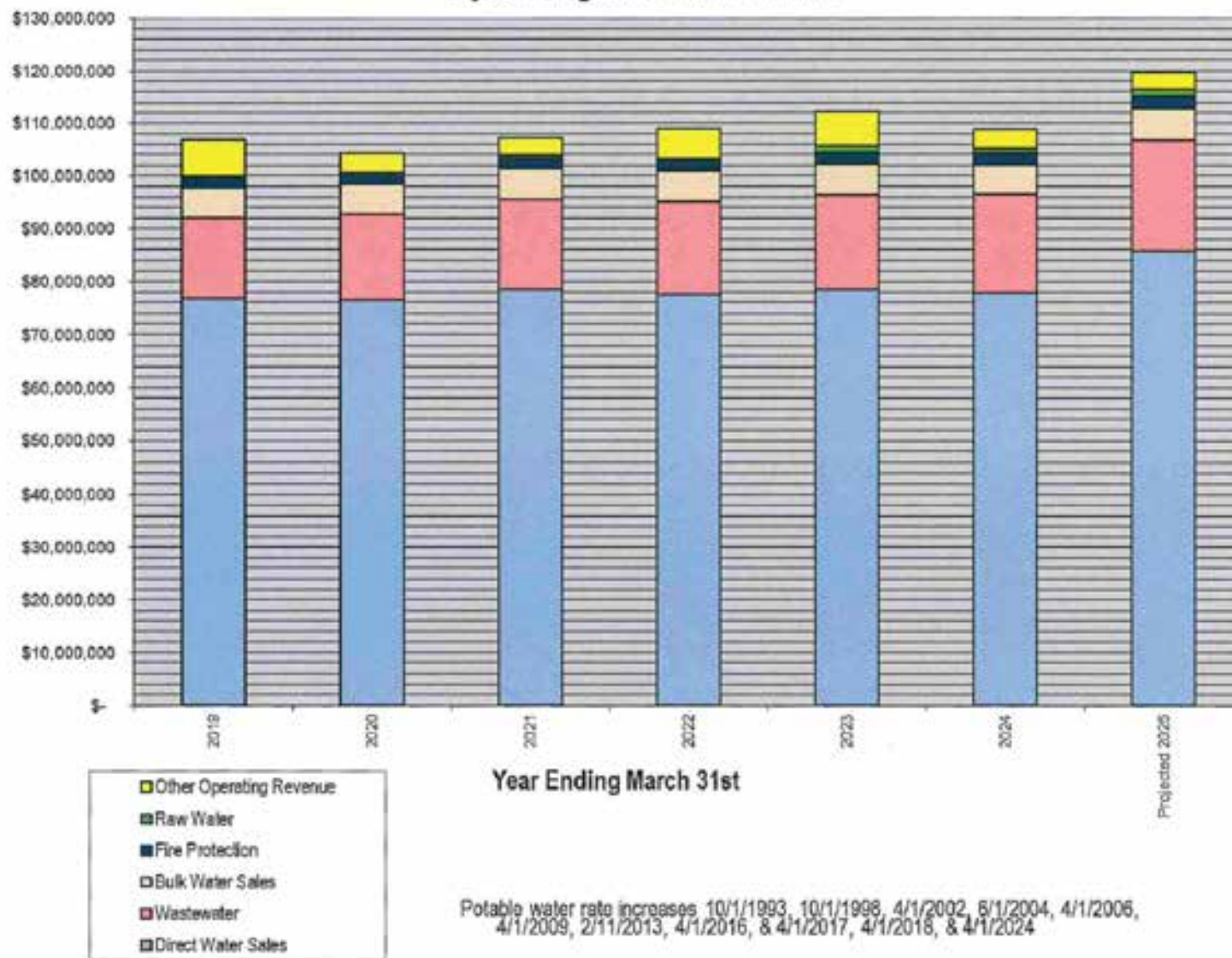


### EXHIBIT III Quantity of Water Sold





## EXHIBIT IV Operating Revenue Details



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**APPENDIX B**  
**DEMOGRAPHIC AND ECONOMIC INFORMATION**

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**THE COUNTY OF WESTMORELAND**  
**(Commonwealth of Pennsylvania)**

**General Information**

Westmoreland County (the "County"), a third-class county, was organized as the 11<sup>th</sup> county of Pennsylvania on February 26, 1773. Greensburg, located in the center of the County, is the County Seat.

Located in Southwestern Pennsylvania, the County provides a combination of suburban, urban and rural living. In terms of acreage, the County is the eighth largest county in the Commonwealth of Pennsylvania. Westmoreland County is comprised of 1,033 square miles and has a population of 351,163 persons (based on 2023 population estimates) from the U.S. Census Bureau. The County is bordered by Allegheny County on the west, the Laurel Mountains on the east, and the Allegheny and Monongahela Rivers on its northwestern and southwestern corners, respectively.

Geographically located within the County are six (6) cities, thirty-five (35) boroughs, three (3) first class townships, eighteen (18) second class townships and three (3) home rule communities. Each of these municipalities is governed by elected officials. Westmoreland's neighboring counties are Allegheny, Washington, Fayette, Somerset, Cambria, Indiana and Armstrong.

**DEMOGRAPHIC CHARACTERISTICS**

**Population**

The tables below show population comparisons for Westmoreland County, Pennsylvania and the Commonwealth.

**TABLE B-1**  
**RECENT POPULATION TRENDS**

<b>Geographic Area</b>	<b>2000 (Actual)</b>	<b>2010 (Actual)</b>	<b>2023 (Estimated)</b>	<b>Change</b>	<b>% Change</b>
County of Westmoreland	369,993	365,169	351,163	(18,830)	-5.16%
Pennsylvania	12,281,054	12,702,379	12,961,683	680,629	5.36%

Source: U.S. Bureau of Census and 2023 Population Estimates

**TABLE B-2**  
**AGE COMPOSITION**

<b>Geographic Area</b>	<b>Under 18 Years</b>	<b>18-64 Years</b>	<b>65 Years and Over</b>
County of Westmoreland	17.9%	57.7%	24.4%
Pennsylvania	20.2%	60.2%	19.6%

Sources: U.S. Bureau of Census and 2023 Population Estimates

**TABLE B-3  
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**

	2020	2021	2022	2023	2024	2025 <sup>(1)</sup>
<b>Westmoreland</b>						
Civilian Labor Force	179,400	176,000	174,900	175,500	176,000	176,700
Employment	163,500	165,700	167,500	169,400	169,500	168,900
Unemployment	15,900	10,300	7,500	6,100	5,400	7,800
Unemployment Rate	8.90%	5.90%	4.30%	3.50%	3.70%	4.40%
<b>Pennsylvania</b>						
Civilian Labor Force (000)	6,506.0	6,432.0	6,465.0	6,518.0	6,577.0	6,592.0
Employment (000)	5,930.0	6,054.0	6,202.0	6,296.0	6,337.0	6,291.0
Unemployment (000)	577.0	378.0	263.0	223.0	239.0	301.0
Unemployment Rate	8.90%	5.90%	4.10%	3.40%	3.60%	4.60%

(1) As of July 2025

Source: Bureau of Research and Statistics, Pennsylvania Department of Labor and Industry

**TABLE B-4  
MAJOR EMPLOYERS WITHIN WESTMORELAND COUNTY**

Employer
Wal-Mart Associates Inc.
State Government*
Westmoreland County
United Parcel Service Inc.
Westmoreland Regional Hospital
Giant Eagle Inc.
Westinghouse Electric Co LLC
Elliott Company
Excelsa Health Physician Practices
Philips Rs North America LLC

\* State Government includes all state employment except Pennsylvania State University, SEPTA, System of Higher Education, PA College of Technology and PHEAA.

1<sup>st</sup> Quarter, 2025

Source: Quarterly Census of Employment and Wages and Center for Workforce Information & Analysis

**TABLE B-5  
INCOME AND HOUSING**

Geographic Area	Median Household Income	Persons in Poverty	Median Housing Value	Total Housing Units
County of Westmoreland	69,454	9.70%	181,600	169,313
Pennsylvania	73,170	11.80%	226,200	5,839,963

Sources: 2018-22 American Community Survey 5-years Estimates

## **Medical facilities**

There are currently 3 general acute care hospitals, one specialty hospital (long-term acute care) and one psychiatric hospital that serve Westmoreland County. The health care system of the County is complemented by 19 nursing home facilities.

## **Transportation**

The Westmoreland County Airport Authority operates both Arnold Palmer Regional Airport at Latrobe and Rostraver Airport near Belle Vernon. Palmer Regional is classified as a primary commercial service facility while Rostraver is a general aviation reliever.

## **Utilities**

Multiple municipalities or authorities provide sewage throughout the County. Water service is provided from private and municipal companies. Primary among these companies is the Municipal Authority of Westmoreland County.

In Pennsylvania, the markets for natural gas supply, electrical service and local telephone service are open to competition. Gas companies include; Peoples Natural Gas, Columbia Gas of Pennsylvania, T.W. Phillips Gas & Oil Company, and Equitable Gas Company.

Electric service (generation, transmission and distribution) is provided by such firms as Duquesne Light, West Penn Power, Penelec and a number of other suppliers.

Telephone services are provided by Verizon Inc., AT&T, MCI Telecommunications Corp., SPRINT of Pennsylvania, Comcast, and several independents.

## **Education**

The Public-School Systems in Westmoreland County provide excellent elementary, secondary and vocational educational facilities. Professional staffs governed by 19 elected local school boards administer these schools.

Within the County, there are a number of higher-education institutions. The University of Pittsburgh at Greensburg, Seton Hill University, Saint Vincent College and Penn State University at New Kensington all offer four-year degree programs as well as selected graduate degree opportunities. The Westmoreland County Community College, with its main campus located in Youngwood, offers two-year programs as well as a nursing school and has an enrollment of approximately 5,595 full-time and part-time students. Outside, but in close proximity to the County, are Carnegie-Mellon University, the University of Pittsburgh, Duquesne University, Robert Morris College, Point Park University, Carlow University and Indiana University of Pennsylvania. Besides offering quality educational systems, the County has many training and vocational schools.

## **Recreation**

Westmoreland County boasts a wide variety of recreational and conservation areas, including dozens of county and state parks, country clubs, state game lands, state forests, and nature preserves. In addition, there are many fine parks and recreation areas maintained by townships and localities. Here we present but a few of the major resources and facilities that will help you enjoy the outdoors in Westmoreland County.

The Westmoreland County Bureau of Parks and Recreation encompasses nine diversified parks and two trails maintained to provide visitors with a wide variety of benefits and experiences. The parks, encompassing over 2,700 acres of land are open year-round providing walking and hiking trails, picnic and play areas, recreation programs, fishing areas, active sports facilities, as well as plenty of open fields, forests and streams for you to discover.

Hempfield Park is located in northern Hempfield Township just off Route 66, four (4) miles north of Greensburg. Covering 94.5 acres, the park features a one (1) mile walking track, lighted tennis courts, basketball and volleyball courts, baseball fields, horseshoe pits, a bocce court and 5 handicapped accessible pavilions for rent.

Latrobe Parks & Recreation sees as its mission to provide a variety of safe, modern, affordable parks and recreation facilities, programs and services that will enhance the quality of life by promoting good health and well-being for the citizens of Latrobe.

With 1,200 acres, including a 78-acre lake, Keystone State Park is great for family vacations year-round. Camping, modern cabins, trails and a swimming beach provide an ideal setting for a summer outing. The park is off Route 981 south of Route 22 in New Alexandria.

Laurel Summit in Westmoreland County provides a scenic picnic area 2,739 feet above sea level operated by the Bureau of State Parks. The 6-acre park includes picnic tables and a pavilion, water and provides trailhead parking for Spruce Flats bog and Wolf Rocks Trail.

Linn Run State Park is 612 acres on the western side of Laurel Mountain and borders Forbes State Forest. A mixed hardwood and evergreen forest make this park a scenic place for picnicking, hiking and cabin rentals. Linn Run is an excellent trout stream complete with its own small waterfall, Adams Falls.



**APPENDIX C**

**AUTHORITY'S AUDITED FINANCIAL STATEMENTS 2025 AND 2024**

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**MUNICIPAL AUTHORITY OF  
WESTMORELAND COUNTY**

**Financial Statements**

**March 31, 2025 and 2024**

**DELUZIO & COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS**

# MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY

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### **Independent Auditor's Report**

The Board of Directors  
 Municipal Authority of Westmoreland County  
 New Stanton, Pennsylvania

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the financial statements of the business-type activities and the fiduciary fund of the Municipal Authority of Westmoreland County (Authority), as of and for the fiscal years ended March 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary fund of the Authority, as of March 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis for Opinions***

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

##### ***Responsibilities of Management for the Financial Statements***

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

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

*(continued)*

## **Independent Auditor's Report**

*(continued)*

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and GAS we:

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

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

### ***Emphasis of Matter***

Implementation of *GASB Statement No. 101 Compensated Absences*.

The Authority implemented the provisions of GASB Statement No. 101, Compensated Absences, in the current fiscal year. As discussed in Note 2 to the financial statements, the implementation of GASB Statement No. 101 resulted in a restatement of beginning balances of unrestricted net position as of April 1, 2023, of \$1,344,401. Our opinion is not modified with respect to this matter.

*(continued)*



## **Independent Auditor's Report**

*(continued)*

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 and the pension and other post-employment benefit information on pages 57 through 65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Municipal Authority of Westmoreland County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*(continued)*

**Independent Auditor's Report**

*(continued)*

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Greensburg, Pennsylvania  
September 23, 2025



## **MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

### **Management's Discussion and Analysis**

**March 31, 2025 and 2024**

#### **Required Supplementary Information**

As management of the Municipal Authority of Westmoreland County (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial performance of the Authority for the fiscal year ended March 31, 2025. Please read this Management's Discussion and Analysis in conjunction with the financial statements to obtain a thorough understanding of the Authority's financial condition at March 31, 2025.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Authority's basic financial statements are comprised of: 1) statement of net position, 2) statement of revenues, expenses and changes in net position, 3) statement of cash flows, 4) statement of fiduciary net position, 5) statement of changes in fiduciary net position, and 6) notes to the financial statements. This report also includes required supplementary information in addition to the basic financial statements themselves.

The Authority's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB).

These financial statements are designed to provide readers with a broad overview of the Authority's finances. The statements are presented in a manner similar to private-sector businesses.

##### **Statement of Net Position**

The statement of net position presents the financial position of the Authority. This statement provides information about the nature and number of investments in resources (assets) and the obligations to the Authority's creditors (liabilities). It presents information on all of the Authority's assets plus deferred outflows of resources less liabilities and deferred inflows of resources to arrive at net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Authority is improving or deteriorating.

##### **Statement of Revenues, Expenses and Changes in Net Position**

The statement of revenues, expenses and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. This statement measures the success of the Authority's operations over the last year and can be used to determine whether the Authority has successfully recovered all of its costs through its user fees. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues are recognized when earned, not when they are received. Expenses are recognized when incurred, not when they are paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., changes in net pension liability, other post-employment benefits (OPEB) and compensated absences).

##### **Statement of Cash Flows**

The statement of cash flows presents and reports cash receipts, cash payments and net changes in cash resulting from operations, capital and related financing and investing activities. This statement provides answers to such questions as where did the cash come from, what was the cash used for and what was the change in the cash balance during the reporting period.

## **MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

### **Management's Discussion and Analysis**

**March 31, 2025 and 2024**

#### **Required Supplementary Information**

##### **Fiduciary Fund Financial Statements**

Fiduciary funds are used to account for assets held in a trustee capacity. The Authority's Pension Trust Fund is considered a fiduciary fund and presents a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

Fiduciary funds are reported on the accrual basis of accounting; therefore, revenues are recorded when earned and expenses are recorded when a liability is incurred.

The fiduciary fund financial statements can be found on pages 15 and 16 of this report.

##### **Notes to the Financial Statements**

The notes provide additional information that is essential to obtain a full understanding of the data provided in the Authority's financial statements.

## **FINANCIAL ANALYSIS OF THE AUTHORITY**

##### **Financial Highlights – Excluding Pension Trust Fund**

- The total assets of the Authority at March 31, 2025 are \$852,259,145. This represents an \$68,704,382 increase in total assets from March 31, 2024. Total assets consist of current assets of \$43,982,366 (increase of \$2,169,497), capital assets of \$703,570,675 (increase of \$30,115,810) and non-current assets of \$104,706,104 (increase of \$36,419,075).
- The Authority's unrestricted cash and cash equivalents balance at March 31, 2025 was \$13,304,393, which represents a decrease of \$564,963 from March 31, 2024.
- The total liabilities of the Authority at March 31, 2025 are \$614,606,342. Total liabilities of the Authority increased \$61,348,106 from March 31, 2024. The total liabilities consist of the Authority's current liabilities of \$35,349,542 (decrease of \$6,431,263) and non-current liabilities of \$579,256,800 (increase of \$67,779,369).
- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at March 31, 2025 by \$223,458,449 (net position). This represents an increase in net position of \$15,133,178 from March 31, 2024. The net position of the Authority includes the amount of net investment in capital assets of \$252,120,887 (increase of \$30,421,186), restricted net position of \$2,312,858 (decrease of \$1,315,649) and unrestricted net position of \$(30,975,296) (decrease of \$13,972,359).
- The Authority had operating revenues of \$121,138,887 (increase of \$12,636,594) and operating expenses of \$98,184,134 (increase of \$584,943) for the fiscal year ended March 31, 2025.
- The Authority had net non-operating expenses of \$12,660,976 (increase of \$2,101,703) for the fiscal year ended March 31, 2025.
- The Authority recorded capital contributions of \$4,839,401, which represents a decrease of \$1,456,958 from March 31, 2024.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Management's Discussion and Analysis**

**March 31, 2025 and 2024**

**Required Supplementary Information**

**Financial Analysis – Excluding Pension Trust Fund**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets plus deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$223,458,449 at March 31, 2025.

The largest portion of the Authority's assets, 83%, reflects capital assets, net of accumulated depreciation (e.g. distribution system, treatment plants, pumping stations). The Authority uses these capital assets to provide services to its customers.

During the current fiscal year ending March 31, 2025, the capital assets of the Authority increased by \$30,115,810. Overall, operating revenue increased by \$12,636,594, primarily due to rate increases. Operating expenses increased by \$584,943, due to increased costs for waste water systems and depreciation and amortization. A loss on dispositions of property was recognized in the current fiscal year of \$212,862 compared to a gain of \$400,389 in the prior fiscal year.

Condensed financial information as of and for the fiscal years ended March 31, 2025 and 2024 is as follows:

	<b>2025</b>	<b>Restated 2024</b>
<b>Condensed Statement of Net Position</b>		
Current assets	\$ 43,982,366	\$ 41,812,869
Capital assets, net	703,570,675	673,454,865
Non-current assets	104,706,104	68,287,029
Total assets	852,259,145	783,554,763
Deferred outflows of resources	12,209,690	15,503,912
Current liabilities	35,349,542	41,780,805
Non-current liabilities	579,256,800	511,477,431
Total liabilities	614,606,342	553,258,236
Deferred inflows of resources	26,404,044	37,475,168
Net position		
Net investment in capital assets	252,120,887	221,699,701
Restricted	2,312,858	3,628,507
Unrestricted	(30,975,296)	(17,002,937)
Total net position	\$ 223,458,449	\$ 208,325,271
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>		
Operating revenues	\$ 121,138,887	\$ 108,502,293
Operating expenses	98,184,134	97,599,191
Operating income	22,954,753	10,903,102
Non-operating revenues (expenses)	(12,660,976)	(10,559,273)
Capital contributions	4,839,401	6,296,359
Increase in net position	\$ 15,133,178	\$ 6,640,188

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Management's Discussion and Analysis**

**March 31, 2025 and 2024**

**Required Supplementary Information**

**Capital Assets and Debt Administration**

*Capital Assets*

As of March 31, 2025, the Authority's capital assets amounted to \$703,570,675 (net of accumulated depreciation and amortization). This investment in capital assets includes distribution system, water, and wastewater treatment plants, pumping stations, water storage facilities, sewage collection systems, equipment, vehicles, land improvements, subscription assets, intangibles, buildings and building improvements. Additional information on the Authority's capital assets can be found in Note 2 of the notes to the financial statements.

*Lease Right-to-Use Assets*

As of March 31, 2025, net lease right-to-use assets totaled \$11,552,099 and were included in the Authority's capital assets on the Statement of Net Position. Lease liabilities totaled \$10,174,651, of which, \$489,021 is the current portion of lease liabilities. More detailed information regarding the Authority's lease arrangements is included in the Notes to the Financial Statements (Note 9).

*Subscription-Based Information Technology Arrangements*

As of March 31, 2025, net subscription assets totaled \$2,058,604 and were included in the Authority's capital assets on the statement of net position. Subscription liabilities totaled \$2,010,312, of which, \$415,919 is the current portion of subscription liabilities. More detailed information regarding the Authority's subscription-based information technology arrangements is included in the Notes to the Financial Statements (Note 10).

*Long-Term Debt*

As of March 31, 2025, the Authority has outstanding long-term debt, net of premiums and discounts, of \$480,073,187 and \$16,919,414 of debt that is due and payable within one year.

**Review of Operations**

The largest component of the total operating expense of the Authority is employee costs. These expenditures consist of wages and fringe benefits. The Authority currently has a five-year agreement with the bargaining unit that expires on October 14, 2027.

The Authority has an agreement in effect with Resource Development and Management, Inc. to manage the Authority through December 31, 2030. The agreement was effective February 1, 2000, and was last amended in December 2020. The amended agreement provides for a fixed annual management fee of \$1,750,000 annually through December 31, 2024, \$2,000,000 through December 31, 2027, and \$2,250,000 annually through December 31, 2030. This agreement will allow the Authority to control administrative costs.

In July 2023, the Authority approved the purchase of the Westmoreland Fayette Municipal Sewage Authority. This acquisition increased the Authority's sewage customer base approximately 2,500 customers. As of the date of this report, the Authority is running the operations and is negotiating final terms of the acquisition agreement. In accordance with generally accepted accounting principles, the acquisition was recorded during fiscal year ended March 31, 2024.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Management's Discussion and Analysis**

**March 31, 2025 and 2024**

**Required Supplementary Information**

**Request for Information**

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Municipal Authority of Westmoreland County, P.O. Box 730, Greensburg, PA 15601.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Statements of Net Position**

**March 31, 2025 and 2024**

	<b>2025</b>	<b>Restated 2024</b>
<b>Current Assets</b>		
Cash and cash equivalents, unrestricted (Note 3)	\$ 13,304,393	\$ 13,869,356
Accounts receivable, customers (net of allowance for doubtful accounts of \$474,033 in 2025 and 2024)	9,647,798	8,084,838
Unbilled water and sewer service	10,261,675	10,322,094
Surcharges receivable, current portion	350,000	350,000
Other receivables	528,220	513,241
Material and supplies	9,200,198	7,458,718
Prepaid expenses	690,082	1,214,622
<b>Total Current Assets</b>	<b>43,982,366</b>	<b>41,812,869</b>
<b>Capital Assets</b>		
Capital assets (Note 2)	1,006,197,190	958,074,217
Less: accumulated depreciation and amortization	(302,626,515)	(284,619,352)
<b>Capital Assets, Net</b>	<b>703,570,675</b>	<b>673,454,865</b>
<b>Non-Current Assets</b>		
Surcharges receivable, net of current portion and allowance for doubtful accounts of \$200,000 in 2025 and 2024	939,570	1,119,752
Prepaid bond insurance	724,596	773,581
Restricted assets:		
Special funds held by Trustee (Note 4 and 5)	100,729,080	62,765,189
Restricted cash held by the Authority (Note 6)	2,312,858	3,628,507
<b>Total Non-Current Assets</b>	<b>104,706,104</b>	<b>68,287,029</b>
<b>Total Assets</b>	<b>852,259,145</b>	<b>783,554,763</b>
<b>Deferred Outflows of Resources</b>		
Net difference between projected and actual earnings on pension plan investments	6,890,001	6,991,296
Changes in assumptions related to pensions	73,331	137,509
Difference between expected and actual experience related to pensions	85,889	604,021
Difference between expected and actual experience related to OPEB	2,696,819	3,217,815
Changes in assumptions related to OPEB	191,593	2,098,230
Deferred losses on bond refundings, net of amortization (Note 8)	2,272,057	2,455,041
<b>Total Deferred Outflows of Resources</b>	<b>12,209,690</b>	<b>15,503,912</b>

(continued)

See accompanying notes to the financial statements.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Statements of Net Position**

**March 31, 2025 and 2024**

(continued)

	<b>2025</b>	<b>Restated 2024</b>
<b>Current Liabilities</b>		
Current portion of long-term debt (Note 8)	16,919,414	24,190,989
Accounts payable	7,455,013	7,766,775
Customer service deposits	1,082,863	1,100,978
Escrow liabilities	442,570	210,654
Accrued compensation	5,182,002	5,028,019
Accrued interest	2,216,182	2,038,356
Other accrued liabilities	830,417	825,234
Accrued pension	316,141	276,259
Current portion of lease liability	489,021	-
Current portion of subscription liability	415,919	343,541
<b>Total Current Liabilities</b>	<b>35,349,542</b>	<b>41,780,805</b>
<b>Non-Current Liabilities</b>		
Long-term debt, net of current portion and unamortized premiums and discounts (Note 8)	480,073,187	423,293,085
Accrued landfill closure costs (Note 11)	117,366	149,816
Advances for construction (Note 7)	5,029,849	4,294,915
Net OPEB liability (Note 16)	65,049,245	65,910,512
Net pension liability (Note 13)	17,707,130	15,943,517
Lease liability, net of current portion	9,685,630	-
Subscription liability, net of current portion	1,594,393	1,885,586
<b>Total Non-Current Liabilities</b>	<b>579,256,800</b>	<b>511,477,431</b>
<b>Total Liabilities</b>	<b>614,606,342</b>	<b>553,258,236</b>
<b>Deferred Inflows of Resources</b>		
Net difference between projected and actual earnings on pension plan investments	4,877,988	10,521,550
Changes in assumptions related to pensions	988	117,304
Difference between expected and actual experience related to pensions	10,233	12,015
Changes in assumptions related to OPEB	19,316,534	19,451,890
Difference between expected and actual experience related to OPEB	2,198,301	7,371,364
Deferred gains on bond refundings, net of amortization	-	1,045
<b>Total Deferred Inflows of Resources</b>	<b>26,404,044</b>	<b>37,475,168</b>
<b>Net Position</b>		
Net investment in capital assets	252,120,887	221,699,701
Restricted	2,312,858	3,628,507
Unrestricted	(30,975,296)	(17,002,937)
<b>Total Net Position</b>	<b>\$ 223,458,449</b>	<b>\$ 208,325,271</b>

*See accompanying notes to the financial statements.*

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Fiscal Years Ended March 31, 2025 and 2024**

	<b>2025</b>	<b>Restated 2024</b>
Operating Revenues		
Water	\$ 96,535,164	\$ 86,458,074
Wastewater	21,192,962	18,706,777
Other operating revenues	3,410,761	3,337,442
<b>Total Operating Revenues</b>	<b>121,138,887</b>	<b>108,502,293</b>
Operating Expenses		
Source of supply	1,106,947	1,075,349
Treatment system	13,111,156	13,600,497
Distribution	26,981,755	27,388,726
Engineering	1,830,789	1,735,261
Wastewater system	14,588,462	13,537,077
Landfill	16,667	8,978
Depreciation and amortization	19,340,338	18,002,750
Commercial and general	19,182,725	20,900,942
Management fee	1,812,433	1,750,000
(Gain) loss on disposals of capital assets	212,862	(400,389)
<b>Total Operating Expenses</b>	<b>98,184,134</b>	<b>97,599,191</b>
<b>Operating Income before Non-Operating</b>	<b>22,954,753</b>	<b>10,903,102</b>
Non-Operating Revenues (Expenses)		
Investment income	2,032,844	2,673,917
Net increase in the fair value of investments	820,119	2,339,794
Interest expense	(15,513,939)	(15,572,984)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(12,660,976)</b>	<b>(10,559,273)</b>
<b>Income before Capital Contributions</b>	<b>10,293,777</b>	<b>343,829</b>
Capital Contributions	4,839,401	6,296,359
<b>Increase in Net Position</b>	<b>15,133,178</b>	<b>6,640,188</b>
<b>Total Net Position, Beginning of Fiscal Year</b>	<b>208,325,271</b>	<b>203,029,484</b>
<b>Prior Period Restatement, see Note 2</b>	<b>-</b>	<b>(1,344,401)</b>
<b>Total Net Position, End of Fiscal Year</b>	<b>\$ 223,458,449</b>	<b>\$ 208,325,271</b>

*See accompanying notes to the financial statements.*



**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Statements of Cash Flows**

**Fiscal Years Ended March 31, 2025 and 2024**

	<b><u>2025</u></b>	<b><u>Restated 2024</u></b>
<b><u>Cash Flows from Operating Activities</u></b>		
Cash received from customers	\$ 119,852,909	\$ 107,199,494
Cash payments to employees	(30,606,552)	(29,224,420)
Cash payments to suppliers, vendors and professional services	(55,990,318)	(57,171,906)
<b>Net Cash Provided by Operating Activities</b>	<b>33,256,039</b>	<b>20,803,168</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Net proceeds from issuance of debt	75,397,534	1,298,000
Proceeds from line of credit	9,606,005	-
Principal paid on line of credit	(9,606,005)	-
Acquisition, construction, and improvement of capital assets	(40,529,528)	(34,078,911)
Proceeds from sale of assets	134,328	400,389
Principal paid on long-term debt	(24,190,990)	(34,564,554)
Interest and bond issuance costs paid	(16,708,170)	(16,650,947)
Cash paid for bond insurance	(139,125)	-
Cash payments received on surcharges receivable	180,182	224,222
Capital contributions	5,957,429	7,302,989
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>101,660</b>	<b>(76,068,812)</b>
<b><u>Cash Flows from Investing Activities</u></b>		
Earnings on investments	1,755,540	6,760,097
Purchases of investments	(109,970,517)	(38,560,395)
Redemption of investments	74,292,315	70,250,771
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(33,922,662)</b>	<b>38,450,473</b>
<b>Decrease in Cash and Cash Equivalents</b>	<b>(564,963)</b>	<b>(16,815,171)</b>
<b>Cash and Cash Equivalents, Beginning of Fiscal Year</b>	<b>13,869,356</b>	<b>30,684,527</b>
<b>Cash and Cash Equivalents, End of Fiscal Year</b>	<b>\$ 13,304,393</b>	<b>\$ 13,869,356</b>

(continued)

See accompanying notes to the financial statements.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Statements of Cash Flows**

**Fiscal Years Ended March 31, 2025 and 2024**

(continued)

	<u>2025</u>	<u>Restated 2024</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating income	\$ 22,954,753	\$ 10,903,102
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	18,659,848	17,645,192
Amortization of subscription asset	403,994	357,558
Accretion of subscription liability	(406,026)	(292,303)
Amortization of lease right of use asset	276,496	-
(Gain) loss on disposals of capital assets	212,862	(400,389)
(Increase) decrease in:		
Accounts receivable, customers	(1,562,960)	(756,926)
Unbilled water and sewer service	60,419	(393,325)
Other receivables	2,763	(108,048)
Materials and supplies	(1,741,480)	(378,582)
Prepaid expenses	530,257	(618,940)
Increase (decrease) in:		
Accounts payable	541,209	(199,887)
Customer service deposits	(18,115)	(48,300)
Escrow liabilities	231,916	3,801
Accrued compensation	153,983	246,867
Other accrued liabilities	5,183	(34,404)
Accrued pension	39,882	37,585
Accrued landfill closure costs	(32,450)	(44,956)
Net OPEB liability	(3,742,053)	(3,066,998)
Net pension liability	(3,314,442)	(2,047,879)
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 33,256,039</u></u>	<u><u>\$ 20,803,168</u></u>

**Supplemental Disclosures**

**Accounting Policies**

For the purposes of this statement, cash and cash equivalents include cash on hand and interest-bearing demand deposits that are not restricted for specific uses by external parties.

**Non-Cash Operating, Capital and Related Financing Activities**

As of March 31, 2025 and 2024, \$2,017,381 and \$2,870,352, respectively, has been included in accounts payable for ongoing construction projects.

*See accompanying notes to the financial statements.*

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Statements of Fiduciary Net Position – Fiduciary Fund**  
**March 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Assets		
Investments	\$ <u>94,607,938</u>	\$ <u>95,156,606</u>
<b>Total Assets</b>	<b>\$ <u><u>94,607,938</u></u></b>	<b>\$ <u><u>95,156,606</u></u></b>
Fiduciary Net Position Restricted for:		
Pension benefits	\$ <u>94,607,938</u>	\$ <u>95,156,606</u>
<b>Total Fiduciary Net Position</b>	<b>\$ <u><u>94,607,938</u></u></b>	<b>\$ <u><u>95,156,606</u></u></b>

*See accompanying notes to the financial statements.*

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Statements of Changes in Fiduciary Net Position – Fiduciary Fund**  
**Fiscal Years Ended March 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Additions		
Employer contributions	\$ 3,179,484	\$ 4,014,249
<b>Total Contributions</b>	3,179,484	4,014,249
Investment Income		
Interest, dividends and net appreciation (depreciation) in fair value of investments	<u>3,653,906</u>	<u>13,980,984</u>
<b>Total Investment Income</b>	<u>3,653,906</u>	<u>13,980,984</u>
<b>Total Additions</b>	6,833,390	17,995,233
Deductions		
Benefit payments, including refunds	<u>7,382,058</u>	<u>7,069,107</u>
<b>Total Deductions</b>	<u>7,382,058</u>	<u>7,069,107</u>
<b>Change in Fiduciary Net Position</b>	(548,668)	10,926,126
<b>Fiduciary Net Position, Beginning of Fiscal Year</b>	<u>95,156,606</u>	<u>84,230,480</u>
<b>Fiduciary Net Position, End of Fiscal Year</b>	<u><u>\$ 94,607,938</u></u>	<u><u>\$ 95,156,606</u></u>

*See accompanying notes to the financial statements.*

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 1 – ORGANIZATION**

The Municipal Authority of Westmoreland County (Authority) was incorporated as a public corporation of the Commonwealth of Pennsylvania on April 15, 1942, organized under the Act of Assembly approved June 28, 1935, P.L. 463 as amended and supplemented by the Municipal Authorities Act of 1945 which has been repealed by Act 22, which was signed into law on June 19, 2001, and merged into the Pennsylvania Consolidated Statutes, Title 53, Chapter 56. The Authority is organized for the purpose of providing municipal services, principally consisting of operation of a water collection, treatment, and distribution system. The Authority also maintains a nonoperation landfill in Loyalhanna Township, Westmoreland County. On April 1, 2001, the Authority entered the wastewater business through the purchase of the assets of the Municipal Authority of the Borough of Avonmore. The Authority subsequently purchased a portion of the wastewater system of the Ligonier Township Municipal Authority on December 29, 2006, the wastewater system of the Borough of White Oak on January 8, 2007, the assets of the Smithton I-70 Industrial Park Wastewater System from the Westmoreland County Industrial Park Authority on March 1, 2011, the Jeannette Municipal Authority on April 13, 2015, the Youngwood Borough Authority on February 4, 2016, the Hempfield Township Municipal Authority on July 25, 2016, the Municipal Sewage Authority of the Township of Sewickley on October 1, 2018, the Upper Tyrone Township Sewage Authority on March 1, 2020, the Mount Pleasant Municipal Authority on August 4, 2020, the East Huntingdon Township Sewage Authority on February 1, 2021, and the Westmoreland Fayette Municipal Sewage Authority on July 19, 2023.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

In accordance with the Governmental Accounting Standards Board (GASB), component units are legally separate organizations for which the Authority is financially accountable. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's governing body and 1) the Authority is able to significantly influence the programs or services performed or provided by the organization, 2) the Authority is legally entitled to or can otherwise access the organization's resources; the Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization, or the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority or that the Authority approves the budget or the issuance of debt.

Based on the foregoing criteria, the Authority has determined that no organizations are controlled by or dependent on the Authority.

The Authority is not included as a component unit on the financial statements of the County of Westmoreland.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

For financial reporting purposes, the Authority is considered a special-purpose government engaged only in business-type activities. Accordingly, the Authority's financial statements have been presented using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The financial statements of the Authority are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Authority's reporting entity applies all relevant GASB pronouncements. The GASB is responsible for establishing GAAP for state and local government entities through its pronouncements (Statements and Interpretations). The Authority reports in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The purpose of this Statement is to incorporate information from the GASB's authoritative literature, FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services and royalty income. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Additionally, the Authority reports its Pension Trust Fund as a fiduciary fund.

**Basis of Accounting**

The accrual basis of accounting was used to prepare the accompanying comparative financial statements. The significant accounting policies followed by the Authority in preparation of the accompanying comparative financial statements are described as follows:

**Revenues and Expenses**

Revenues from customers are recognized when earned, regardless of the period of collection. Federal, state, and local grants in aid are recognized as revenues when the grants are earned. However, intergovernmental grants are subject to audit and adjustment by the grantor agency. Grant revenues received for expenses which are disallowed are repayable to the grantor. Royalty income is recognized as revenue when earned and is included in "Other operating revenues." Investment income is recognized as revenue when earned. Expenses and interest costs are recognized when incurred.

**Cash and Cash Equivalents**

The Authority is authorized to invest in U.S. Treasury Bills (short-term obligations of the Federal Government) and time deposits of insured institutions. The Authority considers all investments with a maturity date of three months or less that are not restricted for specific uses by external parties to be cash equivalents.

**Receivables**

The customer receivable balance presented in the accompanying statements of net position is recorded at net realizable value. The Authority has established an allowance for doubtful accounts for the fiscal years ended March 31, 2025 and 2024 of \$474,033. Unbilled water and sewer service represents the estimated customer receivables from the date of their last billing to the end of the fiscal year. During fiscal years ended March 31, 2025 and 2024, net charge offs for bad debts was \$69,600 and \$72,975, respectively.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Material and Supplies**

Material and supply inventories are stated at the lower of average cost or market (net realizable value) and consist of replacement parts, supplies, and meters. Net realizable value is determined based on appropriate consideration given to obsolescence, excessive levels, deterioration, replacement costs and other factors.

**Prepaid Expenses**

Prepaid expenses consist of prepaid insurance, other miscellaneous expenses, and refundable deposits.

**Capital Assets**

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The capital assets of the Authority are depreciated using the straight-line method over the estimated useful lives of the asset as follows. No depreciation expense is recorded for land or construction-in-progress. The capital assets include right-to-use lease assets which are amortized over the shorter of the lease term or the asset's useful life and subscription assets which are amortized over the subscription term.

Land improvements	20 years
Treatment plants	40-50 years
Sewage plants and systems	4-88 years
Pumping stations	40-99 years
Dams, reservoirs, and tanks	40-50 years
Distribution systems, meters, and hydrants	20-99 years
Equipment	5-10 years
Autos and trucks	4 years
Office buildings and improvements	40 years
Office furniture	4-10 years
Landfills	10-30 years
Subscription assets	3-10 years
Lease right-of-use assets	30 years
Miscellaneous	1-5 years

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital Assets (continued)**

The following is a summary of capital asset transactions for the fiscal year ended March 31, 2025:

	Beginning Balance March 31, 2024	Additions	Disposals	Transfers	Ending Balance March 31, 2025
Capital assets not being depreciated					
Land	\$ 4,461,139	\$ 5,600	\$ 6,684	\$ 18,230	\$ 4,478,285
Construction in progress	23,084,301	30,093,553	-	(8,186,434)	44,991,420
Subtotal	27,545,440	30,099,153	6,684	(8,168,204)	49,469,705
Capital assets being depreciated					
Land improvements	1,427,062	92,203	-	92,634	1,611,899
Treatment plants	130,722,881	601,634	-	396,511	131,721,026
Sewage plants and systems	100,853,196	450,438	-	1,401,266	102,704,900
Pumping stations	115,379,346	1,132,860	-	879,629	117,391,835
Dams, reservoirs, and tanks	73,746,413	1,685,535	-	1,646,154	77,078,102
Distribution systems, meters, and hydrants	434,298,123	2,654,628	914,978	3,210,656	439,248,429
Equipment	17,970,927	504,039	114,429	425,186	18,785,723
Autos and trucks	12,487,738	2,310,461	760,869	-	14,037,330
Office buildings and improvements	30,107,562	9,985	-	116,168	30,233,715
Office furniture	3,504,752	17,135	-	-	3,521,887
Landfills	3,061,057	-	-	-	3,061,057
Subscription assets	2,954,103	187,211	-	-	3,141,314
Lease right-of-use assets	2,557,949	10,174,651	-	-	12,732,600
Miscellaneous	1,457,668	-	-	-	1,457,668
Subtotal	930,528,777	19,820,780	1,790,276	8,168,204	956,727,485
Less: Accumulated depreciation and amortization	(284,619,352)	(19,340,338)	(1,333,175)	-	(302,626,515)
Net, capital assets being depreciated	645,909,425				654,100,970
Total capital assets - net of depreciation	\$ 673,454,865	\$ 30,579,595	\$ 463,785	\$ -	\$ 703,570,675

Depreciation and amortization expense for the fiscal years ended March 31, 2025 and 2024 was \$19,340,338 and \$18,002,750, respectively.

Construction in progress is capitalized and depreciated as projects are completed.



**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Investments, Restricted Assets and Fair Value Measurements**

Investments are recorded at fair value, net asset value or amortized cost in accordance with GASB. Investments consist of certificates of deposit, bonds, repurchase agreements, investment contracts or other short-term investments. The Authority complies with the investment guidelines set forth by the Pennsylvania Municipal Authorities Act.

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

The Authority has the following recurring fair value measurements as of March 31, 2025 and 2024:

- Direct obligations of the USA and FHLMCs (Federal Home Loan Mortgage Corporation) and FNMAs (Federal National Mortgage Association), included in special funds held by trustee, are valued using quoted market prices (Level 1 inputs).
- Repurchase agreements, included in special funds held by trustee, and certificates of deposit, included in restricted cash held by the Authority, are valued based on the cost of the investment plus interest receivable at the stated interest rate (Level 2 inputs).
- Investment Contract, included in special funds held by trustee, is valued based on the effective interest rate in consideration of the original investment amount and the contracted payments receivable (Level 3 inputs).
- Equity Funds, included in the Pension Trust Fund, are valued using quoted market prices (Level 1 inputs).

Below is a summary of the values of investments measured at fair value as of March 31:

	<b><u>2025</u></b>	<b><u>2024</u></b>
Direct obligations of the USA	\$ 13,123,337	\$ 39,050,107
Investment contract	-	7,784,316
FHLMCs and FNMAs	8,733,118	2,692,338
Equity funds - Pension Trust Fund	<u>83,849,532</u>	<u>85,474,105</u>
Total Investments Measured at Fair Value	<u><u>\$ 105,705,987</u></u>	<u><u>\$ 135,000,866</u></u>

Money market funds totaling \$83,426,463 and \$19,603,234 at March 31, 2025 and 2024, respectively, included in special funds held by trustee and cash and cash equivalents, are valued at net asset value per share in accordance with GASB. The funds are invested in U.S. Government and U.S. Treasury securities, including bills, bonds, notes and repurchase agreements. The fund seeks maximum current income consistent with preserving capital and maintaining daily liquidity. There are no restrictions on withdrawals and no deposit requirements.

PLGIT and PA Invest accounts totaling \$511,239 and \$487,019 at March 31, 2025 and 2024, respectively, included in cash and cash equivalents and restricted cash held by the Authority, are valued at amortized cost in accordance with GASB. These funds invest in federal obligations, repurchase agreements secured by United States Government Obligations or other debt instruments authorized by Commonwealth of Pennsylvania statute. The funds seek current income while preserving capital. There are no restrictions on withdrawals and no deposit requirements.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Investments, Restricted Assets and Fair Value Measurements (continued)**

Investments in the Pension Trust Fund for which fair value is measured using the NAV per share as a practical expedient as of March 31, 2025 and 2024 of \$10,758,406 and \$9,682,501, respectively, have \$5,156,347 of unfunded commitments remaining as of fiscal year-end. Currently, the Pension Trust Fund elected that distributions of the Boyd Watterson investment will be 100% reinvested into the dividend reinvestment plan of the partnership. However, the fund does allow for quarterly redemptions in \$250,000 increments with 60-days' notice. Distributions from the Hamilton Lane SP 2017 fund are at the discretion of the fund and the ability for the Trust Fund to sell its share is limited to the partnership contract terms and prevailing market conditions.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan for the Employees of the Authority (MAWC Pension Plan), the Jeannette Municipal Authority Pennsylvania Municipal Retirement Systems Pension Plan (PMRS), as acquired and frozen on April 13, 2015, the Westmoreland Fayette Municipal Sewage Authority PMRS Pension Plan, as acquired on July 19, 2023 and frozen on August 1, 2023, and additions to/deductions from these plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Post-Employment Benefits**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan for the Employees of the Authority (MAWC OPEB Plan), and additions to/deductions from these plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Contributed Capital**

Current year grants in aid and other contributed capital are accounted for as "other sources of funds" and are reported on the Statement of Revenues, Expenses, and Changes in Net Position as Capital Contributions.

**Capitalized Interest**

For years prior to the fiscal year ended March 31, 2019, the Authority capitalized interest based on the criteria outlined in GASB Statement No. 62, which applied to taxable borrowings and tax-exempt non-project specific debt. The amount of interest capitalized was the amount of interest expense that could have been avoided during the asset's acquisition period if the asset had not been acquired. During the fiscal year ended March 31, 2019, the Authority implemented GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period."

With the adoption of this standard, interest on long-term debt used for the acquisition and construction of property, plant and equipment is no longer capitalized during the construction period, and all interest was charged to expense when incurred.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Restricted Resources**

It is the Authority's practice to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**Net Position**

The financial statements utilize a net position presentation. Net position is categorized as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding, net of unspent proceeds, related to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of constraints placed on net position use through external restrictions. This component includes assets restricted for pension benefits in the fiduciary fund financial statements.

Unrestricted – This component of net position consists of net position that does not meet the definition of net investment in capital assets and restricted.

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net position or change in net position.

**Change in Accounting Principle**

Effective April 1, 2023, the Authority adopted the new compensated absences accounting guidance in GASB Statement No. 101, *Compensated Absences*. As a result of the adoption of the new compensated absences accounting guidance, the Authority recognized on April 1, 2023 an additional liability for accrued sick time of \$1,344,401 which represents the expected value of accrued sick time that is expected to be used.

The implementation of GASB Statement No. 101 resulted in a restatement of the previously issued March 31, 2024, financial statements. The effects of implementation increased current liabilities \$1,311,251, decreased unrestricted net position \$1,311,251 and increased income (loss) before capital contributions \$33,150.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Various restrictions on deposits and investments are imposed by state statutes. These are summarized as follows:

Deposits - The Authority is required by the Deposits of Public Monies Act 72 of the Commonwealth of Pennsylvania, dated August 6, 1971, to maintain deposits that are properly collateralized. Collateralization is permitted to be on a "pooled" basis.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority does not have a policy regarding custodial credit risk; however, deposits are in compliance with Act 72. As of March 31, 2025, \$17,002,700 of the Authority's bank balance of \$17,579,383 was exposed to custodial credit risk as follows:

Collateralized with securities held by pledging financial institution's trust department or agent on a pooled basis or individual basis	\$ <u>17,002,700</u>
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As of March 31, 2025, \$576,683 of the Authority's bank balances were covered by FDIC insurance.

Concentration of Credit Risk - Authority deposits greater than five percent of total Authority deposits were with the following institutions at March 31, 2025:

First National Bank	\$ 16,744,362	95.25%
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Interest Rate Risk - Interest rate risk arises from investments and is defined as "the risk that changes in interest rates will adversely affect the fair value of the investment." The Authority does not have a specific policy that addresses Interest Rate Risk.

**NOTE 4 – INVESTMENTS**

**Authority Investments**

Concentration of Credit Risk - The Authority places no limit on the amount the Authority can invest in any one issuer. More than five percent of the Authority's investments are in the following investments:

US Treasury Bills	\$ 13,123,337	13.03%
Goldman Sachs Financial Square Govt Acct	\$ 78,867,325	78.30%
FHLMCs and FNMAs	\$ 8,733,118	8.67%

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the Authority. The Authority is authorized by the Municipal Authorities Act to invest in Treasury Bills and short-term obligations of the Federal Government or its instrumentality obligations.

The Authority further addresses credit risk through the Trust Indenture, dated as of October 1, 1993, to invest in various "permitted investments," provided they meet various requirements which include:

1. Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee "Direct Obligations";

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 4 – INVESTMENTS (continued)**

2. Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of FHLMC; debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the FNMA; participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association (GNMA); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing and Urban Development; guaranteed Title XI financing of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority, Resolution Funding Corporation securities;
3. Direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured, and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service and "A" or better by Standard & Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured, and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service and "A" or better by Standard & Poor's Corporation;
4. Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "P-1" by Moody's Investors Service and "A-1" or better by Standard & Poor's Corporation;
5. Federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "P-1" by Moody's Investors Service and a "Short-Term CD" rating of "A-1" or better by Standard & Poor's Corporation;
6. Deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the FDIC;
7. Investments in money-market funds rated "AAAm" or "AAAm-G" by Standard & Poor's Corporation, including those funds for which the Trustee or an affiliate perform services for a fee, whether as custodian, transfer agent, investment advisor or otherwise. It is acknowledged that such shares are not obligations of, or endorsed by, the Trustee, and are not insured by FDIC;

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 4 – INVESTMENTS (continued)**

8. Repurchase agreements collateralized by Direct Obligations, GNMA's, FNMA's, or FHLMC's with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated at the time of purchase "P-1" or "A-3" or better by Moody's Investors Service, and "A-1" or "A-" or better by Standard & Poor's Corporation, provided:
  - a. A master repurchase agreement or specific written repurchase agreement governs the transaction; and
  - b. The securities are held free and clear of any lien by the Trustee or an independent third-party acting solely as agent ("Agent") for the Trustee, and such third-party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits of not less than \$50 million or (iii) a bank approved in writing for such purpose by Financial Guaranty Insurance Company, and the Trustee shall have received written confirmation from such third-party that it holds such securities, free and clear of any lien, as agent for the Trustee; and
  - c. A perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et s. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Trustee; and
  - d. The repurchase agreement has a term of 180 days or less, and the Trustee or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral is not restored within two (2) business days of such valuation; and
  - e. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%.

Custodial Credit Risk - is the risk that in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Authority will not be able to recover the value of its investments in collateral securities that are held in the possession of another party. The Authority's balances of these investments at March 31, 2025, were not subject to custodial credit risk. These investments are collateralized, insured, or held by the counterparty's trust department or agent in the Authority's name.

The net increase (decrease) in fair value of investments for the fiscal years ended March 31, 2025 and 2024 relates to investments in the debt service fund and debt service reserve fund. These investments are expected to be held to maturity and losses on these investments will more than likely not be realized. The presentation of "net increase in the fair value of investments" is required by and in accordance with GASB.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 4 – INVESTMENTS (continued)**

**Pension Trust Fund Investments**

Concentration of Credit Risk – The following types of investments are prohibited in accordance with the Pension Trust Fund’s investment policy unless specifically authorized by the Board of Trustees: futures, options, margins, warrants, credit swaps, interest rate swaps, leverage, derivative, short sale transactions as well as the direct purchase of real estate, oil, gas, timber, or other natural resources. No limitations are placed on investments carrying the full faith and credit of the U.S. Government. Investment in any one single issuer (excluding obligations of the U.S. Government and its agencies, carrying the full faith and credit of the U.S. Government) are limited to 10% of the portfolio. Investments that represent five percent or more of the total Pension Trust Fund investments as of March 31, 2025, are as follows:

Vanguard Instl Index Fd	\$	37,634,192	39.78%
U.S. Treasury Bills	\$	7,984,375	8.44%
Virtus Seix Floating Rate	\$	5,878,564	6.21%
DFA International Core	\$	5,842,765	6.18%
DFA US Large Cap Value	\$	5,737,285	6.06%
Vanguard Intl Growth Fd	\$	5,082,336	5.37%

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the counterparty (e.g. broker-dealer) failure, the Trust Fund’s deposits might not be recovered. The Pension Trust Fund has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Foreign Currency Risk - Foreign currency risk is the risk that, fluctuations in exchange rates will adversely affect the fair value of an investment. As part of the Pension Trust Fund’s program to manage risk and enhance returns, the Pension Trust Fund invests in non-U.S. markets. Investment managers in non-U.S. equity and global fixed income funds may hedge their non-U.S. foreign currency exposure back to U.S. dollars. The Pension Trust Fund’s exposure to foreign currency risk as of March 31, 2025 extends to its international equity funds and bonds held totaling \$10,925,101.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of a fixed income investment. The Trust Fund’s policy provides for its fixed income portfolio to have an average duration of no more than 120% of duration of the stated benchmark (which varies by portfolio).

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Notes to the Financial Statements**  
**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 4 – INVESTMENTS (continued)**

As of March 31, 2025, the Authority’s investments consisted of the following:

	<u>Value</u>	<u>Rating</u>	<u>No Maturity Date</u>	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>Greater Than 60 Months</u>
Special Funds Held by Trustee							
Money market funds	\$ 78,872,625	AAAm	\$ 78,872,625	\$ -	\$ -	\$ -	\$ -
Direct Obligations of the USA	13,123,337	Aaam	-	13,123,337	-	-	-
FHLMCs and FNMAs	<u>8,733,118</u>	Aaa	<u>-</u>	<u>5,556,225</u>	<u>1,001,010</u>	<u>2,175,883</u>	<u>-</u>
Total Special Funds Held by Trustee	100,729,080		78,872,625	18,679,562	1,001,010	2,175,883	-
Included in Cash and Cash Equivalents							
Money market funds	4,553,838	N/A	4,553,838	-	-	-	-
PLGIT	208,901	AAAm	208,901	-	-	-	-
PA Invest	<u>302,338</u>	AAAm	<u>302,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Included in Cash and Cash Equivalents	5,065,077		5,065,077	-	-	-	-
Included in the Pension Trust Fund							
Equity funds	83,849,532	N/A	83,849,532	-	-	-	-
Alternative investments	<u>10,758,406</u>	N/A	<u>10,758,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Included in the Pension Trust Fund	<u>94,607,938</u>		<u>94,607,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets Considered Investments	<u>\$ 200,402,095</u>		<u>\$ 178,545,640</u>	<u>\$ 18,679,562</u>	<u>\$ 1,001,010</u>	<u>\$ 2,175,883</u>	<u>\$ -</u>

In accordance with GASB, restricted investments were classified as non-current due to these investments being restricted as to withdrawal or use for expenditures in the acquisition or construction of non-current assets or are segregated for the liquidation of long-term debt.



**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 5 – SPECIAL FUNDS HELD BY TRUSTEE**

As required by various trust indentures to secure bonds, various monies are required to be deposited in the following funds:

Debt Service Fund - To accumulate funds for the payment of various bonds principal and interest payments prior to maturity.

Debt Service Reserve Fund - To accumulate funds as required by the original and subsequent bond indentures equal to the maximum annual debt service requirement on bonds outstanding. The balance in this fund meets the maximum annual debt service requirement as defined in the bond indentures as of March 31, 2025 and 2024.

2000/2001 Escrow Fund - Created from the transfer of the balance of funds previously held in a Capital Reserve Fund. This fund is to be used to timely pay all outstanding principal and interest on the 2000 and 2001 bonds upon maturity.

2016 Capital Projects Fund – Created from the proceeds of the 2016 bonds to be held in trust by the Trustee as security under the Indenture and disbursed by the Trustee pursuant to the Indenture in payment of the costs of the 2016 Capital Projects.

2025 Capital Projects Fund – Created from the proceeds of the 2025 bonds to be held in trust by the Trustee as security under the Indenture and disbursed by the Trustee pursuant to the Indenture in payment of the costs of the 2025 Capital Projects.

All of the requirements of the Trust Indenture have been met as of March 31, 2025 and 2024. Special funds held by the Trustee at March 31, 2025 and 2024, include:

	<u>2025</u>	<u>2024</u>
Investments	\$ 100,485,445	\$ 62,701,493
Accrued interest receivable	<u>243,635</u>	<u>63,696</u>
Total	<u>\$ 100,729,080</u>	<u>\$ 62,765,189</u>

Accrued interest receivable is calculated using the current interest method.

**NOTE 6 – RESTRICTED CASH HELD BY THE AUTHORITY**

The Capital Expenditures Fund was created pursuant to the 1993 Bond Indenture to provide funds for capital additions (other than those financed from the Construction Fund), extraordinary repairs and maintenance, and refunds under line deposit agreements. The Authority is required to make quarterly deposits with the Trustee into the Capital Expenditures Fund in an amount equal to 3.50% of the operating revenues of the preceding fiscal quarter and such additional amounts as are provided in the capital expenditures budget.

**NOTE 7 – ADVANCES FOR CONSTRUCTION**

Amounts advanced to the Authority to expand services which are refundable to the customer are credited to advances for construction. Advances are refunded up to the total advance based on agreed-upon terms related to new services. Generally, advances not refunded within a ten-year period are transferred to capital contributions. Contributions not subject to refund are credited directly to capital contributions.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 8 – LONG-TERM DEBT**

The Authority maintains a line of credit with First National Bank which was extended through December 15, 2027. The credit limit on the line is \$15,000,000 and the interest rate is Daily SOFR plus 97.5 basis points. The line is secured by all assets of the Authority. Interest only payments are made monthly on any outstanding balance. There was no balance outstanding as of March 31, 2025.

**First Supplemental Trust Indenture Dated July 15, 1995**

**1995 Series A and B Revenue Bonds**

On July 27, 1995, the Authority issued the 1995 Series A and B Revenue Bonds (collectively called the 1995 Revenue Bonds), with a face value of \$89,335,000. The 1995 Series A Revenue Bonds were issued to advance refund a portion of the 1993 Series C Capital Appreciation Bonds. The 1995 Series B Revenue Bonds were issued to provide funds for water system construction projects and to provide for the cost of issuance of the 1995 Series A and B Bonds.

The advance refunding of the aforementioned Bonds resulted in a gain on bond refunding of \$689,883, which is being amortized over the life of the 1995 Series A Bonds, and the unamortized gain is included in deferred inflows of resources in accordance with generally accepted accounting principles. At March 31, 2025 and 2024, the unamortized gain on the advance refunding was zero and \$1,045, respectively. Amortization of the gain on refunding of \$1,045 and \$2,618 in 2025 and 2024, respectively, is included in interest expense.

A portion of the 1995 Series A Revenue Bonds (Capital Appreciation) were defeased in 1999. The 1995 Series A Revenue Bonds that were not defeased matured on August 15, 2019.

The 1995 Series B Revenue Bonds were refunded as part of an advance refunding provided for with the issuance of the 1998 Series Revenue Bonds.

**Fourth Supplemental Trust Indenture Dated May 18, 1999**

**1999 Series A and B Revenue Bonds**

On May 18, 1999, the Authority issued the 1999 Series A and B Revenue Bonds, with a face value of \$60,345,000. The 1999 Series Revenue Bonds were issued to advance refund a portion of the 1993 Series C Capital Appreciation Bonds and to provide for the principal and interest due August 15, 1999, on the 1993 Series A, B, and C current interest bonds. The 1999 Series B Revenue Bonds were issued to advance refund a portion of the 1995 Series A Capital Appreciation Bonds and to provide \$1,352,138 of funding for various construction projects.

The advance refunding of the aforementioned bonds resulted in an economic gain of \$1,255,165 on all of the offerings of the Fourth Supplemental Trust Indenture dated May 18, 1999, and a realized loss of \$1,005,065 on the 1999 Series A and B Revenue Bonds. The realized loss is being amortized over the life of the 1999 Series A and B Bonds and is included in deferred outflows of resources on the financial statements. The loss on the advance refunding was fully amortized during the fiscal year ended March 31, 2024. Amortization of the loss on refunding of zero in 2025 and \$17,269 in 2024 is included in interest expense.

The 1999 Series A Revenue Bonds (Capital Appreciation) matured August 15, 2023.

The 1999 Series B Revenue Bonds matured August 15, 2001.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 8 – LONG-TERM DEBT (continued)**

Fifth Supplemental Trust Indenture Dated December 1, 2000

2000A Series Revenue Bonds

On December 27, 2000, the Authority issued the 2000A Series Tax-Exempt (Capital Appreciation) and the 2000A Series Taxable Municipal Service Revenue Bonds (collectively called the 2000A Revenue Bonds, with a face value of \$25,110,000). The 2000A Series Tax-Exempt Revenue Bonds were issued to fund the payment of interest on the 1993 Series A, B, and C Current Interest Bonds and the 1998 Series Current Interest Bonds due February 15, 2001. The 2000A Series Tax-Exempt Revenue Bonds were also issued to provide funding for various construction projects. The 2000A Series Taxable Revenue Bonds were issued to primarily fund the creation of the 2000A Capital Reserve Fund.

The 2000A Series Tax-Exempt Revenue Bonds (Capital Appreciation) had a yield to maturity of 5.70%, and matured in various amounts on August 15, 2023, and 2024.

The 2000A Series Taxable Municipal Service Revenue Bonds matured on August 15, 2001.

Sixth Supplemental Trust Indenture Dated November 1, 2001

2001A Series Revenue Bonds

On August 15, 2001, the Authority issued the 2001A Series Tax-Exempt Revenue Bonds (Capital Appreciation) with a face value of \$30,710,000. The 2001A Series Tax-Exempt Revenue Bonds were issued for the purpose of providing funding for principal and interest on the 1993 Series A, B, and C Current Interest Bonds, principal and interest on the 1998 Series Current Interest Bonds, and principal on the 1999 Series B Capital Appreciation Bonds maturing on August 15, 2001.

The 2001A Series Tax-Exempt Revenue Bonds (Capital Appreciation) matured on August 15, 2023.

Ninth Supplemental Trust Indenture Dated November 1, 2006

2006 Series A and B Revenue Bonds

On November 1, 2006, the Authority issued the 2006 Series A and B Revenue Bonds (collectively called the 2006 Revenue Bonds), with a face value of \$89,590,000. The 2006 Series A Revenue Bonds were issued to (1) advance refund all outstanding Municipal Service Revenue Bonds, Series of 2005; (2) fund additional capital projects; and (3) pay the costs of issuing the Series A Bonds, including the cost of bond issuance. The 2006 Series B Revenue Bonds were issued to (1) fund various project improvements, acquisitions, and renovations to the Authority's facilities; and (2) pay the costs of issuing the Series B Bonds including the cost of bond insurance.

Optional Redemption

The current interest Series A of 2006 Bonds and Series B Current Interest Bonds may be redeemed prior to maturity at the option of the Authority on any date on or after August 15, 2016, in whole or in part, in any order of maturity and by lot within a maturity, in each case, upon payment of the redemption price of 100% of the principal amount to be redeemed together with interest accrued to the date fixed for redemption in accordance with the provisions of Article IV of the Original Indenture.

During fiscal year ended March 31, 2017, the Authority exercised the optional redemption of the 2006 Series A Revenue Bonds and the remaining outstanding balance was paid in full.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 8 – LONG-TERM DEBT (continued)**

The 2006 Series B Revenue Bonds consist of current interest and capital appreciation bonds. The 2006 Series B Current Interest Bonds were defeased with funds from the 2015 Municipal Service Revenue Bonds being deposited into an irrevocable trust. During fiscal year ended March 31, 2018, the optional redemption was exercised, and the funds held in trust were used to pay the outstanding balance of the bonds.

The 2006 Series B Capital Appreciation Bonds outstanding at March 31, 2025 and 2024 have yields to maturity of 4.80% to 4.82%, maturing in varying amounts on August 15, 2029 and 2030.

The Series B of 2006 Capital Appreciation Bonds will not be redeemable prior to their stated maturities.

**Twelfth Supplemental Trust Indenture Dated May 1, 2013: 2013 Series Revenue Bonds**

On May 1, 2013, the Authority issued Series of 2013 Municipal Services Revenue Bonds with a face value of \$132,110,000. The 2013 Municipal Service Revenue Bonds were issued to finance the Authority's five-year capital expenditure plan dated September 2012.

As a result of the issuance of the 2017 Series Revenue Bonds, \$129,525,000 of the 2013 Bonds were advance refunded. The remaining current interest 2013 Municipal Service Revenue Bonds outstanding at March 31, 2025 have a stated interest rate of 3.25%, maturing on August 15, 2029. Interest is paid semi-annually on February 15 and August 15.

**Optional Redemption**

The 2013 Bonds maturing on or after August 15, 2024 may be redeemed prior to maturity at the option of the Authority on any date on or after August 15, 2023 in whole or in part, in any order of maturity and by lot within a maturity, in each case, upon payment of the redemption price of 100% of the principal amount to be redeemed together with interest accrued to the date fixed for redemption in accordance with the provisions of Article IV of the Original Indenture.

**Thirteenth Supplemental Trust Indenture Dated March 1, 2015: 2015 Series Revenue Bonds**

On April 1, 2015, the Authority issued the Series of 2015 Municipal Service Revenue Bonds with a face value of \$10,000,000. The 2015 Municipal Service Revenue Bonds were issued to 1) currently refund a portion of the Authority's outstanding Municipal Service Revenue Bonds, Series of 2009; 2) advance refund all of the Authority's outstanding Municipal Service Revenue Bonds, Series B of 2006, which are not capital appreciation bonds; 3) to refinance debt held by the U.S. Army Corps of Engineers arising from the Authority's acquisition of long-term water storage rights from the Corps; 4) fund any Debt Service Reserve Fund requirement with respect to the 2015 Bonds; and 5) pay the costs of issuing the 2015 Bonds.

During fiscal year ended March 31, 2021, the Authority refunded the \$9,540,000 principal balance remaining with the issuance of the 2020 Municipal Service Revenue Refunding Bonds.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 8 – LONG-TERM DEBT (continued)**

Fourteenth Supplemental Trust Indenture Dated August 15, 2016: 2016 Series Revenue Bonds

On July 14, 2016, the Authority issued the Series of 2016 Municipal Service Revenue Bonds with a face value of \$184,475,000. The 2016 Municipal Service Revenue Bonds were issued to 1) currently refund a portion of the Authority's outstanding Municipal Service Revenue Bonds, Refunding Series A of 2006; 2) fund certain budgeted capital expenditures of the Authority; 3) fund a deposit to the Debt Service Reserve Fund; and 4) pay the costs of issuing the 2016 Bonds.

The 2016 Municipal Service Revenue Bonds outstanding at March 31, 2025 have stated interest rates from 3.00% to 5.00%, and mature in various amounts from August 15, 2025, through August 15, 2042. Interest is paid semi-annually on February 15 and August 15.

Optional Redemption

The 2016 Bonds maturing on or after August 15, 2026, shall be subject to redemption prior to maturity, at the option of the Authority, in whole or in part on August 15, 2025, or on any date thereafter, in any order of maturity as selected by the Authority, in both cases upon payment of 100% of the par value of such 2016 Bonds together with interest accrued to the date set for redemption.

Mandatory Redemption

The 2016 Bonds maturing on August 15<sup>th</sup> of the years set forth in the schedule below are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption on the dates and in the principal amounts set forth below:

Bonds Maturing August 15, 2038

<u>Year</u>	<u>Amount</u>
2037	\$14,415,000
2038*	\$23,415,000

Bonds Maturing August 15, 2042 (3% Original Issue Discount Bonds)

<u>Year</u>	<u>Amount</u>
2039	\$3,350,000
2040	\$3,525,000
2041	\$3,125,000
2042*	\$2,500,000

Bonds Maturing August 15, 2042 (5% Original Issue Premium Bonds)

<u>Year</u>	<u>Amount</u>
2039	\$21,230,000
2040	\$22,245,000
2041	\$24,035,000
2042*	\$ 6,745,000

\*Maturity

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 8 – LONG-TERM DEBT (continued)**

**Fifteenth Supplemental Trust Indenture Dated December 15, 2017: 2017 Series Revenue Bonds**

On December 28, 2017, the Authority issued the Series of 2017 Municipal Service Revenue Bonds with a face value of \$137,375,000. The 2017 Municipal Service Revenue Bonds were issued to advance refund a portion of the outstanding Municipal Revenue Service Bonds, Series of 2013.

The advanced refunding resulted in an economic gain of \$3,029,449 and a realized loss of \$3,613,943, which is being amortized over the life of the 2013 Municipal Service Revenue Bonds. At March 31, 2025 and 2024, the unamortized loss of \$2,272,057 and \$2,455,041, respectively, is included in deferred outflows of resources in these financial statements. Amortization of the loss on refunding of \$182,984 in 2025 and 2024 is included in interest expense.

The 2017 Municipal Service Revenue Bonds outstanding at March 31, 2025 have stated interest rates from 3.125% to 5.00%, and mature in various amounts from August 15, 2025, through August 15, 2037. Interest is paid semi-annually on February 15 and August 15.

**Optional Redemption**

The 2017 Bonds maturing on or after August 15, 2028, shall be subject to redemption prior to maturity, at the option of the Authority, in whole or in part on August 15, 2027, or on any date thereafter, in any order of maturity as selected by the Authority, in both cases upon payment of 100% of the par value of such 2017 Bonds together with interest accrued to the date set for redemption.

**Sixteenth Supplemental Trust Indenture Dated March 18, 2020: 2020 Series Revenue Bonds**

On May 20, 2020, the Authority issued the Series of 2020 Municipal Service Revenue Refunding Bonds with a face value of \$37,550,000. The 2020 Municipal Service Revenue Refunding Bonds were issued to (a) refund on a current basis, several of the Authority's outstanding loans made to the Authority by the Pennsylvania Infrastructure Investment Authority ("Pennvest Loans") and certain loans made by the U.S. Department of Agriculture ("USDA/RUS Loans"); (b) refund, on a current basis, all of the outstanding Municipal Service Revenue Bonds, Series of 2015 in the principal amount of \$9,540,000; (c) purchase a debt service reserve fund surety policy for deposit into the debt service reserve fund; and (d) pay the costs of issuing and insuring the 2020 Bonds.

The 2020 Municipal Service Revenue Refunding Bonds outstanding at March 31, 2025 have stated yield rates from 2.125% to 4.00%, and mature in various amounts from August 15, 2025, through August 15, 2050. Interest is paid semi-annually on February 15 and August 15.

**Optional Redemption**

The 2020 Bonds maturing on or after August 15, 2029, shall be subject to redemption prior to maturity, at the option of the Authority, in whole or in part on August 15, 2028 or any date thereafter, in any order of maturity as selected by the Authority, in both cases upon payment of 100% of the par value of such 2020 Bonds together with accrued interest to the date set for redemption.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 8 – LONG-TERM DEBT (continued)**

**Mandatory Redemption**

The 2020 Bonds maturing on August 15, 2033, 2037, 2042 and 2050 are subject to mandatory redemption prior to maturity in part, by lot, at a redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption, on August 15, of each of the following years in the following aggregate principal amounts:

**Bonds Maturing August 15, 2033**

<u>Year</u>	<u>Amount</u>
2030	\$970,000
2031	\$780,000
2032	\$760,000
2033*	\$780,000

**Bonds Maturing August 15, 2037**

<u>Year</u>	<u>Amount</u>
2034	\$780,000
2035	\$810,000
2036	\$830,000
2037*	\$855,000

**Bonds Maturing August 15, 2042**

<u>Year</u>	<u>Amount</u>
2038	\$875,000
2039	\$900,000
2040	\$920,000
2041	\$815,000
2042*	\$835,000

**Bonds Maturing August 15, 2050**

<u>Year</u>	<u>Amount</u>
2043	\$865,000
2044	\$890,000
2045	\$915,000
2046	\$945,000
2047	\$970,000
2048	\$840,000
2049	\$440,000
2050*	\$450,000

\*Maturity

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 8 – LONG-TERM DEBT (continued)**

Seventeenth Supplemental Trust Indenture Dated March 4, 2025: 2025 Series Revenue Bonds

On March 4, 2025, the Authority issued the Series of 2025 Municipal Service Revenue Bonds with a face value of \$72,190,000. The 2025 Municipal Service Revenue Bonds were issued to (a) fund certain capital projects in connection with its water system and wastewater system, including repayment of a line of credit, the proceeds of which were previously applied to capital projects; (b) fund capitalized interest on the 2025 Bonds, (c) purchase a debt service reserve fund surety policy for deposit into the debt service reserve fund; and (d) pay the costs of issuing and insuring the 2025 Bonds.

The 2025 Municipal Service Revenue Bonds outstanding at March 31, 2025 have stated yield rates of 5.00%, and mature in various amounts from August 15, 2042, through August 15, 2049. Interest is paid semi-annually on February 15 and August 15.

During prior years, the Authority refunded certain bonds by placing the proceeds of new bonds in irrevocable trusts which guarantee all future debt service payments on the refunded bonds. Accordingly, neither the assets held in trust, nor the refunded bonds appear in the accompanying financial statements. As of March 31, 2025, there were no outstanding balances of the defeased bonds and related investments in the irrevocable trusts.

Notes Payable

On October 15, 2003, the Authority was granted Pennvest note #P33000024-101 for up to \$651,850, for the purpose of water line construction projects. Total borrowings were \$519,614 under the note. The outstanding borrowings under the note bear interest at a rate of 1.156% per annum. Interest and principal payments were due in monthly installments of \$2,327 through December 1, 2023.

In September of 2003, the Authority was granted Pennvest note #P33001239-100 for up to \$5,397,911, for the purpose of water line construction projects. Total borrowings were \$5,397,911 under the note. The outstanding borrowings under the note bear interest at a rate of 1.156% per annum. Interest and principal payments are due in monthly installments of \$25,072 through December 1, 2025.

On May 24, 2006, the Authority was granted Pennvest note #P33001406-100 for up to \$363,652 (loan portion) and \$318,348 (grant portion) for a total of \$682,000 for construction of the System, in Conemaugh Township, Indiana County. Total borrowings were \$363,652 under the note. The outstanding borrowings under the note bear interest at a rate of 1.00% per annum. Interest and principal payments are due in monthly installments of \$1,168 through September 1, 2037.

In April 2015, the Authority acquired the City of Jeannette Municipal Authority. As part of this acquisition, the Authority assumed the following loans that are still outstanding:

- Pennvest Loan #P33000352-101 with an acquired value of \$2,253,981. The outstanding borrowings under the note bear interest at a rate of 1.00% per annum. Interest and principal payments are due in monthly installments of \$13,702 through April 1, 2034.
- Pennworks Loan #99900027 with an acquired value of \$777,302. The outstanding borrowings under the note bear interest at a rate of 2.00% per annum. Interest and principal payments are due in monthly installments of \$5,569 through August 1, 2028.



**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 8 – LONG-TERM DEBT (continued)**

On January 8, 2015, the Authority was granted Pennvest note #P33001544-100 for up to \$200,000, for the purpose of a water line extension project. As of March 31, 2025, the Authority had borrowed \$131,650 under the note. The outstanding borrowings under the note bear interest at a rate of 2.027% per annum. Interest and principal payments are due monthly in installments of \$601 through September 1, 2035.

In February of 2016, the Authority acquired Youngwood Borough Authority. As part of this acquisition, the Authority assumed Pennvest Loan #P33000705-102 with an acquired value of \$2,383,521. The outstanding borrowings under the note bear interest at a rate of 1.00% per annum. Interest and principal payments are due in monthly installments of \$11,622 through November 1, 2034.

In July of 2016, the Authority acquired The Hempfield Township Municipal Authority (THTMA). As part of this acquisition, the Authority assumed the following loans that are still outstanding:

- U.S. Department of Agriculture (USDA) loan with acquired value of \$1,616,115. The loan is payable over a term of 40 years at the interest rate of 2.500% per annum, which provides for a monthly payment of \$6,299 through March 21, 2050.
- On September 21, 2017, Municipal Sewage Authority of the Township of Sewickley entered into a loan agreement (#P33001671-101) with Pennvest to borrow principal of up to \$2,459,578 for a sanitary sewer project. The principal balance on the loan assumed by MAWC on October 1, 2018, totaled \$2,263,483. An additional \$1,139 was borrowed on the loan in April 2019. Interest and principal payments began in June 2019 and are due in monthly installments of \$7,272 through February 1, 2049.

In March 2020, the Authority acquired the Upper Tyrone Township Sewage Authority (UTTSA). As part of this acquisition, the Authority assumed the following loan:

- UTTSA entered into a loan agreement (#P33001557-102) with Pennvest to borrow principal of up to \$7,016,865 for a sanitary sewer project. The principal balance on the loan assumed by MAWC on March 1, 2020, totaled \$6,604,875. Interest and principal payments are due in monthly installments of \$22,546 through March 1, 2048.

In August 2020, the Authority acquired the Mount Pleasant Municipal Authority. As part of this acquisition, the Authority assumed Pennvest Loan #P33001059-102 with an acquired value of \$1,158,982. The outstanding borrowings under the note bear interest at a rate of 2.556% per annum. Interest and principal are due in monthly installments of \$12,880 through December 2028.

In July 2023, the Authority acquired the Westmoreland Fayette Municipal Sewage Authority (WFMSA). As part of the acquisition, the Authority assumed two USDA loans with acquired value of \$12,580,777. The loan is payable over a term of 40 years at the interest rate of 1.625% per annum, which provides for a semi-annual payment of \$249,880 through July 2056.

In January 2024, the Authority was granted a USDA loan for \$1,298,000 for construction of a wastewater plant in Avonmore. The outstanding borrowings under the note bear interest at a rate of 1.125% per annum. Interest and principal payments are due in monthly installments of \$3,367 through January 23, 2064.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 8 – LONG-TERM DEBT (continued)**

**Other Notes Payable**

As part of the Authority's acquisition of THTMA during fiscal year 2017, the Authority issued a note payable to THTMA in the amount of \$22,462,674. The outstanding borrowing was recorded at the effective interest rate of 3.28% per annum. Interest and principal payments of \$1,500,000 are due annually through February 1, 2036.

During fiscal year 2019, the Authority obtained various loans from First National Bank to acquire various vehicles. Each vehicle was purchased at different times and at varying amounts; therefore, the Authority accounts for each loan separately. Total new loans were \$667,529 during fiscal year 2019. The terms of the loans require total monthly payments of \$12,199 for five years at fixed interest rates of 3.00% through 3.65%. These loans matured during fiscal year 2024.

The following is a summary of changes in long-term obligations for the fiscal year ended March 31, 2025:

<b>Outstanding Bonds Payable</b>	<b>Final Maturity Date</b>	<b>Mar. 31, 2024 Balance</b>	<b>Bonds Issued/ Additions</b>	<b>Principal Payments/</b>	<b>Mar. 31, 2025 Balance</b>
2000A Series Tax-Exempt Cap App	August 2024	\$ 8,000,000	\$ -	\$ 8,000,000	\$ -
2006 Series B Cap App Bonds	August 2030	24,255,000	-	-	24,255,000
2013 Series Current Interest Bonds	August 2037	1,870,000	-	-	1,870,000
2016 Series Current Interest Bonds	August 2042	182,395,000	-	6,960,000	175,435,000
2017 Series Current Interest Bonds	August 2037	135,195,000	-	970,000	134,225,000
2020 Series Current Interest Bonds	August 2050	31,780,000	-	5,805,000	25,975,000
2025 Series Current Interest Bonds	August 2049	-	72,190,000	-	72,190,000
Total Face Value of Bonds Outstanding		383,495,000	72,190,000	21,735,000	433,950,000
Premiums on Current Interest Bonds		27,885,158	3,550,401	3,120,694	28,314,865
Accretion - Capital Appreciation Bonds		(6,131,383)	-	(1,075,900)	(5,055,483)
Discounts on Current Interest Bonds		(22,798)	-	(3,910)	(18,888)
Recorded Value of Bonds Payable		405,225,977	75,740,401	23,775,884	457,190,494
<b>Notes Payable</b>					
Pennvest Note #P33001239-100	December 2025	520,965	-	296,409	224,556
Pennvest Note #P33001406-100	September 2037	176,881	-	12,331	164,550
Pennvest Note #P33000352-101	April 2034	1,576,450	-	149,341	1,427,109
Pennvest Note #P33001544-100	September 2035	73,972	-	5,771	68,201
Pennvest Note #P33000705-102	November 2034	1,410,464	-	125,935	1,284,529
Pennvest Loan #P33001671-101	January 2044	1,923,770	-	68,333	1,855,437
Pennworks Note #99900027	August 2028	287,289	-	61,609	225,680
THTMA Note	February 2036	14,684,492	-	1,018,349	13,666,143
RUS Loan #92-04 MSATS	July 2050	1,415,726	-	40,655	1,375,071
RUS LOAN #44065 92-06	January 2064	1,293,665	-	25,979	1,267,686
RUS LOAN #44709 92-01	July 2056	4,659,177	-	112,022	4,547,155
RUS LOAN #44709 92-02	July 2056	7,773,937	-	186,910	7,587,027
Pennvest Note #P33001557-102	March 2048	5,770,646	-	213,821	5,556,825
Pennvest Note #P33001059-102	December 2028	690,663	-	138,525	552,138
Total Notes Payable		42,258,097	-	2,455,990	39,802,107
Total Outstanding		447,484,074	\$ 75,740,401	\$ 26,231,874	496,992,601
Less: Current Maturities		24,190,989			16,919,414
Total Long-term Debt		\$ 423,293,085			\$ 480,073,187

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 8 – LONG-TERM DEBT (continued)**

Annual requirements of all outstanding debt as of March 31, 2025, including interest payments, are as follows:

Fiscal Years Ending March 31,	Principal	Interest	Net Total
2026	\$ 16,919,414	\$ 19,104,263	\$ 36,023,677
2027	17,736,448	18,508,618	36,245,066
2028	18,579,573	17,676,393	36,255,966
2029	19,386,872	16,801,642	36,188,514
2030	19,739,694	16,219,968	35,959,662
2031-2035	105,617,923	72,038,337	177,656,260
2036-2040	121,213,406	49,073,298	170,286,704
2041-2045	94,417,502	21,587,552	116,005,054
2046-2050	56,329,309	7,040,672	63,369,981
2051-2055	2,980,088	177,463	3,157,551
2056-2060	684,087	19,825	703,912
2061-2065	147,791	3,189	150,980
Totals	\$ <u>473,752,107</u>	\$ <u>238,251,220</u>	\$ <u>712,003,327</u>

The Authority also has investments totaling \$35,426,898 in the debt service and debt service reserve funds for future debt service payments included in special funds held by trustee.

**NOTE 9 – LEASES**

In January of 2010, the Authority entered into a \$2,557,949 Water Storage Agreement with the Department of the Army, represented by the U.S. Army Corps of Engineers, Pittsburgh District, for the storage of water in the Youghioghene River Lake, Pennsylvania. The agreement went into effect April 1, 2010 and gives the Authority the right to utilize an undivided percentage of usable storage space and allows for the renegotiation of the agreement for the purchase of additional storage space. The Authority recognized a lease right-to-use asset for the acquisition of the water storage rights. The asset is being amortized over 30 years in an amount equal to the scheduled amortization of the original note issued to purchase the rights. The payments for this lease were fully satisfied as part of a previous bond refunding and no additional amounts are due for this lease. As of March 31, 2025, and 2024, the net balance of the right-to-use asset was \$1,511,026 and \$1,589,682, respectively.

The Authority entered into an agreement for additional water storage space that expires August 2054. The lease requires the Authority to pay annual fees for the use of storage space. There were no variable payments or commitments under the lease agreement that were not previously included in the lease liability measurement.

The discount rate for the lease is derived from the rate implicit in the lease.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 9 – LEASES (continued)**

The future principal and interest obligations under this lease as of March 31, 2025 are as follows:

<u>Fiscal Years Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 489,021	\$ -
2027	222,666	266,355
2028	228,789	260,232
2029	235,081	253,940
2030	241,546	247,475
2031-2035	1,311,097	1,134,008
2036-2040	1,501,565	943,540
2041-2045	1,719,702	725,403
2046-2050	1,969,529	475,576
2051-2055	2,255,655	189,450
Total	<u>\$ 10,174,651</u>	<u>\$ 4,495,979</u>

**NOTE 10 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The Authority has various subscription-based information technology arrangements (SBITAs) for use of IT software that expire at various dates through June 2031. The SBITAs generally require the Authority to pay annual fees for the use of software. There were no variable payments or commitments under SBITAs before the commencement date of the subscription term that were not previously included in the subscription liability measurement.

The discount rate for SBITAs is derived from the Authority's incremental borrowing rate.

The future principal and interest obligations under these SBITAs as of March 31, 2025 are as follows:

<u>Fiscal Years Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 415,919	\$ 64,906
2027	351,951	49,821
2028	296,793	37,790
2029	305,820	28,763
2030	315,122	19,461
2031-2035	324,707	9,876
Total	<u>\$ 2,010,312</u>	<u>\$ 210,617</u>

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 11 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

The Authority is the operator and settlor of the Loyalhanna Landfill. Currently, the Loyalhanna Landfill is closed and not operating. State and federal laws and regulations require that the Authority place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill for ten years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The following schedule contains the estimated detailed closure information for the closed landfill.

	<u>Loyalhanna</u>
Estimated Total Closure and Postclosure Costs	\$ <u>117,366</u>
Percent of Usage (FILLED)	<u>100.00%</u>
Estimated Liability for Closure and Postclosure Costs	\$ <u>117,366</u>

The estimated liability for landfill closure and postclosure care costs had a balance of \$117,366 and \$149,816 as of March 31, 2025 and 2024, respectively, which is based on 100% usage (filled). The estimated total closure and postclosure costs, which have already been incurred, are based on the amount that would be paid for all equipment, facilities, and services required to close, monitor, and maintain the landfill. The Authority is also required to maintain a Collateralized Line of Credit, which is held by PNC Bank in the amount of \$758,339 as of March 31, 2025. The actual cost of closure and post closure costs may be higher or lower due to inflation, or deflation, changes in technology or changes in landfill laws and regulations.

**NOTE 12 – SELF-FUNDED HEALTH INSURANCE**

The Authority has a loss sensitive health plan with specific and aggregate stop loss limits. As of March 31, 2025 and 2024, a liability of \$514,741 and \$83,531, respectively, is included in current liabilities due to estimated required payments to be paid during future fiscal years for claims incurred, but not paid at year-end.

**NOTE 13 – PENSIONS**

**Pension Plan for the Employees of the Municipal Authority of Westmoreland County**

**General Information about the Pension Plan**

*Plan Description* – The Authority sponsors the MAWC Pension Plan, a single employer defined benefit pension plan, established on April 1, 1953, as last amended on October 14, 2012. Plan provisions are established by the Authority for contributions required by Act 205 of the Commonwealth of Pennsylvania.

The Plan issues a separate stand-alone financial report that includes financial statements and required supplementary information, which is available for inspection at the Authority's office.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 13 – PENSIONS (continued)**

*Benefits Provided* – The plan pays benefits in the event of disability, death, or retirement of participants who meet the eligibility requirements. A member becomes eligible for benefits at age 65 regardless of length of service, or early retirement at age 50 provided that the sum of the participant's age and completed years of service total 70. The normal retirement benefit for participants retiring after October 14, 1997, is the sum of (a) 1.85% of average compensation not in excess of the "covered compensation" multiplied by years of service to a maximum of 25 years, plus (b) 2.10% of average compensation in excess of the "covered compensation" multiplied by years of service to a maximum of 25 years, plus (c) 0.90% of average compensation multiplied by years of service in excess of 25 years. Average compensation is defined as the average of total compensation for the last 60 months of employment. Covered compensation is the average of the ten most recent Social Security Wage Bases as of the date of determination.

The early retirement benefit is based on average compensation and service at the time of retirement. If the participant is: (1) age 64 with 17 years of service, or (2) age 63 with 19 years of service, or (3) age 62 with 20 years of service, then the benefit may commence immediately on an unreduced basis. Otherwise, the benefit is reduced if it commences prior to normal retirement.

Employees who become totally and permanently disabled after five years of service with the Authority, will be eligible for disability retirement. Disability pension payment is calculated at 1.15% of scheduled monthly earnings at time of disability times years of service. The minimum benefit is \$150, provided that the sum of attained age plus years of service totals at least 75.

Upon the death of an active participant before eligibility for early retirement, but after 5 years of service and less than 10, the surviving spouse will receive 50% of the accrued benefit reduced for early retirement and reduced for the 50% joint and survivor annuity. The benefit will begin at the later of age 55 or current age. Upon the death of an active participant before eligibility for early retirement, but after 10 years of service, or after eligibility for early retirement, the surviving spouse will receive 100% of the accrued benefit reduced for early retirement and reduced for 100% joint and survivor annuity. The benefit will begin immediately.

Cost of living adjustments are negotiated as part of the collective bargaining agreement between the Authority and the Utilities Worker's Union of America AFL/C10.

*Employees Covered by Benefit Terms* – As of March 31, 2025, the following employees were covered by benefit terms:

<u>Participants</u>	<u>Count</u>
Active	108
Terminated - Vested	13
Participants receiving benefits	<u>251</u>
Total	<u><u>372</u></u>

Plan participation was closed to employees hired after October 14, 2012, and for all part-time employees not participating in the MAWC Pension Plan on October 14, 2012.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 13 – PENSIONS (continued)**

*Contributions* – Act 205 requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation. Employees are not required to contribute under the Act.

The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205. In 2025 and 2024, the MMO for the Plan was \$3,179,484 and \$4,014,249, respectively. The Authority paid \$3,179,484 during fiscal year ended March 31, 2025 and \$4,014,249 during fiscal year ended March 31, 2024.

**Net Pension Liability**

The Authority's net pension liability was measured as of March 31, 2025 and 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023.

**Actuarial Assumptions**

The total pension liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	7.50% per annum, gross return														
Salary Increase	Nonbargaining unit: 3.75% per year Bargaining Unit Employees: Base rate increases of 2.75%, 2.50%, 2.50%, 2.50% and 2.25% for the current period and 3.75% thereafter; plus estimated wage "Steps" for those hired before 10/15/2012 as shown below:														
	<table><tr><td>Years of Service:</td><td>Rate</td></tr><tr><td>&lt; 1 year</td><td>6.00%</td></tr><tr><td>1-2 years</td><td>5.50%</td></tr><tr><td>2-3 years</td><td>5.00%</td></tr><tr><td>3-4 years</td><td>19.00%</td></tr><tr><td>4-6 years</td><td>4.00%</td></tr><tr><td>6-9 years</td><td>3.50%</td></tr></table>	Years of Service:	Rate	< 1 year	6.00%	1-2 years	5.50%	2-3 years	5.00%	3-4 years	19.00%	4-6 years	4.00%	6-9 years	3.50%
Years of Service:	Rate														
< 1 year	6.00%														
1-2 years	5.50%														
2-3 years	5.00%														
3-4 years	19.00%														
4-6 years	4.00%														
6-9 years	3.50%														
Expenses	Average of prior two years														
Social Security Wage Base	3.50% per annum														
Inflation	2.50% per annum														

Mortality rates were based on the PubG-2010 (A) Employee Amount Weighted, Above-Median for General Employees, the PubG-2010 (A) Healthy Retiree Amount Weighted, Above-Median for General Employees and the PubG-2010 (A) Above-Median Contingent Survivor tables. Post-disablement rates were based on the PubG-2010 Disabled Retiree Amount-Weighted for General Employees and the PubG-2010 (A) Above-Median Contingent Survivor tables.

The actuarial assumptions used in the January 1, 2023, valuation were based on census data provided by the Authority through January 1, 2023.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 13 – PENSIONS (continued)**

The following assumptions were changed since the last valuation and the impact of the changes on the Unfunded Accrued Liability (UAL) were as follows:

- The mortality improvement projection scale was updated to MP-2021.

The long-term expected rate of return is based on return expectations of its retirement plan investment advisors and the investment allocation guidelines as described in the MAWC Pension Plan's Investment Policy Statement.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Long-Term Expected Nominal Rate of Return*
Domestic Large Cap Equity	40%	6.00%	8.65%
Domestic Small Cap Equity	10%	6.25%	8.91%
International Equity	10%	6.50%	9.16%
Fixed Income	30%	0.75%	3.27%
Real Estate	5%	5.75%	8.39%
Private Debt	5%	6.25%	8.91%
Total Net of Fees		4.50%	7.11%

*\* Rates displayed are arithmetic and net of investment expense, with assumed 2.50% long-term inflation*

The following represents the estimated rates of return on pension plan investments for the past six years:

FYE	Estimated Return (Net of Investment Expenses)
3/31/2025	3.9%
3/31/2024	16.9%
3/31/2023	-4.7%
3/31/2022	5.5%
3/31/2021	39.4%
3/31/2020	-6.9%

*Discount Rate* – The discount rate used to measure the total pension liability was 7.10% as of March 31, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed the Authority continues to fund the Plan in accordance with the actuarially determined contribution, which follows the minimum funding requirements under Act 205. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments. 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.



**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 13 – PENSIONS (continued)**

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
<b>Balances at March 31, 2024</b>	\$ 111,110,853	\$ 95,156,606	\$ 15,954,247
Changes for the Year:			
Service cost	1,174,756	-	1,174,756
Interest	7,688,376	-	7,688,376
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions - employer	-	3,179,484	(3,179,484)
Contributions - employee	-	-	-
Net investment income	-	3,653,906	(3,653,906)
Benefit payments, including refunds of employee contributions	(7,382,058)	(7,382,058)	-
<b>Net Changes</b>	<u>1,481,074</u>	<u>(548,668)</u>	<u>2,029,742</u>
<b>Balances at March 31, 2025</b>	<u>\$ 112,591,927</u>	<u>\$ 94,607,938</u>	<u>\$ 17,983,989</u>

*Sensitivity of the Net Pension Liability to Changes in Discount Rate* – The following presents the net pension liability of the Authority, calculated using the discount rate of 7.10%, as well as what the Authority’s net pension liability would be if it were calculated using a discount rate that is 1% lower (6.10%) or 1% higher (8.10%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total Pension Liability	\$ 123,900,122	\$ 112,591,927	\$ 102,883,308
Plan Fiduciary Net Position	<u>94,607,938</u>	<u>94,607,938</u>	<u>94,607,938</u>
Net Pension Liability	<u>\$ 29,292,184</u>	<u>\$ 17,983,989</u>	<u>\$ 8,275,370</u>

*Pension Plan Fiduciary Net Position* – Detailed information about the pension plan’s fiduciary net position is available in the separately issued MAWC Pension Plan financial report.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 13 – PENSIONS (continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the fiscal year ended March 31, 2025, the Authority recognized pension expense of approximately \$74,000 related to this Plan. At March 31, 2025, the Authority reported deferred outflows and inflows of resources related to this pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 82,639	\$ -
Changes in assumptions	61,731	-
Net difference between projected and actual earnings on pension plan investments	6,853,200	4,877,988
Total	<u>\$ 6,997,570</u>	<u>\$ 4,877,988</u>

Amounts reported as deferred outflows and deferred inflows of resources related to this pension plan will be recognized in pension expense as follows:

<u>Fiscal Years Ending March 31,</u>	<u>Amount</u>
2026	\$ 1,494,813
2027	1,078,291
2028	(1,039,759)
2029	586,237
Total	<u>\$ 2,119,582</u>

**Pennsylvania Municipal Retirement System Plan (PMRS)**

**General Information about the Pension Plan**

*Plan Description* – The PMRS pension plan is a single employer defined benefit pension plan controlled by the provisions of Resolution No. 02-11 adopted pursuant to Act 15 of 1974. This plan includes two plans, one acquired on April 13, 2015, through the acquisition of the Jeannette Municipal Authority and the other acquired July 19, 2023 through the acquisition of the Westmoreland Fayette Municipal Sewage Authority. The plans participate in the Pennsylvania Municipal Retirement System, which is an agent multiple employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Annual Comprehensive Financial Report (ACFR). A copy of the ACFR can be obtained by contacting the PMRS accounting office.

*Benefits Provided* – The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the plan.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 13 – PENSIONS (continued)**

General Information about the Pension Plan (continued)

*Employees Covered by Benefit Terms* – Previous employees of the Jeannette Municipal Authority and WFMSA are covered by this plan. As of January 1, 2023, the following employees were covered by benefit terms:

<u>Participants</u>	<u>Count</u>
Inactive employees or beneficiaries	
currently receiving benefits	13
Inactive employees entitled to, but not	
yet receiving benefits	5
Active employees	3
	<hr/>
Total	21
	<hr/> <hr/>

Both plans were frozen as of the date of their acquisitions; therefore, the plan is not open to new participants and current participants will not accumulate additional years of service for the calculation of benefits.

*Contributions* – Act 205 requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation. Employees are not required to contribute under the Act.

The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

In 2025 and 2024, the MMO for the Plan was \$360 and \$3,303, respectively. The Authority contributed the entire MMO amount for both years.

Net Pension Liability

The Authority's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 13 – PENSIONS (continued)**

**Actuarial Assumptions**

The total pension liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Investment Rate of Return	5.25% compounded annually, net of expenses
Salary Increase	N/A
Expenses	Based upon the expected expenses for the current year
Social Security Wage Base	2.7% per annum
Inflation	2.8% per annum

Mortality rates were based on the PUB-2010 Male General Employees table for males and the PUB-2010 Female General Employees table for females. 20% of pre-retirement deaths are assumed to be service related. Rates of post-retirement mortality were based on the RP-2006 Male Annuitant table for males and the RP-2006 Female Annuitant table for females. The mortality assumption, inclusive of the projected mortality improvements described above, was selected as a reasonable representation of the ultimate projected payout of benefits from the plan using nationally available mortality tables as well as data provided by PMRS.

Disability life mortality rates were based on the RP-2006 annuitant male table for males and the RP2006 annuitant female table for females.

The actuarial assumptions used in the January 1, 2023, valuation were based on the PMRS Experience Study for the period covering January 1, 2014 through December 31, 2018 issued by the actuary in September 2020, as well as subsequent Board approved assumption changes, such as the decrease in the investment return assumption from 5.5% to 5.25%.

The long-term expected rate of return is based on a building-block method in which best estimates of expected future real rates of return are developed for each major asset class, for the portfolio as a whole and at different levels of probability and confidence.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Long-Term Expected Nominal Rate of Return*
Domestic Large Cap Equity	24.5%	4.89%	7.39%
Domestic Small Cap Equity	8%	5.80%	8.30%
International Equity - Developed	14.5%	5.18%	7.68%
International Equity - Emerging	3%	5.89%	8.39%
Global Equities	5%	4.11%	6.61%
Real Estate	10%	3.88%	6.38%
Timber	5%	3.25%	5.75%
Fixed Income (Core Investment Grade)	24%	2.51%	5.01%
Fixed Income (Opportunistic Credit)	5%	4.45%	6.95%
Cash	1%	0.89%	3.39%
Total Net of Fees		4.81%	7.31%

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 13 – PENSIONS (continued)**

*Discount Rate* – The discount rate used to measure the total pension liability was 5.25% as of December 31, 2023. The Plan fiduciary net position was determined to be available to make all projected payments of current plan members based on the assumption that all MMO payments as determined and required under Act 205 will be paid accordingly. Therefore, the municipal long-term expected rate of return for municipal and member accounts was applied to all periods of projected benefit payments to determine the Total Pension Liability.

*Sensitivity of the Net Pension Liability to Changes in Discount Rate* – The following presents the net pension liability of the Authority, calculated using the discount rate of 5.25%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1% lower (4.25%) or 1% higher (6.25%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total Pension Liability	\$ 2,860,259	\$ 2,557,788	\$ 2,304,285
Plan Fiduciary Net Position	<u>2,834,647</u>	<u>2,834,647</u>	<u>2,834,647</u>
Net Pension Liability (Asset)	<u>\$ 25,612</u>	<u>\$ (276,859)</u>	<u>\$ (530,362)</u>

**Changes in the Net Pension Liability**

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
<b>Balances at December 31, 2022</b>	\$ 2,691,392	\$ 2,702,122	\$ (10,730)
Changes for the Year:			
Service cost	11,802	-	11,802
Interest	137,680	-	137,680
Changes of benefits	(119,584)	-	(119,584)
Contributions - employer	-	12,636	(12,636)
Contributions - PMRS assessment	-	360	(360)
Contributions - employee	-	4,598	(4,598)
PMRS investment income	-	139,862	(139,862)
Market value investment income *	-	146,845	(146,845)
Benefit payments	(163,502)	(163,502)	-
PMRS administrative expense	-	(440)	440
Additional administrative expense	<u>-</u>	<u>(7,834)</u>	<u>7,834</u>
<b>Net Changes</b>	<u>(133,604)</u>	<u>132,525</u>	<u>(266,129)</u>
<b>Balances at December 31, 2023</b>	<u>\$ 2,557,788</u>	<u>\$ 2,834,647</u>	<u>\$ (276,859)</u>

\* Reflects the net investment income (loss) of \$151,306 and the income (loss) due to the difference between expected and actual asset values of (\$4,461), which includes the impact from allocation of assets in support of the underlying retiree liabilities.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 13 – PENSIONS (continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended March 31, 2025, the Authority recognized a credit to pension expense of approximately \$196,000 related to this Plan. At March 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to this pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,250	\$ 10,233
Changes in assumptions	11,600	988
Net difference between projected and actual earnings on pension plan investments	36,801	-
Total	<u>\$ 51,651</u>	<u>\$ 11,221</u>

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

<u>Fiscal Years Ending March 31,</u>	<u>Amount</u>
2026	\$ (20,483)
2027	20,305
2028	69,905
2029	(29,498)
2030	(132)
Thereafter	333
Total	<u>\$ 40,430</u>

Total pension expense (credit) for all pension plans was \$(121,962) and \$2,052,831 for the fiscal years ended March 31, 2025 and 2024, respectively.

**NOTE 14 – COMPENSATED ABSENCES**

Employees of the Authority are entitled to vacation and sick days based on their years of service. The Authority has established a liability of \$3,718,100 and \$3,713,189 for the fiscal years ended March 31, 2025 and 2024, respectively, for compensated absences, which is included in accrued compensation. During the year, the net increase in compensated absences was \$4,911. It is the Authority's policy to recognize these costs in operations when compensated absences are earned.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 15 – DEFINED CONTRIBUTION PLANS**

The Authority maintains two defined contribution plans. Employees hired prior to October 15, 2012, are eligible to participate in a section 457 plan. Contributions under the 457 plan are made only by employees on a voluntary basis. Employees hired on or after October 15, 2012, are eligible to participate in a 401(k) plan. Under the 401(k) plan, employees elect salary deferrals between five and fifteen percent with the Authority contributing four percent of the employee's annual compensation. Effective January 1, 2018, the Authority contributes five percent of the employee's annual compensation. For the fiscal years ended March 31, 2025 and 2024, total employer contributions to the 401(k) plan were \$1,098,137 and \$974,719, respectively. Employee and employer contributions to these defined contribution plans are subject to the plan limitations and Internal Revenue Service limits annually.

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS**

OPEB Plan for the Employees of the Municipal Authority of Westmoreland County

General Information about the Pension Plan

*Plan Description* – In addition to providing the pension benefits described, the Authority provides single-employer post-employment medical and life insurance benefits for retired employees. The benefit levels, employee contributions, and employer contributions are governed by the Authority and can be amended by the Authority through its personnel manual and union contracts. The Authority has chosen an unfunded pay as you go plan whereby all benefits are paid out of the general assets of the Authority.

Stand-alone financial statements are not issued for this plan.

Post-Retirement Medical Benefits

*Benefits Provided* – All members collecting a pension from the Authority and who retired from active service with the Authority are eligible for post-retirement medical benefits for themselves and their spouse until the death of the member. A surviving spouse of an eligible member who dies may elect to continue coverage under COBRA and pay the entire COBRA premium. Eligibility for retirement is age 65 with 5 years of service or age 50 provided the combination of age and service is 70 years. Disability retirement eligibility is 5 years of service. Effective for employees hired on or after October 15, 2012, the same age and service requirements of the defined benefit pension plan and voluntarily terminate from active service with the Authority are eligible. In 2018, a qualified high deductible health plan with an HSA was offered. All new and management employees are required to enter this plan. Once entered, an employee may not switch to another plan. An employee who retires at either age 62 with 20 years or age 63 with 19 years or age 64 with 17 years will receive an annual HSA contribution from the employer equal to the deductible amount until reaching age 65.

Medical (including Rx) benefits for the retired participant and spouse are payable for the life of the eligible member. Dental and Vision are not available to retirees. The Authority pays the entire cost for retirees and spouses, except that surviving spouses pay the COBRA premium during the period of coverage.

The Authority will pay the Medicare Part B and penalty for all members retired prior to October 14, 1997.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

**Post-Retirement Death Benefits**

*Benefits Provided* – All members collecting a pension from the Authority and who retired from active service with the Authority are eligible for life insurance. Effective for employees hired after October 14, 2012, same age and service requirements of the defined benefit pension plan and voluntarily terminate from active service with the Authority.

The benefit provided is \$40,000, reduced \$4,000 per year at each anniversary of the date of retirement until \$20,000 is reached after 5 years. The \$20,000 is maintained for the rest of the eligible retiree's lifetime. The Authority pays the entire cost of the plan.

*Employees Covered by Benefit Terms* – As of March 31, 2025, the following were covered by benefit terms:

<u>Participants</u>	<u>Count</u>
Active	336
Terminated - Vested	-
Retirees and Spouses receiving benefits	<u>334</u>
Total	<u><u>670</u></u>

**Funding Policy**

Post-employment insurance benefits are currently funded on a pay-as-you-go basis. The Authority funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide post-retirement benefits. In fiscal years ending March 31, 2025 and 2024, the Authority contributed approximately \$2,804,000 and \$2,613,000, respectively, to the OPEB Plan, all of which was for current premiums.

**Net OPEB Liability**

The Authority's net OPEB liability was measured as of March 31, 2025 and 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023.



**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
<b>Balances at March 31, 2024</b>	\$ 65,910,512	\$ -	\$ 65,910,512
Changes for the year:			
Service cost	3,511,859	-	3,511,859
Interest	2,699,166	-	2,699,166
Differences between expected and actual experience	280,507	-	280,507
Changes in assumptions	(4,549,086)	-	(4,549,086)
Contributions - employer	-	2,803,713	(2,803,713)
Benefit payments, including refunds of employee contributions	(2,803,713)	(2,803,713)	-
<b>Net Changes</b>	<b>(861,267)</b>	<b>-</b>	<b>(861,267)</b>
<b>Balances at March 31, 2025</b>	<b>\$ 65,049,245</b>	<b>\$ -</b>	<b>\$ 65,049,245</b>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
Net OPEB Liability	\$ 73,862,817	\$ 65,049,245	\$ 57,727,122

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current rates:

	1% Decrease	Current	1% Increase
Initial Rate	6.50%	7.50%	8.50%
Ultimate Rate	3.00%	4.00%	5.00%
Net OPEB Liability	\$ 56,657,589	\$ 65,049,245	\$ 75,621,842

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

**Actuarial Assumptions**

The actuarial assumptions used in the January 1, 2023, valuation were based on census data provided by the Authority through January 1, 2023.

The total OPEB liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Mortality Rates - Based on the PubG.H-2010(A) Headcount-weighted, Above-Median, sex distinct, pre/post commencement employee mortality tables. For disabled lives, the PubG.H-2010 Headcount-weighted, sex distinct mortality tables are used.
- Discount Rate – 4.50% and 3.96% as of March 31, 2025, and 2024, respectively.
- Municipal Bond Rate - Fidelity GO AA 20-year Index, which was 4.4988% and 3.9619% as of March 31, 2025, and 2024, respectively.

The Entry Age Normal Level Percent of Pay cost method was used as required by GASB 75. This cost method requires historical trend assumptions for the period between employee hire date and the valuation date. Sample rates are as follows:

<u>Year</u>	<u>Pre-65</u>	<u>Post-65</u>
2022	7.60%	4.80%
2021	12.70%	9.10%
2020	0.60%	-4.10%
2015	7.90%	4.20%
2010	7.30%	3.60%
2005	10.40%	8.40%
2000	10.90%	9.10%
1995	5.30%	6.30%
1990	8.80%	7.40%
1985	8.70%	5.20%
1980	10.80%	14.60%
1975	15.80%	7.50%
1970	13.40%	5.70%
1965	11.10%	0.00%

These rates were developed from several sources, including the Society of Actuaries Long-Term Healthcare Cost Trends Resource Model.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

Long-term trend rates for healthcare costs are as follows:

<u>Year</u>	<u>Pre-65</u>	<u>Post-65</u>
2023	7.50%	5.00%
2024	7.50%	5.00%
2025	7.00%	5.00%
2026	6.50%	5.00%
2027	6.00%	5.00%
2028	5.50%	5.00%
2029-2050	5.00%	5.00%
2051-2069	4.50%	4.50%
2070+	4.00%	4.00%

The following assumptions were changed since the last valuation as follows:

- The discount rate was updated from 3.96% to 4.50% to reflect recent yields and index rates on 20-year, tax-exempt general obligation municipal bonds rated AA/Aa or higher, as required by GASB 74 and 75. The discount rate used for financial reporting will be determined using yields and index rates as of the measurement date and may differ from the rate used herein.
- The mortality improvement scale was updated to MP-2021.
- Future medical and drug trend rates were changed to consider updated healthcare sector outlooks.
- Historical trend rates were added for 2021 and 2022 based on recent data.

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

For the year ended March 31, 2025, the Authority recognized a credit to OPEB expense of \$938,340 related to this Plan. At March 31, 2025, the Authority reported deferred outflows of resources related to this OPEB Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,696,819	\$ 2,198,301
Changes in assumptions	191,593	19,316,534
Total	<u>\$ 2,888,412</u>	<u>\$ 21,514,835</u>

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**

**Notes to the Financial Statements**

**Fiscal Years Ended March 31, 2025 and 2024**

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

Amounts reported as deferred outflows of resources related to this pension plan will be recognized in pension expense as follows:

<u>Fiscal Years Ending March 31,</u>	<u>Amount</u>
2026	\$ (4,013,318)
2027	(4,190,397)
2028	(4,190,397)
2029	(2,602,313)
2030	(1,226,017)
Thereafter	(2,403,981)
Total	<u><u>\$ (18,626,423)</u></u>

**NOTE 17 – COMMITMENTS AND CONTINGENCIES**

The Authority, in its normal course of business, has been named as a defendant in various lawsuits. As of March 31, 2025, the Authority intends to contest all claims vigorously and is currently unable to evaluate the likelihood of potential outcomes. The Authority has not accrued any contingent liability for these claims.

On October 18, 2023, the Authority received \$326,439 as a result of a settlement from a class action lawsuit over royalty payments for oil and gas production on land that it owns.

**NOTE 18 – GOVERNMENT ACQUISITIONS**

On July 19, 2023, the Authority acquired the Westmoreland Fayette Municipal Sewage Authority (WFMSA) in exchange for assumption of all loans and payables of WFMSA for \$2,250,000. Additional consideration of approximately \$170,000 is due to WFMSA upon conversion of the debt into the Authority's name. The Authority will operate and maintain the WFMSA distribution system, and its operations are included in the Authority's enterprise fund. The acquisition included substantially all of the assets of WFMSA, consisting of accounts receivable, treatment facilities, distribution system and other equipment. The acquisition value of the net position acquired was determined to be \$14,653,873.

**NOTE 19 – SUBSEQUENT EVENTS**

Management performs an assessment of subsequent events for their impact on its financial statements. The Authority evaluated subsequent events through the date of this report, which is the date these financial statements were available to be issued. The Authority is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

**Required Supplementary Information**

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Schedule of Changes in Net Pension Liability and Related Ratios –**  
**MAWC Pension Plan**  
**Last Ten Fiscal Years**

**Required Supplementary Information**

	<u>3/31/25</u>	<u>3/31/24</u>	<u>3/31/23</u>	<u>3/31/22</u>	<u>3/31/21</u>
<b>Total Pension Liability</b>					
Service cost	\$ 1,174,756	\$ 1,242,824	\$ 1,363,524	\$ 1,455,119	\$ 1,490,536
Interest	7,688,376	7,568,406	7,420,936	7,299,229	6,953,964
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	247,919	-	2,297,178	-
Changes in assumptions	-	185,191	-	(612,210)	-
Benefit payments, including refunds of employee contributions	<u>(7,382,058)</u>	<u>(7,069,107)</u>	<u>(6,557,541)</u>	<u>(6,074,978)</u>	<u>(5,569,657)</u>
<b>Net Change in Total Pension Liability</b>	1,481,074	2,175,233	2,226,919	4,364,338	2,874,843
<b>Total Pension Liability - Beginning</b>	<u>111,110,853</u>	<u>108,935,620</u>	<u>106,708,701</u>	<u>102,344,363</u>	<u>99,469,520</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 112,591,927</u>	<u>\$ 111,110,853</u>	<u>\$ 108,935,620</u>	<u>\$ 106,708,701</u>	<u>\$ 102,344,363</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 3,179,484	\$ 4,014,249	\$ 4,324,773	\$ 5,282,526	\$ 5,941,077
Contributions - employee	-	-	-	-	-
Net investment income	3,653,906	13,980,984	(4,248,387)	4,752,493	24,479,491
Benefit payments, including refunds of employee contributions	(7,382,058)	(7,069,107)	(6,557,541)	(6,074,978)	(5,569,657)
Administrative expense	-	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Plan Fiduciary Net Position</b>	(548,668)	10,926,126	(6,481,155)	3,960,041	24,850,911
<b>Plan Fiduciary Net Position - Beginning</b>	<u>95,156,606</u>	<u>84,230,480</u>	<u>90,711,635</u>	<u>86,751,594</u>	<u>61,900,683</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 94,607,938</u>	<u>\$ 95,156,606</u>	<u>\$ 84,230,480</u>	<u>\$ 90,711,635</u>	<u>\$ 86,751,594</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 17,983,989</u>	<u>\$ 15,954,247</u>	<u>\$ 24,705,140</u>	<u>\$ 15,997,066</u>	<u>\$ 15,592,769</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	84.03%	85.64%	77.32%	85.01%	84.76%
<b>Covered-Employee Payroll</b>	\$ 13,826,250	\$ 14,416,238	\$ 15,348,163	\$ 16,674,250	\$ 17,935,250
<b>Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	130.07%	110.67%	160.96%	95.94%	86.94%

(continued)

See independent auditor's report.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Schedule of Changes in Net Pension Liability and Related Ratios –**  
**MAWC Pension Plan**  
**Last Ten Fiscal Years**

**Required Supplementary Information**

*(continued)*

	<b>3/31/20</b>	<b>3/31/19</b>	<b>3/31/18</b>	<b>3/31/17</b>	<b>3/31/16</b>
<b>Total Pension Liability</b>					
Service cost	\$ 1,575,847	\$ 1,600,187	\$ 1,656,602	\$ 1,698,228	\$ 1,746,281
Interest	6,806,778	6,575,756	6,330,707	6,030,445	5,783,166
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	588,849	-	727,121	-	-
Changes in assumptions	(1,443,419)	-	40,299	-	-
Benefit payments, including refunds of employee contributions	<u>(5,133,396)</u>	<u>(4,619,270)</u>	<u>(4,314,316)</u>	<u>(4,120,397)</u>	<u>(3,854,643)</u>
<b>Net Change in Total Pension Liability</b>	<b>2,394,659</b>	<b>3,556,673</b>	<b>4,440,413</b>	<b>3,608,276</b>	<b>3,674,804</b>
<b>Total Pension Liability - Beginning</b>	<b><u>97,074,861</u></b>	<b><u>93,518,188</u></b>	<b><u>89,077,775</u></b>	<b><u>85,469,499</u></b>	<b><u>81,794,695</u></b>
<b>Total Pension Liability - Ending (a)</b>	<b><u>\$ 99,469,520</u></b>	<b><u>\$ 97,074,861</u></b>	<b><u>\$ 93,518,188</u></b>	<b><u>\$ 89,077,775</u></b>	<b><u>\$ 85,469,499</u></b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 6,125,640	\$ 6,138,450	\$ 5,865,189	\$ 5,079,417	\$ 4,723,148
Contributions - employee	-	-	-	-	-
Net investment income	(4,538,636)	2,527,800	5,719,288	5,988,084	(307,283)
Benefit payments, including refunds of employee contributions	(5,133,396)	(4,619,270)	(4,314,316)	(4,120,397)	(3,854,643)
Administrative expense	-	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(3,546,392)</b>	<b>4,046,980</b>	<b>7,270,161</b>	<b>6,947,104</b>	<b>561,222</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b><u>65,447,075</u></b>	<b><u>61,400,095</u></b>	<b><u>54,129,934</u></b>	<b><u>47,182,830</u></b>	<b><u>46,621,608</u></b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b><u>\$ 61,900,683</u></b>	<b><u>\$ 65,447,075</u></b>	<b><u>\$ 61,400,095</u></b>	<b><u>\$ 54,129,934</u></b>	<b><u>\$ 47,182,830</u></b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b><u>\$ 37,568,837</u></b>	<b><u>\$ 31,627,786</u></b>	<b><u>\$ 32,118,093</u></b>	<b><u>\$ 34,947,841</u></b>	<b><u>\$ 38,286,669</u></b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>62.23%</b>	<b>67.42%</b>	<b>65.66%</b>	<b>60.77%</b>	<b>55.20%</b>
<b>Covered-Employee Payroll</b>	<b>\$ 18,570,500</b>	<b>\$ 18,782,000</b>	<b>\$ 18,632,000</b>	<b>\$ 19,192,750</b>	<b>\$ 19,100,000</b>
<b>Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	<b>202.30%</b>	<b>168.39%</b>	<b>172.38%</b>	<b>182.09%</b>	<b>200.45%</b>

*See independent auditor's report.*

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Schedule of Contributions – MAWC Pension Plan**  
**Last Ten Fiscal Years**

**Required Supplementary Information**

	<u>3/31/25</u>	<u>3/31/24</u>	<u>3/31/23</u>	<u>3/31/22</u>	<u>3/31/21</u>
Actuarially determined contribution	\$ 3,179,484	\$ 4,014,249	\$ 4,324,773	\$ 5,282,526	\$ 5,941,077
Contributions in relation to the actuarially determined contributions	<u>3,179,484</u>	<u>4,014,249</u>	<u>4,324,773</u>	<u>5,282,526</u>	<u>5,941,077</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 13,826,250	\$ 14,416,238	\$ 15,348,163	\$ 16,674,250	\$ 17,935,250
Contributions as a percentage of covered-employee payroll	23.00%	27.85%	28.18%	31.68%	33.13%
	<u>3/31/20</u>	<u>3/31/19</u>	<u>3/31/18</u>	<u>3/31/17</u>	<u>3/31/16</u>
Actuarially determined contribution	\$ 6,125,640	\$ 6,138,450	\$ 5,865,189	\$ 5,854,172	\$ 5,708,473
Contributions in relation to the actuarially determined contributions	<u>6,125,640</u>	<u>6,138,450</u>	<u>5,865,189</u>	<u>5,079,417</u>	<u>4,723,148</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 774,755</u>	<u>\$ 985,325</u>
Covered-employee payroll	\$ 18,570,500	\$ 18,782,000	\$ 18,632,000	\$ 19,192,750	\$ 19,100,000
Contributions as a percentage of covered-employee payroll	32.99%	32.68%	31.48%	26.47%	24.73%

**Notes to the Schedule**

- Effective January 1, 2007, the salary increase assumption was changed from 4.5% to 3.5%.
- Effective January 1, 2009:
  - The mortality assumption was updated from the 1983 GAM table to the RP-2000 table with projections through 2007.
  - The salary increase assumption was changed for bargaining employees to reflect steps during the first 10 years of employment and after 10 years (immediately for non-bargaining) to better reflect bargained increases through the terms of the contract and future expectations.
  - The methodology for calculating the Actuarial Value of Assets (AVA) was changed from the moving average appreciation method to five-year smoothing of gains/losses. The resulting asset value did not change (limited to 120% of market value prior to election below).
  - The Authority elected to apply temporary corridor limit of 70% to 130% of market value (i.e. additional smoothing) as allowed by Act 44 of 2009.
  - An Early Retirement Window implemented in 2008 is first recognized.
- Effective January 1, 2011:
  - The mortality assumption for active participants was changed to the RP-2000 Non-Annuitant Table projected to 2007 by Scale AA.
  - The assumed retirement age (for active participants) was changed from 100% at age 63 to various rates beginning at age 55 to better reflect actual and anticipated retirement patterns.

(continued)

See independent auditor's report.



**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Schedule of Contributions – MAWC Pension Plan**  
**Last Ten Fiscal Years**

**Required Supplementary Information**

*(continued)*

**Notes to the Schedule (continued)**

- Fall 2012: As a Level 2 Distressed Municipality (as defined in Act 205) the Authority elected the “Amortization Contribution Reduction Remedy” whereby they may deposit less than the full Minimum Municipal Obligation (MMO) for the years 2013, 2014, 2015 and 2016.
- Effective January 1, 2013: The mortality assumption was changed to reflect future mortality improvements.
- Effective January 1, 2015:
  - The assumed future mortality improvement was changed from Scale AA to Scale BB2D.
  - The retirement and turnover assumptions were revised to reflect recent and anticipated future experience. The retirement assumption anticipates more retirements at later ages. The turnover assumption was changed from age-based to service-based.
  - The salary increase assumption was changed to reflect base pay rate changes made in the 2012-2015 Collective Bargaining Agreement and a revision was made to the wage progression applicable to bargained employees during the first 10 years of employment.
- Effective January 1, 2017: Terminated vested participants are now assumed to begin pension payments at their first opportunity to receive an unreduced pension.
- Effective January 1, 2019:
  - Healthy and Disabled mortality assumptions were changed to the tables in the recently published Public Plan Mortality Study by the Society of Actuaries. The projection scale was changed to MP-2018.
  - The salary increase assumption for bargained employees was changed to reflect actual rates agreed upon in the current contract.
  - Demographic assumptions – (1) percent of males married; (2) percent married electing J&S options; and (3) retirement rates – were changed based on a review of recent experience.
- Effective January 1, 2021:
  - Mortality improvement was updated to scale MP-2020.
  - Valuation programming corrected for vested former employees.
- Effective January 1, 2023:
  - Mortality improvement was updated to scale MP-2021.

*See independent auditor’s report.*

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Schedule of Changes in Net Pension Liability and Related Ratios –**  
**PMRS Pension Plan**  
**Last Ten Fiscal Years\*\***

**Required Supplementary Information**

	<b>12/31/23 *</b>	<b>12/31/22</b>	<b>12/31/21</b>	<b>12/31/20</b>	<b>12/31/19</b>
<b>Total Pension Liability</b>					
Service cost	\$ 11,802	\$ 14,351	\$ -	\$ -	\$ -
Interest	137,680	137,689	114,796	111,685	111,793
Changes of benefit terms	(119,584)	-	-	-	-
Differences between expected and actual experience	-	13,511	-	(9,821)	-
Changes of assumptions	-	-	-	88,204	-
Transfers	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(163,502)	(162,812)	(135,897)	(125,869)	(102,120)
<b>Net Change in Total Pension Liability</b>	<b>(133,604)</b>	<b>2,739</b>	<b>(21,101)</b>	<b>64,199</b>	<b>9,673</b>
<b>Total Pension Liability - Beginning</b>	<b>2,691,392</b>	<b>2,688,653</b>	<b>2,253,670</b>	<b>2,189,471</b>	<b>2,179,798</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 2,557,788</b>	<b>\$ 2,691,392</b>	<b>\$ 2,232,569</b>	<b>\$ 2,253,670</b>	<b>\$ 2,189,471</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 12,636	\$ 11,098	\$ 6,091	\$ 51,092	\$ -
Contributions - PMRS assessment	360	360	360	360	360
Contributions - employee	4,598	4,761	-	-	-
Net investment income	286,707	(352,855)	316,469	269,070	396,371
Transfers	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(163,502)	(162,812)	(135,897)	(125,869)	(102,120)
Administrative expense	(440)	(440)	(360)	(360)	(360)
Other	(7,834)	(7,189)	(6,271)	(4,759)	(3,767)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>132,525</b>	<b>(507,077)</b>	<b>180,392</b>	<b>189,534</b>	<b>290,484</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>2,702,122</b>	<b>3,209,199</b>	<b>2,427,810</b>	<b>2,238,276</b>	<b>1,947,792</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 2,834,647</b>	<b>\$ 2,702,122</b>	<b>\$ 2,608,202</b>	<b>\$ 2,427,810</b>	<b>\$ 2,238,276</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ (276,859)</b>	<b>\$ (10,730)</b>	<b>\$ (375,633)</b>	<b>\$ (174,140)</b>	<b>\$ (48,805)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>110.82%</b>	<b>100.40%</b>	<b>116.83%</b>	<b>107.73%</b>	<b>102.23%</b>
<b>Covered-Employee Payroll</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

(continued)

See independent auditor's report.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Schedule of Changes in Net Pension Liability and Related Ratios –**  
**PMRS Pension Plan**  
**Last Ten Fiscal Years\*\***

**Required Supplementary Information**

*(continued)*

	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>
<b>Total Pension Liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ 16,537
Interest	109,300	107,925	98,537	113,696
Changes of benefit terms	-	-	-	(315,172)
Differences between expected and actual experience	29,428	-	181,973	-
Changes of assumptions	-	-	60,033	(3,968)
Transfers	-	-	-	-
Benefit payments, including refunds of employee contributions	<u>(80,651)</u>	<u>(82,769)</u>	<u>(70,171)</u>	<u>(70,171)</u>
<b>Net Change in Total Pension Liability</b>	58,077	25,156	270,372	(259,078)
<b>Total Pension Liability - Beginning</b>	<u>2,121,721</u>	<u>2,096,565</u>	<u>1,826,193</u>	<u>2,085,271</u>
<b>Total Pension Liability - Ending (a)</b>	<u><u>\$ 2,179,798</u></u>	<u><u>\$ 2,121,721</u></u>	<u><u>\$ 2,096,565</u></u>	<u><u>\$ 1,826,193</u></u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 85,708	\$ 55,681	\$ 56,848	\$ 92,660
Contributions - PMRS assessment	360	360	340	340
Contributions - employee	-	-	-	-
Net investment income	77,703	229,962	47,574	(4,433)
Transfers	-	-	-	-
Benefit payments, including refunds of employee contributions	(80,651)	(82,769)	(70,171)	(70,171)
Administrative expense	(360)	(360)	(340)	(3,702)
Other	<u>(4,457)</u>	<u>(4,013)</u>	<u>(4,534)</u>	<u>-</u>
<b>Net Change in Plan Fiduciary Net Position</b>	78,303	198,861	29,717	14,694
<b>Plan Fiduciary Net Position - Beginning</b>	<u>1,869,489</u>	<u>1,670,628</u>	<u>1,640,911</u>	<u>1,626,217</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ 1,947,792</u></u>	<u><u>\$ 1,869,489</u></u>	<u><u>\$ 1,670,628</u></u>	<u><u>\$ 1,640,911</u></u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u><u>\$ 232,006</u></u>	<u><u>\$ 252,232</u></u>	<u><u>\$ 425,937</u></u>	<u><u>\$ 185,282</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	89.36%	88.11%	79.68%	89.85%
<b>Covered-Employee Payroll</b>	\$ -	\$ -	\$ -	\$ 123,480
<b>Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	N/A	N/A	N/A	150.05%

\* This date represents the measurement date for the current fiscal year-end. This was the most recently available measurement date. The WFMSA plan was added in the current fiscal year-end. As the plans were frozen as of July 19, 2023 (WFMSA) & April 15, 2015 (COJMA), any changes in net pension liability from this measurement date were determined to be immaterial to the financial statements of the Authority.

\*\* GASB 68 was implemented during the fiscal year ended March 31, 2016. Information will continue to be gathered until ten fiscal years are presented.

*See independent auditor's report.*

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Schedule of Contributions – PMRS Pension Plan**  
**Last Ten Fiscal Years\***

**Required Supplementary Information**

	<u>3/31/25</u>	<u>3/31/24</u>	<u>3/31/23</u>	<u>3/31/22</u>	<u>3/31/21</u>
Actuarially determined contribution	\$ 360	\$ 3,303	\$ 7,456	\$ 6,451	\$ 6,451
Contributions in relation to the actuarially determined contributions	<u>360</u>	<u>3,303</u>	<u>7,456</u>	<u>6,451</u>	<u>6,451</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
	<u>3/31/20</u>	<u>3/31/19</u>	<u>3/31/18</u>		
Actuarially determined contribution	\$ 51,452	\$ 360	\$ 56,041		
Contributions in relation to the actuarially determined contributions	<u>51,452</u>	<u>360</u>	<u>56,041</u>		
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>		
Covered-employee payroll	\$ -	\$ -	\$ -		
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A		

As the plans were frozen at the acquisition dates of the City of Jeannette Municipal Authority and Westmoreland Fayette Municipal Sewage Authority, there was no payroll provided by the Authority.

\* The COJMA Plan was acquired on March 31, 2018, which was the first year the Authority was required to make a contribution. The WFMSA Plan was acquired on July 19, 2023, which was the first year the Authority was required to make a contribution for that plan. Information will continue to be gathered until ten fiscal years are presented.

*See independent auditor's report.*

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Last Ten Fiscal Years\***

**Required Supplementary Information**

	<u>3/31/25</u>	<u>3/31/24</u>	<u>3/31/23</u>	<u>3/31/22</u>	<u>3/31/21</u>
<b>Total OPEB liability</b>					
Service cost	\$ 3,511,859	\$ 3,699,464	\$ 4,091,452	\$ 4,904,703	\$ 4,196,143
Interest	2,699,166	2,504,777	2,114,248	1,807,879	1,931,763
Differences between expected and actual experience	280,507	(2,789,533)	(1,157)	5,509,250	(195,949)
Changes of benefit terms	-	-	-	-	-
Changes in assumptions	(4,549,086)	(1,723,677)	(8,812,199)	(19,802,062)	2,586,513
Benefit payments, including refunds of employee contributions	<u>(2,803,713)</u>	<u>(2,612,519)</u>	<u>(2,355,737)</u>	<u>(1,998,607)</u>	<u>(1,879,449)</u>
<b>Net Change in Total OPEB Liability</b>	(861,267)	(921,488)	(4,963,393)	(9,578,837)	6,639,021
<b>Total OPEB Liability - Beginning</b>	<u>65,910,512</u>	<u>66,832,000</u>	<u>71,795,393</u>	<u>81,374,230</u>	<u>74,735,209</u>
<b>Total OPEB Liability - Ending (a)</b>	<u><u>\$ 65,049,245</u></u>	<u><u>\$ 65,910,512</u></u>	<u><u>\$ 66,832,000</u></u>	<u><u>\$ 71,795,393</u></u>	<u><u>\$ 81,374,230</u></u>
 <b>Covered-Employee Payroll</b>	 \$ 29,712,786	 \$ 30,258,630	 \$ 26,971,109	 \$ 28,578,318	 \$ 24,334,936
<b>Net OPEB Liability as a Percentage of Covered-Employee Payroll</b>	218.93%	217.82%	247.79%	251.22%	334.39%
	<u>3/31/20</u>	<u>3/31/19</u>			
<b>Total OPEB liability</b>					
Service cost	\$ 3,873,024	\$ 4,971,977			
Interest	2,360,294	3,238,835			
Differences between expected and actual experience	(29,000,420)	28,603			
Changes of benefit terms	-	(1,717,218)			
Changes in assumptions	7,064,907	1,751,197			
Benefit payments, including refunds of employee contributions	<u>(1,468,051)</u>	<u>(2,431,381)</u>			
<b>Net Change in Total OPEB Liability</b>	(17,170,246)	5,842,013			
<b>Total OPEB Liability - Beginning</b>	<u>91,905,455</u>	<u>86,063,442</u>			
<b>Total OPEB Liability - Ending (a)</b>	<u><u>\$ 74,735,209</u></u>	<u><u>\$ 91,905,455</u></u>			
 <b>Covered-Employee Payroll</b>	 \$ 25,931,056	 \$ 25,021,110			
<b>Net OPEB Liability as a Percentage of Covered-Employee Payroll</b>	288.21%	367.31%			

(continued)

See independent auditor's report.

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Last Ten Fiscal Years\***

**Required Supplementary Information**

*(continued)*

An actuarially determined contribution is not calculated. The Authority's current funding policy is to pay for plan benefits when they become due each year. This is referred to as pay-as-you-go. There are no assets accumulated in a trust that meets the criteria in paragraph 5 of GASB Statement 75.

\*GASB 75 was implemented during fiscal year ended March 31, 2019. Information will continue to be gathered until ten fiscal years are presented.

*See independent auditor's report.*

**Single Audit Report Section**

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Schedule of Expenditures of Federal Awards**  
**Fiscal Year Ended March 31, 2025**

<u>Federal Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Direct Award Expenditures</u>
<b>U.S. Department of Agriculture</b>				
Water and Waste Disposal Systems for Rural Communities				
USDA Grant	F	10.760	4,319,300	<u>1,454,348</u> *
<b>Total CFDA Number 10.760</b>				<u>1,454,348</u>
<b>Total Federal Assistance</b>				\$ <u><u>1,454,348</u></u>

Source Codes:

I=Indirect Funding; F=Federal Share; S=State Share

Footnotes:

\* Major Program selected for testing

*See independent auditor's report and accompanying notes to the schedule of expenditures of federal awards.*



**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Fiscal Year Ended March 31, 2025**

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Municipal Authority of Westmoreland County (Authority) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in fund balance or cash flows of the Authority. The Schedule of Expenditures of Federal Awards is based upon information provided by the various funding sources to the Authority and other information available at the time this Schedule was prepared.

**NOTE 2 – FEDERAL LOANS**

The Authority was approved by the USDA Rural Utilities Service to receive a loan totaling \$1,298,000 to build a sewer treatment plant. Interim loan financing was received for the construction period. The amount listed for this loan includes the beginning of the period loan balance plus proceeds used during the fiscal year. The balance owed as of March 31, 2025, is \$1,267,686.

**NOTE 3 – INDIRECT COST RATE**

The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

*See independent auditor's report.*



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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with Government Auditing Standards**

**Independent Auditor's Report**

The Board of Directors  
 Municipal Authority of Westmoreland County

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of the Municipal Authority of Westmoreland County (Authority) as of and for the fiscal year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 23, 2025.

***Report on Internal Control over Financial Reporting***

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

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

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

(continued)

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements in Accordance with *Government Auditing Standards***

**Independent Auditor's Report**

*(continued)*

***Report on Compliance and Other Matters***

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

**Purpose of this Report**

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

*Deluzio & Company, LLP*

Greensburg, Pennsylvania  
September 23, 2025





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**Report on Compliance for Each Major Federal Program and Report on Internal Control Over  
 Compliance in Accordance with the Uniform Guidance**

**Independent Auditor's Report**

To the Board of Directors  
 Municipal Authority of Westmoreland County

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Municipal Authority of Westmoreland County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Municipal Authority of Westmoreland County's major federal programs for the fiscal year ended March 31, 2025. Municipal Authority of Westmoreland County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Municipal Authority of Westmoreland County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended March 31, 2025.

***Basis for Opinion on Each Major Federal Program***

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

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

(continued)

**Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance  
in Accordance with the Uniform Guidance**

**Independent Auditor's Report**

*(continued)*

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

*(continued)*



**Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance  
in Accordance with the Uniform Guidance**

**Independent Auditor's Report**

*(continued)*

**Report on Internal Control over Compliance**

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

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

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

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



Greensburg, Pennsylvania  
September 23, 2025

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended March 31, 2025**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? ☐ Yes ☒ No

Significant deficiencies identified not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

**Federal Awards**

Internal control over major programs:

Material weaknesses identified? ☐ Yes ☒ No

Significant deficiencies identified not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Numbers</u>
Water and Waste Disposal Systems for Rural Communities	10.760

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

**None**

**Section III – Federal Award Findings and Questioned Costs**

This section identifies the audit findings to be reported in 2 CFR 200 Section 516(a) of the Uniform Guidance (e.g. report significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program.

**None**

**MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended March 31, 2025**

**Prior Year Findings**

This section identifies the audit findings that were reported in the prior year by 2 CFR 200 Section 516(a) of the Uniform Guidance (e.g. report significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program.

**None**



**APPENDIX D**

**PROPOSED FORM OF BOND COUNSEL OPINION**

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[FORM OF OPINION OF DINSMORE & SHOHL LLP, BOND COUNSEL]

To the Purchasers of the Within-Described Bonds:

We have served as Bond Counsel to the Municipal Authority of Westmoreland County ("Authority") in connection with its issuance of \$\_\_\_\_\_ aggregate principal amount, Municipal Service Revenue Refunding Bonds, Series A of 2025 (the "Bonds"). The Bonds are being issued by the Authority under the provisions of the Pennsylvania Municipality Authorities Act, 53 Pa. C.S.A. §5601, et seq. ("Act"), and pursuant to a Trust Indenture, dated as of October 1, 1993 ("Original Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee ("Trustee"), as previously amended and supplemented and as further supplemented by an Eighteenth Supplemental Trust Indenture dated as of \_\_\_\_\_, 2025 (the "Eighteenth Supplemental Indenture" and, together with the Original Indenture as previously supplemented, the "Indenture").

The Bonds are being issued for the purpose of providing funds which, together with other available funds, will be applied by the Authority to pay the costs of: (i) currently refunding a portion of the Authority's outstanding Municipal Service Revenue Bonds, Series of 2016; (ii) currently refunding the Authority's outstanding Municipal Service Revenue Bonds, Series of 2013; (iii) the purchase of a debt service reserve fund surety policy for deposit into the debt service reserve fund under the Indenture; and (iv) the costs of issuing and insuring the Bonds.

Under the Indenture, as security for the payment of principal or redemption price of and interest on the Bonds, the Authority has pledged and granted a security interest in all Receipts and Revenues (as defined in the Indenture) from the Municipal Service System (as defined in the Indenture). The Authority is permitted by the Indenture to issue additional bonds on parity with or subordinate to the Bonds as to the above-mentioned pledge and security interest, on satisfaction of the conditions set forth in the Indenture.

As Bond Counsel to the Authority, we have examined: (i) the relevant provisions of the Constitution of the Commonwealth of Pennsylvania ("Commonwealth"), (ii) the Act, (iii) the proceedings of the Authority relative to the issuance of the Bonds, (iv) an original counterpart of or a certified copy of the Indenture, and (v) certain statements, certifications, affidavits and other documents and matters of law which we have considered relevant, including, without limitation, a certificate dated the date hereof ("Tax Certificate") of officials of the Authority having responsibility for issuing the Bonds, given pursuant to the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder ("Code"); an opinion of the Authority's Solicitor as to various matters ("Authority Solicitor's Opinion"); and the other documents, certifications, instruments and records listed in the Closing Agenda in respect of the Bonds filed with the Trustee on the date of original delivery of the Bonds. We have also examined a fully executed and authenticated Bond, or a true copy thereof, and we assume all other Bonds are in such form and are similarly executed and authenticated.

In rendering this opinion, we have relied upon the genuineness, accuracy and completeness of all documents, records, certifications and other instruments we have examined, including, without limitation, the authenticity of all signatures appearing thereon. We have also relied, in the opinion set forth below, upon the Authority Solicitor's Opinion as to all matters of fact and law set forth therein.

Except with respect to paragraph 6 below, our opinion is given only with respect to the internal laws of the Commonwealth as enacted and construed on the date hereof.

Based on the foregoing, we are of the opinion that:

1. The Authority is validly existing as a body politic and corporate pursuant to the Act, with full power and authority to (a) execute and deliver the Eighteenth Supplemental Indenture and (b) issue and sell the Bonds pursuant to the Act and the Indenture.

2. The Indenture creates a valid lien upon the Receipts and Revenues and other funds pledged by the Indenture for the security of the Bonds, which lien, pursuant to the terms of the Indenture, is on parity with all other series of Bonds previously issued and outstanding under the Indenture.

3. The Eighteenth Supplemental Indenture has been duly authorized, executed and delivered by the Authority and is valid, binding and enforceable in accordance with the terms thereof, except to the extent that enforcement thereof 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").

4. The Bonds have been duly authorized, executed, issued and delivered by the Authority, have been duly authenticated, and are valid and binding obligations of the Authority, enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations, and are entitled to the benefit and security of the Indenture to the extent provided therein.

5. 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; 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 Commonwealth taxes and local taxes within the Commonwealth.

6. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds is excludable from gross income for Federal income tax purposes, pursuant to the Code. Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax for individuals, assuming continuing compliance by the Authority with the requirements of the Code.

In rendering this opinion, we have assumed compliance by the Authority with its covenants contained in the Indenture and its representations in the Tax Certificate relating to actions to be taken by the Authority after issuance of the Bonds necessary to effect or maintain the exclusion from gross income of 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 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 facts that the Bonds are payable solely from the Receipts and Revenues and do not constitute a debt or liability of the County of Westmoreland, Pennsylvania or the Commonwealth or any of its other political subdivisions. 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 as enacted and construed on the date hereof. This opinion is rendered as of the date hereof and we assume no obligation to supplement this opinion to reflect changes in law that may hereafter occur or changes in facts or circumstances that may hereafter come to our attention. Without limiting the generality of the foregoing, we express no opinion with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of the preliminary official statement or the official statement prepared in respect of the offering of the Bonds, and make no representation that we have independently verified the contents thereof.

Very truly yours,

DINSMORE & SHOHL LLP

## **APPENDIX E**

### **PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING**

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## **CONTINUING DISCLOSURE CERTIFICATE**

On this \_\_\_\_ day of \_\_\_\_\_, 2025, this Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Municipal Authority of Westmoreland County (the “Issuer”), in connection with the issuance of the Issuer’s \$\_\_\_\_,\_\_\_\_,\_\_\_\_ aggregate principal amount, Municipal Service Revenue Refunding Bonds, Series A of 2025 (the “Bonds”). The Bonds are being issued pursuant to a Resolution (the “Resolution”) adopted by the Issuer on March 19, 2025 and a Trust Indenture dated as of October 1, 1993, as amended and supplemented to date, including by an Eighteenth Supplemental Trust Indenture, dated as of \_\_\_\_\_, 2025 (the “Indenture”), between the Issuer and The Bank of New York Mellon Trust Company, N. A., as successor trustee. The Issuer, intending to be legally bound, hereby covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders of the Bonds in order to assist the Participating Underwriter (hereinafter defined) in complying with Section (b)(5)(i) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

“Disclosure Agent” shall mean any agent of the Issuer designated in writing by the Issuer, which agent has filed with the Issuer a written acceptance of such designation.

“EMMA System” shall mean the MSRB’s Electronic Municipal Market Access system, in electronic format and accompanied by such identifying information as prescribed by the MSRB.

“Financial Obligation” means (a) a debt obligation, (b) a derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Holders” means collectively any holder of the Bonds and any beneficial owner thereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the official statement of the Issuer dated September \_\_, 2025.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds (including Stifel, Nicolaus & Company, Incorporated) required to comply with the Rule in connection with the offering of the Bonds.

“Repository” shall mean the EMMA System,

“Submission Date” shall mean the date which is not later than 270 days after the end of each fiscal year of the Issuer, commencing with the fiscal year ending on the first March 31 after the date of issuance of the Bonds.

**SECTION 3. Provision of Annual Report.** By each Submission Date the Issuer shall file or cause to be filed by the Submission Date commencing with the fiscal year ending March 31, 2026 with the EMMA System (within the meaning of the Rule) for each of the Issuer's fiscal years, the follow (collectively, the “Annual Report”):

1. audited financial statements for the Issuer prepared in accordance with generally accepted accounting principles, audited by a firm of independent certified public accountants; and
2. to the extent not included in the audited financial statements, the financial information and operating data set forth in the Official Statement under the following tables:
  - a. **WATER SYSTEM INFORMATION –**
    - i. **Ten Largest Customers** (for the prior 12 months);
    - ii. **Water Customers;**
    - iii. **Raw Water Supply (Surface Water Sources);**
    - iv. **Water Treatment Supply;** and
    - v. **Rates;** and
  - b. **WASTEWATER SYSTEM INFORMATION –**
    - i. **Wastewater Customers;** and
    - ii. **Wastewater Treatment Facilities.**

Audited financial statements of the Issuer not submitted as a part of the Annual Report shall be provided to the MSRB, if and when available to the Issuer, and in any event not more than thirty (30) days after receipt thereof from the Issuer's auditors. In the event that audited financial statements are not submitted as a part of the Annual Report, the Issuer may provide in lieu thereof, unaudited general financial statements, and the audited financial statements shall be thereafter be filed in accordance with the first sentence of this paragraph.

Such Annual Report may be provided by cross-reference to documents previously filed with the EMMA System. The Issuer will clearly identify each such other document so included by reference.



The Issuer shall notify the MSRB of the failure by the Issuer to provide the Annual Report required herein.

**SECTION 4. Reporting of Material Events.** The Issuer shall, within ten (10) business days, give or cause to be given to the MSRB, notice 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 status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of Holders of 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 Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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 Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Holders of Bonds, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

**SECTION 5. EMMA.** The SEC has designated EMMA as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the Issuer shall make all filings required under this Disclosure Certificate solely with EMMA.

**SECTION 6. Default.** The continuing disclosure undertakings described above are for the benefit of the Holders of Bonds (determined in a manner permitted under Rule 15c2-12). In the event of a failure of the Issuer to comply with any provisions of this Disclosure Certificate, any Holder of Bonds may take such action as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the Issuer to comply with its obligations hereunder. A failure by the Issuer to comply with this Disclosure Certificate will not constitute an event of default under the Indenture and any rights and remedies provided in the Indenture in the event of default are not applicable to a breach of this Disclosure Certificate.

**SECTION 7. Concerning the Disclosure Agent.** The Issuer may from time to time, appoint or engage a Disclosure Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor Disclosure Agent.

**SECTION 8. Notices.** All notices to be given to the Issuer shall be in writing and shall be addressed as follows:

Municipal Authority of Westmoreland County  
124 Park and Pool Road  
New Stanton, PA 15672  
Attn: Authority Manager

**SECTION 9. Governing Law.** This Disclosure Certificate shall be governed by and interpreted in accordance with the laws of the Commonwealth of Pennsylvania; provided that, to the extent that the Securities and Exchange Commission, the MSRB or any other federal or state agency or regulatory body with jurisdiction of the Bonds shall have promulgated any rule or

regulation governing the subject matter hereof, this Disclosure Certificate shall be interpreted and construed in a manner consistent therewith.

**SECTION 10. Severability.** If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

**SECTION 11. Beneficiaries.** This Disclosure Certificate is entered into for the benefit of the beneficial owners of the Bonds and shall be enforceable by any one or more beneficial owners of the Bonds; provided that the beneficial owners' right to enforce the provisions of this Disclosure Certificate shall be limited to a right to obtain specific enforcement of the obligations of the Issuer.

**SECTION 12. Termination of Reporting Obligation and Disclosure Certificate.** The Issuer reserves the right to terminate its obligations to provide the Annual Report and notices of material events, as summarized above, if and when the Issuer no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule. This Disclosure Certificate shall terminate immediately once the Bonds are no longer outstanding.

**SECTION 13. Amendment.** Notwithstanding any other provision hereof, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of this Disclosure Certificate shall be null and void in the event that the Issuer delivers to EMMA an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of this Disclosure Certificate may be amended without the consent of the Holders of Bonds, but only upon the delivery by the Issuer to EMMA of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate and by the Issuer with the Rule.

To the extent any amendment to this Disclosure Certificate results in a change in the type of financial information or operating data provided pursuant to this Disclosure Certificate, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

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IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Disclosure Certificate as of the day and year first written above.

ATTEST:

**MUNICIPAL AUTHORITY OF  
WESTMORELAND COUNTY**

\_\_\_\_\_  
(Assistant) Secretary

By: \_\_\_\_\_  
(Vice) Chairman

**APPENDIX F**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_  
Member Surplus Contribution: \$ \_\_\_\_\_  
Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

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



**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

200 Liberty Street, 27th floor  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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## **APPENDIX G**

### **SUMMARY OF OUTSTANDING DEBT SERVICE (excludes bank loans)**

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AGGREGATE DEBT SERVICE  
Westmoreland County Municipal Authority

Period Ending	Series of 2006B (CABs)	Series of 2013	Series of 2016	Series of 2017	Series of 2020	Series of 2025	Outstanding Bond Debt Service	Aggregate Pennvest/ Pennworks/ RUS/ Hempfield Note & Loan Debt Service	Aggregate Debt Service
3/31/2026		60,775	20,012,125	6,958,013	2,328,087	3,418,999	32,777,999	3,205,305	35,983,304
3/31/2027		60,775	20,007,875	7,285,637	2,261,188	3,609,500	33,224,975	2,979,661	36,204,636
3/31/2028		60,775	20,007,750	7,564,262	1,993,587	3,609,500	33,235,874	2,979,661	36,215,535
3/31/2029		60,775	19,980,750	7,790,513	1,798,088	3,609,500	33,239,626	2,907,605	36,147,231
3/31/2030	11,965,000	1,900,388	5,979,250	6,055,137	3,651,687	3,609,500	33,160,962	2,758,270	35,919,232
3/31/2031	12,290,000		5,979,250	9,668,012	1,418,781	3,609,500	32,965,543	2,758,270	35,723,813
3/31/2032			5,979,250	21,956,888	1,210,188	3,609,500	32,755,826	2,758,270	35,514,096
3/31/2033			5,979,250	21,953,262	1,173,825	3,609,500	32,715,837	2,758,270	35,474,107
3/31/2034			5,979,250	21,954,966	1,177,462	3,609,500	32,721,178	2,758,270	35,479,448
3/31/2035			5,979,250	21,953,219	1,159,620	3,609,500	32,701,589	2,561,063	35,262,652
3/31/2036			5,979,250	21,954,919	1,170,142	3,609,500	32,713,811	2,450,775	35,164,586
3/31/2037			5,979,250	21,956,194	1,170,053	3,609,500	32,714,997	947,168	33,662,165
3/31/2038			20,033,875	7,896,034	1,174,411	3,609,500	32,713,820	940,163	33,653,983
3/31/2039			28,088,125		1,171,906	3,609,500	32,869,531	933,156	33,802,687
3/31/2040			28,086,750		1,172,500	3,609,500	32,868,750	933,156	33,801,906
3/31/2041			28,086,750		1,167,475	3,609,500	32,863,725	933,156	33,796,881
3/31/2042			28,220,000		1,038,619	3,609,500	32,868,119	933,156	33,801,275
3/31/2043			9,451,125		1,035,931	10,946,375	21,433,431	933,156	22,366,587
3/31/2044					1,041,475	10,945,500	11,986,975	933,156	12,920,131
3/31/2045					1,040,150	10,944,875	11,985,025	933,156	12,918,181
3/31/2046					1,038,075	10,948,375	11,986,450	933,156	12,919,606
3/31/2047					1,040,175	10,945,000	11,985,175	933,156	12,918,331
3/31/2048					1,036,450	10,948,625	11,985,075	933,153	12,918,228
3/31/2049					879,300	10,948,000	11,827,300	655,333	12,482,633
3/31/2050					460,100	10,947,000	11,407,100	528,233	11,935,333
3/31/2051					456,750		456,750	499,760	956,510
3/31/2052								499,760	499,760
3/31/2053								499,760	499,760
3/31/2054								499,760	499,760
3/31/2055								499,760	499,760
3/31/2056								499,760	499,760
3/31/2057								166,587	166,587
	24,255,000	2,143,488	269,809,125	184,947,056	34,266,025	148,744,749	664,165,443	46,443,021	710,608,464

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