

**WEATHERFORD COLLEGE
OF THE PARKER COUNTY
JUNIOR COLLEGE DISTRICT**

**ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2012**

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

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**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

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**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
ORGANIZATIONAL DATA
For the Year Ended August 31, 2012**

Board of Trustees

Officers

Frank Martin	Chairman
Joel Watson	Vice Chairman
Trey Cobb	Secretary

Members

		<u>Term Expires</u> <u>May 31,</u>
Jean Bryan	Weatherford, Texas	2013
Elaine Carter	Weatherford, Texas	2013
Dr. Trev Dixon	Weatherford, Texas	2015
Joel Watson	Weatherford, Texas	2015
Trey Cobb	Weatherford, Texas	2015
Frank Martin	Weatherford, Texas	2017
Luke Haynes	Weatherford, Texas	2017

Principal Administrative Officers

Dr. Kevin Eaton	President
Dr. Richard Bowers	Vice President - Instruction & Student Affairs
Andra Cantrell	Vice President - Financial & Administrative Affairs
Brent Baker	Vice President - Institutional Advancement

FINANCIAL SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Weatherford College
Of the Parker County Junior College District

We have audited the accompanying financial statements of the Weatherford College of the Parker County Junior College District as of and for the years ended August 31, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Weatherford College of the Parker County Junior College District as of August 31, 2012 and 2011, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012, on our consideration of the Weatherford College of the Parker County Junior College District'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Page two

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Weatherford College of the Parker County Junior College District's financial statements as a whole. The supplemental information and state awards section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The supplemental information and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Snow Garrett Williams

Snow Garrett Williams
December 3, 2012

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Management's Discussion and Analysis
August 31, 2012 and 2011

This section of the Weatherford College of the Parker County Junior College District's annual financial report presents management's discussion and analysis of the College's financial activity during the fiscal year ended August 31, 2012 and 2011. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and currently known facts, please read it in conjunction with the College's financial statements (pages 10-16), and the footnotes (pages 18-32). Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

The financial statements focus on the College as a whole. The statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the statement of net assets is designed to be similar to bottom line results for the College. This statement combines and consolidates current financial resources with capital assets.

The statement of revenues, expenses, and changes in net assets focuses on both the gross costs and the net costs of the College's activities which are supported mainly by property taxes and by state and other revenues. This approach is intended to summarize and simplify the user's analysis of the costs of various College services to students and the public.

The final required financial statement, the statement of cash flows, reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities.

The Weatherford College Foundation, Inc. and the Weatherford Student Housing Foundation are discretely presented component units of the College and are reported as separate columns on the College's financial statements. Complete financial statements for the Foundations may be obtained from the Weatherford College Business Office.

Financial Highlights

The College's net assets increased from August 31, 2011 to August 31, 2012 by \$1.9 million, and increased from August 31, 2010 to August 31, 2011 by \$6.0 million. As of August 31, 2012 and 2011, the College's net assets were \$53.6 million and \$51.7 million, which includes \$22.5 million and \$11.7 million in net investment in capital assets, \$3.6 million and \$7.3 million in restricted net assets, and \$27.5 million and \$32.7 million in unrestricted net assets, respectively.

Operating expenses for 2012 and 2011 were \$38.8 million and \$37.4 million of which \$15.7 million and \$15.7 million were expended for instruction, \$6.9 million and \$6.3 million were expended for institutional support, and \$1.4 million and \$1.6 million were expended for auxiliary enterprises, respectively. In fiscal year 2012 and 2011, depreciation expense was \$1.5 million and \$1.1 million, respectively.

Operating revenue for 2012 and 2011 was \$13.2 million and \$14.5 million, which includes \$7.1 million and \$7.3 million in tuition and fees (net of discounts), \$3.4 million and \$3.4 million in local grants and contracts, and \$1.5 million and \$1.3 million in federal grants and contracts, respectively.

Net non-operating revenue for 2012 and 2011 was \$27.5 million and \$28.9 million, which includes \$9.1 million and \$10.0 million in state allocations, \$9.6 million and \$9.4 million in ad-valorem taxes for maintenance and operations, \$0.7 million and \$0.7 million in ad-valorem taxes for general obligation bonds, and \$8.2 million and \$8.5 million in federal grants, respectively.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Management's Discussion and Analysis
August 31, 2012 and 2011

Financial Analysis of the College as a Whole

Statement of Net Assets

The statement of net assets presents current assets (non restricted assets expected to provide support within a year), non current assets (restricted assets expected to provide long term benefit), current liabilities (obligations which must be met within the current year), and non-current liabilities (obligations which are not settled in the current year.) All assets and liabilities are presented using the accrual basis of accounting, which is similar to the accounting by most private-sector institutions. Net assets, the difference between assets and liabilities, are one way to measure the financial position of the College. As of August 31, 2012, the net assets were \$53.6 million. This was an increase of \$1.9 million from the period ended August 31, 2011. As of August 31, 2011, the net assets were \$51.7 million. This was an increase of \$6.0 million from the period ended August 31, 2010. The College's financial position remains strong with adequate liquid assets at a reasonable level of unrestricted net assets.

Net Assets			
As of August 31,			
(in millions)			
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 28.0	\$ 34.9	\$ 28.6
Non-current Assets			
Capital Assets, Net of Depreciation	30.9	20.9	18.9
Other	12.9	13.6	12.1
Total Assets	<u>71.8</u>	<u>69.4</u>	<u>59.6</u>
Current Liabilities	10.6	9.3	7.6
Non-current Liabilities	7.6	8.4	6.3
Total Liabilities	<u>18.2</u>	<u>17.7</u>	<u>13.9</u>
Net Assets			
Net Investment in Capital Assets	22.5	11.7	12.1
Restricted for: Expendable	3.6	7.3	3.1
Unrestricted	27.5	32.7	30.5
Total Net Assets	<u>\$ 53.6</u>	<u>\$ 51.7</u>	<u>\$ 45.7</u>

This schedule is prepared from the College's statements of net assets on pages 10 and 11.

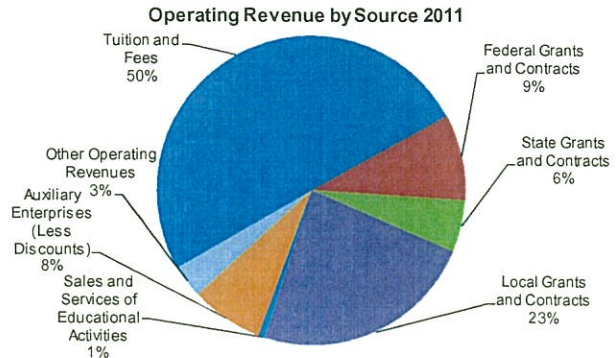
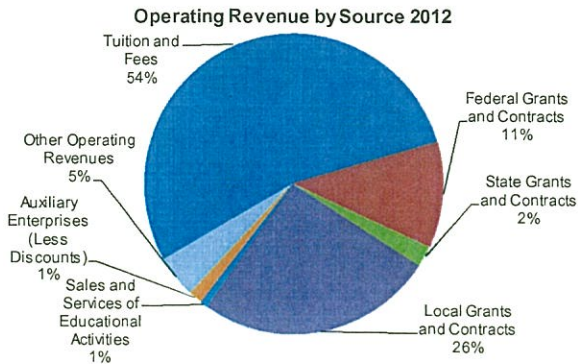
Statement of Revenues, Expenses and Changes in Net Assets

The statement of revenues, expenses and changes in net assets presents the operating results of the College, as well as the non-operating revenue and expenses. Operating revenues are primarily those that result directly from instruction, the operation of the College's auxiliary services (cafeteria, athletics, bookstore, etc.) and Federal, State and local grants. State Allocations and property tax receipts, while budgeted for operations, are considered non operating revenues and depreciation is shown in operating expenses according to accounting principles generally accepted in the United States of America.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Management's Discussion and Analysis
August 31, 2012 and 2011

**Operating Results for the Years Ended
August 31,
(in millions)**

	2012	2011	2010
Operating Revenue			
Tuition and Fees (Less Discounts)	\$ 7.1	\$ 7.3	\$ 7.1
Federal Grants and Contracts	1.5	1.3	1.4
State Grants and Contracts	0.3	0.8	0.4
Local Grants and Contracts	3.4	3.4	3.6
Non-Governmental Grants and Contracts	0.0	0.0	0.0
Sales and Services of Educational Activities	0.1	0.1	0.1
Investment Income (Program Restricted)	0.0	0.0	0.0
Auxiliary Enterprises (Less Discounts)	0.2	1.1	2.6
Other Operating Revenues	0.6	0.5	0.7
Total	13.2	14.5	15.9
Less Operating Expenses	38.8	37.4	36.9
Net Operating Loss	(25.6)	(22.9)	(21.0)
Non-Operating Revenues (Expenses)			
State Allocations	9.1	10.0	10.0
Ad-Valorem Taxes for Maintenance and Operations	9.6	9.4	9.2
Ad-Valorem Taxes for General Obligation Bonds	0.7	0.7	0.7
Federal Revenue, Non-Operating	8.2	8.5	6.5
Gifts	0.1	0.1	0.0
Investment Income (Net of Investment Expense)	0.2	0.1	0.1
Contributions in Aid of Construction	0.0	0.0	0.0
Interest on Capital Related Debt	(0.4)	(0.4)	(0.3)
Disposal of Capital Related Assets (Net of Accumulated Depreciation)	0.0	0.5	0.0
Total	27.5	28.9	26.2
Increase in Net Assets	1.9	6.0	5.2
Net Assets, Beginning of Year	51.7	45.7	40.5
Net Assets, End of Year	\$ 53.6	\$ 51.7	\$ 45.7
Total Revenues	\$ 41.1	\$ 43.8	\$ 42.4

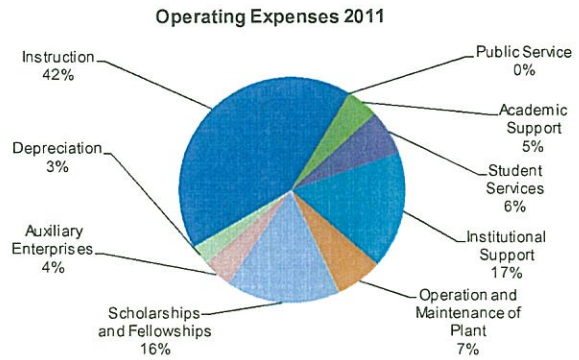
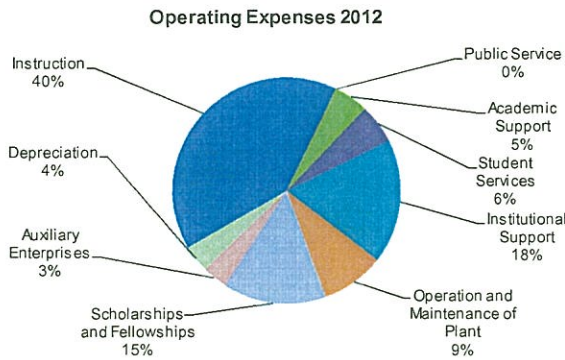


**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

**Management's Discussion and Analysis
August 31, 2012 and 2011**

**Operating Expenses
For the Years Ended August 31,
(in millions)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating Expenses			
Instruction	\$ 15.7	\$ 15.7	\$ 14.9
Public Service	-	-	0.1
Academic Support	1.9	1.7	1.6
Student Services	2.2	2.4	2.4
Institutional Support	6.9	6.3	6.3
Operation and Maintenance of Plant	3.5	2.5	3.0
Scholarships and Fellowships	5.7	6.1	5.0
Auxiliary Enterprises	1.4	1.6	2.6
Depreciation	1.5	1.1	1.0
Total	\$ 38.8	\$ 37.4	\$ 36.9
Total Expenses (Including Interest Expense and Loss on Sale of Capital Assets)	\$ 39.2	\$ 37.8	\$ 37.2



**Analysis of Net Assets
August 31,
(in millions)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net Assets			
Net Investment in Capital Assets	\$ 22.5	\$ 11.7	\$ 12.1
Restricted for: Expendable	3.6	7.3	3.1
Unrestricted	27.5	32.7	30.5
Total Net Assets	\$ 53.6	\$ 51.7	\$ 45.7

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Management's Discussion and Analysis
August 31, 2012 and 2011

**Capital Assets, Net
August 31,
(in millions)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Capital Assets			
Land and Improvements	\$ 8.3	\$ 5.6	\$ 5.6
Building	29.8	19.8	19.8
Construction in Progress	0.0	2.1	0.0
Equipment	4.8	4.2	3.9
Library Books	1.6	1.5	1.4
Total	<u>44.5</u>	<u>33.2</u>	<u>30.7</u>
Less Accumulated Depreciation	(13.6)	(12.3)	(11.8)
Net Capital Assets	<u>\$ 30.9</u>	<u>\$ 20.9</u>	<u>\$ 18.9</u>

As of August 31, 2012 and 2011, the College recorded \$44.5 million and \$33.2 million invested in capital assets, \$13.6 million and \$12.3 in accumulated depreciation and \$30.9 million and \$20.9 in net capital assets, respectively.

The College has long-term debt in the form of limited tax refunding bonds, series 2007, with an outstanding balance of \$5.1 million and \$5.5 million, notes payable with an outstanding balance of \$3.2 million and \$3.5 million, and a capital lease payable with an outstanding balance of \$132 thousand and \$172 thousand as of August 31, 2012 and 2011, respectively.

Economic Factors and Next Year's Budget and Rates

The Board of Trustees adopted the College's 2012 – 2013 budget and tax rate on August 16, 2012. The annual budget is developed to provide efficient, effective and economic uses of the College's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the Board of Trustees sets the direction of the College, allocates its resources and establishes its priorities.

In considering the College budget for fiscal year 2013, the Board of Trustees and management considered the following factors:

- The most predominant driver in budget decisions was the overall state of the economy and the decrease in State Appropriations over the next few years.
- Affordability and competitiveness of tuition and fee rates was a driving force behind the decision not to increase tuition rates for students.
- The Board of Trustees desire not to increase tax rates.
- The desire to give a cost of living raise to employees across the board after holding payroll costs constant over a two year period.
- An expansion of classroom space and cost to maintain.

The College disclosed a contingency related to the State Teacher Retirement System for fiscal year 2012 in the notes on page 31.

Request for Information

This financial report is designed to provide a general overview of the Weatherford College of the Parker County Junior College District's finances and to show the College's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Vice President of Financial and Administrative Affairs at 225 College Park Drive, Weatherford, Texas 76086.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

Statements of Net Assets
August 31, 2012 and August 31, 2011

EXHIBIT 1

	2012	2011
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 22,552,353	\$ 29,221,293
Accounts Receivable (net)	1,579,749	1,923,256
Deferred Charges	3,664,558	3,623,431
Prepaid Expense	168,427	115,174
Total Current Assets	27,965,087	34,883,154
Non-Current Assets		
Restricted Cash and Cash Equivalents	4,791,465	4,678,532
Endowment Investments	1	1
Other Long-Term Investments	1,815	3,061
Investments in Real Estate	8,165,750	8,921,730
Capital Assets, net of Accumulated Depreciation (See Note 6)	30,852,754	20,877,903
Total Non-Current Assets	43,811,785	34,481,227
Total Assets	\$ 71,776,872	\$ 69,364,381

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

Statements of Net Assets
August 31, 2012 and August 31, 2011

EXHIBIT 1

	2012	2011
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 2,695,859	\$ 1,918,963
Accrued Compensable Absences - Current Portion	406,295	371,696
Funds Held for Others	280,292	242,504
Deferred Revenues	6,446,582	5,914,666
Notes Payable - Current Portion	329,308	375,400
Capital Leases Payable - Current Portion	42,209	40,590
Bonds Payable - Current Portion	415,000	400,000
	10,615,545	9,263,819
Non-Current Liabilities		
Notes Payable	2,830,000	3,159,308
Capital Leases Payable	89,538	131,747
Bonds Payable	4,655,000	5,070,000
	7,574,538	8,361,055
	18,190,083	17,624,874
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	22,491,699	11,700,858
Restricted for:		
Expendable		
Student Aid	1,903,750	1,874,355
Instructional Programs	87,661	87,665
Loans	7,214	6,896
Capital Projects	253,506	3,109,376
Debt Service	1,347,493	2,207,556
Unrestricted	27,495,466	32,752,801
	\$ 53,586,789	\$ 51,739,507

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Component Units
Statements of Financial Position**

EXHIBIT 1

	<u>August 31, 2012</u>	<u>August 31, 2012</u>
	<u>Weatherford College Foundation, Inc.</u>	<u>Weatherford Student Housing Foundation</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 180,524	\$ 179,305
Investments	108,538	-
Accounts Receivable (net)	202,804	318,186
Prepaid Expenses	-	10,323
Total Current Assets	<u>491,866</u>	<u>507,814</u>
Non-Current Assets		
Endowment Investments	6,131,917	-
Other Non-Current Investments	-	814,937
Unconditional Promises to Give	183,446	-
Capital Assets, net of Accumulated Depreciation	140,000	6,388,261
Unamortized Debt Issuance Costs, net of Accumulated	-	409,552
Total Non-Current Assets	<u>6,455,363</u>	<u>7,612,750</u>
Total Assets	<u>6,947,229</u>	<u>8,120,564</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	3,619	49,137
Deferred Revenue	-	591,205
Security Deposits	-	75,250
Current Portion Revenue Bonds Payable	-	230,000
Total Current Liabilities	<u>3,619</u>	<u>945,592</u>
Non-Current Liabilities		
Revenue Bonds Payable, net of Current Portion	-	7,575,000
Unamortized Bond Premium	-	1,125
Total Non-Current Liabilities	<u>-</u>	<u>7,576,125</u>
Total Liabilities	<u>3,619</u>	<u>8,521,717</u>
NET ASSETS		
Unrestricted	427,052	(1,216,090)
Temporarily Restricted	1,672,293	814,937
Permanently Restricted	4,844,265	-
Total Net Assets	<u>\$ 6,943,610</u>	<u>\$ (401,153)</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended August 31, 2012 and August 31, 2011

EXHIBIT 2

	<u>2012</u>	<u>2011</u>
REVENUES		
Operating Revenues		
Tuition and Fees (Net of Discounts of \$4,091,986 and \$3,825,504, respectively)	\$ 7,136,957	\$ 7,269,577
Federal Grants and Contracts	1,448,032	1,267,944
State Grants and Contracts	346,435	788,513
Local Grants and Contracts	3,399,402	3,408,827
Non-Governmental Grants and Contracts	5,400	1,500
Sales and Services of Educational Activities	73,238	78,007
Investment Income (Program Restricted)	26,193	5,211
Auxiliary Enterprises (Net of Discounts of \$385,858 and \$1,354,666, respectively)	171,140	1,132,057
Other Operating Revenues	580,778	507,283
	<u>13,187,575</u>	<u>14,458,919</u>
Total Operating Revenues (Schedule A)		
EXPENSES		
Operating Expenses		
Instruction	15,685,127	15,658,118
Public Service	39,103	37,326
Academic Support	1,957,923	1,685,780
Student Services	2,176,766	2,372,203
Institutional Support	6,883,864	6,321,997
Operation and Maintenance of Plant	3,579,595	2,475,603
Scholarships and Fellowships	5,719,442	6,123,411
Auxiliary Enterprises	1,376,943	1,666,954
Depreciation	1,453,818	1,072,627
	<u>38,872,581</u>	<u>37,414,019</u>
Total Operating Expenses (Schedule B)		
Operating Loss	(25,685,006)	(22,955,100)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	9,102,632	10,024,164
Maintenance Ad Valorem Taxes	9,561,405	9,375,461
Debt Service Ad Valorem Taxes	709,635	695,468
Federal Revenue, Non-Operating	8,230,890	8,531,633
Gifts	90,712	49,608
Investment Income	191,657	111,438
Contributions in Aid of Construction	15,000	15,000
Interest on Capital Related Debt	(388,075)	(371,339)
Gain (Loss) on Disposal of Capital Assets	18,432	535,808
	<u>27,532,288</u>	<u>28,967,241</u>
Net Non-Operating Revenues (Expenses) (Schedule C)		
Increase in Net Assets	1,847,282	6,012,141
NET ASSETS		
Net Assets - Beginning of Year	<u>51,739,507</u>	<u>45,727,366</u>
Net Assets - End of Year	<u>\$ 53,586,789</u>	<u>\$ 51,739,507</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Component Units
Statements of Activities**

EXHIBIT 2

	<u>August 31, 2012</u>	<u>August 31, 2012</u>
	<u>Weatherford College Foundation, Inc.</u>	<u>Weatherford Student Housing Foundation</u>
REVENUE		
Contributions	\$ 1,082,856	\$ -
Rent Revenue	-	1,220,405
Fees	-	47,121
Miscellaneous Revenue	700	23,584
Interest and Dividends	121,908	762
Realized Gain on Investments	181,001	-
Unrealized Gain on Investments	13,551	-
	<u>1,400,016</u>	<u>1,291,872</u>
EXPENSES		
Contractual	99,705	143,620
Contributions	17,500	-
Depreciation and Amortization	-	194,304
Interest Expense	-	385,352
Legal and Professional	15,200	14,525
Maintenance	-	38,739
Management Fees	-	156,000
Other	-	72,340
Scholarships	115,545	-
Supplies	42,040	57,224
Utilities	-	143,793
	<u>289,990</u>	<u>1,205,897</u>
Change in Net Assets	1,110,026	85,975
Net Assets - Beginning of Year	<u>5,833,584</u>	<u>(487,128)</u>
Net Assets - End of Year	<u>\$ 6,943,610</u>	<u>\$ (401,153)</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Cash Flows
For the Years Ended August 31, 2012 and August 31, 2011

EXHIBIT 3

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Students and Other Customers	\$ 8,314,024	\$ 8,845,797
Receipts from Grants and Contracts	5,866,809	5,398,306
Payments to or on Behalf of Employees	(20,640,192)	(20,063,553)
Payments to Suppliers for Goods or Services	(8,786,052)	(6,630,571)
Payments of Scholarships	(5,760,569)	(6,596,801)
Other receipts (payments)	580,778	507,358
Net Cash Used by Operating Activities	(20,425,202)	(18,539,464)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from State Appropriations	7,767,124	7,725,571
Receipts from Ad Valorem Taxes	9,582,205	9,427,431
Receipts from Non-Operating Federal Revenue	8,115,214	8,520,245
Receipts from Gifts and Grants (Other Than Capital)	6,473	3,450
Receipts from (Payments to) Student Organizations and Other Agency Transactions	37,788	30,073
Net Cash Provided by Non-Capital Financing Activities	25,508,804	25,706,770
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Issuance of Capital Debt	-	3,045,000
Proceeds from the Sale of Capital Assets	25,702	574,453
Receipts from Ad Valorem Taxes	712,447	701,446
Purchases of Capital Assets	(11,379,098)	(3,003,446)
Receipts from Gifts and Grants (Capital)	15,000	15,000
Payments on Capital Debt - Principal	(815,990)	(693,575)
Payments on Capital Debt - Interest	(416,706)	(307,357)
Net Cash Provided (Used) by Capital and Related Financing Activities	(11,858,645)	331,521
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	1,184	1,181
Receipts from Investment Earnings	217,852	125,788
Net Cash Provided by Investing Activities	219,036	126,969
Increase (Decrease) in Cash and Cash Equivalents	(6,556,007)	7,625,796
Cash and Cash Equivalents - September 1	33,899,825	26,274,029
Cash and Cash Equivalents - August 31	\$ 27,343,818	\$ 33,899,825
Reconciliation to Exhibit 1:		
Cash and Cash Equivalents	\$ 22,552,353	\$ 29,221,293
Restricted Cash and Cash Equivalents	4,791,465	4,678,532
Total Cash and Cash Equivalents	\$ 27,343,818	\$ 33,899,825

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Cash Flows
For the Years Ended August 31, 2012 and August 31, 2011

EXHIBIT 3

	<u>2012</u>	<u>2011</u>
Non-Cash Investing, Capital and Financing Activities:		
Gift of Capital Asset	\$ 84,239	\$ 46,157
Net Decrease in Fair Value of Investments	<u>\$ (756,042)</u>	<u>\$ (128)</u>
Reconciliation of Operating Loss to Net Cash Used By		
Operating Activities:		
Operating Loss	\$ (25,685,006)	\$ (22,955,100)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating		
Activities:		
Depreciation Expense	1,453,818	1,072,627
Unrealized Loss on Fair Value of Investments	756,042	128
Loss on Disposal of Capital Asset	27,398	-
Bad Debt Expense	150,696	25,760
Payments Made Directly by State for Benefits	1,335,508	2,298,593
Investment Income (Program Restricted)	(26,193)	(5,211)
Changes in Assets and Liabilities		
Receivables, Net	284,873	(269,260)
Inventories	-	516,259
Deferred Charges	(41,127)	(473,390)
Prepaid Expenses	(53,253)	(45,422)
Accounts Payable	805,527	669,038
Deferred Revenue	531,916	566,885
Compensated Absences	34,599	59,629
Net Cash Used By Operating Activities	<u>\$ (20,425,202)</u>	<u>\$ (18,539,464)</u>

**NOTES TO THE
FINANCIAL STATEMENTS**

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

**Notes to the Financial Statements
August 31, 2012 and August 31, 2011**

1. REPORTING ENTITY

Weatherford College of the Parker County Junior College District (the College) was established in 1869, in accordance with the laws of the State of Texas, to serve the educational needs of Weatherford and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in the Governmental Accounting Standards Board (GASB) Statement No. 14 *The Financial Reporting Entity*. While the College receives funding from local, state, and federal sources and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Report Guidelines

The significant accounting policies followed by the College in preparing these financial statements are in accordance with the Texas Higher Education Coordinating Board's *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The College applies all applicable GASB pronouncements and all Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The College has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. The College is reported as a special-purpose government engaged in business-type activities (BTA).

Tuition Discounting

Texas Public Education Grants

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.033). When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Title IV, Higher Education Act Program Funds

Certain Title IV HEA Program funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts

The College awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amounts are recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Basis of Accounting

The financial statements of the College have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Budgetary Data

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, Legislature Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

Notes to the Financial Statements
August 31, 2012 and August 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Non-Current Cash and Investments

Non-current cash and investments are set aside and classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited to obligations, such as, scholarships, revenue bonds, general obligation bonds, and endowments.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. Renovations of \$100,000 to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 20 years for facilities and other improvements, 15 years for library books, 10 years for furniture, machinery, vehicles and other equipment, and 5 years for telecommunications and peripheral equipment.

Deferred Revenues

Revenues, primarily consisting of grants, tuition, fees, and meal charges, related to academic terms in the next fiscal year are recorded on the balance sheet as deferred revenue in the current fiscal year. Tuition and fees of \$5,726,819 and \$5,705,284 and federal, state, and local grants of \$719,763 and \$209,382 have been reported as deferred revenue at August 31, 2012 and August 31, 2011, respectively.

Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the years ended August 31, 2012 and 2011.

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

**Notes to the Financial Statements
August 31, 2012 and August 31, 2011**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating and Non-Operating Revenues and Expenses

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. In fiscal year 2012, the operation of the bookstore was not performed by the College.

3. AUTHORIZED INVESTMENTS

The College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

4. DEPOSITS AND INVESTMENTS

The College's deposits and investments are invested pursuant to the Investment Policy, which is approved annually by the College's Board. The Investment Policy includes a list of authorized investment instruments and a maximum allowable maturity of any individual investment. In addition, it includes an "Investment Strategy" Statement that addresses the unique characteristics of the fund groups and describes the priorities of investment types, safety of principal, maximization of returns, and the assurance that anticipated cash flows are matched with adequate investment liquidity.

The College's Vice President of Financial and Administrative Affairs submits an investment summary report quarterly to the Board of Trustees. The report details the investment position of the College and the compliance of the investment portfolio as it relates to both the adopted investment strategy statement and the investment policy.

The College is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Certificates of Deposits that are legally authorized and adequately secured; and
2. U.S. Treasury Bills with a maximum security of twelve months.

No other investments shall be made without approval of a majority of the Board of Trustees.

Cash and Deposits

Cash and Cash Equivalents reported on Exhibit 1, Statements of Net Assets, consist of the items reported below:

<u>Cash and Cash Equivalents</u>	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Bank Deposits		
Time Deposits	\$ 27,339,093	\$ 33,895,350
Total Bank Deposits	27,339,093	33,895,350
Petty Cash	4,725	4,475
Total Cash and Cash Equivalents	<u>\$ 27,343,818</u>	<u>\$ 33,899,825</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

Notes to the Financial Statements
August 31, 2012 and August 31, 2011

4. DEPOSITS AND INVESTMENTS (Continued)

Investments

Investments reported on Exhibit 1, Statements of Net Assets, consist of the items reported below:

<u>Types of Investments</u>	<u>Maturity</u>	<u>Market Value</u> <u>August 31, 2012</u>	<u>Market Value</u> <u>August 31, 2011</u>
U.S. Agency Bonds			
Federal National Mortgage Association (FNMA)	3/2022	\$ 735	\$ 931
Federal National Mortgage Association	3/2023	1,080	2,130
Total U.S. Agency Bonds		<u>1,815</u>	<u>3,061</u>
Mineral Rights	N/A	1	1
Real Estate	N/A	<u>8,165,750</u>	<u>8,921,730</u>
 Total Investments		 <u>\$ 8,167,566</u>	 <u>\$ 8,924,792</u>

Interest Rate Risk – In accordance with the College’s investment policy, the College does not purchase any investments with maturities greater than one year, unless assets are held in debt retirement funds which may be invested in maturities exceeding one year. As of August 31, 2012 and August 31, 2011, the College was not exposed to interest rate risk.

Credit Risk - The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. As of August 31, 2012 and August 31, 2011, the U.S. Agency Bonds (FNMA) do not have credit risk.

Concentration of Credit Risk - The College does not place a limit on the amount that may be invested in any one issue.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the College’s name. At August 31, 2012 and August 31, 2011, the College’s cash and cash equivalents were not exposed to custodial credit risk.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the College, and are held by either the counterparty’s trust department or agent but not in the College’s name. At August 31, 2012 and August 31, 2011, the College’s investment securities were not exposed to custodial credit risk.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

Notes to the Financial Statements
August 31, 2012 and August 31, 2011

4. DEPOSITS AND INVESTMENTS (Continued)

Reconciliation of Deposits and Investments Between Note 4 and Exhibit 1 for Primary Government:

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Per Note 4:		
Cash and Cash Equivalents	\$ 27,343,818	\$ 33,899,825
U.S. Agency Bonds	1,815	3,061
Real Estate Investments	8,165,750	8,921,730
Mineral Right Investment	1	1
Total Deposits and Investments	<u>\$ 35,511,384</u>	<u>\$ 42,824,617</u>
Per Exhibit 1:		
Cash and Cash Equivalents	\$ 22,552,353	\$ 29,221,293
Restricted Cash and Cash Equivalents	4,791,465	4,678,532
Other Long-Term Investments	1,815	3,061
Endowment Investments	1	1
Investments in Real Estate	8,165,750	8,921,730
Total Deposits and Investments	<u>\$ 35,511,384</u>	<u>\$ 42,824,617</u>

5. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, 2012 and August 31, 2011 were as follows:

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Student Receivables (Net of Allowances of \$728,165 and \$586,079 for 2012 and 2011, respectively)	\$ 432,682	\$ 562,649
Taxes Receivable (Net of Allowances of \$185,835 and \$169,530 for 2012 and 2011, respectively)	368,175	391,787
Federal and State -		
Accounts Receivable	499,868	541,351
Other Accounts Receivable	279,023	427,466
Interest Receivable	1	3
	<u>\$ 1,579,749</u>	<u>\$ 1,923,256</u>

Payables

Payables at August 31, 2012 and August 31, 2011 were as follows:

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Vendor Payable	\$ 2,605,637	\$ 1,766,620
Salaries and Benefits Payable	52,266	85,756
Accrued Interest	37,956	66,587
	<u>\$ 2,695,859</u>	<u>\$ 1,918,963</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

Notes to the Financial Statements
August 31, 2012 and August 31, 2011

6. CAPITAL ASSETS

Capital assets activity for the years ended August 31, 2012 and August 31, 2011 was as follows:

	Balance 9/1/2011	Increases	Decreases	Balance 8/31/2012
Not Depreciated:				
Land	\$ 1,214,301	\$ -	\$ -	\$ 1,214,301
Collections	12,150	-	-	12,150
Construction in Progress	2,095,895	-	2,095,895	-
Subtotal	<u>3,322,346</u>	<u>-</u>	<u>2,095,895</u>	<u>1,226,451</u>
Other Capital Assets:				
Buildings	19,776,306	9,985,291	38,000	29,723,597
Land Improvements	4,347,576	2,712,864	-	7,060,440
Library Books	1,481,172	158,687	-	1,639,859
Furniture, Machinery, Vehicles, and Other Equipment	4,208,770	702,390	98,991	4,812,169
Subtotal	<u>29,813,824</u>	<u>13,559,232</u>	<u>136,991</u>	<u>43,236,065</u>
Accumulated Depreciation:				
Buildings	7,820,513	628,512	10,602	8,438,423
Land Improvements	1,899,418	234,585	-	2,134,003
Library Books	645,912	68,517	-	714,429
Furniture, Machinery, Vehicles, and Other Equipment	1,892,424	522,204	91,721	2,322,907
Subtotal	<u>12,258,267</u>	<u>1,453,818</u>	<u>102,323</u>	<u>13,609,762</u>
Net Other Capital Assets	<u>17,555,557</u>	<u>12,105,414</u>	<u>34,668</u>	<u>29,626,303</u>
Net Capital Assets	<u>\$ 20,877,903</u>	<u>\$ 12,105,414</u>	<u>\$ 2,130,563</u>	<u>\$ 30,852,754</u>
	Balance 9/1/2010	Increases	Decreases	Balance 8/31/2011
Not Depreciated:				
Land	\$ 1,250,876	\$ -	\$ 36,575	\$ 1,214,301
Collections	12,150	-	-	12,150
Construction in Progress	500	2,095,395	-	2,095,895
Subtotal	<u>1,263,526</u>	<u>2,095,395</u>	<u>36,575</u>	<u>3,322,346</u>
Other Capital Assets:				
Buildings	19,776,306	-	-	19,776,306
Land Improvements	4,347,576	-	-	4,347,576
Library Books	1,390,867	136,501	46,196	1,481,172
Furniture, Machinery, Vehicles, and Other Equipment	3,924,246	821,388	536,864	4,208,770
Subtotal	<u>29,438,995</u>	<u>957,889</u>	<u>583,060</u>	<u>29,813,824</u>
Accumulated Depreciation:				
Buildings	7,415,910	404,603	-	7,820,513
Land Improvements	1,725,873	173,545	-	1,899,418
Library Books	630,366	61,742	46,196	645,912
Furniture, Machinery, Vehicles, and Other Equipment	1,990,801	432,737	531,114	1,892,424
Subtotal	<u>11,762,950</u>	<u>1,072,627</u>	<u>577,310</u>	<u>12,258,267</u>
Net Other Capital Assets	<u>17,676,045</u>	<u>(114,738)</u>	<u>5,750</u>	<u>17,555,557</u>
Net Capital Assets	<u>\$ 18,939,571</u>	<u>\$ 1,980,657</u>	<u>\$ 42,325</u>	<u>\$ 20,877,903</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

Notes to the Financial Statements
August 31, 2012 and August 31, 2011

7. LONG-TERM LIABILITIES

Long-term liability activity for the years ended August 31, 2012 and August 31, 2011 was as follows:

	Balance September 1, 2011	Additions	Reductions	Balance August 31, 2012	Current Portion
Limited Tax Refunding Bonds	\$ 5,470,000	\$ -	\$ 400,000	\$ 5,070,000	\$ 415,000
Notes Payable	3,534,708	-	375,400	3,159,308	329,308
Capital Leases Payable	172,337	-	40,590	131,747	42,209
Compensated Absences	371,696	406,295	371,696	406,295	406,295
Total Long-Term Liabilities	\$ 9,548,741	\$ 406,295	\$1,187,686	\$8,767,350	\$1,192,812

	Balance September 1, 2010	Additions	Reductions	Balance August 31, 2011	Current Portion
Limited Tax Refunding Bonds	\$ 5,855,000	\$ -	\$ 385,000	\$5,470,000	\$ 400,000
Notes Payable	753,734	3,045,000	264,026	3,534,708	375,400
Capital Leases Payable	216,886	-	44,549	172,337	40,590
Compensated Absences	312,067	371,696	312,067	371,696	371,696
Total Long-Term Liabilities	\$ 7,137,687	\$3,416,696	\$1,005,642	\$9,548,741	\$1,187,686

8. DEBT OBLIGATIONS

General information related to bonds payable is summarized below:

Limited Tax Refunding Bonds, General Obligation Bonds, Series 2007

- ◆ To refund the Limited Tax Bonds, Series 1996.
- ◆ Issued March 21, 2007.
- ◆ \$7,170,000; all authorized bonds have been issued.
- ◆ Source of revenue for debt service – assessment of property taxes.
- ◆ Outstanding Balance of \$5,070,000 and \$5,470,000 at August 31, 2012 and August 31, 2011, respectively, bearing interest at 3.55% to 4.00%.

Bonds payable are due in annual installments varying from \$245,000 to \$615,000 with interest rates from 3.55% to 4.00% with final installment due in 2022.

General information related to notes and capital leases payable is summarized below:

Note Payable – SunTrust Leasing Corporation

- ◆ To pay off the LaSalle Note Payable and to upgrade facilities' energy management systems at the Main and Decatur Campuses.
- ◆ Original loan date – January 27, 2003.
- ◆ Total balance of \$2,558,818, is payable in 40 quarterly installments, which includes interest at a rate of 4.27%.
- ◆ Source of revenue for debt service – unrestricted revenue.
- ◆ Outstanding Balance of \$214,308 and \$489,708 at August 31, 2012 and August 31, 2011, respectively.

The notes payable are due in quarterly installments varying from \$72,956 to \$81,650 with an interest rate of 4.27% with the final installment due in 2013.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

Notes to the Financial Statements
August 31, 2012 and August 31, 2011

8. DEBT OBLIGATIONS (Continued)

Note Payable – Maintenance Tax Notes, Series 2011

- ◆ To replace roofs and renovate classrooms and to pay related fees and to pay the costs of issuance associated with the tax notes.
- ◆ Original loan date – March 15, 2011.
- ◆ Total balance of \$3,045,000, is payable in 19 yearly installments, which includes interest at a rate of 4.15%.
- ◆ Source of revenue for debt service – unrestricted revenue.
- ◆ Outstanding Balance of \$2,945,000 and \$3,045,000 at August 31, 2012 and August 31, 2011, respectively.

The notes payable are due in annual installments varying from \$100,000 to \$225,000 with an interest rate of 4.15% with the final installment due in 2030.

Capital Lease Payable – California First National Bank

- ◆ To purchase a Ferrara H4590 fire truck.
- ◆ Original capital lease date – May 1, 2010.
- ◆ Total balance of \$216,886, is payable in five annual installments, which includes interest at a rate of 3.99%.
- ◆ Source of revenue for debt service – unrestricted revenue.
- ◆ Outstanding Balance of \$131,747 and \$172,337 at August 31, 2012 and August 31, 2011, respectively.

The capital lease payable is due in annual installments of \$47,466 with an interest rate of 3.99% with the final installment due in 2015.

The following is an analysis of equipment leased under a capital lease as of August 31, 2012:

Equipment	\$ 272,909
Less accumulated depreciation	<u>68,227</u>
Total	<u>\$ 204,682</u>

Obligations under capital leases at August 31, 2012, were as follows:

For the Year Ended August 31,	Total
2013	\$ 47,466
2014	47,466
2015	<u>47,465</u>
 Total minimum lease payments	 142,397
Less: Amount representing interest costs	<u>(10,650)</u>
Present value of minimum lease payment	<u>\$ 131,747</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

Notes to the Financial Statements
August 31, 2012 and August 31, 2011

8. DEBT OBLIGATIONS (Continued)

The principal and interest expense requirements for the next five years and beyond are summarized below for the bonds issued.

Year Ended August 31,	Limited Tax Refunding Bonds			Notes Payable			Capital Lease Payable		
	Bonds Principal	Interest	Total	Notes Principal	Interest	Total	Capital Lease Principal	Interest	Total
2013	\$ 415,000	\$ 202,800	\$ 617,800	\$ 329,308	\$ 126,778	\$ 456,086	\$ 42,209	\$ 5,257	\$ 47,466
2014	435,000	186,200	621,200	120,000	117,445	237,445	43,893	3,573	47,466
2015	450,000	168,800	618,800	125,000	112,465	237,465	45,645	1,820	47,465
2016	470,000	150,800	620,800	125,000	107,278	232,278	-	-	-
2017	490,000	132,000	622,000	135,000	102,090	237,090	-	-	-
2018 - 2022	2,810,000	347,200	3,157,200	755,000	422,263	1,177,263	-	-	-
2023 - 2027	-	-	-	920,000	252,527	1,172,527	-	-	-
2027 - 2032	-	-	-	650,000	54,572	704,572	-	-	-
Total	\$ 5,070,000	\$ 1,187,800	\$ 6,257,800	\$ 3,159,308	\$ 1,295,418	\$ 4,454,726	\$ 131,747	\$ 10,650	\$ 142,397

9. ADVANCE REFUNDING BONDS

- ◆ Refunded \$7,170,000 of Limited Tax Bonds, General Obligation Bonds, Series 1996.
- ◆ Issued refunding bonds on March 21, 2007.
- ◆ \$7,170,000, all authorized bonds have been issued.
- ◆ Limited Tax Refunding Bonds, General Obligation Bonds, Series 2007
- ◆ Average interest rate of bonds refunded – 5.874190%.
- ◆ The 1996 Series bonds are considered fully defeased and the liability for those bonds has been removed from the Investment in Plant Fund Group.
- ◆ Advance refunding of the 1996 Series bonds reduced the College's debt service payments over the next 15 years by approximately \$1,003,115.
- ◆ Economic Gain - \$750,055 difference between the net present value of the old and new debt service payments.
- ◆ As of August 31, 2012, the amount of defeased debt outstanding that is deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are paid in full is as follows:

Bond Issue	Year Refunded	Par Value Outstanding
Limited Tax Bonds, Series 1996	2007	\$ 5,215,000

10. EMPLOYEES' RETIREMENT PLAN

The State of Texas has joint contributory retirement plans for almost all its employees. One of the primary plans in which the College participates is administered by the Teacher Retirement System of Texas.

Teacher Retirement System of Texas

Plan Description. The College contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report with required supplementary information which can be obtained from the TRS website, www.trs.state.tx.us, under the TRS Publications heading.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

**Notes to the Financial Statements
August 31, 2012 and August 31, 2011**

10. EMPLOYEES' RETIREMENT PLAN (Continued)

Funding Policy. Contribution requirements are not actuarially determined but are legally established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Contribution rates and contributions for fiscal years 2012-2010 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceeded the statutory minimum.

Contribution Rates and Contribution Amounts

Year	Member		State		Statutory Minimum Amounts
	Rate	Amount	Rate	Amount	
2012	6.4%	\$668,116	6.000%	\$ 532,205	\$ 1,200,321
2011	6.4%	\$668,427	6.644%	\$ 582,114	\$ 1,250,541
2010	6.4%	\$590,207	6.644%	\$ 519,375	\$ 1,109,582

Optional Retirement Plan

Plan Description. The state has also established an optional retirement program for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.0% and 6.65%, respectively. The College contributes an additional 1.31% for employees who were participating in the optional retirement program prior to September 1, 1995 and an additional .18% for all employees participating in the optional retirement plan. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the State for the College was \$859,877 and \$951,483 for the fiscal years ended August 31, 2012 and August 31, 2011, respectively. This amount represents for fiscal year ended August 31, 2012, \$532,205 and \$327,672 expended appropriations made by the State Legislature on behalf of the College for the Teacher Retirement System and the Optional Retirement Program, respectively. This amount represents for fiscal year ended August 31, 2011, \$582,114 and \$369,369 expended appropriations made by the State Legislature on behalf of the College for the Teacher Retirement System and the Optional Retirement Program, respectively.

The total payroll for all College employees was \$18,385,802 and \$18,549,788 for the fiscal years 2012 and 2011, respectively. The total payroll of employees covered by the Teacher Retirement System was \$10,439,319 and \$10,444,167, and the total payroll of employees covered by the Optional Retirement Program was \$5,773,556 and \$6,036,522 for fiscal years 2012 and 2011, respectively.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

**Notes to the Financial Statements
August 31, 2012 and August 31, 2011**

11. DEFERRED COMPENSATION PROGRAM

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2012 and 2011, the College had 44 and 39 employees, respectively, participating in the program. A total of \$274,985 and \$253,183 in payroll deductions had been invested in approved plans during the fiscal years ended August 31, 2012 and August 31, 2011, respectively.

12. COMPENSABLE ABSENCES

Full-time employees earn annual leave from .833 to 1.25 days per month depending on the number of years employed with the College. The College's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum of fifteen days (120 hours). Employees with at least three months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The College recognized the accrued liability for unpaid annual leave in the amount of \$406,295 and \$371,696 for the fiscal years ended August 31, 2012 and August 31, 2011, respectively.

Sick leave is earned at the rate of one day per month per contract length and can be accumulated up to a maximum of 60 days (480 hours). The College's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since all accrued sick leave is forfeited by employees upon termination of employment.

13. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENT

Expenses include \$126,302 and \$233,032 for rent paid under operating leases during the fiscal years ended August 31, 2012 and August 31, 2011.

Future, minimum lease rental payments under noncancellable operating leases having an initial term in excess of one year as of August 2012 are as follows:

<u>Year Ended</u>	<u>Minimum Future Lease Payments</u>
2013	\$ 106,956
2014	98,043
Total	<u>\$ 204,999</u>

14. SELF-INSURED PLANS

In 1995, the College began participating in the Texas Public Junior and Community College Employee Benefits Consortium (Consortium), which was established in 1991 by several Texas area community colleges as a means of reducing the costs of workers compensation insurance. The Consortium is a public entity risk pool currently operating as a common risk management and insurance program for the member colleges. The main purpose of the Consortium is to jointly self-insure certain workers compensation risks up to an agreed upon retention limit. For the year ended August 31, 2012, the College paid an annual premium of \$43,439 plus \$53,682 toward the loss fund. This \$97,121 was the maximum cost for the self-insured plan. For the year ended August 31, 2011, the College paid an annual premium of \$47,284 plus \$69,626 toward the loss fund. This \$116,910 was the maximum cost for the self-insured plan. All claims up to \$225,000 are paid from the loss fund. Amounts over \$225,000 are paid by the insurance company up to statutory limits.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

**Notes to the Financial Statements
August 31, 2012 and August 31, 2011**

15. RISK MANAGEMENT

The College has the responsibility for making and carrying out decisions that will minimize the adverse effects of accidental losses that involve the College's assets. Accordingly, commercial insurance coverages are obtained to include general liability, property and casualty, employee and automobile liability, fidelity, public official's liability and certain other risks. The amounts of settlements during each of the past three fiscal years have not exceeded insurance coverage.

16. POST RETIREMENT, HEALTH CARE, AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's contribution per full-time employee was \$438.30 per month for the year ended August 31, 2012, and totaled \$875,038 for the year. The cost of providing those benefits for 64 retirees was \$328,968 and for 308 active employees amounted to \$546,070. The State's contribution per full-time employee was \$413.26 per month for the year ended August 31, 2011, and totaled \$1,347,110 for the year. The cost of providing those benefits for 60 retirees was \$278,598 and for 300 active employees amounted to \$1,068,512.

17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. The College contributes to the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer, defined benefit postemployment healthcare plan administered by the Employees Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State law and may be amended by the Texas Legislature.

ERS issues a publicly available financial report that includes financial statements and required supplementary information for SRHP. That report may be obtained from ERS via their website at <http://www.ers.state.tx.us/>.

Funding Policy. Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution.

The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy which is actuarially determined in accordance with the parameters of GASB Statement No. 45.

The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The State's contributions to SRHP on the College's behalf for the years ended August 31, 2012, 2011, and 2010 were \$875,038, \$1,347,110, and \$1,396,695, respectively, which equaled the required contributions each year. The College does not provide any other postemployment benefits other than those discussed in Notes 16 and 17.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

Notes to the Financial Statements
August 31, 2012 and August 31, 2011

18. AD VALOREM TAX

The College's ad valorem property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the College.

	August 31, 2012	August 31, 2011
Assessed Valuation of the College	\$ 12,785,706,300	\$ 13,080,736,469
Less: Exemptions	3,555,316,097	3,465,180,411
Less: Abatements	34,569,060	31,489,280
Net Assessed Valuation of the College	\$ 9,195,821,143	\$ 9,584,066,778

	Current Operations	Debt Service	Total
At August 31, 2012			
Tax Rate per \$100 valuation of authorized	\$ -	\$ -	\$ 0.30000
Tax Rate per \$100 valuation of assessed	\$ 0.10421	\$ 0.00774	\$ 0.11195
At August 31, 2011			
Tax Rate per \$100 valuation of authorized	\$ -	\$ -	\$ 0.30000
Tax Rate per \$100 valuation of assessed	\$ 0.09767	\$ 0.00725	\$ 0.10492

Taxes levied for the years ended August 31, 2012 and 2011 were \$10,220,777 and \$10,017,762, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

August 31, 2012			
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 9,331,418	\$ 693,073	\$ 10,024,491
Delinquent Taxes Collected	138,311	10,947	149,258
Penalties and Interest Collected	91,676	5,615	97,291
Total Collections	\$ 9,561,405	\$ 709,635	\$ 10,271,040

August 31, 2011			
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 9,125,179	\$ 677,359	\$ 9,802,538
Delinquent Taxes Collected	174,628	14,251	188,879
Penalties and Interest Collected	75,654	3,858	79,512
Total Collections	\$ 9,375,461	\$ 695,468	\$ 10,070,929

Tax collections for the years ended August 31, 2012 and 2011 were 100% of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and / or general obligation debt service.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

**Notes to the Financial Statements
August 31, 2012 and August 31, 2011**

19. BRANCH CAMPUS MAINTENANCE TAX

A branch campus maintenance tax that is established by election is levied by Wise County. It is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in Wise County. Collections are transferred to the College to be used for operation of a Branch Campus in Wise County, Texas. This revenue is reported under Local Grants and Contracts.

County or Independent School District	Collections (including penalties and interest August 31, 2012	Collections (including penalties and interest August 31, 2011
Wise County	\$ 3,363,402	\$ 3,408,827

20. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. For federal and non-federal contract and grant awards, funds expended, but not collected, are both included in Accounts Receivable (net) on Exhibit 1. Contract and grant awards that are not yet funded and for which the College has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2012 and 2011 for which monies have not been received nor funds expended totaled \$627,068 and \$793,901, respectively, of which all were from Federal Contract and Grant Awards.

21. PENDING LAWSUITS AND CLAIMS

On August 31, 2012, there was a pending lawsuit involving the College. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

22. CONTINGENCY

Texas Constitution article 16, section 67(b)(3) provides that the State of Texas must contribute "not less than six percent nor more than ten percent of the aggregate compensation paid to individuals participating in the system," referring to the State's Teacher Retirement System (TRS) including the related faculty Optional Retirement Program (ORP). During the 2011 legislative session, the Texas Legislature appropriated retirement funds for various types of educational institutions other than community and junior colleges in satisfaction of this requirement, but the community college appropriations restricted the State's contribution to TRS/ORP on behalf of community colleges to only six percent of each district's unrestricted general revenue appropriation for each year of the biennium state budget. There is no pending litigation concerning this issue to construe the constitutional funding requirements; or to hold that the State biennium appropriations satisfy those requirements; or to attempt to collect any shortfall contributions from any community college district. The College has calculated that as of August 31, 2012 the contribution that has not been paid to TRS on behalf of College employees is \$399,407.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

**Notes to the Financial Statements
August 31, 2012 and August 31, 2011**

23. COMPONENT UNITS

Weatherford College Foundation, Inc. - Discretely Presented Component Unit

The Weatherford College Foundation, Inc. (Foundation) was established as a separate nonprofit organization with the sole purpose of supporting the educational and other activities of the College. The Foundation solicits donations and acts as coordinator of gifts made by other parties. It remitted \$109,643 and \$110,413 for designated scholarships, and \$17,500 and \$15,000 for other contributions to the College during the years ended August 31, 2012 and 2011, respectively. The Foundation received \$57,250 and \$51,184 from the College for an endowment scholarship fund in fiscal years 2012 and 2011, respectively. Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit.

Weatherford Student Housing Foundation - Discretely Presented Component Unit

The Weatherford Student Housing Foundation (Housing Foundation) was established as a separate nonprofit organization in 2003 for the purpose of owning, operating, developing or otherwise providing housing for students, faculty and staff of the College. The Housing Foundation remitted \$156,000 for management fees to the College during the years ended August 31, 2012 and 2011. The Housing Foundation received \$0 and \$67,600 in fiscal years 2012 and 2011, respectively, from the College related to vacancies. A majority of the board of directors are officers of the College. Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Housing Foundation is a component unit of the College because:

- 1.) The College and its operations provide financial support to the Housing Foundation and the economic resources received or held by the Housing Foundation are entirely or almost entirely for the direct benefit of the College, and
- 2.) The College is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the Housing Foundation, and
- 3.) The economic resources held by the Housing Foundation that the College is entitled to or has the ability to otherwise access, are significant to the College.

Accordingly, the Foundation's and the Housing Foundation's financial statements are included in the College's annual report as discrete component units (see table of contents). Complete financial statements of the Foundation and the Housing Foundation can be obtained from the Weatherford College Business Office at 225 College Park Drive, Weatherford, Texas 76086.

24. SUBSEQUENT EVENT

In October 2012, the College issued Consolidated Fund Revenue Bonds, Series 2012 for \$7,980,000 to defease the Crawford Education Facilities Corporation Student Housing Revenue Bonds (Weatherford College Project), Series 2004A included in the Weatherford Student Housing Foundation. With the issuance of these Bonds, the Housing Foundation's assets and other related liabilities were transferred to the College.

SUPPLEMENTAL INFORMATION

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule A
Schedule of Operating Revenues
For the Year Ended August 31, 2012
(With Memorandum Totals for the Year Ended August 31, 2011)**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Totals	
					August 31, 2012	August 31, 2011
Tuition						
State Funded Credit Courses						
In-District Resident Tuition	\$ 3,640,382	\$ -	\$ 3,640,382	\$ -	\$ 3,640,382	\$ 3,609,504
Out-of-District Resident Tuition	5,462,457	-	5,462,457	-	5,462,457	5,012,878
Non-Resident Tuition	402,300	-	402,300	-	402,300	393,701
TPEG - credit (set aside)*	575,351	-	575,351	-	575,351	541,393
State Funded Continuing Education	1,034,145	-	1,034,145	-	1,034,145	1,215,631
TPEG - non-credit (set aside)*	64,707	-	64,707	-	64,707	75,834
Non-State Funded Continuing Education	116,488	-	116,488	-	116,488	110,705
Total Tuition	<u>11,295,830</u>	<u>-</u>	<u>11,295,830</u>	<u>-</u>	<u>11,295,830</u>	<u>10,959,646</u>
Fees						
General Fee	192,090	-	192,090	-	192,090	180,189
Laboratory Fee	349,030	-	349,030	-	349,030	354,645
Prior Year Tuition and Fees	-	-	-	-	-	-
Total Fees	<u>541,120</u>	<u>-</u>	<u>541,120</u>	<u>-</u>	<u>541,120</u>	<u>534,834</u>
Scholarship Allowances and Discounts						
Bad Debt Allowance	(100,987)	-	(100,987)	-	(100,987)	-
Scholarship Allowances	(419,627)	-	(419,627)	-	(419,627)	(407,139)
Remissions and Exemptions - State	(330,298)	-	(330,298)	-	(330,298)	(286,156)
Remissions and Exemptions - Local	(176,722)	-	(176,722)	-	(176,722)	(113,243)
Title IV Federal Program	(3,252,391)	-	(3,252,391)	-	(3,252,391)	(3,000,710)
Other Federal Grants	(4,062)	-	(4,062)	-	(4,062)	(1,984)
TPEG Awards	(412,452)	-	(412,452)	-	(412,452)	(360,236)
Other State Grants	(3,454)	-	(3,454)	-	(3,454)	(55,435)
Total Scholarship Allowances	<u>(4,699,993)</u>	<u>-</u>	<u>(4,699,993)</u>	<u>-</u>	<u>(4,699,993)</u>	<u>(4,224,903)</u>
Total Net Tuition and Fees	<u>7,136,957</u>	<u>-</u>	<u>7,136,957</u>	<u>-</u>	<u>7,136,957</u>	<u>7,269,577</u>
Additional Operating Revenues						
Federal Grants and Contracts	64,644	1,383,388	1,448,032	-	1,448,032	1,267,944
State Grants and Contracts	8,616	337,819	346,435	-	346,435	788,513
Local Grants and Contracts	3,399,402	-	3,399,402	-	3,399,402	3,408,827
Non-Governmental Grants and Contracts	400	5,000	5,400	-	5,400	1,500
Sales and Services of Educational Activities	73,238	-	73,238	-	73,238	78,007
Investment Income (Program Restricted)	-	26,193	26,193	-	26,193	5,211
Other Operating Revenues	580,778	-	580,778	-	580,778	507,283
Total Additional Operating Revenues	<u>4,127,078</u>	<u>1,752,400</u>	<u>5,879,478</u>	<u>-</u>	<u>5,879,478</u>	<u>6,057,285</u>
Auxiliary Enterprises						
Bookstore	-	-	-	327,986	327,986	1,568,243
Less Discounts	-	-	-	-	-	(1,022,193)
Food Services	-	-	-	683,288	683,288	635,093
Less Discounts	-	-	-	(286,742)	(286,742)	(264,154)
Intercollegiate Athletics	-	-	-	1,955	1,955	744
Student Services	-	-	-	263,584	263,584	196,862
Less Discounts	-	-	-	(99,116)	(99,116)	(68,319)
Carter Agriculture Center	-	-	-	(719,815)	(719,815)	85,781
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,140</u>	<u>171,140</u>	<u>1,132,057</u>
Total Operating Revenues	<u>\$ 11,264,035</u>	<u>\$ 1,752,400</u>	<u>\$ 13,016,435</u>	<u>\$ 171,140</u>	<u>\$ 13,187,575</u>	<u>\$ 14,458,919</u>
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$640,058 and \$617,227 for years August 31, 2012 and 2011, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule B**

Schedule of Operating Expenses by Object
For the Year Ended August 31, 2012
(With Memorandum Totals for the Year Ended August 31, 2011)

	Operating Expenses				Totals	
	Salaries and Wages	Benefits		Other Expenses	August 31, 2012	August 31, 2011
		State Benefits	Local Benefits			
Unrestricted Educational Activities						
Instruction	\$ 10,399,396	\$ -	\$ 1,111,958	\$ 1,887,767	\$ 13,399,121	\$ 12,902,893
Public Service	11,609	-	1,359	25,231	38,199	35,804
Academic Support	1,192,020	-	133,626	413,528	1,739,174	1,424,794
Student Services	1,597,862	-	194,209	237,691	2,029,762	2,120,312
Institutional Support	3,549,714	-	444,725	2,620,894	6,615,333	5,883,293
Operation and Maintenance of Plant	29,507	-	9,216	3,540,872	3,579,595	2,475,603
Scholarships and Fellowships	-	-	-	-	-	-
Total Unrestricted Educational Activities	16,780,108	-	1,895,093	8,725,983	27,401,184	24,842,699
Restricted Educational Activities						
Instruction	\$ 817,493	857,033	\$ 165,135	446,345	2,286,006	2,755,225
Public Service	-	904	-	-	904	1,522
Academic Support	56,336	90,628	7,883	63,902	218,749	260,986
Student Services	4,702	119,382	360	22,560	147,004	251,891
Institutional Support	-	267,561	-	970	268,531	438,704
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarships and Fellowships	-	-	-	5,719,442	5,719,442	6,123,411
Total Restricted Educational Activities	878,531	1,335,508	173,378	6,253,219	8,640,636	9,831,739
Total Educational Activities	17,658,639	1,335,508	2,068,471	14,979,202	36,041,820	34,674,438
Auxiliary Enterprises	727,163	-	187,028	462,752	1,376,943	1,666,954
Depreciation Expense - Buildings and Land Improvements	-	-	-	863,097	863,097	578,148
Depreciation Expense - Furniture, Machinery, Vehicles, and Other Equipment	-	-	-	590,721	590,721	494,479
Total Operating Expenses	\$ 18,385,802	\$ 1,335,508	\$ 2,255,499	\$ 16,895,772	\$ 38,872,581 (Exhibit 2)	\$ 37,414,019 (Exhibit 2)

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule C
Schedule of Non-Operating Revenues and Expenses
For the Year Ended August 31, 2012
(With Memorandum Totals for the Year Ended August 31, 2011)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Totals</u>	
				<u>August 31, 2012</u>	<u>August 31, 2011</u>
Non-Operating Revenues					
State Appropriations					
Education and General State Support	\$ 7,675,921	\$ -	\$ -	\$ 7,675,921	\$ 7,637,922
State Group Insurance	-	875,038	-	875,038	1,347,110
State Retirement Matching	-	460,470	-	460,470	951,483
Professional Nursing Shortage Reduction	-	91,203	-	91,203	87,649
Total State Appropriations	<u>7,675,921</u>	<u>1,426,711</u>	<u>-</u>	<u>9,102,632</u>	<u>10,024,164</u>
Maintenance Ad Valorem Taxes	9,561,405	-	-	9,561,405	9,375,461
Debt Service Ad Valorem Taxes	709,635	-	-	709,635	695,468
Federal Revenue, Non-Operating	-	8,230,890	-	8,230,890	8,531,633
Gifts	89,189	-	1,523	90,712	49,608
Investment Income	191,657	-	-	191,657	111,438
Contributions in Aid of Construction	15,000	-	-	15,000	15,000
Total Non-Operating Revenue	<u>18,242,807</u>	<u>9,657,601</u>	<u>1,523</u>	<u>27,901,931</u>	<u>28,802,772</u>
Non-Operating Expenses					
Interest on Capital Related Debt	388,075	-	-	388,075	371,339
(Gain) Loss on Disposal of Capital Assets	<u>(18,432)</u>	<u>-</u>	<u>-</u>	<u>(18,432)</u>	<u>(535,808)</u>
Total Non-Operating Expenses	<u>369,643</u>	<u>-</u>	<u>-</u>	<u>369,643</u>	<u>(164,469)</u>
Net Non-Operating Revenues (Expenses)	<u>\$ 17,873,164</u>	<u>\$ 9,657,601</u>	<u>\$ 1,523</u>	<u>\$ 27,532,288</u> (Exhibit 2)	<u>\$ 28,967,241</u> (Exhibit 2)

WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule D
Schedule of Net Assets by Source and Availability
For the Year Ended August 31, 2012
(With Memorandum Totals for the Year Ended August 31, 2011)

	Detail by Source				Available for Current Operations		
	Unrestricted	Restricted		Capital Assets Net of Depreciation and Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current							
Unrestricted	\$ 17,371,993	\$	\$	\$	\$ 17,371,993	\$ 17,371,993	\$
Board Designated					-		
Restricted							
Student Aid		1,903,750			1,903,750	1,903,750	
Instructional Programs		87,661			87,661	87,661	
Auxiliary Enterprises	290,809				290,809		290,809
Loan		7,214			7,214		7,214
Endowment	9,832,664				9,832,664		9,832,664
Quasi					-		
Unrestricted					-		
Restricted					-		
Endowment					-		
True					-		
Term (per instructions at maturity)					-		
Life Income Contracts					-		
Annuities					-		
Plant					-		
Unexpended					-		
Capital Projects		253,506			253,506		253,506
Debt Service		1,347,493			1,347,493		1,347,493
Investment in Plant				22,491,699	22,491,699		22,491,699
Totals							
Net Assets, August 31, 2012	27,495,466	3,599,624	-	22,491,699	53,586,789 (Exhibit 1)	19,363,404	34,223,385
Net Assets, August 31, 2011	32,752,801	7,285,848	-	11,700,858	51,739,507 (Exhibit 1)	23,453,200	28,286,307
Net Increase (Decrease) in Net Assets	<u>\$ (5,257,335)</u>	<u>\$(3,686,224)</u>	<u>\$ -</u>	<u>\$ 10,790,841</u>	<u>\$ 1,847,282</u> (Exhibit 2)	<u>\$ (4,089,796)</u>	<u>\$ 5,937,078</u>

**OVERALL COMPLIANCE AND
INTERNAL CONTROLS SECTION**



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Weatherford College
Of the Parker County Junior College District

We have audited the financial statements of the Weatherford College of the Parker County Junior College District as of and for the year ended August 31, 2012, and have issued our report thereon dated December 3, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of Weatherford College of the Parker County Junior College District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures 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 College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

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 College's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the Public Funds Investment Act (Chapter 2256, Texas Government Code), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

We have performed tests designed to verify the College's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2012, no instances of noncompliance were noted.

Page 2

We noted certain matters that we reported to management of the College in a separate letter dated December 3, 2012.

This report is intended solely for the information and use of management, the College's Board of Trustees, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Snow Garrett Williams

Snow Garrett Williams
December 3, 2012

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended August 31, 2012**

There were no prior year findings.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be Reported in accordance with section 510(a) of Circular A-133? _____ yes X no

Identification of Major Programs:

U.S. Department of Education:

Student Financial Assistance Cluster of Programs:

CFDA # 84.007	Federal Supplemental Education Opportunity Grant
CFDA # 84.033	Federal College Workstudy Program
CFDA # 84.063	Federal Pell Grant Program
CFDA # 84.268	Federal Direct Student Loans

TRIO Cluster of Programs

CFDA # 84.042A	Student Support Services Program
CFDA # 84.044A	Talent Search Program
CFDA # 84.047A	Upward Bound Program

Other Programs

CFDA # 84.031A	Higher Education Institutional Aid
----------------	------------------------------------

Dollar threshold used to distinguish between Type A and Type B federal programs: \$ 444,112

Auditee qualified as a low-risk auditee? _____ yes X no

Section II – Financial Statement Findings

Findings required to be reported in accordance with *Government Auditing Standards* None Reported

Section III – Federal Award Findings and Questioned Costs

Findings/Noncompliance	Program	Questioned Costs
None Noted		

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Corrective Action Plan
August 31, 2012**

A corrective action plan is not needed.

FEDERAL AWARDS SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees
Weatherford College
Of the Parker County Junior College District

Compliance

We have audited Weatherford College of the Parker County Junior College District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion, the College 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 year ended August 31, 2012.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of

internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the College's Board of Trustees, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Snow Garrett Williams". The signature is written in a cursive, flowing style.

Snow Garrett Williams
December 3, 2012

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

Schedule E

**Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2012**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Educational Opportunity Grant	84.007		\$ 61,081
Federal College Workstudy Program	84.033		75,714
Federal Pell Grant Program	84.063		8,094,095
Federal Direct Student Loans	84.268		5,124,811
Higher Education Institutional Aid - Expanding Access to High-Demand Allied Health Programs			
	84.031A		483,856
TRIO Cluster			
TRIO - Student Support Services Program	84.042A		237,704
TRIO - Talent Search Program	84.044A		253,332
TRIO - Upward Bound Program	84.047A		234,121
Pass-Through From:			
Texas Higher Education Coordinating Board (THECB)			
Career and Technical Education Basic Grants to States	84.048	124280	116,822
Statewide Data Systems	84.372		2,000
Total U.S. Department of Education			<u>14,683,536</u>
U.S. Department of Justice			
Direct Program:			
Bulletproof Vest Partnership Program	16.607		614
U.S. Department of Health and Human Services			
Pass-Through From University of Texas Medical Branch-Galveston			
Model State-Supported Area Health Education Centers	93.107	12-007	86,240
Geriatric Education Center Area Health Education Centers	93.969	11-101	33,343
Total U.S. Department of Health and Human Services			<u>119,583</u>
Total Federal Financial Assistance			<u>\$ 14,803,733</u>

See Notes to Schedule on following page.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2012**

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts Revenue - per Schedule A	\$	1,448,032
Add: Non-Operating Federal Revenue from Schedule C		8,230,890
Total Federal Revenues per Statement of Revenues, Expenses and changes in Net Assets	\$	9,678,922
Reconciling Items:		
Add: Federal Direct Student Loans		5,124,811
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$	14,803,733

Note 2: Significant Accounting Policies used in Preparing the Schedule.

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation to the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

Note 3: Student Loans Processed and Administrative Costs Recovered

Federal Grantor CFDA Number / Program Name	New Loans Processed	Administrative Cost Recovered	Total Loans Processed & Admin Cost Recovered
U.S. Department of Education 84.268 Federal Direct Student Loans	\$5,124,811	\$ -	\$ 5,124,811

STATE AWARDS SECTION

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

Schedule F

**Schedule of Expenditures of State Awards
For the Year Ended August 31, 2012**

Grantor Agency/Program Title	Grant Contract Number	Expenditures
State Comptroller of Public Accounts		
Jobs and Education for Texans (JET)		
Urban/Rural Initiative to Help Industry Reach Employer Demand	6095-11	\$ 170,786
Law Enforcement Officer Standards and Education		50
Texas Higher Education Coordinating Board		
Professional Nursing Shortage Reduction		91,203
Teacher Certification	04117	16,000
Texas College Work Study		17,553
Texas Workforce Commission		
Skills for Small Business Program	0411SSD000	3,995
University of Texas Medical Branch - Galveston		
Area Health Education Center (AHEC)	23034	114,420
Encouraging the College-Bound into Healthcare Occupations	10-091	23,631
Total State Financial Assistance		<u>\$ 437,638</u>

See Notes to Schedule below.

Note 1: State Assistance Reconciliation

State Revenues - per Schedule of Expenditures of State Awards		
State Financial Assistance - per Schedule of Expenditures of State Awards		\$ 437,638
Reconciling Items		
Professional Nursing Shortage Reduction reported on Schedule C		(91,203)
Total State Revenues per Exhibit 2 and Schedule A		<u>\$ 346,435</u>

Note 2: Significant Accounting Policies used in Preparing the Schedule.

The accompanying schedule is presented using the accrual basis of accounting. See Note 2 to the financial statements for the College's significant accounting policies. These expenditures are reported on the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.