

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

**ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2017**

**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, 2017**

Board of Trustees

Officers

Mac Smith	Chairman
Sue Coody	Vice Chairman
Lela Morris	Secretary / Treasurer

Members

		Term Expires May 31,
Mac Smith	Weatherford, Texas	2019
Dr. Trev Dixon	Weatherford, Texas	2021
Elaine Carter	Weatherford, Texas	2021
Roger Grizzard	Weatherford, Texas	2021
Judy McAnally	Weatherford, Texas	2023
Sue Coody	Weatherford, Texas	2023
Lela Morris	Weatherford, Texas	2023

Principal Administrative Officers

Brent Baker	Interim President & Vice President - Institutional Advancement
Dr. Andra Cantrell	Executive Vice President - Financial & Administrative Affairs
Michael Endy	Vice President - Instruction & Student Services

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Weatherford College of the Parker County Junior College District (College) as of and for the years ended August 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

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

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

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, 2017 and 2016, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were 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. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2017, 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* in considering the Weatherford College of the Parker County Junior College District's internal control over financial reporting and compliance.

Snow Garrett Williams

Snow Garrett Williams

December 5, 2017

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2017 and 2016**

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 years ended August 31, 2017 and 2016. 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 12-18), and the footnotes (starting at page 20). 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 position is designed to be similar to bottom line results for the College.

The statement of revenues, expenses, and changes in net position 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. is a discretely presented component unit of the College and is reported as separate financial statements. Complete financial statements for the Foundation may be obtained from the Weatherford College Business Office.

Financial Highlights

The College's net position increased from August 31, 2016 to August 31, 2017 by \$1.3 million, and increased from August 31, 2015 to August 31, 2016 by \$2.6 million. As of August 31, 2017 and 2016, the College's net position was \$56.5 million and \$55.2 million, which includes \$26.0 million and \$26.6 million in net investment in capital assets, \$4.8 million and \$4.6 million in restricted net position, and \$25.7 million and \$24.0 million in unrestricted net position, respectively.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2017 and 2016**

Operating expenses for 2017 and 2016 were \$43.2 million and \$42.2 million of which \$17.9 million and \$17.2 million were expended for instruction, \$7.0 million and \$6.8 million were expended for institutional support, and \$2.5 million and \$2.5 million were expended for auxiliary enterprises, respectively. In fiscal years 2017 and 2016, depreciation expense was \$2.2 million and \$2.2 million, respectively.

Operating revenue for 2017 and 2016 was \$15.1 million and \$16.1 million, which includes \$8.2 million and \$8.1 million in tuition and fees (net of discounts), \$2.9 million and \$3.5 million in local grants and contracts, and \$1.0 million and \$0.9 million in federal grants and contracts, respectively.

Net non-operating revenue for 2017 and 2016 was \$29.4 million and \$28.7 million, which includes \$10.8 million and \$10.7 million in state allocations, \$11.9 million and \$11.4 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 \$6.3 million and \$6.4 million in federal grants, respectively.

Financial Analysis of the College as a Whole

Statement of Net Position

The statement of net position presents current assets (non restricted assets expected to provide support within a year), non current assets (restricted assets expected to provide long term benefit), deferred outflows of resources, current liabilities (obligations which must be met within the current year), non-current liabilities (obligations which are not settled in the current year), and deferred inflows of resources. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are presented using the accrual basis of accounting, which is similar to the accounting by most private-sector institutions. Net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the financial position of the College. As of August 31, 2017, the net position was \$56.5 million. This was an increase of \$1.3 million from the period ended August 31, 2016. As of August 31, 2016, the net position was \$55.2 million. This was an increase of \$2.6 million from the period ended August 31, 2015. The College's financial position remains strong with adequate liquid assets at a reasonable level of unrestricted net position.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2017 and 2016**

**Net Position
As of August 31,
(in millions)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current Assets	\$33.7	\$30.7	\$26.8
Non-current Assets			
Capital Assets, Net of Depreciation	40.9	42.7	44.4
Other	14.4	14.5	13.9
Total Assets	<u>89.0</u>	<u>87.9</u>	<u>85.1</u>
Deferred Outflows of Resources	<u>1.8</u>	<u>2.2</u>	<u>0.9</u>
Current Liabilities	12.3	11.7	10.8
Non-current Liabilities	20.2	21.1	21.1
Total Liabilities	<u>32.5</u>	<u>32.8</u>	<u>31.9</u>
Deferred Inflows of Resources	<u>1.8</u>	<u>2.1</u>	<u>1.5</u>
Net Position			
Net Investment in Capital Assets	26.0	26.6	27.2
Restricted for: Expendable	4.8	4.6	4.4
Unrestricted	25.7	24.0	21.0
Total Net Position	<u>\$56.5</u>	<u>\$55.2</u>	<u>\$52.6</u>

This schedule is prepared from the College's statements of net position on pages 12 and 13.

Statement of Revenues, Expenses and Changes in Net Position

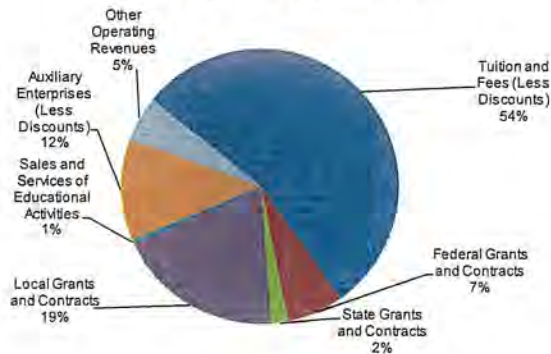
The statement of revenues, expenses and changes in net position presents the operating results of the College, as well as the non-operating revenue and expenses. Operating revenues are primarily those that result directly from instruction, the operation of the College's auxiliary services (cafeteria, 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, 2017 and 2016**

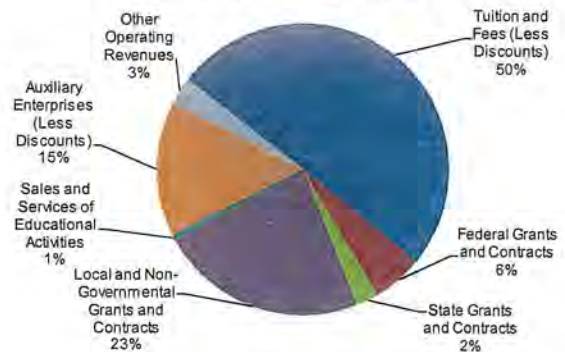
**Operating Results for the Years Ended
August 31,
(in millions)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating Revenue			
Tuition and Fees (Less Discounts)	\$ 8.2	\$ 8.1	\$ 7.7
Federal Grants and Contracts	1.0	0.9	1.4
State Grants and Contracts	0.3	0.4	0.8
Local Grants and Contracts	2.9	3.5	3.6
Non-Governmental Grants and Contracts	0.0	0.2	0.0
Sales and Services of Educational Activities	0.1	0.1	0.1
Auxiliary Enterprises (Less Discounts)	1.8	2.4	1.8
Other Operating Revenues	0.8	0.5	0.5
Total	<u>15.1</u>	<u>16.1</u>	<u>15.9</u>
Less Operating Expenses	<u>43.2</u>	<u>42.2</u>	<u>42.0</u>
Net Operating Loss	<u>(28.1)</u>	<u>(26.1)</u>	<u>(26.1)</u>
Non-Operating Revenues (Expenses)			
State Allocations	10.8	10.7	10.3
Ad-Valorem Taxes for Maintenance and Operations	11.9	11.4	10.5
Ad-Valorem Taxes for General Obligation Bonds	0.7	0.7	0.7
Federal Revenue, Non-Operating	6.3	6.4	7.2
Gifts	0.0	0.0	0.0
Investment Income (Net of Investment Expense)	0.1	0.1	0.1
Gain on Sale of Capital Assets	0.0	0.0	0.0
Other Non-Operating Revenues	0.0	0.0	0.0
Interest on Capital Related Debt	(0.4)	(0.5)	(0.6)
Other Non-Operating Expenses	0.0	(0.1)	0.0
Total	<u>29.4</u>	<u>28.7</u>	<u>28.2</u>
Increase in Net Position	1.3	2.6	2.1
Net Position, Beginning of Year	55.2	52.6	56.2
Prior Period Adjustment	0.0	0.0	(5.7)
Net Position - Beginning of Year, restated	<u>55.2</u>	<u>52.6</u>	<u>50.5</u>
Net Position, End of Year	<u>\$ 56.5</u>	<u>\$ 55.2</u>	<u>\$ 52.6</u>
Total Revenues	<u>\$ 44.9</u>	<u>\$ 45.4</u>	<u>\$ 44.7</u>

Operating Revenue by Source 2017



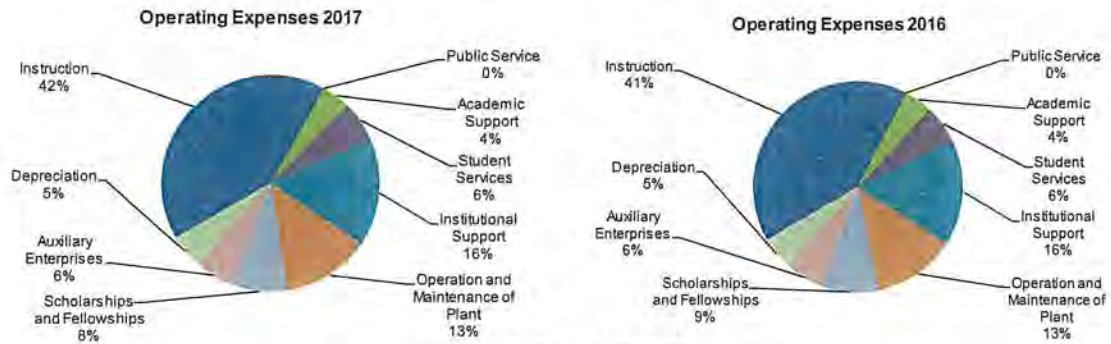
Operating Revenue by Source 2016



**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2017 and 2016**

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating Expenses			
Instruction	\$ 17.9	\$ 17.2	\$ 17.2
Public Service	0.0	0.1	0.0
Academic Support	1.8	1.8	1.8
Student Services	2.6	2.5	2.4
Institutional Support	7.0	6.8	6.5
Operation and Maintenance of Plant	5.6	5.4	5.5
Scholarships and Fellowships	3.6	3.7	3.9
Auxiliary Enterprises	2.5	2.5	2.5
Depreciation	2.2	2.2	2.2
Total	<u><u>\$ 43.2</u></u>	<u><u>\$ 42.2</u></u>	<u><u>\$ 42.0</u></u>
Total Expenses (Including Interest Expense, and Non-Operating Expenses)	<u><u>\$ 43.6</u></u>	<u><u>\$ 42.8</u></u>	<u><u>\$ 42.6</u></u>



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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net Position			
Net Investment in Capital Assets	\$ 26.0	\$ 26.6	\$ 27.2
Restricted for: Expendable	4.8	4.6	4.4
Unrestricted	25.7	24.0	21.0
Total Net Position	<u><u>\$ 56.5</u></u>	<u><u>\$ 55.2</u></u>	<u><u>\$ 52.6</u></u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Capital Assets			
Land and Improvements	\$ 10.0	\$ 10.0	\$ 10.0
Buildings	45.6	45.6	45.6
Equipment	6.9	6.6	6.1
Library Books	1.0	1.0	1.2
Total	<u>63.5</u>	<u>63.2</u>	<u>62.9</u>
Less Accumulated Depreciation	(22.6)	(20.5)	(18.5)
Net Capital Assets	<u><u>\$ 40.9</u></u>	<u><u>\$ 42.7</u></u>	<u><u>\$ 44.4</u></u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2017 and 2016**

As of August 31, 2017 and 2016, the College recorded \$63.5 million and \$63.2 million invested in capital assets, \$22.6 million and \$20.5 million in accumulated depreciation and \$40.9 million and \$42.7 million in net capital assets, respectively.

The College has long-term debt in the form of bonds payable including limited tax refunding bonds, series 2016 and consolidated fund revenue bond, series 2012, with an outstanding balance of \$9.2 million and \$10.0 million and notes payable with an outstanding balance of \$5.3 million and \$5.6 million as of August 31, 2017 and 2016, respectively.

Economic Factors and Next Year's Budget and Rates

The Board of Trustees adopted the College's 2017 – 2018 budget and tax rate on August 25, 2017. 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 2018, the Board of Trustees and management considered the following factors:

- Property valuations in Parker County increased resulting in an increased ad valorem tax levy.
- A reduction in the total ad valorem tax rate was achieved due to the increased property valuations and was in keeping with the Board of Trustee's desire to reduce property taxes.
- While tuition and fee rates remained constant, overall tuition and fees increased due to an increase in student enrollment.
- State instructional appropriations were increased.
- Operating grants were reduced due to a reduction in student federal aid.
- Indirect cost rates and revenue were reduced.
- A desire to award an across the board cost of living raise of 3% to all employees.

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 Executive 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 Position
August 31, 2017 and August 31, 2016**

EXHIBIT 1

	2017	2016
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 27,700,146	\$ 25,369,240
Accounts Receivable (net)	2,527,477	1,856,492
Other Assets- Current	3,374,123	3,290,062
Prepaid Expense	131,767	204,882
Total Current Assets	33,733,513	30,720,676
Non-Current Assets		
Restricted Cash and Cash Equivalents	5,581,031	5,747,845
Endowment Investments	12,300	14,920
Other Long-Term Investments	173	220
Investments in Real Estate	8,754,480	8,754,480
Capital Assets (net) (See Note 6)	40,920,035	42,704,428
Total Non-Current Assets	55,268,019	57,221,893
Total Assets	89,001,532	87,942,569
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	1,857,310	2,242,779

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Statements of Net Position
August 31, 2017 and August 31, 2016**

EXHIBIT 1

	2017	2016
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 1,194,082	\$ 1,065,422
Accrued Compensable Absences - Current Portion	438,040	389,943
Funds Held for Others	316,034	297,488
Unearned Revenues	8,845,339	8,525,413
Overpayment of State Appropriations - Current Portion	287,370	287,370
Notes Payable - Current Portion	337,317	309,783
Bonds Payable - Current Portion	897,949	884,278
	12,316,131	11,759,697
Non-Current Liabilities		
Overpayment of State Appropriations	804,632	373,579
Notes Payable	4,960,551	5,297,868
Bonds Payable	8,755,833	9,653,782
Net Pension Liability	5,700,770	5,805,419
	20,221,786	21,130,648
	32,537,917	32,890,345
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	1,836,868	2,091,301
NET POSITION		
Net Investment in Capital Assets	25,968,385	26,558,717
Restricted for:		
Expendable		
Student Aid	2,281,386	2,259,095
Instructional Programs	82,044	83,961
Loans	10,233	9,384
Capital Projects	333,424	331,683
Debt Service	2,056,532	1,957,172
Unrestricted	25,752,053	24,003,690
	\$ 56,484,057	\$ 55,203,702

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Component Unit
Statement of Financial Position
August 31, 2017**

EXHIBIT 1

	<u>Weatherford College Foundation, Inc.</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 84,222
Investments	188,851
Accounts Receivable (net)	14,081
Note Receivable, Current Portion	7,044
Total Current Assets	294,198
Non-Current Assets	
Endowment Investments	8,174,378
Unconditional Promises to Give	3,570
Note Receivable, Net of Current Portion	198,150
Mineral Rights	1
Total Non-Current Assets	8,376,099
Total Assets	8,670,297
LIABILITIES	
Current Liabilities	
Accounts Payable	1,860
Total Liabilities	1,860
NET ASSETS	
Unrestricted	271,214
Temporarily Restricted	1,910,156
Permanently Restricted	6,487,067
Total Net Assets	\$ 8,668,437

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2017 and August 31, 2016

EXHIBIT 2

	2017	2016
REVENUES		
Operating Revenues		
Tuition and Fees (Net of Discounts of \$3,781,658 and \$4,044,493, respectively)	\$ 8,189,674	\$ 8,101,146
Federal Grants and Contracts	976,628	953,539
State Grants and Contracts	314,388	413,838
Local Grants and Contracts	2,926,637	3,522,404
Non-Governmental Grants and Contracts	-	178,194
Sales and Services of Educational Activities	70,890	66,388
Investment Income (Program Restricted)	25,806	24,749
Auxiliary Enterprises (Net of Discounts of \$693,533 and \$695,773, respectively)	1,835,217	2,372,934
Other Operating Revenues	809,648	491,923
Total Operating Revenues (Schedule A)	15,148,888	16,125,115
EXPENSES		
Operating Expenses		
Instruction	17,883,454	17,240,348
Public Service	46,372	57,164
Academic Support	1,767,123	1,790,886
Student Services	2,552,882	2,484,111
Institutional Support	7,039,973	6,836,840
Operation and Maintenance of Plant	5,616,754	5,391,731
Scholarships and Fellowships	3,567,672	3,670,597
Auxiliary Enterprises	2,539,614	2,547,116
Depreciation	2,200,050	2,237,866
Total Operating Expenses (Schedule B)	43,213,894	42,256,659
Operating Loss	(28,065,006)	(26,131,544)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	10,800,472	10,667,055
Maintenance Ad Valorem Taxes	11,853,117	11,381,683
Debt Service Ad Valorem Taxes	672,458	713,769
Federal Revenue, Non-Operating	6,288,816	6,423,368
Gifts	44,347	24,319
Investment Income	109,167	102,018
Gain on Sale of Capital Assets	455	421
Other Non-Operating Revenues	264	-
Interest on Capital Related Debt	(423,735)	(548,998)
Other Non-Operating Expenses	-	(74,874)
Net Non-Operating Revenues (Expenses) (Schedule C)	29,345,361	28,688,761
Increase in Net Position	1,280,355	2,557,217
NET POSITION		
Net Position - Beginning of Year	55,203,702	52,646,485
Net Position - End of Year	\$ 56,484,057	\$ 55,203,702

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Component Unit
Statement of Activities
For the Year Ended August 31, 2017**

EXHIBIT 2

	<u>Weatherford College Foundation, Inc.</u>
REVENUE	
Contributions	\$ 203,573
Interest and Dividends	163,355
Realized Gain on Investments	19,570
Unrealized Gain on Investments	<u>249,903</u>
Total Revenue	<u>636,401</u>
EXPENSES	
Contractual	24,930
Contributions	6,485
Legal and Professional	14,950
Other	47,071
Scholarships	240,241
Supplies	<u>17,405</u>
Total Expenses	<u>351,082</u>
Change in Net Assets	285,319
Net Assets - Beginning of Year	<u>8,383,118</u>
Net Assets - End of Year	<u><u>\$ 8,668,437</u></u>

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Cash Flows
For the Years Ended August 31, 2017 and August 31, 2016

EXHIBIT 3

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Students and Other Customers	\$ 10,112,054	\$ 10,018,732
Receipts from Grants and Contracts	3,936,050	5,692,179
Payments to or on Behalf of Employees	(23,791,051)	(23,229,506)
Payments to Suppliers for Goods or Services	(11,233,841)	(11,033,299)
Payments of Scholarships	(3,651,733)	(3,778,141)
Other receipts	809,648	491,923
Net Cash Used by Operating Activities	(23,818,873)	(21,838,112)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from State Appropriations	8,682,945	8,663,945
Receipts from Ad Valorem Taxes	11,842,974	11,374,790
Receipts from Non-Operating Federal Revenue	6,193,569	6,503,105
Receipts from Gifts and Grants (Other Than Capital)	40,945	24,319
Receipts from (Payments to) Student Organizations and Other Agency Transactions	18,810	11,019
Proceeds from Overpayment of State Appropriations	718,423	718,423
Payments on Overpayment of State Appropriations	(287,370)	(57,474)
Net Cash Provided by Non-Capital Financing Activities	27,210,296	27,238,127
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the Sale of Capital Assets	455	940
Receipts from Ad Valorem Taxes	671,136	714,389
Purchases of Capital Assets	(412,255)	(549,413)
Payments on Capital Debt - Principal	(1,109,783)	(1,110,088)
Payments on Capital Debt - Interest	(510,355)	(531,460)
Net Cash Used by Capital and Related Financing Activities	(1,360,802)	(1,475,632)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	219	48
Receipts from Investment Earnings	133,252	121,818
Net Cash Provided by Investing Activities	133,471	121,866
Increase in Cash and Cash Equivalents	2,164,092	4,046,249
Cash and Cash Equivalents - September 1	31,117,085	27,070,836
Cash and Cash Equivalents - August 31	\$ 33,281,177	\$ 31,117,085
Reconciliation to Exhibit 1:		
Cash and Cash Equivalents	\$ 27,700,146	\$ 25,369,240
Restricted Cash and Cash Equivalents	5,581,031	5,747,845
Total Cash and Cash Equivalents	\$ 33,281,177	\$ 31,117,085

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Statements of Cash Flows
For the Years Ended August 31, 2017 and August 31, 2016**

EXHIBIT 3

	2017	2016
Non-Cash Investing, Capital and Financing Activities:		
Gift of Capital Asset	\$ 3,402	\$ -
Net Increase (Decrease) in Fair Value of Investments	\$ (2,447)	\$ 603,641
Reconciliation of Operating Loss to Net Cash Used By		
Operating Activities:		
Operating Loss	\$ (28,065,006)	\$ (26,131,544)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	2,200,050	2,237,866
Unrealized (Gain) Loss on Fair Value of Investments	4,168	(598,692)
Bad Debt Expense	25,151	36,118
Payments Made Directly by State for Benefits	2,117,527	2,003,110
Investment Income (Program Restricted)	(25,806)	(24,749)
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources		
Receivables, Net	(589,424)	86,967
Other Assets - Current	(84,061)	(107,544)
Prepaid Expenses	73,115	59,690
Deferred Outflows of Resources	385,469	(1,354,896)
Accounts Payable	131,003	(22,866)
Unearned Revenue	319,926	614,193
Compensated Absences	48,097	(16,055)
Net Pension Liability	(104,649)	815,439
Deferred Inflows of Resources	(254,433)	564,851
Net Cash Used By Operating Activities	\$ (23,818,873)	\$ (21,838,112)

**NOTES TO THE
FINANCIAL STATEMENTS**

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2017 and August 31, 2016**

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

This section provides a summary of the College's significant accounting activities and other topics related to the College's financial reporting.

Reporting 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 Colleges*. The College applies all applicable GASB pronouncements. 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 (HEA) 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.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2017 and August 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 College records the amount 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, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

Cash and Cash Equivalents

For the purpose of cash flows, the College considers cash and cash equivalents as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Deferred Outflows

In addition to assets, the College is aware that the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Governments are permitted only to report deferred outflows in circumstances specifically authorized by the GASB. The College has deferred outflows related to the pension plan, see additional information in Note 9.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2017 and August 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Current Cash and Investments

Non-current cash and investments are set aside and classified as restricted assets on the Statement of Net Position 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*, the College reports investments 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

The College records capital assets 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. The College capitalizes renovations of \$100,000 to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure. The College charges costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives 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 land improvements, 15 years for library books, 10 years for furniture, machinery, vehicles and other equipment, and 5 years for telecommunications and peripheral equipment.

Unearned 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 unearned revenue in the current fiscal year. Tuition and fees of \$7,548,922 and \$6,993,438 and federal, state, and local grants of \$1,296,417 and \$1,531,975 have been reported as unearned revenue at August 31, 2017 and August 31, 2016, respectively.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2017 and August 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bonds Payable

Bonds payable are reported net of applicable bond premium, which is deferred and amortized using the effective interest method.

Pensions

The College participates in the Teacher Retirement System of Texas (TRS) pension plan, a multiple-employer cost sharing defined benefit pension plan with a special funding situation. The fiduciary net position of TRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to / deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows

In addition to liabilities, the College is aware that the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so is not recognized as an inflow of resources (revenue) until that time. Governments are permitted only to report deferred inflows in circumstances specifically authorized by the GASB. The College has deferred inflows related to the pension plan, see additional information in Note 9.

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, the College is aware that actual results could differ from those estimates.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2017 and August 31, 2016**

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 2017, the operation of the bookstore was not performed by the College.

Application of Restricted and Unrestricted Resources

The College's policy is to first apply an expense against restricted resources then towards unrestricted resources, when both are available to pay an expense.

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 Executive 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.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2017 and August 31, 2016**

4. DEPOSITS AND INVESTMENTS (Continued)

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 Position, consist of the items reported below:

<u>Cash and Cash Equivalents</u>	<u>August 31, 2017</u>	<u>August 31, 2016</u>
Bank Deposits - Time Deposits	\$ 33,276,277	\$ 31,112,085
Petty Cash	4,900	5,000
Total Cash and Cash Equivalents	\$ 33,281,177	\$ 31,117,085

Investments

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

<u>Types of Investments</u>	<u>Maturity</u>	<u>Market Value August 31, 2017</u>	<u>Market Value August 31, 2016</u>
<u>U.S. Agency Bonds - Federal</u>			
National Mortgage Association	3/2022	\$ 173	\$ 220
Mineral Rights	N/A	12,300	14,920
Real Estate	N/A	8,754,480	8,754,480
Total Investments		\$ 8,766,953	\$ 8,769,620

Interest Rate Risk – In accordance with state law and 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, 2017 and August 31, 2016, the College was not exposed to interest rate risk.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2017 and August 31, 2016**

4. DEPOSITS AND INVESTMENTS (Continued)

Credit Risk - The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. As of August 31, 2017 and August 31, 2016, the U.S. Agency Bonds (FNMA) were rated AA+ by Standard and Poor's.

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, 2017 and August 31, 2016, 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, 2017 and August 31, 2016, the College's investment securities were not exposed to custodial credit risk.

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

	<u>August 31, 2017</u>	<u>August 31, 2016</u>
Per Note 4:		
Cash and Cash Equivalents	\$ 33,281,177	\$ 31,117,085
U.S. Agency Bonds	173	220
Real Estate Investments	8,754,480	8,754,480
Mineral Right Investment	12,300	14,920
Total Deposits and Investments	<u>\$ 42,048,130</u>	<u>\$ 39,886,705</u>
Per Exhibit 1:		
Cash and Cash Equivalents	\$ 27,700,146	\$ 25,369,240
Restricted Cash and Cash Equivalents	5,581,031	5,747,845
Other Long-Term Investments	173	220
Endowment Investments	12,300	14,920
Investments in Real Estate	8,754,480	8,754,480
Total Deposits and Investments	<u>\$ 42,048,130</u>	<u>\$ 39,886,705</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2017 and August 31, 2016**

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The College's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets for identical assets or liabilities that the government can access at the measurement date.

Level 2 – Investments reflect prices that are based on a similar observable asset or liability either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable sources for the asset or liability.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

The fair value hierarchy of investments at August 31, 2017 follows:

	August 31, 2017				August 31, 2016
	Level 1	Level 2	Level 3	Total	Total
Asset and Mortgage Backed Securities	\$ 173	\$ -	\$ -	\$ 173	\$ 220
Mineral Rights	-	12,300	-	12,300	14,920
Real Estate	-	8,754,480	-	8,754,480	8,754,480
Total Investments	\$ 173	\$ 8,766,780	\$ -	\$ 8,766,953	\$ 8,769,620

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2017 and August 31, 2016**

6. CAPITAL ASSETS

Capital assets activity for the years ended August 31, 2017 and August 31, 2016 was as follows:

	Balance 9/1/2016	Increases	Decreases	Balance 8/31/2017
Not Depreciated:				
Land	\$ 1,214,301	\$ -	\$ -	\$ 1,214,301
Collections	12,150	-	-	12,150
Subtotal	<u>1,226,451</u>	<u>-</u>	<u>-</u>	<u>1,226,451</u>
Other Capital Assets:				
Buildings	45,634,297	-	-	45,634,297
Land Improvements	8,773,108	-	-	8,773,108
Library Books	1,036,495	44,073	91,932	988,636
Furniture, Machinery, Vehicles, and Other Equipment	6,580,370	372,122	36,448	6,916,044
Subtotal	<u>62,024,270</u>	<u>416,195</u>	<u>128,380</u>	<u>62,312,085</u>
Accumulated Depreciation:				
Buildings	12,682,071	1,303,017	-	13,985,088
Land Improvements	3,491,728	345,386	-	3,837,114
Library Books	245,137	61,478	91,394	215,221
Furniture, Machinery, Vehicles, and Other Equipment	4,127,357	490,169	36,448	4,581,078
Subtotal	<u>20,546,293</u>	<u>2,200,050</u>	<u>127,842</u>	<u>22,618,501</u>
Net Other Capital Assets	<u>41,477,977</u>	<u>(1,783,855)</u>	<u>538</u>	<u>39,693,584</u>
Net Capital Assets	<u>\$ 42,704,428</u>	<u>\$ (1,783,855)</u>	<u>\$ 538</u>	<u>\$ 40,920,035</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2017 and August 31, 2016**

6. CAPITAL ASSETS (continued)

	Balance 9/1/2015	Increases	Decreases	Balance 8/31/2016
Not Depreciated:				
Land	\$ 1,214,301	\$ -	\$ -	\$ 1,214,301
Collections	12,150	-	-	12,150
Subtotal	<u>1,226,451</u>	<u>-</u>	<u>-</u>	<u>1,226,451</u>
Other Capital Assets:				
Buildings	45,634,297	-	-	45,634,297
Land Improvements	8,773,108	-	-	8,773,108
Library Books	1,143,940	40,457	147,902	1,036,495
Furniture, Machinery, Vehicles, and Other Equipment	6,121,510	512,990	54,130	6,580,370
Subtotal	<u>61,672,855</u>	<u>553,447</u>	<u>202,032</u>	<u>62,024,270</u>
Accumulated Depreciation:				
Buildings	11,379,055	1,303,016	-	12,682,071
Land Improvements	3,134,584	357,144	-	3,491,728
Library Books	320,331	68,673	143,867	245,137
Furniture, Machinery, Vehicles, and Other Equipment	3,671,936	509,033	53,612	4,127,357
Subtotal	<u>18,505,906</u>	<u>2,237,866</u>	<u>197,479</u>	<u>20,546,293</u>
Net Other Capital Assets	<u>43,166,949</u>	<u>(1,684,419)</u>	<u>4,553</u>	<u>41,477,977</u>
Net Capital Assets	<u>\$ 44,393,400</u>	<u>\$(1,684,419)</u>	<u>\$ 4,553</u>	<u>\$ 42,704,428</u>

7. NON-CURRENT LIABILITIES

Non-current liability activity for the years ended August 31, 2017 and August 31, 2016 was as follows:

	Balance September 1, 2016	Additions	Reductions	Balance August 31, 2017	Current Portion
Limited Tax Refunding Bonds	\$ 3,205,000	\$ -	\$ 495,000	\$ 2,710,000	\$ 510,000
Revenue Bonds	6,760,000	-	305,000	6,455,000	310,000
Bond Premium	573,060	-	84,278	488,782	77,949
Notes Payable	5,607,651	-	309,783	5,297,868	337,317
Overpayment of State Appropriations	660,949	718,423	287,370	1,092,002	287,370
Net Pension Liability	5,805,419	613,788	718,437	5,700,770	n/a
Compensated Absences	389,943	438,040	389,943	438,040	438,040
Total Non-Current Liabilities	<u>\$ 23,002,022</u>	<u>\$ 1,770,251</u>	<u>\$ 2,589,811</u>	<u>\$ 22,182,462</u>	<u>\$ 1,960,676</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2017 and August 31, 2016**

7. NON-CURRENT LIABILITIES (continued)

	Balance September 1, 2015	Additions	Reductions	Balance August 31, 2016	Current Portion
Limited Tax Refunding Bonds	\$ 3,770,000	\$3,260,000	\$ 3,825,000	\$ 3,205,000	\$ 495,000
Revenue Bonds	7,055,000	-	295,000	6,760,000	305,000
Bond Premium	438,445	183,642	49,027	573,060	84,278
Notes Payable	5,897,739	-	290,088	5,607,651	309,783
Overpayment of State Appropriations	-	718,423	57,474	660,949	287,370
Net Pension Liability	4,989,980	2,248,097	1,432,658	5,805,419	n/a
Compensated Absences	405,998	389,943	405,998	389,943	389,943
Total Non-Current Liabilities	\$ 22,557,162	\$6,800,105	\$ 6,355,245	\$ 23,002,022	\$ 1,871,374

8. DEBT OBLIGATIONS

General information related to bonds payable is summarized below:

Limited Tax Refunding Bonds, General Obligation Bonds, Series 2016

- ◆ To refund the Limited Tax Refunding Bonds, Series 2007.
- ◆ Issued June 1, 2016.
- ◆ \$3,260,000; all authorized bonds have been issued.
- ◆ Source of revenue for debt service – assessment of property taxes.
- ◆ Outstanding Balance of \$2,710,000 and \$3,205,000 at August 31, 2017 and August 31, 2016, respectively, bearing interest at 2.00% to 3.00%.
- ◆ Issued at a premium of \$183,642, of which \$128,017 and \$173,914 was unamortized at August 31, 2017 and August 31, 2016, respectively.

Bonds payable are due in annual installments varying from \$55,000 to \$580,000 with interest rates from 2.00% to 3.00% with final installment due in 2022.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2017 and August 31, 2016**

8. DEBT OBLIGATIONS (Continued)

Consolidated Fund Bonds, Revenue Bonds, Series 2012

- ◆ To purchase student housing facilities.
- ◆ Issued October 1, 2012.
- ◆ \$7,980,000; all authorized bonds have been issued.
- ◆ Source of revenue for debt service – tuition and fees.
- ◆ Outstanding Balance of \$6,455,000 and \$6,760,000 at August 31, 2017 and August 31, 2016, respectively, bearing interest at 2.00% to 4.00%.
- ◆ Issued at a premium of \$558,377, of which \$360,765 and \$399,146 was unamortized at August 31, 2017 and August 31, 2016, respectively.

Bonds payable are due in annual installments varying from \$290,000 to \$525,000 with interest rates from 2.00% to 4.00% with final installment due in 2033.

Note Payable – All American Investment Group, LLC

- ◆ To upgrade facilities' energy management systems at the Main and Wise County Campuses.
- ◆ Original loan date – January 15, 2013.
- ◆ Total balance of \$3,752,878, is payable in 30 semi-annual installments, which includes interest at a rate of 2.35%.
- ◆ Source of revenue for debt service – unrestricted revenue.
- ◆ Outstanding Balance of \$2,972,868 and \$3,147,651 at August 31, 2017 and August 31, 2016, respectively.

The notes payable are due in semi-annual installments varying from \$116,822 to \$267,695 with an interest rate of 2.35% with the final installment to be paid in 2028.

Note Payable – Maintenance Tax Notes, Series 2011

- ◆ To replace roofs and renovate classrooms and to pay related fees and 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 \$2,325,000 and \$2,460,000 at August 31, 2017 and August 31, 2016, 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.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
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8. DEBT OBLIGATIONS (Continued)

Overpayment of State Appropriations

- ◆ The College was overpaid state appropriations from the Texas Higher Education Coordinating Board (THECB) during the fiscal years ending August 31, 2017 and 2016 of \$718,423 each fiscal year totaling \$1,436,846 related to a contact hour adjustment on the formula funding for the 2016-2017 biennium.
- ◆ Repayment will be recouped by the THECB withholding \$28,737 of each future state appropriation payment scheduled to be transferred to the College over 50 payments.
- ◆ Source of revenue for debt service – unrestricted revenue.
- ◆ Outstanding Balance of \$1,092,002 and \$660,949 at August 31, 2017 and August 31, 2016, respectively.

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

Year Ended August 31,	Limited Tax Refunding Bonds			Revenue Bonds			Amortization of Bond Premium
	Bonds Principal	Interest	Total	Bonds Principal	Interest	Total	
2018	\$ 510,000	\$ 76,200	\$ 586,200	\$ 310,000	\$ 241,850	\$ 551,850	\$ 77,949
2019	520,000	66,000	586,000	315,000	232,550	547,550	70,773
2020	540,000	50,400	590,400	325,000	223,100	548,100	60,880
2021	560,000	34,200	594,200	335,000	213,350	548,350	50,618
2022	580,000	17,400	597,400	350,000	203,300	553,300	39,983
2023 - 2027	-	-	-	1,935,000	815,200	2,750,200	125,448
2028 - 2032	-	-	-	2,360,000	395,600	2,755,600	60,144
2033 - 2037	-	-	-	525,000	21,000	546,000	2,987
Total	\$ 2,710,000	\$ 244,200	\$ 2,954,200	\$ 6,455,000	\$ 2,345,950	\$ 8,800,950	\$ 488,782

Year Ended August 31,	Notes Payable			Overpayment of State Appropriation
	Notes Principal	Interest	Total	
2018	\$ 337,317	\$ 165,288	\$ 502,605	\$ 287,370
2019	366,081	154,633	520,714	287,370
2020	383,399	143,348	526,747	287,370
2021	401,220	131,564	532,784	229,892
2022	424,564	119,267	543,831	-
2023 - 2027	2,437,621	389,355	2,826,976	-
2028 - 2032	947,666	59,052	1,006,718	-
Total	\$ 5,297,868	\$ 1,162,507	\$ 6,460,375	\$ 1,092,002

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9. EMPLOYEES' RETIREMENT PLANS

Teacher Retirement System of Texas - Defined Benefit Pension Plan

Plan Description

The College participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. The College's portion of the plan's fiduciary net position has been determined on the same basis as that used by the plan. The plan is reported using the economic resources measurement focus and the accrual basis of accounting. The plan reports investments at fair value. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. The Teacher Retirement System's Comprehensive Annual Financial Report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**WEATHERFORD COLLEGE OF THE PARKER
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9. EMPLOYEES' RETIREMENT PLANS (continued)

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

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9. EMPLOYEES' RETIREMENT PLANS (continued)

	<u>Contribution Rates</u>	
	<u>Fiscal Years</u>	
	<u>2016</u>	<u>2017</u>
Member	7.2%	7.7%
Non-Employer Contributing Entity (NECE) - State	6.8%	6.8%
Employers	6.8%	6.8%

Fiscal Year Contributions

2016 Member Contributions	\$851,903
2016 NECE On-behalf Contributions	\$351,525
2016 Employer Contributions	\$479,120

The College's contributions to the TRS pension plan in the 2017 fiscal year were \$495,628 as reported in the Schedule of College's Contributions in the Required Supplementary Information section of these financial statements. Estimated NECE on-behalf contributions for the 2017 fiscal year were \$353,150.

- As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers.

Public junior colleges or junior college districts are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

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9. EMPLOYEES' RETIREMENT PLANS (continued)

- In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return*	8.00%
Municipal Bond Rate	N/A*
Last year ending August 31 in the 2016 to 2115 Projection period (100 years)	2115
Inflation	2.5%
Payroll Growth Rate	2.50%
Salary increases including inflation	3.5% to 9.5%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

**If a municipal bond rate was to be used, the rate would be 2.84 percent as of August 2016 (i.e. the weekly rate closest to but not later than the Measurement Date). The source for the rate is the Federal Reserve Statistical Release H. 15, citing the Bond Buyer Index of general obligation bonds with 20 years to maturity and an average AA credit rating.*

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9. EMPLOYEES' RETIREMENT PLANS (continued)

Actuarial methods and assumptions were updated based on a study of actual experience for the four year period ending August 31, 2014, and adopted on September 24, 2015, by the TRS Board of Trustees, who have sole authority to determine the actuarial assumptions used for the plan. There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Discount Rate

The discount rate used to measure the total pension liability was 8.0 percent. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.0 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016, are summarized below:

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9. EMPLOYEES' RETIREMENT PLANS (continued)

Asset Allocation and Long-Term Expected Real Rate of Return			
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>	<u>Expected Contribution to Long-Term Portfolio Returns *</u>
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	<u>100%</u>		<u>8.7%</u>

** The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.*

Source: Teacher Retirement System of Texas 2016 Comprehensive Annual Financial Report

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9. EMPLOYEES' RETIREMENT PLANS (continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (8 percent) in measuring the 2016 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
College's proportionate share of the net pension liability:	\$8,822,872	\$5,700,770	\$3,052,597

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2017, the College reported a liability of \$5,700,770 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's Proportionate share of the collective net pension liability	\$5,700,770
State's proportionate share that is associated with the College	<u>4,172,552</u>
Total	<u><u>\$9,873,322</u></u>

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 through August 31, 2016.

At the measurement date of August 31, 2016, the College's proportion of the collective net pension liability was 0.015086 percent which was a decrease of 8.142779 percent from its proportion measured as of August 31, 2015.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
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9. EMPLOYEES' RETIREMENT PLANS (continued)

For the fiscal year ended August 31, 2017, the College recognized pension expense of \$351,525 and revenue of \$351,525 for support provided by the State.

At August 31, 2017, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i><u>Deferred Outflows of Resources</u></i>	<i><u>Deferred Inflows of Resources</u></i>
Differences between expected and actual economic experience	\$ 89,387	\$ 170,222
Changes in actuarial assumptions	173,749	158,018
Difference between projected and actual investment earnings	1,098,546	615,817
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	892,811
Contributions paid to TRS subsequent to the measurement date	<u>495,628</u>	<u>-</u>
Total	<u>\$ 1,857,310</u>	<u>\$1,836,868</u>

The net amounts of the College's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended August 31:</u>	<u>Pension Expense Amount</u>
2018	\$ 372,487
2019	(123,141)
2020	184,768
2021	(146,792)
2022	(211,322)
Thereafter	<u>(55,558)</u>
Total	<u>\$ 20,442</u>

Optional Retirement Plan - Defined Contribution Plan

Plan Description

Participation in the Optional Retirement Program is in lieu of participation in TRS. 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.

**WEATHERFORD COLLEGE OF THE PARKER
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9. EMPLOYEES' RETIREMENT PLANS (continued)

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/College and each participant are 6.60 percent and 6.65 percent, respectively. The College contributes an additional 1.31 percent for employees who were participating in the optional retirement program prior to September 1, 1995 and an additional 0.18 percent 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. S.B. 1812, effective September 1, 2013, limits the amount of the State's contribution to 50 percent of eligible employees in the reporting district.

The retirement expense to the State for the College was \$183,153 and \$186,511 for the fiscal years ended August 31, 2017 and August 31, 2016, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for all College employees was \$20,330,642 and \$19,997,607 for fiscal years 2017 and 2016, respectively. The total payroll of employees covered by the TRS was \$12,173,411 and \$11,831,988, and the total payroll of employees covered by the Optional Retirement Program was \$5,891,851 and \$5,651,852 for fiscal years 2017 and 2016, respectively.

10. 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 Texas Government Code 609.001. As of August 31, 2017 and 2016, the College had 44 and 46 employees, respectively, participating in the program. A total of \$281,708 and \$293,662 in payroll deductions had been invested in approved plans during the fiscal years ended August 31, 2017 and August 31, 2016, respectively.

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11. 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 \$438,040 and \$389,943 for the fiscal years ended August 31, 2017 and August 31, 2016, 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.

12. HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain health care and life insurance 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 \$617.30 per month for the year ended August 31, 2017, and totaled \$1,582,850 for the year. The cost of providing those benefits for 87 retirees was \$347,488 and for 293 active employees amounted to \$1,235,362. The State's contribution per full-time employee was \$576.54 per month for the year ended August 31, 2016, and totaled \$1,403,146 for the year. The cost of providing those benefits for 82 retirees was \$298,499 and for 290 active employees amounted to \$1,104,647. S.B. 1812, effective September 1, 2013, limits the amount of the State's contribution to 50 percent of eligible employees in the reporting district.

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. In addition to providing pension benefits, the State provides certain healthcare and life insurance benefits for retired employees. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State. 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.

**WEATHERFORD COLLEGE OF THE PARKER
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13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

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 and 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.

Beginning September 1, 2013, SB 1812 limited the State's contribution to 50 percent of eligible employees for community colleges.

The College's contributions to SRHP for the years ended August 31, 2017, 2016, and 2015 were \$408,641, \$360,926, and \$311,271, respectively, which equaled the required contributions each year.

**WEATHERFORD COLLEGE OF THE PARKER
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14. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, 2017 and August 31, 2016 were as follows:

	<u>August 31, 2017</u>	<u>August 31, 2016</u>
Student Receivables (Net of Allowances of \$1,835,747 and \$1,730,705 for 2017 and 2016, respectively)	\$ 992,090	\$ 803,380
Taxes Receivable (Net of Allowances of \$201,880 and \$201,880 for 2017 and 2016, respectively)	326,511	315,046
Federal and State Accounts Receivable	291,977	150,685
Other Accounts Receivable	916,899	587,381
	<u>\$ 2,527,477</u>	<u>\$ 1,856,492</u>

Payables

Payables at August 31, 2017 and August 31, 2016 were as follows:

	<u>August 31, 2017</u>	<u>August 31, 2016</u>
Vendor Payable	\$ 1,078,912	\$ 946,352
Salaries and Benefits Payable	75,220	76,777
Accrued Interest	39,950	42,293
	<u>\$ 1,194,082</u>	<u>\$ 1,065,422</u>

15. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants. Revenues are recognized on Exhibit 2 and Schedule A. For federal and non-federal contract and grant awards, funds expended, but not collected, are 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 2017 and 2016 for which monies have not been received nor funds expended totaled \$129,152 and \$654,368, respectively. Of these amounts, \$34,874 and \$53,086 were from Federal contracts and grant awards and \$94,278 and \$601,282 were from State contracts and grant awards for fiscal years ended 2017 and 2016, respectively.

**WEATHERFORD COLLEGE OF THE PARKER
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16. 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, 2017, the College paid an annual premium of \$51,793 plus \$131,013 toward the loss fund. This \$182,806 was the maximum cost for the self-insured plan. For the year ended August 31, 2016, the College paid an annual premium of \$48,508 plus \$78,146 toward the loss fund. This \$126,654 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.

17. 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 District.

	<u>August 31, 2017</u>	<u>August 31, 2016</u>
Assessed Valuation of the College	\$ 14,203,426,992	\$ 14,394,280,060
Less: Exemptions	3,635,919,359	3,605,009,253
Less: Abatements	<u>27,547,900</u>	<u>95,083,320</u>
Net Assessed Valuation of the College	<u>\$ 10,539,959,733</u>	<u>\$ 10,694,187,487</u>

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
At August 31, 2017			
Tax Rate per \$100 valuation of authorized	\$ -	\$ -	\$0.30000
Tax Rate per \$100 valuation of assessed	\$0.11376	\$0.00643	\$0.12019
At August 31, 2016			
Tax Rate per \$100 valuation of authorized	\$ -	\$ -	\$0.30000
Tax Rate per \$100 valuation of assessed	\$0.10695	\$0.00669	\$0.11364

Taxes levied for the years ended August 31, 2017 and 2016 were \$12,393,526 and \$11,983,497, 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.

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17. AD VALOREM TAX (Continued)

August 31, 2017			
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 11,579,768	\$ 653,926	\$ 12,233,694
Delinquent Taxes Collected	166,335	11,426	177,761
Penalties and Interest Collected	107,014	7,106	114,120
Total Gross Collections	11,853,117	672,458	12,525,575
Tax Appraisal & Collection Fees	(207,334)	(11,708)	(219,042)
Bad Debt Expense	-	-	-
Total Net Collections	\$ 11,645,783	\$ 660,750	\$ 12,306,533
August 31, 2016			
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 11,107,344	\$ 694,023	\$ 11,801,367
Delinquent Taxes Collected	177,383	12,771	190,154
Penalties and Interest Collected	96,956	6,975	103,931
Total Gross Collections	11,381,683	713,769	12,095,452
Tax Appraisal & Collection Fees	(187,346)	(11,706)	(199,052)
Bad Debt Expense	-	-	-
Total Net Collections	\$ 11,194,337	\$ 702,063	\$ 11,896,400

Tax collections for the years ended August 31, 2017 and 2016 were 101% and 100%, respectively, 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, 2017 and August 31, 2016**

18. BRANCH CAMPUS MAINTENANCE TAX

A branch campus maintenance tax, which is established by election, is levied by Wise County. The tax 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	Collections (including penalties and interest) August 31, 2017	Collections (including penalties and interest) August 31, 2016
Wise County	\$ 2,901,637	\$ 3,497,404

19. 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, 2017 and 2016.

20. COMPONENT UNIT

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 \$234,414 and \$222,108 for designated scholarships, and \$6,485 and \$3,000, for other contributions to the College during the years ended August 31, 2017 and 2016, respectively. The Foundation received \$0 and \$24,097 from the College for an endowment scholarship fund in fiscal years 2017 and 2016, 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.

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2017 and August 31, 2016**

21. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENT

Expenses included \$55,177 for rent paid under operating leases during the fiscal years ended August 31, 2017 and August 31, 2016. Future minimum lease rental payments under noncancellable operating leases having an initial term in excess of one year as of August 31, 2017 are as follows:

Year Ended	Minimum Future Lease Payments
2018	\$ 55,177
2019	55,177
2020	22,991
Total	\$ 133,345

22. OTHER COMMITMENTS

The College contracted for integrated facilities management services, including, but not limited to, building and structure maintenance, janitorial, grounds, HVAC, plumbing, and vehicle maintenance, with Johnson Controls GWS, LLC effective September 1, 2015 for 36 months. The remaining minimum payments on the contract are as follows:

Year Ended	Minimum Payments
2018	\$ 1,988,646

23. 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.

REQUIRED SUPPLEMENTARY INFORMATION

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule of the College's Share of Net Pension Liability
Last Three Fiscal Years****

<u>Fiscal Year Ending August 31*,</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
College's proportionate share of collective net pension liability (NPL) (%)	0.0150860%	0.0164233%	0.0186811%
College's proportionate share of collective NPL (\$)	\$ 5,700,770	\$ 5,805,419	\$ 4,989,980
State's total proportionate share of NPL associated with the College	<u>4,172,552</u>	<u>4,052,905</u>	<u>3,433,764</u>
Total	<u>\$ 9,873,322</u>	<u>\$ 9,858,324</u>	<u>\$ 8,423,744</u>
College's covered payroll	\$ 11,831,988	\$ 11,826,629	\$ 11,425,794
College's proportionate share of collective NPL as a percentage of covered payroll	48.18%	49.09%	43.67%
Plan fiduciary net position as percentage of total pension liability	78.00%	78.43%	83.25%

*The amounts presented above are as of the measurement date of the collective net pension liability for the respective fiscal year.

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule of the College's Contributions
Last Three Fiscal Years****

Fiscal Year Ending August 31*,	2017	2016	2015
Legally required contributions	\$ 495,628	\$ 479,120	\$ 486,301
Actual contributions	495,628	479,120	486,301
Contributions deficiency (excess)	\$ -	\$ -	\$ -
College's covered employee payroll amount	\$ 12,173,411	\$ 11,831,988	\$ 11,826,629
Contributions as a percentage of covered employee payroll	4.07%	4.05%	4.11%

* The amounts presented above are as of the College's respective fiscal year-end.

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to Required Supplementary Information
For the Year Ended August 31, 2017**

1. PENSION LIABILITY

Changes of Assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

Changes in Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

SUPPLEMENTAL INFORMATION

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule A
Schedule of Operating Revenues
For the Year Ended August 31, 2017
(With Memorandum Totals for the Year Ended August 31, 2016)**

	Total		Auxiliary	Totals	
	Unrestricted	Restricted		Enterprises	August 31, 2017
Tuition					
State Funded Credit Courses					
In-District Resident Tuition	\$ 3,837,946	\$ -	\$ 3,837,946	\$ -	\$ 3,837,946
Out-of-District Resident Tuition	6,674,206	-	6,674,206	-	6,674,206
Non-Resident Tuition	614,007	-	614,007	-	614,007
TPEG - credit (set aside)*	664,343	-	664,343	-	664,343
State Funded Continuing Education	784,648	-	784,648	-	784,648
TPEG - non-credit (set aside)*	52,466	-	52,466	-	52,466
Non-State Funded Continuing Education	101,400	-	101,400	-	101,400
Total Tuition	<u>12,729,016</u>	<u>-</u>	<u>12,729,016</u>	<u>-</u>	<u>12,729,016</u>
Fees					
General Fee	121,142	-	121,142	-	121,142
Laboratory Fee	345,449	-	345,449	-	345,449
Total Fees	<u>466,591</u>	<u>-</u>	<u>466,591</u>	<u>-</u>	<u>466,591</u>
Scholarship Allowances and Discounts					
Bad Debt Allowance	(114,866)	-	(114,866)	-	(114,866)
Scholarship Allowances	(474,191)	-	(474,191)	-	(474,191)
Remissions and Exemptions - State	(502,319)	-	(502,319)	-	(502,319)
Remissions and Exemptions - Local	(607,090)	-	(607,090)	-	(607,090)
Title IV Federal Program	(2,810,582)	-	(2,810,582)	-	(2,810,582)
Other Federal Grants	(3,268)	-	(3,268)	-	(3,268)
TPEG Awards	(418,592)	-	(418,592)	-	(418,592)
Other State Grants	(75,025)	-	(75,025)	-	(75,025)
Total Scholarship Allowances	<u>(5,005,933)</u>	<u>-</u>	<u>(5,005,933)</u>	<u>-</u>	<u>(5,166,229)</u>
Total Net Tuition and Fees	<u>8,189,674</u>	<u>-</u>	<u>8,189,674</u>	<u>-</u>	<u>8,101,146</u>
Additional Operating Revenues					
Federal Grants and Contracts	63,882	912,746	976,628	-	976,628
State Grants and Contracts	7,012	307,376	314,388	-	314,388
Local Grants and Contracts	2,926,637	-	2,926,637	-	2,926,637
Non-Governmental Grants and Contracts	-	-	-	-	-
Sales and Services of Educational Activities	70,890	-	70,890	-	70,890
Investment Income (Program Restricted)	-	25,806	25,806	-	25,806
Other Operating Revenues	809,648	-	809,648	-	809,648
Total Additional Operating Revenues	<u>3,878,069</u>	<u>1,245,928</u>	<u>5,123,997</u>	<u>-</u>	<u>5,123,997</u>
Auxiliary Enterprises					
Bookstore	-	-	-	307,206	307,206
Food Services	-	-	-	733,370	733,370
Less Discounts	-	-	-	(278,082)	(278,082)
Student Housing	-	-	-	1,216,276	1,216,276
Less Discounts	-	-	-	(355,765)	(355,765)
Intercollegiate Athletics	-	-	-	458	458
Student Services	-	-	-	229,175	229,175
Less Discounts	-	-	-	(59,686)	(59,686)
Carter Agriculture Center	-	-	-	42,265	42,265
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,835,217</u>	<u>1,835,217</u>
Total Operating Revenues	<u>\$ 12,067,743</u>	<u>\$ 1,245,928</u>	<u>\$ 13,313,671</u>	<u>\$ 1,835,217</u>	<u>\$ 15,148,888</u>
				(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$716,809 and \$720,266 for years August 31, 2017 and 2016, 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, 2017
(With Memorandum Totals for the Year Ended August 31, 2016)

	Operating Expenses				Totals	
	Salaries and Wages	Benefits		Other Expenses	August 31, 2017	August 31, 2016
		State Benefits	Local Benefits			
Unrestricted Educational Activities						
Instruction	\$ 11,639,185	\$ -	\$ 1,848,063	\$ 1,792,664	\$ 15,279,912	\$ 14,756,483
Public Service	9,875	-	1,231	27,665	38,771	56,202
Academic Support	1,172,634	-	191,902	279,967	1,644,503	1,632,138
Student Services	1,782,100	-	301,812	243,023	2,326,935	2,283,161
Institutional Support	3,961,580	-	683,575	1,967,002	6,612,157	6,429,302
Operation and Maintenance of Plant	94,650	-	34,647	5,487,457	5,616,754	5,391,731
Scholarships and Fellowships	-	-	-	-	-	-
Total Unrestricted Educational Activities	18,660,024	-	3,061,230	9,797,778	31,519,032	30,549,017
Restricted Educational Activities						
Instruction	767,911	1,377,494	187,990	270,147	2,603,542	2,483,865
Public Service	-	1,116	-	6,485	7,601	962
Academic Support	-	122,620	-	-	122,620	158,748
Student Services	761	189,057	58	36,071	225,947	200,950
Institutional Support	-	427,240	-	576	427,816	407,538
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarships and Fellowships	-	-	-	3,567,672	3,567,672	3,670,597
Total Restricted Educational Activities	768,672	2,117,527	188,048	3,880,951	6,955,198	6,922,660
Total Educational Activities	19,428,696	2,117,527	3,249,278	13,678,729	38,474,230	37,471,677
Auxiliary Enterprises	901,946	-	284,058	1,353,610	2,539,614	2,547,116
Depreciation Expense - Buildings and Land Improvements	-	-	-	1,648,402	1,648,402	1,660,160
Depreciation Expense - Furniture, Machinery, Vehicles, and Other Equipment	-	-	-	551,648	551,648	577,706
Total Operating Expenses	\$ 20,330,642	\$ 2,117,527	\$ 3,533,336	\$ 17,232,389	\$ 43,213,894	\$ 42,256,659
				(Exhibit 2)	(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, 2017
(With Memorandum Totals for the Year Ended August 31, 2016)**

	Unrestricted	Restricted	Auxiliary Enterprises	Totals	
				August 31, 2017	August 31, 2016
Non-Operating Revenues					
State Appropriations					
Education and General State Support	\$ 8,289,406	\$ -	\$ -	\$ 8,289,406	\$ 8,278,323
State Group Insurance	-	1,582,850	-	1,582,850	1,477,000
State Retirement Matching	-	534,678	-	534,678	526,110
Professional Nursing Shortage Reduction	-	366,423	-	366,423	358,874
Miscellaneous Revenues	-	27,115	-	27,115	26,748
Total State Appropriations	8,289,406	2,511,066	-	10,800,472	10,667,055
Maintenance Ad Valorem Taxes	11,853,117	-	-	11,853,117	11,381,683
Debt Service Ad Valorem Taxes	672,458	-	-	672,458	713,769
Federal Revenue, Non-Operating	-	6,288,816	-	6,288,816	6,423,368
Gifts	8,337	6,485	29,525	44,347	24,319
Investment Income	109,167	-	-	109,167	102,018
Gain on Sale of Capital Assets	455	-	-	455	421
Other Non-Operating Revenues	264	-	-	264	-
Total Non-Operating Revenue	20,933,204	8,806,367	29,525	29,769,096	29,312,633
Non-Operating Expenses					
Interest on Capital Related Debt	423,735	-	-	423,735	548,998
Other Non-Operating Expenses	-	-	-	-	74,874
Total Non-Operating Expenses	423,735	-	-	423,735	623,872
Net Non-Operating Revenues (Expenses)	\$ 20,509,469	\$ 8,806,367	\$ 29,525	\$ 29,345,361	\$ 28,688,761
				(Exhibit 2)	(Exhibit 2)

WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule D
Schedule of Net Position by Source and Availability
For the Year Ended August 31, 2017
(With Memorandum Totals for the Year Ended August 31, 2016)

	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	\$ 13,332,517	\$	\$	\$	\$ 13,332,517	\$ 13,332,517	\$
Board Designated					-		
Restricted							
Student Aid		2,281,386			2,281,386	2,281,386	
Instructional Programs		82,044			82,044	82,044	
Auxiliary Enterprises	2,060,898				2,060,898		2,060,898
Loan		10,233			10,233		10,233
Endowment	10,358,638				10,358,638		10,358,638
Quasi					-		
Unrestricted					-		
Restricted					-		
Endowment					-		
True					-		
Term (per instructions at maturity)					-		
Life Income Contracts					-		
Annuities					-		
Plant					-		
Unexpended					-		
Capital Projects		333,424			333,424		333,424
Debt Service		2,056,532			2,056,532		2,056,532
Investment in Plant				25,968,385	25,968,385		25,968,385
Totals							
Net Position, August 31, 2017	25,752,053	4,763,619	-	25,968,385	56,484,057 (Exhibit 1)	15,695,947	40,788,110
Net Position, August 31, 2016	24,003,690	4,641,295	-	26,558,717	55,203,702 (Exhibit 1)	14,379,659	40,824,043
Net Increase (Decrease) in Net Position	\$ 1,748,363	\$ 122,324	\$ -	\$ (590,332)	\$ 1,280,355 (Exhibit 2)	\$ 1,316,288	\$ (35,933)

**OVERALL COMPLIANCE AND
INTERNAL CONTROLS SECTION**



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Weatherford College of the Parker County Junior College District (College) as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the College's financial statements, and have issued our report thereon dated December 5, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from 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, 2017, no instances of noncompliance were noted.

Purpose of this Report

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

Snow Garrett Williams

Snow Garrett Williams

December 5, 2017

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended August 31, 2017**

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, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

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: unmodified

Any audit findings disclosed that are required to be Reported in accordance with section 2 CFR Section 200.416(a)? _____ yes X no

Identification of Major Programs:

Federal Awards

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

Dollar threshold used to distinguish between Type A and Type B federal programs: \$ 750,000

Auditee qualified as a low-risk auditee? X yes _____ 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

<u>Findings/Noncompliance</u>	<u>Program</u>	<u>Questioned Costs</u>
None Noted		

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Corrective Action Plan
August 31, 2017**

A corrective action plan is not needed.

FEDERAL AWARDS SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Weatherford College of the Parker County Junior College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2017. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Costs Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, Weatherford College of the Parker County Junior College District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2017.

Report on Internal Control Over Compliance

Management of Weatherford College of the Parker County Junior College District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Snow Garrett Williams

Snow Garrett Williams
December 5, 2017

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2017**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U.S. Department of Justice			
Direct Programs:			
Bullet Proof Vest Partnership Program	16.607		\$ 349
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Educational Opportunity Grant	84.007		104,529
Federal College Workstudy Program	84.033		66,631
Federal Pell Grant Program	84.063		6,117,656
Federal Direct Student Loans	84.268		6,191,751
Total Student Financial Aid Cluster			<u>12,480,567</u>
TRIO Cluster			
TRIO - Student Support Services Program	84.042A		248,775
TRIO - Talent Search Program	84.044A		296,717
TRIO - Upward Bound Program	84.047A		253,950
Total TRIO Cluster			<u>799,442</u>
Pass-Through From:			
Texas Higher Education Coordinating Board (THECB)			
Career and Technical Education Basic Grants to States	84.048	174267	<u>176,837</u>
Total U.S. Department of Education			<u>13,456,846</u>
Total Federal Financial Assistance			<u><u>\$ 13,457,195</u></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, 2017**

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts Revenue - per Schedule A	\$	976,628
Add: Non-Operating Federal Revenue from Schedule C		<u>6,288,816</u>
Total Federal Revenues per Statement of Revenues, Expenses and changes in Net Assets	\$	<u>7,265,444</u>
Reconciling Items:		
Add: Federal Direct Student Loans		<u>6,191,751</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$	<u><u>13,457,195</u></u>

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. Since the College has agency approved Indirect Recovery Rate it has elected not to use the 10% de minimis cost rate as permitted in the UG, section 200.414.

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	<u>\$6,191,751</u>	<u>\$ -</u>	<u>\$ 6,191,751</u>

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, 2017**

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Comptroller of Public Accounts Law Enforcement Office Standards and Education	17560028627-005	\$ 227
Texas Higher Education Coordinating Board Professional Nursing Shortage Reduction		366,423
Nursing Innovation	14156	5,372
Nursing Innovation - Building Stimulation	18036	126,752
Texas Workforce Commission Skills for Small Business Program	0415SSD001	2,940
Skills for Small Business Program	0417SSD003	7,350
Skills Development Fund Grant	0415SDF003	71,747
Skills Development Fund Grant	0416SDF005	<u>100,000</u>
Total State Financial Assistance		<u>\$ 680,811</u>

See Notes to Schedule below.

Note 1: State Assistance Reconciliation

State Financial Assistance - per Schedule of Expenditures of State Awards	\$ 680,811
Reconciling Items	
Professional Nursing Shortage Reduction reported on Schedule C	<u>(366,423)</u>
Total State Grants and Contracts per Exhibit 2 and Schedule A	<u>\$ 314,388</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.

