

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

ANNUAL FINANCIAL AND COMPLIANCE REPORT

FOR THE YEAR ENDED AUGUST 31, 2005

**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, 2005**

Board of Trustees

Officers

Lin Bearden	Chairman
Jean Bryan	Vice Chairman
Dave Deison	Secretary/Treasurer

Members

		<u>Term Expires</u> <u>May 31,</u>
Jean Bryan	Weatherford, Texas	2007
Dave Deison	Weatherford, Texas	2007
Dorotha Guess	Millsap, Texas	2009
Lin Bearden	Weatherford, Texas	2009
Dr. Tom Novak	Weatherford, Texas	2009
Pat Hamilton	Weatherford, Texas	2011
Roger Grizzard	Weatherford, Texas	2011

Principal Administrative Officers

Dr. Joe Birmingham	President
Dr. Arleen Atkins	Vice President - Instruction
Andra Cantrell	Vice President - Financial & Administrative Affairs
Duane Durrett	Vice President - Student Affairs

FINANCIAL SECTION



Snow, Garrett & Company

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Weatherford College of the Parker County Junior College District, as of and for the years ended August 31, 2005 and 2004, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Weatherford College of the Parker County Junior College District, as of August 31, 2005 and 2004, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2005, on our consideration of the Weatherford College of the Parker County Junior College District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of Weatherford College of the Parker County Junior College District. The accompanying financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal and state awards and supplementary information schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Page two

The statistical supplement is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Snow, Garrett & Company

Snow, Garrett & Company, CPA's
October 19, 2005

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2005**

This section of the Weatherford College of the Parker County Junior College District's annual financial report presents management's discussion and analysis of the College's financial activity during the fiscal year ended August 31, 2005. 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 (pages 20-33). Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

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

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

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

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

Financial Highlights

The College's net assets increased from last year by \$1.9 million. As of August 31, 2005, the College's net assets were \$21.8 million, which includes \$9.0 million in net investment in capital assets, \$2.0 million in restricted net assets, and \$10.8 million in unrestricted net assets.

Operating expenses for 2005, were \$25.6 million of which \$11.3 million was expended for instruction, \$4.0 million was expended for institutional support, and \$2.4 million was expended for scholarships and fellowships. In fiscal year 2005, depreciation expense was \$0.8 million.

Operating revenue for 2005 was \$12.3 million, which includes \$4.6 million in tuition and fees (net of discounts), \$5.4 million in federal grants and contracts, and \$1.8 million in auxiliary revenue (net of discounts).

Net non-operating revenue for 2005 was \$15.2 million, which includes \$8.8 million in state allocations, \$5.8 million in ad-valorem taxes for maintenance and operations, \$0.7 million in ad-valorem taxes for general obligation bonds.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Management's Discussion and Analysis
August 31, 2005

Financial Analysis of the College as a Whole

The 2004 columns in the following summary financial statements were restated to comply with state requirements regarding the depreciation of library books. See Note 2 on pages 22 and 23 for a more detailed explanation.

Statement of Net Assets

The statement of net assets presents current assets (non restricted assets expected to provide support within a year), non current assets (restricted assets expected to provide long term benefit), current liabilities (obligations which must be met within the current year), and non-current liabilities (obligations which are not settled in the current year.) All assets and liabilities are presented using the accrual basis of accounting, which is similar to the accounting by most private-sector institutions. Net assets, the difference between assets and liabilities, are one way to measure the financial position of the College. As of August 31, 2005, the net assets were \$21.8 million. This was an increase of \$1.9 million from the period ended August 31, 2004. The College's financial position remains strong with adequate liquid assets at a reasonable level of unrestricted net assets.

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

	2005	2004 Restated
Current Assets	\$ 13.1	\$ 10.9
Non-current Assets		
Capital Assets, Net of Depreciation	18.5	18.8
Other	4.2	4.3
Total Assets	35.8	34.0
Current Liabilities	4.9	4.4
Non-current Liabilities	9.1	9.7
Total Liabilities	14.0	14.1
Net Assets		
Net Investment in Capital Assets	9.0	8.7
Restricted for: Expendable	2.0	2.0
Unrestricted	10.8	9.2
Total Net Assets	\$ 21.8	\$ 19.9

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

Statement of Revenues, Expenses and Changes in Net Assets

The statement of revenues, expenses and changes in net assets presents the operating results of the College, as well as the non-operating revenue and expenses. Operating revenues are primarily those that result directly from instruction, the operation of the College's auxiliary services (cafeteria, athletics, bookstore, etc.) and Federal, State and local grants. Also included in operating revenues are State Allocations in accordance with the Texas Higher Education Coordinating Board. 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.

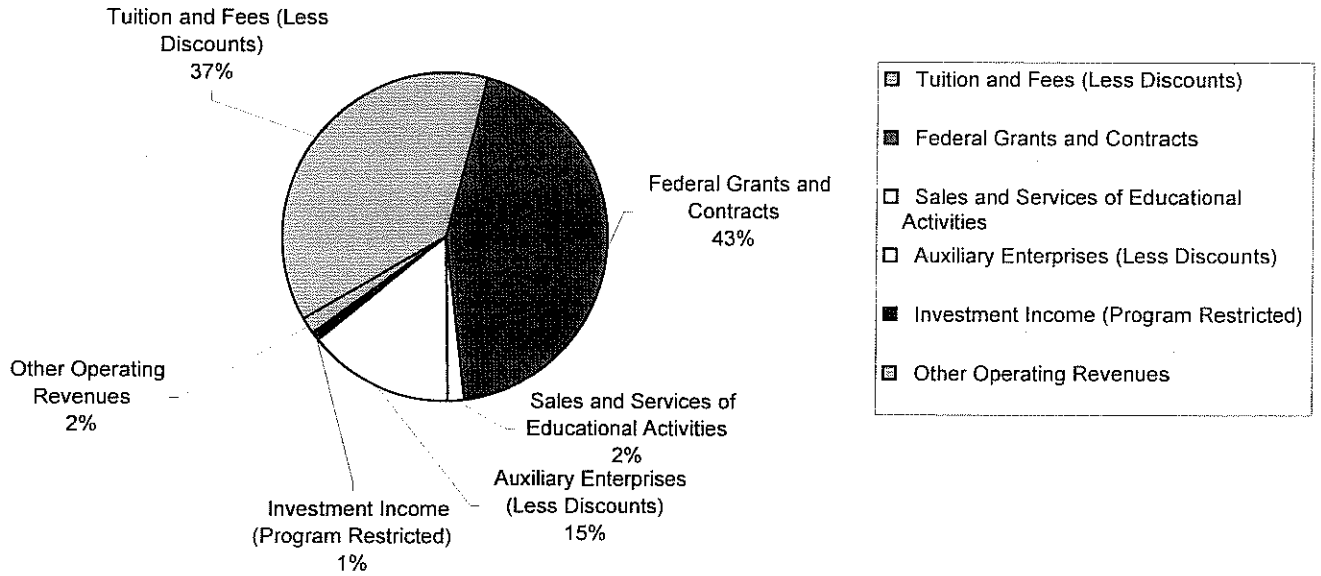
**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Management's Discussion and Analysis
August 31, 2005

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

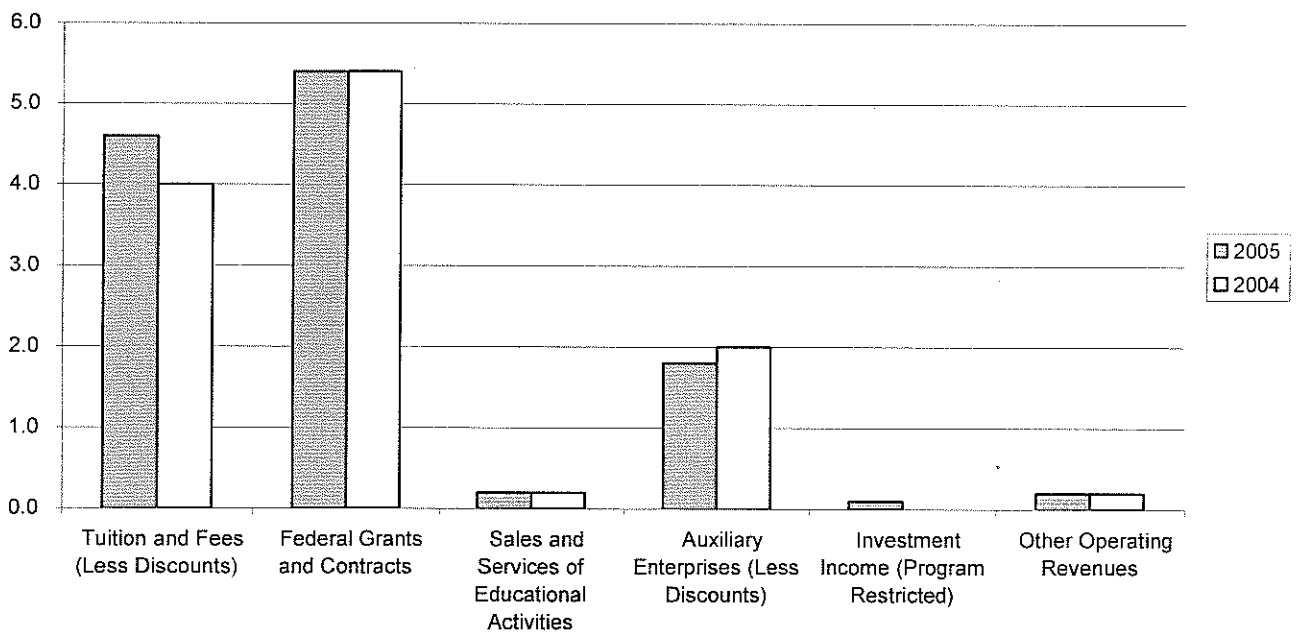
	2005	2004 Restated
Operating Revenue		
Tuition and Fees (Less Discounts)	\$ 4.6	\$ 4.0
Federal Grants and Contracts	5.4	5.4
State Grants and Contracts	0.0	0.0
Non-governmental Grants and Contracts	0.0	0.0
Sales and Services of Educational Activities	0.2	0.2
Investment Income (Program Restricted)	0.1	0.0
Auxiliary Enterprises (Less Discounts)	1.8	2.0
Other Operating Revenues	0.2	0.2
Total	12.3	11.8
Less Operating Expenses	25.6	23.8
Net Operating Loss	(13.3)	(12.0)
Non-Operating Revenues (Expenses)		
State Allocations	8.8	8.7
Ad-Valorem Taxes for Maintenance and Operations	5.8	5.3
Ad-Valorem Taxes for General Obligation Bonds	0.7	0.7
Gifts	0.1	0.0
Investment Income (Net of Investment Expense)	0.2	0.1
Contributions in Aid of Construction	0.2	0.0
Interest on Capital Related Debt	(0.6)	(0.6)
Disposal of Capital Related Assets (Net of Accumulated Depreciation)	0.0	0.0
Other Non-Operating Revenues (Expenses)	0.0	0.1
Total	15.2	14.3
Increase in Net Assets	1.9	2.3
Net Assets, Beginning of Year	19.9	17.6
Net Assets, End of Year	\$ 21.8	\$ 19.9
Total Revenues	\$ 28.1	\$ 26.7

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Management's Discussion and Analysis
August 31, 2005

Operating Revenue by Source 2005



Operating Revenue by Source (in millions)



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

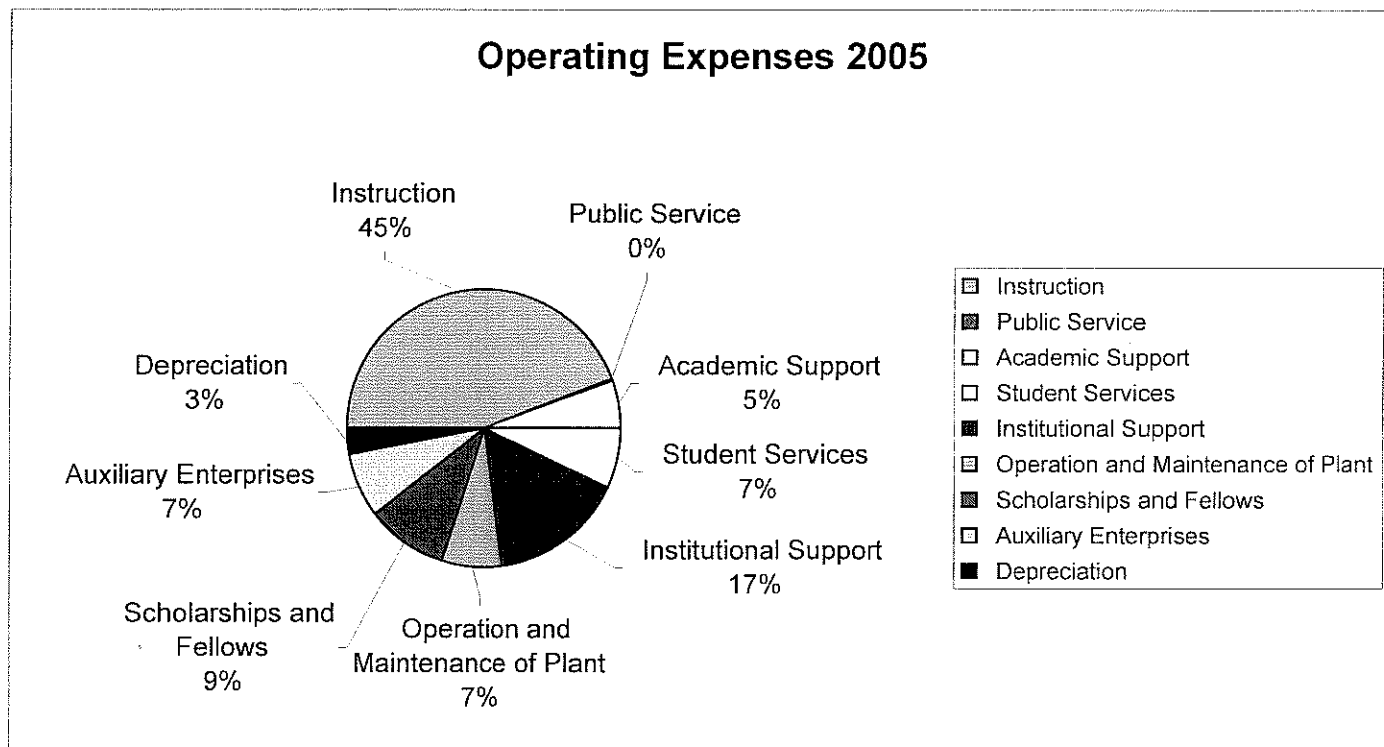
Management's Discussion and Analysis

August 31, 2005

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

	<u>2005</u>	<u>2004 Restated</u>
Operating Expenses		
Instruction	\$ 11.3	\$ 10.5
Public Service	0.1	-
Academic Support	1.4	1.3
Student Services	1.8	1.6
Institutional Support	4.0	3.4
Operation and Maintenance of Plant	1.9	2.0
Scholarships and Fellowships	2.4	2.4
Auxiliary Enterprises	1.9	1.8
Depreciation	0.8	0.8
Total	<u>\$ 25.6</u>	<u>\$ 23.8</u>
 Total Expenses (Including Interest Expense and Loss on Sale of Capital Assets)	 <u>\$ 26.2</u>	 <u>\$ 24.4</u>

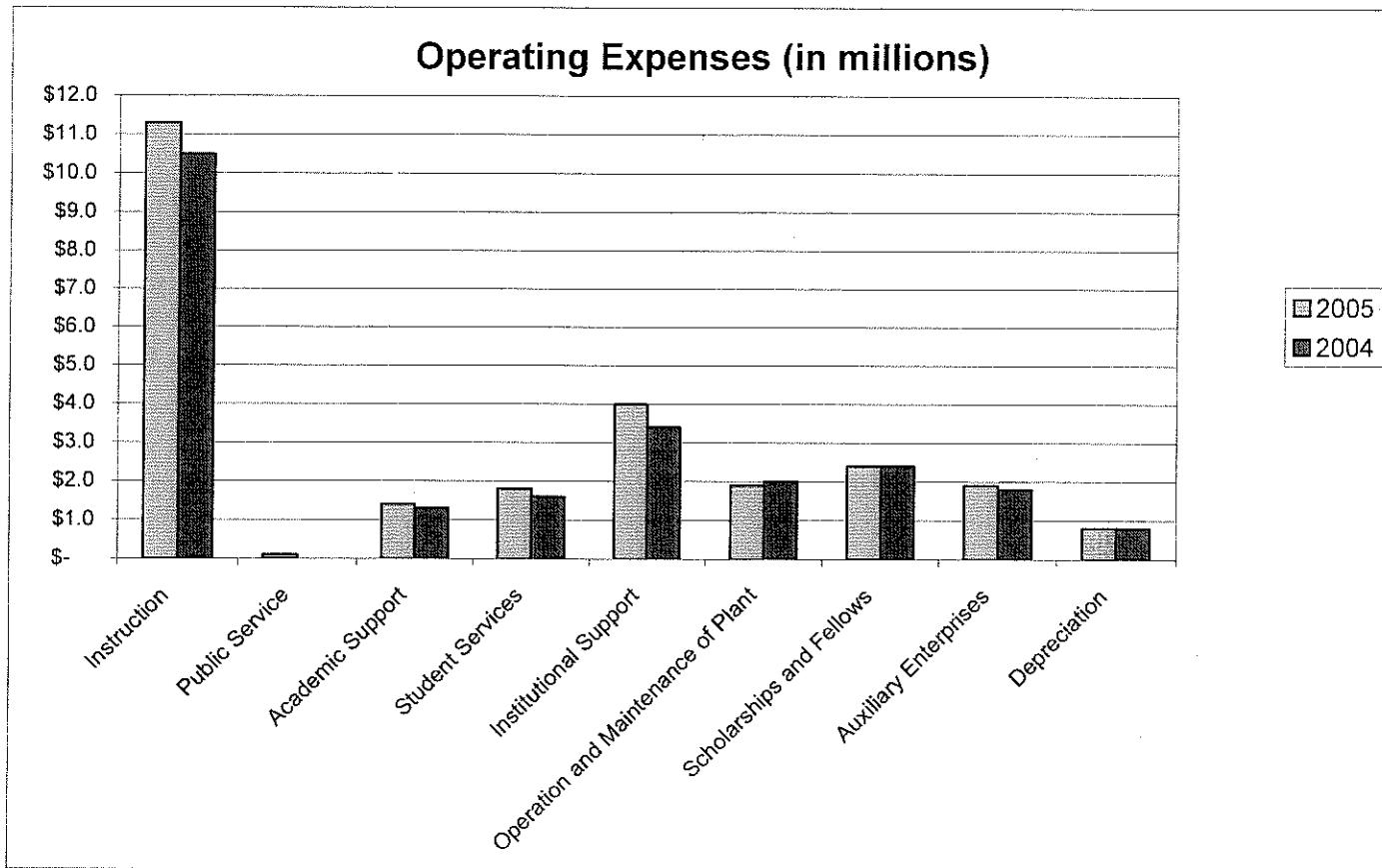
The following is a graphic illustration of operating expenses.



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

Management's Discussion and Analysis

August 31, 2005



Analysis of Net Assets

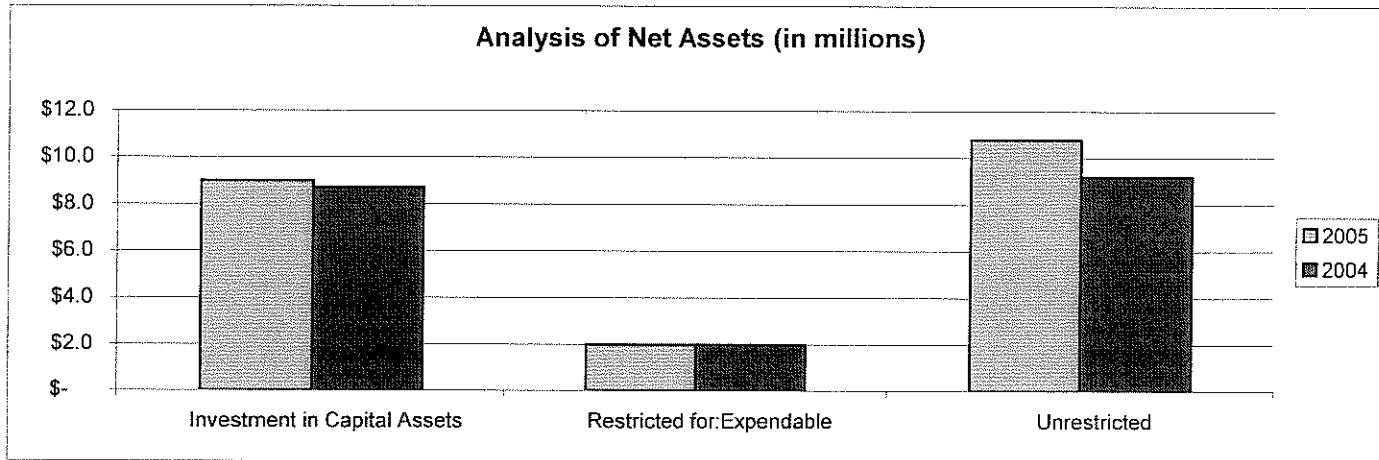
August 31,

(in millions)

	2005	2004 Restated
Net Assets		
Net Investment in Capital Assets	\$ 9.0	\$ 8.7
Restricted for: Expendable	2.0	2.0
Unrestricted	10.8	9.2
Total Net Assets	\$ 21.8	\$ 19.9

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Management's Discussion and Analysis
August 31, 2005

The following is a graphic illustration of net assets.



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

	<u>2005</u>	<u>2004 Restated</u>
Capital Assets		
Land and Improvements	\$ 4.2	\$ 4.0
Building	19.5	19.5
Construction in Progress	0.0	0.0
Equipment	2.2	2.0
Library Books	1.1	1.0
Total	<u>27.0</u>	<u>26.5</u>
Less Accumulated Depreciation	(8.5)	(7.7)
Net Capital Assets	<u>\$ 18.5</u>	<u>\$ 18.8</u>

As of August 31, 2005, the College recorded \$27.0 million invested in capital assets, \$8.5 million in accumulated depreciation and \$18.5 million in net capital assets.

The College has long-term debt in the form of general obligations bonds, series 1996, with an outstanding balance of \$7.2 million and notes payable with an outstanding balance of \$1.9 million as of August 31, 2005.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Net Assets
August 31, 2005 and August 31, 2004

EXHIBIT 1

	2005	2004 Restated
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 9,778,428	\$ 7,669,590
Accounts Receivable (net)	1,560,351	1,514,498
Inventories	430,596	349,563
Deferred Charges	1,276,506	1,224,493
Prepaid Expense	83,634	156,408
Deposits	645	1,930
	13,130,160	10,916,482
Non-Current Assets		
Restricted Cash and Cash Equivalents	1,654,254	1,852,751
Endowment Investments	1	1
Other Long-Term Investments	9,890	14,436
Investments in Real Estate	2,453,000	2,453,000
Capital Assets, net of Accumulated Depreciation (See Note 6)	18,540,633	18,797,382
	22,657,778	23,117,570
	\$ 35,787,938	\$ 34,034,052

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

Statements of Net Assets
August 31, 2005 and August 31, 2004

EXHIBIT 1

	2005	2004 Restated
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 922,625	\$ 929,071
Accrued Compensable Absences - Current Portion	38,700	22,784
Funds Held for Others	168,993	131,709
Deferred Revenues	3,180,298	2,820,627
Notes Payable - Current Portion	316,542	304,314
Bonds Payable - Current Portion	265,000	250,000
	4,892,158	4,458,505
Non-Current Liabilities		
Accrued Compensable Absences	102,046	93,948
Notes Payable	1,821,707	2,138,249
Bonds Payable	7,170,000	7,435,000
	9,093,753	9,667,197
	13,985,911	14,125,702
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	8,967,384	8,669,819
Restricted for:		
Expendable		
Student Aid	1,401,443	1,193,217
Instructional Programs	81,506	81,506
Loans	13,219	13,024
Capital Projects	305,838	560,115
Debt Service	237,407	211,216
Unrestricted	10,795,230	9,179,453
	21,802,027	19,908,350
	35,787,938	34,034,052
	\$ 35,787,938	\$ 34,034,052

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

**Component Units
Statements of Financial Position**

EXHIBIT 1

	August 31, 2005	August 31, 2005
	Weatherford College Development Foundation, Inc.	Weatherford Student Housing Foundation
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 88,011	\$ 84,364
Investments	1,147,537	-
Accounts Receivable (net)	66,297	100,497
Prepaid Expenses	500	15,710
Deposits	-	10,000
Total Current Assets	1,302,345	210,571
Non-Current Assets		
Endowment Investments	2,150,314	-
Other Non-Current Investments	-	789,124
Unconditional Promises to Give	158,350	-
Capital Assets, net of Accumulated Depreciation	140,000	7,708,750
Unamortized Debt Issuance Costs	-	542,378
Total Non-Current Assets	2,448,664	9,040,252
Total Assets	\$ 3,751,009	\$ 9,250,823
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 147	\$ 106,288
Deferred Revenue	-	254,921
Security Deposits	-	44,027
Current Portion Revenue Bonds Payable	-	175,000
Total Current Liabilities	147	580,236
Non-Current Liabilities		
Revenue Bonds Payable (Net of Current Portion)	-	9,015,000
Unamortized Bond Premium	-	1,489
Total Non-Current Liabilities	-	9,016,489
Total Liabilities	147	9,596,725
NET ASSETS		
Unrestricted	1,375,939	(1,135,026)
Temporarily Restricted	553,642	789,124
Permanently Restricted	1,821,281	-
Total Net Assets	3,750,862	(345,902)
Total Liabilities and Net Assets	\$ 3,751,009	\$ 9,250,823

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended August 31, 2005 and August 31, 2004

EXHIBIT 2

	2005	2004 Restated
REVENUES		
Operating Revenues		
Tuition and Fees (Net of Discounts of \$1,375,902 as of August 31, 2005 and \$1,115,059 as of August 31, 2004)	\$ 4,640,867	\$ 3,939,925
Federal Grants and Contracts	5,383,173	5,375,431
State Grants and Contracts	15,716	13,026
Non-Governmental Grants and Contracts	1,659	84,916
Sales and Services of Educational Activities	196,873	185,767
Investment Income (Program Restricted)	50,507	18,366
Auxiliary Enterprises (Net of Discounts of \$613,256 as of August 31, 2005 and \$571,714 as of August 31, 2004)	1,797,192	1,970,154
Other Operating Revenues	238,405	208,029
	12,324,392	11,795,614
EXPENSES		
Operating Expenses		
Instruction	11,282,407	10,467,867
Public Service	68,074	42,573
Academic Support	1,442,341	1,323,469
Student Service	1,745,040	1,595,773
Institutional Support	3,953,786	3,400,467
Operation and Maintenance of Plant	1,942,393	1,987,982
Scholarships and Fellowships	2,403,004	2,425,760
Auxiliary Enterprises	1,943,607	1,764,904
Depreciation	824,591	840,074
	25,605,243	23,848,869
Operating Loss	(13,280,851)	(12,053,255)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	8,751,411	8,678,791
Maintenance Ad-Valorem Taxes	5,761,559	5,245,414
Debt Service Ad-Valorem Taxes	720,693	735,249
Gifts	51,873	39,579
Investment Income	244,671	84,281
Contributions in Aid of Construction	200,764	46,000
Interest on Capital Related Debt	(556,443)	(588,938)
Loss on Disposal of Capital Assets	-	(14,416)
Other Non-Operating Revenues	-	110,920
	15,174,528	14,336,880
Net Non-Operating Revenues (Expenses) (Schedule C)	15,174,528	14,336,880
Increase in Net Assets	1,893,677	2,283,625
NET ASSETS		
Net Assets - Beginning of Year, as Restated	19,908,350	17,624,725
Net Assets - End of Year, as Restated	\$ 21,802,027	\$ 19,908,350

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

EXHIBIT 2

	<u>August 31, 2005</u>	<u>August 31, 2005</u>
	<u>Weatherford College Development Foundation, Inc.</u>	<u>Weatherford Student Housing Foundation</u>
REVENUE		
Contributions	\$ 133,120	\$ -
Rent Revenue	-	1,144,946
Fees	-	21,688
Special Events	21,965	-
Miscellaneous Revenue	1,200	9,389
Interest and Dividends	87,436	16,538
Realized Gain on Investments	24,292	-
Unrealized Gain on Investments	94,572	-
	<hr/>	<hr/>
Total Revenue	362,585	1,192,561
	<hr/>	<hr/>
EXPENSES		
Contractual	10,250	78,789
Contributions	77,950	-
Depreciation and Amortization	-	243,865
Interest Expense	-	428,173
Maintenance	-	149,397
Management Fees	-	58,801
Other	40,563	158,962
Scholarships	102,529	-
Supplies	3,234	5,386
Utilities	-	176,398
	<hr/>	<hr/>
Total Expenses	234,526	1,299,771
	<hr/>	<hr/>
Change in Net Assets	128,059	(107,210)
Net Assets - Beginning of Year	<hr/>	<hr/>
	3,622,803	(238,692)
Net Assets - End of Year	<hr/>	<hr/>
	\$ 3,750,862	\$ (345,902)
	<hr/> <hr/>	<hr/> <hr/>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Cash Flows
For the Years Ended August 31, 2005 and August 31, 2004

EXHIBIT 3

	<u>2005</u>	<u>2004</u> <u>Restated</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Students and Other Customers	\$ 6,937,555	\$ 6,339,801
Receipts from Grants and Contracts	5,364,112	5,892,847
Payments to or on Behalf of Employees	(14,764,888)	(13,277,390)
Payments to Suppliers for Goods or Services	(8,151,103)	(7,517,569)
Payments of Scholarships	(1,841,761)	(2,123,944)
Other receipts (payments)	238,405	208,029
	<u>(12,217,680)</u>	<u>(10,478,226)</u>
Net Cash Used by Operating Activities		
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from State Appropriations	8,751,411	8,678,791
Receipts from Ad Valorem Taxes	5,757,156	5,247,032
Receipts from Gifts and Grants (Other Than Capital)	22,129	19,081
Receipts from Student Organizations and Other Agency Transactions	37,284	9,358
	<u>14,567,980</u>	<u>13,954,262</u>
Net Cash Provided by Non-Capital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from Ad Valorem Taxes	725,907	740,913
Insurance Proceeds	-	110,920
Purchases of Capital Assets	(405,833)	(345,320)
Proceeds from Sale of Capital Assets	-	8,025
Receipts from Gifts and Grants (Capital)	65,000	46,000
Payments on Capital Debt - Principal	(554,314)	(527,971)
Payments on Capital Debt - Interest	(561,186)	(582,059)
	<u>(730,426)</u>	<u>(549,492)</u>
Net Cash Used by Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	4,567	26,091
Receipts from Investment Earnings	285,900	99,363
	<u>290,467</u>	<u>125,454</u>
Net Cash Provided by Investing Activities		
Increase in Cash and Cash Equivalents	1,910,341	3,051,998
Cash and Cash Equivalents - September 1	<u>9,522,341</u>	<u>6,470,343</u>
Cash and Cash Equivalents - August 31	<u>\$ 11,432,682</u>	<u>\$ 9,522,341</u>
Reconciliation to Exhibit 1:		
Cash and Cash Equivalents	\$ 9,778,428	\$ 7,669,590
Restricted Cash and Cash Equivalents	<u>1,654,254</u>	<u>1,852,751</u>
Total Cash and Cash Equivalents	<u>\$ 11,432,682</u>	<u>\$ 9,522,341</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Cash Flows
For the Years Ended August 31, 2005 and August 31, 2004

EXHIBIT 3

	2005	2004 Restated
Non-Cash Investing, Capital and Financing Activities:		
Gift of Non-Capital Asset	\$ 3,500	\$ 5,995
Gift of Capital Asset	\$ 162,009	\$ 14,503
Net Increase in Fair Value of Investments	\$ 22	\$ 199
 Reconciliation of Operating (Loss) to Net Cash Used By		
Operating Activities:		
Operating Loss	\$ (13,280,851)	\$ (12,053,255)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	824,591	840,074
Construction in Progress expensed	-	19,245
Unrealized Gain or Loss on Fair Value of Investments	(22)	(199)
Non-cash expenses	3,500	5,995
Investment Income (Program Restricted)	(50,507)	(18,366)
Changes in Assets and Liabilities		
Receivables, Net	(37,386)	230,286
Inventories	(81,033)	(22,355)
Deferred Charges	(52,013)	(269,898)
Prepaid Expenses	72,774	(57,132)
Deposits	1,285	2,320
Accounts Payable	(1,703)	414,459
Deferred Revenue	359,671	435,765
Compensated Absences	24,014	(2,742)
Deposits Held for Others	-	(2,423)
 Net Cash Used By Operating Activities	\$ (12,217,680)	\$ (10,478,226)

**NOTES TO THE
FINANCIAL STATEMENTS**

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Notes to the Financial Statements
August 31, 2005 and August 31, 2004

1. REPORTING ENTITY

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Report Guidelines

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

In fiscal year 2005, the College adopted new accounting standards in order to conform to Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*. There were no effects on the accompanying basic financial statements as a result of the above Statement.

Tuition Discounting

Texas Public Education Grants

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

Title IV, Higher Education Act Program Funds

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

Other Tuition Discounts

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

Basis of Accounting

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

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

**Notes to the Financial Statements
August 31, 2005 and August 31, 2004**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Data

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

Cash and Cash Equivalents

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

Non-Current Cash and Investments

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

Investments

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

Inventories

Inventories consist of consumable office supplies, physical plant supplies, food service supplies, and bookstore stock. Inventories are valued at cost under the "first-in, first-out" method and are charged to expense as consumed.

Capital Assets

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

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

Deferred Revenues

Revenues, primarily consisting of grants, tuition, fees, and housing charges, related to academic terms in the next fiscal year are recorded on the balance sheet as deferred revenue in the current fiscal year. Tuition and fees of \$3,170,737 and \$2,820,627 and federal, state, and non-governmental grants of \$9,561 and \$9,001 have been reported as deferred revenue at August 31, 2005 and 2004, respectively.

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

**Notes to the Financial Statements
August 31, 2005 and August 31, 2004**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Current Liabilities

Non-current liabilities consist of notes payable, bonds payable, and other non-current obligations and are reported in the statement of net assets. See Notes 7 and 8 below for further detail.

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, 2005 and 2004.

Estimates

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

Operating and Non-Operating Revenues and Expenses

The College distinguishes operating revenue and expenses from non-operating items. 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 College also recognizes as operating revenues allocations from the State. The major non-operating revenue is property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Net Assets

The College reports its net assets in three components. Net assets invested in capital assets, net of related debt are equal to amounts reported for capital assets net of accumulated depreciation and related debt. Restricted net assets are reported when assets (net of related debt) can only be used for a specified purpose that is established by grantors, contributors, or laws or regulations governing the College. The College's restricted net assets are considered expendable. Unrestricted net assets are all other College net assets that do not meet the definitions of invested in capital assets or restricted.

Reclassifications

Certain amounts reported in total columns for fiscal year 2004 (in Exhibit 2, Exhibit 3 and Schedule A) have been reclassified to conform to the 2005 presentation. Such reclassifications had no effect on reported total operating expenses or increase in net assets.

Prior Year Restatement

Prior to fiscal year 2005, the College did not depreciate library books. However, due to State requirements, the College changed the accounting principle for depreciating library books. Therefore, the fiscal year 2004 financial statements were restated to conform to the fiscal year 2005 change in accounting principle and financial statement presentation. See summary of changes below.

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

Notes to the Financial Statements
August 31, 2005 and August 31, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior Year Restatement (Continued)

The following is a summary of the changes in the fiscal year 2004 financial statements:

	<u>As Previously Reported</u>	<u>Increase/ (Decrease)</u>	<u>As Restated</u>
Capital Assets, net of Accumulated Depreciation	\$ 19,413,873	\$ (616,491)	\$ 18,797,382
Invested in Capital Assets, Net of Related Debt	9,286,310	(616,491)	8,669,819
Depreciation Expense	772,548	67,526	840,074
Increase in Net Assets	2,351,151	(67,526)	2,283,625

3. AUTHORIZED INVESTMENTS

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

4. DEPOSITS AND INVESTMENTS

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

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

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

1. Certificates of Deposits that are legally authorized and adequately secured;
2. U.S. Treasury Bills; and
3. U.S. Agency Bonds.

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

Cash and Deposits

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

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

Notes to the Financial Statements
August 31, 2005 and August 31, 2004

4. DEPOSITS AND INVESTMENTS (Continued)

<u>Cash and Cash Equivalents</u>	<u>August 31, 2005</u>	<u>August 31, 2004</u>
Bank Deposits		
Time Deposits (including Certificates of Deposits)	\$ 3,843,323	\$ 3,932,982
Certificates of Deposits maturing within 90 days	7,586,259	5,586,259
Total Bank Deposits	<u>11,429,582</u>	<u>9,519,241</u>
Petty Cash	3,100	3,100
Total Cash and Cash Equivalents	<u>\$ 11,432,682</u>	<u>\$ 9,522,341</u>

Investments

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

<u>Types of Investments</u>	<u>Maturity</u>	<u>Market Value August 31, 2005</u>	<u>Market Value August 31, 2004</u>
Certificates of Deposits maturing within 90 days	9/2005	\$ 7,586,259	\$ 5,586,259
U.S. Agency Bonds			
Federal National Mortgage Association	3/2022	2,960	4,597
Federal National Mortgage Association	3/2023	6,930	9,839
Total U.S. Agency Bonds		<u>9,890</u>	<u>14,436</u>
Mineral Rights	N/A	1	1
Real Estate	N/A	<u>2,453,000</u>	<u>2,453,000</u>
Total Investments		<u>\$ 10,049,150</u>	<u>\$ 8,053,696</u>

Interest Rate Risk – In accordance with the College's investment policy, the College does not purchase any investments with maturities greater than one year, unless assets are held in debt retirement funds which may be invested in maturities exceeding one year. As of year August 31, 2005, the College was not exposed to interest rate risk.

Credit Risk - The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. As of August 31, 2005, the U.S. Agency Bonds (FNMA) do not have credit risk.

Concentration of Credit Risk - The College does not place a limit on the amount that may be invested in any one issue. As of August 31, 2005, 75% of the College's investments were included in certificates of deposit.

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 year end, 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 year end, the College's investment securities were not exposed to custodial credit risk.

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

Notes to the Financial Statements
August 31, 2005 and August 31, 2004

4. DEPOSITS AND INVESTMENTS (Continued)

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

	<u>August 31, 2005</u>	<u>August 31, 2004</u>
Per Note 4:		
Cash and Cash Equivalents	\$ 11,432,682	\$ 9,522,341
U.S. Agency Bonds	9,890	14,436
Real Estate Investments	2,453,000	2,453,000
Mineral Right Investment	1	1
Total Deposits and Investments	<u>\$ 13,895,573</u>	<u>\$ 11,989,778</u>
Per Exhibit 1:		
Cash and Cash Equivalents	\$ 9,778,428	\$ 7,669,590
Restricted Cash and Cash Equivalents	1,654,254	1,852,751
Other Long-Term Investments	9,890	14,436
Endowment Investments	1	1
Investments in Real Estate	2,453,000	2,453,000
Total Deposits and Investments	<u>\$ 13,895,573</u>	<u>\$ 11,989,778</u>

5. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, 2005 and 2004 were as follows:

	<u>August 31, 2005</u>	<u>August 31, 2004</u>
Student Receivables (Net of Allowances of \$293,554 and \$238,548 for 2005 and 2004, respectively)	\$ 367,718	\$ 272,295
Taxes Receivable (Net of Allowances of \$218,310 and \$214,347 for 2005 and 2004, respectively)	362,730	363,541
Federal and State - Accounts Receivable	495,597	458,602
Other Accounts Receivable *	318,503	413,535
Interest Receivable	15,803	6,525
	<u>\$ 1,560,351</u>	<u>\$ 1,514,498</u>

Payables

Payables at August 31, 2005 and 2004 were as follows:

	<u>August 31, 2005</u>	<u>August 31, 2004</u>
Vendor Payable	\$ 828,521	\$ 668,814
Salaries and Benefits Payable	83,299	244,709
Accrued Interest	10,805	15,548
	<u>\$ 922,625</u>	<u>\$ 929,071</u>

* Other Accounts Receivable includes receivables from employees and a Board Member of \$0 and \$3,983 as of August 31, 2005 and 2004, respectively.

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

Notes to the Financial Statements
August 31, 2005 and August 31, 2004

6. CAPITAL ASSETS

Capital assets activity for the years ended August 31, 2005 and 2004 was as follows:

	Balance 9/1/04 Restated	Increases	Decreases	Balance 8/31/05
Not Depreciated:				
Land	\$ 587,292	\$ -	\$ -	\$ 587,292
Collections	-	12,150	-	12,150
Construction in Progress	8,378	9,210	-	17,588
Subtotal	<u>595,670</u>	<u>21,360</u>	<u>-</u>	<u>617,030</u>
Other Capital Assets:				
Buildings	19,498,596	-	-	19,498,596
Land Improvements	3,361,128	269,467	-	3,630,595
Library Books	1,035,259	75,152	4,708	1,105,703
Furniture, Machinery, Vehicles, and Other Equipment	1,978,416	201,863	-	2,180,279
Subtotal	<u>25,873,399</u>	<u>546,482</u>	<u>4,708</u>	<u>26,415,173</u>
Accumulated Depreciation:				
Buildings	5,105,955	383,210	-	5,489,165
Land Improvements	845,169	139,167	-	984,336
Library Books	616,491	42,264	4,708	654,047
Furniture, Machinery, Vehicles, and Other Equipment	1,104,072	259,950	-	1,364,022
Subtotal	<u>7,671,687</u>	<u>824,591</u>	<u>4,708</u>	<u>8,491,570</u>
Net Other Capital Assets	<u>18,201,712</u>	<u>(278,109)</u>	<u>-</u>	<u>17,923,603</u>
Net Capital Assets	<u>\$ 18,797,382</u>	<u>\$ (256,749)</u>	<u>\$ -</u>	<u>\$ 18,540,633</u>

	Restated			
	Balance 9/1/03	Increases	Decreases	Balance 8/31/04
Not Depreciated:				
Land	\$ 587,292	\$ -	\$ -	\$ 587,292
Construction in Progress	21,295	6,328	19,245	8,378
Subtotal	<u>608,587</u>	<u>6,328</u>	<u>19,245</u>	<u>595,670</u>
Other Capital Assets:				
Buildings	19,498,596	-	-	19,498,596
Land Improvements	3,330,413	30,715	-	3,361,128
Library Books	990,519	66,598	21,858	1,035,259
Furniture, Machinery, Vehicles, and Other Equipment	1,932,477	256,182	210,243	1,978,416
Subtotal	<u>25,752,005</u>	<u>353,495</u>	<u>232,101</u>	<u>25,873,399</u>
Accumulated Depreciation:				
Buildings	4,722,745	383,210	-	5,105,955
Land Improvements	713,535	131,634	-	845,169
Library Books	570,823	67,526	21,858	616,491
Furniture, Machinery, Vehicles, and Other Equipment	1,056,029	257,704	209,661	1,104,072
Subtotal	<u>7,063,132</u>	<u>840,074</u>	<u>231,519</u>	<u>7,671,687</u>
Net Other Capital Assets	<u>18,688,873</u>	<u>(486,579)</u>	<u>582</u>	<u>18,201,712</u>
Net Capital Assets	<u>\$ 19,297,460</u>	<u>\$ (480,251)</u>	<u>\$ 19,827</u>	<u>\$ 18,797,382</u>

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

Notes to the Financial Statements
August 31, 2005 and August 31, 2004

7. LONG-TERM LIABILITIES

Long-term liability activity for the years ended August 31, 2005 and 2004 was as follows:

	Balance September 1, 2004	Additions	Reductions	Balance August 31, 2005	Current Portion
General Obligation Bonds	\$ 7,685,000	\$ -	\$ 250,000	\$ 7,435,000	\$ 265,000
Notes Payable	2,442,563	-	304,314	2,138,249	316,542
Compensated absences	116,732	32,097	8,083	140,746	38,700
Total Long-Term Liabilities	\$ 10,244,295	\$ 32,097	\$ 562,397	\$ 9,713,995	\$ 620,242

	Balance September 1, 2003	Additions	Reductions	Balance August 31, 2004	Current Portion
General Obligation Bonds	\$ 7,920,000	\$ -	\$ 235,000	\$ 7,685,000	\$ 250,000
Notes Payable	2,735,534	-	292,971	2,442,563	304,314
Compensated absences	119,474	20,578	23,320	116,732	22,784
Total Long-Term Liabilities	\$ 10,775,008	\$ 20,578	\$ 551,291	\$ 10,244,295	\$ 577,098

8. DEBT OBLIGATIONS

General information related to bonds payable is summarized below:

The Limited Tax Bonds, General Obligation Bonds, Series 1996

- ◆ To construct technology building, fine arts building and major repairs of existing buildings.
- ◆ Issue July 1, 1996.
- ◆ \$9,000,000; all authorized bonds have been issued.
- ◆ Source of revenue for debt service – assessment of property taxes.
- ◆ Outstanding Balance of \$7,435,000 and \$7,685,000 at August 31, 2005 and 2004, respectively, bearing interest at 5.375% to 7.875%.

Bonds are due in annual installments varying from \$250,000 to \$670,000 with interest rates from 5.375% to 7.875% with final installment due in 2022.

General information related to notes payable is summarized below:

Note Payable – Weatherford National Bank

- ◆ To construct a new veterinary instructional laboratory.
- ◆ Original loan date – September 7, 2000.
- ◆ Total balance of \$300,000, is payable in five annual installments, which includes interest at a rate of 6.25%.
- ◆ Source of revenue for debt service – unrestricted revenue.
- ◆ Outstanding Balance of \$60,000 and \$120,000 at August 31, 2005 and August 31, 2004, respectively.

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

**Notes to the Financial Statements
August 31, 2005 and August 31, 2004**

8. DEBT OBLIGATIONS (Continued)

Note Payable – Texas Bank

- ◆ To purchase a 2003 33 Passenger Eldorado Bus.
- ◆ Original loan date – December 17, 2002.
- ◆ Total balance of \$84,775, is payable in 60 monthly installments, which includes interest at a rate of 3.45%.
- ◆ Source of revenue for debt service – unrestricted revenue.
- ◆ Outstanding Balance of \$41,354 and \$58,094 at August 31, 2005 and August 31, 2004, respectively.

Note Payable – SunTrust Leasing Corporation

- ◆ To pay off the LaSalle Note Payable and to upgrade facilities' energy management systems at the Main and Decatur Campuses.
- ◆ Original loan date – January 27, 2003.
- ◆ Total balance of \$2,558,818, is payable in 40 quarterly installments, which includes interest at a rate of 4.27%.
- ◆ Source of revenue for debt service – unrestricted revenue.
- ◆ Outstanding Balance of \$2,036,895 and \$2,264,469 at August 31, 2005 and August 31, 2004, respectively.

The notes payable are due in monthly, quarterly and annual installments varying from \$1,542 to \$81,650 with interest rates from 3.45% to 6.25% with the final installment due in 2013.

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

Year Ended August 31,	General Obligation Bonds		Notes Payable	
	Bonds	Total	Notes	Total
	Principal	Interest	Principal	Interest
2006	\$ 265,000	\$ 438,799	\$ 316,542	\$ 87,634
2007	280,000	417,930	268,682	72,825
2008	295,000	395,880	269,628	61,482
2009	315,000	375,649	276,542	50,058
2010	335,000	174,669	253,122	38,701
2011 - 2015	1,990,000	1,437,690	753,733	48,780
2016 - 2020	2,655,000	801,959	-	-
2021 - 2025	1,300,000	105,886	-	-
Total	\$ 7,435,000	\$ 4,148,462	\$ 2,138,249	\$ 359,480

9. EMPLOYEES' RETIREMENT PLAN

The College contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. The TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of reporting districts. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, TX 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading. State law provides for fiscal years 2003, 2004 and 2005 a state contribution rate of 6.0% and a member contribution

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

**Notes to the Financial Statements
August 31, 2005 and August 31, 2004**

9. EMPLOYEES' RETIREMENT PLAN (Continued)

rate of 6.4%. In certain instances the reporting College is required to make all or a portion of the state's 6.0% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS's 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. State contributions to TRS made on behalf of the College's employees for the years ended August 31, 2003, 2004, and 2005 were \$212,056, \$226,505, and \$255,919, respectively.

The Teacher Retirement System does not separately account for each of its component government agencies because it bears sole responsibility for retirement commitments beyond contributions fixed by the Legislature.

The State of Texas has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program is in lieu of participation in the Teacher Retirement System. The optional program provides for the purchase of annuity contracts. For employees hired before September 1, 1995, the percentages of participant salaries currently contributed by the state and each participant are 7.31% and 6.4%, respectively. For employees hired after September 1, 1995, contributions by the state are 6% of participants' salaries. Since these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the State for the College was \$563,805 and \$503,371 for the fiscal years ended August 31, 2005 and August 31, 2004, respectively. This amount represents for fiscal year ended August 31, 2005, \$255,919 and \$307,886 expended appropriations made by the State Legislature on behalf of the College for the Teacher Retirement System and the Optional Retirement Program, respectively. This amount represents for fiscal year ended August 31, 2004, \$226,505 and \$276,866 expended appropriations made by the State Legislature on behalf of the College for the Teacher Retirement System and the Optional Retirement Program, respectively.

The total payroll for all College employees was \$12,353,528 and \$11,241,123 for the fiscal years 2005 and 2004 respectively. The total payroll of employees covered by the Teacher Retirement System was \$5,297,699 and \$4,770,292, and the total payroll of employees covered by the Optional Retirement System was \$5,429,591 and \$4,858,291 for fiscal years 2005 and 2004, 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 Government Code 609.001. As of August 31, 2005, the College had 65 employees participating in the program. A total of \$244,795 and \$223,723 in payroll deductions had been invested in approved plans during the fiscal years ended August 31, 2005 and August 31, 2004, respectively.

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

Notes to the Financial Statements
August 31, 2005 and August 31, 2004

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 during fiscal year 2005 is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum of ten days (80 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 \$140,746 and \$116,732 for the fiscal years ended August 31, 2005 and August 31, 2004, 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. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENT

Expenses include \$111,258 and \$101,400 for rent paid under operating leases during the fiscal years ended August 31, 2005 and August 31, 2004.

Future, minimum lease rental payments under noncancellable operating leases having an initial term in excess of one year as of August 2005 are as follows:

Year Ended	Minimum Future Lease Payments
2006	\$ 118,300
2007	118,300
2008	118,300
2009	118,300
2010	49,292
Total	\$ 522,492

13. 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, 2005, the College paid an annual premium of \$39,960 plus \$29,970 toward the loss fund. This \$69,930 was the maximum cost for the self-insured plan. For the year ended August 31, 2004, the College paid an annual premium of \$38,689 plus \$158,889 toward the loss fund. This \$197,578 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.

14. 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 officials liability and certain other risks. The amounts of settlements during each of the past three fiscal years have not exceeded insurance coverage.

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

Notes to the Financial Statements
August 31, 2005 and August 31, 2004

15. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's contribution per full-time employee was \$262.54 per month for the year ended August 31, 2005, and totaled \$936,618 for the year. The cost of providing those benefits for 54 retirees was \$193,097 and for 236 active employees amounted to \$743,521. The State's contribution per full-time employee was \$394.32 per month for the year ended August 31, 2004, and totaled \$1,275,285 for the year. The cost of providing those benefits for 53 retirees was \$215,346 and for 224 active employees amounted to \$1,059,939.

16. 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.

	At August 31, 2005	At August 31, 2004
Assessed Valuation of the College	\$ 6,506,903,460	\$ 6,102,668,960
Less: Exemptions	1,593,269,456	1,586,127,341
Less: Abatements	14,237,940	39,005,478
Net Assessed Valuation of the College	\$ 4,899,396,064	\$ 4,477,536,141

	Current Operations	Debt Service	Total
At August 31, 2005			
Tax Rate per \$100 valuation of authorized	\$ -	\$ -	\$ 0.30000
Tax Rate per \$100 valuation of assessed	\$ 0.11540	\$ 0.01440	\$ 0.12980
At August 31, 2004			
Tax Rate per \$100 valuation of authorized	\$ -	\$ -	\$ 0.30000
Tax Rate per \$100 valuation of assessed	\$ 0.11400	\$ 0.01590	\$ 0.12990

Taxes levied for the years ended August 31, 2005 and 2004 were \$6,359,654 and \$5,816,133, respectively, including any penalty and interest assessed (if applicable). 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.

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

**Notes to the Financial Statements
August 31, 2005 and August 31, 2004**

16. AD VALOREM TAX (Continued)

	August 31, 2005		
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 5,444,531	\$ 679,387	\$ 6,123,918
Delinquent Taxes Collected	195,212	30,175	225,387
Penalties and Interest Collected	121,816	11,131	132,947
Total Collections	\$ 5,761,559	\$ 720,693	\$ 6,482,252
	August 31, 2004		
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 4,941,570	\$ 689,224	\$ 5,630,794
Delinquent Taxes Collected	199,937	28,983	228,920
Penalties and Interest Collected	103,907	17,042	120,949
Total Collections	\$ 5,245,414	\$ 735,249	\$ 5,980,663

Tax collections for the years ended August 31, 2005 and 2004 were 100% and 101%, 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 to either maintenance and operations or interest and sinking expenditures.

17. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. For federal and non-federal contract and grant awards, funds expended, but not collected, are both included in Accounts Receivable (net) on Exhibit 1. Contract and grant awards that are not yet funded and for which the College has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2005 and 2004 for which monies have not been received nor funds expended totaled \$286,488 and \$309,910, of which all were from Federal Contract and Grant Awards.

18. COMMITMENTS AND CONTINGENCIES

In July 1998, the College entered into a ten-year agreement with Coca-Cola Bottling Company to use Coca-Cola products and equipment exclusively for vending machines and concession sales. In the contract, Coca-Cola agreed to pay the college \$150,000 up-front money in fiscal year 1998, \$1,000 per year for ten years for scholarships as well as pay commissions for the products sold. The contract also provides that the College must repay a portion of the \$150,000 up-front money if the contract is terminated. Specifically, the amount due to Coca-Cola upon termination is \$15,000 for each remaining year of the ten-year contract. This amount would be \$45,000 as of August 31, 2005 and \$60,000 as of August 31, 2004. At this time, the College has no intention to terminate the contract with Coca-Cola.

19. PENDING CLAIMS

On August 31, 2005, two claims involving the College were pending. While the ultimate liability with respect to litigation and claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

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

**Notes to the Financial Statements
August 31, 2005 and August 31, 2004**

20. COMPONENT UNITS

Weatherford College Development Foundation - Discretely Presented Component Unit

The Weatherford College Development Foundation (Foundation) was established as a separate nonprofit organization with the sole purpose of supporting the educational and other activities of the College. The College appoints a voting majority of the Foundation's Board, but it is not obligated to pay debt related to this Foundation. The Foundation solicits donations and acts as coordinator of gifts made by other parties. It remitted \$102,529 and \$83,207 for designated scholarships, and \$77,950 and \$51,035 for other contributions to the College during the years ended August 31, 2005 and 2004, respectively. Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit.

Weatherford Student Housing Foundation - Discretely Presented Component Unit

The Weatherford Student Housing Foundation (Housing Foundation) was established as a separate nonprofit organization in 2003 for the purpose of owning, operating, developing or otherwise providing housing for students, faculty and staff of the College. A majority of the board of directors are officers of the College. Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Housing Foundation is a component unit of the College because:

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

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

SUPPLEMENTAL INFORMATION

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule A
Schedule of Operating Revenues
For the Year Ended August 31, 2005
(With Comparative Totals for the Year Ended August 31, 2004)**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Totals (Memorandum Only)	
					August 31, 2005	August 31, 2004
Tuition						
State Funded Courses						
In-District Resident Tuition	\$ 1,865,940	\$ -	\$ 1,865,940	\$ -	\$ 1,865,940	\$ 1,098,298
Out-of-District Resident Tuition	2,686,214	-	2,686,214	-	2,686,214	1,573,222
Non-Resident Tuition	142,985	-	142,985	-	142,985	115,525
TPEG (set aside)*	285,492	-	285,492	-	285,492	169,331
State Funded Continuing Education	666,876	-	666,876	-	666,876	764,412
TPEG - non-credit (set aside)*	38,950	-	38,950	-	38,950	48,819
Non-State Funded Continuing Education	144,627	-	144,627	-	144,627	170,406
Total Tuition	<u>5,831,084</u>	<u>-</u>	<u>5,831,084</u>	<u>-</u>	<u>5,831,084</u>	<u>3,940,013</u>
Fees						
General Fee	90,107	-	90,107	-	90,107	846,489
Student Service Fee	55,173	-	55,173	-	55,173	52,953
Laboratory Fee	243,956	-	243,956	-	243,956	215,529
Prior Year Tuition and Fees	(128)	-	(128)	-	(128)	-
Total Fees	<u>389,108</u>	<u>-</u>	<u>389,108</u>	<u>-</u>	<u>389,108</u>	<u>1,114,971</u>
Scholarship Allowances and Discounts						
Scholarship Allowances	(210,266)	-	(210,266)	-	(210,266)	(151,343)
Remissions and Exemptions - State	(139,305)	-	(139,305)	-	(139,305)	(57,377)
Remissions and Exemptions - Local	(64,118)	-	(64,118)	-	(64,118)	(40,353)
Title IV Federal Program	(1,032,921)	-	(1,032,921)	-	(1,032,921)	(768,422)
Other Federal Grants	(52,370)	-	(52,370)	-	(52,370)	(7,256)
TPEG Awards	(80,345)	-	(80,345)	-	(80,345)	(39,992)
Other State Grants	-	-	-	-	-	(50,316)
Total Scholarship Allowances	<u>(1,579,325)</u>	<u>-</u>	<u>(1,579,325)</u>	<u>-</u>	<u>(1,579,325)</u>	<u>(1,115,059)</u>
Total Net Tuition and Fees	<u>4,640,867</u>	<u>-</u>	<u>4,640,867</u>	<u>-</u>	<u>4,640,867</u>	<u>3,939,925</u>
Additional Operating Revenues						
Federal Grants and Contracts	99,223	5,283,950	5,383,173	-	5,383,173	5,375,431
State Grants and Contracts	-	15,716	15,716	-	15,716	13,026
Nongovernmental Grants and Contracts	-	1,659	1,659	-	1,659	84,916
Sales and Services of Educational Activities	196,873	-	196,873	-	196,873	185,767
Investment Income (Program Restricted)	-	50,507	50,507	-	50,507	18,366
Other Operating Revenues	238,405	-	238,405	-	238,405	208,029
Total Additional Operating Revenues	<u>534,501</u>	<u>5,351,832</u>	<u>5,886,333</u>	<u>-</u>	<u>5,886,333</u>	<u>5,885,535</u>
Auxiliary Enterprises						
Bookstore	-	-	-	1,648,298	1,648,298	1,616,067
Less Discounts	-	-	-	(421,611)	(421,611)	(387,151)
Residential Life	-	-	-	608,901	608,901	600,853
Less Discounts	-	-	-	(174,393)	(174,393)	(168,075)
Intercollegiate Athletics	-	-	-	31,279	31,279	43,845
Student Services	-	-	-	96,064	96,064	96,503
Less Discounts	-	-	-	(17,252)	(17,252)	(16,488)
Carter Agriculture Center	-	-	-	25,906	25,906	184,600
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,797,192</u>	<u>1,797,192</u>	<u>1,970,154</u>
Total Operating Revenues	<u>\$ 5,175,368</u>	<u>\$ 5,351,832</u>	<u>\$ 10,527,200</u>	<u>\$ 1,797,192</u>	<u>\$ 12,324,392</u>	<u>\$ 11,795,614</u>
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$324,442 and \$218,151 for years August 31, 2005 and 2004, 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, 2005
(With Comparative Totals for the Year Ended August 31, 2004)**

	<u>Operating Expenses</u>				<u>Totals (Memorandum Only)</u>	
	<u>Salaries and Wages</u>	<u>Benefits</u>		<u>Other Expenses</u>	<u>August 31, 2005</u>	<u>Restated August 31, 2004</u>
		<u>State Benefits</u>	<u>Local Benefits</u>			
Unrestricted Educational Activities						
Instruction	\$ 7,120,115	\$ -	\$ 384,091	\$ 1,243,161	\$ 8,747,367	\$ 7,759,054
Public Service	19,720	-	1,814	44,082	65,616	40,052
Academic Support	768,046	-	31,453	228,906	1,028,405	947,958
Student Service	1,044,613	-	52,946	147,561	1,245,120	1,099,082
Institutional Support	1,971,966	-	97,499	1,638,506	3,707,971	3,171,831
Operation and Maintenance of Plant	-	-	-	1,942,393	1,942,393	1,987,982
Scholarships and Fellowships	-	-	-	-	-	-
Total Unrestricted Educational Activities	10,924,460	-	567,803	5,244,609	16,736,872	15,005,959
Restricted Educational Activities						
Instruction	650,533	994,692	112,242	777,573	2,535,040	2,708,813
Public Service	-	2,458	-	-	2,458	2,521
Academic Support	71,453	104,648	9,707	228,128	413,936	375,511
Student Service	181,254	152,810	22,957	142,899	499,920	496,691
Institutional Support	-	245,815	-	-	245,815	228,636
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarships and Fellowships	-	-	-	2,403,004	2,403,004	2,425,760
Total Restricted Educational Activities	903,240	1,500,423	144,906	3,551,604	6,100,173	6,237,932
Total Educational Activities	11,827,700	1,500,423	712,709	8,796,213	22,837,045	21,243,891
Auxiliary Enterprises	473,796	-	112,864	1,356,947	1,943,607	1,764,904
Depreciation Expense - Buildings and Land Improvements	-	-	-	522,377	522,377	514,844
Depreciation Expense - Furniture, Machinery, Vehicles, and Other Equipment	-	-	-	302,214	302,214	325,230
Total Operating Expenses	\$ 12,301,496	\$ 1,500,423	\$ 825,573	\$ 10,977,751	\$ 25,605,243 (Exhibit 2)	\$ 23,848,869 (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, 2005
(With Comparative Totals for the Year Ended August 31, 2004)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Totals (Memorandum Only)</u>	
				<u>August 31, 2005</u>	<u>August 31, 2004</u>
Non-Operating Revenues					
State Appropriations					
Education and General State Support	\$ 7,250,988	\$ -	\$ -	\$ 7,250,988	\$ 7,251,109
State Group Insurance	-	936,618	-	936,618	909,112
State Retirement Matching	-	563,805	-	563,805	503,371
Other	-	-	-	-	15,199
Total State Appropriations	<u>7,250,988</u>	<u>1,500,423</u>	<u>-</u>	<u>8,751,411</u>	<u>8,678,791</u>
Maintenance Ad Valorem Taxes	6,482,252	-	-	6,482,252	5,980,663
Gifts	32,120	-	19,753	51,873	39,579
Investment Income	244,671	-	-	244,671	84,281
Contributions in Aid of Construction	200,764	-	-	200,764	46,000
Other Non-Operating Revenue	-	-	-	-	110,920
Total Non-Operating Revenue	<u>14,210,795</u>	<u>1,500,423</u>	<u>19,753</u>	<u>15,730,971</u>	<u>14,940,234</u>
Non-Operating Expenses					
Interest on Capital Related Debt	556,443	-	-	556,443	588,938
Loss on Disposal of Capital Assets	-	-	-	-	14,416
Total Non-Operating Expenses	<u>556,443</u>	<u>-</u>	<u>-</u>	<u>556,443</u>	<u>603,354</u>
Net Non-Operating Revenues (Expenses)	<u>\$ 13,654,352</u>	<u>\$ 1,500,423</u>	<u>\$ 19,753</u>	<u>\$ 15,174,528</u> (Exhibit 2)	<u>\$ 14,336,880</u> (Exhibit 2)

WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule D
Schedule of Net Assets by Source and Availability
For the Year Ended August 31, 2005
(With Comparative Totals for the Year Ended August 31, 2004)

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted Expendable	Restricted Non-Expendable	Capital Assets Net of Depreciation and Related Debt	Total	Yes	No
Current							
Unrestricted	\$ 6,877,639	\$	\$	\$	\$ 6,877,639	\$ 6,877,639	\$
Board Designated					-		
Restricted		1,482,949			1,482,949	1,482,949	
Auxiliary Enterprises	1,159,398				1,159,398		1,159,398
Loan		13,219			13,219		13,219
Endowment	2,758,193				2,758,193		2,758,193
Quasi					-		
Unrestricted					-		
Restricted					-		
Endowment					-		
True					-		
Term (per instructions at maturity)					-		
Life Income Contracts					-		
Annuities					-		
Plant					-		
Unexpended					-		
Capital Projects		305,838			305,838		305,838
Debt Service		237,407			237,407		237,407
Investment in Plant				8,967,384	8,967,384		8,967,384
Totals (Memorandum Only)							
Net Assets, August 31, 2005	10,795,230	2,039,413	-	8,967,384	21,802,027 (Exhibit 1)	8,360,588	13,441,439
Net Assets, Restated, August 31, 2004	9,179,453	2,059,078	-	8,669,819	19,908,350 (Exhibit 1)	6,472,086	13,436,264
Net Increase (Decrease) in Net Assets	<u>\$ 1,615,777</u>	<u>\$ (19,665)</u>	<u>\$ -</u>	<u>\$ 297,565</u>	<u>\$ 1,893,677</u> (Exhibit 2)	<u>\$ 1,888,502</u>	<u>\$ 5,175</u>

STATISTICAL SUPPLEMENT

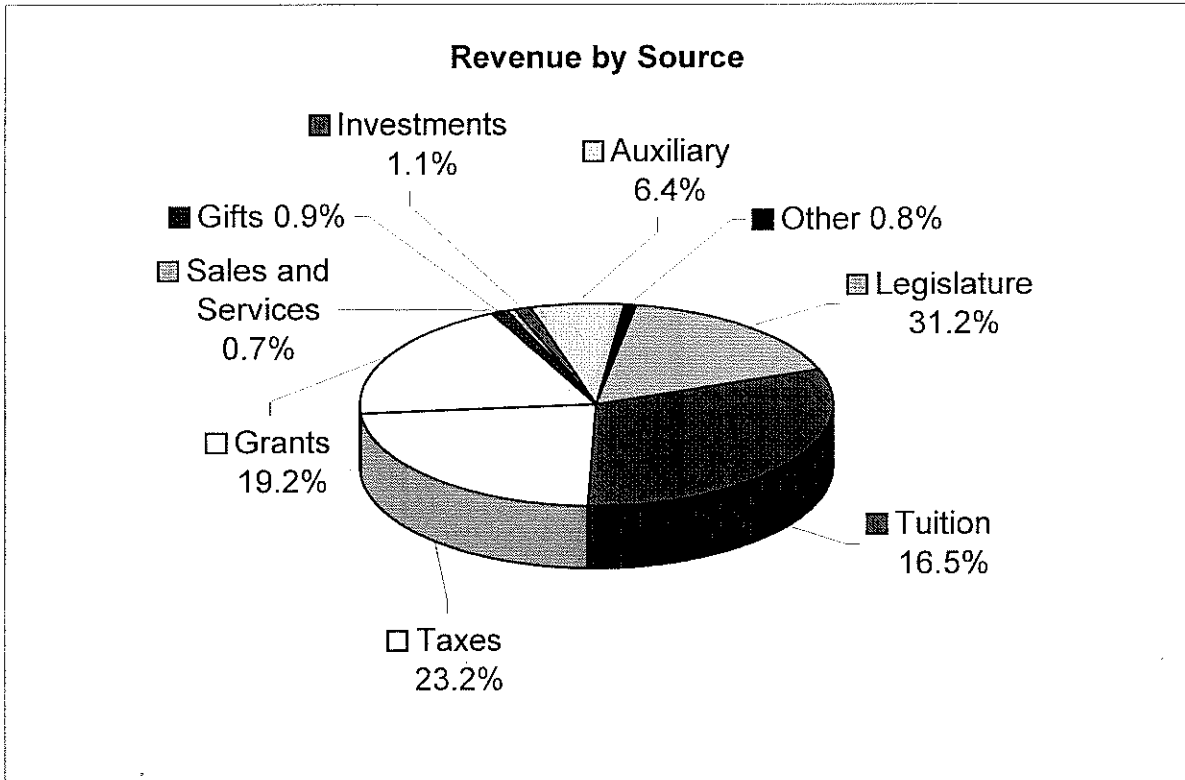
**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

Revenue by Source

For the Fiscal Year Ended August 31, 2005

(UNAUDITED)

Tuition and Fees	\$ 4,640,867	16.5%
State Appropriations	8,751,411	31.2%
Taxes	6,482,252	23.2%
Federal and State Grants and Contracts	5,398,889	19.2%
Private Gifts, Grants and Contracts	254,296	0.9%
Sales and Services of Educational Activities	196,873	0.7%
Investment Income	295,178	1.1%
Auxiliary Enterprises	1,797,192	6.4%
Other Income	<u>238,405</u>	<u>0.8%</u>
 Total Revenues	 <u>\$ 28,055,363</u>	 <u>100.0%</u>

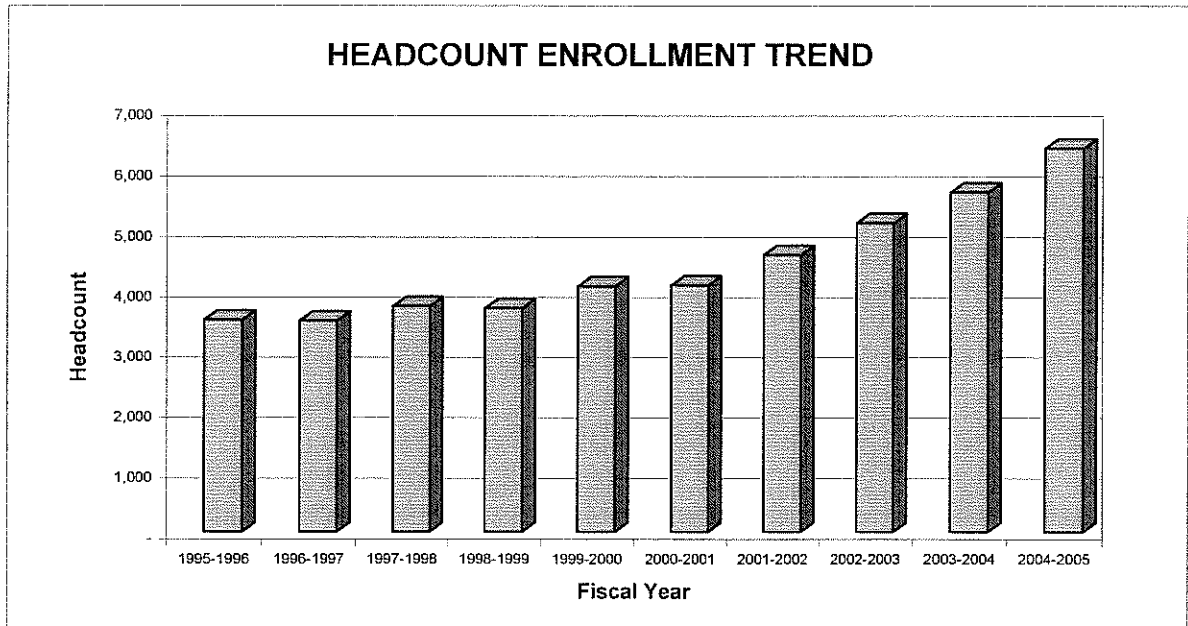


**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

**Headcount Enrollment *
Last 10 Fiscal Years
(UNAUDITED)**

<u>Fiscal Year</u>	<u>State Funded Total</u>	<u>Non State Funded Other</u>
1995-1996	3,506	-
1996-1997	3,488	-
1997-1998	3,732	-
1998-1999	3,701	-
1999-2000	4,065	-
2000-2001	4,084	-
2001-2002	4,586	-
2002-2003	5,112	-
2003-2004	5,617	-
2004-2005	6,343	-

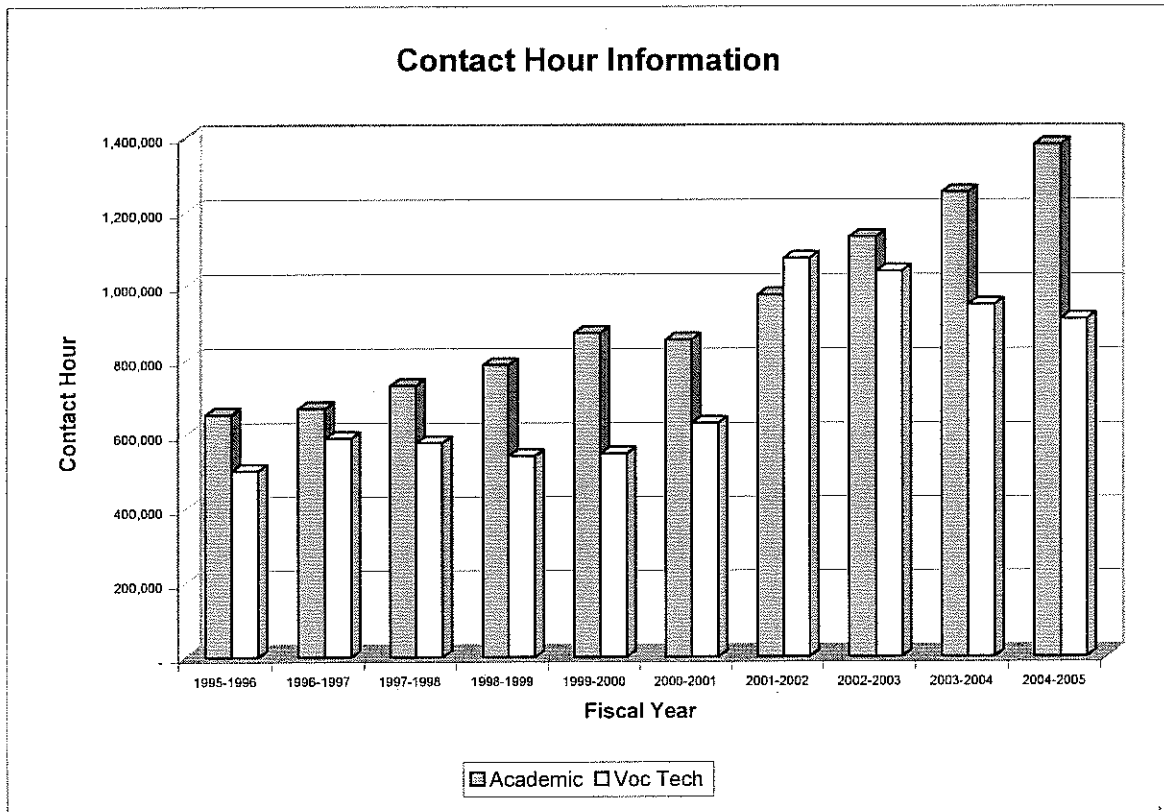
* Unduplicated Headcount



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

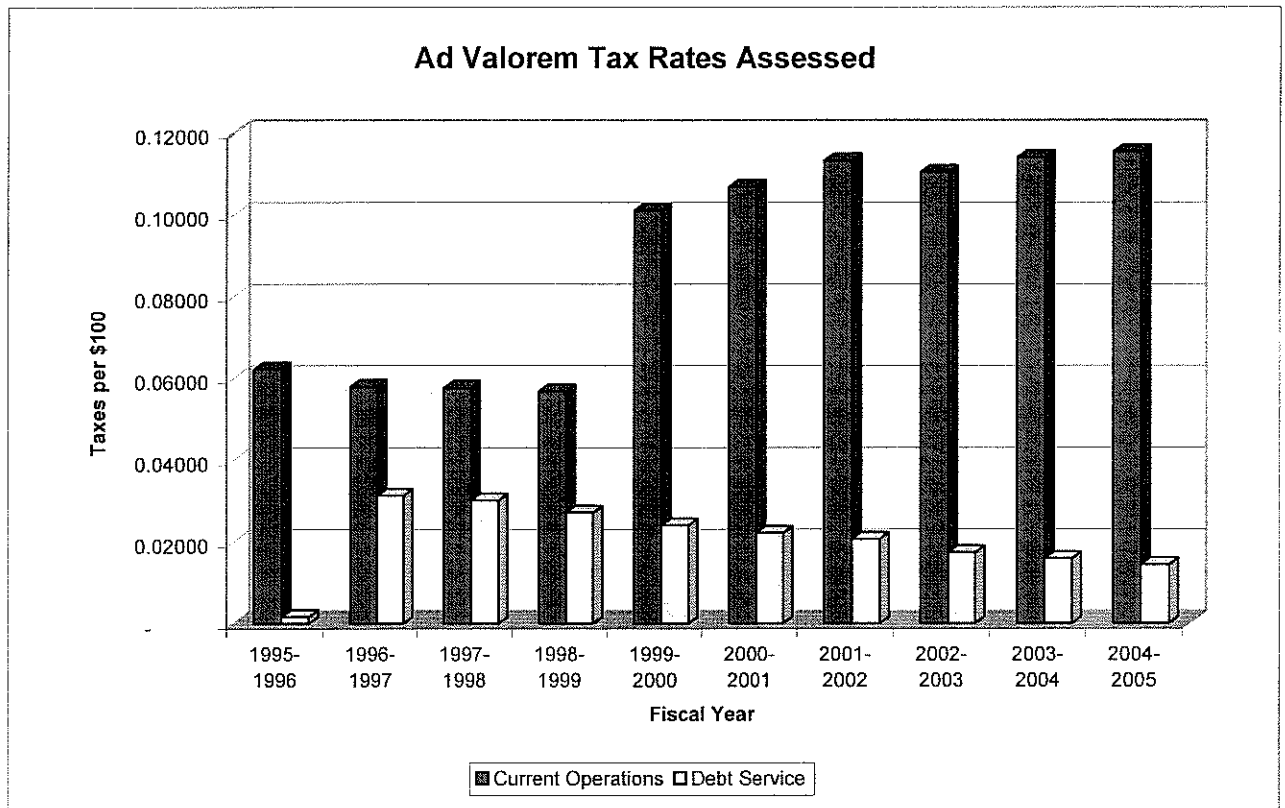
**Contact Hour Information
Last 10 Fiscal Years
(UNAUDITED)**

Fiscal Year	Contact Hours		Total
	Academic	Voc Tech	
1995-1996	654,872	502,243	1,157,115
1996-1997	671,152	590,711	1,261,863
1997-1998	732,464	578,395	1,310,859
1998-1999	788,048	542,961	1,331,009
1999-2000	874,448	549,464	1,423,912
2000-2001	855,584	631,008	1,486,592
2001-2002	976,720	1,075,222	2,051,942
2002-2003	1,133,008	1,040,401	2,173,409
2003-2004	1,252,112	950,258	2,202,370
2004-2005	1,379,840	911,028	2,290,868



**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Ad Valorem Tax Rates Assessed
Last 10 Fiscal Years
(UNAUDITED)

Fiscal Year	Current Operations	Debt Service	Total
1995-1996	0.06210	0.00170	0.06380
1996-1997	0.05790	0.03130	0.08920
1997-1998	0.05760	0.03010	0.08770
1998-1999	0.05680	0.02710	0.08390
1999-2000	0.10100	0.02400	0.12500
2000-2001	0.10680	0.02210	0.12890
2001-2002	0.11320	0.02060	0.13380
2002-2003	0.11040	0.01740	0.12780
2003-2004	0.11400	0.01590	0.12990
2004-2005	0.11540	0.01440	0.12980



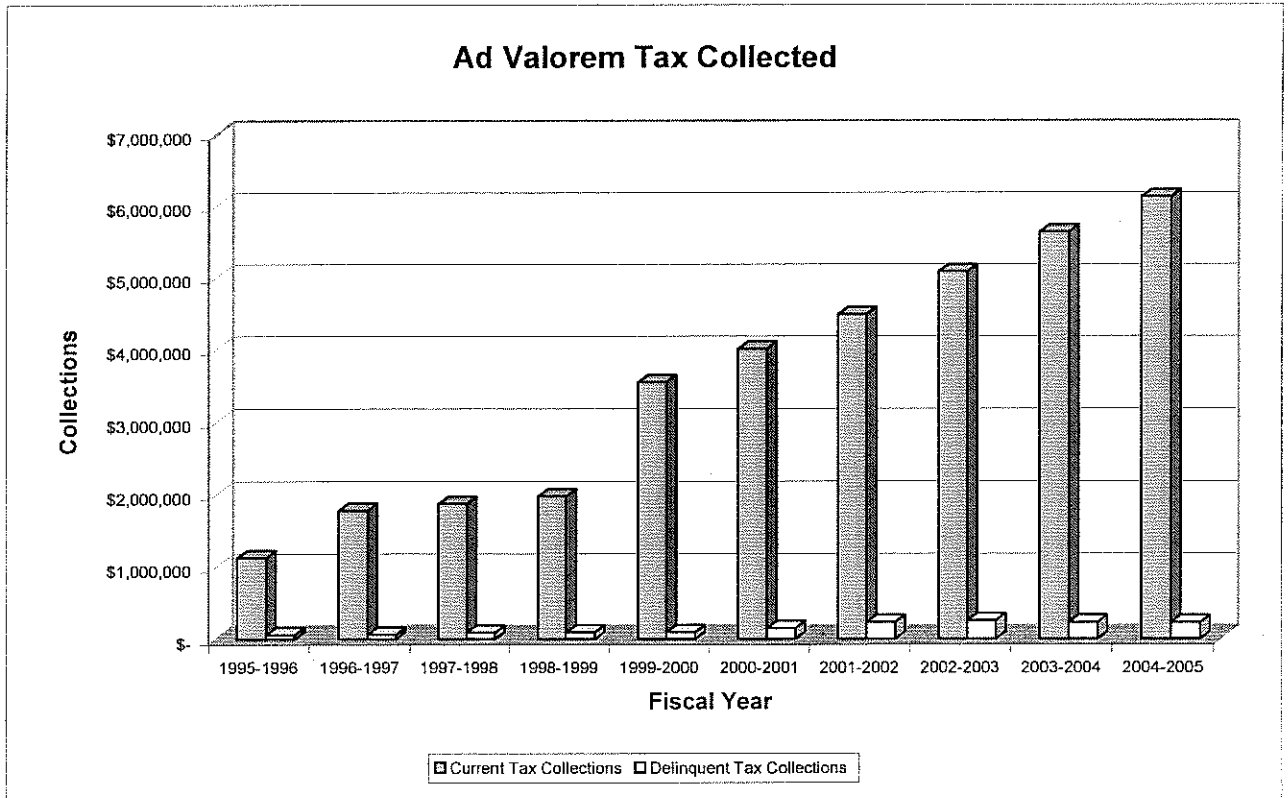
**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Ad Valorem Tax Rates Authorized
Last 10 Fiscal Years
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Total</u>
1995-1996	0.3000
1996-1997	0.3000
1997-1998	0.3000
1998-1999	0.3000
1999-2000	0.3000
2000-2001	0.3000
2001-2002	0.3000
2002-2003	0.3000
2003-2004	0.3000
2004-2005	0.3000

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

**Ad Valorem Tax Collected
Last 10 Fiscal Years
(UNAUDITED)**

Fiscal Year	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections
1995-1996	\$ 1,125,986	\$ 58,756	\$ 1,184,742
1996-1997	1,777,387	62,569	1,839,956
1997-1998	1,873,560	87,616	1,961,176
1998-1999	1,976,028	94,105	2,070,133
1999-2000	3,541,071	93,601	3,634,672
2000-2001	4,003,205	148,966	4,152,171
2001-2002	4,481,689	231,714	4,713,403
2002-2003	5,078,616	252,809	5,331,425
2003-2004	5,630,794	228,920	5,859,714
2004-2005	6,123,918	225,387	6,349,305



**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Net Assessed Valuation
Last 10 Fiscal Years
(UNAUDITED)**

Fiscal Year	Assessed Valuation	Less: Exemptions	Net Assessed Valuation
1995-1996	2,610,638,911	(758,532,193)	1,852,106,718
1996-1997	2,874,645,685	(784,529,122)	2,090,116,563
1997-1998	3,026,256,629	(784,552,624)	2,241,704,005
1998-1999	3,264,922,672	(808,588,134)	2,456,334,538
1999-2000	4,140,322,544	(1,153,049,612)	2,987,272,932
2000-2001	4,419,348,457	(1,157,377,336)	3,261,971,121
2001-2002	4,686,809,260	(1,168,017,871)	3,518,791,389
2002-2003	5,844,117,900	(1,728,542,265)	4,115,575,635
2003-2004	6,102,668,960	(1,625,132,819)	4,477,536,141
2004-2005	6,506,903,460	(1,607,507,396)	4,899,396,064

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
State Allocations Per FTSE
Last 10 Fiscal Years
(UNAUDITED)**

Fiscal Year	Allocations Per FTSE
1995-1996	\$ 2,079
1996-1997	1,953
1997-1998	2,086
1998-1999	2,110
1999-2000	2,226
2000-2001	2,219
2001-2002	1,803
2002-2003	1,569
2003-2004	2,195
2004-2005	2,065

State Allocations include only the formula produced amounts for Academic and Vocational Technical Programs.

To calculate FTSE (full-time student equivalent):

Divide SCH by 30 and Non Semester Length Technical Contact Hours by 900.

**OVERALL COMPLIANCE AND
INTERNAL CONTROLS SECTION**



Snow, Garrett & Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of Weatherford College of the Parker County Junior College District as of and for the year ended August 31, 2005, and have issued our report thereon dated October 19, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including the Public Funds Investment Act (Chapter 2256, Texas Government Code), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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, 2005, no instances of noncompliance were found.

However, we noted certain matters that we have reported to management of the College in a separate letter dated October 19, 2005.

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

Snow, Garrett & Company

Snow, Garrett & Company, CPA's
October 19, 2005

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended August 30, 2005**

Federal Award

Department of Education

Finding 04-1 Federal College Workstudy Program (CFDA# 84.033)

Condition: A student not maintaining good standing, or satisfactory progress, was awarded \$1,160 in Spring 2004 for the Federal College Workstudy Program.

Recommendation: The procedures in place to determine the eligibility requirement of maintaining good standing, or satisfactory progress, should be followed and monitored for every student applying for federal financial aid.

Current Status: In the current year, the College has met the requirements of the Corrective Action Plan as scheduled.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2005**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Reportable condition(s) 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

Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes X none reported

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

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

Identification of Major Programs:

U.S. Department of Education:

Student Financial Assistance Cluster of Programs:

CFDA # 84.007	Federal Supplemental Education Opportunity Grant
CFDA # 84.033	Federal College Workstudy Program
CFDA # 84.063	Federal Pell Grant
CFDA # 84.334A	Gear Up
CFDA # 84.048	Carl Perkins Vocational Education
CFDA # 84.243	Carl Perkins Tech Preparation

Dollar threshold used to distinguish between Type A and Type B federal programs: \$300,000

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

Findings/Noncompliance	Program	Questioned Costs
None Noted		

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

**Corrective Action Plan
August 31, 2005**

A corrective action plan is not needed.

FEDERAL AWARDS SECTION



Snow, Garrett & Company
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of Weatherford College of the Parker County Junior College District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2005. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2005.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Page two

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Snow, Garrett & Company

Snow, Garrett & Company, CPA's
October 19, 2005

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2005**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
U.S. Department of Education			
Direct Programs:			
* Federal Supplemental Educational Opportunity Grant	84.007		\$ 44,119
* Strengthening Institutions Grant (Title III)	84.031A		353,145
* Federal College Workstudy Program	84.033		69,368
** TRIO - Student Support Services Grant	84.042A		255,887
** TRIO - Talent Search Program	84.044A		212,849
** TRIO - Upward Bound Program	84.047A		236,454
* Federal Pell Grant	84.063		2,822,036
Leveraging Educational Assistance Partnership	84.069A		2,467
Byrd Honors Scholarships	84.185		1,500
Gear Up	84.334A		364,307
Total Direct Programs			<u>4,362,132</u>
Pass-Through From:			
Texas Higher Education Coordinating Board (THECB)			
Carl Perkins Vocational Education - Annual Application	84.048	54255	210,772
Carl Perkins Vocational Education - Texas Counselors' Network	84.048	51007	113,620
Carl Perkins Vocational Education - Texas TWO-STEP Project	84.048	51205	250,632
Total CFDA Number 84.048			<u>575,024</u>
Carl Perkins Vocational Education - Tech Prep Consortium	84.243	51726	244,122
Carl Perkins Vocational Education - Technical Dual Credit	84.243	51204	60,324
Total CFDA Number 84.243			<u>304,446</u>
Total Pass-Through from THECB			<u>879,470</u>
Total U.S. Department of Education			<u>5,241,602</u>
U.S. Department of Labor			
Pass-Through From:			
North Central Texas Council of Governments (NCTCOG)			
Skills Development Program	17.260	FY05-NCTEDF-05	95,426
Total Pass-Through from NCTCOG			<u>95,426</u>
Texas Higher Education Coordinating Board (THECB)			
Student Transition and Retention Program for First Generation College Students	17.267		25,000
Total Pass-Through from THECB			<u>25,000</u>
Total U.S. Department of Labor			<u>120,426</u>
National Science Foundation			
Direct Program:			
Computer Science, Engineering & Mathematics Scholarships Project	47.076		21,145
Total National Science Foundation			<u>21,145</u>
Total Federal Financial Assistance			<u>\$ 5,383,173</u>

* Denotes student financial assistance cluster of programs.
** Denotes TRIO cluster of programs.

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, 2005**

Note 1: Federal Assistance Reconciliation

Federal Revenues - per Exhibit 2 and Schedule A	\$ 5,383,173
Reconciling Items	-
	-
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$ 5,383,173

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

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

Note 3: Amounts passed through by the College

The following amounts were passed-through to the listed subrecipients by the College.

The following amounts were from the Carl Perkins Vocational Education - Texas Counselors' Network Program CFDA No. 84.048 received from the U.S. Department of Education through the Texas Higher Education Coordinating Board:

Dallas County Community College District	\$ 1,001
Grayson County College	885
North Harris Montgomery Community College District	5,000
Region 5 Education Service Center	482
Temple College	394
Texas State Technical College	394
University of Texas at Tyler	3,013
	3,013
Total	\$ 11,169

The following amounts were from the Carl Perkins Vocational Education - Texas TWO-STEP Program CFDA No. 84.048 received from the U.S. Department of Education through the Texas Higher Education Coordinating Board:

University of Texas - Arlington	\$ 207,539
	207,539

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2005**

Note 3: Amounts passed through by the College (continued)

The following amounts were from the Carl Perkins Vocational Education - Tech Prep Program CFDA No. 84.243 received from the U.S. Department of Education through the Texas Higher Education Coordinating Board:

Aledo Independent School District	\$ 1,807
Alvord Independent School District	456
Azle Independent School District	3,490
Boyd Independent School District	2,819
Brock Independent School District	1,227
Chico Independent School District	1,434
Decatur Independent School District	3,409
Gordon Independent School District	675
Graford Independent School District	1,430
Granbury Independent School District	3,372
Huckabay Independent School District	1,434
Millsap Independent School District	1,382
Mineral Wells Independent School District	7,000
Peaster Independent School District	1,435
Perrin-Whitt Independent School District	703
Poolville Independent School District	1,443
Springtown Independent School District	5,483
Stephenville Independent School District	3,627
Tolar Independent School District	2,100
Weatherford Independent School District	<u>7,700</u>
Total	<u>\$ 52,426</u>

The following amounts were from the Gaining Early Awareness and Readiness for Undergraduate Program (GEAR-UP) CFDA No. 84.334A received from the U.S. Department of Education:

Mineral Wells Independent School District	<u>\$ 242,144</u>
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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, 2005**

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Department of State Health Services EMS/Upgrade	303111	\$ 5,033
Texas Higher Education Coordinating Board Texas College Workstudy	13019	<u>10,683</u>
Total State Financial Assistance		<u>\$ 15,716</u>

See Notes to Schedule below.

Note 1: State Assistance Reconciliation

State Revenues - per Schedule of Expenditures of State Awards	
State Financial Assistance - per Schedule of Expenditures of State Awards	\$ 15,716
Reconciling Items	<u>-</u>
Total State Revenues per Exhibit 2 and Schedule A	<u>\$ 15,716</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.