

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

ANNUAL FINANCIAL AND COMPLIANCE REPORT

FOR THE YEAR ENDED AUGUST 31, 2003

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

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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, 2003**

Board of Trustees

Officers

Roger Grizzard	Chairman
Jean Bryan	Vice Chairman
Clarence Culwell	Secretary/Treasurer

Members

		<u>Term Expires May 31,</u>
Pat Hamilton	Weatherford, Texas	2005
Roger Grizzard	Weatherford, Texas	2005
Clarence Culwell	Springtown, Texas	2007
Jean Bryan	Weatherford, Texas	2007
Dorotha Guess	Millsap, Texas	2009
Lin Bearden	Weatherford, Texas	2009
Gary Jordan	Weatherford, Texas	2009

Principal Administrative Officers

Don Huff	President
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, 2003 and 2002, 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, and the State of Texas Single Audit Circular. 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, 2003 and 2002, 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 14, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed 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. Also, the accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the State of Texas Single Audit Circular and is not a required part of the financial statements of the College. 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 A and B 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 supplementary information schedules E, F, and G and the statistical supplement are presented for purposes of additional analysis and are 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 them.

Snow, Garrett & Company

Snow, Garrett & Company, CPA's
October 14, 2003

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2003**

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, 2003. 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 12-16), and the footnotes (pages 18-34). Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

The new financial statements (implemented in the fiscal year ended August 31, 2002) 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 Statements 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 Statements 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 cost of various College services to students and the public.

The final required financial statement is the Statements of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

The Weatherford College Development Foundation is a discretely presented component unit of the College and is reported as a separate column on the College's financial statements. Complete financial statements for the Foundation may be obtained from the Weatherford College Business Office.

Financial Highlights

The College's net assets increased from last year by \$1.0 million. As of August 31, 2003, the College's net assets were \$18.2 million, which includes \$9.2 million in net investment in capital assets, \$1.9 million in restricted net assets, and \$7.1 million in unrestricted net assets.

Operating expenses for 2003, were \$22.7 million of which \$9.7 million was expended for instruction, \$3.1 million was expended for institutional support, and \$2.2 million was expended for auxiliary enterprises. In fiscal year 2003, depreciation expense was \$0.8 million.

Operating revenue for 2003 was \$18.1 million, which includes a \$6.8 million in state appropriations, \$3.4 million in tuition and fees (net of discounts), \$5.0 million in federal grants and contracts, and \$1.8 million in auxiliary revenue (net of discounts).

Non-operating revenue for 2003, was \$5.6 million, which includes \$4.7 million in ad-valorem taxes for maintenance and operations, \$0.8 million in ad-valorem taxes for general obligation bonds, and \$1.2 million in investment income (net of investment expenses).

The College Board of Trustees approved the construction of a baseball facility in March 2002 to be funded by College financial reserves. The College entered into a contract with Joe R. Jones Construction to construct the facility. The final cost of construction was \$2.09 million with a completion date of January 2003. The College Development Foundation conducted an ongoing fundraising campaign to replenish College reserves used to finance the project. As of August 31, 2003, the campaign had donations and pledges of \$463,165 and collections of \$170,705 toward the project.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Management's Discussion and Analysis
August 31, 2003

The Weatherford Student Housing Foundation was created on June 5, 2002, as a non-profit corporation under the Texas Non-Profit Corporation Act for the purpose of owning, operating, developing or otherwise providing housing for students, faculty and staff of Weatherford College. A majority of the board of directors are officers of Weatherford College, including Don Huff (President of Weatherford College), Andra Cantrell (Vice President for Financial and Administrative Affairs) and Duane Durrett (Vice President for Student Affairs). On December 5, 2002, the Housing Foundation received an IRS determination letter granting exemption from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c) 3.

Weatherford College retained American Campus Communities, L.L.C. of Austin, Texas for the development of a 76-unit (280 bed) student residence facility located on the campus of Weatherford College. Construction on the apartment style complex began in February 2003 and was completed for 2003 fall occupancy. American Campus Communities financed the construction for the project through a short term traditional commercial bank loan. The Weatherford College Student Housing Foundation will provide permanent financing through the issuance of long term tax-exempt bonds. The total estimated development cost for the project was \$8,332,921, with an estimated bond financing cost of \$737,242 and debt service reserve fund of \$689,837 for a total cost of \$9,760,000. As of August 31, 2003, the transfer of ownership to the Housing Foundation and related financing arrangements were not complete and therefore, the Housing Foundation had no financial activity in fiscal year 2003. The Housing Foundation will be included as a component unit in the College's financial statements next year.

Financial Analysis of the College as a Whole

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

	2003	2002 Restated
Current Assets	\$ 8.0	\$ 8.6
Non-current Assets		
Capital Assets, Net of Depreciation	19.9	19.0
Other	4.1	2.8
Total Assets	32.0	30.4
Current Liabilities	3.5	3.5
Non-current Liabilities	10.3	9.7
Total Liabilities	13.8	13.2
Net Assets		
Net Investment in Capital Assets	9.2	8.9
Restricted for: Expendable	1.9	3.4
Unrestricted	7.1	4.9
Total Net Assets	\$ 18.2	\$ 17.2

This schedule is prepared from the College's statement of net assets (pages 12 - 13), which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

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

Management's Discussion and Analysis

August 31, 2003

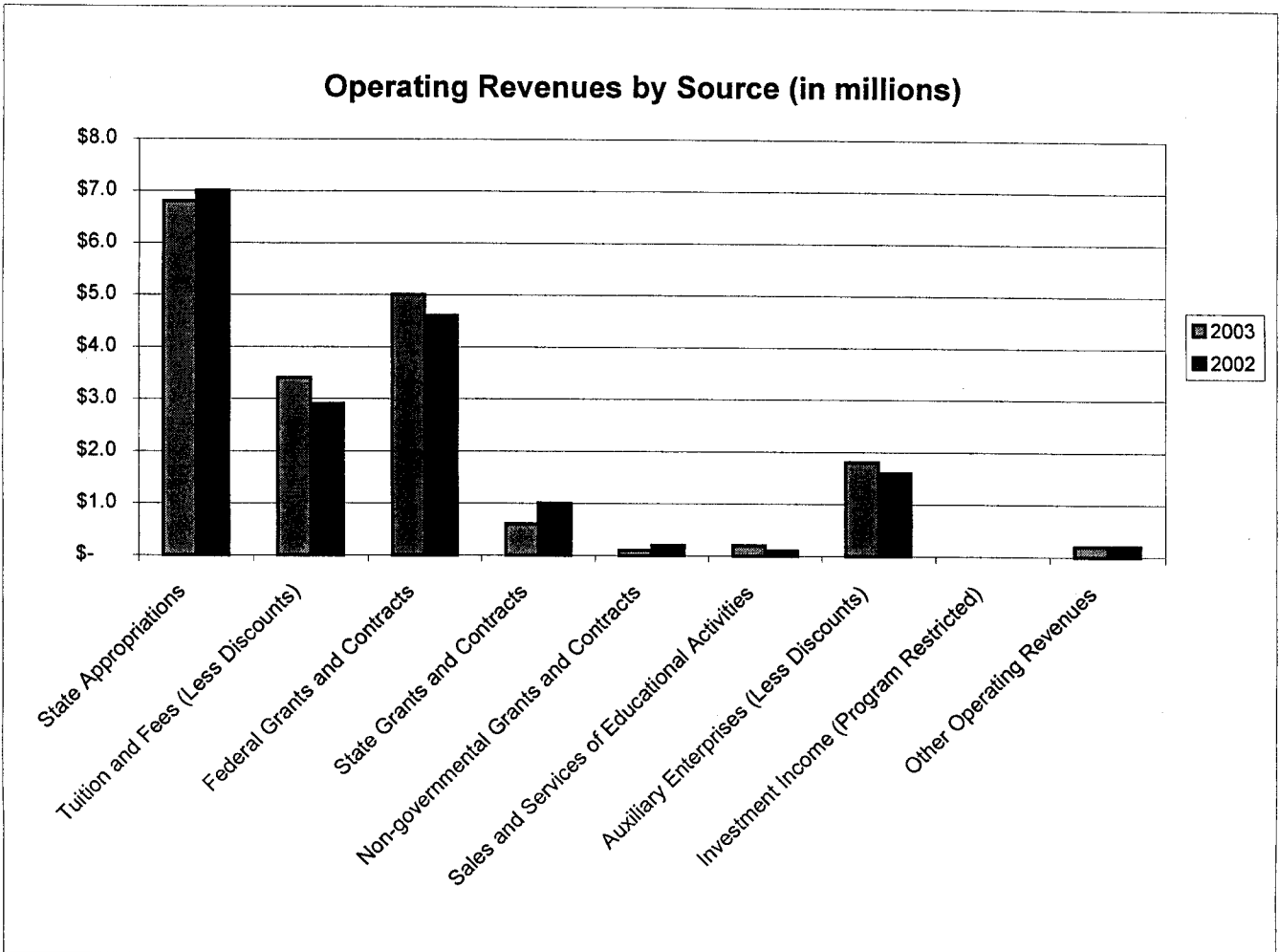
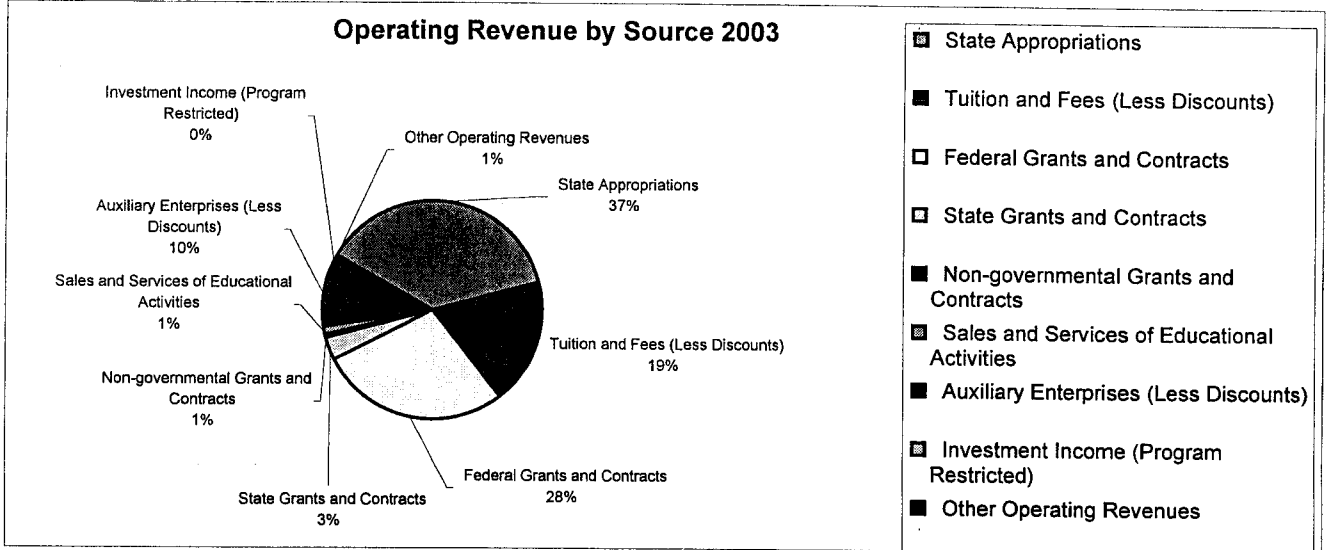
Operating Results for the Years Ended

**August 31,
(in millions)**

	<u>2003</u>	<u>2002</u>
Operating Revenue		
State Appropriations	\$ 6.8	\$ 7.0
Tuition and Fees (Less Discounts)	3.4	2.9
Federal Grants and Contracts	5.0	4.6
State Grants and Contracts	0.6	1.0
Non-governmental Grants and Contracts	0.1	0.2
Sales and Services of Educational Activities	0.2	0.1
Auxiliary Enterprises (Less Discounts)	1.8	1.6
Investment Income (Program Restricted)	-	-
Other Operating Revenues	0.2	0.2
Total	<u>18.1</u>	<u>17.6</u>
Less Operating Expenses	22.7	19.8
Net Operating Loss	<u>(4.6)</u>	<u>(2.2)</u>
Non Operating Revenue		
Ad-Valorem Taxes for Maint & Operations	4.7	4.1
Ad-Valorem Taxes for General Obligation Bonds	0.8	0.7
Gifts	0.2	-
Investment Income (Net of investment expense)	1.2	0.1
Interest on Capital Related Debt	(0.7)	(0.6)
Disposal of Capital Related Assets (Net of accumulated depreciation)	(0.6)	-
Other Non-Operating Revenues (Expenses)	-	-
Total	<u>5.6</u>	<u>4.3</u>
Increase in Net Assets	1.0	2.1
Net Assets, Beginning of Year, as Restated	17.2	15.2
Net Assets, End of Year	<u>\$ 18.2</u>	<u>\$ 17.3</u>
Total Revenues	<u>\$ 25.0</u>	<u>\$ 22.5</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2003**

The following is a graphic illustration of revenues by source

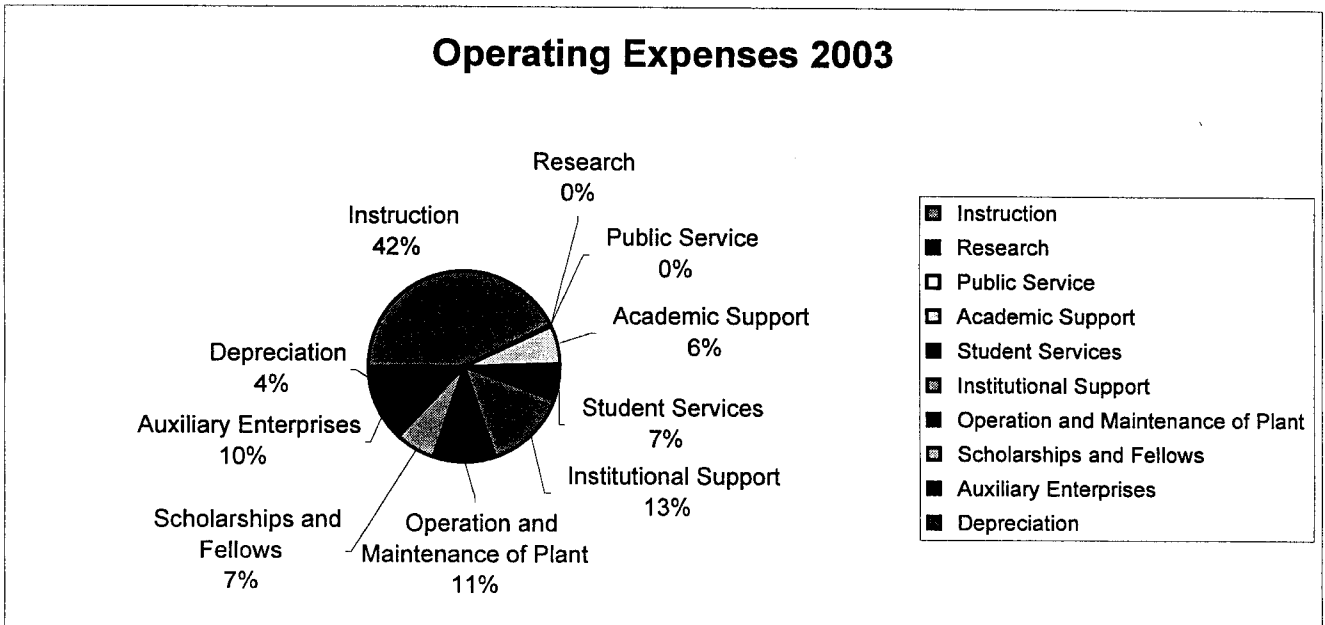


**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Management's Discussion and Analysis
August 31, 2003

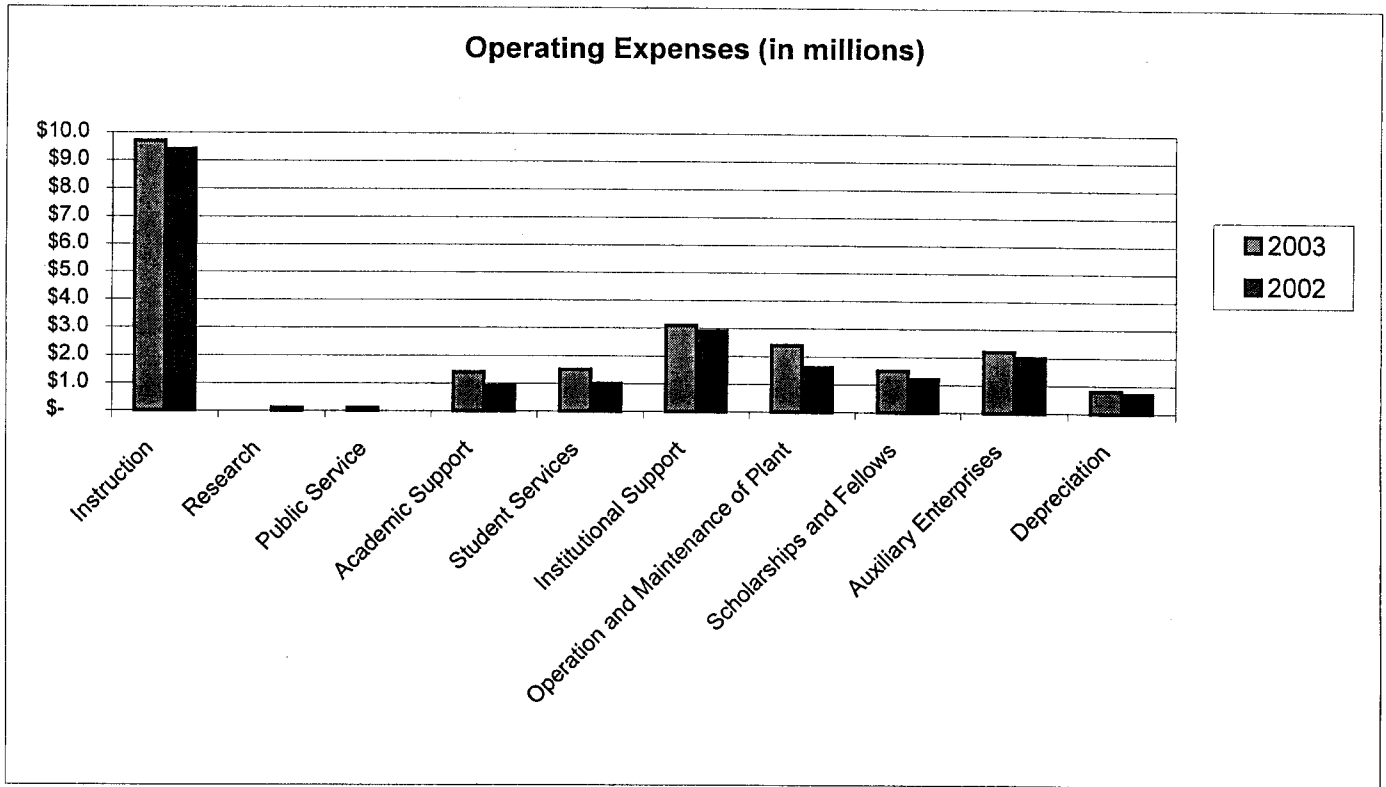
**Operating Expenses
For the Years Ended August 31,
(in millions)**

Operating Expense	2003	2002
Instruction	\$ 9.7	\$ 9.4
Research	-	0.1
Public Service	0.1	-
Academic Support	1.4	0.9
Student Services	1.5	1.0
Institutional Support	3.1	2.9
Operation and Maintenance of Plant	2.4	1.6
Scholarships and Fellowships	1.5	1.2
Auxiliary Enterprises	2.2	2.0
Depreciation	0.8	0.7
Total	\$ 22.7	\$ 19.8
Total Expenses (Including Interest Expense and Loss on Sale of Capital Assets)	\$ 24.0	\$ 20.4

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, 2003

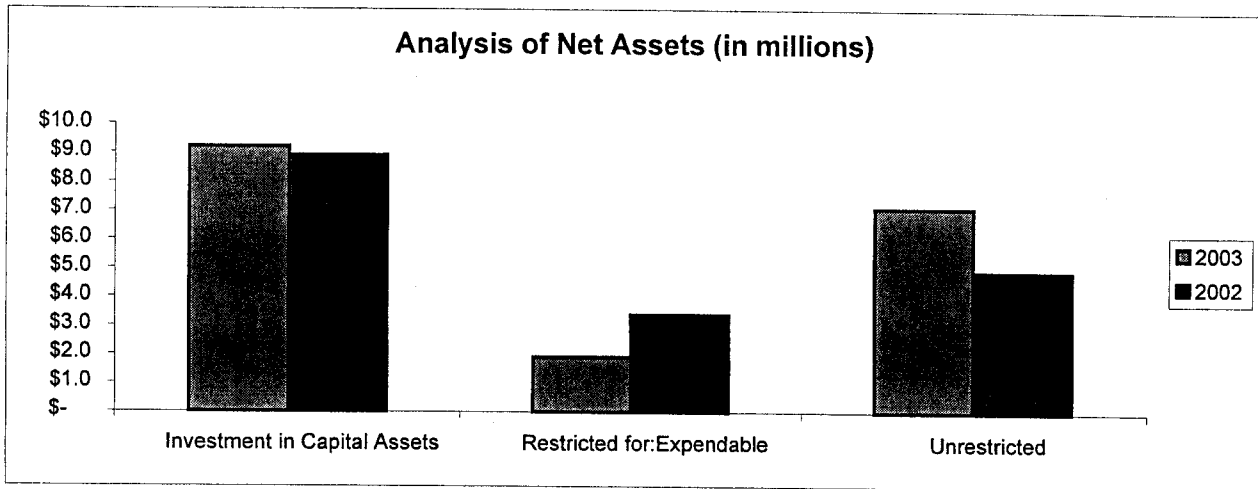


**Analysis of Net Assets
August 31,
(in millions)**

	2003	2002 Restated
Net Assets		
Net Investment in Capital Assets	\$ 9.2	\$ 8.9
Restricted for: Expendable	1.9	3.4
Unrestricted	7.1	4.9
Total Net Assets	<u>\$ 18.2</u>	<u>\$ 17.2</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Management's Discussion and Analysis
August 31, 2003

The following is a graphic illustration of net assets.



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

	2003	2002
Capital Assets		
Land and Improvements	\$ 3.9	\$ 1.8
Building	19.5	20.1
Construction in Progress	0.0	0.2
Equipment	2.0	2.1
Library Books	1.0	0.9
Total	<u>26.4</u>	<u>25.1</u>
Less Accumulated Depreciation	(6.5)	(6.1)
Net Capital Assets	<u>\$ 19.9</u>	<u>\$ 19.0</u>

As of August 31, 2003, the College recorded \$26.4 million invested in capital assets, \$6.5 million in accumulated depreciation and \$19.9 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 \$7.9 million and notes payable with an outstanding balance of \$2.7 million as of August 31, 2003. The College issued new debt totaling \$2,643,593 during the year ended August 31, 2003. \$2,558,818 of the new debt was issued to payoff the LaSalle National Bank note balance of \$1,621,841 and to upgrade facilities' energy management systems. \$84,775 of the new debt was issued for the purchase of a 33 passenger bus.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Net Assets
For the Years Ended August 31, 2003 and 2002

EXHIBIT 1

	August 31, 2003		August 31, 2002 as Restated	
	Primary Institution	Component Unit (Foundation)	Primary Institution	Component Unit (Foundation)
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 4,823,708	\$ 474,303	\$ 5,575,489	\$ 191,449
Short-Term Investments	40,329	531,857	49,196	827,214
Accounts Receivable (net)	1,748,782	369,799	1,708,120	398,512
Inventories	327,208	-	321,799	-
Deferred Charges	954,595	-	790,690	-
Prepaid Expense	99,276	-	197,470	-
Deposits	4,250	-	50	-
Total Current Assets	7,998,148	1,375,959	8,642,814	1,417,175
Non-Current Assets				
Restricted Cash and Cash Equivalents	1,646,635	-	1,484,165	224,166
Endowment Investments	1	1,680,677	1	1,322,151
Other Non-Current Investments	-	350,380	-	342,742
Investments in Real Estate	2,453,000	-	1,286,090	-
Capital Assets, net of Accumulated Depreciation (See Note 7)	19,868,283	144,000	19,058,747	144,000
Total Non-Current Assets	23,967,919	2,175,057	21,829,003	2,033,059
Total Assets	\$ 31,966,067	\$ 3,551,016	\$ 30,471,817	\$ 3,450,234

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Net Assets
For the Years Ended August 31, 2003 and 2002

EXHIBIT 1

	August 31, 2003		August 31, 2002 as Restated	
	Primary Institution	Component Unit (Foundation)	Primary Institution	Component Unit (Foundation)
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 432,180	\$ -	\$ 624,141	\$ 390
Accrued Liabilities	75,553	-	120,168	-
Accrued Compensated Absences	21,815	-	15,732	-
Funds Held for Others	122,351	-	94,121	-
Deferred Revenues	2,384,862	-	2,168,620	-
Notes Payable - Current Portion	292,971	-	278,854	-
Bonds Payable - Current Portion	235,000	-	225,000	-
Total Current Liabilities	3,564,732	-	3,526,636	390
Non-Current Liabilities				
Deposits	2,423	-	35,873	-
Accrued Compensated Absences	97,659	-	86,012	-
Notes Payable	2,442,563	-	1,672,726	-
Bonds Payable	7,685,000	-	7,920,000	-
Total Non-Current Liabilities	10,227,645	-	9,714,611	-
Total Liabilities	13,792,377	-	13,241,247	390
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	9,212,749	140,000	8,962,167	140,000
Restricted for				
Unexpendable				
Student Aid	-	1,650,376	-	1,561,715
Instructional Programs	-	25,285	-	25,285
Expendable				
Student Aid	1,052,922	391,187	990,617	323,960
Instructional Programs	81,505	-	81,503	3,890
Loans	13,038	-	12,898	-
Capital Projects	582,285	328,689	1,933,550	367,872
Debt Service	178,442	-	321,648	-
Other	-	-	-	43,124
Unrestricted	7,052,749	1,015,479	4,928,187	983,998
Total Net Assets	18,173,690	3,551,016	17,230,570	3,449,844
Total Liabilities and Net Assets	\$ 31,966,067	\$ 3,551,016	\$ 30,471,817	\$ 3,450,234

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended August 31, 2003 and 2002

EXHIBIT 2

	August 31, 2003		August 31, 2002	
	Primary Institution	Component Unit (Foundation)	Primary Institution	Component Unit (Foundation)
REVENUES				
Operating Revenues				
State Appropriations	\$ 6,774,938	\$ -	\$ 7,018,258	\$ -
Tuition and Fees (Net of Discounts of \$1,104,246 as of August 31, 2003 and \$971,399 as of August 31, 2002)	3,419,230	-	2,914,609	-
Federal Grants and Contracts	4,938,274	-	4,517,599	-
State Grants and Contracts	550,785	-	994,418	-
Non-Governmental Grants and Contracts	108,983	-	183,711	-
Sales and Services of Educational Activities	199,282	-	137,444	-
Investment Income (Program Restricted)	34,010	-	39,247	-
Auxiliary Enterprises (Net of Discounts of \$574,678 as of August 31, 2003 and \$499,679 as of August 31, 2002)	1,838,079	-	1,622,315	-
Other Operating Revenues	199,689	226,205	244,306	389,626
Total Operating Revenues (Schedule A)	18,063,270	226,205	17,671,907	389,626
EXPENSES				
Operating Expenses				
Instruction	9,702,358	-	9,473,568	-
Public Services	55,905	-	-	-
Research	-	-	70,438	-
Academic Support	1,394,972	-	962,985	-
Student Services	1,470,123	-	1,074,353	-
Institutional Support	3,147,097	205,248	2,926,413	53,430
Operation and Maintenance of Plant	2,386,396	-	1,614,829	-
Scholarships and Fellowships	1,485,578	62,903	1,110,705	87,003
Auxiliary Enterprises	2,261,644	-	1,985,650	-
Depreciation	763,739	-	656,199	-
Total Operating Expenses (Schedule B)	22,667,812	268,151	19,875,140	140,433
Operating Income (Loss)	(4,604,542)	(41,946)	(2,203,233)	249,193
NON-OPERATING REVENUES (EXPENSES)				
Maintenance Ad-Valorem Taxes				
Taxes for Maintenance & Operations	4,702,218	-	4,065,200	-
Taxes for General Obligation Bonds	743,620	-	742,010	-
Gifts	152,608	-	17,521	-
Investment Income (Net of Investment Expenses)	1,231,450	143,118	106,199	4,783
Interest on Capital Related Debt	(681,118)	-	(621,828)	-
Gain (Loss) on Disposal of Capital Assets	(617,105)	-	-	-
Other Non-Operating Revenues (Expenses)	15,989	-	12,979	-
Net Non-Operating Revenues (Expenses)	5,547,662	143,118	4,322,081	4,783
Increase (Decrease) in Net Assets	943,120	101,172	2,118,848	253,976
Net Assets - Beginning of Year		3,449,844		3,195,868
Net Assets - Beginning of Year, as Restated (See Note 2)	17,230,570		15,188,021	
Net Assets - End of Year	\$ 18,173,690	\$ 3,551,016	\$ 17,306,869	\$ 3,449,844

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Cash Flows
For the Years Ended August 31, 2003 and 2002

EXHIBIT 3

	August 31, 2003		August 31, 2002	
	Primary Institution	Component Unit (Foundation)	Primary Institution	Component Unit (Foundation)
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Students and Other Customers	\$ 5,597,029	\$ -	\$ 5,040,580	\$ -
Receipts of Appropriations, Grants, and Contracts	12,417,027	-	12,464,754	-
Other Receipts	-	252,275	-	84,326
Payments to or on Behalf of Employees	(12,554,858)	-	(11,703,643)	-
Payments to Suppliers for Goods or Services	(7,994,068)	(205,638)	(6,304,917)	(53,743)
Payments of Scholarships	(1,481,004)	(62,903)	(1,199,447)	(87,003)
Net Cash Used by Operating Activities	<u>(4,015,874)</u>	<u>(16,266)</u>	<u>(1,702,673)</u>	<u>(56,420)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Ad Valorem Tax Revenues	4,678,936	-	4,004,405	-
Gifts and Grants (Other Than Capital)	1,520	-	13,521	-
Student Organization and Other Agency Transactions	28,230	-	26,562	-
Net Cash Provided by Non-Capital Financing Activities	<u>4,708,686</u>	<u>-</u>	<u>4,044,488</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Ad Valorem Tax Revenues	745,830	-	735,731	-
Receipts from the Issuance of Capital Debt	1,021,751	-	-	-
Insurance Proceeds	15,989	-	12,979	-
Purchases of Capital Assets	(2,187,075)	-	(1,084,645)	-
Gifts and Grants (Capital)	145,784	-	-	-
Payments on Capital Debt - Principal	(462,797)	-	(512,060)	-
Payments on Capital Debt - Interest	(672,449)	-	(640,474)	-
Net Cash Used by Capital and Related Financing Activities	<u>(1,392,967)</u>	<u>-</u>	<u>(1,488,469)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Return of Principal on Securities	7,513	-	7,904	-
Investment Earnings	103,331	80,058	150,339	116,359
Proceeds from Redemption of Certificates of Deposits	-	-	-	35,000
Proceeds from Redemption of Securities	-	355,490	-	1,248,754
Dividends Reinvested	-	(11,891)	-	(3,977)
Purchases of Certificates of Deposits	-	-	-	(334,113)
Purchases of Securities	-	(348,703)	-	(953,754)
Net Cash Provided by Investing Activities	<u>110,844</u>	<u>74,954</u>	<u>158,243</u>	<u>108,269</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(589,311)</u>	<u>58,688</u>	<u>1,011,589</u>	<u>51,849</u>
Cash and Cash Equivalents - September 1, 2002	<u>7,059,654</u>	<u>415,615</u>	<u>6,048,065</u>	<u>363,766</u>
Cash and Cash Equivalents - August 31, 2003	<u>\$ 6,470,343</u>	<u>\$ 474,303</u>	<u>\$ 7,059,654</u>	<u>\$ 415,615</u>
Reconciliation to Exhibit 1:				
Cash and Cash Equivalents	\$ 4,823,708	\$ 474,303	\$ 5,575,489	\$ 191,449
Restricted Cash and Cash Equivalents	1,646,635	-	1,484,165	224,166
Total Cash and Cash Equivalents	<u>\$ 6,470,343</u>	<u>\$ 474,303</u>	<u>\$ 7,059,654</u>	<u>\$ 415,615</u>

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Cash Flows
For the Years Ended August 31, 2003 and 2002

EXHIBIT 3

	August 31, 2003		August 31, 2002	
	Primary Institution	Component Unit (Foundation)	Primary Institution	Component Unit (Foundation)
Non-Cash Investing, Capital and Financing Activities:				
Gift of Non-Capital Asset	\$ 8,499	\$ -	\$ 4,000	\$ -
Gift of Capital Asset	\$ 3,305	\$ -	\$ -	\$ -
Net Increase (Decrease) in Fair Value of Investments	\$ 1,158,043	\$ 107,780	\$ -	\$ (135,112)
Reconciliation of Operating Income (Loss) to Net Cash Used By				
Operating Activities:				
Operating Income (Loss)	\$(4,604,542)	\$ (41,946)	\$(2,203,233)	\$ 249,193
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:				
Depreciation Expense	763,739	-	656,199	-
Unrealized Gain & Loss on Fair Value of Investments	-	-	7,323	-
Non-cash revenues	(6,500)	-	-	-
Non-cash expenses	8,499	-	4,000	-
Investment Income (Program Restricted)	(34,010)	-	(39,247)	-
Return on Investment	-	-	(7,904)	-
Changes in Assets and Liabilities				
Receivables, Net	(23,017)	26,070	(367,088)	(305,300)
Inventories	(5,409)	-	(78,158)	-
Deferred Charges	(163,905)	-	(138,275)	-
Prepaid Expenses	98,194	-	(134,383)	-
Deposits	(4,200)	-	-	-
Accounts Payable	(245,245)	(390)	219,969	(313)
Deferred Revenue	216,242	-	371,910	-
Compensated Absences	17,730	-	10,624	-
Deposits Held for Others	(33,450)	-	(4,410)	-
Net Cash Used By Operating Activities	<u>\$(4,015,874)</u>	<u>\$ (16,266)</u>	<u>\$(1,702,673)</u>	<u>\$ (56,420)</u>

**NOTES TO THE
FINANCIAL STATEMENTS**

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

**Notes to the Financial Statements
August 31, 2003 and 2002**

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.

The accompanying financial statements present the College and its component unit, an entity for which the College is considered to be financially accountable. This discretely presented component unit is reported in a separate column in the entity-wide financial statements to emphasize it is legally separate from the College.

Discretely Presented Component Unit

The Weatherford College Development Foundation (Foundation) is a 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 \$62,903 and \$81,783 for designated scholarships, and \$150,784 and \$7,986 for other contributions to the College during the years ended August 31, 2003 and 2002, respectively.

Complete financial statements for the Foundation may be obtained from the Weatherford College Business Office.

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.

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 §56.0333). When the award is used 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.

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

**Notes to the Financial Statements
August 31, 2003 and 2002**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Tuition Discounts

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the College are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the years for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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 November 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.

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

**Notes to the Financial Statements
August 31, 2003 and 2002**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are stated at cost. Donated capital assets are valued at their estimated fair market value on the date received. The College's capitalization policy includes real or personal property with a value equal to or greater than \$5,000 and has an estimated life of greater than one year. The College reports depreciation under a single-line item as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention. The following lives are used:

Buildings	50 years
Facilities and Other Improvements	20 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years
Library Books	As long as in collection

Library books are capitalized but not depreciated. Library books will be written off as the books are removed from service.

Deferred Revenues

Tuition, fees, and other revenues received and related to the periods after August 31, 2003 and 2002 have been deferred.

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 8 and 9 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, 2003 and 2002.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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.

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

Notes to the Financial Statements
August 31, 2003 and 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State allocations are classified as operating revenues because the College is a separate primary government and is not included as part of the Texas statewide CAFR. In addition, Texas state allocations are program specific for instructional services provided on behalf of the State and are affected by performance through a formula funding process based on contact hours of instruction provided.

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 discretely presented component unit's restricted net assets arise primarily from endowments or restricted donations, and are therefore, considered unexpendable. 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.

Prior Year Restatement

The beginning of year net assets for fiscal year 2003 was restated to better reflect the full accrual basis of accounting. Net assets at August 31, 2002 included the excess of restricted receipts over restricted expenditures. Also, the net assets invested in capital assets, net of related debt at August 31, 2002 did not include all of the library book additions.

In June 1999, GASB approved Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*. This was followed by GASB Statement No. 35, *Basic Financial Statements – Management's Discussion and Analysis for Public Colleges and Universities*, which extends the guidance of GASB 34 to public colleges and universities. The College implemented these changes for the year ended August 31, 2002, resulting in an entirely new financial statement presentation format. The College is reported as a special-purpose government engaged in business-type activities.

Beginning net assets, as restated, was determined as follows:

	August 31, 2003	August 31, 2002
Beginning Net Assets	\$ 17,306,869	\$ 23,055,991
Deferred Revenue Adjustment	(92,070)	-
Library Books Adjustment	15,771	-
Write Down of Capital Assets	-	(2,684,091)
Accumulated Depreciation	-	(5,466,556)
Deferred Property Tax Revenue	-	282,677
Beginning Net Assets, as Restated	\$ 17,230,570	\$ 15,188,021

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.

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

**Notes to the Financial Statements
August 31, 2003 and 2002**

4. DEPOSITS AND INVESTMENTS

At August 31, 2003 and 2002, the carrying amount of Weatherford College's deposits was \$6,467,243 and \$7,056,554, respectively, and total bank deposits equaled \$7,113,562 and \$7,556,923, respectively. Bank balances at August 31, 2003 and 2002, of \$228,319 and \$231,451, respectively, are covered by federal depository insurance and \$6,885,243 and \$7,325,472, respectively, was covered by collateral pledged in Weatherford College's name. Total pledged securities at August 31, 2003 and 2002, were \$8,143,411 and \$8,385,016, respectively. The collateral was held by Weatherford College or by its agent (Category 1).

The federal depository insurance as of August 31, 2003 and 2002 of \$228,319 and \$231,451, respectively, included the following:

	<u>August 31, 2003</u>	<u>August 31, 2002</u>
Time and Savings Interest Bearing Accounts	\$ 128,319	\$ 131,451
Bond Interest and Sinking Fund Accounts	100,000	100,000
	<hr/>	<hr/>
Federal Depository Insurance	<u>\$ 228,319</u>	<u>\$ 231,451</u>

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

Cash and Deposits

	<u>August 31, 2003</u>	<u>August 31, 2002</u>
Bank Deposits		
Time Deposits	\$ 6,467,243	\$ 7,056,554
Total Bank Deposits	<u>6,467,243</u>	<u>7,056,554</u>
Cash and Cash Equivalents		
Petty Cash	3,100	3,100
Total Cash and Cash Equivalents	<u>3,100</u>	<u>3,100</u>
Total Cash and Deposits	<u>\$ 6,470,343</u>	<u>\$ 7,059,654</u>

To comply with the reporting requirements of GASB Statement No. 3, *Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, the College's investments are categorized under "Investment Categories" to give an indication of credit risk assumed by the College at year end. Credit risk is the risk that another party to a deposit or investment transaction will not fulfill its obligations. This is not to be confused with market risk, which is the risk that the market value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement will decline. Market risk is not depicted in this note.

The following categories of credit risk are included:

- Category 1: Investments that are insured or registered or for which the securities are held by the institution or its agent in the institution's name.
- Category 2: Uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the institution's name.

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

Notes to the Financial Statements
August 31, 2003 and 2002

4. DEPOSITS AND INVESTMENTS (Continued)

Category 3: Uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the institution's name.

Based on these three levels of risk, all of the College's investments are classified as Category 1.

Investment Categories for Primary Government:

August 31, 2003			
Type of Security	Category 1	Carrying Amount	Market Value
US Government Securities			
Federal National Mortgage Assn.	\$ 40,329	\$ 40,329	\$ 40,329

August 31, 2002			
Type of Security	Category 1	Carrying Amount	Market Value
US Government Securities			
Federal National Mortgage Assn.	\$ 49,196	\$ 49,196	\$ 49,196

Uncategorized Investments for Primary Government:

Type of Investments	August 31, 2003		August 31, 2002	
	Carrying Amount	Market Value	Carrying Amount	Market Value
Mineral Rights	\$ 1	\$ 1	\$ 1	\$ 1
Real Estate	2,453,000	2,453,000	1,286,090	1,286,090
TOTALS	\$ 2,453,001	\$ 2,453,001	\$ 1,286,091	\$ 1,286,091

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

	August 31, 2003	August 31, 2002
Per Note 4:		
Cash and Deposits	\$ 6,470,343	\$ 7,059,654
Investments	40,329	49,196
Uncategorized Investments	2,453,001	1,286,091
Total	<u>\$ 8,963,673</u>	<u>\$ 8,394,941</u>
Per Exhibit 1:		
Cash and Cash Equivalents	\$ 4,823,708	\$ 5,575,489
Short-Term Investments	40,329	49,196
Restricted Cash and Cash Equivalents	1,646,635	1,484,165
Endowment Investments	1	1
Investments in Real Estate	2,453,000	1,286,090
Total	<u>\$ 8,963,673</u>	<u>\$ 8,394,941</u>

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

Notes to the Financial Statements
August 31, 2003 and 2002

4. DEPOSITS AND INVESTMENTS (Continued)

Investment Categories for Discretely Presented Component Units:

August 31, 2003			
Type of Security	Category 1	Carrying Amount	Market Value
Corporate Stock	\$ 594,520	\$ 594,520	\$ 594,520

August 31, 2002			
Type of Security	Category 1	Carrying Amount	Market Value
Corporate Stock	\$ 524,564	\$ 524,564	\$ 524,564

Uncategorized Investments for Discretely Presented Component Units:

Type of Investments	August 31, 2003		August 31, 2002	
	Carrying Amount	Market Value	Carrying Amount	Market Value
Mutual Funds	\$ 296,625	\$ 296,625	\$ 244,958	\$ 244,958
Financial Square Trust Fund - Government Portfolio Cash	6,876	6,876	57,692	57,692
Endowment Certificates of Deposits	1,664,893	1,664,893	1,664,893	1,664,893
TOTALS	\$ 1,968,394	\$ 1,968,394	\$ 1,967,543	\$ 1,967,543

Reconciliation of Deposits and Investments Between Note 4 and Exhibit 1 for Discretely Presented Component Units:

	August 31, 2003	August 31, 2002
Per Note 4:		
Cash and Deposits	\$ 474,303	\$ 415,615
Investments	594,520	524,564
Uncategorized Investments	1,968,394	1,967,543
Total	\$ 3,037,217	\$ 2,907,722
Per Exhibit 1:		
Cash and Cash Equivalents	\$ 474,303	\$ 191,449
Short-Term Investments	531,857	827,214
Restricted Cash and Cash Equivalents	-	224,166
Endowment Investments	1,680,677	1,322,151
Other Non-Current Investments	350,380	342,742
Total	\$ 3,037,217	\$ 2,907,722

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

Notes to the Financial Statements
August 31, 2003 and 2002

5. ENDOWMENT INVESTMENTS OF THE DISCRETELY PRESENTED COMPONENT UNIT

As noted above, the endowment investments in the Foundation consist of certificates of deposit, government portfolio cash and mutual funds, and therefore, have little or no appreciation or depreciation in value. Each endowment has its own guidelines for authorization and use of investment income. The endowment investments totaled \$1,680,677 and \$1,322,151 at August 31, 2003 and 2002, respectively.

6. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, 2003 and 2002 were as follows:

	August 31, 2003		August 31, 2002	
	Primary Institution	Component Unit (Foundation)	Primary Institution	Component Unit (Foundation)
Student Receivables (Net of Allowances of \$230,270 and \$208,600 for 2003 and 2002, respectively)	\$ 413,620	\$ -	\$ 346,556	\$ -
Taxes Receivable (Net of Allowances of \$207,685 and \$193,962 for 2003 and 2002, respectively)	370,823	-	349,751	-
Federal and State - Accounts Receivable	828,542	-	807,284	-
Other Accounts Receivable	132,556	20	197,861	-
Interest Receivable	3,241	5,319	6,668	7,962
Unconditional Promises to Pay (Net of Allowances of \$1,000 for 2003 and 2002)	-	364,460	-	390,550
	<u>\$ 1,748,782</u>	<u>\$ 369,799</u>	<u>\$ 1,708,120</u>	<u>\$ 398,512</u>

Payables

Payables at August 31, 2003 and 2002 were as follows:

	August 31, 2003		August 31, 2002	
	Primary Institution	Component Unit (Foundation)	Primary Institution	Component Unit (Foundation)
Vendor Payable	\$ 432,180	\$ -	\$ 624,141	\$ 390
Salaries and Benefits Payable	66,884	-	120,168	-
Accrued Interest	8,669	-	-	-
	<u>\$ 507,733</u>	<u>\$ -</u>	<u>\$ 744,309</u>	<u>\$ 390</u>

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

Notes to the Financial Statements

August 31, 2003 and 2002

7. CAPITAL ASSETS

Capital assets activity for the years ended August 31, 2003 and 2002 was as follows:

	Balance Restated 9/1/02	Increases	Decreases	Balance 8/31/03
Not Depreciated:				
Land	\$ 587,292	\$ -	\$ -	\$ 587,292
Library Books	940,208	57,501	7,190	990,519
Construction in Progress	195,188	1,918,086	2,091,979	21,295
Subtotal	<u>1,722,688</u>	<u>1,975,587</u>	<u>2,099,169</u>	<u>1,599,106</u>
Other Capital Assets:				
Buildings	20,110,023	-	611,427	19,498,596
Land Improvements	1,238,434	2,091,979	-	3,330,413
Furniture, Machinery, Vehicles, and Other Equipment	2,110,357	221,983	399,863	1,932,477
Subtotal	<u>23,458,814</u>	<u>2,313,962</u>	<u>1,011,290</u>	<u>24,761,486</u>
Accumulated Depreciation:				
Buildings	4,633,755	383,210	294,220	4,722,745
Land Improvements	627,158	86,377		713,535
Furniture, Machinery, Vehicles, and Other Equipment	861,842	294,152	99,965	1,056,029
Subtotal	<u>6,122,755</u>	<u>763,739</u>	<u>394,185</u>	<u>6,492,309</u>
Net Other Capital Assets	<u>17,336,059</u>	<u>1,550,223</u>	<u>617,105</u>	<u>18,269,177</u>
Net Capital Assets	<u>\$ 19,058,747</u>	<u>\$ 3,525,810</u>	<u>\$ 2,716,274</u>	<u>\$ 19,868,283</u>
	Balance 9/1/01	Increases	Decreases	Balance Restated 8/31/02
Not Depreciated:				
Land	\$ 587,292	\$ -	\$ -	\$ 587,292
Library Books	853,875	86,333		940,208
Construction in Progress	11,245	183,943		195,188
Subtotal	<u>1,452,412</u>	<u>270,276</u>	<u>-</u>	<u>1,722,688</u>
Other Capital Assets:				
Buildings	20,110,023			20,110,023
Land Improvements	1,238,434			1,238,434
Furniture, Machinery, Vehicles, and Other Equipment	1,280,217	830,140		2,110,357
Subtotal	<u>22,628,674</u>	<u>830,140</u>	<u>-</u>	<u>23,458,814</u>
Accumulated Depreciation:				
Buildings	4,237,414	396,341		4,633,755
Land Improvements	587,851	39,307		627,158
Furniture, Machinery, Vehicles, and Other Equipment	641,291	220,551		861,842
Subtotal	<u>5,466,556</u>	<u>656,199</u>	<u>-</u>	<u>6,122,755</u>
Net Other Capital Assets	<u>17,162,118</u>	<u>173,941</u>	<u>-</u>	<u>17,336,059</u>
Net Capital Assets	<u>\$ 18,614,530</u>	<u>\$ 444,217</u>	<u>\$ -</u>	<u>\$ 19,058,747</u>

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

Notes to the Financial Statements
August 31, 2003 and 2002

8. LONG-TERM LIABILITIES

Long-term liability activity for the years ended August 31, 2003 and 2002 was as follows:

	Balance September 1, 2002	Additions	Reductions	Balance August 31, 2003	Current Portion
<u>Leases, Bonds and Notes</u>					
General Obligation Bonds	\$ 8,145,000	\$ -	\$ 225,000	\$ 7,920,000	\$ 235,000
Notes Payable	1,951,580	2,643,593	1,859,639	2,735,534	292,971
Total Leases, Bonds and Notes	<u>10,096,580</u>	<u>2,643,593</u>	<u>2,084,639</u>	<u>10,655,534</u>	<u>527,971</u>
<u>Other Liabilities</u>					
Compensated absences	101,744	36,307	18,577	119,474	21,815
Total Other Liabilities	<u>101,744</u>	<u>36,307</u>	<u>18,577</u>	<u>119,474</u>	<u>21,815</u>
Total Long-Term Liabilities	<u>\$ 10,198,324</u>	<u>\$ 2,679,900</u>	<u>\$ 2,103,216</u>	<u>\$ 10,775,008</u>	<u>\$ 549,786</u>
	Balance September 1, 2001	Additions	Reductions	Balance August 31, 2002	Current Portion
<u>Leases, Bonds and Notes</u>					
General Obligation Bonds	\$ 8,360,000	\$ -	\$ 215,000	\$ 8,145,000	\$ 225,000
Revenue Bonds	30,000	-	30,000	-	-
Notes Payable	2,218,640	-	267,060	1,951,580	278,854
Total Leases, Bonds and Notes	<u>10,608,640</u>	<u>-</u>	<u>512,060</u>	<u>10,096,580</u>	<u>503,854</u>
<u>Other Liabilities</u>					
Compensated absences	91,118	24,716	14,090	101,744	15,732
Total Other Liabilities	<u>91,118</u>	<u>24,716</u>	<u>14,090</u>	<u>101,744</u>	<u>15,732</u>
Total Long-Term Liabilities	<u>\$ 10,699,758</u>	<u>\$ 24,716</u>	<u>\$ 526,150</u>	<u>\$ 10,198,324</u>	<u>\$ 519,586</u>

9. 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 \$7,920,000 and \$8,145,000 at August 31, 2003 and 2002, respectively, bearing interest at 5.375% to 7.875%.

Bonds are due in annual installments varying from \$225,000 to \$670,000 with interest rates from 5.375% to 7.875% with final installment due in 2022.

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

**Notes to the Financial Statements
August 31, 2003 and 2002**

9. DEBT OBLIGATIONS (Continued)

General information related to notes payable is summarized below:

Note Payable – LaSalle National Bank

- ◆ To construct Energy Saving System (electrical, lighting, air conditioning/heating and water conservation improvements and equipment).
- ◆ Original loan date – September 15, 1998.
- ◆ Total project price of \$2,448,576, with \$96,688 paid and the remaining balance of \$2,351,878 payable in 120 monthly installments, which includes interest at a rate of 5.10%.
- ◆ Source of revenue for debt service – unrestricted revenue.
- ◆ Outstanding Balance of \$1,711,580 at August 31, 2002 and was paid in full with the issuance of the SunTrust Leasing Corporation Note Payable listed below.

Note Payable – Weatherford National Bank

- ◆ To construct a new veterinary clinic.
- ◆ 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 \$180,000 and \$240,000 at August 31, 2003 and August 31, 2002, respectively.

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 \$74,254 at August 31, 2003.

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 \$2,481,280 at August 31, 2003.

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.

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

Notes to the Financial Statements
August 31, 2003 and 2002

9. DEBT OBLIGATIONS (Continued)

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

Year Ended August 31,	General Obligation Bonds		Notes Payable	
	Bonds Principal	Total Interest	Notes Principal	Total Interest
2004	\$ 235,000	\$ 476,992	\$ 292,971	\$ 115,744
2005	250,000	458,486	304,314	101,953
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 - 2013	1,775,000	1,651,690	1,283,397	137,539
2014 - 2018	2,365,000	1,075,430	-	-
2019 - 2023	2,455,000	340,398	-	-
Total	<u>\$ 7,920,000</u>	<u>\$ 5,255,605</u>	<u>\$ 2,735,534</u>	<u>\$ 577,177</u>

10. 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 2001, 2002 and 2003 a state contribution rate of 6.0% and a member contribution 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, 2001, 2002, and 2003 were \$152,835, \$186,452, and \$212,056, 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.

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

Notes to the Financial Statements
August 31, 2003 and 2002

10. EMPLOYEES' RETIREMENT PLAN (Continued)

The retirement expense to the State for the College was \$470,748 and \$424,164 for the fiscal years ended August 31, 2003 and August 31, 2002, respectively. This amount represents for fiscal year ended August 31, 2003, \$212,056 and \$258,693 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, 2002, \$186,452 and \$237,712 expended appropriations made by the State Legislature on behalf of the College for the Teacher Retirement System and the Optional Retirement Program, respectively.

11. DEFERRED COMPENSATION PROGRAM

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2003, the College had 69 employees participating in the program. A total of \$206,161 and \$182,930 in payroll deductions had been invested in approved plans during the fiscal years ended August 31, 2003 and August 31, 2002, respectively.

12. COMPENSATED 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 2003 is that an employee may carry his accrued leave forward a maximum of ten days (80 hours) of accrued leave forward from one fiscal year to another fiscal year. 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 \$119,474 and \$101,744 for the fiscal years ended August 31, 2003 and August 31, 2002, respectively.

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

13. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENT

Expenses include \$101,400 and \$96,471 for rent paid under operating leases during the fiscal years ended August 31, 2003 and August 31, 2002, respectively.

Future, minimum lease rental payments under noncancellable operating leases having an initial term in excess of one year as of August 2003 are as follows:

<u>Year Ended</u>	<u>Minimum Future Lease Payments</u>
2004	\$ 101,400
2005	112,508
2006	118,300
2007	118,300
2008	118,300
2009 - 2013	167,592
Total	<u>\$ 736,400</u>

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

**Notes to the Financial Statements
August 31, 2003 and 2002**

14. SELF-INSURED PLANS

In 1995, the College began participating in the Texas Public Junior and Community college Employee Benefits Consortium (Consortium), which was established in 1991 by several Texas area community colleges as a means of reducing the costs of workers compensation insurance. The Consortium is a public entity risk pool currently operating as a common risk management and insurance program for the member colleges. The main purpose of the Consortium is to jointly self-insure certain workers compensation risks up to an agreed upon retention limit. For the year ended August 31, 2003, the College paid an annual premium of \$35,566 plus \$70,004 toward the loss fund. This \$105,570 was the maximum cost for the self-insured plan. For the year ended August 31, 2002, the College paid an annual premium of \$35,689 plus \$95,033 toward the loss fund. This \$130,722 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 to statutory limits.

15. RISK MANAGEMENT

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

16. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's contribution per full-time employee was \$404.95 per month for the year ended August 31, 2003, and totaled \$1,272,358 for the year. The cost of providing those benefits for 50 retirees was \$203,283 and for 220 active employees amounted to \$1,069,075. The State's contribution per full-time employee was \$315.68 per month for the year ended August 31, 2002, and totaled \$932,754 for the year. The cost of providing those benefits for 48 retirees was \$152,393 and for 206 active employees amounted to \$780,360.

17. PROPERTY TAX

The District'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 District.

	<u>At August 31, 2003</u>	<u>At August 31, 2002</u>
Assessed Valuation of the District	\$ 5,844,117,900	\$ 4,686,809,260
Less: Exemptions	1,571,786,363	1,155,782,088
Less: Abatements	<u>156,755,902</u>	<u>12,235,783</u>
Net Assessed Valuation of the District	<u>\$ 4,115,575,635</u>	<u>\$ 3,518,791,389</u>

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

Notes to the Financial Statements
August 31, 2003 and 2002

17. PROPERTY TAX (Continued)

	Current Operations	Debt Service	Total
At August 31, 2003			
Tax Rate per \$100 valuation of authorized	\$ -	\$ -	\$ 0.30000
Tax Rate per \$100 valuation of assessed	\$ 0.11040	\$ 0.01740	\$ 0.12780
At August 31, 2002			
Tax Rate per \$100 valuation of authorized	\$ -	\$ -	\$ 0.30000
Tax Rate per \$100 valuation of assessed	\$ 0.11320	\$ 0.02060	\$ 0.13380

Taxes levied for the years ended August 31, 2003 and 2002 were \$5,431,345 and \$4,802,515, respectively (which includes 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.

August 31, 2003			
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 4,387,159	\$ 691,457	\$ 5,078,616
Delinquent Taxes Collected	218,097	34,712	252,809
Penalties and Interest Collected	96,962	17,451	114,413
Total Collections	\$ 4,702,218	\$ 743,620	\$ 5,445,838
August 31, 2002			
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 3,791,685	\$ 690,004	\$ 4,481,689
Delinquent Taxes Collected	195,791	35,923	231,714
Penalties and Interest Collected	77,724	16,083	93,807
Total Collections	\$ 4,065,200	\$ 742,010	\$ 4,807,210

Tax collections for the years ended August 31, 2003 and 2002 were 98% and 99%, 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.

18. 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. Total deferred revenue as of August 31, 2003 and August 31, 2002 restated is \$2,384,862 and \$2,168,620, respectively.

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

Notes to the Financial Statements
August 31, 2003 and 2002

19. CONTRACT AND GRANT AWARDS

Grant funds are considered to be earned when all eligibility requirements have been met and to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received in advance, they are recorded as deferred revenue until earned.

20. FUND BALANCES AND NET ASSETS

Ending fund balances and / or net assets at August 31, 2003 and 2002, were as follows:

	August 31, 2003	August 31, 2002
Current Funds:		
Fund Balance, Unrestricted	\$ 3,412,214	\$ 2,766,507
Fund Balance, Auxiliary Enterprises	3,719,990	2,401,519
Fund Balance, Restricted	1,134,427	1,072,988
Total Current Fund Balance	8,266,631	6,241,014
Fund Balance, Loan Funds	13,038	12,898
Fund Balance, Endowment and Similar Funds	321,918	259,911
Fund Balance, Plant Funds	9,572,103	10,716,747
Total Fund Balance, Primary Institution	\$ 18,173,690	\$ 17,230,570
 Total Net Assets, Component Unit (Foundation)	 \$ 3,551,016	 \$ 3,449,844

21. COMPONENT UNITS

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14*, gives guidance in determining whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. It requires reporting as a component unit if the organization raises and holds economic resources for the direct benefit of the governmental unit. GASB Statement No. 39 has been applied as required in the preparation of these financial statements and component unit information included if necessary.

22. COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

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 \$75,000 as of August 31, 2003 and \$90,000 as of August 31, 2002. At this time, the College has no intention to terminate the contract with Coca-Cola.

In fiscal year 2000, the College entered into a grant agreement with the Corporation for Economic Development of the City of Decatur, Texas (EDC). The College received a grant in the amount of \$50,000 with an agreement to convert a portion of a privately owned building in Decatur, Texas into a facility to be used for the exclusive purpose of using the facility for the performance of vocational training of Decatur area residents or other employees of Decatur businesses. The building is to be used for a period of five years for no other purpose except for the conduct of vocational training. In the event this facility is used less than five years by the College or for any other purpose, the College must refund a pro rata amount of the grant to the EDC.

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

**Notes to the Financial Statements
August 31, 2003 and 2002**

22. COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS (Continued)

Weatherford College retained American Campus Communities, L.L.C. of Austin, Texas ("ACC") for the development of a 76-unit (280 bed) student residence facility located on the College's campus. Construction on the apartment style complex began in February 2003 and was completed for occupancy in the fall of 2003.

The Weatherford Student Housing Foundation (Housing Foundation) was created on June 5, 2002 for the purpose of owning, operating, developing or otherwise providing housing for students, faculty and staff of Weatherford College. On December 5, 2002, the Internal Revenue Service issued a determination letter that the Housing Foundation is a 501(c)(3) organization. A majority of the board of directors are officers of the College, including the President of the College, the Vice President of Financial and Administrative Affairs and the Vice President for Student Affairs. As of August 31, 2003, the transfer of ownership to the Housing Foundation and related financing arrangements were not complete and therefore, the Housing Foundation had no financial activity in fiscal year 2003. The Housing Foundation will be included as a component unit in the College's financial statements next year.

The following is the proposed finance plan for the dorm project:

- 1.) The dorm site will be leased by the College via a ground lease to the Housing Foundation.
- 2.) The ground lease will be for a term of 30 years, provided that the ground lease will terminate upon the full amortization or early retirement of the debt.
- 3.) At no time is the College's land subordinated.
- 4.) The Housing Foundation will pay a nominal annual Ground Lease Payment to the College (paid in advance).
- 5.) The College will receive 100 percent of the dorm's net cash flow.
- 6.) The amortization term for the Housing Foundation's debt is planned to be for a period of thirty years.
- 7.) The Housing Foundation's tax-exempt bonds will be issued through a tax-exempt financing conduit such as a local higher education corporation.
- 8.) The Housing Foundation, acting on behalf of the College, will enter into a management contract with ACC.
- 9.) Upon termination of the ground lease, provided that the Housing Foundation's debt has been fully amortized and there is no outstanding event of default, the College will own the facility free and clear.

SUPPLEMENTAL INFORMATION

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Schedule A
Schedule of Detailed Operating Revenues
For the Year Ended August 31, 2003

	<u>Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>Total</u>
State Appropriations			
Education and General State Support	\$ 5,000,809	\$	\$ 5,000,809
State Group Insurance	992,928		992,928
State Retirement Matching	470,748		470,748
Other	310,453		310,453
Total State Appropriations	<u>6,774,938</u>	<u>-</u>	<u>6,774,938</u>
Tuition			
State Funded Courses			
In-District Resident Tuition	1,615,302		1,615,302
Out-of-District Resident Tuition	1,430,704		1,430,704
TPEG (set aside)*	131,405		131,405
Non-Resident Tuition	85,972		85,972
Non-State Funded Continuing Education	204,123		204,123
Total Tuition	<u>3,467,506</u>	<u>-</u>	<u>3,467,506</u>
Fees			
General Fee	714,138		714,138
Student Service Fee	126,268		126,268
Laboratory Fee	215,564		215,564
Total Fees	<u>1,055,970</u>	<u>-</u>	<u>1,055,970</u>
Scholarship Allowances and Discounts			
Scholarship Allowances	(130,835)		(130,835)
Remissions and Exemptions	(123,799)		(123,799)
TPEG Allowances	(43,601)		(43,601)
State Grants to Students	(237,457)		(237,457)
Federal Grants to Students	(568,554)		(568,554)
Other	-		-
Total Scholarship Allowances	<u>(1,104,246)</u>	<u>-</u>	<u>(1,104,246)</u>
Total Net Tuition and Fees	<u>3,419,230</u>	<u>-</u>	<u>3,419,230</u>
Other Operating Revenues			
Federal Grants and Contracts	4,938,274		4,938,274
State Grants and Contracts	550,785		550,785
Nongovernmental Grants and Contracts	108,983		108,983
Sales and Services of Educational Activities	199,282		199,282
Investment Income (Program Restricted)	34,010		34,010
Other Operating Revenues	199,689		199,689
Total Other Operating Revenues	<u>6,031,023</u>	<u>-</u>	<u>6,031,023</u>
Auxiliary Enterprises			
Residential Life (Net of Discounts \$247,532)		477,458	477,458
Bookstore (Net of Discounts \$313,868)		1,180,803	1,180,803
Intercollegiate Athletics		35,481	35,481
Student Services (Net of Discounts \$13,278)		125,427	125,427
Carter Agriculture Center		18,910	18,910
Total Net Auxiliary Enterprises	<u>-</u>	<u>1,838,079</u>	<u>1,838,079</u>
Total Operating Revenues (Exhibit 2)	<u>\$ 16,225,191</u>	<u>\$ 1,838,079</u>	<u>\$ 18,063,270</u>

* In accordance with Education Code 56.033, \$131,405 of tuition was set aside for Texas Public Education Grants (TPEG).

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule A
Schedule of Detailed Operating Revenues
For the Year Ended August 31, 2002**

	<u>Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>Total</u>
State Appropriations			
Education and General State Support	\$ 5,359,961	\$	\$ 5,359,961
State Group Insurance	934,660		934,660
State Retirement Matching	424,165		424,165
Other	299,472		299,472
Total State Appropriations	<u>7,018,258</u>	<u>-</u>	<u>7,018,258</u>
Tuition			
State Funded Courses			
In-District Resident Tuition	1,533,567		1,533,567
Out-of-District Resident Tuition	1,108,516		1,108,516
TPEG (set aside)*	112,338		112,338
Non-Resident Tuition	82,592		82,592
Non-State Funded Continuing Education	124,945		124,945
Total Tuition	<u>2,961,958</u>	<u>-</u>	<u>2,961,958</u>
Fees			
General Fee	621,295		621,295
Student Service Fee	127,916		127,916
Laboratory Fee	174,839		174,839
Total Fees	<u>924,050</u>	<u>-</u>	<u>924,050</u>
Scholarship Allowances and Discounts			
Scholarship Allowances	(102,541)		(102,541)
Remissions and Exemptions	(63,876)		(63,876)
TPEG Allowances	(52,342)		(52,342)
Federal Grants to Students	(682,449)		(682,449)
Other	(70,191)		(70,191)
Total Scholarship Allowances	<u>(971,399)</u>	<u>-</u>	<u>(971,399)</u>
Total Net Tuition and Fees	<u>2,914,609</u>	<u>-</u>	<u>2,914,609</u>
Other Operating Revenues			
Federal Grants and Contracts	4,517,599		4,517,599
State Grants and Contracts	994,418		994,418
Nongovernmental Grants and Contracts	183,711		183,711
Sales and Services of Educational Activities	137,444		137,444
Investment Income (Program Restricted)	39,247		39,247
Other Operating Revenues	244,306		244,306
Total Other Operating Revenues	<u>6,116,725</u>	<u>-</u>	<u>6,116,725</u>
Auxiliary Enterprises			
Residential Life (Net of Discounts \$235,649)		469,602	469,602
Bookstore (Net of Discounts \$253,767)		1,007,464	1,007,464
Intercollegiate Athletics		17,789	17,789
Student Services (Net of Discounts \$10,263)		114,346	114,346
Carter Agriculture Center		13,114	13,114
Total Net Auxiliary Enterprises	<u>-</u>	<u>1,622,315</u>	<u>1,622,315</u>
Total Operating Revenues (Exhibit 2)	<u>\$ 16,049,592</u>	<u>\$ 1,622,315</u>	<u>\$ 17,671,907</u>

* In accordance with Education Code 56.033, \$112,338 of tuition was set aside for Texas Public Education Grants (TPEG).

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

**Schedules of Operating Expenses by Functional and Natural Classifications
For the Years Ended August 31, 2003 and 2002**

	2003 Operating Expenses				
	Salaries and Wages	Benefits		Other Expenses	Total (Exhibit 2)
		State Benefits	Local Benefits		
Educational Activities					
Instruction	\$ 6,478,242	\$ 883,351	\$ 416,923	\$ 1,923,842	\$ 9,702,358
Public Services	16,950	-	1,503	37,452	55,905
Academic Support	765,856	119,348	43,943	465,825	1,394,972
Student Services	1,015,594	149,871	76,877	227,781	1,470,123
Institutional Support	1,687,701	311,106	84,236	1,064,054	3,147,097
Operation and Maintenance of Plant	-	-	-	2,386,396	2,386,396
Scholarship and Fellowships	-	-	-	1,485,578	1,485,578
Educational Activities	9,964,343	1,463,676	623,482	7,590,928	19,642,429
Auxiliary Enterprises	366,917	-	100,886	1,793,841	2,261,644
Depreciation Expense	-	-	-	763,739	763,739
Total	\$ 10,331,260	\$ 1,463,676	\$ 724,368	\$ 10,148,508	\$ 22,667,812

	2002 Operating Expenses				
	Salaries and Wages	Benefits		Other Expenses	Total (Exhibit 2)
		State Benefits	Local Benefits		
Educational Activities					
Instruction	\$ 6,332,714	\$ 914,897	\$ 339,913	\$ 1,886,044	\$ 9,473,568
Research	55,905	8,153	814	5,566	70,438
Academic Support	660,173	100,145	14,810	187,857	962,985
Student Services	777,128	119,848	20,543	156,834	1,074,353
Institutional Support	1,542,542	215,782	186,710	981,379	2,926,413
Operation and Maintenance of Plant	-	-	-	1,614,829	1,614,829
Scholarship and Fellowships	-	-	-	1,110,705	1,110,705
Educational Activities	9,368,462	1,358,825	562,790	5,943,214	17,233,291
Auxiliary Enterprises	339,303	-	81,604	1,564,743	1,985,650
Depreciation Expense	-	-	-	656,199	656,199
Total	\$ 9,707,765	\$ 1,358,825	\$ 644,394	\$ 8,164,156	\$ 19,875,140

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

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

Schedule E

Statement of Current Funds Revenues, Expenditures, and Other Changes
For the Year Ended August 31, 2003

With Memorandum Totals for the Year Ended August 31, 2002
UNAUDITED

	Unrestricted	Auxiliary Enterprises	Restricted	Totals (Memorandum Only)	
				Current Year	Prior Year
REVENUES					
State Appropriations - General Revenue (Sch. F)	\$ 5,311,262	\$ -	\$ 1,463,676	\$ 6,774,938	\$ 7,018,258
Tuition and Fees (Sch. F)	4,447,329	-	-	4,447,329	3,862,964
Taxes for Current Operations	4,702,218	-	-	4,702,218	4,065,200
Federal Grants and Contracts	96,717	-	4,841,557	4,938,274	4,517,599
State Grants and Contracts	44,323	-	506,462	550,785	994,418
Private Gifts, Grants and Contracts	-	-	108,983	108,983	183,711
Net Increase in Fair Value of Investments	-	1,165,555	-	1,165,555	-
Interest/Investment/Endowment Income	65,894	-	70	65,964	127,825
Sales & Services of Educational Activities	199,282	-	-	199,282	137,444
Sales & Services of Auxiliary Enterprises	-	2,365,106	-	2,365,106	2,081,162
Other Miscellaneous Income	219,236	-	-	219,236	268,934
Total Current Funds Revenues	15,086,261	3,530,661	6,920,748	25,537,670	23,257,515
EXPENDITURES AND MANDATORY TRANSFERS					
Educational and General:					
Instruction	6,941,064	-	2,874,050	9,815,114	10,248,079
Research	-	-	-	-	70,438
Public Service	55,905	-	-	55,905	-
Academic Support	886,264	-	576,170	1,462,434	1,076,006
Student Services	961,497	-	508,626	1,470,123	1,074,353
Institutional Support	2,840,477	-	311,128	3,151,605	2,939,584
Operation and Maintenance of Plant	2,386,396	-	-	2,386,396	1,614,829
Scholarships and Fellowships	299,926	-	2,740,827	3,040,753	2,517,905
Total Educational & General Expenditures (Sch. G)	14,371,529	-	7,010,801	21,382,330	19,541,194
Auxiliary Enterprise Expenditures (Sch. G)	-	2,257,156	-	2,257,156	1,985,650
Mandatory Transfers:					
Retirement of Indebtedness	(346,500)	-	-	(346,500)	(394,051)
Auxiliary Enterprises	(47,653)	47,653	-	-	-
Technology Fees	-	-	-	-	-
Revenue Bonds	-	-	-	-	(38,000)
TPEG to Restricted Fund	(131,405)	-	90,053	(41,352)	29,623
Total Expenditures and Mandatory Transfers	14,897,087	2,209,503	6,920,748	24,027,338	21,929,272
Other Transfers and Additions (Deductions):					
Non-Mandatory Transfers	518,633	-	6,730	525,363	(1,641,135)
Excess of restricted receipts over transfer to revenues	-	-	154,348	154,348	173,751
Indirect Cost Recovered	-	-	(141,040)	(141,040)	(173,751)
Excess of TPEG over Grant Awarded	-	-	41,352	41,352	(29,623)
Transfer for Technology Replacements	(62,100)	-	-	(62,100)	(68,053)
Net Increase (Decrease) in Fund Balances	\$ 645,707	\$ 1,321,158	\$ 61,390	\$ 2,028,255	\$ (410,568)
Reconciliation to the Increase (Decrease) in Net Assets per Exhibit 2:					
Capital Outlay expenditures reported above	-	-	-	\$ 180,218	\$ 900,703
Excess of Restricted Receipts over Restricted Expenditures	-	-	-	48	-
Net Change in Loans Fund	-	-	-	140	152
Net Change in Endowment Fund	-	-	-	62,007	67,881
Net Change in Construction Fund	-	-	-	(182,648)	1,652,489
Net Change in Retirement of Debt Fund	-	-	-	235,944	564,390
Net Change in Plant Fund	-	-	-	(1,380,844)	(656,199)
Increase (Decrease) in Net Assets per Exhibit 2	\$ -	\$ -	\$ -	\$ 943,120	\$ 2,118,848

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Schedule F
Detail of State Allocations and Tuition and Fees
For the Year Ended August 31, 2003
With Memorandum Totals for the Year Ended August 31, 2002
UNAUDITED

	Unrestricted	Auxiliary Enterprises	Restricted	Totals (Memorandum Only)	
				Current Year	Prior Year
State Allocations:					
Education and General					
State Support	\$ 5,311,262	\$	\$	\$ 5,311,262	\$ 5,659,433
State Group Insurance			992,928	992,928	934,660
State Retirement Matching			470,748	470,748	424,165
Total State Allocations:	<u>5,311,262</u>	<u>-</u>	<u>1,463,676</u>	<u>6,774,938</u>	<u>7,018,258</u>
				(Sch. E)	(Sch. E)
Tuition and Fees:					
State Funded Courses					
In-District Resident Tuition	1,794,359			1,794,359	1,686,737
Out-of-District Resident Tuition	1,430,704			1,430,704	1,108,516
Non-Resident Tuition	85,972			85,972	82,592
Non-State Funded Courses					
Continuing Education	204,123			204,123	124,945
Subtotal Tuition	<u>3,515,158</u>	<u>-</u>	<u>-</u>	<u>3,515,158</u>	<u>3,002,790</u>
General Fees	714,138			714,138	621,295
Student Service Fees	126,268			126,268	127,916
Laboratory Fees	215,564			215,564	174,839
Subtotal Fees	<u>1,055,970</u>	<u>-</u>	<u>-</u>	<u>1,055,970</u>	<u>924,050</u>
Remissions and Exemptions - State				-	-
Remissions and Exemptions - Local	(123,799)			(123,799)	(63,876)
Total Tuition and Fees	<u>\$ 4,447,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,447,329</u>	<u>\$ 3,862,964</u>
				(Sch. E)	(Sch. E)

a) Amounts reported for tuition categories should agree with those reported on the Fiscal Activities Report.

b) In accordance with Education Code 56.033, \$131,405 of tuition was set aside for Texas Public Education Grants (TPEG).

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Schedule G
Statement of Current Funds Expenditures by Object
For the Year Ended August 31, 2003
With Memorandum Totals for the Year Ended August 31, 2002
UNAUDITED

	Salaries and Wages	Staff Benefits	Other Expenses	Capital Outlay	Totals (Memorandum Only)	
					Current Year	Prior Year
Unrestricted - Educational and General						
Instruction	\$ 5,778,304	\$ 300,532	\$ 855,967	\$ 6,261	\$ 6,941,064	\$ 6,280,938
Research	-	-	-	-	-	70,438
Public Service	16,950	1,503	37,452	-	55,905	-
Academic Support	664,653	29,532	124,617	67,462	886,264	890,354
Student Services	801,877	42,364	117,256	-	961,497	798,895
Institutional Support	1,687,701	88,723	1,064,053	-	2,840,477	2,722,842
Operation and Maintenance of Plant	-	-	2,386,396	-	2,386,396	1,614,829
Scholarships and Fellowships	-	-	299,926	-	299,926	238,724
Total Unrestricted	8,949,485	462,654	4,885,667	73,723	14,371,529	12,617,020
Restricted - Educational and General						
Instruction	699,937	999,743	1,067,875	106,495	2,874,050	3,967,141
Research	-	-	-	-	-	-
Public Service	-	-	-	-	-	-
Academic Support	101,203	133,759	341,208	-	576,170	185,652
Student Services	213,717	184,384	110,525	-	508,626	275,458
Institutional Support	-	311,106	22	-	311,128	216,742
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarships and Fellowships	-	-	2,740,827	-	2,740,827	2,279,181
Total Restricted	1,014,857	1,628,992	4,260,457	106,495	7,010,801	6,924,174
Total Educational and General	9,964,342	2,091,646	9,146,124	180,218	21,382,330	19,541,194
					(Sch. E)	(Sch. E)
Auxiliary Enterprises	366,916	96,399	1,793,841	-	2,257,156	1,985,650
					(Sch. E)	(Sch. E)
Total Current Fund Expenditures	\$ 10,331,258	\$ 2,188,045	\$ 10,939,965	\$ 180,218	\$ 23,639,486	\$ 21,526,844

STATISTICAL SUPPLEMENT

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

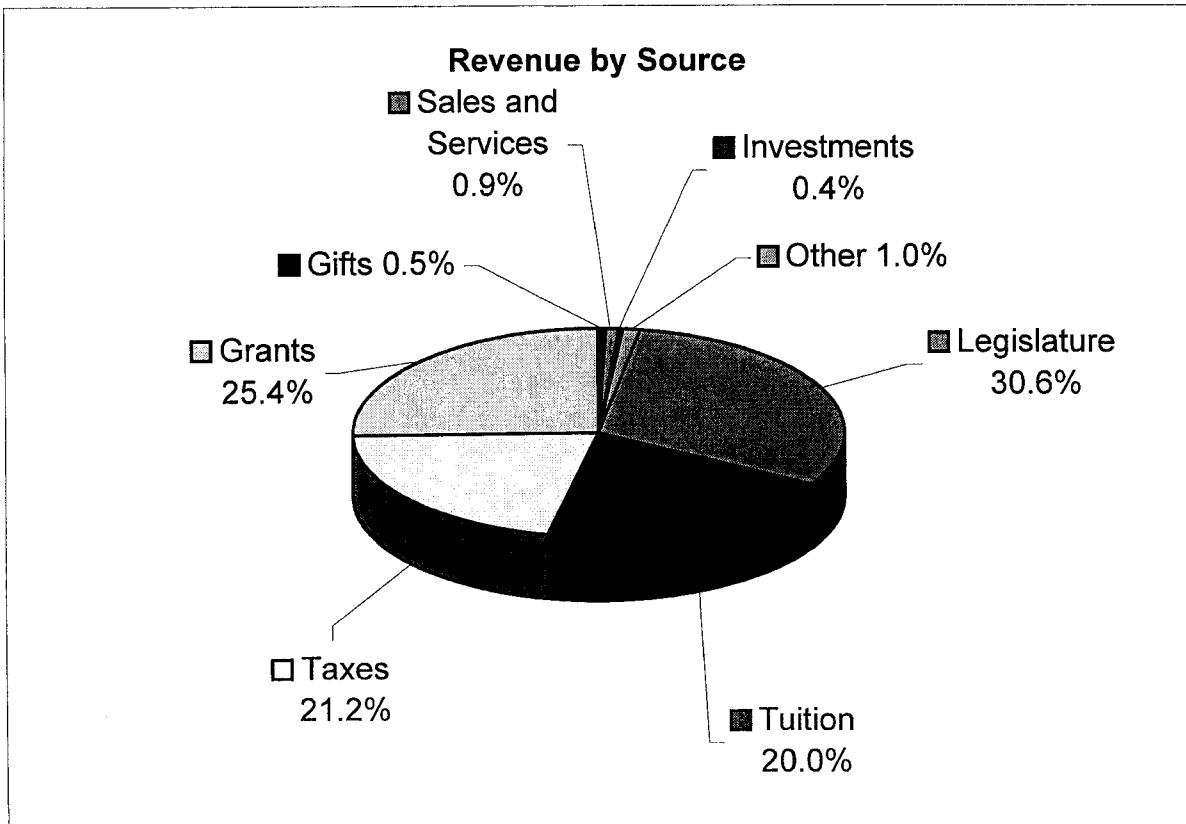
Revenue by Source

For the Fiscal Year Ended August 31, 2003

(Excluding Auxiliaries)

(UNAUDITED)

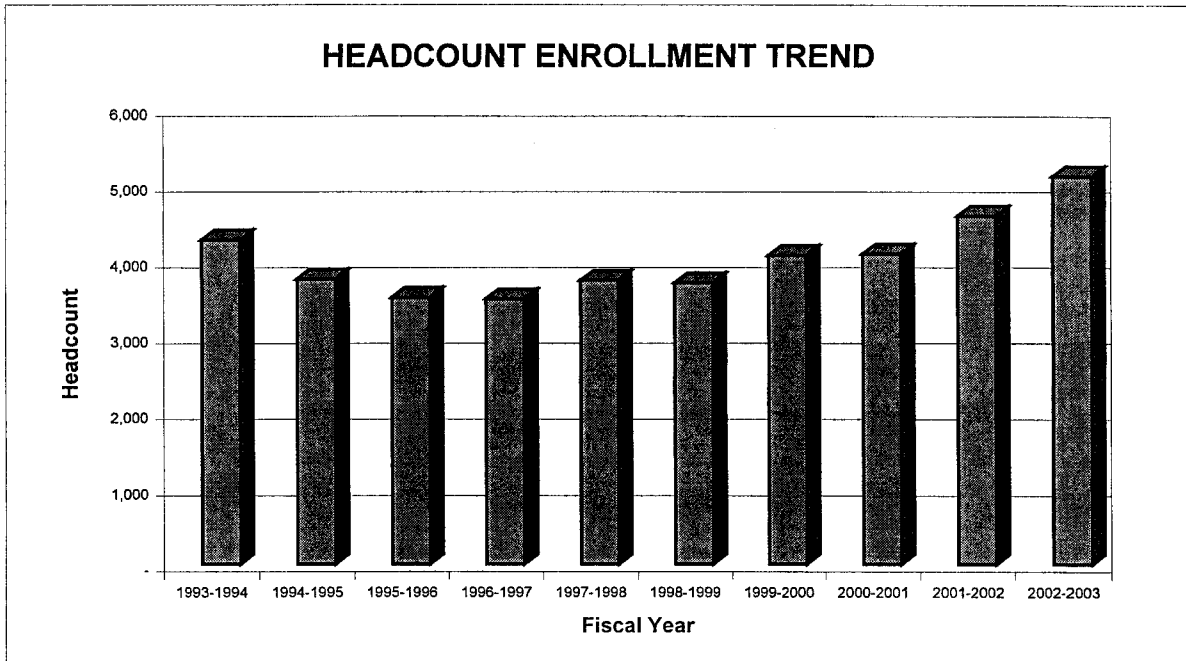
State Appropriations	\$ 6,774,938	30.6%
Tuitions and Fees	4,447,329	20.0%
Taxes for Current Operations	4,702,218	21.2%
Federal and State Grants and Contracts	5,630,099	25.4%
Private Gifts, Grants and Contracts	108,983	0.5%
Sales and Services of Educational Activities	199,282	0.9%
Investment Income	79,272	0.4%
Other Income	219,236	1.0%
	<hr/>	<hr/>
Total Current Funds Revenues	\$ 22,161,357	100.0%



**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Headcount Enrollment *
Last 10 Fiscal Years
(UNAUDITED)

Fiscal Year	State Funded Total	Non State Funded Other
1993-1994	4,272	-
1994-1995	3,751	-
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	-

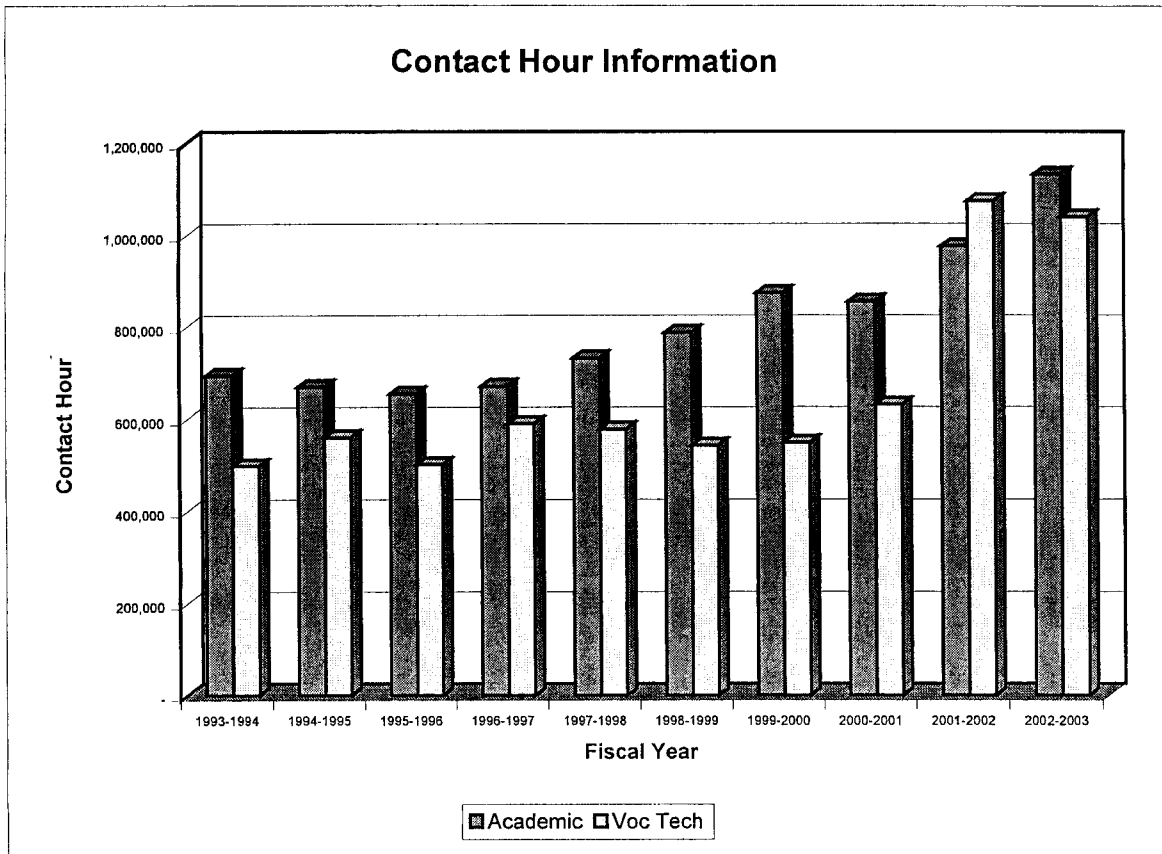
* Unduplicated Headcount



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

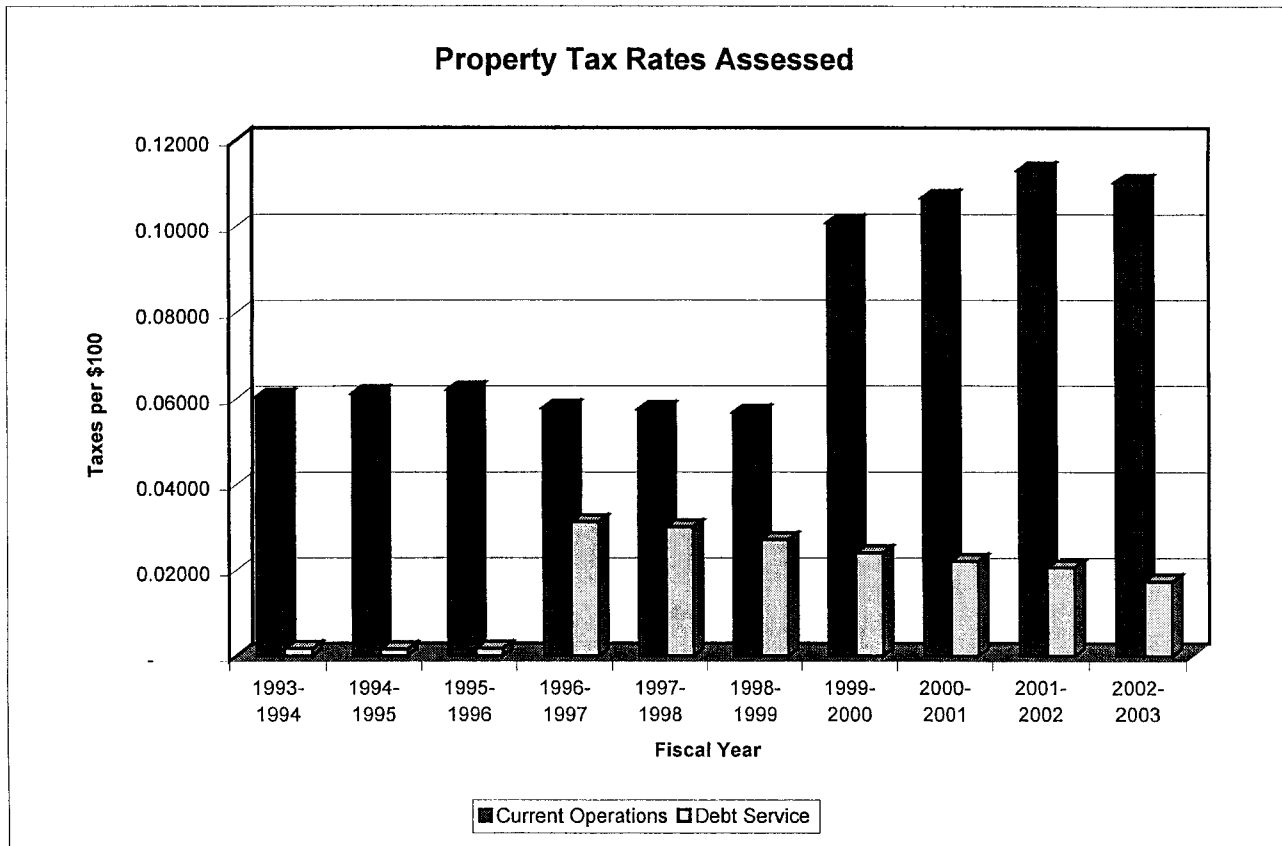
**Contact Hour Information
Last 10 Fiscal Years
(UNAUDITED)**

Fiscal Year	Contact Hours		Total
	Academic	Voc Tech	
1993-1994	695,296	499,398	1,194,694
1994-1995	669,888	560,973	1,230,861
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



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

Fiscal Year	Current Operations	Debt Service	Total
1993-1994	0.06050	0.00170	0.06220
1994-1995	0.06130	0.00160	0.06290
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



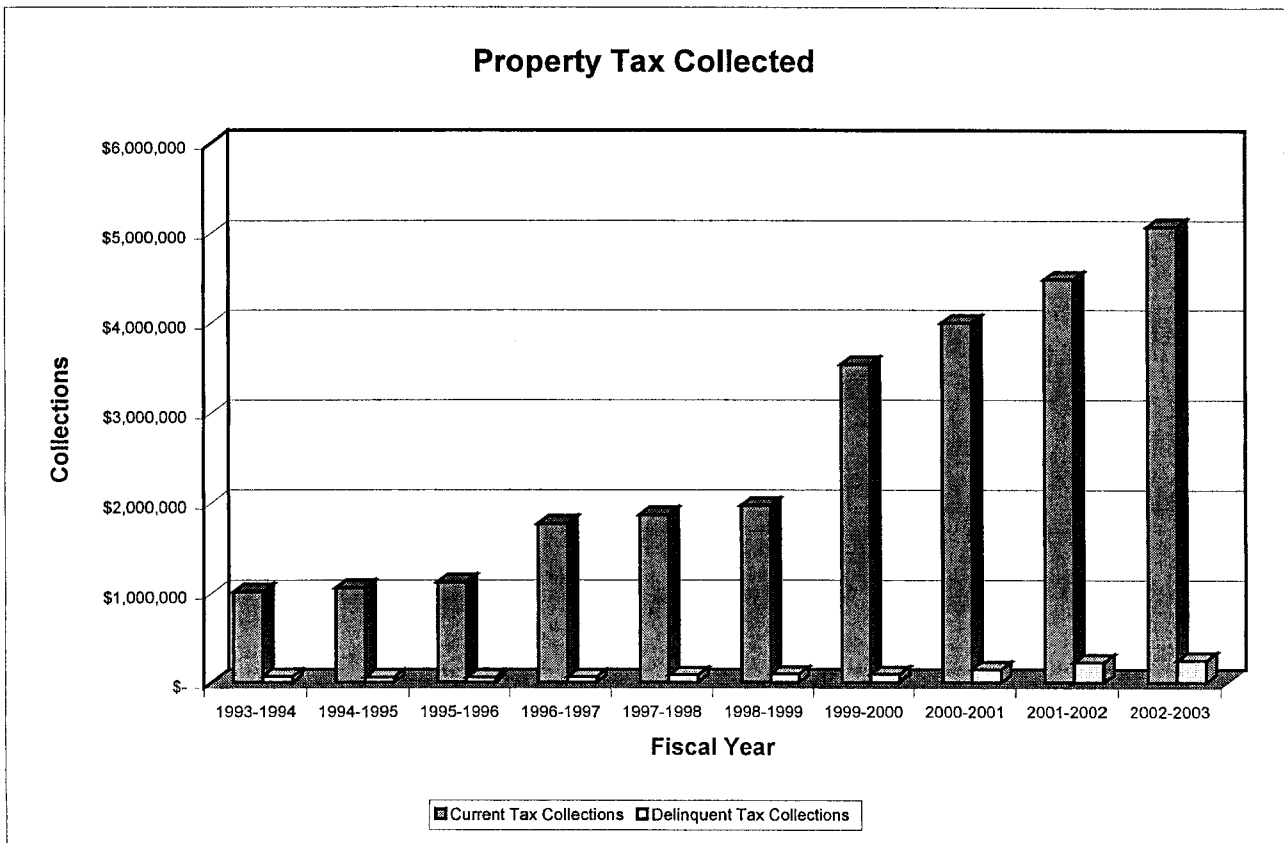
**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Property Tax Rates Authorized
Last 10 Fiscal Years
(UNAUDITED)

<u>Fiscal Year</u>	<u>Total</u>
1993-1994	0.3000
1994-1995	0.3000
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

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

**Property Tax Collected
Last 10 Fiscal Years
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
1993-1994	\$ 1,018,900	\$ 66,360	\$ 1,085,260
1994-1995	1,060,776	60,085	1,120,861
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



**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
1993-1994	\$ 2,490,415,911	\$ (756,860,452)	\$ 1,733,555,459
1994-1995	2,531,668,980	(754,941,848)	1,776,727,132
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

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

Fiscal Year	Appropriations Per FTSE
1993-1994	\$ 1,805
1994-1995	1,780
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

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

To calculate FTSE:

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 COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING 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, 2003, and have issued our report thereon dated October 14, 2003. 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.

Compliance

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 grants, 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, 2003, no instances of noncompliance were found.

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 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 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the College in a separate letter dated October 14, 2003.

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 14, 2003

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2003**

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:

Federal 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

TRIO Cluster of Programs:

CFDA # 84.042A Student Support Services Grant

CFDA # 84.044A Talent Search Program

CFDA # 84.047A Upward Bound Program

CFDA #84.031A Strengthening Institutions Grant (Title III)

State Programs

Texas Workforce Commission:

Skills Development
Contract # 0402SDF001

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

Auditee qualified as a low-risk auditee? Federal State

 X yes no yes X no

Section II – Financial Statement Findings

Findings required to be reported in accordance with *Government Auditing Standards*

None Reported

Section III – Federal and State Award Findings and Questioned Costs

Findings/Noncompliance	Program	Questioned Costs
None Reported.		\$0

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
AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

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 and the State of Texas Single Audit Circular that are applicable to each of its major state programs for the year ended August 31, 2003. The College's major federal and state 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 and state 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*; and the State of Texas Single Audit Circular. Those standards, OMB Circular A-133 and State of Texas Single Audit Circular 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 or state 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 and state programs for the year ended August 31, 2003.

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 and state 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 or state 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 and the State of Texas Single Audit Circular.

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 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 that would be material in relation to a major federal or state 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 and state 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 14, 2003

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule C
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2003**

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		\$ 31,750
Strengthening Institutions Grant (Title III)	84.031A		332,799
Federal College Workstudy Program	84.033		37,128
TRIO - Student Support Services Grant	84.042A		188,165
TRIO - Talent Search Program	84.044A		138,105
TRIO - Upward Bound Program	84.047A		244,973
Federal Pell Grant	84.063		2,272,758
School to Work Opportunities	84.278		15,362
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	84.334A		<u>600,847</u>
Total Direct Programs			<u>3,861,887</u>
Pass-Through From:			
Texas Higher Education Coordinating Board (THECB)			
Carl Perkins Vocational Education - Annual Application	84.048	34255	172,261
Carl Perkins Vocational Education - Texas Counselors' Network	84.048	31103	110,683
Carl Perkins Vocational Education - Texas TWO-STEP Project	84.048	31207	<u>338,388</u>
Total CFDA Number 84.048			621,332
Carl Perkins Tech Prep Program	84.243	31726	<u>226,430</u>
Total Pass-Through from THECB			847,762
Dallas County Community College District (DCCCD) - Mountain View College			
Carl Perkins W.I.S.E. Program	84.048	31202	<u>52,966</u>
Total Pass-Through Programs			<u>900,728</u>
Total U.S. Department of Education			<u>4,762,615</u>
U.S. Department of Labor			
Direct Program:			
Urban/Rural Opportunities Supplemental Funds	17.249		5,183
Pass-Through From:			
North Central Texas Council of Governments (NCTCOG) Workforce Investment Act - Out of School Youth Program	17.255	PY01-OSY-00X	<u>144,447</u>
Total U.S. Department of Labor			<u>149,630</u>
National Science Foundation			
Direct Program:			
Computer Science, Engineering & Mathematics Scholarships Project	47.076		<u>26,029</u>
Total National Science Foundation			<u>26,029</u>
Total Federal Financial Assistance			<u>\$ 4,938,274</u>

See Notes to Schedule on following page.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule C
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2003**

Note 1: Federal Assistance Reconciliation

Federal Revenues - per Exhibit 2 and Schedule A	\$ 4,938,274
Reconciling Items	-
	-
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$ 4,938,274

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:

Blinn College	\$ 1,000
Bluebonnet Counseling Association	550
Dallas County Community College District - Eastfield	1,000
Dallas County Community College District - North Lake	999
Deep East Texas College	1,000
Del Mar College	1,000
Navarro College	1,000
North Harris Montgomery Community College District	1,000
South Plains College	978
Temple College	997
Texas Hill Country Counselors Association	1,000
Texas State Technical College at Harlingen	1,000
Texas State Technical College at Waco	1,000
University of North Texas	12,034
University of Texas at Tyler	1,000
Vernon Regional Junior College	1,000
	-
Total	\$ 26,558

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:

Dallas County Community College District - Richland College	\$ 48,724
University of Texas - Arlington	252,088
	-
Total	\$ 300,812

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule C
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2003**

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:

Azle Independent School District	\$	1,697
Brock Independent School District		1,545
Decatur Independent School District		4,341
Huckabay Independent School District		3,200
Mineral Wells Independent School District		5,000
Paradise Independent School District		5,000
Weatherford Independent School District		5,000
Total	\$	25,783

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	\$	312,810
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**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

Schedule D

**Schedule of Expenditures of State Awards
For the Year Ended August 31, 2003**

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Workforce Commission Skills Development	0402SDF001	\$ 339,812
Telecommunications Infrastructure Fund Board		
HE4C Program	QE-2002-HE4C-7218	74,661
DI4C Program	QE-2001-DI4C-5099	130,457
Total Telecommunications Infrastructure Fund Board Programs		205,118
Texas Higher Education Coordinating Board Texas College Workstudy	13019	5,855
Total State Financial Assistance		<u>\$ 550,785</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		\$ 550,785
Reconciling Items		-
Total State Revenues per Exhibit 2 and Schedule A		<u>\$ 550,785</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.