

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

ANNUAL FINANCIAL AND COMPLIANCE REPORT

FOR THE YEAR ENDED AUGUST 31, 2016

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

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

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**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
ORGANIZATIONAL DATA
For the Year Ended August 31, 2016**

Board of Trustees

Officers

Frank Martin	Chairman
Joel Watson	Vice Chairman
Dr. Luke Haynes	Secretary / Treasurer

Members

		Term Expires May 31,
		<hr/>
Frank Martin	Weatherford, Texas	2017
Judy McAnally	Weatherford, Texas	2017
Dr. Luke Haynes	Weatherford, Texas	2017
Mac Smith	Weatherford, Texas	2019
Dr. Trev Dixon	Weatherford, Texas	2021
Joel Watson	Weatherford, Texas	2021
Elaine Carter	Weatherford, Texas	2021

Principal Administrative Officers

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

FINANCIAL SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Weatherford College of the Parker County Junior College District (College) as of and for the years ended August 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Weatherford College of the Parker County Junior College District as of August 31, 2016 and 2015, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Weatherford College of the Parker County Junior College District's financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The 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 basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, on our consideration of the Weatherford College of the Parker County Junior College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on *compliance*. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Weatherford College of the Parker County Junior College District's internal control over financial reporting and compliance.



Snow Garrett Williams

November 28, 2016

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2016 and 2015**

This section of the Weatherford College of the Parker County Junior College District's annual financial report presents management's discussion and analysis of the College's financial activity during the fiscal years ended August 31, 2016 and 2015. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and currently known facts, please read it in conjunction with the College's financial statements (pages 12-18), and the footnotes (starting at page 20). Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

The financial statements focus on the College as a whole. The statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the statement of net position is designed to be similar to bottom line results for the College.

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

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

The Weatherford College Foundation, Inc. is a discretely presented component unit of the College and is reported as separate financial statements. Complete financial statements for the Foundation may be obtained from the Weatherford College Business Office.

Financial Highlights

The College's net position increased from August 31, 2015 to August 31, 2016 by \$2.6 million, and increased from August 31, 2014 to August 31, 2015 by \$2.1 million. With the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, the beginning net position for the year ended August 31, 2015 was decreased by \$5.7 million. As of August 31, 2016 and 2015, the College's net position was \$55.2 million and \$52.6 million, which includes \$26.6 million and \$27.2 million in net investment

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2016 and 2015**

in capital assets, \$4.6 million and \$4.4 million in restricted net position, and \$24.0 million and \$21.0 million in unrestricted net position, respectively.

Operating expenses for 2016 and 2015 were \$42.2 million and \$42.0 million of which \$17.2 million and \$17.2 million were expended for instruction, \$6.8 million and \$6.5 million were expended for institutional support, and \$2.5 million and \$2.5 million were expended for auxiliary enterprises, respectively. In fiscal years 2016 and 2015, depreciation expense was \$2.2 million and \$2.2 million, respectively.

Operating revenue for 2016 and 2015 was \$16.1 million and \$15.9 million, which includes \$8.1 million and \$7.7 million in tuition and fees (net of discounts), \$3.5 million and \$3.6 million in local grants and contracts, and \$0.9 million and \$1.4 million in federal grants and contracts, respectively.

Net non-operating revenue for 2016 and 2015 was \$28.7 million and \$28.2 million, which includes \$10.7 million and \$10.3 million in state allocations, \$11.4 million and \$10.5 million in ad-valorem taxes for maintenance and operations, \$0.7 million and \$0.7 million in ad-valorem taxes for general obligation bonds, and \$6.4 million and \$7.2 million in federal grants, respectively.

Financial Analysis of the College as a Whole

Statement of Net Position

The statement of net position presents current assets (non restricted assets expected to provide support within a year), non current assets (restricted assets expected to provide long term benefit), deferred outflows of resources, current liabilities (obligations which must be met within the current year), non-current liabilities (obligations which are not settled in the current year), and deferred inflows of resources. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are presented using the accrual basis of accounting, which is similar to the accounting by most private-sector institutions. Net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the financial position of the College. As of August 31, 2016, the net position was \$55.2 million. This was an increase of \$2.6 million from the period ended August 31, 2015. As of August 31, 2015, the net position was \$52.6 million. This was an increase of \$2.1 million from the period ended August 31, 2014, restated. The College's financial position remains strong with adequate liquid assets at a reasonable level of unrestricted net position.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2016 and 2015**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$30.7	\$26.8	\$26.1
Non-current Assets			
Capital Assets, Net of Depreciation	42.7	44.4	45.4
Other	14.5	13.9	13.6
Total Assets	<u>87.9</u>	<u>85.1</u>	<u>85.1</u>
Deferred Outflows of Resources	<u>2.2</u>	<u>0.9</u>	<u>-</u>
Current Liabilities	11.7	10.8	11.8
Non-current Liabilities	21.1	21.1	17.1
Total Liabilities	<u>32.8</u>	<u>31.9</u>	<u>28.9</u>
Deferred Inflows of Resources	<u>2.1</u>	<u>1.5</u>	<u>-</u>
Net Position			
Net Investment in Capital Assets	26.6	27.2	27.2
Restricted for: Expendable	4.6	4.4	5.9
Unrestricted	24.0	21.0	23.1
Total Net Position	<u>\$55.2</u>	<u>\$52.6</u>	<u>\$56.2</u>

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

Statement of Revenues, Expenses and Changes in Net Position

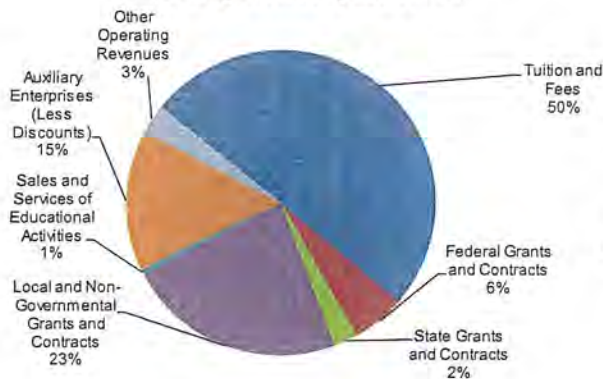
The statement of revenues, expenses and changes in net position presents the operating results of the College, as well as the non-operating revenue and expenses. Operating revenues are primarily those that result directly from instruction, the operation of the College's auxiliary services (cafeteria,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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2016 and 2015**

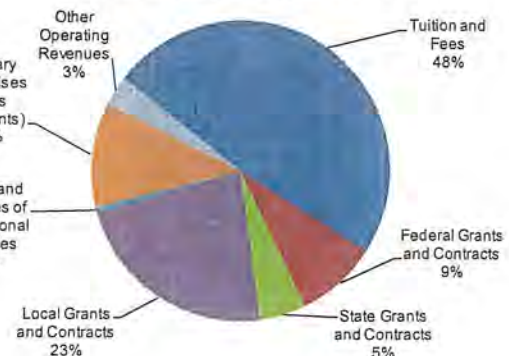
**Operating Results for the Years Ended
August 31,
(in millions)**

	2016	2015	2014
Operating Revenue			
Tuition and Fees (Less Discounts)	\$ 8.1	\$ 7.7	\$ 7.6
Federal Grants and Contracts	0.9	1.4	1.3
State Grants and Contracts	0.4	0.8	0.5
Local Grants and Contracts	3.5	3.6	3.4
Non-Governmental Grants and Contracts	0.2	0.0	0.0
Sales and Services of Educational Activities	0.1	0.1	0.1
Auxiliary Enterprises (Less Discounts)	2.4	1.8	1.9
Other Operating Revenues	0.5	0.5	0.5
Total	16.1	15.9	15.3
Less Operating Expenses	42.2	42.0	42.1
Net Operating Loss	(26.1)	(26.1)	(26.8)
Non-Operating Revenues (Expenses)			
State Allocations	10.7	10.3	10.1
Ad-Valorem Taxes for Maintenance and Operations	11.4	10.5	10.1
Ad-Valorem Taxes for General Obligation Bonds	0.7	0.7	0.7
Federal Revenue, Non-Operating	6.4	7.2	7.8
Gifts	0.0	0.0	0.0
Investment Income (Net of Investment Expense)	0.1	0.1	0.1
Contributions in Aid of Construction	0.0	0.0	0.6
Gain on Sale of Capital Assets	0.0	0.0	0.0
Interest on Capital Related Debt	(0.5)	(0.6)	(0.6)
Other Non-Operating Expenses	(0.1)	0.0	0.0
Total	28.7	28.2	28.8
Increase in Net Position	2.6	2.1	2.0
Net Position, Beginning of Year	52.6	56.2	54.2
Prior Period Adjustment	0.0	(5.7)	0.0
Net Position - Beginning of Year, restated	52.6	50.5	54.2
Net Position, End of Year	\$ 55.2	\$ 52.6	\$ 56.2
Total Revenues	\$ 45.4	\$ 44.7	\$ 44.7

Operating Revenue by Source 2016



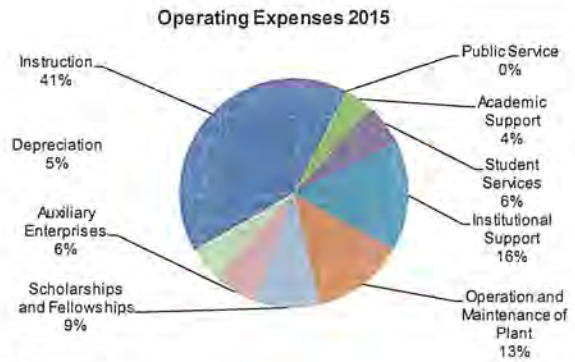
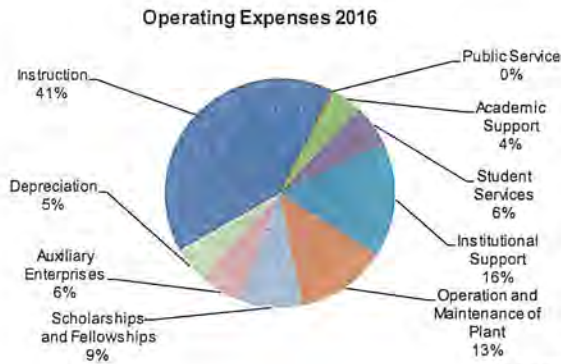
Operating Revenue by Source 2015



**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2016 and 2015**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Expenses			
Instruction	\$ 17.2	\$ 17.2	\$ 16.8
Public Service	0.1	0.0	0.0
Academic Support	1.8	1.8	1.9
Student Services	2.5	2.4	2.4
Institutional Support	6.8	6.5	6.6
Operation and Maintenance of Plant	5.4	5.5	5.5
Scholarships and Fellowships	3.7	3.9	4.5
Auxiliary Enterprises	2.5	2.5	2.4
Depreciation	2.2	2.2	2.0
Total	<u>\$ 42.2</u>	<u>\$ 42.0</u>	<u>\$ 42.1</u>
Total Expenses (Including Interest Expense, Non-Operating Expenses and Loss on Sale of Capital Assets)	<u>\$ 42.8</u>	<u>\$ 42.6</u>	<u>\$ 42.7</u>



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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net Position			
Net Investment in Capital Assets	\$ 26.6	\$ 27.2	\$ 27.2
Restricted for: Expendable	4.6	4.4	5.9
Unrestricted	24.0	21.0	23.1
Total Net Position	<u>\$ 55.2</u>	<u>\$ 52.6</u>	<u>\$ 56.2</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Capital Assets			
Land and Improvements	\$ 10.0	\$ 10.0	\$ 10.0
Buildings	45.6	45.6	44.2
Construction in Progress	0.0	0.0	1.1
Equipment	6.6	6.1	5.5
Library Books	1.0	1.2	1.6
Total	<u>63.2</u>	<u>62.9</u>	<u>62.4</u>
Less Accumulated Depreciation	<u>(20.5)</u>	<u>(18.5)</u>	<u>(17.0)</u>
Net Capital Assets	<u>\$ 42.7</u>	<u>\$ 44.4</u>	<u>\$ 45.4</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2016 and 2015**

As of August 31, 2016 and 2015, the College recorded \$63.2 million and \$62.9 million invested in capital assets, \$20.5 million and \$18.5 million in accumulated depreciation and \$42.7 million and \$44.4 million in net capital assets, respectively.

The College has long-term debt in the form of bonds payable including limited tax refunding bonds, series 2016 and 2007 and consolidated fund revenue bond, series 2012, with an outstanding balance of \$10.0 million and \$10.8 million and notes payable with an outstanding balance of \$5.6 million and \$5.9 million as of August 31, 2016 and 2015, respectively.

Economic Factors and Next Year's Budget and Rates

The Board of Trustees adopted the College's 2016 – 2017 budget and tax rate on August 26, 2016. The annual budget is developed to provide efficient, effective and economic uses of the College's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the Board of Trustees sets the direction of the College, allocates its resources and establishes its priorities.

In considering the College budget for fiscal year 2016, the Board of Trustees and management considered the following factors:

- A reduction in the ad valorem tax levy and the maintenance tax levy based on reductions in mineral valuations in both Parker County and Wise County and the board of trustee's desire to reduce tax rates.
- A reduction in tuition and fees mainly due to dual enrollment rate reductions and continuing education and workforce enrollment reductions.
- A reduction in state appropriations due to a recent enrollment audit.
- A reduction in operating grants.
- A reduction in indirect cost revenue.
- A desire to award an across the board cost of living raise of 3%.

Request for Information

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Statements of Net Position
August 31, 2016 and August 31, 2015**

EXHIBIT 1

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 25,369,240	\$ 21,285,608
Accounts Receivable (net)	1,856,492	2,053,041
Other Assets- Current	3,290,062	3,182,518
Prepaid Expense	204,882	264,572
Total Current Assets	<u>30,720,676</u>	<u>26,785,739</u>
Non-Current Assets		
Restricted Cash and Cash Equivalents	5,747,845	5,785,228
Endowment Investments	14,920	1
Other Long-Term Investments	220	276
Investments in Real Estate	8,754,480	8,165,750
Capital Assets (net) (See Note 6)	42,704,428	44,393,400
Total Non-Current Assets	<u>57,221,893</u>	<u>58,344,655</u>
Total Assets	<u>87,942,569</u>	<u>85,130,394</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	<u>2,242,779</u>	<u>887,883</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Statements of Net Position
August 31, 2016 and August 31, 2015**

EXHIBIT 1

	2016	2015
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 1,065,422	\$ 1,090,491
Accrued Compensable Absences - Current Portion	389,943	405,998
Funds Held for Others	297,488	286,469
Unearned Revenues	8,525,413	7,911,220
Overpayment of State Appropriations - Current Portion	287,370	-
Notes Payable - Current Portion	309,783	290,088
Bonds Payable - Current Portion	884,278	804,300
Total Current Liabilities	11,759,697	10,788,566
Non-Current Liabilities		
Overpayment of State Appropriations	373,579	-
Notes Payable	5,297,868	5,607,651
Bonds Payable	9,653,782	10,459,145
Net Pension Liability	5,805,419	4,989,980
Total Non-Current Liabilities	21,130,648	21,056,776
Total Liabilities	32,890,345	31,845,342
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	2,091,301	1,526,450
NET POSITION		
Net Investment in Capital Assets	26,558,717	27,232,216
Restricted for:		
Expendable		
Student Aid	2,259,095	2,147,410
Instructional Programs	83,961	85,850
Loans	9,384	8,418
Capital Projects	331,683	326,714
Debt Service	1,957,172	1,852,670
Unrestricted	24,003,690	20,993,207
Total Net Position	\$ 55,203,702	\$ 52,646,485

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Component Unit
Statement of Financial Position
EXHIBIT 1**

	<u>August 31, 2016</u>
	Weatherford College Foundation, Inc.
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 146,248
Investments	166,795
Accounts Receivable (net)	34,384
Note Receivable, Current Portion	6,722
Total Current Assets	<u>354,149</u>
Non-Current Assets	
Endowment Investments	7,811,081
Unconditional Promises to Give	14,451
Note Receivable, Net of Current Portion	205,194
Mineral Rights	1
Total Non-Current Assets	<u>8,030,727</u>
Total Assets	<u>8,384,876</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	1,758
Total Liabilities	<u>1,758</u>
NET ASSETS	
Unrestricted	311,286
Temporarily Restricted	1,682,432
Permanently Restricted	6,389,400
Total Net Assets	<u><u>\$ 8,383,118</u></u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2016 and August 31, 2015

EXHIBIT 2

	2016	2015
REVENUES		
Operating Revenues		
Tuition and Fees (Net of Discounts of \$4,044,493 and \$4,354,956, respectively)	\$ 8,101,146	\$ 7,736,630
Federal Grants and Contracts	953,539	1,446,496
State Grants and Contracts	413,838	763,127
Local Grants and Contracts	3,522,404	3,553,059
Non-Governmental Grants and Contracts	178,194	-
Sales and Services of Educational Activities	66,388	61,229
Investment Income (Program Restricted)	24,749	23,930
Auxiliary Enterprises (Net of Discounts of \$695,773 and \$731,948, respectively)	2,372,934	1,836,796
Other Operating Revenues	491,923	493,184
Total Operating Revenues (Schedule A)	16,125,115	15,914,451
EXPENSES		
Operating Expenses		
Instruction	17,240,348	17,168,224
Public Service	57,164	26,552
Academic Support	1,790,886	1,863,013
Student Services	2,484,111	2,407,100
Institutional Support	6,836,840	6,538,927
Operation and Maintenance of Plant	5,391,731	5,459,999
Scholarships and Fellowships	3,670,597	3,907,297
Auxiliary Enterprises	2,547,116	2,478,434
Depreciation	2,237,866	2,195,999
Total Operating Expenses (Schedule B)	42,256,659	42,045,545
Operating Loss	(26,131,544)	(26,131,094)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	10,667,055	10,310,172
Maintenance Ad Valorem Taxes	11,381,683	10,539,909
Debt Service Ad Valorem Taxes	713,769	709,773
Federal Revenue, Non-Operating	6,423,368	7,177,198
Gifts	24,319	32,305
Investment Income	102,018	85,530
Gain on Sale of Capital Assets	421	6,145
Interest on Capital Related Debt	(548,998)	(580,477)
Other Non-Operating Expenses	(74,874)	-
Net Non-Operating Revenues (Expenses) (Schedule C)	28,688,761	28,280,555
Increase in Net Position	2,557,217	2,149,461
NET POSITION		
Net Position - Beginning of Year	52,646,485	56,150,692
Prior Period Adjustment (Note 2)	-	(5,653,668)
Net Position - Beginning of Year, restated	52,646,485	50,497,024
Net Position - End of Year	\$ 55,203,702	\$ 52,646,485

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Component Unit
Statement of Activities**

EXHIBIT 2

	For the Year Ending August 31, 2016
	Weatherford College Foundation, Inc.
REVENUE	
Contributions	\$ 484,430
Gain on Sale of Land	125,382
Interest and Dividends	144,060
Realized Loss on Investments	(23,314)
Unrealized Gain on Investments	177,832
	Total Revenue
	908,390
EXPENSES	
Contractual	8,082
Contributions	3,000
Legal and Professional	13,950
Other	37,934
Scholarships	226,955
Supplies	19,229
	Total Expenses
	309,150
Change in Net Assets	599,240
Net Assets - Beginning of Year	7,783,878
Net Assets - End of Year	\$ 8,383,118

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Statements of Cash Flows
For the Years Ended August 31, 2016 and August 31, 2015**

EXHIBIT 3

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Students and Other Customers	\$ 10,018,732	\$ 8,881,264
Receipts from Grants and Contracts	5,692,179	5,803,804
Payments to or on Behalf of Employees	(23,229,506)	(23,010,952)
Payments to Suppliers for Goods or Services	(11,033,299)	(11,612,291)
Payments of Scholarships	(3,778,141)	(2,912,853)
Other receipts	491,923	493,184
Net Cash Used by Operating Activities	(21,838,112)	(22,357,844)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from State Appropriations	8,663,945	8,396,126
Receipts from Ad Valorem Taxes	11,374,790	10,540,377
Receipts from Non-Operating Federal Revenue	6,503,105	7,170,707
Receipts from Gifts and Grants (Other Than Capital)	24,319	32,305
Receipts from (Payments to) Student Organizations and Other Agency Transactions	11,019	(19,235)
Proceeds from Overpayment of State Appropriations	718,423	-
Payments on Overpayment of State Appropriations	(57,474)	-
Net Cash Provided by Non-Capital Financing Activities	27,238,127	26,120,280
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the Sale of Capital Assets	940	8,560
Receipts from Ad Valorem Taxes	714,389	709,828
Purchases of Capital Assets	(549,413)	(1,218,946)
Payments on Capital Debt - Principal	(1,110,088)	(1,020,781)
Payments on Capital Debt - Interest	(531,460)	(622,782)
Net Cash Used by Capital and Related Financing Activities	(1,475,632)	(2,144,121)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	48	140
Receipts from Investment Earnings	121,818	111,364
Net Cash Provided by Investing Activities	121,866	111,504
Increase in Cash and Cash Equivalents	4,046,249	1,729,819
Cash and Cash Equivalents - September 1	27,070,836	25,341,017
Cash and Cash Equivalents - August 31	\$ 31,117,085	\$ 27,070,836
Reconciliation to Exhibit 1:		
Cash and Cash Equivalents	\$ 25,369,240	\$ 21,285,608
Restricted Cash and Cash Equivalents	5,747,845	5,785,228
Total Cash and Cash Equivalents	\$ 31,117,085	\$ 27,070,836

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Statements of Cash Flows
For the Years Ended August 31, 2016 and August 31, 2015**

EXHIBIT 3

	2016	2015
Non-Cash Investing, Capital and Financing Activities:		
Net Increase (Decrease) in Fair Value of Investments	\$ 603,641	\$ (6)
Reconciliation of Operating Loss to Net Cash Used By Operating Activities:		
Operating Loss	\$ (26,131,544)	\$ (26,131,094)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	2,237,866	2,195,999
Unrealized (Gain) Loss on Fair Value of Investments	(598,692)	6
Loss on Disposal of Capital Asset (Auxiliary)	-	10,157
Bad Debt Expense	36,118	44,428
Payments Made Directly by State for Benefits	2,003,110	1,914,046
Investment Income (Program Restricted)	(24,749)	(23,930)
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources		
Receivables, Net	86,967	(740,914)
Other Assets - Current	(107,544)	994,444
Prepaid Expenses	59,690	393,108
Deferred Outflows of Resources	(1,354,896)	(414,760)
Accounts Payable	(22,866)	(997,281)
Unearned Revenue	614,193	18,482
Compensated Absences	(16,055)	(10,174)
Net Pension Liability	815,439	(1,136,811)
Deferred Inflows of Resources	564,851	1,526,450
Net Cash Used By Operating Activities	\$ (21,838,112)	\$ (22,357,844)

**NOTES TO THE
FINANCIAL STATEMENTS**

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2016 and August 31, 2015**

1. REPORTING ENTITY

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Guidelines

The significant accounting policies followed by the College in preparing these financial statements are in accordance with the Texas Higher Education Coordinating Board's *Annual Financial Reporting Requirements for Texas Public Community Colleges*. The College applies all applicable GASB pronouncements. The College is reported as a special-purpose government engaged in business-type activities (BTA).

Tuition Discounting

Texas Public Education Grants

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

Title IV, Higher Education Act (HEA) Program Funds

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2016 and August 31, 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Tuition Discounts

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

Basis of Accounting

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

Budgetary Data

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

Cash and Cash Equivalents

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

Deferred Outflows

In addition to assets, the College is aware that the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Governments are permitted only to report deferred outflows in circumstances specifically authorized by the GASB. The College has deferred outflows related to the pension plan, see additional information in Note 10.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2016 and August 31, 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Current Cash and Investments

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

Investments

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

Capital Assets

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

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

Unearned Revenues

Revenues, primarily consisting of grants, tuition, fees, and meal charges, related to academic terms in the next fiscal year are recorded on the balance sheet as unearned revenue in the current fiscal year. Tuition and fees of \$6,993,438 and \$6,896,358 and federal, state, and local grants of \$1,531,975 and \$1,014,862 have been reported as unearned revenue at August 31, 2016 and August 31, 2015, respectively.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2016 and August 31, 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bonds Payable

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

Pensions

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

Deferred Inflows

In addition to liabilities, the College is aware that the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so is not recognized as an inflow of resources (revenue) until that time. Governments are permitted only to report deferred inflows in circumstances specifically authorized by the GASB. The College has deferred inflows related to the pension plan, see additional information in Note 10.

Estimates

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2016 and August 31, 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating and Non-Operating Revenues and Expenses

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. In fiscal year 2016, the operation of the bookstore was not performed by the College.

Application of Restricted and Unrestricted Resources

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

Prior Year Restatement

In the year of implementation of GASB Statement No. 68, as amended by GASB Statement No. 71, a restatement to beginning net position will be required for the recording of the beginning net pension liability and for the recording of deferred outflows of resources for contributions made after the measurement date of the beginning net pension liability and the beginning of the reporting entity's fiscal year.

Beginning net position as of September 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Beginning net position	\$ 56,150,692
Prior period adjustment-implementation of GASB No. 68:	
Net pension liability (measurement date as of August 31, 2014)	(6,126,791)
Deferred outflows - College contributions made in FY 2014	<u>473,123</u>
Beginning net position, as restated	<u><u>\$ 50,497,024</u></u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2016 and August 31, 2015**

3. AUTHORIZED INVESTMENTS

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

4. DEPOSITS AND INVESTMENTS

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

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

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

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

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

Cash and Deposits

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

<u>Cash and Cash Equivalents</u>	<u>August 31, 2016</u>	<u>August 31, 2015</u>
Bank Deposits - Time Deposits	\$ 31,112,085	\$ 27,065,036
Petty Cash	5,000	5,800
Total Cash and Cash Equivalents	<u>\$ 31,117,085</u>	<u>\$ 27,070,836</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2016 and August 31, 2015**

4. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

<u>Types of Investments</u>	<u>Maturity</u>	<u>Market Value August 31, 2016</u>	<u>Market Value August 31, 2015</u>
U.S. Agency Bonds - Federal			
National Mortgage Association	3/2022	\$ 220	\$ 276
Mineral Rights	N/A	14,920	1
Real Estate	N/A	8,754,480	8,165,750
Total Investments		\$ 8,769,620	\$ 8,166,027

Interest Rate Risk – In accordance with state law and the College’s investment policy, the College does not purchase any investments with maturities greater than one year, unless assets are held in debt retirement funds which may be invested in maturities exceeding one year. As of August 31, 2016 and August 31, 2015, the College was not exposed to interest rate risk.

Credit Risk - The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. As of August 31, 2016 and August 31, 2015, the U.S. Agency Bonds (FNMA) were rated AA+ by Standard and Poor’s.

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

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the College’s name. At August 31, 2016 and August 31, 2015, the College’s cash and cash equivalents were not exposed to custodial credit risk.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the College, and are held by either the counterparty’s trust department or agent but not in the College’s name. At August 31, 2016 and August 31, 2015, the College’s investment securities were not exposed to custodial credit risk.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2016 and August 31, 2015**

4. DEPOSITS AND INVESTMENTS (Continued)

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

	<u>August 31, 2016</u>	<u>August 31, 2015</u>
Per Note 4:		
Cash and Cash Equivalents	\$ 31,117,085	\$ 27,070,836
U.S. Agency Bonds	220	276
Real Estate Investments	8,754,480	8,165,750
Mineral Right Investment	14,920	1
Total Deposits and Investments	<u>\$ 39,886,705</u>	<u>\$ 35,236,863</u>
Per Exhibit 1:		
Cash and Cash Equivalents	\$ 25,369,240	\$ 21,285,608
Restricted Cash and Cash Equivalents	5,747,845	5,785,228
Other Long-Term Investments	220	276
Endowment Investments	14,920	1
Investments in Real Estate	8,754,480	8,165,750
Total Deposits and Investments	<u>\$ 39,886,705</u>	<u>\$ 35,236,863</u>

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Level 1 – Investments reflect prices quoted in active markets.

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

Level 3 – Investments reflect prices based upon unobservable sources.

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

The fair value hierarchy of investments at August 31, 2016 follows:

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2016 and August 31, 2015**

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	August 31, 2016				August 31, 2015
	Level 1	Level 2	Level 3	Total	Total
Asset and Mortgage Backed Securities	\$ 220	\$ -	\$ -	\$ 220	\$ 276
Mineral Rights	-	14,920	-	14,920	1
Real Estate	-	8,754,480	-	8,754,480	8,165,750
	<u>\$ 220</u>	<u>\$ 8,769,400</u>	<u>\$ -</u>	<u>\$ 8,769,620</u>	<u>\$ 8,166,027</u>

6. CAPITAL ASSETS

Capital assets activity for the years ended August 31, 2016 and August 31, 2015 was as follows:

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2016 and August 31, 2015**

6. CAPITAL ASSETS (continued)

	Balance 9/1/2014	Increases	Decreases	Balance 8/31/2015
Not Depreciated:				
Land	\$ 1,214,301	\$ -	\$ -	\$ 1,214,301
Collections	12,150	-	-	12,150
Construction in Progress	1,066,933	-	1,066,933	-
Subtotal	<u>2,293,384</u>	<u>-</u>	<u>1,066,933</u>	<u>1,226,451</u>
Other Capital Assets:				
Buildings	44,191,947	1,442,350	-	45,634,297
Land Improvements	8,773,108	-	-	8,773,108
Library Books	1,622,243	42,213	520,516	1,143,940
Furniture, Machinery, Vehicles, and Other Equipment	5,461,695	801,316	141,501	6,121,510
Subtotal	<u>60,048,993</u>	<u>2,285,879</u>	<u>662,017</u>	<u>61,672,855</u>
Accumulated Depreciation:				
Buildings	10,106,888	1,272,167	-	11,379,055
Land Improvements	2,763,786	370,798	-	3,134,584
Library Books	756,055	74,635	510,359	320,331
Furniture, Machinery, Vehicles, and Other Equipment	3,332,623	478,399	139,086	3,671,936
Subtotal	<u>16,959,352</u>	<u>2,195,999</u>	<u>649,445</u>	<u>18,505,906</u>
Net Other Capital Assets	<u>43,089,641</u>	<u>89,880</u>	<u>12,572</u>	<u>43,166,949</u>
Net Capital Assets	<u>\$ 45,383,025</u>	<u>\$ 89,880</u>	<u>\$ 1,079,505</u>	<u>\$ 44,393,400</u>

7. NON-CURRENT LIABILITIES

Non-current liability activity for the years ended August 31, 2016 and August 31, 2015 was as follows:

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2016 and August 31, 2015**

7. NON-CURRENT LIABILITIES (continued)

	Balance September 1, 2014	Additions	Reductions	Balance August 31, 2015	Current Portion
Limited Tax Refunding Bonds	\$ 4,220,000	\$ -	\$ 450,000	\$ 3,770,000	\$ 470,000
Revenue Bonds	7,345,000	-	290,000	7,055,000	295,000
Bond Premium	478,645	-	40,200	438,445	39,300
Notes Payable	6,178,520	-	280,781	5,897,739	290,088
Net Pension Liability, restated (Note 2)	6,126,791	862,762	1,999,573	4,989,980	n/a
Compensated Absences	416,172	405,998	416,172	405,998	405,998
Total Non-Current Liabilities	<u>\$ 24,765,128</u>	<u>\$ 1,268,760</u>	<u>\$ 3,476,726</u>	<u>\$ 22,557,162</u>	<u>\$ 1,500,386</u>

8. DEBT OBLIGATIONS

General information related to bonds payable is summarized below:

Limited Tax Refunding Bonds, General Obligation Bonds, Series 2007

- ◆ To refund the Limited Tax Bonds, Series 1996.
- ◆ Issued March 21, 2007.
- ◆ \$7,170,000; all authorized bonds have been issued.
- ◆ Source of revenue for debt service – assessment of property taxes.
- ◆ Outstanding Balance of \$0 and \$3,770,000 at August 31, 2016 and August 31, 2015, respectively, bearing interest at 3.55% to 4.00%.

These bonds were refunded in fiscal year 2016.

Limited Tax Refunding Bonds, General Obligation Bonds, Series 2016

- ◆ To refund the Limited Tax Refunding Bonds, Series 2007.
- ◆ Issued June 1, 2016.
- ◆ \$3,260,000; all authorized bonds have been issued.
- ◆ Source of revenue for debt service – assessment of property taxes.
- ◆ Outstanding Balance of \$3,205,000 and \$0 at August 31, 2016 and August 31, 2015, respectively, bearing interest at 2.00% to 3.00%.
- ◆ Issued at a premium of \$183,642, of which \$173,914 and \$0 was unamortized at August 31, 2016 and August 31, 2015, respectively.

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
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8. DEBT OBLIGATIONS (Continued)

Consolidated Fund Bonds, Revenue Bonds, Series 2012

- ◆ To purchase student housing facilities.
- ◆ Issued October 1, 2012.
- ◆ \$7,980,000; all authorized bonds have been issued.
- ◆ Source of revenue for debt service – tuition and fees.
- ◆ Outstanding Balance of \$6,760,000 and \$7,055,000 at August 31, 2016 and August 31, 2015, respectively, bearing interest at 2.00% to 4.00%.
- ◆ Issued at a premium of \$558,377, of which \$399,146 and \$438,445 was unamortized at August 31, 2016 and August 31, 2015, respectively.

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

Note Payable – All American Investment Group, LLC

- ◆ To upgrade facilities' energy management systems at the Main and Wise County Campuses.
- ◆ Original loan date – January 15, 2013.
- ◆ Total balance of \$3,752,878, is payable in 30 semi-annual installments, which includes interest at a rate of 2.35%.
- ◆ Source of revenue for debt service – unrestricted revenue.
- ◆ Outstanding Balance of \$3,147,651 and \$3,312,739 at August 31, 2016 and August 31, 2015, respectively.

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

Note Payable – Maintenance Tax Notes, Series 2011

- ◆ To replace roofs and renovate classrooms and to pay related fees and the costs of issuance associated with the tax notes.
- ◆ Original loan date – March 15, 2011.
- ◆ Total balance of \$3,045,000, is payable in 19 yearly installments, which includes interest at a rate of 4.15%.
- ◆ Source of revenue for debt service – unrestricted revenue.
- ◆ Outstanding Balance of \$2,460,000 and \$2,585,000 at August 31, 2016 and August 31, 2015, respectively.

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
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August 31, 2016 and August 31, 2015**

8. DEBT OBLIGATIONS (Continued)

Overpayment of State Appropriations

- ◆ The College was overpaid state appropriations from the Texas Higher Education Coordinating Board (THECB) during the fiscal year of \$718,423 related to a contact hour adjustment on the formula funding for the 2016-2017 biennium.
- ◆ Repayment will be recouped by the THECB withholding \$28,737 of each future state appropriation payment scheduled to be transferred to the College over the next 25 payments.
- ◆ Source of revenue for debt service – unrestricted revenue.
- ◆ Outstanding Balance of \$660,949 and \$0 at August 31, 2016 and August 31, 2015, respectively.

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

Year Ended August 31,	Limited Tax Refunding Bonds			Revenue Bonds			Amortization of Bond Premium
	Bonds Principal	Interest	Total	Bonds Principal	Interest	Total	
2017	\$ 495,000	\$ 86,100	\$ 581,100	\$ 305,000	\$ 247,950	\$ 552,950	\$ 84,278
2018	510,000	76,200	586,200	310,000	241,850	551,850	77,949
2019	520,000	66,000	586,000	315,000	232,550	547,550	70,773
2020	540,000	50,400	590,400	325,000	223,100	548,100	60,880
2021	560,000	34,200	594,200	335,000	213,350	548,350	50,618
2022 - 2026	580,000	17,400	597,400	1,865,000	886,300	2,751,300	145,143
2027 - 2031	-	-	-	2,270,000	486,400	2,756,400	74,275
2032 - 2036	-	-	-	1,035,000	62,400	1,097,400	9,144
Total	\$ 3,205,000	\$ 330,300	\$ 3,535,300	\$ 6,760,000	\$ 2,593,900	\$ 9,353,900	\$ 573,060

Year Ended August 31,	Notes Payable			Overpayment of State Appropriation
	Notes Principal	Interest	Total	
2017	\$ 309,783	\$ 175,056	\$ 484,839	\$ 287,370
2018	337,317	165,288	502,605	287,370
2019	366,081	154,633	520,714	86,209
2020	383,399	143,348	526,747	-
2021	401,220	131,564	532,784	-
2022 - 2026	2,327,382	460,414	2,787,796	-
2027 - 2031	1,482,469	107,260	1,589,729	-
Total	\$ 5,607,651	\$ 1,337,563	\$ 6,945,214	\$ 660,949

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9. ADVANCE REFUNDING BONDS

- ◆ Refunded \$3,300,000 of Limited Tax Refunding Bonds, General Obligation Bonds, Series 2007.
- ◆ Issued refunding bonds on June 1, 2016.
- ◆ \$3,260,000, all authorized bonds have been issued.
- ◆ Limited Tax Refunding Bonds, General Obligation Bonds, Series 2016
- ◆ Average interest rate of bonds refunded — 4.00%.
- ◆ Net proceeds from Refunding Series 2016 - \$3,364,898; after payment of \$78,744 in underwriting fees, insurance, and other issuance costs.
- ◆ The net proceeds of the Series 2016 bonds were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the Series 2007 bonds.
- ◆ The 2007 Series bonds are considered fully defeased and the liability for those bonds has been removed from the Investment in Plant Fund Group.
- ◆ Advance refunding of the 2007 Series bonds reduced the College's debt service payments over the next 6 years by approximately \$244,000.
- ◆ Economic Gain - \$233,580 difference between the net present value of the old and new debt service payments.

10. EMPLOYEES' RETIREMENT PLANS

Teacher Retirement System of Texas - Defined Benefit Pension Plan

Plan Description

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

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

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10. EMPLOYEES' RETIREMENT PLANS (continued)

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

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10. EMPLOYEES' RETIREMENT PLANS (continued)

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

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

	<u>Contribution Rates</u>	
	<u>Fiscal Years</u>	
	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity (NECE) - State	6.8%	6.8%
Employers	6.8%	6.8%

<u>Fiscal Year Contributions</u>	
2015 Member Contributions	\$792,384
2015 NECE On-behalf Contributions	\$339,599
2015 Employer Contributions	\$486,301

The College's contributions to the TRS pension plan in the 2016 fiscal year were \$479,120 as reported in the Schedule of College's Contributions in the Required Supplementary Information section of these financial statements. Estimated NECE on-behalf contributions for the 2016 fiscal year were \$345,891.

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10. EMPLOYEES' RETIREMENT PLANS (continued)

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

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

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

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

Actuarial Assumptions

The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return*	8.00%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.50%
Benefit changes during the year	None
Ad hoc post-employment benefit Changes	None

**Includes Inflation of 2.5%*

Actuarial methods and assumptions were updated based on a study of actual experience for the four year period ending August 31, 2014, and adopted on September 24, 2015, by the TRS Board of Trustees, who have sole authority to determine the actuarial assumptions used for the plan. The most significant changes were related to the update of the post-retirement mortality rates based on the most recent TRS member experience and the decrease in the assumption for general wage inflation from 3 percent to 2.5 percent. Other changes to overall assumptions and methods had a minor impact on the results of the actuarial valuation and the related pension liability.

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

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

Discount Rate

The discount rate used to measure the total pension liability was 8.0 percent. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.0 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015, are summarized below:

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COUNTY JUNIOR COLLEGE DISTRICT**
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10. EMPLOYEES' RETIREMENT PLANS (continued)

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

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

Source: Teacher Retirement System of Texas 2015 Comprehensive Annual Financial Report

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

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (8 percent) in measuring the 2015 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
College's proportionate share of the net pension liability:	\$9,095,996	\$5,805,419	\$3,064,571

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

At August 31, 2016, the College reported a net pension liability of \$5,805,419 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's Proportionate share of the collective net pension liability	\$5,805,419
State's proportionate share that is associated with the College	<u>4,052,905</u>
Total	<u><u>\$9,858,324</u></u>

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 through August 31, 2015.

At the measurement date of August 31, 2015, the College's proportion of the collective net pension liability was 0.016423 percent which was a decrease of 12.08601 percent from its proportion measured as of August 31, 2014.

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10. EMPLOYEES' RETIREMENT PLANS (continued)

For the fiscal year ended August 31, 2016, the College recognized pension expense of \$339,599 and revenue of \$339,599 for support provided by the State.

At August 31, 2016, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i><u>Deferred Outflows of Resources</u></i>	<i><u>Deferred Inflows of Resources</u></i>
Differences between expected and actual economic experience	\$ 64,182	\$ 223,107
Changes in actuarial assumptions	269,754	207,112
Difference between projected and actual investment earnings	1,429,745	1,143,857
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	517,225
Contributions paid to TRS subsequent to the measurement date	479,120	-
Total	<u>\$ 2,242,801</u>	<u>\$2,091,301</u>

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

Year ended August 31:	Pension Expense Amount
2016	\$ 362,320
2017	(116,800)
2018	(116,800)
2019	264,486
2020	(96,953)
Thereafter	<u>(144,753)</u>
Total	<u>\$ 151,500</u>

Optional Retirement Plan - Defined Contribution Plan

Plan Description

Participation in the Optional Retirement Program is in lieu of participation in TRS. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

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10. EMPLOYEES' RETIREMENT PLANS (continued)

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries currently contributed by the State/College and each participant are 6.60 percent and 6.65 percent, respectively. The College contributes an additional 1.31 percent for employees who were participating in the optional retirement program prior to September 1, 1995 and an additional 0.18 percent for all employees participating in the optional retirement plan. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the State has no additional or unfunded liability for this program. S.B. 1812, effective September 1, 2013, limits the amount of the State's contribution to 50 percent of eligible employees in the reporting district.

The retirement expense to the State for the College was \$186,511 and \$192,476 for the fiscal years ended August 31, 2016 and August 31, 2015, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for all College employees was \$19,997,607 and \$20,086,092 for fiscal years 2016 and 2015, respectively. The total payroll of employees covered by the TRS was \$11,831,988 and \$11,826,629, and the total payroll of employees covered by the Optional Retirement Program was \$5,651,852 and \$6,073,365 for fiscal years 2016 and 2015, 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 Texas Government Code 609.001. As of August 31, 2016 and 2015, the College had 46 and 49 employees, respectively, participating in the program. A total of \$293,662 and \$337,918 in payroll deductions had been invested in approved plans during the fiscal years ended August 31, 2016 and August 31, 2015, respectively.

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12. COMPENSABLE ABSENCES

Full-time employees earn annual leave from .833 to 1.25 days per month depending on the number of years employed with the College. The College's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum of fifteen days (120 hours). Employees with at least three months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The College recognized the accrued liability for unpaid annual leave in the amount of \$389,943 and \$405,998 for the fiscal years ended August 31, 2016 and August 31, 2015, 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. HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's contribution per full-time employee was \$576.54 per month for the year ended August 31, 2016, and totaled \$1,403,146 for the year. The cost of providing those benefits for 82 retirees was \$298,499 and for 290 active employees amounted to \$1,104,647. The State's contribution per full-time employee was \$537.66 per month for the year ended August 31, 2015, and totaled \$1,399,704 for the year. The cost of providing those benefits for 75 retirees was \$256,106 and for 306 active employees amounted to \$1,143,598. S.B. 1812, effective September 1, 2013, limits the amount of the State's contribution to 50 percent of eligible employees in the reporting district.

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. In addition to providing pension benefits, the State provides certain healthcare and life insurance benefits for retired employees. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State. The College contributes to the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer, defined benefit postemployment healthcare plan administered by the Employees Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State law and may be amended by the Texas Legislature.

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COUNTY JUNIOR COLLEGE DISTRICT
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14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

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

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

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

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

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

The College's contributions to SRHP for the years ended August 31, 2016, 2015, and 2014 were \$360,926, \$311,271, and \$45,224, respectively, which equaled the required contributions each year.

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15. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, 2016 and August 31, 2015 were as follows:

	<u>August 31, 2016</u>	<u>August 31, 2015</u>
Student Receivables (Net of Allowances of \$1,730,705 and \$1,523,696 for 2016 and 2015, respectively)	\$ 803,380	\$ 783,006
Taxes Receivable (Net of Allowances of \$201,880 and \$201,880 for 2016 and 2015, respectively)	315,046	308,773
Federal and State Accounts Receivable	150,685	337,513
Other Accounts Receivable	587,381	623,749
	<u>\$ 1,856,492</u>	<u>\$ 2,053,041</u>

Payables

Payables at August 31, 2016 and August 31, 2015 were as follows:

	<u>August 31, 2016</u>	<u>August 31, 2015</u>
Vendor Payable	\$ 946,352	\$ 983,310
Salaries and Benefits Payable	76,777	62,685
Accrued Interest	42,293	44,496
	<u>\$ 1,065,422</u>	<u>\$ 1,090,491</u>

16. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants. Revenues are recognized on Exhibit 2 and Schedule A. For federal and non-federal contract and grant awards, funds expended, but not collected, are included in Accounts Receivable (net) on Exhibit 1. Contract and grant awards that are not yet funded, and for which the College has not yet performed services, are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards or funds awarded during fiscal years 2016 and 2015 for which monies have not been received nor funds expended totaled \$654,368 and \$1,462,551, respectively. Of these amounts, \$53,086 and \$811,989 were from Federal contracts and grant awards and \$601,282 and \$650,562 were from State contracts and grant awards for fiscal years ended 2016 and 2015, respectively.

**WEATHERFORD COLLEGE OF THE PARKER
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August 31, 2016 and August 31, 2015**

17. 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, 2016, the College paid an annual premium of \$48,508 plus \$78,146 toward the loss fund. This \$126,654 was the maximum cost for the self-insured plan. For the year ended August 31, 2015, the College paid an annual premium of \$46,970 plus \$52,595 toward the loss fund. This \$99,565 was the maximum cost for the self-insured plan. All claims up to \$225,000 are paid from the loss fund. Amounts over \$225,000 are paid by the insurance company up to statutory limits.

18. AD VALOREM TAX

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

	<u>August 31, 2016</u>	<u>August 31, 2015</u>
Assessed Valuation of the College	\$ 14,394,280,060	\$ 13,226,796,276
Less: Exemptions	3,605,009,253	3,423,954,348
Less: Abatements	<u>95,083,320</u>	<u>8,960,230</u>
Net Assessed Valuation of the College	<u>\$ 10,694,187,487</u>	<u>\$ 9,793,881,698</u>

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
At August 31, 2016			
Tax Rate per \$100 valuation of authorized	\$ -	\$ -	\$0.30000
Tax Rate per \$100 valuation of assessed	\$0.10695	\$0.00669	\$0.11364
At August 31, 2015			
Tax Rate per \$100 valuation of authorized	\$ -	\$ -	\$0.30000
Tax Rate per \$100 valuation of assessed	\$0.10741	\$0.00723	\$0.11464

Taxes levied for the years ended August 31, 2016 and 2015 were \$11,983,497 and \$11,123,938, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2016 and August 31, 2015**

18. AD VALOREM TAX (Continued)

August 31, 2016			
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 11,107,344	\$ 694,023	\$ 11,801,367
Delinquent Taxes Collected	177,383	12,771	190,154
Penalties and Interest Collected	96,956	6,975	103,931
Total Gross Collections	11,381,683	713,769	12,095,452
Tax Appraisal & Collection Fees	(187,346)	(11,706)	(199,052)
Bad Debt Expense	-	-	-
Total Net Collections	\$ 11,194,337	\$ 702,063	\$ 11,896,400
August 31, 2015			
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 10,310,513	\$ 692,723	\$ 11,003,236
Delinquent Taxes Collected	140,567	10,447	151,014
Penalties and Interest Collected	88,829	6,603	95,432
Total Gross Collections	10,539,909	709,773	11,249,682
Tax Appraisal & Collection Fees	(180,452)	(12,124)	(192,576)
Bad Debt Expense	-	-	-
Total Net Collections	\$ 10,359,457	\$ 697,649	\$ 11,057,106

Tax collections for the years ended August 31, 2016 and 2015 were 100% of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and / or general obligation debt service.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2016 and August 31, 2015**

19. BRANCH CAMPUS MAINTENANCE TAX

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

County	Collections (including penalties and interest) August 31, 2016	Collections (including penalties and interest) August 31, 2015
Wise County	\$ 3,497,404	\$ 3,527,142

20. 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, 2016 and 2015.

21. COMPONENT UNIT

Weatherford College Foundation, Inc. - Discretely Presented Component Unit

The Weatherford College Foundation, Inc. (Foundation) was established as a separate nonprofit organization with the sole purpose of supporting the educational and other activities of the College. The Foundation solicits donations and acts as coordinator of gifts made by other parties. It remitted \$222,108 and \$220,140 for designated scholarships, and \$3,000 and \$0 for other contributions to the College during the years ended August 31, 2016 and 2015, respectively. The Foundation received \$24,097 and \$91,037 from the College for an endowment scholarship fund in fiscal years 2016 and 2015, respectively. Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit.

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2016 and August 31, 2015**

22. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENT

Expenses include \$55,177 and \$110,168 for rent paid under operating leases during the fiscal years ended August 31, 2016 and August 31, 2015, respectively. Future minimum lease rental payments under noncancellable operating leases having an initial term in excess of one year as of August 31, 2016 are as follows:

<u>Year Ended</u>	<u>Minimum Future Lease Payments</u>
2017	\$ 55,177
2018	55,177
2019	55,177
2020	22,991
Total	<u>\$ 188,522</u>

23. OTHER COMMITMENTS

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

<u>Year Ended</u>	<u>Minimum Payments</u>
2017	\$ 1,930,724
2018	1,988,646
Total	<u>\$ 3,919,370</u>

24. RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to Required Supplementary Information
For the Year Ended August 31, 2016**

1. PENSION LIABILITY

Changes of Assumptions

The following actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

Economic Assumptions

- The inflation assumption was decreased from 3.00% to 2.50%.
- The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- In accordance with the observed experience, there were small adjustments in the service based promotional/longevity component of the salary scale.
- The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

- The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to Required Supplementary Information
For the Year Ended August 31, 2016**

1. PENSION LIABILITY (continued)

Other Demographic Assumptions

- Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
- There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
- For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

- The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

Changes in Benefit Terms

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

SUPPLEMENTAL INFORMATION

WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule A
Schedule of Operating Revenues
For the Year Ended August 31, 2016
(With Memorandum Totals for the Year Ended August 31, 2015)

	Total				Totals	
	Unrestricted	Restricted	Educational Activities	Auxiliary Enterprises	August 31, 2016	August 31, 2015
Tuition						
State Funded Credit Courses						
In-District Resident Tuition	\$ 3,799,420	\$ -	\$ 3,799,420	\$ -	\$ 3,799,420	\$ 3,781,294
Out-of-District Resident Tuition	6,503,041	-	6,503,041	-	6,503,041	6,543,394
Non-Resident Tuition	485,759	-	485,759	-	485,759	471,185
TPEG - credit (set aside)*	653,011	-	653,011	-	653,011	660,619
State Funded Continuing Education	1,030,345	-	1,030,345	-	1,030,345	956,923
TPEG - non-credit (set aside)*	67,255	-	67,255	-	67,255	63,265
Non-State Funded Continuing Education	168,767	-	168,767	-	168,767	133,470
Total Tuition	<u>12,707,598</u>	<u>-</u>	<u>12,707,598</u>	<u>-</u>	<u>12,707,598</u>	<u>12,610,150</u>
Fees						
General Fee	208,484	-	208,484	-	208,484	185,827
Laboratory Fee	351,293	-	351,293	-	351,293	333,179
Total Fees	<u>559,777</u>	<u>-</u>	<u>559,777</u>	<u>-</u>	<u>559,777</u>	<u>519,006</u>
Scholarship Allowances and Discounts						
Bad Debt Allowance	(115,025)	-	(115,025)	-	(115,025)	(123,645)
Scholarship Allowances	(476,610)	-	(476,610)	-	(476,610)	(448,434)
Remissions and Exemptions - State	(504,884)	-	(504,884)	-	(504,884)	(458,674)
Remissions and Exemptions - Local	(501,827)	-	(501,827)	-	(501,827)	(455,251)
Title IV Federal Program	(2,820,033)	-	(2,820,033)	-	(2,820,033)	(3,312,678)
Other Federal Grants	(7,816)	-	(7,816)	-	(7,816)	(6,648)
TPEG Awards	(423,695)	-	(423,695)	-	(423,695)	(425,246)
Other State Grants	(316,339)	-	(316,339)	-	(316,339)	(161,950)
Total Scholarship Allowances	<u>(5,166,229)</u>	<u>-</u>	<u>(5,166,229)</u>	<u>-</u>	<u>(5,166,229)</u>	<u>(5,392,526)</u>
Total Net Tuition and Fees	<u>8,101,146</u>	<u>-</u>	<u>8,101,146</u>	<u>-</u>	<u>8,101,146</u>	<u>7,736,630</u>
Additional Operating Revenues						
Federal Grants and Contracts	59,102	894,437	953,539	-	953,539	1,446,496
State Grants and Contracts	32,786	381,052	413,838	-	413,838	763,127
Local Grants and Contracts	3,522,404	-	3,522,404	-	3,522,404	3,553,059
Non-Governmental Grants and Contracts	-	178,194	178,194	-	178,194	-
Sales and Services of Educational Activities	66,388	-	66,388	-	66,388	61,229
Investment Income (Program Restricted)	-	24,749	24,749	-	24,749	23,930
Other Operating Revenues	491,923	-	491,923	-	491,923	493,184
Total Additional Operating Revenues	<u>4,172,603</u>	<u>1,478,432</u>	<u>5,651,035</u>	<u>-</u>	<u>5,651,035</u>	<u>6,341,025</u>
Auxiliary Enterprises						
Bookstore	-	-	-	301,648	301,648	304,207
Food Services	-	-	-	716,828	716,828	727,778
Less Discounts	-	-	-	(250,257)	(250,257)	(271,809)
Student Housing	-	-	-	1,170,659	1,170,659	1,230,944
Less Discounts	-	-	-	(380,848)	(380,848)	(389,386)
Intercollegiate Athletics	-	-	-	2,300	2,300	554
Student Services	-	-	-	230,293	230,293	236,658
Less Discounts	-	-	-	(64,668)	(64,668)	(70,753)
Carter Agriculture Center	-	-	-	646,979	646,979	68,603
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,372,934</u>	<u>2,372,934</u>	<u>1,836,796</u>
Total Operating Revenues	<u>\$ 12,273,749</u>	<u>\$ 1,478,432</u>	<u>\$ 13,752,181</u>	<u>\$ 2,372,934</u>	<u>\$ 16,125,115</u>	<u>\$ 15,914,451</u>
				(Exhibit 2)	(Exhibit 2)	

* In accordance with Education Code 56.033, \$720,266 and \$723,884 for years August 31, 2016 and 2015, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule B
Schedule of Operating Expenses by Object
For the Year Ended August 31, 2016
(With Memorandum Totals for the Year Ended August 31, 2015)

	Operating Expenses				Totals	
	Salaries and Wages	Benefits		Other Expenses	August 31, 2016	August 31, 2015
		State Benefits	Local Benefits			
Unrestricted Educational Activities						
Instruction	\$ 11,388,641	\$ -	\$ 1,669,412	\$ 1,698,430	\$ 14,756,483	\$ 14,526,863
Public Service	8,865	-	1,010	46,327	56,202	25,663
Academic Support	1,227,782	-	188,829	215,527	1,632,138	1,571,742
Student Services	1,747,426	-	284,477	251,258	2,283,161	2,227,503
Institutional Support	3,887,246	-	641,035	1,901,021	6,429,302	6,163,018
Operation and Maintenance of Plant	98,580	-	36,985	5,256,166	5,391,731	5,459,999
Scholarships and Fellowships	-	-	-	-	-	-
Total Unrestricted Educational Activities	18,358,540	-	2,821,748	9,368,729	30,549,017	29,974,788
Restricted Educational Activities						
Instruction	756,610	1,294,690	169,958	262,607	2,483,865	2,641,361
Public Service	-	962	-	-	962	889
Academic Support	4,332	125,822	371	28,223	158,748	291,271
Student Services	2,765	175,813	212	22,160	200,950	179,597
Institutional Support	-	405,823	-	1,715	407,538	375,909
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarships and Fellowships	-	-	-	3,670,597	3,670,597	3,907,297
Total Restricted Educational Activities	763,707	2,003,110	170,541	3,985,302	6,922,660	7,396,324
Total Educational Activities	19,122,247	2,003,110	2,992,289	13,354,031	37,471,677	37,371,112
Auxiliary Enterprises	875,360	-	263,041	1,408,715	2,547,116	2,478,434
Depreciation Expense - Buildings and Land Improvements	-	-	-	1,660,160	1,660,160	1,642,965
Depreciation Expense - Furniture, Machinery, Vehicles, and Other Equipment	-	-	-	577,706	577,706	553,034
Total Operating Expenses	\$ 19,997,607	\$ 2,003,110	\$ 3,255,330	\$ 17,000,612	\$ 42,256,659 (Exhibit 2)	\$ 42,045,545 (Exhibit 2)

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule C
Schedule of Non-Operating Revenues and Expenses
For the Year Ended August 31, 2016
(With Memorandum Totals for the Year Ended August 31, 2015)**

	Unrestricted	Restricted	Auxiliary Enterprises	Totals	
				August 31, 2016	August 31, 2015
Non-Operating Revenues					
State Appropriations					
Education and General State Support	\$ 8,278,323	\$ -	\$ -	\$ 8,278,323	\$ 8,199,691
State Group Insurance	-	1,477,000	-	1,477,000	1,399,704
State Retirement Matching	-	526,110	-	526,110	514,342
Professional Nursing Shortage Reduction	-	358,874	-	358,874	184,605
Miscellaneous Revenues	-	26,748	-	26,748	11,830
Total State Appropriations	<u>8,278,323</u>	<u>2,388,732</u>	<u>-</u>	<u>10,667,055</u>	<u>10,310,172</u>
Maintenance Ad Valorem Taxes	11,381,683	-	-	11,381,683	10,539,909
Debt Service Ad Valorem Taxes	713,769	-	-	713,769	709,773
Federal Revenue, Non-Operating	-	6,423,368	-	6,423,368	7,177,198
Gifts	2,339	-	21,980	24,319	32,305
Investment Income	102,018	-	-	102,018	85,530
Gain on Sale of Capital Assets	421	-	-	421	6,145
Total Non-Operating Revenue	<u>20,478,553</u>	<u>8,812,100</u>	<u>21,980</u>	<u>29,312,633</u>	<u>28,861,032</u>
Non-Operating Expenses					
Interest on Capital Related Debt	548,998	-	-	548,998	580,477
Other Non-Operating Expenses	74,874	-	-	74,874	-
Total Non-Operating Expenses	<u>623,872</u>	<u>-</u>	<u>-</u>	<u>623,872</u>	<u>580,477</u>
Net Non-Operating Revenues (Expenses)	<u>\$ 19,854,681</u>	<u>\$ 8,812,100</u>	<u>\$ 21,980</u>	<u>\$ 28,688,761</u>	<u>\$ 28,280,555</u>
				(Exhibit 2)	(Exhibit 2)

WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule D
Schedule of Net Position by Source and Availability
For the Year Ended August 31, 2016
(With Memorandum Totals for the Year Ended August 31, 2015)

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation and Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current							
Unrestricted	\$ 12,036,603	\$	\$	\$	\$ 12,036,603	\$ 12,036,603	\$
Board Designated					-		
Restricted							
Student Aid		2,259,095			2,259,095	2,259,095	
Instructional Programs		83,961			83,961	83,961	
Auxiliary Enterprises	1,586,145				1,586,145		1,586,145
Loan		9,384			9,384		9,384
Endowment	10,380,942				10,380,942		10,380,942
Quasi					-		
Unrestricted					-		
Restricted					-		
Endowment					-		
True					-		
Term (per instructions at maturity)					-		
Life Income Contracts					-		
Annuities					-		
Plant					-		
Unexpended					-		
Capital Projects		331,683			331,683		331,683
Debt Service		1,957,172			1,957,172		1,957,172
Investment in Plant				26,558,717	26,558,717		26,558,717
Totals							
Net Position, August 31, 2016	24,003,690	4,641,295	-	26,558,717	55,203,702 (Exhibit 1)	14,379,659	40,824,043
Net Position, August 31, 2015	20,993,207	4,421,062	-	27,232,216	52,646,485 (Exhibit 2)	12,188,338	40,458,147
Net Increase (Decrease) in Net Position	\$ 3,010,483	\$ 220,233	\$ -	\$ (673,499)	\$ 2,557,217 (Exhibit 2)	\$ 2,191,321	\$ 365,896

**OVERALL COMPLIANCE AND
INTERNAL CONTROLS SECTION**



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Weatherford College of the Parker County Junior College District (College) as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the College's financial statements, and have issued our report thereon dated November 28, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We have performed tests designed to verify the College's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2016, no instances of noncompliance were noted.

Purpose of this Report

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

Snow Garrett Williams

Snow Garrett Williams

November 28, 2016

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended August 31, 2016**

There were no prior year findings.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

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

Noncompliance material to financial statements noted? _____ yes X no

Federal and State Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

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

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

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

Identification of Major Programs:

Federal Awards

U.S. Department of Education:

Student Financial Assistance Cluster of Programs:

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

State Awards

Texas Workforce Commission
N/A Skills Development Fund Grant

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

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

Section II – Financial Statement Findings

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

Section III – Federal and State Award Findings and Questioned Costs

Findings/Noncompliance	Program	Questioned Costs
None Noted		

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Corrective Action Plan
August 31, 2016**

A corrective action plan is not needed.

FEDERAL AWARDS SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS *SINGLE AUDIT CIRCULAR*

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

Report on Compliance for Each Major Federal and State Program

We have audited Weatherford College of the Parker County Junior College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas *Single Audit Circular* that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2016. 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.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal and State Program

In our opinion, Weatherford College of the Parker County Junior College District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2016.

Report on Internal Control Over Compliance

Management of Weatherford College of the Parker County Junior College District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas *Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

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

Snow Garrett Williams

Snow Garrett Williams
November 28, 2016

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2016**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Educational Opportunity Grant	84.007		\$ 81,861
Federal College Workstudy Program	84.033		84,898
Federal Pell Grant Program	84.063		6,256,609
Federal Direct Student Loans	84.268		<u>4,174,522</u>
Total Student Financial Aid Cluster			<u>10,597,890</u>
Higher Education Institutional Aid - Expanding Access to High-Demand Allied Health Programs			
	84.031A		36,220
TRIO Cluster			
TRIO - Student Support Services Program	84.042A		233,555
TRIO - Talent Search Program	84.044A		247,177
TRIO - Upward Bound Program	84.047A		<u>249,999</u>
Total TRIO Cluster			<u>730,731</u>
Pass-Through From:			
Texas Higher Education Coordinating Board (THECB)			
Career and Technical Education Basic Grants to States	84.048	164267	<u>186,588</u>
Total U.S. Department of Education			<u>11,551,429</u>
Total Federal Financial Assistance			<u>\$ 11,551,429</u>

See Notes to Schedule on following page.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2016**

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts Revenue - per Schedule A	\$	953,539
Add: Non-Operating Federal Revenue from Schedule C		6,423,368
Total Federal Revenues per Statement of Revenues, Expenses and changes in Net Assets	\$	7,376,907
Reconciling Items:		
Add: Federal Direct Student Loans		4,174,522
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$	11,551,429

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

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation to the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule. Since the College has agency approved Indirect Recovery Rate it has elected not to use the 10% de minimis cost rate as permitted in the UG, section 200.414.

Note 3: Student Loans Processed and Administrative Costs Recovered

Federal Grantor CFDA Number / Program Name	New Loans Processed	Administrative Cost Recovered	Total Loans Processed & Admin Cost Recovered
U.S. Department of Education 84.268 Federal Direct Student Loans	\$4,174,522	\$ -	\$ 4,174,522

STATE AWARDS SECTION

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule F - Revised
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2016**

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Comptroller of Public Accounts Law Enforcement Office Standards and Education		\$ 1,715
Texas Higher Education Coordinating Board Professional Nursing Shortage Reduction		358,874
Nursing Innovation	14156	17,980
Texas College Work Study		26,983
Texas Workforce Commission Skills for Small Business Program	0415SSD001	13,664
Skills Development Fund Grant	0415SDF003	<u>353,496</u>
Total State Financial Assistance		<u>\$ 772,712</u>

See Notes to Schedule below.

Note 1: State Assistance Reconciliation

State Financial Assistance - per Schedule of Expenditures of State Award:	\$ 772,712
Reconciling Items	
Professional Nursing Shortage Reduction reported on Schedule C	<u>(358,874)</u>
Total State Grants and Contracts per Exhibit 2 and Schedule A	<u>\$ 413,838</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.

