

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

**ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2020**

**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, 2020**

Board of Trustees

Officers

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

Members

		<u>Term Expires May 31,</u>
Mac Smith	Weatherford, Texas	2025
Judy McAnally	Weatherford, Texas	2025
Dr. Trev Dixon	Weatherford, Texas	2021
Dave Cowley	Weatherford, Texas	2021
Dan Carney	Weatherford, Texas	2021
Sue Coody	Weatherford, Texas	2023
Lela Morris	Weatherford, Texas	2023
		<u>Term Expires December 31,</u>
Dr. Robert Marlett	Wise County, Texas	2021

Principal Administrative Officers

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

FINANCIAL SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Weatherford College of the Parker County Junior College District (the College) as of and for the years ended August 31, 2020 and 2019, 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 opinions 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of August 31, 2020 and 2019, and the respective changes in financial position, and, where applicable, 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 proportionate share of net pension liability, the schedule of the College's contributions for pensions, the schedule of the College's proportionate share of OPEB liability, the schedule of the College's contributions for OPEB, and the related notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The supplemental information and schedule of expenditures of state awards are presented for purposes of additional analysis and are 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental information and 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 December 8, 2020, on our consideration of the College'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's 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 College's internal control over financial reporting and compliance.

Snow Garrett Williams

Snow Garrett Williams
December 8, 2020

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2020 and 2019**

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, 2020 and 2019. 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 and the footnotes. 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 ad valorem taxes and by federal, 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 notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 21 of this report.

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, 2019 to August 31, 2020 by \$2,314,482 and decreased from August 31, 2018 to August 31, 2019 by \$455,230. As of August 31, 2020 and 2019, the College's net position was \$53,212,883 and \$50,898,401, which includes \$30,548,815 and \$27,070,303 in net investment in capital assets, \$5,433,419 and \$5,172,075 in restricted net position, and \$17,230,649 and \$18,656,023 in unrestricted net position, respectively.

Operating expenses for fiscal years 2020 and 2019 were \$50,184,289 and \$48,808,403, of which \$18,287,233 and \$20,223,901 were expended for instruction, \$8,370,633 and \$8,095,022 were expended for institutional support, and \$2,679,729 and \$3,116,597 were expended for auxiliary enterprises, respectively. In fiscal years 2020 and 2019, depreciation expense was \$1,844,621 and \$1,823,272, respectively.

Operating revenues for fiscal years 2020 and 2019 were \$18,000,063 and \$15,944,741, which includes \$9,884,181 and \$8,803,947 in tuition and fees (net of discounts), \$3,546,598 and \$3,290,028 in local grants and contracts, \$1,519,886 and \$1,867,267 in auxiliary enterprises (net of discounts), and \$1,967,759 and \$1,064,100 in federal grants and contracts, respectively.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2020 and 2019**

Net non-operating revenues for fiscal years 2020 and 2019 were \$34,498,708 and \$32,408,432, which includes \$11,603,770 and \$10,962,324 in state appropriations, \$16,267,076 and \$14,708,225 in total ad valorem taxes for maintenance and operations and debt service (net of allowances), and \$7,010,350 and \$6,432,156 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, 2020, the net position was \$53,212,883. This was an increase of \$2,314,482 from the period ended August 31, 2019. As of August 31, 2019, the net position was \$50,898,401. This was a decrease of \$455,230 from the period ended August 31, 2018. 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, 2020 and 2019**

Net Position As of August 31,			
	2020	2019	2018
Current Assets	\$ 38,913,602	\$ 36,797,260	\$ 37,580,737
Non-current Assets			
Capital Assets, Net of Depreciation	41,893,318	39,822,452	40,261,958
Other	22,812,085	21,782,865	21,044,708
Total Assets	103,619,005	98,402,577	98,887,403
Deferred Outflows of Resources	15,115,072	16,393,735	3,706,780
Current Liabilities	14,494,151	12,375,896	13,102,162
Non-current Liabilities	42,301,913	41,574,954	32,689,980
Total Liabilities	56,796,064	53,950,850	45,792,142
Deferred Inflows of Resources	8,725,130	9,947,061	5,448,410
Net Position			
Net Investment in Capital Assets	30,548,815	27,070,303	26,143,535
Restricted for: Expendable	5,433,419	5,172,075	4,953,091
Unrestricted	17,230,649	18,656,023	20,257,005
Total Net Position	\$ 53,212,883	\$ 50,898,401	\$ 51,353,631

Investment in capital assets (e.g., land, collections, construction in process, buildings, land improvements, library books, and furniture, machinery, vehicles and other equipment) less any related debt used to acquire those assets that is still outstanding was \$30,548,815 and \$27,070,303 at August 31, 2020 and 2019, respectively. The College uses these assets to provide services to the students; consequently, they are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At August 31, 2020 and 2019, an additional \$5,433,419 and \$5,172,075, respectively, of the College's net position represents resources that are subject to external restrictions on how they may be used. All restricted net position of the College is being held for student aid, instructional programs, capital projects, and debt service. The remaining portion of the College's net position at August 31, 2020 and 2019, is \$17,230,649 and \$18,656,023, respectively.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2020 and 2019**

Statement of Revenues, Expenses, and Changes in Net Position

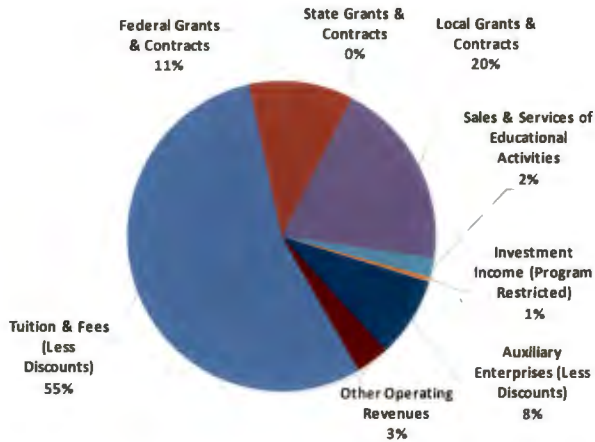
The statement of revenues, expenses, and changes in net position presents the operating results of the College, as well as the non-operating revenues and expenses. Operating revenues are primarily those that result directly from instruction, the operation of the College's auxiliary services (cafeteria,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

**Operating Results for the Years Ended
August 31,**

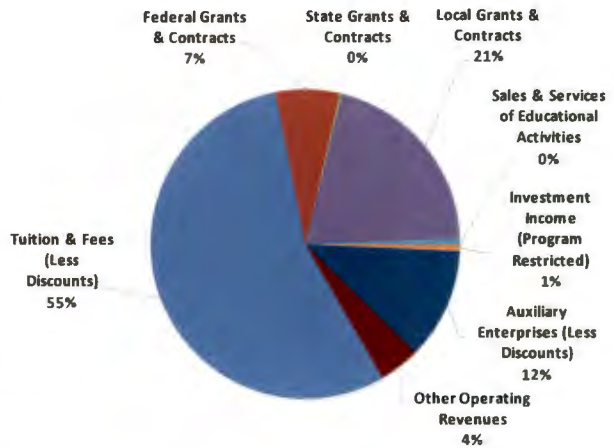
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Revenues			
Tuition and Fees (Less Discounts)	\$ 9,884,181	\$ 8,803,947	\$ 9,009,931
Federal Grants and Contracts	1,967,759	1,064,100	992,885
State Grants and Contracts	7,436	32,950	34,810
Local Grants and Contracts	3,546,598	3,290,028	2,995,876
Sales and Services of Educational Activities	352,039	102,330	70,259
Investment Income (Program Restricted)	93,704	101,630	24,024
Auxiliary Enterprises (Less Discounts)	1,519,886	1,867,267	8,770,752
Other Operating Revenues	628,460	682,489	2,008,347
Total Operating Revenues	<u>18,000,063</u>	<u>15,944,741</u>	<u>23,906,884</u>
Less Operating Expenses	<u>50,184,289</u>	<u>48,808,403</u>	<u>43,497,873</u>
Net Operating Loss	<u>(32,184,226)</u>	<u>(32,863,662)</u>	<u>(19,590,989)</u>
Non-Operating Revenues (Expenses)			
State Appropriations	11,603,770	10,962,324	11,370,716
Maintenance Ad Valorem Taxes	15,598,077	14,032,739	13,258,104
Debt Service Ad Valorem Taxes	668,999	675,486	681,413
Federal Revenue, Non-Operating	7,010,350	6,432,156	6,511,577
Gifts	59,990	78,951	52,019
Investment Income (Net of Investment Expense)	454,560	585,890	114,612
Gain/(Loss) on Disposal of Capital Assets	(530,168)	42,483	6,380
Interest on Capital Related Debt	(366,870)	(401,597)	(410,783)
Total Non-Operating Revenues (Expenses)	<u>34,498,708</u>	<u>32,408,432</u>	<u>31,584,038</u>
Increase (Decrease) in Net Position	2,314,482	(455,230)	11,993,049
Net Position, Beginning of Year	50,898,401	51,353,631	56,484,057
Prior Period Adjustment	-	-	(17,123,475)
Net Position - Beginning of Year, restated	<u>50,898,401</u>	<u>51,353,631</u>	<u>39,360,582</u>
Net Position, End of Year	<u>\$ 53,212,883</u>	<u>\$ 50,898,401</u>	<u>\$ 51,353,631</u>
Total Revenues	<u>\$ 53,395,809</u>	<u>\$ 48,754,770</u>	<u>\$ 55,901,705</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2020 and 2019**

OPERATING REVENUES BY SOURCE 2020



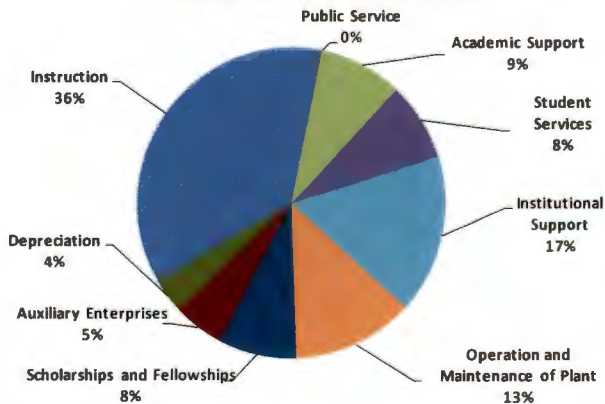
OPERATING REVENUES BY SOURCE 2019



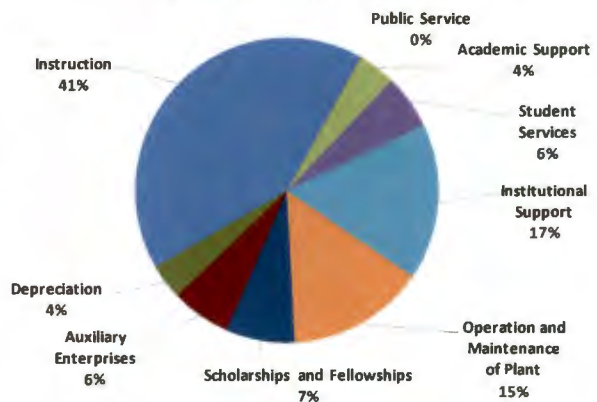
**Operating Expenses
For the Years Ended August 31,**

	2020	2019	2018
Operating Expenses			
Instruction	\$ 18,287,233	\$ 20,223,901	\$ 17,816,081
Public Service	40,439	40,007	39,281
Academic Support	4,367,828	1,914,495	1,546,393
Student Services	4,095,474	2,828,439	2,378,017
Institutional Support	8,370,633	8,095,022	6,765,029
Operation and Maintenance of Plant	6,395,963	7,155,459	6,745,925
Scholarships and Fellowships	4,102,369	3,611,211	3,865,161
Auxiliary Enterprises	2,679,729	3,116,597	2,335,948
Depreciation	1,844,621	1,823,272	2,006,038
Total	\$ 50,184,289	\$ 48,808,403	\$ 43,497,873
Total Expenses (Including Interest Expense and Non-Operating Expenses)	\$ 51,081,327	\$ 49,210,000	\$ 43,908,656

OPERATING EXPENSES 2020



OPERATING EXPENSES 2019



**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2020 and 2019**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The College's investment in total capital assets as of August 31, 2020 and 2019, amounts to \$41,893,318 and \$39,822,452, respectively, (net of accumulated depreciation). Investments in capital assets includes land, collections, construction in process, buildings, land improvements, library books, and furniture, machinery, vehicles, and other equipment.

	Capital Assets, Net		
	August 31,		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Capital Assets			
Land	\$ 1,214,301	\$ 1,214,301	\$ 1,214,301
Collections	31,150	12,150	12,150
Construction in Process	3,404,611	1,475,785	561,709
Buildings	44,805,940	45,704,237	45,704,237
Land Improvements	9,934,760	8,773,108	8,773,108
Library Books	878,090	900,335	943,003
Furniture, Machinery, Vehicles, and Other Equipment	<u>8,878,647</u>	<u>7,929,398</u>	<u>7,565,134</u>
Total	69,147,499	66,009,314	64,773,642
Less Accumulated Depreciation	<u>(27,254,181)</u>	<u>(26,186,862)</u>	<u>(24,511,684)</u>
Net Capital Assets	<u>\$ 41,893,318</u>	<u>\$ 39,822,452</u>	<u>\$ 40,261,958</u>

Additional information on the College's capital assets can be found in Note 6 of this report.

Long-term debt. At August 31, 2020 and 2019, the College had long-term debt outstanding, which represents bonds payable of \$6,645,000 and \$7,510,000, respectively, and notes payable from direct borrowing of \$4,211,071 and \$4,594,470, respectively. The College's total debt decreased by a net amount of \$1,248,399 and \$1,201,081 in fiscal years 2020 and 2019, respectively, due to regularly scheduled payments.

Additional information on the College's long-term debt can be found in Notes 7, 8, and 9 of this report.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2020 and 2019**

Economic Factors and Next Year's Budget and Rates

The Board of Trustees adopted the College's 2020-21 budget and tax rate on September 1, 2020. 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 2021, the Board of Trustees and management considered the following factors:

- Property valuations in Parker County increased resulting in an increased ad valorem tax levy.
- A 7.99% increase in the total ad valorem tax rate was necessary to fund the proposed 2020-21 budget.
- Tuition rates increased approximately 8% overall.
- State instructional appropriations remained the same as the prior year due to this being the second year of the biennium.
- A cost of living increase of 5% to all full-time employees.
- The COVID-19 pandemic has created many challenges for the College when estimating enrollment, budget, and overall operations. The College expects that COVID-19 will have the following financial impacts:
 - Possible increase in revenue due to CARES Act funding; and
 - Possible increases in expenses for virtual learning, personal protective equipment, and additional cleaning expenses.

Request for Information

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



**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Statements of Net Position
August 31, 2020 and 2019**

EXHIBIT 1

	2020	2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 32,211,661	\$ 30,843,066
Accounts Receivable (net)	6,694,391	2,386,458
Other Assets - Current	-	3,510,201
Prepaid Expense	7,550	57,535
Total Current Assets	38,913,602	36,797,260
Non-Current Assets		
Restricted Cash and Cash Equivalents	7,158,485	6,112,725
Endowment Investments	33,600	50,140
Investments in Real Estate	15,620,000	15,620,000
Capital Assets (net) (See Note 6)	41,893,318	39,822,452
Total Non-Current Assets	64,705,403	61,605,317
Total Assets	103,619,005	98,402,577
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	3,456,516	4,056,980
Deferred Outflows Related to OPEB	11,658,556	12,336,755
Total Deferred Outflows of Resources	15,115,072	16,393,735

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Statements of Net Position
August 31, 2020 and 2019**

EXHIBIT 1

	2020	2019
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 1,921,940	\$ 1,057,635
Accrued Compensated Absences - Current Portion	580,229	549,654
Funds Held for Others	435,237	257,880
Unearned Revenues	9,068,483	8,492,828
Overpayment of State Appropriations - Current Portion	229,892	287,370
Notes Payable - Current Portion	401,220	383,399
Capital Leases Payable - Current Portion	102,481	98,367
Bonds Payable - Current Portion	945,618	925,880
Net OPEB Liability - Current Portion	809,051	322,883
Total Current Liabilities	14,494,151	12,375,896
Non-Current Liabilities		
Overpayment of State Appropriations	-	229,892
Notes Payable	3,809,851	4,211,071
Capital Leases Payable	106,770	209,251
Bonds Payable	5,978,563	6,924,181
Net Pension Liability	7,689,136	8,373,269
Net OPEB Liability	24,717,593	21,627,290
Total Non-Current Liabilities	42,301,913	41,574,954
Total Liabilities	56,796,064	53,950,850
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	2,161,295	1,450,939
Deferred Inflows Related to OPEB	6,563,835	8,496,122
Total Deferred Inflows of Resources	8,725,130	9,947,061
NET POSITION		
Net Investment in Capital Assets	30,548,815	27,070,303
Restricted for:		
Expendable		
Student Aid	2,592,312	2,484,391
Instructional Programs	81,893	82,044
Capital Projects	353,888	325,958
Debt Service	2,405,326	2,279,682
Unrestricted	17,230,649	18,656,023
Total Net Position (Schedule D)	\$ 53,212,883	\$ 50,898,401

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 Financial Position
August 31, 2020**

EXHIBIT 1

	<u>Weatherford College Foundation, Inc.</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 328,077
Investments	127,280
Interest Receivable	8,712
Note Receivable, Current Portion	7,736
Unconditional Promises to Give, Current Portion	<u>48,749</u>
Total Current Assets	<u>520,554</u>
Non-Current Assets	
Endowment Investments	9,618,673
Unconditional Promises to Give	92,382
Note Receivable, Net of Current Portion	175,296
Mineral Rights	<u>1</u>
Total Non-Current Assets	<u>9,886,352</u>
Total Assets	<u>10,406,906</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>4,928</u>
Total Liabilities	<u>4,928</u>
NET ASSETS	
Without Donor Restrictions	450,130
With Donor Restrictions	<u>9,951,848</u>
Total Net Assets	<u><u>\$ 10,401,978</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, 2020 and 2019**

EXHIBIT 2

	2020	2019
REVENUES		
Operating Revenues		
Tuition and Fees (Net of Discounts of \$4,201,837 and \$3,884,712, respectively)	\$ 9,884,181	\$ 8,803,947
Federal Grants and Contracts	1,967,759	1,064,100
State Grants and Contracts	7,436	32,950
Local Grants and Contracts	3,546,598	3,290,028
Sales and Services of Educational Activities	352,039	102,330
Investment Income (Program Restricted)	93,704	101,630
Auxiliary Enterprises (Net of Discounts of \$603,098 and \$728,372, respectively)	1,519,886	1,867,267
Other Operating Revenues	628,460	682,489
Total Operating Revenues (Schedule A)	18,000,063	15,944,741
EXPENSES		
Operating Expenses		
Instruction	18,287,233	20,223,901
Public Service	40,439	40,007
Academic Support	4,367,828	1,914,495
Student Services	4,095,474	2,828,439
Institutional Support	8,370,633	8,095,022
Operation and Maintenance of Plant	6,395,963	7,155,459
Scholarships and Fellowships	4,102,369	3,611,211
Auxiliary Enterprises	2,679,729	3,116,597
Depreciation	1,844,621	1,823,272
Total Operating Expenses (Schedule B)	50,184,289	48,808,403
Operating Loss	(32,184,226)	(32,863,662)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	11,603,770	10,962,324
Maintenance Ad Valorem Taxes	15,598,077	14,032,739
Debt Service Ad Valorem Taxes	668,999	675,486
Federal Revenue, Non-Operating	7,010,350	6,432,156
Gifts	59,990	78,951
Investment Income	454,560	585,890
Gain/(Loss) on Disposal of Capital Assets	(530,168)	42,483
Interest on Capital Related Debt	(366,870)	(401,597)
Net Non-Operating Revenues (Schedule C)	34,498,708	32,408,432
Increase (Decrease) in Net Position	2,314,482	(455,230)
NET POSITION		
Net Position - Beginning of Year	50,898,401	51,353,631
Net Position - End of Year	\$ 53,212,883	\$ 50,898,401

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Component Unit
Statement of Activities
For the Year Ended August 31, 2020**

EXHIBIT 2

	<u>Weatherford College Foundation, Inc.</u>
REVENUE	
Contributions	\$ 1,289,842
Interest and Dividends	235,981
Investment Return, Net	527,257
Other Revenues	<u>80</u>
Total Revenue	<u>2,053,160</u>
EXPENSES	
Contractual	10,707
Contributions	577,137
Legal and Professional	15,220
Other	123,598
Scholarships	<u>305,386</u>
Total Expenses	<u>1,032,048</u>
Change in Net Assets	1,021,112
Net Assets - Beginning of Year	<u>9,380,866</u>
Net Assets - End of Year	<u><u>\$ 10,401,978</u></u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Statements of Cash Flows
For the Years Ended August 31, 2020 and 2019**

EXHIBIT 3

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 8,170,421	\$ 10,821,751
Receipts from grants and contracts	5,442,120	3,996,382
Payments to suppliers for goods or services	(13,126,598)	(13,732,087)
Payments to or on behalf of employees	(24,961,145)	(25,429,906)
Payments for scholarships	(515,903)	(3,425,239)
Other receipts	628,460	682,489
Net Cash Used by Operating Activities	(24,362,645)	(27,086,610)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	9,297,542	8,872,156
Receipts from ad valorem taxes levied for maintenance and operation	15,610,952	14,037,178
Receipts from non-operating federal revenue	6,707,755	6,467,784
Receipts from non-capital gifts and non-exchange grants	40,990	78,951
Receipts from (payments to) student organizations and other agency transactions	178,457	(15,693)
Payments on overpayment of state appropriations	(287,370)	(287,370)
Net Cash Provided by Non-Capital Financing Activities	31,548,326	29,153,006
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the sale of capital assets	-	50,480
Receipts from ad valorem taxes for debt service	669,745	676,046
Purchases of capital assets	(4,426,975)	(1,391,763)
Payment on capital debt - principal	(1,346,766)	(1,295,502)
Payment on capital debt - interest	(309,211)	(475,430)
Net Cash Used by Capital and Related Financing Activities	(5,413,207)	(2,436,169)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	-	126
Receipts of interest and dividends on investments	675,481	528,034
Purchase of Investments	(33,600)	-
Net Cash Provided by Investing Activities	641,881	528,160
Increase in Cash and Cash Equivalents	2,414,355	158,387
Cash and Cash Equivalents - September 1	36,955,791	36,797,404
Cash and Cash Equivalents - August 31	\$ 39,370,146	\$ 36,955,791

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Statements of Cash Flows
For the Years Ended August 31, 2020 and 2019**

EXHIBIT 3

	2020	2019
Reconciliation to Exhibit 1:		
Cash and Cash Equivalents	\$ 32,211,661	\$ 30,843,066
Restricted Cash and Cash Equivalents	7,158,485	6,112,725
Total Cash and Cash Equivalents	\$ 39,370,146	\$ 36,955,791
 Non-Cash Investing, Capital and Financing Activities:		
Gift of capital assets	\$ 19,000	\$ -
Net increase (decrease) in fair value of investments	\$ (16,540)	\$ 4,339
 Reconciliation of Operating Loss to Net Cash Used By Operating Activities		
Operating Loss	\$ (32,184,226)	\$ (32,863,662)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	1,844,621	1,823,272
Unrealized (Gain) Loss on Fair Value of Investments	(44,470)	-
Bad debt expense	22,437	8,754
Payments made directly by state for benefits	2,306,228	2,090,168
Investment income (program restricted)	(93,704)	(101,630)
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources		
Receivables, net	(4,196,543)	(128,794)
Other assets - current	3,510,201	185,972
Prepaid expenses	49,985	256,507
Deferred outflows of resources	1,278,663	(12,686,955)
Accounts payable	867,526	(830,703)
Unearned revenues	575,655	(213,695)
Compensated absences	30,575	47,066
Net pension liability	(684,133)	3,547,658
Net OPEB liability	3,576,471	7,280,781
Deferred inflows of resources	(1,221,931)	4,498,651
Net Cash Used By Operating Activities	\$ (24,362,645)	\$ (27,086,610)

**NOTES TO THE
FINANCIAL STATEMENTS**

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

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, Texas and the surrounding communities. The College is considered 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 (TPEG)

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set-aside, called the 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 a 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 a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts

The College awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amounts are recorded as a 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, 2020 and 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 its pension plan and for other post-employment benefits (OPEB). See additional information in Note 10 and Note 14, respectively.

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.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 five years for telecommunications and peripheral equipment.

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Employees Retirement System of Texas (ERS) State Retiree Health Plan (SRHP) 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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities, and additions to/deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

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.

Unearned Revenue

Revenues, primarily consisting of grants, tuition, fees, and meal charges, related to academic terms in the next fiscal year are recorded on the Statement of Net Position as unearned revenue in the current fiscal year. Tuition and fees of \$8,644,502 and \$7,946,581 and federal, state, and local grants of \$423,981 and \$546,247 have been reported as unearned revenue at August 31, 2020 and 2019, respectively.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

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.

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 its pension plan and for other post-employment benefits (OPEB). See additional information in Note 10 and Note 14, respectively.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

Operating and Non-Operating Revenue and Expense Policy

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. The operation of the bookstore is 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.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

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 of Trustees. The Investment Policy includes a list of authorized investment instruments and a maximum allowable maturity of any individual investment. In addition, it includes an Investment Strategy Statement that addresses the unique characteristics of the fund groups and describes the priorities of investment types, safety of principal, maximization of returns, and the assurance that anticipated cash flows are matched with adequate investment liquidity.

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

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 maturity of 12 months.

In addition, the investment of bond proceeds and pledged revenue is permitted to the extent allowed by law. 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:

	8/31/2020	8/31/2019
<u>Cash and Cash Equivalents</u>		
Bank Deposits - Time Deposits	\$ 39,365,771	\$ 36,951,416
Petty Cash	4,375	4,375
Total Cash and Cash Equivalents	\$ 39,370,146	\$ 36,955,791

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

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 8/31/2020</u>	<u>Market Value 8/31/2019</u>
Mineral Rights	N/A	\$ 33,600	\$ 50,140
Real Estate	N/A	15,620,000	15,620,000
Total Investments		<u>\$ 15,653,600</u>	<u>\$ 15,670,140</u>

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, 2020 and 2019, the College was not exposed to interest rate risk.

Credit Risk - The College has no formal policy addressing credit risk. However, the safety of principal is a primary objective of the College’s investment policy. As of August 31, 2020 and 2019, the College was not exposed to credit risk.

Concentration of Credit Risk - The College does not place a limit on the amount that may be invested in any one issuer. As of August 31, 2020 and 2019, the College was not exposed to concentration of credit risk.

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, 2020 and 2019, the College’s cash and cash equivalents were not exposed to custodial credit risk.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

4. DEPOSITS AND INVESTMENTS (Continued)

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

	<u>8/31/2020</u>	<u>8/31/2019</u>
Per Note 4:		
Cash and Cash Equivalents	\$ 39,370,146	\$ 36,955,791
Mineral Right Investment	33,600	50,140
Real Estate Investments	<u>15,620,000</u>	<u>15,620,000</u>
Total Deposits and Investments	<u>\$ 55,023,746</u>	<u>\$ 52,625,931</u>
Per Exhibit 1:		
Cash and Cash Equivalents	\$ 32,211,661	\$ 30,843,066
Restricted Cash and Cash Equivalents	7,158,485	6,112,725
Endowment Investments	33,600	50,140
Investments in Real Estate	<u>15,620,000</u>	<u>15,620,000</u>
Total Deposits and Investments	<u>\$ 55,023,746</u>	<u>\$ 52,625,931</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

The fair value hierarchy of investments at August 31, 2020 follows:

	8/31/2020				8/31/2019
	Level 1	Level 2	Level 3	Total	Total
Mineral Rights	\$ -	\$ 33,600	\$ -	\$ 33,600	\$ 50,140
Real Estate	-	15,620,000	-	15,620,000	15,620,000
Total Investments	\$ -	\$ 15,653,600	\$ -	\$ 15,653,600	\$ 15,670,140

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

6. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2020 was as follows:

	Balance 9/1/2019	Increases	Decreases	Balance 8/31/2020
Not Depreciated:				
Land	\$ 1,214,301	\$ -	\$ -	\$ 1,214,301
Collections	12,150	19,000	-	31,150
Construction in Process	1,475,785	1,948,415	19,589	3,404,611
Subtotal	<u>2,702,236</u>	<u>1,967,415</u>	<u>19,589</u>	<u>4,650,062</u>
Other Capital Assets:				
Buildings	45,704,237	279,333	1,177,630	44,805,940
Land Improvements	8,773,108	1,161,652	-	9,934,760
Library Books	900,335	5,840	28,085	878,090
Furniture, Machinery, Vehicles, and Other Equipment	7,929,398	1,051,324	102,075	8,878,647
Subtotal	<u>63,307,078</u>	<u>2,498,149</u>	<u>1,307,790</u>	<u>64,497,437</u>
Accumulated Depreciation:				
Buildings	15,902,612	818,734	647,462	16,073,884
Land Improvements	4,519,067	365,198	-	4,884,265
Library Books	177,530	58,126	27,765	207,891
Furniture, Machinery, Vehicles, and Other Equipment	5,587,653	602,563	102,075	6,088,141
Subtotal	<u>26,186,862</u>	<u>1,844,621</u>	<u>777,302</u>	<u>27,254,181</u>
Net Other Capital Assets	<u>37,120,216</u>	<u>653,528</u>	<u>530,488</u>	<u>37,243,256</u>
 Net Capital Assets	 <u>\$ 39,822,452</u>	 <u>\$ 2,620,943</u>	 <u>\$ 550,077</u>	 <u>\$ 41,893,318</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

6. CAPITAL ASSETS (Continued)

Capital assets activity for the year ended August 31, 2019 was as follows:

	Balance 9/1/2018	Increases	Decreases	Balance 8/31/2019
Not Depreciated:				
Land	\$ 1,214,301	\$ -	\$ -	\$ 1,214,301
Collections	12,150	-	-	12,150
Construction in Process	561,709	914,076	-	1,475,785
Subtotal	<u>1,788,160</u>	<u>914,076</u>	<u>-</u>	<u>2,702,236</u>
Other Capital Assets:				
Buildings	45,704,237	-	-	45,704,237
Land Improvements	8,773,108	-	-	8,773,108
Library Books	943,003	30,622	73,290	900,335
Furniture, Machinery, Vehicles, and Other Equipment	7,565,134	447,473	83,209	7,929,398
Subtotal	<u>62,985,482</u>	<u>478,095</u>	<u>156,499</u>	<u>63,307,078</u>
Accumulated Depreciation:				
Buildings	15,058,602	844,010	-	15,902,612
Land Improvements	4,179,672	339,395	-	4,519,067
Library Books	187,971	62,441	72,882	177,530
Furniture, Machinery, Vehicles, and Other Equipment	5,085,439	577,426	75,212	5,587,653
Subtotal	<u>24,511,684</u>	<u>1,823,272</u>	<u>148,094</u>	<u>26,186,862</u>
Net Other Capital Assets	<u>38,473,798</u>	<u>(1,345,177)</u>	<u>8,405</u>	<u>37,120,216</u>
 Net Capital Assets	 <u>\$ 40,261,958</u>	 <u>\$ (431,101)</u>	 <u>\$ 8,405</u>	 <u>\$ 39,822,452</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

7. NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended August 31, 2020 was as follows:

	Balance September 1, 2019	Additions	Reductions	Balance August 31, 2020	Current Portion
Limited Tax Refunding Bonds	\$ 1,680,000	\$ -	\$ 540,000	\$ 1,140,000	\$ 560,000
Revenue Bonds	5,830,000	-	325,000	5,505,000	335,000
Bond Premium	340,061	-	60,880	279,181	50,618
Notes Payable - direct borrowings	4,594,470	-	383,399	4,211,071	401,220
Leases Payable	307,618	-	98,367	209,251	102,481
Overpayment of State Appropriations	517,262	-	287,370	229,892	229,892
Net Pension Liability	8,373,269	1,076,942	1,761,075	7,689,136	N/A
Net OPEB Liability	21,950,173	3,949,735	373,264	25,526,644	809,051
Compensated Absences	549,654	580,229	549,654	580,229	580,229
Total Non-Current Liabilities	\$ 44,142,507	\$ 5,606,906	\$ 4,379,009	\$ 45,370,404	\$ 3,068,491

The College did not have any unused lines of credit or subjective acceleration clauses as of August 31, 2020 and 2019. The notes payable from direct borrowing for All American Investment Group, LLC, contains a term specified in the debt agreement that the equipment will be repossessed in the event of default. See Note 9 for more information. No other terms specified in debt agreements related to significant events of default or termination with finance-related consequences exist.

Noncurrent liability activity for the year ended August 31, 2019 was as follows:

	Balance September 1, 2018	Additions	Reductions	Balance August 31, 2019	Current Portion
Limited Tax Refunding Bonds	\$ 2,200,000	\$ -	\$ 520,000	\$ 1,680,000	\$ 540,000
Revenue Bonds	6,145,000	-	315,000	5,830,000	325,000
Bond Premium	410,833	-	70,772	340,061	60,880
Notes Payable - direct borrowings	4,960,551	-	366,081	4,594,470	383,399
Leases Payable	402,039	-	94,421	307,618	98,367
Overpayment of State Appropriations	804,632	-	287,370	517,262	287,370
Net Pension Liability	4,825,611	4,060,125	512,467	8,373,269	N/A
Net OPEB Liability	14,669,392	10,568,534	3,287,753	21,950,173	322,883
Compensated Absences	502,588	549,654	502,588	549,654	549,654
Total Non-Current Liabilities	\$ 34,920,646	\$ 15,178,313	\$ 5,956,452	\$ 44,142,507	\$ 2,567,553

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

8. DEBT AND LEASE OBLIGATIONS

Debt service requirements on August 31, 2020, were as follows:

Year Ended August 31,	Limited Tax Refunding Bonds			Revenue Bonds			Amortization of Bond Premium
	Bonds Principal	Interest	Total	Bonds Principal	Interest	Total	
2021	\$ 560,000	\$ 34,200	\$ 594,200	\$ 335,000	\$ 213,350	\$ 548,350	\$ 50,618
2022	580,000	17,400	597,400	350,000	203,300	553,300	39,983
2023	-	-	-	360,000	192,800	552,800	29,720
2024	-	-	-	370,000	178,400	548,400	27,481
2025	-	-	-	385,000	163,600	548,600	25,177
2026 - 2030	-	-	-	2,180,000	573,600	2,753,600	87,847
2031 - 2035	-	-	-	1,525,000	123,400	1,648,400	18,353
Total	\$ 1,140,000	\$ 51,600	\$ 1,191,600	\$ 5,505,000	\$ 1,648,450	\$ 7,153,450	\$ 279,179

Year Ended August 31,	Notes Payable - Direct Borrowings			Overpayment of State Appropriations
	Notes Principal	Interest	Total	
2021	\$ 401,220	\$ 131,564	\$ 532,784	\$ 229,892
2022	424,564	119,267	543,831	-
2023	443,450	106,240	549,690	-
2024	462,895	92,676	555,571	-
2025	487,922	78,559	566,481	-
2026 - 2030	1,991,020	170,932	2,161,952	-
Total	\$ 4,211,071	\$ 699,238	\$ 4,910,309	\$ 229,892

The College has entered into certain capital lease agreements under which the related equipment will become the property of the College when all terms of the lease agreements are met. Obligations under capital leases at August 31, 2020, were as follows:

Year Ended	Total
2021	\$ 111,240
2022	111,240
Total Minimum Lease Payments	222,480
Less: Interest	(13,229)
Present Value of Minimum Lease Payments	\$ 209,251

**WEATHERFORD COLLEGE OF THE PARKER
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Notes to the Financial Statements
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8. DEBT AND LEASE OBLIGATIONS (Continued)

The following is an analysis of equipment leased under capital leases as of August 31:

	<u>8/31/2020</u>	<u>8/31/2019</u>
Equipment	\$ 507,322	\$ 507,322
Less accumulated depreciation	(253,661)	(152,197)
Total	<u>\$ 253,661</u>	<u>\$ 355,125</u>

9. BONDS AND NOTES PAYABLE

General information related to bonds payable is summarized below:

- Limited Tax Refunding Bonds, General Obligation Bonds, Series 2016
 - To refund the Limited Tax Refunding Bonds, Series 2007.
 - Issued June 1, 2016.
 - Total authorized and issued \$3,260,000.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2020 and 2019 is \$1,140,000 and \$1,680,000, respectively.
 - Issued at a premium of \$183,642, of which \$26,239 and \$52,639 was unamortized at August 31, 2020 and 2019, respectively.

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

- Consolidated Fund Bonds, Revenue Bonds, Series 2012
 - To purchase student housing facilities.
 - Issued October 1, 2012.
 - Total authorized and issued \$7,980,000.
 - Source of revenue for debt service – tuition and fees.
 - Outstanding principal balance as of August 31, 2020 and 2019 is \$5,505,000 and \$5,830,000, respectively.
 - Issued at a premium of \$558,377, of which \$252,940 and \$287,422 was unamortized at August 31, 2020 and 2019, respectively.

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

**WEATHERFORD COLLEGE OF THE PARKER
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Notes to the Financial Statements
August 31, 2020 and 2019**

9. BONDS AND NOTES PAYABLE (Continued)

- Note Payable from Direct Borrowing– All American Investment Group, LLC
 - To upgrade facilities' energy management systems/equipment at the Main and Wise County Campuses.
 - Original loan date – January 15, 2013.
 - Total original balance of \$3,752,878.
 - Source of revenue for debt service – unrestricted revenue.
 - Outstanding note payable principal balance from direct borrowing as of August 31, 2020 and 2019 is \$2,321,071 and \$2,554,470, respectively.
 - Contains a provision that the equipment will be repossessed in the event of default.

The note payable is due in semi-annual installments varying from \$116,822 to \$267,695, with an interest rate of 2.35%, and with final installment due in 2028. The note is secured by equipment.

- Note Payable from Direct Borrowing – 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 original balance of \$3,045,000.
 - Source of revenue for debt service – unrestricted revenue.
 - Outstanding principal balance as of August 31, 2020 and 2019 is \$1,890,000 and \$2,040,000, respectively.

The note payable is due in annual installments varying from \$100,000 to \$225,000, with an interest rate of 4.15%, and with the final installment due in 2030. The note is secured by building renovations.

- Overpayment of State Appropriations
 - The College was overpaid state appropriations from the Texas Higher Education Coordinating Board (THECB) during the fiscal years ending August 31, 2017 and 2016 of \$718,423 each fiscal year totaling \$1,436,846 related to a contact hour adjustment on the formula funding for the 2016-2017 biennium.
 - Repayment will be recouped by the THECB withholding \$28,737 of each future state appropriation payment scheduled to be transferred to the College over 50 payments.
 - Source of revenue for debt service – unrestricted revenue.
 - Outstanding balance as of August 31, 2020 and 2019 is \$229,892 and \$517,262, respectively.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
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August 31, 2020 and 2019**

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 plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). The 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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report is available at https://www.trs.texas.gov/TRS%20Documents/cafr_2019.pdf (select *About TRS*, then *Publications*, then *Financial Reports*) or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

10. EMPLOYEES' RETIREMENT PLANS (Continued)

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.

In May, 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee and employer contribution rates for fiscal years 2020 through 2025.

Contribution Rates

	<u>Fiscal Years</u>	
	<u>2019</u>	<u>2020</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE) - State	6.8%	7.5%
Employers	6.8%	7.05%

Fiscal Year Contributions

2019 Member Contributions	\$ 1,004,134
2019 NECE On-behalf Contributions	\$ 371,718
2019 Employer Contributions	\$ 548,921

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools, and State agencies including TRS. In each respective role, the State contributes to the plan in accordance with State statutes and the General Appropriations Act (GAA).

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
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10. EMPLOYEES' RETIREMENT PLANS (Continued)

The College's contributions to the TRS pension plan in fiscal year 2020 were \$548,921 as reported in the Schedule of the College's Contributions for Pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for fiscal year 2020 were \$437,865.

- 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% of the state contribution rate for certain instructional or administrative employees; and 100% 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
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Notes to the Financial Statements
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10. EMPLOYEES' RETIREMENT PLANS (Continued)

Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	7.25%
Long-term Expected Investment Rate of Return	7.25%
Municipal Bond Rate*	2.63%*
Last year ending August 31 in 2016 to 2115 Projection period (100 years)	2116
Inflation	2.30%
Salary increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

**Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."*

The actuarial methods and assumptions were selected by the TRS Board of Trustees based upon analysis and recommendations by the system's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018.

Discount Rate

The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

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 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the system's target asset allocation as of August 31, 2019, are summarized below:

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

Asset Class	FY 2019 Target Allocation %*	New Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***
Global Equity			
USA	18.0%	18.0%	6.40%
Non-U.S. Developed	13.0%	13.0%	6.30%
Emerging Markets	9.0%	9.0%	7.30%
Directional Hedge Funds	4.0%	-	-
Private Equity	13.0%	14.0%	8.40%
Stable Value			
U.S. Treasuries****	11.0%	16.0%	3.10%
Stable Value Hedge Funds	4.0%	5.0%	4.50%
Absolute Return	0.0%	0.0%	0.00%
Real Return			
Global Inflation Linked Bonds****	3.0%	-	-
Real Estate	14.0%	15.0%	8.50%
Energy, Natural Resources and Infrastructure	5.0%	6.0%	7.30%
Commodities	0.0%	0.0%	0.00%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8%/6.5%*****
Leverage			
Cash	1.0%	2.0%	2.50%
Asset Allocation Leverage	0.0%	-6.0%	2.70%
Expected Return	100.00%	100.00%	7.23%

*Target allocation are based on the Strategic Asset Allocation as of FY 2019

**New allocations are based on the Strategic Asset Allocation to be implemented FY 2020

***10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

****New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds

*****5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

Source: Teacher Retirement System of Texas 2019 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% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
College's proportionate share of the net pension liability:	\$ 11,819,323	\$ 7,689,136	\$ 4,342,898

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

At August 31, 2020, the College reported a liability of \$7,689,136 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	\$ 7,689,136
State's proportionate share that is associated with the College	<u>5,520,920</u>
Total	<u><u>\$ 13,210,056</u></u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 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, 2018 through August 31, 2019.

At the measurement date of August 31, 2019, the College's proportion of the collective net pension liability was 0.0147916 percent, which was a decrease of 0.0004208 percent from its proportion measured as of August 31, 2018.

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

Changes Since the Prior Actuarial Valuation

- The single discount rate as of August 31, 2018, was a blended rate of 6.907%, and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 86th Texas Legislature, 2019, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

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

For the year ended August 31, 2020, the College recognized pension expense of \$371,718 and revenue of \$371,718 for support provided by the State.

At August 31, 2020, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 32,301	\$ 266,979
Changes in actuarial assumptions	2,385,548	985,821
Difference between projected and actual investment earnings	462,273	385,066
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	27,473	523,429
Contributions paid to TRS subsequent to the measurement date	548,921	-
	\$ 3,456,516	\$ 2,161,295
Total		

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COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
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10. EMPLOYEES' RETIREMENT PLANS (Continued)

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
2021	\$ 42,495
2022	(20,591)
2023	326,562
2024	372,348
2025	105,372
Thereafter	(79,886)

Optional Retirement Plan - Defined Contribution Plan

Plan Description

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

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% and 6.65%, respectively. The College contributes an additional 1.31% for employees who were participating in the optional retirement program prior to September 1, 1995 and an additional 0.18% for all employees participating in the optional retirement plan. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the State has no additional or unfunded liability for this program. Senate Bill 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the State's contribution to 50% of eligible employees in the reporting district.

The retirement expense to the State for the College was \$183,375 and \$181,480 for the fiscal years ended August 31, 2020 and 2019, respectively. This amount represents the portion of expended appropriations made by the Legislature on behalf of the College.

The total payroll for all College employees was \$21,878,534 and \$21,444,330 for fiscal years 2020 and 2019, respectively. The total payroll of employees covered by the TRS was \$13,041,317 and \$12,831,136, and the total payroll of employees covered by the Optional Retirement Program was \$5,877,938 and \$6,138,060 for fiscal years 2020 and 2019, respectively.

**WEATHERFORD COLLEGE OF THE PARKER
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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, 2020 and 2019, the College had 48 and 52 employees, respectively, participating in the program. A total of \$341,356 and \$397,095 in payroll deductions had been invested in approved plans during the fiscal years ended August 31, 2020 and 2019, respectively.

12. COMPENSATED ABSENCES

Full-time employees earn annual leave from .833 to 1.25 days per month depending on the number of years employed with the College. The College's policy 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 the unpaid annual leave in the amount of \$580,229 and \$549,654 for the fiscal years ended August 31, 2020 and 2019, 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 \$624.82 per month for the year ended August 31, 2020, and totaled \$1,729,422 for the year. The cost of providing those benefits for 101 retirees in the year ended August 31, 2020, was \$412,187. For 299 active employees, the cost of providing benefits was \$1,317,235 for the year ended August 31, 2020. The State's contribution per full-time employee was \$624.82 per month for the year ended August 31, 2019, and totaled \$1,643,196 for the year. The cost of providing those benefits for 95 retirees in the year ended August 31, 2019, was \$384,309. For 298 active employees, the cost of providing benefits was \$1,258,887 for the year ended August 31, 2019. Senate Bill 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the State's contribution to 50% of eligible employees in the reporting district.

**WEATHERFORD COLLEGE OF THE PARKER
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14. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The College participates in a cost-sharing, multiple-employer, defined-benefit other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain post-employment health care, life, and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

OPEB Plan Fiduciary Net Position

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements, and required supplementary information. That report may be obtained by visiting <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

Benefits Provided

Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

Contributions

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. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated, and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium, which is based on a blended rate. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2019

Retiree only	\$ 624.82
Retiree & Spouse	1,340.82
Retiree & Children	1,104.22
Retiree & Family	1,820.22

Contributions of premiums to the GBP plan for the current and prior fiscal year by source is summarized in the following table.

Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Employers	\$ 401,284,833	\$ 307,028,461
Members (Employees)	209,836,664	203,123,120
Nonemployer Contributing Entity (State of Texas)	20,182,872	16,585,270

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
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14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions
ERS Group Benefits Program Plan

Valuation Date	August 31, 2019
Actuarial Cost Method	Entry age
Amortization Method	Level percent of payroll, open
Remaining Amortization Period	30 years
Asset Valuation Method	Not applicable because the plan operates on a pay-as-you-go basis
Discount Rate	2.97%
Projected Annual Salary Increase (Includes Inflation)	2.50% to 9.50%
Annual Healthcare Trend Rate	7.30% for FY 2021, 7.40% for FY 2022, 7.00% for FY 2023, decreasing 50 basis points per year to an ultimate rate of 4.50% for FY 2028 and later years
Inflation Assumption Rate	2.50%
Ad Hoc Post-Employment Benefit Changes	None
Mortality Assumptions:	
Service Retirees, Survivors, and Other Inactive Members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.
Disability Retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
Active Members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

Source: FY 2019 ERS CAFR

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2010 to August 31, 2017 for higher education members.

Investment Policy

The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System's Board of Trustees adopted the amendment to the investment policy in August 2017 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 2.4%.

Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the *beginning* of the measurement year was 3.96%. The discount rate used to measure the total OPEB liability as of the *end* of the measurement year was 2.97%, which amounted to a decrease of 0.99%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets, and, therefore, the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis

The following schedule shows the impact on the College's proportionate share of the collective net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.97%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate (1.97%)	Discount Rate (2.97%)	1% Increase in Discount Rate (3.97%)
College's proportionate share of the net OPEB liability:	\$ 30,461,223	\$ 25,526,644	\$ 21,729,660

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 8.5% and the ultimate rate is 4.5%. The following schedule shows the impact on the College's proportionate share of the collective net OPEB liability if the healthcare cost trend rate used was 1% less than and 1% greater than the healthcare cost trend rate that was used (8.5% decreasing to 4.5%) in measuring the net OPEB liability.

	1% Decrease (6.30% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (7.30% decreasing to 4.50%)	1% Increase (8.30% decreasing to 5.50%)
College's proportionate share of the net OPEB liability:	\$ 21,494,122	\$ 25,597,656	\$ 30,960,027

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At August 31, 2020, the College reported a liability of \$25,526,644 for its proportionate share of the ERS's net OPEB liability. The liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's proportionate share of the collective net OPEB liability	\$ 25,526,644
State's proportionate share that is associated with the College	19,165,968
Total	\$ 44,692,612

The net OPEB liability was measured as of August 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At the measurement date of August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.07385610%, which was a decrease of 0.00020545% from its proportion measured as of August 31, 2018.

For the year ended August 31, 2020, the College recognized OPEB expense of \$21,713 and revenue of \$21,713 for support provided by the State.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Changes Since the Prior Actuarial Valuation – Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows:

- Assumed per capita health benefit costs, assumed health benefit cost, and retiree contribution trends have been updated to reflect recent health plan experience and its effects on our short-term expectations;
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence;
- The percentage of future retirees assumed to be married and electing coverage for their spouse has been updated to reflect recent plan experience and expected trends;
- The percentage of future retirees and future retiree spouses assumed to use tobacco has been updated to reflect recent plan experience and expected trends;
- The discount rate was changed from 3.96% to 2.97% to reflect the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Changes of Benefit Terms Since Prior Measurement Date – The following benefit revisions have been adopted since the prior valuation:

- An increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect retirees and dependents for whom Medicare is not primary. This minor benefit change is provided for in the fiscal year 2020 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is primary.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

At August 31, 2020, the College reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 664,226
Changes in actuarial assumptions	1,816,595	5,704,237
Differences between projected and actual investment earnings	10,495	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	9,523,906	195,372
Contributions paid to ERS subsequent to the measurement date	<u>307,560</u>	<u>-</u>
Total	<u>\$ 11,658,556</u>	<u>\$ 6,563,835</u>

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

<u>Year Ended August 31:</u>	<u>OPEB Expense Amount</u>
2021	\$ 839,824
2022	839,825
2023	1,539,740
2024	1,393,612
2025	174,160
Thereafter	-

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

15. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, 2020 and 2019 were as follows:

	<u>8/31/2020</u>	<u>8/31/2019</u>
Student Receivables (Net of Allowances of \$943,456 and \$1,885,563 for 2020 and 2019, respectively)	\$ 5,602,409	\$ 1,186,051
Taxes Receivable (Net of Allowances of \$201,880 and \$201,880 for 2020 and 2019, respectively)	321,612	335,233
Federal and State Accounts Receivable	357,626	97,624
Other Accounts Receivable	412,744	612,403
Interest Receivable	-	155,147
	<u>\$ 6,694,391</u>	<u>\$ 2,386,458</u>

Payables

Payables at August 31, 2020 and 2019 were as follows:

	<u>8/31/2020</u>	<u>8/31/2019</u>
Vendor Payable	\$ 1,323,826	\$ 920,009
Salaries and Benefits Payable	566,261	102,552
Accrued Interest	31,853	35,074
	<u>\$ 1,921,940</u>	<u>\$ 1,057,635</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 (AICPA) audit and accounting guide, *State and Local Governments*, 8.99. For federal contract and grant awards, funds expended but not collected are reported as 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 2020 and 2019 for which monies have not been received nor funds expended totaled \$1,630,734 and \$429,017, respectively. Of these amounts, \$1,629,715 and \$385,636 were from federal contract and grant awards, and \$1,019 and \$43,381 were from state contract and grant awards for fiscal years ended 2020 and 2019, respectively.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

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, 2020, the College paid an annual premium of \$51,237 plus \$34,685 toward the loss fund. This \$85,922 was the maximum cost for the self-insured plan. For the year ended August 31, 2019, the College paid an annual premium of \$52,345 plus \$53,377 toward the loss fund. This \$105,722 was the maximum cost for the self-insured plan. All claims up to \$225,000 are paid from the loss fund. Amounts over \$225,000 are paid by the insurance company 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>8/31/2020</u>	<u>8/31/2019</u>
Assessed Valuation of the College	\$ 20,982,873,185	\$ 16,748,656,001
Less: Exemptions	5,610,118,987	4,032,831,142
Less: Abatements	<u>646,927,924</u>	<u>88,783,811</u>
Net Assessed Valuation of the College	<u>\$ 14,725,826,274</u>	<u>\$ 12,627,041,048</u>

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
At August 31, 2020			
Tax Rate per \$100 valuation of authorized	\$ 0.50000	\$ 0.50000	\$ 1.00000
Tax Rate per \$100 valuation of assessed	\$ 0.11022	\$ 0.00473	\$ 0.11495
At August 31, 2019			
Tax Rate per \$100 valuation of authorized	\$ 0.50000	\$ 0.50000	\$ 1.00000
Tax Rate per \$100 valuation of assessed	\$ 0.11399	\$ 0.00548	\$ 0.11947

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

18. AD VALOREM TAX (Continued)

Taxes levied for the years ended August 31, 2020 and 2019 were \$16,344,953 and \$14,603,319, 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.

	8/31/2020		
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 15,400,515	\$ 660,125	\$ 16,060,640
Delinquent Taxes Collected	84,768	3,374	88,142
Penalties and Interest Collected	112,794	5,500	118,294
Total Gross Collections	15,598,077	668,999	16,267,076
Tax Appraisal & Collection Fees	(245,628)	(10,529)	(256,157)
Total Net Collections	<u>\$ 15,352,449</u>	<u>\$ 658,470</u>	<u>\$ 16,010,919</u>
	8/31/2019		
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 13,799,211	\$ 662,418	\$ 14,461,629
Delinquent Taxes Collected	136,515	7,764	144,279
Penalties and Interest Collected	97,013	5,304	102,317
Total Gross Collections	14,032,739	675,486	14,708,225
Tax Appraisal & Collection Fees	(237,065)	(11,380)	(248,445)
Total Net Collections	<u>\$ 13,795,674</u>	<u>\$ 664,106</u>	<u>\$ 14,459,780</u>

Tax collections for the years ended August 31, 2020 and 2019 were 98% and 100%, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and/or general obligation debt service.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements
August 31, 2020 and 2019**

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) 8/31/2020	Collections (including penalties and interest) 8/31/2019
Wise County	\$ 3,523,681	\$ 3,265,028

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, 2020 and 2019.

21. COMPONENT UNIT

Weatherford College Foundation, Inc. - Discrete Component Unit

The Weatherford College Foundation, Inc. (the Foundation) was established as a separate nonprofit organization with the sole purpose of supporting educational and other activities of the College, including raising funds to provide student scholarships and assistance in the development and growth of the College. The Foundation solicits donations and acts as coordinator of gifts made by other parties. It remitted \$292,554 and \$281,175 for designated scholarships, and \$577,137 and \$19,998 for other contributions to the College during the years ended August 31, 2020 and 2019, respectively. Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Foundation is a component unit of the College because the economic resources received or held by the Foundation are entirely or almost entirely for the direct benefit of the College.

Accordingly, the Foundation's financial statements are included in the College's annual report as a discrete 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, 2020 and 2019**

22. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENT

Expenses included \$105,936 and \$115,636 for rent paid under operating leases during the fiscal years ended August 31, 2020 and 2019, respectively. Future minimum lease rental payments under noncancelable operating leases having an initial term in excess of one year as of August 31, 2020 are as follows:

<u>Year Ended</u>	<u>Minimum Future Lease Payments</u>
2021	\$ 82,945
2022	49,761
2023	17,821
2024	<u>691</u>
Total	<u>\$ 151,218</u>

23. RISK MANAGEMENT

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

24. SUBSEQUENT EVENTS

The College has evaluated subsequent events through December 8, 2020, the date the financial statements were available to be issued, and noted nothing other than the following:

- In early 2020, an outbreak of coronavirus (COVID-19) emerged and was characterized as a pandemic. Multiple jurisdictions in the United States, including Texas, declared a state of emergency and it is anticipated that the impacts of the virus will continue for some time. There has been no immediate impact on the College's operations. The pandemic resulted in an overall decline in economic activity and may include future impacts on the College. However, the ultimate impact of COVID-19 on the College is not reasonably estimable at this time.

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year Ending August 31*,	2020	2019	2018	2017	2016	2015
College's proportion of collective net pension liability (NPL) (%)	0.0147916%	0.0152120%	0.0150920%	0.0150860%	0.0164233%	0.0186811%
College's proportionate share of collective NPL (\$)	\$ 7,689,136	\$ 8,373,269	\$ 4,825,611	\$ 5,700,770	\$ 5,805,419	\$ 4,989,980
State's total proportionate share of NPL associated with the College	<u>5,520,920</u>	<u>5,901,360</u>	<u>3,465,765</u>	<u>4,172,552</u>	<u>4,052,905</u>	<u>3,433,764</u>
Total	<u>\$ 13,210,056</u>	<u>\$ 14,274,629</u>	<u>\$ 8,291,376</u>	<u>\$ 9,873,322</u>	<u>\$ 9,858,324</u>	<u>\$ 8,423,744</u>
College's covered payroll	\$ 12,831,136	\$ 12,543,569	\$ 12,173,411	\$ 11,831,988	\$ 11,826,629	\$ 11,425,794
College's proportionate share of collective NPL as a percentage of covered payroll	59.93%	66.75%	39.64%	48.18%	49.09%	43.67%
Plan fiduciary net position as percentage of total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

**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 for Pensions
Last Ten Fiscal Years****

Fiscal Year Ending August 31*,	2020	2019	2018	2017	2016	2015
Legally required contributions	\$ 548,921	\$ 517,293	\$ 513,849	\$ 495,628	\$ 479,120	\$ 486,301
Actual contributions	548,921	517,293	513,849	495,628	479,120	486,301
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll amount	\$ 13,041,317	\$ 12,831,136	\$ 12,543,569	\$ 12,173,411	\$ 11,831,988	\$ 11,826,629
Contributions as a percentage of covered payroll	4.21%	4.03%	4.10%	4.07%	4.05%	4.11%

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

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule of the College's Proportionate Share of Net OPEB Liability
Employee Retirement System of Texas
State Retiree Health Plan
Last Ten Fiscal Years****

Fiscal Year Ending August 31*	2020	2019	2018
College's proportion of collective net OPEB liability (%)	0.0738561%	0.0740616%	0.0430528%
College's proportionate share of collective net OPEB liability (\$)	\$ 25,526,644	\$ 21,950,173	\$ 14,669,392
State's proportionate share of net OPEB liability associated with the College	<u>19,165,968</u>	<u>16,058,736</u>	<u>347,488</u>
Total	<u>\$ 44,692,612</u>	<u>\$ 38,008,909</u>	<u>\$ 15,016,880</u>
College's covered-employee payroll	\$ 12,831,136	\$ 12,543,569	\$ 12,173,411
College's proportionate share of collective net OPEB liability as a percentage of covered-employee payroll	198.94%	174.99%	120.50%
Plan fiduciary net position as percentage of the total net OPEB liability	0.17%	1.27%	2.04%

*The amounts presented above are as of the measurement date of the collective net OPEB liability.

**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 for OPEB
Employee Retirement System of Texas
State Retiree Health Plan
Last Ten Fiscal Years****

Fiscal Year Ending August 31*,	2020	2019	2018
Legally required contributions	\$ 2,039,998	\$ 2,189,483	\$ 2,156,052
Actual contributions	<u>2,039,998</u>	<u>2,189,483</u>	<u>2,156,052</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll amount	\$ 13,041,317	\$ 12,831,136	\$ 12,543,569
Contributions as a percentage of covered-employee payroll	15.64%	17.06%	17.19%

* The amounts presented above are as of the College's most recent 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, 2020**

Defined Benefit Pension and OPEB Plans

Change of benefit terms

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

Change of benefit terms that affected the measurement of the total net OPEB liability during the measurement period are described in the notes to the financial statements (Note 14).

Changes of assumptions

Changes of assumptions that affected the measurement of the net pension liability during the measurement period are described in the notes to the financial statements (Note 10).

Changes of assumptions that affected the measurement of the net OPEB liability during the measurement period are described in the notes to the financial statements (Note 14).

SUPPLEMENTAL INFORMATION

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule A
Schedule of Operating Revenues
For the Year Ended August 31, 2020
(With Memorandum Totals for the Year Ended August 31, 2019)**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Totals	
					8/31/2020	8/31/2019
Tuition						
State funded credit courses:						
In-district resident tuition	\$ 4,472,332	\$ -	\$ 4,472,332	\$ -	\$ 4,472,332	\$ 4,573,228
Out-of-district resident tuition	7,459,353	-	7,459,353	-	7,459,353	6,956,995
Non-resident tuition	454,261	-	454,261	-	454,261	521,945
TPEG - credit (set aside)*	767,173	-	767,173	-	767,173	735,924
State funded continuing education	832,764	-	832,764	-	832,764	956,069
TPEG - non-credit (set aside)*	48,989	-	48,989	-	48,989	61,651
Non-state funded educational programs	24,612	-	24,612	-	24,612	56,463
Total Tuition	14,059,484	-	14,059,484	-	14,059,484	13,862,275
Fees						
General fee	1,055,589	-	1,055,589	-	1,055,589	120,680
Laboratory fee	343,213	-	343,213	-	343,213	351,391
Total Fees	1,398,802	-	1,398,802	-	1,398,802	472,071
Allowances and Discounts						
Bad debt allowance	(49,405)	-	(49,405)	-	(49,405)	(53,868)
Scholarship allowance	(610,123)	-	(610,123)	-	(610,123)	(519,729)
Remissions and exemptions - state	(696,641)	-	(696,641)	-	(696,641)	(555,438)
Remissions and exemptions - local	(626,222)	-	(626,222)	-	(626,222)	(1,036,381)
Title IV federal grants	(2,964,985)	-	(2,964,985)	-	(2,964,985)	(2,866,246)
Other federal grants	(11,622)	-	(11,622)	-	(11,622)	(6,260)
TPEG awards	(608,025)	-	(608,025)	-	(608,025)	(477,337)
Other state grants	(7,082)	-	(7,082)	-	(7,082)	(15,140)
Total Allowances and Discounts	(5,574,105)	-	(5,574,105)	-	(5,574,105)	(5,530,399)
Total Net Tuition and Fees	9,884,181	-	9,884,181	-	9,884,181	8,803,947
Additional Operating Revenues						
Federal grants and contracts	79,967	1,887,792	1,967,759	-	1,967,759	1,064,100
State grants and contracts	354	7,082	7,436	-	7,436	32,950
Local grants and contracts	3,546,598	-	3,546,598	-	3,546,598	3,290,028
Sales and services of educational activities	352,039	-	352,039	-	352,039	102,330
Investment income (program restricted)	-	93,704	93,704	-	93,704	101,630
Other operating revenues	628,460	-	628,460	-	628,460	682,489
Total Additional Operating Revenues	4,607,418	1,988,578	6,595,996	-	6,595,996	5,273,527
Auxiliary Enterprises						
Bookstore	-	-	-	174,120	174,120	229,018
Food Services	-	-	-	670,527	670,527	793,299
Less Discounts	-	-	-	(230,974)	(230,974)	(304,042)
Student Housing	-	-	-	1,070,997	1,070,997	1,238,340
Less Discounts	-	-	-	(321,482)	(321,482)	(364,429)
Intercollegiate Athletics	-	-	-	-	-	827
Student Services	-	-	-	195,727	195,727	222,353
Less Discounts	-	-	-	(50,642)	(50,642)	(59,901)
Carter Agriculture Center	-	-	-	11,613	11,613	111,802
Total Net Auxiliary Enterprises	-	-	-	1,519,886	1,519,886	1,867,267
Total Operating Revenues	\$ 14,491,599	\$ 1,988,578	\$ 16,480,177	\$ 1,519,886	\$ 18,000,063	\$ 15,944,741
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$816,162 and \$797,575 for years August 31, 2020 and 2019, 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, 2020
(With Memorandum Totals for the Year Ended August 31, 2019)**

	Operating Expenses					
	Salaries and Wages	Benefits		Other Expenses	Totals	
		State	Local		8/31/2020	8/31/2019
Unrestricted - Educational Activities						
Instruction	\$ 11,792,237	\$ -	\$ 3,311,408	\$ 1,577,728	\$ 16,681,373	\$ 17,589,964
Public Service	240	-	24	31,463	31,727	28,456
Academic Support	2,696,616	-	779,130	593,941	4,069,687	1,789,029
Student Services	1,603,781	-	547,483	241,118	2,392,382	2,603,922
Institutional Support	4,083,541	-	1,096,233	2,739,378	7,919,152	7,649,623
Operation and Maintenance of Plant	119,273	-	44,249	6,232,441	6,395,963	7,155,459
Total Unrestricted Educational Activities	20,295,688	-	5,778,527	11,416,069	37,490,284	36,816,453
Restricted - Educational Activities						
Instruction	186,654	1,324,401	31,683	63,122	1,605,860	2,633,937
Public Service	-	27	-	8,685	8,712	11,551
Academic Support	-	298,141	-	-	298,141	125,466
Student Services	496,209	232,178	135,623	839,082	1,703,092	224,517
Institutional Support	-	451,481	-	-	451,481	445,399
Scholarships and Fellowships	76,265	-	-	4,026,104	4,102,369	3,611,211
Total Restricted Educational Activities	759,128	2,306,228	167,306	4,936,993	8,169,655	7,052,081
Total Educational Activities	21,054,816	2,306,228	5,945,833	16,353,062	45,659,939	43,868,534
Auxiliary Enterprises	899,983	-	503,867	1,275,879	2,679,729	3,116,597
Depreciation Expense - Buildings and Land Improvements	-	-	-	1,183,932	1,183,932	1,183,405
Depreciation Expense - Furniture, Machinery, Vehicles, and Other Equipment	-	-	-	660,689	660,689	639,867
Total Operating Expenses	\$ 21,954,799	\$ 2,306,228	\$ 6,449,700	\$ 19,473,562	\$ 50,184,289	\$ 48,808,403
				(Exhibit 2)	(Exhibit 2)	

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule C
Schedule of Non-Operating Revenues and Expenses
For the Year Ended August 31, 2020
(With Memorandum Totals for the Year Ended August 31, 2019)**

	Unrestricted	Restricted	Auxiliary Enterprises	Totals	
				8/31/2020	8/31/2019
Non-Operating Revenues					
State Appropriations					
Education and General state support	\$ 9,059,678	\$ -	\$ -	\$ 9,059,678	\$ 8,461,965
State group insurance	-	1,729,422	-	1,729,422	1,643,196
State OPEB	-	21,713	-	21,713	(95,463)
State retirement matching	-	555,093	-	555,093	542,435
Professional nursing shortage reduction	-	213,369	-	213,369	386,329
Miscellaneous revenues	-	24,495	-	24,495	23,862
Total State Appropriations	9,059,678	2,544,092	-	11,603,770	10,962,324
Ad valorem taxes (net) - Maintenance	15,598,077	-	-	15,598,077	14,032,739
Ad valorem taxes (net) - Debt Service	-	668,999	-	668,999	675,486
Federal Revenue, Non-Operating	-	7,010,350	-	7,010,350	6,432,156
Gifts	-	27,684	32,306	59,990	78,952
Investment income	426,630	27,930	-	454,560	585,890
Gain on sale of capital assets	-	-	-	-	42,483
Total Non-Operating Revenues	25,084,385	10,279,055	32,306	35,395,746	32,810,030
Non-Operating Expenses					
Interest on capital related debt	-	366,870	-	366,870	401,597
Loss on disposal of capital assets	530,168	-	-	530,168	-
Total Non-Operating Expenses	530,168	366,870	-	897,038	401,597
Net Non-Operating Revenues	\$ 24,554,217	\$ 9,912,185	\$ 32,306	\$ 34,498,708	\$ 32,408,433
				(Exhibit 2)	(Exhibit 2)

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

**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, 2020
(With Memorandum Totals for the Year Ended August 31, 2019)**

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current							
Unrestricted	\$ (2,379,841)	\$ -	\$ -	\$ -	\$ (2,379,841)	\$ (2,379,841)	\$ -
Restricted							
Student Aid	-	2,592,312	-	-	2,592,312	2,592,312	-
Instructional Programs	-	81,893	-	-	81,893	81,893	-
Auxiliary Enterprises	2,447,172	-	-	-	2,447,172	-	2,447,172
Endowment	17,163,318	-	-	-	17,163,318	-	17,163,318
Plant							
Capital Projects	-	353,888	-	-	353,888	-	353,888
Debt Service	-	2,405,326	-	-	2,405,326	-	2,405,326
Investment in Plant	-	-	-	30,548,815	30,548,815	-	30,548,815
Total Net Position, August 31, 2020	17,230,649	5,433,419	-	30,548,815	53,212,883 (Exhibit 1)	294,364	52,918,519
Total Net Position, August 31, 2019	18,656,023	5,172,075	-	27,070,303	50,898,401 (Exhibit 1)	1,435,732	49,462,669
Net Increase (Decrease) in Net Position	\$ (1,425,374)	\$ 261,344	\$ -	\$ 3,478,512	\$ 2,314,482 (Exhibit 2)	\$ (1,141,368)	\$ 3,455,850

**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 (the College) as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the College's financial statements, and have issued our report thereon dated December 8, 2020.

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 opinions 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, 2020, 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
December 8, 2020

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended August 31, 2020**

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, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

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

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

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

Identification of Major Programs:

Federal Awards

U.S. Department of Education:

Student Financial Assistance Cluster of Programs:

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

TRIO Cluster of Programs:

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

Educational Stabilization Fund Cluster of Programs:

CFDA # 84.425	Student Aid
CFDA # 84.425	Institutional Aid

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

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

Section II – Financial Statement Findings

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

Section III – Federal Award Findings and Questioned Costs

Findings/Noncompliance	Program	Questioned Costs
None Noted		

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Corrective Action Plan
August 31, 2020**

A corrective action plan is not needed.

FEDERAL AWARDS SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited the Weatherford College of the Parker County Junior College District's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2020. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

Report on Internal Control over Compliance

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

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

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

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

Snow Garrett Williams

Snow Garrett Williams
December 8, 2020

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020**

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		\$ 144,742
Federal College Workstudy Program	84.033		76,265
Federal Pell Grant Program	84.063		5,829,137
Federal Direct Student Loans	84.268		4,426,849
Total Student Financial Aid Cluster			<u>10,476,993</u>
TRIO Cluster			
TRIO - Student Support Services Program	84.042A		307,338
TRIO - Talent Search Program	84.044A		353,806
TRIO - Upward Bound Program	84.047A		273,044
Total TRIO Cluster			<u>934,188</u>
Education Stabilization Fund - Student Aid			
Education Stabilization Fund - Institutional Aid	84.425E		960,206
Education Stabilization Fund - Institutional Aid	84.425F		643,184
Total Education Stabilization Fund			<u>1,603,390</u>
Pass-Through From:			
Texas Higher Education Coordinating Board (THECB) Career and Technical Education Basic Grants to States	84.048	204271	<u>220,555</u>
Total U.S. Department of Education			<u>13,235,126</u>
National Science Foundation			
Education and Human Resources Industrial Maintenance Automation Technician Education	47.076		<u>169,832</u>
Total National Science Foundation			<u>169,832</u>
Total Federal Financial Assistance			<u>\$ 13,404,958</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020**

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts Revenue - per Schedule A	\$	1,887,792
Add: Indirect/Administrative Cost Recoveries - per Schedule A		79,967
Add: Non-Operating Federal Revenue - per Schedule C		<u>7,010,350</u>
Total Federal Revenues per Schedules A and C	\$	<u>8,978,109</u>
Reconciling Items:		
Add: Federal Direct Student Loans		<u>4,426,849</u>
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	\$	<u><u>13,404,958</u></u>

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

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that 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 of 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 Uniform Guidance, section 200.414.

Note 3: Student Loans Processed and Administrative Costs Recovered

Federal Grantor CFDA Number / Program Name	New Loans Processed	Administrative Cost Recovered	Total Loans Processed & Admin Cost Recovered
U.S. Department of Education 84.268 Federal Direct Student Loans	<u>\$ 4,426,849</u>	<u>\$ -</u>	<u>\$ 4,426,849</u>

STATE AWARDS SECTION

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule F
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2020**

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Higher Education Coordinating Board Professional Nursing Shortage Reduction		\$ 213,369
Texas Workforce Commission Skills for Small Business Program	0419SSD001	<u>7,436</u>
Total State Financial Assistance		<u>\$ 220,805</u>

See Notes to Schedule below.

Note 1: State Assistance Reconciliation

State Financial Assistance - per Schedule of Expenditures of State Awards	\$ 220,805
Reconciling Items:	
Professional Nursing Shortage Reduction - per Schedule C	<u>(213,369)</u>
Total State Grants and Contracts per Exhibit 2 and Schedule A	<u>\$ 7,436</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.

