

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

ANNUAL FINANCIAL AND COMPLIANCE REPORT

FOR THE YEAR ENDED AUGUST 31, 2004

**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, 2004**

Board of Trustees

Officers

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

Members

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

Principal Administrative Officers

Don Huff	President
Arleen Atkins	Vice President - Instruction
Andra Cantrell	Vice President - Financial & Administrative Affairs
Duane Durrett	Vice President - Student Affairs

FINANCIAL SECTION



Snow, Garrett & Company

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Weatherford College of the Parker County Junior College District, as of and for the years ended August 31, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Weatherford College of the Parker County Junior College District, as of August 31, 2004 and 2003, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2004 on our consideration of the Weatherford College of the Parker County Junior College District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Page two

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

Snow, Garrett & Company

Snow, Garrett & Company, CPA's
October 22, 2004

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2004**

This section of the Weatherford College of the Parker County Junior College District's annual financial report presents management's discussion and analysis of the College's financial activity during the fiscal year ended August 31, 2004. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and currently known facts, please read it in conjunction with the College's financial statements (pages 12-18), and the footnotes (pages 20-33). Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

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

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

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

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

Financial Highlights

The College's net assets increased from last year by \$2.3 million. As of August 31, 2004, the College's net assets were \$20.5 million, which includes \$9.2 million in net investment in capital assets, \$2.1 million in restricted net assets, and \$9.2 million in unrestricted net assets.

Operating expenses for 2004, were \$23.8 million of which \$10.5 million was expended for instruction, \$3.4 million was expended for institutional support, and \$2.4 million was expended for scholarships and fellowships. In fiscal year 2004, depreciation expense was \$0.8 million.

Operating revenue for 2004 was \$20.5 million, which includes \$8.7 million in state allocations, \$3.9 million in tuition and fees (net of discounts), \$5.3 million in federal grants and contracts, and \$2 million in auxiliary revenue (net of discounts).

Net non-operating revenue for 2004 was \$5.6 million, which includes \$5.2 million in ad-valorem taxes for maintenance and operations, \$0.7 million in ad-valorem taxes for general obligation bonds.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2004**

Financial Analysis of the College as a Whole

Statement of Net Assets

The statement of net assets presents current assets (non restricted assets expected to provide support within a year), non current assets (restricted assets expected to provide long term benefit), current liabilities (obligations which must be met within the current year), and non-current liabilities (obligations which are not settled in the current year.) All assets and liabilities are presented using the accrual basis of accounting, which is similar to the accounting by most private-sector institutions. Net assets, the difference between assets and liabilities, are one way to measure the financial position of the College. As of August 31, 2004, the net assets were \$20.5 million. This was an increase of \$2.3 million from the period ended August 31, 2003. The College's financial position remains strong with adequate liquid assets at a reasonable level of unrestricted net assets.

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

	2004	2003
Current Assets	\$ 11.0	\$ 8.0
Non-current Assets		
Capital Assets, Net of Depreciation	19.4	19.9
Other	4.3	4.1
Total Assets	34.7	32.0
Current Liabilities	4.5	3.5
Non-current Liabilities	9.7	10.3
Total Liabilities	14.2	13.8
Net Assets		
Net Investment in Capital Assets	9.2	9.2
Restricted for: Expendable	2.1	1.9
Unrestricted	9.2	7.1
Total Net Assets	\$ 20.5	\$ 18.2

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

Statement of Revenues, Expenses and Changes in Net Assets

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

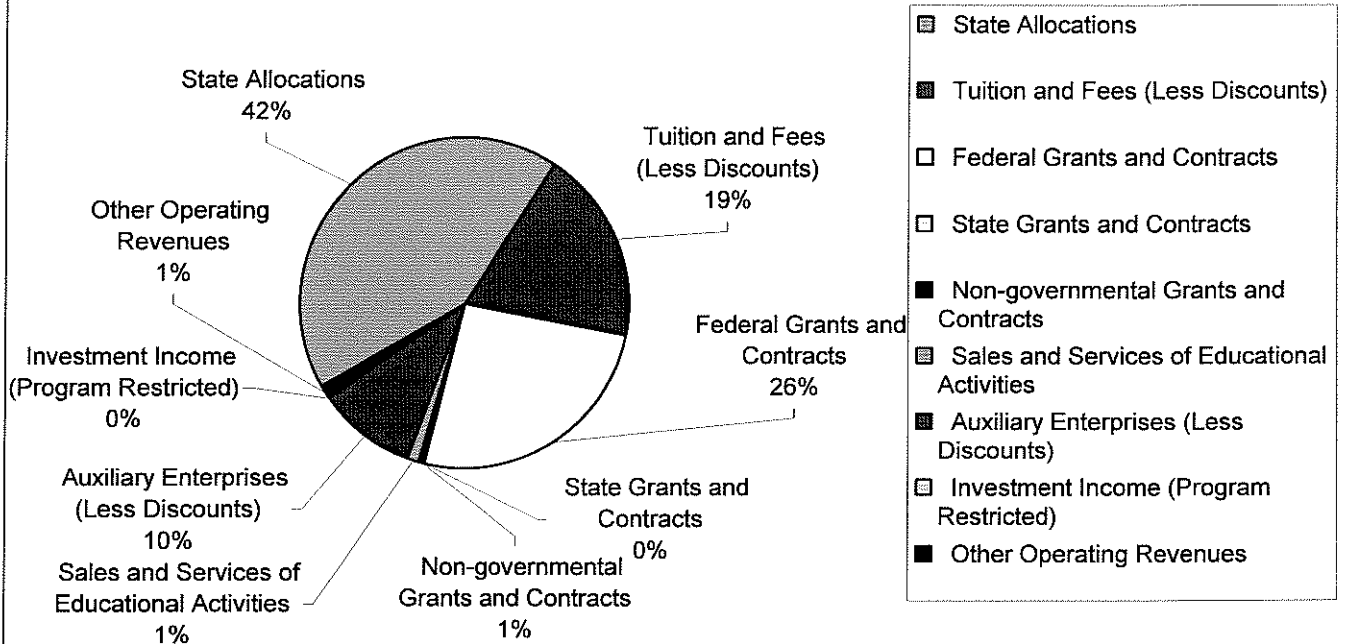
**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Management's Discussion and Analysis
August 31, 2004

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

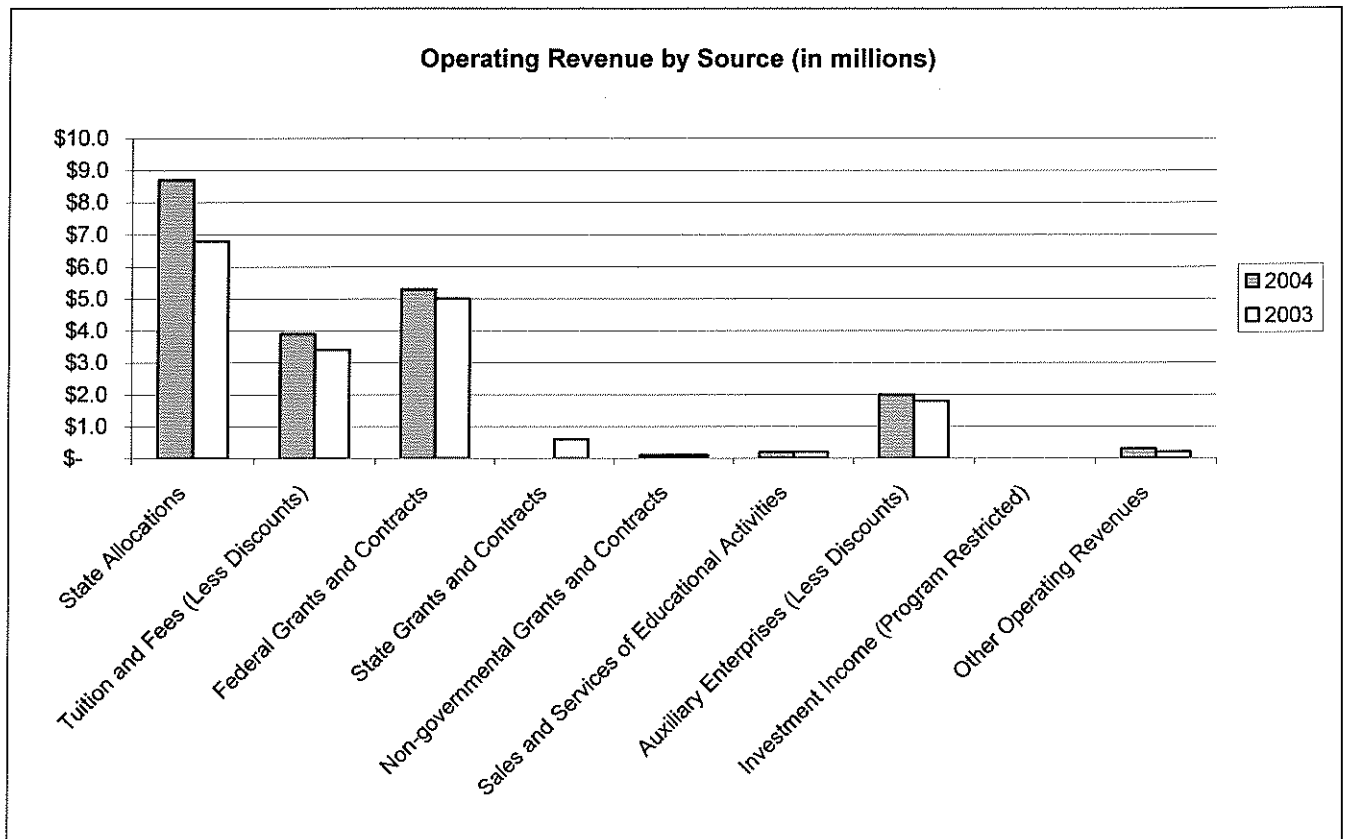
	<u>2004</u>	<u>2003</u>
Operating Revenue		
State Allocations	\$ 8.7	\$ 6.8
Tuition and Fees (Less Discounts)	3.9	3.4
Federal Grants and Contracts	5.3	5.0
State Grants and Contracts	0.0	0.6
Non-governmental Grants and Contracts	0.1	0.1
Sales and Services of Educational Activities	0.2	0.2
Investment Income (Program Restricted)	0.0	0.0
Auxiliary Enterprises (Less Discounts)	2.0	1.8
Other Operating Revenues	0.3	0.2
Total	<u>20.5</u>	<u>18.1</u>
Less Operating Expenses	<u>23.8</u>	<u>22.7</u>
Net Operating Loss	<u>(3.3)</u>	<u>(4.6)</u>
Non Operating Revenue		
Ad-Valorem Taxes for Maintenance and Operations	5.2	4.7
Ad-Valorem Taxes for General Obligation Bonds	0.7	0.8
Gifts	0.0	0.0
Investment Income (Net of Investment Expense)	0.1	1.2
Contributions in Aid of Construction	0.1	0.2
Interest on Capital Related Debt	(0.6)	(0.7)
Disposal of Capital Related Assets (Net of Accumulated Depreciation)	0.0	(0.6)
Other Non-Operating Revenues (Expenses)	0.1	0.0
Total	<u>5.6</u>	<u>5.6</u>
Increase in Net Assets	2.3	1.0
Net Assets, Beginning of Year	18.2	17.2
Net Assets, End of Year	<u>\$ 20.5</u>	<u>\$ 18.2</u>
Total Revenues	<u>\$ 26.7</u>	<u>\$ 25.0</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Management's Discussion and Analysis
August 31, 2004

Operating Revenue by Source 2004



**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Management's Discussion and Analysis
August 31, 2004

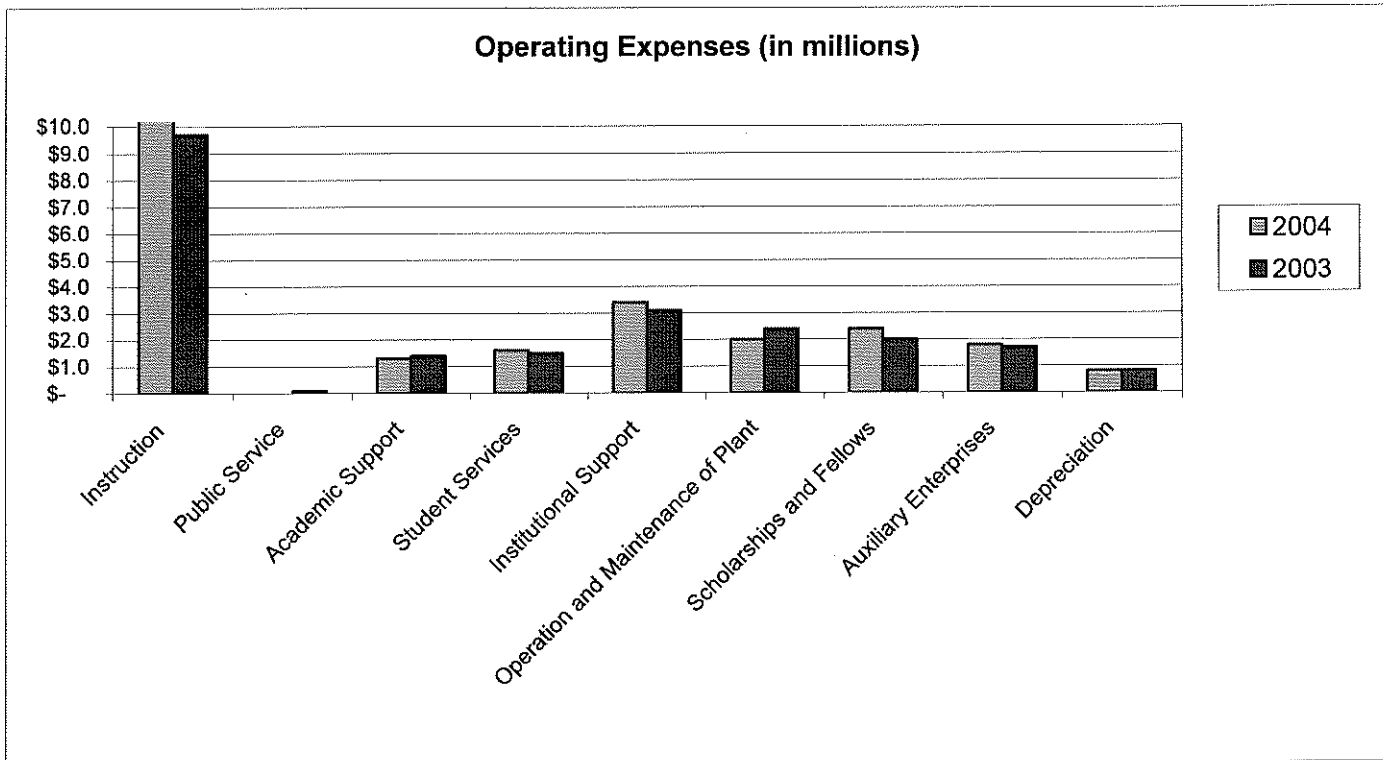
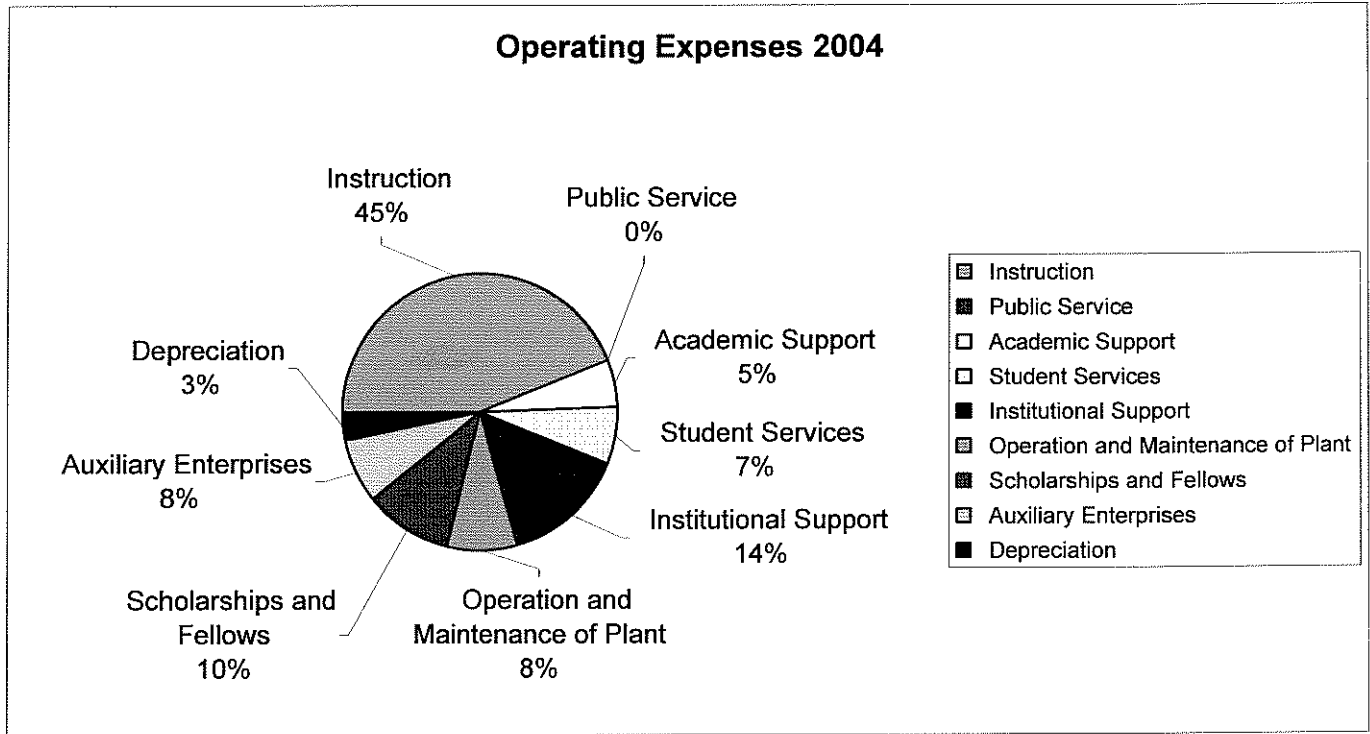


**Operating Expenses
For the Years Ended August 31,
(in millions)**

	<u>2004</u>	<u>2003</u>
Operating Expense		
Instruction	\$ 10.5	\$ 9.7
Public Service	-	0.1
Academic Support	1.3	1.4
Student Services	1.6	1.5
Institutional Support	3.4	3.1
Operation and Maintenance of Plant	2.0	2.4
Scholarships and Fellowships	2.4	2.0
Auxiliary Enterprises	1.8	1.7
Depreciation	0.8	0.8
Total	<u>\$ 23.8</u>	<u>\$ 22.7</u>
Total Expenses (Including Interest Expense and Loss on Sale of Capital Assets)	<u>\$ 24.3</u>	<u>\$ 24.0</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Management's Discussion and Analysis
August 31, 2004**

The following is a graphic illustration of operating expenses.

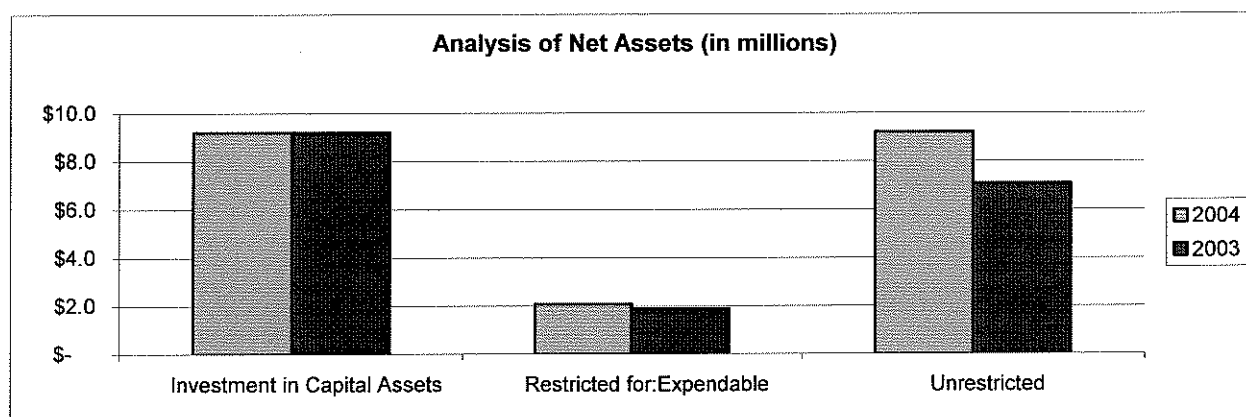


**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Management's Discussion and Analysis
August 31, 2004

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

	<u>2004</u>	<u>2003</u>
Net Assets		
Net Investment in Capital Assets	\$ 9.2	\$ 9.2
Restricted for: Expendable	2.1	1.9
Unrestricted	9.2	7.1
Total Net Assets	<u>\$ 20.5</u>	<u>\$ 18.2</u>

The following is a graphic illustration of net assets.



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

	<u>2004</u>	<u>2003</u>
Capital Assets		
Land and Improvements	\$ 4.0	\$ 3.9
Building	19.5	19.5
Construction in Progress	0.0	0.0
Equipment	2.0	2.0
Library Books	1.0	1.0
Total	<u>26.5</u>	<u>26.4</u>
Less Accumulated Depreciation	<u>(7.1)</u>	<u>(6.5)</u>
Net Capital Assets	<u>\$ 19.4</u>	<u>\$ 19.9</u>

As of August 31, 2004, the College recorded \$26.5 million invested in capital assets, \$7.1 million in accumulated depreciation and \$19.4 million in net capital assets.

The College has long-term debt in the form of general obligations bonds, series 1996, with an outstanding balance of \$7.7 million and notes payable with an outstanding balance of \$2.4 million as of August 31, 2004.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Net Assets
August 31, 2004 and August 31, 2003

EXHIBIT 1

	2004	2003
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 7,669,590	\$ 4,823,708
Short-Term Investments	14,436	40,329
Accounts Receivable (net)	1,514,498	1,748,782
Inventories	349,563	327,208
Deferred Charges	1,224,493	954,595
Prepaid Expense	156,408	99,276
Deposits	1,930	4,250
Total Current Assets	10,930,918	7,998,148
Non-Current Assets		
Restricted Cash and Cash Equivalents	1,852,751	1,646,635
Endowment Investments	1	1
Investments in Real Estate	2,453,000	2,453,000
Capital Assets, net of Accumulated Depreciation (See Note 6)	19,413,873	19,868,283
Total Non-Current Assets	23,719,625	23,967,919
Total Assets	\$ 34,650,543	\$ 31,966,067

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Net Assets
August 31, 2004 and August 31, 2003

EXHIBIT 1

	2004	2003
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 929,071	\$ 507,733
Accrued Compensable Absences - Current Portion	22,784	21,815
Funds Held for Others	131,709	122,351
Deferred Revenues	2,820,627	2,384,862
Notes Payable - Current Portion	304,314	292,971
Bonds Payable - Current Portion	250,000	235,000
Total Current Liabilities	4,458,505	3,564,732
Non-Current Liabilities		
Deposits	-	2,423
Accrued Compensable Absences	93,948	97,659
Notes Payable	2,138,249	2,442,563
Bonds Payable	7,435,000	7,685,000
Total Non-Current Liabilities	9,667,197	10,227,645
Total Liabilities	14,125,702	13,792,377
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	9,286,310	9,212,749
Restricted for:		
Expendable		
Student Aid	1,193,217	1,052,922
Instructional Programs	81,506	81,505
Loans	13,024	13,038
Capital Projects	560,115	582,285
Debt Service	211,216	178,442
Unrestricted	9,179,453	7,052,749
Total Net Assets (Schedule D)	20,524,841	18,173,690
Total Liabilities and Net Assets	\$ 34,650,543	\$ 31,966,067

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

EXHIBIT 1

	August 31, 2004	August 31, 2004
	Weatherford College Development Foundation, Inc.	Weatherford Student Housing Foundation
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 207,391	\$ 775,313
Investments	887,793	-
Accounts Receivable (net)	66,053	105,369
Prepaid Expenses	-	40,136
Deposits	-	10,000
	1,161,237	930,818
Non-Current Assets		
Endowment Investments	1,725,213	-
Other Non-Current Investments	380,103	-
Unconditional Promises to Give	212,250	-
Capital Assets, net of Accumulated Depreciation	144,000	7,936,516
Unamortized Debt Issuance Costs	-	561,354
	2,461,566	8,497,870
	Total Assets	Total Assets
	\$ 3,622,803	\$ 9,428,688
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ -	\$ 57,775
Deferred Revenue	-	226,440
Security Deposits	-	36,624
Current Portion Revenue Bonds Payable	-	155,000
	-	475,839
Non-Current Liabilities		
Revenue Bonds Payable (Net of Current Portion)	-	9,190,000
Unamortized Bond Premium	-	1,541
	-	9,191,541
	Total Liabilities	Total Liabilities
	-	9,667,380
NET ASSETS		
Unrestricted	1,239,185	(238,692)
Temporarily Restricted	658,405	-
Permanently Restricted	1,725,213	-
	3,622,803	(238,692)
	\$ 3,622,803	\$ 9,428,688

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended August 31, 2004 and August 31, 2003

EXHIBIT 2

	<u>2004</u>	<u>2003</u>
REVENUES		
Operating Revenues		
State Allocations	\$ 8,678,791	\$ 6,774,938
Tuition and Fees (Net of Discounts of \$1,115,059 as of August 31, 2004 and \$1,104,246 as of August 31, 2003)	3,861,632	3,419,230
Federal Grants and Contracts	5,375,431	4,938,274
State Grants and Contracts	13,026	550,785
Non-Governmental Grants and Contracts	84,916	108,983
Sales and Services of Educational Activities	185,767	199,282
Investment Income (Program Restricted)	25,530	34,010
Auxiliary Enterprises (Net of Discounts of \$571,714 as of August 31, 2004 and \$574,678 as of August 31, 2003)	2,032,202	1,838,079
Other Operating Revenues	235,155	199,689
	<u>20,492,450</u>	<u>18,063,270</u>
Total Operating Revenues (Schedule A)		
EXPENSES		
Operating Expenses		
Instruction	10,467,867	9,702,358
Public Services	42,573	55,905
Academic Support	1,323,469	1,394,972
Student Services	1,598,277	1,470,123
Institutional Support	3,397,963	3,147,097
Operation and Maintenance of Plant	1,987,982	2,386,396
Scholarships and Fellowships	2,425,760	2,060,257
Auxiliary Enterprises	1,764,904	1,686,965
Depreciation	772,548	763,739
	<u>23,781,343</u>	<u>22,667,812</u>
Total Operating Expenses (Schedule B)		
Operating Loss	(3,288,893)	(4,604,542)
NON-OPERATING REVENUES (EXPENSES)		
Maintenance Ad-Valorem Taxes	5,245,414	4,702,218
Debt Service Ad-Valorem Taxes	735,249	743,620
Gifts	28,698	3,519
Investment Income	77,117	1,231,450
Contributions in Aid of Construction	46,000	149,089
Interest on Capital Related Debt	(588,938)	(681,118)
Loss on Disposal of Capital Assets	(14,416)	(617,105)
Other Non-Operating Revenues	110,920	15,989
	<u>5,640,044</u>	<u>5,547,662</u>
Net Non-Operating Revenues (Expenses) (Schedule C)		
Increase in Net Assets	2,351,151	943,120
NET ASSETS		
Net Assets - Beginning of Year	<u>18,173,690</u>	<u>17,230,570</u>
Net Assets - End of Year	<u>\$ 20,524,841</u>	<u>\$ 18,173,690</u>

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

EXHIBIT 2

	<u>August 31, 2004</u>	<u>August 31, 2004</u>
	<u>Weatherford College Development Foundation, Inc.</u>	<u>Weatherford Student Housing Foundation</u>
REVENUE		
Contributions	\$ 94,727	\$ -
Rent Revenue	-	254,721
Fees	-	14,556
Miscellaneous Revenue	-	1,285
Interest and Dividends	67,382	2,288
Realized Gain on Investments	36,826	-
Unrealized Gain on Investments	69,802	-
	<hr/>	<hr/>
Total Revenue	268,737	272,850
EXPENSES		
Contractual	-	30,522
Contributions	51,035	-
Depreciation and Amortization	-	101,512
Interest Expense	-	180,136
Maintenance	-	67,218
Management Fees	-	19,256
Other	39,792	48,606
Scholarships	83,207	-
Supplies	22,916	5,911
Utilities	-	58,381
	<hr/>	<hr/>
Total Expenses	196,950	511,542
Change in Net Assets	71,787	(238,692)
Net Assets - Beginning of Year	<hr/> 3,551,016	<hr/> -
Net Assets - End of Year	<u>\$ 3,622,803</u>	<u>\$ (238,692)</u>

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Cash Flows
For the Years Ended August 31, 2004 and August 31, 2003

EXHIBIT 3

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Students and Other Customers	\$ 6,359,262	\$ 5,597,029
Receipts from Allocations	9,140,557	6,818,985
Receipts from Grants and Contracts	5,390,351	5,598,042
Payments to or on Behalf of Employees	(13,277,390)	(12,554,858)
Payments to Suppliers for Goods or Services	(7,517,569)	(7,994,068)
Payments of Scholarships	(1,883,765)	(1,481,004)
	(1,788,554)	(4,015,874)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from Ad Valorem Taxes	5,247,032	4,678,936
Receipts from Gifts and Grants (Other Than Capital)	8,200	1,520
Receipts from Student Organizations and Other Agency Transactions	9,358	28,230
	5,264,590	4,708,686
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from Ad Valorem Taxes	740,913	745,830
Receipts from the Issuance of Capital Debt	-	1,021,751
Insurance Proceeds	110,920	15,989
Purchases of Capital Assets	(345,320)	(2,187,075)
Proceeds from Sale of Capital Assets	8,025	-
Receipts from Gifts and Grants (Capital)	46,000	145,784
Payments on Capital Debt - Principal	(527,971)	(462,797)
Payments on Capital Debt - Interest	(582,059)	(672,449)
	(549,492)	(1,392,967)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	26,091	7,513
Receipts from Investment Earnings	99,363	103,331
	125,454	110,844
Increase (Decrease) in Cash and Cash Equivalents	3,051,998	(589,311)
Cash and Cash Equivalents - September 1	6,470,343	7,059,654
Cash and Cash Equivalents - August 31	\$ 9,522,341	\$ 6,470,343
Reconciliation to Exhibit 1:		
Cash and Cash Equivalents	\$ 7,669,590	\$ 4,823,708
Restricted Cash and Cash Equivalents	1,852,751	1,646,635
Total Cash and Cash Equivalents	\$ 9,522,341	\$ 6,470,343

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Statements of Cash Flows
For the Years Ended August 31, 2004 and August 31, 2003

EXHIBIT 3

	<u>2004</u>	<u>2003</u>
Non-Cash Investing, Capital and Financing Activities:		
Gift of Non-Capital Asset	\$ 5,995	\$ 8,499
Gift of Capital Asset	\$ 14,503	\$ 3,305
Net Increase (Decrease) in Fair Value of Investments	\$ 199	\$ 1,158,043
Reconciliation of Operating Income (Loss) to Net Cash Used By Operating Activities:		
Operating Loss	\$ (3,288,893)	\$ (4,604,542)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	772,548	763,739
Construction in Progress expensed	19,245	-
Unrealized Gain or Loss on Fair Value of Investments	(199)	-
Non-cash revenues	-	(6,500)
Non-cash expenses	5,995	8,499
Investment Income (Program Restricted)	(25,530)	(34,010)
Changes in Assets and Liabilities		
Receivables, Net	230,286	(23,017)
Inventories	(22,355)	(5,409)
Deferred Charges	(269,898)	(163,905)
Prepaid Expenses	(57,132)	98,194
Deposits	2,320	(4,200)
Accounts Payable	414,459	(245,245)
Deferred Revenue	435,765	216,242
Compensated Absences	(2,742)	17,730
Deposits Held for Others	(2,423)	(33,450)
Net Cash Used By Operating Activities	<u>\$ (1,788,554)</u>	<u>\$ (4,015,874)</u>

**NOTES TO THE
FINANCIAL STATEMENTS**

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Notes to the Financial Statements
August 31, 2004 and August 31, 2003

1. REPORTING ENTITY

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Report Guidelines

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

Tuition Discounting

Texas Public Education Grants

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

Title IV, Higher Education Act Program Funds

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

Other Tuition Discounts

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

Basis of Accounting

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Notes to the Financial Statements
August 31, 2004 and August 31, 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Data

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

Cash and Cash Equivalents

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

Non-Current Cash and Investments

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

Investments

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

Inventories

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

Capital Assets

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

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

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

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

**Notes to the Financial Statements
August 31, 2004 and August 31, 2003**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenues

Revenues, primarily consisting of grants, tuition, fees, and housing charges, related to academic terms in the next fiscal year are recorded on the balance sheet as deferred revenue in the current fiscal year. Tuition and fees of \$2,811,626 and \$2,292,839 and federal, state, and non-governmental grants of \$9,001 and \$92,023 have been reported as deferred revenue at August 31, 2004 and 2003, respectively.

Non-Current Liabilities

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

Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the years ended August 31, 2004 and 2003.

Estimates

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

Operating Revenues and Expenses

The College distinguishes operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The College also recognizes as operating revenues allocations from the State. The major non-operating revenue is property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

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

Net Assets

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

Reclassifications

Certain amounts reported in total columns for fiscal year 2003 (in Exhibit 2 and Schedule B) have been reclassified to conform to the 2004 presentation. Such reclassifications had no effect on reported total operating expenses or increase in net assets.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Notes to the Financial Statements
August 31, 2004 and August 31, 2003

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

At August 31, 2004 and 2003, the carrying amount of Weatherford College's deposits was \$9,519,241 and \$6,467,243, respectively, and total bank deposits equaled \$9,820,527 and \$7,113,562, respectively. Bank balances of \$223,103 and \$228,319, respectively, are covered by federal depository insurance and \$9,597,424 and \$6,885,243, respectively, was covered by collateral pledged in Weatherford College's name for the years ended August 31, 2004 and 2003. Bank balances totaling \$9,820,527 were collateralized with securities held by the pledging financial institution's trust department or agent in the College's name (Category 2).

The federal depository insurance as of August 31, 2004 and 2003 of \$223,103 and \$228,319, respectively, included the following:

	August 31, 2004	August 31, 2003
Time and Savings Interest Bearing Accounts	\$ 123,103	\$ 128,319
Bond Interest and Sinking Fund Accounts	100,000	100,000
Federal Depository Insurance	\$ 223,103	\$ 228,319

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

<u>Cash and Deposits</u>	August 31, 2004	August 31, 2003
Bank Deposits		
Time Deposits	\$ 9,519,241	\$ 6,467,243
Total Bank Deposits	9,519,241	6,467,243
Cash and Cash Equivalents		
Petty Cash	3,100	3,100
Total Cash and Cash Equivalents	3,100	3,100
Total Cash and Deposits	\$ 9,522,341	\$ 6,470,343

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

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

**Notes to the Financial Statements
August 31, 2004 and August 31, 2003**

4. DEPOSITS AND INVESTMENTS (Continued)

The following categories of credit risk are included:

- Category 1: Investments that are insured or registered or for which the securities are held by the institution or its agent in the institution's name.
- Category 2: Uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the institution's name.
- Category 3: Uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the institution's name.

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

Investment Categories for Primary Government:

August 31, 2004			
Type of Security	Category 1	Carrying Amount	Market Value
US Government Securities			
Federal National Mortgage Association	\$ 14,436	\$ 14,436	\$ 14,436

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

Uncategorized Investments for Primary Government:

Type of Investments	August 31, 2004		August 31, 2003	
	Carrying Amount	Market Value	Carrying Amount	Market Value
Mineral Rights	\$ 1	\$ 1	\$ 1	\$ 1
Real Estate	2,453,000	2,453,000	2,453,000	2,453,000
TOTALS	\$ 2,453,001	\$ 2,453,001	\$ 2,453,001	\$ 2,453,001

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Notes to the Financial Statements
August 31, 2004 and August 31, 2003

4. DEPOSITS AND INVESTMENTS (Continued)

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

	<u>August 31, 2004</u>	<u>August 31, 2003</u>
Per Note 4:		
Cash and Deposits	\$ 9,522,341	\$ 6,470,343
Investments	14,436	40,329
Uncategorized Investments	2,453,001	2,453,001
Total Deposits and Investments	<u>\$ 11,989,778</u>	<u>\$ 8,963,673</u>
Per Exhibit 1:		
Cash and Cash Equivalents	\$ 7,669,590	\$ 4,823,708
Short-Term Investments	14,436	40,329
Restricted Cash and Cash Equivalents	1,852,751	1,646,635
Endowment Investments	1	1
Investments in Real Estate	2,453,000	2,453,000
Total Deposits and Investments	<u>\$ 11,989,778</u>	<u>\$ 8,963,673</u>

5. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, 2004 and 2003 were as follows:

	<u>August 31, 2004</u>	<u>August 31, 2003</u>
Student Receivables (Net of Allowances of \$238,548 and \$230,270 for 2004 and 2003, respectively)	\$ 272,295	\$ 413,620
Taxes Receivable (Net of Allowances of \$214,347 and \$207,685 for 2004 and 2003, respectively)	363,541	370,823
Federal and State - Accounts Receivable	499,332	828,542
Other Accounts Receivable *	372,805	132,556
Interest Receivable	6,525	3,241
	<u>\$ 1,514,498</u>	<u>\$ 1,748,782</u>

Payables

Payables at August 31, 2004 and 2003 were as follows:

	<u>August 31, 2004</u>	<u>August 31, 2003</u>
Vendor Payable	\$ 668,814	\$ 432,180
Salaries and Benefits Payable	244,709	66,884
Accrued Interest	15,548	8,669
	<u>\$ 929,071</u>	<u>\$ 507,733</u>

* Other Accounts Receivable includes receivables from employees and a Board Member of \$3,983 and \$2,638 as of August 31, 2004 and 2003, respectively.

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

**Notes to the Financial Statements
August 31, 2004 and August 31, 2003**

6. CAPITAL ASSETS

Capital assets activity for the years ended August 31, 2004 and 2003 was as follows:

	Balance 9/1/03	Increases	Decreases	Balance 8/31/04
<u>Not Depreciated:</u>				
Land	\$ 587,292	\$ -	\$ -	\$ 587,292
Library Books	990,519	66,598	21,858	1,035,259
Construction in Progress	21,295	6,328	19,245	8,378
Subtotal	<u>1,599,106</u>	<u>72,926</u>	<u>41,103</u>	<u>1,630,929</u>
<u>Other Capital Assets:</u>				
Buildings	19,498,596	-	-	19,498,596
Land Improvements	3,330,413	30,715	-	3,361,128
Furniture, Machinery, Vehicles, and Other Equipment	1,932,477	256,182	210,243	1,978,416
Subtotal	<u>24,761,486</u>	<u>286,897</u>	<u>210,243</u>	<u>24,838,140</u>
<u>Accumulated Depreciation:</u>				
Buildings	4,722,745	383,210	-	5,105,955
Land Improvements	713,535	131,634	-	845,169
Furniture, Machinery, Vehicles, and Other Equipment	1,056,029	257,704	209,661	1,104,072
Subtotal	<u>6,492,309</u>	<u>772,548</u>	<u>209,661</u>	<u>7,055,196</u>
Net Other Capital Assets	<u>18,269,177</u>	<u>(485,651)</u>	<u>582</u>	<u>17,782,944</u>
Net Capital Assets	<u>\$ 19,868,283</u>	<u>\$ (412,725)</u>	<u>\$ 41,685</u>	<u>\$ 19,413,873</u>

	Balance 9/1/02	Increases	Decreases	Balance 8/31/03
<u>Not Depreciated:</u>				
Land	\$ 587,292	\$ -	\$ -	\$ 587,292
Library Books	940,208	57,501	7,190	990,519
Construction in Progress	195,188	1,918,086	2,091,979	21,295
Subtotal	<u>1,722,688</u>	<u>1,975,587</u>	<u>2,099,169</u>	<u>1,599,106</u>
<u>Other Capital Assets:</u>				
Buildings	20,110,023	-	611,427	19,498,596
Land Improvements	1,238,434	2,091,979	-	3,330,413
Furniture, Machinery, Vehicles, and Other Equipment	2,110,357	221,983	399,863	1,932,477
Subtotal	<u>23,458,814</u>	<u>2,313,962</u>	<u>1,011,290</u>	<u>24,761,486</u>
<u>Accumulated Depreciation:</u>				
Buildings	4,633,755	383,210	294,220	4,722,745
Land Improvements	627,158	86,377	-	713,535
Furniture, Machinery, Vehicles, and Other Equipment	861,842	294,152	99,965	1,056,029
Subtotal	<u>6,122,755</u>	<u>763,739</u>	<u>394,185</u>	<u>6,492,309</u>
Net Other Capital Assets	<u>17,336,059</u>	<u>1,550,223</u>	<u>617,105</u>	<u>18,269,177</u>
Net Capital Assets	<u>\$ 19,058,747</u>	<u>\$ 3,525,810</u>	<u>\$ 2,716,274</u>	<u>\$ 19,868,283</u>

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

**Notes to the Financial Statements
August 31, 2004 and August 31, 2003**

7. LONG-TERM LIABILITIES

Long-term liability activity for the years ended August 31, 2004 and 2003 was as follows:

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

	Balance September 1, 2002	Additions	Reductions	Balance August 31, 2003	Current Portion
General Obligation Bonds	\$ 8,145,000	\$ -	\$ 225,000	\$ 7,920,000	\$ 235,000
Notes Payable	1,951,580	2,643,593	1,859,639	2,735,534	292,971
Compensated absences	101,744	36,307	18,577	119,474	21,815
Total Long-Term Liabilities	\$ 10,198,324	\$ 2,679,900	\$ 2,103,216	\$ 10,775,008	\$ 549,786

8. DEBT OBLIGATIONS

General information related to bonds payable is summarized below:

The Limited Tax Bonds, General Obligation Bonds, Series 1996

- ◆ To construct technology building, fine arts building and major repairs of existing buildings.
- ◆ Issue July 1, 1996.
- ◆ \$9,000,000; all authorized bonds have been issued.
- ◆ Source of revenue for debt service – assessment of property taxes.
- ◆ Outstanding Balance of \$7,685,000 and \$7,920,000 at August 31, 2004 and 2003, respectively, bearing interest at 5.375% to 7.875%.

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

General information related to notes payable is summarized below:

Note Payable – Weatherford National Bank

- ◆ To construct a new veterinary instructional laboratory.
- ◆ Original loan date – September 7, 2000.
- ◆ Total balance of \$300,000, is payable in five annual installments, which includes interest at a rate of 6.25%.
- ◆ Source of revenue for debt service – unrestricted revenue.
- ◆ Outstanding Balance of \$120,000 and \$180,000 at August 31, 2004 and August 31, 2003, respectively.

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

Notes to the Financial Statements
August 31, 2004 and August 31, 2003

8. DEBT OBLIGATIONS (Continued)

Note Payable – Texas Bank

- ◆ To purchase a 2003 33 Passenger Eldorado Bus.
- ◆ Original loan date – December 17, 2002.
- ◆ Total balance of \$84,775, is payable in 60 monthly installments, which includes interest at a rate of 3.45%.
- ◆ Source of revenue for debt service – unrestricted revenue.
- ◆ Outstanding Balance of \$58,094 and \$74,254 at August 31, 2004 and August 31, 2003, respectively.

Note Payable – SunTrust Leasing Corporation

- ◆ To pay off the LaSalle Note Payable and to upgrade facilities' energy management systems at the Main and Decatur Campuses.
- ◆ Original loan date – January 27, 2003.
- ◆ Total balance of \$2,558,818, is payable in 40 quarterly installments, which includes interest at a rate of 4.27%.
- ◆ Source of revenue for debt service – unrestricted revenue.
- ◆ Outstanding Balance of \$2,264,469 and \$2,481,280 at August 31, 2004 and August 31, 2003, respectively.

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

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

Year Ended August 31,	General Obligation Bonds		Notes Payable	
	Bonds	Total	Notes	Total
	Principal	Interest	Principal	Interest
2005	\$ 250,000	\$ 458,486	\$ 304,314	\$ 102,534
2006	265,000	438,799	316,542	87,634
2007	280,000	417,930	268,682	72,825
2008	295,000	395,880	269,628	61,482
2009	315,000	375,649	276,542	50,058
2010 - 2014	1,880,000	1,545,111	1,006,855	87,481
2015 - 2019	2,505,000	942,018	-	-
2020 - 2024	1,895,000	207,742	-	-
Total	\$ 7,685,000	\$ 4,781,615	\$ 2,442,563	\$ 462,014

9. EMPLOYEES' RETIREMENT PLAN

The College contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. The TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of reporting districts. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, TX 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trstate.tx.us, under the TRS Publications heading. State law provides for fiscal years 2002, 2003 and 2004 a state contribution rate of 6.0% and a member contribution

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Notes to the Financial Statements
August 31, 2004 and August 31, 2003

9. EMPLOYEES' RETIREMENT PLAN (Continued)

rate of 6.4%. In certain instances the reporting College is required to make all or a portion of the state's 6.0% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State contributions to TRS made on behalf of the College's employees for the years ended August 31, 2002, 2003, and 2004 were \$186,452, \$212,056, and \$226,505, respectively.

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

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

The retirement expense to the State for the College was \$503,371 and \$470,748 for the fiscal years ended August 31, 2004 and August 31, 2003, respectively. This amount represents for fiscal year ended August 31, 2004, \$226,505 and \$276,866 expended appropriations made by the State Legislature on behalf of the College for the Teacher Retirement System and the Optional Retirement Program, respectively. This amount represents for fiscal year ended August 31, 2003, \$212,056 and \$258,693 expended appropriations made by the State Legislature on behalf of the College for the Teacher Retirement System and the Optional Retirement Program, respectively.

10. DEFERRED COMPENSATION PROGRAM

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2004, the College had 64 employees participating in the program. A total of \$223,723 and \$206,161 in payroll deductions had been invested in approved plans during the fiscal years ended August 31, 2004 and August 31, 2003, respectively.

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

Notes to the Financial Statements
August 31, 2004 and August 31, 2003

11. COMPENSABLE ABSENCES

Full-time employees earn annual leave from .833 to 1.25 days per month depending on the number of years employed with the College. The College's policy during fiscal year 2004 is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum of ten days (80 hours). Employees with at least three months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The College recognized the accrued liability for unpaid annual leave in the amount of \$116,732 and \$119,474 for the fiscal years ended August 31, 2004 and August 31, 2003, respectively.

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

12. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENT

Expenses include \$101,400 for rent paid under operating leases during the fiscal years ended August 31, 2004 and August 31, 2003.

Future, minimum lease rental payments under noncancellable operating leases having an initial term in excess of one year as of August 2004 are as follows:

Year Ended	Minimum Future Lease Payments
2005	\$ 112,508
2006	118,300
2007	118,300
2008	118,300
2009	118,300
2010 - 2014	49,292
Total	\$ 635,000

13. SELF-INSURED PLANS

In 1995, the College began participating in the Texas Public Junior and Community college Employee Benefits Consortium (Consortium), which was established in 1991 by several Texas area community colleges as a means of reducing the costs of workers compensation insurance. The Consortium is a public entity risk pool currently operating as a common risk management and insurance program for the member colleges. The main purpose of the Consortium is to jointly self-insure certain workers compensation risks up to an agreed upon retention limit. For the year ended August 31, 2004, the College paid an annual premium of \$38,689 plus \$158,889 toward the loss fund. This \$197,578 was the maximum cost for the self-insured plan. For the year ended August 31, 2003, the College paid an annual premium of \$35,566 plus \$70,004 toward the loss fund. This \$105,570 was the maximum cost for the self-insured plan. All claims up to \$225,000 are paid from the loss fund. Amounts over \$225,000 are paid by the insurance company to statutory limits.

14. RISK MANAGEMENT

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

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

Notes to the Financial Statements
August 31, 2004 and August 31, 2003

15. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's contribution per full-time employee was \$394.32 per month for the year ended August 31, 2004, and totaled \$1,275,285 for the year. The cost of providing those benefits for 53 retirees was \$215,346 and for 224 active employees amounted to \$1,059,939. The State's contribution per full-time employee was \$404.95 per month for the year ended August 31, 2003, and totaled \$1,272,358 for the year. The cost of providing those benefits for 50 retirees was \$203,283 and for 220 active employees amounted to \$1,069,075.

16. AD VALOREM TAX

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

	At August 31, 2004	At August 31, 2003
Assessed Valuation of the District	\$ 6,102,668,960	\$ 5,844,117,900
Less: Exemptions	1,586,127,341	1,571,786,363
Less: Abatements	39,005,478	156,755,902
Net Assessed Valuation of the District	\$ 4,477,536,141	\$ 4,115,575,635

	Current Operations	Debt Service	Total
At August 31, 2004			
Tax Rate per \$100 valuation of authorized	\$ -	\$ -	\$ 0.30000
Tax Rate per \$100 valuation of assessed	\$ 0.11400	\$ 0.01590	\$ 0.12990
At August 31, 2003			
Tax Rate per \$100 valuation of authorized	\$ -	\$ -	\$ 0.30000
Tax Rate per \$100 valuation of assessed	\$ 0.11040	\$ 0.01740	\$ 0.12780

Taxes levied for the years ended August 31, 2004 and 2003 were \$5,816,133 and \$5,431,345, respectively, including any penalty and interest assessed (if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Notes to the Financial Statements
August 31, 2004 and August 31, 2003

16. AD VALOREM TAX (Continued)

August 31, 2004			
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 4,941,570	\$ 689,224	\$ 5,630,794
Delinquent Taxes Collected	199,937	28,983	228,920
Penalties and Interest Collected	103,907	17,042	120,949
Total Collections	\$ 5,245,414	\$ 735,249	\$ 5,980,663
August 31, 2003			
	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 4,387,159	\$ 691,457	\$ 5,078,616
Delinquent Taxes Collected	218,097	34,712	252,809
Penalties and Interest Collected	96,962	17,451	114,413
Total Collections	\$ 4,702,218	\$ 743,620	\$ 5,445,838

Tax collections for the years ended August 31, 2004 and 2003 were 101% and 98%, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

17. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. For federal and non-federal contract and grant awards, funds expended, but not collected, are both included in Accounts Receivable (net) on Exhibit 1. Contract and grant awards that are not yet funded and for which the College has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2004 and 2003 for which monies have not been received nor funds expended totaled \$309,910 and \$641,806, of which all were from Federal Contract and Grant Awards.

18. COMMITMENTS AND CONTINGENCIES

In July 1998, the College entered into a ten-year agreement with Coca-Cola Bottling Company to use Coca-Cola products and equipment exclusively for vending machines and concession sales. In the contract, Coca-Cola agreed to pay the college \$150,000 up-front money in fiscal year 1998, \$1,000 per year for ten years for scholarships as well as pay commissions for the products sold. The contract also provides that the College must repay a portion of the \$150,000 up-front money if the contract is terminated. Specifically, the amount due to Coca-Cola upon termination is \$15,000 for each remaining year of the ten-year contract. This amount would be \$60,000 as of August 31, 2004 and \$75,000 as of August 31, 2003. At this time, the College has no intention to terminate the contract with Coca-Cola.

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

**Notes to the Financial Statements
August 31, 2004 and August 31, 2003**

18. COMMITMENTS AND CONTINGENCIES (Continued)

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

On August 31, 2004, a lawsuit and claim involving the College was pending. The potential liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

19. COMPONENT UNITS

Weatherford College Development Foundation - Discretely Presented Component Unit

The Weatherford College Development Foundation (Foundation) was established as a separate nonprofit organization with the sole purpose of supporting the educational and other activities of the College. The College appoints a voting majority of the Foundation's Board, but it is not obligated to pay debt related to this Foundation. The Foundation solicits donations and acts as coordinator of gifts made by other parties. It remitted \$83,207 and \$62,903 for designated scholarships, and \$51,035 and \$150,784 for other contributions to the College during the years ended August 31, 2004 and 2003, respectively. Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit.

Weatherford Student Housing Foundation - Discretely Presented Component Unit

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

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

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

SUPPLEMENTAL INFORMATION

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Schedule A
Schedule of Operating Revenues
For the Year Ended August 31, 2004
(With Comparative Totals for the Year Ended August 31, 2003)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Totals (Memorandum Only)	
					August 31, 2004	August 31, 2003
State Allocations						
Education and General State Support	\$ 7,251,109	\$ -	\$ 7,251,109	\$ -	\$ 7,251,109	\$ 5,000,809
State Group Insurance	-	909,112	909,112	-	909,112	992,928
State Retirement Matching	-	503,371	503,371	-	503,371	470,748
Other	15,199	-	15,199	-	15,199	310,453
Total State Allocations	7,266,308	1,412,483	8,678,791	-	8,678,791	6,774,938
Tuition						
State Funded Courses						
In-District Resident Tuition	1,710,883	-	1,710,883	-	1,710,883	1,615,302
Out-of-District Resident Tuition	1,671,725	-	1,671,725	-	1,671,725	1,430,704
TPEG (set aside)*	218,151	-	218,151	-	218,151	131,405
Non-Resident Tuition	117,684	-	117,684	-	117,684	85,972
Non-State Funded Continuing Education	170,586	-	170,586	-	170,586	204,123
Total Tuition	3,889,029	-	3,889,029	-	3,889,029	3,467,506
Fees						
General Fee	779,967	-	779,967	-	779,967	714,138
Student Service Fee	92,166	-	92,166	-	92,166	126,268
Laboratory Fee	215,529	-	215,529	-	215,529	215,564
Total Fees	1,087,662	-	1,087,662	-	1,087,662	1,055,970
Scholarship Allowances and Discounts						
Scholarship Allowances	(151,343)	-	(151,343)	-	(151,343)	(130,835)
Remissions and Exemptions - Local	(97,730)	-	(97,730)	-	(97,730)	(123,799)
TPEG Allowances	-	(39,992)	(39,992)	-	(39,992)	(43,601)
State Grants to Students	-	-	-	-	-	(237,457)
Federal Grants to Students	-	(825,994)	(825,994)	-	(825,994)	(568,554)
Other	-	-	-	-	-	-
Total Scholarship Allowances	(249,073)	(865,986)	(1,115,059)	-	(1,115,059)	(1,104,246)
Total Net Tuition and Fees	4,727,618	(865,986)	3,861,632	-	3,861,632	3,419,230
Additional Operating Revenues						
Federal Grants and Contracts	112,696	5,262,735	5,375,431	-	5,375,431	4,938,274
State Grants and Contracts	2,500	10,526	13,026	-	13,026	550,785
Nongovernmental Grants and Contracts	-	84,916	84,916	-	84,916	108,983
Sales and Services of Educational Activities	185,767	-	185,767	-	185,767	199,282
Investment Income (Program Restricted)	-	25,530	25,530	-	25,530	34,010
Other Operating Revenues	235,155	-	235,155	-	235,155	199,689
Total Additional Operating Revenues	536,118	5,383,707	5,919,825	-	5,919,825	6,031,023
Auxiliary Enterprises						
Residential Life	-	-	-	600,703	600,703	724,990
Less Discounts	-	-	-	(168,075)	(168,075)	(247,532)
Bookstore	-	-	-	1,616,067	1,616,067	1,494,671
Less Discounts	-	-	-	(387,151)	(387,151)	(313,868)
Intercollegiate Athletics	-	-	-	71,782	71,782	35,481
Student Services	-	-	-	130,764	130,764	138,705
Less Discounts	-	-	-	(16,488)	(16,488)	(13,278)
Carter Agriculture Center	-	-	-	184,600	184,600	18,910
Total Net Auxiliary Enterprises	-	-	-	2,032,202	2,032,202	1,838,079
Total Operating Revenues	\$ 12,530,044	\$ 5,930,204	\$ 18,460,248	\$ 2,032,202	\$ 20,492,450	\$ 18,063,270
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$218,151 and \$131,405 for years August 31, 2004 and 2003, 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, 2004
(With Comparative Totals for the Year Ended August 31, 2003)**

	<u>Operating Expenses</u>				<u>Totals</u>	
	<u>Salaries and Wages</u>	<u>Benefits</u>		<u>Other Expenses</u>	<u>(Memorandum Only)</u>	
		<u>State Benefits</u>	<u>Local Benefits</u>		<u>August 31, 2004</u>	<u>August 31, 2003</u>
Unrestricted Educational Activities						
Instruction	\$ 6,361,481	\$ -	\$ 405,781	\$ 991,792	\$ 7,759,054	\$ 5,045,903
Public Services	19,250	-	2,010	18,792	40,052	50,863
Academic Support	709,928	-	40,482	197,548	947,958	715,175
Student Services	917,436	-	55,086	129,064	1,101,586	676,903
Institutional Support	1,743,439	-	95,294	1,330,594	3,169,327	2,689,825
Operation and Maintenance of Plant	-	-	-	1,987,982	1,987,982	2,386,396
Scholarship and Fellowships	-	-	-	290,954	290,954	169,092
Total Unrestricted Educational Activities	9,751,534	-	598,653	4,946,726	15,296,913	11,734,157
Restricted Educational Activities						
Instruction	761,171	932,913	122,981	891,748	2,708,813	4,656,455
Public Services	-	2,521	-	-	2,521	5,042
Academic Support	71,225	102,314	10,789	191,183	375,511	679,797
Student Services	200,162	146,381	29,527	120,621	496,691	793,220
Institutional Support	-	228,353	-	283	228,636	457,272
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarship and Fellowships	-	-	-	2,134,806	2,134,806	1,891,165
Total Restricted Educational Activities	1,032,558	1,412,482	163,297	3,338,641	5,946,978	8,482,951
Total Educational Activities	10,784,092	1,412,482	761,950	8,285,367	21,243,891	20,217,108
Auxiliary Enterprises	389,115	-	104,834	1,270,955	1,764,904	1,686,965
Depreciation Expense - Buildings and Land Improvements	-	-	-	514,844	514,844	469,587
Depreciation Expense - Furniture, Machinery, Vehicles, and Other Equipment	-	-	-	257,704	257,704	294,152
Total Operating Expenses	\$ 11,173,207	\$ 1,412,482	\$ 866,784	\$ 10,328,870	\$ 23,781,343	\$ 22,667,812
					(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, 2004
(With Comparative Totals for the Year Ended August 31, 2003)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Totals (Memorandum Only)</u>	
				<u>August 31, 2004</u>	<u>August 31, 2003</u>
Non-Operating Revenues					
Ad Valorem Taxes	\$ 5,980,663	\$	\$	\$ 5,980,663	\$ 5,445,838
Gifts	28,698			28,698	3,519
Investment Income (Net of Investment Expenses)	77,117			77,117	1,231,450
Contributions in Aid of Construction	46,000			46,000	149,089
Other Non-Operating Revenue	110,920			110,920	15,989
Total Non-Operating Revenue	6,243,398	-	-	6,243,398	6,845,885
Non-Operating Expenses					
Interest on Capital Related Debt	588,938			588,938	681,118
Loss on Disposal of Capital Assets	14,416			14,416	617,105
Total Non-Operating Expenses	603,354	-	-	603,354	1,298,223
Net Non-Operating Revenues (Expenses)	\$ 5,640,044	\$ -	\$ -	\$ 5,640,044	\$ 5,547,662
				(Exhibit 2)	(Exhibit 2)

WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule D
Schedule of Net Assets by Source and Availability
For the Year Ended August 31, 2004
(With Comparative Totals for the Year Ended August 31, 2003)

	Detail by Source				Available for Current Operations		
	Unrestricted	Restricted		Capital Assets Net of Depreciation and Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current							
Unrestricted	\$ 5,197,363	\$	\$	\$	\$ 5,197,363	\$ 5,197,363	
Board Designated					-		
Restricted		1,274,723			1,274,723	1,274,723	
Auxiliary Enterprises	1,214,748				1,214,748		1,214,748
Loan			13,024		13,024		13,024
Endowment	2,767,342				2,767,342		2,767,342
Quasi					-		
Unrestricted					-		
Restricted					-		
Endowment					-		
True					-		
Term (per instructions at maturity)					-		
Life Income Contracts					-		
Annuities					-		
Plant					-		
Unexpended					-		
Capital Projects		560,115			560,115		560,115
Debt Service		211,216			211,216		211,216
Investment in Plant				9,286,310	9,286,310		9,286,310
Totals (Memorandum Only)							
Net Assets, August 31, 2004	9,179,453	2,059,078	-	9,286,310	20,524,841 (Exhibit 1)	6,472,086	14,052,755
Net Assets, August 31, 2003	7,052,749	1,908,192	-	9,212,749	18,173,690 (Exhibit 1)	4,145,267	14,028,423
Net Increase (Decrease) in Net Assets	<u>\$ 2,126,704</u>	<u>\$ 150,886</u>	<u>\$ -</u>	<u>\$ 73,561</u>	<u>\$ 2,351,151</u> (Exhibit 2)	<u>\$ 2,326,819</u>	<u>\$ 24,332</u>

STATISTICAL SUPPLEMENT

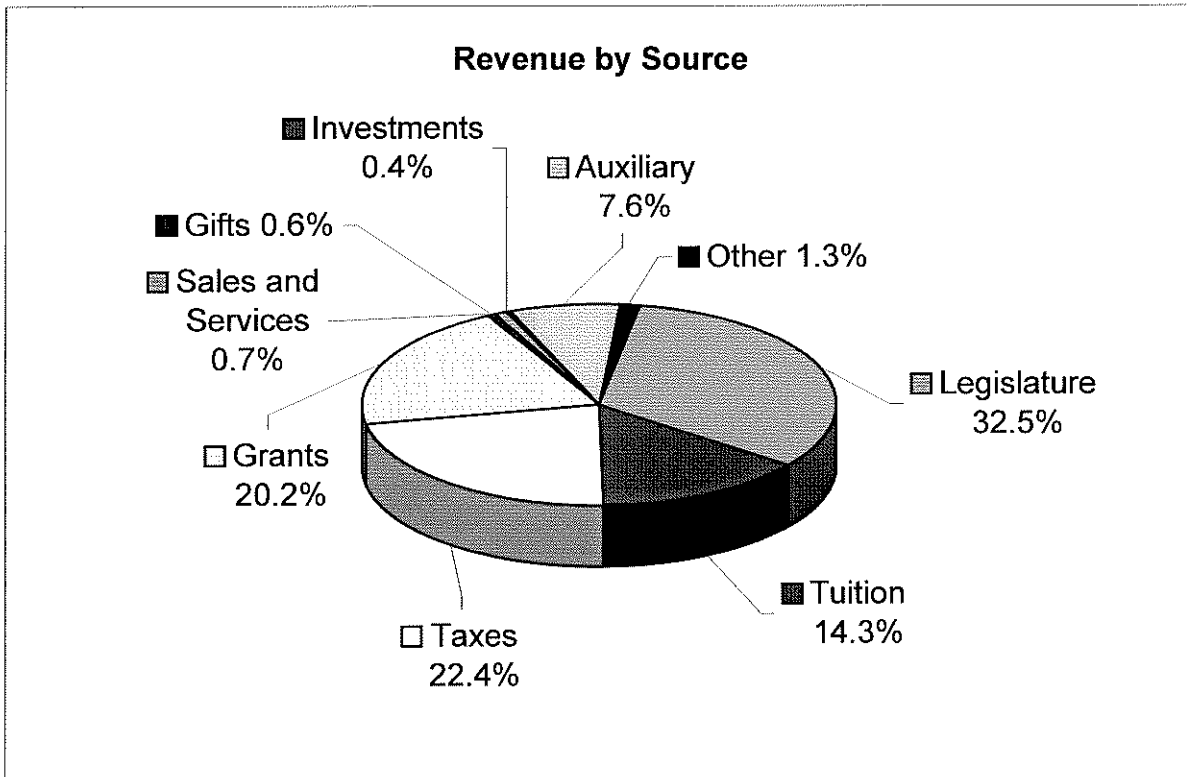
**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**

Revenue by Source

For the Fiscal Year Ended August 31, 2004

(UNAUDITED)

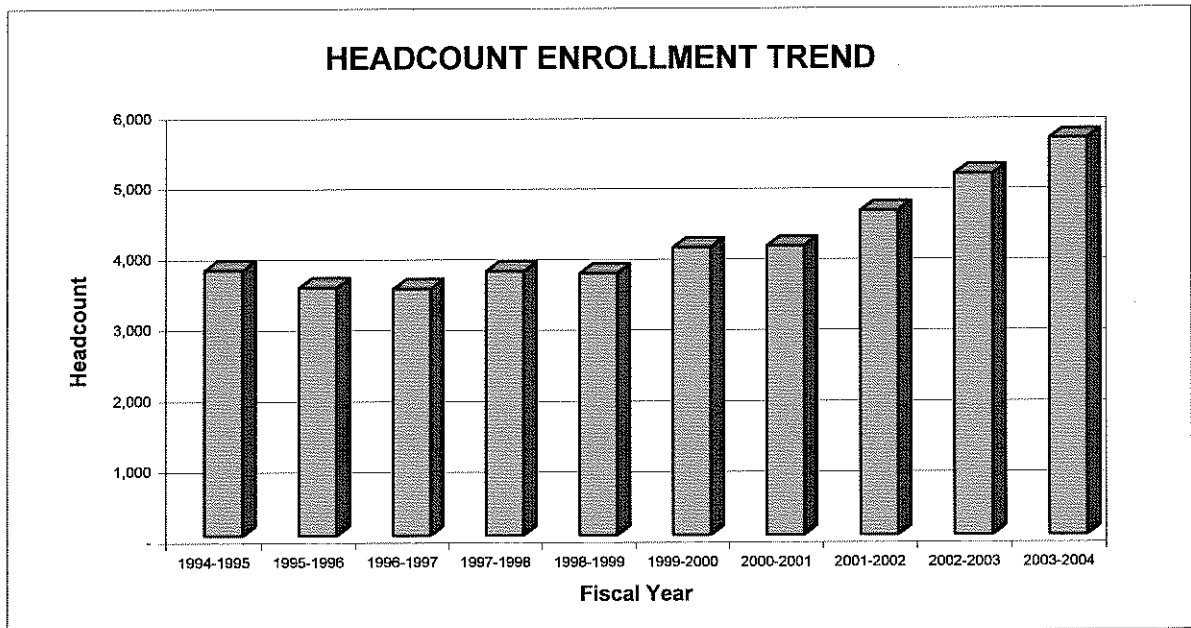
State Allocations	\$ 8,678,791	32.5%
Tuitions and Fees	3,861,632	14.3%
Taxes	5,980,663	22.4%
Federal and State Grants and Contracts	5,389,501	20.2%
Private Gifts, Grants and Contracts	158,570	0.6%
Sales and Services of Educational Activities	185,767	0.7%
Investment Income	102,647	0.4%
Auxiliary Enterprises	2,032,202	7.6%
Other Income	346,075	1.3%
	<hr/>	<hr/>
Total Revenues	\$ 26,735,848	100.0%



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

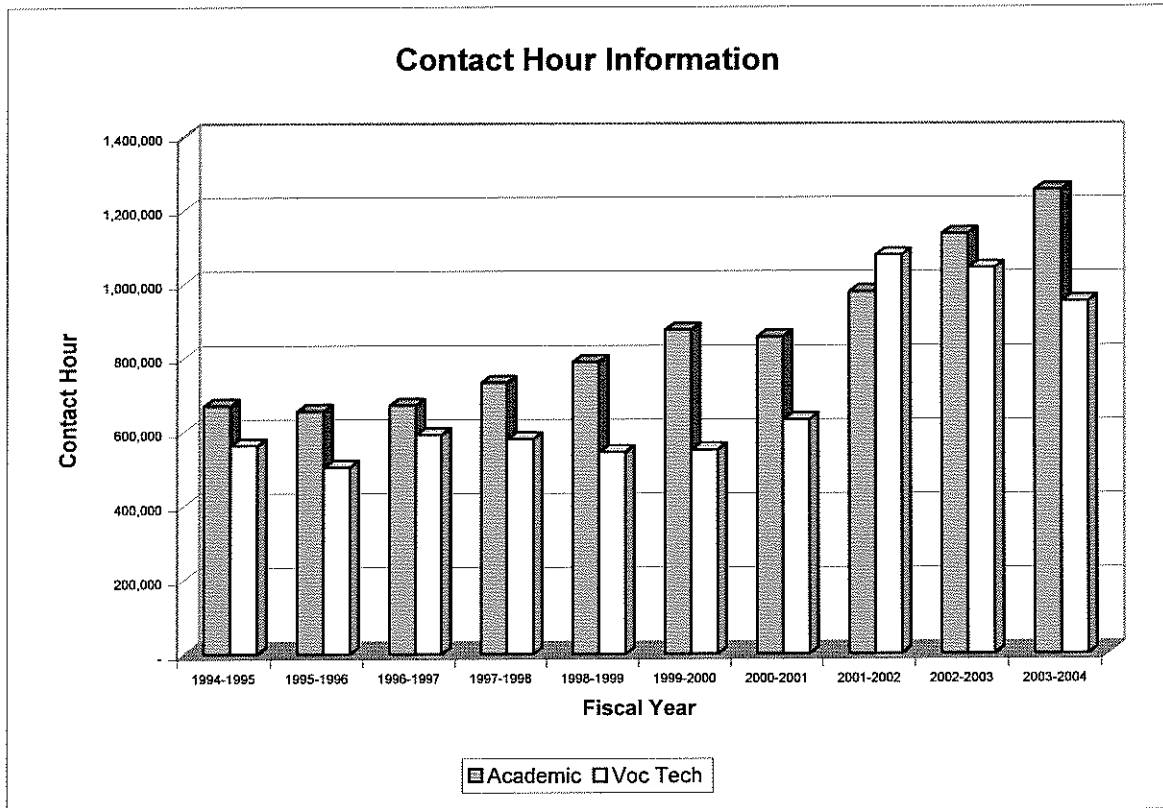
Fiscal Year	State Funded Total	Non State Funded Other
1994-1995	3,751	-
1995-1996	3,506	-
1996-1997	3,488	-
1997-1998	3,732	-
1998-1999	3,701	-
1999-2000	4,065	-
2000-2001	4,084	-
2001-2002	4,586	-
2002-2003	5,112	-
2003-2004	5,617	-

* Unduplicated Headcount



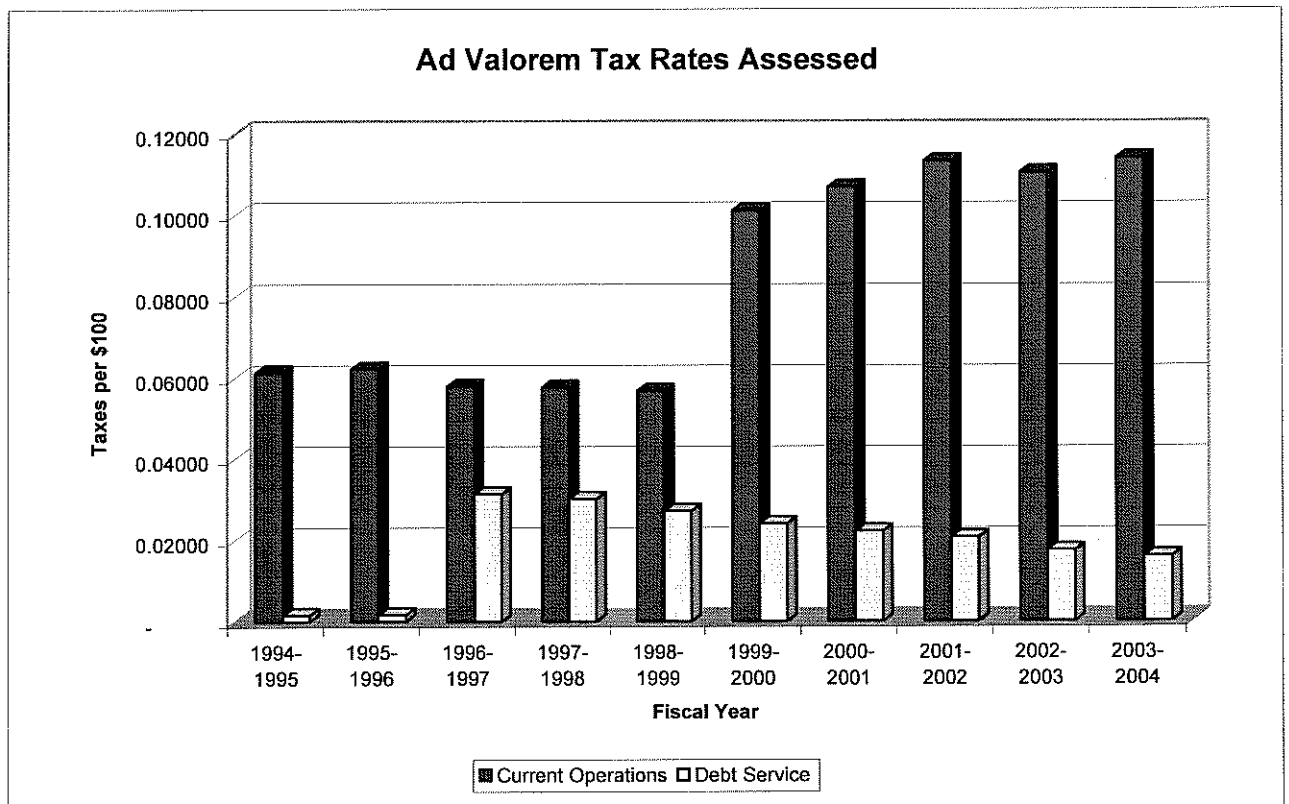
**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT**
Contact Hour Information
Last 10 Fiscal Years
(UNAUDITED)

Fiscal Year	Contact Hours		Total
	Academic	Voc Tech	
1994-1995	669,888	560,973	1,230,861
1995-1996	654,872	502,243	1,157,115
1996-1997	671,152	590,711	1,261,863
1997-1998	732,464	578,395	1,310,859
1998-1999	788,048	542,961	1,331,009
1999-2000	874,448	549,464	1,423,912
2000-2001	855,584	631,008	1,486,592
2001-2002	976,720	1,075,222	2,051,942
2002-2003	1,133,008	1,040,401	2,173,409
2003-2004	1,252,112	950,258	2,202,370



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

Fiscal Year	Current Operations	Debt Service	Total
1994-1995	0.06130	0.00160	0.06290
1995-1996	0.06210	0.00170	0.06380
1996-1997	0.05790	0.03130	0.08920
1997-1998	0.05760	0.03010	0.08770
1998-1999	0.05680	0.02710	0.08390
1999-2000	0.10100	0.02400	0.12500
2000-2001	0.10680	0.02210	0.12890
2001-2002	0.11320	0.02060	0.13380
2002-2003	0.11040	0.01740	0.12780
2003-2004	0.11400	0.01590	0.12990

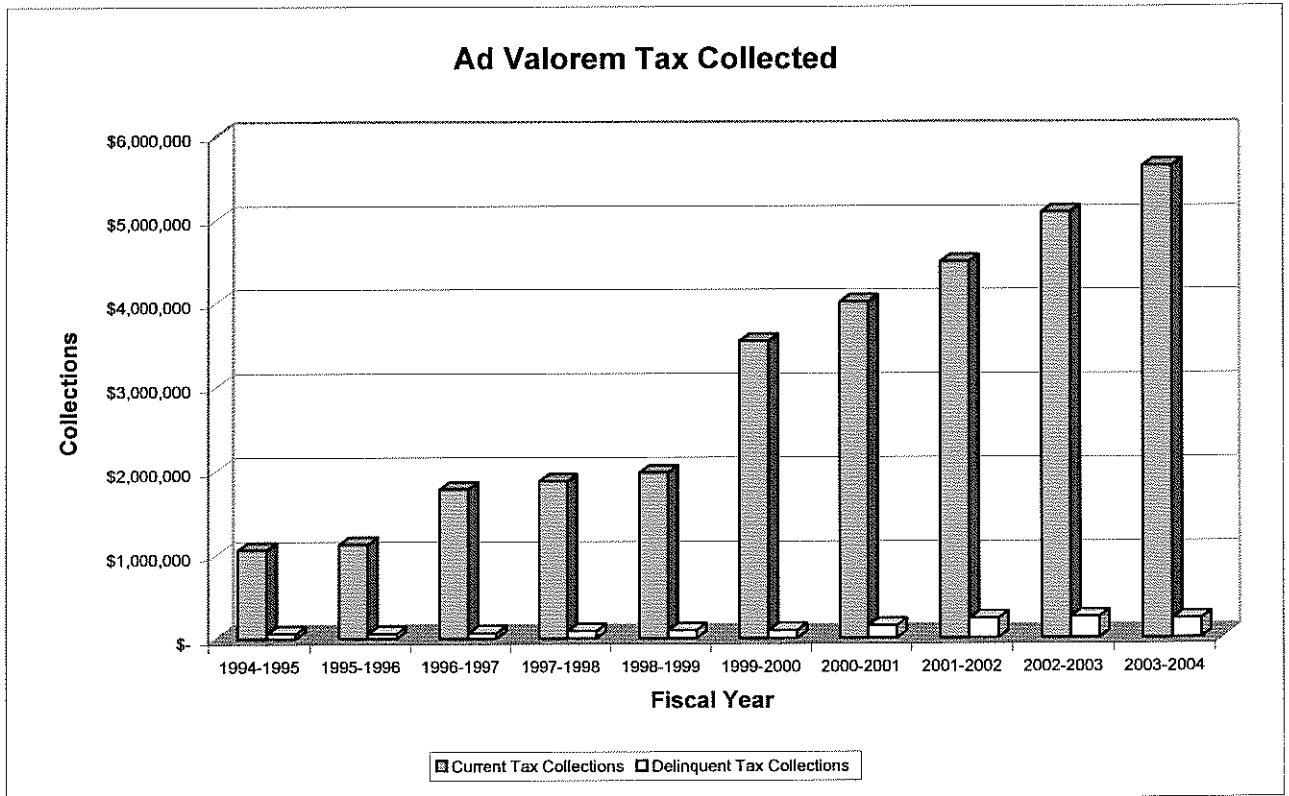


**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Ad Valorem Tax Rates Authorized
Last 10 Fiscal Years
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Total</u>
1994-1995	0.3000
1995-1996	0.3000
1996-1997	0.3000
1997-1998	0.3000
1998-1999	0.3000
1999-2000	0.3000
2000-2001	0.3000
2001-2002	0.3000
2002-2003	0.3000
2003-2004	0.3000

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

Fiscal Year	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections
1994-1995	\$ 1,060,776	\$ 60,085	\$ 1,120,861
1995-1996	1,125,986	58,756	1,184,742
1996-1997	1,777,387	62,569	1,839,956
1997-1998	1,873,560	87,616	1,961,176
1998-1999	1,976,028	94,105	2,070,133
1999-2000	3,541,071	93,601	3,634,672
2000-2001	4,003,205	148,966	4,152,171
2001-2002	4,481,689	231,714	4,713,403
2002-2003	5,078,616	252,809	5,331,425
2003-2004	5,630,794	228,920	5,859,714



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

Fiscal Year	Assessed Valuation	Less: Exemptions	Net Assessed Valuation
1994-1995	\$ 2,531,668,980	\$ (754,941,848)	\$ 1,776,727,132
1995-1996	2,610,638,911	(758,532,193)	1,852,106,718
1996-1997	2,874,645,685	(784,529,122)	2,090,116,563
1997-1998	3,026,256,629	(784,552,624)	2,241,704,005
1998-1999	3,264,922,672	(808,588,134)	2,456,334,538
1999-2000	4,140,322,544	(1,153,049,612)	2,987,272,932
2000-2001	4,419,348,457	(1,157,377,336)	3,261,971,121
2001-2002	4,686,809,260	(1,168,017,871)	3,518,791,389
2002-2003	5,844,117,900	(1,728,542,265)	4,115,575,635
2003-2004	6,102,668,960	(1,625,132,819)	4,477,536,141

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

Fiscal Year	Allocations Per FTSE
1994-1995	\$ 1,780
1995-1996	2,079
1996-1997	1,953
1997-1998	2,086
1998-1999	2,110
1999-2000	2,226
2000-2001	2,219
2001-2002	1,803
2002-2003	1,569
2003-2004	2,195

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

To calculate FTSE:

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

**OVERALL COMPLIANCE AND
INTERNAL CONTROLS SECTION**



Snow, Garrett & Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of Weatherford College of the Parker County Junior College District as of and for the year ended August 31, 2004, and have issued our report thereon dated October 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

We have performed tests designed to verify the College's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2004, no instances of noncompliance were found.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the College in a separate letter dated October 22, 2004.

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

Snow, Garrett & Company

Snow, Garrett & Company, CPA's
October 22, 2004

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2004**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

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

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

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

Identification of Major Programs:

U.S. Department of Education:

Student Financial Assistance Cluster of Programs:

CFDA # 84.007	Federal Supplemental Education Opportunity Grant
CFDA # 84.033	Federal College Workstudy Program
CFDA # 84.063	Federal Pell Grant

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

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

Section II – Financial Statement Findings

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

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2004**

Section III – Federal Award Findings and Questioned Costs

Findings/Noncompliance	Program	Questioned Costs
Department of Education		
04-01	Federal College Workstudy Program CFDA # 84.033 Criteria: A student must maintain good standing, or satisfactory progress, in order to be eligible for the Federal College Workstudy Program. Condition: A student not maintaining good standing, or satisfactory progress, was awarded \$1,160 in Spring 2004 for the Federal College Workstudy Program. Effect of Condition: The award is subject to disallowance and is, therefore, considered a questioned costs. Population and Sample Size: A sample of 50 students totaling \$109,802 receiving federal financial aid were selected for audit from a population of 1,147 students totaling \$2,714,771. Of the 50 students tested, one student with questioned costs of \$1,160 were found in noncompliance. Cause of Condition: This occurred because procedures in place to ensure that only eligible students received federal financial aid were not followed. Auditor's Recommendation: The procedures in place to determine the eligibility requirement of maintaining good standing, or satisfactory progress, should be followed and monitored for every student applying for federal financial aid.	\$ 1,160
Total Department of Education		\$ 1,160

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Corrective Action Plan
August 31, 2004**

Weatherford College respectfully submits the following corrective action plan for the year ended August 31, 2004.

The findings from the August 31, 2004 Schedule of Findings and Questioned Costs are discussed below. The finding numbers are numbered consistently with the numbers assigned in the schedule.

Findings – Federal Award Programs

04-01 Recommendation: The procedures in place to determine the eligibility requirement of maintaining good standing, or satisfactory progress, should be followed and monitored for every student applying for federal financial aid.

Action Taken: The College's Financial Aid Director agrees with the finding and has implemented procedures based on the auditor's recommendations. These procedures include manually monitoring satisfactory academic progress for all work study students regardless of whether they are on federal or state work study. This must be a manual process since the computer program has not been designed to monitor state work study awards only.

FEDERAL AWARDS SECTION



Snow, Garrett & Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Compliance

We have audited the compliance of Weatherford College of the Parker County Junior College District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2004. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2004.

Internal Control Over Compliance

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the College's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 04-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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

Snow, Garrett & Company

Snow, Garrett & Company, CPA's
October 22, 2004

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

Schedule E

**Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2004**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
U.S. Department of Education			
Direct Programs:			
Federal Supplemental Educational Opportunity Grant	84.007		\$ 43,597
Strengthening Institutions Grant (Title III)	84.031A		434,304
Federal College Workstudy Program	84.033		59,300
TRIO - Student Support Services Grant	84.042A		260,120
TRIO - Talent Search Program	84.044A		236,920
TRIO - Upward Bound Program	84.047A		222,370
Federal Pell Grant	84.063		2,611,874
Leveraging Educational Assistance Partnership	84.069A		9,985
Byrd Honors Scholarships	84.185		1,500
Gear Up	84.334A		<u>471,745</u>
Total Direct Programs			<u>4,351,715</u>
Pass-Through From:			
Texas Higher Education Coordinating Board (THECB)			
Carl Perkins Vocational Education - Annual Application	84.048	44255	190,311
Carl Perkins Vocational Education - Texas Counselors' Network	84.048	41104	86,547
Carl Perkins Vocational Education - Texas TWO-STEP Project	84.048	41204	<u>213,417</u>
Total CFDA Number 84.048			490,275
Carl Perkins Tech Prep Program	84.243	41726	<u>232,737</u>
Total Pass-Through from THECB			<u>723,012</u>
Total U.S. Department of Education			<u>5,074,727</u>
U.S. Department of Labor			
Pass-Through From:			
North Central Texas Council of Governments (NCTCOG)			
Workforce Investment Act - Out of School Youth Program	17.255	PY01-OSY-00X	119,414
Skills Development Program	17.260	FY04-NCTSDf-04	<u>99,189</u>
Total Pass-Through from NCTCOG			<u>218,603</u>
Total U.S. Department of Labor			<u>218,603</u>
National Science Foundation			
Direct Program:			
Computer Science, Engineering & Mathematics Scholarships Project	47.076		<u>82,101</u>
Total National Science Foundation			<u>82,101</u>
Total Federal Financial Assistance			<u>\$ 5,375,431</u>

See Notes to Schedule on following page.

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2004**

Note 1: Federal Assistance Reconciliation

Federal Revenues - per Exhibit 2 and Schedule A	\$ 5,375,431
Reconciling Items	<u>-</u>
 Total Federal Revenues per Schedule of Expenditures of Federal Awards	 <u>\$ 5,375,431</u>

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

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

Note 3: Amounts passed through by the College

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

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

Dallas County Community College District - Eastfield	\$ 1,202
Dallas County Community College District - North Lake	655
North Harris Montgomery Community College District	1,228
University of Texas at Tyler	<u>1,228</u>
 Total	 <u>\$ 4,313</u>

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

University of Texas - Arlington	<u>\$ 176,254</u>
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**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2004**

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

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

Azle Independent School District	\$ 2,000
Brock Independent School District	2,000
Chico Independent School District	1,995
Decatur Independent School District	2,984
Dublin Independent School District	1,400
Graford Independent School District	3,164
Granbury Independent School District	2,315
Huckabay Independent School District	2,400
Lipan Independent School District	750
Millsap Independent School District	1,830
Mineral Wells Independent School District	8,200
Paradise Independent School District	3,400
Peaster Independent School District	1,965
Perrin-Whitt Independent School District	2,282
Springtown Independent School District	4,400
Stephenville Independent School District	5,122
Weatherford Independent School District	<u>9,755</u>
Total	<u>\$ 55,962</u>

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

Mineral Wells Independent School District	<u>\$ 270,337</u>
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STATE AWARDS SECTION

**WEATHERFORD COLLEGE OF THE PARKER
COUNTY JUNIOR COLLEGE DISTRICT
Schedule F
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2004**

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas State Technical College Waco TWC - Skills Grant	1303SDF000	\$ 2,500
Texas Higher Education Coordinating Board Texas College Workstudy	13019	<u>10,526</u>
Total State Financial Assistance		<u>\$ 13,026</u>

See Notes to Schedule below.

Note 1: State Assistance Reconciliation

State Revenues - per Schedule of Expenditures of State Awards	
State Financial Assistance - per Schedule of Expenditures of State Awards	\$ 13,026
Reconciling Items	<u>-</u>
Total State Revenues per Exhibit 2 and Schedule A	<u>\$ 13,026</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.