

**ANNUAL FINANCIAL REPORT TO THE
MARYLAND HIGHER EDUCATION COMMISSION
FROM HOWARD COMMUNITY COLLEGE**

**Annual Financial Report Together with
Report of Independent Public Accountants**

For the Fiscal Year Ended June 30, 2011



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

JUNE 30, 2011

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SB & COMPANY, LLC
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Trustees
Howard Community College

We have audited the accompanying financial statements included in the Annual Financial Report to the Maryland Higher Education Commission (MHEC-CC-4) of Howard Community College, (the college) for the year ended June 30, 2011, listed in the foregoing table of contents and the related supplemental full-time equivalent (FTE) enrollment data shown on pages 7, 8, 14, 16 and 17. These financial statements and the supplemental schedules discussed in the table of contents are the responsibility of the college's management. Our responsibility is to express an opinion on these financial statements and supplemental schedules based on our audit.

The college's procedure is to prepare its Annual Financial Report for the appropriate Maryland State regulatory agency on the basis of accounting practices prescribed or permitted by the Maryland Higher Education Commission as described in Note 1. The financial statements included in the Annual Financial Report do not present a balance sheet as of June 30, 2011, a statement of cash flows for the year ended June 30, 2011, nor do they present substantially all disclosures required by accounting principles generally accepted in the United States of America. Also, the accompanying financial statements do not present all of the funds or activities that represent the college's reporting entity as required by accounting principles generally accepted in the United States of America. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. This report is intended solely for filing with regulatory agencies and is not intended for any other purpose.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue and expenditures of the current general unrestricted fund and the current general restricted fund of Howard Community College for the year ended June 30, 2011, on the basis of accounting described above.



SB & COMPANY, LLC
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Our audit was conducted for the purpose of forming an opinion on the financial statements included in the MHEC-CC-4 Report. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing principles applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The accompanying supplemental information of the full-time equivalent (FTE) enrollment data shown on pages 7, 8, 14, 16 and 17, is the responsibility of management and derived from and relates directly to the college's enrollment data. This supplemental information is presented in accordance with instructions set forth in Title 13B.07.03.02C, inclusive, of the Code of Maryland Regulations and in our opinion, are fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

Hunt Valley, Maryland
September 29, 2011

SB & Company, LLC

HOWARD COMMUNITY COLLEGE

**Summary Statement of Revenue
For Fiscal Year Ended June 30, 2011**

Revenue Sources	Unrestricted Current Fund	Restricted Current Fund	Total Revenue
Student Tuition and Fees:			
1. Credit	\$ 28,363,565	\$ -	\$ 28,363,565
2. Noncredit	5,345,720	-	5,345,720
3. Total Student Tuition and Fees	33,709,285	-	33,709,285
Governmental:			
4. Federal	-	10,436,573	10,436,573
5. State	12,501,108*	1,504,833	14,005,941
6. Local	25,195,470	146,479	25,341,949
7. Total Governmental	37,696,578	12,087,885	49,784,463
8. Total Sales and Services of Educational Activities (Auxiliary Enterprise)	5,721,976	-	5,721,976
Other:			
9. Gifts/Grants(Explain on Exhibit X)	-	-	-
10. Other – Miscellaneous (Explain on Exhibit X)	1,366,742	668,747	2,035,489
11. Total Other	1,366,742	668,747	2,035,489
12. Total Revenue	\$ 78,494,581	\$ 12,756,632	\$ 91,251,213

*Includes \$211,024 of funding for the Regional Higher Education Center at the Laurel College Center.

NOTE: Do not include State paid benefits; reconcile to financial statements on separate page.

HOWARD COMMUNITY COLLEGE

**Summary Statement of Current General Funds
For Fiscal Year Ended June 30, 2011**

	Unrestricted Current General Fund	Restricted Current Fund
Revenue:		
1. Total Revenue (Per Line 12, Exhibit I)	\$ 78,494,581	\$ 12,756,632
Expenditures by Function:		
Instruction	\$ 37,469,198	\$ 2,132,242
Research	-	-
Public Service	424,117	142,357
Academic Support	4,384,512	54,870
Student Services	7,359,841	329,405
Institutional Support	12,236,271	26,818
Operation and Maintenance of Plant	8,449,657	62,198
Scholarships and Fellowships	2,174,550	10,006,505
2. Total Educational and General Expenditures	72,498,146	12,754,395
3. Total Mandatory Transfers	59,323	(59,323)
4. Total Educational and General Expenditures and Mandatory Transfers	72,557,469	12,695,072
5. Total Auxiliary Enterprises	6,998,942	-
6. Total Other Transfers	(61,560)	61,560
7. Total Expenditures, Transfers and Auxiliary	\$ 79,494,851	\$ 12,756,632

NOTE: Do not include State paid benefits; reconcile to financial statements on separate page.

HOWARD COMMUNITY COLLEGE

**Educational and General Expenditures of the Unrestricted Current Fund by Function and Object
For Fiscal Year Ended June 30, 2011**

<u>Acct. No.</u>	<u>Object Classification</u>	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>	<u>Operation and Maintenance of Plant</u>	<u>Scholarships and Fellowships</u>	<u>Total</u>
5xxx	Compensation (including Fringe Benefits)	\$ 30,673,335	\$ -	\$ 381,523	\$ 3,165,703	\$ 6,609,778	\$ 6,437,536	\$ 4,080,749	\$ -	\$ 51,348,624
60xx	Contracted Services	2,240,282	-	28,829	278,185	212,697	3,383,978	1,298,740	-	7,443,711
61xx	Supplies and Materials	1,021,728	-	1,592	202,537	184,608	191,253	528,020	-	2,129,738
62xx	Communications	103,852	-	791	26,837	74,252	233,479	11,541	-	450,752
63xx	Conferences/Meetings	497,464	-	8,073	73,552	138,491	374,167	34,617	-	1,126,364
64xx	Grants/Subsidies	-	-	-	-	-	-	-	2,174,550	2,174,550
65xx	Utilities	735	-	-	-	-	-	1,883,176	-	1,883,911
66xx	Fixed Charges- Insurance	-	-	-	-	-	330,026	50,860	-	380,886
67xx	Open (specify below)	-	-	-	-	-	-	-	-	-
68xx	Open (specify below) Bad Debt Expense	-	-	-	-	-	495,361	-	-	495,361
69xx	Open (specify below)	-	-	-	-	-	-	-	-	-
7xxx	Furniture and Equipment	2,931,802	-	3,309	637,698	139,015	790,471	561,954	-	5,064,249
Total Expenditures		<u>\$ 37,469,198</u>	<u>\$ -</u>	<u>\$ 424,117</u>	<u>\$ 4,384,512</u>	<u>\$ 7,359,841</u>	<u>\$ 12,236,271</u>	<u>\$ 8,449,657</u>	<u>\$ 2,174,550</u>	<u>\$ 72,498,146</u>

NOTE: Do not include Auxiliary Enterprises; they are not Educational and General Expenditures. Do not include State paid benefits.

HOWARD COMMUNITY COLLEGE

**Summary Statement of Education and General Expenditures by Fund and
Object Classification, Unrestricted Current and Restricted Current Funds
For Fiscal Year Ended June 30, 2011**

<u>Acct. No.</u>	<u>Object Classification</u>	<u>Unrestricted Current Fund</u>	<u>Restricted Current Fund</u>	<u>Total Expenditures</u>
5xxx	Compensation (including Fringe Benefits)	\$ 51,348,624	\$ 2,017,497	\$ 53,366,121
60xx	Contracted Services	7,443,711	382,968	7,826,679
61xx	Supplies and Materials	2,129,738	160,383	2,290,121
62xx	Communications	450,752	2,094	452,846
63xx	Conferences/Meetings	1,126,364	36,009	1,162,373
64xx	Grants/Subsidies	2,174,550	10,006,505	12,181,055
65xx	Utilities	1,883,911	-	1,883,911
66xx	Fixed Charges	380,886	-	380,886
68xx	Bad Debt Expense	495,361	-	495,361
7xxx	Furniture and Equipment (including Library Books)	<u>5,064,249</u>	<u>148,939</u>	<u>5,213,188</u>
Total Expenditures		\$ 72,498,146	\$ 12,754,395	\$ 85,252,541
Total Mandatory Transfers		<u>59,323</u>	<u>(59,323)</u>	<u>-</u>
Total Expenditures and Mandatory Transfers		<u>\$ 72,557,469</u>	<u>\$ 12,695,072</u>	<u>\$ 85,252,541</u>

NOTE: Do not include State paid benefits; reconcile to financial statements on separate page.

HOWARD COMMUNITY COLLEGE

**Computation of Adjusted Cost Per Full-Time Equivalent
and Percent of Local Contribution
For Fiscal Year Ended June 30, 2011**

The finalized State aid adjustment or payment for the fiscal year will be made with the November State aid payment. Certification will be made to the respective political subdivisions based on the following information

1. Total Unrestricted current General Fund operating expenditures (From Exhibit II, Line 4)	<u>\$ 72,557,469</u>																				
2. Subtract any expenditures included in 1. above which do not fall within the definition of Unrestricted Current General operating expenditures. List and specify items below. Indicate objects and functions in which these expenditures are shown on Exhibits III and IV.																					
<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Item</th> <th style="text-align: left; border-bottom: 1px solid black;">Object</th> <th style="text-align: left; border-bottom: 1px solid black;">Function</th> <th style="text-align: right; border-bottom: 1px solid black;">Amount</th> </tr> </thead> <tbody> <tr> <td>a) Compensated absence</td> <td></td> <td></td> <td style="text-align: right;">(\$ 21,091)</td> </tr> <tr> <td>b) Cultural, community & other</td> <td></td> <td></td> <td style="text-align: right;">1,092,873</td> </tr> <tr> <td>c) Scholarships</td> <td></td> <td></td> <td style="text-align: right;"><u>2,174,550</u></td> </tr> <tr> <td>Total Deductions</td> <td></td> <td></td> <td style="text-align: right;"><u>\$ 3,246,332</u></td> </tr> </tbody> </table>	Item	Object	Function	Amount	a) Compensated absence			(\$ 21,091)	b) Cultural, community & other			1,092,873	c) Scholarships			<u>2,174,550</u>	Total Deductions			<u>\$ 3,246,332</u>	
Item	Object	Function	Amount																		
a) Compensated absence			(\$ 21,091)																		
b) Cultural, community & other			1,092,873																		
c) Scholarships			<u>2,174,550</u>																		
Total Deductions			<u>\$ 3,246,332</u>																		
3. Adjusted Unrestricted Current Operating Expenditures (Line 1 less sum of 2a thru 2c)	<u>\$ 69,311,137</u>																				
4. Total FTE students for fiscal year (From Exhibit VI)	<u>8,097.20</u>																				
5. Total Adjusted Unrestricted Current Operating Expenditures Divide by Total FTE students (yields adjusted cost per FTE)	<u>\$ 8,560</u>																				
6. Total Maryland eligible FTE students (From Exhibit VI)	<u>7,412.83</u>																				
7. State aid paid fiscal year ending June 30, 2011 (Exclude State paid benefits) (Complete Exhibit XI) (Based on two prior years audited FTEs)	<u>\$ 12,501,108</u>																				
8. Total Local Contributions	<u><u>\$ 25,195,470</u></u>																				
9. Percentage of adjusted Unrestricted Current Expenditures contributed by the local political subdivision (Line 8 divided by Line 3)*	<u>36%</u>																				

*Regional community colleges must supply this information for each county supporting the college.

HOWARD COMMUNITY COLLEGE

**Summary of Full-Time Equivalent Students and Students Tuition and Fees
For Fiscal Year Ended June 30, 2011**

	<u>FTE Students</u>	<u>Student Tuition and Fees</u>
Eligible Students		
In-County	4,802.44	\$ 20,243,154
Out of County	1,164.29	6,366,353
Noncredit	1,446.10	4,097,250
Total Eligible Students	<u>7,412.83</u>	<u>30,706,757</u>
Ineligible Students		
Credit		
Out of State	233.67	1,685,083
Other	10.06	68,975
Noncredit		
Out of State	264.87	750,459
Other	175.77	498,011
Total Ineligible Students	<u>684.37</u>	<u>3,002,528</u>
Total Students	<u><u>8,097.20</u></u>	<u><u>\$ 33,709,285</u></u>

*Regional community colleges are required to submit the above data for each of the counties supporting the college. Eligible refers to State fundable. FTEs shall be reported to the second decimal place.

HOWARD COMMUNITY COLLEGE

**Summary of Restricted Federal Grant Programs
For Fiscal Year Ended June 30, 2011**

Program Title	July 1, 2010 Balance	Revenue	Expenditures	June 30, 2011 Balance
Voc-Ed Regular	\$ -	\$ 219,971	\$ 219,971	\$ -
Voc-Ed Tech Prep	-	29,238	29,238	-
Voc-Ed ABE	-	223,116	223,116	-
Voc-Ed AEHS	-	37,215	37,215	-
Voc-Ed ELC	-	90,730	90,730	-
DHMH	-	202,424	202,424	-
HRSA	-	62,198	62,198	-
DOE – Student support	-	328,019	328,019	-
DOE – PELL	4,791	8,319,812	8,319,812	4,791
DOE – SEOG	-	99,315	99,315	-
DOE – CWS	-	217,217	217,217	-
DOE – Academic Competition	-	161,367	161,367	-
National Science Foundation	-	111,002	111,002	-
Child Care Career & Professional Development	-	170,538	170,538	-
NSA- Startalk	-	102,399	102,399	-
BRAC –Higher Education Grant	-	25,334	25,334	-
Pathways to Cyber Security	-	36,678	36,678	-
Total Federal	\$ 4,791	\$ 10,436,573	\$ 10,436,573	\$ 4,791

NOTE: Total should agree with Exhibit I, Restricted Fund (page 3, line 4).

HOWARD COMMUNITY COLLEGE

Summary of Restricted State Grant Programs For Fiscal Year Ended June 30, 2011

<u>Program Title</u>	<u>July 1, 2010 Balance</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>June 30, 2011 Balance</u>
ESL	\$ -	\$ 503,752	\$ 503,752	\$ -
ABE Grant	-	94,608	94,608	-
MD Campus Based Scholarships	-	35,300	35,300	-
AEGH Grant	-	13,521	13,521	-
MD State Scholarship	-	494,246	494,246	-
MD PT Grant Program	-	164,214	164,214	-
MHEC – Faculty Fellowship	-	199,192	199,192	-
Total State	<u>\$ -</u>	<u>\$ 1,504,833</u>	<u>\$ 1,504,833</u>	<u>\$ -</u>

NOTE: Total should agree with Exhibit I, Restricted Fund (page 3, line 5).

HOWARD COMMUNITY COLLEGE

**Summary of Restricted Local Grant Programs
For Fiscal Year Ended June 30, 2011**

Program Title	July 1, 2010 Balance	Revenue	Expenditures	June 30, 2011 Balance
Tobacco Prevention	\$ -	\$ 4,122	\$ 4,122	\$ -
Cable Grant	-	142,357	142,357	-
Total Local	\$ -	\$ 146,479	\$ 146,479	\$ -

NOTE: Total should agree with Exhibit I, Restricted Fund (page 3, line 6).

HOWARD COMMUNITY COLLEGE

Summary of Other Sources of Unrestricted Current General Revenue For Fiscal Year Ended June 30, 2011

Other Revenue Sources	Amounts
Grants	
State Sponsored Grant Loan Program	\$ -
Total Grants	<u>-</u>
Other – Miscellaneous:	
Investment income	50,245
Cultural, community & other programs	1,061,885
Miscellaneous	<u>254,612</u>
Total Other – Miscellaneous	<u>1,366,742</u>
Total Other Revenue Sources	<u><u>\$ 1,366,742</u></u>

NOTE: Totals should agree with Exhibit I, lines 9 and 10 (page 3, line 9 and 10)

HOWARD COMMUNITY COLLEGE

**Reconciliation of State Aid
For Fiscal Year Ended June 30, 2011**

	<u>Amounts</u>
<u>6,262.86</u> State Aid FTEs @ \$ 1,229.71	\$ 7,701,509
Flat Grant (Fixed Cost)	4,588,575
Part-time Grant	-
Low Income Student Grant	-
Other (specify below)	-
Regional Higher Educational Center	<u>211,024</u>
Total State Aid	<u>\$ 12,501,108</u>

HOWARD COMMUNITY COLLEGE

**Reconciliation of Maryland Full-Time Equivalent Students
For Fiscal Year Ended June 30, 2011**

	Eligible Maryland FTEs Accepted by MHEC	Maryland FTEs Now Claimed per Audit
Summer Credit Enrollment (CC-2)	577.80	577.80
Summer Noncredit Enrollment (CC-3)	206.32	206.32
Fall Credit Enrollment (CC-2)	2,701.53	2,701.53
Fall Noncredit Enrollment (CC-3)	534.62	534.62
Spring Credit Enrollment (CC-2)	2,484.20	2,484.20
Spring Noncredit Enrollment (CC-3)	705.16	705.16
Other Credit Enrollment (CC-2)	203.20	203.20
Other Noncredit Enrollment (CC-3)	0	0
Total Enrollment	<u>7,412.83</u>	<u>7,412.83</u>
Total Eligible Maryland FTEs accepted by MHEC during fiscal year	7,412.83	XXXXXX
Additional Eligible Maryland FTEs claimed per audit* (deletions)	-	-
Total Eligible Maryland FTES**	<u>7,412.83</u>	<u>7,412.83</u>
Total Unduplicated Part-Time Students	<u>N/A</u>	<u>N/A</u>

*When additional FTEs not previously reported to the MHEC are claimed as a result of the audit, a properly executed CC-2 or CC-3 must be filed with the CC-4 to substantiate the claim.

**This number of FTEs will be the basis for the payment of State aid two years hence. FTEs shall be reported to the second decimal place.

HOWARD COMMUNITY COLLEGE

**Student-Faculty Ratio (Credit Courses Only)
For Fiscal Year Ended June 30, 2011**

Total Credit Hours Generated	<u>184,218</u>
Total Course Credit Hours Taught FY 2011	<u>9,268</u>
Student-Faculty Ratio (Total credit hours generated divided by total course credit hours taught)	<u>19.87</u>

NOTE:

Information for the computation of the student-faculty ratio is to be supplied by the chief academic officer in conformity with the guidelines decided upon by the Maryland Council of Community College Academic Deans as follows:

- * Student credit hours generated and course credit hours taught are to be measured at the end of the third week of classes.
- * Laboratory courses and independent study courses are to be excluded from the denominator if they did not appear independently on the printed class schedule.
- * Continuing education (noncredit) courses are to be excluded.
- * Includes all sessions (Summer and Winter).

HOWARD COMMUNITY COLLEGE

**Funding of Statewide Programs
For Fiscal Year Ended June 30, 2011**

	Fall CC-2A	Spring CC-2A	Total
1. Total out-of-county/city students enrolled in statewide programs*	50	-	50
2. Total credit hours*	474	-	474
3. Total tuition differential*	\$ 39,342	\$ -	\$ 39,342
Total State Aid Received for Statewide Programs	<u>39,342</u>	<u>-</u>	<u>39,342</u>
Minus:			
Audit Adjustments (Enclose check)	<u>-</u>	<u>-</u>	<u>-</u>
Total Audited State Aid Balance Due for Statewide Programs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Per Audit

HOWARD COMMUNITY COLLEGE

**Funding of Manpower Shortage Program
For Fiscal Year Ended June 30, 2011**

	Fall CC-2D	Spring CC-2D	Total
1. Total out-of-county/city students enrolled in manpower shortage programs*	713	596	1,309
2. Total credit hours*	5,664	5,294	10,958
3. Total tuition differential*	\$ 470,112	\$ 439,402	\$ 909,514
Total State Aid Received for Manpower Shortage Program	72,336	40,539	112,875
Minus:			
AR write down of FY11 funding	397,776	398,863	796,639
Audit Adjustments (Enclose check)	-	-	-
Total Audited State Aid Balance Due for Manpower Shortage Programs	\$ -	\$ -	\$ -

*Per Audit

HOWARD COMMUNITY COLLEGE

**CC4 Reconciliation
For Fiscal Year Ended June 30, 2011**

Total Revenue – CC4 Ex I

Total Revenue – Statement of Revenue and Expenses	\$	99,142,172
Scholarship reclassification		10,229,669
Restricted revenue		(12,728,733)
Capital appropriations		(13,710,576)
Bond interest		450,912
Plant fund revenue		(1,579,723)
State and County paid benefits		(3,309,140)
Total Revenues – CC4 Ex I	\$	78,494,581

Total Expenditures – CC4 Ex II

Total Expenditures – Statement of Revenue and Expenses	\$	92,327,417
Scholarship reclassification		10,229,669
Fixed assets expended in current fund		2,590,767
Restricted expenditures		(12,754,395)
Depreciation		(9,587,230)
State and County paid benefits		(3,309,140)
Transfers		(2,237)
Total Expenditures – CC4 Ex II	\$	79,494,851

HOWARD COMMUNITY COLLEGE

Note to the Annual Report Year Ended June 30, 2011

1. BASIS OF PRESENTATION

The Howard Community College (the college) annual financial report has been prepared in accordance with the basis of accounting prescribed and permitted by the Maryland Higher Education Commission and the laws and regulations contained in Title 16 of the Education Article of the Annotated Code of Maryland and Title 13B.07.03 of the Code of Maryland Regulations. These requirements do not present the college's revenue and expenditures in accordance with accounting principles generally accepted in the United States of America. The report includes the restricted and unrestricted funds only of the college. A reconciliation of the differences is provided on page 18 of this report.