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Howard Community College

Annual Financial Report to the Maryland
Higher Education Commission from
Howard Community College
For the Fiscal Year Ended June 30, 2015

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Howard Community College

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For the Fiscal Year Ended June 30, 2015

Howard Community College

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Independent Auditor's Report

To the Board of Trustees
Howard Community College
Columbia, Maryland

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) as of and for the year ended June 30, 2015 which comprise the Summary Statement of Revenues, Summary Statement of Current General Funds, Educational & General Expenditures of the Unrestricted Current Fund by Function and Object and the Summary Statement of Education and General Expenditures by Fund and Object Classification, Unrestricted Current and Restricted Current Funds.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and enrollment data in accordance with the accounting practices prescribed by the Maryland Higher Education Commission. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements and enrollment data that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and enrollment data based on our audit. 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 from material misstatement.

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenues and expenditures of the current general unrestricted fund and the current general restricted fund of **Howard Community College** for the year ended June 30, 2015, in accordance with the accounting practices prescribed by the Maryland Higher Education Commission. In our opinion, the principals governing the interrelationship between the unrestricted current general fund and the auxiliary enterprise fund result in the fair presentation of the unrestricted current general fund revenue and expenditures.

Other Matters

Basis of Accounting

We draw attention to Note 1 of the annual financial report. As described in Note 1 to the annual financial report, the financial statements were prepared on the basis of the accounting practices prescribed by the Maryland Higher Education Commission, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Supplemental Information

Our audit of the accompanying financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in this report 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. Also, in our opinion, the supplemental information of the FTE enrollment data shown on pages 9, 10, 15, 16, 17 and 18 which we agreed to the College's enrollment data, is fairly presented in accordance with instructions set forth in the Code of Maryland Regulations (COMAR) 13B.07.03.02.

Restriction on Use

This report is intended solely for the information and use of the Board of Trustees and management of the Howard Community College and for filing with the Maryland Higher Education Commission, and is not intended to be and should not be used by anyone other than these specified parties.

BDO USA, LLP

September 28, 2015

Financial Statements

HOWARD COMMUNITY COLLEGE

Summary Statement of Revenues For Fiscal Year Ended June 30, 2015

Revenue Source	Total Unrestricted Current Fund	Total Restricted Current Fund	Total Revenue
Student Tuition and Fees:			
1. Credit	\$ 33,416,127	\$ 16,020	\$ 33,432,147
2. Noncredit	5,331,432	-	5,331,432
3. Total Student Tuition and Fees	38,747,559	16,020	38,763,579
Governmental:			
4. Federal	-	12,471,448	12,471,448
5. State	14,881,136	2,600,294	17,481,430
6. Local	-	-	-
a. Operating Appropriations	31,000,287	-	31,000,287
b. In-Kind Appropriations	-	-	-
c. Other County Funding (describe below)	-	-	-
i. Cable Grant	-	120,000	120,000
ii. Cable Grant - Equipment	-	75,000	75,000
iii. Howard County Getting Ahead	-	8,500	8,500
7. Total Governmental	45,881,423	15,275,242	61,156,665
8. Total Sales and Services of Educational Activities (Auxiliary Enterprises)	4,473,571	-	4,473,571
Other:			
9. Gifts/Grants (Explained on Exhibit X)	-	403,986	403,986
10. Other - Miscellaneous (Explain on Exhibit X)	2,022,954	-	2,022,954
11. Total Other	2,022,954	403,986	2,426,940
12. Total Revenue	\$ 91,125,507	\$ 15,695,248	\$ 106,820,755

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

HOWARD COMMUNITY COLLEGE

Summary Statement of Current General Funds For Fiscal Year Ended June 30, 2015

	Unrestricted Current General Fund	Restricted Current Fund
Revenue:		
1. Total Revenue (Per Line 12, Exhibit I)	\$ 91,125,507	\$ 15,695,248
Expenditures:		
Instruction	42,393,002	1,821,214
Research	-	-
Public Service	574,035	282,122
Academic Support	5,327,741	296,721
Student Services	8,812,774	420,086
Institutional Support	15,049,590	51,786
Operation and Maintenance of Plant	9,609,055	260,220
Scholarships and Fellowships	2,155,598	12,328,728
2. Total Education and General Expenditures	83,921,795	15,460,877
3. Total Mandatory Transfers	178,634	(178,634)
4. Total Educational and General Expenditures and Mandatory Transfers	84,100,429	15,282,243
5. Total Auxiliary Enterprises	5,769,126	43,403
6. Total Other Transfers	999,915	85
7. Total Expenditures, Transfers and Auxiliary	\$ 90,869,470	\$ 15,325,731

NOTE: Do not include State paid benefits; reconcile to the 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, 2015

Acct. No.	Object Classification	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships	Total
5XXX	Compensation (including Fringe Benefits)	\$ 36,735,458	\$ -	\$ 501,624	\$ 3,339,285	\$ 8,143,169	\$ 8,497,983	\$ 5,180,685	\$ -	\$ 62,398,204
60XX	Contracted Services	2,874,829	-	41,570	936,071	244,019	4,044,640	1,449,828	-	9,590,957
61XX	Supplies and Materials	1,170,341	-	5,223	106,890	164,403	209,679	506,052	-	2,162,588
62XX	Communications	121,169	-	778	21,251	50,458	348,640	24,584	-	566,880
63XX	Conferences/Meetings	558,645	-	16,247	78,722	135,651	342,249	86,541	-	1,218,055
64XX	Grants/Subsidies	-	-	-	-	-	-	-	2,155,598	2,155,598
65XX	Utilities	20,104	-	-	-	-	-	1,889,576	-	1,909,680
66XX	Fixed Charged - Insurance	16,401	-	-	-	-	540,123	191,910	-	748,434
68XX	Bad Debt Expense	-	-	-	-	-	350,410	-	-	350,410
7XXX	Furniture and Equipment	896,055	-	8,593	845,522	75,074	715,866	279,879	-	2,820,989
		\$ 42,393,002	\$ -	\$ 574,035	\$ 5,327,741	\$ 8,812,774	\$ 15,049,590	\$ 9,609,055	\$ 2,155,598	\$ 83,921,795

NOTE: Do not include Auxiliary Enterprises, they are not Education 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, 2015

<u>Acct. No.</u>	<u>Object Classification</u>	<u>Adjusted Unrestricted Current Fund</u>	<u>Adjusted Restricted Fund</u>	<u>Total Expenditures</u>
5XXX	Compensation (including Fringe Benefits)	\$ 62,398,204	\$ 2,254,747	\$ 64,652,951
60XX	Contracted Services	9,590,957	493,941	10,084,898
61XX	Supplies and Materials	2,162,588	64,124	2,226,712
62XX	Communications	566,880	4,801	571,681
63XX	Conferences/Meetings	1,218,055	53,813	1,271,868
64XX	Grants/Subsidies	2,155,598	12,329,328	14,484,926
65XX	Utilities	1,909,680	-	1,909,680
66XX	Fixed Charged - Insurance	748,434	-	748,434
68XX	Bad Debt Expense	350,410	-	350,410
69XX	Other	-	-	-
7XXX	Furniture and Equipment (including Library Books)	2,820,989	260,123	3,081,112
	Total Expenditures	83,921,795	15,460,877	99,382,672
	Total Mandatory Transfers	178,634	(178,634)	-
	Total Expenditures and Mandatory Transfers	<u>\$ 84,100,429</u>	<u>\$ 15,282,243</u>	<u>\$ 99,382,672</u>

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

Supplementary Information

HOWARD COMMUNITY COLLEGE

Computation of Adjusted Cost Per Full-Time Equivalent And Percent of For Fiscal Year Ended June 30, 2015

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>\$ 84,100,429</u>		
2 Subtract any expenditures included in number 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			
<u>Item</u>	<u>Object</u>	<u>Function</u>	<u>Amount</u>
a) Compensated absence	5XXX	Various	\$ 48,522
b) Cultural, community & other	Various	Various	\$ 1,380,506
c) Scholarships	64XX	Scholarships	<u>\$ 2,155,598</u>
Total Deductions			<u><u>\$ 3,584,626</u></u>
3 Adjusted Unrestricted Current Operating Expenditures (Line 1 less sum of 2a thru 2c)			<u>\$ 80,515,803</u>
4 Total FTE students for fiscal year (From Exhibit VI)		<u>8,308.83</u>	
5 Total Adjusted Unrestricted Current Operating Expenditures divided by Total FTE students (yields adjusted cost per FTE)			<u>\$ 9,690</u>
6 Total Maryland eligible FTE students (From Exhibit VI)		<u>7,736.07</u>	
7 State aid paid fiscal year ending June 30, 2015 (Exclude State paid benefits) (Complete Exhibit XI) (Based on two prior years audited FTEs)			<u>\$ 14,881,136</u>
8 Total Local Contribution			<u><u>\$ 31,000,287</u></u>
9 Percentage of adjusted Unrestricted Current Expenditures contributed by the local political subdivision (Line 8 divided by Line 3) *			<u>38.5%</u>

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

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

HOWARD COMMUNITY COLLEGE

Summary of Full-Time Equivalent Students and Student Tuition and Fees For Fiscal Year Ended June 30, 2015

	<u>FTE Students</u>	<u>Student Tuition and Fees</u>
Eligible Students		
In-County	4,900.27	\$ 22,141,682
Out of County	1,467.46	9,834,069
Noncredit	1,368.34	4,415,745
Total Eligible Students	<u>7,736.07</u>	<u>\$ 36,391,495.69</u>
Ineligible Students		
Credit		
Out of State	180.60	\$ 1,433,982
Other	9.20	6,394
Noncredit		
Out of State	231.59	759,389
Other	151.37	156,298
Total Ineligible Students	<u>572.76</u>	<u>2,356,063</u>
Total Students	<u>8,308.83</u>	<u>\$ 38,747,559</u>

NOTE: Regional community colleges are required to submit the above data for each of the counties supporting the College. Eligible 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, 2015

Program Title	July 1, 2014 Balance	Revenue	Expenditures	June 30, 2015 Balance
Federal Supplemental Educational Opportunity Grants FY15	\$ -	\$ 168,733	\$ 168,733	\$ -
Federal Work-Study Program	-	145,603	145,603	-
Federal Pell Grant Program	-	10,630,718	10,630,718	-
Federal Pell Grant Program - Prior year	-	282,632	282,632	-
TRIO - Student Support Services - FY14	-	56,928	56,928	-
TRIO - Student Support Services - FY13	-	289,704	289,704	-
Rider Observation Study	-	1,466	1,466	-
National Security Agency-Startalk	-	11,971	11,971	-
National Security Agency-Startalk	-	88,448	88,448	-
Adult Education - State Grant Program	-	378,069	378,069	-
Vocational Education - Basic Grants to States	-	240,068	240,068	-
Child Care Career and Professional Development - Teacher Train.	-	39,356	39,356	-
Career and Technical Education -- Cisco Certified Networking	-	6,774	6,774	-
Career and Technical Education -- Casino Management	-	378	378	-
RTTT-Early Learning Challenge	-	612	612	-
NEH Bridging Cultural Gaps	-	1,350	1,350	-
Childcare Career Teacher Train	-	47,608	47,608	-
DOL TAACCT CPAM	-	13,444	13,444	-
Perkins Account	-	18,212	18,212	-
Perkins Culinary	-	7,633	7,633	-
NSF EEC RESCH	-	473	473	-
NSF PRIME	-	2,125	2,125	-
Centers for Disease Control and Prevention	300	39,143	39,443	-
Total Federal	\$ 300	\$ 12,471,448	\$ 12,471,748	\$ -

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

HOWARD COMMUNITY COLLEGE

Summary of Restricted State Grant Programs For Fiscal Year Ended June 30, 2015

Program Title	July 1, 2014 Balance	Revenue	Expenditures	June 30, 2015 Balance
MSDE FY14 Hoyer	\$ -	\$ 6,261	\$ 6,261	\$ -
MSDE FY15 Hoyer	-	110,447	110,447	-
MSDE Pre-K	-	29,113	29,113	-
ESL Credit	-	56,504	56,504	-
NSP FY 11	-	24,016	24,016	-
NSP 12-108 Yr 2	-	59,574	59,574	-
NSP Sim Instruction	-	181,290	91,940	89,350
NSP Military to RN	-	299,999	-	299,999
DLLR Literacy	-	144,594	144,594	-
ESL Non-Credit	-	430,296	430,296	-
AEHG Ext. Dipl.	-	13,521	13,521	-
EARN Implementation	-	118,435	118,435	-
MHEC DMPD Faculty	-	6,000	6,000	-
ADAPTS RT Grant	-	24,138	24,138	-
DHMH Suicide	-	1,951	1,951	-
MD Disabilities	193	5,000	147	5,046
MHEC MCACG	-	70,688	70,688	-
MHEC MCACG	-	39,523	3,562	35,961
Bay Trust Fund Stream	-	171,720	171,720	-
Bay Trust Fund Stream	-	88,500	88,500	-
MD State Scholarship	174,223	464,763	638,986	-
MD PT Grant Prog.	-	207,461	207,461	-
(Prior yr) MD State Scholarship	5,368	-	-	5,368
MD Campus Based	-	46,500	46,500	-
Total State	\$ 179,784	\$ 2,600,294	\$ 2,344,354	\$ 435,724

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

HOWARD COMMUNITY COLLEGE

Summary of Restricted Local Grant Programs For Fiscal Year Ended June 30, 2015

<u>Program Title</u>	<u>July 1, 2014</u>			<u>June 30, 2015</u>
	<u>Balance</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Balance</u>
Cable Grant	\$ -	\$ 120,000	\$ 120,000	\$ -
Cable Grant - Equipment	-	75,000	2,850	72,150
Howard County Getting Ahead	-	8,500	8,500	-
Total Local	<u>\$ -</u>	<u>\$ 203,500</u>	<u>\$ 131,350</u>	<u>\$ 72,150</u>

NOTE: Total should agree with Exhibit I, Restricted Fund (line 6c)

HOWARD COMMUNITY COLLEGE

Summary of Other Sources of Unrestricted Current General Revenue For Fiscal Year Ended June 30, 2015

	<u>Unrestricted Amounts</u>
Other Revenue Sources	
Grants:	
Private grants	\$ -
Total Grants	<u>-</u>
Other - Miscellaneous:	
Investment Income	16,906
Cultural, community & other programs	1,208,302
Foundation	85,844
Miscellaneous	711,902
Total Other - Miscellaneous	<u>2,022,954</u>
Total Other Revenue Sources	<u>\$ 2,022,954</u>

NOTE: Total should agree with Exhibit I, lines 9, and 10.

HOWARD COMMUNITY COLLEGE

Reconciliation of State Aid For Fiscal Year Ended June 30, 2015

	<u>Amount</u>
7,651.16 State Aid FTEs @ \$1,279.69	\$ 9,791,128
Flat Grant (Fixed Cost Adjustment)	4,981,053
Hold Harmless Provision	-
Part-Time Grant	-
Low Income Student Grant	-
Other (specify below):	
Regional Higher Education Center, Howard's share only	108,955
Total State Aid	<u><u>\$ 14,881,136</u></u>

HOWARD COMMUNITY COLLEGE

Reconciliation of Maryland Full-Time Equivalent Students For Fiscal Year Ended June 30, 2015

	<u>Eligible Maryland FTEs Accepted by MHEC</u>	<u>Eligible FTEs Now Claimed per Audit</u>
Summer Credit Enrollment (CC-2)	648.93	648.93
Summer Noncredit Enrollment (CC-3)	210.05	210.05
Fall Credit Enrollment (CC-2)	2,932.00	2,932.00
Fall Noncredit Enrollment (CC-3)	487.43	487.43
Spring Credit Enrollment (CC-2)	2,599.10	2,599.10
Spring Noncredit Enrollment (CC-3)	670.86	670.86
Other Credit Enrollment (CC-2)	187.70	187.70
Other Noncredit Enrollment (CC-3)	-	-
Total Enrollment	<u>7,736.07</u>	<u>7,736.07</u>
Total Eligible Maryland FTEs accepted by MHEC during fiscal year	7,736.07	XXXXXXXXXXXXX
Additional Eligible Maryland FTEs claimed per audit* (deletions)	<u>-</u>	<u>XXXXXXXXXXXXX</u>
Total Eligible Maryland FTES**	<u><u>7,736.07</u></u>	<u><u>7,736.07</u></u>
Total Unduplicated Part-Time Students	<u><u>N/A</u></u>	<u><u>N/A</u></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, 2015

Total Credit Hours Generated	<u>193,862</u>
Total Course Credit Hours Taught FY 2015	<u>9,963</u>
Student-Faculty Ratio (Total credit hours generated divided by total course credit hours taught)	<u><u>19.46</u></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
- * Included all sessions (Summer and Winter)

HOWARD COMMUNITY COLLEGE

Funding of Manpower Shortage Program For Fiscal Year Ended June 30, 2015

	Summer/Fall CC-2D	Winter/Spring CC-2D	Total
Total out-of-county/city students enrolled in manpower shortage programs	923	670	1,593
Total credit hours*	6,751	4,509	11,260
Total tuition differential*	<u>\$ 560,333</u>	<u>\$ 374,247</u>	<u>\$ 934,580</u>
Total State Aid Received for Manpower Shortage Program	\$ 450,564	\$ 300,948	\$ 751,512
Minus:			
Current year write off	\$ 109,769	\$ 73,299	\$ 183,068
Audit Adjustments (Enclose Check)	<u>-</u>	<u>-</u>	<u>-</u>
Total Audited State Aid Balance Due for Manpower Shortage Program	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

*Per Audit

HOWARD COMMUNITY COLLEGE

Retirement System Reconciliations For Fiscal Year Ended June 30, 2015

Optional Retirement System Reimbursements		
Amount Due (To) From MHEC from Prior Year (FY2014)	\$	1,402
Reimbursement Requested from MHEC (Invoiced FY2015)		1,346,185
Add (Less) Additional Audit Adjustment		
Less Amount Received from MHEC		<u>1,110,715</u>
	Net Balance Due To MHEC	-
	Net Balance Due From MHEC	\$ 236,872
Teachers Retirement and Pension System Reimbursements		
Amount Due To (From) MHEC from Prior Year (FY2014)		
Required Reimbursement Reported to MHEC		196,705
Less Additional Audit Cost		3,000
Less Amount Paid to MHEC FY2015		<u>197,464</u>
	Net Balance Due To MHEC	\$ -
	Net Balance Due From MHEC	\$ 3,759
	Net Balance Due To (From) MHEC	<u>\$ (240,631)</u>

HOWARD COMMUNITY COLLEGE

**MHEC CC4 Reconciliation
For Fiscal Year Ended June 30, 2015**

Total Revenue - CC-4 Ex I

Total Revenue - Statement of Revenue and Expense	\$	114,503,355
Scholarship reclassification		12,569,974
Restricted revenue		(15,695,247)
Capital appropriations		(14,148,877)
Bond interest		382,793
Plant fund revenue		(2,002,130)
State and County paid benefits		(4,484,361)
Total Revenue - CC-4 Ex I	\$	91,125,507

Total Expenditures - CC-4 Ex II

Total Expenditures - Statement of Revenue and Expenses	\$	105,152,614
Scholarship and other reclassification		13,883,299
Restricted expenditures		(15,460,876)
Auxiliary Expenditures		(5,815,093)
Depreciation		(9,353,788)
State and County paid benefits		(4,484,361)
Total Education and General Expenditures - CC-4 Ex II	\$	83,921,795

Howard Community College

Note to the Annual Financial Report

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 revenues 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 the page 20 of this report.