

# McGladrey & Pullen

Certified Public Accountants

## Harford Community College

Annual Financial Report to the Maryland Higher Education Commission  
June 30, 2008

ANNUAL FINANCIAL REPORT  
TO THE  
MARYLAND HIGHER EDUCATION COMMISSION  
FROM HARFORD COMMUNITY COLLEGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

*McGladrey & Pullen, LLP*

Prepared by:

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President of the College

Date: October 9, 2008

# Harford Community College

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# McGladrey & Pullen

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## Independent Auditor's Report

Board of Trustees  
Harford Community College  
Bel Air, Maryland

We have audited the accompanying financial statements included in the Annual Financial Report to the Maryland Higher Education Commission (MHEC-CC-4) of Harford Community College (College) for the year ended June 30, 2008 listed in the foregoing table of contents and the full-time equivalent (FTE) enrollment data shown on pages 7, 8, 13 and 14. These financial statements and the FTE enrollment data shown on pages 7, 8, 13 and 14 are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements and the FTE enrollment data shown on pages 7, 8, 13, and 14 based on our audit.

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. 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.

As described in Note 1, the Annual Financial Report to the appropriate Maryland state regulatory agency was prepared on the basis of accounting practices prescribed or permitted by the Maryland Higher Education Commission, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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, respectively of Harford Community College for the year ended June 30, 2008 on the basis of accounting described in Note 1.

Also in our opinion, the full-time equivalent (FTE) enrollment data shown on pages 7, 8, 13 and 14 is fairly presented in accordance with instructions set forth in Title 13B.07.03.02C, inclusive, of the Code of Maryland Regulations.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the foregoing table of contents have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements are not, and are not intended to be, the College's primary financial statements. The College has separately issued financial statements prepared in accordance with accounting principles generally accepted in the United States of America as its primary financial statements.

This report is intended solely for the information of and use of the Board of Trustees and management of the College and the Maryland Higher Education Commission and is not intended to be and should not be used by anyone but these specified parties.

*McGladrey & Pullen, LLP*

Blue Bell, Pennsylvania  
October 9, 2008

McGladrey & Pullen, LLP is a member firm of RSM International,  
an affiliation of separate and independent legal entities.

Harford Community College

Summary Statement of Revenues  
For Fiscal Year Ended June 30, 2008

	Unrestricted Current Fund	Restricted Current Fund	Total Revenues
<u>Revenue Sources</u>			
Student Tuition and Fees:			
1. Credit	\$ 10,111,049	\$ -	\$ 10,111,049
2. Noncredit	3,290,677	-	3,290,677
3. TOTAL STUDENT TUITION AND FEES	\$ 13,401,726	\$ -	\$ 13,401,726
Governmental: (Explain Restricted Funds on Exhibits VII, VIII, IX)			
4. Federal	\$ -	\$ 2,642,511	\$ 2,642,511
5. State	9,562,584	1,327,495	10,890,079
6. Local	15,778,743	378,909	16,157,652
7. TOTAL GOVERNMENTAL	\$ 25,341,327	\$ 4,348,915	\$ 29,690,242
8. TOTAL SALES AND SERVICES OF EDUCATIONAL ACTIVITIES (Auxiliary Enterprise)	\$ 4,283,503		\$ 4,283,503
Other:			
9. Gifts/Grants (Explain on Exhibit X)	\$ -	\$ 98,479	\$ 98,479
10. Other - Miscellaneous (Explain on Exhibit X)	4,154,852	943,547	5,098,399
11. TOTAL OTHER	\$ 4,154,852	\$ 1,042,026	\$ 5,196,878
12. TOTAL REVENUES	\$ 47,181,408	\$ 5,390,941	\$ 52,572,349

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

Harford Community College

Summary Statement of Current General Funds  
For Fiscal Year Ended June 30, 2008

	Unrestricted Current Fund	Restricted Current Fund
Revenues:		
1. TOTAL REVENUES (Per Line 12, Exhibit I)	\$ 47,181,408	\$ 5,390,941
Expenditures by Function:		
Instruction	14,324,973	831,442
Research		
Public Service		100,145
Academic Support	5,042,621	
Student Services	3,917,961	3,256,038
Institutional Support	6,535,416	259,769
Operation and Maintenance of Plant	3,942,776	
Scholarships and Fellowships	701,283	943,547
2. TOTAL EDUCATIONAL AND GENERAL EXPENDITURES	\$ 34,465,030	\$ 5,390,941
3. TOTAL MANDATORY TRANSFERS	\$ 16,921	
4. TOTAL EDUCATIONAL AND GENERAL EXPENDITURES AND MANDATORY TRANSFERS	\$ 34,481,951	\$ 5,390,941
5. TOTAL AUXILIARY ENTERPRISES + IMPROVEMENT RESERVE	\$ 3,768,081	
6. TOTAL OTHER TRANSFERS	\$ 3,290,118	
7. TOTAL EXPENDITURES, TRANSFERS AND AUXILIARY ENTERPRISES	\$ 41,540,150	\$ 5,390,941

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

Harford Community College

Educational and General Expenditures of the Unrestricted Current Fund by Function and Object  
For Fiscal Year Ended June 30, 2008

ACCT NO.	Object Classification	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Management of Plant	Scholarships and Fellowships	Total
5xxx	Compensation	\$ 13,058,871			\$ 3,501,974	\$ 3,122,223	\$ 4,089,907	\$ 922,588	\$ 190,631	\$ 24,886,194
60xx	Contracted services	540,718			915,657	299,390	1,463,880	1,435,618	-	4,655,263
61xx	Supplies and materials	369,620			250,144	174,846	236,260	308,309	-	1,339,179
62xx	Communications	30,570			72,407	53,493	202,508	3,141	-	362,119
63xx	Conferences and meetings	145,363			92,317	165,395	194,691	5,360	-	603,126
64xx	Grants/Subsidies	53			7,725	8,844	3,970	-	510,652	531,244
65xx	Utilities	4,328			44,022	-	-	1,071,818	-	1,120,168
66xx	Fixed charges	9,499			42,255	6,191	295,297	183,028	-	536,270
67xx	Open (specify below)				-	-	-		-	
68xx	Open (specify below)	-			-	-	-	-	-	
69xx	Open (specify below)	-			-	-	-	-	-	
7xxx	Furniture and equipment	165,951			116,120	87,579	48,903	12,914	-	431,467
	Total Expenditures	\$ 14,324,973			\$ 5,042,621	\$ 3,917,961	\$ 6,535,416	\$ 3,942,776	\$ 701,283	\$ 34,465,030

Note: Do not include Auxiliary Enterprises; they are not Educational and General Expenditures. Do not include State paid benefits; reconcile to financial statements on a separate page. Transfers are not included.

MHEC-CC-4  
Rev. 12-87

Harford Community College

Summary Statement of Educational and General Expenditures by Fund and Object Classification  
 Unrestricted Current and Restricted Current Funds  
 For Fiscal Year Ended June 30, 2008

ACCT NO.	Object Classification	Unrestricted Current Fund	Restricted Current Fund	Total Expenditures
5xxx	Compensation	\$ 24,886,194	\$ 1,149,770	\$ 26,035,964
60xx	Contracted services	4,655,263	693,419	5,348,682
61xx	Supplies and materials	1,339,179	115,398	1,454,577
62xx	Communications	362,119	36,600	398,719
63xx	Conferences and meetings	603,126	53,113	656,239
64xx	Grants/Subsidies	531,244	3,198,266	3,729,510
65xx	Utilities	1,120,168	37,103	1,157,271
66xx	Fixed charges	536,270	-	536,270
67xx	Open (specify below)	-	-	-
68xx	Open (specify below)	-	-	-
69xx	Open (specify below)	-	-	-
7xxx	Furniture and equipment	431,467	107,272	538,739
TOTAL EXPENDITURES		34,465,030	5,390,941	39,855,971
TOTAL MANDATORY TRANSFERS		16,921	-	16,921
TOTAL EXPENDITURES AND MANDATORY TRANSFERS		\$ 34,481,951	\$ 5,390,941	\$ 39,872,892

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



Harford Community College

Notes to Annual Financial Report to the Maryland Higher Education Commission (CC-4)

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**Note 1. Significant Accounting Policies**

The College's policy is to prepare the Annual Financial Report to the Maryland Higher Education Commission on the basis of accounting practices prescribed or permitted by the Maryland Higher Education Commission. These practices differ from generally accepted accounting principles in various respects, among them including that Governmental Accounting Standards Board Statements 34 and 35 are not applied and current general unrestricted fund revenues and expenditures do not include amounts applicable to the operations of auxiliary enterprises. Additionally, sponsored scholarships from other sources of revenue and non-cash revenues and expenditures for certain fringe benefits which were paid by the State of Maryland are excluded.

**Note 2. Administrative Services Provide To Auxiliary Enterprises**

During the year ended June 30, 2008, the College charged \$65,643 to auxiliary enterprises to reimburse the College for the estimated cost of administrative services provided for the bookstore, food services, theater and sports complex activity.

**Note 3. Reconciliation of Total Current General Unrestricted Revenues and Expenditures as Shown in Annual Financial Report with Total Current Funds Unrestricted Revenues and Expenditures Shown in the College's Financial Statements**

	Revenues	Expenditures
Total current general unrestricted revenues and expenses shown in annual financial report	\$ 47,181,408	\$ 41,540,150
Additions:		
Non-cash amounts for certain fringe benefits which were paid by the State of Maryland	1,633,395	1,633,395
Total current funds unrestricted revenues and expenditures and transfers shown in the College's financial statements	<u>\$ 48,814,803</u>	<u>\$ 43,173,545</u>

Harford Community College

Computation of Adjusted Cost Per Full-Time Equivalent and Percent of Local Contribution  
For Fiscal Year Ended June 30, 2008

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) \$ 34,481,951

2. Subtract any expenditures included in #1 above which do not fall within the definition of Unrestricted Current General operating expenditures per COMAR Title 13C. List and specify items below. Indicate objects and functions in which these expenditures are shown on Exhibits III and IV.

<u>Item</u>	<u>Object</u>	<u>Function</u>	<u>Amount</u>
a) Vacation/Sick Leave Accrual	5501	Inst. Support	69,907
b)			
c)			
c)			
e)			
TOTAL DEDUCTIONS:			<u>69,907</u>

3. Adjusted Unrestricted Current Operating Expenditures (Line 1 less sum of 2a thru 2e) \$ 34,412,044

4. Total FTE students for fiscal year (From Exhibit VI, Total Column 2) 4,779.08

5. Total Adjusted Unrestricted Current Operating Expenditures/Total FTE students (Yields adjusted cost per FTE) 7,200.56

6. Total Maryland eligible FTE students (From Exhibit VI) 4,680.50

7. State aid paid fiscal year ending June 30, 20XX (Exclude State paid benefits) (Complete Exhibit XI) (Based on two prior years audited FTEs) \$ 9,562,584

8. TOTAL LOCAL CONTRIBUTIONS \* \$ 15,778,743

9. Percentage of adjusted Unrestricted Current Expenditures contributed by the local political subdivision rounded to two decimal places (Line 8/Line 3) \* 45.85%

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

Harford Community College

Summary of Full-Time Equivalent Students and Student Tuition and Fees  
For Fiscal Year Ended June 30, 2008

	FTE Students	Student Tuition and Fees
<u>Eligible Students</u>		
1. In-County (credit)	3,393.09	\$ 8,629,539
2. Out-of-County (credit)	168.47	856,546
3. Noncredit	1,118.94	3,290,677
TOTAL ELIGIBLE STUDENTS	4,680.50	\$ 12,776,762
<u>Ineligible Students</u>		
Credit		
4. Out-of-State	72.41	\$ 552,153
5. Other	26.17	72,811
Noncredit		
6. Out-of State		
7. Other		
TOTAL INELIGIBLE STUDENTS	98.58	\$ 624,964
TOTAL STUDENTS	4,779.08	\$ 13,401,726

NOTE: 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 place decimal.

Harford Community College

Summary of Restricted Federal Grant Programs  
For Fiscal Year Ended June 30, 2008

Program Title	July 1, 2007 Balance	Revenues	Expenditures	June 30, 2008 Balance
Federal Government				
Federal Work Study	\$ -	\$ 141,366	\$ 141,366	\$ -
SEOG	-	72,742	72,742	-
Pell Grants	-	2,039,501	2,039,501	-
Adult Basic Education	-	98,542	98,542	-
Vocational Education	-	174,046	174,046	-
Effective Writing	-	62,417	62,417	-
Academic Competitive Grant	-	42,939	42,939	-
Army Community Service	-	10,958	10,958	-
TOTAL FEDERAL	\$ -	\$ 2,642,511	\$ 2,642,511	\$ -

NOTE: Total should agree with Exhibit I, Restricted Fund (page 2, line 4).

MHEC-CC-4  
Rev. 02-88

EXHIBIT VII

Harford Community College

Summary of Restricted State Grant Programs  
For Fiscal Year Ended June 30, 2008

Program Title	July 1, 2007 Balance	Revenues	Expenditures	June 30, 2008 Balance
State Government				
Literacy Programs	\$ -	\$ 170,957	\$ 170,957	\$ -
Learning Disabilities Program	-	6,811	6,811	-
Child Care	-	5,147	5,147	-
Maryland National Guard	-	-	-	-
Smoking Cessation	-	13,801	13,801	-
ESOL	-	33,730	33,730	-
Health Manpower	-	10,307	10,307	-
Innovative Partnership for Technology	-	209,664	209,664	-
Department of Social Services	-	581,015	581,015	-
Department of Natural Resources	-	-	-	-
HIV Prevention	-	86,799	86,799	-
Nurse Support II	-	173,742	173,742	-
HEAT Regional Higher Ed	-	35,522	35,522	-
TOTAL STATE	\$ -	\$ 1,327,495	\$ 1,327,495	\$ -

NOTE: Total should agree with Exhibit I, Restricted Fund (page 2, line 5).

Harford Community College

Summary of Restricted Local Grant Programs  
For Fiscal Year Ended June 30, 2008

Program Title	July 1, 2007 Balance	Revenues	Expenditures	June 30, 2008 Balance
Local Government				
Detention Center	\$ -	\$ 28,093	\$ 28,093	\$ -
Harford County Mediation Program	-	13,345	13,345	-
Learn & Serve Grant	-	-	-	-
Small Business Development	-	322,250	322,250	-
Harford Leadership Academy	-	4,341	4,341	-
Disproportionate Minority	-	10,879	10,879	-
TOTAL LOCAL	\$ -	\$ 378,908	\$ 378,909	\$ -

NOTE: Total should agree with Exhibit I, Restricted Fund (page 2, line 6).

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EXHIBIT IX

Harford Community College

Summary of Other Sources of Unrestricted Current General Revenue  
For Fiscal Year Ended June 30, 2008

Other Revenue Sources	Amount
Gifts:	\$ -
Total Gifts	\$ -
Other - Miscellaneous:	
Investment Income	\$ 788,179
Administrative Charges	230,848
Rental Income	86,965
Facilities Use	193,244
Reimbursement for Waivers	69,352
Improvement Reserve Revenue	139,009
Miscellaneous Revenue	2,283
Transfers from Fund Balance	2,600,500
Other	44,472
TOTAL OTHER - MISCELLANEOUS	\$ 4,154,852
TOTAL OTHER REVENUE SOURCES	\$ 4,154,852

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

MHEC-CC-4  
Rev. 02-88

Harford Community College

Reconciliation of State Aid  
For Fiscal Year Ended June 30, 2008

			Amount
4,277.82	State Aid FTEs @	1,384.27	<u>\$ 5,921,669</u>
Flat Grant			<u>3,640,915</u>
Part-time Grant			<u>-</u>
Low Income Student Grant			<u>-</u>
Other (specify below)			
	Medium Size Factor		
	Wealth Factor		
	Retirement Transfer		
	Supplemental State Aid		
	Funding: Recission		
TOTAL STATE AID			<u><u>\$ 9,562,584</u></u>

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EXHIBIT XI



Harford Community College

Reconciliation of Maryland Full-Time Equivalent Students  
For Fiscal Year Ended June 30, 2008

	Eligible Maryland FTEs Accepted by MHEC	Maryland FTEs Now Claimed per Audit
Summer Credit Enrollment (MHEC-C-2)	298.95	298.95
Summer Noncredit Enrollment (MHEC-CC-3)	142.09	142.09
Fall Credit Enrollment (MHEC-CC-2)	1,736.48	1,736.48
Fall Noncredit Enrollment (MHEC-CC-3)	416.81	416.81
Spring Credit Enrollment (MHEC-CC-2)	1,526.13	1,526.13
Spring Noncredit Enrollment (MHEC-CC-3)	560.04	560.04
Other Credit Enrollment (MHEC-CC-2)		
Other Noncredit Enrollment (MHEC-CC-3)		
<b>TOTAL ENROLLMENT</b>	<b>4,680.50</b>	<b>4,680.50</b>
Total Eligible Maryland FTEs accepted by MHEC during fiscal year	4,680.50	X X X X X X X X X
Additional Eligible Maryland FTEs claimed per audit * (deletions)		X X X X X X X X X
<b>TOTAL ELIGIBLE MARYLAND FTEs **</b>	<b>4,680.50</b>	
<b>TOTAL UNDUPLICATED PART-TIME STUDENTS</b>		

\* When additional FTEs not previously reported to the Maryland Higher Education Commission are claimed as a result of the audit, a properly executed MHEC-CC-2 or MHEC-CC-3 must be filed with the MHEC-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.

Harford Community College

Student-Faculty Ratio (Credit Courses Only)  
For Fiscal Year Ended June 30, 2008

TOTAL CREDIT HOURS GENERATED	<u><u>109,804.5</u></u>
TOTAL COURSE CREDIT HOURS TAUGHT	<u><u>5,910.5</u></u>
STUDENT-FACULTY RATIO (Total credit hours generated divided by total course credit hours taught)	<u><u>18.58</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:

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

Harford Community College

Funding of Health Manpower Shortage And Statewide Programs  
For Fiscal Year Ended June 30, 2008

	<u>Statewide Programs</u>			<u>Health Manpower Shortage</u>		
	Fall CC-2A	Spring CC-2A	Total	Fall CC-2D	Spring CC-2D	Total
1. Total Out-of-County Students Enrolled In HMS & Statewide Programs	25.00	21.00	46.00	98.00	75.00	173.00
2. Total Credit Hours *	195.00	197.00	392.00	904.00	627.00	1,531.00
3. Total Tuition Differential *	\$ 15,015.00	\$ 15,169.00	\$ 30,184.00	\$ 69,608.00	\$ 48,279.00	\$ 117,887.00
Total State Aid Received For HMS & Statewide Programs	\$ 15,015.00	\$ 15,169.00	\$ 30,184.00	\$ 69,608.00	\$ 48,279.00	\$ 117,887.00
Minus Audit Adjustments			-			-
Total Audited State Aid Received For HMS & Statewide Programs	<u>\$ 15,015.00</u>	<u>\$ 15,169.00</u>	<u>\$ 30,184.00</u>	<u>\$ 69,608.00</u>	<u>\$ 48,279.00</u>	<u>\$ 117,887.00</u>

\* Per Audit

MHEC CC-4

EXHIBIT XIV