

MARYLAND HIGHER EDUCATION COMMISSION
FROM MONTGOMERY COLLEGE
Rockville, Maryland

ANNUAL FINANCIAL REPORT
June 30, 2012

ANNUAL FINANCIAL REPORT

TO THE

MARYLAND HIGHER EDUCATION COMMISSION

FROM MONTGOMERY COLLEGE

SUMMARY STATEMENT OF REVENUES AND EXPENDITURES

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

ANNUAL FINANCIAL REPORT
TO THE
MARYLAND HIGHER EDUCATION COMMISSION
FROM MONTGOMERY COLLEGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared by:

Philip Howard 9/28/2012

President of the College:

Donald McNeal
for D. Pollard

9-28-12

Date

MONTGOMERY COLLEGE

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Independent Auditor's Report

Board of Trustees
Montgomery College
Rockville, Maryland

We have audited the accompanying statements included in the annual financial report to the Maryland Higher Education Commission of Montgomery College (the College) for the year ended June 30, 2012. 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 audit.

In addition, we have examined management's assertion that the full-time equivalents included in the annual financial report are presented in accordance with instructions set fourth in Title 13B.07.03.02C, inclusive, of the Code of Maryland Regulations. The College's management is responsible for the assertion. Our responsibility is to express an opinion based on our examination.

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.

These financial statements were prepared in conformity with the accounting practices prescribed by the Maryland Higher Education Commission, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the full-time equivalents included in the annual report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the annual financial report of the College for the year ended June 30, 2012, on the basis of accounting prescribed by the Maryland Higher Education Commission. Furthermore, in our opinion, the annual financial report presents, in all material respects, the full time equivalents based the instructions set fourth in Title 13B.07.03.02C, inclusive, of the Code of Maryland Regulations.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures 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 or to the 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 financial statements as a whole.

This report is intended solely for the information 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 other than these specified parties.

CliftonLarsonAllen LLP

Baltimore, Maryland
October 1, 2012

MONTGOMERY COLLEGE

Summary Statement of Revenues for Fiscal Year Ended June 30, 2012

Revenue Sources	Unrestricted Current Fund	Restricted Current Fund	TOTAL REVENUES
Student Tuition and Fees:			
1. Credit	\$84,824,995	\$900	\$84,825,895
2. Noncredit	7,527,655	129,478	7,657,133
3. TOTAL STUDENT TUITION AND FEES	\$92,352,650	\$130,378	\$92,483,028
Governmental: (Explain Restricted Funds on Exhibits VII, VIII, and IX)			
4. Federal	\$0	\$31,640,932	\$31,640,932
5. State	34,982,472	776,410	35,758,882
6. Local	95,848,755	0	95,848,755
7. TOTAL GOVERNMENTAL	\$130,831,227	\$32,417,342	\$163,248,569
8. TOTAL SALES AND SERVICES OF EDUCATIONAL ACTIVITIES (Auxiliary Enterprise)	\$14,483,736	\$0	\$14,483,736
Other:			
9. Gifts/Grants (Explain on Exhibit X)	0	1,616,093	1,616,093
10. Other - Miscellaneous (Explain on Exhibit X)	1,947,520	8,821,257	10,768,777
11. TOTAL OTHER	\$1,947,520	\$10,437,350	\$12,384,870
12. TOTAL REVENUES	\$239,615,133	\$42,985,070	\$282,600,203

NOTE: Restricted Revenue does not include State paid benefits \$23,157
 Unrestricted Revenue does not include State paid benefits of \$11,995,713

MONTGOMERY COLLEGE

Summary Statement of Current General Funds for the Fiscal Year Ended June 30, 2012

	Unrestricted General Current Fund	Restricted Current Fund
	<u> </u>	<u> </u>
Revenues:		
1. TOTAL REVENUES (Per Line 12, Exhibit I)	<u>\$239,615,133</u>	<u>\$42,985,070</u>
Expenditures by Function:		
Instruction	<u>96,621,636</u>	<u>6,652,699</u>
Research	<u>0</u>	<u>0</u>
Public Service	<u>0</u>	<u>0</u>
Academic Support	<u>25,334,849</u>	<u>425,225</u>
Student Services	<u>27,192,613</u>	<u>1,898,433</u>
Institutional Support	<u>46,126,949</u>	<u>745,151</u>
Operation and Maintenance of Plant	<u>33,340,569</u>	<u>148,969</u>
Scholarships & Fellowships	<u>4,738,640</u>	<u>33,137,747</u>
2. TOTAL EDUCATIONAL AND GENERAL EXPENDITURES	<u>\$233,355,256</u>	<u>\$43,008,224</u>
3. TOTAL MANDATORY TRANSFERS	<u>0</u>	<u>0</u>
4. TOTAL EDUCATIONAL AND GENERAL EXPENDITURES AND MANDATORY TRANSFERS	<u>\$233,355,256</u>	<u>\$43,008,224</u>
5. TOTAL AUXILIARY ENTERPRISES	<u>\$13,930,527</u>	<u>\$0</u>
6. TOTAL OTHER TRANSFERS	<u>\$0</u>	<u> </u>
7. TOTAL EXPENDITURES, TRANSFERS AND AUXILIARY ENTERPRISES	<u>\$247,285,783</u>	<u>\$43,008,224</u>

NOTE: Does not include State paid benefits of \$11,995,713

MONTGOMERY COLLEGE

Educational and General Expenditures of the Unrestricted Current Fund by Function and Object for the Fiscal Year Ended June 30, 2012

Acct. No.	Object Classification	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Non Function	TOTAL
5XXX	Compensation (including Fringe Benefits)	89,076,057	\$0	\$0	18,471,326	23,631,697	\$33,504,421	\$15,850,268	\$0	\$0	\$180,533,769
60XX	Contracted Services	0	0	0	-28,553	0	\$0	\$0	\$0	\$0	-\$28,553
61XX	Supplies and Materials	2,327,968	0	0	942,051	297,359	\$428,357	\$1,454,024	\$0	\$0	\$5,449,759
62XX	Communications	134,028	0	0	107,258	107,258	\$997,063	\$60,696	\$0	\$0	\$1,406,303
63XX	Conferences/Meetings	72,840	0	0	171,181	139,054	\$722,237	\$15,164	\$0	\$0	\$1,120,476
64XX	Grants/Subsidies	805	0	0	0	0	\$0	\$0	\$0	\$0	805
65XX	Utilities	200	0	0	0	0	\$0	\$7,372,027	\$4,738,640	\$0	12,110,667
66XX	Fixed Charges	2,110	0	0	12,783	0	\$4,630,763	\$357,706	\$0	\$0	5,003,362
67XX	Open (specify below)	3,634,727	0	0	3,584,688	2,409,036	\$4,634,467	\$7,615,045	\$0	\$0	21,877,963
69XX	Open (specify below) Overhead	0	0	0	0	0	\$0	\$0	\$0	\$0	0
84XX	Open (specify below) Renovation	0	0	0	0	0	\$0	\$0	\$0	\$0	0
7XXX	Furniture and Equipment	1,372,901	0	0	2,074,115	608,209	\$1,209,641	\$615,639	\$0	\$0	5,880,505
TOTAL EXPENDITURES		<u>\$96,621,636</u>	<u>\$0</u>	<u>\$0</u>	<u>\$25,334,849</u>	<u>\$27,192,613</u>	<u>\$46,126,949</u>	<u>\$33,340,569</u>	<u>\$4,738,640</u>	<u>\$0</u>	<u>233,355,256</u>

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

SBCC-CC-4

MONTGOMERY COLLEGE

Summary Statement of Educational and General Expenditures by Fund and Object Class

for the Fiscal Year Ended June 30, 2012

Acct. No.	Object Classification	Unrestricted Current Fund	Restricted Current Fund	TOTAL EXPENDITURES
5XXX	Compensation (including Fringe Benefits)	\$180,533,769	\$7,222,945	\$187,756,714
60XX	Contracted Services	(28,553)	\$837,440	808,887
61XX	Supplies and Materials	5,449,759	\$285,892	5,735,651
62XX	Communications	1,406,303	\$277	1,406,580
63XX	Conferences/Meetings	1,120,476	\$229,734	1,350,210
64XX	Grants/Subsidies	805	\$33,130,678	33,131,483
65XX	Utilities	12,110,867	\$0	12,110,867
66XX	Fixed Charges	5,003,362	\$451	5,003,813
68XX	Open (specify below) Cost of Goods	21,877,963	\$0	21,877,963
69XX	Open (specify below) Overhead	0	\$272,082	272,082
83XX	Open (specify below) Capitalized Improvements	0	\$0	0
7XXX	Furniture and Equipment	5,880,505	\$1,028,725	6,909,230
TOTAL EXPENDITURES		\$233,355,256	\$43,008,224	\$276,363,480
TOTAL MANDATORY TRANSFERS		\$0	\$0	\$0
TOTAL EXPENDITURES AND MANDATORY TRANSFERS		\$233,355,256	\$43,008,224	\$276,363,480

NOTE: Does not include State paid benefits of \$11,995,713

MONTGOMERY COLLEGE

Computation of Adjusted Cost Per FTE and % of Local Contribution

for the Fiscal Year Ended June 30, 2012

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 \$233,355,256
(From Exhibit II, Line 4)

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.

<u>Item</u>	<u>Object</u>	<u>Function</u>	<u>Amount</u>
Compensated absence			
a) <u>current year expend.</u>	<u>5XXX</u>	<u>VARIOUS</u>	<u>195,996</u>
Debt service for			
b) <u>capital projects.</u>	<u> </u>	<u> </u>	<u>0</u>
Post employment			
c) <u>benefits</u>	<u>5XXX</u>	<u>VARIOUS</u>	<u>3,706,947</u>
d) <u> </u>	<u> </u>	<u> </u>	<u> </u>
e) <u> </u>	<u> </u>	<u> </u>	<u> </u>

TOTAL DEDUCTIONS \$3,902,943

3. Adjusted Unrestricted Current Operating Expenditures \$229,452,313
(Line 1 less sum of 2a thru 2e)

4. Total FTE students for fiscal year (from Exhibit VI) 22,270.95

5. Total Adjusted Unrestricted Current Operating Expenditures / Total FTE students (yields adjusted cost per FTE) \$10,302.76

6. Total Maryland eligible FTE students (from Exhibit VI) 19,759.87

7. State aid paid fiscal year ending June 30, 2012 \$34,982,472
(Exclude State paid benefits)(Complete Exhibit XI)
(Based on two prior years audited FTEs)

8. TOTAL LOCAL CONTRIBUTION \$95,848,755

9. Percentage of adjusted Unrestricted Current Expenditures contributed by local political subdivision (Line 8 / Line 3) * 41.77%

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

MONTGOMERY COLLEGE

Summary of Full-Time Equivalent Students and Tuition and Fees

for the Fiscal Year Ended June 30, 2012

	<u>FTE Students</u>	<u>Student Tuition and Fees</u>
<u>Eligible Students</u>		
1. In-County (credit)	<u>15,730.63</u>	<u>\$62,886,312</u>
2. Out-of-County (credit)	<u>818.90</u>	<u>\$6,696,235</u>
3. Noncredit	<u>3,210.34</u>	<u>\$5,638,198</u>
TOTAL ELIGIBLE STUDENTS	<u>19,759.87</u>	<u>\$75,220,745</u>
<u>Ineligible Students</u>		
Credit		
4. Out-of-State	<u>1,320.87</u>	<u>\$14,785,231</u>
5. Other	<u>114.37</u>	<u>\$457,217</u>
Noncredit		
6. Out-of-State	<u>1,075.84</u>	<u>\$1,889,457</u>
7. Other	<u>0.00</u>	<u>\$0</u>
TOTAL INELIGIBLE STUDENTS	<u>2,511.08</u>	<u>\$17,131,905</u>
TOTAL STUDENTS	<u>22,270.95</u>	<u>\$92,352,650</u>

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

MONTGOMERY COLLEGE
 Summary of Restricted Federal Grant Programs
 for the Fiscal Year Ended June 30, 2012

<u>Program Title</u>	<u>7/1/2011 Balance</u>	<u>Revenues/ Transfers</u>	<u>Expenditures/ Transfers</u>	<u>6/30/2012 Balance</u>
<u>Federal Government</u>				
Department of Education - Federal Pell Grant	\$0	\$31,095,607	\$31,095,607	\$0
Department of Education - Federal Academic Competitive Grant	0	24,953	24,953	0
Department of Education - Federal Supplemental Education Opportunities Grant	0	520,372	520,372	0
TOTAL FEDERAL	<u>\$0</u>	<u>\$31,640,932</u>	<u>\$31,640,932</u>	<u>\$0</u>

NOTE: Total should agree with Exhibit I, Restricted Fund (page 1, line 4).

SBCC-CC-4

MONTGOMERY COLLEGE

Summary of Restricted State Grant Programs

for the Fiscal Year Ended June 30, 2012

<u>Program Title</u>	<u>7/1/2011 Balance</u>	<u>Revenues/ Transfers</u>	<u>Expenditures/ Transfers</u>	<u>6/30/2012 Balance</u>
<u>State Government</u>				
<u>MHEC-Part Time Grant Program</u>	<u>\$0</u>	<u>\$776,410</u>	<u>\$776,410</u>	<u>\$0</u>
<u>TOTAL STATE</u>	<u>\$0</u>	<u>\$776,410</u>	<u>\$776,410</u>	<u>\$0</u>

NOTE: Total should agree with Exhibit I, Restricted Fund (page 1, line 5).

Rev. 02-88

MONTGOMERY COLLEGE

Summary of Restricted Local Grant Programs

for the Fiscal Year Ended June 30, 2012

<u>Program Title</u>	<u>7/1/2011 Balance</u>	<u>Revenues/ Transfers</u>	<u>Expenditures/ Transfers</u>	<u>6/30/2012 Balance</u>
<u>Local Government</u>	\$0	\$0	\$0	\$0
TOTAL LOCAL	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

NOTE: Total should agree with Exhibit I, Restricted Fund (page 1, line 6).

MONTGOMERY COLLEGE

Summary of Other Sources of Unrestricted and Restricted Current General Revenue

for the Fiscal Year Ended June 30, 2012

<u>Other Revenue Sources</u>	<u>Unrestricted Current Fund</u>	<u>Restricted Current Fund</u>
Gifts/Grants:		
<u>Montgomery County Foundation</u>	<u>\$0</u>	<u>931,379</u>
<u>D.C. Student Incentive Grants</u>		<u>662,537</u>
<u>Private Grants</u>		<u>22,177</u>
TOTAL GIFTS/GRANTS	<u>\$0</u>	<u>\$1,616,093</u>
Other - Miscellaneous:		
<u>State appropriation</u>		<u>3,871,237</u>
<u>Federal appropriation</u>		<u>4,487,646</u>
<u>Local appropriation</u>		<u>462,374</u>
<u>Investment Income</u>	<u>\$125,225</u>	<u>0</u>
<u>Operating (General) Fund - Fines, Facility Rentals.</u>	<u>\$1,537,221</u>	
<u>Overhead Recovery - Federal, State & Local Programs</u>	<u>\$285,074</u>	
<u>Sale of Assets & Other Miscellaneous</u>	<u>\$0</u>	
<u>Continuing Education - Other</u>	<u>\$0</u>	
TOTAL OTHER - MISCELLANEOUS	<u>\$1,947,520</u>	<u>8,821,257</u>
TOTAL OTHER REVENUE SOURCES	<u>\$1,947,520</u>	<u>\$10,437,350</u>

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

SBCC-CC-4

MONTGOMERY COLLEGE

Reconciliation of Full-Time Equivalent Students

for the Fiscal Year Ended June 30, 2012

	<u>Eligible Maryland FTEs Accepted by SBCC</u>	<u>Maryland FTEs Now Claimed Per Audit</u>
Summer Credit Enrollment (SBCC-CC-2)	<u>1,955.40</u>	<u>1,955.40</u>
Summer Noncredit Enrollment (SBCC-CC-3)	<u>1,202.77</u>	<u>1,202.77</u>
Fall Credit Enrollment (SBCC-CC-2)	<u>7,498.23</u>	<u>7,498.23</u>
Fall Noncredit Enrollment (SBCC-CC-3)	<u>657.33</u>	<u>657.33</u>
Spring Credit Enrollment (SBCC-CC-2)	<u>6,955.40</u>	<u>6,955.40</u>
Spring Noncredit Enrollment (SBCC-CC-3)	<u>1,350.24</u>	<u>1,350.24</u>
Winter Credit Enrollment (SBCC-CC-2)	<u>140.50</u>	<u>140.50</u>
Other Noncredit Enrollment (SBCC-CC-3)	<u> </u>	<u> </u>
TOTAL ENROLLMENT	<u><u>19,759.87</u></u>	<u><u>19,759.86</u></u>
 Total Eligible Maryland FTEs accepted by SBCC during fiscal year.	 <u>19,759.87</u>	 <u>XXXXXXXXXXXXXXXXXX</u>
 Additional Eligible Maryland FTEs claimed per audit * (deletions)	 <u>-</u>	 <u>XXXXXXXXXXXXXXXXXX</u>
 TOTAL ELIGIBLE MARYLAND FTEs **	 <u><u>19,759.87</u></u>	 <u><u>19,759.86</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 State Board are claimed as a result of the audit, a properly executed SBCC-CC-2 or SBCC-CC-3 must be filed 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.

SBCC-CC-4
Rev. 05-87

MONTGOMERY COLLEGE

Student Faculty Ratio (Credit Courses Only)

for the Fiscal Year Ended June 30, 2012

TOTAL CREDIT HOURS GENERATED
(Per Exhibit VI, Lines 1, 2, 4, and 5) 539,543

TOTAL COURSE CREDIT HOURS TAUGHT FY12 28,253

STUDENT-FACULTY RATIO
(Total credit hours generated divided by total course 19.10
credit hours taught)

NOTE: Information for the computation of the student-faculty ratio is to be supplied by the Director of Institutional Research & Analysis 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).

MONTGOMERY COLLEGE
 Funding of Statewide Programs
 for the Fiscal Year Ended June 30, 2012

	<u>Fall</u> <u>SBCC-CC-2A</u>	<u>Spring</u> <u>SBCC-CC-2A</u>	<u>TOTAL</u>
1. TOTAL OUT-OF -COUNTY/CITY STUDENTS ENROLLED IN STATEWIDE PROGRAMS	<u>22</u>	<u>15</u>	<u>37</u>
2. TOTAL CREDIT HOURS*	<u>409</u>	<u>150</u>	<u>559</u>
3. TOTAL TUITION DIFFERENTIAL*	<u>\$27,557</u>	<u>\$20,700</u>	<u>\$48,257</u>
TOTAL STATE AID RECEIVED FOR STATEWIDE PROGRAMS	<u>\$27,557</u>	<u>\$20,700</u>	<u>\$48,257</u>
MINUS: AUDIT ADJUSTMENTS	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
TOTAL AUDITED STATE AID FOR STATEWIDE PROGRAMS	<u>\$27,556.80</u>	<u>\$20,700.00</u>	<u>\$48,256.80</u>

* Per SBCC-CC-2A form.