

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

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

For the Fiscal Year Ended June 30, 2014

JUNE 30, 2014

CONTENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS	1
---	----------

FINANCIAL STATEMENTS

Summary Statement of Revenues	3
Summary Statement of Current General Funds	4
Educational and General Expenditures of the Unrestricted Current Fund by Function and Object	5
Summary Statement of Education and General Expenditures by Fund and Object Classification, Unrestricted Current and Restricted Current Funds	6

SUPPLEMENTAL INFORMATION

Computation of Adjusted Cost Per Full-Time Equivalent and Percent of Local Contribution	7
Summary of Full-Time Equivalent Students and Student Tuition and Fees	8
Summary of Restricted Federal Grant Programs	9
Summary of Restricted State Grant Programs	10
Summary of Restricted Local Grant Programs	11
Summary of Other Sources of Unrestricted Current General Revenue	12
Reconciliation of State Aid	13
Reconciliation of Maryland Full-Time Equivalent Students	14
Student – Faculty Ratio (Credit Courses Only)	15
Funding of Statewide Programs	16
CC4 Reconciliation	17
Note to the Annual Report	18



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Trustees
Frederick Community College

Report on the Financial Statements

We have audited the accompanying financial statements included in the Annual Financial Report to the Maryland Higher Education Commission (MHEC-CC-4) of Frederick Community College, (the College) for the year ended June 30, 2014, listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the supplemental schedules in accordance with financial reporting provisions of 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. Our responsibility is to express an opinion on these financial statements and supplemental schedules based on our audit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements 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 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 of 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 entity'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 entity'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 revenue and expenditures of the unrestricted current fund and the restricted current fund of Frederick Community College for the year ended June 30, 2014, in accordance with the financial reporting provision of 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared by the College on the basis of the financial reporting provisions 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, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Maryland. Our opinion is not modified with respect to this matter.

Restricted Use

This report is intended solely for filing with Maryland Higher Education Commission, and is not intended to be and should not be, used for any other purpose.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements included in the MHEC-CC-4 Annual Financial 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 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. Such 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 supplemental 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 and 16, 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 24, 2014

SB & Company, LLC

FREDERICK COMMUNITY COLLEGE

Summary Statement of Revenues For Fiscal Year Ended June 30, 2014

	Unrestricted Current Fund	Restricted Current Fund	TOTAL REVENUES
Revenue Sources			
Student Tuition and Fees:			
1. Credit	\$ 16,572,751	\$ -	\$ 16,572,751
2. Noncredit	1,367,852	17,504	1,385,356
3. TOTAL STUDENT TUITION AND FEES	<u>\$ 17,940,603</u>	<u>\$ 17,504</u>	<u>\$ 17,958,107</u>
Governmental:			
(Explain Restricted Funds on Exhibits VII, VIII, and IX)			
4. Federal	\$ -	\$ 6,408,098	\$ 6,408,098
5. State	8,839,216	1,275,355	10,114,571
6. Local			
a. Operating Appropriations	13,799,502	-	13,799,502
b. In-Kind Appropriations	406,181	-	406,181
c. Other County Funding	-	-	-
7. TOTAL GOVERNMENTAL	<u>\$ 23,044,899</u>	<u>\$ 7,683,453</u>	<u>\$ 30,728,352</u>
8. TOTAL SALES AND SERVICES OF EDUCATIONAL ACTIVITIES (Auxiliary Enterprise)	<u>\$ 4,432,509</u>	<u>\$ -</u>	<u>\$ 4,432,509</u>
Other:			
9. Gifts/Grants (Explain on Exhibit X)	\$ -	\$ 1,109,953	\$ 1,109,953
10. Other - Miscellaneous (Explain on Exhibit X)	1,963,990	-	1,963,990
11. TOTAL OTHER	<u>1,963,990</u>	<u>1,109,953</u>	<u>3,073,943</u>
12. TOTAL REVENUES	<u>\$ 47,382,001</u>	<u>\$ 8,810,910</u>	<u>\$ 56,192,911</u>

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

FREDERICK COMMUNITY COLLEGE

Summary Statement of Current General Funds For Fiscal Year Ended June 30, 2014

	Unrestricted Current Fund	Restricted Current Fund
Revenues		
1. TOTAL REVENUES	\$ 47,382,001	\$ 8,810,910
(Per Line 12, Exhibit I)		
Expenditures by Function:		
Instruction	\$ 20,108,031	\$ 1,960,331
Research	-	-
Public Service	-	-
Academic Support	1,816,597	-
Student Services	5,284,052	110,913
Institutional Support	8,655,115	11,448
Operation and Maintenance of Plant	4,983,260	-
Scholarships and Fellowships	223,765	6,629,798
2. TOTAL EDUCATIONAL AND GENERAL EXPENDITURES	\$ 41,070,820	\$ 8,712,490
3. TOTAL MANDATORY TRANSFERS	\$ -	\$ -
4. TOTAL EDUCATIONAL AND GENERAL EXPENDITURES AND MANDATORY TRANSFERS	\$ 41,070,820	\$ 8,712,490
5. TOTAL AUXILIARY ENTERPRISES	\$ 4,331,245	\$ -
6. TOTAL OTHER TRANSFERS	\$ 668,542	\$ 10,733
7. TOTAL EXPENDITURES, TRANSFERS AND AUXILIARY ENTERPRISES	\$ 46,070,607	\$ 8,723,223

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

FREDERICK COMMUNITY COLLEGE

Educational and General Expenditures of the Unrestricted Current Fund by Function and Object For Fiscal Year Ended June 30, 2014

Acct. No.	Object Classification	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	TOTAL
5xxx	Compensation (including Fringe Benefits)	\$ 18,925,993	\$ -	\$ -	\$ 1,177,479	\$ 4,970,480	\$ 5,845,168	\$ 3,415,415	\$ -	\$ 34,334,535
60xx	Contracted Services	140,746	-	-	52,831	96,222	1,522,128	264,543	-	2,076,470
61xx	Supplies and Materials	205,156	-	-	161,683	82,686	275,005	165,498	-	890,028
62xx	Communications	20,699	-	-	977	27,431	171,566	10,069	-	230,742
63xx	Conferences/Meetings	171,724	-	-	8,788	86,109	266,139	3,619	-	536,379
64xx	Grants/Subsidies	-	-	-	-	-	-	-	-	-
65xx	Utilities	-	-	-	-	-	-	942,768	-	942,768
66xx	Fixed Charges	-	-	-	-	-	-	147,593	-	147,593
67xx	Open (specify below) BAD DEBTS	-	-	-	-	-	93,334	-	-	93,334
68xx	Open (specify below) SCHOLARSHIPS	-	-	-	-	12,340	-	-	223,765	236,105
69xx	Open (specify below) COURSE COSTS/OTHER	324,993	-	-	-	3,061	310,429	-	-	638,483
7xxx	Furniture and Equipment	318,720	-	-	414,839	5,723	171,346	33,755	-	944,383
TOTAL EXPENDITURES		<u>\$ 20,108,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,816,597</u>	<u>\$ 5,284,052</u>	<u>\$ 8,655,115</u>	<u>\$ 4,983,260</u>	<u>\$ 223,765</u>	<u>\$ 41,070,820</u>

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.

FREDERICK 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, 2014

Acct. No.	Object Classification	Unrestricted Current Fund	Restricted Current Fund	TOTAL EXPENDITURES
5xxx	Compensation (including Fringe Benefits)	\$ 34,334,535	\$ 1,572,293	\$ 35,906,828
60xx	Contracted Services	2,076,470	121,397	2,197,867
61xx	Supplies and Materials	890,028	86,299	976,327
62xx	Communications	230,742	1,057	231,799
63xx	Conferences/Meetings	536,379	34,651	571,030
64xx	Grants/Subsidies	-	-	-
65xx	Utilities	942,768	-	942,768
66xx	Fixed Charges	147,593	-	147,593
67xx	Open (specify below)			
	Bad Debts	93,334	-	93,334
68xx	Open (specify below)			
	Scholarships	236,105	6,634,000	6,870,105
69xx	Open (specify below)			
	Course Costs/Other	638,483	145,645	784,128
7xxx	Furniture and Equipment (including Library Books)	944,383	127,881	1,072,264
TOTAL EXPENDITURES		<u>\$ 41,070,820</u>	<u>\$ 8,723,223</u>	<u>\$ 49,794,043</u>
TOTAL MANDATORY TRANSFERS		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS		<u>\$ 41,070,820</u>	<u>\$ 8,723,223</u>	<u>\$ 49,794,043</u>

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

FREDERICK COMMUNITY COLLEGE

Computation of Adjusted Cost Per Full-Time Equivalent and Percent of Local Contribution For Fiscal Year Ended June 30, 2014

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>\$ 41,070,820</u>
2.	Subtract any expenditures included in 1. above which do not fall within the definition of Unrestricted 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>
a)	<u>Scholarships</u>			<u>\$ 223,765</u>
	TOTAL DEDUCTIONS			<u>\$ 223,765</u>
3.	Adjusted Unrestricted Current Operating Expenditures (Line 1 less sum of 2a thru 2e)			<u>\$ 40,847,055</u>
4.	Total FTE students for fiscal year (From Exhibit VI)		<u>4,415.90</u>	
5.	Total Adjusted Unrestricted Current Operating Expenditures divided by Total FTE students (yields adjusted cost per FTE)			<u>9,250</u>
6.	Total Maryland eligible FTE students (From Exhibit VI)		<u>4,200.54</u>	
7.	State aid paid fiscal year ending June 30, 2014 (Exclude State paid benefits) (Complete Exhibit XI) (Based on two prior years audited FTEs)			<u>8,839,215</u>
8.	TOTAL LOCAL CONTRIBUTIONS *			<u>\$ 14,205,683</u>
9.	Percentage of adjusted Unrestricted Current Expenditures contributed by the local political subdivision (Line 8 divided by Line 3) *			<u>34.78%</u>

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

FREDERICK COMMUNITY COLLEGE

Summary of Full-Time Equivalent Students and Students Tuition and Fees For Fiscal Year Ended June 30, 2014

	<u>FTE Students</u>	<u>Student Tuition and Fees</u>
<u>Eligible Students</u>		
1. In-County (credit)	3,527.53	\$ 14,120,703
2. Out-of-County (credit)	144.23	1,132,594
3. Noncredit	528.78	1,126,184
TOTAL ELIGIBLE STUDENTS	<u>4,200.54</u>	<u>\$ 16,379,481</u>
<u>Ineligible Students</u>		
Credit		
4. Out-of-State	90.46	\$ 528,272
5. Other	35.71	142,935
Noncredit		
6. Out-of-State	-	-
7. Other	89.19	241,669
TOTAL INELIGIBLE STUDENTS	<u>215.36</u>	<u>\$ 912,876</u>
TOTAL STUDENTS	<u>4,415.90</u>	<u>\$ 17,292,357</u>

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 decimal place.

FREDERICK COMMUNITY COLLEGE

Summary of Restricted Federal Grant Programs For Fiscal Year Ended June 30, 2014

Program Title	July 1, 2013 Balance	Revenues	Expenditures	June 30, 2014 Balance
PELL	\$ -	\$ 5,183,608	5,183,608	\$ -
PELL Administrative Allowance	59,825	8,980	-	68,805
SEOG	9,102	82,164	87,716	3,550
Federal Work Study	14,572	87,292	98,779	3,085
ACG Grant	-	375	(375)	750
Fund for the Improvement of Postsecondary Education	2,639	-	-	2,639
Title IC Program Improvement - Regular	-	84,087	84,087	-
MSDE CTE Grant	-	29,961	29,961	-
MHEC MCACGP	-	77,966	77,966	-
Child Care Career and Professional Development Fund	-	25,917	25,917	-
HRSA Grant	128	3,162	3,290	-
PFS-Housing Authority Grant	-	3,950	3,950	-
Tolson's Chapel	2,640	-	2,640	-
African American Records	620	-	620	-
Oral History Project	-	1,260	1,260	-
Homeland Security Nat'l Training Program	-	302,944	302,944	-
National Register Documentation	1,000	-	1,000	-
NRD, Western MD Railroad	-	52,524	52,524	-
Storer College Oral History	-	37,543	37,543	-
Veterans Education Outreach Program	15,577	-	-	15,577
Adult Education	(114)	382,059	381,945	-
NRD C & O Canal Year 2 of 2	-	44,306	44,306	-
TOTAL FEDERAL	\$ 105,989	\$ 6,408,098	6,419,681	\$ 94,406

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

FREDERICK COMMUNITY COLLEGE**Summary of Restricted State Grant Programs
For Fiscal Year Ended June 30, 2014**

	July 1, 2013			June 30, 2014
Program Title	Balance	Revenues	Expenditures	Balance
MHEC Health Manpower Grant	\$ -	\$ -	\$ -	\$ -
MHEC NSP II - SIM-plfying Retent	5,883	24,378	30,089	172
MHEC NSP II - SIM-ple	3,619	2,309	962	4,966
MHEC ESOL Grant	13,422	190,936	108,578	95,780
MHEC BRAC Grant	2,326	-	2,326	-
State Scholarships	23	531,268	528,818	2,473
Adult Education	-	520,627	520,627	-
Catoctin History Magazine	2,766	-	2,766	-
Heritage Area Conference	-	5,837	5,837	-
Bridges DSS	2,173	-	-	2,173
TOTAL STATE	\$ 30,212	\$ 1,275,355	\$ 1,200,003	\$ 105,564

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

Summary of Restricted Local Grant Programs For Fiscal Year Ended June 30, 2014

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

FREDERICK COMMUNITY COLLEGE**Summary of Other Sources of Unrestricted Current General Revenue
For Fiscal Year Ended June 30, 2014**

Other Revenue Sources		Amount
Gifts:		
	Restricted Gifts and grants-restricted fund	\$ 1,032,045
	Other Income-restricted fund	77,908
TOTAL GIFTS		<u>\$ 1,109,953</u>
Other - Miscellaneous:		
	Investment Income-unrestricted fund	\$ 14,141
	Other Income-unrestricted fund	387,938
	Contract Revenue-unrestricted fund	1,561,911
TOTAL OTHER - MISCELLANEOUS		<u>\$ 1,963,990</u>
TOTAL OTHER REVENUE SOURCES		<u>\$ 3,073,943</u>

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

FREDERICK COMMUNITY COLLEGE

Reconciliation of State Aid For Fiscal Year Ended June 30, 2014

	Amount
4,707.76 Marginal Cost Component - State Aid FTE @ \$1,174.78	\$ 5,530,563
4,707.76 Fixed Cost Component - State Aid FTE @ \$702.81	3,308,652
Supplemental Grant	N/A
Other (specify below)	
TOTAL STATE AID	\$ 8,839,215

FREDERICK COMMUNITY COLLEGE

Reconciliation of Maryland Full-Time Equivalent Students For Fiscal Year Ended June 30, 2014

	Eligible Maryland FTEs Accepted by MHEC	Maryland FTEs Now Claimed per Audit
Summer Credit Enrollment (SBCC-CC-2)	337.63	313.60
Summer Noncredit Enrollment (SBCC-CC-3)	158.69	158.69
Fall Credit Enrollment (SBCC-CC-2)	1,711.17	1,711.18
Fall Noncredit Enrollment (SBCC-CC-3)	216.91	216.91
Spring Credit Enrollment (SBCC-CC-2)	1,584.39	1,584.38
Spring Noncredit Enrollment (SBCC-CC-3)	153.18	153.18
Other Credit Enrollment (SBCC-CC-2)	62.60	62.60
Other Noncredit Enrollment (SBCC-CC-3)	-	-
TOTAL ENROLLMENT	<u>4,224.57</u>	<u>4,200.54</u>
Total Eligible Maryland FTEs accepted by SBCC during fiscal year	<u>4,224.57</u>	<u>4,224.57</u>
Additional Eligible Maryland FTEs claimed per audit * (deletions)	-	-24.03
TOTAL ELIGIBLE MARYLAND FTES **	<u>4,224.57</u>	<u>4,200.54</u>
TOTAL UNDUPLICATED PART-TIME STUDENTS	<u>N/A</u>	<u>N/A</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 with the SBCC-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.

FREDERICK COMMUNITY COLLEGE

Student-Faculty Ratio (Credit Courses Only) For Fiscal Year Ended June 30, 2014

TOTAL CREDIT HOURS GENERATED	115,804
(Per Exhibit VI, Lines 1, 2, 4, and 5)	
TOTAL COURSE CREDIT HOURS TAUGHT THIS FISCAL YEAR	7,703
STUDENT-FACULTY RATIO	15.03
(Total credit hours generated divided by total course credit hours taught)	

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 Colleges Academic Deans as follows:

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

FREDERICK COMMUNITY COLLEGE

**Funding of Statewide Programs
For Fiscal Year Ended June 30, 2014**

	Prior Year Balance	Fall ** SBCC-CC-2A and CC-2D	Spring ** SBCC-CC-2A and CC-2D	Summer and J Term SBCC-CC-2A and CC-2D	Total
1. TOTAL OUT-OF-COUNTY/CITY STUDENTS ENROLLED IN STATEWIDE PROGRAMS *		33	32	26	91
2. TOTAL CREDIT HOURS *		215	224	100	539
3. TOTAL TUITION DIFFERENTIAL *	\$ 116,528	\$ 28,380	\$ 29,568	\$ 12,872	\$ 187,348
TOTAL STATE AID RECEIVED FOR STATEWIDE PROGRAMS	\$ -	\$ 33,168	\$ 23,361	\$ -	\$ 56,529
Minus: AUDIT ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL AUDITED STATE AID FOR STATEWIDE PROGRAMS	\$ 116,528	\$ (4,788)	\$ 6,207	\$ 12,872	\$ 130,819

* Per audit.

** Totals include supplemental requests

FREDERICK COMMUNITY COLLEGE

CC4 Reconciliation

For Fiscal Year Ended June 30, 2014

REVENUES

Revenues per financial statements	\$ 60,911,774
Scholarship Allowance	<u>1,733,327</u>
	62,645,101
Revenues not included in the CC-4 report	
Capital	(4,262,859)
Fringe benefits provided directly by state of Maryland	<u>(2,189,331)</u>
Revenues per CC-4 report - (Exhibit I, Line 12)	<u>\$ 56,192,911</u>

EXPENDITURES AND TRANSFERS

Expenditures/transfers per financial statements	<u>\$ 58,694,861</u>
Expenses included in the CC-4 report	
Capitalized assets	3,983,958
Scholarship Allowance	1,733,327
Expenses not included in the CC-4 report	
Plant Fund less depreciation	(4,382,212)
Depreciation	(3,046,773)
Fringe benefits provided directly by state of Maryland	<u>(2,189,331)</u>
Expenditures/transfers per CC-4 report (Exhibit II, Line 7 unrestricted and restricted)	<u>\$ 54,793,830</u>

FREDERICK COMMUNITY COLLEGE

Note to the Annual Report Year Ended June 30, 2014

1. BASIS OF PRESENTATION

The Frederick 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 17 of this report.