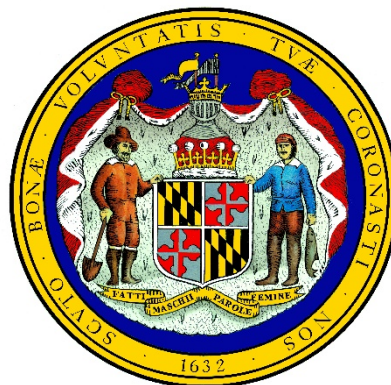


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# **Review of Community College Audit Reports**

Fiscal Year Ending June 30, 2024

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**OFFICE OF LEGISLATIVE AUDITS**  
DEPARTMENT OF LEGISLATIVE SERVICES  
MARYLAND GENERAL ASSEMBLY

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**DEPARTMENT OF LEGISLATIVE SERVICES**  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

August 12, 2025

Senator Shelly L. Hettleman, Senate Chair, Joint Audit and Evaluation Committee  
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee  
Members of Joint Audit and Evaluation Committee  
Annapolis, Maryland

Ms. Catherine J. Motz, Chair  
Maryland Higher Education Commission

Ms. Victoria L. Gruber, Executive Director  
Department of Legislative Services

Ladies and Gentlemen:

In accordance with the provisions of the Education Article, Section 16-315(h) of the Annotated Code of Maryland, we have reviewed the audit reports that must be filed with the Maryland Higher Education Commission (MHEC) by 15 of the State's community colleges for the fiscal year ended June 30, 2024.

Our review disclosed that the community colleges and their independent auditors substantially complied with the applicable statutes and the guidelines promulgated by MHEC. Specifically, all opinions expressed by the colleges' independent auditors stated that the applicable financial statements were presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

We did identify one audit report that did not comply with the American Institute of Certified Public Accountants guidance. In addition, we noted three colleges had deficit balances in unrestricted net position as of June 30, 2024.

A draft copy of this report was provided to MHEC for review and comment. Since there are no recommendations in this report, a written response was not necessary.

Respectfully submitted,

*Brian S. Tanen*

Brian S. Tanen, CPA, CFE  
Legislative Auditor

## Purpose of Review and Background Information

In accordance with the provisions of the Education Article, Section 16-315(h) of the Annotated Code of Maryland, we have reviewed the audit reports that must be filed with the Maryland Higher Education Commission (MHEC) by 15 of the State's community colleges<sup>1</sup> for the fiscal year ended June 30, 2024. We reviewed these audit reports to determine compliance with the applicable statutes and the guidelines promulgated by MHEC. We also reviewed the reports to determine if any of the community colleges had deficit balances in unrestricted net position, or uninsured/uncollateralized bank deposits. This report contains the results of that review.

According to the State's records, State aid totaling approximately \$514.5 million was granted to 15 of Maryland's 16 community colleges for the fiscal year ended June 30, 2024. This aid primarily consisted of funding based on cost and student enrollment data as well as certain retirement benefits and various grants.

The Education Article, Section 16-315(a) of the Annotated Code of Maryland requires MHEC to adopt guidelines for the preparation of annual audit reports on the colleges. The guidelines promulgated by MHEC as State regulations require independent auditors to express opinions as to the fairness of presentation of the colleges' financial statements as well as of the cost and student enrollment data used for calculating the State aid to the colleges. The guidelines also require the auditors to issue management letters containing all material weaknesses in the colleges' systems of internal controls. While not required, many of the auditors issue management letters that contain additional recommendations that were not considered material weaknesses.

Furthermore, the guidelines require the audits to be conducted in accordance with the American Institute of Certified Public Accountants *Industry Audit Guide: Audits of Colleges and Universities* and in compliance with generally accepted auditing standards. All 15 audit reports expressed unqualified opinions. An unqualified opinion is issued when the auditor states that the applicable financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

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<sup>1</sup> The sixteenth college is Baltimore City Community College (BCCC), which is a budgetary unit of the State and receives an annual State appropriation. BCCC is not subject to the Education Article, Section 16-315(h) of the Annotated Code of Maryland, but obtains annual financial statement audits conducted by a certified public accounting firm. BCCC is also subject to fiscal compliance audits by the Office of Legislative Audits for which a separate audit report is issued.

# Results of Review

## Audit Reports

**One audit report was not presented in accordance with American Institute of Certified Public Accountants (AICPA) guidance.**

One audit report was not presented in accordance with AICPA guidance. Specifically, the Community College of Baltimore County audit report did not express an opinion on the College’s Fiduciary Funds which is a unit included in the College’s basic financial statements. The AICPA audit guidance requires an opinion for all units included within the basic financial statements.

## Financial Statements

**Three community colleges had deficit balances in the unrestricted portion of their net position as of June 30, 2024.**

Our review disclosed three colleges with deficit balances in the unrestricted component of their net position as of June 30, 2024. This has been a long-standing condition at each of these colleges (see Figure 1). An unrestricted net position deficit balance represents expenses for current or past services that will need to be financed with funds related to future periods and could indicate a potential financial problem.

**Figure 1**  
**Colleges with Deficit Unrestricted Balances as of June 30, 2024**

College	Deficit	Condition Repeated Since Fiscal Year
Anne Arundel Community College	\$36,105,064	2011
Community College of Baltimore County	\$88,747,525	2016
Carroll Community College	\$13,487,850	2009

AUDIT TEAM

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