



**BOARD OF TRUSTEES
Regular Monthly Meeting**

**Wednesday, October 16, 2024 – 4:30 p.m.
Conference Center (E126AB)**

Zoom Option:

<https://frederick-edu.zoom.us/j/81106151208?pwd=E9ZVhK71RA7FzNhVkByq08M5eDf1dK.1>

Call-in Option:

Phone Number: 301-715-8592 | Meeting ID: 811 0615 1208 | Passcode: 010088

- 1. Call to Order**
- 2. Approval of Minutes* September 18, 2024 (Regular Meeting)**
- 3. Board & CEO Comments**
- 4. Consent Agenda**
 - A. Approval of Piggyback Contract with Hellas Construction, Inc. for the Baseball Field Artificial Turf Replacement project in the amount of \$447,510; Piggyback of The Interlocal Purchasing System (TIPS) Contract #230201 Synthetic Turf or Natural Sports Fields, Grounds, Courts, and Tracks Goods and Services*
 - B. Approval of Sole Source Contract with Oracle America, Inc. for Oracle Enterprise Performance Management (EPM) Enterprise Cloud Service for a new subscription on or after March 1, 2025 at a three-year cost of \$270,000 and Piggyback Contract with Sierra-Cedar for IT Professional Consulting Services-PeopleSoft, not to exceed \$259,000; Piggyback of the Maryland Education Enterprise Consortium (MEEC) Contract #91372*
 - C. Approval of Piggyback Contract with Microsoft Corporation – Microsoft Unified Enterprise Support at a three-year cost of \$107,511; Piggyback of Maryland Education Enterprise Consortium (MEEC) Microsoft Master Services Agreement-Education U772410*
- 5. Information/Discussion Items**
 - A. Audited Annual Financial Reports for Period Ending June 30, 2024*
 - B. Monitoring CEO Performance
 - i. Review of Draft Interpretation of EL-6 Planning*
 - ii. Review of Draft Interpretation of EL-7 Land Use*

*Backup documentation is available for this agenda item in the meeting packet.

C. Monitoring Board Performance

- i. Board Survey Review: BCD-1 Unity of Control*
- ii. Board Survey Review: GP-10 Board Expenses*
- iii. Board Policy Review: GP-5 Board Linkage with Ownership*
- iv. Board Policy Review: GP-6 Board Linkage with External Organizations*
- v. Board Policy Review: GP-7 Board Planning Cycle and Agenda Control*

6. Action Items

A. Monitoring CEO Performance

- i. Approval of Interpretation of EL-4 Financial Conditions and Activities*
- ii. Acceptance of Baseline Insight Report for EL-1 Treatment of Students*
- iii. Acceptance of Baseline Insight Report for EL-2 Treatment of Employees*

7. Meeting Content Review*

Consideration of areas for meeting content improvement: This item on the agenda provides the Board the opportunity to give the Board Chairman and the President feedback on the quality of the content provided during this Board Meeting. We would appreciate receiving suggestions wherein you would like to see changes made to future Board meetings.

8. Adjournment

NEXT MEETING: **Wednesday – November 20, 2024**
 ▪ 4:30 p.m. – Regular Monthly FCC Board Meeting

Under the ADA and Section 504, Frederick Community College (FCC) makes every effort to accommodate individuals with disabilities for College-sponsored events and programs. For FCC employees needing accommodations, including interpreting, please email humanresources@frederick.edu. For students and others with accommodation needs or questions, please call 301-846-2408, or to request sign language interpreter services, please email Interpreting@frederick.edu. Sign language interpreters will not be automatically provided for College-sponsored events without a request for services. Requests must be made at least five workdays before a scheduled event to guarantee accommodations.

*Backup documentation is available for this agenda item in the meeting packet.

**BOARD OF TRUSTEES
FREDERICK COMMUNITY COLLEGE**

**September 18, 2024
Regular Meeting**

The Board of Trustees of Frederick Community College met in **regular session** on Wednesday, September 18, 2024 in the Conference Center (E126AB). A virtual option to participate was provided. Participating in person were: Trustees Theodore Luck, Chair; Tom Lynch, Vice Chair; Carolyn Kimberlin; Tracey McPherson; Dr. John Molesworth; and Dr. William Reid. Trustee Myrna Whitworth was unable to attend. Also attending in person were President Dr. Annesa Payne Cheek, Secretary/Treasurer of the Board and Edmund O’Meally, PK Law, College legal counsel.

Participating virtually was Dr. Daniel Phelan, Consultant.

CALL TO ORDER

The meeting was called to order by Chair Luck at 4:31 p.m.

APPROVAL OF MINUTES

Chair Luck called for approval of the minutes of the August 21, 2024 regular meeting.

On a motion made by Vice Chair Lynch, the Board approved the August 21, 2024 regular meeting minutes 6-0-1, as presented, with Trustee Whitworth absent.

BOARD & CEO COMMENTS

Trustees provided positive comments about the change in agenda format based on the feedback at the last meeting, the Board self-evaluation survey, and College programs and events.

President Cheek welcomed the newest member of the Senior Leadership Team, Dr. Matthew Paushter, who transitioned to the role of Chief Foresight and Decision Support Officer on September 1, 2024. She then reported on the FCC Foundation annual golf tournament, the Governor's Day Luncheon hosted by the Great Frederick Fair Board of Directors, the grand opening of the new FCC Family Study Space, and fall enrollment.

CONSENT AGENDA

On a motion made by Trustee Kimberlin, the Board approved the following items 6-0-1, as presented, with Trustee Whitworth absent:

- The 2024 Performance Accountability Report to the Maryland Higher Education Commission
- Piggyback Contract with Keller Brothers, Inc. for the Restroom Access Enhancement Project in the amount \$153,029; Piggyback of the Frederick County Public Schools (FCPS) Contract #21MISC3, Qualifications of General Construction Contractors for Minor Construction Projects

INFORMATION/DISCUSSION ITEMS

Fiscal Year-to-Date Unaudited Draft Financial Report through the Quarter

Ending June 30, 2024 – Scott McVicker, Chief Financial Officer (CFO) and VP for Administration, went through the report in detail with the Board. There was discussion regarding the rates of return on investment income and the importance of investing without putting principal at risk.

MONITORING CEO PERFORMANCE:

Review of Draft Interpretation of EL-4 Financial Conditions and Activities

(Monitoring CEO Performance) – The Board discussed this interpretation. Linguistic edits were suggested for Sections 7d, 7e, and 7f to include verbs.

MONITORING BOARD PERFORMANCE:

Board Survey Review: BCD-3 Delegation to the President – Chair Luck led a discussion regarding the results of this survey.

Board Policy Review: BCD-01 Unity of Control – The Board reviewed this policy for currency. There were no suggested revisions.

Board Policy Review: GP-10 Board Expenses – The Board reviewed this policy for currency. There were no suggested revisions.

ACTION ITEMS

Approval of Revisions to BCD-4 Monitoring President Performance – The Board considered the revisions to this policy, which were presented at the meeting last month.

On a motion made by Vice Chair Lynch, the Board approved the revisions to BCD-4 Monitoring President Performance 6-0-1, as presented, with Trustee Whitworth absent.

MEETING CONTENT REVIEW

Chair Luck led a discussion for the consideration of areas for meeting content improvement and the effectiveness of the meeting as it adheres to the principles of Policy Governance®. There were no suggested changes.

CLOSED SESSION

At 5:08 p.m., the motion was made by Vice Chair Lynch to convene in closed session and approved by the Board 6-0-1, with Trustee Whitworth absent.

This action was taken in accordance with Maryland's Open Meetings Act, Section 3-305(b)(7) to consult with counsel to obtain legal advice; Section 3-305(b)(9) to conduct collective bargaining negotiations or consider matters that relate to the negotiations; and Section 3-305(b)(13) to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.

The Board convened in **closed session** in the Conference Center (E126AB) on September 18, 2024. Attending were: Trustees Theodore Luck, Chair; Tom Lynch, Vice Chair; Carolyn Kimberlin; Tracey McPherson; Dr. John Molesworth; and Dr. William Reid. Trustee Myrna Whitworth was unable to attend. Also attending in person were President Dr. Annesa Payne Cheek, Secretary/Treasurer of the Board; Avis Boyd, Chief of Staff to the President; Dr. Bridgette Cofield, Vice President (VP) for Talent and Culture; Dr. Anne Davis, Provost and VP for Teaching, Learning and Student Success; Scott McVicker, Chief Financial Officer (CFO) and VP for Administration; Pamela Murphy, Labor Relations Specialist; Edmund O'Meally, PK Law, College legal counsel; and Kari Melvin, Recording Secretary.

The Board reviewed closed session minutes from August 21, 2024. Vice Chair Lynch identified an edit for clarity.

On a motion made by Vice Chair Lynch, the Board approved the August 21, 2024 closed session minutes 6-0-1, as revised, with Trustee Whitworth absent.

The Board obtained legal advice on matters related to collective bargaining strategy and potential positions. No action was taken.

The closed session adjourned at 5:45 p.m.

ADMINISTRATIVE FUNCTION

At 5:45 p.m. on September 18, 2024, the Board of Trustees met administrative function in the Conference Center (E126AB) in accordance with General Provisions Article Section 3-101(b)(1)(iii) to discuss the Board of Trustees meeting agenda format in administration with the Bylaws of the Board of Trustees. Attending were: Trustees Theodore Luck, Chair; Tom Lynch, Vice Chair; Carolyn Kimberlin; Tracey McPherson; Dr. John Molesworth; and Dr. William Reid. Trustee Myrna Whitworth was unable to attend. Also attending in person were President Dr. Annesa Payne Cheek, Secretary/Treasurer of the Board; Avis Boyd, Chief of Staff to the President; Edmund O'Meally, PK Law, College legal counsel; and Kari Melvin, Recording Secretary.

The administrative function adjourned at 5:52 p.m.

NEXT MEETING

The next regular meeting of the Board will be held on Wednesday, October 16, 2024.

Dr. Annesa Payne Cheek
Secretary/Treasurer



To: Frederick Community College Board of Trustees

From: Dr. Annesa Payne Cheek, President

Cc: Scott McVicker, CFO and Vice President for Administration

Date: October 16, 2024

Subject: Consent Item
Approval of Piggyback Contract with Hellas Construction, Inc. for the Baseball Field Artificial Turf Replacement project in the amount of \$447,510; Piggyback of The Interlocal Purchasing System (TIPS) Contract #230201 Synthetic Turf or Natural Sports Fields, Grounds, Courts, and Tracks Goods and Services

Board Policy: EL – 4 Financial Conditions and Activities and EL – 6 Planning

OVERVIEW

The original baseball turf infield was installed in 2014 and is no longer under manufacturer warranty. In addition, it is now at the end of its expected useful life and is scheduled to be replaced.

Frederick Community College solicited quotes from qualified contractors for the replacement of the artificial turf at the baseball field. The scope of the project includes the removal and offsite disposal of the existing artificial turf (approximately 33,000 sq. ft.) for the infield, dugouts, and bullpens (existing grass in the outfield will remain). The contract includes an eight-year manufacturer warranty as well as one tow-behind, ground driven sweeper/groomer for regular care.

The project was submitted to and approved by the Board as part of the FY25 budget request. Funding for this project is available in the Systemics/Miscellaneous Renovations Capital Improvements Program (CIP) budget.

ANALYSIS

A request for quotes (RFQ) was solicited from three (3) authorized turf field specialists per the TIPS contract #230201. One (1) responsive proposal was received from Hellas Construction, Inc.

RECOMMENDATION

It is recommended that the Board of Trustees approve use of the TIPS Contract #230201 with Hellas Construction, Inc. for construction services related to the Baseball Field Artificial Turf Replacement project in the amount of \$426,200, plus a 5% contingency fee of \$21,310, for a total award of \$ 447,510.

ATTACHMENT(S)

No attachments



To: Board of Trustees Frederick Community College

From: President Annesa Payne Cheek, Ed.D.

Cc: Scott McVicker, CFO and Vice President for Administration

Date: October 16, 2024

Subject: Consent Item
Approval of Sole Source Contract with Oracle America, Inc. for Oracle Enterprise Performance Management (EPM) Enterprise Cloud Service for a new subscription on or after March 1, 2025, at a three-year cost of \$270,000 and Piggyback Contract with Sierra-Cedar for IT Professional Consulting Services-PeopleSoft, not to exceed \$259,000; Piggyback of the Maryland Education Enterprise Consortium (MEEC) Contract #91372

Board Policy: EL – 4 Financial Conditions and Activities

OVERVIEW

Peoplesoft (a suite of applications from Oracle that helps manage the day-to-day operations and back-office functions) is the College's enterprise resource planning (ERP) platform. The Oracle EPM (enterprise performance management) module for budget planning and financial reporting will allow the College to further leverage and maximize our investment in the PeopleSoft Financials application. This project will include implementation support services from Sierra-Cedar, an Oracle Partner with strong competencies in Oracle Cloud Applications, PeopleSoft, and integration technologies.

This project is included in the FY25 budget allocation for Information Technology.

ANALYSIS

This project will improve business processes, automate the annual budget process, augment analysis and reporting, and provide these key business benefits.

- Custom planning and forecasting models, including prebuilt calculations, dashboards, and reports.
- Scalability to address both operational and financial planning processes.
- Intuitive business wizards that allow our planning processes to evolve.
- Powerful analytics, what-ifs, and predictive capabilities.
- Automated analysis that highlights “hot spots” or anomalies to help us take action faster.

RECOMMENDATION

It is recommended that the Board of Trustees approve the Sole Source Contract for Oracle Enterprise Performance Management (EPM) Enterprise Cloud Service for a new subscription on or after March 1, 2025, at a three-year cost of \$270,000, and Piggyback Contract with Sierra-Cedar for IT Professional Consulting Services-PeopleSoft, not to exceed \$259,000; Piggyback of the Maryland Education Enterprise Consortium (MEEC) Contract #91372.

ATTACHMENT(S)

No attachments



To: Board of Trustees Frederick Community College

From: Dr. Annesa Payne Cheek, President

Cc: Chris Kielt, Interim Chief Information Officer

Date: October 16, 2024

Subject: **Consent Item**
Approval of Piggyback Contract with Microsoft Corporation – Microsoft Unified Enterprise Support in the amount of \$107,511; Piggyback of Maryland Education Enterprise Consortium (MEEC) Microsoft Master Services Agreement-Education U772410

Board Policy: EL – 4 Financial Conditions and Activities and EL – 9 Asset Protection

OVERVIEW

The College uses Microsoft enterprise products extensively, and to ensure optimal support and maintenance, we purchase Microsoft Unified Enterprise Support (i.e. access to an “always on” global network of specialists with deep knowledge of Microsoft products).

ANALYSIS

Much of the College infrastructure (e.g. the operating systems for the servers, PCs and laptops, the database servers for Peoplesoft and Perceptive Content) runs on Microsoft products, including Office 365. To support our infrastructure and ensure smooth operations, we rely on Microsoft Unified Enterprise Support. By signing a three-year agreement, the College saves over \$42,000 or 28% in Enterprise Support costs.

RECOMMENDATION

Recommend approval of piggyback contract with Microsoft Corporation for Microsoft Unified Enterprise Support in the amount of \$107,511, which covers the three-year period of 10/25/24-10/24/27.

ATTACHMENT(S)

No attachments



To: Frederick Community College Board of Trustees

From: Dr. Annesa Payne Cheek, President

Cc: Scott McVicker, CFO and Vice President for Administration

Date: October 16, 2024

Subject: **Information/Discussion Item**
Audited Financial Reports for the Fiscal Year ending June 30, 2024

Board Policy: E-1 Ends, EL-4 Financial Conditions and Activities, EL-9 Asset Protection

OVERVIEW

Frederick Community College financial reports are audited annually by an independent auditing firm.

ANALYSIS

Attached are the audited financial statements for the fiscal year ending June 30, 2024, as prepared by the auditing firm, SB & Company, for your information and review. The results of the audit include:

- Issued an unmodified opinion which concludes that the financial statements are presented fairly, in all material respects, and in accordance with Government Auditing Standards.
- Issued an unmodified opinion on the annual financial report (CC4) to the Maryland Higher Education Commission.
- Discovered no material weakness in internal controls.
- FY 2024 financial results compared to FY 2023 include:

	FY 2024	FY 2023
Total assets	\$ 133,663,970	\$ 130,037,759
Net position	120,129,458	116,423,217
Unrestricted net assets	32,499,740	27,136,211
Total operating revenues	27,692,254	26,995,561
Total operating expenses	79,472,316	75,048,769
Change in net position	3,706,241	5,472,180
Capital appropriations	2,927,322	4,888,492

RECOMMENDATION

This item is provided for information only. No action required.

ATTACHMENT(S)

- SB & Company Presentation
- Audited financial statements for the fiscal year ending June 30, 2024
- Single Audit for June 30, 2024
- Annual financial report (CC4) to the Maryland Higher Education Commission



Certified Public
Accountants &
Business Advisors

PRESENTATION TO THOSE CHARGED WITH GOVERNANCE



Frederick Community College

JUNE 30, 2024 AUDIT RESULTS

October 16, 2024



Executive Summary

I. Scope of Services

- Audit of the June 30, 2024 financial statements
- Single Audit for June 30, 2024 testing under Uniform Guidance
- Annual Financial Report to the Maryland Higher Education Commission (CC-4 Report)
- Status of observations noted during the audit process
- Year-round advice and consultation

Executive Summary (cont.)



II. Summary of Results

- Issued an unmodified opinion on the financial statements
- Issued an unmodified opinion on annual financial report to the Maryland Higher Education Commission
- Single Audit, no findings
- Discovered no material weakness in internal controls
- Summary of Results:

	<u>2024</u>		<u>2023</u>
Total assets	\$ 133,663,970	\$	130,037,759
Net position	120,129,458		116,423,217
Unrestricted net assets	32,499,740		27,136,211
Total operations revenues	27,692,254		26,995,561
Total operating expenses	79,472,316		75,048,769
Change in net position	3,706,241		5,472,180
Capital appropriations	2,927,322		4,888,492



SBC Audit Approach





Audit Risk & Audit Areas

Audit Risk Areas

- Cash controls and reconciliation
- Collectability of student and third-party receivables and adequacy of allowance for doubtful accounts
- Inventory accounting
- Completeness of accounts payable and accrued expenses
- Revenue recognition
- Functional allocation of expenses
- OPEB liability estimate

Key Accounting Policies

- Basis of accounting
- Revenue recognition
- Functional allocation of expenses
- New accounting standards



Assessment of Control Environment

Area	Points to Consider
Control Environment	<ul style="list-style-type: none"> ▪ Key executive integrity, ethics, and behavior ▪ Control consciousness and operating style ▪ Commitment to competence ▪ Exercise oversee responsibility ▪ Organizational structure, responsibility, and authority ▪ Enforce accountability ▪ HR policies and procedures
Risk Assessment	<ul style="list-style-type: none"> ▪ Define objectives and risk tolerances ▪ Identify, analyze, and respond to risk ▪ Assess fraud risk ▪ Identify, analyze, and respond to change ▪ Mechanisms to anticipate, identify, and react to significant events ▪ Processes and procedures to identify changes in GAAP, business practices, and internal control
Control Activities	<ul style="list-style-type: none"> ▪ Design control activities ▪ Design activities for the information system ▪ Implement control activities ▪ Existence of necessary policies and procedures ▪ Clear financial objectives with active monitoring ▪ Logical segregation of duties ▪ Periodic comparisons of book-to-actual and physical count-to-books ▪ Adequate safeguards of documents, records, and assets ▪ Assess controls in place



Assessment of Control Environment (cont.)

Area	Points to Consider
Information and Communication	<ul style="list-style-type: none"> ▪ Use quality information ▪ Communicate internally ▪ Communicate externally ▪ Adequate performance reports produced from information systems ▪ Information systems are connected with business strategy ▪ Commitment of HR and finance to develop, test, and monitor IT systems and programs ▪ Business continuity and disaster plan for IT ▪ Established communication channels for employees to fulfill responsibilities ▪ Adequate communication across organization
Monitoring	<ul style="list-style-type: none"> ▪ Perform monitoring activities ▪ Remediate deficiencies ▪ Periodic evaluations of internal controls ▪ Frederick County Interagency Internal Audit Authority (IIAA) reviews ▪ Implementation of improvement recommendations



Evaluation of Key Processes

Process	Function
Treasury	<ul style="list-style-type: none"> ▪ Cash Management ▪ Reconciliations
Estimation	<ul style="list-style-type: none"> ▪ Methodology ▪ Information ▪ Calculation
Financial Reporting	<ul style="list-style-type: none"> ▪ Accounting Principles and Disclosure ▪ Closing the Books ▪ Report Preparation ▪ General Ledger and Journal Entry Processing ▪ Verification and Review of Results
Expenditures	<ul style="list-style-type: none"> ▪ Purchasing ▪ Receiving ▪ Accounts Payable and Cash Disbursement ▪ Purchase Card Transactions



Evaluation of Key Processes (cont.)

Process	Function
Payroll	<ul style="list-style-type: none"> ▪ Hiring ▪ Attendance Reporting ▪ Payroll Accounting and Processing ▪ Payroll Disbursements ▪ Separation
Revenue	<ul style="list-style-type: none"> ▪ Billing ▪ Cash Receipts ▪ Revenue Recognition ▪ Cutoff
Fixed Assets	<ul style="list-style-type: none"> ▪ Physical Custody ▪ Asset and Construction in Progress Accounting ▪ Depreciation
Inventory	<ul style="list-style-type: none"> ▪ Physical Custody ▪ Inventory Accounting ▪ Valuation



Evaluation of Key Processes (cont.)

Process	Function
<p>Information Technology</p>	<ul style="list-style-type: none"> ▪ Logical Access Controls ▪ Program Changes ▪ System Operations ▪ System Migration ▪ Physical and Environmental Controls ▪ Back-up and Recovery ▪ Networks and Communication ▪ Cloud Service Providers ▪ Encryption ▪ System Maintenance/Software Versions ▪ Information Technology Policy Framework ▪ Cybersecurity Preparedness ▪ Graham Leach Bliley Act (GLBA)



Evaluation of Key Processes (cont.)

Process	Function
Grant Compliance	<ul style="list-style-type: none">▪ Acceptance▪ Grant Oversight▪ Compliance▪ Reporting▪ Monitoring▪ Accounting▪ Billing and Collection▪ Grant Close Out



Financial Statement Highlights

Statements of Net Position

As of June 30, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current Assets			
Cash and cash equivalents	\$ 36,167,477	\$ 30,779,221	\$ 23,189,639
Accounts receivable:			
Governmental	3,009,358	2,631,591	5,585,253
Student & third party, net of allowance	415,656	315,053	128,096
Other accounts receivable	628,486	402,742	351,327
Total Accounts Receivable	<u>4,053,500</u>	<u>3,349,386</u>	<u>6,064,676</u>
Prepaid expenses and other	808,986	568,611	560,659
Inventory	208,209	205,513	403,136
Total Current Assets	<u>41,238,172</u>	<u>34,902,731</u>	<u>30,218,110</u>
Noncurrent Assets			
Capital assets, net of accumulated depreciation	92,425,798	95,135,028	92,721,994
TOTAL ASSETS	<u>133,663,970</u>	<u>130,037,759</u>	<u>122,940,104</u>
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	2,072,140	2,026,509	1,594,581
Accrued salaries	988,957	957,072	896,067
Accrued liabilities	813,607	618,239	1,118,450
Accrued leave	2,086,078	1,883,269	1,716,869
Bond payable	330,000	320,000	80,000
SBITA payable	333,324	345,015	-
Unearned revenue	1,924,757	1,741,629	1,227,603
Total Current Liabilities	<u>8,548,863</u>	<u>7,891,733</u>	<u>6,633,570</u>



Financial Statement Highlights

Statements of Net Position (cont.)

As of June 30, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Noncurrent Liabilities			
Bonds payable, net	\$ 4,528,050	\$ 4,931,902	\$ 5,327,001
SBITA payable	428,413	761,737	-
Accrued leave	29,186	29,170	28,496
Total Noncurrent Liabilities	<u>4,985,649</u>	<u>5,722,809</u>	<u>5,355,497</u>
TOTAL LIABILITIES	<u>13,534,512</u>	<u>13,614,542</u>	<u>11,989,067</u>
NET POSITION			
Net investment in capital assets	86,806,011	88,776,374	87,314,993
Net assets restricted by purpose or time	823,707	510,632	616,907
Unrestricted	32,499,740	27,136,211	23,019,137
TOTAL NET POSITION	<u>\$ 120,129,458</u>	<u>\$ 116,423,217</u>	<u>\$ 110,951,037</u>



Financial Statement Highlights

Statements of Revenue, Expenses, and Changes in Net Position
For the Years Ended June 30, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Revenue			
Tuition and fees, net of scholarship	\$ 18,071,414	\$ 16,838,802	\$ 15,094,703
Grants and contracts	3,365,604	4,816,669	8,992,297
Auxiliary enterprises	2,695,990	2,258,206	1,550,138
Other revenue	3,559,246	3,081,884	2,614,855
Total Operating Revenue	<u>27,692,254</u>	<u>26,995,561</u>	<u>28,251,993</u>
Operating Expenses			
Instruction:			
Academic	25,358,783	24,706,186	24,478,753
Continuing education	4,288,990	4,606,200	4,153,473
Total Instruction	<u>29,647,773</u>	<u>29,312,386</u>	<u>28,632,226</u>
Academic support	1,338,319	1,179,180	1,128,797
Student services	9,970,492	9,064,308	7,256,455
Plant operations and maintenance	10,194,324	8,500,417	6,717,809
Institutional support	12,754,289	11,816,459	11,139,794
Scholarships	2,544,099	2,327,084	6,398,248
Student aid expenses	4,385,944	3,990,824	2,772,674
Depreciation	4,984,022	4,858,917	4,059,733
Auxiliary enterprises	3,041,613	3,796,980	4,090,762
Other expenses	611,441	202,214	63,163
Total Operating Expenses	<u>79,472,316</u>	<u>75,048,769</u>	<u>72,259,661</u>
Operating Loss	<u>(51,780,062)</u>	<u>(48,053,208)</u>	<u>(44,007,668)</u>



Financial Statement Highlights

Statements of Revenue, Expenses, and Changes in Net Position (cont.)
For the Years Ended June 30, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Nonoperating Revenue (Expenses)			
State appropriations	\$ 18,548,628	\$ 16,429,152	\$ 13,283,580
County appropriations	24,675,478	22,618,303	21,798,561
State and county capital projects appropriations	2,927,322	4,888,492	9,536,695
Student aid revenues	5,059,385	4,912,697	7,667,150
Investment income	1,370,504	854,706	54,847
Other revenue	-	1,000,000	2,353,755
State paid benefits	2,904,986	2,822,038	2,724,048
Total Net Nonoperating Revenue	<u>55,486,303</u>	<u>53,525,388</u>	<u>57,418,636</u>
Increase in Net Position	3,706,241	5,472,180	13,410,968
Net position - beginning of year	<u>116,423,217</u>	<u>110,951,037</u>	<u>97,540,069</u>
Net Position - End of Year	<u>\$ 120,129,458</u>	<u>\$ 116,423,217</u>	<u>\$ 110,951,037</u>



Financial Statement Highlights

Summary of Expenses

For the Years Ended June 30, 2024, 2023, and 2022

	For the Years Ended		
	June 30, 2024	June 30, 2023	June 30, 2022
Salaries and benefits	\$ 50,550,627	\$ 46,524,809	\$ 41,573,909
Supplies and materials	3,562,680	3,838,895	2,615,266
Depreciation and amortization	4,984,021	4,858,917	4,059,733
Contracted services	5,176,383	3,681,168	3,553,373
Conferences and meetings	1,013,801	830,934	508,002
Communications	125,807	112,455	255,841
Utilities	1,125,091	841,659	726,556
Insurance	297,398	261,241	232,538
Scholarships	6,930,043	6,317,908	9,170,922
Campus projects and equipment	1,431,340	2,573,959	1,383,579
Cost of good sold (bookstore and food service)	743,659	999,457	831,765
Miscellaneous	626,480	1,385,329	4,624,130
Certain fringe benefits paid directly by the State of Maryland	2,904,986	2,822,038	2,724,047
Total	\$ 79,472,316	\$ 75,048,769	\$ 72,259,661



Single Audit Results

Major Programs	Expenditures
Student Financial Aid Cluster	
PELL	\$ 4,960,725
S.E.O.G.	98,660
Federal Work Study	100,576
Direct Loan	3,466,680
Total Major Programs	<u>\$ 8,626,641</u>
Total Federal Expenditures	<u>\$ 9,809,340</u>
Percentage Coverage	87%

Required Communications



1. Auditor's Responsibilities Under Generally Accepted Auditing Standards (GAAS)

The financial statements are the responsibility of management. Our audit was designed in accordance with auditing standards generally accepted in the United States of America, and provide for reasonable, rather than absolute, assurance that the financial statements are free of material misstatement

2. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.

The significant accounting policies used by management are described in the notes to the financial statements.

3. Auditor's Judgments About the Quality of Accounting Principles

We discuss our judgments about the quality, not just the acceptability, of accounting principles selected by management, the consistency of their application, and the clarity and completeness of the financial statements, which include related disclosures.

We have reviewed the significant accounting policies adopted by FCC and have determined that these policies are acceptable accounting policies.



Required Communications (cont.)

4. Audit Adjustments

We are required to inform FCC's oversight body about adjustments arising from the audit (whether recorded or not) that could in our judgment either individually or in the aggregate have a significant effect on the entity's financial reporting process. We also are required to inform FCC's oversight body about unadjusted audit differences that were determined by management to be individually and in the aggregate, immaterial.

There were no significant adjustments identified during the audit process.

5. Fraud and Illegal Acts

We are required to report to FCC's oversight body any fraud and illegal acts involving senior management and fraud and illegal acts (whether caused by senior management or other employees) that cause a material misstatement of the financial statements.

Our procedures identified no instances of fraud or illegal acts.

6. Material Weaknesses in Internal Control

We are required to communicate all significant deficiencies in FCC's systems of internal controls, whether or not they are also material weaknesses.

There were no material weaknesses noted during the audit.



Required Communications (cont.)

7. Other Information in Documents Containing Audited Financial Statements

None.

8. Disagreements with Management on Financial Accounting and Reporting Matters

None.

9. Significant Difficulties Encountered in Performing the Audit

No significant difficulties and the audit deadlines were met; however, receiving audit support was delayed.

10. Major Issues Discussed with Management Prior to Acceptance

None.

11. Management Representations

We received certain written representations from management as part of the completion of the audit.

12. Consultation with Other Accountants

To our knowledge, there were no consultations with other accountants since our appointment as FCC's independent public accountants.

13. Independence

As part of our client acceptance process, we go through a process to ensure we are independent of FCC.

We are independent of FCC.



Required Communications (cont.)

14. Non-Audit Services

We performed non-audit services for FCC related to assistance with drafting the financial statements and Single Audit report and will prepare the 990-T tax return for the College.

15. Our Responsibility Related to Fraud

- Plan and perform the audit to obtain reasonable assurance that there is no material misstatement caused by error or fraud;
- Comply with AU-C Section 240: Consideration of Fraud in a Financial Statement Audit;
- Approach all audits with an understanding that fraud could occur in any entity, at any time, by anyone; and
- Perform mandatory procedures required by GAAS and our firm policies.

Examples of Procedures Performed

- Discuss thoughts and ideas on where the financial statements might be susceptible to material misstatement due to fraud;
- Understand pressures on the financial statement results;
- Understand the tone and culture of the organization;
- Look for unusual or unexpected transactions, relationships, or procedures;
- Discussions with individuals outside of finance;
- Evaluate key processes and controls; and
- Consider information gathered throughout the audit.



Engagement Team

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FREDERICK COMMUNITY COLLEGE

**Financial Statements Together with
Reports of Independent Public Accountants**

For the Years Ended June 30, 2024 and 2023

FREDERICK COMMUNITY COLLEGE**Financial Statements Together with
Reports of Independent Public Accountants****JUNE 30, 2024 AND 2023****CONTENTS**

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

To the Board of Trustees
Frederick Community College

Opinion

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of Frederick Community College (the College), a component unit of Frederick County, Maryland, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the College, as of June 30, 2024 and 2023, and the respective changes in their financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in



the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2024 on our consideration of the College's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal controls over financial reporting and compliance.

Owings Mills, Maryland
September 20, 2024

SB + Company, LLC

FREDERICK COMMUNITY COLLEGE

Management's Discussion and Analysis June 30, 2024 and 2023

Overview and Basis of Presentation

This section of the Frederick Community College (the College) basic financial statements presents management discussion and analysis (MD&A). It provides an overview of its financial activities as of and for the years ended June 30, 2024, and 2023, with 2022 for comparative purposes. This should be read in conjunction with the financial statements and the more detailed information in the related notes to the financial statements. The MD&A, financial statements, and related notes are the responsibility of management.

Discretely Presented Component Units

The College reporting entity includes the College and the Frederick Community College Foundation, Inc. (the Foundation), which is a component unit of the College whose sole purpose is to serve the institution by providing resources for scholarships and other College projects. The financial statements of the Foundation as of and for the years ended June 30, 2024, and 2023 are displayed in the financial statements section of this report.

Significant Financial and Enrollment Highlights

- The Reserve Policy and Procedures previously approved by the College Board of Trustees in May 2016 was replaced in October 2023 with policy number EL-4, Financial Conditions, and Activities. This executive limitations policy states that with respect to the actual, ongoing financial conditions and activities, the President shall not cause or allow the development of fiscal jeopardy or actual expenditures that are not aligned with the achievement of the College's mission. Per section 5.1 of this policy, the President shall not allow a combined operating fund balance reserve to be less than the Government Finance Officers Association recommended minimum of 16.6% (two months) of annual unrestricted operating expenses. As of June 30, 2024, the required minimum reserve is \$11.1 million and is fully funded.
- In fiscal year 2024, Strategic Reserves in the unrestricted fund balance were designated for funding one-time expenses or projects for such items as emergencies, student success and completion initiatives, academic program initiatives, talent cultivation, unplanned capital repair and replacement, technology projects, and strategic planning and future-proofing. As of June 30, 2024, the balance in the Strategic Reserves is \$16.3 million.
- Tuition rates were unchanged for fiscal year 2024 and remained at the fiscal year 2023 amounts of \$129/credit for in-county, \$282/credit for out-of-county, and \$382/credit for out-of-state.
- The county and state share of unrestricted revenue for fiscal year 2024 was 39.3% and 29.5%, respectively.

FREDERICK COMMUNITY COLLEGE

Management's Discussion and Analysis June 30, 2024 and 2023

Significant Financial and Enrollment Highlights (continued)

- Auxiliary Enterprises, which includes the bookstore, the Carl and Norma Miller Children's Center, and dining services, recorded a combined net income loss of \$346 thousand for fiscal year 2024. However, this does not include College subsidies paid to the auxiliaries totaling \$491 thousand. These losses were due to salary increases in the bookstore and Children's Center and the addition of full college benefits to full-time teachers at the Children's Center.
- The auxiliary fund balance is (\$1.8) million. This fund balance is included in the Unrestricted Net Position on the Statements of Net Position.
- Full-time equivalent (FTE) enrollment increased by 336 and 528 students between fiscal year 2024 and fiscal year 2023, and fiscal year 2023 and fiscal year 2022, respectively. The following summarizes state-reimbursable FTE trends over the past five years:

	2020	2021	2022	2023	2024
Credit	3,318	3,139	2,938	3,367	3,642
Non-credit	572	395	448	547	608
Total	3,890	3,534	3,386	3,914	4,250

Statements of Net Position

The Statements of Net Position present all assets and liabilities of the College as of the end of the fiscal year. The net position represents the difference between assets and liabilities and is one way to measure the financial health of the College.

	2024	2023	2022	2024/2023 Change	2023/2022 Change
Assets					
Current assets	\$ 41,238,172	\$ 34,902,731	\$ 30,218,110	\$ 6,335,441	\$ 4,684,621
Non-current assets	92,425,798	95,135,028	92,721,994	(2,709,230)	2,413,034
Total Assets	133,663,970	130,037,759	122,940,104	3,626,211	7,097,655
Liabilities and Net Position					
Liabilities:					
Current liabilities	8,548,863	7,891,732	6,633,570	657,131	1,258,162
Noncurrent liabilities	4,985,649	5,722,809	5,355,497	(737,160)	367,312
Total Liabilities	13,534,512	13,614,541	11,989,067	(80,029)	1,625,474
Net Position:					
Net Investment in Capital assets	86,806,011	88,776,374	87,314,993	(1,970,363)	1,461,381
Restricted	823,707	510,632	616,907	313,075	(106,275)
Unrestricted	32,499,740	27,136,211	23,019,137	5,363,529	4,117,074
Total Net Position	\$ 120,129,458	\$ 116,423,217	\$ 110,951,037	\$ 3,706,241	\$ 5,472,180

Net position increased to \$120.1 million in fiscal year 2024 from \$116.4 million in fiscal year 2023 and increased from \$97.5 million in fiscal year 2021 to \$111.0 million in fiscal year 2022. Current assets increased by \$6.3 million in fiscal year 2024 and increased by \$4.7 million in fiscal year 2023 due mainly to an increase in the ending cash balance for each fiscal year. Non-current assets decreased by \$2.7 million in fiscal year 2024 primarily due to depreciation on capital assets and increased by \$2.4 million in fiscal year 2023 due mainly to increased fixed assets and SBITA right to use assets. Current liabilities increased by \$657 thousand in fiscal year 2024 due to increased accrued salaries and accrued leave plus additional unearned revenue. In fiscal year 2024, noncurrent liabilities decreased by \$737 thousand, primarily due to the bond principal payment due in fiscal year 2025 and a decrease in the SBITA payable.

FREDERICK COMMUNITY COLLEGE

Management's Discussion and Analysis June 30, 2024 and 2023

Statements of Net Position (continued)

In fiscal year 2023, current liabilities increased by \$1.3 million due to increase of payments owed to vendors, additional unearned revenue and the SBITA payable, and noncurrent liabilities increased by \$367 thousand primarily due to the bond principal payment due in fiscal year 2024 and an increase in the SBITA payable.

Statements of Revenue, Expenses, and Change in Net Position

The Statements of Revenue, Expenses, and Change in Net Position present the College's operating results and non-operating revenue and expenses. According to accounting principles generally accepted in the United States, annual county and state appropriations are considered non-operating revenues while budgeted for operations. Accordingly, public colleges will show an operating loss before the display of non-operating revenue, which is primarily governmental funding support.

	2024	2023	2022	2024/2023 Change	2023/2022 Change
Operating Revenue					
Tuition and fees, net	\$ 18,071,414	\$ 16,838,802	\$ 15,094,703	\$ 1,232,612	\$ 1,744,099
Grants and contracts	3,365,604	4,816,669	8,992,297	(1,451,065)	(4,175,628)
Auxiliary enterprises	2,695,990	2,258,206	1,550,138	437,784	708,068
Other revenue	3,559,246	3,081,884	2,614,855	477,362	467,029
Total Operating Revenue	27,692,254	26,995,561	28,251,993	696,693	(1,256,432)
Operating Expenses					
Education and general	70,835,240	66,190,658	64,046,003	4,644,582	2,144,655
Depreciation/ amortization expense	4,984,022	4,858,917	4,059,733	125,105	799,184
Auxiliary enterprises	3,041,613	3,796,980	4,090,762	(755,367)	(293,782)
Other expenses	611,441	202,214	63,163	409,227	139,051
Total Operating Expenses	79,472,316	75,048,769	72,259,661	4,423,547	2,789,108
Operating Loss	(51,780,062)	(48,053,208)	(44,007,668)	(3,726,854)	(4,045,540)
Nonoperating Revenue (Expenses)					
Government appropriations	43,224,106	39,047,455	35,082,141	4,176,651	3,965,314
State retirement	2,904,986	2,822,038	2,724,048	82,948	97,990
Capital appropriations	2,927,322	4,888,492	9,536,695	(1,961,170)	(4,648,203)
Investment income	1,370,504	854,706	54,847	515,798	799,859
Other	5,059,385	5,912,697	10,020,905	(853,312)	(4,108,208)
Total Nonoperating Revenue	55,486,303	53,525,388	57,418,636	1,960,915	(3,893,248)
Change in Net Position	\$ 3,706,241	\$ 5,472,180	\$ 13,410,968	\$ (1,765,939)	\$ (7,938,788)

County appropriations, including in-kind appropriations, in support of the operating budget increased by \$2.0 million, and 9.1% in fiscal year 2024, and \$820 thousand, 3.8% and \$1.5 million, 7.6% in fiscal year 2023 and 2022, respectively. State appropriations increased by \$2.1 million, and 12.9% in fiscal year 2024, and \$3.1 million, 23.7% and \$2.1 million, 19.1% in fiscal year 2023 and 2022, respectively.

FREDERICK COMMUNITY COLLEGE

Management's Discussion and Analysis June 30, 2024 and 2023

Statements of Revenue, Expenses, and Change in Net Position (continued)

Total educational and general expenses increased 7.0%, 3.3% and 9.7% in fiscal years 2024, 2023 and 2022, respectively, primarily due to increases in salary and benefit expenses in fiscal years, 2024 and 2023, and pandemic driven Higher Education Emergency Relief Fund (HEERF) related expenses in fiscal year 2022. Salary and related benefits increased in fiscal year 2024 due to positions filled that were vacant in fiscal year 2023 and a 5% cost of living (COLA) increase received by employees. College employees also received a 5% COLA in fiscal year 2023.

Statements of Cash Flows

The Statements of Cash Flows provide information about cash receipts and cash payments during the year. These statements also help users assess the ability of the College to generate net cash flow and its ability to meet obligations as they come due.

	2024	2023	2022	2024/2023 Change	2023/2022 Change
Cash and Cash Equivalents From					
Operating activities	\$ (44,219,982)	\$ (39,797,861)	\$ (38,700,828)	\$ (4,422,121)	\$ (1,097,033)
Non-capital financing activities	48,283,481	46,913,816	43,320,033	1,369,665	3,593,783
Capital and related financing activities	(45,757)	(381,079)	745,887	335,322	(1,126,966)
Investing activities	1,370,504	854,706	54,847	515,798	799,859
Net Change in Cash and Cash Equivalents	\$ 5,388,246	\$ 7,589,582	\$ 5,419,939	\$ (2,201,336)	\$ 2,169,643

The primary cash receipts from operating activities consist of tuition and fees, auxiliary enterprises, and grants and contracts. Major cash outlays in operating activities consist of salaries and benefits, outsourced services, and technology spending. State and local appropriations are the primary source of non-capital financing.

Capital and related financing activities include appropriations for renovation and construction projects from state and county sources.

The investment activity of the College is related to money management accounts and the Maryland Local Government Investment Pool (MLGIP), which generate interest revenue.

Economic Factors That Will Affect the Future

State funding increased \$2.1 million, \$3.1 million, and \$2.1 million in fiscal years 2024, 2023 and 2022 respectively. The County appropriation increased \$2.0 million, \$820 thousand, and \$1.5 million in fiscal years 2024, 2023 and 2022, respectively. However, this is not guaranteed funding for future years.

FREDERICK COMMUNITY COLLEGE

Management's Discussion and Analysis June 30, 2024 and 2023

Economic Factors That Will Affect the Future (continued)

Combined Credit and Continuing Education and Workforce Development (CEWD) enrollment has increased each year at the College since fiscal year 2021. From fiscal year 2021 to fiscal year 2022 enrollment increased 10% (11,209-12,351). From fiscal year 2022 to fiscal year 2023 enrollment increased 15% (12,351-14,190). Fiscal year 2024 increased 7% (14,190 – 15,243). This trend is expected to continue based on increased recruiting, retention, outreach efforts, and provisions in the Blueprint for Maryland's Future that incentivize Frederick County Public Schools (FCPS) students to participate in FCC dual enrollment programs tuition and fee-free. The College receives reimbursement from FCPS for dually enrolled student tuition and gets a return on dual enrollment FTE from the state. These factors predict incremental increases in enrollment revenues over the next 10 years, if not impacted by an environmental or economic crisis.

A Bill legalizing collective bargaining at the state's community colleges passed the Maryland General Assembly in 2021 and went into effect September 1, 2022. Since that time, full-time faculty at the College have elected to organize and entered into collective bargaining. This change will impact the college as fiscal items such as salaries/wages, benefits, paid time off, etc., are mandatory subjects of bargaining.

Contacting Frederick Community College Financial Management

This report is designed to provide interested parties with a general overview of the financial activities of the College. If you have questions about this report or would like additional financial information, contact Frederick Community College, Finance Office, 7932 Opossumtown Pike, Frederick, Maryland, 21702.

FREDERICK COMMUNITY COLLEGE

Statements of Net Position As of June 30, 2024 and 2023

ASSETS	Frederick Community College		Component Unit Frederick Community College Foundation, Inc.	
	2024	2023	2024	2023
Current Assets				
Cash and cash equivalents	\$ 36,167,477	\$ 30,779,221	\$ 369,741	\$ 333,529
Investments	-	-	21,733,708	20,487,599
Accounts receivable:				
Governmental	3,009,358	2,631,591	-	-
Student & third party, net of allowance	415,656	315,053	-	-
Other accounts receivable	628,486	402,742	-	-
Total Accounts Receivable	4,053,500	3,349,386	-	-
Prepaid expenses and other assets	808,986	568,611	16,687	5,389
Inventory	208,209	205,513	-	-
Total Current Assets	41,238,172	34,902,731	22,120,136	20,826,517
Noncurrent Assets				
Beneficial interest in charitable remainder trust	-	-	23,814	22,831
Capital assets including SBITA, net of accumulated depreciation	92,425,798	95,135,028	-	-
Total Noncurrent Assets	92,425,798	95,135,028	23,814	22,831
TOTAL ASSETS	133,663,970	130,037,759	22,143,950	20,849,348
LIABILITIES AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts payable	2,072,140	2,026,509	66,983	64,919
Accrued salaries	988,957	957,072	-	-
Accrued liabilities	813,607	618,239	-	-
Accrued leave	2,086,078	1,883,268	-	-
Bond payable	330,000	320,000	-	-
SBITA payable	333,324	345,015	-	-
Unearned revenue	1,924,757	1,741,629	27,000	18,751
Total Current Liabilities	8,548,863	7,891,732	93,983	83,670
Noncurrent Liabilities:				
Bond payable, net of premium/discount	4,528,050	4,931,902	-	-
SBITA payable	428,413	761,737	-	-
Accrued leave	29,186	29,170	-	-
Total Noncurrent Liabilities	4,985,649	5,722,809	-	-
TOTAL LIABILITIES	13,534,512	13,614,542	93,983	83,670
NET POSITION				
Net investment in capital assets	86,806,011	88,776,374	-	-
Net assets restricted by purpose or time	823,707	510,632	12,030,271	11,501,223
Net assets restricted in perpetuity	-	-	5,534,135	5,345,408
Unrestricted net assets	32,499,740	27,136,211	4,485,561	3,919,047
TOTAL NET POSITION	\$ 120,129,458	\$ 116,423,217	\$ 22,049,967	\$ 20,765,678

The accompanying notes are an integral part of these financial statements.

FREDERICK COMMUNITY COLLEGE

Statements of Revenue, Expenses, and Changes in Net Position For the Years Ended June 30, 2024 and 2023

	Frederick Community College		Component Unit Frederick Community College Foundation, Inc.	
	2024	2023	2024	2023
Operating Revenue				
Tuition and fees, net of scholarship allowances of \$673,441 and \$719,555, respectively	\$ 18,071,414	\$ 16,838,802	\$ -	\$ -
Grants and contracts	3,365,604	4,816,669	-	-
Auxiliary enterprises	2,695,990	2,258,206	-	-
Contributions	-	-	544,740	448,966
In-kind contributions	-	-	457,914	408,118
Other revenue	3,559,246	3,081,884	604,841	420,320
Total Operating Revenue	27,692,254	26,995,561	1,607,495	1,277,404
Operating Expenses				
Instruction				
Academic	25,358,783	24,706,186	-	-
Continuing education	4,288,990	4,606,200	-	-
Total Instruction	29,647,773	29,312,386	-	-
Academic support	1,338,319	1,179,180	-	-
Student services	9,970,492	9,064,308	-	-
Plant operations and maintenance	10,194,324	8,500,417	-	-
Institutional support	12,754,289	11,816,459	-	-
Scholarships	2,544,099	2,327,084	-	-
Student aid	4,385,944	3,990,824	-	-
Depreciation and amortization	4,984,022	4,858,917	-	-
Auxiliary enterprises	3,041,613	3,796,980	-	-
Direct Program services	-	-	1,323,464	1,000,022
Support services	-	-	661,412	579,005
Other expenses	611,441	202,214	-	-
Total Operating Expenses	79,472,316	75,048,769	1,984,876	1,579,027
Operating Loss	(51,780,062)	(48,053,208)	(377,381)	(301,623)
Nonoperating Revenue				
State appropriations	18,548,628	16,429,152	-	-
County appropriations	24,675,478	22,618,303	-	-
State and County capital projects appropriations	2,927,322	4,888,492	-	-
Student aid	5,059,385	4,912,697	-	-
Investment income, net of fees	1,370,504	854,706	201,250	130,895
Net unrealized and realized gain (loss) on investments	-	-	1,459,437	921,800
Change in the value of charitable remainder trust	-	-	983	(5,504)
Other revenue	-	1,000,000	-	-
State paid benefits	2,904,986	2,822,038	-	-
Nonoperating Revenue	55,486,303	53,525,388	1,661,670	1,047,191
Change in Net Position	3,706,241	5,472,180	1,284,289	745,568
Net Position - Beginning of year	116,423,217	110,951,037	20,765,678	20,020,110
Net Position - End of year	\$ 120,129,458	\$ 116,423,217	\$ 22,049,967	\$ 20,765,678

The accompanying notes are an integral part of these financial statements.

FREDERICK COMMUNITY COLLEGE**Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Tuition and fees received	\$ 17,568,294	\$ 16,766,343
Payments to suppliers	(20,424,340)	(20,969,778)
Payments to employees	(50,315,916)	(45,997,241)
Auxiliary enterprise charges	2,695,990	2,419,204
Other receipts	6,255,990	7,983,611
Net Cash From Operating Activities	<u>(44,219,982)</u>	<u>(39,797,861)</u>
Cash Flows From Noncapital Financial Activities		
Federal revenue	5,059,385	4,912,697
State and County appropriations	43,224,096	42,001,119
Net Cash From Noncapital Financing Activities	<u>48,283,481</u>	<u>46,913,816</u>
Cash Flows From Capital and Related Financing Activities		
State and County capital appropriations	2,927,322	4,888,492
Other revenue	-	1,000,000
Purchase of capital assets	(2,308,064)	(5,925,244)
Payments of bonds and SBITA	(665,015)	(344,327)
Net Cash From Capital and Related Financing Activities	<u>(45,757)</u>	<u>(381,079)</u>
Cash Flows From Investing Activities		
Investment income, net of fees	1,370,504	854,706
Change in Cash and Cash Equivalents	<u>5,388,246</u>	<u>7,589,582</u>
Cash and Cash Equivalents, Beginning of Year	<u>30,779,221</u>	<u>23,189,639</u>
Cash and Cash Equivalents, End of Year	<u>\$ 36,167,467</u>	<u>\$ 30,779,221</u>

The accompanying notes are an integral part of these financial statements.

FREDERICK COMMUNITY COLLEGE**Statements of Cash Flows (continued)
For the Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Operating Loss	\$ (51,780,062)	\$ (48,053,208)
Adjustments to reconcile operating loss to net cash from operating activities:		
Amortization of deferred financing	(73,852)	(75,099)
Depreciation and amortization	4,984,022	4,858,917
State paid benefits	2,904,986	2,822,038
Loss on disposal of assets	33,272	24,371
Effect of the changes in non-cash operating assets and liabilities		
Accounts receivable	(704,114)	(238,373)
Prepaid expenses	(240,375)	(7,952)
Inventory	(2,696)	197,623
Accounts payable	45,631	431,928
Accrued salaries	31,885	61,005
Accrued liabilities	195,368	(500,211)
Accrued leave	202,825	167,074
Unearned revenue	183,128	514,026
Net Cash From Operating Activities	<u>\$ (44,219,982)</u>	<u>\$ (39,797,861)</u>

The accompanying notes are an integral part of these financial statements.

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Frederick Community College (the College)

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The College is considered a business-type special-purpose government using the activities reporting model. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. Given the importance of tuition, fees, and other exchange-type transactions in financing higher education, the College adopted the financial model required by business-type activities (BTA). Colleges reporting as BTAs follow GASB standards applicable to proprietary (enterprise) funds. The BTA model requires the following financial statement components:

- Management's Discussion and Analysis;
- Statement of Net Position;
- Statement of Revenue, Expenses and Change in Net Position;
- Statement of Cash Flows; and
- Notes to the Financial Statements.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles whereby all revenue is recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay. The summer semesters of the College overlap fiscal years. Consistent with generally accepted accounting principles, summer semester revenue is recorded as earned and expenditures are recorded as incurred in each fiscal year.

Reporting Entity

The College is a separate legal entity created by state law and accordingly prepares its own financial statements and reports. Since the County Council of Frederick County approves the operating budget of the College, the College is also included as a component unit in the financial statements of Frederick County, Maryland (the County). Although the College does not control the timing or amount of receipts from the Frederick Community College Foundation, Inc. (the Foundation), all of the resources or income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for, the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the accompanying financial statements of the College.

FREDERICK COMMUNITY COLLEGE**Notes to the Financial Statements
June 30, 2024 and 2023****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Frederick Community College (the College) (continued)****Reporting Entity (continued)**

Complete financial statements for the Foundation can be obtained by contacting Frederick Community College Foundation, Inc., 7932 Opossumtown Pike, Frederick, MD, 21702.

Budgetary Accounting

The College maintains a system of budgetary control for management purposes and to meet requirements of State Law. Encumbrance accounting is used for budgetary purposes. Encumbrances outstanding do not constitute expenses or liabilities and are not reflected in these financial statements.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statements of Net Position and Statements of Cash Flows, cash and cash equivalents include deposits and short-term (mature within 90 days of purchase) investment funds held at financial institutions.

Accounts Receivable

Accounts receivable relates to transactions involving student tuition and fee billings, governmental appropriations, grants and contracts, financial aid, and other miscellaneous transactions.

Allowance for Doubtful Accounts

Accounts receivable is reduced by a valuation allowance that reflects the best estimate by management of the amount of accounts receivable that will not be collected. This valuation allowance is based on the age, historical trends and estimated collectability of individual receivables. The allowance for doubtful accounts was \$150,822 and \$100,000, as of June 30, 2024 and 2023, respectively.

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frederick Community College (the College) (continued)

Scholarship Allowance

Student tuition and fees are reported net of any scholarship allowance. A scholarship allowance is the difference between the stated charge for tuition, goods and services provided by the College and the amount that is paid by the student or third parties making payments on behalf of the student. These scholarship allowances represent funds received from outside resources such as the Title IV Federal Grant Program.

Capital Assets

Capital assets are either recorded at cost or, in the case of contributed assets, at the fair value at the date of donation. The policy of the College is to include only those capital assets with a purchase price or fair value at donation of at least \$5,000, and a minimum life of 1 year. The library collection is recorded and valued annually as a group at cost or estimated cost without regard to individual item cost. It is depreciated on a unit basis with additions for each year comprising an individual unit.

Capital asset additions constructed using funding provided by the State or County government agencies are stated at the cost incurred for such additions by the College. Depreciation is expensed over the estimated economic life of the asset on a straight line basis as follows:

	<u>Number of Years</u>
Buildings and improvements	10-40
Library collection	10
Furniture and equipment	5-10
SBITA right to use assets	1-5

Inventory

Inventory is carried at the lower of average cost or market as of June 30, 2024 and 2023.

Revenue Recognition and Unearned Revenue

Tuition revenue is recognized when instruction is provided. Grant and appropriation revenue is recognized when all of the conditions are met.

Unearned revenue is primarily tuition received for semesters beginning after year end.

FREDERICK COMMUNITY COLLEGE**Notes to the Financial Statements
June 30, 2024 and 2023****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Frederick Community College (the College) (continued)****Operating Revenue and Expenses (continued)**

The principal ongoing operations of the College determine operating flow activities. Ongoing operations of the College include, but are not limited to, providing intellectual, cultural and social services through two-year associate degree programs, continuing education programs and continuous learning programs.

Operating revenue of the College consists of tuition and fees, grants and contracts, and auxiliary enterprise income. Operating expenses include those expenses required to be incurred to generate the operating revenue of the College. All other expenses and revenue are considered non-operating.

Expenses

The Statements of Revenue, Expenses, and Change in Net Position categorize expenses by function. The following summarizes expenses by type:

	For the Years Ended June 30,	
	2024	2023
Salaries and benefits	\$ 50,550,627	\$ 46,524,809
Supplies and materials	3,562,680	3,838,895
Depreciation and amortization	4,984,021	4,858,917
Contracted services	5,176,383	3,681,168
Conferences and meetings	1,013,801	830,934
Communications	125,807	112,455
Utilities	1,125,091	841,659
Insurance	297,398	261,241
Scholarships and student aid	6,930,043	6,317,908
Campus projects and equipment	1,431,340	2,573,959
Cost of good sold (bookstore and food service)	743,659	999,457
Miscellaneous	626,480	1,385,329
Certain fringe benefits paid directly by the State of Maryland	2,904,986	2,822,038
Total	<u>\$ 79,472,316</u>	<u>\$ 75,048,769</u>

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frederick Community College (the College) (continued)

Compensated Absences

Eligible full-time regular administrators, full-time regular support staff, and interpreter support staff on a full-time schedule will receive twenty (20) days (140 hours) of annual leave per year, which is earned monthly. All employees who are part-time regular administrators, part-time regular support staff, or interpreters on a part-time schedule and who work at least 17.5 hours per week are eligible for a prorated share of annual leave.

Regular employees hired and working prior to July 1, 1987, may accumulate a maximum of 40 days of annual leave and are paid up to a maximum of 30 days upon separation from employment for resignation, retirement, or non-renewal. Those hired after June 30, 1987, may accumulate a maximum of 30 days and there is no cash payout of unused annual leave upon separation from employment.

Annual leave benefits earned but not yet taken are charged to expense in the current fiscal year. These benefits will be funded by future appropriations when paid.

All full-time regular administrators, full-time regular support staff, interpreter support staff on a full-time schedule, and full-time faculty are eligible for sick leave, earned at a rate of one (1) day (7 hours) of sick leave for each month worked. All employees who are part-time regular administrators, part-time regular support staff, or interpreters on a part-time schedule and who work at least 17.5 hours per week are eligible for sick leave earned on a prorated basis. Unlimited sick leave may be accumulated. Eligible staff employed prior to July 1, 1985, are eligible for payout upon termination of 40% of sick leave accumulated up to a maximum of 120 days. For those hired after July 1, 1985, there is no cash payout of unused sick leave upon separation from employment.

Federal and State Income Tax Status

The College is exempt from federal and state income taxes as it is essentially a political subdivision of the state. The Foundation is exempt from taxation under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no income taxes are reflected in these financial statements.

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frederick Community College (the College) (continued)

Net Position

The College maintains the following net position classifications:

Net Investment in Capital Assets

Capital assets, including Subscription Based Information Technology arrangements (SBITA), net of accumulated depreciation, amortization and outstanding debt and SBITA liability.

Restricted

Net position whose use is subject to externally imposed conditions that can be fulfilled by the actions of the College or by the passage of time.

Unrestricted

Unrestricted net position may be designated for specific purposes by the College Board of Trustees. When both restricted and unrestricted net position are available for expenditure, the decision as to which assets are used first is left to the discretion of the College.

Frederick Community College Foundation, Inc. (the Foundation)

Basis of Accounting

The Foundation is a publicly supported foundation incorporated under the laws of the State of Maryland. The Foundation is organized exclusively for charitable, scientific, literary and educational purposes; to promote, augment and further the educational purposes and programs of the College, a non-profit educational institute of higher learning, and to assist in developing and carrying out the educational functions of the College for the benefit of students, faculty and the community at large. The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting.

Revenue Recognition

The Foundation is a private non-profit organization that accounts for its activities under the Financial Accounting Standards Board (FASB) standards, as denoted in the FASB Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation financial information in the College financial statements for these differences.

Foundation Assets

The Foundation was notified that it was one of several remainder beneficiaries of an irrevocable Charitable Remainder Unitrust (CRUT).

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frederick Community College Foundation, Inc. (the Foundation) (continued)

Foundation Assets (continued)

A qualifying charitable remainder trust provides lifetime income to the donor and/or family members of the donor, with the remaining trust assets passing to the Foundation when the trust ends. The trust was created by donors independent of the Foundation and is neither in the possession nor under the control of the Foundation. The Trust is administered by outside fiscal agents as designated by the donors. The original trust agreement was signed February 24, 1998.

The Foundation recorded the present value of the remainder interest in the CRUT, discounted at a rate of 5.44%, totaling \$23,814 and \$22,831, as of June 30, 2024 and 2023, respectively.

Endowment Fund Management Policy

The Foundation follows accounting principles generally accepted in the United States of America (GAAP). GAAP requires that the amount classified as with donor restrictions shall be the amount of the fund (a) that must be retained in accordance with explicit donor stipulations, or (b) that in the absence of such stipulations, determined by the governing board of the organization, must be retained consistent with the relevant law. GAAP also expands the disclosures required for both donor-restricted and board-designated endowment funds.

The Board of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as it relates to making a determination to appropriate or accumulate donor restricted endowment funds and as requiring the preservation of the fair value of the original gift absent explicit donor stipulations to the contrary.

Fair Value Measurement

GAAP establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frederick Community College Foundation, Inc. (the Foundation) (continued)

Fair Value Measurement (continued)

The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability; and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Realized and unrealized gains and losses are reflected in the Statements of Revenue, Expenses, and Change in Net Position. Investment income from money market funds is recognized on a monthly basis. Investment income from the University System of Maryland Foundation (USMF) is recorded on a monthly basis as notified by the fund. At year-end, an accrual is made for interest earned through that date. The investment objectives of the Foundation are to provide stable and predictable spendable cash income from year to year, and to preserve the capital value of the fund protecting it from wide variations in market value. The investment manager and custodial management fees are deducted from investment income earned.

Classification of Net Assets

As required under generally accepted accounting principles in the United States, the Foundation reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Contributions not subject to donor imposed stipulations, or whose restrictions have been satisfied in the same reporting period in which the contribution is received, are recorded as net assets without donor restrictions. As of June 30, 2024 and 2023, net assets without donor restrictions were \$4,485,561 and \$3,919,047, respectively.

FREDERICK COMMUNITY COLLEGE**Notes to the Financial Statements
June 30, 2024 and 2023****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Frederick Community College Foundation, Inc. (the Foundation) (continued)****Classification of Net Assets (continued)**

Net assets with donor restrictions are contributions subject to donor-imposed stipulations that will be met by the Foundation through the passage of time, conduct of service, or incurrence of expenditures. When donor restrictions are met, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions with donor restrictions that are received and expended in the same fiscal year are treated as revenue and net assets with donor restrictions released from restrictions in that year.

Net assets with donor restrictions by purpose as of June 30, 2024 and 2023, consisted of the following:

	As of June 30,	
	2024	2023
Scholarships	\$ 5,222,584	\$ 4,831,186
Scholarship quasi-endowment	6,099,043	5,847,736
Program support	538,756	659,936
Academic purposes	169,888	162,365
Total Net Assets Restricted by Purpose	\$ 12,030,271	\$ 11,501,223

Net assets released from donor restrictions during the years ended June 30, 2024 and 2023, were as follows:

	For the Year Ended June 30,	
	2024	2023
Scholarships	\$ 1,042,794	\$ 881,942
Program services	279,678	112,222
Support services (Events)	34,419	32,176
Administrative fees (Endowment)	102,552	69,164
Total Net Assets Released from Restriction	\$ 1,459,443	\$ 1,095,504

FREDERICK COMMUNITY COLLEGE**Notes to the Financial Statements
June 30, 2024 and 2023****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Frederick Community College Foundation, Inc. (the Foundation) (continued)****Classification of Net Assets (continued)**

Certain net assets with donor restrictions are contributions subject to donor imposed restrictions that must be maintained in perpetuity by the Foundation. Net assets with donor restrictions in perpetuity as of June 30, 2024 and 2023, consisted of the following:

	<u>As of June 30,</u>	
	<u>2024</u>	<u>2023</u>
Scholarships	\$ 5,442,652	\$ 5,253,926
Other program support	91,483	91,482
Total Net Assets Restricted in Perpetuity	\$ 5,534,135	\$ 5,345,408

New Accounting Pronouncements

GASB issued statements; No. 99, *Omnibus 2022*; No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* and No. 100 *Accounting Changes and Error Corrections – an amendment of GASB Statement No.62*. The statements were required to be adopted by the College during the year ended June 30, 2024. The College adopted these two standards during the year ended June 30, 2024 and their adoption did not have a significant impact on the accompanying financial statements.

The standards adopted by GASB that will come effective in future years are listed below:

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. " The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2024.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of financial statements with essential information about risks related to a organizations vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues of the reporting model.

- Management's Discussion and Analysis
- Unusual or Infrequent Items
- Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position
- Major Component Unit Information
- Budgetary Comparison Information

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

The College is analyzing the effects of adopting these standards and will adopt all by their effective dates.

Subsequent Events

The College's management evaluated the accompanying financial statements for subsequent events and transactions through September 20, 2024, the date these financial statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying consolidated financial statements or require additional disclosure.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Frederick Community College

The College includes cash on hand, cash in bank accounts and cash invested in the Maryland Local Government Investment Pool (MLGIP) as cash and cash equivalents in the accompanying financial statements.

Cash on hand for petty cash and change funds as of June 30, 2024 and 2023, was \$4,100.

FREDERICK COMMUNITY COLLEGE**Notes to the Financial Statements
June 30, 2024 and 2023****2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)****Deposits**

The carrying amount of the College deposits as of June 30, 2024 and 2023, was \$23,877,859 and \$21,502,921, respectively, and the bank balance was \$24,412,111 and \$21,930,613, respectively. All of the College bank balances are collateralized by federal agency securities held in safekeeping by the Federal Reserve.

MLGIP

Article 95, Section 22 of the Annotated Code of the Public General Laws of Maryland and the College investment policy, determines the allowable investments the College can make. The College may invest in certificates of deposit with commercial banks in the State of Maryland, direct U.S. obligations, U.S. government agency obligations, repurchase agreements, bankers acceptances from approved banks with acceptable credit ratings, commercial paper from entities with an acceptable credit rating, money market funds and the Maryland Local Government Investment Pool (MLGIP). The College investment balance in the MLGIP as of June 30, 2024 and 2023, was \$12,285,518 and \$9,272,200, respectively. This investment is considered to be a cash equivalent for financial statement purposes. The College has no unfunded commitments nor significant terms or conditions for redemption.

Reconciliation of Cash and Cash Equivalents as shown on the Statements of Net Position:

	As of June 30,	
	2024	2023
Cash on hand	\$ 4,100	\$ 4,100
Carrying amount of deposits	23,877,859	21,502,921
Carrying amount of MLGIP	12,285,518	9,272,200
Total cash and cash equivalents	\$ 36,167,477	\$ 30,779,221

Investment income includes net interest and dividends of \$1,370,504 and \$854,706, for the years ended June 30, 2024 and 2023, respectively.

Investment Rate Risk

Fair value fluctuates with interest rates and increasing interest rates could cause fair value to decline below original cost. To limit the College exposure to fair value losses arising from increasing rates, the College investment policy limits the term of investment maturities. For the years ended June 30, 2024 and 2023, the College investments were limited to the MLGIP. College management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the College from having to sell investments below original cost for that purpose. The investments as of June 30, 2024 and 2023, met the College investment policy.

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Credit Risk

The College invests in MLGIP which is under the administration of the State Treasurer. The MLGIP was established in 1982 under Article 95, Section 22G, of the Annotated Code of Maryland and is rated AAAM by Standard & Poors, their highest rating for money market mutual funds. The MLGIP seeks to maintain a constant value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a \$1.00 per unit constant value.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the College will not be able to recover all or a portion of the value of its investments or collateral securities that are in possession of an outside party. The College investments were all invested in the MLGIP.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Frederick Community College Foundation, Inc.

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund scholarships and programs. In addition, the Foundation receives support without donor restrictions.

The Foundation considers investment income without donor restrictions and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the fiscal year of the Foundation.

The Foundation has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. The Foundation operating cash account balance was \$369,741 as of June 30, 2024. In addition, as part of its liquidity management, the Foundation invests cash in excess of daily requirements in various short-term investments including a Certificate of Deposit. The Foundation has a one-year Certificate of Deposit in the amount of \$212,259, as of June 30, 2024, at 4.93% APY, which it can draw upon in the event of an unanticipated liquidity need. In addition, as of June 30, 2024, the Foundation had \$3,957,043 in unrestricted non-endowed investments at the University of Maryland System Foundation (USMF) that is readily available for withdrawal if needed, upon Board approval.

FREDERICK COMMUNITY COLLEGE**Notes to the Financial Statements
June 30, 2024 and 2023****3. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)****Frederick Community College Foundation, Inc. (continued)**

The Foundation's endowment funds consist of donor-restricted and board restricted quasi-endowments. Investments and income from donor-restricted and quasi-endowments are restricted for specific purposes and therefore are not available for general expenditure.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The table below presents Foundation financial assets available for general expenditures within one year as of June 30, 2024:

Financial assets available within one year for general use	
Cash	\$ 369,741
Certificate of Deposit	212,259
Unrestricted Investments available for current use	<u>3,957,043</u>
Total financial assets available within one year for general use	<u>\$ 4,539,043</u>

4. RELATIONS WITH FREDERICK COUNTY, MARYLAND**Frederick Community College**

The County provides approximately 37% of the operating budget of the College. The College budget is subject to the approval of the County Council. The County provided an in-kind appropriation for PeopleSoft and information technology support of \$389,852 and \$206,522 for the years ended June 30, 2024 and 2023, respectively. They also provided an in-kind appropriation for internal audit services and appraisals of \$30,174 and \$35,278, for the years ended June 30, 2024 and 2023, respectively. These amounts have been included in the County appropriation revenue and as part of Institutional Support expenses in the accompanying financial statements.

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

5. CAPITAL ASSETS

Frederick Community College

Schedules of capital assets and accumulated depreciation for the years ended June 30, 2024 and 2023, were as follows:

	<u>July 1, 2023</u>	<u>Additions & Transfers</u>	<u>Retirements & Transfers</u>	<u>June 30, 2024</u>
Capital assets not being depreciated				
Land	\$ 271,620	\$ -	\$ -	\$ 271,620
Construction in progress	1,431,358	923,965	-	2,355,323
Total capital assets not being depreciated	<u>1,702,978</u>	<u>923,965</u>	<u>-</u>	<u>2,626,943</u>
Capital assets being depreciated				
Building and improvements	143,525,630	605,693	-	144,131,323
Site improvements	8,606,977	182,819	-	8,789,796
Furniture and equipment	8,255,062	591,762	(740,451)	8,106,373
Library collection	2,079,898	3,825	-	2,083,723
Right to use asset, SBITA	1,371,079	-	-	1,371,079
Total capital assets being depreciated	<u>163,838,645</u>	<u>1,384,099</u>	<u>(740,451)</u>	<u>164,482,294</u>
Less: Accumulated Depreciation and amortization				
Building and improvements	(55,692,731)	(3,701,993)	-	(59,394,724)
Site improvements	(6,870,833)	(215,214)	-	(7,086,047)
Furniture and equipment	(5,491,211)	(700,597)	707,177	(5,484,631)
Library collection	(2,056,886)	(7,279)	-	(2,064,165)
Right to use asset, SBITA	(294,933)	(358,939)	-	(653,872)
Total accumulated depreciation	<u>(70,406,595)</u>	<u>(4,984,022)</u>	<u>707,177</u>	<u>(74,683,439)</u>
Total assets being depreciated, net	<u>93,432,050</u>	<u>(3,599,923)</u>	<u>(33,274)</u>	<u>89,798,855</u>
Capital assets, net	<u>\$ 95,135,028</u>	<u>\$ (2,675,958)</u>	<u>\$ (33,274)</u>	<u>\$ 92,425,798</u>
	<u>June 30, 2022</u>	<u>Additions & Transfers</u>	<u>Retirements & & Transfers</u>	<u>June 30, 2023</u>
Capital assets not being depreciated				
Land	\$ 271,620	\$ -	\$ -	\$ 271,620
Construction in progress	9,007,542	929,533	(8,505,718)	1,431,358
Total capital assets not being depreciated	<u>9,279,162</u>	<u>929,533</u>	<u>(8,505,718)</u>	<u>1,702,978</u>
Capital assets being depreciated				
Building and improvements	131,241,548	12,284,082	-	143,525,630
Site improvements	8,130,751	476,226	-	8,606,977
Furniture and equipment	7,691,592	741,119	(177,649)	8,255,062
Library collection	2,082,167	-	(2,269)	2,079,898
Right to use asset, SBITA	693,429	677,650	-	1,371,079
Total capital assets being depreciated	<u>149,839,486</u>	<u>14,179,077</u>	<u>(179,918)</u>	<u>163,838,645</u>
Less: Accumulated Depreciation and amortization				
Building and improvements	(52,006,486)	(3,686,245)	-	(55,692,731)
Site improvements	(6,663,355)	(207,478)	-	(6,870,833)
Furniture and equipment	(4,984,862)	(659,627)	153,278	(5,491,211)
Library collection	(2,048,521)	(10,634)	2,269	(2,056,886)
Right to use asset, SBITA	-	(294,933)	-	(294,933)
Total accumulated depreciation	<u>(65,703,225)</u>	<u>(4,858,917)</u>	<u>155,547</u>	<u>(70,406,595)</u>
Total assets being depreciated, net	<u>84,136,261</u>	<u>9,320,160</u>	<u>(24,371)</u>	<u>93,432,050</u>
Capital assets, net	<u>\$ 93,415,423</u>	<u>\$ 10,249,693</u>	<u>\$ (8,530,089)</u>	<u>\$ 95,135,028</u>

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

6. LONG-TERM LIABILITIES

Frederick Community College

The College records a liability for accrued annual leave for eligible employees and a liability for sick leave based on expected retirement age and to the extent payable to its employees at retirement according to College policy. Employees hired after June 30, 1985, must use their sick leave prior to termination.

	For the Years Ended June 30,				
	2022	Addition (Reduction) in Accrual	2023	Addition (Reduction) in Accrual	2024
Annual leave liability	\$ 1,543,919	\$ 178,607	\$ 1,722,526	\$ 188,071	\$ 1,910,597
Sick leave liability	77,414	(23,407)	54,007	342	54,349
Estimated payroll taxes	124,032	11,873	135,905	14,413	150,318
Total Liability	1,745,365	167,073	1,912,438	202,826	2,115,264
Less: current portion	(1,716,869)	(166,400)	(1,883,269)	(202,809)	(2,086,078)
Long-term portion	\$ 28,496	\$ 673	\$ 29,169	\$ 17	\$ 29,186

During the year ended June 30, 2022, the College issued Refunding Certificates of Participation, Series 2021 in the amount of \$4,820,000 with a premium of \$624,550 to refinance the bonds outstanding of \$5,102,192. The financing was for the funding of a parking garage and a portion of the enrollment services building. The refunding resulted in an economic savings of \$605,760 over the life of the bonds.

The College has entered into intangible subscription-based information technology agreements for the right to use vendor-provided software. At the commencement of a SBITA, the College initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the SBITA payable is reduced by the principal portion of lease payments made. The SBITA right to use asset is initially measured as the initial amount of the liability and is amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying asset.

The following table summarizes the bond and SBITA payable:

	July 1, 2023	Additions	Principal Payment	Amortization of Premium	June 30, 2024	Current Portion
Bond payable	\$ 4,740,000	\$ -	\$ (320,000)	\$ -	\$ 4,420,000	\$ 330,000
Premium	511,902	-	-	(73,852)	438,050	-
SBITA payable	1,106,752	-	(345,015)	-	761,737	333,324
Total	\$ 6,358,654	\$ -	\$ (665,015)	\$ (73,852)	\$ 5,619,787	\$ 663,324

	July 1, 2022	Additions	Principal Payment	Amortization of Premium	June 30, 2023	Current Portion
Bond payable	\$ 4,820,000	\$ -	\$ (80,000)	\$ -	\$ 4,740,000	\$ 320,000
Premium	587,001	-	-	(75,099)	511,902	-
SBITA payable	693,429	677,650	(264,327)	-	1,106,752	345,015
Total	\$ 6,100,430	\$ 677,650	\$ (344,327)	\$ (75,099)	\$ 6,358,654	\$ 665,015

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

6. LONG-TERM LIABILITIES (continued)

The future principal and interest payable on the bonds as of June 30, 2024 were as follows:

<u>Bond Component</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Interest</u>	<u>Rate of Interest</u>	<u>Premium</u>
Serial Bonds:	June 1, 2025	\$ 330,000	\$ 158,700	4.00%	\$ 68,866
	June 1, 2026	345,000	145,500	4.00%	63,725
	June 1, 2027	360,000	131,700	4.00%	58,350
	June 1, 2028	370,000	117,300	4.00%	52,740
	June 1, 2029	385,000	102,500	4.00%	46,976
	June 1, 2030	400,000	87,100	4.00%	40,977
	June 1, 2031	420,000	71,100	4.00%	34,745
	June 1, 2032	430,000	54,300	3.00%	28,201
	June 1, 2033	445,000	41,400	3.00%	21,501
	June 1, 2034	460,000	28,050	3.00%	14,568
	June 1, 2035	475,000	14,250	3.00%	7,401
		<u>\$ 4,420,000</u>	<u>\$ 951,900</u>		<u>\$ 438,050</u>

The future principal and interest payable on the SBITA payables as of June 30, 2024 were as follows:

<u>Fiscal Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 333,324	\$ 16,726
2026	236,614	7,819
2027	91,466	4,090
2028	100,333	-
	<u>\$ 761,737</u>	<u>\$ 28,635</u>

7. PENSION AND RETIREMENT PLAN

Frederick Community College

All regular employees of the College are covered under one of the two cost-sharing multiple-employer pension/retirement plans.

One of these plans is provided directly by the State of Maryland, and the employer funding for eligible College employees is provided directly by the State. The other retirement plan, provided through TIAA/CREF or Fidelity, is an option for certain professional employees and is also provided for those College employees for which the State does not provide employer share funding of retirement benefits.

Maryland State Teachers Retirement and Pension System

Plan description. Eligible employees employed by the College are provided with pensions through the Teachers' Pension System of the State of Maryland (TPS) – a cost-sharing multiple-employer defined benefit pension plan administered by the Maryland State Retirement and Pension System (MSRPS). The State Personnel and Pensions Article of the Annotated Code of Maryland (the Article) grants the authority to establish and amend the benefit terms of TPS to the MSRPS Board of Trustees. MSRPS issues a publicly available financial report that can be obtained at <https://sra.maryland.gov>.

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

7. PENSION AND RETIREMENT PLAN (continued)

Maryland State Teachers Retirement and Pension System (continued)

Benefits provided. A member of the Teachers' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals $1/55$ (1.818%) of the member's Average Final Compensation (AFC) multiplied by the number of years of accumulated creditable service.

An individual who is a member of the Teachers' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of the Teachers' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from the Teachers' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Teachers' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers' Pension System.

Early Service Retirement

A member of the Teachers' Retirement System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for a Teachers' Retirement System member is 30%.

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

7. PENSION AND RETIREMENT PLAN (continued)

Maryland State Teachers Retirement and Pension System (continued)

Early Service Retirement (continued)

An individual who is a member of the Teachers' Pension System on or before June 30, 2011, may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Teachers' Pension System is 42%. An individual who becomes a member of the Teachers' Pension System on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' Pension System is 30%.

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 60. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Cost of Living Adjustments

The benefit attributable to service on or after July 1, 2011, now will be subject to different cost-of-living adjustments (COLA) that is based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or the increase in the CPI, based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation.

Contributions (TPS)

The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 7% of their annual pay. The State of Maryland is responsible for the net pension liability of TPS. The Board's required contribution is for the normal cost and does not include any contribution for past service cost. As such, the State of Maryland is responsible for 100% of the net pension liability related to TPS and qualifies for as a special funding situation.

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

7. PENSION AND RETIREMENT PLAN (continued)

Maryland State Teachers Retirement and Pension System (continued)

Unfunded Pension Liability

In accordance with the parameters of generally accepted accounting standards, the College is not required to record its proportionate share of the unfunded pension liability since it is in a special funding situation. The Maryland Higher Education Commission (MHEC) makes the pension plan contribution directly to the Maryland State Retirement and Pension System (SRPS) on behalf of the College, and the College is not responsible for the contribution.

The College received state contributions toward retirement in the amount of \$2,904,986 and \$2,822,038, for the years ended June 30, 2024 and 2023, respectively. These amounts have been recorded as revenue and expenses in the accompanying financial statements.

Other Retirement Plans

A retirement plan is provided through TIAA/CREF or Fidelity for permanent employees of the College who are not eligible for the Maryland State Teachers Retirement or Pension systems. The state also provides employer share funding for professional employees of the College who choose certain other retirement plans in lieu of participating in the state's retirement systems. These other plans include TIAA/CREF and Fidelity. The other plans are defined contribution plans requiring an employer contribution of 7.25% of the employee's base salary.

Employee contributions to a selected plan are not mandatory. Employees are 100% vested upon enrollment in a plan. All assets of the plan are held and managed by the other retirement plan providers who issue individual annuity contracts to each employee.

Summary of Pension and Retirement Plans

The annual pension and retirement cost and the percentage of that amount contributed for the past five years for the aforementioned plans are as follows:

Fiscal Years	MD State Teachers Retirement and Pension System		Other Plans	
	Annual Cost	Percentage Contributed	Annual Cost	Percentage Contributed
2024	\$ 1,961,691	100%	\$1,202,708	100%
2023	1,915,203	100%	1,110,834	100%
2022	1,846,842	100%	1,079,542	100%
2021	1,867,234	100%	1,092,648	100%
2020	1,850,720	100%	1,134,001	100%
2019	1,681,755	100%	1,081,883	100%

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

8. RISK MANAGEMENT

Frederick Community College

The College is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The College carries commercial insurance to insure against major loss related to these risks. The College also carries commercial insurance for employee health, long-term disability, life and worker's compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage. No significant reductions in insurance coverage have occurred.

The College is contingently liable with respect to lawsuits and other claims that may arise in the ordinary course of its operations. The College actively defends its position in all cases. In the opinion of the College, resolution of these matters will not have a material adverse effect on the financial statements.

9. CONTINGENT LIABILITIES AND COMMITMENTS

Frederick Community College

Grants and Contracts

Most grants and cost-reimbursable contracts specify the types of expenditure for which the grant or contract funds may be used. The expenditures made by the College under some of these grants and contracts are subject to audit. To date, the College has not been notified of any significant unallowable costs relating to its grants and contracts. In the opinion of management, the expenditures that have been made for grants and contracts were made in accordance with the provisions of such grants and contracts. In the opinion of management, any adjustments for unallowable costs that would result from audits will not have a material effect on the College's financial statements.

Commitments

Total outstanding construction commitments as of June 30, 2024 were \$2.27 million.

10. INVESTMENTS AND INTEREST IN CHARITABLE REMAINDER TRUST

Frederick Community College Foundation, Inc.

In determining fair value, the Foundation uses various valuation approaches within the GAAP fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. The Foundation is invested in the University System of Maryland Foundation (USMF) investment pool which includes investments in three investment levels, as described in Note 1. Because these Level 3 investments in the pool are significant to the pool, the Foundation has classified its investment in the pool as Level 3 as of June 30, 2024 and 2023.

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

10. INVESTMENTS AND INTEREST IN CHARITABLE REMAINDER TRUST (continued)

Frederick Community College Foundation, Inc. (continued)

The Foundation's certificate of deposit is valued at the estimated market value based on the price of similar certificates of deposit. Due to the short maturity of the certificate of deposit, market value approximates cost.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while USMF believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2024 and 2023.

	As of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Investment in external investment pool	\$ -	\$ -	\$ 21,521,449	\$ 21,521,449
Investment in certificate of deposit	212,259	-	-	212,259
Investment in charitable remainder trust	-	-	23,814	23,814
Total	\$ 212,259	\$ -	\$ 21,545,263	\$ 21,757,522

	As of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Investment in external investment pool	\$ -	\$ -	\$ 20,283,276	\$ 20,283,276
Investment in certificate of deposit	204,323	-	-	204,323
Investment in charitable remainder trust	-	-	22,831	22,831
Total	\$ 204,323	\$ -	\$ 20,306,107	\$ 20,510,430

The following is a reconciliation of the beginning and ending balances of assets and liabilities measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended June 30, 2024 and 2023:

	USMF Pool		Charitable Remainder Trust	Charitable Remainder Trust
	(Level 3) 2024	(Level 3) 2023	(Level 3) 2024	(Level 3) 2023
Balance, July 1,	\$ 20,283,276	19,617,965	\$ 22,831	\$ 28,335
Net realized gains	688,627	378,649	-	-
Net unrealized (loss)/gains	770,810	543,151	983	(5,504)
Foundation's share in total change in market value of the USMF pool	1,459,437	921,800	983	(5,504)
Investment income	363,307	324,612	-	-
Investment fees	(183,791)	(203,946)	-	-
Withdrawals	(400,780)	(377,155)	-	-
Balance, June 30	\$ 21,521,449	\$ 20,283,276	\$ 23,814	\$ 22,831

FREDERICK COMMUNITY COLLEGE**Notes to the Financial Statements
June 30, 2024 and 2023****10. INVESTMENTS AND INTEREST IN CHARITABLE REMAINDER TRUST
(continued)****Frederick Community College Foundation, Inc. (continued)**

As of June 30, 2024, the Foundation had 366,818.19 units of the USMF Unitized Investment Fund valued at \$58.67 per unit with a total value of \$21,521,449. As of June 30, 2023, the Foundation had 370,694.19 units of the USMF Unitized Investment Fund valued at \$54.72 per unit with a total value of \$20,823,276.

Investments are carried at market value in the accompanying consolidated financial statements. The cost and market value of investments as of June 30, 2024 and 2023, are as follows:

	<u>As of June 30, 2024</u>		
	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain(Loss)</u>
Investment in USMF investment pool	\$ 19,991,962	\$ 21,521,449	\$ 1,529,487
Investment in certificate of deposit	212,259	212,259	-
Investment in charitable remainder trust	21,604	23,814	2,210
Total	\$ 20,225,825	\$ 21,757,522	\$ 1,531,697

	<u>As of June 30, 2023</u>		
	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain</u>
Investment in USMF investment pool	\$ 19,340,808	\$ 20,283,276	\$ 942,468
Investment in certificate of deposit	204,323	204,323	-
Investment in charitable remainder trust	21,604	22,831	1,227
Total	\$ 19,566,735	\$ 20,510,430	\$ 943,695

Unrealized gains and losses are recognized as changes in the net assets without donor restrictions and net assets restricted by purpose or time. For the years ended June 30, 2024 and 2023, the Foundation reported a net unrealized gain on investments of \$770,810 and \$543,151, respectively.

11. ENDOWMENTS**Frederick Community College Foundation, Inc.**

The Foundation endowments consist of 135 funds established to support a variety of scholarships and programs at the College. Its endowments consist of both donor restricted endowment funds and funds designated by the Board to function as endowments.

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

11. ENDOWMENTS (continued)

Frederick Community College Foundation, Inc. (continued)

As required by accounting principles generally accepted in the United States of America net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Consequently, the Foundation classifies net assets with donor restrictions in perpetuity as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

The Foundation will disclose any endowment contributed in perpetuity in which the present investment balance is below the original contribution. As of June 30, 2024, the Foundation had none to report. The remaining portion of the donor-restricted endowment fund not classified as restricted in perpetuity is classified as restricted by purpose or time until those amounts are appropriated for expenditure by the Foundation Board. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund,
2. the purpose of the Foundation and the donor-restricted endowment fund,
3. general economic conditions,
4. the possible effect of inflation and deflation,
5. the expected total return from income and the appreciation of investments,
6. other resources of the Foundation, and
7. the investment policies of the Foundation.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to preserve and enhance the principal value of the fund while protecting it from wide variations in market value.

FREDERICK COMMUNITY COLLEGE

Notes to the Financial Statements June 30, 2024 and 2023

11. ENDOWMENTS (continued)

Frederick Community College Foundation, Inc. (continued)

Spending Policy

The Foundation has a policy of appropriating up to 3.5% of a twenty-quarter trailing market value average ending December 31, provided the donor contributions (principal) are not invaded. The Finance Committee recommends to the Foundation Board the spending rate in the spring preceding the fiscal year in which the distribution is planned.

In establishing this policy, the Foundation considered the long-term expected returns on its endowment investments. Accordingly, over the long term, the Foundation expects the current spending policy will allow its endowment to retain the original fair value of the gift.

Strategies Employed for Achieving Objectives

The Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Foundation targets a diversified asset allocation that emphasizes fixed income securities to achieve its long-term objectives within prudent risk constraints.

Endowment Net Asset Composition by Type of Fund as of June 30, 2024:

	Restricted by Purpose or Time	Restricted in Perpetuity	Total
Donor restricted endowment funds	\$ 3,945,106	\$ 5,534,135	\$ 9,479,241
Board designated Quasi endowments for General & Erwin Scholarships	6,099,043	-	6,099,043
Total Funds	\$ 10,044,149	\$ 5,534,135	\$ 15,578,284

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2024:

	Restricted by Purpose or Time	Restricted in Perpetuity	Total
Endowment net assets, beginning of year	\$ 9,356,839	\$ 5,345,408	\$ 14,702,247
Investment return:			
Investment income	127,219	-	127,219
Net depreciation	1,034,408	-	1,034,408
Total earnings	1,161,627	-	1,161,627
Contributions collected	17,963	186,623	204,586
Reclassification	4,058	2,104	6,162
Release of endowment assets for expenditure	(496,338)	-	(496,338)
Endowment Net assets, end of year	\$ 10,044,149	\$ 5,534,135	\$ 15,578,284

FREDERICK COMMUNITY COLLEGE**Notes to the Financial Statements
June 30, 2024 and 2023****11. ENDOWMENTS (continued)****Endowment Net Asset Composition by Type of Fund as of June 30, 2023:**

	<u>Restricted by Purpose or Time</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Donor restricted endowment funds	\$ 3,509,106	\$ 5,345,408	\$ 8,854,514
Board designated quasi endowments for General & Erwin Scholarships	5,847,733	-	5,847,733
Total Funds	<u>\$ 9,356,839</u>	<u>\$ 5,345,408</u>	<u>\$ 14,702,247</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023:

	<u>Restricted by Purpose or Time</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Endowment Net assets, beginning of year	\$ 9,064,714	\$ 5,197,688	\$ 14,262,402
Investment return:			
Investment Income	83,302	-	83,302
Net appreciation	652,320	-	652,320
Total	<u>735,622</u>	<u>-</u>	<u>735,622</u>
Contributions collected	9,699	157,620	167,319
Reclassification	(9,960)	(9,900)	(19,860)
Release of endowment assets for expenditure	(443,236)	-	(443,236)
Endowment Net assets, end of year	<u>\$ 9,356,839</u>	<u>\$ 5,345,408</u>	<u>\$ 14,702,247</u>

12. FREDERICK COMMUNITY COLLEGE FOUNDATION, INC.

The Foundation is a component unit of Frederick Community College (the College). The Foundation operates exclusively for charitable and educational purposes, including but not limited to receiving contributions, accepting holdings and investing and reinvesting any gifts or other donations for the benefit of the College, its students and faculty. The Foundation and the College have a written agreement specifying the details of their relationship. State regulations require that the Foundation reimburse the College for any costs or services provided to the Foundation, or that the cost of these services be offset, by the Foundation providing contributions or services to the College.

The College estimates the approximate value of services (including staff time) provided to the Foundation to be \$419,214 and \$369,942, for the years ended June 30, 2024 and 2023, respectively. These amounts have been included in the financial statements of the Foundation.

The value of contributions and support provided by the Foundation to the College is \$1,318,114 and \$982,433, for the years ended June 30, 2024 and 2023, respectively.

FREDERICK COMMUNITY COLLEGE**Notes to the Financial Statements
June 30, 2024 and 2023****13. RELATIONSHIP BETWEEN FREDERICK COMMUNITY COLLEGE
FOUNDATION, INC. AND FOUNDATION FOR THE FCC FUND, INC.**

The Foundation for the FCC Fund, Inc. (the Affiliate) was established during fiscal year 2000 to handle non-cash gifts, where potential liability may be involved (i.e. Gifts of land or buildings). The Foundation board governs the operations of the Affiliate and thus the Affiliate has been consolidated in accordance with the accounting principles generally accepted in the United States of America.

During the years ended June 30, 2024 and 2023, Foundation for the FCC Fund, Inc. received no gifts and incurred no expenses. As of June 30, 2024 and 2023, Foundation for the FCC Fund, Inc. had no assets or liabilities.



**REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees
Frederick Community College

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities and the aggregate discretely presented component unit Frederick Community College (the College) as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal controls over financial reporting (internal controls) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal controls. Accordingly, we do not express an opinion on the effectiveness of the College's internal controls.

A *deficiency in internal controls* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal controls or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Owings Mills, Maryland
September 20, 2024

SBC + Company, LLC

FREDERICK COMMUNITY COLLEGE

**Schedule of Expenditures of Federal Awards Together with
Reports of Independent Public Accountants**

For the Year Ended June 30, 2024

FREDERICK COMMUNITY COLLEGE**Schedule of Expenditures of Federal Awards Together with
Reports of Independent Public Accountants****JUNE 30, 2024****CONTENTS**

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

To the Board of Trustees
Frederick Community College

Opinion

We have audited the financial statements of Frederick Community College (the College), a component unit of Frederick County, Maryland and its discretely presented component unit, the Frederick Community College Educational Foundation Inc., as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the College, as of June 30, 2024, and the respective changes in their financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for one year beyond the date the financial statements are available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal controls-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in



the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for the 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 the auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2024, on our consideration of the College's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal controls over financial reporting and compliance.

Owings Mills, Maryland
September 20, 2024

SBC + Company, LLC



**REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees
Frederick Community College

We have audited, 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, the financial statements of Frederick Community College (the College) and its discretely presented component unit as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 20, 2024.

The financial statements of the Frederick Community College Foundation, Inc. (the Foundation) were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with the Foundation.

Report on Internal Controls over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal controls over financial reporting (internal controls) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of College's internal controls. Accordingly, we do not express an opinion on the effectiveness of College's internal controls.

A *deficiency in internal controls* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Owings Mills, Maryland
September 20, 2024

SBC + Company, LLC



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROLS OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

To the Board of Trustees
Frederick Community College

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Frederick Community College's (the College) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major Federal programs for the year ended June 30, 2024. The College's major Federal programs are identified in the *Summary of Independent Public Accountants' Results* section of the accompanying schedule of findings and questioned costs.

The College's financial statements include the operations of Frederick Community College Foundation, Inc., its discretely presented component unit. Federal awards received by the discretely presented component unit, if any, are not included in the College's schedule of expenditures of Federal awards during the year ended June 30, 2024. Our audit, described below, did not include the operations of the discretely presented component unit because it did not receive Federal awards.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal controls over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal controls over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal controls over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal controls over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal controls over compliance that we identified during the audit.



Report on Internal Controls Over Compliance

A *deficiency in internal controls over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal controls over compliance* is a deficiency, or a combination of deficiencies, in internal controls over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal controls over compliance* is a deficiency, or a combination of deficiencies, in internal controls over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal controls over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal controls over compliance that might be material weaknesses or significant deficiencies in internal controls over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal controls over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal controls over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal controls over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal controls over compliance is solely to describe the scope of our testing of internal controls over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Owings Mills, Maryland
September 20, 2024

SBC + Company, LLC

FREDERICK COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing	Grant Number/ Pass Through Grantor's Number	Federal Expenditures	Pass Through to Sub-Recipients
U.S. Department of Education				
Direct Programs				
Student Financial Aid Cluster				
PELL	84.063	N/A	\$ 4,960,725	\$ -
S.E.O.G	84.007	N/A	98,660	-
Federal Work Study	84.033	N/A	100,576	-
Direct Loans	84.268	N/A	3,466,680	-
Total Student Financial Aid Cluster			<u>8,626,641</u>	<u>-</u>
Other Direct Programs				
U.S. Department of Homeland Security Federal Emergency Management Agency (FEMA)				
Homeland Security Nat'l Training Program	97.005	EMW-2019-CA-00044-S01	43,463	-
U.S. Department of Education				
Veterans Education Outreach Program	84.064	N/A	4,218	-
Child Care Access Means Parents in School Program	84.335A	P335A220075	75,849	-
National Science Foundation				
Frederick Community College STEM Scholars	47.076	1833667	170,806	-
Building the Cell Therapy and Flow Cytometry Workforce	47.076	2201621	107,056	-
Total Other Direct Programs			<u>401,392</u>	<u>-</u>
Passed Through MD State Department of Education				
Pass Through State Department of Education				
Title IC Program Improvement-Regular	84.048	230157-01	1,514	-
Pass Through State Department of Education				
Title IC Program Improvement-Regular	84.048	240182-01	126,096	-
CTE Reserve Fund	84.048	240174-01	95,823	-
CTE Reserve Fund	84.048	230078-01	12,601	-
MD. Affiliate for CTE Program in Homeland Security and Emergency Preparedness	84.048	241593-01	16,508	-
MD. Affiliate for CTE Program in Homeland Security and Emergency Preparedness	84.048	231108-01	6,648	-
Total Pass Through State Department of Education			<u>259,190</u>	<u>-</u>
Other Pass Through				
U.S. Department of Commerce				
Pass Through State of Maryland				
Economic Development Administration State Tourism Grant	11.300	01-79-15160	13,020	-
U.S. Department of Education				
Pass Through State of Maryland				
Consolidated Adult Education & Literacy Services	84.002A	P00P4600133	461,522	-
U.S. Department of Labor				
Pass Through Maryland Department of Labor				
Apprenticeship USA Grants	17.285	23A60AP000052	46,631	-
National Science Foundation				
Pass Through Mount St. Mary's University				
Collaboration Between Community Colleges and a University to Increase Transfer Student Success in STEM	47.076	2030851	945	-
Total Other Pass Through			<u>522,117</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 9,809,340</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

FREDERICK COMMUNITY COLLEGE**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

All federal grant operations of Frederick Community College (the College) are included in the scope of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Single Audit or Uniform Guidance). The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted below. These programs represent Federal award programs for fiscal year 2024 cash and non-cash expenditures to ensure coverage of at least 20% of federally granted funds. Actual coverage is 87% of total cash and non-cash federal award program expenditures.

Expenditures reported on the schedule of expenditures of federal awards (the Schedule) are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

<u>Major Programs</u>	<u>Federal Assistance Listing</u>	<u>Federal Expenditures</u>
U.S. Department of Education		
Student Financial Aid Cluster		
PELL	84.063	\$ 4,960,725
S.E.O.G	84.007	98,660
Federal Work Study	84.033	100,576
Direct Loans	84.268	3,466,680
Total Major Programs		\$ 8,626,641
Threshold for distinguishing between Type A and B programs		\$ 750,000
Did the College qualify as a low risk auditee?		Yes

FREDERICK COMMUNITY COLLEGE**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024****2. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the Federal award activity of the College under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

3. LOANS OUTSTANDING

During the year ended June 30, 2024, the College processed the following amount of new loans under the Federal Direct Lending Loan Program. Since this program is administered by outside financial institutions, new loans made during the fiscal year relating to this program are considered current year expenditures in the Schedule.

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Loan Expenditures</u>
Student Financial Aid - Direct Loans	84.268	<u>\$ 3,466,680</u>

**4. RECONCILIATION OF FINANCIAL STATEMENTS TO THE SCHEDULE OF
FEDERAL AWARDS**

Total expenditures per the Schedule reconciles to the College's financial statements for the year ended June 30, 2024, as follows:

Federal Revenue per Financial Statements	
Grants and Contracts	\$ 3,365,604
Student Aid	<u>5,059,385</u>
Total Federal Revenue per Financial Statements	8,424,989
Less: State, Local and Other Grants	(2,082,329)
Direct Loans	<u>3,466,680</u>
Federal Expenditures	<u>\$ 9,809,340</u>

FREDERICK COMMUNITY COLLEGE**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024****Section I - Summary of Independent Public Accountants' Results****Financial Statements**

Type of Independent Public Accountants' report issued	Unmodified
Internal controls over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None Reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Type of Independent Public Accountants' report issued on compliance for major programs	Unmodified
Internal controls over major programs:	
Material weakness identified?	No
Significant deficiency identified?	None Reported
Audit findings disclosed that are required to be reported in accordance with Section 200.516 of Uniform Guidance?	No

Identification of Major Programs:

<u>Major Programs</u>	<u>Federal Assistance Listing</u>	<u>Federal Expenditures</u>
U.S. Department of Education		
Student Financial Aid Cluster		
PELL	84.063	\$ 4,960,725
S.E.O.G	84.007	98,660
Federal Work Study	84.033	100,576
Direct Loans	84.268	3,466,680
Total Major Programs		\$ 8,626,641

Threshold for distinguishing between Type A and B programs	\$ 750,000
Did the College qualify as a low risk auditee?	Yes

FREDERICK COMMUNITY COLLEGE

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024**

Section II – Financial Statement Findings

None noted.

Section III – Federal Awards Findings

None noted.

FREDERICK COMMUNITY COLLEGE

**Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2023**

There were no findings for the year ended June 30, 2023.

**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, 2024

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

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

JUNE 30, 2024

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

To the Board of Trustees
Frederick Community College

Opinion

We have audited the 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, 2024, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the revenues and expenditures of the unrestricted current fund and the restricted current fund, and the enrollment data of the College for the year ended June 30, 2024. In our opinion, the principles governing the interrelationship between the unrestricted current general fund and expenditures result in the fair presentation of the unrestricted current general fund revenues and expenditures.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and 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. Our responsibilities under GAAS standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – 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.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements, enrollment data and the supplemental schedules, in accordance with the financial reporting provision of 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, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

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 8, 9, 14, 15, 16, 17 and 18, 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.

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.

Owings Mills, Maryland
September 20, 2023

SBC & Company, LLC

FREDERICK COMMUNITY COLLEGE

Summary Statement of Revenues For Fiscal Year Ended June 30, 2024

<u>Revenue Sources</u>	<u>Unrestricted Current Fund</u>	<u>Restricted Current Fund</u>	<u>TOTAL REVENUES</u>
Student Tuition and Fees:			
1. Credit	\$ 16,959,265	\$ -	\$ 16,959,265
2. Noncredit	1,607,035	-	1,607,035
3. TOTAL STUDENT TUITION AND FEES	<u>18,566,300</u>	<u>-</u>	<u>18,566,300</u>
Governmental: (Explain Restricted Funds on Exhibits VII, VIII, and IX)			
4. Federal	-	6,585,856	6,585,856
5. State	18,548,628	1,806,689	20,355,317
6. Local			
a. Operating Appropriations	24,255,452	-	24,255,452
b. In-Kind Appropriations	420,026	-	420,026
c. Other County Funding	-	32,442	32,442
7. TOTAL GOVERNMENTAL	<u>43,224,106</u>	<u>8,424,988</u>	<u>51,649,093</u>
8. TOTAL SALES AND SERVICES OF EDUCATIONAL ACTIVITIES (Auxiliary Enterprise)	<u>2,695,990</u>	<u>-</u>	<u>2,695,990</u>
Other:			
9. Gifts/Grants (Explain on Exhibit X)	-	1,721,832	1,721,832
10. Other - Miscellaneous (Explain on Exhibit X)	3,259,014	-	3,259,014
11. TOTAL OTHER	<u>3,259,014</u>	<u>1,721,832</u>	<u>4,980,846</u>
12. TOTAL REVENUES	<u>\$ 67,745,410</u>	<u>\$ 10,146,820</u>	<u>\$ 77,892,229</u>

Exhibit I

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE**Summary Statement of Current General Funds
For Fiscal Year Ended June 30, 2024**

	<u>Unrestricted Current Fund</u>	<u>Restricted Current Fund</u>
Revenues:		
1. TOTAL REVENUES (Per Line 12, Exhibit I)	<u>\$ 67,745,410</u>	<u>\$ 10,146,820</u>
Expenditures by Function:		
Instruction	<u>\$ 25,871,189</u>	<u>\$ 2,306,207</u>
Research	<u>-</u>	<u>-</u>
Public Service	<u>-</u>	<u>-</u>
Academic Support	<u>1,299,215</u>	<u>1,709</u>
Student Services	<u>8,890,262</u>	<u>126,330</u>
Institutional Support	<u>12,134,693</u>	<u>2,044</u>
Operation and Maintenance of Plant	<u>7,891,143</u>	<u>-</u>
Scholarships and Fellowships	<u>222,323</u>	<u>7,381,161</u>
2. TOTAL EDUCATIONAL AND GENERAL EXPENDITURES	<u>56,308,825</u>	<u>9,817,451</u>
3. TOTAL MANDATORY TRANSFERS	<u>-</u>	<u>-</u>
4. TOTAL EDUCATIONAL AND GENERAL EXPENDITURES AND MANDATORY TRANSFERS	<u>56,308,825</u>	<u>9,817,451</u>
5. TOTAL AUXILIARY ENTERPRISES	<u>3,041,613</u>	<u>-</u>
6. TOTAL OTHER TRANSFERS	<u>802,768</u>	<u>-</u>
7. TOTAL EXPENDITURES, TRANSFERS AND AUXILIARY ENTERPRISES	<u>\$ 60,153,206</u>	<u>\$ 9,817,451</u>

Exhibit II

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

**Educational and General Expenditures of the Unrestricted Current Fund by Function and Object
For Fiscal Year Ended June 30, 2024**

<u>Acct. No.</u>	<u>Object Classification</u>	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>	<u>Operation and Maintenance of Plant</u>	<u>Scholarships and Fellowships</u>	<u>TOTAL</u>
5xxx	Compensation (including Fringe Benefits)	\$ 24,700,185	\$ -	\$ -	\$ 990,665	\$ 7,607,895	\$ 9,080,303	\$ 5,308,198	\$ -	\$ 47,687,246
60xx	Contracted Services	213,443	-	-	20,155	696,044	1,831,479	503,769	-	3,264,889
61xx	Supplies and Materials	190,248	-	-	164,318	238,800	509,106	220,643	-	1,323,115
62xx	Communications	12,548	-	-	200	37,202	54,038	13,736	-	117,724
63xx	Conferences/Meetings	248,800	-	-	185	250,250	313,566	12,879	-	825,680
64xx	Grants/Subsidies	-	-	-	-	-	-	-	-	-
65xx	Utilities	-	-	-	-	-	-	1,125,213	-	1,125,213
66xx	Fixed Charges	-	-	-	-	-	375,257	-	-	375,257
67xx	Open (specify below) BAD DEBTS	-	-	-	-	-	6,616	-	-	6,616
68xx	Open (specify below) SCHOLARSHIPS	-	-	-	-	-	-	-	222,323	222,323
69xx	Open (specify below) COURSE COSTS/OTHER	361,404	-	-	-	-	(345,015)	-	-	16,389
7xxx	Furniture and Equipment	144,562	-	-	123,692	60,071	309,342	706,706	-	1,344,373
8xxx	Bond Issue Cost	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES		\$ 25,871,189	\$ -	\$ -	\$ 1,299,215	\$ 8,890,262	\$ 12,134,693	\$ 7,891,143	\$ 222,323	\$ 56,308,825

Exhibit III

The accompanying note is an integral part of this statement.

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, 2024**

<u>Acct. No.</u>	<u>Object Classification</u>	<u>Unrestricted Current Fund</u>	<u>Restricted Current Fund</u>	<u>TOTAL EXPENDITURES</u>
5xxx	Compensation (including Fringe Benefits)	\$ 47,687,246	\$ 1,478,939	\$ 49,166,185
60xx	Contracted Services	3,264,889	169,950	3,434,839
61xx	Supplies and Materials	1,323,115	137,640	1,460,755
62xx	Communications	117,724	-	117,724
63xx	Conferences/Meetings	825,680	48,320	874,000
64xx	Grants/Subsidies	-	-	-
65xx	Utilities	1,125,213	-	1,125,213
66xx	Fixed Charges	375,257	-	375,257
67xx	Open (specify below) Bad Debts	6,616	-	6,616
68xx	Open (specify below) Scholarships	222,323	7,431,948	7,654,271
69xx	Open (specify below) Course Costs/Other	16,389	259,264	275,653
7xxx	Furniture and Equipment (including Library Books)	1,344,373	291,390	1,635,763
8xxx	Bond Issue Cost	-	-	-
TOTAL EXPENDITURES		<u>56,308,825</u>	<u>9,817,451</u>	<u>66,126,275</u>
TOTAL MANDATORY TRANSFERS		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS		<u>\$ 56,308,825</u>	<u>\$ 9,817,451</u>	<u>\$ 66,126,275</u>

Exhibit IV

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Computation of Adjusted Cost Per Full-Time Equivalent and Percent of Local Contribution For Fiscal Year Ended June 30, 2024

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 \$ 56,308,825
(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.

Item	Object	Function	Amount	
a) Scholarships			\$ 222,323	
b)				
c)				
d)				
e) TOTAL DEDUCTIONS				<u>\$ 222,323</u>

3. Adjusted Unrestricted Current Operating Expenditures \$ 56,086,502
(Line 1 less sum of 2a thru 2e)

4. Total FTE students for fiscal year (From Exhibit VI) 4,466.06

5. Total Adjusted Unrestricted Current Operating Expenditures divided by Total FTE students (yields adjusted cost per FTE) \$ 12,558

6. Total Maryland eligible FTE students (From Exhibit VI) 4,250.36

7. State aid paid fiscal year ending June 30, 2024 \$ 18,548,628
(Exclude State paid benefits) (Complete Exhibit XI)
(Based on two prior years audited FTEs)

8. TOTAL LOCAL CONTRIBUTIONS * \$ 24,675,478

9. Percentage of adjusted Unrestricted Current Expenditures contributed by the local political subdivision 44.00%
(Line 8 divided by Line 3) *

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

Exhibit V

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE**Summary of Full-Time Equivalent Students and Student Tuition and Fees
For Fiscal Year Ended June 30, 2024**

	<u>FTE Students</u>	<u>Student Tuition and Fees</u>
<u>Eligible Students</u>		
1. In-County (credit)	<u>3,430.97</u>	<u>\$ 14,597,589</u>
2. Out-of-County (credit)	<u>211.25</u>	<u>1,693,602</u>
3. Noncredit	<u>608.14</u>	<u>1,276,071</u>
TOTAL ELIGIBLE STUDENTS	<u><u>4,250.36</u></u>	<u><u>17,567,262</u></u>
<u>Ineligible Students</u>		
Credit		
4. Out-of-State	<u>106.97</u>	<u>644,692</u>
5. Other	<u>30.24</u>	<u>23,382</u>
Noncredit		
6. Out-of-State	<u>-</u>	<u>-</u>
7. Other	<u>78.49</u>	<u>330,964</u>
TOTAL INELIGIBLE STUDENTS	<u><u>215.70</u></u>	<u><u>999,038</u></u>
TOTAL STUDENTS	<u><u>4,466.06</u></u>	<u><u>\$ 18,566,300</u></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.

Exhibit VI

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Summary of Restricted Federal Grant Programs For Fiscal Year Ended June 30, 2024

<u>Program Title</u>	<u>July 1, 2023 Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>June 30, 2024 Balance</u>
Federal Government				
PELL	\$ -	\$ 4,960,725	\$ 4,960,725	\$ -
PELL Administrative Allowance	26,342	6,930	5,531	27,741
SEOG	-	98,660	98,660	-
Federal Work Study	-	100,576	100,576	-
SEOG/FWS Admin Cost Allowance	49,374	-	4,984	44,390
Child Care Access Means Parents in School Program - USDOE	-	75,849	75,849	-
Title IC Program Improvement - Regular	-	126,096	126,096	-
Title IC Program Improvement - Regular	-	1,514	1,514	-
Title IC Program Improvement - Reserve	-	12,601	12,601	-
Title IC Program Improvement - Reserve	-	95,823	95,823	-
MSDE CTE Program in Homeland Security and Emergency Preparedness	-	6,647	6,647	-
MSDE CTE Program in Homeland Security and Emergency Preparedness	-	16,508	16,508	-
Management Agency (FEMA)Homeland Security National Training Program	-	43,463	43,463	-
NSF Frederick Community College STEM Scholars	-	170,806	170,806	-
NSF-Student Success in STEM	-	945	945	-
NSF ATE Biotech	-	107,056	107,056	-
Veterans Education Outreach Program	13,495	3,504	4,218	12,781
Consolidated Adult Education and Literacy Services	-	461,522	461,522	-
Economic Development Administration State Tourism	-	250,000	13,020	236,980
Apprenticeship USA	-	46,631	46,631	-
TOTAL FEDERAL	\$ 89,211	\$ 6,585,856	\$ 6,353,175	\$ 321,892

Exhibit VII

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Summary of Restricted State Grant Programs For Fiscal Year Ended June 30, 2024

Program Title	July 1, 2023 Balance	Revenues	Expenditures	June 30, 2024 Balance
State Government				
MHEC ESOL Grant	\$ 289,220	\$ 153,888	\$ 220,509	\$ 222,599
State Scholarships	(14,334)	964,635	935,244	15,057
Adult Education-Literacy Works	-	417,820	417,820	-
MSDE CTE Innovation Grant	-	46,821	46,821	-
MSDE One-Time CC Retention Pay Grant	52	-	-	52
MSDE Child Care Career and Professional Development Fund	-	75,309	75,309	-
MHEC Hunger Free Campus Grant	-	3,216	3,890	(674)
MHEC Academic Nurse Educator Certification Award	3,040	5,000	6,419	1,621
MHEC Nursing Faculty Fellowships	34,686	90,000	92,653	32,033
Campus Public Art Project	950	50,000	50,000	950
TOTAL STATE	<u>\$ 313,614</u>	<u>\$ 1,806,689</u>	<u>\$ 1,848,665</u>	<u>\$ 271,638</u>

** Adjusted from PY

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

Exhibit VIII

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE**Summary of Restricted Local Grant Programs
For Fiscal Year Ended June 30, 2024**

<u>Program Title</u>	<u>July 1, 2023 Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>June 30, 2024 Balance</u>
Local Government				
Family Partnership Grant	\$ -	\$ 16,605	\$ 15,563	\$ 1,042
FCPS Career Coach (MD BP)	-	15,837	15,837	-
TOTAL LOCAL	<u>\$ -</u>	<u>\$ 32,442</u>	<u>\$ 31,401</u>	<u>\$ 1,042</u>

Exhibit IX

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE**Summary of Other Sources of Unrestricted Current General Revenue
For Fiscal Year Ended June 30, 2024**

<u>Other Revenue Sources</u>	<u>Amount</u>
Gifts:	
<u>Restricted Gifts and grants-restricted fund</u>	<u>\$ 1,480,452</u>
<u>Other Income-restricted fund</u>	<u>241,379</u>
TOTAL GIFTS	<u>\$ 1,721,831</u>
Other - Miscellaneous:	
<u>Investment Income-unrestricted fund</u>	<u>\$ 1,370,504</u>
<u>Other Income-unrestricted fund</u>	<u>638,436</u>
<u>Contract Revenue-unrestricted fund</u>	<u>1,071,520</u>
<u>Special Revenue fund</u>	<u>178,554</u>
TOTAL OTHER - MISCELLANEOUS	<u>\$ 3,259,014</u>
TOTAL OTHER REVENUE SOURCES	<u>\$ 4,980,845</u>

Exhibit X

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

**Reconciliation of State Aid
For Fiscal Year Ended June 30, 2024**

		<u>Amount</u>
<u>3,385.62</u>	Marginal Cost Component - State Aid FTE @ 3436.16	<u>\$ 11,633,525</u>
<u>3,385.62</u>	Fixed Cost Component - State Aid FTE @ 2042.49	<u>6,915,103</u>
	Supplemental Grant	<u>-</u>
	Other (specify below)	
	<hr/>	
	<hr/>	
		<u>\$ 18,548,628</u>

Exhibit XI

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE**Student-Faculty Ratio (Credit Courses Only)
For Fiscal Year Ended June 30, 2024**

TOTAL CREDIT HOURS GENERATED (Per Exhibit VI, Lines 1, 2, 4, and 5)	<u>114,060</u>
TOTAL COURSE CREDIT HOURS TAUGHT THIS FISCAL YEAR	<u>7,656</u>
STUDENT-FACULTY RATIO (Total credit hours generated divided by total course credit hours taught)	<u>14.90</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 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).

Exhibit XIII

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE**Funding of Statewide Programs
For Fiscal Year Ended June 30, 2024**

	<u>Prior Year Balance</u>	<u>Fall ** SBCC-CC-2A and CC-2D</u>	<u>Spring ** SBCC-CC-2A and CC-2D</u>	<u>Total</u>
1. TOTAL OUT-OF-COUNTY/CITY STUDENTS ENROLLED IN STATEWIDE PROGRAMS *		35	26	61
2. TOTAL CREDIT HOURS *		234	231	465
3. TOTAL TUITION DIFFERENTIAL *	\$ 8,516	\$ 35,802	\$ 35,343	\$ 79,661
TOTAL STATE AID RECEIVED FOR STATEWIDE PROGRAMS	\$ -	\$ 29,093	\$ 28,720	\$ 57,813
Minus: MHEC Write-offs	\$ -	\$ -	\$ -	\$ -
TOTAL AUDITED STATE AID FOR STATEWIDE PROGRAMS	\$ 8,516	\$ 6,709	\$ 6,623	\$ 21,848

* Per audit

** Totals include supplemental requests

Exhibit XIV

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE**Funding of ESOL Grant Program
For Fiscal Year Ended June 30, 2024**

	<u>TOTAL</u>
1. TOTAL NUMBER OF STUDENTS ENROLLED IN NONCREDIT ESOL PROGRAMS	<u>1,985</u>
2. TOTAL NONCREDIT EQUATED FTE	<u>277.20</u>
TOTAL NONCREDIT ESOL FUNDING NONCREDIT EQUATED FTE X \$800	<u>\$ 221,760</u>
TOTAL NONCREDIT ESOL FUNDING	<u>\$ 854,132</u>
1. ESOL CREDIT HOURS	<u>273</u>
2. TOTAL CREDIT FTE	<u>9.1</u>
TOTAL ESOL CREDIT FTE X \$800	<u>\$ 7,280</u>
TOTAL CREDIT ESOL FUNDING	<u>\$ 7,280</u>
TOTAL NONCREDIT AND CREDIT ESOL FUNDING	<u>\$ 861,412</u>

Exhibit XV

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE**CC4 Reconciliation
For Fiscal Year Ended June 30, 2024****REVENUES**

Revenues per financial statements	\$ 83,178,557
Scholarship allowance	<u>673,441</u>
	83,851,998
Revenues not included in the CC-4 report	
Capital	(2,927,322)
Gain/Loss moved to Fund 8	(127,460)
Fringe benefits provided directly by state of Maryland	<u>(2,904,986)</u>
	<u>(5,959,768)</u>
Revenues per CC-4 report - (Exhibit I, Line 12)	<u><u>\$ 77,892,230</u></u>

EXPENDITURES AND TRANSFERS

Expenditures/transfers per financial statements	<u>\$ 79,472,316</u>
Expenses included in the CC-4 report	
Capitalized assets	2,308,064
Scholarship allowance	673,441
Expenses not included in the CC-4 report	
Plant Fund less depreciation	(4,322,280)
Depreciation	(4,984,022)
Fringe benefits provided directly by state of Maryland	(2,904,986)
Other	<u>(271,875)</u>
	<u>(12,483,163)</u>
Expenditures/transfers per CC-4 report (Exhibit II, Line 7 unrestricted and restricted)	<u><u>\$ 69,970,658</u></u>

Exhibit XVI

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE**Retirement System Payments To/From MHEC
For Fiscal Year Ended June 30, 2024**

Optional Retirement System Reimbursements from MHEC	
Reimbursement Requested from MHEC - Carryforward	\$ 16,308
Reimbursement Requested from MHEC	935,362
Audit Adjustment	-
Less Amount Received from MHEC	(858,375)
Balance Due From/(To) MHEC	<u>\$ 93,295</u>
Teachers Retirement and Pension System Reimbursements to MHEC	
Required Reimbursement Reported to MHEC	\$ -
Audit Adjustment	-
Less Amount Paid to MHEC	-
Balance Due (From)/To MHEC	<u>-</u>
Amount Due From MHEC for Cost of Audit Verification	<u>-</u>
 Total Amount Due From/(To) MHEC	 <u><u>\$ 93,295</u></u>

Exhibit XVII

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE**June 30, 2024****Note to the Annual Report****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 19 of this report.



To: Frederick Community College Board of Trustees

From: Dr. Annesa Payne Cheek, President

Cc: Scott McVicker, CFO and Vice President for Administration

Date: October 16, 2024

Subject: **Information/Discussion Item**
President's Interpretations for EL-6 Planning

OVERVIEW

Attached for the Board's feedback are my interpretations for Policy EL-6 Planning.

ANALYSIS

Per Board-CEO Delegation Policy BCD-3 Delegation to the President:

The Board will instruct the President through written policies which prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, i.e., Executive Limitations, allowing the President to use any reasonable interpretation of these policies.

RECOMMENDATION

Review the enclosed interpretations for Policy EL-6 Planning and provide feedback for consideration. A final version will be submitted for approval at the November 20 Board meeting.

ATTACHMENT(S)

President's Interpretations for Policy EL-6 Planning

President's Interpretations for EL-6 Planning

Note: Board Policy is indicated in bold typeface throughout the report.

The President shall not permit planning that endangers the fiscal soundness of future years or ignore the organizational capability (people, programs, services, facilities) required to achieve Board Ends in future years.

Accordingly, the President shall not:

- 1. Operate without a written, multi-year strategy that can be expected to achieve a reasonable interpretation of the Ends.**

INTERPRETATION:

I interpret the multi-year strategy to mean the College strategic plan.

Compliance will be demonstrated when:

- a. The College operates in accordance with a written multi-year strategy to facilitate the achievement of the Ends.

This interpretation is reasonable as the use of a multi-year strategy is a traditional tool to guide the achievement of Board policy directives.

- 2. Permit planning that does not explain and justify assumptions and identify relevant environmental factors.**

INTERPRETATION:

I interpret planning to mean developing College-wide annual priorities that are aligned with the multi-year strategy.

Compliance will be demonstrated when:

- a. The College defines annual priorities and provides an explanation of assumptions made as well as relevant environmental factors.

This interpretation is reasonable because it is consistent with practices employed by other higher education institutions.

- 3. Permit planning that omits capital enhancements, replacement, repair or acquisitions necessary to achieve Ends.**

INTERPRETATION:

I interpret planning to mean a comprehensive strategy that outlines the long-term vision for the College's physical infrastructure.

Compliance will be demonstrated when:

President's Interpretations for EL-6 Planning

- a. The College operates in accordance with a ten-year Facilities Master Plan that accounts for capital enhancements, replacement, repair or acquisitions necessary to achieve Ends.

This interpretation is reasonable because it ensures compliance with State of Maryland regulations and nationally accepted practices for higher education institutions.

4. Permit budgeting for any fiscal period or the remaining part of any fiscal period that is not derived from the multi-year plan.

INTERPRETATION:

I interpret any fiscal period to mean a fiscal year and multi-year plan to mean the College strategic plan.

Compliance will be demonstrated when:

- a. The proposed new budget for any fiscal year is informed by the College's annual priorities that are aligned with the goals of the College strategic plan.

This interpretation is reasonable because the budget is informed by the College strategic plan that has been approved by the Board.

5. Permit financial planning that does not enable accurate projection of revenues and expenses, separation of capital and operational items, cash flow projections, contingency plans, and disclosure of planning assumptions.

INTERPRETATION:

Compliance will be demonstrated when:

- a. The proposed annual budget includes projected:
 1. Revenues from tuition and fees.
 2. Frederick County appropriations.
 3. Maryland State appropriations.
 4. Other income. Allocated strategic reserves.
 5. Auxiliary Services revenue and expenses.
 6. Wages, retirement and benefit expenses.
 7. Services, including temporary staffing, professional services, equipment, rent, utilities, insurance and other operating costs.
 8. Transfers and debt services.
 9. State and County appropriations for the Capital Improvement Plan (CIP).
 10. Contingency funds.
- b. Cashflow projections are reviewed and monitored by the CFO and VP for Administration.
- c. Planning assumptions are disclosed to the Board.

President's Interpretations for EL-6 Planning

This interpretation is reasonable because all budget items are derived in a manner which is comparable to budget planning processes used by other Maryland community colleges.

6. Plan for a deficit.

INTERPRETATION:

I interpret a deficit to mean expenses exceed revenues.

Compliance will be demonstrated when:

- a. The President presents a balanced budget.

This interpretation is reasonable because the Board reviews and approves the adoption of the annual operating budget.

7. Operate without a campus facilities master plan.

INTERPRETATION:

Compliance will be demonstrated when:

- a. The President ensures the College's ten-year facilities master plan is updated and presented to the Board for approval based on State requirements.

This interpretation is reasonable because it ensures compliance with State of Maryland regulations and nationally accepted practices for higher education institutions.

8. Operate without succession plans for senior leadership positions, to facilitate smooth operations during key personnel transitions and ensure competent operation of the organization over the long term.

INTERPRETATION:

Compliance will be demonstrated when:

- a. The interim successors for each Senior Leadership Team member are identified and recorded in the Office of Human Resources and President's Office.
- b. Each interim successor for Senior Leadership Team members is aware of their responsibility related to the operation of the College.

This interpretation is reasonable because it is consistent with national best practices for human resources.

9. Permit the organization to be without sufficient organizational capacity and current information about President and Board issues and processes for the competent operation of the organization to continue in the event of sudden loss of President services.

President's Interpretations for EL-6 Planning

INTERPRETATION:

Compliance will be demonstrated when:

- a. The Senior Leadership Team meets regularly regarding the current operations of the College and documents items of discussion.
- b. The Senior Leadership Team understands how the organization is evaluated under Policy Governance and is involved in the development and execution of Monitoring Reports.

The interpretation is reasonable because it covers the two areas critical to continuity of the President's role: (1) operation of the College and (2) support of the Board's assessment of organization performance.

DRAFT



To: Frederick Community College Board of Trustees

From: Dr. Annesa Payne Cheek, President

Cc: Scott McVicker, CFO and Vice President for Administration

Date: October 16, 2024

Subject: **Information/Discussion Item**
President's Interpretations for EL-7 Land Use

OVERVIEW

Attached for the Board's feedback are my interpretations for Policy EL-7 Land Use.

ANALYSIS

Per Board-CEO Delegation Policy BCD-3 Delegation to the President:

The Board will instruct the President through written policies which prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, i.e., Executive Limitations, allowing the President to use any reasonable interpretation of these policies.

RECOMMENDATION

Review the enclosed interpretations for Policy EL-7 Land Use and provide feedback for consideration. A final version will be submitted for approval at the November 20 Board meeting.

ATTACHMENT(S)

President's Interpretations for Policy EL-7 Land Use

President's Interpretations for EL-7 Land Use

Note: Board Policy is indicated in bold typeface throughout the report.

The President shall not allow development or use of the campus or other College lands in a manner that is inconsistent with the core business of the College, environmentally irresponsible, aesthetically displeasing, or that does not make the most effective use of land.

Further, without limiting the scope of the above statement by the following list, the President shall not:

- 1. Allow the College to be without an approved Facilities Master Plan that adheres to the Maryland Higher Education Commission's requirements and fosters future development that will avoid infrastructure redundancy and redevelopment costs.**

INTERPRETATION:

I interpret development as any modification to the land or physical infrastructure of the College.

Compliance will be demonstrated when:

- a. The College has a Board-approved ten-year Facilities Master Plan that complies with the Maryland Higher Education Commission (MHEC) regulations; the Plan documents all existing and future sites of performance spaces, fields, storage, parking lots, sidewalks, buildings, and roads.
- b. An infrastructure map documenting all existing utilities (gas, water, sanitary and storm sewers, electrical, and structured cabling) is utilized to prevent redundancy and redevelopment costs.

This interpretation is reasonable because a long-range Facilities Master Plan is an industry standard and a State of Maryland requirement; and, the infrastructure map of existing utilities is consistent with architectural, engineering and construction codes, and all legal requirements necessary for any development to proceed.

- 2. Permit joint ventures or partnerships that do not provide for design and construction standards consistent with overall campus design.**

INTERPRETATION:

Compliance will be demonstrated when:

- a. Contracts for joint ventures or partnerships require that proposed building designs be consistent with, and complementary to, existing campus design philosophy, facility design and operational elements.

President's Interpretations for EL-7 Land Use

This interpretation is reasonable because it ensures consistency with documented campus design standards.

3. Permit development that is not energy efficient and to a reasonable extent, minimize adverse environmental impacts and preserve the natural landscape.

INTERPRETATION:

I interpret development as any modification to the land or physical infrastructure of the College.

Compliance will be demonstrated when:

- a. Leadership in Energy and Environmental Design (LEED) Silver certification is attained for all state-funded projects.
- b. State and local agency approval was obtained for development projects requiring excavation or grading.
- c. College planned projects that affect the natural landscape comply with campus design standards.

This interpretation is reasonable because the LEED standards created by the Green Building Council are the globally accepted building rating system. Additionally, development must adhere to campus and industry standards and comply with local and State of Maryland regulations.

4. Permit new development that does not meet at least one of the following criteria:

- **Provision of enhanced learning and ancillary space consistent with Ends achievement.**
- **Extending the College's alliances with business, industry, colleges, universities, or other organizationally mission-compatible non-profit organizations.**
- **Creation of opportunity to generate new revenue streams.**
- **An opportunity to distinguish the College's learning and co-curricular environment.**
- **Positioning the College as a leader in new programs targeted at future market opportunities.**

INTERPRETATION:

Compliance will be demonstrated when:

- a. All new development projects are consistent with at least one of these criteria.
- b. At least one of the five criteria is achieved and is documented.

This interpretation is reasonable because the Board has identified the criteria to be met and requires the President to provide explicit demonstration of compliance through monitoring.

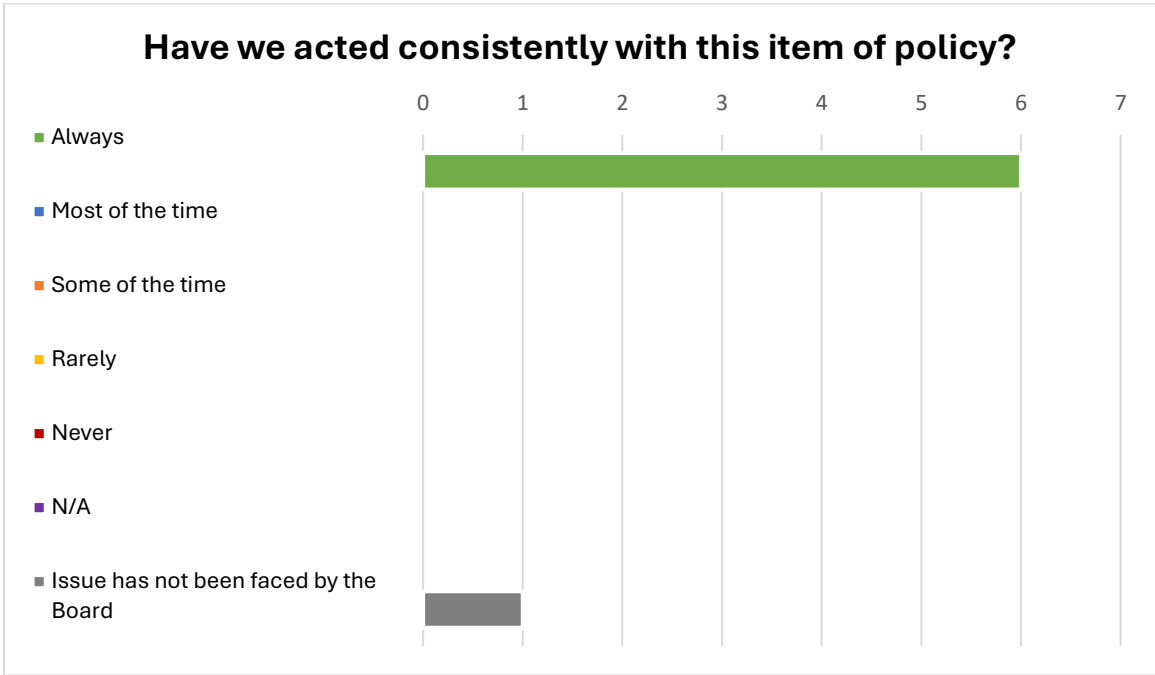


Frederick Community College Board of Trustees

**Board Self-Monitoring Survey Results:
BCD-1 Unity of Control
Date: 10/16/2024**

Number of Responses: 7

Only officially passed motions of the Board are binding on the President.



Provide specific representative examples to support your above response when applicable.

- In the past year the Board has only required the President to act upon policy and motions passed by the Board.
- We only act officially by motion and no member of the Board has sought to insist that the president take some action requiring Board approval without following the appropriate process.

- Only the board decisions acting as a body are binding on the president; however, there are no specific examples of board members trying to circumvent this policy.
- The Board's published agenda clearly identifies the opportunities to vote on the previous minutes, the consent agenda, and action items. The Board of Trustees appropriately voted at each of those opportunities and no other.
- No explanation needed.
- As part of our introduction to Policy Governance, we have been very conscious of the roles and responsibilities of both the Board and the President and have accepted that only officially passed motions by the Board are binding on the President.

1. Decisions or instructions of individual Trustees, officers or committees are not binding on the President.



Provide specific representative examples to support your above response when applicable.

- The trustees have acted as one body throughout this past year. To my knowledge no individual trustee has made a request of the President without Board consensus and vote.
- No member of the Board has ever suggested to the contrary if he or she did, other members of the Board, particularly the Chair, would intervene to help the Board member understand that we don't do business that way.

- Only the board decisions acting as a body are binding on the president; however, there are no specific examples of board members trying to circumvent this policy.
- We have consistently adhered to this practice. No individual directives were given.
- I am not aware of any case. We are one voice.
- This item of policy is understood by the Board.

2. In the case of Board members or committees requesting information or assistance without Board authorization, the President can refuse such requests that require in the President's opinion, a material amount of staff time, other resources or is deemed disruptive.



Provide specific representative examples to support your above response when applicable.

- I am not aware of any individual trustee requesting information or assistance that would require excessive time or would be deemed disruptive.
- I can think of only one example in my tenure on the Board when this issue surfaced, and the President appropriately declined a request that was unreasonable.
- I cannot recall examples where this policy has been tested.
- The Board of Trustee has consistently adhered to this practice. The Board fully understands the magnitude of such a request and understands the President can refuse such requests.
- I am unaware of any request outside of board's authorization.

- There may be a desire on the part of individual Board members to request special attention from the President and her staff, but the Board understands the importance of acting as a whole.

3. Only the Board acting as a body politic can employ, terminate, discipline, or change the conditions of employment of the President.



Provide specific representative examples to support your above response when applicable.

- The Board held special meetings to address the President's annual evaluation and employment.
- We, as a Board, have never acted except in compliance with this policy. There have been no examples, in my recollection when any member of the Board acted contrary to this policy.
- I can not recall examples where this policy has been tested.
- This Board is in full agreement that we speak as one voice.
- I am not sure if the President's annual review and bonus fall under "conditions of employment," but in any case we all agreed as a board with the terms.
- The Board has adjusted the President's conditions of employment on several occasions as part of her annual performance review. The result has been professional, thoughtful, and beneficial to both parties.

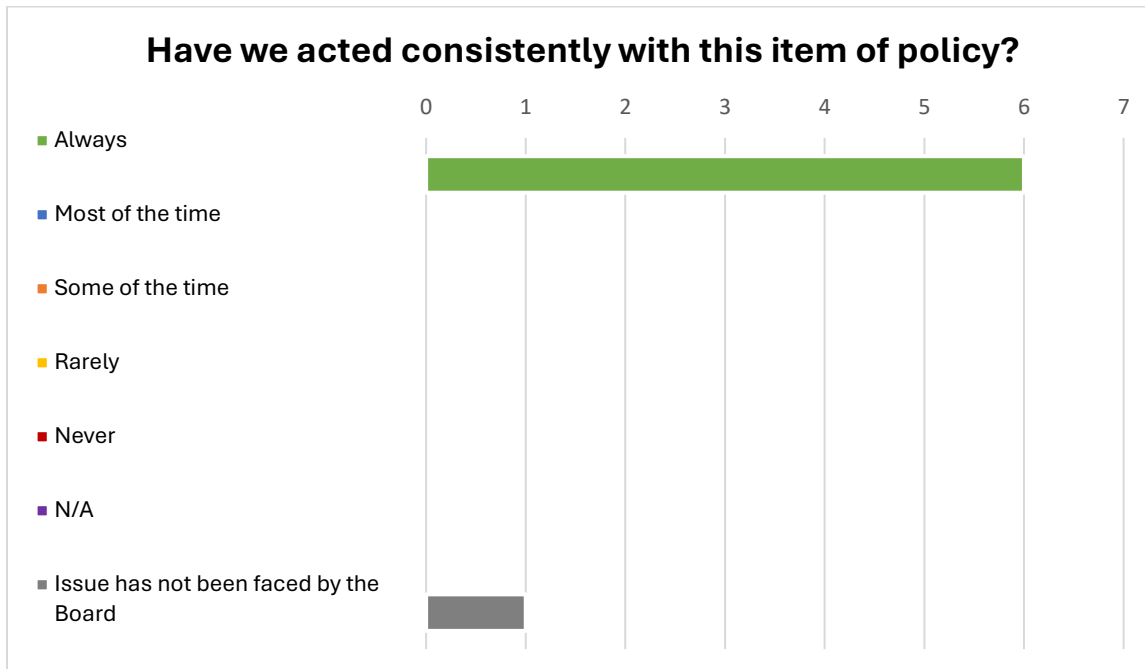


Frederick Community College Board of Trustees

**Board Self-Monitoring Survey Results:
GP-10 Board Expenses
Date: 10/16/2024**

Number of Responses: 7

As provided by §16-407(c) of the Education Article, Maryland Annotated Code, each member of the Board is entitled to \$500 a year for expenses. Additionally, Board members may be reimbursed for reasonable, necessary, and approved expenses incurred while traveling on official College business per College administrative policy. This may include, but is not limited to, conferences and professional development activities.



Provide specific representative examples to support your above response when applicable.

- This policy has been consistently followed for a number of years.
- Board members, to my knowledge, have adhered to this policy rigorously. This particularly has been the case on trips to ACCT conferences which are important for Board development.
- As a board member, I have always received compensation for my yearly expenses and travel expenses reimbursement.
- We have consistently adhered to this policy.
- Annual conference October 2024 airfare as permitted, was submitted for reimbursement. I am unaware of any case where a board member submitted expenses outside of those permitted.
- I have received my \$500 for expenses. I have also received, in a timely manner, reimbursement for an ACCT Legislative session in Washington early in the year.



FCC BOARD OF TRUSTEES POLICY

Policy Type: Governance Process

Policy Title: Board Linkage with Ownership

Policy Number: GP-5

Date Adopted: 4.17.2024

Version: 1.0

Date Last Reviewed: 4.17.2024

Office Responsible: President's Office

Reviewing Committee: Board of Trustees

The Owners of Frederick Community College are defined as the residents of Frederick County. The Frederick Community College Board of Trustees shall be accountable for the organization to its Owners as a whole. Trustees shall act on behalf of the Owners as a whole, rather than being advocates for specific geographic areas, individuals, ethnic groups or other interest groups.

1. When making governance decisions, Trustees shall maintain a distinction between their personal interests and those as fiduciaries and members of the Board, as well as their obligation to speak for others as a representative of the Owners as a whole. As the agent of the Owners, the Board is obligated to identify and know what the Owners want and need.
2. The Board shall educate itself by reviewing available information reflecting the diversity of the Ownership. It shall meet with, gather input from, and otherwise interact with Owners in order to understand the diversity of their values and perspectives.
3. The Board will establish and maintain a three-year Ownership linkage planning cycle, in order to ensure that the Board has intentional and constructive dialogue and deliberation with the Owners, primarily around the organization's Ends. The plan will include selection of representative Owners for dialogue, methods to be used, and questions to be asked of the Owners. The information obtained from this dialogue with Owners will be used to inform the Board's policy deliberations.
 - 3.1. All Trustees are accountable to the Board for participating in the linkage with Owners as identified in the plan.
4. The Board will consider its Ownership linkage successful if, to a continually increasing degree:

- 4.1. When developing or revising Ends, the Board has access to diverse viewpoints that are representative of the Ownership regarding what benefits this organization should provide, for whom, and the relative priority of those benefits.
- 4.2. The Owners are aware that the Board is interested in their perspective, as Owners and not as customers.
- 4.3. If asked, the Owners would say that they have had opportunity to let the Board know their views.
- 4.4. The Owners are made aware of how the Board has used the information they provided.
- 4.5. The outcomes of the deliberations with the Owners are policy related matters rather than operational or customer-based matters.

Date Of Change	Version	Description of Change	Responsible Party
4.17.2024	1.0	First release following Policy Governance consulting work.	President



FCC BOARD OF TRUSTEES POLICY

Policy Type: Governance Process

Policy Title: Board Linkage with External Organizations

Policy Number: GP-6

Date Adopted: 4.17.2024

Version: 1.0

Date Last Reviewed: 4.17.2024

Office Responsible: President's Office

Reviewing Committee: Board of Trustees

The Frederick Community College Board of Trustees shall identify other organizations with which it requires good working relationships in order to share and enhance its role as Owner representative in determining the most appropriate Ends.

1. The Board shall establish mechanisms for maintaining open communication with federal, state, and local governing bodies as well as other public and private entities regarding Ends. Such mechanisms may include, but are not limited to:
 - 1.1. Inviting representatives of those organizations to Board meetings
 - 1.2. Meeting jointly with other Boards on occasion
2. For organizational memberships relevant to governance, the Board shall consider the merits of membership in other organizations annually.

Date Of Change	Version	Description of Change	Responsible Party
4.17.2024	1.0	First release following Policy Governance consulting work.	President



FCC BOARD OF TRUSTEES POLICY

Policy Type: Governance Process

Policy Title: Board Planning Cycle and Agenda Control

Policy Number: GP-7

Date Adopted: 4.17.2024

Version: 1.0

Date Last Reviewed: 4.17.2024

Office Responsible: President's Office

Reviewing Committee: Board of Trustees

To accomplish its responsibilities with a governance style consistent with Frederick Community College Board of Trustees' policies, the Board will develop and follow a multi-year cycle that includes all elements of the Board's work.

1. The Board shall maintain control of its own agenda by developing an annual schedule based on the multi-year cycle.
 - 1.1. Review of the Ends in a timely fashion which allows the President to build a budget based on accomplishing a one-year segment of the Board's most recent statement of long-term Ends.
 - 1.2. Linkage with the Ownership (the residents of Frederick County) to gain a representative mix of Owner values, perceptions and expectations, prior to the above review.
 - 1.3. Education and professional development related to development and revision of Ends. The Board will consider including environmental scanning, review of professional articles and publications, conference attendance, participation in presentations by thought leaders or experts, and activities which develop strategic foresight.
 - 1.4. Risk assessment, including probability of risks and impact of particular risks, as background context for policy review.
 - 1.5. Content review of selected Executive Limitations, Governance Process and Board – CEO Delegation policies, consistent with a multi-year schedule that includes all policies.

- 1.6. Self-evaluation of the Board's own compliance with Governance Process and Board – CEO Delegation policies, consistent with the schedule in the policy *Investment in Governance*.
- 1.7. Documentation of monitoring compliance by the President with Executive Limitations and Ends policies. Monitoring reports will be read in advance of the Board meeting, and discussion will occur only if Board members assess interpretations as unreasonable, identify non-compliance, or identify potential need for policy amendments.
- 1.8. Education and professional development about the process of policy governance.
- 1.9. The Board will have planning sessions as needed or at the President's request. The Board will schedule a Summer retreat no later than July.
2. Based on the outline of the annual schedule, the Board delegates to the Board Chair the authority to fill in the details of the meeting content. Potential agenda items shall be carefully screened. Screening questions shall include:
 - 2.1. Does the issue clearly belong to the Board or the President?
 - 2.2. What category does the issue relate to? Ends, Executive Limitations, Governance Process, Board-President Delegation?
 - 2.3. What has the Board already said in this category (i.e., via policy review), and how is the current issue related?
3. Throughout the year, the Board will work to limit the number of, and attend to Required Approvals Agenda items as expeditiously as possible. When an item is brought to the Board via the Required Approvals Agenda, deliberation, if any, will only be in regard to whether or not the President's decision complies with relevant Board policies.

Date Of Change	Version	Description of Change	Responsible Party
4.17.2024	1.0	First release following Policy Governance consulting work.	President



To: Frederick Community College Board of Trustees

From: Dr. Annesa Payne Cheek, President

Cc: Scott McVicker, CFO and Vice President for Administration

Date: October 16, 2024

Subject: **Action Item**
Approval of President’s Interpretations for EL-4 Financial Conditions and Activities

OVERVIEW

Attached for the Board’s consideration are my final interpretations for Policy EL-4 Financial Conditions and Activities. A draft was reviewed at the September 18 Board meeting and I have incorporated the feedback to include linguistic edits in section 7 to include verbs.

ANALYSIS

Per Board-CEO Delegation Policy BCD-3 Delegation to the President:

The Board will instruct the President through written policies which prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, i.e., Executive Limitations, allowing the President to use any reasonable interpretation of these policies.

RECOMMENDATION

Approval of the enclosed interpretations for Policy EL-4 Financial Conditions and Activities.

ATTACHMENT(S)

President’s Interpretations for Policy EL-4 Financial Conditions and Activities

President's Interpretations for EL-4 Financial Conditions and Activities

Note: Board Policy is indicated in bold typeface throughout the report.

With respect to the actual, ongoing financial conditions and activities, the President shall not cause, or allow, the development of fiscal jeopardy, or actual expenditures, that are not aligned with achievement of the Board's Ends.

Accordingly, the President shall not:

- 1. Expend more funds than have been approved by the Board in the fiscal year unless there has been Board approval to do otherwise.**

INTERPRETATION:

Compliance will be demonstrated when:

- a. A review of the College's quarterly financial statements over the previous fiscal year and the audited annual financial statement do not indicate that annual expenses exceeded annual revenues.

This interpretation is reasonable because quarterly statements provide a clear view of expenditure patterns of the institution on a regular basis and ultimately conclude with the year-end financial status report which occurs following June 30th of each year wherein the Board can compare revenues to expenditures directly. Furthermore, these quarterly statements are eventually subject to audit by the Board's selected auditor for review and ultimate audit report, which would further indicate if there was an excess of expenditures over revenues.

- 2. Incur debt in an amount greater than can be repaid by certain, otherwise unencumbered revenues within the current fiscal year or that can be repaid to accounts previously established by the Board for that purpose.**

INTERPRETATION:

Compliance will be demonstrated when:

- a. The previous fiscal year's debt service schedule of all annual obligations is not greater than that which can be repaid within the year.

This interpretation is reasonable because the Board reviews the long-term liabilities schedule as part of the annual financial audit, and reviews and approves each fiscal year's budget.

- 3. Jeopardize fiscal integrity by expending College funds in a manner that will result in a negative fund balance at the close of the fiscal year unless approved by the Board.**

President's Interpretations for EL-4 Financial Conditions and Activities

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College's annual operating expenditures do not exceed annual operating revenues unless the Board of Trustees has approved the use of the Strategic Reserve fund balance as part of the annual budget approval process.
- b. The College received Board approval for using the Strategic Reserve fund to cover unforeseen expenses not included in the annual budget.

This interpretation is reasonable because the Board reviews and approves the annual budget, which would include any planned use of fund balances as part of the adopted budget. In addition, the Board reviews and approves any requests for emergency funding.

4. Use funds from restricted or designated accounts for purposes other than that for which the account was established.

INTERPRETATION:

Compliance will be demonstrated when:

- a. A review of the quarterly financial statements and the annual audited financial statements confirm that balances for the designated funds do not indicate allocations for purposes other than that for which the funds had been designated.
- b. An external review of restricted fund use as part of the annual financial audit is conducted and confirms use has been limited to intended use.

This interpretation is reasonable because the College's financial statements are the vehicle by which all financial transactions are summarized, within a reporting period.

5. Allow the College's cash position in any month to be less than is needed to satisfy obligations in that month.

5.1. Allow a combined operating fund balance reserve to be less than the Government Finance Officers Association recommended minimum of 16.6% (two months) of annual operating expenses.

INTERPRETATION:

Compliance will be demonstrated when:

- a. A review of the College's quarterly financial reports confirms that an amount equal to, or greater than 2/12ths or 16.6% of average annual expenses, is held in reserve.

This interpretation is reasonable because a Board review of quarterly financial statements will demonstrate the College's current fund balances.

6. Allow the untimely payment of payroll and debts.

President's Interpretations for EL-4 Financial Conditions and Activities

INTERPRETATION:

Compliance will be demonstrated when:

- a. Audited payroll records verify payment of employees is consistent with written Human Resources employment and collective bargaining agreements.
- b. Accounts payable show no material amounts outstanding beyond the agreed terms with the vendor unless a payment is under dispute. Additionally, the College is not in collections with vendors regarding the lack of payment for goods and services provided.

This interpretation is reasonable because it meets contractual agreements and commitments to employees and vendors and minimizes payment of interest.

7. Allow tax payments or other government-ordered payments or filings to be overdue.

INTERPRETATION:

Compliance will be demonstrated when:

- a. The year-end informational reports, required by the IRS and the states where employees live (e.g. MD, PA, VA, WV, and DC), are submitted by the required due dates and with no penalties;
- b. Sales Use taxes are submitted monthly by the required deadline;
- c. Federal 941 Reports have been submitted to the IRS by the required deadline;
- d. MD unemployment quarterly filings have been submitted by the due date;
- e. Department of Commerce annual survey has been completed;
- f. MHEC monthly retirement filing and the MD annual retirement report have been submitted; and all
- g. Payroll withholding taxes are submitted on a semi-monthly or monthly basis as required by regulatory authorities and in alignment with the payroll schedule.

This interpretation is reasonable because it addresses all required federal and state reporting requirements, timelines, and provides for verification of submissions. Failure to take the aforementioned steps would prompt a letter of concern to the College by the respective authority.

8. Purchase, lease, condemn, or otherwise acquire any real property without Board approval.

INTERPRETATION:

Compliance will be demonstrated when:

- a. There has been no acquisition, encumbrance, or disposal of land or buildings without receiving prior Board approval.

This is a reasonable interpretation because it aligns with industry best practices.

President's Interpretations for EL-4 Financial Conditions and Activities

- 9. Write off receivables without having first pursued payment after a reasonable grace period.**

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College adheres to a standard operating procedure for receiving payments and sending past due balances to collections after a 90-day grace period.
- b. The College adheres to a standard operating procedure for writing off uncollectable receivables after 2 years.

This interpretation is reasonable because it aligns with industry best practices.

- 10. Fail to provide to the Board, at their designated frequency, reports on the College's current financial condition that will continually enhance the Board's ability to meet its fiduciary responsibility.**

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College's Chief Financial Officer/VP for Administration provides reports following the close of each financial quarter to the Board of Trustees for review.

This interpretation is reasonable because it aligns with industry best practices.

- 11. Fail to present to the Board of Trustees an annual budget for its review and approval, and which adheres to intergovernmental submission timelines.**

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College Administration presented the annual budget to the Board of Trustees in adherence to the submission timelines of Frederick County.

This interpretation is reasonable because preparing and finalizing an annual budget in advance of a new fiscal year is an industry best practice, and it addresses all requirements to submit an approved budget to intergovernmental agencies.

- 12. Fail to meet requirements for annual financial audits, or to respond in a timely manner to any findings from financial or operational audits, reviews, or assessments.**

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College Administration provided needed information and cooperation to external auditors to meet requirements for Board review of year-end financial statements and submitted final statements to required intergovernmental agencies.

President's Interpretations for EL-4 Financial Conditions and Activities

- b. The College has a written plan to address any findings from financial or operational reviews or assessments.

This interpretation is reasonable because Maryland law requires completion and submission of community college annual financial audits to state agencies within 90 days of June 30 (the end of a fiscal year) unless an extension is granted. The Maryland Higher Education Commission requires that community colleges respond to any material audit findings. The Interagency Internal Audit Authority (IIAA) also requires the College to respond to any audit findings.

13. Fail to recommend on an annual basis, as appropriate, other Strategic Reserves at levels approved by the Board. Strategic Reserves are over and above the operating fund balance reserve (16.6% of operating expenses). Strategic Reserves are for one-time expenses or projects, and provide for such items as:

- a. **Emergencies - Reserve to provide for unforeseen natural or manmade disasters to support business continuity and recovery actions.**
- b. **Student Success and Completion Initiatives - Investments to enhance the student experience and remove obstacles to student success and completion.**
- c. **Academic Program Initiatives - Investments to provide start-up funding for innovative new programs which serve the College's educational mission.**
- d. **Talent Cultivation - Investments to provide professional development opportunities and to promote continuous learning among faculty and staff.**
- e. **Unplanned Capital Repair & Replacement - Reserve to cover critical system or component failure that might occur outside of the annual capital improvement budget approval cycle.**
- f. **Technology Projects - Reserve to provide for technology upgrades or system replacements not covered by other funding sources.**
- g. **Strategic Planning and Future-Proofing – Future-oriented investments to strengthen the College's value, relevance, responsiveness and adaptability to emerging trends and protect the long-term viability of the institution.**

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College Administration has determined if there are available reserves over and above the required 16.6% operating fund balance reserve, and if so, has

President's Interpretations for EL-4 Financial Conditions and Activities

recommended to the Board how balances may be segmented to meet future strategic, one-time needs.

This interpretation is reasonable because the practice of planning for and investing in one-time projects using accumulated reserves is a means by which the College may advance larger projects while still ensuring that adequate cash reserves are available to address cashflow or emergency needs and maintain the College's fiscal strength.



Frederick Community College Board of Trustees

President’s Baseline Insight Report

EL 1 – Treatment of Students

Report Date: 10/16/2024

Compliance Status: F/P/N Compliant



Note: Board Policy is indicated in bold typeface throughout the report.

I am submitting this baseline insight report to the Frederick Community College Board of Trustees, focusing on the Board’s Executive Limitation Policy: “EL-1 Treatment of Students.” This report is submitted for your review. I confirm that the information provided is accurate and establishes a baseline for compliance with the policy as approved by the Board, unless noted otherwise.

 10.16.2024

Annesa Cheek, Ed.D.
President

Date

The President shall not cause or allow conditions, procedures, or decisions related to the treatment of students that are unsafe, unfair, disrespectful, or unnecessarily intrusive.

Further, without limiting the scope of the above statement by the following list, the President shall not:

- 1. Allow a learning culture without equity, inclusion, collegiality, and a sense of belonging.**

INTERPRETATION:

Compliance will be demonstrated when:

- The College delivered or made available cultural training and ongoing professional development to all employees.
- The College evaluated the curriculum to ensure it is unbiased, inclusive and creates a sense of belonging.

- c. The College facilitated student focus groups to increase understanding, connection, and a sense of belonging.

This interpretation is reasonable because it supports the College's mission, vision, and values, and is consistent with practices employed by other higher education institutions.

EVIDENCE:

- a. The Vice President (VP) for Talent and Culture confirmed on 10/1/24 that LinkedIn Learning was offered to all employees during the reporting period. LinkedIn Learning is an award-winning industry leader in online training, with a digital library of over 6,000 courses covering a wide range of technical, business, software and creative topics. Diversity and cultural training are also available on this platform. The Center for Teaching and Learning regularly offers workshops related to diversity, equity, inclusion, and belonging. Workshops from FY24 are listed below.
- Diversity, Equity, Inclusion: The Role of Faculty, Staff, and Administration in Navigating Hot Buttons and Triggers in Interactions Across Difference – 8/16/23
 - Empowering Every Student’s Journey: Unlocking Academic Excellence through Academic Support – 9/13/23, 9/19/23
 - ADA & Digital Accessibility for Online Courses – 9/14/23
 - Advocate for Racial Equity on campus – 9/13/23
 - Native American & Indigenous Students – 9/14/23
 - Best Practices for Students who are Neurodivergent – 9/15/23, 9/27/23
 - Help Celebrate and Advocate Hispanic Heritage Month – 9/18/23
 - Alternative Formats and ALLY – 9/18/23
 - Global Learning Coffee Chat – 9/21/23
 - Up Where They Belong: Reaching Students Through Culturally Responsive Teaching – 9/26/23
 - ASL Conversation Group – 9/12/23, 9/19/23, 9/26/ 23, 11/14/23, 11/21/23, 11/28/23, and 12/5
 - ESOL Conversation Group – 9/9/23, 9/16/23, 9/30/23, 11/4/23, 11/11/23, 11/18/23 and 12/2/23
 - Getting Students to Actively Read: Sneaky Techniques 10/16/23, 10/25/23
 - ALLY for Accessibility – 11/30/23
 - International Education Week - 11/13/23 – 11/17/ 23
 - Teaching & Learning Focus: Culturally Responsive Teaching – 04/19/24
 - Challenge: How Inclusive Are You, Really? – 3/8/24
 - Enhancing Psychological Flexibility in the College Classroom with the ACT Matrix – 3/20/24
 - Using the Labyrinth as a Self-Care Tool for Students and Faculty in Higher Education – 3/20/24
 - Indigenous Frederick: Past and Present – 4/22/24

- Understanding and Addressing Linguistic Dominance on Campus – 4/23/24
 - Exposing Benevolent Prejudice in Yourself and on Your Campus – 5/7/24
- b. The Provost and VP for Teaching, Learning and Student Success confirmed on 9/29/24 that a systematic review of the curriculum to ensure it is unbiased and inclusive is not currently being conducted. To address this, the principles of anti-bias and inclusion will need to be embedded into several existing curricular processes: (1) when new or modified programs and/or courses undergo review by FCC’s Curriculum Committee; (2) during the regular periodic cycle of program review; (3) when textbook or course material selections are made; and (4) when course content is reviewed for accessibility. The Provost will work with stakeholders involved in these processes to develop a more systematic evaluation process.
- c. The VP for Student Experience confirmed on 9/16/24 that the College does not currently facilitate student focus groups to gather student feedback. Beginning FY 2025, the Student Experience unit will host four focus groups with various student constituents to gain insight about their perspective on “connection” and sense of “belonging.” Data from the Community College Survey of Student Engagement (CCSSE) will be used to inform the design of the focus groups.

2. Permit students and others who use College property to be without reasonable protections against hazards or conditions that might threaten their health, safety, or well-being.

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College’s Campus Safety Report is published annually.
- b. Operational policies are established to protect students and provide information about conditions that may impact their health, safety, and well-being.
- c. Safety signage is posted at building entry points, providing contact information to the Office of Public Safety.
- d. Classrooms have emergency reference guides posted for review and guidance.
- e. The Continuity of Operations Plan (COOP) is reviewed annually.
- f. Students were provided access to a text communication system that provides updates about campus closures and cancellations due to weather and emergencies.
- g. The College has a procedure for evaluating safety during weather emergencies.
- h. The College provided mental health services through licensed therapists at no cost to students.
- i. The College provided students mental health first aid certification training at no cost.
- j. Safety Data Sheets (SDS) are current and accessible upon request to students, in compliance with OSHA standard 1910.1200(b)(4)(ii).
- k. Elevators, fire systems, and boiler inspections are conducted annually.

- l. Emergency and safety drills are conducted each semester.

This interpretation is reasonable because it ensures compliance with State of Maryland and nationally accepted safety and security practices for higher education institutions.

EVIDENCE:

- a. The College's [Annual Security Report](#), published every October, is available on the Consumer Information Disclosure page of the College website.
- b. The following College administrative policies and procedures outline the rules and expectations for employees, students, and campus visitors. This information is accessible on the Policies and Procedures page of the College website.
 - [Alcohol, Tobacco, Opioid, and Other Drug Use and Awareness](#)
 - [Behavioral Evaluation and Response Team \(BERT\)](#)
 - [Code of Student Conduct](#)
 - [Code of Conduct for Visitors, Guests and Volunteers](#)
 - [Employee Code of Ethics](#)
 - [Employee Misconduct](#)
 - [Expressive Activity](#)
 - [Title IX](#)
 - [Inclement Weather/College Closing](#)
 - [Non-Discrimination](#)
 - [Religious Accommodations](#)
 - [Solicitation](#)
 - [Weapons](#)
- c. The Chief Financial Officer (CFO) and VP for Administration confirmed on 9/22/24 that safety signage, which includes contact information for the Office of Public Safety, is posted at all building entry points.
- d. The CFO and VP for Administration confirmed on 9/22/24 that an [Emergency Response Guide](#) is available on the Public Safety website under "Important Links" and in all meeting spaces, classrooms, and office suites.
- e. The CFO and VP for Administration confirmed on 9/22/24 that the Continuity of Operations Plan (COOP) was last reviewed in March 2024. Notwithstanding this, a formal review and approval process needs to be documented.
- f. On 9/27/24, the CFO and VP for Administration confirmed that the College's communication system was working, and employees and students were able to register online and/or download a mobile app to subscribe to receive texts, phone calls, and/or email notifications about campus closures and cancellations due to weather and emergencies.
- g. The College's [Inclement Weather/College Closing Policy & Procedures](#) is accessible on the Policies and Procedures page of the College website.
- h. On 9/24/24 the VP for Student Experience verified that students had access to mental health services through the Counseling & Wellness Services Office, located in the Student Center, Suite 103. Students could schedule an appointment [with a](#)

- [licensed therapist \(at no cost\) by either](#) stopping by the Office or visiting the Counseling & Wellness Services page of the College [website](#).
- i. On 9/24/2024 the VP for Student Experience confirmed that Mental Health First Aid (MHFA) certification classes were offered (at no cost) five times during FY 2024 on 7/26/23, 10/12 /23, 10/19/23, 1/9/24, and 3/26/24.
 - j. The CFO and VP for Administration confirmed on 9/23/24 that the Safety Data Sheets for all cleaning chemicals on campus were current and accessible on the FCC's intranet. Students may contact Plant Operations to request copies.
 - k. On 9/23/2024 the CFO and VP for Administration confirmed that elevator inspections were completed on 8/14/24. Fire alarm panel inspections were completed on 12/15/23. Inspections of the suppression systems, which include sprinklers and devices, were completed on 3/29/24. The T boilers are inspected every two years with the last inspection completed on 11/17/22.
 - l. The CFO and VP for Administration confirmed on 9/24/24 that four different types of emergency and safety drills were conducted at the main campus and at the Monroe Center during FY 2024.

2.1. Allow students to be without current, enforced policies that minimize the potential for exposure to harassment, provide remedy for harassment situations, and provide methods for dealing with individuals who harass.

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College has current Title IX and Non-Discrimination Policies available.
- b. The College's Campus Safety Report is published annually.
- c. The College has an Incident Reporting Form available.
- d. The College has identified a Title IX Coordinator and a Deputy Title IX Coordinator, whose contact information is accessible.
- e. All employees completed the required annual Title IX training.

This interpretation is reasonable because it complies with federal regulations outlined by the U.S. Department of Education.

EVIDENCE:

- a. The President designated the VP for Student Experience as the Title IX Coordinator for Students. The VP confirmed on 9/18/2024 that the [Title IX Policy & Procedures](#) were accessible on the Policies and Procedures page of the College website. The VP for Talent & Culture is the Title IX Coordinator for employees and confirmed on 9/18/2024 that the [Non-Discrimination Policy & Procedures](#) were also accessible on the College website.

- b. On 9/23/2024 the CFO and VP for Administration verified that the College's [Annual Security Report](#), published every October, is available online on the Consumer Information Disclosure page of the College website.
- c. The VP for Student Experience confirmed on 9/18/24 that a Title IX [Incident Report Form](#) is available online in the Reporting section of the [Title IX page on the College website](#).
- d. The VP for Student Experience confirmed on 9/18/24 that the contact information for the Title IX Coordinator for Students, Deputy Title IX Coordinator for Students, and Title IX Coordinator for Employees is available online under the [Reporting section of the Title IX page on the College website](#).
- e. On 10/4/2024, the VP for Talent & Culture confirmed that 83% of all employees who were considered "active" completed the required annual Title IX training during the reporting period. The College will implement a compliance monitoring plan to ensure all employees are compliant with the training requirements.

3. Deliver programs in a manner that is insensitive to students' culture.

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College provided inclusive programming that allows students to learn more about different cultures.
- b. The College has dedicated space for celebrating the cultural diversity of students.
- c. The College delivered or made available cultural training and ongoing professional development to all employees.
- d. The College evaluated the curriculum to ensure it is unbiased, inclusive and creates a sense of belonging.
- e. The College facilitated student focus groups to increase understanding, connection, and a sense of belonging.

This interpretation is reasonable because it adheres to the Maryland Higher Education Commission regulations for cultural diversity and is consistent with practices employed by other higher education institutions.

EVIDENCE:

- a. On 10/3/24, the VP for Student Experience confirmed that the Making Our Space an Inclusive Community (MOSAIC) Center offered a variety of inclusive workshops and programs during FY24 that allowed students to learn more about different cultures.
 - One Year-of the MOSAIC Center Celebration – 8/22/23
 - Painting the MOSAIC Mural with artist Tim Cunningham – 8/29/23
 - Table Games from Around the World – 9/5-8/24
 - Courageous Conversations: Cannabis – 9/13-14/24
 - Hispanic Heritage Equity Habit Building Challenge – 9/22/23

- Mental Health through Art – 9/21/23
 - Campus Day with Destigmatizing Mental Health – 9/25/23 through 9/28/23
 - Courageous Conversations: Power-Based Violence – 10/12/23
 - 1st Amendment – 10/16/23 through 10/19/23
 - Crip Camp: Movie Screening & Discussion – 10/24/23
 - Beyond Strangers: Victims to Victors – 10/25/23
 - Get Out: Film Screening & Discussion – 10/26/23
 - Bafa Bafa – 4/8/23 through 4/11/23 and 10/31/23
 - "Get to Know You" games – 11/2/23
 - Beyond Strangers: Veterans – 11/3/23
 - International Education Week – 11/13/24 through 11/16/24
 - Interfaith Dinner – 11/15/23
 - Roundtable Discussion: Land Acknowledgements – 11/20/23
 - Trans Day of Remembrance – 11/30/23
 - We're Not Really Strangers – 1/29/23 through 2/1/23
 - Lunar New Year/Spring Festival – 2/5/23
 - Mask Decorating for Mardi Gras – 2/12/23, 2/13/23
 - Black History Milestones at FCC – 2/19/23 through 2/22/23
 - Beyond Strangers: Senior Citizens – 2/29/23
 - Mardi Gras with Alliance Française – 3/1/23
 - Courageous Conversations: Suicide and Self Harm- 3/7/23
 - Beyond Stranger: The Formerly Incarcerated – 3/18/2
 - Israel/Palestine Conflict through Graphs – 3/18/23 through 3/21/23
 - Sexual Assault Awareness Month: Cybercrime & Extortion – 4/17/23
 - Courageous Conversations: Transgender-Intersex-Drag – 4/24/23
 - Goal Ball with the Maryland School for the Blind – 4/29/23
- b. On 10/3/2024 the VP for Student Experience confirmed that the [MOSAIC Center](#), a dedicated space for students to celebrate cultural diversity, is operational.
- c. The Vice President (VP) for Talent and Culture confirmed on 10/1/24 that LinkedIn Learning was offered to all employees during the reporting period. LinkedIn Learning is an award-winning industry leader in online training, with a digital library of over 6,000 courses covering a wide range of technical, business, software and creative topics. Diversity and cultural training are also available on this platform. The Center for Teaching and Learning regularly offers workshops related to diversity, equity, inclusion, and belonging. Workshops from FY24 are listed below.
- Diversity, Equity, Inclusion: The Role of Faculty, Staff, and Administration in Navigating Hot Buttons and Triggers in Interactions Across Difference – 8/16/23
 - Empowering Every Student's Journey: Unlocking Academic Excellence through Academic Support – 9/13/23, 9/19/23

- ADA & Digital Accessibility for Online Courses – 9/14/23
 - Advocate for Racial Equity on campus – 9/13/23
 - Native American & Indigenous Students – 9/14/23
 - Best Practices for Students who are Neurodivergent – 9/15/23, 9/27/23
 - Help Celebrate and Advocate Hispanic Heritage Month – 9/18/23
 - Alternative Formats and ALLY – 9/18/23
 - Global Learning Coffee Chat – 9/21/23
 - Up Where They Belong: Reaching Students Through Culturally Responsive Teaching – 9/26/23
 - ASL Conversation Group – 9/12/23, 9/19/23, 9/26/ 23, 11/14/23, 11/21/23, 11/28/23, and 12/5
 - ESOL Conversation Group – 9/9/23, 9/16/23, 9/30/23, 11/4/23, 11/11/23, 11/18/23 and 12/2/23
 - Getting Students to Actively Read: Sneaky Techniques 10/16/23, 10/25/23
 - ALLY for Accessibility – 11/30/23
 - International Education Week - 11/13/23 – 11/17/ 23
 - Teaching & Learning Focus: Culturally Responsive Teaching – 04/19/24
 - Challenge: How Inclusive Are You, Really? – 3/8/24
 - Enhancing Psychological Flexibility in the College Classroom with the ACT Matrix – 3/20/24
 - Using the Labyrinth as a Self-Care Tool for Students and Faculty in Higher Education – 3/20/24
 - Indigenous Frederick: Past and Present – 4/22/24
 - Understanding and Addressing Linguistic Dominance on Campus – 4/23/24
 - Exposing Benevolent Prejudice in Yourself and on Your Campus – 5/7/24
- d. The Provost and VP for Teaching, Learning and Student Success confirmed on 9/29/24 that a systematic review of the curriculum to ensure it is unbiased and inclusive is not currently being conducted. To address this, the principles of anti-bias and inclusion will need to be embedded into several existing curricular processes: (1) when new or modified programs and/or courses undergo review by FCC’s Curriculum Committee; (2) during the regular periodic cycle of program review; (3) when textbook or course material selections are made; and (4) when course content is reviewed for accessibility. The Provost will work with stakeholders involved in these processes to develop a more systematic evaluation process. On 10/4/2024 the VP for Student Experience confirmed that this is an area for improvement. During the reporting period, the College did not facilitate focus groups to increase understanding, connection, and sense of belonging among students. During FY 2024 the Student Experience unit will host two focus groups per semester with various student constituents to gather insight into their perspective on connection and sense of belonging. Additionally, data from the Community

College Survey of Student Engagement (CCSSE) will be used to help develop focus group questions.

4. Permit violation of student confidentiality and privacy, except where specific disclosure is required by legislation or regulation.

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College has current policies that ensure compliance with the Family Educational Rights and Privacy Act (FERPA) and Gramm-Leach-Bliley Act (GLBA).
- b. All College employees who handle student data have completed mandatory training to ensure student confidentiality and privacy.

This interpretation is reasonable because it is consistent with federal law.

EVIDENCE:

- a. On 9/24/24 the VP for Student Experience confirmed that the [Privacy and Access to Education Records Policy and Procedures](#) is available under the Rights & Responsibilities section on the Consumer Information Disclosure webpage. This policy pertains to student information remaining confidential and private as outlined by FERPA. However, the College does not have a policy related to GLBA. A policy will be created in FY25.
- b. On 9/24/24 the VP for Student Experience confirmed that the College is not compliant in this area. The VP had no way to verify that FERPA training had been completed by employees who handle student data. Employees have noted training happened pre-COVID, however there is no way to confirm who participated in the training. A plan will be developed for FY 2025 to ensure all active employees who handle student data complete the mandatory FERPA training by June. New employees must complete FERPA training within the first fourteen (14) days of employment.

4.1. Use forms or procedures that elicit information for which there is no clear necessity.

INTERPRETATION:

Compliance will be demonstrated when:

- a. No requests for data/information were approved without a necessary or legal reason.

The interpretation is reasonable because it ensures compliance with college policies and practices.

EVIDENCE:

- a. On 9/20/24 the VP for Student Experience confirmed that any requests for data/information adhered to the standards established by the [Privacy and Access to Education Records Policy and Procedures](#).

4.2. Use methods of collecting, reviewing, storing, or transmitting student information that inadequately protect against improper access to personal information.

INTERPRETATION:

Compliance will be demonstrated when:

- a. Student information is collected, stored, and transmitted in accordance with the Family Educational Rights & Privacy Act (FERPA) and the Gramm-Leach-Bliley Act (GLBA).
- b. Cybersecurity practices and safeguards are in place and functioning as designed.

The interpretation is reasonable because it is consistent with federal law.

EVIDENCE:

- a. On 9/20/2024, the VP for Student Experience confirmed that the College's Protection of Personally Identifiable Information Policy & Procedures is accessible on the Policies and Procedures page of the College website. This policy specifies the appropriate manner for the collection, storage and transmittal of student information in accordance with FERPA. However, the College does not have a policy related to GLBA. A policy will be created in FY25.
- b. The Interim Chief Information Officer confirmed on 9/30/24 that 100% of administrators and support staff and 65% of full-time and adjunct faculty completed cybersecurity training. In addition, the IT department annually performs reviews of its technology during system and network penetration tests, training and support activities and participation in professional cybersecurity community forums and online exchanges. It performs system upgrades and related refinements in keeping with best IT security practices and controls as evidenced by their use in higher education and other appropriate commercial technology settings.

5. Permit admission, registration, evaluation, or recognition processes that treat students unfairly.

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College has policies and procedures to address incidents where students felt unfairly treated or graded.

- b. The College recognizes students' accomplishments, skills, and abilities.

The interpretation is reasonable because it is consistent with practices employed by other higher education institutions.

EVIDENCE:

- a. On 9/18/24, the VP for Student Experience confirmed that the [Complaint Policy & Procedures for Students](#) is available on the [Consumer Information page on the College website](#).
- b. The VP for Student Experience and Provost confirmed on 9/18/24 that annual events focused on students' accomplishments, skills and abilities are hosted every semester:
- SALUTE Honors Ceremony – 4/18/23
 - AE&ESOL Graduation & Recognition of Student Excellence – 9/18/23
 - CEWD Health Care Pinning Ceremony – 9/24/23
 - Student Success Programs Awards Ceremony – 4/23/24
 - Phi Theta Kappa Induction Ceremony – 5/10/24
 - Student Leadership Awards Ceremony – 5/13/24
 - Teaching, Learning and Student Success Academic Achievement Awards Ceremony – 5/13/24
 - Hospitality Culinary Tourism Institute End of Year Ceremony – 5/14/24
 - Early College Ceremony – 5/15/24
 - Nursing Pinning Ceremony – 5/15/24
 - Health Sciences Pinning Ceremony – 5/15/24
 - Commencement – 5/18/24

6. Permit unfair, inconsistent, or untimely handling of student complaints.

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College has policies and procedures with clear timelines to address student complaints.

The interpretation is reasonable because it is consistent with practices employed by other higher education institutions.

EVIDENCE:

- a. On 9/18/24, the VP for Student Experience confirmed that timelines are included in Complaint Policy & Procedures for students for academic and non-academic appeals processes. The VP also confirmed on 9/23/24 that the student must agree to the timeline before submitting the [request form](#) for tuition refund appeals. On

9/30/24, the Interim Director of Financial Aid added timeline notification to the [instructions on the Satisfactory Academic Progress \(SAP\) appeal form](#).

6.1. Permit students to be without a process for registering a complaint or concern, including an appeal process, or to be uninformed of the process.

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College has informed students about the process for registering a complaint or concern, including the appeal process.

The interpretation is reasonable because it is consistent with practices employed by other higher education institutions.

EVIDENCE:

- a. The Student Information Disclosure page on the College website provides a link to the [Complaint Policy & Procedure for Students](#). On 9/24/24, the VP for Student Experience confirmed that during FY 2023, as part of the normal College admission process, students simply agreed to a general statement indicating they agreed to follow all College policies. Moving forward, all students will receive additional information that more specifically informs them about the complaint process.

7. Permit students to be uninformed of student rights and responsibilities, including expectations for student behavior and the consequences of failure to adhere to the expectations.

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College posted student rights and responsibilities on the website and communicated the information to students.

The interpretation is reasonable because it is consistent with practices employed by other higher education institutions.

- a. On 9/22/24, the VP for Student Experience confirmed that the [Code of Student Conduct Policy & Procedures](#) was available on the [Student Handbook page of the College website](#). Prior to FY25, there is no evidence to support that this was communicated to students.

8. Retaliate against any student for non-disruptive expression of dissent.

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College has current policies and procedures in place that protect students when expressing their dissatisfaction or dissent in an appropriate and non-disruptive manner on campus.

The interpretation is reasonable because it is consistent with federal law and interpreted by legal counsel as a practical application.

EVIDENCE:

- a. On 9/17/24, the CFO and VP for Administration confirmed that the College has a [Solicitation Policy & Procedure](#) and on 8/27/24 the [Expressive Activity Policy](#) was created. Both policies are available on the Policies and Procedures page of the College website. Student responsibilities are outlined in the [Code of Student Conduct](#).

9. Permit decisions affecting students to be taken without appropriate notification to students.

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College used multiple communication methods to notify students about those College decisions affecting them.

The interpretation is reasonable because it is consistent with federal law and practices employed by other higher education institutions.

EVIDENCE:

- a. On 9/17/24, the VP for Student Experience confirmed the dissemination of a [weekly Student NewsBlast](#) sent to all enrolled students. On 9/23/24, the VP for Student Experience confirmed that the College has active social media accounts (Facebook, Instagram, YouTube, X, and Linked In) to notify students about College decisions affecting them.



Frederick Community College Board of Trustees

President's Baseline Insight Report

EL 2 – Treatment of Employees

Report Date: 10/16/2024

Compliance Status: F/P/N Compliant



Note: Board Policy is indicated in bold typeface throughout the report.

I am submitting this baseline insight report to the Frederick Community College Board of Trustees, focusing on the Board's Executive Limitation Policy: "EL-2 Treatment of Employees." This report is submitted for your review. I confirm that the information provided is accurate and establishes a baseline for compliance with the policy as approved by the Board, unless noted otherwise.

A handwritten signature in blue ink that reads "Annesa Cheek".

10.16.2024

Annesa Cheek, Ed.D.
President

Date

The President shall not cause or allow a workplace environment that is unfair, disrespectful, abusive, unsafe, disorganized, or otherwise interferes with College employees' ability to do their jobs.

Further, without limiting the scope of the above statement by the following list, the President shall not:

- 1. Permit employees and others who use College property to be without reasonable protections against hazards or conditions that might threaten their health, safety or well-being.**
 - 1.1. Allow employees to be without current, enforced policies that minimize the potential for exposure to harassment, provide remedy for harassment situations, and provide methods for dealing with individuals who harass.**

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College's Campus Safety Report is published annually.
- b. Operational policies are established to protect employees and provide information about conditions that may impact their health, safety, and well-being.
- c. Safety signage is posted at building entry points which provides contact information to the Office of Public Safety.
- d. Classrooms have emergency reference guides posted for review and guidance.
- e. The Continuity of Operations Plan (COOP) is reviewed annually.
- f. Employees were provided access to a text communication system that provides updates about campus closures and cancellations due to weather and emergencies.
- g. The College has a procedure for evaluating safety during weather emergencies.
- h. The College offered mental health services through wellness and benefit programs to employees.
- i. The College provided mental health first aid certification training at no cost to employees.
- j. Safety Data Sheets (SDS) are current and accessible upon request to employees, in compliance with OSHA standard 1910.1200(b)(4)(ii).
- k. Elevators, fire systems, and boiler inspections are conducted annually.
- l. Emergency and safety drills are conducted each semester.

This interpretation is reasonable because it ensures compliance with State of Maryland and nationally accepted safety and security practices for higher education institutions.

EVIDENCE:

- a. The College's [Annual Security Report](#), published every October, is available on the Consumer Information Disclosure page of the College website.
- b. The following College administrative policies and procedures outline the rules and expectations for employees, students, and campus visitors. This information is accessible on the Policies and Procedures page of the College website.
 - [Alcohol, Tobacco, Opioid, and Other Drug Use and Awareness](#)
 - [Behavioral Evaluation and Response Team \(BERT\)](#)
 - [Code of Student Conduct](#)
 - [Code of Conduct for Visitors, Guests and Volunteers](#)
 - [Employee Code of Ethics](#)
 - [Employee Misconduct](#)
 - [Expressive Activity](#)
 - [Title IX](#)
 - [Inclement Weather/College Closing](#)
 - [Non-Discrimination](#)
 - [Religious Accommodations](#)
 - [Solicitation](#)

- [Weapons](#)
- c. The Chief Financial Officer (CFO) and VP for Administration confirmed on 9/22/24 that safety signage, which includes contact information for the Office of Public Safety, is posted at all building entry points.
 - d. The CFO and VP for Administration confirmed on 9/22/24 that an [Emergency Response Guide](#) is available on the Public Safety website under “Important Links” and in all meeting spaces, classrooms, and office suites.
 - e. The CFO and VP for Administration confirmed on 9/22/24 that the Continuity of Operations Plan (COOP) was last reviewed in March 2024. Notwithstanding this, a formal review and approval process needs to be documented.
 - f. On 9/27/24, the CFO and VP for Administration confirmed that the College’s communication system was working, and employees and students were able to register online and/or download a mobile app to subscribe to receive texts, phone calls, and/or email notifications about campus closures and cancellations due to weather and emergencies.
 - g. The College’s [Inclement Weather/College Closing Policy & Procedures](#) is accessible on the Policies and Procedures page of the College website.
 - h. The VP for Talent and Culture verified on 10/1/24 that the College offered mental health services through wellness and benefit programs to employees.
 - i. On 9/24/2024 the VP for Student Experience confirmed that Mental Health First Aid (MHFA) certification classes were offered (at no cost) five times during FY 2024 on 7/26/23, 10/12 /23, 10/19/23, 1/9/24, and 3/26/24.
 - j. The CFO and VP for Administration confirmed on 9/23/24 that the Safety Data Sheets for all cleaning chemicals on campus were current and accessible on the FCC’s intranet.
 - k. On 9/23/2024 the CFO and VP for Administration confirmed that elevator inspections were completed on 8/14/24. Fire alarm panel inspections were completed on 12/15/23. Inspections of the suppression systems, which include sprinklers and devices, were completed on 3/29/24. The boilers are inspected every two years with the last inspection completed on 11/17/22.
 - l. The CFO and VP for Administration confirmed on 9/24/24 that four different types of emergency and safety drills were conducted at the main campus and at the Monroe Center during FY 2024.

2. Allow a workplace culture without diversity, equity, inclusion, collegiality, and a sense of belonging.

INTERPRETATION:

Compliance will be demonstrated when:

- a. The College incorporates diversity, equity, inclusion and belonging within its mission and value statements.
- b. The College workplace supports and measures diversity, equity, inclusion and belonging efforts provided to employees.

- c. The College delivered or made available cultural training and ongoing professional development to all employees.

This interpretation is reasonable because it confirms the College is operationalizing its adopted values, adheres to the Maryland Higher Education Commission regulations for cultural diversity, and is consistent with practices employed by other higher education institutions.

EVIDENCE:

On 10/1/24, the VP for Talent and Culture verified that:

- a. The FCC mission and value statements incorporate diversity, equity, inclusion and belonging as follows:
 1. Mission: “Focused on teaching and learning, Frederick Community College provides affordable, flexible access to lifelong education that responds to the needs of diverse learners and the community.”
 2. Value of Diversity: “Being culturally conscious and inclusive by embracing the visible and invisible human differences that affect the learning and success of students, faculty, staff, administrators, and members of the community.”
- b. During February and March 2023, the Personal Assessment of the College Environment (PACE) Climate Survey for Community Colleges was administered to the College employees. Based on the 46 PACE survey questions offered the following questions provided evidence of the College’s climate and support of diversity, equity, inclusion, collegiality, and a sense of belonging efforts as follows:
 1. Employees surveyed provided 75% positive responses or higher on the employee climate survey to the question: “The actions of this institution reflect its mission.”
 2. Employees surveyed provided 75% positive responses or higher on the employee climate survey to the question: “Student diversity is important at this institution.”
 3. Employees surveyed provided 75% positive responses or higher on the employee climate survey to the question: “The institution effectively promotes diversity in the workplace.”
- c. In addition to the standard PACE survey, the College administered a Diversity, Equity, and Inclusion PACE survey which produced a qualitative analysis of responses. Employees responded to two qualitative questions that focused on diversity, equity, and inclusion (DEI). Learning was offered to all employees during the reporting period. LinkedIn Learning is an award-winning industry leader in online training, with a digital library of over 6,000 courses covering a wide range of technical, business, software and creative topics. Diversity and cultural training are also available on this platform.

The Center for Teaching and Learning regularly offers workshops related to diversity, equity, inclusion, and belonging. Workshops from FY24 are listed below.

- Diversity, Equity, Inclusion: The Role of Faculty, Staff, and Administration in Navigating Hot Buttons and Triggers in Interactions Across Difference – 8/16/23
- Empowering Every Student’s Journey: Unlocking Academic Excellence through Academic Support – 9/13/23, 9/19/23
- ADA & Digital Accessibility for Online Courses – 9/14/23
- Advocate for Racial Equity on campus – 9/13/23
- Native American & Indigenous Students – 9/14/23
- Best Practices for Students who are Neurodivergent – 9/15/23, 9/27/23
- Help Celebrate and Advocate Hispanic Heritage Month – 9/18/23
- Alternative Formats and ALLY – 9/18/23
- Global Learning Coffee Chat – 9/21/23
- Up Where They Belong: Reaching Students Through Culturally Responsive Teaching – 9/26/23
- ASL Conversation Group – 9/12/23, 9/19/23, 9/26/ 23, 11/14/23, 11/21/23, 11/28/23, and 12/5
- ESOL Conversation Group – 9/9/23, 9/16/23, 9/30/23, 11/4/23, 11/11/23, 11/18/23 and 12/2/23
- Getting Students to Actively Read: Sneaky Techniques 10/16/23, 10/25/23
- ALLY for Accessibility – 11/30/23
- International Education Week - 11/13/23 – 11/17/ 23
- Teaching & Learning Focus: Culturally Responsive Teaching – 04/19/24
- Challenge: How Inclusive Are You, Really? – 3/8/24
- Enhancing Psychological Flexibility in the College Classroom with the ACT Matrix – 3/20/24
- Using the Labyrinth as a Self-Care Tool for Students and Faculty in Higher Education – 3/20/24
- Indigenous Frederick: Past and Present – 4/22/24
- Understanding and Addressing Linguistic Dominance on Campus – 4/23/24
- Exposing Benevolent Prejudice in Yourself and on Your Campus – 5/7/24

3. Allow employees to be without current, enforced, written human resource policies that clarify expectations and working conditions, provide for effective handling of grievances, and protect against wrongful conditions.

3.1. Permit employees to be without adequate protection from harassment and bias.

3.2. Permit employees to be uninformed of the performance standards by which they will be assessed.

INTERPRETATION:

Compliance will be demonstrated when:

- a. Current Human Resources policies, procedures, and employee handbook describe expectations and working conditions, and they are available to all employees.
- b. There is a clear process for employees to present complaints and wrongful conditions, including harassment and bias.
- c. All employees have clear and measurable performance expectations each year.
- d. An easily accessible anonymous reporting system, independent of the College, is available to employees to report complaints.

The interpretation is reasonable because it is consistent with practices employed by other higher education institutions.

EVIDENCE:

On 10/1/24, the VP for Talent and Culture verified that:

- a. The current Human Resources policies, procedures, and employee handbook describe expectations and working conditions, and these documents and policies are available to all employees on the Intranet.
- b. There are clear processes for employees to present complaints and wrongful conditions, including harassment and bias. The following policies and procedures are available to all employees on the Intranet:
 - [Complaint Policy and Procedures for Employees](#)
 - [Employee Code of Ethics](#)
 - [Employee Misconduct](#)
 - [Non-Discrimination](#)
 - [Code of Conduct for Visitors, Guests and Volunteers](#)
 - [Expressive Activity](#)
 - [Title IX](#)
- c. The performance evaluation processes for full-time faculty, adjunct faculty, part-time employees and senior leadership are currently under review to ensure that performances expectations are measurable, documented, and aligned with the College's strategic direction.
- d. While the College does provide employees with processes and procedures to file complaints (as required by law), the College does not currently have an anonymous reporting system, independent of the College, in place. The College will begin providing this resource to employees in partnership with a third-party vendor beginning Spring 2025.

4. Retaliate against any employee member for non-disruptive expression of dissent.

INTERPRETATION:

Compliance will be demonstrated when:

- a. There are no formal complaints of employee retaliation filed with the Office of Human Resources or the College Attorney, nor are there complaints of employee retaliation on the anonymous reporting system (that are deemed valid by legal counsel).

The interpretation is reasonable because it is consistent with federal law and interpreted by legal counsel as a practical application.

EVIDENCE:

- a. The VP for Talent and Culture confirmed on 10/1/24 that no formal complaints of retaliation were filed with the Human Resources Office, or the College Attorney, that were deemed valid by legal counsel. Although the College does not currently have an anonymous reporting system in place, it will begin providing this resource to employees in partnership with a third-party vendor beginning Spring 2025.

5. Allow employees to be unprepared to deal with emergency situations.

INTERPRETATION:

Compliance will be demonstrated when:

- a. Written emergency management procedures were available to all employees.
- b. Annual safety and emergency-related training was provided to all employees.
- c. Fire and emergency response drills were conducted on a regular schedule

This interpretation is reasonable because it ensures compliance with the State of Maryland and nationally accepted safety and security practices for higher education institutions.

EVIDENCE:

- a. The CFO and VP for Administration confirmed on 10/1/24 that written emergency management procedures and protocols were available to all employees, which include detailed instructions for handling threats such as fire, weather-related emergencies, security-related emergencies such as bomb threats, physical violence by a hostile person, or cyberattack:
 - [Emergency Response Guide](#)
- b. The CFO and VP for Administration confirmed on 10/1/24 that the annual safety and emergency-related training was made available to all employees to provide the basic background knowledge and information of necessary actions when there is an emergency, or disruption of college operations. [College Emergency Preparedness \(youtube.com\)](#)

- c. The CFO and VP for Administration confirmed on 9/24/24 that four different types of emergency and safety drills were conducted at the main campus and at the Monroe Center during FY 2024.

6. Permit employees to be without reasonable opportunity for professional growth and development.

INTERPRETATION:

Compliance will be demonstrated when:

- a. All employees have access to appropriate professional development opportunities.
- b. Professional growth and development opportunities are included in the annual evaluation process.

This interpretation is reasonable because it is consistent with practices employed by other higher education institutions.

EVIDENCE:

- a. The VP for Talent and Culture confirmed on 10/1/24 that LinkedIn Learning was offered to all employees during the reporting period. LinkedIn Learning is an award-winning industry leader in online training, with a digital library of over 6,000 courses covering a wide range of technical, business, software and creative topics. Diversity and cultural training are also available on this platform. The Center for Teaching and Learning regularly offers workshops related to diversity, equity, inclusion, and belonging. Workshops from FY24 are listed below.
 - Diversity, Equity, Inclusion: The Role of Faculty, Staff, and Administration in Navigating Hot Buttons and Triggers in Interactions Across Difference – 8/16/23
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- ESOL Conversation Group – 9/9/23, 9/16/23, 9/30/23, 11/4/23, 11/11/23, 11/18/23 and 12/2/23
 - Getting Students to Actively Read: Sneaky Techniques 10/16/23, 10/25/23
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 - Indigenous Frederick: Past and Present – 4/22/24
 - Understanding and Addressing Linguistic Dominance on Campus – 4/23/24
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- b. The performance evaluation processes for full-time faculty, adjunct faculty, part-time employees and senior leadership are currently under review to ensure that performances expectations are measurable, documented, and aligned with the College’s strategic direction.

POLICY GOVERNANCE® SOURCE DOCUMENT

Why a Source Document?

A “source” is a point of origin. A source document is a “fundamental document or record on which subsequent writings, compositions, opinions, beliefs, or practices are based.” (Websters)

Without a simply expressed clear point of source, interpretations, opinions, writings and implementations may intentionally or unintentionally diverge from the originating intent and ultimately be undifferentiated. The point of source (“authoritative source”) is John Carver, the creator of Policy Governance, with Miriam Carver his fellow master teacher.

Without a simply expressed clear source document, Policy Governance is not reliably grounded and not transferable as a paradigm of governance. It is left vulnerable to interpretation, adaptation and impotence. This document has been produced by the International Policy Governance Association and approved by John and Miriam Carver as being true to source.

What is Policy Governance?

Policy Governance is a comprehensive set of integrated principles that, when consistently applied, allows governing boards to realize owner-accountable organizations.

Starting with recognition of the fundamental reasons that boards exist and the nature of board authority, Policy Governance integrates a number of unique principles designed to enable accountable board leadership.

What Policy Governance is NOT!

1. Policy Governance is not a specific board structure. It does not dictate board size, specific officers, or require a CEO. While it gives rise to principles for committees, it does not prohibit committees nor require specific committees.
2. Policy Governance is not a set of individual “best practices” or tips for piecemeal improvement.
3. Policy Governance does not dictate what a board should do or say about group dynamics, methods of needs assessment, basic problem solving, fund raising, managing change.
4. Policy Governance does not limit human interaction or stifle collective or individual thinking.

Principles of Policy Governance

1. **Ownership:** The board exists to act as the informed voice and agent of the owners, whether they are owners in a legal or moral sense. All owners are stakeholders, but not all stakeholders are owners, only those whose position in relation to an organization is equivalent to the position of shareholders in a for-profit corporation.
2. **Position of Board:** The board is accountable to owners that the organization is successful. As such it is not advisory to staff but an active link in the chain of command. All authority in the staff organization and in components of the board flows from the board.
3. **Board Holism:** The authority of the board is held and used as a body. The board speaks with one voice in that instructions are expressed by the board as a whole. Individual board members have no authority to instruct staff.
4. **Ends Policies:** The board defines in writing its expectations about the intended effects to be produced, the intended recipients of those effects, and the intended worth (cost-benefit or priority) of the effects. These are Ends policies. All decisions made about effects, recipients, and worth are Ends decisions. All decisions about issues that do not fit the definition of Ends are means decisions. Hence in Policy Governance, means are simply not Ends.
5. **Board Means Policies:** The board defines in writing the job results, practices, delegation style, and discipline that make up its own job. These are board means decisions, categorized as Governance Process policies and Board- Management Delegation policies.



POLICY GOVERNANCE® SOURCE DOCUMENT

6. **Executive Limitations Policies:** The board defines in writing its expectations about the means of the operational organization. However, rather than prescribing board-chosen means -- which would enable the CEO to escape accountability for attaining Ends, these policies define limits on operational means, thereby placing boundaries on the authority granted to the CEO. In effect, the board describes those means that would be unacceptable even if they were to work. These are Executive Limitations policies.
7. **Policy Sizes:** The board decides its policies in each category first at the broadest, most inclusive level. It further defines each policy in descending levels of detail until reaching the level of detail at which it is willing to accept any reasonable interpretation by the applicable delegatee of its words thus far. Ends, Executive Limitations, Governance Process, and Board-Management Delegation policies are exhaustive in that they establish control over the entire organization, both board and staff. They replace, at the board level, more traditional documents such as mission statements, strategic plans and budgets.
8. **Clarity and Coherence of Delegation:** The identification of any delegatee must be unambiguous as to authority and responsibility. No subparts of the board, such as committees or officers, can be given jobs that interfere with, duplicate, or obscure the job given to the CEO.
9. **Any Reasonable interpretation:** More detailed decisions about Ends and operational means are delegated to the CEO if there is one. If there is no CEO, the board must delegate to two or more delegates, avoiding overlapping expectations or causing confusion about the authority of various managers. In the case of board means, delegation is to the CGO unless part of the delegation is explicitly directed elsewhere, for example, to a committee. The delegatee has the right to use any reasonable interpretation of the applicable board policies.
10. **Monitoring:** The board must monitor organizational performance against previously stated Ends policies and Executive Limitations policies. Monitoring is for the purpose of discovering if the organization achieved a reasonable interpretation of these board policies. The board must therefore judge the CEO's interpretation for its reasonableness, and the data demonstrating the accomplishment of the interpretation. The ongoing monitoring of board's Ends and Executive Limitations policies constitutes the CEO's performance evaluation.

All other practices, documents, and disciplines must be consistent with the above principles. For example, if an outside authority demands board actions inconsistent with Policy Governance, the board should use a 'required approvals agenda' or other device to be lawful without compromising governance.

Policy Governance is a precision system that promises excellence in governance only if used with precision. These governance principles form a seamless paradigm or model. As with a clock, removing one wheel may not spoil its looks but will seriously damage its ability to tell time. So in Policy Governance, all the above pieces must be in place for Policy Governance to be effective. When all brought into play, they allow for a governing board to realize owner accountability. When they are not used completely, true owner accountability is not available.

Policy Governance boards live these principles in everything they are, do and say.

Produced by GOVERN for IMPACT in consultation with John and Miriam Carver, 2005 – 2007 – 2011 – 2015 – Feb 2021.

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Reference: Carver Guides, 2nd Edition, 2009

