Frederick Community College

# BOARD OF TRUSTEES
## Regular Monthly Meeting

**Wednesday, November 20, 2024 – 4:30 p.m.**
**Conference Center (E126AB)**

**Zoom Option:**
**https://frederick-edu.zoom.us/j/81431521710?pwd=sdwEXCGZbEw4mV4Z0vu77t0JzdcJlr.1**
**Call-in Option:**
**Phone Number: 301-715-8592 | Meeting ID: 814 3152 1710 | Passcode: 342354**

1. **Call to Order**
2. **Approval of Minutes*** **October 16, 2024 (Regular Meeting)**
3. **Board & CEO Comments**
4. **Consent Agenda**
   A. Approval of Award – RFP 25-PR-01 to Forvis Mazars, LLP in the amount of $124,000 for Policy Governance Alignment Consulting Services*
   B. Approval of Award of Guaranteed Maximum Price (GMP) in the amount of $1,650,000 to Dustin Construction Inc. for the Improvements to the Carl and Norma Miller Children's Center Project*
5. **Information/Discussion Items**
   A. Fiscal YTD Financial Report through September 30, 2024*
   B. Monitoring CEO Performance
      i. Review of Draft Interpretations for EL-9 Asset Protection*
      ii. Review of Draft Interpretations for EL-10 Investments*
   C. Monitoring Board Performance
      i. Board Policy Review: GP-11 Special Rules of Order*
      ii. Board Policy Review: BCD-2 Accountability of the President*

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

**6. Action Items**

A. Approval of CIP and County Capital Budget Request (FY 2026-FY 2031)*

B. Monitoring CEO Performance

i. Approval of Interpretations for EL-6 Planning*

ii. Approval of Interpretations for EL-7 Land Use*

iii. Acceptance of Baseline Insight Report for EL-4 Financial Conditions and Activities *

**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 Chair 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. Closed Session**

The Board of Trustees will hold a public vote to meet in closed session in accordance with the Maryland Open Meetings Act, Section 3-305(b)(1) to discuss (i) the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of an appointee, employee, or official over whom this public body has jurisdiction; or (ii) any other personnel matter that affects one or more specific individuals; 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 topics are: to consider an appeal for procedural review; to obtain legal advice related to collective bargaining strategy and potential positions; to obtain legal advice related to a personnel matter; and review and approval of closed session minutes from September 18, 2024 pursuant to Section 3-306(c)(3)(ii) of the General Provisions Article of the Maryland Annotated Code.

**9. Adjournment**

**NEXT MEETING:** **Wednesday – January 15, 2025**

- ***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

## October 16, 2024
## Regular Meeting

The Board of Trustees of Frederick Community College met in **regular session** on Wednesday, October 16, 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; Tracey McPherson; Dr. John Molesworth; and Myrna Whitworth. Trustees Carolyn Kimberlin and Dr. William Reid were unable to attend. Also attending in person were President Dr. Annesa Payne Cheek, Secretary/Treasurer of the Board; Janice Spiegel, Special Projects Manager/Budget Office Frederick County Government; 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 4:30 p.m. Chair Luck noted that revised backup was provided to Trustees at the meeting for the following items:

- Draft Interpretations for EL-6 Planning
- Draft Interpretations for EL-7 Land Use
- Interpretations for EL-4 Financial Conditions and Activities

The contents of the interpretations did not change from what was initially provided in the Board packet, but they were put into a different format to provide clarity and to better distinguish them from the format used for the baseline insight reports.

**APPROVAL OF MINUTES**

Chair Luck called for approval of the minutes of the September 18, 2024 regular meeting.

*On a motion made by Vice Chair Lynch, the Board approved the September 18, 2024 regular meeting minutes 5-0-2, as presented, with Trustees Kimberlin and Reid absent.*

**BOARD & CEO COMMENTS**

Chair Luck announced that this is Trustee Molesworth's last meeting as he is stepping down from the Board due to personal commitments. He thanked Trustee Molesworth for his service and presented him with a crystal trophy in recognition of his years of service and a resolution of appreciation signed by Chair Luck and President Cheek. Trustee Molesworth expressed gratitude for having served.

Trustees then thanked Trustee Molesworth and provided positive comments about the progress being made to fully implement Policy Governance®, being inspired by English for speakers of other languages (ESOL) students, the new Family Study Space, and FCC's participation in the creation of the "Community College Skills-Based Hiring Playbook" as mentioned in the Fall 2024 issue of the Association of Community College Trustees publication *Trustee Quarterly*.

President Cheek welcomed the newest member of the Senior Leadership Team, Gregory Enloe, who joined FCC on October 1, 2024 as the Executive Director of Development and FCC Foundation. She then reported on the Athletics Hall of Fame Banquet and thanked all those responsible for putting on the event.

**CONSENT AGENDA**

*On a motion made by Vice Chair Lynch, the Board approved to remove the following item from the Consent Agenda 5-0-2, with Trustees Kimberlin and Reid absent:*

- 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

*On a motion made by Trustee Molesworth, the Board approved the following items 5-0-2, as presented, with Trustees Kimberlin and Reid absent:*

- 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
- 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 U772410The 2024 Performance Accountability Report to the Maryland Higher Education Commission

**ACTION ITEM REMOVED FROM CONSENT**

**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** – There was discussion regarding the initial installation and use of the turf field. It was reported that the income from rentals has nearly recaptured the entire cost of the initial investment.

*On a motion made by Vice Chair Lynch, the Board approved the Piggyback Contract with Hellas Construction, Inc. 5-0-2, as presented, with Trustees Kimberlin and Reid absent.*

**INFORMATION/DISCUSSION ITEMS**

**Audited Annual Financial Reports for Period Ending June 30, 2024** – Graylin Smith, CPA, Client Service Partner from SB & Company reviewed the audit results in detail with the Board.

**MONITORING CEO PERFORMANCE:**

**Review of Draft Interpretation of EL-6 Planning** – The Board reviewed this interpretation. There was discussion regarding an emergency management contingency plan and it was confirmed that the College has a Continuity of Operations Plan.

**Review of Draft Interpretation of EL-7 Land Use** – The Board reviewed this interpretation. There were no comments.

**MONITORING BOARD PERFORMANCE:**

**Board Survey Review: BCD-1 Unity of Control** – Chair Luck reported on the results of this survey. Vice Chair Lynch asked that the comments provided by a Trustee on page two be corrected from “conscience” to “conscious” for the record.

**Board Survey Review: GP-10 Board Expenses** – Chair Luck reported on the results of this survey.

**Board Policy Review: GP-5 Board Linkage with Ownership** – The Board reviewed this policy for currency. There were no suggested revisions. The Board survey will be postponed until an overall strategy for Board linkage is implemented, which will be developed at the November retreat.

**Board Policy Review: GP-6 Board Linkage with External Organizations** – The Board reviewed this policy for currency. There were no suggested revisions. The Board survey will be postponed until an overall strategy for Board linkage is implemented, which will be developed at the November retreat.

**Board Policy Review: GP-7 Board Planning Cycle and Agenda Control** – The Board reviewed this policy for currency. There were no suggested revisions. Chair Luck noted that the Board survey will be postponed until after the next scheduled review since many of the items are either in process or have not yet been fully implemented.

**ACTION ITEMS**

**MONITORING CEO PERFORMANCE:**

**Approval of Interpretations for EL-4 Financial Conditions and Activities** – The Board considered these interpretations, which were reviewed at the meeting last month.

*Trustee Molesworth moved for approval of the Interpretations for EL-4 Financial Conditions and Activities, as presented. Vice Chair Lynch moved to amend approval with the revision of section 6.b. to change "unless a payment is under dispute" to "unless a payment obligation is in dispute." The amendment was accepted by President Cheek and the Board, and the Board approved the Interpretations for EL-4 Financial Conditions and Activities 5-0-2, as revised, with Trustees Kimberlin and Reid absent.*

**<u>Acceptance of Baseline Insight Report for EL-1 Treatment of Students</u>** – Chair Luck provided a reminder that the Board agreed to receive baseline insight reports in lieu of monitoring reports as part of the transition to full deployment of the Policy Governance® Model. Areas of compliance will be expected to be maintained and areas of non-compliance will be expected to be addressed prior to the submission of the formal monitoring report next year. President Cheek reported full compliance with the exception of sections 1.b., 1.c., 2.e., 2.1.e., 3.d., 4.a., 4.b., 4.2.a, and 4.2.b.

*On a motion made by Trustee Molesworth, the Board approved to accept the Baseline Insight Report for EL-1 Treatment of Students 5-0-2, as presented, with Trustees Kimberlin and Reid absent.*

**<u>Acceptance of Baseline Insight Report for EL-2 Treatment of Employees</u>** – President Cheek reported full compliance with the exception of sections 1.1.e, 3.2.c, 3.2.d, and 6.b. There was discussion whether mental health training is mandatory and it was confirmed that, while the training is offered to all employees, there are certain employees who are required to take this training.

*On a motion made by Vice Chair Lynch, the Board approved to accept the Baseline Insight Report for EL-2 Treatment of Employees 5-0-2, as presented, with Trustees Kimberlin and Reid 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.

**ADJOURNMENT**

The meeting adjourned at 5:51 p.m.

**NEXT MEETING**

The next regular meeting of the Board will be held on Wednesday, November 20, 2024.

Dr. Annesa Payne Cheek
Secretary/Treasurer

Prepared by Kari Melvin
Office of the President
Frederick Community College

Frederick Community College

**To:** Board of Trustees Frederick Community College

**From:** President Annesa Payne Cheek, Ed.D.

**Cc:** Scott McVicker, CFO and VP for Administration

**Date:** November 20, 2024

**Subject:** **Consent Item**
Approval of Award - RFP 25-PR-01, Frederick Community College Policy Governance Alignment Consulting Services

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

**OVERVIEW**

The College recently used the request for proposal (RFP) process to identify a firm to provide professional services to align its administrative policies and ensure compliance with the 34 newly adopted Board policies under the Policy Governance® Model, as well as federal and state laws. The chosen firm will focus on eleven strategic areas: Policy Compliance, Gap Analysis, Recommendation of Missing Policy Language, Template Development, Separation of Policies and Procedures, Drafting of Recommended Revisions, Legal Sufficiency Review, Equity and Consistency Review, Streamline the Employee Handbook, Review Process Development, and Communications Plan Development.

The tentative project start date is November 21, 2024, and the project completion date is May 1, 2025.

**ANALYSIS**

A formal request for proposals (RFP) was advertised on eMaryland Marketplace Advantage and the College Bid Board on August 12, 2024. A pre-proposal conference was held on August 20, attended by six firms. Addendum 1 was posted on the College Bid Board on August 28, and sealed technical proposals were due on September 4, 2024, with three proposals received.

A project evaluation committee was formed to review and score the proposals based on RFP criteria, including responsiveness to the scope of work, firm experience, key personnel, and project timelines. All three firms were short-listed for technical presentations and price proposals, though one withdrew before presenting.

The two remaining firms, Grant Thornton and Forvis Mazars, had their technical presentations and submitted price proposals on October 2, 2024, which were evaluated by the same committee. These presentations provided the firms an opportunity to introduce key personnel and showcase their experience and approach to the project.

The evaluation committee determined that Forvis Mazars was the most qualified and would provide the best value for the College.

**RECOMMENDATION**
Recommend approval of award for RFP 25-PR-01 Frederick Community College Policy Governance Alignment Consulting Services to Forvis Mazars, LLP in the amount of $124,000. Funds for this award are included in the FY 25 approved budget.

**ATTACHMENT(S)**
None

Frederick Community College

**To:** Frederick Community College Board of Trustees

**From:** Dr. Annesa Payne Cheek, President

**Cc:** Scott McVicker, CFO and Vice President for Administration

**Date:** November 20, 2024

**Subject:** **Consent Item**
Approval of Award of Guaranteed Maximum Price (GMP) for the *Improvements to the Carl and Norma Miller Children's Center* project

**Board Policy:** EL-4 Financial Conditions and Activities; EL-6 Planning; EL-9 Asset Protection

**OVERVIEW**

Frederick Community College solicited quotes from firms interested in providing construction manager at risk (CMatR) services for the *Improvements to the Carl and Norma Miller Children's Center* project (RFQ 24-CPPM-02).

**ANALYSIS**

- The Board of Trustees approved a piggyback contract with Murphy & Dittenhafer, Inc. for Architectural/ Engineering Design Services for the Children's Center Improvements Project on September 20, 2023.
- The design phase has been completed and the CMatR (Dustin Construction Inc.) has obtained competitive pricing for the construction phase of the project.
- The primary focus of this project is full replacement of the existing HVAC system, which requires the replacement of ceilings and lighting. The scope also includes interior finish work, flooring, and plumbing. There is no exterior work associated with the project.
- The CMatR provides professional services throughout the design and construction phases of a project to ensure the efficient and effective completion of the project. Additionally, the CMatR promises to finish the project for a set price called the Guaranteed Maximum Price (GMP).
- A GMP is a pricing arrangement where the contractor agrees to complete the project for no more than a set maximum price. If the cost exceeds the GMP, the contractor absorbs the extra cost.
- The pre-construction phase will start in December of 2024, with the construction phase starting in May of 2025 and the closeout phase in August of 2025.
- The proposed award amount of $1,650,000, which includes construction manager and owner contingencies, is within the College approved CIP budget for this project.

**RECOMMENDATION**

It is recommended that the Board of Trustees approve the award of the Guaranteed Maximum Price (GMP) in the amount of $1,650,000 to Dustin Construction Inc. for the *Improvements to the Carl and Norma Miller Children's Center* project.

**ATTACHMENT(S)**

No attachments

Frederick Community College

**To:** Frederick Community College Board of Trustees

**From:** Dr. Annesa Payne Cheek, President

**Cc:** Scott McVicker, CFO and Vice President for Finance and Administration

**Date:** November 20, 2024

**Subject:** **Information/Discussion Item**
Fiscal Year-to-Date Financial Report through the quarter ending September 30, 2024

**Board Policy:** EL-4 Financial Conditions and Activities

**OVERVIEW**
Frederick Community College's fiscal year-to-date financial reports are prepared and distributed to the Board of Trustees on a quarterly basis. Attached is the fiscal year-to-date financial report, which provides unaudited financial statements through the quarter ending September 30, 2024, for your information and review.

**ANALYSIS**
Current Unrestricted Fund (Operating Budget)
Presented is a draft of the FY 2024 Year-To-Date Financial Statements through the quarter ending September 30, 2024.

*Revenues*

- With 25% of the fiscal year expired, 43% of budgeted revenues have been received. This is due, in part, to Fall semester tuition having exceeded budgeted revenues by $370,773. Also, due to a change in the deferred revenue calculation, more Summer 2024 tuition revenue was recognized in the first quarter of FY 2025 instead of the fourth quarter of FY 2024.
- Tuition and fee revenue is up 9% compared to the same period last year due in part to enrollment growth and a 2% increase in tuition. Dual-enrolled students increased by 17.9% for the fall semester compared to the prior fiscal year.
- Continuing Education tuition and fee revenues are up year-over-year by 15%.
- Miscellaneous income increased by 38% over the prior fiscal year due to the receipt of the Aetna insurance rebate of $219,939.
- Interest rates remain high, and the College's investment income through September 30, 2024, increased by 23% compared to the first quarter of last year.

*Expenses*

With 25% of the fiscal year expired, total expenses represent 26% of the adopted annual budget.

- Through September 2024, all functional areas spent at rates that exceeded the prior year to date. Increases are primarily attributable to enrollment growth and to higher salaries and wages as cost-of-living adjustments totaling 3% were approved for fiscal year 2025.
- Other factors driving operating expense increases over the prior year include miscellaneous contracted services for Achieving the Dream, grants and public safety assessments, and interim positions (up $313,000 or 50% over the prior year).
- It should be noted that Scholarships and Transfers, primarily transfers to support College operations from consolidated service fees, are accomplished at the start of the fiscal year. Therefore, Scholarships and Transfers expenses are at 74% of the FY 2025 budget.
- As of September 30, 2024, 7% or $177,659 of the budgeted Strategic Reserves of $2,442,000 have been spent.

*Fund Balance*

- Revenue exceeds expenses by $12.8 million for this fiscal year to date, September 30, 2024, due to higher than anticipated enrollment, other revenue sources exceeding budget, and favorable expenses.

**Auxiliaries**

Overall, Auxiliary Enterprises, which includes the bookstore, the Carl and Norma Miller Children's Center, and dining services, recorded a combined net income of $76,184 as of September 30, 2024. However, this includes subsidies paid to the auxiliaries totaling $255,316.

*Bookstore*

- Total revenues increased by 9% over the prior year-to-date. The report includes a College subsidy of $40,000, but the revenue trend is positive even if the subsidy was not considered. Cost of goods sold decreased by 3% over the same period, from $314,532 through September 2023 to $303,939 through September 2024.
- Total Operating Expenses increased by 14% over the same period last year. This is primarily due to compensation increases and the higher expenses for course materials due to an increase in dual-enrolled students.
- As of September 30, 2024, net income is $50,572, compared to net income of $25,430 a year ago.

*Children's Center*

With 25% of the year expired, the Children's Center financials reflect increased activity. Although it is currently serving six fewer children (down 9%) compared to the same period last year, the infant/toddler and two-year-old classrooms are at capacity. Our three-year-old and four-year-old classrooms have experienced staffing shortages, requiring these rooms to combine to maintain licensing ratio requirements.

- Total revenue (excluding the College subsidy) is down 3% compared to the prior year-to-date, although revenue increases have occurred in three of the five age group categories. The report includes a College subsidy of

$150,000 (compared to $33,816 for the same period last year) through September 30, 2024.

- Classroom expenses increased by 4%, and Admin/ Support Staff compensation increased by 12% compared to the same period a year ago. This is the result of salary and benefit increases for teachers and staff.
- As of September 30, 2024, net income is $25,542 compared to net income of ($70,616) for the prior year.

*Dining Services*

- The College subsidy of $65,316 is shown among Dining Services revenues through September 30, 2024. Sales for catering and the café are flat when compared to last year. Accounting for the decline in the College subsidy and decreased vending commissions, total revenue is down 5%.
- Operating expenses increased 3% from the prior year-to-date.
- As of September 30, 2024, net income is $70 compared to net income of $3,040 for the prior year. Although the analysis includes a subsidy from the College for Dining Services, the subsidy amount is 14% lower than in the same period last year.

***Balance Sheet***

- Cash and cash investments are at $43.1 million, indicating a strong liquid position. The available cash complies with the Board's Financial Conditions and Activities policy requiring 16.6% of Adopted Expenditures to be available as operating fund balance reserves.
- Accounts Receivable (AR) increased overall by $4.5 million. This increase is primarily due to an increase in Student AR for the fall semester, an increase in Governmental AR for State and County Capital Improvement Projects (CIP), and an increase in AR Other for FCPS dual enrollment students for the fall semester.
- Current liabilities decreased by $4.6 million primarily due to decreases in unearned revenue, accounts payable, and accrued salaries.
- The College continues to maintain little long-term liabilities with the noncurrent outstanding bond debt of $4,528,050.
- The net position as of September 30, 2024, is $134.5 million, which includes the fiscal year to date revenues over expenses.

The College is financially strong. Continuing to be mindful of spending and hiring patterns will ensure the College's continued strength.

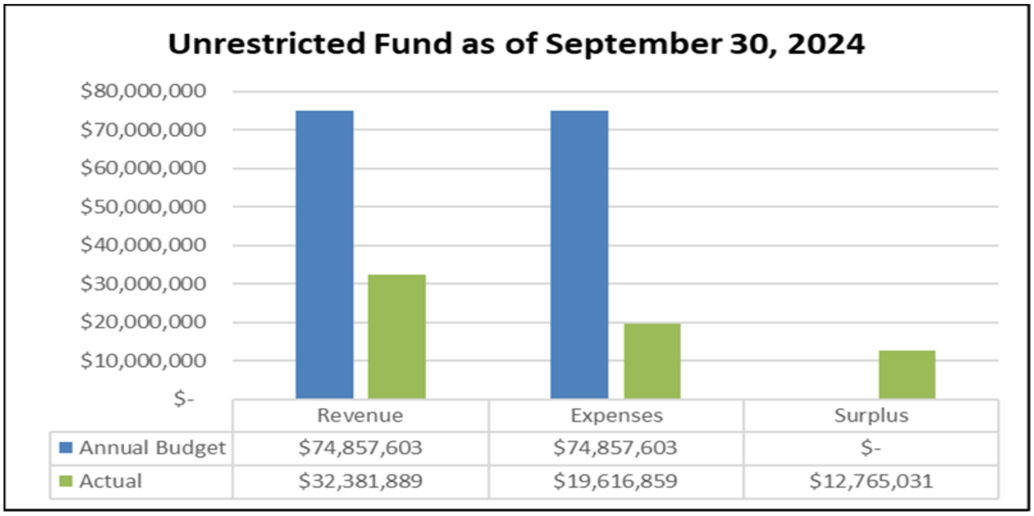
**RECOMMENDATION**

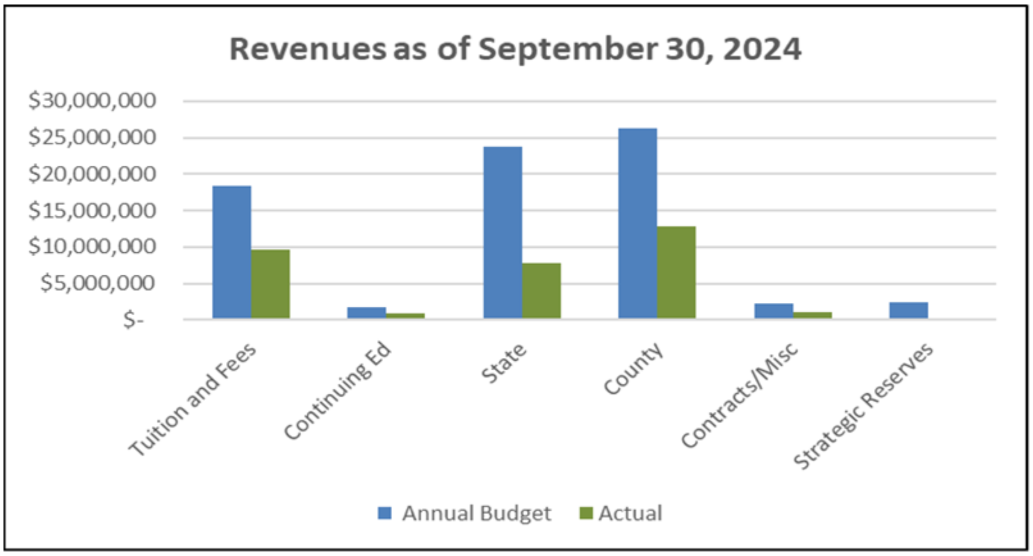
This item is provided for information only. No action required.

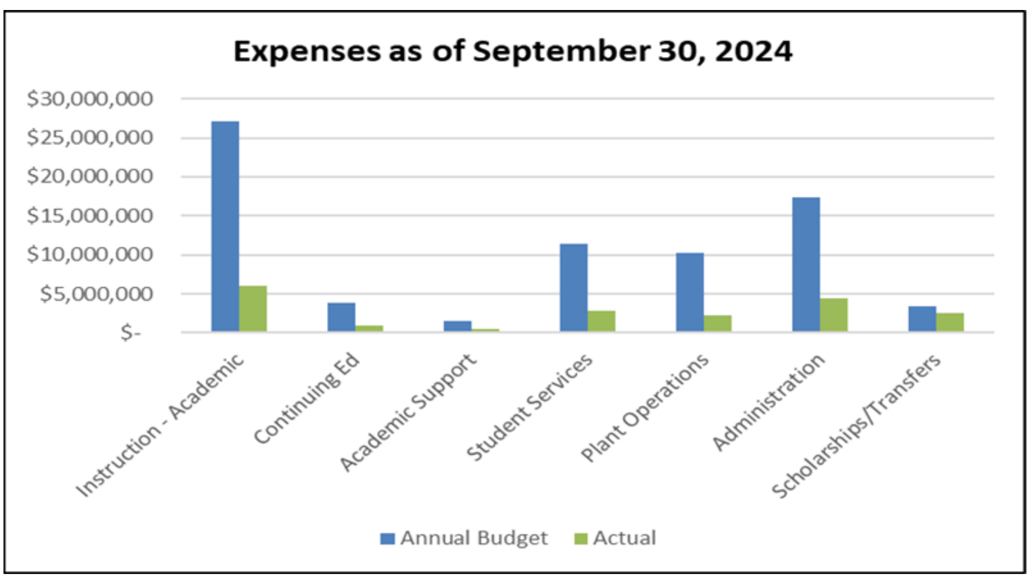
# FREDERICK COMMUNITY COLLEGE
# FINANCIAL REPORT

## Fiscal year-to-date through September 30, 2024

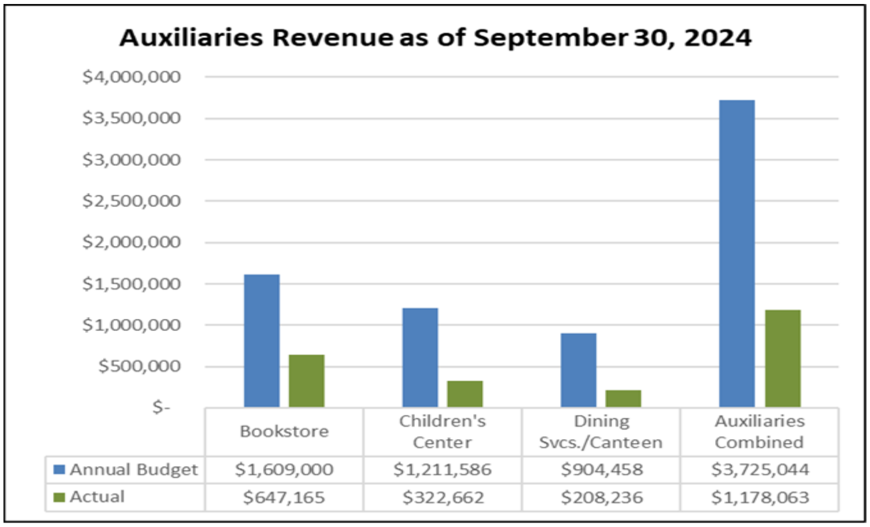
**FREDERICK COMMUNITY COLLEGE**
**FINANCIAL STATEMENT ANALYSIS AS OF SEPTEMBER 30, 2024**
**25% OF THE FISCAL YEAR EXPIRED**

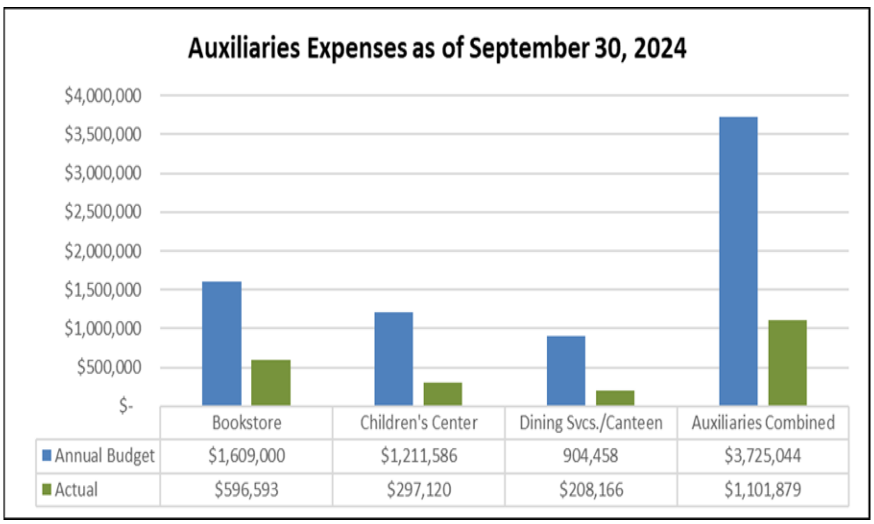


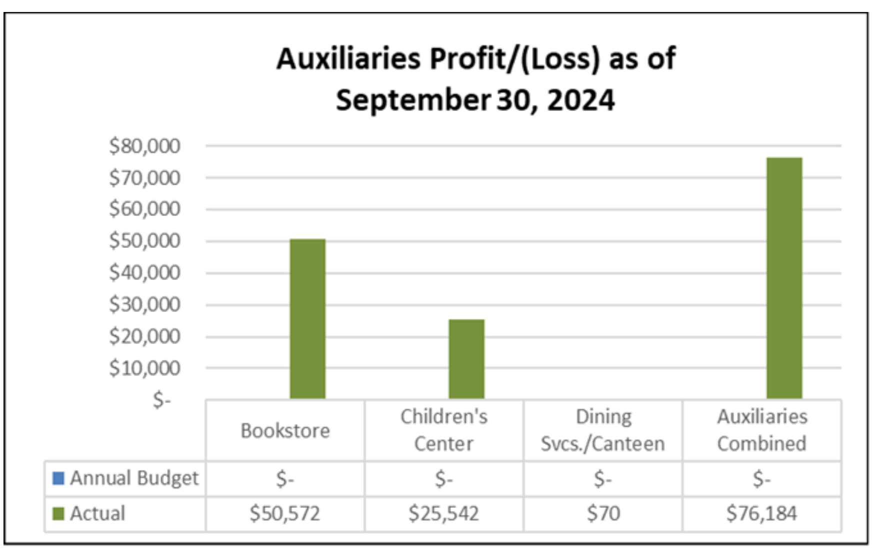



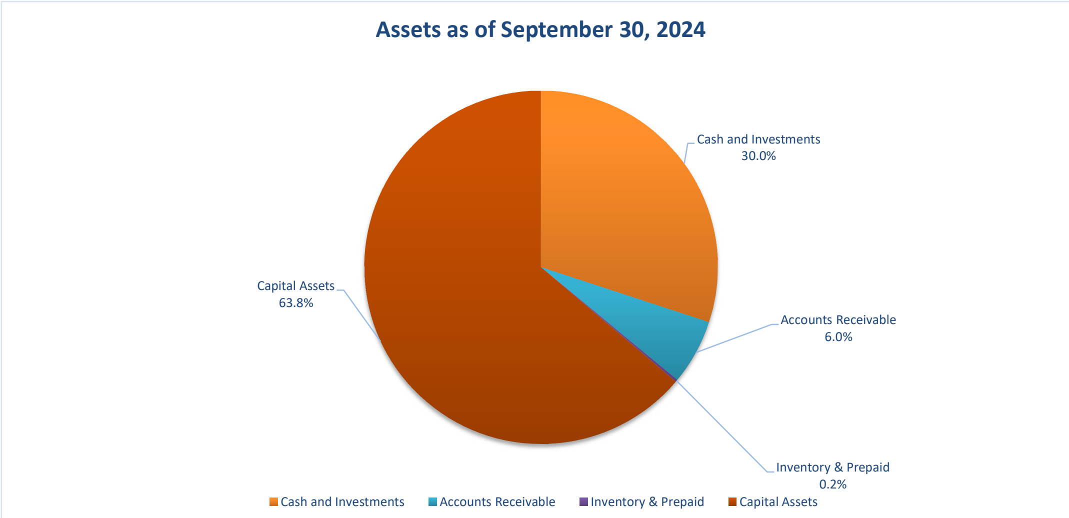
**FREDERICK COMMUNITY COLLEGE**
**FINANCIAL STATEMENT ANALYSIS AS OF SEPTEMBER 30, 2024**
**25% OF THE FISCAL YEAR EXPIRED**
(Expenses Include Cost of Goods Sold and College Contribution)
(Any variances due to rounding)



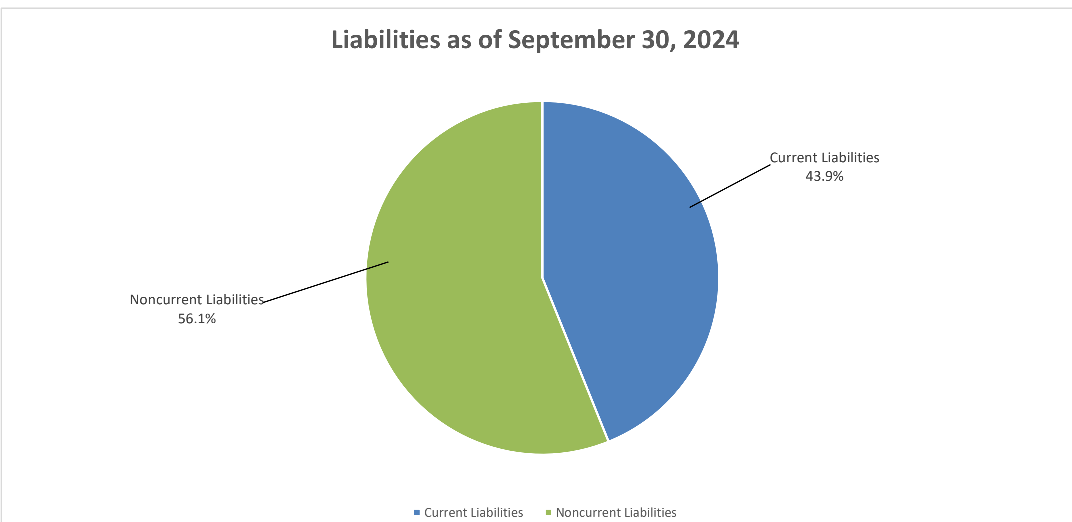



# FREDERICK COMMUNITY COLLEGE
# FINANCIAL STATEMENT ANALYSIS AS OF SEPTEMBER 30, 2024
# 25% OF THE FISCAL YEAR EXPIRED




| Assets: | | |
|---|---|---|
| Cash and Investments | $ | 43,088,677 |
| Accounts Receivable | $ | 8,536,245 |
| Inventory & Prepaid | $ | 296,684 |
| Capital Assets | $ | 91,479,763 |
| | $ | 143,401,369 |




| Liabilities and Net Position: | | |
|---|---|---|
| Current Liabilities | $ | 3,898,877 |
| Noncurrent Liabilities | $ | 4,985,649 |
| Net Position | $ | 134,516,843 |
| | $ | 143,401,369 |

## Financial Ratios as of September 30, 2024

| | | | |
|---|---|---|---|
| Current Ratio | (current assets/current liabilities) | 13.3 | A ratio > 1 indicates liquidity is sufficient to meet current obligations. |
| Debt Ratio | (liabilities/assets) | 0.06 | A low debt ratio (< .5) indicates conservative financing. The College finances most of its assets from net assets (similar to equity). |

**FREDERICK COMMUNITY COLLEGE**
**STATEMENTS OF REVENUE, EXPENSES AND TRANSFERS**
**CURRENT UNRESTRICTED FUND - EDUCATIONAL AND GENERAL**
**FOR THE PERIOD SEPTEMBER 30, 2024**
**25% OF THE YEAR EXPIRED**

| | FY24 PYTD ACTUAL | FY25 YTD ACTUAL | ACTUALS TO ACTUALS VARIANCE | FY25 BUDGET | (OVER)/UNDER BUDGET | ACTUAL % OF BUDGET |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Tuition and Fees | | | | | | |
| Fall Tuition | $ 6,785,004 | $ 7,103,303 | 105% | $ 6,732,530 | $ (370,773) | 106% |
| Spring Tuition | (2,486) | 26,559 | -1068% | 6,504,814 | 6,478,255 | 0% |
| Summer Tuition | 609,281 | 862,728 | 142% | 1,868,251 | 1,005,523 | 46% |
| Fees | 1,486,617 | 1,643,786 | 111% | 3,201,464 | 1,557,678 | 51% |
| Total Academic | 8,878,416 | 9,636,376 | 109% | 18,307,059 | 8,670,683 | 53% |
| Continuing Education | 734,559 | 845,454 | 115% | 1,788,129 | 942,675 | 47% |
| **Total Tuition and Fees** | **9,612,975** | **10,481,830** | **109%** | **20,095,188** | **9,613,358** | **52%** |
| State Aid | 4,843,432 | 7,831,239 | 162% | 23,794,631 | 15,963,392 | 33% |
| County Revenue | 12,127,726 | 12,877,726 | 106% | 26,313,826 | 13,436,100 | 49% |
| Investment Income | 295,358 | 362,579 | 123% | 650,000 | 287,421 | 56% |
| Miscellaneous Income | 183,311 | 253,036 | 138% | 200,000 | (53,036) | 127% |
| Contract Revenue | 582,375 | 326,070 | 56% | 1,151,958 | 825,888 | 28% |
| Indirect Cost Recovery | 61,750 | 71,750 | 116% | 210,000 | 138,250 | 34% |
| Strategic Reserves | - | 177,659 | - | 2,442,000 | 2,264,341 | 7% |
| **Total Revenue** | **$ 27,706,927** | **$ 32,381,889** | **117%** | **$ 74,857,603** | **$ 42,475,714** | **43%** |
| **Expenses and Transfers** | | | | | | |
| Instruction | | | | | | |
| Academic | $ 4,714,830 | $ 6,023,333 | 128% | $ 27,108,040 | 21,084,708 | 22% |
| Continuing Education | 722,291 | 923,911 | 128% | 3,801,660 | 2,877,749 | 24% |
| Total Instruction | 5,437,121 | 6,947,244 | 128% | 30,909,700 | 23,962,456 | 22% |
| Academic Support | 502,980 | 547,640 | 109% | 1,486,044 | 938,404 | 37% |
| Student Services | 2,132,476 | 2,845,313 | 133% | 11,429,816 | 8,584,503 | 25% |
| Plant Operation and Maintenance | 1,670,118 | 2,251,980 | 135% | 10,259,739 | 8,007,759 | 22% |
| Administration | 3,391,629 | 4,486,862 | 132% | 17,324,944 | 12,838,082 | 26% |
| Scholarships and Transfers | 2,227,899 | 2,537,821 | 114% | 3,447,360 | 909,539 | 74% |
| | | | | | | - |
| **Total Expenses and Transfers** | **$ 15,362,223** | **$ 19,616,859** | **128%** | **$ 74,857,603** | **$ 55,240,744** | **26%** |
| **Fund Balance** | **$ 12,344,704** | **$ 12,765,031** | **103%** | **$ -** | **$ (12,765,030)** | |

| | FY25 ACTUAL | FY25 BUDGET | (OVER)/UNDER BUDGET | ACTUAL % to BUDGET |
|---|---|---|---|---|
| **Use of Strategic Reserves** | | | | |
| SR - Strategic Planning & Future-Proofing | $ 56,659 | $ 359,000 | $ 302,341 | 16% |
| SR - Student Success and Completion | 78,000 | 130,000 | 52,000 | 60% |
| SR - Unplanned Capital Repair & Replacement | - | 1,500,000 | 1,500,000 | 0% |
| SR - Technology Projects | 43,000 | 453,000 | 410,000 | 9% |
| | $ 177,659 | $ 2,442,000 | $ 2,264,341 | 7% |

* Per the Financial Conditions and Activities policy number EL-4, section 5.1, 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 operating expenses not including Strategic Reserves. For FY 2025, this amounts to $12,020,990.

# FREDERICK COMMUNITY COLLEGE
## BOOKSTORE
## FINANCIAL REPORT FOR THE PERIOD ENDING SEPTEMBER 30, 2024
## 25% OF THE YEAR EXPIRED

| | FY24 PYTD ACTUAL | FY25 YTD ACTUAL | ACTUALS TO ACTUALS VARIANCE | FY25 BUDGET | (OVER)/UNDER BUDGET | ACTUAL % OF BUDGET |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Books | $ 381,350 | $ 378,316 | 99% | $ 925,000 | $ 546,684 | 41% |
| Supplies | 75,640 | 86,009 | 114% | 200,000 | 113,991 | 43% |
| Clothing | 27,997 | 15,396 | 55% | 82,000 | 66,604 | 19% |
| Convenience | 13,223 | 15,022 | 114% | 70,000 | 54,978 | 21% |
| Gift | 7,941 | 13,888 | 175% | 27,000 | 13,112 | 51% |
| Non Merchandise | 269 | 255 | 95% | 2,500 | 2,245 | 10% |
| Commissions - Books/gifts | 409 | 946 | 231% | 3,000 | 2,054 | 32% |
| Dual Enrollment-Slingshot | 67,150 | 97,333 | 145% | 200,000 | 102,667 | 49% |
| College Subsidy | 20,178 | 40,000 | 198% | 99,500 | 59,500 | 40% |
| **Total Revenue** | **594,157** | **647,165** | **109%** | **1,609,000** | **961,835** | **40%** |
| **Cost of Goods Sold** | **314,532** | **303,939** | **97%** | **740,000** | **436,061** | **41%** |
| **Gross Profit** | **279,625** | **343,226** | **123%** | **869,000** | **525,774** | **39%** |
| **Operating Expenses** | | | | | | |
| **Compensation** | | | | | | |
| Admin/Support Staff Compensation | 52,261 | 53,829 | 103% | 215,000 | 161,171 | 25% |
| Auxiliary PT | 14,225 | 18,454 | 130% | 75,000 | 56,546 | 25% |
| Benefits | 25,706 | 27,802 | 108% | 79,000 | 51,198 | 35% |
| **Total Compensation** | **92,192** | **100,085** | **109%** | **369,000** | **268,915** | **27%** |
| Contracted Services | 10,898 | 6,762 | 62% | 75,000 | 68,238 | 9% |
| Advertising | - | - | - | 2,500 | 2,500 | 0% |
| Supplies | 2,232 | 466 | 21% | 7,500 | 7,034 | 6% |
| Digital Subscription | 52,034 | 61,009 | 117% | 100,000 | 38,991 | 61% |
| Shipping and Postage | - | 428 | - | 1,000 | 572 | 43% |
| Telecommunications | 137 | 136 | 99% | 500 | 364 | 27% |
| Software | 8,391 | - | 0% | 20,000 | 20,000 | 0% |
| Travel/Professional Development | 286 | 566 | 198% | 10,000 | 9,434 | 6% |
| Dual Enrollment-Slingshot | 67,150 | 97,333 | 145% | 180,000 | 82,667 | 54% |
| Other Expenses | - | (7) | - | - | 7 | - |
| Deferred Maintenance | 625 | 625 | 100% | 2,500 | 1,875 | 25% |
| Depreciation | - | - | - | - | - | - |
| **Total Operating Expenses** | **233,945** | **267,403** | **114%** | **768,000** | **500,597** | **35%** |
| **Operating Profit (Loss)** | **$ 45,680** | **$ 75,822** | **166%** | **$ 101,000** | **$ 25,178** | **75%** |
| Indirect Cost Transfer | 20,250 | 25,250 | 125% | 101,000 | 75,750 | 25% |
| **Total College Contribution** | **20,250** | **25,250** | **125%** | **101,000** | **75,750** | **25%** |
| **Net Income (Loss)** | **$ 25,430** | **$ 50,572** | **199%** | **$ -** | **$ (50,572)** | **-** |
| **Gross Profit %** | **47.1%** | **53.0%** | | **54.0%** | | |
| **Operating Expense % Revenue** | **39.4%** | **41.3%** | | **47.7%** | | |
| **Net Income % Revenue** | **4.3%** | **7.8%** | | **0.0%** | | |

**FREDERICK COMMUNITY COLLEGE**
**THE CARL & NORMA MILLER CHILDREN'S CENTER**
**FINANCIAL REPORT FOR THE PERIOD ENDING SEPTEMBER 30, 2024**
**25% FOR THE YEAR EXPIRED**

| | FY24 PYTD ACTUAL | FY25 YTD ACTUAL | ACTUALS TO ACTUALS VARIANCE | FY25 BUDGET | (OVER)/UNDER BUDGET | ACTUAL % OF BUDGET |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Infants/Toddler | $ 33,642 | $ 46,451 | 138% | $ 122,808 | $ 76,357 | 38% |
| Two-Year Olds | 31,189 | 36,825 | 118% | 96,424 | 59,599 | 38% |
| Three-Year Olds | 18,828 | 25,862 | 137% | 145,010 | 119,148 | 18% |
| Four-Year Olds | 21,308 | 18,948 | 89% | 136,204 | 117,256 | 14% |
| Preschool/Pre-K/Kindergarten | 29,530 | 24,434 | 83% | 157,930 | 133,496 | 15% |
| Summer Camp | 2,879 | 9,920 | 345% | - | (9,920) | - |
| Head Start | - | - | - | 7,500 | 7,500 | 0% |
| Other | 10,092 | 10,222 | 101% | 40,000 | 29,778 | 26% |
| Excels/Vouchers | 13,500 | - | 0% | 15,000 | 15,000 | 0% |
| County Contribution | 17,026 | - | 0% | - | - | - |
| College Subsidy | 33,816 | 150,000 | 444% | 490,710 | 340,710 | 31% |
| **Total Revenue** | **211,808** | **322,662** | **152%** | **1,211,586** | **888,924** | **27%** |
| **Classroom Expense** | | | | | | |
| Auxiliary FT Teacher Compensation | 124,652 | 123,432 | 99% | 544,170 | 420,738 | 23% |
| Auxiliary FT & PT Teacher Benefits | 51,130 | 59,041 | 115% | 210,000 | 150,959 | 28% |
| Auxiliary PT Teacher Compensation | 25,028 | 26,004 | 104% | 93,267 | 67,263 | 28% |
| **Total Classroom Expenses** | **200,810** | **208,476** | **104%** | **847,436** | **638,961** | **25%** |
| **Gross Profit** | **10,998** | **114,186** | **1038%** | **364,150** | **249,963** | **31%** |
| **Operating Expenses** | | | | | | |
| **Compensation** | | | | | | |
| Admin/Support Staff Compensation | 35,192 | 40,027 | 114% | 161,000 | 120,973 | 25% |
| Benefits | 15,112 | 16,233 | 107% | 68,000 | 51,767 | 24% |
| **Total Compensation** | **50,304** | **56,260** | **112%** | **229,000** | **172,740** | **25%** |
| Contracted Services | 2,267 | 3,010 | 133% | 10,000 | 6,990 | 30% |
| Advertising | - | - | - | - | - | - |
| Supplies | 6,090 | 3,745 | 61% | 15,000 | 11,255 | 25% |
| Telecommunications | 137 | 136 | 99% | 600 | 464 | 23% |
| Shipping and Postage | 4 | 3 | 57% | 50 | 48 | 5% |
| Professional Dues | 373 | - | 0% | 2,500 | 2,500 | 0% |
| Course Costs/Field Trips | 1,247 | 865 | 69% | 5,000 | 4,135 | 17% |
| Software | - | - | - | 3,500 | 3,500 | 0% |
| Furniture and Equipment | 315 | - | 0% | - | - | - |
| Deferred Maintenance | 625 | 625 | 100% | 2,500 | 1,875 | 25% |
| **Total Operating Expenses** | **61,364** | **64,644** | **105%** | **268,150** | **203,506** | **24%** |
| **Operating Profit (Loss)** | **(50,366)** | **49,542** | **-98%** | **96,000** | **46,457** | **52%** |
| **College Contribution** | **-** | | | | | |
| Indirect Cost Transfer | **20,250** | **24,000** | **119%** | **96,000** | 72,000 | 25% |
| **Total College Contribution** | **20,250** | **24,000** | **119%** | **96,000** | **72,000** | **25%** |
| **Net Income (Loss)** | **(70,616)** | **25,542** | **-36%** | **-** | **(25,542)** | **-** |
| **Gross Profit %** | **5.2%** | **35.4%** | | **30.1%** | | |
| **Operating Expense % Revenue** | **29.0%** | **20.0%** | | **22.1%** | | |
| **Net income % Revenue** | **-33.3%** | **7.9%** | | **0.0%** | | |

# FREDERICK COMMUNITY COLLEGE
## DINING SERVICES
## FINANCIAL REPORT FOR THE PERIOD ENDING SEPTEMBER 30, 2024
## 25% OF THE FISCAL YEAR EXPIRED

| | FY24 PYTD ACTUAL | FY25 YTD ACTUAL | ACTUALS TO ACTUALS VARIANCE | FY25 Budget | (OVER)/UNDER BUDGET | ACTUAL % OF BUDGET |
|---|---|---|---|---|---|---|
| **Canteen Revenue** | | | | | | |
| Café Sales | $ 70,397 | $ 64,075 | 91% | $ 370,000 | $ 305,925 | 17% |
| Catering Sales | 68,611 | $ 76,102 | 111% | 230,000 | 153,898 | 33% |
| **College Revenue** | | | | | | |
| Vending | 4,641 | $ 2,743 | 59% | 20,000 | 17,257 | 14% |
| College Subsidy | 76,386 | $ 65,316 | 86% | 284,458 | 219,142 | 23% |
| Misc. Income | - | $ - | | | | |
| **Total Revenue** | **220,035** | **208,236** | **95%** | **904,458** | **696,222** | 23% |
| | | | | | | |
| **Canteen Cost of Goods Sold (COGS)** | | | | | | |
| Cougar Café & Catering | 69,146 | $ 62,540 | 90% | 295,000 | 232,460 | 21% |
| **Subtotal COGS** | **69,146** | **62,540** | **90%** | **295,000** | **232,460** | 21% |
| | | | | | | |
| **Gross Profit** | **150,889** | **145,696** | **97%** | **609,458** | **463,762** | 24% |
| | | | | | | |
| **Canteen Operating Expenses** | | | | | | |
| Compensation | 95,892 | $ 95,798 | 100% | 390,000 | 294,202 | 25% |
| **Other Canteen Expenses** | | | | | | |
| Business Expenses | 18,723 | $ 15,389 | 82% | 75,000 | 59,611 | 21% |
| **College Expenses** | | | | | | |
| Contracted Services | 375 | $ 327 | 87% | 15,000 | 14,673 | 2% |
| Equipment Repair | | $ - | - | - | - | - |
| **Total Operating Expenses** | **114,990** | **111,514** | **97%** | **480,000** | **368,486** | 23% |
| | | | | | | |
| **Operating Profit (Loss)** | **$ 35,899** | **$ 34,182** | **95%** | **$ 129,458** | **$ 95,276** | 26% |
| | | | | | | |
| **Contract Fees** | | | | | | |
| Management Fee | 7,500 | $ 7,501 | 100% | 30,000 | 22,499 | 25% |
| Admin Fee | 4,110 | $ 4,111 | 100% | 9,458 | 5,347 | 43% |
| **Total Fees** | **11,610** | **11,612** | **100%** | **39,458** | **27,846** | 29% |
| | | | | | | |
| **College Contribution** | | | | | | |
| Indirect Cost Transfer | 21,249 | $ 22,500 | 106% | 90,000 | 67,500 | 25% |
| **Total College Contribution** | **21,249** | **22,500** | 106% | **90,000** | **67,500** | 25% |
| | | | | | | |
| **Net Income/(Loss)** | **$ 3,040** | **$ 70** | 2% | **$ -** | $ (70) | - |
| | | | | | | |
| **Gross Profit %** | **68.6%** | **70.0%** | | **67.4%** | | |
| **Operating Expense % Revenue** | **52.3%** | **53.6%** | | **53.1%** | | |
| **Net Income % Revenue** | **1.4%** | **0.0%** | | **0.0%** | | |

# FREDERICK COMMUNITY COLLEGE
## BALANCE SHEET - ALL FUNDS
## AS OF SEPTEMBER 30, 2024

| | PRIOR FYE | FY25 ACTUAL | CHANGE | % CHANGE |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets | | | | |
| Cash | $ 1,354,445 | $ 12,432,504 | $ 11,078,059 | 818% |
| Investments | 34,813,032 | 30,656,172 | (4,156,860) | -12% |
| Total cash and investments | 36,167,477 | 43,088,677 | 6,921,200 | 19% |
| Accounts Receivable | | | | |
| Students, net of allowance | 415,656 | 1,576,407 | 1,160,751 | 279% |
| Governmental | 3,009,358 | 5,123,101 | 2,113,743 | 70% |
| Other | 628,486 | 1,836,738 | 1,208,252 | 192% |
| Total accounts receivable | 4,053,500 | 8,536,245 | 4,482,745 | 111% |
| Prepaid expenses | 808,986 | 16,042 | (792,944) | -98% |
| Inventory | 208,209 | 280,642 | 72,432 | 35% |
| Total Current Assets | 41,238,172 | 51,921,606 | 10,683,433 | 26% |
| Noncurrent Assets | | | | |
| Capital assets, net of accumulated deprecation | 92,425,798 | 91,479,763 | (946,035) | -1% |
| Total Noncurrent Assets | 92,425,798 | 91,479,763 | (946,035) | -1% |
| **Total Assets** | **$ 133,663,970** | **$ 143,401,369** | **$ 9,737,398** | **7%** |

| | PRIOR FYE | FY25 ACTUAL | CHANGE | % CHANGE |
|---|---|---|---|---|
| **Liabilities and Net Position** | | | | |
| **Liabilities** | | | | |
| Current Liabilities | | | | |
| Accrued salaries | $ 988,957 | $ 112,388 | $ (876,569) | -89% |
| Accounts payable | 1,798,240 | 375,784 | (1,422,457) | -79% |
| Accrued liabilities | 813,607 | 361,032 | (452,575) | -56% |
| Accrued leave | 2,086,078 | 2,086,078 | - | 0% |
| Bond payable | 330,000 | 330,000 | - | 0% |
| SBITA payable | 333,324 | 333,324 | - | 0% |
| Unearned revenue | 1,924,757 | 25,493 | (1,899,264) | -99% |
| Deposits held for others | 273,900 | 274,778 | 878 | 0% |
| Total Current Liabilities | 8,548,863 | 3,898,877 | (4,649,987) | -54% |
| Noncurrent Liabilities | | | | |
| Bond payable, net of discount | 4,528,050 | 4,528,050 | - | 0% |
| SBITA payable | 428,413 | 428,413 | - | 0% |
| Accrued leave | 29,186 | 29,186 | - | 0% |
| Total Noncurrent Liabilities | 4,985,649 | 4,985,649 | - | 0% |
| **Total Liabilities** | **13,534,512** | **8,884,526** | **(4,649,987)** | **-34%** |
| **Net Position** | | | | |
| Net Position Prior Year Balance (per audit) | 116,423,217 | 120,129,458 | 3,706,241 | 3% |
| Net Income (Loss) - All funds | 3,706,241 | 14,387,385 | 10,681,144 | 288% |
| **Total Net Position** | **120,129,458** | **134,516,843** | **14,387,385** | **12%** |
| **Total Liabilities and Net Position** | **$ 133,663,970** | **$ 143,401,369** | **$ 9,737,398** | **7%** |

Frederick Community College

**To:** Frederick Community College Board of Trustees

**From:** Dr. Annesa Payne Cheek, President

**Cc:** Scott McVicker, CFO and Vice President for Administration

**Date:** November 20, 2024

**Subject:** **Information/Discussion Item**
President's Interpretations for EL-9 Asset Protection

**Board Policy:** BCD-3 Delegation to the President

**OVERVIEW**
Attached for the Board's feedback are my interpretations for Policy EL-9 Asset Protection.

**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-9 Asset Protection and provide feedback for consideration. A final version will be submitted for approval at the January 15, 2025 Board meeting.

**ATTACHMENT(S)**
President's Interpretations for Policy EL-9 Asset Protection

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

**The President shall not allow College assets to be unprotected, inadequately maintained or unnecessarily risked.**

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

1. **Permit the organization to have inadequate insurance against property, casualty, and cyber (i.e., data) losses.**

   1.1. **Fail to ensure that the organization obtains appropriate and adequate levels of insurance to protect its property and operations against scope of perils, and**

INTERPRETATION:
Compliance will be demonstrated when:

a. The insurances of the College, including its Umbrella Insurance for disruption of college operations, is consistent with coverage limits standards for an institution our size, type, and scope and as recommended by FCC's independent insurance broker.

This interpretation is reasonable because adequate limits for damages are those recommended by an independent insurance broker with specific expertise in the higher education industry.

   1.2. **Permit the organization to insure its property and operations with inadequate valuation.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The College insures its property at the values determined annually by Frederick County.
b. The College insures its operations at the value determined annually by a third-party independent insurance consultant.

This interpretation is reasonable as the use of county assessors and independent insurance consultants are industry standards.

      1.2.1. **Permit insurance of all buildings and contents to be at less than the cost to replace buildings and contents, with an adequate and appropriate blanket limit of all buildings and contents.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The schedule of property values is updated annually, computing the blanket limit of coverage for buildings and contents, and the College has insurance coverage documentation pertaining to those amounts.

This interpretation is reasonable because it is based on insurance industry standards for current replacement blanket insurance on building and contents by means of independent onsite inspection, and valuation services contracted by Frederick County.

**1.2.2. Permit the College to have inadequate insurance or bonding for theft, disappearance or destruction of money, and securities inside or outside the premises.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The College has Comprehensive Crime Insurance coverage for criminal acts of employees, such as embezzlement, forgery, or other acts of employee dishonesty.

This interpretation is reasonable because the assessment of adequate insurance provided by a third-party independent insurance consultant, and is an accepted industry standard.

**1.3. Permit the organization to have inadequate privacy/cyber insurance.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The operational and disruptive threat of cybersecurity is mitigated using preventative controls and insurance protections that are consistent with regulatory requirements.
b. Issues identified in the Frederick County Interagency Internal Audit Authority (IIAA) annual audit and annual penetration testing are remediated.

This interpretation is reasonable because the insurer and the IIAA are third-party experts and provide the College with an independent assessment of what adequate insurance is in the current environment and complies with industry standards.

**2. Permit the Board members, College employees, and other individuals engaged in activities on behalf of the organization, or the organization itself, to have inadequate liability insurance. Directors and Officers liability protection shall be obtained with adequate limits given institutional risks.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The coverages and limits are set as recommended by an independent insurance broker with specific expertise in the higher education industry, to include Directors and Officers (D & O) liability protection, as well as other liability insurances for employees and related parties.

This interpretation is reasonable because the insurer is a third-party expert, and an independent assessment is conducted annually to determine adequate insurance.

3. **Permit individuals traveling out of the United States, on behalf of the College, to have inadequate travel accident insurance.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The College has an international travel insurance policy that provides coverage for accidental loss to students, employees, and trustees traveling abroad on behalf of the College.

This interpretation is reasonable because adequate insurance coverage for those traveling abroad on behalf of the College is consistent with practices employed by other higher education institutions.

4. **Allow the College to have inadequate insurance for theft and crime coverage.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The College ensures theft and crime coverages are at a level identified by the College's third-party insurance consultant, as standard for an institution of our type, size, and scope.

This interpretation is reasonable because it is not only a standard practice utilized by higher education institutions, but that the recommendations for coverage levels are provided by a third-party industry consultant.

5. **Unnecessarily expose the organization, its Board members or College employees to claims of liability.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The College has administrative policies, procedures, protocols and plans that reduce the risk of institutional liability.

This interpretation is reasonable because said policies, procedures, protocols and plans are required by the United States Department of Education.

**5.1. Allow any material contracts or material internal human resource documents to be executed with inadequate review by qualified legal counsel.**

INTERPRETATION:
I interpret "material contract" to mean a contract that requires Board approval. I interpret "material internal human resource documents" to mean an agreement between the College and its employees.

Compliance will be demonstrated when:

a. All material contracts approved by the Board are reviewed by legal counsel prior to execution.
b. All material internal human resource documents are reviewed by legal counsel prior to execution.

This interpretation is reasonable because legal review of high-value contracts and internal human resource documents is an industry best practice that protects the College from potential loss and liability.

**6. Fail to ensure that the companies chosen to provide insurance coverage are highly rated, well regarded and known for fair claims practices.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The insurance companies identified through an independent insurance broker to provide the College's insurance coverages have an A.M. Best rating of Excellent (A) or better.

This interpretation is reasonable as the A.M. Best rating is a recognized industry standard for assessing the quality of insurance providers.

**7. Compromise the independence of the Board's audit or other external monitoring or advice.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The College's Chief Financial Officer and Vice President for Administration contracts auditor services following a competitive bidding process, and the Board provides final approval.
b. There are no valid audit findings that were left unmitigated.

This interpretation is reasonable as a third-party must annually review and certify the College's financial statements and it is customary for higher education institutions to engage in a competitive bidding process for financial auditors on a periodic basis to ensure objectivity.

8. **Receive, process, or disburse funds under controls which are insufficient to meet audit standards or inadequate, by industry standards, to detect and prevent fraud.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The external auditors do not find any deficiency in the internal controls process, as part of their annual audit; or
b. Any deficiency noted in internal controls is corrected within 90 days.

This interpretation is reasonable because the use of external third-party auditors to examine, evaluate, and recommend improvements and/or corrections to fraud protection practice is not only a higher education industry standard, but is also that standard for non-profit organizations.

9. **Make any purchases that do not result in appropriate level of quality, after-purchase service, and value for dollar, or do not provide opportunity for fair competition.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The College adheres to purchasing protocols that allow the institution to purchase quality products at a reasonable cost and exhibit overall effective resource management.

This interpretation is reasonable because it ensures attention to the items below (9.1 and 9.2), conform to Maryland law, and is consistent with practices employed by other higher education institutions.

9.1. **Make any purchase wherein normally prudent protection has not been evaluated against conflict of interest.**

INTERPRETATION:
Compliance will be demonstrated when:

a. Per the College's Code of Ethics policy, employees decline involvement in decisions or actions regarding the procurement of products or services when the employee, or the employee's family member, has an interest or financial interest in the product or service, or creates an unfair benefit for a third party.
b. The external auditor notes there is no conflict of interest in transactions in the past fiscal year among defined employees or Trustees; and

c. Material conflicts are disclosed in the annual audited financial report.

This interpretation is reasonable because not only are there formal practices for noting any actual or apparent conflicts of interest, but a third-party auditor annually reviews these practices and conducts sampling to determine if any violations of this process have occurred.

**9.2. Make any purchase that fails to follow the College's published guidelines and applicable State procurement guidelines for price and quality competition based on price thresholds, unless considered a 'sole-source.' Orders shall not be split to avoid procurement requirements or required competition among vendors.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The external auditor conducts a review of a statistically valid sample of purchase order requisitions for policy compliance and confirms that all orders are compliant with the required bid, sole source provider, or piggyback contract documentation.
b. The administrative procurement procedures are consistent with the Code of Maryland Regulations (COMAR).

This interpretation is reasonable because the process validation is conducted by external auditors of the College, which is an industry standard approach.

**10. Endanger the organization's public image, credibility, or its ability to accomplish Board Ends, in any of the following ways:**

**10.1. Allow non-adherence to guidelines required for institutional and secondary program accreditation.**

INTERPRETATION:
Compliance will be demonstrated when:

a. Institutional (e.g. Regional) and program accreditation agencies confirm that all required data and documentation has been provided by required submission dates to maintain accreditation.
b. The accrediting agencies report that the College is in good standing.

This interpretation is reasonable because the College's regional accreditor and secondary program accreditors are external to the College and have defined practices for determining the quality of the College and its program offerings.

**10.2. Accept gifts or grants which obligate the College to make future expenditures or encumber future decision-making or take future actions other than those that are reasonably required by the gift or grant.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The College does not accept gifts other than through the Frederick Community College Foundation in accordance with the Foundation Gift Acceptance Procedure.
b. The College adheres to a written procedure for developing and managing grants that sets forth specific criteria for the application, review and approval process.

This interpretation is reasonable because it is an industry best practice to ensure that gifts are properly receipted, and grant obligations are within current and future budget appropriations.

**10.3. Publicly position the College in support of, or opposition to, any known political organization, or candidate for public office.**

INTERPRETATION:
Compliance will be demonstrated when:

a. Administrative policies, news releases, or any public statements on behalf of the College were politically neutral.

This interpretation is reasonable as the College, as a public entity, must be politically neutral.

**10.4. Develop or continue collaborative relationships with organizations whose principles or practices are incompatible with those of the College.**

INTERPRETATION:
Compliance will be demonstrated when:
All collaborative relationships are with organizations whose principles and practices are aligned with the Board Ends, and the Mission, Vision, Values and Strategic Priorities of the College.

This interpretation is reasonable because only members of the College's Senior Leadership Team and the President are allowed to enter into contractual relationships.

**10.5. Allow relationships with the Ownership and/or stakeholders to be inconsistent with the productive cooperation necessary to the achievement of Ends.**

INTERPRETATION:
Compliance will be demonstrated when:
The College has no owner/stakeholder relations matters that remain unresolved and cooperation between all parties remains productive.

This interpretation is reasonable because such practices represent a common industry-based approach.

11. **Change the organization's name or substantially alter its identity in the community.**

INTERPRETATION:
Compliance will be demonstrated when:

a. In the event the College's name is changed, it is noted by action of the Board of Trustees, as approved and recorded in the minutes;
b. Proposed name changes are requested of and approved by the Middle States Commission on Higher Education;
c. Proposed name changes are requested of and approved by the Maryland Higher Education Commission; and
d. Any change in the name, image, and likeness, or positioning of the College identity, is supported by a Board motion approved and recorded in the minutes.

This interpretation is reasonable because it is a requirement of the aforementioned authorities to advance a name change.

12. **Create or purchase any subsidiary corporation.**

INTERPRETATION:

Compliance will be demonstrated when:

a. The Board's auditor confirms that there has been no purchase or creation of a subsidiary corporation without prior approval by the Board of Trustees.

This interpretation is reasonable because the Board of Trustees has retained the authority of the decision for the purchase of a subsidiary corporation and all Board decisions must report a duly recorded motion and the vote to approve such a decision.

Frederick Community College

**To:** Frederick Community College Board of Trustees

**From:** Dr. Annesa Payne Cheek, President

**Cc:** Scott McVicker, CFO and Vice President for Administration

**Date:** November 20, 2024

**Subject:** **Information/Discussion Item**
President's Interpretations for EL-10 Investments

**Board Policy:** BCD-3 Delegation to the President

**OVERVIEW**
Attached for the Board's feedback are my interpretations for Policy EL-10 Investments.

**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-10 Investments and provide feedback for consideration. A final version will be submitted for approval at the January 15, 2025 Board meeting.

**ATTACHMENT(S)**
President's Interpretations for Policy EL-10 Investments

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

**The President shall not permit investments that are inconsistent with federal, state or local laws, nor to be managed in a way that is inconsistent with the primary investment objectives of capital preservation and reasonably assured revenue growth.**

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

1. **Permit investments to be managed without the active involvement of well-qualified investment advisors with a proven track record, and who are independent of any investment fund.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The College utilizes well-qualified investment advisors, who are also independent of any investment fund, to make the securities purchases.

This interpretation is reasonable because the investment of the College's available funds is managed by a bonded, legally accountable administrator, and secondary fund custodian.

**1.1. Permit the advisor to take title to any assets.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The funds held by the asset custodian, and security purchases made by the investment advisor, are held in the College's name only.

This interpretation is reasonable because by requiring the asset custodian and investment advisor to align with this practice, the College can clearly demonstrate ownership and control, consistent with its fiduciary duties and regulatory obligations. This approach aligns with the Board's expectation of prudent financial stewardship and risk management.

**1.2. Permit the advisor to withdraw any funds from the accounts except to cover payment of previously agreed-to fees, or at the specific direction of the College's Chief Financial Officer or President.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The advisor does not withdraw funds from the accounts, unless they are for fees specified in the agreements of the engaged financial and asset management organizations, or as directed by the CFO or President.

This interpretation is reasonable because by specifying fees in formal agreements, the College can clearly define the costs associated with these services, avoid ambiguity, and ensure that financial management practices are aligned with industry standards and the College's strategic financial goals.

2. **Permit investments that are insufficiently liquid to meet the organization's anticipated expenditures without incurring penalties.**

INTERPRETATION:
Compliance will be demonstrated when:

a. Investment maturity dates are structured to mature at times that meet cash flow needs of the College based upon a planned schedule; and
b. The actual interest-based revenue return matches the anticipated return without penalties for withdrawal.

This interpretation is reasonable because it maximizes the return on the investment and liquidity at reduced costs and is compliant with Title 16 – Community Colleges of the Education Article, Maryland Annotated Code.

3. **Permit borrowing money for the sole purposes of investment.**

INTERPRETATION:
Compliance will be demonstrated when:

a. Borrowing is undertaken solely for the purpose of supporting the College's educational objectives, such as capital projects, program funding, or other initiatives that support the institution's mission. In cases where borrowing is required, it must be justified by clear, mission-related needs rather than financial speculation.

This interpretation is reasonable because it demonstrates sound financial stewardship, maintains public trust, and safeguards the College's resources against risky financial maneuvers that do not directly benefit students or the institution's educational programs.

4. **Permit the investment of cash accounts (or operating capital) in anything other than those which comply with the applicable sections of the State Finance and Procurement Article of the Maryland Code.**

INTERPRETATION:
Compliance will be demonstrated when:

a. The College's participation in investment activities is done via an investment pool composed entirely of investment instruments that are legal for all Maryland community colleges.

**President's Interpretations for EL-10 Investments**

This interpretation is reasonable because Maryland state law defines what is permissible for a community college's investments.


**FCC BOARD OF TRUSTEES POLICY**

**Policy Type:** Governance Process

**Policy Title:** Special Rules of Order
**Policy Number**: GP-11
**Date Adopted:** 5.22.2024

**Version:** 1.0
**Date Last Reviewed:** 5.22.2024
**Office Responsible:** President's Office

**Reviewing Committee:** Board of Trustees

The Frederick Community College Board of Trustees meetings will be conducted in an orderly, effective process, led and defined by the Board Chair/Chief Governance Officer (CGO).

1. All legal requirements and by-law obligations respecting Board meetings must be satisfied.

2. Board meetings shall be called to order at the time specified in the meeting notice and upon satisfaction of a quorum.

3. Trustees will not present an item for action or discussion at a Board meeting if it is not on the agenda, unless otherwise approved by a majority vote of the Board and if permitted by law.

4. Meeting order and decorum shall be maintained, and all members shall be treated with dignity, respect, courtesy, and fairness during discussion and debate and in all other respects.

5. Trustees must keep their comments relevant to the issue under consideration.

6. Board meetings will be conducted at a level of informality considered appropriate by the Board Chair.

7. Board decisions will be made based on consensus to the extent possible.

    7.1. Where consensus is not possible or where required by law whether or not consensus exists (for instance, procurement decisions), proposals that the Board take action, or decide a particular matter, shall be made by main motion of a Trustee, discussed, and then voted on. Motions do not require a second to proceed to discussion and subsequent vote.

7.2. To the same extent as any Board member, the Chair may make motions, engage in debate, and vote on any matter to be decided.

7.3. A main motion may be amended only once.

7.4. A motion to refer to a committee, postpone, or table may be made regarding a pending main motion. If carried, it shall set the main motion (the initial proposal) aside accordingly.

8. Trustees may speak to a pending motion on as many occasions and at such length as the Chair may reasonably allow.

9. A vote on a motion shall be taken when the discussion ends; however, any Trustee may, during debate, move for an immediate vote (close debate) which, if carried, shall end the discussion, and the vote on the main motion shall then be taken.

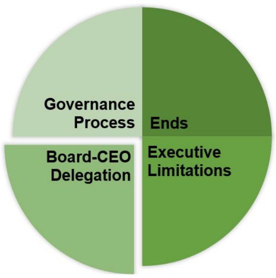
10. A decision to discontinue the Board's use of Policy Governance can occur only by a supermajority (i.e., Two-thirds) vote of the entire Board (i.e., Five members of the Board).

11. Board decisions about policies and revisions to policies will be considered first by the Board members assigned for pre-review of the policies, with the second reading occurring during the actual Board meeting. If approved, it has immediate effect, unless the Policy, by its terms, has an implementation or transition schedule or a deferred effective date.

12. A motion to adjourn a Board meeting may be offered by any Trustee, or, on the conclusion of all business, the Chair may declare adjournment of the meeting.

13. When the Board is to develop further rules of order, it will consider Robert's Rules of Order for Small Boards & Assemblies as a resource guide.

| Date Of Change | Version | Description of Change | Responsible Party |
|---|---|---|---|
| 5.22.2024 | 1.0 | First release following Policy Governance consulting work. | President |




**FCC BOARD OF TRUSTEES POLICY**

**Policy Type:** Board-CEO Delegation

**Policy Title:** Accountability of the President
**Policy Number**: BCD-2
**Date Adopted:** 10.18.2023

**Version:** 1.0
**Date Last Reviewed:** 10.18.2023
**Responsible Party:** President's Office

**Reviewing Committee:** Board of Trustees

The President is the Board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the Board is concerned, is considered the authority and accountability of the President.

1. The Board will never give instructions to persons who report directly or indirectly to the President.

2. The Board will refrain from evaluating, either formally or informally, any staff other than the President.

3. Since the President is accountable for operational achievement, the Board will view President performance as identical to organizational performance. Therefore, the President's job description is to accomplish a reasonable interpretation of Board-stated Ends and comply with a reasonable interpretation of Executive Limitations.

| Date Of Change | Version | Description of Change | Responsible Party |
| --- | --- | --- | --- |
| 10/18/2023 | 1.0 | First release following Policy Governance consulting work. | President |

Frederick Community College

**To:** Frederick Community College Board of Trustees

**From:** Dr. Annesa Payne Cheek, President

**Cc:** Scott McVicker, CFO and Vice President for Administration

**Date:** November 20, 2024

**Subject:** **Action Item**
Approval of FY 2026 – FY 2031 Capital Improvements Program (CIP) and County Capital Budget Request

**Board Policy:** EL-4 Financial Conditions and Activities; EL-6 Planning; EL-7 Land Use; EL-9 Asset Protection

**OVERVIEW**

Each year, the College is required to submit its CIP and six-year budget request to the County for review and approval. The request is based on the College's ten-year Facilities Master Plan.

**ANALYSIS**

The FY 2026 – FY 2031 CIP includes requests for three capital projects, systemics, technology, and other facility maintenance projects totaling $124.9 million (including County funding of $63.1 million).

Capital Projects:

1. Campus Services Building ($15,438,000)
   - A new building and storage area outside the academic core of the campus. (Note: The County provided $800,000 for this project in FY25).

2. Innovation and Technology Center ($53,499,750)
   - Renovations and an addition to Catoctin Hall (Building C) to address increasing workforce development needs in the technology sector within the region.
   - To help offset the project cost, Frederick Community College will provide an estimated $10.8 million in additional funding needed to support the project.

3. Health Education and Athletics Center ($40,192,000)
    - Renovations and an addition to the Athletics Center (Building D) to address health sciences, workforce development, community education, and athletic department needs.
      (Note: Due to funding reprioritization for this project, the start date shifted from FY 2027 to FY 2029 and an estimated additional $35,441,000 will be requested from the County and State after FY 2031 in order to complete this project.)

Systemics ($11,849,875)

- Funding to support and enhance student learning environments, improve student success, address maintenance and renovation needs, and the beautification of the campus.

Technology ($2,461,500)

- Classroom technology: Funding to keep FCC instructional areas updated with innovative technology.
- Technology upgrades (PeopleSoft): To ensure compliance with our PeopleSoft maintenance agreement, the College must remain current with the latest software release.

Other ($1,500,000)

- State Facilities Renewal Grant: Funding includes facility improvements, repairs, and maintenance projects with a total estimated cost equal to or less than $1 million.

**RECOMMENDATION**
Recommend approval of the FY 2026 – FY 2031 CIP and County Capital Budget Request.

**ATTACHMENT(S)**
CIP Narrative FY 2026 – FY 2031
Combined County and State Capital Funding Request
County and State Capital Funding Shares

**Frederick Community College**
**Capital Improvement Program Narrative**
**FY 2026 – FY 2031**
**November 20, 2024**

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## OVERVIEW

Frederick Community College (FCC) is pleased to submit its Capital Improvements Program (CIP) request for FY 2026 – FY 2031. The request is based on the College's ten-year Facilities Master Plan approved in June 2023 and submitted to the Maryland Higher Education Commission (MHEC).

## ANALYSIS

As part of the master planning process, a Space Needs Assessment for 2030 was conducted utilizing MHEC's *Space Allocation Guidelines for Community Colleges*. This exercise projected a significant need for space, with an overall space deficit of 123,598 in net assignable square feet (NASF), more than 40% above the College's current NASF of 305,354. Additional space needs were identified in almost every category, including academic and academic support spaces.

The College has not built a major building or addition since 2015, and instead has invested in improving existing facilities. While these renovations have brought existing facilities up to current standards, they have not allowed for growth in instructional programs, student services, or support services.

Recognizing that Frederick County is the fastest growing county in the State of Maryland, FCC is steadily being called on to increase its capacity to prepare the County's workforce of today and the future. FCC's enrollment has rebounded from COVID levels and facility needs in workforce development, health care, and wellness will require the construction of new facilities to meet present and growing requirements.

### Capital Improvement Program Adjustments

The FY 2026 – FY 2031 CIP request represents a shift in priority order of two major building projects, the Innovation and Technology Center, and the Health Education and Athletics Center. To address pressing workforce needs, the Innovation and Technology Center project was accelerated from the County's FY 2025 budget, with initial County/State funding to begin in FY 2027 (instead of FY 2030). The initial funding request for the Health Education and Athletics Center has been delayed to FY 2029 (instead of FY 2027).

The total proposed project cost for the Campus Services Building remains unchanged and the College is committed to designing within the $16,238,000 budget.

### Capital Improvement Program Budget

The FY 2026 – FY 2031 CIP budget is $124.9 million, including County funding of $63.1 million.

The total budget for capital projects increased by $25.3 million. The Health Education and Athletics Center project cost increased by $4,886,994 (from $70,776,006 to $75,663,000) due to escalation costs. The project cost for the Innovation and Technology Center increased by $20,434,048 (from $43,925,760 to $64,359,808) due to escalation costs and more detailed program planning. Frederick Community College will fund approximately $10.8 million toward the Innovation and Technology Center project to help offset the cost.

**CAPITAL PROJECTS**

The CIP budget includes the following capital projects:

**Campus Services Building - $16,238,000**
**Planning FY24-FY25; Construction, Furniture and Equipment FY26-FY27**
The existing Plant Operations building, originally constructed in 1995 with an addition in 2003, is approximately 7,400 GSF and houses work bays and office space for Plant Operations staff. This project replaces the current Plant Operations building and consolidates all functions now housed in that building with others distributed throughout the campus.

In the previous 2012-2022 Facilities Master Plan, this building was slated for renovation. The 2023-2033 Facilities Master Plan recommends a new facility, instead of a renovation, located outside of the academic core of the campus.

- Functions include plant services, workshops, offices, repair spaces, college-wide receiving, mail services, and storage.
- Site work associated with this project will include a staff and visitor parking lot, limited realignment of the campus loop road at the southwest corner of the Parking Deck, a new access driveway, and fenced service/storage yard.
- Estimated size: single-story building with offices and shops (19,800 GSF) and single-story storage building (3,800 GSF).

We are currently in the design phase of this project and design funding was received from the County in FY 2024.

**Innovation and Technology Center - $64,359,808**
**Design FY27; Construction FY28-FY30; Furniture and Equipment FY28-FY30**
This project renovates a portion of Catoctin Hall (Building C) and includes a building addition. This provides needed space for innovative collaboration between the institution and business/industry partners, informing instruction for real-world workplace application.

- Functions include science and biotechnology labs, an innovation center serving the FCC community and other entrepreneurial initiatives, instructional spaces for STEM programs, offices, a lecture hall, and support spaces.
- Added academic space will allow for the expansion of workforce development programs.

- Reconfiguration of Parking Lot 5 will be required.
- Estimated size: renovation of existing space (30,245 GSF) and two-story addition (28,352 GSF).

A Facility Program Part I and Part II for this project was submitted to the State as required for inclusion in the FY27 State CIP budget request. The Maryland Higher Education Commission (MHEC) has approved the program, and the Department of Budget and Management (DBM) and the Department of General Services (DGS) is currently reviewing the program and approval is pending.

**Health Education and Athletics Center - $75,633,000**
**Design FY29-FY30; Construction, Furniture and Equipment FY31-FY32**
This project renovates a portion of our Athletics Center (Building D) and includes a building addition.

- Functions include athletic performance activity areas, athletic department support areas, fitness facilities, general-purpose classrooms, specialized state-of-the-art laboratories, support spaces and offices.
- Academic space for health sciences, workforce development and community education, and athletics.
- Estimated size: renovation of existing space (35,872 GSF) and single-story addition (43,356 GSF).

A Facility Program Part I and Part II for this project was submitted to the State as required for inclusion in the FY28 State CIP budget request. The Maryland Higher Education Commission (MHEC) has approved the program, and the Department of Budget and Management (DBM) and the Department of General Services (DGS) is currently reviewing the program and approval is pending.

**SYSTEMICS - $11,849,875**
**FY26-FY31**
Funding the operation of a college campus requires the careful balance of supporting the institution's mission while also maintaining its physical assets. The goal of this proposal is to support and enhance student learning environments, improve student success, address maintenance and renovation needs, and the beautification of the campus. This is achieved through the establishment of a best practices funding model which focuses on maintaining College assets. The funding model is based on the college's assets' current replacement value (CRV) of approximately $231.5 million.

**TECHNOLOGY**

**Classroom Technology (Upgrades & Equipment) - $661,500**
**FY26-FY31**
These funds are essential to keeping FCC classrooms updated with innovative technology to support instruction. Without staying current with the latest technology, our students will not be competitive in the workplace.

**Technology Upgrade – PeopleSoft Upgrades - $1,800,000**
**FY26-FY31**
The College utilizes PeopleSoft for student registration/administration, finance, HR/payroll, and time and labor. To ensure compliance with our PeopleSoft maintenance agreement, the College must remain current with the latest software release.

**OTHER**

**State Facilities Renewal Grant - $1,500,000**
**FY27, FY29, FY31**
The 2018 Maryland General Assembly, by way of Senate Bill 595/House Bill 403, established the Community College Facilities Renewal Grant (CCFRG) program within the Maryland Higher Education Commission (MHEC) to provide grants for improvements, repairs, and deferred maintenance projects at Maryland community colleges. Grants provided by the program are in addition to and may not supplant funds provided by the Community College Construction Grant Program (CCCGP).

Eligible projects for funding from the CCFRG program include facility improvements, repairs, and maintenance projects with a total estimated cost equal to, or less than $1 million, and that have been submitted to MHEC as part of an annual master plan or ten-year master plan. The Commission may approve up to eight grants in each fiscal year.

Frederick Community College

**Capital Improvement Program Request FY2026-2031**
**Combined County and State Capital Funding Request**
**November 20, 2024**

| Combined County and State Capital Funding Request | | Total Project | Other * | Prior Approval | Total FY26-31 | Request FY2026 | Request FY2027 | Request FY2028 | Request FY2029 | Request FY2030 | Request FY2031 | Request After |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | |
| | **Capital Projects** | | | | | | | | | | | |
| County only | Campus Services Building | **16,238,000** | | **800,000** | **15,438,000** | **7,719,000** | **7,719,000** | | | | | |
| County / State | Health Education and Athletics Center (Building D Renovation/Addition) | **75,633,000** | | **0** | **40,192,000** | | | | **5,851,000** | **3,000,000** | **31,341,000** | **35,441,000** |
| County / State | Innovation and Technology Center | **64,359,808** | **10,860,058** | **0** | **53,499,750** | | **15,209,809** | **11,748,237** | **14,461,896** | **12,079,808** | | |
| | | | | | | | | | | | | |
| County only | **Systemics** | | | **2,380,000** | **11,849,875** | **3,189,300** | **2,969,979** | **2,001,666** | **1,531,716** | **1,062,667** | **1,094,547** | |
| | Emergency repairs | | | | 233,186 | 36,050 | 37,132 | 38,245 | 39,393 | 40,575 | 41,792 | |
| | Life Safety Systems and Fire Sprinkler | | | | 666,246 | 103,000 | 106,090 | 109,273 | 112,551 | 115,927 | 119,405 | |
| | ADA Accessibility repairs / upgrades | | | | 499,685 | 77,250 | 79,568 | 81,955 | 84,413 | 86,946 | 89,554 | |
| | Roof Systems- repairs / replacements | | | | 129,368 | 20,000 | 20,600 | 21,218 | 21,855 | 22,510 | 23,185 | |
| | Site Improvements (walkways, roadways, parking) | | | | 323,420 | 50,000 | 51,500 | 53,045 | 54,636 | 56,275 | 57,964 | |
| | Mechanical / Electrical / Plumbing | | | | 323,420 | 50,000 | 51,500 | 53,045 | 54,636 | 56,275 | 57,964 | |
| | Building doors, windows, exterior facade | | | | 333,123 | 51,500 | 53,045 | 54,636 | 56,275 | 57,964 | 59,703 | |
| | Other deferred maintenance / backlog | | | | 333,123 | 51,500 | 53,045 | 54,636 | 56,275 | 57,964 | 59,703 | |
| | Athletic Field relocation/buildings | | | | 2,000,000 | 1,000,000 | 500,000 | 500,000 | 0 | 0 | 0 | |
| | Pedestrian Walkway, Circulation, and Campus Core | | | | 1,750,000 | 250,000 | 500,000 | 500,000 | 500,000 | 0 | 0 | |
| | JBK Theatre Renovation | | | | 2,000,000 | 1,000,000 | 1,000,000 | 0 | 0 | 0 | 0 | |
| | Miscellaneous Renovations | | | | 3,258,303 | 500,000 | 517,500 | 535,613 | 551,681 | 568,231 | 585,278 | |
| | | | | | | | | | | | | |
| | **Technology** | | | | | | | | | | | |
| County only | Classroom Technology Upgrades - Equipment | | | **250,000** | **661,500** | **110,250** | **110,250** | **110,250** | **110,250** | **110,250** | **110,250** | |
| County only | Technology Upgrades - PeopleSoft | | | **300,000** | **1,800,000** | **300,000** | **300,000** | **300,000** | **300,000** | **300,000** | **300,000** | |
| | | | | | | | | | | | | |
| | **Other** | | | | | | | | | | | |
| State only | Facilities Renewal Grant - CCFRGP | | | | **1,500,000** | **0** | **500,000** | **0** | **500,000** | **0** | **500,000** | |
| State only | Facilities Renewal Supplemental Funding - CCFRSF | | | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | |
| | | | | | | | | | | | | |
| **Combined Total County and State Capital Funding Request** | | | **10,860,058** | **3,730,000** | **124,941,125** | **11,318,550** | **26,809,038** | **14,160,153** | **22,754,862** | **16,552,725** | **33,345,797** | **35,441,000** |

*** FCC Funding**

Frederick Community College

# Capital Improvement Program Request FY2026-2031
## County and State Capital Funding Shares
**November 20, 2024**

| | Total | Prior Approval | Total FY26-31 | Request FY2026 | Request FY2027 | Request FY2028 | Request FY2029 | Request FY2030 | Request FY2031 | Request After |
|---|---|---|---|---|---|---|---|---|---|---|
| **County and State Capital Funding Shares** | | | | | | | | | | |
| County Capital Funding Share | **66,844,732** | **3,730,000** | **63,114,732** | **11,318,550** | **16,236,229** | **2,411,916** | **10,534,321** | **7,851,676** | **14,762,040** | **14,991,543** |
| State Capital Funding Share | **61,826,393** | **0** | **61,826,393** | **0** | **10,572,809** | **11,748,237** | **12,220,541** | **8,701,049** | **18,583,757** | **20,449,457** |
| **Combined Total County and State Capital Funding Request** | **128,671,126** | **3,730,000** | **124,941,126** | **11,318,550** | **26,809,038** | **14,160,153** | **22,754,862** | **16,552,726** | **33,345,797** | **35,441,000** |

| **County Funding Request** | Total Project | Prior Approval | Total FY26-31 | Request FY2026 | Request FY2027 | Request FY2028 | Request FY2029 | Request FY2030 | Request FY2031 | Request After |
|---|---|---|---|---|---|---|---|---|---|---|
| **Capital Projects** | | | | | | | | | | |
| Campus Services Building | **16,238,000** | **800,000** | **15,438,000** | **7,719,000** | **7,719,000** | | | | | |
| Health Education and Athletics Center (Building D Renovation/Addition) | **31,992,759** | **0** | **17,001,216** | | | | **2,474,973** | **1,269,000** | **13,257,243** | **14,991,543** |
| Innovation and Technology Center | **16,364,141** | **0** | **16,364,141** | **0** | **5,137,000** | **0** | **6,117,382** | **5,109,759** | | |
| | | | | | | | | | | |
| **Systemics** | | **2,380,000** | **11,849,875** | **3,189,300** | **2,969,979** | **2,001,666** | **1,531,716** | **1,062,667** | **1,094,547** | |
| Emergency repairs | | | 233,186 | 36,050 | 37,132 | 38,245 | 39,393 | 40,575 | 41,792 | |
| Life Safety Systems and Fire Sprinkler | | | 666,246 | 103,000 | 106,090 | 109,273 | 112,551 | 115,927 | 119,405 | |
| ADA Accessibility repairs / upgrades | | | 499,685 | 77,250 | 79,568 | 81,955 | 84,413 | 86,946 | 89,554 | |
| Roof Systems- repairs / replacements | | | 129,368 | 20,000 | 20,600 | 21,218 | 21,855 | 22,510 | 23,185 | |
| Site Improvements (walkways, roadways, parking) | | | 323,420 | 50,000 | 51,500 | 53,045 | 54,636 | 56,275 | 57,964 | |
| Mechanical / Electrical / Plumbing | | | 323,420 | 50,000 | 51,500 | 53,045 | 54,636 | 56,275 | 57,964 | |
| Building doors, windows, exterior facade | | | 333,123 | 51,500 | 53,045 | 54,636 | 56,275 | 57,964 | 59,703 | |
| Other deferred maintenance / backlog | | | 333,123 | 51,500 | 53,045 | 54,636 | 56,275 | 57,964 | 59,703 | |
| Athletic Field relocation/buildings | | | 2,000,000 | 1,000,000 | 500,000 | 500,000 | 0 | 0 | 0 | |
| Pedestrian Walkway, Circulation, and Campus Core | | | 1,750,000 | 250,000 | 500,000 | 500,000 | 500,000 | 0 | 0 | |
| JBK Theatre Renovation | | | 2,000,000 | 1,000,000 | 1,000,000 | 0 | 0 | 0 | 0 | |
| Miscellaneous Renovations | | | 3,258,303 | 500,000 | 517,500 | 535,613 | 551,681 | 568,231 | 585,278 | |
| | | | | | | | | | | |
| **Technology** | | | | | | | | | | |
| Classroom Technology Upgrades - Equipment | | **250,000** | **661,500** | **110,250** | **110,250** | **110,250** | **110,250** | **110,250** | **110,250** | |
| Technology Upgrades - PeopleSoft | | **300,000** | **1,800,000** | **300,000** | **300,000** | **300,000** | **300,000** | **300,000** | **300,000** | |
| **Total County Request** | | **3,730,000** | **63,114,732** | **11,318,550** | **16,236,229** | **2,411,916** | **10,534,321** | **7,851,676** | **14,762,040** | **14,991,543** |

| **State Funding Request** | Total Project | Prior Approval | Total FY26-31 | Request FY2026 | Request FY2027 | Request FY2028 | Request FY2029 | Request FY2030 | Request FY2031 | Request After |
|---|---|---|---|---|---|---|---|---|---|---|
| **Capital Projects** | | | | | | | | | | |
| Health Education and Athletics Center (Building D Renovation/Addition) | **43,640,241** | **0** | **23,190,784** | | | | **3,376,027** | **1,731,000** | **18,083,757** | **20,449,457** |
| Innovation and Technology Center | **37,135,609** | **0** | **37,135,609** | | **10,072,809** | **11,748,237** | **8,344,514** | **6,970,049** | | |
| **Other** | | | | | | | | | | |
| Facilities Renewal Grant - CCFRGP | | **0** | **1,500,000** | **0** | **500,000** | **0** | **500,000** | **0** | **500,000** | |
| Facilities Renewal Supplemental Funding - CCFRSF | | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | |
| **Total State Request** | | **0** | **61,826,393** | **0** | **10,572,809** | **11,748,237** | **12,220,541** | **8,701,049** | **18,583,757** | **20,449,457** |

Frederick Community College

**To:** Frederick Community College Board of Trustees

**From:** Dr. Annesa Payne Cheek, President

**Cc:** Scott McVicker, CFO and Vice President for Administration

**Date:** November 20, 2024

**Subject:** **Action Item**
Approval of President's Interpretations for EL-6 Planning

**Board Policy:** BCD-3 Delegation to the President

## OVERVIEW

Attached for the Board's consideration are my final interpretations for Policy EL-6 Planning. A draft was reviewed at the October 16 Board meeting.

## 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-6 Planning.

## ATTACHMENT(S)

President's Interpretations for Policy 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:

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.**

<u>INTERPRETATION</u>:
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.**

<u>INTERPRETATION</u>:
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.

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.

Frederick Community College

**To:** Frederick Community College Board of Trustees

**From:** Dr. Annesa Payne Cheek, President

**Cc:** Scott McVicker, CFO and Vice President for Administration

**Date:** November 20, 2024

**Subject:** **Action Item**
Approval of President's Interpretations for EL-7 Land Use

**Board Policy:** BCD-3 Delegation to the President

**OVERVIEW**

Attached for the Board's consideration are my final interpretations for Policy EL-7 Land Use. A draft was reviewed at the October 16 Board meeting.

**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-7 Land Use.

**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.

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

## President's Baseline Insight Report

## EL 4 – Financial Conditions and Activities

Report Date: 11/20/2024
Compliance Status: F/P/N Compliant

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

I am submitting this monitoring report to the Frederick Community College Board of Trustees, focusing on the Board's Executive Limitation Policy: "EL-4 Financial Conditions and Activities." 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.

Annesa Cheek 11/20/2024
Annesa Cheek, Ed.D. Date
President

**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: | EVIDENCE: |
|---|---|
| Compliance will be demonstrated when:<br><br>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. | The Chief Financial Officer and Vice President for Administration (CFO/VPA) confirmed on 11/5/24 the following:<br>a. The FY 2024 quarterly financial statements were presented to the Board of Trustees and confirmed that annual expenses did not exceed annual revenues as follows:<br>• The 1st quarter ending 9/30/23, was presented to the Board on 11/15/23.<br>• The 2nd quarter ending 12/31/23, was presented to the Board on 2/21/24.<br>• The 3rd quarter ending 3/31/24, was presented to the Board on 5/22/24.<br>• The 4th quarter ending 6/30/24, was presented to the Board on 9/18/24.<br>• The Fiscal Year 2024 Audited Annual Financial Report was presented to the Board of Trustees on 10/16/24. |

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: | EVIDENCE: |
|---|---|
| Compliance will be demonstrated when:<br><br>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. | The CFO/VPA confirmed on 11/5/24 the following:<br>a. The following reports confirmed that annual obligations did not exceed that which can be repaid each year.<br>• The FY 2024 Audited Annual Financial Report was presented to the Board of Trustees on 10/16/24 and included the long-term liabilities schedule for FY 2023 and FY 2024.<br>• The CFO/VPA confirmed on 10/23/24 that debt obligations were paid in accordance with the debt service schedule for FY 2024.<br>• The Board of Trustees approved the FY 2024 budget on 6/14/23, which included the debt service obligations for the fiscal 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. | |

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**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.**

<u>INTERPRETATION</u>: <u>EVIDENCE</u>:
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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.<br>
b. The College received Board approval for using the Strategic Reserve fund to cover unforeseen expenses not included in the annual budget.
</td><td>

The CFO/VPA confirmed on 11/5/24 the following:<br>
a. The FY 2024 Audited Annual Financial Report was presented to the Board of Trustees on 10/16/24 and confirmed annual operating expenditures did not exceed annual operating revenues.

b. The Strategic Reserve fund was not in existence during FY24, therefore there is no applicable evidence for this reporting period.
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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 (not included in the approved annual operating budget).
</td></tr>
</table>

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

| INTERPRETATION: | EVIDENCE: |
|---|---|
| Compliance will be demonstrated when:<br><br>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.<br><br>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. | The CFO/VPA confirmed on 11/5/24 the following:<br>a. The FY 2024 quarterly financial statements were presented to the Board of Trustees and confirmed no funds were used for purposes other than that for which they were designated:<br>• The 1st quarter ending 9/30/23, was presented to the Board on 11/15/23.<br>• The 2nd quarter ending 12/31/23, was presented to the Board on 2/21/24.<br>• The 3rd quarter ending 3/31/24, was presented to the Board on 5/22/24.<br>• The 4th quarter ending 6/30/24, was presented to the Board on 9/18/24.<br>b. The FY 2024 Audited Annual Financial Report, including the Single Audit, presented to the Board of Trustees on 10/16/24 confirmed that fund use has been limited to intended purpose. |
| 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: | EVIDENCE: |
|---|---|
| Compliance will be demonstrated when:<br><br>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. | The CFO/VPA confirmed on 11/5/24 the following:<br>a. The FY 2024 quarterly financial statements were presented to the Board of Trustees and confirmed the amount held in reserve was in compliance with the 16.6% as follows:<br>• The 1st quarter ending 9/30/23, was presented to the Board on 11/15/23.<br>• The 2nd quarter ending 12/31/23, was presented to the Board on 2/21/24.<br>• The 3rd quarter ending 3/31/24, was presented to the Board on 5/22/24.<br>• The 4th quarter ending 6/30/24, was presented to the Board on 9/18/24. |
| 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.**

| INTERPRETATION: | EVIDENCE: |
| --- | --- |
| Compliance will be demonstrated when: | The CFO/VPA confirmed on 11/5/24 the following: |
| a. Audited payroll records verify payment of employees is consistent with written Human Resources employment and collective bargaining agreements. | a. The FY 2024 Annual Audited Financial Report was presented to the Board of Trustees on 10/16/24. This audit verified that payment of employees is consistent with written Human Resources employment agreements. There is no collective bargaining agreement in place. |
| b. Accounts payable show no material amounts outstanding beyond the agreed terms with the vendor unless a payment obligation is in dispute. Additionally, the College is not in collections with vendors regarding the lack of payment for goods and services provided. | b. As part of the College's annual audit, on 8/19/24, the external auditors reviewed accounts payable detail and confirmed that suppliers have been paid according to contract terms, all payables are current and FCC maintains a healthy and efficient payment process. The College is not in collections with any vendors regarding lack of payment for goods or 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: | EVIDENCE: |
|---|---|
| Compliance will be demonstrated when:<br><br>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;<br><br>b. Sales Use taxes are submitted monthly by the required deadline;<br><br>c. Federal 941 Reports have been submitted to the IRS by the required deadline;<br><br>d. MD unemployment quarterly filings have been submitted by the due date; | The CFO/VPA confirmed on 11/5/24 the following:<br>a. The annual 2023 W2 information was submitted to the IRS on 1/24/24 prior to the required due date of 1/31/24. All state (MD, PA, VA, WV and DC) year-end information was submitted and confirmed accurate by the 1/31/24 due date.<br>b. The monthly Sales and Use Tax returns for each month of the prior year were submitted timely as follows:<br>• October 2023 completed by 11/30/2023.<br>• November 2023 completed by 12/29/23.<br>• December 2023 completed by 1/30/24.<br>• January 2024 completed by 2/29/24.<br>• February 2024completed by 3/29/24.<br>• March 2024 completed by 4/30/24.<br>• April 2024 completed by 5/30/24.<br>• May 2024 completed by 6/28/24.<br>• June 2024 completed by 7/30/24.<br>• July 2024 completed by 8/30/24.<br>• August 2024 completed by 9/30/24.<br>• September 2024 completed by 10/30/24.<br>c. The quarterly Federal 941 Reports were submitted to the IRS by the required deadlines as follows:<br>• 4th QTR 2023 941 submitted on 1/25/24 before 1/31/24 due date.<br>• 1st QTR 2024 941 submitted on 4/15/24 before 4/30/24 due date.<br>• 2nd QTR 2024 941 submitted on 7/24/24 before 7/31/24 due date.<br>• 3rd QTR 2024 941 submitted on 10/23/24 before 10/31/24 due date.<br>d. The MD quarterly unemployment reports were submitted by the due date as follows:<br>• 4th QTR 2023 MDUI submitted on 1/22/24 before 1/31/24 due date. |

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

| INTERPRETATION: | EVIDENCE: |
|---|---|
| | • 1st QTR 2024 MDUI submitted on 4/8/24 before 4/30/24 due date.<br>• 2nd QTR 2024 MDUI submitted on 7/8/24 before 7/31/24 due date.<br>• 3rd QTR 941 2024 MDUI submitted on 10/3/24 before 10/31/24 due date. |
| e. Department of Commerce annual survey has been completed; | e. The Department of Commerce annual survey was submitted on 5/2/24 before 5/9/24 due date. |
| f. MHEC monthly retirement filing and the MD annual retirement report have been submitted; and all | f. MHEC retirement filings have been submitted monthly in alignment with the required due dates.<br>• July 2023 completed by 7/31/2023.<br>• August 2023 completed by 8/31/23.<br>• September 2023 completed by 9/30/23.<br>• October 2023 completed by 10/31/23.<br>• November 2023 completed by 11/30/23.<br>• December 2023 completed by 12/31/23.<br>• January 2024 completed by 1/31/24.<br>• February 2024 completed by 2/29/24.<br>• March 2024 completed by 3/31/24.<br>• April 2024 completed by 4/30/24.<br>• May 2024 completed by 5/31/24.<br>• June 2024 completed by 6/30/24.<br>The MSRA annual report was filed on 1/17/24 before the 1/31/24 due date. |
| 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. | g. YTD payroll withholding taxes were submitted on a semi-monthly basis required by the regulatory guidelines and in alignment with the pay schedule for Federal taxes withheld and state taxes withheld for Maryland, Pennsylvania, and Virginia. YTD payroll withholding taxes were submitted on a monthly basis required by the regulatory guidelines and in alignment with the pay schedule for West Virginia and DC.<br>• July 2023 completed by 7/15/23 and 7/31/23. |

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

| INTERPRETATION: | EVIDENCE: |
| --- | --- |
| | • August 2023 completed by 8/15/23 and 8/31/23.<br>• September 2023 completed by 9/15/23 and 9/30/23.<br>• October 2023 completed by 10/15/23 and 10/31/23.<br>• November 2023 completed by 11/15/23 and 11/30/23.<br>• December 2023 completed by 12/15/23 12/31/23.<br>• January 2024 completed by 1/15/24 and 1/31/24.<br>• February 2024 completed by 2/15/24 and 2/29/24.<br>• March 2024 completed by 3/15/24 and 3/31/24.<br>• April 2024 completed by 4/15/24 and 4/30/24.<br>• May 2024 completed by 5/15/24 and 5/31/24.<br>• June 2024 completed by 6/15/24 and 6/30/24 |

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.**<br><br>INTERPRETATION: | EVIDENCE: |
| --- | --- |
| Compliance will be demonstrated when:<br>a. There has been no acquisition, encumbrance, or disposal of land or buildings without receiving prior Board approval. | a. The CFO/VPA confirmed on 11/5/24 that for the prior FY 2024 and to-date, no acquisition, encumbrance, or disposal of land or buildings has occurred outside the ten-year master plan that was approved by the Board on June 14, 2023. |
| This is a reasonable interpretation because it aligns with industry best practices. | |

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

INTERPRETATION: | EVIDENCE:
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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.
</td><td>
The CFO/VPA confirmed on 11/5/24 the following:

a. The Student Finance Office reviews standard operating procedures annually with the most recent review completed on 6/30/24. Annual payment card industry training occurred 7/29/24 and cash-handling training occurs during new-hire training. These trainings ensure compliance with recording all payments. College collection efforts are well documented within student information systems (e.g. PeopleSoft Campus Solutions, Perceptive Content) which track the number of contact attempts to the debtor, including repayment options offered, prior to sending balances to a collection agency. Prior to sending past-due accounts to collections, collection efforts are reviewed by the Bursar as the accounts reach the >90- day threshold.

b. Annual write-offs are completed prior to each year-end closing for accounts older than two fiscal years with no payment activity. Once the write-offs are posted, the totals for the fiscal year are submitted to the AVP for Finance. This procedure was completed for FY 2024 and the write-offs were approved by the CFO/VPA on 8/16/24.
</td></tr>
<tr><td colspan="2">This interpretation is reasonable because it aligns with industry best practices.</td></tr>
</table>

**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: | EVIDENCE: |
|---|---|
| Compliance will be demonstrated when:<br><br>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. | The CFO/VPA confirmed on 11/5/24 the following:<br>a. The FY 2024 quarterly financial statements were presented to the Board of Trustees for review as follows:<br>• The 1st quarter ending 9/30/23, was presented to the Board on 11/15/23.<br>• The 2nd quarter ending 12/31/23, was presented to the Board on 2/21/24.<br>• The 3rd quarter ending 3/31/24, was presented to the Board on 5/22/24.<br>• The 4th quarter ending 6/30/24, was presented to the Board on 9/18/24. |
| This interpretation is reasonable because it aligns with industry best practices. | |

<table>
<tr><td colspan="2">11. Fail to present to the Board of Trustees an annual budget for its review and approval, and which adheres to intergovernmental submission timelines.<br><br><u>INTERPRETATION</u>: <u>EVIDENCE</u>:</td></tr>
<tr><td>Compliance will be demonstrated when:<br><br>a. The College Administration presented the annual budget to the Board of Trustees in adherence to the submission timelines of Frederick County.</td><td>The CFO/VPA confirmed on 11/5/24 the following:<br>a. The FY 2025 proposed operating budget was presented and approved by the Board of Trustees on 2/21/24. The final FY 2025 annual operating budget was presented and approved by the Board of Trustees on 6/4/24, was sent to Frederick County on 6/5/24, and ratified by the Frederick County Council on 6/18/24.</td></tr>
<tr><td colspan="2">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.</td></tr>
</table>

**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: | EVIDENCE: |
|---|---|
| Compliance will be demonstrated when: | The CFO/VPA confirmed on 11/5/24 the following: |
| 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. | a. On 10/16/24, SB & Company, LLC (the College's external auditors), presented the FY 2024 Annual Audited Financial Report to the Board of Trustees,. The auditors confirmed that the College was cooperative and had provided all information required for completing the annual financial statement audit. The FY 2024 Audited Financial and CC4 Reports were submitted to MHEC on 9/26/24, before the 9/30/24 due date. The submission of the FY 2024 Single Audit of Federal Awards to the Federal Clearinghouse was submitted by the due date of 10/31/24. |
| b. The College has a written plan to address any findings from financial or operational reviews or assessments. | b. Although there were no findings related to the FY 2024 Audited Financial Report the College developed a written plan to implement recommendations for an Accounts Payable operational assessment that was requested by FCC and performed by the Frederick County Interagency Internal Audit Authority (IIAA) in FY 2024. The College is not fully compliant with Board policy as we do not currently have a system in place to document and track operational assessments and related plans for improvement.  A centralized system for monitoring all operational assessments by the College will be developed during FY 2026. |

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. It is a best practice to document/track operational audits or assessments and to subsequently develop a written improvement plan.

**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: | EVIDENCE: |
|---|---|
| Compliance will be demonstrated when:<br><br>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 recommended to the Board how balances may be segmented to meet future strategic, one-time needs. | The CFO/VPA confirmed on 11/5/24 the following:<br>a. The FY 2025 operating budget approved by the Board on 6/4/24, included the use of Strategic Reserves totaling $2,442,000 that was above the required 16.6% operating fund balance reserve. These funds were made available for projects in the categories of Student Success and Completion, Unplanned Capital Repair and Replacement, Technology Projects, and Strategic Planning and Futureproofing. |

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.

# 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 polices 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 delegatees, 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.*



*Reference: Carver Guides, 2nd Edition, 2009*