

BALTIMORE CITY COMMUNITY COLLEGE

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

For the Years Ended June 30, 2013 and 2012



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

JUNE 30, 2013 AND 2012

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Trustees
Baltimore City Community College

Report on the Financial Statements

We have audited the accompanying financial statements of Baltimore City Community College (the College), a component unit of the State of Maryland, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the component unit financial statements of Baltimore City Community College Foundation, Inc. (the Foundation) as of and for the years ended June 30, 2013, and 2012. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinions, insofar as it relates to the amounts included for that entity, is based solely on the report of the auditor. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, based on our audits and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and Foundation, as of June 30, 2013 and 2012, and the respective changes in their financial position and, where applicable, the cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The the Combining Schedule of Net Position and the Combining Schedule of Revenue, Expenses and Changes in Net Position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hunt Valley, Maryland
October 25, 2013

SB & Company, LLC

BALTIMORE CITY COMMUNITY COLLEGE

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

In accordance with Governmental Accounting Standards Board (GASB), the management of Baltimore City Community College (the College or BCCC) presents this Management's Discussion and Analysis of the financial statements of the Baltimore City Community College, for the years ended June 30, 2013 and 2012.

Overview of the Financial Statements and Financial Analysis

This discussion and analysis of Baltimore City Community College's (the College or BCCC) financial statements provides an overview of the College's financial activities for the years ended June 30, 2013 and 2012 with fiscal year 2011 data presented for comparative purposes. The emphasis of discussion about these statements is on the current-year activity. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis.

The College has included the financial information of the Baltimore City Community College Foundation, Inc. (Foundation) in its basic financial statements as a component unit. The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The financial data used in this section excludes the Foundation. Complete financial statements for the Foundation can be obtained from its Administrative Office at 2901 Liberty Heights Ave, Baltimore, MD 21215. The emphasis of this Management's Discussion and Analysis is on the College itself. Reference should be made to the separately audited financial statements of the Foundation for additional information.

Financial Highlights

The College's financial statements consist of three basic financial statements and the notes that provide information on the accounting alternatives used, and explanatory information and detail on certain financial statement elements. The three basic financial statements are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The *Statement of Net Position* presents information on the College's assets and deferred outflows of resources, liabilities and deferred inflows of resources and net position, all as of the end of the reporting period. Net position represents the difference between assets and liabilities, and is detailed into classifications that help readers understand the constraints that the College must consider in making decisions on expending assets. Over time, changes in net position can help in understanding whether the financial condition of the College is improving or deteriorating.

BALTIMORE CITY COMMUNITY COLLEGE

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Financial Highlights (continued)

Net position is divided into three major categories. The first category, net investments in capital assets, provides the College's equity in property, plant and equipment owned by the College. The next category is expendable restricted net position which is available for expenditure by the College but which must be spent for purposes as determined by donors or external agencies that have placed time or use restrictions on the use of the assets. The final category is unrestricted net position, which is available at the discretion of the College.

The *Statement of Revenue, Expenses and Changes in Net Position* presents information on the changes in net position during the fiscal year. All changes in net position are reported immediately, regardless of the timing of the related cash flows. Thus, revenues and expenses are recorded for some items that will result in cash flows in future fiscal years (for example tuition and fees owed by students, or employees' unused vacation time at year-end).

The *Statement of Cash Flows* presents information on sources and uses of cash during the year. This statement details the changes in cash and cash equivalents from the amounts reported at the end of the preceding year, to the amounts reported in the Statement of Net Position at the end of the current year. Sources and uses of cash are organized into operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

Statement of Net Position

The *Statement of Net Position* presents the assets, liabilities, and net position of the College as a whole at fiscal year-end. The purpose of this point in time statement is to present a fiscal snapshot of the College. The Statement of Net Position includes year-end information concerning current and non-current assets, current and non-current liabilities, and net position (assets less liabilities). Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net position.

BALTIMORE CITY COMMUNITY COLLEGE

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Statement of Net Position (continued)

The table below presents summary-level information of BCCC's assets, liabilities, and net position as of June 30, 2013, 2012 and 2011.

Condensed Statements of Net Position Summary Information As of June 30, 2013, 2012 and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assets			
Current assets	\$ 44,614,567	\$ 42,276,074	\$ 38,158,939
Non-current assets	58,241,609	61,224,712	63,819,631
Total Assets	<u>102,856,176</u>	<u>103,500,786</u>	<u>101,978,570</u>
Liabilities			
Current liabilities	6,741,679	6,538,977	7,922,940
Non-current liabilities	4,456,666	4,501,488	4,309,883
Total Liabilities	<u>11,198,345</u>	<u>11,040,465</u>	<u>12,232,823</u>
Net Position			
Invested in capital assets, net of debt	57,227,694	60,184,157	63,797,236
Unrestricted	34,430,137	32,276,164	25,947,050
Restricted - expendable	-	-	1,461
Total Net Position	<u>\$ 91,657,831</u>	<u>\$ 92,460,321</u>	<u>\$ 89,745,747</u>

As of June 30, 2013, the College's financial health remains strong, with assets exceeding liabilities by \$91,657,831. This compares with Total Net Positions of \$92,460,321, as of June 30, 2012 and Total Net Position of \$89,745,747 as of June 30, 2011. As suggested earlier, when viewed over time, net position may be useful as an indicator of financial health.

This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities. The largest portion of the College's net position (64% for 2013) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources that are not capital assets.

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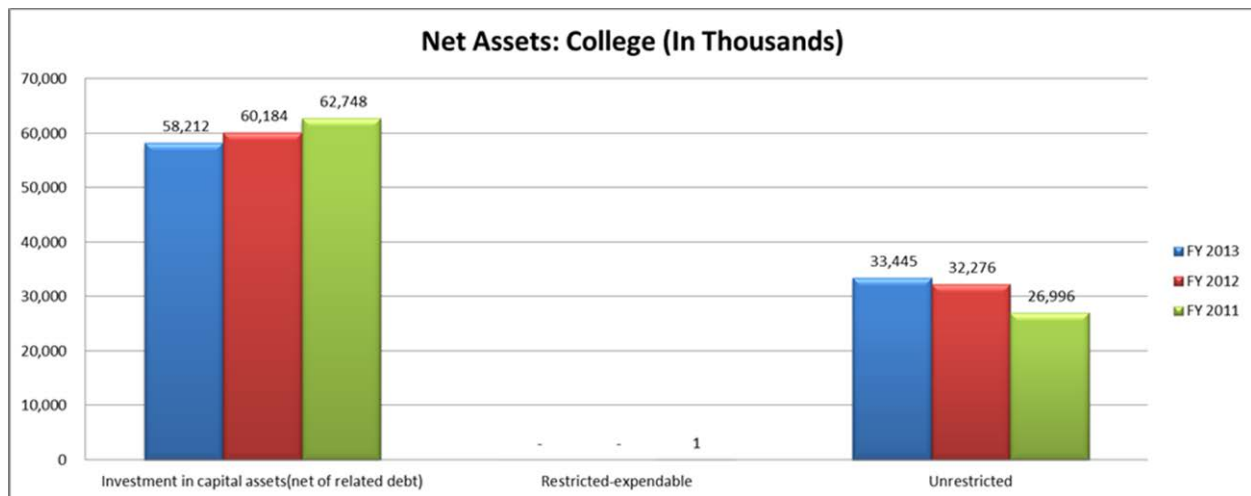
Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Statement of Net Position (continued)

A review of the Statements of Net Position reveals that the total net position of the College decreased by \$802,490, for the year ended June 30, 2013. For the year ended June 30, 2013, this is primarily the result of a decrease of grantor's receivable of \$927,976, due to grant activity.

In comparison, for the period ended June 30, 2012, the College's total net position increased \$2,714,572, primarily as the result of an increase in cash and cash equivalents of \$2,606,886.

Unrestricted net position represents the portion of assets, after accounting for liabilities, which can be used to meet ongoing obligations and fund new initiatives. The College's strategic long term financial plan includes preserving cash and capital resources to provide for future facilities, expansion, and renewal and renovation requirements. The property acquisition in 2011 was part of the College's 2007 Integrated Facility Master Plan updated in 2011.



BALTIMORE CITY COMMUNITY COLLEGE

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Statement of Net Position (continued)

Total liabilities increased by \$157,880 for a total of \$11,198,345 for the year ended June 30, 2013 compared to June 30, 2012 at \$11,040,465. The increase is primarily attributable to an increase in accrued salaries \$909,938. In addition, increases were also attributable to accounts payable \$370,115.

In comparison total liabilities decreased by \$1,192,358 for the period ended June 30, 2012, compared to June 30, 2011. The decrease was primarily attributable to reduction in deferred revenue \$940,456. In addition, decreases were also attributable to accrued expenses \$23,217 and capital lease obligations \$31,287.

Statement of Revenue, Expenses and Changes in Net Position

Changes in total net position as presented on the Statements of Net Position are based on the activity presented in the Statements of Revenue, Expenses, and Changes in Net Position. The purpose of this statement is to present the revenue received by the College, both operating and non-operating; the expenses paid by the College, operating and non-operating; and any other revenues, expenses, or gains and losses received or expended by the College.

Generally speaking, operating revenues are received for providing services to students of the College. Operating expenses are expenses paid directly to or produce the services that carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. For example, the College's state appropriation is non-operating revenue because it is provided to the College by the Maryland State Legislature without providing services for that revenue.

BALTIMORE CITY COMMUNITY COLLEGE

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Statement of Revenue, Expenses and Changes in Net Position (continued)

The table below present's summary-level information on revenue, expenses, and other changes in the College's net positions for the years ended June 30, 2013, 2012 and 2011.

Condensed Statements of Revenue, Expenses and Changes in Net Position Years Ended June 30 2013, 2012 and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating revenue	\$ 20,083,117	\$ 19,452,759	\$ 21,237,674
Operating expenses	<u>78,422,131</u>	<u>76,419,691</u>	<u>76,369,666</u>
Operating loss	<u>(58,339,014)</u>	<u>(56,966,932)</u>	<u>(55,131,992)</u>
State appropriations	40,480,902	40,973,989	40,902,095
Reduction in State appropriations	-	(4,097,142)	-
State appropriations - restricted for capital projects	37,843	272,360	90,794
Local appropriations	740,000	536,680	600,000
Other non-operating revenue, net	<u>16,277,780</u>	<u>21,995,619</u>	<u>18,267,067</u>
Net non-operating revenue	<u>57,536,525</u>	<u>59,681,506</u>	<u>59,859,956</u>
Net increase in net assets	(802,489)	2,714,574	4,727,964
Net position, beginning of year	<u>92,460,321</u>	<u>89,745,747</u>	<u>85,017,783</u>
Net Position, End of Year	<u><u>\$ 91,657,832</u></u>	<u><u>\$ 92,460,321</u></u>	<u><u>\$ 89,745,747</u></u>

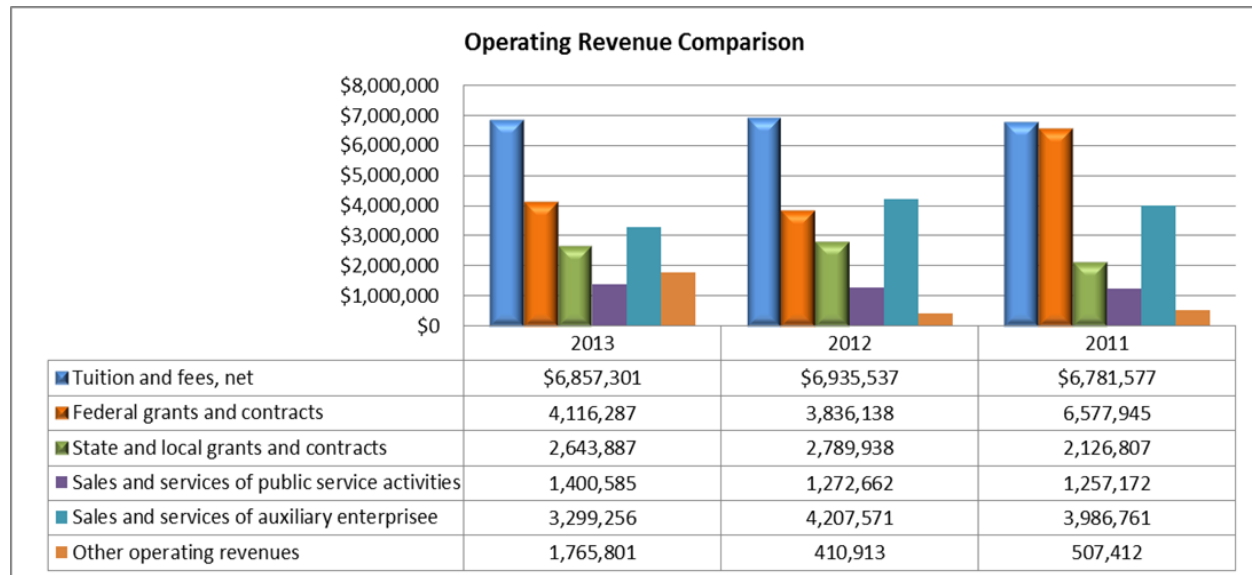
For the years ended June 30, 2013, 2012 and 2011, operating revenue, which under the definitions used by Governmental Accounting Standards Board (GASB) excludes state appropriations, are detailed below:

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Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Statement of Revenue, Expenses, and Changes in Net Position (continued)

Tuition and state appropriations are the primary sources of funding for the College's academic programs. There is a direct relationship between the growth and reduction in State support and the College's ability to restrain tuition fee increases. Net tuition and fees have decreased by \$78,236 or 1.13% for the period ended June 30, 2013 compared to June 30, 2012. This decrease is offset by a decrease in discounts of \$3,719,254 or 36% for the 2012 period.



Changes in operating revenue were due to the following factors:

- Overall enrollment for eligible and ineligible full-time equivalents (FTE) students decreased by 1,467 FTEs or 19.8%, representing 5,946 and 7,413 in fiscal year 2013 and fiscal year 2012, respectively. In comparison, fiscal year 2012 experienced a 3.6% decrease from 7,690 to 7,413 full-time equivalent (FTE) eligible students from fiscal year 2011.
- Student tuition and fee revenue decreased \$3,797,490 or 22.1% to \$13.4 million as of June 30, 2013 compared to a 2012 decrease of \$1,071,026 or 5.9% to \$17.2 million in 2012 compared to 2011. The 2013 decrease was the result of a decrease in in-state student enrollment. Decreases in 2013 and decreases in 2012 are directly attributable to changes in credit enrollment.

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Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Statement of Revenue, Expenses, and Changes in Net Position (continued)

- GASB Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities requires student aid such as scholarship allowances to be presented as a discount or allowance that reduces gross tuition and fee revenue in the financial statements. Comparing the years 2011 through 2013 the College has experienced a slight decrease.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Scholarship Allowances	\$ 6,537,127	\$10,256,381	\$11,481,367

Federal and State grants and contracts decreased by \$146,051 in fiscal year 2013 compared to fiscal year 2012. In comparison Federal and State grants and contracts decreased by \$2,078,676 between 2012 and 2011. Grants and contracts fluctuate based on award timing and funding.

Auxiliary enterprises, primarily driven by the College's Bookstore, decreased by \$908,315, while other operating revenue increased by \$1,005,175 in 2013 compared to 2012. In comparison, auxiliary enterprises increased by \$220,810 and other operating revenue decreased by \$96,499 from June 30, 2012 compared to 2011.

The College continues to aggressively seek funding from all sources consistent with its mission in order to supplement student tuition revenue.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Non-Operating Revenue (Expenses)			
State appropriations	\$ 40,480,902	\$ 40,973,989	\$ 41,724,382
Reduction in State appropriations	-	(4,097,142)	(822,287)
Local appropriations	740,000	536,680	600,000
Investment income	377,706	464,341	767,081
Rental income	2,205,150	2,118,196	1,826,531
Community Service Grant from Corporation for Public Broadcasting	142,512	156,947	159,720
Grants and contracts	13,571,695	19,202,899	16,381,756
Other	(429)	35,452	(868,021)
Net Non-Operating Revenue	<u>\$ 57,517,536</u>	<u>\$ 59,391,362</u>	<u>\$ 59,769,162</u>

BALTIMORE CITY COMMUNITY COLLEGE

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Statement of Revenue, Expenses, and Changes in Net Position (continued)

Changes in Non-Operating Revenue were due to the following factors:

- The Grants and Contracts decreased primarily due to a decrease in Federal Pell grant awards.
- Investment income experienced a decrease by \$86,635 to \$377,706 when compared to fiscal year 2012. In comparison, fiscal year 2012 had a decrease of \$302,740 to \$464,341 as compared to fiscal year 2011. This was primarily due to interest rate fluctuations in relationship to the available cash on hand.
- Rental income increased by \$86,954 to \$2,205,150 when compared to fiscal year 2012 at \$2,118,196. In contrast, rental income had increased by \$291,665 in fiscal year 2012, as compared to 2011.

Downturns in State revenue continue to put pressure on the State budget. However, the 2013 appropriation consisted of an appropriation of \$40,480,902, a \$3,604,055 increase. For the three years ended June 30, 2013, BCCC's State appropriations consisted of the following components:

	2013	2012	2011
State appropriations	<u>\$ 40,480,902</u>	<u>\$ 40,973,989</u>	<u>\$ 41,724,382</u>
Reductions/reversions	<u>-</u>	<u>(4,097,142)</u>	<u>(822,287)</u>
Net State Appropriations	<u>\$ 40,480,902</u>	<u>\$ 36,876,847</u>	<u>\$ 40,902,095</u>

Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the College's expenses are operating expenses as defined by GASB Statement No. 35. GASB No. 35 gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The functional classification of an operating expense (instruction, academic support, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of an academic department for which the primary departmental function is instruction may include some activities other than direct instruction such as public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification.

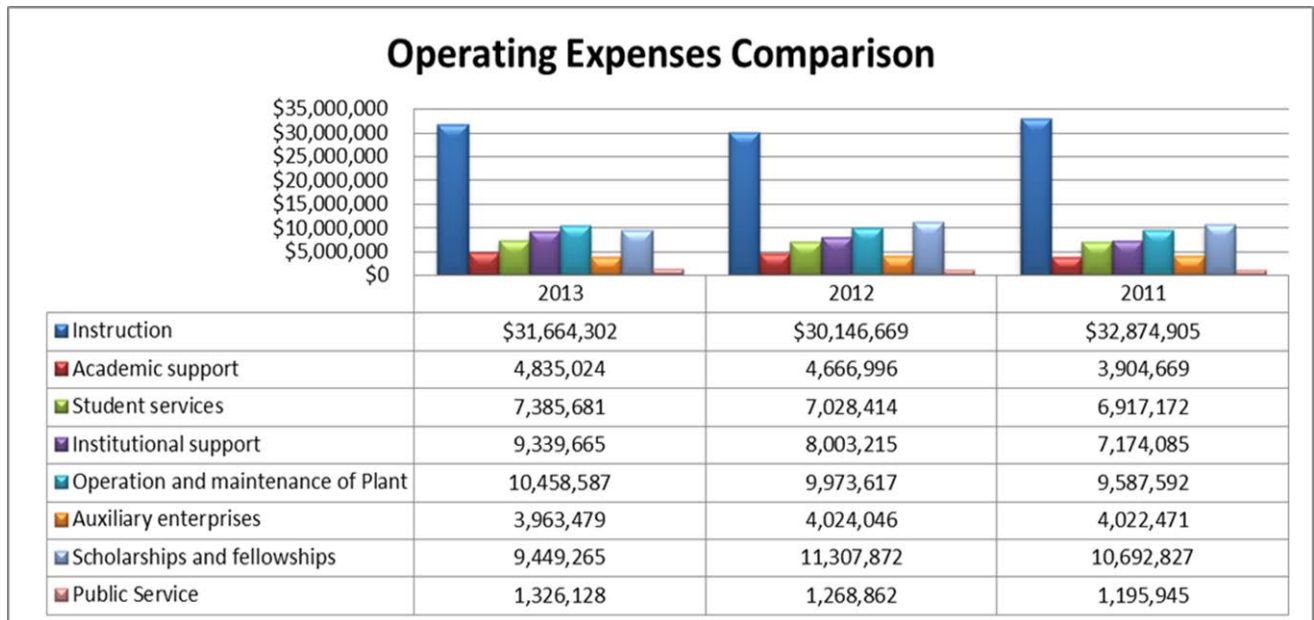
BALTIMORE CITY COMMUNITY COLLEGE

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Statement of Revenue, Expenses, and Changes in Net Position (continued)

Operating Expenses (continued)

The College has chosen to report the expenses in their functional classification on the statement of revenues, expenses, and changes in net position and has displayed the natural classification in the notes to financial statements. Operating expenses are detailed by employee costs, other payments, and depreciation expense in the notes to the financial statements, in order to provide an alternative presentation of operating expenses.



BALTIMORE CITY COMMUNITY COLLEGE

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Statement of Revenue, Expenses, and Changes in Net Position (continued)

Operating Expenses (continued)

The following functional expenses are presented by classifications as recommended by the National Association of College and University Business Officers (NACUBO) for the years ended June 30, 2013, 2012 and 2011:

	2013		2012		2011	
Instruction	\$ 31,664,302	40.4%	\$ 30,146,669	39.4%	\$ 32,874,905	43.0%
Academic support	4,835,024	6.2	4,666,996	6.1	3,904,669	5.1
Student services	7,385,681	9.4	7,028,414	9.2	6,917,172	9.1
Institutional support	9,339,665	11.9	8,003,215	10.5	7,174,085	9.4
Operations and maintenance of plant	10,458,587	13.3	9,973,617	13.1	9,587,592	12.6
Scholarships and fellowships	9,449,265	12.0	11,307,872	14.8	10,692,827	14.0
Auxiliary enterprises	3,963,479	5.1	4,024,046	5.3	4,022,471	5.3
Public service	1,326,128	1.7	1,268,862	1.7	1,195,945	1.5
Total	\$ 78,422,131	100.0%	76,419,691	100.0%	76,369,666	100.0%

Operating expenses in fiscal year 2013 amounted to \$78,422,131, an increase of \$2,002,440 when compared to fiscal year 2012. In comparison, operating expenses in fiscal year 2012 were \$76,419,691, a slight increase of \$50,025, when compared to fiscal year 2011. Changes were the result of the following factors:

- Organizational realignment reallocated expenditures to various programmatic areas.
- Expenses were directed toward strategic initiatives and critical success factors in support of the College's strategic plan including funding for improvement in student recruitment, retention, enrollment, and performance; responsiveness to workforce and community needs; infrastructure enhancements; information technology and business process review; branding and marketing initiatives; and customer service.
- Instruction expenses increased by \$1,517,633, in fiscal year 2013.
- Student services expenses increased by \$357,267 in fiscal year 2013.
- Operations and maintenance of plant expenditures increased by \$484,970 to \$10,458,587 in 2013 compared to \$9,973,617 in fiscal year 2012. The College's aging facility combined with acquiring additional real estate requires a significant financial investment.

BALTIMORE CITY COMMUNITY COLLEGE

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Statement of Revenue, Expenses, and Changes in Net Position (continued)

Operating Expenses (continued)

- In fiscal year 2013, scholarships and fellowship expenses decreased \$1,858,607. During the same period, academic support, institutional support, and public service (WBJC) expenses increased by \$168,028, \$1,336,450 and \$57,266, respectively. The increase in expenses is reflective of increases in programmatic costs. The Auxiliary expenses decreased by \$60,567 due to lower enrollment.

Statement of Cash Flows

An additional method to assess the financial health of the College is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during a defined period. The Statement of Cash Flows also helps users access:

- the College's ability to generate future net cash flows
- its ability to meet its obligations as they come due
- its needs for external financing

Cash received from operations primarily consists of student tuition, sponsored program grants and contracts, and other revenues. Significant sources of cash provided by noncapital financing activities, as defined by GASB, include State appropriations and private gifts used to fund operating activities. Cash and cash equivalents increased \$3,102,798, in 2013, compared to an increase of \$2,606,886, in fiscal year 2012 and a decrease of \$345,224, in fiscal year 2011. The increase in cash is reflective of no land and property acquisitions in 2013.

Statements of Cash Flows Summary Information

	Years Ended June 30,		
	2013	2012	2011
Cash provided by (used in):			
Operating activities	\$ (52,976,214)	\$ (54,485,813)	\$ (51,159,800)
Noncapital financing activities	57,114,207	58,006,132	59,938,084
Capital and related financing activities	(1,412,901)	(1,377,774)	(9,890,589)
Investing activities	377,706	464,341	767,081
Net change in cash and cash equivalents	3,102,798	2,606,886	(345,224)
Cash and cash equivalents, beginning of year	35,876,349	33,269,463	33,614,687
Cash and Cash Equivalents, End of Year	\$ 38,979,147	\$ 35,876,349	\$ 33,269,463

BALTIMORE CITY COMMUNITY COLLEGE

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Statement of Cash Flows (continued)

During 2013, net cash used in operating activities decreased by \$1,509,599, due to increased payments to employees due to filled position vacancies. Cash provided by noncapital financing activities decreased in 2013 by \$891,925, due to a decrease in payments on grants and contracts. This was offset by an increase in capital and related financing activities of \$35,127, due to smaller purchases of capital assets and by a decrease in cash provided by investing activities of \$86,635, for an overall increase in cash of \$3,102,798.

The \$86,635 decrease in investing activities is largely due to the fluctuating interest rates in relationship to the available cash on hand at the end of the year.

In contrast, during 2012, net cash used in operating activities increased by \$3,326,013 due to increased grant and contracts as well as payments to employees due to filled position vacancies. Cash provided by noncapital financing activities decreased by \$1,931,952 compared to 2011. This was offset by a decrease in capital and related financing activities of \$8,512,815, due to the prior year purchase of the Liberty West property and the WBJC tower renovation and by a decrease in cash provided by investing activities of \$302,740, for an overall increase in cash of \$2,606,886.

The decrease in cash used in capital and related financing activities of \$58,006,132 in 2012 was due to a reduction in local and state appropriation. The \$302,740, decrease in investing activities is largely due to the fluctuating interest rates in relationship to the available cash on hand at the end of the year.

Capital Assets

As of June 30, 2013, the College had recorded \$128.2 million in capital assets, \$69.9 million in accumulated depreciation and \$58.2 million in net capital assets. This represents a \$594,452 increase in capital assets over fiscal year 2012 and a \$729,003 increase over fiscal year 2011.

Capital Assets, Net

	As of June 30,		
	2013	2012	2011
Capital assets			
Land and improvements	\$ 9,027,624	\$ 8,989,782	\$ 9,582,163
Building and improvements	84,831,870	84,831,870	83,945,029
Furniture, fixtures and equipment	29,615,061	29,106,845	28,724,343
Library materials	4,686,722	4,638,328	4,586,287
Total	128,161,277	127,566,825	126,837,822
Less accumulated depreciation	(69,948,830)	(66,364,508)	(63,040,586)
Net Capital Assets	\$ 58,212,447	\$ 61,202,317	\$ 63,797,236

BALTIMORE CITY COMMUNITY COLLEGE

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Enrollment Statistics and Analysis

For the year ended June 30, 2013, the College served approximately 8,380 credit and 10,387 noncredit students (headcount). Student enrollment data is defined and reported annually to the Maryland Higher Educational Commission (MHEC) in terms of full-time equivalent students (FTE), which represent 30 hours of instruction. For the year ended June 30, 2013, the 8,380 credit and 10,387 noncredit headcount translated to 3,310 and 2,636 credit and noncredit audited eligible FTEs respectively. Total unduplicated headcount for fiscal year 2013 was 18,597.

	2013	2012	2011	2010	2009	2008
Credit	3,310.3	4,163.4	4,522.2	4,350.3	4,245.5	4,189.1
Noncredit	2,635.8	2,585.5	2,477.2	2,248.1	2,176.6	2,278.2
Total Eligible FTEs	5,946.1	6,748.9	6,999.4	6,598.4	6,422.1	6,467.3

The College continues to maintain financial stability through process improvements, operational efficiencies, increased grants and partnerships, and other possible revenue streams. The stigma of probation has had a negative impact on the College's enrollment. However, it is anticipated that the College's increased focus on enrollment, retention, and meeting business and industry needs will yield greater enrollment numbers.

Economic Outlook

BCCC provides outstanding educational, cultural, and social experiences to the citizens of Baltimore, the state of Maryland and surrounding areas. The College's accessible, affordable, comprehensive programs include college transfer and career preparation, technical training, and life skills training. The College provides a variety of student services that meet and support the learning needs of an increasingly diverse student population. BCCC is a dynamic higher education institution that is responsive to the changing needs of its stakeholders: individuals, businesses, government, and educational institutions of the community at large. BCCC strives to be the leader in providing quality education that responds to and meets the needs of a diverse population of learners, adding value to the community.

Executive management believes that the College is well positioned to maintain its strong financial condition and to continue providing excellent service to its students and the community. Enrollment demand, availability of funding for contracts and grants, and the State of Maryland support through operating and capital appropriations are the three most significant drivers of BCCC's revenue base.

BALTIMORE CITY COMMUNITY COLLEGE

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Economic Outlook (continued)

The economy of the State of Maryland is experiencing many of the same effects that the rest of the nation is still experiencing as a result of the global state of the economy. The impact of the recession, and its impact on state government revenue, is expected to extend beyond fiscal year 2013. During the past three years, BCCC has held tuition levels constant, however, in the future tuition increases may need to be considered.

As executive management wrestles with today's uncertain economic factors, the College's prudent use of resources, cost-containment efforts, and development of other sources of revenue will strengthen the institution and will ensure that it is well positioned to take advantage of the next upturn in the business cycle.

Requests for Information

This financial report is intended to provide a general overview of Baltimore City Community College's finances. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Office of the Vice President for Business and Finance, 2901 Liberty Heights Avenue, Baltimore, Maryland 21215.

BALTIMORE CITY COMMUNITY COLLEGE

Statements of Net Position As of June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 38,979,147	\$ 35,876,349
Tuition receivable, net of allowance for doubtful accounts of \$2,546,853 and \$2,656,880, respectively	2,255,357	2,260,405
Grantor's receivable, net	1,219,822	2,147,798
Accounts receivable - other	1,563,088	1,150,895
Inventories	418,862	699,991
Other assets	178,291	140,636
Total Current Assets	44,614,567	42,276,074
Non-Current Assets		
Investments	29,162	22,395
Capital assets, net	58,212,447	61,202,317
Total Non-Current Assets	58,241,609	61,224,712
Total Assets	\$ 102,856,176	\$ 103,500,786
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	\$ 1,738,254	\$ 1,368,139
Federal capital contribution	237,123	198,863
Accrued salaries and other accrued expenses	3,645,829	2,735,891
Accrued workers' compensation, current portion	150,350	145,545
Accrued vacation costs, current portion	202,318	206,428
Obligations under capital lease agreements, current portion	35,672	33,408
Deferred revenue	732,133	1,850,703
Total Current Liabilities	6,741,679	6,538,977
Non-Current Liabilities		
Accrued workers' compensation	819,650	793,750
Accrued vacation costs	2,687,935	2,722,986
Capital lease obligations	949,081	984,752
Total Non-Current Liabilities	4,456,666	4,501,488
Total Liabilities	11,198,345	11,040,465
Net Position		
Invested in capital assets, net of debt	57,227,694	60,184,157
Unrestricted	34,430,137	32,276,164
Total Net Position	91,657,831	92,460,321
Total Liabilities and Net Position	\$ 102,856,176	\$ 103,500,786

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

BALTIMORE CITY COMMUNITY COLLEGE

Statements of Revenue, Expenses and Changes in Net Position Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating Revenue		
Tuition and fees	\$ 13,394,428	\$ 17,191,918
Less: Scholarship allowances	(6,537,127)	(10,256,381)
Tuition and fees, net	<u>6,857,301</u>	6,935,537
Federal grants and contracts	4,116,287	3,836,138
State and local grants and contracts	2,643,887	2,789,938
Sales and services of public service activities	1,400,585	1,272,662
Sales and services of auxiliary enterprise	3,299,256	4,207,571
Other	1,765,801	410,913
Total Operating Revenue	<u>20,083,117</u>	<u>19,452,759</u>
Operating Expenses		
Instruction	31,664,302	30,146,669
Academic support	4,835,024	4,666,996
Student services	7,385,681	7,028,414
Institutional support	9,339,665	8,003,215
Operation and maintenance of plant	10,458,587	9,973,617
Scholarships and fellowships	9,449,265	11,307,872
Auxiliary enterprises	3,963,479	4,024,046
Public service	1,326,128	1,268,862
Total Operating Expenses	<u>78,422,131</u>	<u>76,419,691</u>
Operating Loss	<u>(58,339,014)</u>	<u>(56,966,932)</u>
Non-Operating Revenue (Expenses)		
State appropriations	40,480,902	40,973,989
Reduction in State appropriations	-	(4,097,142)
Local appropriations	740,000	536,680
Investment income	377,706	464,341
Rental income	2,205,150	2,118,196
Community service grant from Corporation of Public Broadcasting	142,512	156,947
Grants and contracts	13,571,695	19,202,899
Other non-operating (expense) revenue	(429)	35,452
Net non-operating revenue	<u>57,517,536</u>	<u>59,391,362</u>
(Loss)/ gain before other revenue, expenses, gains and losses	(821,478)	2,424,430
Other (losses)/gains, net	(18,855)	17,784
State appropriations - restricted for capital projects	37,843	272,360
Net (decrease)/increase in net position	<u>(802,490)</u>	<u>2,714,574</u>
Net position, beginning of year	<u>92,460,321</u>	<u>89,745,747</u>
Net Position, End of Year	<u>\$ 91,657,831</u>	<u>\$ 92,460,321</u>

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

BALTIMORE CITY COMMUNITY COLLEGE

Statements of Cash Flows Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Tuition and fees	\$ 5,743,779	\$ 5,963,617
Research contracts and grants	7,275,957	5,365,371
Sales & services of public services activities	1,400,585	1,272,662
Auxiliaries sales and services	3,299,256	4,207,571
Payments to employees	(46,762,694)	(42,677,381)
Payments to suppliers and contractors	(25,698,898)	(29,028,566)
Other	1,765,801	410,913
Net Cash From Operating Activities	<u>(52,976,214)</u>	<u>(54,485,813)</u>
Cash Flows From Noncapital Financing Activities		
State appropriations, net of reduction	40,480,902	36,876,847
Local appropriations	740,000	536,680
Community service grant from the corporation of public broadcasting	142,512	156,947
Grants and contracts	13,571,695	19,202,899
Loan fund, net	(18,856)	-
Funds held in trust for others	-	(943,284)
Other assets	(6,767)	22,395
Other	2,204,721	2,153,648
Net Cash From Noncapital Financing Activities	<u>57,114,207</u>	<u>58,006,132</u>
Cash Flows From Capital And Related Financing Activities		
Capital appropriations	37,843	272,360
Purchases of capital assets	(1,417,337)	(1,618,847)
Payments on capital leases	(33,407)	(31,287)
Net Cash From Capital and Related Financing Activities	<u>(1,412,901)</u>	<u>(1,377,774)</u>
Cash Flows From Investing Activities		
Investment income	<u>377,706</u>	464,341
Net increase in cash and cash equivalents	3,102,798	2,606,886
Cash and cash equivalents, beginning of year	35,876,349	33,269,463
Cash and Cash Equivalents, End of Year	<u>\$ 38,979,147</u>	<u>\$ 35,876,349</u>

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

BALTIMORE CITY COMMUNITY COLLEGE**Statements of Cash Flows (continued)
Years Ended June 30, 2013 and 2012****Reconciliation of Operating (Loss) to Net Cash From
Operating Activities**

	<u>2013</u>	<u>2012</u>
Operating loss	\$ (58,339,014)	\$ (56,966,932)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	4,406,779	4,208,700
Loss on disposal	429	453
Effective of Changes in Non-Cash Operating Assets and Liabilities		
Tuition receivables, net	5,048	(31,464)
Grantors and other receivables	515,783	(1,260,705)
Inventory	281,129	(186,649)
Deferred charges and other assets	(37,655)	(31,431)
Accounts payable	370,115	518,972
Accrued salaries and other accrued expenses	909,938	(23,217)
Federal government obligation	38,260	(13,907)
Workers' compensation	30,705	11,000
Accrued vacation	(39,161)	229,823
Deferred revenue	(1,118,570)	(940,456)
Net Cash From Operating Activities	<u>\$ (52,976,214)</u>	<u>\$ (54,485,813)</u>

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

BALTIMORE CITY COMMUNITY COLLEGE

**Statements of Financial Position – BCCC Foundation
As of June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 153,637	\$ 139,289
Investments	836,798	783,005
Contributions receivable, net	23,659	2,500
Prepaid expenses	1,371	-
Accrued interest receivable	618	309
Due from related party	160,140	486,796
Student loans receivable, net	3,633	3,976
Total Current Assets	<u>1,179,856</u>	<u>1,415,875</u>
Non-Current Assets		
Property and equipment		
Computer equipment and software	23,608	23,608
Less accumulated depreciation	(18,476)	(17,543)
Total property and equipment, net	<u>5,132</u>	<u>6,065</u>
Investments, long term (endowments)	<u>150,000</u>	-
Total Non-Current Assets	<u>155,132</u>	<u>6,065</u>
Total Assets	<u>\$ 1,334,988</u>	<u>\$ 1,421,940</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 39,244	\$ 8,661
Deferred revenue	201,770	331,871
Total Liabilities	<u>241,014</u>	<u>340,532</u>
Net Assets		
Unrestricted		
Operations	-	39,207
Board designated	48,905	56,021
Total Unrestricted	<u>48,905</u>	<u>95,228</u>
Temporarily restricted	473,287	471,372
Permanently restricted	571,782	514,808
Total Net Assets	<u>1,093,974</u>	<u>1,081,408</u>
Total Liabilities and Net Assets	<u>\$ 1,334,988</u>	<u>\$ 1,421,940</u>

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

BALTIMORE CITY COMMUNITY COLLEGE**Statements of Activities – BCCC Foundation
Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Revenue, Grants and Other Support		
Contributions and grants	\$ 372,177	\$ 116,807
Contributions and in-kind	207,222	184,756
Special events income	17,920	8,828
Investment income	53,979	1,053
Total Revenue, Grants and Other Support	<u>651,298</u>	<u>311,444</u>
Expenses		
Program services:		
Scholarships and fellowships	335,171	95,592
Supporting services:		
Management and general	301,361	245,463
Special events	2,200	177
Total Expenses	<u>638,732</u>	<u>341,232</u>
Change in Net Assets	12,566	(29,788)
Net Assets, beginning of year	1,081,408	1,111,196
Net Assets, End of Year	<u>\$ 1,093,974</u>	<u>\$ 1,081,408</u>

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

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

1. ORGANIZATION AND PURPOSE

Baltimore City Community College (BCCC or the College) is a component unit of the State of Maryland (the State) and is governed by its Board of Trustees (the Board); The Board is appointed by the governor of the State of Maryland, with the advice and consent of the Maryland State Senate.

BCCC's accessible, affordable, comprehensive programs include college transfer and career preparation, technical training, and life skills training. The College provides a variety of student services that meet and support the learning needs of an increasingly diverse student population. BCCC is a dynamic higher education institution that is responsive to the changing needs of its stakeholders: individuals, businesses, government, and educational institutions of the community at large.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the College are summarized below:

Reporting Entity - The accompanying financial statements of the College include all funds and organizations included in the legal entity encompassed by the College, and other legally separate entities for which the College is financially accountable. (Amounts held in BCCC accounts on behalf of separately organized entities are included as assets, with a corresponding liability reflected.)

The College has recognized, as an affiliated foundation, one organization created and operated in support of the interests of the College, Baltimore City Community College Foundation, Inc. (the Foundation). The affiliated Foundation is considered to (1) receive or hold economic resources that are to be used for the benefit of the College, (2) receive or hold economic resources which the College entitled to or otherwise have the ability to access, and (3) are significant to the financial statements of the College with which the foundation is affiliated. As a result, the affiliated foundation meets the criteria for inclusion in the financial reporting entity. The affiliated foundation is shown in a discrete presentation.

During the years ended June 30, 2013 and 2012, the Foundation maintained an annual distribution of \$37,571, to the College, for restricted purposes for use as an Emergency Student Loan Program. Complete financial statements for the Foundation can be obtained from its Administrative Office at 2901 Liberty Heights Ave, Baltimore, MD 21215.

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting - For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-college transactions have been eliminated.

Operating and Nonoperating Revenue and Expenses - Operating revenue and expenses are generally associated with those activities that relate directly to the core activities of instruction, and public service that form the essence of the College's mission. Nonoperating revenue, expenses, gains and losses represent amounts that recur regularly but are not included in operating revenue and expenses. State appropriations are considered non-operating revenue.

Cash and Cash Equivalents - Cash and cash equivalents include demand deposits with financial institutions, as well as highly liquid investments that are both readily convertible to known amounts of cash and are so near to their maturity that they present an insignificant risk of changes in value because of changes in interest rates. Only investments with an original maturity of three months or less satisfy the criteria for cash equivalents. Funds invested with the Maryland State Treasurer are considered cash equivalents.

Investments - Investments with readily determinable fair market values are reportable at fair market value in the statement of net position. Gains and losses on investments for the year are reported in the statement of revenues, expenses and changes in net position as part of investment income.

Tuition and Accounts Receivable - Tuition receivable consists of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable include amounts due from the Federal Government, State and local governments, or private sources, in connection with reimbursement of allowable expenses made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories - Inventories are valued at cost, determined under the first-in, first-out method, which is not in excess of net realizable value.

Other Assets - Other assets include cash received from Nursing and Perkins Loan repayments, to be returned to the United States Department of Education in addition to receivables for emergency loans provided to students from advances from the Willard Hackerman Scholarship Fund maintained in the records of the Baltimore City Community College Foundation.

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets - Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of \$100 or more, and an estimated useful life of greater than one year. A renovation to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure is capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation expense is assigned to program expense based on the nature and use of the capital asset. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The range of useful lives used for the major categories of capital assets is:

Major Category	Estimated Life
Infrastructure and land improvements	20 - 25 years
Buildings and improvements	20 - 40 years
Library Books	10 years
Contents	5 - 15 years

Leasehold improvements are depreciated over the remaining life of the lease.

Deferred Revenue - Deferred revenue include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that relates to the subsequent accounting period. Deferred revenues also include amounts received from grants and contract sponsors that have not yet been earned.

Compensated Absences - Compensated absences are accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation costs in the statement of net position, and as a component of the appropriate functional category of expense in the statement of revenues, expenses, and changes in net position.

Noncurrent Liabilities - Noncurrent liabilities include principal amounts of capital lease obligations with contractual maturities greater than one year and estimated amounts for accrued vacation costs and workers' compensation that will not be paid within the next fiscal year.

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

The College's net position is classified as follows:

Invested in Capital Assets

This represents the College's total investment in capital assets.

Restricted Net Position

Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend those resources in accordance with restrictions imposed by external third parties.

Unrestricted Net Position

Unrestricted net position represents cumulative resources derived from student tuition and fees, state appropriations, and sales and services of public service activities and auxiliary enterprises in excess of expenses. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the Board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense toward unrestricted resources, and then toward restricted resources.

Classification of Revenue - The College has classified its revenue as either operating or non-operating revenues according to the following criteria:

Scholarship Discounts and Allowances - Student tuition and fee revenue, and certain other revenue from students, are reported net of scholarship discounts and allowances in the statement of revenue, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. To the extent that revenue from governmental grants and other state and nongovernmental programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risk Management - The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters. The College participates in the State's various self-insurance programs. The State is self-insured for general liability, property and casualty, workers' compensation, environmental and antitrust liabilities and certain employee health benefits.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

The State allocates the cost of providing claims servicing and claims payment by charging a "premium" to the College based on a percentage of the College's estimated current-year payroll or based on the average loss experienced by the College. This charge considers recent trends in actual claims experience of the State as a whole and makes provisions for catastrophic losses.

Tax Status - As a state institution of higher education, the income of the College is generally exempt from federal and state income taxes under Section 115(1) of the Internal Revenue Code; however, income generated from activities unrelated to the University's exempt purpose is subject to income taxes under Internal Revenue Code Section 511(a)(2)(B).

New Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities, and Statement No. 66, Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62, effective for periods beginning after December 15, 2012. In June 2012, the GASB issued Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25, and Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, effective for periods beginning after June 15, 2013, and 2014, respectively. In January 2013, GASB issued Statement No. 69, Government Combination and Disposals of Government Operations, effective for periods beginning after December 15, 2013. In April 2013, GASB issued Statement No. 70, Accounting and Financial Reporting for Non-exchange Guarantees, effective for periods beginning after June 15, 2013. The College will implement these statements as of their effective dates. The College is analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective dates.

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents - College

As of June 30, 2013 and 2012, the College had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (Treasurer) in the amount of \$38,950,217 and \$35,680,904, respectively. The State Treasurer has statutory responsibility for the State's cash management activities. The State Treasurer maintains State funds on a pooled basis in accordance with the Annotated Code of Maryland. The Annotated Code of Maryland requires the College to maintain its cash balances on deposit with the State Treasurer, except for demand and time deposit accounts established to satisfy urgent cash requirements or assets associated with the College.

As of June 30, 2013 and 2012, the College's amount due from the Treasurer was less than 1% of total deposits with the Treasurer. For additional information on cash risk, see the State of Maryland Comprehensive Annual Financial Report for the year ended June 30, 2012. The bank balance related to the cash in bank as of June 30, 2013 and 2012, was \$28,930 and \$195,445, respectively.

Cash as of June 30, consisted of:

	<u>2013</u>	<u>2012</u>
Cash in bank	\$ 28,930	\$ 195,445
Held by Treasurer	38,950,217	35,680,904
Total Cash	\$ 38,979,147	\$ 35,876,349

Investments – WBJC

Donated investments from listeners were bequeathed to WBJC. These investments are recorded at fair market value as of June 30, and consisted of the following:

	<u>2013</u>	<u>2012</u>
Mutual stock funds	\$ 19,459	\$ 15,652
Stock	9,402	6,475
Bonds	301	268
Total Investments	\$ 29,162	\$ 22,395

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments – Foundation

Investments as of June 30, 2013 and 2012 were composed of the following:

Investments - Foundation

	<u>2013</u>	<u>2012</u>
Money market funds	\$ 177,950	\$ 26,147
Mutual funds	686,856	655,162
Stock	80,274	60,159
Cash equivalents	41,718	41,537
Total Investments	\$ 986,798	\$ 783,005

Investment income for the years ended June 30, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Temporarily Restricted		
Dividends and interest	\$ 13,125	\$ 9,004
Net realized gain	4,472	494
Net unrealized gain	20,023	(13,662)
Total temporarily restricted	<u>37,620</u>	<u>(4,164)</u>
Unrestricted		
Dividends and interest	6,337	4,864
Net realized gain	1,540	353
Net unrealized gain	8,482	-
Total unrestricted	<u>16,359</u>	<u>5,217</u>
Total Investment Income	\$ 53,979	\$ 1,053

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College adheres to the State Treasurer's policy for managing its exposure to fair value loss arising from increasing interest rates.

The State Treasurer's investment policy states that to the extent possible, it will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the State Treasurer will not directly invest in securities maturing more than five years from the date of purchase.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's policy for reducing its exposure to credit risk is to comply with the State Treasurer's policy, which requires that the State Treasurer's investments in repurchase agreement be collateralized by U.S. Treasury and agency obligations. In addition, investments may be made directly in U.S. Treasuries or agency obligations.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College's policy for reducing this risk of loss is to comply with the State Treasurer's policy, which limits the amount of repurchase agreements to be invested with a particular institution to 30% of the portfolio. Otherwise, there is no limit on the amount that may be invested in any one issuer.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institutions' trust department or agent but not in the College's name. The College does not have a formal deposit policy for custodial credit risk, but follows the State Treasurer's policy which states that the State Treasurer may deposit in a financial institution in the State, any unexpended or surplus money in which the State Treasurer has custody. As of June 30, 2013 and 2012, all of the College's cash was deposited with the State Treasury and this was not subject to custodial risk.

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

4. CAPITAL ASSETS

Following are the changes in capital assets for the years ended June 30, 2013 and 2012:

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>June 30, 2013</u>
Capital Assets Not Being Depreciated					
Land	\$ 7,207,467	\$ -	\$ -	\$ -	\$ 7,207,467
Constuction in-process	373,208	37,843	-	-	411,051
Total capital assets not being depreciated	7,580,675	37,843	-	-	7,618,518
Capital Assets Being Depreciated					
Infrastructure	858,509	-	-	-	858,509
Land improvements	550,598	-	-	-	550,598
Buildings	80,236,150	-	-	-	80,236,150
Leashold improvements	269,901	-	-	-	269,901
Building improvements	4,325,819	-	-	-	4,325,819
Furniture, fixtures and equipment	29,106,846	1,331,102	-	(822,886)	29,615,062
Library materials	4,638,327	48,393	-	-	4,686,720
Total capital assets being depreciated	119,986,150	1,379,495	-	(822,886)	120,542,759
Less accumulated depreciation:					
Infrastructure	543,637	-	-	-	543,637
Land improvements	388,583	-	-	-	388,583
Buildings	33,221,633	2,094,679	-	-	35,316,312
Leashold improvements	242,911	26,990	-	-	269,901
Building improvements	430,499	-	-	-	430,499
Furniture, fixtures and equipment	27,257,313	2,209,641	-	(822,456)	28,644,498
Library materials	4,279,932	75,468	-	-	4,355,400
Total accumulated depreciation	66,364,508	4,406,779	-	(822,456)	69,948,830
Depreciable capital assets, net	53,621,642	(3,027,284)	-	(430)	50,593,929
Capital assets summary:					
Capital assets not being depreciated	7,580,675	37,843	-	-	7,618,518
Capital assets being depreciated, at cost	119,986,150	1,379,495	-	(822,885)	120,542,760
Total cost of capital assets	127,566,825	1,417,338	-	(822,885)	128,161,278
Less accumulated depreciation	66,364,508	4,406,779	-	(822,456)	69,948,831
Loss on disposals	-	(429)	-	429	-
Capital Assets, Net	<u>\$ 61,202,317</u>	<u>\$ (2,989,012)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,212,447</u>

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

4. CAPITAL ASSETS (continued)

	<u>June 30, 2011</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>June 30, 2012</u>
Capital Assets Not Being Depreciated					
Land	\$ 7,207,467	\$ -	\$ -	\$ -	\$ 7,207,467
Constuction in-process	965,589	272,360	(864,741)	-	373,208
Total capital assets not being depreciated	8,173,056	272,360	(864,741)	-	7,580,675
Capital Assets Being Depreciated					
Infrastructure	858,509	-	-	-	858,509
Land improvements	550,598	-	-	-	550,598
Buildings	79,371,409	-	864,741	-	80,236,150
Leashold improvements	269,901	-	-	-	269,901
Building improvements	4,303,719	22,100	-	-	4,325,819
Furniture, fixtures and equipment	28,724,343	1,272,347	(4,613)	(885,231)	29,106,846
Library materials	4,586,287	52,040	-	-	4,638,327
Total capital assets being depreciated	118,664,766	1,346,487	860,128	(885,231)	119,986,150
Less accumulated depreciation:					
Infrastructure	541,244	-	2,393	-	543,637
Land improvements	390,976	-	(2,393)	-	388,583
Buildings	31,148,573	2,073,060	-	-	33,221,633
Leashold improvements	215,921	26,990	-	-	242,911
Building improvements	430,244	255	-	-	430,499
Furniture, fixtures and equipment	26,085,542	2,056,549	-	(884,778)	27,257,313
Library materials	4,228,086	51,846	-	-	4,279,932
Total accumulated depreciation	63,040,586	4,208,700	-	(884,778)	66,364,508
Depreciable capital assets, net	55,624,180	(2,862,213)	860,128	(453)	53,621,642
Capital assets summary:					
Capital assets not being depreciated	8,173,056	272,360	(864,741)	-	7,580,675
Capital assets being depreciated, at cost	118,664,766	1,346,487	860,128	(885,231)	119,986,150
Total cost of capital assets	126,837,822	1,618,847	(4,613)	(885,231)	127,566,825
Less accumulated depreciation	63,040,586	4,208,700	-	(884,778)	66,364,508
Loss on disposals	-	(453)	-	453	-
Capital Assets, Net	<u>\$ 63,797,236</u>	<u>\$ (2,590,306)</u>	<u>\$ (4,613)</u>	<u>\$ -</u>	<u>\$ 61,202,317</u>

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

5. LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2013 and 2012, were as follows:

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2013</u>	<u>Amount Due Within One Year</u>
Accrued workers' compensation	\$ 939,295	\$ 371,427	\$ 340,722	\$ 970,000	\$ 150,350
Accrued vacation costs	2,929,414	1,664,737	1,703,898	2,890,253	202,318
Capital lease obligations	1,018,160	-	33,407	984,753	35,672
Total long-term liabilities	<u>\$ 4,886,869</u>	<u>\$ 2,036,164</u>	<u>\$ 2,078,027</u>	<u>\$ 4,845,006</u>	<u>\$ 388,340</u>

	<u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2012</u>	<u>Amount Due Within One Year</u>
Accrued workers' compensation	\$ 928,295	\$ 190,632	\$ 179,632	\$ 939,295	\$ 145,545
Accrued vacation costs	2,699,592	1,467,174	1,237,352	2,929,414	206,428
Capital lease obligations	1,049,447	-	31,287	1,018,160	33,408
Total long-term liabilities	<u>\$ 4,677,334</u>	<u>\$ 1,657,806</u>	<u>\$ 1,448,271</u>	<u>\$ 4,886,869</u>	<u>\$ 385,381</u>

6. RETIREMENT PLANS

Maryland State Retirement and Pension System

Most College employees participate in the State Retirement and Pension System of Maryland (the State System), which is an agent, multiple-employer public employee retirement system. While the State System is an agent, multiple-employer public employee retirement system, the College accounts for the plan as a cost-sharing multiple-employer public employee retirement system, as a separate valuation is not performed for the College, and the only obligation to the plan is its required annual contributions.

The State System includes five pension and retirement plans that College employees participate in:

- Teachers Retirement Systems
- Teachers' Pension Systems
- Employees Retirement Systems
- Employees' Pension Systems
- Law Enforcement Pension Systems

The State System prepares a Comprehensive Annual Financial Report, which can be obtained from the State Retirement and Pension System at 120 East Baltimore Street, Suite 1600, Baltimore, MD 21202.

College employees may alternatively elect to participate in an optional retirement program.

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

6. RETIREMENT PLANS (continued)

Plan Description

The State System is made up of defined benefit plans with unfunded accrued actuarial liabilities. The State System, which is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland, are managed by a Board of Trustees, and are included in the State of Maryland financial reporting entity.

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. Retirement allowances are computed using both the highest three years' average final salary (AFS) and the actual number of years of accumulated creditable service. Pension allowances are computed using both the highest three consecutive years' AFS and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

Funding Policy

The College's required contributions are based upon actuarial valuations. Effective July 1, 1980, in accordance with the law governing the State System, all benefits of the State System are funded in advance. The aggregate entry age normal cost method is the actuarial cost method used.

If this retirement plan is chosen, both the College and covered employees are required by State statute to contribute to the State System. For 2013, the contribution from the employees is 5% for participants in the State System retirement plans and 2% for participants in the State System pension plans for a total of 7%. For fiscal year 2013, the contribution by the State to the employee plan was 14.36%, the contribution to the teacher plan was 15.14% and the contribution to the law enforcement plan was 51.89%.

Contributions are deducted from participant's salary and wage payments for 26 pay periods and are remitted to the State System on a regular, periodic basis.

The College made its required contributions during the years ended June 30, 2013, 2012 and 2011 of \$3,391,371, \$2,830,128, and \$2,908,173 respectively.

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

6. RETIREMENT PLANS (continued)

Optional Retirement Programs

Another option for employees if they choose not to participate in the State System is the optional retirement program, which is a defined contribution money purchase plan funded currently each year and invested in specific funds offered by TIAA-CREF. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings.

Qualified employees are eligible to participate from the date of employment. For fiscal year 2013, State legislation provides that the College contribute 7.25% of covered employees' annual salaries. The College's contribution is calculated by taking the employees' annual salary multiplied by 7.25% and paid out over 20 pay periods. The employee does not have to contribute to the plan in order to receive the College's contribution. The College's contribution along with that of the employee is immediately and fully vested.

Payroll for employees covered in the TIAA-CREF and Fidelity retirement plans during 2013 was \$2,266,787, (related to 38 employees) and \$1,009,503, (related to 18 employees), respectively. Payroll for employees covered in the TIAA-CREF and other optional retirement plans during 2012 was \$2,335,102, (related to 44 employees) and \$508,727, (related to 13 employees), respectively.

The amount contributed by the College for both plans was \$272,704, for 2013, \$203,252, for 2012, and \$24,340, for 2011.

Other Postemployment Benefits

Members of the State Retirement and Pension System of Maryland (the State System) and their dependents are provided postemployment health care benefits through the State Employee and Retiree Health and Welfare Benefits Program (the Plan). The Plan is a cost sharing defined benefit healthcare plan established by the State Personnel and Pensions Article, Section 2-501 through 2-516 of the Annotated Code of Maryland. The Plan is self-insured to provide medical, hospitalization, prescription drug and dental insurance benefits to eligible state employees, retirees, and their dependents. The State does not distinguish employees by employer/State agency. Instead, the State allocates the postemployment health care costs to all participating employers.

Financial information for the Plan is included in the State of Maryland Comprehensive Annual Financial Report, which can be obtained from the Comptroller of Maryland, Louis L. Goldstein Treasury Building, Annapolis, MD 21404.

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

6. RETIREMENT PLANS (continued)

Other Postemployment Benefits (continued)

A separate actuarial valuation is not performed by the College. The College's only obligation to the Plan is its required annual contribution, which it has fully funded during the years ended June 30, 2013 and 2012. The amounts contributed for the years ended June 30, 2013 and 2012 were \$1,943,617 and \$1,696,135, respectively.

7. LEASES

Capital Leases

The College leases facilities from the University of Maryland – Baltimore for the College's Life Science Institute. In August 2009, the College entered into a ten year (with 2 renewal options in five year increments) capital lease for the Life Science Institute @UMB Bio Park located at 801 W. Baltimore Street. The capital lease relates to equipment in the building of specialized labs including built-in cabinetry and lab equipment. The leased equipment book value is \$1,103,972, and included in capital assets.

Future minimum lease payments under the capital lease as of June 30, 2013, were as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2014	\$ 35,672	\$ 63,685	\$ 99,357
2015	38,089	61,268	99,357
2016	40,670	58,687	99,357
2017	43,427	55,930	99,357
2018	46,369	52,988	99,357
Thereafter	780,526	320,678	1,101,204
Total	<u>\$ 984,753</u>	<u>\$ 613,236</u>	<u>\$ 1,597,989</u>

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

7. LEASES (continued)

Operating Leases

The College has certain lease agreements in effect that are considered operating leases, primarily for leased building space. During the years ended June 30, 2013 and 2012, payments were \$2,230,282 and \$2,254,719, respectively.

Future minimum payments on operating leases in effect June 30, 2013, with an initial or remaining non-cancelable term in excess of one year as of June 30, 2013, were as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2014	\$ 2,266,814
2015	2,141,510
2016	2,171,970
2017	2,200,071
2018	1,847,163
Thereafter	2,256,331
Total	\$ 12,883,859

Ground Leases

Lockwood Development

Baltimore City Community College owns 2.8 acres of property in the Inner Harbor East neighborhood under a 50 year ground lease with Lockwood Associates, LLC commencing February 1, 2000 with two additional 20-year options. The lease is for a mixed use of garage, office and retail.

The base rent for this property is subject to cumulative annual Consumer Price Index (CPI) adjustment with an annual change ceiling of 3% plus percentage rent equal to 2% of gross income. The table below indicates the projected operating lease revenue for the Lockwood Development.

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

7. LEASES (continued)

Ground Leases (continued)

<u>Years Ending June 30,</u>	<u>Ground Lease Revenue</u>
2014	\$ 1,890,119
2015	1,929,520
2016	1,944,065
2017	1,983,756
2018	1,998,593
2019-2023	10,325,773
Total	<u><u>\$ 20,071,826</u></u>

This lease generated \$1,785,199 and \$1,768,006, of lease revenue in fiscal year 2013 and 2012, respectively.

Revenue Leases

2600 Liberty West

In April 2011, the College purchased 18.9 acres of property formerly known as Bon Secours and extended multi-year leases through 2015 to the professional healthcare entities located on the property.

<u>Years Ending June 30,</u>	<u>Lease Revenue</u>
2014	\$ 214,315
2015	9,412
Total	<u><u>\$ 223,727</u></u>

These leases generated \$293,709, of lease revenue during fiscal year 2013.

Antenna Tower Site

The College entered into an agreement with Baltimore City in April 1988, to lease property at the Pikesville Reservoir Watershed to operate and maintain an antenna tower communication BCCC for WBJC-FM (College radio station). The term of the agreement was for 20 years and in April 2008, the College exercised a 5-year renewal option until April 2014.

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

7. LEASES (continued)

Revenue Leases (continued)

Antenna Tower Site (continued)

The College subleases part of the antenna tower to various vendors and agencies. Lessees include Cingular Wireless, National Weather Service, and WQSR CBS Radio. CBS Radio is under a five year lease commencing June 2013; other lessees are under a month to month lease. The College is currently pursuing long term leases. These subleases generated \$112,526 and \$96,693, of lease revenue in fiscal year 2013 and 2012, respectively.

8. COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

Encumbrances and Commitments

As of June 30, 2013, there was \$928,128, of encumbrances and funds designated for future use reported in unrestricted net position. The College does not separately identify the reserve for encumbrances in unrestricted net position.

Grants and Contract Costs

Most grants and cost-reimbursable contracts specify the types of expenses for which the grant or contract funds may be used. The expenses made by the College under some of these grants and contracts are subject to audit. The College does not believe that an audit will disclose any disallowances that will be material to the financial statements.

Litigation

In the normal course of operations, certain claims have been brought against the College, which are in various states of resolution. Management believes that the ultimate resolution of the claims will not have a material adverse effect on the College's financial position.

BALTIMORE CITY COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2013 and 2012

9. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

The functional classification of an operating expense (instruction, academic support, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of an academic department for which the primary departmental function is instruction may include some activities other than direct instruction such as public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net position are presented by natural classifications.

The following were those same expenses presented in functional classifications for the years ended June 30, 2013 and 2012;

Functional Classification	2013			
	Natural Classification			
	Payments to Employees	Payments to Suppliers, Contractors, and Other	Depreciation and Loss on Disposals	Total
Instruction	\$ 22,142,667	\$ 7,988,626	\$ 1,533,009	\$ 31,664,302
Academic support	3,711,230	403,411	720,383	4,835,024
Student services	5,755,282	1,111,489	518,910	7,385,681
Institutional support	8,546,827	(148,992)	941,830	9,339,665
Operation and maintenance	5,478,441	4,389,971	590,175	10,458,587
Scholarships and fellowships	651,080	8,798,185	-	9,449,265
Auxiliary enterprises	432,022	3,491,815	39,642	3,963,479
Public service	946,627	316,242	63,259	1,326,128
Total by Functional Classification	\$ 47,664,176	\$ 26,350,747	\$ 4,407,208	\$ 78,422,131

Functional Classification	2012			
	Natural Classification			
	Payments to Employees	Payments to Suppliers, Contractors, and Other	Depreciation and Loss on Disposals	Total
Instruction	\$ 21,398,585	\$ 7,245,333	\$ 1,502,751	\$ 30,146,669
Academic support	3,311,630	631,129	724,237	4,666,996
Student services	5,592,257	969,598	466,559	7,028,414
Institutional support	5,935,620	1,222,683	844,912	8,003,215
Operation and maintenance	5,337,875	4,054,029	581,713	9,973,617
Scholarships and fellowships	641,786	10,666,086	-	11,307,872
Auxiliary enterprises	440,123	3,541,669	42,254	4,024,046
Public service	878,896	343,238	46,728	1,268,862
Total by Functional Classification	\$ 43,536,772	\$ 28,673,765	\$ 4,209,154	\$ 76,419,691

SUPPLEMENTAL DATA

BALTIMORE CITY COMMUNITY COLLEGE

Combining Schedule of Net Position As of June 30, 2013 and 2012

	2013			2012		
	Institution	Component Unit	Total	Institution	Component Unit	Total
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 38,979,147	\$ 153,637	\$ 39,132,784	\$ 35,876,349	\$ 139,289	\$ 36,015,638
Investments, current	-	177,950	177,950	-	154,452	154,452
Tuition receivable, net of allowance for doubtful accounts of \$2,656,880 and \$2,759,687, respectively	2,255,357	-	2,255,357	2,260,405	-	2,260,405
Accounts receivable:						
Grantors	1,219,822	-	1,219,822	2,147,798	-	2,147,798
Other	1,563,088	163,773	1,726,861	1,150,895	490,772	1,641,667
Contributions receivable, net	-	23,659	23,659	-	2,500	2,500
Prepaid expenses	-	1,371	1,371	-	-	-
Inventory	418,862	5,132	423,994	699,991	-	699,991
Deferred charges	-	-	-	-	-	-
Other assets	178,291	618	178,909	140,636	309	140,945
Total Current Assets	44,614,567	526,140	45,140,707	42,276,074	787,322	43,063,396
Non-current Assets						
Endowment investments	-	-	-	-	628,553	628,553
Other investments	29,162	808,848	838,010	22,395	-	22,395
Capital assets, net	58,212,447	-	58,212,447	61,202,317	6,065	61,208,382
Total Non-current Assets	58,241,609	808,848	59,050,457	61,224,712	634,618	61,859,330
Total Assets	\$ 102,856,176	\$ 1,334,988	\$ 104,191,164	\$ 103,500,786	\$ 1,421,940	\$ 104,922,726
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts payable	\$ 1,738,254	\$ 39,244	\$ 1,777,498	\$ 1,368,139	\$ 8,661	\$ 1,376,800
Federal capital contribution	237,123	-	237,123	198,863	-	198,863
Accrued salaries and other accrued expenses	3,645,829	-	3,645,829	2,735,891	-	2,735,891
Accrued workers' compensation, current portion	150,350	-	150,350	145,545	-	145,545
Accrued vacation costs, current portion	202,318	-	202,318	206,428	-	206,428
Obligations under capital lease agreements, current portion	35,672	-	35,672	33,408	-	33,408
Deferred revenue	732,133	201,770	933,903	1,850,703	331,871	2,182,574
Total Current Liabilities	6,741,679	241,014	6,982,693	6,538,977	340,532	6,879,509
Non-current Liabilities						
Accrued workers' compensation	819,650	-	819,650	793,750	-	793,750
Accrued vacation costs	2,687,935	-	2,687,935	2,722,986	-	2,722,986
Capital lease obligations	949,081	-	949,081	984,752	-	984,752
Total Non-current Liabilities	4,456,666	-	4,456,666	4,501,488	-	4,501,488
Total Liabilities	11,198,345	241,014	11,439,359	11,040,465	340,532	11,380,997
Net Position						
Unrestricted net assets	34,430,137	48,905	34,479,042	32,276,164	95,228	32,371,392
Invested in capital assets, net of debt	57,227,694	-	57,227,694	60,184,157	-	60,184,157
Restricted for:						
Foundation temporary	-	473,287	473,287	-	471,372	471,372
Foundation permanent	-	571,783	571,783	-	514,808	514,808
Loans	-	-	-	-	-	-
Total Net Position	91,657,831	1,093,974	92,751,806	92,460,321	1,081,408	93,541,729
Total Liabilities and Net Position	\$ 102,856,176	\$ 1,334,988	\$ 104,191,165	\$ 103,500,786	\$ 1,421,940	\$ 104,922,726

BALTIMORE CITY COMMUNITY COLLEGE

**Combining Schedule of Revenue, Expenses and Changes in Net Position
Years Ended June 30, 2013 and 2012**

	2013			2012		
	Component			Component		
	Institution	Unit	Total	Institution	Unit	Total
Operating Revenue						
Tuition and fees	\$ 13,394,428	\$ -	\$ 13,394,428	\$ 17,191,918	\$ -	\$ 17,191,918
Less: Scholarship allowances	(6,537,127)	-	(6,537,127)	(10,256,381)	-	(10,256,381)
Tuition and fees, net	6,857,301	-	6,857,301	6,935,537	-	6,935,537
Federal grants and contracts	4,116,287	-	4,116,287	3,836,138	-	3,836,138
State and local grants and contracts	2,643,887	-	2,643,887	2,789,938	-	2,789,938
Contributions and grants	-	372,177	372,177	-	116,807	116,807
Sales and services of public service activities	1,400,585	-	1,400,585	1,272,662	-	1,272,662
Sales and services of auxiliary enterprise	3,299,256	-	3,299,256	4,207,571	-	4,207,571
Other operating revenue	1,765,801	17,920	1,783,721	410,886	8,828	419,714
Total Operating Revenue	20,083,117	390,097	20,473,214	19,452,759	125,635	19,578,394
Operating Expenses						
Instruction	31,664,302	-	31,664,302	30,146,669	-	30,146,669
Academic support	4,835,024	-	4,835,024	4,666,996	-	4,666,996
Student services	7,385,681	-	7,385,681	7,028,414	-	7,028,414
Institutional support	9,339,665	96,339	9,436,004	8,003,215	60,884	8,064,099
Operation and maintenance of plant	10,458,587	-	10,458,587	9,973,617	-	9,973,617
Scholarships and fellowships	9,449,265	335,171	9,784,436	11,307,872	95,592	11,403,464
Auxiliary enterprises	3,963,479	-	3,963,479	4,024,046	-	4,024,046
Public service	1,326,128	-	1,326,128	1,268,862	-	1,268,862
Total Operating Expenses	78,422,131	431,510	78,853,641	76,419,691	156,476	76,576,167
Operating Loss	(58,339,014)	(41,413)	(58,380,427)	(56,966,932)	(30,841)	(56,997,773)
Non-Operating Revenue (Expenses)						
State appropriations	40,480,902	-	40,480,902	40,973,989	-	40,973,989
Reduction in State appropriations	-	-	-	(4,097,142)	-	(4,097,142)
Local appropriations	740,000	-	740,000	536,680	-	536,680
Pell Grants	13,571,695	-	13,571,695	19,202,899	-	19,202,899
Investment income	377,706	53,979	431,685	464,341	1,053	465,394
Rental income	2,205,150	-	2,205,150	2,118,196	-	2,118,196
Community Service grant from Corporation of Public Broadcasting	142,512	-	142,512	156,947	-	156,947
Other grants	-	-	-	-	-	-
Loan administration and collection, write-offs refunds, net of recoveries	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Other non-operating revenue (expense)	(429)	-	(429)	35,452	-	35,452
Net non-operating revenue	57,517,536	53,979	57,571,515	59,391,362	1,053	59,392,415
Income (loss) before other revenue, expenses, gains and losses	(821,478)	12,566	(808,912)	2,424,430	(29,788)	2,394,642
Other income, net	(18,855)	-	(18,855)	17,784	-	17,784
State appropriations - restricted for capital projects	37,843	-	37,843	272,360	-	272,360
Net increase (decrease) in net assets	(802,490)	12,566	(789,924)	2,714,574	(29,788)	2,684,786
Net position, beginning of year	92,460,321	1,081,408	93,541,729	89,745,747	1,111,196	90,856,943
Net position, End of Year	\$ 91,657,831	\$ 1,093,974	\$ 92,789,648	\$ 92,460,321	\$ 1,081,408	\$ 93,814,089