

# **UNIVERSITY SYSTEM OF MARYLAND**

Financial Statements and Supplemental Data  
together with Report of Independent Public Accountants

for the year ended June 30, 2015

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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

To the Board of Regents  
University System of Maryland

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the University System of Maryland (the System), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

The System's 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 audit. We audited the component unit financial statements of UMBC Research Park Corporation, Inc. and the Bowie State University Foundation, Inc. We did not audit the financial statements of the other component units, which represent 99 percent, 99 percent, and 98 percent, respectively, of the total assets, net assets and unrestricted revenue of the total component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the System and its discretely presented component units as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 11 to the financial statements, during the year ended June 30, 2015, the System adopted new accounting guidance from Government Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of proportionate share of net pension liability as listed in the table of contents 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hunt Valley, Maryland  
November 9, 2015

*SB & Company, LLC*

## UNIVERSITY SYSTEM OF MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

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Management of the University System of Maryland (the System) provides the readers of the System's financial statements with this narrative overview and analysis of the financial activities of the System for the years ended June 30, 2015 and 2014.

#### Financial Highlights

- Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions* was implemented in fiscal year 2015 and resulted in a restatement to the July 1, 2014 net position in the amount of \$697,817,854.
- Unrestricted net position increased by \$161,537,396 for the year ended June 30, 2015, after adjusting for GASB Statement No. 68 restatement of the July 1, 2014 net position, compared to a decrease of \$36,408,352 for the year ended June 30, 2014.
- State appropriations for the System increased by 9% for the year ended June 30, 2015. For the year ended June 30, 2014, State appropriations increased by 3% from the amount received in the year ended June 30, 2013.
- Tuition and fees, after deducting Scholarship Allowances, increased by \$48,039,748 or 4.1% for the year ended June 30, 2015. During the year ended June 30, 2014, net Tuition and fees, decreased by \$14,683,734 or 1.2%.
- For the year ended June 30, 2015, investment income on Endowment assets was \$8,390,109, representing investment returns of 4%. Investment income on Endowment assets amounted to \$24,291,204, an investment return of 13%, for the year ended June 30, 2014.

#### Overview of the Financial Statements

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

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

The *Statement of Revenues, Expenses and Changes in Net Position* presents information on the changes in net position during the year. All changes in net position are reported as soon as the underlying event takes place, regardless of the timing of the related cash flows. Thus, revenue 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 vacation earned by employees but not used as of the date of the financial statements).

## UNIVERSITY SYSTEM OF MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

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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 Balance Sheet as of the end of the current year. Sources and uses are organized into operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

The System's financial statements include all accounts and balances of the System (considered the primary government, in accounting terms), as well as 19 legally-separate and distinct entities for which the System is financially accountable, which are considered component units. Of the 19 component units, three are considered major component units due to their significance in terms of size.

The focus of this Management's Discussion and Analysis is on the System itself. Reference should be made to the separately audited financial statements of the component units for additional information.

#### Financial Analysis

As of June 30, 2015, the System's financial health remains strong, with assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$5,258,179,934, shown on the Balance Sheet as total net position. This compares with total net position of \$5,594,953,744 as of June 30, 2014. As suggested earlier, when viewed over time, net position may be useful as an indicator of financial health.

For the year ended June 30, 2015, total net position decreased by \$336,773,810. While net investment in capital assets increased by \$206,040,034, unrestricted net position decreased by \$536,280,458 and restricted net position categories decreased by \$6,533,386.

Unrestricted net position represents the portion of assets, after taking into account liabilities, which can be used to meet ongoing obligations and fund new initiatives. Unrestricted net position increased by \$161,537,396 after adjusting for the \$697,817,854 restatement attributable to the recording of pension liabilities as required by GASB Statement No. 68.

As of June 30, 2014, the System's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,594,953,744.

For the year ended June 30, 2014, total net position increased by \$171,715,726. Net investment in capital assets increased by \$201,384,004, while unrestricted net position decreased \$36,408,352, and restricted net position categories increased by \$6,740,074.

The \$36,408,352 decrease in unrestricted net position for the year ended June 30, 2014, is attributable to declines in enrollment, continuing institutional efforts to limit expenditures, as well as efforts to accumulate resources to provide for future facilities needs and renewal and renovation requirements.

**UNIVERSITY SYSTEM OF MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

The table below presents summary-level information of the System's assets, liabilities, and net position as of June 30, 2015 and 2014.

	<b>2015</b>	<b>2014</b>
Current and other assets	\$2,577,274,912	\$2,516,361,486
Capital assets, net	5,618,391,771	5,456,115,475
Total assets	8,195,666,683	7,972,476,961
Total deferred outflows of resources	137,469,855	18,492,974
Total assets and deferred outflows of resources	<u>\$8,333,136,538</u>	<u>\$7,990,969,935</u>
Debt and obligations under capital lease agreements	\$1,199,533,574	\$1,289,599,574
Other liabilities	734,260,731	744,061,007
Net pension liability	718,516,394	
Total liabilities	2,652,310,699	2,033,660,554
Total deferred inflows of resources	422,645,905	362,355,637
Total liabilities and deferred inflows of resources	<u>2,694,956,604</u>	<u>2,396,016,191</u>
Net investment in capital assets	4,140,685,079	3,934,645,045
Restricted	248,072,654	254,606,040
Unrestricted	869,422,201	1,405,702,659
Total net position	<u>5,258,179,934</u>	<u>5,594,954,744</u>
Total liabilities, deferred inflows of resources and net position	<u>\$8,333,136,538</u>	<u>\$7,990,969,935</u>

Net position for the year ended June 30, 2015 was also affected by the implementation of GASB Statement No. 68 as previously indicated. The requirements of the new accounting standard resulted in a restatement of the July 1, 2014 net position of \$697,817,854. As allowed by GASB Statement No. 68, the System has recorded its pension liability for June 30, 2015 based on an actuarial valuation as of June 30, 2014. An actuarial valuation prepared in accordance with GASB Statement No. 68 was not performed that would allow the System to restate the financial statements for fiscal year 2014.



**UNIVERSITY SYSTEM OF MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

The table below presents summary-level information on revenues, expenses, and other changes in the System's net assets for the years ended June 30, 2015 and 2014.

	<b>2015</b>	<b>2014</b>
Operating revenues	\$3,268,645,793	\$3,174,792,691
Operating expenses	4,569,251,634	4,453,964,164
Operating (loss)	(1,300,605,841)	(1,279,171,473)
State appropriations	1,203,572,985	1,103,095,560
Other nonoperating revenue, net	201,191,828	159,559,957
Total nonoperating	1,404,764,813	1,262,655,517
Income (loss) before other revenues	104,158,972	(16,515,956)
Other revenues	256,885,072	188,231,682
Increase in net position	361,044,044	171,715,726
Net position, beginning of year	5,594,953,744	5,423,238,018
Restatement for pension liability due to GASB Statement No. 68	(697,817,854)	
Net position, end of year	<u>\$5,258,179,934</u>	<u>\$5,594,953,744</u>

The System's operating revenues arise from activities associated with its core mission: education, research, and public service.

For the years ended June 30, 2015 and 2014, operating revenues, which under the definitions used by GASB excludes state appropriations, are detailed below:

	<b>2015</b>		<b>2014</b>	
	\$	%	\$	%
Tuition and fees, net	\$1,221,125,370	37.4%	\$1,173,085,622	37.0%
Contracts and grants	1,045,882,031	32.0	1,035,379,978	32.6
Sales and services of educational departments	331,889,848	10.2	311,924,297	9.8
Auxiliary enterprises, net	603,557,944	18.5	580,999,408	18.3
Other operating	66,190,600	2.0	73,403,386	2.3
Total	<u>\$3,268,645,793</u>	<u>100.0%</u>	<u>\$3,174,792,691</u>	<u>100.0%</u>

Tuition and fees reflect increases in resident undergraduate and graduate student rates, and non-resident rates and other student charges enacted for years ended June 30, 2015 and 2014.

## UNIVERSITY SYSTEM OF MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

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For the years ended June 30, 2015 and 2014, operating expenses are detailed below:

	2015		2014	
	\$	%	\$	%
Instruction	\$1,224,231,147	26.8%	\$1,173,522,028	26.3%
Research	936,234,104	20.5%	924,899,646	20.8%
Public service	152,294,821	3.3%	152,924,530	3.4%
Academic support	412,231,388	9.0%	425,738,777	9.6%
Student services	218,553,357	4.8%	211,645,833	4.8%
Institutional support	445,527,993	9.7%	419,066,424	9.4%
Operation and maintenance of plant	336,605,301	7.4%	332,965,938	7.5%
Scholarships and fellowships	104,239,654	2.3%	105,263,838	2.4%
Auxiliary enterprises	546,264,612	12.0%	528,145,211	11.8%
Hospital	193,069,257	4.2%	179,791,939	4.0%
Total	<u>\$4,569,251,634</u>	<u>100.0%</u>	<u>\$4,453,964,164</u>	<u>100.0%</u>

Operating expenses are detailed by (1) employee costs, (2) payments to suppliers, contractors and other, and (3) depreciation expense in the notes to the financial statements, in order to provide an alternative presentation of operating expenses.

For the years ended June 30, 2015 and 2014, increases in employee payments of \$137,702,755 and \$96,021,121 respectively, represent the largest component of the overall increase in operating expenses over the prior year with the largest increase associated with employee payments for Instruction activities.

#### Capital Asset and Debt Administration

The System continually makes investments in facilities necessary to achieve long-term objectives resulting from:

- State-wide public policy goals,
- System-wide strategic planning,
- institutional facilities master planning,
- projected enrollment growth,
- projected research space needs, and
- maintenance and renewal needs for existing facilities.

**UNIVERSITY SYSTEM OF MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

Funding sources for additions to capital facilities and equipment for the last two fiscal years ended June 30, were funded through:

<b>Funding source</b>	<b>2015</b>	<b>2014</b>
State of Maryland debt proceeds or cash balances	\$234,361,573	\$181,125,898
System debt proceeds	70,987,051	107,485,870
System cash balances or donations	161,385,074	177,181,392
<b>Total</b>	<b>\$466,733,698</b>	<b>\$465,793,160</b>

Over the past two fiscal years ended June 30, major projects completed or placed in service are as follows:

<b>Project</b>	<b>Institution</b>	<b>Cost</b>
<b>Year ended June 30, 2015</b>		
Performing Arts and Humanities Facility	University of Maryland Baltimore County	\$71,931,000
Harford Education Center	Towson University	28,000,000
Center for Communication & Information Technology	Frostburg State University	69,328,000
<b>Year ended June 30, 2014</b>		
Physical Sciences Complex	University of Maryland, College Park	126,474,000
Prince Frederick Hall	University of Maryland, College Park	72,291,000
Student Center	Bowie State University	42,700,000

In August 2003, the System issued Revolving Loan Program Bonds to provide a pool of funds to finance the acquisition of personal property on a revolving basis. On June 1, 2013, the System redeemed \$15,000,000 of the Revolving Loan Program Bonds. The remaining principal balance of \$35,000,000 was remarketed for five years at a multi-annual interest rate of 1.25% and mature on July 1, 2023.

## UNIVERSITY SYSTEM OF MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

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The System has issued revenue bonds to fund the construction, acquisition, and renewal and replacement of facilities, or refinance previously issued revenue bonds to realize lower current interest rates, during the years ended June 30, 2015 and 2014, and since, as follows:

<b>Revenue Bond Issuance</b>	<b>Date</b>	<b>Purpose</b>	<b>Total Par Value Issued</b>	<b>Present Value of Future Debt Service Savings</b>
2014 Series A and B	2/5/2014	Refinancing, construction and facilities renewal	\$151,480,000	\$559,717
2015 Series A	3/4/2015	Refinancing	93,690,000	9,564,489

The System continually pursues opportunities to reduce its overall effective cost of capital financing, and as conditions in the financial markets allow, refinances previously issued debt with new debt at lower interest costs.

#### **Economic Factors and Next Year's Budget and Rates**

Enrollment demand, availability of funding for contracts and grants, and State of Maryland support through both operating and capital appropriations are the three most significant drivers of the System's revenue base.

Across all student categories, enrollment is expected to continue to increase over the next ten years, with just under 14% more full-time equivalent students anticipated by the fall 2024. Preliminary fall 2015 enrollment indicates an increase in headcount enrollment of almost 1,500 students.

The University of Maryland, College Park, the University of Maryland, Baltimore, and the University of Maryland, Baltimore County each have considerable numbers of faculty that pursue research grants and other sponsored funding arrangements. Indirect cost recoveries associated with contract and grants are an important funding source for institution's administrative costs. The Federal Budget Control Act places limits on Federal government spending commonly referred to as sequestration. These limits have constrained Federal spending on research activities, will reduce indirect cost recoveries generally, and will continue, unless Congress and the President agree upon and enact legislation that relieves the constraints on governmental spending currently in place.

As a region with a significant Federal government employee population, the potential for significant reductions in Federal spending in all likelihood would have serious implications for state tax revenues, both from income as well as sales taxes. The State government closely monitors revenue receipts and revises projections on a quarterly basis. As an economic engine for the entire state and region, System officials point out the impact that proposed reductions of State funding provided to higher education would have on state-wide economic activity and work-force development.

Personnel costs account for more than two-thirds of the System's noncapital spending. Healthcare costs and the adoption of a state-wide funding strategy for providing for retiree's healthcare costs are expected to be significant considerations for the System's future spending levels.

#### **Requests for Information**

This financial report is intended to provide a general overview of the System'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 Chancellor for Administration and Finance and Chief Operating Officer, 3300 Metzert Road, Adelphi, MD 20783.

**UNIVERSITY SYSTEM OF MARYLAND  
BALANCE SHEET  
JUNE 30, 2015**

<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$1,931,035,806
Accounts receivable, net	238,579,630
Notes receivable, current portion, net	9,204,215
Inventories	10,751,254
Prepaid expenses and other assets	<u>8,802,462</u>
<b>Total current assets</b>	<b><u>2,198,373,367</u></b>
<b>Noncurrent assets:</b>	
Restricted cash and cash equivalents	53,635,361
Endowment investments	259,180,796
Other investments	9,660,314
Notes receivable, net	56,425,074
Capital assets, net	<u>5,618,391,771</u>
<b>Total noncurrent assets</b>	<b><u>5,997,293,316</u></b>
<b>Total assets</b>	<b><u>8,195,666,683</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Unamortized loss on refundings of debt	19,366,028
Deferred changes in pension expense	<u>118,103,827</u>
<b>Total deferred outflows of resources</b>	<b><u>137,469,855</u></b>
<b>Total assets and deferred outflows of resources</b>	<b><u>\$8,333,136,538</u></b>
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts payable and accrued liabilities	\$305,763,023
Accrued workers' compensation, current portion	4,650,000
Accrued vacation costs, current portion	102,968,033
Revenue bonds and notes payable, current portion	89,598,948
Obligations under capital lease agreements, current portion	1,268,224
Unearned revenue	<u>193,328,789</u>
<b>Total current liabilities</b>	<b><u>697,577,017</u></b>
<b>Noncurrent liabilities:</b>	
Accrued workers' compensation	25,350,000
Accrued vacation costs	102,200,886
Revenue bonds and notes payable	1,099,813,115
Obligations under capital lease agreements	8,853,287
Net pension liability	<u>718,516,394</u>
<b>Total noncurrent liabilities</b>	<b><u>1,954,733,682</u></b>
<b>Total liabilities</b>	<b><u>2,652,310,699</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred service concession arrangement receipts	343,999,596
Deferred financing inflow - pension liability	<u>78,646,309</u>
<b>Total deferred inflows of resources</b>	<b><u>422,645,905</u></b>
<b>NET POSITION</b>	
Unrestricted	869,422,201
Net investment in capital assets	4,140,685,079
Restricted:	
Nonexpendable:	
Scholarships and fellowships	16,134,303
Research	4,165,414
Other	16,854,294
Expendable:	
Scholarships and fellowships	37,537,195
Research	73,431,641
Loans	67,240,220
Capital projects	4,949,886
Other	<u>27,759,701</u>
<b>Total net position</b>	<b><u>5,258,179,934</u></b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b><u>\$8,333,136,538</u></b>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND  
COMBINING BALANCE SHEET, COMPONENT UNITS  
JUNE 30, 2015**

	Major Component Units				Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Nonmajor Component Units	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash		\$18,708,252	\$3,536,603	\$21,840,474	\$44,085,329
Accounts receivable, net	\$5,997,000	37,732,978	18,112,666	8,138,887	69,981,531
Other assets	680,000	1,010,637		1,267,211	2,957,848
<b>Total current assets</b>	<b>6,677,000</b>	<b>57,451,867</b>	<b>21,649,269</b>	<b>31,246,572</b>	<b>117,024,708</b>
<b>Investments</b>					
Endowment investments	246,894,000	283,124,010	154,032,892	200,287,961	884,338,863
Other investments	364,468,000	55,437,516	63,944,175	32,322,549	516,172,240
<b>Total investments</b>	<b>611,362,000</b>	<b>338,561,526</b>	<b>217,977,067</b>	<b>232,610,510</b>	<b>1,400,511,103</b>
<b>Noncurrent assets</b>					
Accounts receivable, net	11,540,000	52,376,886	28,622,186	8,359,785	100,898,857
Capital assets, net	13,304,000	16,604,296		19,518,911	49,427,207
Other assets	432,000	609,944	5,283,715	3,100,931	9,426,590
<b>Total noncurrent assets</b>	<b>25,276,000</b>	<b>69,591,126</b>	<b>33,905,901</b>	<b>30,979,627</b>	<b>159,752,654</b>
<b>Total assets</b>	<b>\$643,315,000</b>	<b>\$465,604,519</b>	<b>\$273,532,237</b>	<b>\$294,836,709</b>	<b>\$1,677,288,465</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable & accrued expenses	\$3,055,000	\$3,554,743	\$1,826,831	\$2,940,639	\$11,377,213
Long-term debt, current				2,621,092	2,621,092
Unearned revenue	3,320,000	2,097,677		6,845,445	12,263,122
<b>Total current liabilities</b>	<b>6,375,000</b>	<b>5,652,420</b>	<b>1,826,831</b>	<b>12,407,176</b>	<b>26,261,427</b>
<b>Noncurrent liabilities</b>					
Other payables	53,540,288	2,953,628	1,165,223	3,120,666	60,779,805
Due to primary government	258,983,712				258,983,712
Long-term debt, noncurrent				12,721,711	12,721,711
<b>Total noncurrent liabilities</b>	<b>312,524,000</b>	<b>2,953,628</b>	<b>1,165,223</b>	<b>15,842,377</b>	<b>332,485,228</b>
<b>Total liabilities</b>	<b>318,899,000</b>	<b>8,606,048</b>	<b>2,992,054</b>	<b>28,249,553</b>	<b>358,746,655</b>
<b>NET ASSETS</b>					
Unrestricted	64,837,000	10,923,334	32,918,593	39,271,763	147,950,690
Temporarily restricted:					
Scholarships & fellowships	17,837,000	41,141,000	13,484,145	31,009,722	103,471,867
Research	17,331,000	11,386,000	9,118,887	715,649	38,551,536
Other	37,026,000	155,915,907	64,436,794	59,513,680	316,892,381
Permanently restricted:					
Scholarships & fellowships	104,593,000	90,258,000	31,977,631	70,763,372	297,592,003
Research	2,414,000	1,353,000	2,293,381	426,033	6,486,414
Other	80,378,000	146,021,230	116,310,752	64,886,937	407,596,919
<b>Total net assets</b>	<b>324,416,000</b>	<b>456,998,471</b>	<b>270,540,183</b>	<b>266,587,156</b>	<b>1,318,541,810</b>
<b>Total liabilities and net assets</b>	<b>\$643,315,000</b>	<b>\$465,604,519</b>	<b>\$273,532,237</b>	<b>\$294,836,709</b>	<b>\$1,677,288,465</b>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2015**

<b>OPERATING REVENUES:</b>		
Tuition and fees	\$1,501,372,760	
Less: scholarship allowances	<u>(280,247,390)</u>	\$1,221,125,370
Federal grants and contracts		632,967,441
State and local grants and contracts		211,070,386
Nongovernmental grants and contracts		201,844,204
Sales and services of educational departments		331,889,848
Auxiliary enterprises:		
Residential facilities	180,711,829	
Less: scholarship allowances	<u>(11,563,631)</u>	169,148,198
Dining facilities	124,545,823	
Less: scholarship allowances	<u>(7,126,982)</u>	117,418,841
Intercollegiate athletics	118,662,370	
Less: scholarship allowances	<u>(4,962,206)</u>	113,700,164
Bookstore	22,723,610	
Less: scholarship allowances	<u>(1,634,569)</u>	21,089,041
Parking facilities	40,493,420	
Less: scholarship allowances	<u>(253,786)</u>	40,239,634
Other auxiliary enterprises revenues	141,995,120	
Less: scholarship allowances	<u>(33,054)</u>	141,962,066
Other operating revenues		<u>66,190,600</u>
<b>Total operating revenues</b>		<u><b>3,268,645,793</b></u>
<b>OPERATING EXPENSES:</b>		
Instruction		1,224,231,147
Research		936,234,104
Public service		152,294,821
Academic support		412,231,388
Student services		218,553,357
Institutional support		445,527,993
Operation and maintenance of plant		336,605,301
Scholarships and fellowships		104,239,654
Auxiliary enterprises:		
Residential facilities		153,091,117
Dining facilities		113,018,447
Intercollegiate athletics		113,646,623
Bookstore		21,835,280
Parking facilities		26,198,642
Other auxiliary enterprises expenses		118,474,503
Hospital		<u>193,069,257</u>
<b>Total operating expenses</b>		<u><b>4,569,251,634</b></u>
<b>Operating (loss)</b>		<u><b>(1,300,605,841)</b></u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State appropriations		1,203,572,985
Pell grants		146,299,427
Gifts		49,174,792
Investment income	33,575,694	
Less: investment expense	<u>(732,089)</u>	32,843,605
Interest on indebtedness		(46,131,763)
Other revenues, (expenses), gains and (losses)		<u>19,005,767</u>
<b>Total net nonoperating revenues</b>		<u><b>1,404,764,813</b></u>
<b>Income before other revenues</b>		<u><b>104,158,972</b></u>
<b>OTHER REVENUES:</b>		
Capital appropriations		234,361,573
Capital gifts and grants		22,109,432
Additions to permanent endowments		<u>414,067</u>
<b>Total other revenues</b>		<u><b>256,885,072</b></u>
<b>Increase in net position</b>		<b>361,044,044</b>
<b>Net position - beginning of year</b>		5,594,953,744
<b>Restatement for pension liability due to GASB Statement No. 68</b>		<u>(697,817,854)</u>
<b>Net position - end of year</b>		<u><u><b>\$5,258,179,934</b></u></u>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND  
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS  
YEAR ENDED JUNE 30, 2015**

	Major Component Units				Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Nonmajor Component Units	
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>					
<b>Revenues</b>					
Contributions & grants	\$1,595,000		\$10,669,417	\$9,678,790	\$21,943,207
Investment income	1,871,000	\$5,466,706	986,378	1,352,514	9,676,598
Other income	6,595,059	3,319,676	784,039	7,398,862	18,097,636
Assets released from restrictions	22,384,000	41,816,607	16,352,696	19,326,012	99,879,315
<b>Total revenues</b>	<b>32,445,059</b>	<b>50,602,989</b>	<b>28,792,530</b>	<b>37,756,178</b>	<b>149,596,756</b>
<b>Expenses</b>					
Program	25,080,059	50,261,042	23,953,799	27,023,227	126,318,127
General & administrative	6,320,000	2,419,290	1,450,551	4,414,768	14,604,609
Fundraising	3,927,000	187,669	254,463	2,362,960	6,732,092
Other expense				1,239,122	1,239,122
<b>Total expenses</b>	<b>35,327,059</b>	<b>52,868,001</b>	<b>25,658,813</b>	<b>35,040,077</b>	<b>148,893,950</b>
<b>Change in unrestricted net assets</b>	<b>(2,882,000)</b>	<b>(2,265,012)</b>	<b>3,133,717</b>	<b>2,716,101</b>	<b>702,806</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>					
Contributions & grants	13,921,000	88,188,452	18,479,248	11,049,946	131,638,646
Investment income	8,489,000	6,066,952	5,696,757	3,914,766	24,167,475
Other income (loss)		(372,754)	35,179	1,847,829	1,510,254
Assets released from restrictions	(22,384,000)	(41,816,607)	(17,080,480)	(18,551,494)	(99,832,581)
Transfer per Board resolution				(7,123,498)	(7,123,498)
<b>Change in temporarily restricted net assets</b>	<b>26,000</b>	<b>52,066,043</b>	<b>7,130,704</b>	<b>(8,862,451)</b>	<b>50,360,296</b>
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>					
Contributions & grants	15,329,000	13,758,339	17,385,709	3,788,348	50,261,396
Investment income	(37,000)			1,800,429	1,763,429
Other income		34,285		10,105	44,390
Assets released from restrictions			727,784	(774,518)	(46,734)
Transfer per Board resolution				(2,197,063)	(2,197,063)
<b>Change in permanently restricted net assets</b>	<b>15,292,000</b>	<b>13,792,624</b>	<b>18,113,493</b>	<b>2,627,301</b>	<b>49,825,418</b>
<b>Total change in net assets</b>	<b>12,436,000</b>	<b>63,593,655</b>	<b>28,377,914</b>	<b>(3,519,049)</b>	<b>100,888,520</b>
<b>Net assets - beginning of year</b>	<b>311,980,000</b>	<b>393,404,816</b>	<b>242,162,269</b>	<b>270,106,205</b>	<b>1,217,653,290</b>
<b>Net assets - end of year</b>	<b>\$324,416,000</b>	<b>\$456,998,471</b>	<b>\$270,540,183</b>	<b>\$266,587,156</b>	<b>\$1,318,541,810</b>

See accompanying notes.



**UNIVERSITY SYSTEM OF MARYLAND  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and fees	\$1,224,664,410
Research contracts and grants	1,056,087,988
Payments to employees	(3,073,196,920)
Payments to suppliers and contractors	(1,205,011,656)
Loans issued to students	(11,638,463)
Collections of loans from students	10,100,333
Auxiliary enterprises:	
Residential facilities	150,744,970
Dining facilities	117,483,909
Intercollegiate athletics	134,569,472
Bookstore	20,868,229
Parking facilities	40,204,155
Other	142,468,627
Other receipts, net	<u>452,840,568</u>
<b>Net cash used by operating activities</b>	<u>(939,814,378)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State appropriations	1,203,572,985
Gifts and grants received for other than capital purposes:	
Private gifts for endowment purposes	414,067
Pell grants	<u>146,299,427</u>
<b>Net cash provided by noncapital financing activities</b>	<u>1,350,286,479</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds of capital debt	101,941,368
Capital appropriations	234,361,573
Capital grants and gifts received	5,217,433
Proceeds from sales of capital assets	6,896,914
Purchases of capital assets	(460,484,411)
Principal paid on debt and capital leases	(186,944,515)
Interest paid on debt and capital leases	<u>(52,827,602)</u>
<b>Net cash used by capital and related financing activities</b>	<u>(351,839,240)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investments	10,665,585
Interest on investments	23,008,132
Investment expense	(732,089)
Purchases of investments	<u>(708,175)</u>
<b>Net cash provided by investing activities</b>	<u>32,233,453</u>
<b>Net increase in cash and cash equivalents</b>	90,866,314
<b>Cash and cash equivalents - beginning of the year</b>	<u>1,893,804,853</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$1,984,671,167</u>

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:**

Gifts and contributions of capital assets	\$9,811,553
Changes in unrealized appreciation on investments	1,816,342

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:**

Operating loss	(\$1,300,605,841)
<b>Adjustments to reconcile operating loss to net cash used by operating activities:</b>	
Depreciation expense	298,913,029
Pension expense	(18,758,978)
Amortization of deferred service concession arrangement receipts	(18,356,041)
Gifts and other revenues, (expenses), gains, and (losses)	68,180,559
<b>Changes in assets and liabilities:</b>	
Accounts receivables, net	29,030,581
Inventories	831,970
Prepaid expenses and other assets	711,831
Notes receivable	60,067
Accounts payable and accrued liabilities	(33,705,441)
Unearned revenue	24,879,623
Accrued vacation	9,611,263
Accrued workers' compensation	<u>(607,000)</u>
<b>Net cash used by operating activities</b>	<u>(\$939,814,378)</u>

See accompanying notes.

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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#### 1. ORGANIZATION AND PURPOSE

The University System of Maryland (the System) is a component unit of the State of Maryland (the State) and is governed by its Board of Regents (the Board).

The System comprises eleven degree-granting institutions, one research entity and an administrative unit. Its degree-granting institutions provide a full range of undergraduate, graduate, professional and continuing education opportunities for students. Its research and public service entities conduct basic and applied research, and transfer new technology to constituencies. The administrative unit includes the System Chancellor and staff who serve as support to the Board.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the System are summarized below.

**Reporting Entity** - The financial statements of the System include all funds and organizations included in the legal entity encompassed by the System, and other legally separate entities for which the System is financially accountable or which otherwise meet the criteria established by the *Governmental Accounting Standards Board (GASB)*. Amounts held in System accounts on behalf of separately organized entities are included as assets, with a corresponding liability reflected.

The System has recognized, as affiliated foundations, nineteen organizations created and operated in support of the interests of the System or any of the institutions that comprise the System. Each of these affiliated foundations are considered to (1) receive or hold economic resources that are to be used for the benefit of the System or its institutions, (2) receive or hold economic resources which the System or its institutions are entitled to or otherwise have the ability to access, and (3) are significant to the financial statements of the System or the institutions with which the foundation is affiliated. As a result, each of the nineteen affiliated foundations meet the criteria for inclusion in the financial reporting entity, and thus each of the affiliated foundations are shown in a discrete presentation.

The University System of Maryland Foundation, Inc., the University of Maryland College Park Foundation, Inc., and the University of Maryland Baltimore Foundation, Inc. are considered major component units due to the significance of the financial statement amounts to the System and its financial statements.

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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The following affiliated foundations are considered nonmajor component units:

Medical Alumni Association of the University of Maryland, Inc.  
M Club Foundation, University of Maryland, Inc.  
The Robert H. Smith School of Business Foundation, Inc.  
Harry R. Hughes Center for Agro-Ecology, Inc.  
Bowie State University Foundation, Inc.  
Towson University Foundation, Inc.  
Frostburg State University Foundation, Inc.  
Coppin State University Development Foundation, Inc.  
University of Baltimore Foundation, Inc. and University Properties, Inc.  
Salisbury University Foundation, Inc.  
The Ward Foundation, Inc.  
The Maryland 4-H Foundation, Inc.  
The Maryland Center @ Bowie State University, Inc.  
University of Maryland, Baltimore County Research Park Corporation, Inc.  
Maryland Hawk Corporation  
Towson University Public Media, Inc.

During the year ended June 30, 2015, the affiliated foundations distributed approximately \$95,628,000 to the System and its institutions for both restricted and unrestricted purposes.

All of the System's component units are nongovernmental entities that prepare financial statements using the principals and accounting standards promulgated by the Financial Accounting Standards Board (FASB).

Complete financial statements of affiliated foundations may be requested from the System's Office of the Comptroller at 3300 Metzert Road, Adelphi, MD 20783.

The University of Maryland, Baltimore provides services to hospital and critical care facilities under contractual arrangements with the State. The expenditures relating to these activities are reported within the hospital functional category. The revenues derived from these activities are reported primarily as contract and grant revenue.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

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**Measurement Focus and Basis of Accounting** - For financial reporting purposes, the System is considered a special-purpose governmental entity engaged only in business-type activities. Accordingly, the System's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned, and expenses are recorded when an obligation has been incurred.

**Application of Accounting Standards** - The System has the option to apply all FASB pronouncements issued after November 30, 1989, except for instances in which a pronouncement of the FASB conflicts with pronouncements of GASB. The System has elected to not apply FASB pronouncements issued after November 30, 1989.

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

**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, research and public service that form the essence of the System's mission. Nonoperating revenue, expenses, gains and losses represent amounts that recur regularly but are not included in operating revenue and expenses. Generally accepted accounting principles defines State appropriations as nonoperating 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.

**Investments** – Investments are valued at fair market value.

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

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

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**Capital Assets** - Property, plant, equipment, and books and materials which are part of a catalogued library, are stated principally at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Personal property with an original cost of more than \$5,000 and outlays for real property in excess of \$250,000 are considered capital assets.

Generally, the cost of all capital assets other than land, certain inexhaustible improvements to land, and collections of works of art are assigned to expense over a set of useful lives specific to the type of asset, using a straight-line method of depreciation. The range of useful lives used for the major categories of capital assets is:

Infrastructure and land improvements	20 - 25 years
Buildings and improvements	20 - 40 years
Contents	3 - 15 years

Depreciation expense is assigned to program expense based on the nature and use of the capital asset.

**Deferred Outflows/Inflows of Resources** – In addition to assets, the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resource, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

**Pensions** - Some employees of the System are members of the Maryland State Retirement and Pension System. Employees are members of either the Teachers Pension System (TPS) or the Employees Retirement System of the State of Maryland (ERS). The TPS and ERS are part of the State of Maryland Retirement and Pension System which is considered a multiple employer cost-sharing plan. Employees of the System may choose as an alternative to participate in the Optional Retirement Program (ORP), which is a defined contribution plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TPS and ERS and additions to/deductions from TPS and ERS' fiduciary net position have been determined on the same basis as they are reported by TPS and ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**New Accounting Pronouncements** - The System adopted GASB Statement No. 68, entitled *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, Statement No. 69, entitled *Government Combinations and Disposals of Government Operations*, and Statement No. 71, entitled *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*.

Net position as of July 1, 2014 has been reduced by \$697,817,854 to record the impact associated with the implementation of GASB Statement No. 68.

The Governmental Accounting Standards Board has issued GASB Statement No. 72, entitled *Fair Value Measurement and Application*; GASB Statement No. 73, entitled *Accounting and Financial Reporting for*

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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*Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to certain Provisions of GASB Statements 67 and 68; GASB Statement No. 74 entitled, Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans; GASB Statement No. 75 entitled, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions; and GASB Statement No. 76 entitled, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* These statements may have a material effect on the System's financial statements once implemented. The System will be analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

### 3. CASH AND INVESTMENTS

#### Cash and cash equivalents

As of June 30, unrestricted cash and cash equivalents consisted of the following:

Cash and short-term investments on deposit with the State Treasurer	\$1,893,409,566
Demand and time deposits	<u>37,626,240</u>
Total	<u>\$1,931,035,806</u>

The System does not have a formal policy addressing custodial credit risk.

As of June 30, 2015, the carrying amount of the System's demand and time deposits was \$37,626,240 as compared to bank balances of \$34,395,886. The difference is primarily items in-transit. Of the bank balances, \$27,580,121 was covered by Federal, private or foreign national government depository insurance, or was collateralized by a pledge of United States Treasury obligations held by the System's agents in the name of the System, and \$6,815,765 was uninsured and uncollateralized as of June 30, 2015.

The Annotated Code of Maryland requires the System to maintain its cash balances on deposit with the State Treasurer, except for demand and time deposit accounts established to satisfy urgent cash requirements, assets associated with endowment funds or proceeds of System financing arrangements. The State Treasurer maintains State funds on a pooled basis in accordance with the Annotated Code of Maryland.

The System has entered into agreements with trustees for the benefit and security of registered holders of certain debt obligations issued by the System. These agreements permit the System to invest amounts maintained in trust funds in:

- United States Treasury and agency obligations.
- Deposits, having a maturity of no more than 365 days, in any bank, savings institution or trust company to the extent such deposits are fully insured or collateralized.
- Commercial paper rated at least A-1 by Standard & Poor's Corporation (Standard & Poor's) and P-1 by Moody's Investors Service, Inc. (Moody's) having a maturity of no more than 270 days.
- Repurchase agreements.

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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- Obligations of any state or political subdivision rated by Standard & Poor's and Moody's in one of its two highest rating categories.
- Corporate obligations rated AAA by Standard & Poor's and Aaa by Moody's.

As of June 30, restricted cash and cash equivalents included:

Money market accounts – endowment fund uninvested cash	\$47,280
Money market accounts – unspent proceeds of debt	<u>53,588,081</u>
Total	<u>\$53,635,361</u>

Unspent proceeds and other restricted debt-related trust account balances and endowment fund uninvested cash balances are maintained in money market accounts rated AAA or equivalent by rating agencies.

#### **Investments**

In July 2005, the System transferred the proceeds of endowment investments, approximately \$197 million in fair market value at the time of the transfer, to the University System of Maryland Foundation, Inc., (USMF) in exchange for an equivalent proportionate interest in the long-term investment portfolio managed by the University System of Maryland Foundation, Inc.

In June 2011, the System entered into a new agreement with the USMF. The agreement is for a term of five years, with renewable two-year extensions at the option of the System, unless notice of intent to terminate the arrangement is provided within 180 days prior to the expiration of the term. In the event of termination of the arrangement, funds invested with individual investment managers that have commitments from the University System of Maryland Foundation, Inc., to maintain investments for certain minimum time periods may not be returned to the System until those constraints have been satisfied. Beginning with fiscal year 2015, the per annum fee to be paid to the USMF for investment management services is 0.35% of the value of the managed funds as of December 31 of the previous fiscal year.

Investments in the University System of Maryland Foundation, Inc. are accounted for as an open-ended mutual fund. Asset values, investment gains and losses, and other portfolio-wide transactions are allocated based on the number of units or shares that each fund has relative to the total number of shares or units. Assets associated with the System's endowment funds are reported as Endowment Investments on the Balance Sheet of the University System of Maryland, and Investments on the Balance Sheet of the University System of Maryland Foundation, Inc., with a corresponding liability reflecting the fair value of the System's interest in the investment portfolio.

The System discloses investment risks, below.

#### **Interest rate risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The System has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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#### **Custodial credit risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the System, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the System's name.

Endowment investments managed by the University System of Maryland Foundation, Inc. are uninsured and are not registered in the name of the System, as they are a part of a commingled portfolio comprising proportionate interests of several different entities.

None of the System's restricted investments are exposed to custodial credit risk.

#### **Credit risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System is exposed to credit risk on its Endowment investments managed by the University System of Maryland Foundation, Inc.

#### **Foreign currency risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

The System is not exposed to any material amount of foreign currency risk.

#### **Endowment investments**

As of June 30, endowment investments consisted of the following, stated at fair value:

Corporate debt	\$7,200
Corporate equities	189,884
Assets invested with University System of Maryland Foundation, Inc.	<u>258,983,712</u>
Total	<u>\$259,180,796</u>

As of June 30, the net position balances of the fund groups making up the Endowment were as follows:

Pure endowments	\$136,719,910
Funds functioning as endowments	118,563,286
Term endowments	<u>3,897,600</u>
Total	<u>\$259,180,796</u>

Assets associated with endowment funds are invested in accordance with the terms of donor agreements in those instances where such agreements place constraints on allowable investments.



## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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A spending rule has been adopted by the Board to ensure that endowment funds retain a consistent level of purchasing power over time. The spending rule provides for a target rate of spending of 4.55% of a rolling twelve-quarter average market value of the endowment fund. The spending rule is reviewed periodically by the Finance Committee of the Board. Net appreciation on investments of the pure endowment funds totaled \$97,748,655 as of June 30, 2015. Reinvestments of net appreciation are considered to be subject to donor spending restrictions, and accordingly, are reflected as a component of restricted, expendable net assets.

The Maryland Uniform Prudent Management of Institutional Funds Act governs the use of net appreciation, both realized and unrealized, of endowment investments. This law allows a governing board to appropriate for expenditure only those amounts in excess of the historic gift amount that are prudent, taking into consideration long and short term needs of the institution in carrying out its educational, charitable, or other eleemosynary purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

#### **Other investments**

Other investments is an interest in a real estate partnership formed to facilitate the long-term development of a parcel of land owned by the University of Maryland College Park. The carrying value of other investments is assessed on an annual basis by reference to the reported value of the University's partnership interest.

#### **Allocation of investment income**

Investment income is assigned to the accounting funds, including endowments, in proportions associated with investments held by the various accounting funds. For the year ended June 30, 2015, investment income attributed to unrestricted funds and restricted funds was:

Unrestricted funds	\$27,150,953
Restricted funds	<u>6,424,741</u>
Total investment income	<u>\$33,575,694</u>

#### **Major component units**

The University System of Maryland Foundation, Inc. invests funds on behalf of the System and several other System component units. The majority of the amounts reported as investments by the University of Maryland College Park Foundation, Inc., and the University of Maryland Baltimore Foundation, Inc. are included in the investments reported by the University System of Maryland Foundation, Inc.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

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As of June 30, 2015, major component unit investments, recorded at fair value, were:

**University System of Maryland Foundation, Inc.**

Money market funds and short-term investments	\$42,650,000
Corporate and municipal bonds	13,023,000
Equities and mutual funds	219,553,000
U.S. treasury notes and bonds	5,320,000
U.S. agencies	867,000
Absolute return	288,349,000
Long and short equity hedge funds	319,943,000
Private capital	121,261,000
Real estate and energy and natural resources	164,825,000
Total	<u>1,175,791,000</u>
Due to other foundations	<u>(564,429,000)</u>
Total Investments	611,362,000
Due to primary government	<u>(258,983,712)</u>
Total University System of Maryland Foundation Investments	<u><u>\$352,378,288</u></u>

**University of Maryland College Park Foundation, Inc.**

Short-term investments	\$16,800,457
Cash equivalents and short-term securities	525,327
Mutual funds	5,120,489
Bonds	5,101,000
Maryland Proton Treatment Center, LLC	1,000,000
Investments in special strategies - USMF	<u>310,014,253</u>
Total Investments	<u><u>\$338,561,526</u></u>

**University of Maryland Baltimore Foundation, Inc.**

Cash equivalents and short-term securities	\$7,150,254
Commonfund	2,204,796
Lanx stock	1,949,437
Investments in special strategies - USMF	<u>206,672,580</u>
Total Investments	<u><u>\$217,977,067</u></u>

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

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**4. ACCOUNTS RECEIVABLE, NOTES RECEIVABLE, AND ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts receivable as of June 30, 2015, were comprised of:

Tuition and fees	\$56,430,909
Contracts and grants	176,722,417
Other	18,796,505
	<hr/>
Subtotal	251,949,831
Allowance for doubtful accounts	(13,370,201)
	<hr/>
Accounts receivable, net	<u>\$238,579,630</u>

Notes receivable as of June 30, 2015, were comprised of:

Student loans	\$72,635,609
Business development loans	6,599,498
	<hr/>
Subtotal	79,235,107
Allowance for doubtful notes	(13,605,818)
	<hr/>
Notes receivable, net	<u>\$65,629,289</u>

Accounts payable and accrued liabilities as of June 30, 2015, were comprised of:

Payroll and benefits	\$175,284,774
Suppliers and contractors	95,138,834
Accrued interest payable	10,782,275
Other	24,557,140
	<hr/>
Accounts payable and accrued liabilities	<u>\$305,763,023</u>

**Major component units**

Accounts receivable include unconditional promises of contributions pledged to the affiliated foundations. Promised contributions are recorded at a discounted value that reflects the time value of money.

**UNIVERSITY SYSTEM OF MARYLAND****NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

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As of June 30, 2015 contributions receivable are due as follows:

**University System of Maryland Foundation, Inc.**

<b>Due</b>	<b>Discount rates</b>	
Within one year	Not applicable	\$4,696,000
One to five years	3.25%	10,080,000
More than five years	3.25%	1,618,000
Subtotal		16,394,000
Pledge discount		(1,165,000)
Net contributions receivable		<u>\$15,229,000</u>

**University of Maryland, College Park Foundation, Inc.**

<b>Due</b>	<b>Discount rates</b>	
Within one year	2.19%	\$43,103,149
Two to five years	2.19%	59,757,598
More than five years	3.25%	3,379,279
Subtotal		106,240,026
Allowance for doubtful accounts		(13,115,537)
Pledge discount		(3,179,589)
Net contributions receivable		<u>\$89,944,900</u>

**University of Maryland, Baltimore Foundation, Inc.**

<b>Due</b>	<b>Discount rates</b>	
Within one year	3.25%	\$18,681,214
Two to five years	3.25%	28,425,397
More than five years	3.25%	4,041,600
Subtotal		51,148,211
Allowance for doubtful accounts		(689,946)
Pledge discount		(3,744,100)
Net contributions receivable		<u>\$46,714,165</u>

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

5. CHANGES IN NET CAPITAL ASSETS

Changes in net capital assets for the year ended June 30, 2015:

	June 30, 2014	Additions	Decreases	June 30, 2015
<b>Capital assets being depreciated:</b>				
Infrastructure & land improvements	\$380,219,079	\$12,231,957	\$262,702	\$392,188,334
Buildings & improvements	6,503,991,218	336,448,320	12,023,371	6,828,416,167
Contents	1,300,894,255	118,248,849	46,289,220	1,372,853,884
Buildings recorded under capital lease agreements	14,629,140			14,629,140
<b>Total capital assets being depreciated</b>	<b>8,199,733,692</b>	<b>466,929,126</b>	<b>58,575,293</b>	<b>8,608,087,525</b>
<b>Less accumulated depreciation for:</b>				
Infrastructure & land improvements	193,974,922	15,794,101	170,756	209,598,267
Buildings & improvements	2,316,559,509	189,929,074	10,301,450	2,496,187,133
Contents	939,285,579	92,002,675	42,558,714	988,729,540
Buildings recorded under capital lease agreements	5,407,608	1,187,179		6,594,787
<b>Total accumulated depreciation</b>	<b>3,455,227,618</b>	<b>298,913,029</b>	<b>53,030,920</b>	<b>3,701,109,727</b>
<b>Total capital assets being depreciated, net</b>	<b>4,744,506,074</b>	<b>168,016,097</b>	<b>5,544,373</b>	<b>4,906,977,798</b>
<b>Capital assets not being depreciated:</b>				
Land	154,956,746	2,332,208		157,288,954
Contents	25,620,365	3,970,668		29,591,033
Construction in progress	531,032,290	368,090,775	374,589,079	524,533,986
<b>Total capital assets not being depreciated</b>	<b>711,609,401</b>	<b>374,393,651</b>	<b>374,589,079</b>	<b>711,413,973</b>
<b>Capital assets, net</b>	<b>\$5,456,115,475</b>	<b>\$542,409,748</b>	<b>\$380,133,452</b>	<b>\$5,618,391,771</b>

Interest expense of \$509,620 associated with projects not yet completed was capitalized and recorded as construction in progress during the year ended June 30, 2015.

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**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

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**6. SERVICE CONCESSION ARRANGEMENTS FOR STUDENT HOUSING**

The University System of Maryland has entered into long-term leases of university-owned land, and other agreements with a quasi-governmental entity to finance, construct, and manage, student housing projects at seven of the System's institutions. These agreements satisfy the accounting criteria established to be considered service concession arrangements.

Under the terms of the ground leases, the System transfers rights to university-owned property for a term of 40 years to the quasi-governmental issuer of debt (the 'project owner'). The project owner contracts with a developer to build student housing on the property, as well as an operator that manages the facility on behalf of the project owner. Each student housing project is financed using tax-exempt debt that limits the use of the project to uses that support the institution. The operator charges and collects rent from the students, and pays the operating costs and debt service associated with the project. The residual cash flow from the project, after paying all operating costs and management fees, is paid to the university as the ground lease payment. The institution has the ability to approve what services the operator is required to provide and the rates that can be charged.

Upon final payment of the outstanding debt associated with the project, or upon termination of the ground lease, whichever is sooner, the owner's rights to use the land and ownership of the project transfers to the university.

As of June 30, 2015, the following amounts associated with service concession arrangements are reflected on the Balance Sheet:

Capital assets, net – Buildings & improvements	\$361,859,913
Deferred service concession arrangement receipts	343,999,596

**7. REVENUE BONDS AND NOTES PAYABLE**

The System finances the construction, renovation and acquisition of certain facilities and equipment through the issuance of debt obligations. State law limits the aggregate principal amount of debt outstanding and the present value of future minimum lease payments on capital lease obligations for real property to no more than \$1,400,000,000.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

Revenue bonds and notes payable consisted of the following as of June 30, 2015:

Revenue Bonds, net	\$1,120,815,105
Revolving Loan Program Bonds	35,000,000
Other	<u>33,596,958</u>
Revenue bonds and notes payable, net	<u><u>\$1,189,412,063</u></u>

**Auxiliary Facility and Tuition Revenue Bonds**

As of June 30, 2015, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Principal Outstanding</u>
2004 Series A	5.0%	2016	\$65,000
2006 Series A	5.0%	2015-2017	11,195,000
2007 Refunding Series A	4.0% - 5.0%	2016-2023	70,130,000
2008 Series A	4.0% - 5.0%	2016-2020	21,465,000
2008 Refunding Series B	3.75% - 4.0%	2015-2016	11,170,000
2009 Series A & B	4.0% - 6.0%	2016-2029	77,795,000
2009 Refunding Series C	2.5% - 4.0%	2015-2019	18,360,000
2009 Refunding Series D	3.0% - 4.0%	2016-2022	39,880,000
2010 Series A & B	4.0% - 5.4%	2016-2030	97,180,000
2010 Series C	2.5% - 4.0%	2016-2023	39,795,000
2010 Series D & E	3.75% - 5.85%	2016-2030	96,625,000
2011 Series A	3.0% - 5.0%	2016-2031	99,085,000
2011 Refunding Series B	3.0% - 5.0%	2016-2024	27,095,000
2012 Refunding Series A & B	2.0% - 4.0%	2016-2024	48,845,000
2012 Series C & D	2.0% - 5.0%	2016-2032	158,840,000
2014 Series A & B	3.0% - 5.0%	2016-2034	139,475,000
2015 Series A	3.0% - 5.0%	2016-2028	<u>93,690,000</u>
			1,050,690,000
Unamortized discounts and premiums			<u>70,125,105</u>
Revenue Bonds, net			<u><u>\$1,120,815,105</u></u>



**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

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Revenue Bonds have been issued pursuant to an Indenture of Trust, an agreement entered into with a trustee for the benefit of holders of Revenue Bonds. Pursuant to the Indenture of Trust, the System has agreed to charge and collect tuition revenues and net auxiliary facility fees in an amount that is not less than 200% of the maximum annual debt service on Revenue Bonds.

Revenue Bonds issued during the year ended June 30, 2015, including the results of any advance refunding of previously-issued debt, are as follows:

<b>Debt issuance</b>	<b>Date of issue</b>	<b>Par value of debt issued</b>	<b>Premium on issuance</b>	<b>Par value of debt refunded</b>	<b>Reduction in future debt service</b>	<b>Deferred amount on refunding</b>	<b>Economic gain</b>
2015 Refunding Series A	3/4/2015	\$93,690,000	\$12,596,446	\$98,870,000	\$10,358,993	\$5,275,078	\$9,564,489

The System has issued series of Revenue Bonds that qualify for participation in the Build America Bonds program, a provision of the American Recovery and Reinvestment Act of 2009. The provisions of the Build America Bonds provide that the Federal government will reimburse issuers of Build America Bonds an amount equal to 35% of the interest payments made to bondholders. On March 1, 2013, the Budget Control Act of 2011 went into effect. The Federal government has reduced the amount of interest reimbursement by 7.3% in Federal fiscal year 2015. The 2009 Series B, the 2010 Series B, and 2010 Series E bonds have been issued to comply with the requirements of the Build America Bonds program, the System has been receiving the interest payment reimbursements from the Federal government, and the System expects that these bonds will continue to qualify under the program in the future. The interest amounts reflected in the future principal and interest payments schedule on the following page reflect the System's obligations to bondholders, and have not been reduced for any expectation of interest reimbursement from the Federal government under the Build America Bonds program.

As of June 30, 2015, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$91,810,000.

As of June 30, 2015, cash and cash equivalents and investments restricted by the terms of the Indenture of Trust totaled \$28,836,450.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

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**Revolving Loan Program Bonds**

Revolving Loan Program Bonds include debt issued pursuant to an Indenture of Trust, an agreement entered into with a trustee for the benefit of holders of the debt, dated April 1, 1995.

On August 8, 2003, the System issued \$65,000,000 of University System of Maryland Revolving Loan Program Bonds, 2003 Series A. The 2003 Series A Bonds were initially issued as auction rate reset securities, meaning interest is calculated on outstanding Revolving Loan Program Bonds using a rate of interest determined through a weekly auction process. In April, 2008, the System purchased \$15,000,000 of the auction rate reset securities in response to failed auctions that were occurring for most issuers of auction rate reset securities as a result of the collapse of the credit insurance market. On June 26, 2008, the 2003 Series A Bonds in a principal amount of \$50,000,000 were converted from an auction rate mode to a Multiannual Rate. On June 1, 2013 the System redeemed \$15,000,000 of the 2003 Series A Bonds. The remaining principal balance of \$35,000,000 of the 2003 Series A Bonds was remarketed for five years at a multi-annual interest rate of 1.25%.

As of June 30, 2015, cash and cash equivalents in the amount of \$24,751,631 was held by the trustee as unspent proceeds of the Revolving Loan Program Bonds.

**Other**

Other debt and notes payable includes amounts borrowed to finance facilities, equipment acquisitions, a marine research vessel and other improvements designed to enhance energy efficiency savings.

The System is subject to Federal arbitrage laws governing the use of proceeds of tax-exempt debt.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

Future principal and interest payments as of June 30, 2015, were as follows:

Years ending June 30,	Auxiliary Facility and Tuition Revenue Bonds		Notes Payable and Other Long-term Debt		Total Payments
	Principal	Interest	Principal	Interest	
2016	\$83,215,000	\$46,134,111	\$6,383,948	\$999,926	\$136,732,985
2017	82,750,000	42,056,099	5,265,929	896,015	130,968,043
2018	81,860,000	38,432,311	4,229,161	1,211,253	125,732,725
2019	81,845,000	34,735,486	3,245,373	1,546,174	121,372,033
2020	80,770,000	31,129,193	2,738,518	1,493,288	116,130,999
2021 – 2025	334,270,000	107,167,509	46,517,599	2,984,093	490,939,201
2026 – 2030	243,975,000	43,251,972	216,430		287,443,402
2031 – 2035	62,005,000	4,920,400			66,925,400
Total	\$1,050,690,000	\$347,827,081	\$68,596,958	\$9,130,749	\$1,476,244,788

8. LEASES

Obligations under capital lease agreements

The System leases two facilities, one for the use of the University of Maryland College Park and another at Towson University under agreements recorded as capital lease obligations. The obligations are recorded at the present value of future minimum lease payments using discount rates of 6.8% and 3.2%, for the University of Maryland College Park and the Towson University leases, respectively.

Future minimum payments on obligations under capital lease agreements as of June 30, 2015, were as follows:

Years ending June 30,	Total
2016	\$1,669,377
2017	1,704,099
2018	1,739,862
2019	1,776,699
2020	1,814,640
2021 – 2025	2,979,711
Total future lease payments	11,684,388
Less: Interest component	(1,562,877)
Obligations under capital lease agreements	\$10,121,511

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

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**Operating leases**

The System and its institutions lease facilities and equipment under agreements accounted for as operating leases. Many of the leases provide for an optional extension of the terms of the agreements and increases in payment amounts based on changes in indices such as the Consumer Price Index.

Future minimum payments on operating leases as of June 30, 2015, were as follows:

<u>Year ending June 30,</u>	<u>Minimum Annual Lease Payments</u>
2016	\$15,346,308
2017	13,002,861
2018	11,499,830
2019	9,323,146
2020	8,135,432
2021 – 2025	16,272,718
2026 – 2030	<u>1,658,039</u>
Total	<u><u>\$75,238,334</u></u>

Operating lease expenditures for the year ended June 30, 2015 were \$16,232,570.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**9. CHANGES IN LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2015:

	<b>June 30, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2015</b>	<b>Due Within One Year</b>
Accrued vacation costs	\$195,557,656	\$107,863,353	\$98,252,090	\$205,168,919	\$102,968,033
Accrued workers' compensation	30,607,000	4,816,713	5,423,713	30,000,000	4,650,000
Revenue bonds and notes payable, net	1,278,293,894	101,011,368	189,893,199	1,189,412,063	89,598,948
Obligations under capital lease agreements	11,305,653		1,184,140	10,121,511	1,268,224
Net pension liability	792,167,766		73,651,372	718,516,394	
<b>Total long-term liabilities</b>	<b>\$2,307,931,969</b>	<b>\$213,691,434</b>	<b>\$368,404,514</b>	<b>\$2,153,218,887</b>	<b>\$198,485,205</b>

**10. OPERATING EXPENSES BY OBJECT**

The System reports operating expenses in the Statement of Revenues, Expenses and Changes in Net Assets by program category. Operating expenses, grouped by object classification for the year ended June 30, 2015, are as follows:

	<b>Employee Costs</b>	<b>Payments to Suppliers, Contractors and Others</b>	<b>Depreciation</b>	<b>Total</b>
Instruction	\$1,058,698,716	\$115,720,040	\$49,812,391	\$1,224,231,147
Research	595,640,001	313,073,818	27,520,285	936,234,104
Public service	95,089,447	53,496,674	3,708,700	152,294,821
Academic support	293,074,754	80,290,283	38,866,351	412,231,388
Student services	135,835,847	75,266,423	7,451,087	218,553,357
Institutional support	347,740,724	83,519,620	14,267,649	445,527,993
Operation and maintenance of plant	135,620,451	143,570,672	57,414,178	336,605,301
Scholarships and fellowships	7,152,677	97,086,977		104,239,654
Auxiliary enterprises:				
Residential facilities	47,120,686	55,813,754	50,156,677	153,091,117
Dining facilities	34,030,326	72,933,342	6,054,779	113,018,447
Intercollegiate athletics	55,904,242	49,078,392	8,663,989	113,646,623
Bookstore	4,683,079	17,062,842	89,359	21,835,280
Parking facilities	12,515,155	8,549,480	5,134,007	26,198,642
Other auxiliary enterprises	49,895,795	38,819,019	29,759,689	118,474,503
Hospital	192,033,581	1,021,788	13,888	193,069,257
<b>Total</b>	<b>\$3,065,035,481</b>	<b>\$1,205,303,124</b>	<b>\$298,913,029</b>	<b>\$4,569,251,634</b>

## 11. RETIREMENT AND PENSION PLANS

### General Information about the Pension Plan

#### Plan description

Teachers employed by the System are provided with pensions through the Teachers Pension System of the State of Maryland (TPS)—a cost-sharing multiple-employer defined benefit pension plan administered by the Maryland State Retirement and Pension System (MSRPS). Certain employees of the System are provided with pensions through the Employees Retirement System of the State of Maryland (ERS)—a cost-sharing multiple-employer defined benefit pension plan administered by the Maryland State Retirement and Pension System (MSRPS). The State Personnel and Pensions Article of the Annotated Code of Maryland (the Article) grants the authority to establish and amend the benefit terms of TPS and ERS to the MSRPS Board of Trustees. MSRPS issues a publicly available financial report that can be obtained at [www.sra.state.md.us/Agency/Downloads/CAFR/](http://www.sra.state.md.us/Agency/Downloads/CAFR/).

#### Benefits provided

A member of either the TPS or ERS is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's Average Final Compensation (AFC) multiplied by the number of years of accumulated creditable service.

An individual who is a member of either the TPS or ERS on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the TPS or ERS on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service. For most individuals who retired from either the TPS or ERS on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the TPS or ERS on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the TPS or ERS shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the TPS or ERS.

Exceptions to these benefit formulas apply to members of the ERS who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for these members equals 0.8% of the member's AFC up to the social security integration level (SSIL), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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#### *Early Service Retirement*

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

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

#### **Disability and Death Benefits**

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

#### **Contributions (ERS)**

The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 6% of their annual pay.

#### **Contributions (TPS)**

The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 7% of their annual pay. The State of Maryland is responsible for the net pension liability of TPS. The System's required contribution is for the normal cost and does not include any contribution for past service cost. As such, the State of Maryland is responsible for 100% of the net pension liability related to TPS and qualifies as a special funding situation. The State of Maryland did not make contributions on behalf of the System for the year ended June 30, 2015.

The System's contractually required contribution rate for the year ended June 30, 2015, was \$107,709,937, actuarially determined as an amount that, when combined with the State of Maryland and employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (State only).

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

As of June 30, 2015, the System reported a liability of \$718,516,394 as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the net pension liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. As of June 30, 2015, the System's proportion for the net pension liability was 4.049%, which was essentially the same as its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the System recognized pension expense of \$88,950,962. As of June 30, 2015, the System reported deferred outflows of resources and deferred inflows of resources related to the net pension liability of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$10,393,890	
Net difference between projected and actual earnings on pension plan investments		\$78,646,309
Contributions made subsequent to the measurement date	107,709,937	
Total	<u>\$118,103,827</u>	<u>\$78,646,309</u>

The System reported \$107,709,937, as deferred outflows of resources related to the pension resulting from the System's contributions subsequent to the measurement date that will be recognized as a reduction of the pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows: Changes in assumptions: fiscal years 2016-2019, \$2,598,472 per year; difference between projected and actual earnings on pension plan investments: fiscal years 2016-2019, \$19,661,577 per year.

*Information included in the MSRPS financial statements*

Actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are available at:

[www.sra.state.md.us/ Agency/Downloads/CAFR/](http://www.sra.state.md.us/Agency/Downloads/CAFR/).

*Sensitivity of the System's proportionate share of the net pension liability to changes in the discount rate.*

The System's proportionate share of the net pension liability calculated using the discount rate of 7.65 percent is \$718,516,394. The System's proportionate share of the net pension liability, if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) would be \$1,035,472,557, or 1-percentage-point higher (8.65 percent) would be \$453,023,562.

**Optional Retirement Program**

Another option for employees if they choose not to participate in the State System is the optional retirement programs (ORP), which are defined contribution money purchase plans funded currently each year and



## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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invested in specific funds offered by one or two vendors. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings.

Qualified employees are eligible to participate from the date of employment. Employees in both the ORP and the State System can also participate in supplemental retirement plans.

State legislation provides that the System contribute 7.25% of covered employees' annual salaries each month. The employee does not have to contribute to the plan in order to receive the System's contribution. The System's contribution along with that of the employee is immediately and fully vested.

Payroll for employees covered in the ORP for the year ended June 30, 2015 was \$1,048,609,000.

The amount contributed by the System for employees participating in the ORP for the year ended June 30, 2015 was \$76,024,164.

#### **Major Component Units**

The University System of Maryland Foundation, Inc. maintains a defined contribution plan for certain personnel provided by TIAA-CREF. The University System of Maryland Foundation, Inc. contributes 7.25% of the employees' compensation to the plan. In addition, eligible employees are entitled to make voluntary contributions to the plan. Total pension expense for the year ended June 30, 2015, was approximately \$200,000.

## **12. OTHER POSTEMPLOYMENT BENEFITS**

Members of the State Retirement and Pension System of Maryland 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.

A separate actuarial valuation is not performed by the System. The System's only obligation to the Plan is its required annual contribution, which it has fully funded during the year ended June 30, 2015. The amount contributed for the year ended June 30, 2015 was \$66,676,601.

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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#### 13. CONSTRUCTION COMMITMENTS

The estimated costs to complete construction in progress as of June 30, 2015 is \$663,995,000, of which \$135,610,000 is to be funded from Revenue Bond proceeds, \$423,652,000 is to be derived from State capital appropriations and grants, and \$104,733,000 to be provided from System funds.

#### 14. CONTINGENT LIABILITIES

The System has entered into future purchase commitments for natural gas and electricity, as a means of hedging its risk against fluctuations in price of an important fuel commodity and electricity supplies. As of June 30, 2015, the System had entered into open contracts for the purchase of \$3,949,000, of natural gas to be delivered monthly through June 2016. Future purchase commitments for electricity to be supplied through March 2016 totaled \$7,493,000 as of June 30, 2015. The System and its institutions generally take delivery of the natural gas and electricity purchased through future purchase contracts.

The System is involved in a number of legal actions that arise in the normal course of its operations. In the opinion of management, based on the advice of the State Attorney General, such actions, as well as any exposure to unasserted claims, will not have a material adverse effect on the System's financial position.

#### 15. RISK MANAGEMENT

The System participates in State-wide self-insurance programs for many forms of risk of loss, including general liability, property and casualty, workers' compensation, environmental and anti-trust liabilities, as well as certain employee health benefit programs.

The System remits premiums to the State to cover costs of claims servicing and claims payments. The premiums are based on a percentage of annual payroll or are based on average loss experience, taking into account recent trends in actual claims experience, and providing for catastrophic losses.

The System records a liability when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities recorded include a provision for claims incurred but not reported. Because actual claims liabilities depend on such complex factors such as inflation, changes in legal doctrines, and damage awards, actual claims could differ from estimates. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a 4% discount rate. The provision for workers' compensation is based upon a separately determined actuarial valuation for the fiscal year ended June 30, 2015. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2015, 2014 and 2013.

As of June 30, 2015 and 2014, the System has recorded \$30,000,000 and \$30,607,000 in liabilities associated with workers' compensation, respectively.

**REQUIRED SUPPLEMENTARY INFORMATION**

**UNIVERSITY SYSTEM OF MARYLAND**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
YEAR ENDED JUNE 30, 2015**

The System's proportion of the net pension liability	4.049%
The System's proportionate share of the net pension liability	\$718,516,394
The System's covered-employee payroll	\$625,011,000
The System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	115%
Plan fiduciary net position as a percentage of the total pension liability	71.87%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

**UNIVERSITY SYSTEM OF MARYLAND**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
YEAR ENDED JUNE 30, 2015**

Contractually required contribution	\$107,709,937
Contributions in relation to the contractually required contribution	(107,709,937)
Contribution deficiency (excess)	None
System's covered-employee payroll	\$625,011,000
Contributions as a percentage of covered-employee payroll	17.23%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

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**SUPPLEMENTARY DATA**

**UNIVERSITY OF MARYLAND, BALTIMORE  
BALANCE SHEET  
JUNE 30, 2015**

	Institution	Component Units
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$303,861,639	\$4,613,307
Accounts receivable, net	68,871,532	18,115,621
Inventories	186,788	
Notes receivable, current portion	2,026,616	
Prepaid expenses and other assets	535,527	170,870
Inter-institutional balances	713,618	
	<b>Total current assets</b>	<b>22,899,798</b>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	1,085,475	
Accounts receivable, net		28,904,295
Endowment investments	91,201,720	170,774,488
Other investments	394,351	157,394,406
Notes receivable, net	22,540,538	
Other assets		5,283,715
Capital assets, net	733,394,689	
	<b>Total noncurrent assets</b>	<b>362,356,904</b>
	<b>Total assets</b>	<b>385,256,702</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized loss on refundings of debt	4,307,887	
Deferred changes in pension expense	25,269,935	
	<b>Total deferred outflows of resources</b>	<b>29,577,822</b>
	<b>Total assets and deferred outflows of resources</b>	<b>\$385,256,702</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$59,574,188	\$1,858,635
Accrued workers' compensation, current portion	1,210,085	
Accrued vacation costs, current portion	40,498,019	
Revenue bonds and notes payable, current portion	10,137,647	
Unearned revenue	47,449,338	800
	<b>Total current liabilities</b>	<b>1,859,435</b>
<b>Noncurrent liabilities:</b>		
Accrued workers' compensation	6,596,915	
Accrued vacation costs	37,123,273	
Endowments invested on behalf of primary government		91,201,720
Other payables		1,165,223
Revenue bonds and notes payable	105,741,972	
Net pension liability	156,751,985	
	<b>Total noncurrent liabilities</b>	<b>92,366,943</b>
	<b>Total liabilities</b>	<b>94,226,378</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred service concession arrangement receipts	31,973,385	
Deferred financing inflow - pension liability	17,157,528	
	<b>Total deferred inflows of resources</b>	<b>49,130,913</b>
<b>NET POSITION</b>		
Unrestricted	59,527,632	37,920,346
Net investment in capital assets	589,849,572	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	9,097,335	38,189,702
Research	522,543	2,436,755
Other	10,295,892	121,084,627
Expendable:		
Scholarships and fellowships	24,869,320	14,543,540
Research	4,859,969	10,148,229
Loans	24,000,303	
Capital projects	1,085,475	
Other	16,067,939	66,707,125
	<b>Total net position</b>	<b>291,030,324</b>
	<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$385,256,702</b>



**UNIVERSITY OF MARYLAND, BALTIMORE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>OPERATING REVENUES:</b>		
Tuition and fees	\$121,538,689	
Less: scholarship allowances	(20,360,095)	
Federal grants and contracts	\$101,178,594	
State and local grants and contracts	212,493,149	
Nongovernmental grants and contracts	80,632,732	
Sales and services of educational departments	84,514,012	
Auxiliary enterprises:		
Residential facilities	2,559,298	
Parking facilities	13,002,007	
Other auxiliary enterprises revenues	14,142,795	
<b>Total operating revenues</b>	<b>788,302,864</b>	
<b>OPERATING EXPENSES:</b>		
Instruction	195,158,724	
Research	375,235,495	
Public service	4,043,328	
Academic support	60,669,417	
Student services	7,082,205	
Institutional support	71,829,735	
Operation and maintenance of plant	89,322,291	
Scholarships and fellowships	3,208,265	
Auxiliary enterprises:		
Residential facilities	1,803,311	
Parking facilities	9,312,697	
Other auxiliary enterprises expenses	11,506,623	
Hospital	193,069,257	
<b>Total operating expenses</b>	<b>1,022,241,348</b>	
<b>Operating (loss)</b>	<b>(233,938,484)</b>	
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State appropriations	208,483,224	
Pell grants	734,046	
Gifts	17,523,282	\$48,924,059
Investment income	7,326,455	7,794,153
Less: investment expense	(290,898)	
Interest on indebtedness	7,035,557	
Other revenues (expenses), gains and (losses)	(4,071,713)	
Other affiliated foundation revenues		1,110,460
Other affiliated foundation expenses		(37,989,944)
Transfers (to) other University System of Maryland institutions	(87,576)	
<b>Total nonoperating revenues</b>	<b>228,091,778</b>	<b>19,838,728</b>
<b>Income (loss) before other revenues</b>	<b>(5,846,706)</b>	<b>19,838,728</b>
<b>OTHER REVENUES:</b>		
Capital appropriations	51,313,971	
Additions to permanent endowments	120,123	
<b>Total other revenues</b>	<b>51,434,094</b>	
<b>Increase in net position</b>	<b>45,587,388</b>	<b>19,838,728</b>
<b>Net position - beginning of year</b>	<b>846,275,263</b>	<b>271,191,596</b>
<b>Restatement for pension liability due to GASB Statement No. 68</b>	<b>(151,686,671)</b>	
<b>Net position - end of year</b>	<b>\$740,175,980</b>	<b>\$291,030,324</b>

**UNIVERSITY OF MARYLAND, BALTIMORE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Tuition and fees	\$102,389,600
Research contracts and grants	389,922,492
Payments to employees	(735,763,550)
Payments to suppliers and contractors	(230,157,230)
Loans issued to students	(3,506,547)
Collections of loans to students	3,802,593
Auxiliary enterprises:	
Residential facilities	807,332
Parking facilities	13,002,007
Other	13,880,292
Other receipts, net	<u>303,035,406</u>
<b>Net cash (used) by operating activities</b>	<u>(142,587,605)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State appropriations	208,483,224
Gifts and grants received for other than capital purposes:	
Private gifts for endowment purposes	120,123
Pell grants	<u>734,046</u>
<b>Net cash provided by noncapital financing activities</b>	<u>209,337,393</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds of capital debt	17,291,584
Capital appropriations	51,313,971
Proceeds from sales of capital assets	769,860
Purchases of capital assets	(73,210,503)
Principal paid on debt and capital leases	(26,003,385)
Interest paid on debt and capital leases	(5,000,753)
Transfers from other University System of Maryland institutions	<u>320,106</u>
<b>Net cash (used) by capital and related financing activities</b>	<u>(34,519,120)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from sales and maturities of investments	4,381,298
Interest on investments	3,864,716
Investment expense	(290,898)
Purchases of investments	<u>(321,123)</u>
<b>Net cash provided by investing activities</b>	<u>7,633,993</u>
<b>Net increase in cash and cash equivalents</b>	39,864,661
<b>Cash and cash equivalents - beginning of the year</b>	<u>265,082,453</u>
<b>Cash and cash equivalents - end of the year</b>	<u><u>\$304,947,114</u></u>

**UNIVERSITY OF MARYLAND, COLLEGE PARK**  
**BALANCE SHEET**  
**JUNE 30, 2015**

	<u>Institution</u>	<u>Component Units</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$576,448,846	\$20,102,966
Accounts receivable, net	84,238,576	38,322,185
Notes receivable, current portion	2,190,289	
Inventories	3,138,678	
Prepaid expenses and other assets	1,380,865	1,057,298
Inter-institutional balances	<u>(1,165,798)</u>	
<b>Total current assets</b>	<u>666,231,456</u>	<u>59,482,449</u>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	2,042,487	
Accounts receivable, net		53,055,461
Endowment investments	117,112,165	391,740,218
Other investments	9,265,963	202,604,987
Notes receivable, net	9,553,466	
Other assets		656,065
Capital assets, net	<u>1,807,714,031</u>	<u>20,683,897</u>
<b>Total noncurrent assets</b>	<u>1,945,688,112</u>	<u>668,740,628</u>
<b>Total assets</b>	<u>2,611,919,568</u>	<u>728,223,077</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized loss on refundings of debt	6,035,752	
Deferred changes in pension expense	<u>39,713,830</u>	
<b>Total deferred outflows of resources</b>	<u>45,749,582</u>	
<b>Total assets and deferred outflows of resources</b>	<u>\$2,657,669,150</u>	<u>\$728,223,077</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$108,041,704	\$6,135,457
Accrued workers' compensation, current portion	1,907,740	
Accrued vacation costs, current portion	23,389,174	
Revenue bonds and notes payable, current portion	31,008,410	
Obligations under capital lease agreements, current portion	361,619	
Unearned revenue	<u>71,631,284</u>	<u>5,099,164</u>
<b>Total current liabilities</b>	<u>236,339,931</u>	<u>11,234,621</u>
<b>Noncurrent liabilities:</b>		
Accrued workers' compensation	10,400,260	
Accrued vacation costs	37,960,879	
Endowments invested on behalf of primary government		117,112,165
Other payables		2,953,628
Revenue bonds and notes payable	313,360,293	
Obligations under capital lease agreements	1,959,392	
Net pension liability	<u>238,332,921</u>	
<b>Total noncurrent liabilities</b>	<u>602,013,745</u>	<u>120,065,793</u>
<b>Total liabilities</b>	<u>838,353,676</u>	<u>131,300,414</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred service concession arrangement receipts	152,755,097	
Deferred financing Inflow - pension liability	<u>26,087,094</u>	
<b>Total deferred inflows of resources</b>	<u>178,842,191</u>	
<b>NET POSITION</b>		
Unrestricted	213,878,357	47,947,346
Net investment in capital assets	1,314,304,972	
Restricted:		
<b>Nonexpendable:</b>		
Scholarships and fellowships	5,822,959	130,620,888
Research	3,642,871	2,284,573
Other	5,096,947	179,368,285
<b>Expendable:</b>		
Scholarships and fellowships	9,793,584	48,024,411
Research	67,981,944	18,074,143
Loans	11,683,775	
Capital projects	1,235,591	
Debt service	7,032,283	
Other		<u>170,603,017</u>
<b>Total net position</b>	<u>1,640,473,283</u>	<u>596,922,663</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u>\$2,657,669,150</u>	<u>\$728,223,077</u>

**UNIVERSITY OF MARYLAND, COLLEGE PARK**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>OPERATING REVENUES:</b>		
Tuition and fees	\$522,949,142	
Less: scholarship allowances	(88,198,368)	\$434,750,774
Federal grants and contracts		334,225,708
State and local grants and contracts		64,229,534
Nongovernmental grants and contracts		86,879,850
Sales and services of educational departments		32,589,181
Auxiliary enterprises:		
Residential facilities	69,564,089	
Less: scholarship allowances	(3,874,644)	65,689,445
Dining facilities	52,096,229	
Less: scholarship allowances	(1,928,183)	50,168,046
Intercollegiate athletics		68,784,413
Parking facilities		13,923,473
Other auxiliary enterprises revenues		47,551,187
Other operating revenues		30,697,556
<b>Total operating revenues</b>	<b>1,229,489,167</b>	
<b>OPERATING EXPENSES:</b>		
Instruction	490,598,372	
Research	426,505,209	
Public service	86,343,904	
Academic support	166,663,949	
Student services	55,508,290	
Institutional support	118,471,271	
Operation and maintenance of plant	107,669,997	
Scholarships and fellowships	31,612,351	
Auxiliary enterprises:		
Residential facilities	79,977,825	
Dining facilities	53,212,003	
Intercollegiate athletics	69,043,282	
Parking facilities	9,576,193	
Other auxiliary enterprises expenses	54,351,638	
<b>Total operating expenses</b>	<b>1,749,534,284</b>	
<b>Operating (loss)</b>	<b>(520,045,117)</b>	
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State appropriations	466,392,497	
Pell grants	23,879,710	
Gifts	30,274,146	\$114,184,100
Investment income	12,347,896	14,303,455
Less: investment expense	(361,974)	
Interest on indebtedness	(12,833,304)	
Other revenues (expenses), gains and (losses)	5,381,146	
Other affiliated foundation revenues		7,821,223
Other affiliated foundation expenses		(72,245,588)
Transfers (to) other University System of Maryland institutions	(405,339)	
<b>Total nonoperating revenues</b>	<b>524,674,778</b>	<b>64,063,190</b>
<b>Income before other revenues</b>	<b>4,629,661</b>	<b>64,063,190</b>
<b>OTHER REVENUES:</b>		
Capital appropriations	37,092,280	
Capital gifts and grants	7,890,668	
Additions to permanent endowments	293,944	
<b>Total other revenues</b>	<b>45,276,892</b>	
<b>Increase in net position</b>	<b>49,906,553</b>	<b>64,063,190</b>
<b>Net position - beginning of year</b>	<b>1,821,198,113</b>	<b>532,859,473</b>
<b>Restatement for pension liability due to GASB Statement No. 68</b>	<b>(230,631,383)</b>	
<b>Net position - end of year</b>	<b>\$1,640,473,283</b>	<b>\$596,922,663</b>

**UNIVERSITY OF MARYLAND, COLLEGE PARK  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Tuition and fees	\$432,930,838
Research contracts and grants	481,462,866
Payments to employees	(1,195,631,523)
Payments to suppliers and contractors	(444,478,245)
Loans issued to students	(2,111,536)
Collections of loans to students	1,577,157
Auxiliary enterprises:	
Residential facilities	57,979,330
Dining facilities	50,168,046
Intercollegiate athletics	90,081,150
Parking facilities	13,923,473
Other	47,979,728
Other receipts, net	<u>85,277,339</u>
<b>Net cash (used) by operating activities</b>	<u>(380,841,377)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State appropriations	466,392,497
Gifts and grants received for other than capital purposes:	
Private gifts for endowment purposes	293,944
Pell grants	<u>23,879,710</u>
<b>Net cash provided by noncapital financing activities</b>	<u>490,566,151</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds of capital debt	40,970,968
Capital appropriations	37,092,280
Capital grants and gifts received	4,017,554
Proceeds from sales of capital assets	5,671,989
Purchases of capital assets	(113,607,761)
Principal paid on debt and capital leases	(72,536,624)
Interest paid on debt and capital leases	(14,640,174)
Transfers (to) other University System of Maryland institutions	<u>(129,932)</u>
<b>Net cash (used) by capital and related financing activities</b>	<u>(113,161,700)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from sales and maturities of investments	5,535,869
Interest on investments	6,790,059
Investment expense	(361,974)
Purchases of investments	<u>(384,092)</u>
<b>Net cash provided by investing activities</b>	<u>11,579,862</u>
<b>Net increase in cash and cash equivalents</b>	8,142,936
<b>Cash and cash equivalents - beginning of the year</b>	<u>570,348,397</u>
<b>Cash and cash equivalents - end of the year</b>	<u><u>\$578,491,333</u></u>

**BOWIE STATE UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$66,093,744	\$772,004
Accounts receivable, net	1,484,633	863,614
Notes receivable, current portion	60,437	
Inter-institutional balances	568,769	
<b>Total current assets</b>	<b>68,207,583</b>	<b>1,635,618</b>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	10,804	
Endowment investments	914,498	6,759,675
Other investments		914,498
Notes receivable, net	852,963	
Capital assets, net	219,100,616	3,475
<b>Total noncurrent assets</b>	<b>220,878,881</b>	<b>7,677,648</b>
<b>Total assets</b>	<b>289,086,464</b>	<b>9,313,266</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized loss on refundings of debt	151,133	
Deferred changes in pension expense	3,298,523	
<b>Total deferred outflows of resources</b>	<b>3,449,656</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$292,536,120</b>	<b>\$9,313,266</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$8,822,423	\$169,596
Accrued workers' compensation, current portion	130,820	
Accrued vacation costs, current portion	1,622,557	
Revenue bonds and notes payable, current portion	2,019,623	19,035
Unearned revenue	6,067,384	60,858
<b>Total current liabilities</b>	<b>18,662,807</b>	<b>249,489</b>
<b>Noncurrent liabilities:</b>		
Accrued workers' compensation	713,180	
Accrued vacation costs	1,220,073	
Endowments invested on behalf of primary government	44,855,464	914,498
Other payables		4,026
Net pension liability	19,546,475	
<b>Total noncurrent liabilities</b>	<b>66,335,192</b>	<b>918,524</b>
<b>Total liabilities</b>	<b>84,997,999</b>	<b>1,168,013</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred service concession arrangement receipts	27,139,871	
Deferred financing inflow - pension liability	2,139,489	
<b>Total deferred inflows of resources</b>	<b>29,279,360</b>	
<b>NET POSITION</b>		
Unrestricted	31,780,356	572,667
Net investment in capital assets	145,236,791	
Restricted:		
Nonexpendable:		
Other		4,673,743
Expendable:		
Loans	1,230,810	
Capital projects	10,804	
Other		2,898,843
<b>Total net position</b>	<b>178,258,761</b>	<b>8,145,253</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$292,536,120</b>	<b>\$9,313,266</b>

**BOWIE STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>OPERATING REVENUES:</b>		
Tuition and fees	\$37,119,174	
Less: scholarship allowances	<u>(13,326,769)</u>	\$23,792,405
Federal grants and contracts		6,331,594
State and local grants and contracts		1,099,468
Nongovernmental grants and contracts		1,215,232
Sales and services of educational departments		95,989
Auxiliary enterprises:		
Residential facilities	6,144,713	
Less: scholarship allowances	<u>(29,930)</u>	6,114,783
Dining facilities	4,099,922	
Less: scholarship allowances	<u>(706,171)</u>	3,393,751
Intercollegiate athletics	3,553,807	
Less: scholarship allowances	<u>(399,391)</u>	3,154,416
Parking facilities		249,725
Other auxiliary enterprises revenues		<u>5,973,970</u>
<b>Total operating revenues</b>	<u>51,421,333</u>	
<b>OPERATING EXPENSES:</b>		
Instruction	32,926,209	
Research	568,387	
Public service	207,874	
Academic support	12,975,465	
Student services	7,396,951	
Institutional support	16,301,024	
Operation and maintenance of plant	7,143,980	
Scholarships and fellowships	1,851,314	
Auxiliary enterprises:		
Residential facilities	5,296,868	
Dining facilities	4,245,317	
Intercollegiate athletics	3,555,850	
Other auxiliary enterprises expenses	<u>3,930,597</u>	
<b>Total operating expenses</b>	<u>96,399,836</u>	
<b>Operating (loss)</b>	<u>(44,978,503)</u>	
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State appropriations	40,577,659	
Pell grants	10,510,518	
Gifts		\$1,912,400
Investment income	737,725	213,250
Interest on indebtedness	(1,558,956)	
Other affiliated foundation revenues		470,042
Other affiliated foundation expenses		(1,886,284)
Transfers (to) other University System of Maryland institutions	<u>(917,306)</u>	
<b>Total nonoperating revenues</b>	<u>49,349,640</u>	<u>709,408</u>
<b>Income before other revenue</b>	<u>4,371,137</u>	<u>709,408</u>
<b>OTHER REVENUE:</b>		
Capital appropriations	<u>7,497,041</u>	
<b>Total other revenue</b>	<u>7,497,041</u>	
<b>Increase in net position</b>	11,868,178	709,408
<b>Net position - beginning of year</b>	185,305,430	7,435,845
<b>Restatement for pension liability due to GASB Statement No. 68</b>	<u>(18,914,847)</u>	
<b>Net position - end of year</b>	<u>\$178,258,761</u>	<u>\$8,145,253</u>

**BOWIE STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Tuition and fees	\$24,460,392
Research contracts and grants	9,446,670
Payments to employees	(60,332,863)
Payments to suppliers and contractors	(25,161,129)
Loans issued to students	(78,710)
Collections of loans to students	121,593
Auxiliary enterprises:	
Residential facilities	4,518,320
Dining facilities	3,393,751
Intercollegiate athletics	3,154,416
Parking facilities	249,725
Other	5,973,970
Other (payments), net	<u>(1,301,440)</u>
<b>Net cash (used) by operating activities</b>	<u><b>(35,555,305)</b></u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State appropriations	40,577,659
Pell grants	<u>10,510,518</u>
<b>Net cash provided by noncapital financing activities</b>	<u><b>51,088,177</b></u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds of capital debt	869,496
Capital appropriations	7,497,041
Purchases of capital assets	(13,095,573)
Principal paid on debt and capital leases	(2,862,287)
Interest paid on debt and capital leases	(1,777,786)
Transfers (to) other University System of Maryland institutions	<u>(500,848)</u>
<b>Net cash (used) by capital and related financing activities</b>	<u><b>(9,869,957)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest on investments	<u>723,856</u>
<b>Net cash provided by investing activities</b>	<u><b>723,856</b></u>
<b>Net increase in cash and cash equivalents</b>	<b>6,386,771</b>
<b>Cash and cash equivalents - beginning of the year</b>	<u><b>59,717,777</b></u>
<b>Cash and cash equivalents - end of the year</b>	<u><u><b>\$66,104,548</b></u></u>



**TOWSON UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2015**

	Institution	Component Units
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$187,442,251	\$5,709,843
Accounts receivable, net	12,842,949	253,342
Notes receivable, current portion	2,175,222	
Inventories	4,203,343	
Prepaid expenses and other assets	2,502,110	311,246
Inter-institutional balances	(29,980)	
	<b>Total current assets</b>	<b>6,274,431</b>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	47,280	
Accounts receivable, net		1,626,111
Endowment investments	8,231,890	62,253,885
Other investments		8,042,567
Notes receivable, net	12,121,985	
Capital assets, net	755,054,759	1,020
	<b>Total noncurrent assets</b>	<b>71,923,583</b>
	<b>Total assets</b>	<b>78,198,014</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized loss on refundings of debt	2,593,176	
Deferred changes in pension expense	11,913,378	
	<b>Total deferred outflows of resources</b>	<b>14,506,554</b>
	<b>Total assets and deferred outflows of resources</b>	<b>\$78,198,014</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$34,968,060	\$1,000,949
Accrued workers' compensation, current portion	288,300	
Accrued vacation costs, current portion	8,733,517	
Revenue bonds and notes payable, current portion	15,925,387	
Obligations under capital lease agreements, current portion	906,605	
Unearned revenue	8,056,347	
	<b>Total current liabilities</b>	<b>1,000,949</b>
<b>Noncurrent liabilities:</b>		
Accrued workers' compensation	1,571,700	
Accrued vacation costs	2,611,673	
Endowments invested on behalf of primary government		8,042,567
Revenue bonds and notes payable	247,479,151	
Obligations under capital lease agreements	6,893,895	
Net pension liability	72,620,913	
	<b>Total noncurrent liabilities</b>	<b>8,042,567</b>
	<b>Total liabilities</b>	<b>9,043,516</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred service concession arrangement receipts	48,358,918	
Deferred financing inflow - pension liability	7,948,834	
	<b>Total deferred inflows of resources</b>	<b>56,307,752</b>
<b>NET POSITION</b>		
Unrestricted	88,264,684	3,684,352
Net investment in capital assets	438,083,979	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	265,025	23,262,782
Research		71,013
Other		15,753,110
Expendable:		
Scholarships and fellowships	26,600	11,366,862
Research		7,745
Loans	13,480,994	
Other	2,613,781	15,008,634
	<b>Total net position</b>	<b>69,154,498</b>
	<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$78,198,014</b>

**TOWSON UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>OPERATING REVENUES:</b>		
Tuition and fees	\$177,329,262	
Less: scholarship allowances	(42,551,623)	\$134,777,639
Federal grants and contracts		2,658,359
State and local grants and contracts		5,639,455
Nongovernmental grants and contracts		1,313,766
Sales and services of educational departments		5,277,295
Auxiliary enterprises:		
Residential facilities	26,981,957	
Less: scholarship allowances	(1,115,364)	25,866,593
Dining facilities	23,446,320	
Less: scholarship allowances	(623,677)	22,822,643
Intercollegiate athletics	18,454,534	
Less: scholarship allowances	(3,281,299)	15,173,235
Bookstore	8,711,822	
Less: scholarship allowances	(1,627,653)	7,084,169
Parking facilities		8,113,183
Other auxiliary enterprises revenues		33,175,246
<b>Total operating revenues</b>	<b>261,901,583</b>	
<b>OPERATING EXPENSES:</b>		
Instruction	114,520,398	
Research	5,033,002	
Public service	11,722,222	
Academic support	46,200,912	
Student services	21,547,563	
Institutional support	39,722,746	
Operation and maintenance of plant	32,030,930	
Scholarships and fellowships	10,785,515	
Auxiliary enterprises:		
Residential facilities	17,713,409	
Dining facilities	18,493,661	
Intercollegiate athletics	15,932,957	
Bookstore	8,658,588	
Parking facilities	5,131,206	
Other auxiliary enterprises expenses	19,152,367	
<b>Total operating expenses</b>	<b>366,645,476</b>	
<b>Operating (loss)</b>	<b>(104,743,893)</b>	
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State appropriations	102,999,632	
Pell grants	21,041,759	
Gifts	407,740	\$7,009,404
Investment income	2,850,984	1,811,207
Less: investment expense	(15,546)	2,835,438
Interest on indebtedness	(8,670,019)	
Other revenues (expenses), gains and (losses)	9,282,605	
Other affiliated foundation revenues		1,066,058
Other affiliated foundation expenses		(8,806,192)
Transfers (to) other University System of Maryland institutions	(5,173,275)	
<b>Total nonoperating revenues</b>	<b>122,723,880</b>	<b>1,080,477</b>
<b>Income before other revenues</b>	<b>17,979,987</b>	<b>1,080,477</b>
<b>OTHER REVENUES:</b>		
Capital appropriations	6,963,447	
Capital gifts and grants	1,192,526	
<b>Total other revenue</b>	<b>8,155,973</b>	
<b>Increase in net position</b>	<b>26,135,960</b>	<b>1,080,477</b>
<b>Net position - beginning of year</b>	<b>586,873,330</b>	<b>68,074,021</b>
<b>Restatement for pension liability due to GASB Statement No. 68</b>	<b>(70,274,227)</b>	
<b>Net position - end of year</b>	<b>\$542,735,063</b>	<b>\$69,154,498</b>

**TOWSON UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Tuition and fees	\$135,059,667
Research contracts and grants	10,670,137
Payments to employees	(225,943,398)
Payments to suppliers and contractors	(100,758,845)
Loans issued to students	(4,721,057)
Collections of loans to students	2,624,999
Auxiliary enterprises:	
Residential facilities	23,315,578
Dining facilities	22,857,120
Intercollegiate athletics	14,771,815
Bookstore	7,007,767
Parking facilities	8,083,205
Other	33,513,083
Other receipts, net	<u>12,142,428</u>
<b>Net cash (used) by operating activities</b>	<u>(61,377,501)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State appropriations	102,999,632
Pell grants	<u>21,041,759</u>
<b>Net cash provided by noncapital financing activities</b>	<u>124,041,391</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds of capital debt	7,593,516
Capital appropriations	6,963,447
Purchases of capital assets	(67,196,355)
Principal paid on debt and capital leases	(21,450,417)
Interest paid on debt and capital leases	(9,762,814)
Transfers from other University System of Maryland institutions	<u>21,454,722</u>
<b>Net cash (used) by capital and related financing activities</b>	<u>(62,397,901)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from sales and maturities of investments	242,237
Interest on investments	2,531,196
Investment expense	<u>(15,546)</u>
<b>Net cash provided by investing activities</b>	<u>2,757,887</u>
<b>Net increase in cash and cash equivalents</b>	3,023,876
<b>Cash and cash equivalents - beginning of the year</b>	<u>184,465,655</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$187,489,531</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE  
BALANCE SHEET  
JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$17,688,195	\$455,040
Accounts receivable, net	6,883,587	526,509
Notes receivable, current portion	1,131,873	
Prepaid expenses and other assets	159,659	580,000
Inter-institutional balances	886,759	
<b>Total current assets</b>	<b>26,750,073</b>	<b>1,561,549</b>
<b>Noncurrent assets:</b>		
Accounts receivable, net		345,386
Endowment investments	5,800,647	20,637,056
Other investments		7,044,859
Notes receivable, net	3,234,478	
Other assets		579,856
Capital assets, net	208,945,890	12,728,523
<b>Total noncurrent assets</b>	<b>217,981,015</b>	<b>41,335,680</b>
<b>Total assets</b>	<b>244,731,088</b>	<b>42,897,229</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized loss on refundings of debt	758,362	
Deferred changes in pension expense	3,113,418	
<b>Total deferred outflows of resources</b>	<b>3,871,780</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$248,602,868</b>	<b>\$42,897,229</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$9,239,342	\$149,223
Accrued workers' compensation, current portion	232,190	
Accrued vacation costs, current portion	1,542,117	
Revenue bonds and notes payable, current portion	3,811,623	
Unearned revenue	1,406,313	84,296
<b>Total current liabilities</b>	<b>16,231,585</b>	<b>233,519</b>
<b>Noncurrent liabilities:</b>		
Accrued workers' compensation	1,265,810	
Accrued vacation costs	3,335,592	
Endowments invested on behalf of primary government		5,800,647
Other payables		385,000
Revenue bonds and notes payable	32,868,941	12,506,786
Net pension liability	18,689,793	
<b>Total noncurrent liabilities</b>	<b>56,160,136</b>	<b>18,692,433</b>
<b>Total liabilities</b>	<b>72,391,721</b>	<b>18,925,952</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred financing inflow - pension liability	2,045,719	
<b>Total deferred inflows of resources</b>	<b>2,045,719</b>	
<b>NET POSITION</b>		
Unrestricted	(8,289,943)	5,880,071
Net investment in capital assets	173,023,688	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	28,009	7,285,466
Research		168,148
Other		5,598,761
Expendable:		
Scholarships and fellowships	2,557,282	1,242,450
Research		1,207,204
Loans	5,454,556	
Other	1,391,836	2,589,177
<b>Total net position</b>	<b>174,165,428</b>	<b>23,971,277</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$248,602,868</b>	<b>\$42,897,229</b>

**UNIVERSITY OF MARYLAND EASTERN SHORE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2015**

	Institution	Component Units
<b>OPERATING REVENUES:</b>		
Tuition and fees	\$31,381,650	
Less: scholarship allowances	<u>(13,856,674)</u>	\$17,524,976
Federal grants and contracts		10,721,759
State and local grants and contracts		9,784,610
Nongovernmental grants and contracts		1,433,823
Sales and services of educational departments		158,040
Auxiliary enterprises:		
Residential facilities	12,228,946	
Less: scholarship allowances	<u>(953,475)</u>	11,275,471
Dining facilities	6,915,442	
Less: scholarship allowances	<u>(1,200,038)</u>	5,715,404
Intercollegiate athletics		3,690,561
Parking facilities		151,205
Other auxiliary enterprises revenues		6,392,578
Other operating revenues		<u>3,145,126</u>
<b>Total operating revenues</b>		<u>69,993,553</u>
<b>OPERATING EXPENSES:</b>		
Instruction		36,438,352
Research		10,499,943
Public service		2,925,264
Academic support		11,726,205
Student services		5,573,564
Institutional support		12,481,463
Operation and maintenance of plant		13,348,660
Scholarships and fellowships		472,601
Auxiliary enterprises:		
Residential facilities		8,123,043
Dining facilities		5,136,556
Intercollegiate athletics		4,001,694
Other auxiliary enterprises expenses		<u>4,056,549</u>
<b>Total operating expenses</b>		<u>114,783,894</u>
<b>Operating (loss)</b>		<u>(44,790,341)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State appropriations		36,610,422
Pell grants		8,936,592
Gifts		121,335
Investment income	626,537	\$1,635,254
Less: investment expense	<u>(15,906)</u>	942,735
Interest on indebtedness		(1,436,890)
Other revenues (expenses), gains and (losses)		(23,081)
Other affiliated foundation revenues		952,461
Other affiliated foundation expenses		(2,585,001)
Transfers from other University System of Maryland institutions		<u>17,560</u>
<b>Total nonoperating revenues</b>		<u>945,449</u>
<b>Income before other revenue</b>		<u>945,449</u>
<b>OTHER REVENUE:</b>		
Capital appropriations		<u>41,620,550</u>
<b>Total other revenue</b>		<u>41,620,550</u>
<b>Increase in net position</b>		945,449
<b>Net position - beginning of year</b>		23,025,828
<b>Restatement for pension liability due to GASB Statement No. 68</b>		<u>(20,605,587)</u>
<b>Net position - end of year</b>		<u>\$174,165,428</u> <u>\$23,971,277</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Tuition and fees	\$17,419,340
Research contracts and grants	20,708,948
Payments to employees	(72,656,245)
Payments to suppliers and contractors	(34,017,223)
Loans issued to students	(49,198)
Collections of loans to students	462,898
Auxiliary enterprises:	
Residential facilities	11,275,471
Dining facilities	5,715,404
Intercollegiate athletics	3,690,561
Parking facilities	151,205
Other	6,353,123
Other receipts, net	<u>4,001,323</u>
<b>Net cash (used) by operating activities</b>	<u>(36,944,393)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State appropriations	36,610,422
Pell grants	<u>8,936,592</u>
<b>Net cash provided by noncapital financing activities</b>	<u>45,547,014</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds of capital debt	7,165,651
Capital appropriations	41,620,550
Proceeds from sales of capital assets	865
Purchases of capital assets	(42,830,852)
Principal paid on debt and capital leases	(11,097,599)
Interest paid on debt and capital leases	(1,779,456)
Transfers (to) other University System of Maryland institutions	<u>(21,167)</u>
<b>Net cash (used) by capital and related financing activities</b>	<u>(6,942,008)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from sales and maturities of investments	77,835
Interest on investments	427,789
Investment expense	<u>(15,906)</u>
<b>Net cash provided by investing activities</b>	<u>489,718</u>
<b>Net increase in cash and equivalents</b>	2,150,331
<b>Cash and cash equivalents - beginning of the year</b>	<u>15,537,864</u>
<b>Cash and cash equivalents - end of the year</b>	<u><u>\$17,688,195</u></u>

**FROSTBURG STATE UNIVERSITY**  
**BALANCE SHEET**  
**JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$26,231,759	\$381,023
Accounts receivable, net	1,972,982	107,897
Notes receivable, current portion	164,201	
Inventories	821,557	
Prepaid expenses and other assets	810,944	21,384
Inter-institutional balances	259,427	
<b>Total current assets</b>	<b>30,260,870</b>	<b>510,304</b>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	186,181	
Accounts receivable, net		349,866
Endowment investments	2,524,473	17,714,387
Other investments		4,039,067
Notes receivable, net	930,471	
Other assets		291,200
Capital assets, net	167,676,423	296,651
<b>Total noncurrent assets</b>	<b>171,317,548</b>	<b>22,691,171</b>
<b>Total assets</b>	<b>201,578,418</b>	<b>23,201,475</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized loss on refundings of debt	243,626	
Deferred changes in pension expense	4,246,859	
<b>Total deferred outflows of resources</b>	<b>4,490,485</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$206,068,903</b>	<b>\$23,201,475</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$8,825,218	\$22,312
Accrued workers' compensation, current portion	102,300	
Accrued vacation costs, current portion	3,660,500	
Revenue bonds and notes payable, current portion	1,353,872	
Unearned revenue	2,163,711	44,809
<b>Total current liabilities</b>	<b>16,105,601</b>	<b>67,121</b>
<b>Noncurrent liabilities:</b>		
Accrued workers' compensation	557,700	
Accrued vacation costs	86,128	
Endowments invested on behalf of primary government		2,524,473
Revenue bonds and notes payable	19,477,360	
Net pension liability	25,894,787	
<b>Total noncurrent liabilities</b>	<b>46,015,975</b>	<b>2,524,473</b>
<b>Total liabilities</b>	<b>62,121,576</b>	<b>2,591,594</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred service concession arrangement receipts	21,105,324	
Deferred financing inflow - pension liability	2,834,353	
<b>Total deferred inflows of resources</b>	<b>23,939,677</b>	
<b>NET POSITION</b>		
Unrestricted	(9,056,954)	666,121
Net investment in capital assets	125,983,493	
Restricted:		
Nonexpendable:		
Scholarships and fellowships		11,260,732
Research		30,295
Other	750,000	6,362,210
Expendable:		
Scholarships and fellowships	18,468	346,769
Research	589,728	13,267
Loans	1,229,876	
Capital projects	186,181	
Other	306,858	1,930,487
<b>Total net position</b>	<b>120,007,650</b>	<b>20,609,881</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$206,068,903</b>	<b>\$23,201,475</b>

**FROSTBURG STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>OPERATING REVENUES:</b>		
Tuition and fees	\$36,579,668	
Less: scholarship allowances	<u>(8,549,902)</u>	\$28,029,766
Federal grants and contracts		1,588,011
State and local grants and contracts		2,290,064
Nongovernmental grants and contracts		273,488
Sales and services of educational departments		1,410,887
Auxiliary enterprises:		
Residential facilities	7,677,585	
Less: scholarship allowances	<u>(40,679)</u>	7,636,906
Dining facilities	8,247,345	
Less: scholarship allowances	<u>(16,517)</u>	8,230,828
Intercollegiate athletics	3,553,194	
Less: scholarship allowances	<u>(46,449)</u>	3,506,745
Bookstore	1,879,749	
Less: scholarship allowances	<u>(2,988)</u>	1,876,761
Other auxiliary enterprises revenues	4,957,660	
Less: scholarship allowances	<u>(33,054)</u>	4,924,606
Other operating revenues		<u>824,963</u>
<b>Total operating revenue</b>		<u>60,593,025</u>
<b>OPERATING EXPENSES:</b>		
Instruction	34,754,200	
Research	307,749	
Public service	3,662,729	
Academic support	10,763,313	
Student services	5,402,720	
Institutional support	13,345,318	
Operation and maintenance of plant	9,871,236	
Scholarships and fellowships	7,153,717	
Auxiliary enterprises:		
Residential facilities	5,643,914	
Dining facilities	5,249,750	
Intercollegiate athletics	3,971,066	
Bookstore	1,801,677	
Other auxiliary enterprises expenses	<u>4,104,750</u>	
<b>Total operating expenses</b>		<u>106,032,139</u>
<b>Operating (loss)</b>		<u>(45,439,114)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State appropriations	37,385,114	
Pell grants	7,854,615	
Gifts	846,029	\$1,818,160
Investment income	447,045	884,446
Less: investment expense	<u>(4,965)</u>	
Interest on indebtedness		(740,002)
Other revenues (expenses), gains and (losses)		93,701
Other affiliated foundation revenues		509,604
Other affiliated foundation expenses		(2,440,750)
Transfers (to) other University System of Maryland institutions		<u>(932,457)</u>
<b>Total nonoperating revenues</b>		<u>771,460</u>
<b>Income (loss) before other revenues</b>		<u>(490,034)</u>
<b>OTHER REVENUES:</b>		
Capital appropriations	7,679,441	
Capital gifts and grants	<u>4,227,051</u>	
<b>Total other revenues</b>		<u>11,906,492</u>
<b>Increase in net position</b>	11,416,458	771,460
<b>Net position - beginning of year</b>	133,649,210	19,838,421
<b>Restatement for pension liability due to GASB Statement No. 68</b>	<u>(25,058,018)</u>	
<b>Net position - end of year</b>	<u>\$120,007,650</u>	<u>\$20,609,881</u>



**FROSTBURG STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Tuition and fees	\$28,628,860
Research contracts and grants	3,978,151
Payments to employees	(67,365,196)
Payments to suppliers and contractors	(31,337,721)
Loans issued to students	(142,678)
Collections of loans to students	135,455
Auxiliary enterprises:	
Residential facilities	6,464,387
Parking	8,293,646
Dining facilities	3,514,276
Intercollegiate athletics	1,750,773
Other	4,980,604
Other receipts, net	<u>3,434,634</u>
<b>Net cash (used) by operating activities</b>	<u>(37,664,809)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State appropriations	37,385,114
Pell grants	<u>7,854,615</u>
<b>Net cash provided by noncapital financing activities</b>	<u>45,239,729</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds of capital debt	1,089,765
Capital appropriations	7,679,441
Purchases of capital assets	(9,277,944)
Principal paid on debt and capital leases	(2,352,928)
Interest paid on debt and capital leases	(838,894)
Transfers (to) other University System of Maryland institutions	<u>(1,045,446)</u>
<b>Net cash (used) by capital and related financing activities</b>	<u>(4,746,006)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from sales and maturities of investments	8,053
Interest on investments	370,860
Investment expense	(4,965)
Purchases of investments	<u>(2,960)</u>
<b>Net cash provided by investing activities</b>	<u>370,988</u>
<b>Net increase in cash and cash equivalents</b>	3,199,902
<b>Cash and cash equivalents - beginning of the year</b>	<u>23,218,038</u>
<b>Cash and cash equivalents - end of the year</b>	<u><u>\$26,417,940</u></u>

**COPPIN STATE UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$6,495,952	\$1,834,413
Accounts receivable, net	2,595,209	277,129
Notes receivable, current portion	191,981	
Prepaid expenses and other assets	69,500	5,640
Inter-institutional balances	<u>(634,488)</u>	
<b>Total current assets</b>	<b>8,718,154</b>	<b>2,117,182</b>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	98,467	
Endowment investments	1,583,827	8,905,611
Other investments		1,583,827
Notes receivable, net	901,505	
Other assets		40,332
Capital assets, net	<u>341,179,164</u>	
<b>Total noncurrent assets</b>	<b>343,762,963</b>	<b>10,529,770</b>
<b>Total assets</b>	<b>352,481,117</b>	<b>12,646,952</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized loss on refundings of debt	348,117	
Deferred changes in pension expense	<u>3,958,729</u>	
<b>Total deferred outflows of resources</b>	<b>4,306,846</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$356,787,963</b>	<b>\$12,646,952</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$6,815,427	\$144,608
Accrued workers' compensation, current portion	147,715	
Accrued vacation costs, current portion	1,586,187	
Revenue bonds and notes payable, current portion	3,017,084	
Unearned revenue	<u>4,165,935</u>	
<b>Total current liabilities</b>	<b>15,732,348</b>	<b>144,608</b>
<b>Noncurrent liabilities:</b>		
Accrued workers' compensation	805,285	
Accrued vacation costs	1,520,642	
Endowments invested on behalf of primary government		1,583,827
Other payables		10,352
Revenue bonds and notes payable	42,160,142	
Net pension liability	<u>25,504,390</u>	
<b>Total noncurrent liabilities</b>	<b>69,990,459</b>	<b>1,594,179</b>
<b>Total liabilities</b>	<b>85,722,807</b>	<b>1,738,787</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred financing inflow - pension liability	<u>2,791,622</u>	
<b>Total deferred inflows of resources</b>	<b>2,791,622</b>	
<b>NET POSITION</b>		
Unrestricted	(31,344,463)	121,889
Net investment in capital assets	296,350,055	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	413,474	
Other	240,125	7,131,832
Expendable:		
Scholarships and fellowships	15,836	424,645
Loans	2,500,040	
Capital projects	98,467	
Other		<u>3,229,799</u>
<b>Total net position</b>	<b>268,273,534</b>	<b>10,908,165</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$356,787,963</b>	<b>\$12,646,952</b>

**COPPIN STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2015**

	Institution	Component Units
<b>OPERATING REVENUES:</b>		
Tuition and fees	\$15,476,999	
Less: scholarship allowances	<u>(11,122,772)</u>	\$4,354,227
Federal grants and contracts		5,571,043
State and local grants and contracts		695,618
Nongovernmental grants and contracts		972,403
Sales and services of educational departments		677,201
Auxiliary enterprises:		
Residential facilities		3,205,532
Dining facilities		2,491,257
Intercollegiate athletics	3,168,825	
Less: scholarship allowances	<u>(1,235,067)</u>	1,933,758
Parking facilities	1,646,515	
Less: scholarship allowances	<u>(253,786)</u>	1,392,729
Other auxiliary enterprises revenues		<u>1,990,579</u>
<b>Total operating revenues</b>		<b>23,284,347</b>
<b>OPERATING EXPENSES:</b>		
Instruction		23,312,612
Academic support		7,029,803
Student services		5,124,968
Institutional support		18,367,628
Operation and maintenance of plant		9,545,183
Scholarships and fellowships		480,633
Auxiliary enterprises:		
Residential facilities		2,091,144
Dining facilities		2,340,154
Intercollegiate athletics		3,978,608
Parking facilities		382,103
Other auxiliary enterprises expenses		<u>1,929,673</u>
<b>Total operating expenses</b>		<b>74,582,509</b>
<b>Operating (loss)</b>		<b>(51,298,162)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State appropriations		42,325,436
Pell grants		7,734,936
Gifts		\$1,307,040
Investment income	147,498	405,919
Less: investment expense	<u>(2,915)</u>	144,583
Interest on indebtedness		(1,018,053)
Other revenues (expenses), gains and (losses)		(877,585)
Other affiliated foundation revenues		89,057
Other affiliated foundation expenses		(1,946,710)
Transfers from other University System of Maryland institutions		<u>523,806</u>
<b>Total nonoperating revenues (expenses)</b>		<b>(144,694)</b>
<b>(Loss) before other revenue</b>		<b>(144,694)</b>
<b>OTHER REVENUE:</b>		
Capital appropriations		<u>26,849,382</u>
<b>Total other revenue</b>		<b>26,849,382</b>
<b>Increase (decrease) in net position</b>	24,384,343	(144,694)
<b>Net position - beginning of year</b>	268,569,427	11,052,859
<b>Restatement for pension liability due to GASB Statement No. 68</b>	<u>(24,680,236)</u>	
<b>Net position - end of year</b>	<b>\$268,273,534</b>	<b>\$10,908,165</b>

**COPPIN STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Tuition and fees	\$4,461,241
Research contracts and grants	8,031,907
Payments to employees	(48,260,182)
Payments to suppliers and contractors	(17,094,106)
Loans issued to students	(249,230)
Collections of loans to students	79,457
Auxiliary enterprises:	
Residential facilities	3,205,533
Dining facilities	2,491,257
Intercollegiate athletics	1,933,758
Parking facilities	1,392,729
Other	1,990,579
Other receipts, net	470,370
	<u>(41,546,687)</u>
<b>Net cash (used) by operating activities</b>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State appropriations	42,325,436
Pell grants	7,734,936
	<u>50,060,372</u>
<b>Net cash provided by noncapital financing activities</b>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds of capital debt	3,045,716
Capital appropriations	26,849,382
Purchases of capital assets	(37,694,695)
Principal paid on debt and capital leases	(4,931,159)
Interest paid on debt and capital leases	(1,105,882)
Transfers from other University System of Maryland institutions	10,311,452
	<u>(3,525,186)</u>
<b>Net cash (used) by capital and related financing activities</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from sales and maturities of investments	45,522
Interest on investments	102,707
Investment expense	(2,915)
	<u>145,314</u>
<b>Net cash provided by investing activities</b>	
<b>Net increase in cash and cash equivalents</b>	5,133,813
<b>Cash and cash equivalents - beginning of the year</b>	<u>1,460,606</u>
<b>Cash and cash equivalents - end of the year</b>	<u><u>\$6,594,419</u></u>

**UNIVERSITY OF BALTIMORE  
BALANCE SHEET  
JUNE 30, 2015**

	<u>Institution</u>	<u>Component Units</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$34,937,549	\$9,363,264
Accounts receivable, net	3,898,878	4,847,652
Notes receivable, current portion	497,444	
Prepaid expenses and other assets	901,618	
Inter-institutional balances	<u>(6,782,803)</u>	
<b>Total current assets</b>	<u>33,452,686</u>	<u>14,210,916</u>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	94,916	
Endowment investments	1,068,191	44,215,205
Other investments		7,782,082
Notes receivable, net	2,383,945	
Other assets		37,539
Capital assets, net	<u>187,578,735</u>	<u>772,602</u>
<b>Total noncurrent assets</b>	<u>191,125,787</u>	<u>52,807,428</u>
<b>Total assets</b>	<u>224,578,473</u>	<u>67,018,344</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized loss on refundings of debt	569,374	
Deferred changes in pension expense	<u>4,111,962</u>	
<b>Total deferred outflows of resources</b>	<u>4,681,336</u>	
<b>Total assets and deferred outflows of resources</b>	<u>\$229,259,809</u>	<u>\$67,018,344</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$8,163,593	\$712,607
Accrued workers' compensation, current portion	100,750	
Accrued vacation costs, current portion	2,628,072	
Revenue bonds and notes payable, current portion	1,571,569	
Unearned revenue	<u>7,264,057</u>	<u>612,449</u>
<b>Total current liabilities</b>	<u>19,728,041</u>	<u>1,325,056</u>
<b>Noncurrent liabilities:</b>		
Accrued workers' compensation	549,250	
Accrued vacation costs	1,775,448	
Endowments invested on behalf of primary government		1,068,191
Revenue bonds and notes payable	21,423,753	
Net pension liability	<u>25,734,758</u>	
<b>Total noncurrent liabilities</b>	<u>49,483,209</u>	<u>1,068,191</u>
<b>Total liabilities</b>	<u>69,211,250</u>	<u>2,393,247</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred financing inflow - pension liability	<u>2,816,837</u>	
<b>Total deferred inflows of resources</b>	<u>2,816,837</u>	
<b>NET POSITION</b>		
Unrestricted	(10,897,370)	6,606,227
Net investment in capital assets	165,152,787	
Restricted:		
Nonexpendable:		
Scholarships and fellowships		24,141,964
Other		13,237,144
Expendable:		
Scholarships and fellowships		10,376,575
Loans	2,881,389	
Capital projects	94,916	
Other		<u>10,263,187</u>
<b>Total net position</b>	<u>157,231,722</u>	<u>64,625,097</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u>\$229,259,809</u>	<u>\$67,018,344</u>

**UNIVERSITY OF BALTIMORE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>OPERATING REVENUES:</b>		
Tuition and fees	\$69,573,707	
Less: scholarship allowances	<u>(15,379,643)</u>	\$54,194,064
Federal grants and contracts		988,299
State and local grants and contracts		6,379,728
Nongovernmental grants and contracts		1,796,000
Sales and services of educational departments		1,105,663
Auxiliary enterprises:		
Parking facilities		1,043,912
Other auxiliary enterprises revenues		6,958,070
Other operating revenues		<u>114,628</u>
<b>Total operating revenues</b>		<u>72,580,364</u>
<b>OPERATING EXPENSES:</b>		
Instruction	44,057,186	
Research	5,883,734	
Academic support	13,966,191	
Student services	9,675,737	
Institutional support	21,797,249	
Operation and maintenance of plant	4,452,243	
Scholarships and fellowships	3,067,085	
Auxiliary enterprises:		
Parking facilities	681,149	
Other auxiliary enterprises expenses	<u>4,379,972</u>	
<b>Total operating expenses</b>		<u>107,960,546</u>
<b>Operating (loss)</b>		<u>(35,380,182)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State appropriations	33,438,038	
Pell grants	6,356,950	
Gifts		\$2,027,121
Investment income	730,332	2,447,016
Interest on indebtedness	(617,155)	
Other affiliated foundation revenues		455,092
Other affiliated foundation expenses		(5,343,309)
Transfers (to) other University System of Maryland institutions	<u>(3,402,693)</u>	
<b>Total nonoperating revenues (expenses)</b>		<u>(414,080)</u>
<b>Income (loss) before other revenue</b>		<u>(414,080)</u>
<b>OTHER REVENUE:</b>		
Capital appropriations	1,225,045	
Capital gifts and grants	<u>1,199,879</u>	
<b>Total other revenue</b>		<u>2,424,924</u>
<b>Increase (decrease) in net position</b>	3,550,214	(414,080)
<b>Net position - beginning of year</b>	178,584,668	65,039,177
<b>Restatement for pension liability due to GASB Statement No. 68</b>	<u>(24,903,160)</u>	
<b>Net position - end of year</b>	<u>\$157,231,722</u>	<u>\$64,625,097</u>

**UNIVERSITY OF BALTIMORE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Tuition and fees	\$53,953,295
Research contracts and grants	9,261,776
Payments to employees	(79,818,852)
Payments to suppliers and contractors	(22,791,222)
Loans issued to students	(173,551)
Collections of loans to students	645,519
Auxiliary enterprises:	
Parking facilities	1,043,912
Other	6,958,070
Other (payments), net	<u>(313,473)</u>
<b>Net cash (used) by operating activities</b>	<u>(31,234,526)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State appropriations	33,438,038
Pell grants	<u>6,356,950</u>
<b>Net cash provided by noncapital financing activities</b>	<u>39,794,988</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds of capital debt	965,057
Capital appropriations	1,225,045
Capital grants and gifts received	1,199,879
Purchases of capital assets	(3,623,971)
Principal paid on debt and capital leases	(2,817,418)
Interest paid on debt and capital leases	(802,436)
Transfers (to) other University System of Maryland institutions	<u>(3,536,869)</u>
<b>Net cash (used) by capital and related financing activities</b>	<u>(7,390,713)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest on investments	<u>591,190</u>
<b>Net cash provided by investing activities</b>	<u>591,190</u>
<b>Net increase in cash and cash equivalents</b>	1,760,939
<b>Cash and cash equivalents - beginning of the year</b>	<u>33,271,526</u>
<b>Cash and cash equivalents - end of the year</b>	<u><u>\$35,032,465</u></u>

**SALISBURY UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$114,754,472	\$401,802
Accounts receivable, net	2,002,548	1,352,478
Notes receivable, current portion	213,150	
Inventories	1,375,799	
Prepaid expenses and other assets	171,879	133,709
Inter-institutional balances	557,999	
<b>Total current assets</b>	<b>119,075,847</b>	<b>1,887,989</b>
<b>Noncurrent assets:</b>		
Accounts receivable, net		6,383,808
Endowment investments	1,434,511	54,758,501
Other investments		8,570,666
Notes receivable, net	854,835	
Other assets		2,153,964
Capital assets, net	376,747,853	2,242,874
<b>Total noncurrent assets</b>	<b>379,037,199</b>	<b>74,109,813</b>
<b>Total assets</b>	<b>498,113,046</b>	<b>75,997,802</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized loss on refundings of debt	977,473	
Deferred changes in pension expense	4,963,237	
<b>Total deferred outflows of resources</b>	<b>5,940,710</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$504,053,756</b>	<b>\$75,997,802</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$12,391,175	\$151,925
Accrued workers' compensation, current portion	195,610	
Accrued vacation costs, current portion	2,099,951	
Revenue bonds and notes payable, current portion	6,381,918	2,549,770
Unearned revenue	3,780,129	194,429
<b>Total current liabilities</b>	<b>24,848,783</b>	<b>2,896,124</b>
<b>Noncurrent liabilities:</b>		
Accrued workers' compensation	1,066,390	
Accrued vacation costs	2,430,283	
Endowments invested on behalf of primary government		1,434,511
Other payables		2,721,288
Revenue bonds and notes payable	97,362,145	708
Net pension liability	29,934,277	
<b>Total noncurrent liabilities</b>	<b>130,793,095</b>	<b>4,156,507</b>
<b>Total liabilities</b>	<b>155,641,878</b>	<b>7,052,631</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred service concession arrangement receipts	26,723,274	
Deferred financing inflow - pension liability	3,276,502	
<b>Total deferred inflows of resources</b>	<b>29,999,776</b>	
<b>NET POSITION</b>		
Unrestricted	70,014,248	6,230,143
Net investment in capital assets	247,257,989	
<b>Restricted:</b>		
<b>Nonexpendable:</b>		
Scholarships and fellowships		12,097,894
Research		324,725
Other		15,400,058
<b>Expendable:</b>		
Scholarships and fellowships		8,494,871
Research		694,637
Loans	1,139,865	
Other		25,702,843
<b>Total net position</b>	<b>318,412,102</b>	<b>68,945,171</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$504,053,756</b>	<b>\$75,997,802</b>



**SALISBURY UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2015**

	Institution	Component Units
<b>OPERATING REVENUES:</b>		
Tuition and fees	\$69,654,786	
Less: scholarship allowances	<u>(14,667,643)</u>	\$54,987,143
Federal grants and contracts		1,841,722
State and local grants and contracts		3,201,278
Nongovernmental grants and contracts		788,654
Sales and services of educational departments		201,636
Auxiliary enterprises:		
Residential facilities	26,866,050	
Less: scholarship allowances	<u>(498,623)</u>	26,367,427
Dining facilities	13,924,325	
Less: scholarship allowances	<u>(11,230)</u>	13,913,095
Intercollegiate athletics		6,191,018
Bookstore		4,934,325
Parking facilities		587,344
Other auxiliary enterprises revenues		<u>3,581,457</u>
<b>Total operating revenues</b>		<u>116,595,099</u>
<b>OPERATING EXPENSES:</b>		
Instruction	53,120,900	
Research	1,140,705	
Public service	6,906,870	
Academic support	9,825,769	
Student services	6,761,186	
Institutional support	15,864,161	
Operation and maintenance of plant	17,320,614	
Scholarships and fellowships	17,710	
Auxiliary enterprises		
Residential facilities	13,123,938	
Dining facilities	12,713,069	
Intercollegiate athletics	4,315,817	
Bookstores	4,510,414	
Parking facilities	567,252	
Other auxiliary enterprises expenses	<u>3,172,005</u>	
<b>Total operating expenses</b>		<u>149,360,410</u>
<b>Operating (loss)</b>		<u>(32,765,311)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State appropriations	44,899,566	
Pell grants	7,678,922	
Gifts		\$5,275,888
Investment income (loss)	1,303,397	(117,243)
Interest on indebtedness	(3,695,917)	
Other revenues (expenses), gains and (losses)	(15,378)	
Other affiliated foundation revenues		1,321,636
Other affiliated foundation expenses		(5,815,008)
Transfers (to) other University System of Maryland institutions	<u>(2,069,768)</u>	
<b>Total nonoperating revenues</b>		<u>665,273</u>
<b>Income before other revenues</b>		<u>665,273</u>
<b>OTHER REVENUES:</b>		
Capital appropriations	27,999,262	
Capital gifts and grants	<u>174,033</u>	
<b>Total other revenues</b>		<u>28,173,295</u>
<b>Increase in net position</b>	43,508,806	665,273
<b>Net position, beginning of year</b>	303,870,271	68,279,898
<b>Restatement for pension liability due to GASB Statement No. 68</b>	<u>(28,966,975)</u>	
<b>Net position, end of year</b>	<u>\$318,412,102</u>	<u>\$68,945,171</u>

**SALISBURY UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Tuition and fees	\$56,424,545
Research contracts and grants	6,727,304
Payments to employees	(102,955,035)
Payments to suppliers and contractors	(34,087,214)
Loans issued to students	(200,250)
Collections of loans to students	218,213
Auxiliary enterprises:	
Residential facilities	24,606,616
Dining facilities	13,913,969
Intercollegiate athletics	6,192,383
Bookstore	4,934,325
Parking facilities	587,344
Other	3,621,112
Other receipts, net	<u>166,759</u>
<b>Net cash (used) by operating activities</b>	<u>(19,849,929)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State appropriations	44,899,566
Pell grants	<u>7,678,922</u>
<b>Net cash provided by noncapital financing activities</b>	<u>52,578,488</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds of capital debt	6,698,243
Capital appropriations	27,999,262
Purchases of capital assets	(37,769,958)
Principal paid on debt and capital leases	(13,299,705)
Interest paid on debt and capital leases	(4,185,919)
Transfers from other University System of Maryland institutions	<u>1,854,989</u>
<b>Net cash (used) by capital and related financing activities</b>	<u>(18,703,088)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest on investments	<u>1,281,642</u>
<b>Net cash provided by investing activities</b>	<u>1,281,642</u>
<b>Net increase in cash and cash equivalents</b>	15,307,113
<b>Cash and cash equivalents - beginning of the year</b>	<u>99,447,359</u>
<b>Cash and cash equivalents - end of the year</b>	<u><u>\$114,754,472</u></u>

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE  
BALANCE SHEET  
JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$292,941,803	
Accounts receivable, net	24,561,080	\$127,584
Notes receivable, current portion	119,645	
Inventories	249,756	
Prepaid expenses and other assets	1,941,716	17,132
Inter-institutional balances	803,140	
<b>Total current assets</b>	<b>320,617,140</b>	<b>144,716</b>
<b>Noncurrent assets:</b>		
Accounts receivable, net		396,899
Endowment investments	3,787,521	15,402,667
Other investments		9,361,374
Notes receivable, net	1,519,318	
Other assets		1,139
Capital assets, net	158,990,583	3,952,512
<b>Total noncurrent assets</b>	<b>164,297,422</b>	<b>29,114,591</b>
<b>Total assets</b>	<b>484,914,562</b>	<b>29,259,307</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred changes in pension expense	4,017,586	
<b>Total deferred outflows of resources</b>	<b>4,017,586</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$488,932,148</b>	<b>\$29,259,307</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$14,133,161	
Accrued workers' compensation, current portion	121,365	
Accrued vacation costs, current portion	7,806,860	
Unearned revenue	32,572,166	
<b>Total current liabilities</b>	<b>54,633,552</b>	
<b>Noncurrent liabilities:</b>		
Accrued workers' compensation	661,635	
Accrued vacation costs	5,346,578	
Endowments invested on behalf of primary government		\$3,787,521
Net pension liability	25,011,462	
<b>Total noncurrent liabilities</b>	<b>31,019,675</b>	<b>3,787,521</b>
<b>Total liabilities</b>	<b>85,653,227</b>	<b>3,787,521</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred financing inflow - pension liability	2,737,668	
<b>Total deferred inflows of resources</b>	<b>2,737,668</b>	
<b>NET POSITION</b>		
Unrestricted	239,792,677	5,090,723
Net investment in capital assets	158,990,583	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	29,423	8,212,195
Research		189,537
Other		6,310,937
Expendable:		
Scholarships and fellowships	54,885	1,400,492
Research		1,360,763
Loans	1,673,685	
Other		2,907,139
<b>Total net position</b>	<b>400,541,253</b>	<b>25,471,786</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$488,932,148</b>	<b>\$29,259,307</b>

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>OPERATING REVENUES:</b>		
Tuition and fees	\$297,307,914	
Less: scholarship allowances	<u>(34,538,056)</u>	
Federal grants and contracts	\$262,769,858	
State and local grants and contracts	1,033,831	
Nongovernmental grants and contracts	3,407,664	
Sales and services of educational departments	1,314,300	
Auxiliary enterprises:		
Residential facilities	1,380,734	
Bookstore	49,200	
Parking facilities	1,247,773	
Other operating revenues	115	
	<u>17,903,201</u>	
<b>Total operating revenues</b>	<u>289,106,676</u>	
<b>OPERATING EXPENSES:</b>		
Instruction	89,707,489	
Public service	16,312,694	
Academic support	43,426,146	
Student services	77,143,353	
Institutional support	66,597,327	
Operation and maintenance of plant	18,842,729	
Scholarships and fellowships	22,825,688	
Auxiliary enterprises:		
Residential facilities	52,838	
Bookstore	1,121,327	
Parking facilities	<u>98,925</u>	
<b>Total operating expenses</b>	<u>336,128,516</u>	
<b>Operating (loss)</b>	<u>(47,021,840)</u>	
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State appropriations	38,697,971	
Pell grants	37,618,829	
Gifts		\$946,478
Investment income (loss)	2,689,575	(1,117,926)
Less: investment expense	<u>(537)</u>	(352,108)
Other affiliated foundation expenses	(352,108)	(1,577,942)
Transfers (to) other University System of Maryland institutions	<u>(500,197)</u>	
<b>Total nonoperating revenues (expenses)</b>	<u>78,153,533</u>	<u>(1,749,390)</u>
<b>Increase (decrease) in net position</b>	31,131,693	(1,749,390)
<b>Net position - beginning of period</b>	393,612,797	27,221,176
<b>Restatement for pension liability due to GASB Statement No. 68</b>	<u>(24,203,237)</u>	
<b>Net position - end of period</b>	<u>\$400,541,253</u>	<u>\$25,471,786</u>

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Tuition and fees	\$268,659,200
Research contracts and grants	3,219,602
Payments to employees	(208,762,843)
Payments to suppliers and contractors	(125,827,674)
Loans issued to students	(176,473)
Collections of loans to students	130,695
Auxiliary enterprises:	
Residential facilities	49,200
Bookstore	1,247,773
Parking facilities	115
Other receipts, net	<u>17,583,920</u>
<b>Net cash (used) by operating activities</b>	<b><u>(43,876,485)</u></b>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State appropriations	38,697,971
Pell grants	<u>37,618,829</u>
<b>Net cash provided by noncapital financing activities</b>	<b><u>76,316,800</u></b>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds from sales of capital assets	454,200
Purchases of capital assets	(467,167)
Transfers from other University System of Maryland institutions	<u>4,448,244</u>
<b>Net cash provided by capital and related financing activities</b>	<b><u>4,435,277</u></b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from sales and maturities of investments	8,394
Interest on investments	2,628,308
Investment expense	<u>(537)</u>
<b>Net cash provided by investing activities</b>	<b><u>2,636,165</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>39,511,757</b>
<b>Cash and cash equivalents - beginning of the year</b>	<b><u>253,430,046</u></b>
<b>Cash and cash equivalents - end of the year</b>	<b><u>\$292,941,803</u></b>

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY**  
**BALANCE SHEET**  
**JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$116,145,995	\$451,667
Accounts receivable, net	15,332,665	3,413,513
Notes receivable, current portion	433,357	
Inventories	775,333	
Prepaid expenses and other assets	328,644	21,926
Inter-institutional balances	30,327	
<b>Total current assets</b>	<b>133,046,321</b>	<b>3,887,106</b>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	385,213	
Accounts receivable, net		9,432,158
Endowment investments	4,953,908	75,751,976
Other investments		28,122,924
Notes receivable, net	1,531,570	
Other assets		47,142
Capital assets, net	502,427,771	3,395,370
<b>Total noncurrent assets</b>	<b>509,298,462</b>	<b>116,749,570</b>
<b>Total assets</b>	<b>642,344,783</b>	<b>120,636,676</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized loss on refundings of debt	1,928,662	
Deferred changes in pension expense	11,762,017	
<b>Total deferred outflows of resources</b>	<b>13,690,679</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$656,035,462</b>	<b>\$120,636,676</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$28,067,749	\$69,528
Accrued workers' compensation, current portion	181,195	
Accrued vacation costs, current portion	8,109,903	
Revenue bonds and notes payable, current portion	8,463,560	52,287
Unearned revenue	8,076,552	5,866,888
<b>Total current liabilities</b>	<b>52,898,959</b>	<b>5,988,703</b>
<b>Noncurrent liabilities:</b>		
Accrued workers' compensation	987,805	
Accrued vacation costs	5,175,349	
Endowments invested on behalf of primary government		4,953,908
Revenue bonds and notes payable	100,427,677	214,216
Net pension liability	69,683,967	
<b>Total noncurrent liabilities</b>	<b>176,274,798</b>	<b>5,168,124</b>
<b>Total liabilities</b>	<b>229,173,757</b>	<b>11,156,827</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred service concession arrangement receipts	35,943,727	
Deferred financing inflow - pension liability	7,627,365	
<b>Total deferred inflows of resources</b>	<b>43,571,092</b>	
<b>NET POSITION</b>		
Unrestricted	21,288,530	27,379,331
Net investment in capital assets	359,521,469	
<b>Restricted:</b>		
<b>Nonexpendable:</b>		
Scholarships and fellowships	130,474	33,080,977
Research		763,507
Other		25,422,186
<b>Expendable:</b>		
Scholarships and fellowships		5,641,568
Research		5,481,528
Loans	1,964,927	
Capital projects	385,213	
Other		11,710,752
<b>Total net position</b>	<b>383,290,613</b>	<b>109,479,849</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$656,035,462</b>	<b>\$120,636,676</b>

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>OPERATING REVENUES:</b>		
Tuition and fees	\$122,461,769	
Less: scholarship allowances	<u>(17,695,845)</u>	\$104,765,924
Federal grants and contracts		41,489,870
State and local grants and contracts		27,841,500
Nongovernmental grants and contracts		19,405,796
Sales and services of educational departments		5,281,734
Auxiliary enterprises:		
Residential facilities	25,434,459	
Less: scholarship allowances	<u>(5,050,916)</u>	20,383,543
Dining facilities	13,324,983	
Less: scholarship allowances	<u>(2,641,166)</u>	10,683,817
Intercollegiate athletics		11,266,018
Bookstore	5,949,941	
Less: scholarship allowances	<u>(3,928)</u>	5,946,013
Parking facilities		1,775,941
Other auxiliary enterprises revenues		17,271,578
Other operating revenues		<u>12,685,182</u>
<b>Total operating revenues</b>		<u>278,796,916</u>
<b>OPERATING EXPENSES:</b>		
Instruction		109,636,705
Research		64,413,197
Public service		20,169,936
Academic support		24,127,677
Student services		17,336,820
Institutional support		34,157,381
Operation and maintenance of plant		26,692,348
Scholarships and fellowships		22,764,775
Auxiliary enterprises:		
Residential facilities		19,264,827
Dining facilities		11,627,937
Intercollegiate athletics		8,847,349
Bookstore		5,743,274
Parking facilities		449,117
Other auxiliary enterprises expenses		<u>11,890,329</u>
<b>Total operating expenses</b>		<u>377,121,672</u>
<b>Operating (loss)</b>		<u>(98,324,756)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State appropriations		108,135,786
Pell grants		13,952,550
Gifts		2,260
Investment income	1,510,389	\$13,563,187
Less: investment expense	<u>(6,109)</u>	3,821,874
Interest on indebtedness		(3,653,969)
Other revenues (expenses), gains and (losses)		(337,133)
Other affiliated foundation revenues		2,428,980
Other affiliated foundation expenses		(9,973,603)
Transfers (to) other University System of Maryland institutions		<u>(5,122,538)</u>
<b>Total nonoperating revenues</b>		<u>9,840,438</u>
<b>Income before other revenues</b>		<u>16,156,480</u>
<b>OTHER REVENUES:</b>		
Capital appropriations		18,224,203
Capital gifts and grants		<u>344,829</u>
<b>Total other revenues</b>		<u>18,569,032</u>
<b>Increase in net position</b>		9,840,438
<b>Net position - beginning of year</b>		99,639,411
<b>Restatement for pension liability due to GASB Statement No. 68</b>		<u>(67,432,186)</u>
<b>Net position - end of year</b>		<u>\$383,290,613</u> <u>\$109,479,849</u>

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Tuition and fees	\$100,277,432
Research contracts and grants	90,306,364
Payments to employees	(231,735,089)
Payments to suppliers and contractors	(122,891,311)
Loans issued to students	(229,233)
Collections of loans to students	301,754
Auxiliary enterprises:	
Residential facilities	18,523,203
Dining facilities	10,650,716
Intercollegiate athletics	11,231,113
Bookstore	5,927,591
Parking facilities	1,770,440
Other	17,218,066
Other receipts, net	<u>17,895,269</u>
<b>Net cash (used) by operating activities</b>	<b><u>(80,753,685)</u></b>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State appropriations	108,135,786
Pell grants	<u>13,952,550</u>
<b>Net cash provided by noncapital financing activities</b>	<b><u>122,088,336</u></b>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds of capital debt	10,246,994
Capital appropriations	18,224,203
Purchases of capital assets	(46,467,898)
Principal paid on debt and capital leases	(18,296,607)
Interest paid on debt and capital leases	(4,243,093)
Transfers from other University System of Maryland institutions	<u>7,399,070</u>
<b>Net cash (used) by capital and related financing activities</b>	<b><u>(33,137,331)</u></b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from sales and maturities of investments	63,811
Interest on investments	1,391,595
Investment expense	<u>(6,109)</u>
<b>Net cash provided by investing activities</b>	<b><u>1,449,297</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>9,646,617</b>
<b>Cash and cash equivalents - beginning of the year</b>	<b><u>106,884,591</u></b>
<b>Cash and cash equivalents - end of the year</b>	<b><u><u>\$116,531,208</u></u></b>



**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
BALANCE SHEET  
JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$14,347,678	
Accounts receivable, net	5,103,787	\$2,001
Prepaid expenses and other assets		295
Inter-institutional balances	25	
<b>Total current assets</b>	<b>19,451,490</b>	<b>2,296</b>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	2,865	
Endowment investments	378,819	2,243,576
Other investments		2,281,405
Other assets		11,676
Capital assets, net	69,530,591	
<b>Total noncurrent assets</b>	<b>69,912,275</b>	<b>4,536,657</b>
<b>Total assets</b>	<b>89,363,765</b>	<b>4,538,953</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized loss on refundings of debt	113,072	
Deferred changes in pension expense	951,632	
<b>Total deferred outflows of resources</b>	<b>1,064,704</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$90,428,469</b>	<b>\$4,538,953</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$1,598,119	
Accrued workers' compensation, current portion	21,545	
Accrued vacation costs, current portion	679,193	
Revenue bonds and notes payable, current portion	1,281,963	
Unearned revenue	695,573	\$244,096
<b>Total current liabilities</b>	<b>4,276,393</b>	<b>244,096</b>
<b>Noncurrent liabilities:</b>		
Accrued workers' compensation	117,455	
Accrued vacation costs	2,479,842	
Endowments invested on behalf of primary government		378,819
Revenue bonds and notes payable	8,098,315	
Net pension liability	5,987,517	
<b>Total noncurrent liabilities</b>	<b>16,683,129</b>	<b>378,819</b>
<b>Total liabilities</b>	<b>20,959,522</b>	<b>622,915</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred financing inflow - pension liability	655,373	
<b>Total deferred inflows of resources</b>	<b>655,373</b>	
<b>NET POSITION</b>		
Unrestricted	8,547,324	782,649
Net investment in capital assets	60,263,385	
Restricted:		
Nonexpendable:		
Scholarships and fellowships		1,262,545
Research		29,139
Other		970,245
Expendable:		
Scholarships and fellowships		215,312
Research		209,204
Capital projects	2,865	
Other		446,944
<b>Total net position</b>	<b>68,813,574</b>	<b>3,916,038</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$90,428,469</b>	<b>\$4,538,953</b>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>OPERATING REVENUES:</b>		
Federal grants and contracts	\$12,230,215	
State and local grants and contracts	5,867,599	
Nongovernmental grants and contracts	1,728,509	
Sales and services of educational departments	3,931,211	
<b>Total operating revenues</b>	<b>23,757,534</b>	
<b>OPERATING EXPENSES:</b>		
Research	46,646,683	
Operation and maintenance of plant	365,090	
<b>Total operating expenses</b>	<b>47,011,773</b>	
<b>Operating (loss)</b>	<b>(23,254,239)</b>	
<b>NONOPERATING REVENUE (EXPENSES):</b>		
State appropriations	21,566,200	
Gifts		\$1,409,836
Investment income (loss)	230,462	(200,588)
Interest on indebtedness	(279,413)	
Other affiliated foundation expenses		(649,665)
Transfers from other University System of Maryland institutions	1,241,262	
<b>Total nonoperating revenues</b>	<b>22,758,511</b>	<b>559,583</b>
<b>Income (loss) before other revenues</b>	<b>(495,728)</b>	<b>559,583</b>
<b>OTHER REVENUE:</b>		
Capital appropriations	4,221,605	
<b>Total other revenue</b>	<b>4,221,605</b>	
<b>Increase in net position</b>	<b>3,725,877</b>	<b>559,583</b>
<b>Net position - beginning of year</b>	<b>70,881,732</b>	<b>3,356,455</b>
<b>Restatement for pension liability due to GASB Statement No. 68</b>	<b>(5,794,035)</b>	
<b>Net position - end of year</b>	<b>\$68,813,574</b>	<b>\$3,916,038</b>

UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Research contracts and grants	\$20,265,762
Payments to employees	(29,226,791)
Payments to suppliers and contractors	(13,256,754)
Other receipts, net	<u>3,931,211</u>
<b>Net cash (used) by operating activities</b>	<u>(18,286,572)</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State appropriations	<u>21,566,200</u>
<b>Net cash provided by noncapital financing activities</b>	<u>21,566,200</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds of capital debt	436,600
Capital appropriations	4,221,605
Purchases of capital assets	(3,817,266)
Principal paid on debt and capital leases	(1,689,539)
Interest paid on debt and capital leases	(303,674)
Transfers from other University System of Maryland institutions	<u>1,626,671</u>
<b>Net cash provided by capital and related financing activities</b>	<u>474,397</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	<u>224,717</u>
<b>Net cash provided by investing activities</b>	<u>224,717</u>
<b>Net increase in cash and cash equivalents</b>	3,978,742
<b>Cash and cash equivalents - beginning of the year</b>	<u>10,371,801</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$14,350,543</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE  
BALANCE SHEET  
JUNE 30, 2015**

	Institution	Component Units
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$173,645,923	
Accounts receivable, net	8,791,204	\$1,772,006
Prepaid expenses and other assets		638,347
Inter-institutional balances	4,793,005	
<b>Total current assets</b>	187,230,132	2,410,353
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	49,681,673	
Accounts receivable, net		404,873
Endowment investments	20,188,626	13,181,618
Other investments		78,429,578
Other assets		323,962
Capital assets, net	90,050,666	5,350,283
<b>Total noncurrent assets</b>	159,920,965	97,690,314
<b>Total assets</b>	347,151,097	100,100,667
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized loss on refundings of debt	1,339,394	
Deferred changes in pension expense	782,721	
<b>Total deferred outflows of resources</b>	2,122,115	
<b>Total assets and deferred outflows of resources</b>	\$349,273,212	\$100,100,667
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$5,122,864	\$962,376
Accrued workers' compensation, current portion	10,385	
Accrued vacation costs, current portion	611,983	
Revenue bonds and notes payable, current portion	4,626,292	
Unearned revenue		55,333
<b>Total current liabilities</b>	10,371,524	1,017,709
<b>Noncurrent liabilities:</b>		
Accrued workers' compensation	56,615	
Accrued vacation costs	1,135,126	
Endowments invested on behalf of primary government		20,180,863
Other payables		53,540,288
Revenue bonds and notes payable	66,557,902	
Net pension liability	4,823,149	
<b>Total noncurrent liabilities</b>	72,572,792	73,721,151
<b>Total liabilities</b>	82,944,316	74,738,860
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred financing inflow - pension liability	527,925	
<b>Total deferred inflows of resources</b>	527,925	
<b>NET POSITION</b>		
Unrestricted	195,917,123	5,068,825
Net investment in capital assets	66,666,316	
<b>Restricted:</b>		
<b>Nonexpendable:</b>		
Scholarships and fellowships	347,604	8,176,859
Research		188,721
Other	471,330	6,283,781
<b>Expendable:</b>		
Scholarships and fellowships	201,220	1,394,372
Research		1,354,816
Capital projects	1,850,374	
Other	347,004	2,894,433
<b>Total net position</b>	265,800,971	25,361,807
<b>Total liabilities, deferred inflows of resources and net position</b>	\$349,273,212	\$100,100,667

**UNIVERSITY SYSTEM OF MARYLAND OFFICE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2015**

	<b>Institution</b>	<b>Component Units</b>
<b>OPERATING REVENUES:</b>		
Federal grants and contracts	\$1,793,881	
State and local grants and contracts	1,136	
Nongovernmental grants and contracts	208,371	
Other operating revenues	819,944	
<b>Total operating revenues</b>	<b>2,823,332</b>	
<b>OPERATING EXPENSES:</b>		
Academic support	4,856,541	
Institutional support	16,592,690	
<b>Total operating expenses</b>	<b>21,449,231</b>	
<b>Operating (loss)</b>	<b>(18,625,899)</b>	
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State appropriations	22,061,440	
Gifts		\$3,830,322
Investment income	\$2,627,399	4,419,204
Less: investment expense	(33,239)	2,594,160
Interest on indebtedness	(7,556,372)	
Other revenues (expenses), gains and (losses)	5,941,176	
Other affiliated foundation revenues		3,427,667
Other affiliated foundation expenses		(6,954,516)
Transfers from other University System of Maryland institutions	18,265,987	
<b>Total nonoperating revenue</b>	<b>41,306,391</b>	<b>4,722,677</b>
<b>Income before other revenue</b>	<b>22,680,492</b>	<b>4,722,677</b>
<b>OTHER REVENUE:</b>		
Capital appropriations	3,675,346	
Capital gifts and grants	7,080,446	
<b>Total other revenue</b>	<b>10,755,792</b>	
<b>Increase in net position</b>	<b>33,436,284</b>	<b>4,722,677</b>
<b>Net position - beginning of year</b>	<b>237,031,979</b>	<b>20,639,130</b>
<b>Restatement for pension liability due to GASB Statement No. 68</b>	<b>(4,667,292)</b>	
<b>Net position - end of year</b>	<b>\$265,800,971</b>	<b>\$25,361,807</b>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Research contracts and grants	\$2,086,009
Payments to employees	(14,745,353)
Payments to suppliers and contractors	(3,152,982)
Other receipts, net	<u>6,516,822</u>
<b>Net cash (used) by operating activities</b>	<b><u>(9,295,504)</u></b>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State appropriations	<u>22,061,440</u>
<b>Net cash provided by noncapital financing activities</b>	<b><u>22,061,440</u></b>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds of capital debt	5,567,778
Capital appropriations	3,675,346
Purchases of capital assets	(11,424,468)
Principal paid on debt and capital leases	(9,606,847)
Interest paid on debt and capital leases	(8,386,721)
Transfers (to) other University System of Maryland institutions	<u>(42,180,992)</u>
<b>Net cash (used) by capital and related financing activities</b>	<b><u>(62,355,904)</u></b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from sales and maturities of investments	302,566
Interest on investments	2,079,497
Investment expense	<u>(33,239)</u>
<b>Net cash provided by investing activities</b>	<b><u>2,348,824</u></b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(47,241,144)</b>
<b>Cash and cash equivalents - beginning of the year</b>	<b><u>270,568,740</u></b>
<b>Cash and cash equivalents - end of the year</b>	<b><u><u>\$223,327,596</u></u></b>

## **UNIVERSITY SYSTEM OF MARYLAND**

### **NOTES TO SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2015**

#### **ACCOUNTING AND REPORTING PRACTICES**

##### **Supplemental data reporting units**

University System of Maryland Office (System Office), composed of the offices of the Chancellor and Vice Chancellors and their respective staffs, provides central executive and administrative services and supports and coordinates the efforts of the entire System. The expenses incurred in connection with these activities records of the System Office.

##### **Facilities maintenance expenses**

Certain expenses for facilities management for the System Office and the University of Maryland University College are included in the financial records of University of Maryland, College Park.

##### **System-wide financing arrangements**

The System constructs, acquires, and renovates plant facilities using the proceeds of Revenue Bonds and other financing arrangements. The proceeds of System-wide financing arrangements are used in accordance with Board authorizations, which specify the projects for which the funds are to be used. Unexpended proceeds and a proportionate share of the outstanding debt obligation are reported on the financial records of the System Office.

Institutions are obligated to provide a proportionate share of the principal and interest payments attributable to auxiliary enterprises projects financed using the proceeds of System-wide financing arrangements. Currently, each instructional institution, with the exception of the University of Maryland University College, provides a portion of the debt service attributable to academic facilities. To the extent that an instructional institution provides (or receives) resources for debt service for academic facilities (and the proportionate share of the outstanding debt obligation) recorded on another System institution or unit, such amounts are reported as a Transfer To / (From) Other University System of Maryland Institutions on the Statement of Revenues, Expenses, and Changes in Net Position.



**Headquarters:**

200 International Circle • Suite 5500 • Hunt Valley • Maryland 21030

(P) 410-584-0060 • (F) 410-584-0061

**Branch Office:**

1299 Pennsylvania Avenue • Suite 1120 • Washington • D.C. 20004

(P) 202-803-2335 • (F) 202-821-1320