



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

For the Years Ended June 30, 2016 and 2015

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UNIVERSITY SYSTEM OF MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>Page</u>
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015:	
Balance Sheets, University System of Maryland	10
Combining Balance Sheets, Component Units	11
Statements of Revenues, Expenses and Changes in Net Position, University System of Maryland	13
Combining Statements of Net Activities, Component Units	14
Statements of Cash Flows, University System of Maryland	16
Notes to Financial Statements	17
REQUIRED SUPPLEMENTARY INFORMATION	
Schedules of Proportionate Share of Net Pension Liability and Schedules of Contributions	44
SUPPLEMENTARY DATA:	
Balance Sheets, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows for:	
University of Maryland, Baltimore	46
University of Maryland, College Park	49
Bowie State University	52
Towson University	55
University of Maryland Eastern Shore	58
Frostburg State University	61
Coppin State University	64
University of Baltimore	67
Salisbury University	70
University of Maryland University College	73
University of Maryland, Baltimore County	76
University of Maryland Center for Environmental Science	79
University System of Maryland Office	82
Combining Balance Sheets, Non-major Component Units	85
Combining Statements of Activities, Non-major Component Units	87
 Notes to Supplementary Data	 89



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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 years ended June 30, 2016 and 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 audits. 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, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of net pension liability, and the schedule of contributions 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 audits were 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 11, 2016.

A handwritten signature in black ink that reads "SB & Company, LLC". The signature is written in a cursive, flowing style.

UNIVERSITY SYSTEM OF MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016 and 2015, with 2014 information for comparative purposes.

Financial Highlights

- Unrestricted net position increased by \$162,743,436 for the year ended June 30, 2016, compared to an increase of \$161,537,396 for the year ended June 30, 2015.
- State appropriations for the System increased by 4.5% for the year ended June 30, 2016. For the year ended June 30, 2015, State appropriations increased by 9.1% from the amount received in the year ended June 30, 2014.
- Tuition and fees, after deducting scholarship allowances, increased by \$65,331,417 or 5.4% for the year ended June 30, 2016. During the year ended June 30, 2015, net tuition and fees, increased by \$48,039,748 or 4.1%.
- For the year ended June 30, 2016, investment loss on Endowment assets was \$3,619,687, representing a negative return of 2%. Investment income on Endowment assets amounted to \$8,390,109, an investment return of 4%, for the year ended June 30, 2015.

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 inflows 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, revenues and expenses are recorded for some items that will result in cash flows in future fiscal years (for example tuition and fees owed by students, or vacation earned by employees but not used as of the date of the financial statements).

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

UNIVERSITY SYSTEM OF MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016, the System's financial health remains strong, with assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$5,774,898,378, shown on the Balance Sheet as total net position. This compares with total net position of \$5,258,179,934 as of June 30, 2015. As suggested earlier, when viewed over time, net position may be useful as an indicator of financial health.

For the year ended June 30, 2016, total net position increased by \$516,718,444. While net investment in capital assets increased by \$363,476,649, unrestricted net position increased by \$162,743,436 and restricted net position categories decreased by \$9,501,641.

As of June 30, 2015, assets and deferred outflows of resources exceed 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.

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 increased by \$161,537,396 after adjusting for the \$697,817,854 restatement of net position attributable to the recording of pension liabilities as required by Governmental Accounting Standards Board (GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*).

UNIVERSITY SYSTEM OF MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2016 AND 2015**

The table below presents summary-level information of the System's assets, liabilities, and net position as of June 30, 2016, 2015 and 2014.

	2016	2015	2014
Current and other assets	\$2,813,870,299	\$2,577,274,912	\$2,516,361,486
Capital assets, net	6,014,590,059	5,618,391,771	5,456,115,475
Total assets	8,828,460,358	8,195,666,683	7,972,476,961
Deferred outflows of resources	380,912,045	137,469,855	18,492,974
Total assets and deferred outflows of resources	<u>\$9,209,372,403</u>	<u>\$8,333,136,538</u>	<u>\$7,990,969,935</u>
Debt and capital lease obligations	\$1,270,382,208	\$1,199,533,574	\$1,289,599,547
Other liabilities	793,272,313	734,260,731	744,061,007
Net pension liability	966,400,173	718,516,394	
Total liabilities	3,030,054,694	2,652,310,699	2,033,660,554
Deferred inflows of resources	404,419,331	422,645,905	362,355,637
Total liabilities and deferred inflows of resources	<u>3,434,474,025</u>	<u>3,074,956,604</u>	<u>2,396,016,191</u>
Net investment in capital assets	4,504,161,728	4,140,685,079	3,934,645,045
Restricted	238,571,013	248,072,654	254,606,040
Unrestricted	1,032,165,637	869,422,201	1,405,702,659
Total net position	<u>5,774,898,378</u>	<u>5,258,179,934</u>	<u>5,594,953,744</u>
Total liabilities, deferred inflows of resources and net position	<u>\$9,209,372,403</u>	<u>\$8,333,136,538</u>	<u>\$7,990,969,935</u>

Net position for the year ended June 30, 2015 was affected by the implementation of GASB Statement No. 68. The requirements of the new accounting standard resulted in a reduction 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, 2016 and 2015 based on an actuarial valuation as of June 30, 2015 and 2014, respectively. 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
YEARS ENDED JUNE 30, 2016 AND 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, 2016, 2015 and 2014.

	2016	2015	2014
Operating revenues	\$3,386,707,426	\$3,268,645,793	\$3,174,792,691
Operating expenses	4,707,649,099	4,569,251,634	4,453,964,164
Operating loss	(1,320,941,673)	(1,300,605,841)	(1,279,171,473)
State appropriations	1,257,323,499	1,203,572,985	1,103,095,560
Other nonoperating revenue, net	186,540,567	201,191,828	159,559,957
Total nonoperating	1,443,864,066	1,404,764,813	1,262,655,517
Income (loss) before other revenue	122,922,393	104,158,972	(16,515,956)
Other revenue	393,796,051	256,885,072	188,231,682
Increase in net position	516,718,444	361,044,044	171,715,726
Net position, beginning of year	5,258,179,934	5,594,953,744	5,423,238,018
Restatement for GASB Statement No. 68		(697,817,854)	
Net position, end of year	\$5,774,898,378	\$5,258,179,934	\$5,594,953,744

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

For the years ended June 30, 2016, 2015 and 2014, operating revenues, which under the definitions used by GASB excludes state appropriations, are detailed below:

	2016		2015		2014	
	\$	%	\$	%	\$	%
Tuition and fees, net	\$1,286,456,787	38.0%	\$1,221,125,370	37.4%	\$1,173,085,622	37.0%
Contracts and grants	1,075,522,289	31.8	1,045,882,031	32.0	1,035,379,978	32.6
Sales and services of educational departments	342,146,755	10.1	331,889,848	10.1	311,924,297	9.8
Auxiliary enterprises, net	617,436,075	18.2	603,557,944	18.5	580,999,408	18.3
Other operating	65,145,520	1.9	66,190,600	2.0	73,403,386	2.3
Total	\$3,386,707,426	100.0%	\$3,268,645,793	100.0%	\$3,174,792,691	100.0%

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, 2016 and 2015.

UNIVERSITY SYSTEM OF MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2016 AND 2015

For the years ended June 30, 2016, 2015 and 2014, operating expenses are detailed below:

	2016		2015		2014	
	\$	%	\$	%	\$	%
Instruction	\$1,247,404,365	26.5%	\$1,224,231,147	26.8%	\$1,173,522,028	26.3%
Research	964,465,402	20.5	936,234,104	20.5	924,899,646	20.8
Public service	164,703,932	3.5	152,294,821	3.3	152,924,530	3.4
Academic support	418,943,312	8.9	412,231,388	9.0	425,738,777	9.6
Student services	225,731,947	4.8	218,553,357	4.8	211,645,833	4.8
Institutional support	481,794,470	10.2	445,527,993	9.7	419,066,424	9.4
Operation and maintenance of plant	328,367,297	7.0	336,605,301	7.4	332,965,938	7.5
Scholarships and fellowships	110,541,568	2.3	104,239,654	2.3	105,263,838	2.4
Auxiliary enterprises	563,765,711	12.0	546,264,612	12.0	528,145,211	11.8
Hospital	201,931,095	4.3	193,069,257	4.2	179,791,939	4.0
Total	<u>\$4,707,649,099</u>	<u>100.0%</u>	<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, 2016 and 2015, increases in total employee payments of \$98,849,621 and \$137,702,755, respectively, represent the largest component of the overall increase in operating expenses over the prior year. For 2016 and 2015 the largest increases associated with employee payments were for institutional support and instruction activities, respectively.

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
YEARS ENDED JUNE 30, 2016 AND 2015**

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

Funding Source	2016	2015	2014
State of Maryland debt proceeds or cash balances	\$358,198,458	\$234,361,573	\$181,125,898
System debt proceeds	159,982,972	70,987,051	107,485,870
System cash balances or donations	179,908,421	161,385,074	177,181,392
Total	\$698,089,851	\$466,733,698	\$465,793,160

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

Project	Institution	Cost
Year ended June 30, 2016		
Engineering and Aviation Sciences Facility	University of Maryland Eastern Shore	\$101,207,000
New Science and Technology Center	Coppin State University	126,020,000
Year ended June 30, 2015		
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
Year ended June 30, 2014		
Physical Sciences Complex	University of Maryland, College Park	\$126,474,000
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 remaining principal balance of \$35,000,000 was remarketed for five years at a multi-annual interest rate of 1.25% and will mature on July 1, 2023.

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, 2016, 2015 and 2014, and since, as follows:

Revenue Bond Issuance	Date	Purpose	Total Par Value Issued	Present Value of Future Debt Service Savings
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
2016 Series A and B	2/18/2016	Refinancing, construction and facilities renewal	201,735,000	5,010,945

UNIVERSITY SYSTEM OF MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2016 AND 2015

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 approximately 13% more full-time equivalent students anticipated by the fall 2025. Preliminary fall 2016 enrollment indicates an increase in headcount enrollment of more than 6,600 students with the vast majority of that growth at University of Maryland University College.

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 contracts 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 SHEETS
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$2,158,518,807	\$1,931,035,806
Accounts receivable, net	239,163,750	238,773,981
Notes receivable, current portion, net	8,820,782	9,204,215
Inventories	10,722,032	10,751,254
Prepaid expenses and other	9,908,629	8,802,462
	<u>2,427,134,000</u>	<u>2,198,567,718</u>
Total current assets		
Noncurrent assets:		
Restricted cash and cash equivalents	72,001,213	53,635,361
Endowment investments	244,736,560	259,180,796
Other investments	19,770,395	9,465,963
Notes receivable, net	50,228,131	56,425,074
Capital assets, net	6,014,590,059	5,618,391,771
	<u>6,401,326,358</u>	<u>5,997,098,965</u>
Total noncurrent assets		
Total assets		
	8,828,460,358	8,195,666,683
DEFERRED OUTFLOWS OF RESOURCES		
	<u>380,912,045</u>	<u>137,469,855</u>
Total assets and deferred outflows of resources		
	<u>\$9,209,372,403</u>	<u>\$8,333,136,538</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$336,820,908	\$305,763,023
Accrued workers' compensation, current portion	4,487,550	4,650,000
Accrued vacation costs, current portion	104,082,163	102,968,033
Revenue bonds and notes payable, current portion	91,997,237	89,598,948
Obligations under capital lease agreements, current portion	1,356,864	1,268,224
Unearned revenues	217,867,754	193,328,789
	<u>756,612,476</u>	<u>697,577,017</u>
Total current liabilities		
Noncurrent liabilities:		
Accrued workers' compensation	25,429,450	25,350,000
Accrued vacation costs	104,584,488	102,200,886
Revenue bonds and notes payable	1,169,531,685	1,099,813,115
Obligations under capital lease agreements	7,496,422	8,853,287
Net pension liability	966,400,173	718,516,394
	<u>2,273,442,218</u>	<u>1,954,733,682</u>
Total noncurrent liabilities		
Total liabilities		
	<u>3,030,054,694</u>	<u>2,652,310,699</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>404,419,331</u>	<u>422,645,905</u>
NET POSITION		
Unrestricted	1,032,165,637	869,422,201
Net investment in capital assets	4,504,161,728	4,140,685,079
Restricted:		
Nonexpendable	37,230,670	37,154,011
Expendable	201,340,343	210,918,643
	<u>5,774,898,378</u>	<u>5,258,179,934</u>
Total net position		
Total liabilities, deferred inflows of resources and net position		
	<u>\$9,209,372,403</u>	<u>\$8,333,136,538</u>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEETS, COMPONENT UNITS
JUNE 30, 2016**

	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	
ASSETS					
Current assets					
Cash		\$33,180,745	\$3,573,067	\$24,270,316	\$61,024,128
Accounts receivable, net	\$5,862,000	42,020,389	15,508,116	7,185,381	70,575,886
Other assets	264,000	1,132,978		866,759	2,263,737
Total current assets	6,126,000	76,334,112	19,081,183	32,322,456	133,863,751
Investments					
Endowment investments	241,363,000	280,322,737	158,291,436	199,856,008	879,833,181
Other investments	347,312,000	64,875,407	60,898,572	30,304,809	503,390,788
Total investments	588,675,000	345,198,144	219,190,008	230,160,817	1,383,223,969
Noncurrent assets					
Accounts receivable, net	10,893,000	49,614,388	25,368,725	6,236,237	92,112,350
Capital assets, net	13,303,000	20,414,191		19,542,121	53,259,312
Other assets	445,000	595,610	4,670,238	2,787,976	8,498,824
Total noncurrent assets	24,641,000	70,624,189	30,038,963	28,566,334	153,870,486
Total assets	\$619,442,000	\$492,156,445	\$268,310,154	\$291,049,607	\$1,670,958,206
LIABILITIES					
Current liabilities					
Accounts payable & accrued expenses	\$3,475,000	\$3,773,687	\$1,208,870	\$5,530,311	\$13,987,868
Long-term debt, current				2,883,360	2,883,360
Unearned revenues	2,995,000	1,735,900		7,103,780	11,834,680
Total current liabilities	6,470,000	5,509,587	1,208,870	15,517,451	28,705,908
Noncurrent liabilities					
Other payables	53,108,113	15,710,276	1,532,251	2,237,380	72,588,020
Due to primary government	244,654,887				244,654,887
Long-term debt, noncurrent				12,704,746	12,704,746
Total noncurrent liabilities	297,763,000	15,710,276	1,532,251	14,942,126	329,947,653
Total liabilities	304,233,000	21,219,863	2,741,121	30,459,577	358,653,561
NET ASSETS					
Unrestricted	60,765,000	9,358,898	31,158,426	37,965,689	139,248,013
Temporarily restricted:					
Scholarships & fellowships	17,327,000	37,273,000	10,705,993	25,732,946	91,038,939
Research	16,917,000	14,185,000	8,031,342	690,370	39,823,712
Other	39,889,000	153,835,635	52,090,142	55,857,561	301,672,338
Permanently restricted:					
Scholarships & fellowships	103,113,000	96,417,000	35,606,131	74,132,241	309,268,372
Research	2,282,000	1,637,000	3,377,419	460,176	7,756,595
Other	74,916,000	158,230,049	124,599,580	65,751,047	423,496,676
Total net assets	315,209,000	470,936,582	265,569,033	260,590,030	1,312,304,645
Total liabilities and net assets	\$619,442,000	\$492,156,445	\$268,310,154	\$291,049,607	\$1,670,958,206

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEETS, 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	
ASSETS					
Current assets					
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
Total current assets	6,677,000	57,451,867	21,649,269	31,246,572	117,024,708
Investments					
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
Total investments	611,362,000	338,561,526	217,977,067	232,610,510	1,400,511,103
Noncurrent assets					
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
Total noncurrent assets	25,276,000	69,591,126	33,905,901	30,979,627	159,752,654
Total assets	\$643,315,000	\$465,604,519	\$273,532,237	\$294,836,709	\$1,677,288,465
LIABILITIES					
Current liabilities					
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 revenues	3,320,000	2,097,677		6,845,445	12,263,122
Total current liabilities	6,375,000	5,652,420	1,826,831	12,407,176	26,261,427
Noncurrent liabilities					
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
Total noncurrent liabilities	312,524,000	2,953,628	1,165,223	15,842,377	332,485,228
Total liabilities	318,899,000	8,606,048	2,992,054	28,249,553	358,746,655
NET ASSETS					
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
Total net assets	324,416,000	456,998,471	270,540,183	266,587,156	1,318,541,810
Total liabilities and net assets	\$643,315,000	\$465,604,519	\$273,532,237	\$294,836,709	\$1,677,288,465

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	Year ended June 30, 2016		Year ended June 30, 2015
OPERATING REVENUES:			
Tuition and fees	\$1,570,420,925		\$1,501,372,760
Less: scholarship allowances	<u>(283,964,138)</u>	\$1,286,456,787	<u>(280,247,390)</u> \$1,221,125,370
Federal grants and contracts		648,929,406	632,967,441
State and local grants and contracts		211,097,694	211,070,386
Nongovernmental grants and contracts		215,495,189	201,844,204
Sales and services of educational departments		342,146,755	331,889,848
Auxiliary enterprises	641,513,844		629,132,172
Less: scholarship allowances	<u>(24,077,769)</u>	617,436,075	<u>(25,574,228)</u> 603,557,944
Other operating revenues		<u>65,145,520</u>	<u>66,190,600</u>
Total operating revenues		<u>3,386,707,426</u>	<u>3,268,645,793</u>
OPERATING EXPENSES:			
Instruction		1,247,404,365	1,224,231,147
Research		964,465,402	936,234,104
Public service		164,703,932	152,294,821
Academic support		418,943,312	412,231,388
Student services		225,731,947	218,553,357
Institutional support		481,794,470	445,527,993
Operation and maintenance of plant		328,367,297	336,605,301
Scholarships and fellowships		110,541,568	104,239,654
Auxiliary enterprises		563,765,711	546,264,612
Hospital		<u>201,931,095</u>	<u>193,069,257</u>
Total operating expenses		<u>4,707,649,099</u>	<u>4,569,251,634</u>
Operating loss		<u>(1,320,941,673)</u>	<u>(1,300,605,841)</u>
NONOPERATING REVENUES (EXPENSES):			
State appropriations		1,257,323,499	1,203,572,985
Pell grants		146,285,279	146,299,427
Gifts		51,213,357	49,174,792
Investment income	21,283,109		33,575,694
Less: Investment expense	<u>(738,044)</u>	20,545,065	<u>(732,089)</u> 32,843,605
Interest on indebtedness		(44,791,417)	(46,131,763)
Other revenues, (expenses), gains and (losses)		<u>13,288,283</u>	<u>19,005,767</u>
Total nonoperating revenues		<u>1,443,864,066</u>	<u>1,404,764,813</u>
Income before other revenues		<u>122,922,393</u>	<u>104,158,972</u>
OTHER REVENUES:			
Capital appropriations		358,198,458	234,361,573
Capital gifts and grants		35,520,935	22,109,432
Additions to permanent endowments		<u>76,658</u>	<u>414,067</u>
Total other revenues		<u>393,796,051</u>	<u>256,885,072</u>
Increase in net position		516,718,444	361,044,044
Net position - beginning of year		5,258,179,934	5,594,953,744
Restatement for pension liability due to GASB Statement No. 68			<u>(697,817,854)</u>
Net position - end of year		<u>\$5,774,898,378</u>	<u>\$5,258,179,934</u>

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENTS OF NET ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2016

	Major Component Units			Nonmajor Component Units	Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.		
CHANGES IN UNRESTRICTED NET ASSETS					
Revenues					
Contributions & grants	\$2,227,000		\$4,674,274	\$12,405,433	\$19,306,707
Investment income	(812,000)	\$5,378,559	(175,750)	715,178	5,105,987
Other income	6,734,000	3,940,913	545,867	8,250,645	19,471,425
Assets released from restrictions	19,346,000	53,578,628	17,929,816	21,426,540	112,280,984
Total revenues	27,495,000	62,898,100	22,974,207	42,797,796	156,165,103
Expenses					
Program	23,245,000	61,771,701	22,535,664	35,028,954	142,581,319
General & administrative	5,794,000	2,471,512	2,150,872	4,567,998	14,984,382
Fundraising	2,528,000	219,323	47,838	2,920,988	5,716,149
Other expense				1,585,931	1,585,931
Total expenses	31,567,000	64,462,536	24,734,374	44,103,871	164,867,781
Change in unrestricted net assets	(4,072,000)	(1,564,436)	(1,760,167)	(1,306,075)	(8,702,678)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Contributions & grants	14,726,000	59,888,568	6,841,480	10,870,578	92,326,626
Investment income	6,559,000	(9,125,910)	(3,100,459)	(1,570,511)	(7,237,880)
Other income (loss)		(333,302)	79,550	2,155,115	1,901,363
Assets released from restrictions	(19,346,000)	(53,578,628)	(20,032,920)	(20,413,355)	(113,370,903)
Change in temporarily restricted net assets	1,939,000	(3,149,272)	(16,212,349)	(8,958,173)	(26,380,794)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS					
Contributions & grants	3,487,000	18,655,249	11,678,262	5,290,478	39,110,989
Investment income	(10,562,000)		(780,000)	(30,166)	(11,372,166)
Other income	1,000	(3,430)		19,995	17,565
Assets released from restrictions			2,103,104	(1,013,185)	1,089,919
Change in permanently restricted net assets	(7,074,000)	18,651,819	13,001,366	4,267,122	28,846,307
Total change in net assets	(9,207,000)	13,938,111	(4,971,150)	(5,997,126)	(6,237,165)
Net assets - beginning of year	324,416,000	456,998,471	270,540,183	266,587,156	1,318,541,810
Net assets - end of year	\$315,209,000	\$470,936,582	\$265,569,033	\$260,590,030	\$1,312,304,645

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENTS OF NET 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	
CHANGES IN UNRESTRICTED NET ASSETS					
Revenues					
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
Total revenues	32,445,059	50,602,989	28,792,530	37,756,178	149,596,756
Expenses					
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 expenses				1,239,122	1,239,122
Total expenses	35,327,059	52,868,001	25,658,813	35,040,077	148,893,950
Change in unrestricted net assets	(2,882,000)	(2,265,012)	3,133,717	2,716,101	702,806
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
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)
Change in temporarily restricted net assets	26,000	52,066,043	7,130,704	(8,862,451)	50,360,296
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS					
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)
Change in permanently restricted net assets	15,292,000	13,792,624	18,113,493	2,627,301	49,825,418
Total change in net assets	12,436,000	63,593,655	28,377,914	(3,519,049)	100,888,520
Net assets - beginning of year	311,980,000	393,404,816	242,162,269	270,106,205	1,217,653,290
Net assets - end of year	\$324,416,000	\$456,998,471	\$270,540,183	\$266,587,156	\$1,318,541,810

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	Years ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$1,283,496,518	\$1,224,664,410
Research contracts and grants	1,096,457,894	1,056,087,988
Payments to employees	(3,164,969,396)	(3,073,196,920)
Payments to suppliers and contractors	(1,225,882,879)	(1,205,011,656)
Loans issued to students	(7,502,966)	(11,638,463)
Collections of loans to students	13,395,701	10,100,333
Auxiliary enterprises	611,315,730	606,339,362
Other receipts	477,468,152	452,840,568
	(916,221,246)	(939,814,378)
Net cash used by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	1,257,323,499	1,203,572,985
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	76,658	414,067
Pell grants	146,285,279	146,299,427
	1,403,685,436	1,350,286,479
Net cash provided by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	230,377,536	101,941,368
Capital appropriations	358,198,458	234,361,573
Capital grants and gifts received	21,370,972	5,217,433
Proceeds from sales of capital assets	1,802,721	6,896,914
Purchases of capital assets	(678,724,455)	(460,484,411)
Principal paid on debt and capital leases	(155,529,006)	(186,944,515)
Interest paid on debt and capital leases	(53,566,788)	(52,827,602)
	(276,070,562)	(351,839,240)
Net cash used by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	10,578,494	10,665,585
Interest on investments	24,806,642	23,008,132
Investment expense	(738,044)	(732,089)
Purchases of investments	(191,867)	(708,175)
	34,455,225	32,233,453
Net cash provided by investing activities		
Net increase in cash and cash equivalents	245,848,853	90,866,314
Cash and cash equivalents - beginning of the year	1,984,671,167	1,893,804,853
Cash and cash equivalents - end of the year	\$2,230,520,020	\$1,984,671,167
<hr/>		
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Gifts and contributions of capital assets	\$1,197,194	\$9,811,553
Changes in unrealized appreciation on investments	(9,544,204)	1,816,342
<hr/>		
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	(\$1,320,941,673)	(\$1,300,605,841)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	297,232,491	298,913,029
Amortization of deferred service concession arrangement receipts	(18,356,041)	(18,356,041)
Gifts and other revenues, (expenses), gains, and (losses)	64,501,640	68,180,559
Changes in assets and liabilities:		
Accounts receivables, net	(389,769)	29,030,581
Inventories	29,222	831,970
Prepaid expenses and deferred charges	(1,106,167)	711,831
Notes receivable	6,580,376	60,067
Accounts payable and accrued liabilities	36,538,303	(33,705,441)
Unearned revenues	24,538,965	24,879,623
Accrued vacation	3,497,732	9,611,263
Accrued workers' compensation	(83,000)	(607,000)
Net pension liability and related deferred outflows and inflows of resources	(8,263,325)	(18,758,978)
	(\$916,221,246)	(\$939,814,378)
Net cash used by operating activities		

See accompanying notes.

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

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 entity conducts basic and applied research, and transfers 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 YEARS ENDED JUNE 30, 2016 AND 2015

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 years ended June 30, 2016 and 2015, affiliated foundations distributed approximately \$106,546,000 and \$95,628,000, respectively, to the System and its institutions for both restricted and unrestricted purposes.

Each 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 revenue derived from these activities were reported primarily as contract and grant revenue.

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

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.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

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. Accounting principles generally accepted in the United State of America 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.

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 resources, 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.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

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.

Reclassifications

Certain amounts for the year ended June 30, 2015, have been reclassified to conform with the presentation for the year ended June 30, 2016.

Pensions

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. 72, entitled *Fair Value Measurement and Application*; GASB Statement No. 76, entitled *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 79, entitled *Certain External Investment Pools and Pool Participants*.

The Governmental Accounting Standards Board has issued 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*; GASB Statement No. 80 entitled, *Blending Requirements for Certain Component Units*; and GASB Statement No. 81 entitled, *Irrevocable Split-Interest Agreements*. Some of 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 the effective date for each new accounting pronouncement.

3. CASH AND INVESTMENTS

Cash and cash equivalents

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

	<u>2016</u>	<u>2015</u>
Cash and short-term investments on deposit with the State Treasurer	\$2,121,230,643	\$1,893,409,566
Demand and time deposits	37,288,164	37,626,240
Total	<u>\$2,158,518,807</u>	<u>\$1,931,035,806</u>

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

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

As of June 30, 2016 and 2015, the carrying amount of the System's demand and time deposits was \$37,288,164 and \$37,626,240, respectively, as compared to bank balances of \$33,310,863 and \$34,395,886, respectively. The difference is primarily due to items in-transit. Of the bank balances, \$24,689,027 and \$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 \$8,621,836 and \$6,815,765 was uninsured and uncollateralized as of June 30, 2016 and 2015, respectively.

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.
- 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:

	<u>2016</u>	<u>2015</u>
Money market accounts – endowment fund uninvested cash	\$47,280	\$47,280
Money market accounts – unspent proceeds of debt	71,953,933	53,588,081
Total	<u>\$72,001,213</u>	<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.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

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 USMF. 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.

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 USMF 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 USMF.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

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:

	<u>2016</u>	<u>2015</u>
Corporate debt	\$7,200	\$7,200
Corporate equities	82,235	189,884
Assets invested with USMF	244,647,125	258,983,712
Total	<u>\$244,736,560</u>	<u>\$259,180,796</u>

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

	<u>2016</u>	<u>2015</u>
Pure endowments	\$121,750,314	\$136,719,910
Funds functioning as endowments	119,368,488	118,563,286
Term endowments	3,617,758	3,897,600
Total	<u>\$244,736,560</u>	<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.

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 4.45% 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 \$84,519,645 and \$95,668,300 as of June 30, 2016 and 2015, respectively. 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.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

Other investments

Other investments include 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 and a for-profit entity created and owned by the University of Maryland University College, which provides data analytics services to colleges and universities. The carrying value of other investments is assessed on an annual basis by reference to the reported value of the University's 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. As of June 30, investment income attributed to unrestricted funds and restricted funds was:

	<u>2016</u>	<u>2015</u>
Unrestricted funds	\$21,385,240	\$27,150,953
Restricted funds	(102,131)	6,424,741
Total investment income	<u>\$21,283,109</u>	<u>\$33,575,694</u>

4. FAIR VALUE MEASUREMENTS

GASB No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement also establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. The following three-level hierarchy classifies the inputs used to determine fair value:

Level 1: Pricing inputs are quoted prices (unadjusted) available in active markets for identical investments as of the reporting date. Investments generally included in this category are listed equities and listed mutual funds.

Level 2: Pricing inputs are quoted prices for similar investments in active markets, quoted prices for identical or similar assets in markets that are not active, observable inputs other than quoted prices, and market corroborated data. Investments that are generally included in this category are fixed income securities.

Level 3: Pricing inputs are unobservable for the investment and must be developed using the best information available under the circumstances, which might include the System's own data. Investments that are generally included in this category are investments in private equity and investment funds as well as off-shore hedge funds.

The USMF 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 invested by the USMF.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

The following table shows the USMF's investments using the fair value hierarchy at June 30, 2016 and 2015:

Investments by fair value level	2016	Fair Value Measurements		
		Level 1	Level 2	Level 3
Money market funds and short-term investments	\$37,702,000	\$ 37,702,000		
Corporate and municipal bonds	11,376,000		\$11,376,000	
Equities and mutual funds	199,599,000	199,599,000		
U.S. treasury notes and bonds	5,851,000		5,851,000	
U.S. agencies	474,000		474,000	
Absolute return	115,462,000			\$115,462,000
Long and short equity hedge funds	126,864,000			126,864,000
Private capital	278,480,000			278,480,000
Collateralized mortgage obligations/asset backed securities	8,000			8,000
Total investments by fair value level	775,816,000	\$237,301,000	\$17,701,000	\$520,814,000

Investments measured at net asset value (NAV)

Absolute return	173,404,000
Long and short equity hedge funds	152,540,000
Private capital	55,244,000
Total investments measured at the NAV	381,188,000
Total investments	1,157,004,000
Due to other foundations	(568,329,000)
Total USMF Investments	\$588,675,000

Investments by fair value level	2015	Fair Value Measurements		
		Level 1	Level 2	Level 3
Money market funds and short-term investments	\$42,650,000	\$42,650,000		
Corporate and municipal bonds	13,023,000		\$13,023,000	
Equities and mutual funds	219,553,000	219,553,000		
U.S. treasury notes and bonds	5,320,000		5,320,000	
U.S. agencies	867,000		867,000	
Absolute return	109,530,000			\$109,530,000
Long and short equity hedge funds	151,380,000			151,380,000
Private capital	251,398,000			251,398,000
Total investments by fair value level	793,721,000	\$262,203,000	\$19,210,000	\$512,308,000

Investments measured at net asset value (NAV)

Absolute return	178,819,000
Long and short equity hedge funds	168,563,000
Private capital	34,688,000
Total investments measured at the NAV	382,070,000
Total investments	1,175,791,000
Due to other foundations	(564,429,000)
Total USMF Investments	\$611,362,000

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

Investments measured at net asset value

Absolute return investments track the purchase and sale of shares in companies that are the subject of publicly announced transactions, including corporate combinations (for cash or exchange of shares), tender offers, restructurings, liquidations, bankruptcies, capitalizations and deals in distressed securities, which are discounted securities of a company in financial distress or bankruptcy. The fair value of these investments has been estimated either by using the net asset value (NAV) per share of the investments or the ownership percentage of the fund's net assets. Investments valued using the the ownership percentage of the fund's net assets are subject to reporting within the fair value hierarchy and are classified as Level 3. The majority of these investments can be redeemed within one year. The remainder of these investments have liquidity provisions that extend past one year. The notice period for redemption of these investments ranges from one month to six months. There are no outstanding unfunded commitments to this asset category.

Long and short equity hedge funds take long and short positions in publicly traded equity securities in an effort to achieve attractive returns with moderate risk. Off-shore investment vehicles are included within this category. Early withdrawal carries a penalty. Therefore, even though some of the investments are readily saleable in the open market, a portion are classified as Level 3 since the USMF does not have the ability to liquidate the investments. The fair value of these investments has been estimated either by using the net asset value (NAV) per share of the investments or the ownership percentage of the fund's net assets. The majority of these investments can be redeemed within one year. The remainder of these investments have liquidity provisions that extend past one year. The notice period for redemption of these investments ranges from one month to six months. There are no outstanding unfunded commitments to this asset category.

Private capital consists of private equity and venture capital investments. Private equity investments represent purchases of all or a portion of the equity interest in a company and the arrangement allows the purchasing group to take control. Venture capital investments are made in non-marketable securities of new companies or companies considered to be in the early stages of growth. Investments in private capital are presented at fair value as approved by the USMF's management based, in part, on information and valuations provided by the general partner of the partnerships or investment manager. The general partner or investment manager generally values their investments at fair value. Securities with no readily available market are initially valued at cost, with subsequent adjustment to values which reflect either the basis of meaningful third party transactions in the private market or the fair value deemed appropriate by the USMF's management. In such instances, consideration is also given to the financial condition and operating results of the issuer, the amount that the investment company/fund can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. Such value represents the USMF's proportionate share of the capital in the investment company/fund. Accordingly, the value of the investment is generally increased by additional contributions and the share of net earnings from the investments and decreased by distributions from the partnerships and the partner's share of net losses. A portion of these assets are classified as Level 3 based upon their lock up periods and the transparency of their assets. Redemption of these investments is left to the discretion of the general partner/manager of the funds. Distributions from each fund will be received as the underlying investments are liquidated. As of June 30, 2016 and 2015 unfunded commitments within the private capital category equaled approximately \$304 million and \$297 million, respectively.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

5. ACCOUNTS RECEIVABLE, NOTES RECEIVABLE, AND ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts receivable as of June 30, 2016 and 2015, were comprised of:

	<u>2016</u>	<u>2015</u>
Tuition and fees	\$63,211,455	\$56,430,909
Contracts and grants	170,336,297	176,722,417
Other	19,321,631	18,990,856
Subtotal	252,869,383	252,144,182
Allowance for doubtful accounts receivable	<u>(13,705,633)</u>	<u>(13,370,201)</u>
Accounts receivable, net	<u>\$239,163,750</u>	<u>\$238,773,981</u>

Notes receivable as of June 30, 2016 and 2015, were comprised of:

	<u>2016</u>	<u>2015</u>
Student loans	\$70,018,507	\$72,635,609
Business development loans	6,972,970	6,599,498
Subtotal	76,991,477	79,235,107
Allowance for doubtful notes receivable	<u>(17,942,564)</u>	<u>(13,605,818)</u>
Notes receivable, net	<u>\$59,048,913</u>	<u>\$65,629,289</u>

Accounts payable and accrued liabilities as of June 30, 2016 and 2015, were comprised of:

	<u>2016</u>	<u>2015</u>
Payroll and benefits	\$171,576,104	\$175,284,774
Suppliers and contractors	117,011,309	95,138,834
Accrued interest payable	11,580,818	10,782,275
Other	36,652,677	24,557,140
Accounts payable and accrued liabilities	<u>\$336,820,908</u>	<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
YEARS ENDED JUNE 30, 2016 AND 2015**

As of June 30, 2016 and 2015, contributions receivable were due as follows:

University System of Maryland Foundation, Inc.

Due	Discount rates	2016	2015
Within one year	Not applicable	\$5,727,000	\$4,696,000
One to five years	3.25%	10,866,000	10,080,000
More than five years	3.25%		1,618,000
Subtotal		16,593,000	16,394,000
Pledge discount		(1,099,000)	(1,165,000)
Net contributions receivable		<u>\$15,494,000</u>	<u>\$15,229,000</u>

University of Maryland, College Park Foundation, Inc.

Due	Discount rates	2016	2015
Within one year	2.45%	\$47,993,697	\$43,103,149
Two to five years	2.45%	53,074,027	59,757,598
More than five years	3.50%	7,513,563	3,379,279
Subtotal		108,581,287	106,240,026
Allowance for doubtful accounts		(13,491,226)	(13,115,537)
Pledge discount		(3,647,770)	(3,179,589)
Net contributions receivable		<u>\$91,442,291</u>	<u>\$89,944,900</u>

University of Maryland, Baltimore Foundation, Inc.

Due	Discount rates	2016	2015
Within one year	2.45%	\$15,896,394	\$18,681,214
Two to five years	2.45%	28,332,525	28,425,397
More than five years	3.50%	52,200	4,041,600
Subtotal		44,281,119	51,148,211
Allowance for doubtful accounts		(311,798)	(689,946)
Pledge discount		(3,110,420)	(3,744,100)
Net contributions receivable		<u>\$40,858,901</u>	<u>\$46,714,165</u>

6. CHANGES IN NET CAPITAL ASSETS

Changes in net capital assets for the years ended June 30, 2016 and 2015:

	June 30, 2014	Additions	Decreases	June 30, 2015	Additions	Decreases	June 30, 2016
Capital assets being depreciated:							
Infrastructure & land improvements	\$380,219,079	\$12,231,957	\$262,702	\$392,188,334	\$15,791,648		\$407,979,982
Buildings & improvements	6,503,991,218	336,448,320	12,023,371	6,828,416,167	310,457,116	\$287,940	7,138,585,343
Contents	1,300,894,255	118,248,849	46,289,220	1,372,853,884	78,806,186	31,772,202	1,419,887,868
Buildings recorded under capital lease agreements	14,629,140			14,629,140			14,629,140
Total capital assets being depreciated	8,199,733,692	466,929,126	58,575,293	8,608,087,525	405,054,950	32,060,142	8,981,082,333
Less accumulated depreciation for:							
Infrastructure & land improvements	193,974,922	15,794,101	170,756	209,598,267	14,494,574		224,092,841
Buildings & improvements	2,316,559,509	189,929,074	10,301,450	2,496,187,133	194,385,091	1,236,316	2,689,335,908
Contents	939,285,579	92,002,675	42,558,714	988,729,540	87,165,647	26,169,554	1,049,725,633
Buildings recorded under capital lease agreements	5,407,608	1,187,179		6,594,787	1,187,179		7,781,966
Total accumulated depreciation	3,455,227,618	298,913,029	53,030,920	3,701,109,727	297,232,491	27,405,870	3,970,936,348
Total capital assets being depreciated, net	4,744,506,074	168,016,097	5,544,373	4,906,977,798	107,822,459	4,654,272	5,010,145,985
Capital assets not being depreciated:							
Land	154,956,746	2,332,208		157,288,954	401,000		157,689,954
Contents	25,620,365	3,970,668		29,591,033	499,669	4,800	30,085,902
Construction in progress	531,032,290	368,090,775	374,589,079	524,533,986	589,075,805	296,941,573	816,668,218
Total capital assets not being depreciated	711,609,401	374,393,651	374,589,079	711,413,973	589,976,474	296,946,373	1,004,444,074
Capital assets, net	\$5,456,115,475	\$542,409,748	\$380,133,452	\$5,618,391,771	\$697,798,933	\$301,600,645	\$6,014,590,059

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
YEARS ENDED JUNE 30, 2016 AND 2015**

7. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The composition of deferred outflows of resources as of June 30, 2016 and 2015, is summarized as follows:

	2016	2015
Unamortized loss on refundings of debt	\$23,058,298	\$19,366,028
Deferred outflows related to the pension liability	357,853,747	118,103,827
Total deferred outflows of resources	<u>\$380,912,045</u>	<u>\$137,469,855</u>

The composition of deferred inflows of resources as of June 30, 2016 and 2015, is summarized as follows:

	2016	2015
Deferred service concession arrangement receipts	\$325,643,555	\$343,999,596
Deferred inflows related to the pension liability	78,775,776	78,646,309
Total deferred inflows of resources	<u>\$404,419,331</u>	<u>\$422,645,905</u>

8. 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 project owner's rights to use the land and ownership of the project transfers to the university.

As of June 30, 2016 and 2015, the following amounts associated with service concession arrangements are reflected on the Balance Sheet:

	2016	2015
Capital assets, net – Buildings & improvements	\$347,968,950	\$361,859,913
Deferred service concession arrangement receipts	325,643,555	343,999,596

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

9. 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.

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

	<u>2016</u>	<u>2015</u>
Revenue Bonds, net	\$1,197,967,084	\$1,120,815,105
Revolving Loan Program Bonds	35,000,000	35,000,000
Other	28,561,838	33,596,958
	<u>\$1,261,528,922</u>	<u>\$1,189,412,063</u>

Auxiliary Facility and Tuition Revenue Bonds

As of June 30, 2016, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Principal Outstanding</u>
2006 Series A	5.0%	2016-2017	\$7,650,000
2007 Refunding Series A	4.0% - 5.0%	2017-2023	64,710,000
2008 Series A	4.0% - 5.0%	2017-2019	12,860,000
2008 Refunding Series B	4.0%	2016	5,695,000
2009 Series A & B	4.0% - 6.0%	2017-2029	63,000,000
2009 Refunding Series C	2.75% - 4.0%	2016-2019	18,350,000
2009 Refunding Series D	3.0% - 4.0%	2017-2022	28,855,000
2010 Series A & B	4.0% - 5.4%	2017-2030	92,105,000
2010 Series C	2.5% - 4.0%	2017-2023	39,640,000
2010 Series D & E	3.75% - 5.85%	2017-2030	91,600,000
2011 Series A	3.0% - 5.0%	2017-2031	47,280,000
2011 Refunding Series B	3.0% - 5.0%	2017-2024	25,145,000
2012 Refunding Series A & B	2.0% - 4.0%	2017-2024	42,610,000
2012 Series C & D	2.0% - 5.0%	2016-2032	154,335,000
2014 Series A & B	3.0% - 5.0%	2017-2034	130,980,000
2015 Series A	3.0% - 5.0%	2017-2028	79,770,000
2016 Series A	3.0% - 5.0%	2017-2036	140,000,000
2016 Series B	2.0% - 5.0%	2017-2030	61,735,000
			<u>1,106,320,000</u>
Unamortized discounts and premiums			<u>91,647,084</u>
Revenue Bonds, net			<u>\$1,197,967,084</u>

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

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 years ended June 30, 2016 and 2015, including the results of any advance refunding of previously-issued debt, were as follows:

Debt issuance	Date of issue	Par value of debt issued	Premium on issuance	Par value of debt refunded	Reduction in future debt service	Deferred amount on refunding	Economic gain
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
2016 Series A	2/18/2016	140,000,000	21,401,958				
2016 Refunding Series B	2/18/2016	61,735,000	12,299,390	62,890,000	5,624,308	6,520,386	5,010,945

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 6.8% and 7.3% in Federal fiscal year 2016 and 2015, respectively. 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, 2016, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$154,700,000.

As of June 30, 2016 and 2015, cash and cash equivalents and investments restricted by the terms of the Indenture of Trust totaled \$49,471,923 and \$28,836,450, respectively.

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

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

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, 2016 and 2015, cash and cash equivalents in the amount of \$22,314,360 and \$24,751,631, respectively, 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.

Future principal and interest payments as of June 30, 2016, 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	
2017	\$86,425,000	\$47,976,628	\$5,572,237	\$896,015	\$140,869,880
2018	86,440,000	43,129,028	4,535,469	1,211,253	135,315,750
2019	86,655,000	39,203,503	3,551,681	1,546,174	130,956,358
2020	85,445,000	35,357,010	3,029,763	1,493,288	125,325,061
2021	82,770,000	31,767,905	2,937,707	1,439,186	118,914,798
2022-2026	339,540,000	108,771,082	43,827,837	1,544,907	493,683,826
2027-2031	255,025,000	43,727,119	107,144		298,859,263
2032-2036	84,020,000	7,488,700			91,508,700
Total	\$1,106,320,000	\$357,420,975	\$63,561,838	\$8,130,823	\$1,535,433,636

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

10. 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 a discount rate 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, 2016, were as follows:

<u>Years ending June 30,</u>	<u>Total</u>
2017	\$1,704,099
2018	1,739,862
2019	1,776,699
2020	1,814,640
2021	1,597,726
2022-2026	<u>1,381,986</u>
Total future lease payments	10,015,012
Less: Interest component	<u>(1,161,726)</u>
Obligations under capital lease agreements	<u><u>\$8,853,286</u></u>

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, 2016, were as follows:

<u>Years ending June 30,</u>	<u>Minimum Annual Lease Payments</u>
2017	\$15,487,522
2018	13,222,993
2019	10,616,836
2020	9,602,810
2021	5,805,796
2022 – 2026	14,462,476
2027 – 2031	<u>785,917</u>
Total	<u><u>\$ 69,984,350</u></u>

Operating lease expenditures for the years ended June 30, 2016 and 2015 were \$18,379,508 and \$16,232,570, respectively.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

11. RESTRICTED NET POSITION

Restricted net position as of June 30, 2016 and 2015 were as follows:

	2016	2015
Nonexpendable		
Scholarships and fellowships	\$16,294,246	\$16,134,303
Research	4,071,544	4,165,414
Other	16,864,880	16,854,294
Total restricted nonexpendable net position	<u>\$37,230,670</u>	<u>\$37,154,011</u>
Expendable		
Scholarships and fellowships	\$33,122,293	\$37,537,195
Research	69,268,236	73,431,641
Loans	67,723,793	67,240,220
Capital projects	7,146,977	4,949,886
Other	24,079,044	27,759,701
Total restricted expendable net position	<u>\$201,340,343</u>	<u>\$210,918,643</u>

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

12. AUXILIARY ENTERPRISES

Auxiliary enterprises revenues for the years ended June 30, 2016 and 2015 are as follows:

	2016		2015	
Residential facilities	\$185,658,461		\$180,711,829	
Less scholarship allowance	<u>(10,566,689)</u>	\$175,091,772	<u>(11,563,631)</u>	\$169,148,198
Dining facilities	125,508,850		124,545,823	
Less scholarship allowance	<u>(6,855,337)</u>	118,653,513	<u>(7,126,982)</u>	117,418,841
Intercollegiate athletics	117,349,742		118,662,370	
Less scholarship allowance	<u>(5,024,672)</u>	112,325,070	<u>(4,962,206)</u>	113,700,164
Bookstore	19,470,103		22,723,610	
Less scholarship allowance	<u>(1,352,834)</u>	18,117,269	<u>(1,634,569)</u>	21,089,041
Parking facilities	42,620,914		40,493,420	
Less scholarship allowance	<u>(251,798)</u>	42,369,116	<u>(253,786)</u>	40,239,634
Other	150,905,774		141,995,120	
Less scholarship allowance	<u>(26,439)</u>	150,879,335	<u>(33,054)</u>	141,962,066
Total auxiliary enterprises revenues		<u>\$617,436,075</u>		<u>\$603,557,944</u>

Auxiliary enterprises expenses for the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Residential facilities	\$164,975,772	\$153,091,117
Dining facilities	113,635,915	113,018,447
Intercollegiate athletics	117,138,225	113,646,623
Bookstore	19,555,868	21,835,280
Parking facilities	28,965,954	26,198,642
Other	119,493,977	118,474,503
Total auxiliary enterprises expenses	<u>\$563,765,711</u>	<u>\$546,264,612</u>

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

13. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the years ended June 30, 2016 and 2015.

	June 30, 2014	Additions	Reductions	June 30, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
Accrued vacation costs	\$195,557,656	\$107,863,353	\$98,252,090	\$205,168,919	\$105,547,380	\$102,049,648	\$208,666,651	\$104,082,163
Accrued workers' compensation	30,607,000	4,816,713	5,423,713	30,000,000	6,665,634	6,748,634	29,917,000	4,487,550
Revenue bonds and notes payable, net	1,278,293,894	101,011,368	189,893,199	1,189,412,063	236,796,961	164,680,102	1,261,528,922	91,997,237
Obligations under capital lease agreements	11,305,653		1,184,142	10,121,511		1,268,225	8,853,286	1,356,864
Net pension liability	792,167,766		73,651,372	718,516,394	247,883,779		966,400,173	
Total Long-term liabilities	\$2,307,931,969	\$213,691,434	\$368,404,516	\$2,153,218,887	\$596,893,754	\$274,746,609	\$2,475,366,032	\$201,923,814

14. 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 years ended June 30, 2016 and 2015, were as follows:

	2016				2015			
	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total
Instruction	\$1,079,467,554	\$116,320,005	\$51,616,806	\$1,247,404,365	\$1,058,698,716	\$115,720,040	\$49,812,391	\$1,224,231,147
Research	607,678,368	328,391,716	28,395,318	964,465,402	595,640,001	313,073,818	27,520,285	936,234,104
Public service	99,568,920	61,285,203	3,849,809	164,703,932	95,089,447	53,496,674	3,708,700	152,294,821
Academic support	299,972,559	83,461,918	35,508,835	418,943,312	293,074,754	80,290,283	38,866,351	412,231,388
Student services	141,780,961	76,512,734	7,438,252	225,731,947	135,835,847	75,266,423	7,451,087	218,553,357
Institutional support	371,965,039	94,796,187	15,033,244	481,794,470	347,740,724	83,519,620	14,267,649	445,527,993
Operation and maintenance of plant	137,828,100	136,130,280	54,408,917	328,367,297	135,620,451	143,570,672	57,414,178	336,605,301
Scholarships and fellowships	7,039,223	103,502,345		110,541,568	7,152,677	97,086,977		104,239,654
Auxiliary enterprises:								
Residential facilities	49,253,549	65,367,033	50,355,190	164,975,772	47,120,686	55,813,754	50,156,677	153,091,117
Dining facilities	35,417,882	72,105,837	6,112,196	113,635,915	34,030,326	72,933,342	6,054,779	113,018,447
Intercollegiate athletics	62,313,704	45,619,316	9,205,205	117,138,225	55,904,242	49,078,392	8,663,989	113,646,623
Bookstore	4,199,726	15,269,712	86,430	19,555,868	4,683,079	17,062,842	89,359	21,835,280
Parking facilities	14,503,063	8,755,021	5,707,870	28,965,954	12,515,155	8,549,480	5,134,007	26,198,642
Other auxiliary enterprises	52,031,295	37,953,916	29,508,766	119,493,977	49,895,795	38,819,019	29,759,689	118,474,503
Hospital	200,865,159	1,060,283	5,653	201,931,095	192,033,581	1,021,788	13,888	193,069,257
Total	\$3,163,885,102	\$1,246,531,506	\$ 297,232,491	\$4,707,649,099	\$3,065,035,481	\$1,205,303,124	\$298,913,029	\$4,569,251,634

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

15. RETIREMENT AND PENSION PLANS

General Information about the Pension Plan

Plan description

Some employees of the System are members of the Maryland State Retirement and Pension System (MSRPS). These 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 MSRPS which is considered a multiple employer cost-sharing plan. Some employees of the System may choose as an alternative to participate in the Optional Retirement Program (ORP), which is a defined contribution plan. 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/.

Benefits provided

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.

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%.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

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

The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Members of the ERS are required to contribute 6% of their annual pay. Members of the TPS 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 System's contractually required contribution for the years ended June 30, 2016 and 2015, was \$108,699,493 and \$107,709,937, respectively, 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).

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

As of June 30, 2016 and 2015, the System reported a liability of \$966,400,173 and \$718,516,394, respectively, as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, 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 a ratio of the System's long-term share of contributions to the pension plan relative to the contributions of all participating government units, actuarially determined. As of June 30, 2016 and 2015, the System's proportion for the net pension liability was 5.120% and 4.049%, respectively.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

For the years ended June 30, 2016 and 2015, the System recognized pension expense of \$116,962,820 and \$88,950,962, respectively. As of June 30, 2016 and 2015, the System reported deferred outflows of resources and deferred inflows of resources related to the net pension liability of the following sources:

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$56,171,399		\$10,393,890	
Net difference between projected and actual earnings on pension plan investments	85,119,725	\$58,984,734		\$78,646,309
Contributions made subsequent to the measurement date	108,699,493		107,709,937	
Change in proportionate share	107,863,130			
Net difference between actual and expected experience		19,791,042		
Total	\$357,853,747	\$78,775,776	\$118,103,827	\$78,646,309

The System reported \$108,699,493 and \$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 years ended June 30, 2017 and 2016, respectively.

Amounts other than contributions made subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

Years ending June 30,	Deferred outflows	Deferred inflows
2017	\$55,960,356	\$23,725,446
2018	55,960,356	23,725,446
2019	55,960,536	23,725,446
2020	53,361,884	4,063,869
2021	27,911,302	3,535,569
Total	\$249,154,254	\$78,775,776

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/).

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

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 7.55 percent is \$966,400,173. The System's proportionate share of the net pension liability, if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) is \$1,365,786,980, or 1-percentage-point higher (8.55 percent) is \$635,136,432.

Optional Retirement Program

Another option for employees if they choose not to participate in the MSRPS is the optional retirement programs (ORP), which are defined contribution money purchase plans funded currently each year and invested in specific funds offered by one of 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 years ended June 30, 2016 and 2015, was \$1,049,271,000 and \$1,048,609,000, respectively.

The amount contributed by the System for employees participating in the ORP for the years ended June 30, 2016 and 2015 was \$76,072,159 and \$76,024,164, respectively.

Major Component Units

The USMF maintains a defined contribution plan for certain personnel provided by TIAA-CREF. The USMF 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, 2016 and 2015, was approximately \$151,000 and \$200,000, respectively.

16. 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.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016. The amount contributed for the years ended June 30, 2016 and 2015, was \$87,381,590 and \$66,676,601, respectively.

17. CONSTRUCTION COMMITMENTS

The estimated costs to complete construction in progress as of June 30, 2016 is \$503,157,000 of which \$122,053,000 is to be funded from Revenue Bond proceeds, \$267,867,000 is to be derived from State capital appropriations and grants, and \$113,237,000 to be provided from System funds.

18. 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, 2016, the System had entered into open contracts for the purchase of \$5,673,000 of natural gas to be delivered through June 2017. Future purchase commitments for electricity to be supplied through June 2017 totaled \$6,158,000 as of June 30, 2016. 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.

19. 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 years ended June 30, 2016 and 2015. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2016, 2015 and 2014. As of June 30, 2016 and 2015, the System has recorded \$29,917,000 and \$30,000,000 in liabilities associated with workers' compensation, respectively.

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REQUIRED SUPPLEMENTARY INFORMATION

UNIVERSITY SYSTEM OF MARYLAND

**REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2016 AND 2015**

SCHEDULE OF PROPORTIONATE SHARE OF PENSION LIABILITY

	2016	2015
The System's proportion of the net pension liability	5.120%	4.049%
The System's proportionate share of the net pension liability	\$966,400,173	\$718,516,394
The System's covered-employee payroll	\$602,991,802	\$625,011,000
The System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	160%	115%
Plan fiduciary net position as a percentage of the total pension liability	68.78%	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.

SCHEDULE OF CONTRIBUTIONS

	2016	2015
Contractually required contribution	\$108,699,493	\$107,709,937
Contributions in relation to the contractually required contribution	(\$108,699,493)	(\$107,709,937)
Contribution deficiency (excess)	None	None
System's covered-employee payroll	\$602,991,802	\$625,011,000
Contributions as a percentage of covered-employee payroll	18.04%	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.

SUPPLEMENTARY DATA

UNIVERSITY OF MARYLAND, BALTIMORE
BALANCE SHEETS
JUNE 30, 2016 AND 2015

	June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$351,686,001	\$4,948,538	\$303,861,639	\$4,613,307
Accounts receivable, net	69,310,003	15,517,248	69,065,883	18,115,621
Inventories	216,075		186,788	
Notes receivable, current portion	1,910,536		2,026,616	
Prepaid expenses and other assets	574,815	167,376	535,527	170,870
Inter-institutional balances	854,799		713,618	
Total current assets	424,552,229	20,633,162	376,390,071	22,899,798
Noncurrent assets:				
Restricted cash and cash equivalents	1,094,763		1,085,475	
Accounts receivable, net		25,637,004		28,904,295
Endowment investments	85,741,601	173,854,375	91,201,720	170,774,488
Other investments	250,000	148,894,164	200,000	157,394,406
Notes receivable, net	20,334,597		22,540,538	
Other assets		4,670,238		5,283,715
Capital assets, net	807,790,847		733,394,689	
Total noncurrent assets	915,211,808	353,055,781	848,422,422	362,356,904
Total assets	1,339,764,037	373,688,943	1,224,812,493	385,256,702
DEFERRED OUTFLOWS OF RESOURCES				
	79,559,154		29,577,822	
Total assets and deferred outflows of resources	\$1,419,323,191	\$373,688,943	\$1,254,390,315	\$385,256,702
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$82,363,579	\$1,241,568	\$59,574,188	\$1,858,635
Accrued workers' compensation, current portion	1,156,200		1,210,085	
Accrued vacation costs, current portion	40,993,383		40,498,019	
Revenue bonds and notes payable, current portion	11,438,032		10,137,647	
Unearned revenue	55,937,653	800	47,449,338	800
Total current liabilities	191,888,847	1,242,368	158,869,277	1,859,435
Noncurrent liabilities:				
Accrued workers' compensation	6,551,800		6,596,915	
Accrued vacation costs	37,665,895		37,123,273	
Endowments invested on behalf of primary government		85,741,601		91,201,720
Other payables		1,532,251		1,165,223
Revenue bonds and notes payable	99,504,706		105,741,972	
Net pension liability	208,807,579		156,751,985	
Total noncurrent liabilities	352,529,980	87,273,852	306,214,145	92,366,943
Total liabilities	544,418,827	88,516,220	465,083,422	94,226,378
DEFERRED INFLOWS OF RESOURCES				
	47,406,135		49,130,913	
NET POSITION				
Unrestricted	66,689,423	36,091,042	59,527,632	37,920,346
Net investment in capital assets	670,663,106		589,849,572	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	9,232,640	41,523,056	9,097,335	38,189,702
Research	522,543	3,508,367	522,543	2,436,755
Other	10,295,892	128,898,479	10,295,892	121,084,627
Expendable:				
Scholarships and fellowships	22,306,443	11,700,297	24,869,320	14,543,540
Research	5,125,173	9,002,118	4,859,969	10,148,229
Loans	27,462,272		24,000,303	
Capital projects	1,094,763		1,085,475	
Other	14,105,974	54,449,364	16,067,939	66,707,125
Total net position	827,498,229	285,172,723	740,175,980	291,030,324
Total liabilities, deferred inflows of resources, and net position	\$1,419,323,191	\$373,688,943	\$1,254,390,315	\$385,256,702

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	Years ended June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$128,016,904		\$121,538,689	
Less: scholarship allowances	(20,131,145)	\$107,885,759	(20,360,095)	\$101,178,594
Federal grants and contracts		201,466,744		212,493,149
State and local grants and contracts		81,019,930		80,632,732
Nongovernmental grants and contracts		91,382,398		84,514,012
Sales and services of educational departments		287,618,646		279,780,277
Auxiliary enterprises:				
Residential facilities		2,579,999		2,559,298
Parking facilities		13,732,838		13,002,007
Other auxiliary enterprises revenues		14,320,005		14,142,795
Total operating revenues		800,006,319		788,302,864
OPERATING EXPENSES:				
Instruction		194,982,357		195,158,724
Research		377,291,990		375,235,495
Public service		4,151,911		4,043,328
Academic support		59,823,568		60,669,417
Student services		10,561,147		7,082,205
Institutional support		74,524,274		71,829,735
Operation and maintenance of plant		81,803,046		89,322,291
Scholarships and fellowships		4,194,898		3,208,265
Auxiliary enterprises:				
Residential facilities		1,863,965		1,803,311
Parking facilities		9,539,403		9,312,697
Other auxiliary enterprises expenses		12,554,906		11,506,623
Hospital		201,931,095		193,069,257
Total operating expenses		1,033,222,560		1,022,241,348
Operating loss		(233,216,241)		(233,938,484)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		217,008,902		208,483,224
Pell grants		825,522		734,046
Gifts		18,338,886	\$24,868,996	17,523,282
Investment income (loss)	2,720,730		(4,470,545)	7,326,455
Less: Investment expense	(292,716)	2,428,014	(290,898)	7,035,557
Interest on indebtedness		(3,611,567)		(4,071,713)
Other revenues (expenses), gains and (losses)		(160,368)		(87,576)
Other affiliated foundation revenues			902,811	1,110,460
Other affiliated foundation expenses			(27,158,863)	(37,989,944)
Transfers (to) from other University System of Maryland institutions		(659,324)		(1,525,042)
Total nonoperating revenues (expenses)		234,170,065	(5,857,601)	228,091,778
Income (loss) before other revenues		953,824	(5,857,601)	19,838,728
OTHER REVENUES:				
Capital appropriations		85,563,518		51,313,971
Capital gifts and grants		803,517		
Additions to permanent endowments		1,390		120,123
Total other revenues		86,368,425		51,434,094
Increase (decrease) in net position		87,322,249	(5,857,601)	45,587,388
Net position - beginning of year		740,175,980	291,030,324	846,275,263
Restatement for pension liability due to GASB Statement No. 68				(151,686,671)
Net position - end of year		\$827,498,229	\$285,172,723	\$740,175,980
				\$291,030,324

**UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	Years ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$109,049,357	\$102,389,600
Research contracts and grants	392,051,010	389,922,492
Payments to employees	(740,284,856)	(735,763,550)
Payments to suppliers and contractors	(225,682,270)	(230,157,230)
Loans issued to students	(2,074,628)	(3,506,547)
Collections of loans to students	3,889,369	3,802,593
Auxiliary enterprises:		
Residential facilities	828,033	807,332
Parking facilities	13,732,838	13,002,007
Other	14,315,649	13,880,292
Other receipts	306,023,586	303,035,406
Net cash used by operating activities	(128,151,912)	(142,587,605)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	217,008,902	208,483,224
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	1,390	120,123
Pell grants	825,522	734,046
Net cash provided by noncapital financing activities	217,835,814	209,337,393
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	6,628,146	17,291,584
Capital appropriations	85,563,518	51,313,971
Proceeds from sales of capital assets	10,497	769,860
Purchases of capital assets	(126,105,792)	(73,210,503)
Principal paid on debt and capital leases	(12,408,991)	(26,003,385)
Interest paid on debt and capital leases	(4,420,255)	(5,000,753)
Transfers from other University System of Maryland institutions	1,044,492	320,106
Net cash used by capital and related financing activities	(49,688,385)	(34,519,120)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	3,975,364	4,381,298
Interest on investments	4,206,875	3,864,716
Investment expense	(292,716)	(290,898)
Purchases of investments	(51,390)	(321,123)
Net cash provided by investing activities	7,838,133	7,633,993
Net increase in cash and cash equivalents	47,833,650	39,864,661
Cash and cash equivalents - beginning of the year	304,947,114	265,082,453
Cash and cash equivalents - end of the year	\$352,780,764	\$304,947,114

UNIVERSITY OF MARYLAND, COLLEGE PARK
BALANCE SHEETS
JUNE 30, 2016 AND 2015

	June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$655,256,831	\$35,495,099	\$576,448,846	\$20,102,966
Accounts receivable, net	92,225,387	43,302,480	84,238,576	38,322,185
Notes receivable, current portion	1,889,115		2,190,289	
Inventories	3,228,373		3,138,678	
Prepaid expenses and other assets	1,936,715	1,182,858	1,380,865	1,057,298
Inter-institutional balances	(4,412,040)		(1,165,798)	
Total current assets	750,124,381	79,980,437	666,231,456	59,482,449
Noncurrent assets:				
Restricted cash and cash equivalents	3,431,530		2,042,487	
Accounts receivable, net		50,187,286		53,055,461
Endowment investments	110,192,357	383,143,694	117,112,165	391,740,218
Other investments	11,025,091	203,889,964	9,265,963	202,604,987
Notes receivable, net	7,237,260		9,553,466	
Other assets		613,767		656,065
Capital assets, net	1,895,900,025	24,401,835	1,807,714,031	20,683,897
Total noncurrent assets	2,027,786,263	662,236,546	1,945,688,112	668,740,628
Total assets	2,777,910,644	742,216,983	2,611,919,568	728,223,077
DEFERRED OUTFLOWS OF RESOURCES				
	127,429,953		45,749,582	
Total assets and deferred outflows of resources	\$2,905,340,597	\$742,216,983	\$2,657,669,150	\$728,223,077
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$123,106,862	\$5,770,469	\$108,041,704	\$6,135,457
Accrued workers' compensation, current portion	1,838,400		1,907,740	
Accrued vacation costs, current portion	24,122,903		23,389,174	
Revenue bonds and notes payable, current portion	30,382,441		31,008,410	
Obligations under capital lease agreements, current portion	386,390		361,619	
Unearned revenue	88,134,933	3,825,316	71,631,284	5,099,164
Total current liabilities	267,971,929	9,595,785	236,339,931	11,234,621
Noncurrent liabilities:				
Accrued workers' compensation	10,417,600		10,400,260	
Accrued vacation costs	40,154,747		37,960,879	
Endowments invested on behalf of primary government		110,192,357		117,112,165
Other payables		15,710,276		2,953,628
Revenue bonds and notes payable	317,388,560		313,360,293	
Obligations under capital lease agreements	1,573,002		1,959,392	
Net pension liability	322,613,407		238,332,921	
Total noncurrent liabilities	692,147,316	125,902,633	602,013,745	120,065,793
Total liabilities	960,119,245	135,498,418	838,353,676	131,300,414
DEFERRED INFLOWS OF RESOURCES				
	171,176,095		178,842,191	
NET POSITION				
Unrestricted	263,930,774	44,566,001	213,878,357	47,947,346
Net investment in capital assets	1,407,909,501		1,314,304,972	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	5,847,597	136,015,322	5,822,959	130,620,888
Research	3,549,001	2,513,353	3,642,871	2,284,573
Other	5,107,533	189,378,147	5,096,947	179,368,285
Expendable:				
Scholarships and fellowships	8,384,806	43,927,224	9,793,584	48,024,411
Research	61,929,574	20,681,768	67,981,944	18,074,143
Loans	10,111,521		11,683,775	
Capital projects	1,163,651		1,235,591	
Debt service	6,111,299		7,032,283	
Other		169,636,750		170,603,017
Total net position	1,774,045,257	606,718,565	1,640,473,283	596,922,663
Total liabilities, deferred inflows of resources, and net position	\$2,905,340,597	\$742,216,983	\$2,657,669,150	\$728,223,077

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	Years ended June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$558,809,236		\$522,949,142	
Less: scholarship allowances	<u>(92,446,334)</u>	\$466,362,902	<u>(88,198,368)</u>	\$434,750,774
Federal grants and contracts		358,355,035		334,225,708
State and local grants and contracts		60,283,400		64,229,534
Nongovernmental grants and contracts		93,646,768		86,879,850
Sales and services of educational departments		34,670,756		32,589,181
Auxiliary enterprises:				
Residential facilities	70,622,591		69,564,089	
Less: scholarship allowances	<u>(3,105,970)</u>	67,516,621	<u>(3,874,644)</u>	65,689,445
Dining facilities	52,369,395		52,096,229	
Less: scholarship allowances	<u>(1,839,104)</u>	50,530,291	<u>(1,928,183)</u>	50,168,046
Intercollegiate athletics		66,941,358		68,784,413
Parking facilities		15,005,823		13,923,473
Other auxiliary enterprises revenues		51,567,682		47,551,187
Other operating revenues		<u>30,179,658</u>		<u>30,697,556</u>
Total operating revenues		<u>1,295,060,294</u>		<u>1,229,489,167</u>
OPERATING EXPENSES:				
Instruction		496,374,910		490,598,372
Research		448,315,596		426,505,209
Public service		96,142,274		86,343,904
Academic support		166,377,674		166,663,949
Student services		58,058,345		55,508,290
Institutional support		130,393,592		118,471,271
Operation and maintenance of plant		104,682,859		107,669,997
Scholarships and fellowships		31,562,930		31,612,351
Auxiliary enterprises:				
Residential facilities		80,170,528		79,977,825
Dining facilities		54,758,617		53,212,003
Intercollegiate athletics		71,770,136		69,043,282
Parking facilities		10,849,196		9,576,193
Other auxiliary enterprises expenses		<u>55,714,393</u>		<u>54,351,638</u>
Total operating expenses		<u>1,805,171,050</u>		<u>1,749,534,284</u>
Operating loss		<u>(510,110,756)</u>		<u>(520,045,117)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		484,438,471		466,392,497
Pell grants		23,867,491		23,879,710
Gifts		31,483,358	\$83,948,708	30,274,146
Investment income (loss)	7,182,482		(2,039,053)	12,347,896
Less: investment expense	<u>(363,706)</u>	6,818,776		<u>(361,974)</u>
Interest on indebtedness		(11,756,289)		11,985,922
Other revenues (expenses), gains and (losses)		15,967		(12,833,304)
Other affiliated foundation revenues				5,381,146
Other affiliated foundation expenses			9,770,111	7,821,223
Transfers (to) other University System of Maryland institutions		<u>(2,644,220)</u>	(81,883,864)	<u>(405,339)</u>
Total nonoperating revenues		<u>532,223,554</u>	9,795,902	<u>524,674,778</u>
Income before other revenues		<u>22,112,798</u>	9,795,902	<u>4,629,661</u>
OTHER REVENUES:				
Capital appropriations		96,104,571		37,092,280
Capital gifts and grants		15,279,337		7,890,668
Additions to permanent endowments		<u>75,268</u>		<u>293,944</u>
Total other revenues		<u>111,459,176</u>		<u>45,276,892</u>
Increase in net position		<u>133,571,974</u>	9,795,902	<u>49,906,553</u>
Net position - beginning of year		1,640,473,283	596,922,663	1,821,198,113
Restatement for pension liability due to GASB Statement No. 68				<u>(230,631,383)</u>
Net position - end of year		<u>\$1,774,045,257</u>	<u>\$606,718,565</u>	<u>\$1,640,473,283</u>

**UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	Years ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$466,399,185	\$432,930,838
Research contracts and grants	510,702,895	481,462,866
Payments to employees	(1,222,819,705)	(1,195,631,523)
Payments to suppliers and contractors	(454,071,380)	(444,478,245)
Loans issued to students	(1,041,608)	(2,111,536)
Collections of loans to students	3,658,988	1,577,157
Auxiliary enterprises:		
Residential facilities	59,806,506	57,979,330
Dining facilities	50,530,291	50,168,046
Intercollegiate athletics	77,558,064	90,081,150
Parking facilities	15,005,823	13,923,473
Other	51,478,696	47,979,728
Other receipts, net	99,274,599	85,277,339
Net cash used by operating activities	<u>(343,517,646)</u>	<u>(380,841,377)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	484,438,471	466,392,497
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	75,268	293,944
Pell grants	23,867,491	23,879,710
Net cash provided by noncapital financing activities	<u>508,381,230</u>	<u>490,566,151</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	54,295,376	40,970,968
Capital appropriations	96,104,571	37,092,280
Capital grants and gifts received	15,279,337	4,017,554
Proceeds from sales of capital assets	1,710,829	5,671,989
Purchases of capital assets	(200,952,991)	(113,607,761)
Principal paid on debt and capital leases	(51,883,453)	(72,536,624)
Interest paid on debt and capital leases	(14,430,614)	(14,640,174)
Transfers (to) from other University System of Maryland institutions	3,230,933	(129,932)
Net cash used by capital and related financing activities	<u>(96,646,012)</u>	<u>(113,161,700)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	5,135,341	5,535,869
Interest on investments	7,283,089	6,790,059
Investment expense	(363,706)	(361,974)
Purchases of investments	(75,268)	(384,092)
Net cash provided by investing activities	<u>11,979,456</u>	<u>11,579,862</u>
Net increase in cash and cash equivalents	80,197,028	8,142,936
Cash and cash equivalents - beginning of the year	<u>578,491,333</u>	<u>570,348,397</u>
Cash and cash equivalents - end of the year	<u><u>\$658,688,361</u></u>	<u><u>\$578,491,333</u></u>

BOWIE STATE UNIVERSITY
BALANCE SHEETS
JUNE 30, 2016 AND 2015

	June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$71,107,850	\$956,220	\$66,093,744	\$772,004
Accounts receivable, net	1,485,808	681,684	1,484,633	863,614
Notes receivable, current portion	93,916		60,437	
Inter-institutional balances	947,313		568,769	
Total current assets	73,634,887	1,637,904	68,207,583	1,635,618
Noncurrent assets:				
Restricted cash and cash equivalents			10,804	
Endowment investments	909,490	6,816,682	914,498	6,759,675
Other investments		909,490		914,498
Notes receivable, net	534,756		852,963	
Capital assets, net	261,636,545	1,883	219,100,616	3,475
Total noncurrent assets	263,080,791	7,728,055	220,878,881	7,677,648
Total assets	336,715,678	9,365,959	289,086,464	9,313,266
DEFERRED OUTFLOWS OF RESOURCES	11,260,163		3,449,656	
Total assets and deferred outflows of resources	\$347,975,841	\$9,365,959	\$292,536,120	\$9,313,266
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$9,775,632	\$51,060	\$8,822,423	\$169,596
Accrued workers' compensation, current portion	137,100		130,820	
Accrued vacation costs, current portion	1,625,104		1,622,557	
Revenue bonds and notes payable, current portion	2,162,537	11,128	2,019,623	19,035
Unearned revenue	5,331,653	170,739	6,067,384	60,858
Total current liabilities	19,032,026	232,927	18,662,807	249,489
Noncurrent liabilities:				
Accrued workers' compensation	776,900		713,180	
Accrued vacation costs	1,241,621		1,220,073	
Endowments invested on behalf of primary government		909,490		914,498
Revenue bonds and notes payable	43,837,183		44,855,464	
Other payables		2,134		4,026
Net pension liability	26,982,988		19,546,475	
Total noncurrent liabilities	72,838,692	911,624	66,335,192	918,524
Total liabilities	91,870,718	1,144,551	84,997,999	1,168,013
DEFERRED INFLOWS OF RESOURCES	27,686,781		29,279,360	
NET POSITION				
Unrestricted	36,921,454	559,385	31,780,356	572,667
Net investment in capital assets	190,801,163		145,236,791	
Restricted:				
Nonexpendable:				
Other		4,870,780		4,673,743
Expendable:				
Loans	695,725		1,230,810	
Capital projects			10,804	
Other		2,791,243		2,898,843
Total net position	228,418,342	8,221,408	178,258,761	8,145,253
Total liabilities, deferred inflows of resources, and net position	\$347,975,841	\$9,365,959	\$292,536,120	\$9,313,266

BOWIE STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	Years ended June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$36,360,210		\$37,119,174	
Less: scholarship allowances	<u>(13,547,461)</u>	\$22,812,749	<u>(13,326,769)</u>	\$23,792,405
Federal grants and contracts		8,080,189		6,331,594
State and local grants and contracts		2,014,359		1,099,468
Nongovernmental grants and contracts		390,879		1,215,232
Sales and services of educational departments		99,451		95,989
Auxiliary enterprises:				
Residential facilities	6,418,881		6,144,713	
Less: scholarship allowances	<u>(47,144)</u>	6,371,737	<u>(29,930)</u>	6,114,783
Dining facilities	4,183,854		4,099,922	
Less: scholarship allowances	<u>(750,167)</u>	3,433,687	<u>(706,171)</u>	3,393,751
Intercollegiate athletics	3,505,906		3,553,807	
Less: scholarship allowances	<u>(447,975)</u>	3,057,931	<u>(399,391)</u>	3,154,416
Parking facilities		246,152		249,725
Other auxiliary enterprises revenues		<u>6,280,528</u>		<u>5,973,970</u>
Total operating revenues	<u>52,787,662</u>		<u>51,421,333</u>	
OPERATING EXPENSES:				
Instruction		33,708,342		32,926,209
Research		827,188		568,387
Public service		109,281		207,874
Academic support		13,283,127		12,975,465
Student services		8,934,339		7,396,951
Institutional support		16,647,452		16,301,024
Operation and maintenance of plant		8,773,333		7,143,980
Scholarships and fellowships		1,684,495		1,851,314
Auxiliary enterprises:				
Residential facilities		5,389,923		5,296,868
Dining facilities		4,170,559		4,245,317
Intercollegiate athletics		3,360,096		3,555,850
Other auxiliary enterprises expenses		<u>3,075,657</u>		<u>3,930,597</u>
Total operating expenses		<u>99,963,792</u>		<u>96,399,836</u>
Operating loss		<u>(47,176,130)</u>		<u>(44,978,503)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		41,695,005		40,577,659
Pell grants		10,192,525		10,510,518
Gifts			\$1,475,122	\$1,912,400
Investment income (loss)		771,013	(145,214)	737,725
Interest on indebtedness		(1,556,738)		(1,558,956)
Other revenues, (expenses), gains and (losses)		(370,888)		
Other affiliated foundation revenues			317,841	470,042
Other affiliated foundation expenses			(1,571,594)	(1,886,284)
Transfers (to) other University System of Maryland institutions		<u>(827,503)</u>		<u>(917,306)</u>
Total nonoperating revenues		<u>49,903,414</u>	<u>76,155</u>	<u>49,349,640</u>
Income before other revenue		<u>2,727,284</u>	<u>76,155</u>	<u>709,408</u>
OTHER REVENUE:				
Capital appropriations		47,010,217		7,497,041
Capital gifts and grants		<u>422,080</u>		
Total other revenue		<u>47,432,297</u>		<u>7,497,041</u>
Increase in net position		50,159,581	76,155	11,868,178
Net position - beginning of year		178,258,761	8,145,253	185,305,430
Restatement for pension liability due to GASB Statement No. 68				<u>(18,914,847)</u>
Net position - end of year		<u>\$228,418,342</u>	<u>\$8,221,408</u>	<u>\$178,258,761</u>
				<u>\$8,145,253</u>

**BOWIE STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	Years ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$22,412,172	\$24,460,392
Research contracts and grants	9,942,658	9,446,670
Payments to employees	(64,583,826)	(60,332,863)
Payments to suppliers and contractors	(26,098,136)	(25,161,129)
Loans issued to students	(29,259)	(78,710)
Collections of loans to students	108,716	121,593
Auxiliary enterprises:		
Residential facilities	4,775,274	4,518,320
Dining facilities	3,433,687	3,393,751
Intercollegiate athletics	3,057,931	3,154,416
Parking facilities	246,152	249,725
Other	6,280,528	5,973,970
Other receipts (payments), net	258,248	(1,301,440)
Net cash used by operating activities	(40,195,855)	(35,555,305)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	41,695,005	40,577,659
Pell grants	10,192,525	10,510,518
Net cash provided by noncapital financing activities	51,887,530	51,088,177
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	5,962,393	869,496
Capital appropriations	47,010,217	7,497,041
Purchases of capital assets	(50,288,285)	(13,095,573)
Principal paid on debt and capital leases	(7,599,519)	(2,862,287)
Interest paid on debt and capital leases	(2,160,868)	(1,777,786)
Transfers (to) other University System of Maryland institutions	(388,332)	(500,848)
Net cash used by capital and related financing activities	(7,464,394)	(9,869,957)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	776,021	723,856
Net cash provided by investing activities	776,021	723,856
Net increase in cash and cash equivalents	5,003,302	6,386,771
Cash and cash equivalents - beginning of the year	66,104,548	59,717,777
Cash and cash equivalents - end of the year	\$71,107,850	\$66,104,548

**TOWSON UNIVERSITY
BALANCE SHEETS
JUNE 30, 2016 AND 2015**

	June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$205,824,768	\$5,711,869	\$187,442,251	\$5,709,843
Accounts receivable, net	12,590,965	300,359	12,842,949	253,342
Notes receivable, current portion	2,457,117		2,175,222	
Inventories	4,081,588		4,203,343	
Prepaid expenses and other assets	2,126,862	324,630	2,502,110	311,246
Inter-institutional balances	201,031		(29,980)	
Total current assets	227,282,331	6,336,858	209,135,895	6,274,431
Noncurrent assets:				
Restricted cash and cash equivalents	47,280		47,280	
Accounts receivable, net		1,480,768		1,626,111
Endowment investments	7,797,755	60,851,837	8,231,890	62,253,885
Other investments		7,727,026		8,042,567
Notes receivable, net	13,347,734		12,121,985	
Capital assets, net	817,634,211	368	755,054,759	1,020
Total noncurrent assets	838,826,980	70,059,999	775,455,914	71,923,583
Total assets	1,066,109,311	76,396,857	984,591,809	78,198,014
DEFERRED OUTFLOWS OF RESOURCES	40,575,652		14,506,554	
Total assets and deferred outflows of resources	\$1,106,684,963	\$76,396,857	\$999,098,363	\$78,198,014
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$29,296,449	\$1,654,526	\$34,968,060	\$1,000,949
Accrued workers' compensation, current portion	271,200		288,300	
Accrued vacation costs, current portion	8,487,851		8,733,517	
Revenue bonds and notes payable, current portion	17,326,089		15,925,387	
Obligations under capital lease agreements, current portion	970,474		906,605	
Unearned revenue	7,452,595		8,056,347	
Total current liabilities	63,804,658	1,654,526	68,878,216	1,000,949
Noncurrent liabilities:				
Accrued workers' compensation	1,536,800		1,571,700	
Accrued vacation costs	2,840,693		2,611,673	
Endowments invested on behalf of primary government		7,716,080		8,042,567
Revenue bonds and notes payable	309,928,070		247,479,151	
Obligations under capital lease agreements	5,923,420		6,893,895	
Net pension liability	97,409,291		72,620,913	
Total noncurrent liabilities	417,638,274	7,716,080	331,177,332	8,042,567
Total liabilities	481,442,932	9,370,606	400,055,548	9,043,516
DEFERRED INFLOWS OF RESOURCES	53,753,793		56,307,752	
NET POSITION				
Unrestricted	110,455,700	3,587,072	88,264,684	3,684,352
Net investment in capital assets	442,409,108		438,083,979	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	265,025	23,391,884	265,025	23,262,782
Research		106,013		71,013
Other		16,682,403		15,753,110
Expendable:				
Scholarships and fellowships	5,687	10,055,124	26,600	11,366,862
Research	1,180,306	8,005		7,745
Loans	14,793,913		13,480,994	
Other	2,378,499	13,195,750	2,613,781	15,008,634
Total net position	571,488,238	67,026,251	542,735,063	69,154,498
Total liabilities, deferred inflows of resources, and net position	\$1,106,684,963	\$76,396,857	\$999,098,363	\$78,198,014

TOWSON UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	Years ended June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$181,600,599		\$177,329,262	
Less: scholarship allowances	<u>(45,852,187)</u>	\$135,748,412	<u>(42,551,623)</u>	\$134,777,639
Federal grants and contracts		3,774,305		2,658,359
State and local grants and contracts		6,133,893		5,639,455
Nongovernmental grants and contracts		893,890		1,313,766
Sales and services of educational departments		6,813,570		5,277,295
Auxiliary enterprises:				
Residential facilities	28,026,450		26,981,957	
Less: scholarship allowances	<u>(1,029,545)</u>	26,996,905	<u>(1,115,364)</u>	25,866,593
Dining facilities	22,847,013		23,446,320	
Less: scholarship allowances	<u>(590,784)</u>	22,256,229	<u>(623,677)</u>	22,822,643
Intercollegiate athletics	18,303,466		18,454,534	
Less: scholarship allowances	<u>(3,266,097)</u>	15,037,369	<u>(3,281,299)</u>	15,173,235
Bookstore	7,502,271		8,711,822	
Less: scholarship allowances	<u>(1,341,425)</u>	6,160,846	<u>(1,627,653)</u>	7,084,169
Parking facilities		8,288,099		8,113,183
Other auxiliary enterprises revenues		<u>36,766,873</u>		<u>33,175,246</u>
Total operating revenues		<u>268,870,391</u>		<u>261,901,583</u>
OPERATING EXPENSES:				
Instruction		118,455,980		114,520,398
Research		4,200,008		5,033,002
Public service		12,771,101		11,722,222
Academic support		45,989,545		46,200,912
Student services		21,423,864		21,547,563
Institutional support		42,612,660		39,722,746
Operation and maintenance of plant		27,065,501		32,030,930
Scholarships and fellowships		13,614,188		10,785,515
Auxiliary enterprises:				
Residential facilities		19,086,522		17,713,409
Dining facilities		17,892,267		18,493,661
Intercollegiate athletics		16,190,882		15,932,957
Bookstore		7,803,256		8,658,588
Parking facilities		5,789,393		5,131,206
Other auxiliary enterprises expenses		<u>21,976,963</u>		<u>19,152,367</u>
Total operating expenses		<u>374,872,130</u>		<u>366,645,476</u>
Operating loss		<u>(106,001,739)</u>		<u>(104,743,893)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		110,087,654		102,999,632
Pell grants		22,067,596		21,041,759
Gifts		150,369	\$6,809,823	407,740
Investment income	2,480,542		2,850,984	\$7,009,404
Less: Investment expense	<u>(15,559)</u>	2,464,983	<u>(15,546)</u>	1,811,207
Interest on indebtedness		(9,946,099)		(8,670,019)
Other revenues (expenses), gains and (losses)		12,608,823		9,282,605
Other affiliated foundation revenues		1,405,205		1,066,058
Other affiliated foundation expenses		(10,768,021)		(8,806,192)
Transfers (to) other University System of Maryland institutions		<u>(6,309,816)</u>		<u>(5,173,275)</u>
Total nonoperating revenues (expenses)		<u>131,123,510</u>	<u>(2,128,247)</u>	<u>122,723,880</u>
Income (loss) before other revenues		<u>25,121,771</u>	<u>(2,128,247)</u>	<u>17,979,987</u>
OTHER REVENUES:				
Capital appropriations		2,319,044		6,963,447
Capital gifts and grants		<u>1,312,360</u>		<u>1,192,526</u>
Total other revenue		<u>3,631,404</u>		<u>8,155,973</u>
Increase (decrease) in net position		28,753,175	(2,128,247)	26,135,960
Net position - beginning of year		542,735,063	69,154,498	586,873,330
Restatement for pension liability due to GASB Statement No. 68				<u>(70,274,227)</u>
Net position - end of year		<u>\$571,488,238</u>	<u>\$67,026,251</u>	<u>\$542,735,063</u>

**TOWSON UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	Years ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$136,129,534	\$135,059,667
Research contracts and grants	9,431,555	10,670,137
Payments to employees	(240,957,781)	(225,943,398)
Payments to suppliers and contractors	(99,010,381)	(100,758,845)
Loans issued to students	(3,571,877)	(4,721,057)
Collections of loans to students	2,064,233	2,624,999
Auxiliary enterprises:		
Residential facilities	26,995,269	23,315,578
Dining facilities	22,210,892	22,857,120
Intercollegiate athletics	14,362,830	14,771,815
Bookstore	6,292,833	7,007,767
Parking facilities	8,302,911	8,083,205
Other	36,587,423	33,513,083
Other receipts	20,506,515	12,142,428
Net cash used by operating activities	(60,656,044)	(61,377,501)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	110,087,654	102,999,632
Pell grants	22,067,596	21,041,759
Net cash provided by noncapital financing activities	132,155,250	124,041,391
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	91,389,852	7,593,516
Capital appropriations	2,319,044	6,963,447
Purchases of capital assets	(101,355,328)	(67,196,355)
Principal paid on debt and capital leases	(39,777,218)	(21,450,417)
Interest paid on debt and capital leases	(12,488,081)	(9,762,814)
Transfers from other University System of Maryland institutions	3,895,924	21,454,722
Net cash used by capital and related financing activities	(56,015,807)	(62,397,901)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	230,691	242,237
Interest on investments	2,683,986	2,531,196
Investment expense	(15,559)	(15,546)
Net cash provided by investing activities	2,899,118	2,757,887
Net increase in cash and cash equivalents	18,382,517	3,023,876
Cash and cash equivalents - beginning of the year	187,489,531	184,465,655
Cash and cash equivalents - end of the year	\$205,872,048	\$187,489,531

**UNIVERSITY OF MARYLAND EASTERN SHORE
BALANCE SHEETS
JUNE 30, 2016 AND 2015**

	June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$13,699,022	\$257,440	\$17,688,195	\$455,040
Accounts receivable, net	6,994,395	942,947	6,883,587	526,509
Notes receivable, current portion	1,120,125		1,131,873	
Prepaid expenses and other assets	134,817		159,659	580,000
Inter-institutional balances	777,929		886,759	
Total current assets	22,726,288	1,200,387	26,750,073	1,561,549
Noncurrent assets:				
Restricted cash and cash equivalents	21,401			
Accounts receivable, net		779,712		345,386
Endowment investments	5,515,223	19,509,696	5,800,647	20,637,056
Other investments		6,798,773		7,044,859
Notes receivable, net	1,144,931		3,234,478	
Other assets		310,767		579,856
Capital assets, net	232,437,724	12,518,898	208,945,890	12,728,523
Total noncurrent assets	239,119,279	39,917,846	217,981,015	41,335,680
Total assets	261,845,567	41,118,233	244,731,088	42,897,229
DEFERRED OUTFLOWS OF RESOURCES				
	11,072,760		3,871,780	
Total assets and deferred outflows of resources	\$272,918,327	\$41,118,233	\$248,602,868	\$42,897,229
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$7,304,267	\$503,158	\$9,239,342	\$149,223
Accrued workers' compensation, current portion	201,600		232,190	
Accrued vacation costs, current portion	1,446,500		1,542,117	
Revenue bonds and notes payable, current portion	3,925,923	174,005	3,811,623	84,296
Unearned revenue	1,712,849		1,406,313	
Total current liabilities	14,591,139	677,163	16,231,585	233,519
Noncurrent liabilities:				
Accrued workers' compensation	1,142,400		1,265,810	
Accrued vacation costs	3,273,207		3,335,592	
Endowments invested on behalf of primary government		5,515,222		5,800,647
Revenue bonds and notes payable	32,302,971	12,544,822	32,868,941	12,891,786
Net pension liability	26,126,306		18,689,793	
Total noncurrent liabilities	62,844,884	18,060,044	56,160,136	18,692,433
Total liabilities	77,436,023	18,737,207	72,391,721	18,925,952
DEFERRED INFLOWS OF RESOURCES				
	2,049,604		2,045,719	
NET POSITION				
Unrestricted	(11,266,149)	4,370,039	(8,289,943)	5,880,071
Net investment in capital assets	196,857,875		173,023,688	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	28,009	7,294,820	28,009	7,285,466
Research		161,442		168,148
Other		5,299,998		5,598,761
Expendable:				
Scholarships and fellowships	2,350,046	1,225,818	2,557,282	1,242,450
Research		1,196,813		1,207,204
Loans	4,147,633		5,454,556	
Capital projects	21,401			
Other	1,293,885	2,832,096	1,391,836	2,589,177
Total net position	193,432,700	22,381,026	174,165,428	23,971,277
Total liabilities, deferred inflows of resources and net position	\$272,918,327	\$41,118,233	\$248,602,868	\$42,897,229

UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	Years ended June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$30,011,013		\$31,381,650	
Less: scholarship allowances	(13,667,140)	\$16,343,873	(13,856,674)	\$17,524,976
Federal grants and contracts		10,212,737		10,721,759
State and local grants and contracts		8,646,272		9,784,610
Nongovernmental grants and contracts		1,492,058		1,433,823
Sales and services of educational departments		97,572		158,040
Auxiliary enterprises:				
Residential facilities	12,835,090		12,228,946	
Less: scholarship allowances	(949,104)	11,885,986	(953,475)	11,275,471
Dining facilities	7,077,943		6,915,442	
Less: scholarship allowances	(1,134,124)	5,943,819	(1,200,038)	5,715,404
Intercollegiate athletics		3,746,111		3,690,561
Parking facilities		136,682		151,205
Other auxiliary enterprises revenues		7,076,036		6,392,578
Other operating revenues		437,783		3,145,126
Total operating revenues	66,018,929		69,993,553	
OPERATING EXPENSES:				
Instruction		35,883,399		36,438,352
Research		10,424,622		10,499,943
Public service		2,906,905		2,925,264
Academic support		11,709,914		11,726,205
Student services		5,702,423		5,573,564
Institutional support		12,584,327		12,481,463
Operation and maintenance of plant		13,107,676		13,348,660
Scholarships and fellowships		568,327		472,601
Auxiliary enterprises:				
Residential facilities		10,520,395		8,123,043
Dining facilities		5,065,809		5,136,556
Intercollegiate athletics		3,976,902		4,001,694
Other auxiliary enterprises expenses		4,796,062		4,056,549
Total operating expenses		117,246,761		114,783,894
Operating loss		(51,227,832)		(44,790,341)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		39,014,311		36,610,422
Pell grants		9,274,452		8,936,592
Gifts		151,335	\$1,707,313	121,335
Investment income (loss)	247,080		(118,038)	626,537
Less: Investment expense	(16,121)	230,959	(15,906)	610,631
Interest on indebtedness		(1,215,828)		(1,436,890)
Other revenues (expenses), gains and (losses)		(1,914,696)		(23,081)
Other affiliated foundation revenues			1,277,295	952,461
Other affiliated foundation expenses			(4,456,821)	(2,585,001)
Transfers (to) from other University System of Maryland institutions		(2,430)		17,560
Total nonoperating revenues (expenses)		45,538,103	(1,590,251)	44,836,569
Income (loss) before other revenue		(5,689,729)	(1,590,251)	46,228
OTHER REVENUE:				
Capital appropriations		24,957,001		41,620,550
Total other revenue		24,957,001		41,620,550
Increase (decrease) in net position		19,267,272	(1,590,251)	41,666,778
Net position - beginning of year		174,165,428	23,971,277	153,104,237
Restatement for pension liability due to GASB Statement No. 68				(20,605,587)
Net position - end of year		\$193,432,700	\$22,381,026	\$174,165,428

**UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	Years ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$15,904,182	\$17,419,340
Research contracts and grants	20,949,213	20,708,948
Payments to employees	(75,760,592)	(72,656,245)
Payments to suppliers and contractors	(34,791,699)	(34,017,223)
Loans issued to students	(60,000)	(49,198)
Collections of loans to students	2,161,295	462,898
Auxiliary enterprises:		
Residential facilities	11,885,986	11,275,471
Dining facilities	5,943,819	5,715,404
Intercollegiate athletics	3,746,111	3,690,561
Parking facilities	136,682	151,205
Other	7,113,309	6,353,123
Other receipts (payments)	(1,137,141)	4,001,323
Net cash used by operating activities	(43,908,835)	(36,944,393)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	39,014,311	36,610,422
Pell grants	9,274,452	8,936,592
Net cash provided by noncapital financing activities	48,288,763	45,547,014
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	476,524	7,165,651
Capital appropriations	24,957,001	41,620,550
Proceeds from sales of capital assets		865
Purchases of capital assets	(32,319,966)	(42,830,852)
Principal paid on debt and capital leases	(4,633,491)	(11,097,599)
Interest paid on debt and capital leases	(1,528,883)	(1,779,456)
Transfers (to) from other University System of Maryland institutions	4,184,732	(21,167)
Net cash used by capital and related financing activities	(8,864,083)	(6,942,008)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	262,982	77,835
Interest on investments	334,522	427,789
Investment expense	(16,121)	(15,906)
Purchases of investments	(65,000)	
Net cash provided by investing activities	516,383	489,718
Net increase (decrease) in cash and equivalents	(3,967,772)	2,150,331
Cash and cash equivalents - beginning of the year	17,688,195	15,537,864
Cash and cash equivalents - end of the year	\$13,720,423	\$17,688,195

FROSTBURG STATE UNIVERSITY
BALANCE SHEETS
JUNE 30, 2016 AND 2015

	June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$30,857,153	\$516,293	\$26,231,759	\$381,023
Accounts receivable, net	2,064,788	124,216	1,972,982	107,897
Notes receivable, current portion	109,326		164,201	
Inventories	1,121,966		821,557	
Prepaid expenses and other assets	1,287,937	21,162	810,944	21,384
Inter-institutional balances	457,626		259,427	
Total current assets	35,898,796	661,671	30,260,870	510,304
Noncurrent assets:				
Restricted cash and cash equivalents	11,397		186,181	
Accounts receivable, net		489,724		349,866
Endowment investments	2,434,589	19,385,723	2,524,473	17,714,387
Other investments		4,023,372		4,039,067
Notes receivable, net	671,574		930,471	
Other assets		309,574		291,200
Capital assets, net	166,077,271	290,985	167,676,423	296,651
Total noncurrent assets	169,194,831	24,499,378	171,317,548	22,691,171
Total assets	205,093,627	25,161,049	201,578,418	23,201,475
DEFERRED OUTFLOWS OF RESOURCES	14,164,437		4,490,485	
Total assets and deferred outflows of resources	\$219,258,064	\$25,161,049	\$206,068,903	\$23,201,475
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$7,965,681	\$14,456	\$8,825,218	\$22,312
Accrued workers' compensation, current portion	96,600		102,300	
Accrued vacation costs, current portion	3,430,880		3,660,500	
Revenue bonds and notes payable, current portion	1,406,222		1,353,872	
Unearned revenue	1,767,330	38,143	2,163,711	44,809
Total current liabilities	14,666,713	52,599	16,105,601	67,121
Noncurrent liabilities:				
Accrued workers' compensation	547,400		557,700	
Accrued vacation costs	145,893		86,128	
Endowments invested on behalf of primary government		2,434,594		2,524,473
Revenue bonds and notes payable	18,547,188		19,477,360	
Net pension liability	35,810,138		25,894,787	
Total noncurrent liabilities	55,050,619	2,434,594	46,015,975	2,524,473
Total liabilities	69,717,332	2,487,193	62,121,576	2,591,594
DEFERRED INFLOWS OF RESOURCES	22,772,338		23,939,677	
NET POSITION				
Unrestricted	(2,756,020)	600,143	(9,056,954)	666,121
Net investment in capital assets	126,470,549		125,983,493	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		13,776,038		11,260,732
Research		29,438		30,295
Other	750,000	5,520,356	750,000	6,362,210
Expendable:				
Scholarships and fellowships	13,285	336,803	18,468	346,769
Research	1,033,183	20,475	589,728	13,267
Loans	1,056,613		1,229,876	
Capital projects	11,397		186,181	
Other	189,387	2,390,603	306,858	1,930,487
Total net position	126,768,394	22,673,856	120,007,650	20,609,881
Total liabilities, deferred inflows of resources, and net position	\$219,258,064	\$25,161,049	\$206,068,903	\$23,201,475

FROSTBURG STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	Years ended June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$39,457,794		\$36,579,668	
Less: scholarship allowances	(8,699,066)	\$30,758,728	(8,549,902)	\$28,029,766
Federal grants and contracts		1,874,020		1,588,011
State and local grants and contracts		2,795,544		2,290,064
Nongovernmental grants and contracts		119,426		273,488
Sales and services of educational departments		1,299,248		1,410,887
Auxiliary enterprises:				
Residential facilities	7,824,526		7,677,585	
Less: scholarship allowances	(36,811)	7,787,715	(40,679)	7,636,906
Dining facilities	8,332,084		8,247,345	
Less: scholarship allowances	(14,363)	8,317,721	(16,517)	8,230,828
Intercollegiate athletics	3,737,790		3,553,194	
Less: scholarship allowances	(41,467)	3,696,323	(46,449)	3,506,745
Bookstore	1,702,144		1,879,749	
Less: scholarship allowances	(7,576)	1,694,568	(2,988)	1,876,761
Other auxiliary enterprises revenues	5,125,451		4,957,660	
Less: scholarship allowances	(26,439)	5,099,012	(33,054)	4,924,606
Other operating revenues		736,297		824,963
Total operating revenue		64,178,602		60,593,025
OPERATING EXPENSES:				
Instruction		35,776,645		34,754,200
Research		464,613		307,749
Public service		4,049,957		3,662,729
Academic support		10,090,035		10,763,313
Student services		5,484,113		5,402,720
Institutional support		14,616,745		13,345,318
Operation and maintenance of plant		10,095,642		9,871,236
Scholarships and fellowships		7,406,423		7,153,717
Auxiliary enterprises:				
Residential facilities		5,384,475		5,643,914
Dining facilities		5,515,230		5,249,750
Intercollegiate athletics		4,041,010		3,971,066
Bookstore		1,599,421		1,801,677
Other auxiliary enterprises expenses		4,218,398		4,104,750
Total operating expenses		108,742,707		106,032,139
Operating loss		(44,564,105)		(45,439,114)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		39,281,169		37,385,114
Pell grants		7,945,511		7,854,615
Gifts		1,087,233	\$4,145,410	846,029
Investment income (loss)	390,675		(110,516)	447,045
Less: Investment expense	(5,540)	385,135	(4,965)	442,080
Interest on indebtedness		(692,634)		(740,002)
Other revenues (expenses), gains and (losses)		(220,633)		93,701
Other affiliated foundation revenues			530,221	509,604
Other affiliated foundation expenses			(2,501,140)	(2,440,750)
Transfers (to) other University System of Maryland institutions		(813,064)		(932,457)
Total nonoperating revenues		46,972,717	2,063,975	44,949,080
Income (loss) before other revenues		2,408,612	2,063,975	(490,034)
Income (loss) before other revenues		2,408,612	2,063,975	(490,034)
Income (loss) before other revenues		2,408,612	2,063,975	(490,034)
OTHER REVENUES:				
Capital appropriations		2,275,975		7,679,441
Capital gifts and grants		2,076,157		4,227,051
Total other revenues		4,352,132		11,906,492
Increase in net position		6,760,744	2,063,975	11,416,458
Net position - beginning of year		120,007,650	20,609,881	133,649,210
Restatement for pension liability due to GASB Statement No. 68				(25,058,018)
Net position - end of year		\$126,768,394	\$22,673,856	\$120,007,650
				\$20,609,881

**FROSTBURG STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	Years ended June 30,	
	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$30,436,565	\$28,628,860
Research contracts and grants	4,711,162	3,978,151
Payments to employees	(71,983,095)	(67,365,196)
Payments to suppliers and contractors	(30,227,055)	(31,337,721)
Loans issued to students	(94,750)	(142,678)
Collections of loans to students	408,522	135,455
Auxiliary enterprises:		
Residential facilities	6,615,197	6,464,387
Dining facilities	8,338,221	8,293,646
Intercollegiate athletics	3,696,423	3,514,276
Bookstore	1,838,615	1,750,773
Other	5,117,456	4,980,604
Other receipts	<u>2,641,096</u>	<u>3,434,634</u>
Net cash used by operating activities	<u>(38,501,643)</u>	<u>(37,664,809)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	39,281,169	37,385,114
Pell grants	<u>7,945,511</u>	<u>7,854,615</u>
Net cash provided by noncapital financing activities	<u>47,226,680</u>	<u>45,239,729</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	904,862	1,089,765
Capital appropriations	2,275,975	7,679,441
Purchases of capital assets	(4,397,942)	(9,277,944)
Principal paid on debt and capital leases	(2,003,827)	(2,352,928)
Interest paid on debt and capital leases	(803,682)	(838,894)
Transfers (to) other University System of Maryland institutions	<u>(724,832)</u>	<u>(1,045,446)</u>
Net cash used by capital and related financing activities	<u>(4,749,446)</u>	<u>(4,746,006)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	56,622	8,053
Interest on investments	424,146	370,860
Investment expense	(5,540)	(4,965)
Purchases of investments	<u>(209)</u>	<u>(2,960)</u>
Net cash provided by investing activities	<u>475,019</u>	<u>370,988</u>
Net increase in cash and cash equivalents	4,450,610	3,199,902
Cash and cash equivalents - beginning of the year	<u>26,417,940</u>	<u>23,218,038</u>
Cash and cash equivalents - end of the year	<u><u>\$30,868,550</u></u>	<u><u>\$26,417,940</u></u>

**COPPIN STATE UNIVERSITY
BALANCE SHEETS
JUNE 30, 2016 AND 2015**

	June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$8,626,696	\$1,740,200	\$6,495,952	\$1,834,413
Accounts receivable, net	1,923,997	267,485	2,595,209	277,129
Notes receivable, current portion	155,264		191,981	
Prepaid expenses and other assets	131,540	6,140	69,500	5,640
Inter-institutional balances	(1,264,693)		(634,488)	
Total current assets	9,572,804	2,013,825	8,718,154	2,117,182
Noncurrent assets:				
Restricted cash and cash equivalents	6,933		98,467	
Endowment investments	1,521,292	8,496,724	1,583,827	8,905,611
Other investments		1,521,292		1,583,827
Notes receivable, net	912,578		901,505	
Capital assets, net	347,463,465	40,332	341,179,164	40,332
Total noncurrent assets	349,904,268	10,058,348	343,762,963	10,529,770
Total assets	359,477,072	12,072,173	352,481,117	12,646,952
DEFERRED OUTFLOWS OF RESOURCES	11,436,035		4,306,846	
Total assets and deferred outflows of resources	\$370,913,107	\$12,072,173	\$356,787,963	\$12,646,952
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$7,000,049	\$58,208	\$6,815,427	\$144,608
Accrued workers' compensation, current portion	164,550		147,715	
Accrued vacation costs, current portion	1,814,089		1,586,187	
Revenue bonds and notes payable, current portion	2,757,206		3,017,084	
Unearned revenue	4,257,968		4,165,935	
Total current liabilities	15,993,862	58,208	15,732,348	144,608
Noncurrent liabilities:				
Accrued workers' compensation	932,450		805,285	
Accrued vacation costs	1,138,956		1,520,642	
Endowments invested on behalf of primary government		1,521,292		1,583,827
Other payables		8,016		10,352
Revenue bonds and notes payable	41,625,851		42,160,142	
Net pension liability	32,940,903		25,504,390	
Total noncurrent liabilities	76,638,160	1,529,308	69,990,459	1,594,179
Total liabilities	92,632,022	1,587,516	85,722,807	1,738,787
DEFERRED INFLOWS OF RESOURCES	2,795,506		2,791,622	
NET POSITION				
Unrestricted	(30,425,298)	132,226	(31,344,463)	121,889
Net investment in capital assets	303,536,829		296,350,055	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	413,474		413,474	
Other	240,125	7,304,850	240,125	7,131,832
Expendable:				
Scholarships and fellowships	4,483		15,836	424,645
Loans	1,709,032		2,500,040	
Capital projects	6,934		98,467	
Other		3,047,581		3,229,799
Total net position	275,485,579	10,484,657	268,273,534	10,908,165
Total liabilities, deferred inflows of resources, and net position	\$370,913,107	\$12,072,173	\$356,787,963	\$12,646,952

COPPIN STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	Years ended June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$15,434,857		\$15,476,999	
Less: scholarship allowances	<u>(10,622,397)</u>	\$4,812,460	<u>(11,122,772)</u>	\$4,354,227
Federal grants and contracts		4,357,766		5,571,043
State and local grants and contracts		1,076,494		695,618
Nongovernmental grants and contracts		674,234		972,403
Sales and services of educational departments		724,544		677,201
Auxiliary enterprises:				
Residential facilities		3,237,970		3,205,532
Dining facilities		2,320,466		2,491,257
Intercollegiate athletics	3,046,531		3,168,825	
Less: scholarship allowances	<u>(1,269,133)</u>	1,777,398	<u>(1,235,067)</u>	1,933,758
Parking facilities	1,598,552		1,646,515	
Less: scholarship allowances	<u>(251,798)</u>	1,346,754	<u>(253,786)</u>	1,392,729
Other auxiliary enterprises revenues		<u>3,107,841</u>		<u>1,990,579</u>
Total operating revenues		<u>23,435,927</u>		<u>23,284,347</u>
OPERATING EXPENSES:				
Instruction		27,309,491		23,312,612
Research		449,947		
Public service		4,331		
Academic support		7,830,022		7,029,803
Student services		5,212,184		5,124,968
Institutional support		20,644,856		18,367,628
Operation and maintenance of plant		10,265,786		9,545,183
Scholarships and fellowships		534,943		480,633
Auxiliary enterprises:				
Residential facilities		2,304,484		2,091,144
Dining facilities		2,770,842		2,340,154
Intercollegiate athletics		4,065,558		3,978,608
Parking facilities		449,418		382,103
Other auxiliary enterprises expenses		<u>2,389,317</u>		<u>1,929,673</u>
Total operating expenses		<u>84,231,179</u>		<u>74,582,509</u>
Operating loss		<u>(60,795,252)</u>		<u>(51,298,162)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		44,755,130		42,325,436
Pell grants		7,172,266		7,734,936
Gifts			\$1,535,719	\$1,307,040
Investment income (loss)	119,293		(73,240)	405,919
Less: investment expense	<u>(2,915)</u>	116,378	<u>(2,915)</u>	144,583
Interest on indebtedness		(2,289,394)		(1,018,053)
Other revenues (expenses), gains and (losses)		(811,143)		(877,585)
Other affiliated foundation revenues			216,743	89,057
Other affiliated foundation expenses			(2,102,730)	(1,946,710)
Transfers from other University System of Maryland institutions		<u>2,265,392</u>		<u>523,806</u>
Total nonoperating revenues (expenses)		<u>51,208,629</u>	<u>(423,508)</u>	<u>48,833,123</u>
Loss before other revenue		<u>(9,586,623)</u>	<u>(423,508)</u>	<u>(2,465,039)</u>
OTHER REVENUE:				
Capital appropriations		<u>16,798,668</u>		<u>26,849,382</u>
Total other revenue		<u>16,798,668</u>		<u>26,849,382</u>
Increase (decrease) in net position		7,212,045	(423,508)	24,384,343
Net position - beginning of year		268,273,534	10,908,165	268,569,427
Restatement for pension liability due to GASB Statement No. 68				<u>(24,680,236)</u>
Net position - end of year		<u>\$275,485,579</u>	<u>\$10,484,657</u>	<u>\$268,273,534</u>

**COPPIN STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	Years ended June 30,	
	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$4,582,640	\$4,461,241
Research contracts and grants	7,101,559	8,031,907
Payments to employees	(47,881,735)	(48,260,182)
Payments to suppliers and contractors	(23,972,513)	(17,094,106)
Loans issued to students	(44,339)	(249,230)
Collections of loans to students	69,982	79,457
Auxiliary enterprises:		
Residential facilities	3,237,970	3,205,533
Dining facilities	2,320,466	2,491,257
Intercollegiate athletics	1,777,398	1,933,758
Parking facilities	1,346,754	1,392,729
Other	3,107,840	1,990,579
Other receipts (payments)	(15,460)	470,370
	<u>(48,369,438)</u>	<u>(41,546,687)</u>
Net cash used by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	44,755,130	42,325,436
Pell grants	7,172,266	7,734,936
	<u>51,927,396</u>	<u>50,060,372</u>
Net cash provided by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	1,958,731	3,045,716
Capital appropriations	16,798,668	26,849,382
Purchases of capital assets	(18,128,922)	(37,694,695)
Principal paid on debt and capital leases	(4,288,941)	(4,931,159)
Interest paid on debt and capital leases	(2,550,479)	(1,105,882)
Transfers from other University System of Maryland institutions	4,584,419	10,311,452
	<u>(1,626,524)</u>	<u>(3,525,186)</u>
Net cash used by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	44,165	45,522
Interest on investments	66,526	102,707
Investment expense	(2,915)	(2,915)
	<u>107,776</u>	<u>145,314</u>
Net cash provided by investing activities		
Net increase in cash and cash equivalents	2,039,210	5,133,813
Cash and cash equivalents - beginning of the year	<u>6,594,419</u>	<u>1,460,606</u>
Cash and cash equivalents - end of the year	<u>\$8,633,629</u>	<u>\$6,594,419</u>

**UNIVERSITY OF BALTIMORE
BALANCE SHEETS
JUNE 30, 2016 AND 2015**

	June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$36,039,837	\$10,509,879	\$34,937,549	\$9,363,264
Accounts receivable, net	3,944,033	2,748,959	3,898,878	4,847,652
Notes receivable, current portion	413,922		497,444	
Prepaid expenses and other assets	494,361		901,618	
Inter-institutional balances	(6,056,114)		(6,782,803)	
Total current assets	34,836,039	13,258,838	33,452,686	14,210,916
Noncurrent assets:				
Restricted cash and cash equivalents			94,916	
Endowment investments	1,062,341	41,950,031	1,068,191	44,215,205
Other investments		8,247,538		7,782,082
Notes receivable, net	2,171,966		2,383,945	
Other assets		10,014		37,539
Capital assets, net	183,047,999	730,264	187,578,735	772,602
Total noncurrent assets	186,282,306	50,937,847	191,125,787	52,807,428
Total assets	221,118,345	64,196,685	224,578,473	67,018,344
DEFERRED OUTFLOWS OF RESOURCES				
	11,788,534		4,681,336	
Total assets and deferred outflows of resources	\$232,906,879	\$64,196,685	\$229,259,809	\$67,018,344
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$5,649,485	\$851,948	\$8,163,593	\$712,607
Accrued workers' compensation, current portion	104,250		100,750	
Accrued vacation costs, current portion	2,434,022		2,628,072	
Revenue bonds and notes payable, current portion	1,793,059		1,571,569	
Unearned revenue	6,853,257	708,244	7,264,057	612,449
Total current liabilities	16,834,073	1,560,192	19,728,041	1,325,056
Noncurrent liabilities:				
Accrued workers' compensation	590,750		549,250	
Accrued vacation costs	1,732,333		1,775,448	
Endowments invested on behalf of primary government		1,062,341		1,068,191
Revenue bonds and notes payable	19,473,049		21,423,753	
Net pension liability	33,171,271		25,734,758	
Total noncurrent liabilities	54,967,403	1,062,341	49,483,209	1,068,191
Total liabilities	71,801,476	2,622,533	69,211,250	2,393,247
DEFERRED INFLOWS OF RESOURCES				
	2,820,721		2,816,837	
NET POSITION				
Unrestricted	(7,048,025)	6,010,216	(10,897,370)	6,606,227
Net investment in capital assets	162,295,430		165,152,787	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		24,771,484		24,141,964
Other		13,258,076		13,237,144
Expendable:				
Scholarships and fellowships		7,715,992		10,376,575
Loans	3,037,277		2,881,389	
Capital projects			94,916	
Other		9,818,384		10,263,187
Total net position	158,284,682	61,574,152	157,231,722	64,625,097
Total liabilities, deferred inflows of resources and net position	\$232,906,879	\$64,196,685	\$229,259,809	\$67,018,344

UNIVERSITY OF BALTIMORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	Years ended June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$67,440,504		\$69,573,707	
Less: scholarship allowances	(15,992,350)	\$51,448,154	(15,379,643)	\$54,194,064
Federal grants and contracts		897,867		988,299
State and local grants and contracts		7,236,128		6,379,728
Nongovernmental grants and contracts		2,571,497		1,796,000
Sales and services of educational departments		1,296,034		1,105,663
Auxiliary enterprises:				
Parking facilities		1,084,512		1,043,912
Other auxiliary enterprises revenues		6,211,685		6,958,070
Other operating revenues		104,178		114,628
Total operating revenues		70,850,055		72,580,364
OPERATING EXPENSES:				
Instruction		44,222,131		44,057,186
Research		6,756,654		5,883,734
Academic support		14,114,513		13,966,191
Student services		9,286,406		9,675,737
Institutional support		20,819,848		21,797,249
Operation and maintenance of plant		7,769,768		4,452,243
Scholarships and fellowships		3,080,636		3,067,085
Auxiliary enterprises:				
Parking facilities		690,486		681,149
Other auxiliary enterprises expenses		3,002,205		4,379,972
Total operating expenses		109,742,647		107,960,546
Operating loss		(38,892,592)		(35,380,182)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		35,022,983		33,438,038
Pell grants		6,063,144		6,356,950
Gifts			\$3,724,785	\$2,027,121
Investment income (loss)		761,487	(1,296,400)	730,332
Interest on indebtedness		(547,095)		(617,155)
Other affiliated foundation revenues			143,960	455,092
Other affiliated foundation expenses			(5,623,290)	(5,343,309)
Transfers (to) other University System of Maryland institutions		(3,414,917)		(3,402,693)
Total nonoperating revenues (expenses)		37,885,602	(3,050,945)	36,505,472
Income (loss) before other revenue		(1,006,990)	(3,050,945)	(414,080)
OTHER REVENUE:				
Capital appropriations		989,920		1,225,045
Capital gifts and grants		1,070,030		1,199,879
Total other revenue		2,059,950		2,424,924
Increase (decrease) in net position		1,052,960	(3,050,945)	3,550,214
Net position - beginning of year		157,231,722	64,625,097	178,584,668
Restatement for pension liability due to GASB Statement No. 68				(24,903,160)
Net position - end of year		\$158,284,682	\$61,574,152	\$157,231,722

**UNIVERSITY OF BALTIMORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	Years ended June 30,	
	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$51,160,571	\$53,953,295
Research contracts and grants	10,104,041	9,261,776
Payments to employees	(84,430,791)	(79,818,852)
Payments to suppliers and contractors	(20,233,484)	(22,791,222)
Loans issued to students	(207,976)	(173,551)
Collections of loans to students	528,388	645,519
Auxiliary enterprises:		
Parking facilities	1,084,512	1,043,912
Other	6,211,684	6,958,070
Other receipts (payments)	<u>1,965,195</u>	<u>(313,473)</u>
Net cash used by operating activities	<u>(33,817,860)</u>	<u>(31,234,526)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	35,022,983	33,438,038
Pell grants	<u>6,063,144</u>	<u>6,356,950</u>
Net cash provided by noncapital financing activities	<u>41,086,127</u>	<u>39,794,988</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	457,490	965,057
Capital appropriations	989,920	1,225,045
Capital grants and gifts received	1,070,030	1,199,879
Purchases of capital assets	(2,557,033)	(3,623,971)
Principal paid on debt and capital leases	(2,076,233)	(2,817,418)
Interest paid on debt and capital leases	(710,098)	(802,436)
Transfers (to) from other University System of Maryland institutions	<u>(4,043,801)</u>	<u>(3,536,869)</u>
Net cash used by capital and related financing activities	<u>(6,869,725)</u>	<u>(7,390,713)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	<u>608,830</u>	<u>591,190</u>
Net cash provided by investing activities	<u>608,830</u>	<u>591,190</u>
Net increase in cash and cash equivalents	1,007,372	1,760,939
Cash and cash equivalents - beginning of the year	<u>35,032,465</u>	<u>33,271,526</u>
Cash and cash equivalents - end of the year	<u><u>\$36,039,837</u></u>	<u><u>\$35,032,465</u></u>

**SALISBURY UNIVERSITY
BALANCE SHEETS
JUNE 30, 2016 AND 2015**

	2016		2015	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$111,936,880	\$284,956	\$114,754,472	\$401,802
Accounts receivable, net	2,228,669	1,986,763	2,002,548	1,352,478
Notes receivable, current portion	215,439		213,150	
Inventories	1,285,550		1,375,799	
Prepaid expenses and other assets	188,011	212,507	171,879	133,709
Inter-institutional balances	3,519,449		557,999	
Total current assets	119,373,998	2,484,226	119,075,847	1,887,989
Noncurrent assets:				
Accounts receivable, net		4,265,745		6,383,808
Endowment investments	1,426,656	55,260,484	1,434,511	54,758,501
Other investments		7,493,253		8,570,666
Notes receivable, net	831,460		854,835	
Other assets		2,159,581		2,153,964
Capital assets, net	446,278,503	2,708,514	376,747,853	2,242,874
Total noncurrent assets	448,536,619	71,887,577	379,037,199	74,109,813
Total assets	567,910,617	74,371,803	498,113,046	75,997,802
DEFERRED OUTFLOWS OF RESOURCES	16,100,074		5,940,710	
Total assets and deferred outflows of resources	\$584,010,691	\$74,371,803	\$504,053,756	\$75,997,802
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$9,841,159	\$347,330	\$12,391,175	\$151,925
Accrued workers' compensation, current portion	187,950		195,610	
Accrued vacation costs, current portion	2,281,151		2,099,951	
Revenue bonds and notes payable, current portion	6,634,756	2,644,328	6,381,918	2,549,770
Unearned revenue	5,584,791	397,746	3,780,129	194,429
Total current liabilities	24,529,807	3,389,404	24,848,783	2,896,124
Noncurrent liabilities:				
Accrued workers' compensation	1,065,050		1,066,390	
Accrued vacation costs	2,258,772		2,430,283	
Endowments invested on behalf of primary government		1,426,655		1,434,511
Other payables		2,227,230		2,721,288
Revenue bonds and notes payable	90,941,143		97,362,145	708
Net pension liability	39,849,628		29,934,277	
Total noncurrent liabilities	134,114,593	3,653,885	130,793,095	4,156,507
Total liabilities	158,644,400	7,043,289	155,641,878	7,052,631
DEFERRED INFLOWS OF RESOURCES	28,244,067		29,999,776	
NET POSITION				
Unrestricted	70,882,060	6,736,219	70,014,248	6,230,143
Net investment in capital assets	325,140,245		247,257,989	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		12,192,835		12,097,894
Research		324,725		324,725
Other		15,736,356		15,400,058
Expendable:				
Scholarships and fellowships		7,625,027		8,494,871
Research		661,890		694,637
Loans	1,099,919		1,139,865	
Other		24,051,462		25,702,843
Total net position	397,122,224	67,328,514	318,412,102	68,945,171
Total liabilities, deferred inflows of resources, and net position	\$584,010,691	\$74,371,803	\$504,053,756	\$75,997,802

SALISBURY UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	Years ended June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$73,127,960		\$69,654,786	
Less: scholarship allowances	<u>(15,238,600)</u>	\$57,889,360	<u>(14,667,643)</u>	\$54,987,143
Federal grants and contracts		1,778,484		1,841,722
State and local grants and contracts		3,223,391		3,201,278
Nongovernmental grants and contracts		518,138		788,654
Sales and services of educational departments		208,562		201,636
Auxiliary enterprises:				
Residential facilities	27,691,080		26,866,050	
Less: scholarship allowances	<u>(447,246)</u>	27,243,834	<u>(498,623)</u>	26,367,427
Dining facilities	14,743,782		13,924,325	
Less: scholarship allowances	<u>(15,602)</u>	14,728,180	<u>(11,230)</u>	13,913,095
Intercollegiate athletics		6,296,305		6,191,018
Bookstore		4,627,249		4,934,325
Parking facilities		592,350		587,344
Other auxiliary enterprises revenues		<u>3,198,207</u>		<u>3,581,457</u>
Total operating revenues		<u>120,304,060</u>		<u>116,595,099</u>
OPERATING EXPENSES:				
Instruction		54,807,932		53,120,900
Research		1,027,744		1,140,705
Public service		6,673,301		6,906,870
Academic support		11,451,773		9,825,769
Student services		6,893,492		6,761,186
Institutional support		17,268,893		15,864,161
Operation and maintenance of plant		20,200,513		17,320,614
Scholarships and fellowships		103,145		17,710
Auxiliary enterprises:				
Residential facilities		13,861,242		13,123,938
Dining facilities		12,043,443		12,713,069
Intercollegiate athletics		4,503,243		4,315,817
Bookstore		4,444,139		4,510,414
Parking facilities		678,437		567,252
Other auxiliary enterprises expenses		<u>2,716,991</u>		<u>3,172,005</u>
Total operating expenses		<u>156,674,288</u>		<u>149,360,410</u>
Operating loss		<u>(36,370,228)</u>		<u>(32,765,311)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		48,092,020		44,899,566
Peil grants		7,742,759		7,678,922
Gifts			\$8,107,105	\$5,275,888
Investment income (loss)		1,345,235	(11,871)	1,303,397
Interest on indebtedness		(3,443,398)		(3,695,917)
Other revenues (expenses), gains and (losses)		(191,213)		(15,378)
Other affiliated foundation revenues			882,262	1,321,636
Other affiliated foundation expenses			(10,594,153)	(5,815,008)
Transfers (to) other University System of Maryland institutions		<u>(2,156,708)</u>		<u>(2,069,768)</u>
Total nonoperating revenues (losses)		<u>51,388,695</u>	<u>(1,616,657)</u>	<u>48,100,822</u>
Income (loss) before other revenues		<u>15,018,467</u>	<u>(1,616,657)</u>	<u>15,335,511</u>
OTHER REVENUES:				
Capital appropriations		59,212,562		27,999,262
Capital gifts and grants		<u>4,479,093</u>		<u>174,033</u>
Total other revenues		<u>63,691,655</u>		<u>28,173,295</u>
Increase (decrease) in net position		<u>78,710,122</u>	<u>(1,616,657)</u>	<u>43,508,806</u>
Net position, beginning of year		318,412,102	68,945,171	303,870,271
Restatement for pension liability due to GASB Statement No. 68				<u>(28,966,975)</u>
Net position, end of year		<u>\$397,122,224</u>	<u>\$67,328,514</u>	<u>\$318,412,102</u>

**SALISBURY UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	Years ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$57,470,213	\$56,424,545
Research contracts and grants	7,416,492	6,727,304
Payments to employees	(109,277,788)	(102,955,035)
Payments to suppliers and contractors	(35,993,894)	(34,087,214)
Loans issued to students	(181,075)	(200,250)
Collections of loans to students	202,161	218,213
Auxiliary enterprises:		
Residential facilities	25,466,176	24,606,616
Dining facilities	14,722,144	13,913,969
Intercollegiate athletics	6,296,393	6,192,383
Bookstore	4,627,249	4,934,325
Parking facilities	592,350	587,344
Other	3,170,226	3,621,112
Other receipts, net	95,414	166,759
Net cash used by operating activities	(25,393,939)	(19,849,929)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	48,092,020	44,899,566
Pell grants	7,742,759	7,678,922
Net cash provided by noncapital financing activities	55,834,779	52,578,488
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	6,527,776	6,698,243
Capital appropriations	59,212,562	27,999,262
Purchases of capital assets	(78,612,639)	(37,769,958)
Principal paid on debt and capital leases	(12,804,816)	(13,299,705)
Interest paid on debt and capital leases	(4,120,739)	(4,185,919)
Transfers (to) from other University System of Maryland institutions	(4,813,666)	1,854,989
Net cash used by capital and related financing activities	(34,611,522)	(18,703,088)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	1,353,090	1,281,642
Net cash provided by investing activities	1,353,090	1,281,642
Net increase (decrease) in cash and cash equivalents	(2,817,592)	15,307,113
Cash and cash equivalents - beginning of the year	114,754,472	99,447,359
Cash and cash equivalents - end of the year	\$111,936,880	\$114,754,472

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
BALANCE SHEETS
JUNE 30, 2016 AND 2015**

	June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$324,051,787		\$292,941,803	
Accounts receivable, net	21,938,019	\$107,383	24,561,080	\$127,584
Notes receivable, current portion	112,682		119,645	
Inventories	98,133		249,756	
Prepaid expenses and other assets	2,743,310	17,132	1,941,716	17,132
Inter-institutional balances	1,024,494		803,140	
Total current assets	349,968,425	124,515	320,617,140	144,716
Noncurrent assets:				
Accounts receivable, net		357,435		396,899
Endowment investments	3,756,851	15,327,958	3,787,521	15,402,667
Other investments	8,495,304	8,474,388		9,361,374
Notes receivable, net	1,561,243		1,519,318	
Other assets		1,139		1,139
Capital assets, net	149,446,562	5,360,706	158,990,583	3,952,512
Total noncurrent assets	163,259,960	29,521,626	164,297,422	29,114,591
Total assets	513,228,385	29,646,141	484,914,562	29,259,307
DEFERRED OUTFLOWS OF RESOURCES	11,605,617		4,017,586	
Total assets and deferred outflows of resources	\$524,834,002	\$29,646,141	\$488,932,148	\$29,259,307
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$17,192,020	\$120	\$14,133,161	
Accrued workers' compensation, current portion	125,850		121,365	
Accrued vacation costs, current portion	7,881,350		7,806,860	
Unearned revenue	30,448,501		32,572,166	
Total current liabilities	55,647,721	120	54,633,552	
Noncurrent liabilities:				
Accrued workers' compensation	713,150		661,635	
Accrued vacation costs	5,627,412		5,346,578	
Endowments invested on behalf of primary government		3,756,851		\$3,787,521
Net pension liability	32,447,975		25,011,462	
Total noncurrent liabilities	38,788,537	3,756,851	31,019,675	3,787,521
Total liabilities	94,436,258	3,756,971	85,653,227	3,787,521
DEFERRED INFLOWS OF RESOURCES	2,741,552		2,737,668	
NET POSITION				
Unrestricted	276,485,885	4,990,954	239,792,677	5,090,723
Net investment in capital assets	149,446,562		158,990,583	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	29,423	8,469,161	29,423	8,212,195
Research		187,432		189,537
Other		6,153,207		6,310,937
Expendable:				
Scholarships and fellowships	42,649	1,423,037	54,885	1,400,492
Research		1,389,364		1,360,763
Loans	1,651,673		1,673,685	
Other		3,276,015		2,907,139
Total net position	427,656,192	25,889,170	400,541,253	25,471,786
Total liabilities, deferred inflows of resources and net position	\$524,834,002	\$29,646,141	\$488,932,148	\$29,259,307

UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	Years ended June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$312,852,063		\$297,307,914	
Less: scholarship allowances	(30,417,470)	\$282,434,593	(34,538,056)	\$262,769,858
Federal grants and contracts		808,228		1,033,831
State and local grants and contracts		2,774,807		3,407,664
Nongovernmental grants and contracts		1,694,256		1,314,300
Sales and services of educational departments		1,409,614		1,380,734
Auxiliary enterprises:				
Residential facilities		50,150		49,200
Bookstore		126,916		1,247,773
Parking facilities		687		115
Other operating revenues		19,173,640		17,903,201
Total operating revenues		308,472,891		289,106,676
OPERATING EXPENSES:				
Instruction		93,885,141		89,707,489
Public service		17,280,665		16,312,694
Academic support		50,990,508		43,426,146
Student services		76,997,099		77,143,353
Institutional support		75,968,114		66,597,327
Operation and maintenance of plant		18,752,102		18,842,729
Scholarships and fellowships		24,956,796		22,825,688
Auxiliary enterprises:				
Residential facilities		49,959		52,838
Bookstore		303,563		1,121,327
Parking facilities		100,978		98,925
Total operating expenses		359,284,925		336,128,516
Operating loss		(50,812,034)		(47,021,840)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		39,458,941		38,697,971
Pell grants		36,950,687		37,618,829
Gifts			\$1,607,915	\$946,478
Investment income (loss)	1,745,665		917,609	(1,117,926)
Less: Investment expense	(537)	1,745,128	(537)	2,689,038
Other revenues (expenses), gains and (losses)		(98,943)		(352,108)
Other affiliated foundation expenses			(2,108,140)	(1,577,942)
Transfers (to) other University System of Maryland institutions		(128,840)		(500,197)
Total nonoperating revenues (expenses)		77,926,973	417,384	78,153,533
Increase (decrease) in net position		27,114,939	417,384	31,131,693
Net position - beginning of period		400,541,253	25,471,786	393,612,797
Restatement for pension liability due to GASB Statement No. 68				(24,203,237)
Net position - end of period		\$427,656,192	\$25,889,170	\$400,541,253

UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	Years ended June 30,	
	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$278,791,368	\$268,659,200
Research contracts and grants	8,695,098	3,219,602
Payments to employees	(221,678,761)	(208,762,843)
Payments to suppliers and contractors	(133,411,121)	(125,827,674)
Loans issued to students	(166,716)	(176,473)
Collections of loans to students	131,754	130,695
Auxiliary enterprises:		
Residential facilities	50,150	49,200
Bookstore	126,916	1,247,773
Parking facilities	687	115
Other receipts	<u>21,076,433</u>	<u>17,583,920</u>
Net cash used by operating activities	<u>(46,384,192)</u>	<u>(43,876,485)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	39,458,941	38,697,971
Pell grants	<u>36,950,687</u>	<u>37,618,829</u>
Net cash provided by noncapital financing activities	<u>76,409,628</u>	<u>76,316,800</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sales of capital assets	81,395	454,200
Purchases of capital assets	(1,927,147)	(467,167)
Transfers (to) from other University System of Maryland institutions	<u>(350,194)</u>	<u>4,448,244</u>
Net cash provided (used) by capital and related financing activities	<u>(2,195,946)</u>	<u>4,435,277</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	8,143	8,394
Interest on investments	3,272,888	2,628,308
Investment expense	<u>(537)</u>	<u>(537)</u>
Net cash provided by investing activities	<u>3,280,494</u>	<u>2,636,165</u>
Net increase in cash and cash equivalents	31,109,984	39,511,757
Cash and cash equivalents - beginning of the year	<u>292,941,803</u>	<u>253,430,046</u>
Cash and cash equivalents - end of the year	<u>\$324,051,787</u>	<u>\$292,941,803</u>

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
BALANCE SHEETS
JUNE 30, 2016 AND 2015

	June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$138,147,641	\$603,634	\$116,145,995	\$451,667
Accounts receivable, net	16,314,710	3,744,452	15,332,665	3,413,513
Notes receivable, current portion	343,340		433,357	
Inventories	690,347		775,333	
Prepaid expenses and other assets	290,261	110,890	328,644	21,926
Inter-institutional balances	133,849		30,327	
Total current assets	155,920,148	4,458,976	133,046,321	3,887,106
Noncurrent assets:				
Restricted cash and cash equivalents	202,788		385,213	
Accounts receivable, net		8,015,662		9,432,158
Endowment investments	4,853,033	78,100,821	4,953,908	75,751,976
Other investments		27,493,211		28,122,924
Notes receivable, net	1,480,032		1,531,570	
Other assets		47,142		47,142
Capital assets, net	524,995,611	3,178,740	502,427,771	3,395,370
Total noncurrent assets	531,531,464	116,835,576	509,298,462	116,749,570
Total assets	687,451,612	121,294,552	642,344,783	120,636,676
DEFERRED OUTFLOWS OF RESOURCES	37,953,603		13,690,679	
Total assets and deferred outflows of resources	\$725,405,215	\$121,294,552	\$656,035,462	\$120,636,676
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$30,246,764	\$37,022	\$28,067,749	\$69,528
Accrued workers' compensation, current portion	173,700		181,195	
Accrued vacation costs, current portion	8,245,694		8,109,903	
Revenue bonds and notes payable, current portion	8,331,644	53,899	8,463,560	52,287
Unearned revenue	9,554,350	5,759,929	8,076,552	5,866,888
Total current liabilities	56,552,152	5,850,850	52,898,959	5,988,703
Noncurrent liabilities:				
Accrued workers' compensation	984,300		987,805	
Accrued vacation costs	5,042,006		5,175,349	
Endowments invested on behalf of primary government		4,853,033		4,953,908
Revenue bonds and notes payable	107,830,550	159,924	100,427,677	214,216
Net pension liability	94,472,345		69,683,967	
Total noncurrent liabilities	208,329,201	5,012,957	176,274,798	5,168,124
Total liabilities	264,881,353	10,863,807	229,173,757	11,156,827
DEFERRED INFLOWS OF RESOURCES	41,786,852		43,571,092	
NET POSITION				
Unrestricted	39,620,599	26,900,623	21,288,530	27,379,331
Net investment in capital assets	376,824,934		359,521,469	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	130,474	33,850,628	130,474	33,080,977
Research		749,150		763,507
Other		24,593,927		25,422,186
Expendable:				
Scholarships and fellowships		5,688,116		5,641,568
Research		5,553,521		5,481,528
Loans	1,958,215		1,964,927	
Capital projects	202,788		385,213	
Other		13,094,780		11,710,752
Total net position	418,737,010	110,430,745	383,290,613	109,479,849
Total liabilities, deferred inflows of resources, and net position	\$725,405,215	\$121,294,552	\$656,035,462	\$120,636,676

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	Years ended June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$127,309,785		\$122,461,769	
Less: scholarship allowances	(17,349,988)	\$109,959,797	(17,695,845)	\$104,765,924
Federal grants and contracts		42,520,892		41,489,870
State and local grants and contracts		28,079,413		27,841,500
Nongovernmental grants and contracts		19,334,752		19,405,796
Sales and services of educational departments		4,387,346		5,281,734
Auxiliary enterprises:				
Residential facilities	26,371,724		25,434,459	
Less: scholarship allowances	(4,950,869)	21,420,855	(5,050,916)	20,383,543
Dining facilities	13,634,313		13,324,983	
Less: scholarship allowances	(2,511,193)	11,123,120	(2,641,166)	10,683,817
Intercollegiate athletics		11,772,275		11,266,018
Bookstore	5,511,523		5,949,941	
Less: scholarship allowances	(3,833)	5,507,690	(3,928)	5,946,013
Parking facilities		1,935,219		1,775,941
Other auxiliary enterprises revenues		17,251,466		17,271,578
Other operating revenues		14,155,908		12,685,182
Total operating revenues		287,448,733		278,796,916
OPERATING EXPENSES:				
Instruction		111,998,037		109,636,705
Research		66,204,859		64,413,197
Public service		20,614,206		20,169,936
Academic support		22,672,419		24,127,677
Student services		17,178,535		17,336,820
Institutional support		37,068,673		34,157,381
Operation and maintenance of plant		25,436,745		26,692,348
Scholarships and fellowships		22,834,787		22,764,775
Auxiliary enterprises:				
Residential facilities		26,344,279		19,264,827
Dining facilities		11,419,148		11,627,937
Intercollegiate athletics		9,230,398		8,847,349
Bookstore		5,405,489		5,743,274
Parking facilities		868,643		449,117
Other auxiliary enterprises expenses		9,049,085		11,890,329
Total operating expenses		386,325,303		377,121,672
Operating loss		(98,876,570)		(98,324,756)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		112,364,992		108,135,786
Pell grants		14,183,326		13,952,550
Gifts		2,176	\$9,370,500	2,260
Investment income (loss)	1,394,937		(864,813)	\$13,563,187
Less: Investment expense	(6,226)	1,388,711	1,510,389	3,821,874
Interest on indebtedness		(4,132,530)	(6,109)	1,504,280
Other revenues (expenses), gains and (losses)		(107,359)		(3,653,969)
Other affiliated foundation revenues			2,784,614	(337,133)
Other affiliated foundation expenses			(10,339,405)	2,428,980
Transfers (to) from other University System of Maryland institutions		2,671,663		(9,973,603)
		(5,122,538)		
Total nonoperating revenues		126,370,979	950,896	114,481,236
Income before other revenues		27,494,409	950,896	16,156,480
Income before other revenues		27,494,409	950,896	16,156,480
Income before other revenues		27,494,409	950,896	16,156,480
OTHER REVENUES:				
Capital appropriations		7,852,023		18,224,203
Capital gifts and grants		99,965		344,829
Total other revenues		7,951,988		18,569,032
Increase in net position		35,446,397	950,896	34,725,512
Net position - beginning of year		383,290,613	109,479,849	415,997,287
Restatement for pension liability due to GASB Statement No. 68				(67,432,186)
Net position - end of year		\$418,737,010	\$110,430,745	\$383,290,613
				\$109,479,849

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	Years ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$111,160,731	\$100,277,432
Research contracts and grants	89,480,882	90,306,364
Payments to employees	(238,665,347)	(231,735,089)
Payments to suppliers and contractors	(124,250,995)	(122,891,311)
Loans issued to students	(30,738)	(229,233)
Collections of loans to students	172,293	301,754
Auxiliary enterprises:		
Residential facilities	19,539,838	18,523,203
Dining facilities	11,079,590	10,650,716
Intercollegiate athletics	11,726,204	11,231,113
Bookstore	5,486,136	5,927,591
Parking facilities	1,927,646	1,770,440
Other	17,183,952	17,218,066
Other receipts	18,688,525	17,895,269
Net cash used by operating activities	(76,501,283)	(80,753,685)
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	112,364,992	108,135,786
Pell grants	14,183,326	13,952,550
Net cash provided by noncapital financing activities	126,548,318	122,088,336
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	16,681,234	10,246,994
Capital appropriations	7,852,022	18,224,203
Purchases of capital assets	(43,066,594)	(46,467,898)
Principal paid on debt and capital leases	(13,936,277)	(18,296,607)
Interest paid on debt and capital leases	(5,042,574)	(4,243,093)
Transfers from other University System of Maryland institutions	7,794,789	7,399,070
Net cash used by capital and related financing activities	(29,717,400)	(33,137,331)
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	52,622	63,811
Interest on investments	1,443,190	1,391,595
Investment expense	(6,226)	(6,109)
Net cash provided by investing activities	1,489,586	1,449,297
Net increase in cash and cash equivalents	21,819,221	9,646,617
Cash and cash equivalents - beginning of the year	116,531,208	106,884,591
Cash and cash equivalents - end of the year	\$138,350,429	\$116,531,208

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
BALANCE SHEETS
JUNE 30, 2016 AND 2015**

	June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$16,711,647		\$14,347,678	
Accounts receivable, net	4,731,781	\$1,908	5,103,787	\$2,001
Prepaid expenses and other assets		295		295
Inter-institutional balances			25	
Total current assets	<u>21,443,428</u>	<u>2,203</u>	<u>19,451,490</u>	<u>2,296</u>
Noncurrent assets:				
Restricted cash and cash equivalents	4,941		2,865	
Endowment investments	376,744	2,232,915	378,819	2,243,576
Other investments		2,277,167		2,281,405
Other assets		11,676		11,676
Capital assets, net	78,283,435		69,530,591	
Total noncurrent assets	<u>78,665,120</u>	<u>4,521,758</u>	<u>69,912,275</u>	<u>4,536,657</u>
Total assets	<u>100,108,548</u>	<u>4,523,961</u>	<u>89,363,765</u>	<u>4,538,953</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>3,457,453</u>		<u>1,064,704</u>	
Total assets and deferred outflows of resources	<u>\$103,566,001</u>	<u>\$4,523,961</u>	<u>\$90,428,469</u>	<u>\$4,538,953</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$2,670,976		\$1,598,119	
Accrued workers' compensation, current portion	19,800		21,545	
Accrued vacation costs, current portion	665,400		679,193	
Revenue bonds and notes payable, current portion	1,322,600		1,281,963	
Unearned revenue	831,874	\$286,326	695,573	\$244,096
Total current liabilities	<u>5,510,650</u>	<u>286,326</u>	<u>4,276,393</u>	<u>244,096</u>
Noncurrent liabilities:				
Accrued workers' compensation	112,200		117,455	
Accrued vacation costs	2,429,481		2,479,842	
Endowments invested on behalf of primary government		376,745		378,819
Revenue bonds and notes payable	6,778,666		8,098,315	
Net pension liability	8,466,355		5,987,517	
Total noncurrent liabilities	<u>17,786,702</u>	<u>376,745</u>	<u>16,683,129</u>	<u>378,819</u>
Total liabilities	<u>23,297,352</u>	<u>663,071</u>	<u>20,959,522</u>	<u>622,915</u>
DEFERRED INFLOWS OF RESOURCES	<u>656,667</u>		<u>655,373</u>	
NET POSITION				
Unrestricted	9,307,920	744,282	8,547,324	782,649
Net investment in capital assets	70,299,121		60,263,385	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		1,262,973		1,262,545
Research		27,951		29,139
Other		917,604		970,245
Expendable:				
Scholarships and fellowships		212,244		215,312
Research		207,222		209,204
Capital projects	4,941		2,865	
Other		488,614		446,944
Total net position	<u>79,611,982</u>	<u>3,860,890</u>	<u>68,813,574</u>	<u>3,916,038</u>
Total liabilities, deferred inflows of resources and net position	<u>\$103,566,001</u>	<u>\$4,523,961</u>	<u>\$90,428,469</u>	<u>\$4,538,953</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015**

	Years ended June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Federal grants and contracts	\$13,170,708		\$12,230,215	
State and local grants and contracts	7,814,063		5,867,599	
Nongovernmental grants and contracts	2,749,396		1,728,509	
Sales and services of educational departments	3,521,412		3,931,211	
Total operating revenues	<u>27,255,579</u>		<u>23,757,534</u>	
OPERATING EXPENSES:				
Research	48,502,181		46,646,683	
Operation and maintenance of plant	414,326		365,090	
Total operating expenses	<u>48,916,507</u>		<u>47,011,773</u>	
Operating loss	<u>(21,660,928)</u>		<u>(23,254,239)</u>	
NONOPERATING REVENUE (EXPENSES):				
State appropriations	22,382,332		21,566,200	
Gifts		\$1,084,159		\$1,409,836
Investment income (loss)	269,678	(165,343)	230,462	(200,588)
Interest on indebtedness	(254,128)		(279,413)	
Other affiliated foundation expenses		(973,964)		(649,665)
Transfers from other University System of Maryland institutions	578,748		1,241,262	
Total nonoperating revenues (expenses)	<u>22,976,630</u>	<u>(55,148)</u>	<u>22,758,511</u>	<u>559,583</u>
Income (loss) before other revenues	<u>1,315,702</u>	<u>(55,148)</u>	<u>(495,728)</u>	<u>559,583</u>
OTHER REVENUE:				
Capital appropriations	9,482,706		4,221,605	
Total other revenue	<u>9,482,706</u>		<u>4,221,605</u>	
Increase (decrease) in net position	10,798,408	(55,148)	3,725,877	559,583
Net position - beginning of year	68,813,574	3,916,038	70,881,732	3,356,455
Restatement for pension liability due to GASB Statement No. 68			<u>(5,794,035)</u>	
Net position - end of year	<u>\$79,611,982</u>	<u>\$3,860,890</u>	<u>\$68,813,574</u>	<u>\$3,916,038</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	Years ended June 30,	
	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Research contracts and grants	\$24,242,474	\$20,265,762
Payments to employees	(30,340,638)	(29,226,791)
Payments to suppliers and contractors	(13,726,364)	(13,256,754)
Other receipts	3,521,412	3,931,211
	<u>(16,303,116)</u>	<u>(18,286,572)</u>
Net cash used by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	<u>22,382,332</u>	<u>21,566,200</u>
Net cash provided by noncapital financing activities	<u>22,382,332</u>	<u>21,566,200</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	210,367	436,600
Capital appropriations	9,482,706	4,221,605
Purchases of capital assets	(12,509,533)	(3,817,266)
Principal paid on debt and capital leases	(1,473,202)	(1,689,539)
Interest paid on debt and capital leases	(296,629)	(303,674)
Transfers from other University System of Maryland institutions	601,367	1,626,671
	<u>(3,984,924)</u>	<u>474,397</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>271,753</u>	<u>224,717</u>
Net cash provided by investing activities	<u>271,753</u>	<u>224,717</u>
Net increase in cash and cash equivalents	2,366,045	3,978,742
Cash and cash equivalents - beginning of the year	<u>14,350,543</u>	<u>10,371,801</u>
Cash and cash equivalents - end of the year	<u>\$16,716,588</u>	<u>\$14,350,543</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
BALANCE SHEETS
JUNE 30, 2016 AND 2015**

	2016		June 30,		2015	
	Institution	Component Units	Institution	Component Units	Institution	Component Units
ASSETS						
Current assets:						
Cash and cash equivalents	\$194,572,694		\$173,645,923			
Accounts receivable, net	3,411,195	\$850,002	8,791,204		\$1,772,006	
Prepaid expenses and other assets		220,747			638,347	
Inter-institutional balances	<u>3,816,357</u>		<u>4,793,005</u>			
Total current assets	<u>201,800,246</u>	<u>1,070,749</u>	<u>187,230,132</u>		<u>2,410,353</u>	
Noncurrent assets:						
Restricted cash and cash equivalents	67,180,180		49,681,673			
Accounts receivable, net		899,014			404,873	
Endowment investments	19,148,628	14,902,241	20,188,626		13,181,618	
Other investments		75,641,150			78,429,578	
Other assets		364,926			323,962	
Capital assets, net	<u>103,597,861</u>	<u>4,026,787</u>	<u>90,050,666</u>		<u>5,350,283</u>	
Total noncurrent assets	<u>189,926,669</u>	<u>95,834,118</u>	<u>159,920,965</u>		<u>97,690,314</u>	
Total assets	<u>391,726,915</u>	<u>96,904,867</u>	<u>347,151,097</u>		<u>100,100,667</u>	
DEFERRED OUTFLOWS OF RESOURCES						
	<u>4,508,610</u>		<u>2,122,115</u>			
Total assets and deferred outflows of resources	<u>\$396,235,525</u>	<u>\$96,904,867</u>	<u>\$349,273,212</u>		<u>\$100,100,667</u>	
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	\$4,407,985	\$3,458,003	\$5,122,864		\$962,376	
Accrued workers' compensation, current portion	10,350		10,385			
Accrued vacation costs, current portion	653,836		611,983			
Revenue bonds and notes payable, current portion	4,516,728		4,626,292			
Unearned revenue		647,437			55,333	
Total current liabilities	<u>9,588,899</u>	<u>4,105,440</u>	<u>10,371,524</u>		<u>1,017,709</u>	
Noncurrent liabilities:						
Accrued workers' compensation	58,650		56,615			
Accrued vacation costs	1,033,472		1,135,126			
Endowments invested on behalf of primary government		19,148,626			20,180,863	
Revenue bonds and notes payable	81,373,748		66,557,902			
Other payables		53,108,113			53,540,288	
Net pension liability	<u>7,301,987</u>		<u>4,823,149</u>			
Total noncurrent liabilities	<u>89,767,857</u>	<u>72,256,739</u>	<u>72,572,792</u>		<u>73,721,151</u>	
Total liabilities	<u>99,356,756</u>	<u>76,362,179</u>	<u>82,944,316</u>		<u>74,738,860</u>	
DEFERRED INFLOWS OF RESOURCES						
	<u>529,220</u>		<u>527,925</u>			
NET POSITION						
Unrestricted	209,367,314	3,959,809	195,917,123		5,068,825	
Net investment in capital assets	81,507,305		66,666,316			
Restricted:						
Nonexpendable:						
Scholarships and fellowships	347,604	6,720,172	347,604		8,176,859	
Research		148,725			188,721	
Other	471,330	4,882,492	471,330		6,283,781	
Expendable:						
Scholarships and fellowships	14,894	1,129,257	201,220		1,394,372	
Research		1,102,536			1,354,816	
Capital projects	4,641,102		1,850,374			
Other		2,599,697	347,004		2,894,433	
Total net position	<u>296,349,549</u>	<u>20,542,688</u>	<u>265,800,971</u>		<u>25,361,807</u>	
Total liabilities, deferred inflows of resources, and net position	<u>\$396,235,525</u>	<u>\$96,904,867</u>	<u>\$349,273,212</u>		<u>\$100,100,667</u>	

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015**

	Years ended June 30,			
	2016		2015	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Federal grants and contracts	\$1,632,431		\$1,793,881	
State and local grants and contracts			1,136	
Nongovernmental grants and contracts	27,497		208,371	
Other operating revenue	<u>358,056</u>		<u>819,944</u>	
Total operating revenues	<u>2,017,984</u>		<u>2,823,332</u>	
OPERATING EXPENSES:				
Academic support	4,610,214		4,856,541	
Institutional support	<u>18,645,036</u>		<u>16,592,690</u>	
Total operating expenses	<u>23,255,250</u>		<u>21,449,231</u>	
Operating loss	<u>(21,237,266)</u>		<u>(18,625,899)</u>	
NONOPERATING REVENUES (EXPENSES):				
State appropriations	23,721,589		22,061,440	
Gifts		\$2,358,767		\$3,830,322
Investment income (loss)	1,854,292	(5,551,381)	2,627,399	4,419,204
Investment expense	<u>(34,724)</u>		<u>(33,239)</u>	
Interest on indebtedness	1,819,568		2,594,160	
Other revenues, (expenses), gains and (losses)	(5,345,717)		(7,556,372)	
Other affiliated foundation revenues	4,538,736		5,941,176	
Other affiliated foundation expenses		3,159,290		3,427,667
Transfers from other University System of Maryland institutions		(4,785,795)		(6,954,516)
	<u>11,441,019</u>		<u>18,265,987</u>	
Total nonoperating revenues (expenses)	<u>36,175,195</u>	<u>(4,819,119)</u>	<u>41,306,391</u>	<u>4,722,677</u>
Income (loss) before other revenue	<u>14,937,929</u>	<u>(4,819,119)</u>	<u>22,680,492</u>	<u>4,722,677</u>
OTHER REVENUE:				
Capital appropriations	5,632,253		3,675,346	
Capital gifts and grants	<u>9,978,396</u>		<u>7,080,446</u>	
Total other revenue	<u>15,610,649</u>		<u>10,755,792</u>	
Increase (decrease) in net position	<u>30,548,578</u>	<u>(4,819,119)</u>	<u>33,436,284</u>	<u>4,722,677</u>
Net position - beginning of year	265,800,971	25,361,807	237,031,979	20,639,130
Restatement for pension liability due to GASB Statement No. 68			<u>(4,667,292)</u>	
Net position - end of year	<u>\$296,349,549</u>	<u>\$20,542,688</u>	<u>\$265,800,971</u>	<u>\$25,361,807</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	Years ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Research contracts and grants	\$1,628,855	\$2,086,009
Payments to employees	(16,304,481)	(14,745,353)
Payments to suppliers and contractors	(4,413,587)	(3,152,982)
Other receipts, net	4,569,730	6,516,822
	<u>(14,519,483)</u>	<u>(9,295,504)</u>
Net cash used by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	23,721,589	22,061,440
	<u>23,721,589</u>	<u>22,061,440</u>
Net cash provided by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	44,884,785	5,567,778
Capital appropriations	5,632,253	3,675,346
Capital grants and gifts received	5,021,606	
Purchases of capital assets	(6,502,283)	(11,424,468)
Principal paid on debt and capital leases	(2,643,038)	(9,606,847)
Interest paid on debt and capital leases	(5,013,886)	(8,386,721)
Transfers (to) other University System of Maryland institutions	(15,015,831)	(42,180,992)
	<u>26,363,606</u>	<u>(62,355,904)</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	812,564	302,566
Interest on investments	2,081,726	2,079,497
Investment expense	(34,724)	(33,239)
	<u>2,859,566</u>	<u>2,348,824</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	38,425,278	(47,241,144)
Cash and cash equivalents - beginning of the year	<u>223,327,596</u>	<u>270,568,740</u>
Cash and cash equivalents - end of the year	<u>\$261,752,874</u>	<u>\$223,327,596</u>

UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEET, NONMAJOR COMPONENT UNITS
JUNE 30, 2016

	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.	Towson University Public Media, Inc.	Maryland Hawk Corporation	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.	Maryland 4-H Foundation, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park	Total Nonmajor Component Units
ASSETS																	
Current assets																	
Cash	\$1,375,471	\$27,228	\$1,974,324	\$83,797	\$830,671	\$5,614,748	\$97,121	\$257,440	\$516,293	\$1,740,200	\$10,509,879	\$220,419	\$64,537	\$229,005	\$125,549	\$603,634	\$24,270,316
Accounts receivable, net	899	745	650,406	10	583,242	46,019	254,340	215,611	124,216	267,485	2,748,959	1,551,227	435,536	107,731	98,442	100,513	7,185,381
Other assets	167,376	35,636	3,114	1,198		272,245	52,385		21,162	6,140		83,000	129,507	7,632		87,364	866,759
Total current assets	1,543,746	63,609	2,627,844	85,005	1,413,913	5,933,012	403,846	473,051	661,671	2,013,825	13,258,838	1,854,646	629,580	344,368	223,991	791,511	32,322,456
Investments																	
Endowment investments	5,675	2,182,935			6,816,682	60,851,837			19,385,723	8,496,724	41,950,031	55,205,361	55,123	4,905,917			199,856,008
Other investments		295,840	6,453,206				10,946		1,588,778		7,185,197	6,066,598				8,704,244	30,304,809
Total investments	5,675	2,478,775	6,453,206		6,816,682	60,851,837	10,946		20,974,501	8,496,724	49,135,228	61,271,959	55,123	4,905,917		8,704,244	230,160,817
Noncurrent assets																	
Accounts receivable, net						1,480,768			489,724			4,265,745					6,236,237
Capital assets, net						368		12,518,898	290,985	40,332	730,264	1,935,912	772,602	72,137	1,883	3,178,740	19,542,121
Other assets								308,807	309,574		10,014	2,133,506	26,075				2,787,976
Total noncurrent assets						1,481,136		12,827,705	1,090,283	40,332	740,278	8,335,163	798,677	72,137	1,883	3,178,740	28,566,334
Total assets	\$1,549,421	\$2,542,384	\$9,081,050	\$85,005	\$8,230,595	\$68,265,985	\$414,792	\$13,300,756	\$22,726,455	\$10,550,881	\$63,134,344	\$71,461,768	\$1,483,380	\$5,322,422	\$225,874	\$12,674,495	\$291,049,607
LIABILITIES																	
Current liabilities																	
Accounts payable & accrued expenses	\$32,698	\$9,435	\$1,811,881		\$32,777	\$1,537,224	\$117,302	\$500,692	\$14,456	\$58,208	\$851,948	\$22,456	\$324,874	\$168,770	\$18,283	\$29,307	\$5,530,311
Long-term debt, current								174,005				2,585,486	58,842		11,128	53,899	2,883,360
Unearned revenue	800		308,500	\$375					38,143		708,244	354,864	42,882		170,739	5,479,233	7,103,780
Total current liabilities	33,498	9,435	2,120,381	375	32,777	1,537,224	117,302	674,697	52,599	58,208	1,560,192	2,962,806	426,598	168,770	200,150	5,562,439	15,517,451
Noncurrent liabilities																	
Other payables										8,016		2,206,021	21,209		2,134		2,237,380
Long-term debt, noncurrent								12,544,822								159,924	12,704,746
Total noncurrent liabilities								12,544,822		8,016		2,206,021	21,209		2,134	159,924	14,942,126
Total liabilities	33,498	9,435	2,120,381	375	32,777	1,537,224	117,302	13,219,519	52,599	66,224	1,560,192	5,168,827	447,807	168,770	202,284	5,722,363	30,459,577
NET ASSETS																	
Unrestricted	1,445,717	2,532,949	6,960,669	58,130	535,795	3,291,982	295,090	71,134	600,143	132,226	6,010,216	5,942,541	793,678	2,319,697	23,590	6,952,132	37,965,689
Temporarily restricted:																	
Scholarships & fellowships						10,055,124			336,803		7,715,992	7,625,027					25,732,946
Research						8,005			20,475		661,890						690,370
Other	70,206			26,500	2,791,243	13,193,350	2,400	10,103	2,390,603	3,047,581	9,818,384	23,818,209	233,253	455,729			55,857,561
Permanently restricted:																	
Scholarships & fellowships						23,391,884			13,776,038		24,771,484	12,192,835					74,132,241
Research						106,013			29,438		324,725						460,176
Other					4,870,780	16,682,403			5,520,356	7,304,850	13,258,076	15,727,714	8,642	2,378,226			65,751,047
Total net assets	1,515,923	2,532,949	6,960,669	84,630	8,197,818	66,728,761	297,490	81,237	22,673,856	10,484,657	61,574,152	66,292,941	1,035,573	5,153,652	23,590	6,952,132	260,590,030
Total liabilities and net assets	\$1,549,421	\$2,542,384	\$9,081,050	\$85,005	\$8,230,595	\$68,265,985	\$414,792	\$13,300,756	\$22,726,455	\$10,550,881	\$63,134,344	\$71,461,768	\$1,483,380	\$5,322,422	\$225,874	\$12,674,495	\$291,049,607

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

	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.	Towson University Public Media, Inc.	Maryland Hawk Corporation	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.	Maryland 4-H Foundation, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park	Total Nonmajor Component Units
ASSETS																	
Current assets																	
Cash	\$1,076,704	\$72,932	\$888,090	\$83,843	\$771,893	\$5,645,491	\$64,352	\$455,040	\$381,023	\$1,834,413	\$9,363,264	\$131,995	\$269,807	\$349,849	\$111	\$451,667	\$21,840,474
Accounts receivable, net	899		114,000	10	625,011	41,108	212,234	142,588	107,897	277,129	4,847,652	800,362	552,116	34,510	238,603	144,768	8,138,887
Other assets	170,870	25,000	10,710	1,183		277,452	33,794	580,000	21,384	5,640		26,021	107,688	7,469			1,267,211
Total current assets	1,248,473	97,932	1,012,800	85,036	1,396,904	5,964,051	310,380	1,177,628	510,304	2,117,182	14,210,916	958,378	929,611	391,828	238,714	596,435	31,246,572
Investments																	
Endowment investments	6,274	2,291,891			6,759,675	62,253,885			17,714,387	8,905,611	44,215,205	54,702,488	56,013	3,382,532			200,287,961
Other investments		300,476	6,727,999						1,514,591		6,713,891	7,136,155		1,227,889		8,701,548	32,322,549
Total investments	6,274	2,592,367	6,727,999		6,759,675	62,253,885			19,228,978	8,905,611	50,929,096	61,838,643	56,013	4,610,421		8,701,548	232,610,510
Noncurrent assets																	
Accounts receivable, net						1,626,111			349,866			6,383,808					8,359,785
Capital assets, net						1,020		12,728,523	296,651		772,602	2,001,976	240,898	78,396	3,475	3,395,370	19,518,911
Other assets								577,896	291,200	40,332	37,539	2,127,594	26,370				3,100,931
Total noncurrent assets						1,627,131		13,306,419	937,717	40,332	810,141	10,513,378	267,268	78,396	3,475	3,395,370	30,979,627
Total assets	\$1,254,747	\$2,690,299	\$7,740,799	\$85,036	\$8,156,579	\$69,845,067	\$310,380	\$14,484,047	\$20,676,999	\$11,063,125	\$65,950,153	\$73,310,399	\$1,252,892	\$5,080,645	\$242,189	\$12,693,353	\$294,836,709
LIABILITIES																	
Current liabilities																	
Accounts payable & accrued expenses	\$31,804	\$7,036	\$421,659		\$22,091	\$942,716	\$58,233	\$143,022	\$22,309	\$144,608	\$712,607	\$38,535	\$113,390	\$89,168	\$147,505	\$45,956	\$2,940,639
Long-term debt, current												2,545,487	4,283		19,035	52,287	2,621,092
Unearned revenue	800		348,395					75,310	44,809		612,449	155,616	38,813		60,858	5,508,395	6,845,445
Total current liabilities	32,604	7,036	770,054		22,091	942,716	58,233	218,332	67,118	144,608	1,325,056	2,739,638	156,486	89,168	227,398	5,606,638	12,407,176
Noncurrent liabilities																	
Other payables								385,000		10,352		2,705,364	15,924		4,026		3,120,666
Long-term debt, noncurrent								12,506,787					708			214,216	12,721,711
Total noncurrent liabilities								12,891,787		10,352		2,705,364	16,632		4,026	214,216	15,842,377
Total liabilities	32,604	7,036	770,054		22,091	942,716	58,233	13,110,119	67,118	154,960	1,325,056	5,445,002	173,118	89,168	231,424	5,820,854	28,249,553
NET ASSETS																	
Unrestricted	1,150,902	2,683,263	6,970,745	\$59,536	561,902	3,432,205	252,147	1,363,825	666,121	121,889	6,606,227	5,906,190	323,953	2,289,594	10,765	6,872,499	39,271,763
Temporarily restricted:																	
Scholarships & fellowships						11,366,862			346,769	424,645	10,376,575	8,494,871					31,009,722
Research						7,745			13,267		694,637						715,649
Other	71,241		25,500	2,898,843	15,008,634		10,103	1,930,487	3,229,799	10,263,187	24,955,664	747,179	373,043				59,513,680
Permanently restricted:																	
Scholarships & fellowships						23,262,782			11,260,732	24,141,964	12,097,894						70,763,372
Research						71,013			30,295		324,725						426,033
Other					4,673,743	15,753,110			6,362,210	7,131,832	13,237,144	15,391,416	8,642	2,328,840			64,886,937
Total net assets	1,222,143	2,683,263	6,970,745	85,036	8,134,488	68,902,351	252,147	1,373,928	20,609,881	10,908,165	64,625,097	67,865,397	1,079,774	4,991,477	10,765	6,872,499	266,587,156
Total liabilities and net assets	\$1,254,747	\$2,690,299	\$7,740,799	\$85,036	\$8,156,579	\$69,845,067	\$310,380	\$14,484,047	\$20,676,999	\$11,063,125	\$65,950,153	\$73,310,399	\$1,252,892	\$5,080,645	\$242,189	\$12,693,353	\$294,836,709

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, NONMAJOR COMPONENT UNITS
YEAR ENDED JUNE 30, 2016

	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.	Towson University Public Media, Inc.	Maryland Hawk Corporation	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.	Maryland 4-H Foundation, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park	Total Nonmajor Component Units
CHANGES IN UNRESTRICTED NET ASSETS																	
Revenues																	
Contributions & grants	\$1,665,041	\$8,635		\$5,000	\$20	\$498,975	\$2,581,525		\$249,886	\$45,842	\$253,276	\$5,274,509	\$596,332	\$367,247	\$572,763	\$286,382	\$12,405,433
Investment income (loss)	135	(22,553)	\$73,091	270	(4,032)	315,925	1,089	\$29,606	41,895	1,469	(15,347)	(92,484)	127,653	86,152		172,309	715,178
Other income	277,394	(20,367)	3,333,755	8,875	95,570	9,497	73,815	1,133,582	198,597	126,530	3,918	549,173	261,743	594,116	2,279	1,602,168	8,250,645
Assets released from restrictions	3,035				891,712	7,181,815	8,100		1,944,784	1,939,225	4,785,432	3,752,289	631,014	289,134			21,426,540
Total revenues	1,945,605	(34,285)	3,406,846	14,145	983,270	8,006,212	2,664,529	1,163,188	2,435,162	2,113,066	5,027,279	9,483,487	1,616,742	1,336,649	575,042	2,060,859	42,797,796
Expenses																	
Program	1,244,171	35,067	2,034,370	12,805	803,434	6,598,390	1,343,690	2,094,426	2,213,221	1,933,983	4,797,469	8,792,966	740,402	1,045,228	550,637	788,695	35,028,954
General & administrative	185,455	80,962	1,165,154	2,746	37,113	567,654	370,728	95,419	287,919	147,645	525,041	459,109	280,091	189,695	11,580	161,687	4,567,998
Fundraising	221,164				168,830	980,391	907,168			21,102	300,780	195,061	54,869	71,623			2,920,988
Other expense			217,398					266,034					71,655			1,030,844	1,585,931
Total expenses	1,650,790	116,029	3,416,922	15,551	1,009,377	8,146,435	2,621,586	2,455,879	2,501,140	2,102,730	5,623,290	9,447,136	1,147,017	1,306,546	562,217	1,981,226	44,103,871
Change in unrestricted net assets	294,815	(150,314)	(10,076)	(1,406)	(26,107)	(140,223)	42,943	(1,292,691)	(65,978)	10,336	(596,011)	36,351	469,725	30,103	12,825	79,633	(1,306,075)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS																	
Contributions & grants	2,000			1,000	902,339	2,698,060	10,500		904,721	1,239,577	2,937,835	1,685,638	117,088	371,820			10,870,578
Investment income (loss)					(141,182)	106,717			(18,782)	(74,709)	(1,397,814)	(44,741)					(1,570,511)
Other income					219,992	1,314,784			318,738	90,213	140,042	71,346					2,155,115
Assets released from restrictions	(3,035)				(1,088,749)	(7,246,323)	(8,100)		(747,319)	(1,861,943)	(4,785,449)	(3,752,289)	(631,014)	(289,134)			(20,413,355)
Change in temporarily restricted net assets	(1,035)			1,000	(107,600)	(3,126,762)	2,400		457,358	(606,862)	(3,105,386)	(2,040,046)	(513,926)	82,686			(8,958,173)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS																	
Contributions & grants						1,020,763			2,990,803	250,300	533,674	433,538		61,400			5,290,478
Investment income (loss)						1,015			(133,629)		116,761	(2,299)		(12,014)			(30,166)
Other income						7,109			12,886								19,995
Assets released from restrictions					197,037	64,508			(1,197,465)	(77,282)	17						(1,013,185)
Change in permanently restricted net assets					197,037	1,093,395			1,672,595	173,018	650,452	431,239		49,386			4,267,122
Total change in net assets	293,780	(150,314)	(10,076)	(406)	63,330	(2,173,590)	45,343	(1,292,691)	2,063,975	(423,508)	(3,050,945)	(1,572,456)	(44,201)	162,175	12,825	79,633	(5,997,126)
Net assets - beginning of year	1,222,143	2,683,263	6,970,745	85,036	8,134,488	68,902,351	252,147	1,373,928	20,609,881	10,908,165	64,625,097	67,865,397	1,079,774	4,991,477	10,765	6,872,499	266,587,156
Net assets - end of year	\$1,515,923	\$2,532,949	\$6,960,669	\$84,630	\$8,197,818	\$66,728,761	\$297,490	\$81,237	\$22,673,856	\$10,484,657	\$61,574,152	\$66,292,941	\$1,035,573	\$5,153,652	\$23,590	\$6,952,132	\$260,590,030

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

	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.	Towson University Public Media, Inc.	Maryland Hawk Corporation	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.	Maryland 4-H Foundation, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park	Total Nonmajor Component Units
CHANGES IN UNRESTRICTED NET ASSETS																	
Revenues																	
Contributions & grants	\$2,126,265	\$6,615		\$9,898		\$328,536	\$2,418,097		\$152,947	\$39,956	\$285,597	\$506,104	\$846,654	\$1,670,426	\$566,991	\$720,704	\$9,678,790
Investment income (loss)	27,301	117,402	\$559,086	267	\$2,941	221,221		\$13,413	64,151	1,541	146,911	(212,570)	138,459	69,980		202,411	1,352,514
Other income	291,287	3,172	2,313,409		99,295	3,495	53,418	968,981	178,909	95,881	373,598	965,784	282,375	351,172	800	1,417,286	7,398,862
Assets released from restrictions					1,189,393	5,744,384			2,051,709	1,818,052	4,640,663	3,593,731	4,873	283,207			19,326,012
Total revenues	2,444,853	127,189	2,872,495	10,165	1,291,629	6,297,636	2,471,515	982,394	2,447,716	1,955,430	5,446,769	4,853,049	1,272,361	2,374,785	567,791	2,340,401	37,756,178
Expenses																	
Program	1,866,230	50,517	1,548,945	5,762	844,331	5,618,703	1,134,326	482,363	2,116,962	1,798,939	4,567,172	3,937,085	766,282	945,234	512,185	828,191	27,023,227
General & administrative	228,795	72,802	923,123	1,949	44,378	549,613	406,112	180,223	323,788	128,017	496,235	483,882	274,121	172,464	8,391	120,875	4,414,768
Fundraising	197,173				476,999	313,826	783,612			19,754	279,902	162,925	88,693	40,076			2,362,960
Other expense								253,278					102,020			883,824	1,239,122
Total expenses	2,292,198	123,319	2,472,068	7,711	1,365,708	6,482,142	2,324,050	915,864	2,440,750	1,946,710	5,343,309	4,583,892	1,231,116	1,157,774	520,576	1,832,890	35,040,077
Change in unrestricted net assets	152,655	3,870	400,427	2,454	(74,079)	(184,506)	147,465	66,530	6,966	8,720	103,460	269,157	41,245	1,217,011	47,215	507,511	2,716,101
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS																	
Contributions & grants					1,345,409	2,916,335			941,895	1,085,268	1,401,626	2,420,565	716,326	222,522			11,049,946
Investment income (loss)	435,226				210,309	1,589,986			23,048	404,378	1,332,005	(83,334)		3,148			3,914,766
Other income					369,947	1,006,118			323,617	(6,824)	81,494	73,477					1,847,829
Assets released from restrictions					(1,374,079)	(5,687,508)			(1,072,776)	(1,842,877)	(4,613,020)	(3,673,154)	(4,873)	(283,207)			(18,551,494)
Transfer per Board resolution	(7,123,498)																(7,123,498)
Change in temporarily restricted net assets	(6,688,272)				551,586	(175,069)			215,784	(360,055)	(1,797,895)	(1,262,446)	711,453	(57,537)			(8,862,451)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS																	
Contributions & grants	245,243					1,346,436			723,318	181,816	339,898	786,239		165,398			3,788,348
Investment income (loss)									797,247		968,100	40,202		(5,120)			1,800,429
Other income						3,027			7,078								10,105
Assets released from restrictions					184,686	(56,876)			(978,933)	24,825	(27,643)	79,423					(774,518)
Transfer per Board resolution	(2,197,063)																(2,197,063)
Change in permanently restricted net assets	(1,951,820)				184,686	1,292,587			548,710	206,641	1,280,355	905,864		160,278			2,627,301
Total change in net assets	(8,487,437)	3,870	400,427	2,454	662,193	933,012	147,465	66,530	771,460	(144,694)	(414,080)	(87,425)	752,698	1,319,752	47,215	507,511	(3,519,049)
Net assets - beginning of year	9,709,580	2,679,393	6,570,318	82,582	7,472,295	67,969,339	104,682	1,307,398	19,838,421	11,052,859	65,039,177	67,952,822	327,076	3,671,725	(36,450)	6,364,988	270,106,205
Net assets - end of year	\$1,222,143	\$2,683,263	\$6,970,745	\$85,036	\$8,134,488	\$68,902,351	\$252,147	\$1,373,928	\$20,609,881	\$10,908,165	\$64,625,097	\$67,865,397	\$1,079,774	\$4,991,477	\$10,765	\$6,872,499	\$266,587,156

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO SUPPLEMENTARY INFORMATION YEARS ENDED JUNE 30, 2016 AND 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 are reported on the financial 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.