

UNIVERSITY SYSTEM OF MARYLAND

Financial Statements and Supplemental Data

For the Year Ended June 30, 2002, together with
Reports of Independent Auditors

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UNIVERSITY SYSTEM OF MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2002

As management of the University System of Maryland (System), we offer readers of the System's financial statements this narrative overview and analysis of the financial activities of the System for the year ended June 30, 2002. The System has implemented the financial accounting and reporting requirements of Governmental Accounting Standards Board (GASB) Statement #34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and GASB Statement #35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities* for the year ended June 30, 2002, without restating the prior year financial statements. Instead, the cumulative effect of the required changes is shown as an adjustment to the beginning of the year net assets. Accordingly, extensive comparative data and analysis will not be included in this initial narrative overview and analysis, as it would in consecutive years prepared using consistent accounting principles. Extensive comparative analysis will be presented in future years.

Financial Highlights

- Unrestricted net assets declined by \$19,788,223 for the year ended June 30, 2002.
- State appropriations legislated for the System increased more than 8% to \$864,765,235 for the year ended June 30, 2002.
- Changes in fair value of investments, dividends and interest, combined with net gains and losses from sales of investments associated with the System's endowment funds and quasi-endowments, accounted for an investment loss of \$34,576,616 for the Common Trust Fund, an investment portfolio used to provide long-term management over endowments and similar funds. Interest income on cash balances held by the State Treasurer and other accounts, totaled \$27,761,794, resulting in a reported Investment loss of \$6,814,822.
- Outstanding debt and obligations under capital lease agreements declined \$6,019,299, the result of payments of principal during the year exceeding net new debt issued.

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, and explanatory information and detail on certain financial statement elements. The three basic financial statements are the Balance Sheet, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

The Balance Sheet presents information on the System's assets, liabilities and net assets, all as of the end of the reporting period, June 30, 2002. Net assets represents the difference between assets and liabilities, and is detailed into classifications that help readers understand the constraints that the System must recognize in decisions on expending assets. Over time, changes in the level

of net assets can help in understanding whether the financial condition of the System is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets presents information on the changes in net assets during the year. All changes in net assets are reported as soon as the underlying event takes place, regardless of the timing of 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 at year-end).

The Statement of Cash Flows presents information on sources and uses of cash during the year. This statement details the changes in cash and cash equivalents from the amount reported at the end of the preceding year, to the amounts reported in the Balance Sheet at the end of the 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 itself (considered the primary government in accounting terms), as well as a legally-separate and distinct entity which is financially accountable to the System, the University of Maryland Baltimore County Research Park Foundation, Inc. (considered a component unit).

Financial Analysis

At June 30, 2002, the System's financial health remains strong, with assets exceeding liabilities by \$2,187,058,728, shown on the Balance Sheet as Total Net Assets. As suggested earlier, when viewed over time, net assets may be a useful indicator of financial health.

For the year ended June 30, 2002, net assets increased by \$202,405,472. Net assets invested in capital assets, net of related debt, increased by \$226,852,483, while unrestricted net assets decreased \$19,788,223, and temporarily restricted and permanently restricted net asset categories declining \$4,658,788.

Unrestricted net assets represent the portion of assets, after taking into account liabilities, which can be used to meet ongoing obligations and fund new initiatives. Some portion of the \$19,788,223 decline in unrestricted net assets is attributable to a change in policy provisions for annual leave for faculty members, reflected in the \$15,178,951 increase in the liability for accrued annual leave. Another portion of the decline in unrestricted net assets is attributable to the portion of investment losses allocated to quasi-endowment funds, which are amounts invested at the discretion of the System. Investment losses on quasi-endowments amounted to \$5,891,556 for the fiscal year.

The table below presents summary-level information of the System's assets, liabilities, and net assets at June 30, 2002.

**University System of Maryland
Condensed Balance Sheet
June 30, 2002**

| | | |
|---|--|------------------------|
| Current and other assets | | \$979,498,491 |
| Capital assets, net | | <u>2,387,575,459</u> |
| Total assets | | <u>\$3,367,073,950</u> |
| | | |
| Debt and obligations under capital lease agreements | | \$796,665,213 |
| Other liabilities | | <u>383,350,009</u> |
| Total liabilities | | <u>1,180,015,222</u> |
| | | |
| Net assets: | | |
| Invested in capital assets, net of related debt | | 1,596,840,441 |
| Restricted | | 287,559,480 |
| Unrestricted | | <u>302,658,807</u> |
| Total net assets | | <u>2,187,058,728</u> |
| Net assets and liabilities | | <u>\$3,367,073,950</u> |

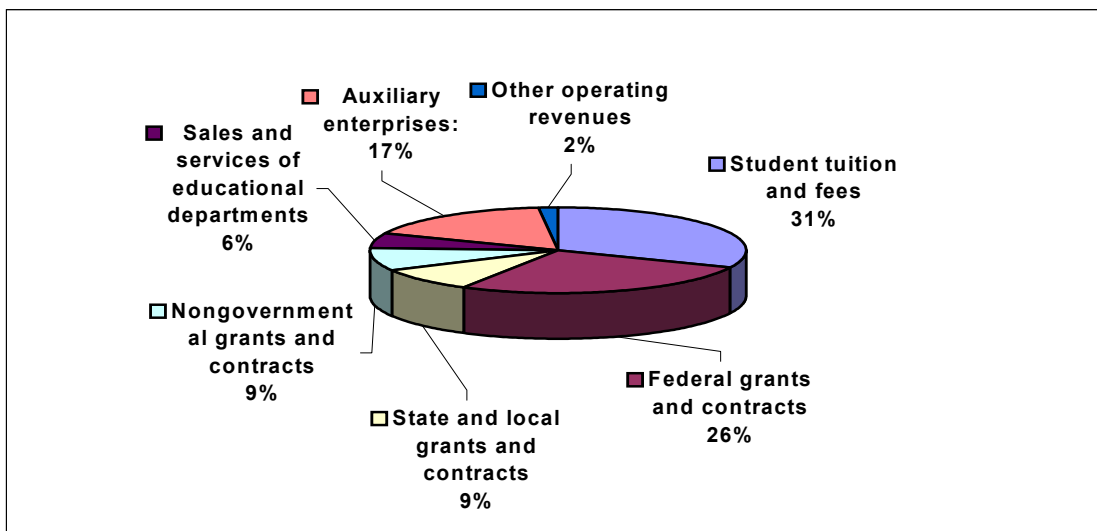
The table below presents summary-level information on the changes in the System's net assets for the year ended June 30, 2002.

**University System of Maryland
Condensed Statement of Revenues, Expenses and Changes in Net Assets
June 30, 2002**

| | | |
|--|--|------------------------|
| Operating revenues | | \$1,792,254,675 |
| Operating expenses | | <u>2,610,203,574</u> |
| Operating income | | <u>(817,948,899)</u> |
| | | |
| State appropriations | | 864,765,235 |
| Other nonoperating revenues and expenses, net | | <u>(35,539,899)</u> |
| Total nonoperating revenues and expenses | | <u>829,225,336</u> |
| Income before other revenues, expenses, gains and losses | | <u>11,276,437</u> |
| | | |
| Other revenues, expenses, gains and losses | | <u>191,129,035</u> |
| Increase in net assets | | 202,405,472 |
| Net assets, July 1, 2001 | | 3,296,703,746 |
| Cumulative effect of changes in accounting principle | | <u>(1,312,050,490)</u> |
| Net assets, June 30, 2002 | | <u>\$2,187,058,728</u> |

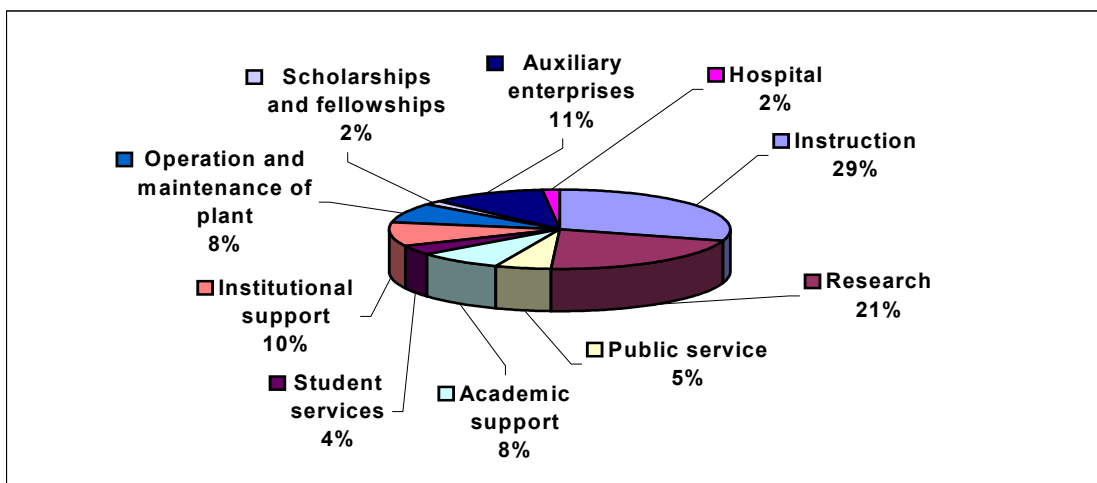
The System's Operating Revenues arise from activities associated with its core mission; education, research, and public service. The two largest sources of funding for unrestricted expenses, Tuition and Fees, and State Appropriations, increased 10.2% over the previous year, reflecting a 5% increase in full-time equivalent student enrollment and a modest tuition rate increase, as well as the continued recognition on the part of state government of the importance of higher education to the state and its citizens.

For the year ended June 30, 2002, Operating Revenues, which under the definitions used by GASB excludes State Appropriations, were recognized in the proportions shown below:



Operating Expenses are detailed by Personnel costs, Other payments, and Depreciation Expense in the notes to the financial statements, in order to provide an alternative presentation of Operating expenses. Personnel costs increased 10.4% over the previous year, in large part due the addition of approximately 5% in terms of number of employees, a 12% increase in health care costs, and a change in the provision for annual leave for faculty.

For the year ended June 30, 2002, operating expenses were recognized in the proportions shown below:



Capital Asset and Debt Administration

The System added \$435,855,077 in new capital assets during the year ended June 30, 2002. Of these additions, \$179,970,229 was funded through the use of State of Maryland debt proceeds or

cash balances, \$129,363,540 was funded from the proceeds of System debt obligations, with the balance, \$126,521,308 purchased using System cash balances or received as donations.

During the year, several major projects were completed and placed in service. The Comcast Center, at the University of Maryland College Park, a state-of-the-art venue for intercollegiate athletic events costing more than \$125 million, opened in October 2002. A \$28 million addition to the School of Business at UMCP, funded in large measure by a major gift, is well underway. A \$55 million addition to the School of Law at the University of Maryland, Baltimore was completed during fiscal year 2002, and work on a new Dental School facility expected to cost more than \$124 million began. At the University of Maryland, Baltimore County, the University Commons, a new student center costing more than \$30,000,000 opened. At Salisbury University, a \$38 million science building was substantially completed by year-end. Another science building, costing almost \$12 million, is being readied for use at Bowie State University. These facilities are but a small sample of the important investment in upgrading the System's academic and research facilities, as well as transforming campuses into learning communities.

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. During the year ended June 30, 2002, the System refinanced approximately \$27,000,000 of previously issued Revenue Bonds, as a part of the \$58,390,000 of 2001 Series B Revenue Bonds issued in November 2001.

Economic Factors and Next Year's Budget and Rates

The State of Maryland is currently experiencing similar fiscal changes that many other states are undergoing; namely flat or declining tax revenues combined with increasing outlays for unemployment claims, and other costs of state government. This environment increases the possibility that the significant increases in state appropriations the System has enjoyed over the past several years may not continue in the future. At the same time, tuition and fee levels have been maintained at low levels of annual increases over the last several years, and a rethinking of the strategy for improving access to higher education for students, while maintaining and improving the quality of education, may result in changes to the System's tuition and financial aid strategies.

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, 3300 Metzert Road, Adelphi, Maryland 20783.

**UNIVERSITY SYSTEM OF MARYLAND
BALANCE SHEET
JUNE 30, 2002**

| | <u>Primary Government</u> | <u>Component Unit</u> |
|---|-------------------------------|---------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$537,326,082 | \$65,263 |
| Accounts receivable, net | 180,857,207 | |
| Inventories | 9,858,676 | |
| Notes receivable, net | 12,135,433 | |
| Prepaid expenses and deferred charges | 2,930,772 | |
| Total current assets | 743,108,170 | 65,263 |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents | 7,947,566 | |
| Endowment investments | 172,456,224 | |
| Other investments | 2,345,489 | |
| Notes receivable, net | 53,641,042 | |
| Capital assets, net | 2,387,575,459 | 2,990,490 |
| Total noncurrent assets | 2,623,965,780 | 2,990,490 |
| Total assets | \$3,367,073,950 | \$3,055,753 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$209,085,541 | \$296,159 |
| Deferred revenue | 38,050,359 | 506,453 |
| Current portion of accrued vacation | 43,452,145 | |
| Current portion of accrued workers compensation | 3,490,755 | |
| Current portion of revenue bonds and notes payable | 51,876,661 | 96,124 |
| Current portion of obligations under capital lease agreements | 152,821 | |
| Total current liabilities | 346,108,282 | 898,736 |
| Noncurrent liabilities: | | |
| Accrued vacation | 70,240,964 | |
| Accrued workers compensation | 19,030,245 | |
| Revenue bonds and notes payable, net | 739,419,389 | 860,559 |
| Obligations under capital lease agreements | 5,216,342 | |
| Noncurrent liabilities | 833,906,940 | 860,559 |
| Total liabilities | 1,180,015,222 | 1,759,295 |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | 1,596,840,441 | |
| Restricted: | | |
| Nonexpendable: | | |
| Scholarships and fellowships | 42,276,589 | |
| Research | 53,307,071 | |
| Other | 39,821,908 | |
| Expendable: | | |
| Research | 65,361,001 | |
| Loans | 65,927,528 | |
| Capital projects | 20,865,383 | |
| Unrestricted | 302,658,807 | 1,296,458 |
| Total net assets | 2,187,058,728 | 1,296,458 |
| Total liabilities and net assets | \$3,367,073,950 | \$3,055,753 |

UNIVERSITY SYSTEM OF MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002

| | Primary Government | Component Unit |
|---|-------------------------------|---------------------------|
| OPERATING REVENUES: | | |
| Tuition and fees | \$623,883,186 | |
| Less: scholarship allowances | (58,439,173) | \$565,444,013 |
| Federal grants and contracts | | 478,137,292 |
| State and local grants and contracts | | 159,306,651 |
| Nongovernmental grants and contracts | | 154,831,908 |
| Sales and services of educational departments | | 101,311,464 |
| Auxiliary enterprises: | | |
| Residential facilities | 143,845,662 | |
| Less: scholarship allowances | (10,902,863) | 132,942,799 |
| Parking facilities | | 20,430,861 |
| Intercollegiate athletics | 52,354,039 | |
| Less: scholarship allowances | (1,693,790) | 50,660,249 |
| Bookstore | 29,768,362 | |
| Less: scholarship allowances | (60,348) | 29,708,014 |
| Other auxiliary enterprises revenues | | 69,641,226 |
| Other operating revenues | | 29,840,198 |
| Total operating revenues | 1,792,254,675 | |
| OPERATING EXPENSES: | | |
| Instruction | | 773,426,932 |
| Research | | 551,329,004 |
| Public service | | 140,560,147 |
| Academic support | | 211,809,069 |
| Student services | | 99,855,958 |
| Institutional support | | 252,444,607 |
| Operation and maintenance of plant | | 210,563,598 |
| Scholarships and fellowships | | 41,515,115 |
| Auxiliary enterprises | | 286,495,698 |
| Hospital | | 42,203,446 |
| Total operating expenses | 2,610,203,574 | |
| Operating loss | (817,948,899) | |
| NONOPERATING REVENUES (EXPENSES): | | |
| State appropriations | | 864,765,235 |
| Gifts | | 7,118,289 |
| Investment income (loss) | (6,814,822) | \$233,335 |
| Less: Investment expense | (7,006,374) | (13,821,196) |
| Interest on indebtedness | | (35,295,240) |
| Other nonoperating revenues (expenses) | | 6,458,248 |
| Total nonoperating revenues | 829,225,336 | 156,494 |
| Income before other revenues, expenses, gains and losses | 11,276,437 | 156,494 |
| OTHER REVENUES, EXPENSES, GAINS AND LOSSES: | | |
| Capital appropriations | | 179,970,229 |
| Capital gifts and grants | | 12,660,859 |
| Additions to permanent endowments | | 344,160 |
| Other gains and losses | | (1,846,213) |
| Total other revenues, expenses, gains and losses | 191,129,035 | |
| Increase in net assets | 202,405,472 | 156,494 |
| Net assets, July 1, 2001 | 3,296,703,746 | 1,139,964 |
| Cumulative effect of changes in accounting principle (see note #1) | (1,312,050,490) | |
| Net assets, June 30, 2002 | \$2,187,058,728 | \$1,296,458 |

**UNIVERSITY SYSTEM OF MARYLAND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002**

| | <u>Primary Government</u> |
|--|-------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Tuition and fees | \$552,362,519 |
| Research contracts and grants | 785,041,547 |
| Payments to employees | (1,713,899,851) |
| Payments to suppliers and contractors | (761,552,172) |
| Loans issued to students | (12,709,893) |
| Collections of loans to students | 13,968,507 |
| Auxiliary enterprises charges: | |
| Residence halls and dining facilities | 130,258,968 |
| Parking | 25,079,830 |
| Bookstores | 29,702,753 |
| Other | 115,377,996 |
| Other receipts | 154,983,711 |
| Net cash used by operations | <u>(681,386,085)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| State appropriations | 864,765,235 |
| Gifts and grants received for other than capital purposes: | |
| Private gifts for endowment purposes | 7,264,764 |
| Other nonoperating gains and losses | 6,742,040 |
| Net cash provided by noncapital financing activities | <u>878,772,039</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Proceeds from capital debt | 36,540,640 |
| Capital appropriations | 179,917,366 |
| Capital grants and gifts received | 12,188,471 |
| Purchases of capital assets | (434,365,543) |
| Principal paid on debt and capital leases | (43,140,390) |
| Interest paid on debt and capital leases | (26,994,400) |
| Net cash used by capital and related financing activities | <u>(275,853,856)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Proceeds from sales and maturities of investments | 246,049,125 |
| Interest on investments | 37,840,719 |
| Investment expense | (776,268) |
| Purchases of investments | (237,491,614) |
| Net cash provided by investing activities | <u>45,621,962</u> |
| Net decrease in cash | (32,845,940) |
| Cash and cash equivalents - beginning of the year | <u>578,119,588</u> |
| Cash and cash equivalents - end of the year | <u>\$545,273,648</u> |
| RECONCILIATION OF NET OPERATING REVENUES(EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | |
| Operating loss | (\$817,948,899) |
| Adjustments to reconcile net loss to net cash used by operating activities: | |
| Depreciation expense | 108,601,794 |
| Changes in assets and liabilities | |
| Accounts receivables, net | (22,639,344) |
| Inventories | (503,702) |
| Prepaid expenses and deferred charges | 3,945,363 |
| Accounts payable and accrued liabilities | 16,080,190 |
| Deferred revenue | (6,600,665) |
| Accrued vacation | 15,178,951 |
| Accrued workers compensation | 22,500,227 |
| Net cash used by operating activities | <u>(\$681,386,085)</u> |

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2002

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

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 in GASB Statement #14, *The Financial Reporting Entity*. 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, fifteen organizations created and operated in support of the interests of the System or any of the institutions that comprise the System. All of the members of the Board of Directors of one affiliated foundation, the University of Maryland Baltimore County Research Park Corporation, Inc., are selected by the System's Board of Regents, and the System is able to impose its will through the terms of a ground lease. As a result, this foundation meets the criteria for inclusion in the financial reporting entity. Complete financial statements of the University of Maryland Baltimore County Research Park Corporation, Inc. may be requested at UMBC Research Park Corporation, 1450 South Rolling Road, Baltimore, Maryland 21227. None of the other affiliated foundations satisfy the criteria for inclusion in the financial reporting entity.

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

Measurement Focus and Basis of Accounting - For financial reporting purposes, the System is considered a special-purpose government 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, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Application of Accounting Standards - The System has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, except for

instances in which a pronouncement of the FASB conflicts with pronouncements of the Government Accounting Standards Board (GASB). The System has elected to not apply FASB pronouncements issued after November 30, 1989.

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

Operating and Nonoperating Revenues and Expenses - Operating revenues 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 revenues, expenses, gains and losses represent amounts that recur regularly but are not included in Operating revenues and expenses. GASB Statement #34 specifically defines State appropriations as Nonoperating revenues.

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.

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.

Pending change in accounting principles - In May 2002, the GASB issued GASB Statement #39, *Determining Whether Certain Organizations Are Component Units*, which clarifies existing accounting guidance and provides greater consistency in accounting for organizations that are closely related to a primary government.

The System is in the process of assessing the impact of this new accounting standard and will present its financial statements for the year ended June 30, 2004 in accordance with the new requirements.

1. CHANGES IN ACCOUNTING PRINCIPLE

On July 1, 2001, the System implemented the requirements of GASB Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and GASB Statement Number 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The financial statement presentation required by these statements provides a comprehensive, entity-wide perspective of the System's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows, and replaces the fund-group perspective previously used by governmental colleges and universities. These accounting standards require that depreciation expense and accumulated depreciation be recorded on certain fixed assets. Additionally, instructional sessions that span the year-end are to be allocated to each reporting period based on the proportions of the session falling into each year. The cumulative effect on Net Assets of making these changes is reported on the Statement of Revenues, Expenses, and Changes in Net Assets as Cumulative effect of change in accounting principle. The amount reported includes:

| | |
|--|------------------------|
| Accumulated depreciation | \$1,323,834,440 |
| Change in treatment of summer instructional session | <u>(11,783,950)</u> |
| Cumulative effect of changes in accounting principle | <u>\$1,312,050,490</u> |

2. CASH AND CASH EQUIVALENTS

At June 30, 2002, Cash and cash equivalents consist of the following:

| | |
|---|----------------------|
| Cash and short-term investments on deposit with the State Treasurer | \$501,720,081 |
| Demand and time deposits | 5,212,062 |
| Mutual funds and money market funds, at fair value | <u>38,341,505</u> |
| Total | <u>\$545,273,648</u> |

At June 30, 2002, the carrying amount of the System's demand and time deposits was \$5,212,062, as compared to bank balances of \$6,367,857. The difference is primarily caused by items in-transit. Of the bank balances, \$5,824,473 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 \$543,384 was uninsured and uncollateralized.

The Annotated Code of Maryland requires the System to maintain its cash balances, except for assets associated with endowment funds or proceeds of System financing arrangements, on deposit with the State Treasurer. The State Treasurer maintains these and other State funds on a pooled basis in accordance with the Annotated Code of Maryland. Thus, the System's share of this pool cannot be categorized in accordance with GASB Statement Number 3.

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 not 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 not 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.

Restricted Cash and cash equivalents includes endowment fund amounts in mutual fund and money market funds.

3. INVESTMENTS

Endowment investments

At June 30, 2002, Endowment investments consist of the following, stated at fair value:

| | |
|---------------------------------------|----------------------|
| U.S. and state government obligations | \$8,084,790 |
| Asset-backed securities | 6,127,258 |
| Corporate debt securities | 28,393,762 |
| Corporate equity securities | <u>129,850,414</u> |
| Total | <u>\$172,456,224</u> |

The System's Endowment investments are categorized, in accordance with GASB Statement Number 3, as being insured or registered, or securities held by the System or its agent in the System's name. Mutual funds and money market funds are not subject to risk categorization under GASB Statement Number 3.

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.

The System invests a portion of its endowment funds in various forms of asset-backed securities, as a means of enhancing portfolio-wide risk-adjusted returns. The values of asset-backed securities are generally based on the future cash flows associated with the underlying pools of assets. Accordingly, asset-backed securities are subject to market risk due to fluctuations in interest rates, prepayment risks, and various liquidity factors related to the specific underlying pools of assets. At June 30, 2002, the System had investments in asset-backed securities of \$6,127,258, representing 3.6% of total investments, including collateralized mortgage obligations of \$3,430,169 and mortgage pass-through securities of \$2,697,089.

A spending rule has been adopted by the Regents 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 5.5% of a rolling six-quarter average market value of the endowment fund. The spending rule is reviewed periodically by the Finance Committee of the Board of Regents. Net appreciation on investments of the endowment funds approximates \$110,500,000 at June 30, 2002. Reinvestments of net appreciation are considered to be subject to the same restrictions as the original gift amounts, and accordingly, are reflected as a component of restricted, non-expendable net assets.

The Maryland Uniform 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, religious, charitable, or other eleemosynary purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

Other investments

Other investments include securities and ownership interests received in exchange for services and use of facilities provided to start-up businesses. The carrying value of Other Investments is assessed on an annual basis by reference to the value of underlying assets, estimates of future cash flows, or published market prices for the securities where available. Other Investments are categorized, in accordance with GASB Statement Number 3, as being insured or registered, or securities held by the System or its agent in the System's name.

4. CAPITAL ASSETS

For the year ended June 30, 2002, the changes in net capital assets by major class were:

| | Beginning Balance | Additions | Decreases | Ending Balance |
|--|------------------------------|----------------------|----------------------|---------------------------|
| Capital assets being depreciated: | | | | |
| Infrastructure & Land Improvements | \$140,528,925 | \$9,477,041 | \$264,020 | \$149,741,946 |
| Buildings & Improvements | 2,258,671,373 | 228,577,438 | 3,262,706 | 2,483,986,105 |
| Contents | 608,240,165 | 48,111,527 | 38,726,339 | 617,625,353 |
| Facilities recorded under capital lease agreements | 4,136,104 | - | - | 4,136,104 |
| Total capital assets being depreciated | 3,011,576,567 | 286,166,006 | 42,253,065 | 3,255,489,508 |
| Less accumulated depreciation for: | | | | |
| Infrastructure & Land Improvements | 60,519,227 | 5,245,961 | 193,664 | 65,571,524 |
| Buildings & Improvements | 884,051,512 | 58,162,291 | 1,281,160 | 940,932,643 |
| Contents | 377,774,648 | 45,028,092 | 9,749,591 | 413,053,149 |
| Facilities recorded under capital lease agreements | 1,489,053 | 165,450 | - | 1,654,503 |
| Total accumulated depreciation | 1,323,834,440 | 108,601,794 | 11,224,415 | 1,421,211,819 |
| Total capital assets being depreciated, net | 1,687,742,127 | 177,564,212 | 31,028,650 | 1,834,277,689 |
| Capital assets not being depreciated: | | | | |
| Land | 59,990,423 | 7,338,295 | - | 67,328,718 |
| Infrastructure & Land Improvements | 10,179,664 | 673,268 | - | 10,852,932 |
| Contents | 362,777 | 9,309,441 | - | 9,672,218 |
| Construction in progress | 333,075,835 | 292,138,488 | 159,770,421 | 465,443,902 |
| Total capital assets not being depreciated | 403,608,699 | 309,459,492 | 159,770,421 | 553,297,770 |
| Capital assets, net | \$2,091,350,826 | \$487,023,704 | \$190,799,071 | \$2,387,575,459 |

Total interest expense incurred on revenue bonds, long-term debt and obligations under capital lease agreements during the year ended June 30, 2002 was \$37,495,608. Interest expense of \$2,200,368 associated with projects not yet completed was recorded as construction in progress during the year. The remaining \$35,295,240 is reported as Interest on indebtedness.

5. DISAGGREGATION OF ACCOUNTS RECEIVABLE, NOTES RECEIVABLE, AND ACCOUNTS PAYABLE

Accounts receivable at June 30, 2002 were comprised of:

| | |
|---------------------------------|-----------------------------|
| Tuition and fees | \$49,142,578 |
| Contracts and grants | 115,292,759 |
| Other | <u>24,482,970</u> |
| Subtotal | 188,918,307 |
| Allowance for doubtful accounts | <u>(8,061,100)</u> |
| Accounts receivable, net | <u><u>\$180,857,207</u></u> |

Notes receivable at June 30, 2002 were comprised of:

| | |
|------------------------------|----------------------------|
| Student loans | \$67,749,812 |
| Business development loans | <u>6,217,205</u> |
| Subtotal | 73,967,017 |
| Allowance for doubtful notes | <u>(8,190,542)</u> |
| Notes receivable, net | <u><u>\$65,776,475</u></u> |

Accounts payable and accrued liabilities at June 30, 2002 were comprised of:

| | |
|--|-----------------------------|
| Payroll and benefits | \$61,696,356 |
| Suppliers and contractors | 120,740,007 |
| Accrued interest payable | 17,065,692 |
| Other | <u>9,583,486</u> |
| Accounts payable and accrued liabilities | <u><u>\$209,085,541</u></u> |

6. 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 \$875,000,000.

Revenue bonds and notes payable consist of the following at June 30, 2002:

| | |
|--|-----------------------------|
| Revenue Bonds, net | \$713,984,237 |
| Equipment Loan Program Obligations, less unamortized discount of \$21,566 | 51,253,429 |
| Certificates of Participation | 17,800,000 |
| Other | <u>8,258,384</u> |
| Revenue bonds and notes payable, net | <u><u>\$791,296,050</u></u> |

Auxiliary Facility and Tuition Revenue Bonds

At June 30, 2002, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following:

| | <u>Interest Rates</u> | <u>Maturity Dates</u> | <u>Principal Outstanding</u> |
|--|---------------------------|-----------------------|----------------------------------|
| 1989 Series B | 6.8% - 6.9% | 2002-2004 | \$6,082,903 |
| 1992 Series A | 5.9% | 2003 | 3,100,000 |
| 1992 Series B | 6.1% | 2003 | 2,115,000 |
| 1992 Series C | 5.5% | 2003-2022 | 2,019,000 |
| 1993 Series A | 4.8% - 5.2% | 2003-2006 | 14,435,000 |
| 1993 Series B | 6.6% - 7.0% | 2003-2013 | 13,325,000 |
| 1993 Refunding Series C | 4.3% - 5.1% | 2002-2014 | 118,930,000 |
| 1995 Series A | 5.0% - 5.6% | 2003-2016 | 43,755,000 |
| 1996 Series A | 5.4% - 5.7% | 2003-2017 | 42,840,000 |
| 1997 Series A | 5.0% - 5.1% | 2003-2018 | 53,065,000 |
| 1998 Series A | 5.0% | 2003-2019 | 82,570,000 |
| 1999 Series A | 4.0% - 4.5% | 2002-2019 | 106,590,000 |
| 1999 Series B | 4.1% - 4.8% | 2002-2008 | 6,920,000 |
| 2000 Series A | 4.5% - 5.7% | 2002-2020 | 87,250,000 |
| 2001 Series A | 3.7% - 5.0% | 2003-2021 | 72,980,000 |
| 2001 Series B | 3.5% - 4.6% | 2003-2022 | <u>58,390,000</u> |
| | | | 714,366,903 |
| Unamortized (discount) or premium | | | <u>(382,666)</u> |
| Revenue bonds, less unamortized discount | | | <u><u>\$713,984,237</u></u> |

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.

On November 13, 2001, the System issued \$58,390,000 of University System of Maryland Auxiliary Facility and Tuition Revenue Bonds, 2001 Series B (the 2001 Series B bonds). The 2001 Series B bonds consist of serial bonds maturing through the year ended June 30, 2022 with stated rates of interest of from 3.5% to 4.625%, and were issued at an aggregate premium of \$198,565. Of the proceeds of the 2001 Series B, approximately \$30,485,000 was used to fund new construction and renovation projects, while \$28,433,419 was used to advance refund an aggregate of \$26,620,000 of outstanding principal of the 1992 Series A, 1993 Series A, and 1996 Series A revenue bonds. The advance refunding of Revenue Bonds reduced future debt service requirements by \$1,472,247 and resulted in an economic gain (the present value of the difference between the debt service requirements on the old, refunded debt and the new debt) of \$1,490,740.

At June 30, 2002, cash and cash equivalents in the amount of \$18,526,759 were held by the trustee as unexpended proceeds of the Revenue Bonds.

Equipment Loan Program Obligations

Equipment Loan Program Obligations (the Equipment Obligations) include debt issued in 1992 pursuant to an Indenture of Trust, an agreement entered into with a trustee for the benefit of holders of Equipment Obligations, dated June 1, 1992, and amounts issued during 1996, 1997 and 2000 under a separate agreement dated April 1, 1995. Under the terms of the 1992 Indenture of Trust agreement, a minimum of 80% of the equipment purchased or refinanced through the use of the proceeds of the Equipment Obligations is subject to a lien until full payment of the related Equipment Obligations has been made. At June 30, 2002, equipment with a recorded value of \$45,209,525 was subject to the lien created by the June 1, 1992 Indenture of Trust, and the trustee held unexpended proceeds in the amount of \$10,867,126.

Certificates of Participation

The System issued \$17,800,000 of variable rate Certificates of Participation on October 30, 2000 to finance the construction of an addition to the School of Business at the University of Maryland, College Park. Payments of principal will be made annually on June 1 beginning in 2003 and ending June 1, 2015. Interest is payable semiannually on December 1 and June 1. Interest charges are determined on a weekly basis by a remarketing agent, using the lowest rate that would permit the sale of the Certificates at par plus accrued interest. The System has the option of converting the Certificates to a daily rate, a multi-annual rate, a commercial paper rate, or a fixed rate.

Other

Other debt and notes payable includes amounts borrowed to finance equipment acquisitions 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 are as follows:

| Year ended June 30, | Auxiliary Facility and Tuition Revenue Bonds | | Notes Payable and Other Long-term Debt | | Total Payments |
|---------------------|---|---------------|---|--------------|-------------------|
| | Principal | Interest | Principal | Interest | |
| 2003 | \$42,293,191 | \$38,950,273 | \$9,583,470 | \$4,239,005 | \$95,065,939 |
| 2004 | 43,171,974 | 37,014,138 | 2,333,154 | 4,082,014 | 86,601,280 |
| 2005 | 42,247,738 | 33,139,432 | 2,597,725 | 3,902,833 | 81,887,728 |
| 2006 | 46,095,000 | 29,253,759 | 2,223,225 | 3,705,751 | 81,277,735 |
| 2007 | 48,710,000 | 25,966,419 | 1,413,025 | 3,560,254 | 79,649,698 |
| 2008 - 2012 | 242,890,000 | 94,026,505 | 8,182,780 | 16,327,883 | 361,427,168 |
| 2013 - 2017 | 160,065,000 | 43,795,351 | 51,000,000 | 5,919,947 | 260,780,298 |
| 2018 - 2022 | 88,894,000 | 9,426,694 | - | - | 98,320,694 |
| Total | \$714,366,903 | \$311,572,571 | \$77,333,379 | \$41,737,687 | \$1,145,010,540 |

7. LEASES

Obligations under capital leases agreements

The System (the University of Maryland Biotechnology Institute) leases a facility under an agreement recorded as a capital lease. The obligation is recorded at the present value of future minimum lease payments using a discount rate of 6.8%.

Future minimum payments on obligations under capital lease agreements are as follows:

| Year ending June 30, | Total |
|--|-------------|
| 2003 | \$511,986 |
| 2004 | 511,986 |
| 2005 | 511,986 |
| 2006 | 511,986 |
| 2007 | 511,986 |
| 2008 - 2012 | 2,559,930 |
| 2013 - 2017 | 2,559,930 |
| 2018 - 2022 | 1,791,950 |
| Total future lease payments | 9,471,740 |
| Interest component | (4,102,577) |
| Obligations under capital lease agreements | \$5,369,163 |

Operating leases

The System and its constituent units lease facilities and equipment under agreements reported as operating leases. Many 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 with an initial or remaining noncancelable term in excess of one year are as follows:

| <u>Year ending June 30,</u> | <u>Minimum Annual Lease Payments</u> |
|-----------------------------|--------------------------------------|
| 2003 | \$6,700,705 |
| 2004 | 5,811,626 |
| 2005 | 4,982,105 |
| 2006 | 2,696,139 |
| 2007 | 1,665,484 |
| 2008 - 2012 | <u>2,924,350</u> |
| Total | <u><u>\$24,780,409</u></u> |

Operating lease expenditures for the year ended June 30, 2002 were \$7,218,840.

The System has entered into lease agreements with developers at four of its institutions. These agreements provide the developers the use of System land for periods of 30 to 40 years. In each agreement, the developer will construct and manage the properties to provide housing services to students.

8. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2002 were as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|--------------------------|----------------------|----------------------|-----------------------|----------------------------|
| Accrued vacation | \$98,514,157 | \$73,552,489 | \$58,373,537 | \$113,693,109 | \$43,452,145 |
| Accrued workers compensation | 20,773,000 | 5,458,188 | 3,710,188 | 22,521,000 | 3,490,755 |
| Revenue bonds and notes payable, net | 797,172,325 | 37,562,456 | 43,438,731 | 791,296,050 | 51,876,661 |
| Obligations under capital lease agreements | 5,512,187 | - | 143,024 | 5,369,163 | 152,821 |
| Total long-term liabilities | <u>\$921,971,669</u> | <u>\$116,573,133</u> | <u>\$105,665,480</u> | <u>\$932,879,322</u> | <u>\$98,972,382</u> |

9. RETIREMENT AND PENSION PLANS

Most System employees participate in the State's Retirement and Pension Systems (the State Systems), which is an agent, multiple-employer public employee retirement system. While the State Systems is an agent, multiple-employer public employee retirement system, the University System of Maryland accounts for the plan as a cost-sharing multiple-employer public employee retirement system, as a separate valuation is not performed for the University System of Maryland, and the only obligation to the plan is its required annual contributions. The State Systems prepare a Comprehensive Annual Financial Report, which can be obtained from the State Retirement and Pension Systems at 120 East Baltimore Street, Baltimore, Maryland 21202.

Certain employees participate in an optional program with the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF).

State Systems

Plan Description

The State Systems are defined benefit plans with unfunded accrued actuarial liabilities. The State Systems, which are administered in accordance with Article 73B of the Annotated Code of Maryland, are managed by a Board of Trustees, and are included in the State of Maryland financial reporting entity. Article 73B is the authority under which benefit provisions and contributions are established and amended.

Participants in the State Systems may receive retirement benefits after satisfying age and length of service requirements. Retirement benefits under each of the State Systems plans are based on the length of service and the average of the highest three consecutive years' compensation. Retirement benefits are paid on a monthly basis.

All four State Systems plans provide retirement, death and disability benefits in accordance with State statutes.

Funding Policy

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

Both the System and covered employees are required by State statute to contribute to the State Systems. The contribution from the employees is 5% for participants in the State Systems retirement plans (with a 5% limit on the annual cost of living allowance and 7% for those who elect a limit on the cost of living allowance commensurate with the Consumer Price Index); and 2% for participants in the State Systems pension plans. Contributions are deducted from participant's salary and wage payments and are remitted to the State Systems on a regular, periodic basis.

The System made its required contributions during the years ended June 30, 2002, 2001, and 2000 of \$19,968,345, \$22,781,383, and \$31,574,374, respectively.

TIAA-CREF

Some employees participate in the optional TIAA-CREF programs, which are defined contribution money purchase plans funded currently each year. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. Qualified employees are eligible to participate from the date of employment. State legislation provides that the System contribute 7.25% of covered employees' total salaries each month and that the employee may elect to contribute 5% of total annual salary or 5% of total annual salary in excess of the Social Security wage base. The System's contribution along with that of the employee is immediately and fully vested. The contributions for the year ended June 30, 2002 were \$63,949,019, which consisted of \$34,313,004 from the System and \$29,636,015 from employees.

10. OTHER POSTEMPLOYMENT BENEFITS

Former System employees who are receiving retirement benefits may participate in the State health care insurance plans. These plans, which provide insurance coverage for medical, dental and hospital costs, are funded currently by the payment of premiums to the carriers and, under State policy, are jointly contributory. Depending on the health care insurance plan selected, retired employees contribute up to \$55 monthly towards the cost of premiums. System costs for premiums paid to the State health care insurance plans for the approximately 3,200 retired employees receiving these benefits amounted to \$20,502,681 for the year ended June 30, 2002.

11. 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 for the year ended June 30, 2002 by grouping of object classification are:

| | Employee Costs | Payments to Suppliers, Contractors and Others | Depreciation | Total |
|---------------------------------------|---------------------------|--|----------------------|------------------------|
| Instruction | \$655,860,870 | \$102,368,495 | \$15,197,560 | \$773,426,932 |
| Research | 326,524,154 | 209,798,016 | 15,006,834 | 551,329,004 |
| Public service | 81,161,291 | 58,229,818 | 1,169,038 | 140,560,147 |
| Academic support | 155,789,434 | 38,573,951 | 17,445,684 | 211,809,069 |
| Student services | 70,513,594 | 27,557,630 | 1,784,734 | 99,855,958 |
| Institutional support | 201,983,112 | 38,939,104 | 11,522,391 | 252,444,607 |
| Operation and maintenance of plant | 81,267,618 | 107,830,997 | 21,464,983 | 210,563,598 |
| Scholarships and fellowships | 4,884,433 | 36,390,747 | 239,935 | 41,515,115 |
| Auxiliary enterprises | 112,136,192 | 149,589,333 | 24,770,173 | 286,495,698 |
| Hospital | 40,354,100 | 1,848,884 | 462 | 42,203,446 |
| Total | \$1,730,474,805 | \$771,126,975 | \$108,601,794 | \$2,610,203,574 |

12. CONSTRUCTION COMMITMENTS

The estimated costs to complete construction in progress at June 30, 2002 is \$285,419,000, of which \$88,218,000 is available from bond proceeds, \$129,823,000 is to be derived from State appropriations and grants, and \$67,378,000 which will be provided from System funds.

13. CONTINGENT LIABILITIES

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.

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

The System records a liability when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities recorded include a provision for claims incurred but not reported. Because actual claims liabilities depend on such complex factors such as inflation, changes in legal doctrines, and damage awards, actual claims could differ from estimates. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a 4% discount rate. The provision for workers' compensation is based upon a separately determined actuarial valuation for the fiscal year ended June 30, 2002.

Settlement amounts have not exceeded insurance coverage levels for the years ending June 30, 2002, 2001, or 2000.

As of June 30, 2002, the System has recorded \$22,521,000 in liabilities associated with workers' compensation.

15. SUBSEQUENT EVENTS

On July 3, 2002, the System issued \$142,350,000 of University System of Maryland Auxiliary Facility and Tuition Revenue Bonds, 2002 Series A (the 2002 Series A bonds). The 2002 Series A bonds consist of serial bonds maturing through the year ended June 30, 2023 with stated rates of interest of from 3% to 5.25%, and were issued at an aggregate premium of \$6,758,379. Of the proceeds of the 2002 Series A, approximately \$104,500,000 will be used to fund new construction and renovation projects, while \$44,600,000 will be used to advance refund an aggregate of \$40,945,000 of outstanding principal of the 1996 Series A and 2000 Series A revenue bonds.

UNIVERSITY OF MARYLAND, BALTIMORE
BALANCE SHEET
JUNE 30, 2002

ASSETS

Current assets:

| | |
|---------------------------|---------------|
| Cash and cash equivalents | \$105,292,600 |
| Accounts receivable, net | 34,789,620 |
| Notes receivable, net | 2,441,089 |
| | _____ |

Total current assets 142,523,309

Noncurrent assets:

| | |
|--------------------------------------|-------------|
| Restricted cash and cash equivalents | 2,937,110 |
| Endowment investments | 66,130,829 |
| Notes receivable, net | 21,885,659 |
| Capital assets, net | 416,078,450 |
| | _____ |

Total noncurrent assets 507,032,048

Total assets \$649,555,357

LIABILITIES

Current liabilities:

| | |
|--|--------------|
| Accounts payable and accrued liabilities | \$38,813,934 |
| Deferred revenue | 930,032 |
| Current portion of accrued vacation | 4,891,954 |
| Current portion of accrued workers compensation | 825,995 |
| Current portion of revenue bonds and notes payable | 3,193,863 |
| | _____ |

Total current liabilities 48,655,778

Noncurrent liabilities:

| | |
|--------------------------------------|------------|
| Accrued vacation | 31,356,351 |
| Accrued workers compensation | 4,503,005 |
| Revenue bonds and notes payable, net | 57,374,084 |
| | _____ |

Noncurrent liabilities 93,233,440

Total liabilities 141,889,218

NET ASSETS

Invested in capital assets, net of related debt 355,510,503

Restricted:

| | |
|------------------------------|------------|
| Nonexpendable: | |
| Scholarships and fellowships | 22,134,262 |
| Research | 4,459,516 |
| Other | 21,859,040 |

| | |
|-------------|------------|
| Expendable: | |
| Research | 14,365,480 |
| Loans | 28,125,255 |

Unrestricted 61,212,083

Total net assets 507,666,139

Total liabilities and net assets \$649,555,357

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002

OPERATING REVENUES:

| | | |
|---|---------------------|---------------------------|
| Tuition and fees | \$47,789,147 | |
| Less: scholarship allowances | <u>(14,720,465)</u> | \$33,068,682 |
| Federal grants and contracts | | 125,609,466 |
| State and local grants and contracts | | 33,109,560 |
| Nongovernmental grants and contracts | | 96,532,547 |
| Sales and services of educational departments | | 60,492,258 |
| Auxiliary enterprises: | | |
| Residential facilities | | 843,059 |
| Parking facilities | | 8,694,248 |
| Bookstore | | 263,399 |
| Other auxiliary enterprises revenues | | <u>5,648,426</u> |
| Total operating revenues | | <u><u>364,261,645</u></u> |

OPERATING EXPENSES:

| | | |
|------------------------------------|--|----------------------|
| Instruction | | 170,090,962 |
| Research | | 150,285,851 |
| Public service | | 30,516,251 |
| Academic support | | 25,435,433 |
| Student services | | 2,949,204 |
| Institutional support | | 41,129,618 |
| Operation and maintenance of plant | | 28,837,055 |
| Scholarships and fellowships | | 14,357 |
| Auxiliary enterprises | | 14,693,105 |
| Hospital | | <u>42,203,446</u> |
| Total operating expenses | | <u>506,155,282</u> |
| Operating loss | | <u>(141,893,637)</u> |

NONOPERATING REVENUES (EXPENSES):

| | | |
|---|------------------|--------------------|
| State appropriations | | 153,139,494 |
| Investment income | (6,230,106) | |
| Less: Investment expense | <u>(300,226)</u> | (6,530,332) |
| Interest on indebtedness | | (2,974,137) |
| Transfers (to) from other USM institutions | | <u>7,703,986</u> |
| Total nonoperating revenues (expenses) | | <u>151,339,011</u> |

Income before other revenues, expenses, gains and losses 9,445,374

OTHER REVENUES, EXPENSES, GAINS AND LOSSES:

| | | |
|---|--|--------------------|
| Capital appropriations | | 34,248,073 |
| Capital gifts and grants | | 1,516,056 |
| Additions to permanent endowments | | 229,160 |
| Other gains and losses | | <u>(1,496,931)</u> |
| Total other revenues, expenses, gains and losses | | <u>34,496,358</u> |

Increase (decrease) in net assets 43,941,732

Net assets, July 1, 2001 635,739,433

Adjustment for changes in accounting principle (see note #1) (172,015,026)

Net assets, June 30, 2002 \$507,666,139

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---------------------------------------|-------------------|
| Tuition and fees | \$32,698,482 |
| Research contracts and grants | 254,621,554 |
| Payments to employees | (360,641,358) |
| Payments to suppliers and contractors | (112,424,966) |
| Loans issued to students | (4,428,021) |
| Collections of loans to students | 6,691,916 |
| Auxiliary enterprises charges: | |
| Residence halls and dining facilities | 844,059 |
| Parking | 8,694,248 |
| Bookstores | 263,399 |
| Other | 5,383,483 |
| Other receipts (payments) | <u>60,277,636</u> |

Net cash provided (used) by operations (108,019,568)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

| | |
|--|--------------------|
| State appropriations | 153,139,494 |
| Gifts and grants received for other than capital purposes: | |
| Private gifts for endowment purposes | 229,160 |
| Other nonoperating gains and losses | <u>(1,496,931)</u> |

Net cash provided (used) by noncapital financing activities 151,871,723

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

| | |
|--|------------------|
| Proceeds from capital debt | 3,328,053 |
| Capital appropriations | 34,248,073 |
| Capital grants and gifts received | 1,414,861 |
| Purchases of capital assets | (76,811,706) |
| Principal paid on debt and capital leases | (2,963,369) |
| Interest paid on debt and capital leases | (3,556,258) |
| Transfers (to) from other USM institutions | <u>7,592,042</u> |

Net cash provided (used) by capital and related financing activities (36,748,304)

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|---|---------------------|
| Proceeds from sales and maturities of investments | 92,003,186 |
| Interest on investments | 13,327,534 |
| Investment expense | (300,226) |
| Purchases of investments | <u>(91,704,363)</u> |

Net cash provided (used) by investing activities 13,326,131

Net increase (decrease) in cash 20,429,982

Cash and cash equivalents - beginning of the year 87,799,728

Cash and cash equivalents - end of the year \$108,229,710

UNIVERSITY OF MARYLAND, COLLEGE PARK
BALANCE SHEET
JUNE 30, 2002

ASSETS

Current assets:

| | |
|---------------------------------------|--------------------|
| Cash and cash equivalents | \$234,467,528 |
| Accounts receivable, net | 52,390,460 |
| Inventories | 1,924,500 |
| Notes receivable, net | 3,917,168 |
| Prepaid expenses and deferred charges | 865,172 |
| Inter-institutional balances | <u>(1,687,450)</u> |

Total current assets 291,877,378

Noncurrent assets:

| | |
|--------------------------------------|--------------------|
| Restricted cash and cash equivalents | 4,230,149 |
| Endowment investments | 93,797,291 |
| Other investments | 2,343,639 |
| Notes receivable, net | 6,991,077 |
| Capital assets, net | <u>950,986,937</u> |

Total noncurrent assets 1,058,349,093

Total assets \$1,350,226,471

LIABILITIES

Current liabilities:

| | |
|--|-------------------|
| Accounts payable and accrued liabilities | \$83,437,438 |
| Deferred revenue | 19,035,900 |
| Current portion of accrued vacation | 21,278,497 |
| Current portion of accrued workers compensation | 1,250,695 |
| Current portion of revenue bonds and notes payable | <u>21,481,731</u> |

Total current liabilities 146,484,261

Noncurrent liabilities:

| | |
|--------------------------------------|--------------------|
| Accrued vacation | 19,019,854 |
| Accrued workers compensation | 6,818,305 |
| Revenue bonds and notes payable, net | <u>346,280,723</u> |

Noncurrent liabilities 372,118,882

Total liabilities 518,603,143

NET ASSETS

| | |
|---|--------------------|
| Invested in capital assets, net of related debt | 583,224,483 |
| Restricted: | |
| Nonexpendable: | |
| Scholarships and fellowships | 18,289,266 |
| Research | 48,612,207 |
| Other | 14,048,815 |
| Expendable: | |
| Research | 15,778,336 |
| Loans | 11,243,448 |
| Capital projects | 1,235,021 |
| Unrestricted | <u>139,191,752</u> |

Total net assets 831,623,328

Total liabilities and net assets \$1,350,226,471

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002

OPERATING REVENUES:

| | | |
|---|---------------------|---------------------------|
| Tuition and fees | \$221,034,500 | |
| Less: scholarship allowances | <u>(31,086,088)</u> | \$189,948,412 |
| Federal grants and contracts | | 210,914,840 |
| State and local grants and contracts | | 61,616,457 |
| Nongovernmental grants and contracts | | 36,268,454 |
| Sales and services of educational departments | | 25,130,309 |
| Auxiliary enterprises: | | |
| Residential facilities | 63,075,381 | |
| Less: scholarship allowances | <u>(6,805,002)</u> | 56,270,379 |
| Parking facilities | | 7,764,557 |
| Intercollegiate athletics | | 31,572,421 |
| Other auxiliary enterprises revenues | | 31,504,275 |
| Other operating revenues | | <u>13,657,629</u> |
| Total operating revenues | | <u>664,647,733</u> |

OPERATING EXPENSES:

| | | |
|------------------------------------|--|-----------------------------|
| Instruction | | 285,020,341 |
| Research | | 262,223,576 |
| Public service | | 54,796,069 |
| Academic support | | 89,894,659 |
| Student services | | 29,578,596 |
| Institutional support | | 64,637,756 |
| Operation and maintenance of plant | | 100,300,490 |
| Scholarships and fellowships | | 23,328,068 |
| Auxiliary enterprises | | <u>122,162,494</u> |
| Total operating expenses | | <u>1,031,942,049</u> |
| Operating loss | | <u>(367,294,316)</u> |

NONOPERATING REVENUES (EXPENSES):

| | | |
|---|------------------|----------------------------|
| State appropriations | | 359,338,977 |
| Gifts | | 6,920,604 |
| Investment income | (12,742,203) | |
| Less: Investment expense | <u>(422,661)</u> | (13,164,864) |
| Interest on indebtedness | | (14,690,684) |
| Other nonoperating revenues (expenses) | | 6,458,248 |
| Transfers (to) from other USM institutions | | <u>10,974,119</u> |
| Total nonoperating revenues (expenses) | | <u>355,836,400</u> |
| Income before other revenues, expenses, gains and losses | | <u>(11,457,916)</u> |

OTHER REVENUES, EXPENSES, GAINS AND LOSSES:

| | | |
|---|--|------------------------------------|
| Capital appropriations | | 53,928,465 |
| Capital gifts and grants | | 9,005,409 |
| Other gains and losses | | <u>(1,339,491)</u> |
| Total other revenues, expenses, gains and losses | | <u>61,594,383</u> |
| Increase (decrease) in net assets | | 50,136,467 |
| Net assets, July 1, 2001 | | 1,307,456,256 |
| Adjustment for changes in accounting principle (see note #1) | | <u>(525,969,395)</u> |
| Net assets, June 30, 2002 | | <u><u>\$831,623,328</u></u> |

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002

| | |
|---|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Tuition and fees | \$189,496,913 |
| Research contracts and grants | 298,617,935 |
| Payments to employees | (670,128,108) |
| Payments to suppliers and contractors | (307,465,629) |
| Loans issued to students | (2,394,508) |
| Collections of loans to students | 2,592,135 |
| Auxiliary enterprises charges: | |
| Residence halls and dining facilities | 56,586,746 |
| Parking | 7,764,557 |
| Other | 63,076,696 |
| Other receipts (payments) | <u>64,772,265</u> |
| Net cash provided (used) by operations | <u>(297,080,998)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| State appropriations | 359,338,977 |
| Gifts and grants received for other than capital purposes: | |
| Private gifts for endowment purposes | 6,920,604 |
| Other nonoperating gains and losses | <u>5,118,758</u> |
| Net cash provided (used) by noncapital financing activities | <u>371,378,339</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Proceeds from capital debt | 18,276,838 |
| Capital appropriations | 53,875,602 |
| Capital grants and gifts received | 9,005,409 |
| Purchases of capital assets | (170,923,143) |
| Principal paid on debt and capital leases | (19,748,211) |
| Interest paid on debt and capital leases | (5,924,860) |
| Transfers (to) from other USM institutions | <u>44,416,298</u> |
| Net cash provided (used) by capital and related financing activities | <u>(71,022,067)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Proceeds from sales and maturities of investments | 130,824,307 |
| Interest on investments | 15,046,918 |
| Investment expense | (422,661) |
| Purchases of investments | <u>(130,022,362)</u> |
| Net cash provided (used) by investing activities | <u>15,426,202</u> |
| Net increase (decrease) in cash | 18,701,476 |
| Cash and cash equivalents - beginning of the year | <u>219,996,201</u> |
| Cash and cash equivalents - end of the year | <u><u>\$238,697,677</u></u> |

**BOWIE STATE UNIVERSITY
BALANCE SHEET
JUNE 30, 2002**

ASSETS

Current assets:

| | |
|------------------------------|--------------------|
| Cash and cash equivalents | \$2,160,245 |
| Accounts receivable, net | 6,167,748 |
| Notes receivable, net | 689,768 |
| Inter-institutional balances | <u>(1,482,585)</u> |

Total current assets 7,535,176

Noncurrent assets:

| | |
|---------------------|-------------------|
| Capital assets, net | <u>67,287,209</u> |
|---------------------|-------------------|

Total noncurrent assets 67,287,209

Total assets \$74,822,385

LIABILITIES

Current liabilities:

| | |
|--|------------------|
| Accounts payable and accrued liabilities | \$4,283,226 |
| Deferred revenue | 375,231 |
| Current portion of accrued vacation | 1,750,241 |
| Current portion of accrued workers compensation | 64,480 |
| Current portion of revenue bonds and notes payable | <u>2,660,169</u> |

Total current liabilities 9,133,347

Noncurrent liabilities:

| | |
|--------------------------------------|-------------------|
| Accrued vacation | 258,746 |
| Accrued workers compensation | 351,520 |
| Revenue bonds and notes payable, net | <u>11,115,738</u> |

Noncurrent liabilities 11,726,004

Total liabilities 20,859,351

NET ASSETS

| | |
|---|------------------|
| Invested in capital assets, net of related debt | 53,511,302 |
| Restricted: | |
| Expendable: | |
| Loans | 649,282 |
| Unrestricted | <u>(197,550)</u> |

Total net assets 53,963,034

Total liabilities and net assets \$74,822,385

BOWIE STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002

OPERATING REVENUES:

| | | |
|--------------------------------------|--------------------|--------------------------|
| Tuition and fees | \$18,386,329 | |
| Less: scholarship allowances | <u>(4,534,284)</u> | \$13,852,045 |
| Federal grants and contracts | | 11,409,477 |
| State and local grants and contracts | | 1,047,742 |
| Nongovernmental grants and contracts | | 629,517 |
| Auxiliary enterprises: | | |
| Residential facilities | 4,329,491 | |
| Less: scholarship allowances | <u>(451,048)</u> | 3,878,443 |
| Parking facilities | | 240,000 |
| Intercollegiate athletics | | 922,962 |
| Other operating revenues | | <u>2,676,837</u> |
| Total operating revenues | | <u><u>34,657,023</u></u> |

OPERATING EXPENSES:

| | | |
|------------------------------------|--|---------------------|
| Instruction | | 18,682,859 |
| Research | | 2,426,731 |
| Public service | | 941,657 |
| Academic support | | 6,264,257 |
| Student services | | 3,660,209 |
| Institutional support | | 8,081,706 |
| Operation and maintenance of plant | | 4,112,418 |
| Scholarships and fellowships | | 817,322 |
| Auxiliary enterprises | | <u>6,775,811</u> |
| Total operating expenses | | <u>51,762,970</u> |
| Operating loss | | <u>(17,105,947)</u> |

NONOPERATING REVENUES (EXPENSES):

| | | |
|---|--|-------------------|
| State appropriations | | 22,724,961 |
| Investment income | | 20,809 |
| Interest on indebtedness | | (555,054) |
| Transfers (to) from other USM institutions | | <u>(730,448)</u> |
| Total nonoperating revenues (expenses) | | <u>21,460,268</u> |
| Income before other revenues, expenses, gains and losses | | <u>4,354,321</u> |

OTHER REVENUES, EXPENSES, GAINS AND LOSSES:

| | | |
|---|--|----------------------------|
| Capital appropriations | | 9,363,398 |
| Other gains and losses | | <u>(21,037)</u> |
| Total other revenues, expenses, gains and losses | | <u>9,342,361</u> |
| Increase (decrease) in net assets | | 13,696,682 |
| Net assets, July 1, 2001 | | 90,331,851 |
| Adjustment for changes in accounting principle (see note #1) | | <u>(50,065,499)</u> |
| Net assets, June 30, 2002 | | <u><u>\$53,963,034</u></u> |

**BOWIE STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002**

| | |
|---|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Tuition and fees | \$13,287,566 |
| Research contracts and grants | 15,398,515 |
| Payments to employees | (37,513,096) |
| Payments to suppliers and contractors | (14,185,011) |
| Loans issued to students | (214,116) |
| Auxiliary enterprises charges: | |
| Residence halls and dining facilities | 2,196,130 |
| Parking | 240,000 |
| Other | 922,962 |
| Other receipts (payments) | <u>3,579,206</u> |
| Net cash provided (used) by operations | <u>(16,287,844)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| State appropriations | 22,724,961 |
| Other nonoperating gains and losses | <u>(21,037)</u> |
| Net cash provided (used) by noncapital financing activities | <u>22,703,924</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Proceeds from capital debt | 143,421 |
| Capital appropriations | 9,363,398 |
| Purchases of capital assets | (12,044,746) |
| Principal paid on debt and capital leases | (955,625) |
| Interest paid on debt and capital leases | (551,039) |
| Transfers (to) from other USM institutions | <u>(338,951)</u> |
| Net cash provided (used) by capital and related financing activities | <u>(4,383,542)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Interest on investments | <u>20,809</u> |
| Net cash provided (used) by investing activities | <u>20,809</u> |
| Net increase (decrease) in cash | 2,053,347 |
| Cash and cash equivalents - beginning of the year | <u>106,898</u> |
| Cash and cash equivalents - end of the year | <u><u>\$2,160,245</u></u> |

**TOWSON UNIVERSITY
BALANCE SHEET
JUNE 30, 2002**

Current assets:

| | |
|---------------------------------------|------------------|
| Cash and cash equivalents | \$35,641,280 |
| Accounts receivable, net | 11,470,659 |
| Inventories | 2,203,460 |
| Notes receivable, net | 2,627,829 |
| Prepaid expenses and deferred charges | 867,917 |
| Inter-institutional balances | <u>(867,224)</u> |

Total current assets 51,943,921

Noncurrent assets:

| | |
|--------------------------------------|--------------------|
| Restricted cash and cash equivalents | 84,518 |
| Endowment investments | 1,460,219 |
| Notes receivable, net | 10,541,013 |
| Capital assets, net | <u>175,540,171</u> |

Total noncurrent assets 187,625,921

Total assets \$239,569,842

LIABILITIES

Current liabilities:

| | |
|--|------------------|
| Accounts payable and accrued liabilities | \$17,402,696 |
| Deferred revenue | 2,860,244 |
| Current portion of accrued vacation | 3,266,725 |
| Current portion of accrued workers compensation | 337,280 |
| Current portion of revenue bonds and notes payable | <u>6,297,376</u> |

Total current liabilities 30,164,321

Noncurrent liabilities:

| | |
|--------------------------------------|-------------------|
| Accrued vacation | 3,475,106 |
| Accrued workers compensation | 1,838,720 |
| Revenue bonds and notes payable, net | <u>80,668,186</u> |

Noncurrent liabilities 85,982,012

Total liabilities 116,146,333

NET ASSETS

| | |
|---|-------------------|
| Invested in capital assets, net of related debt | 88,574,609 |
| Restricted: | |
| Nonexpendable: | |
| Scholarships and fellowships | 164,652 |
| Expendable: | |
| Scholarships and fellowships | |
| Research | 7,289,990 |
| Loans | 14,176,162 |
| Unrestricted | <u>13,218,096</u> |

Total net assets 123,423,509

Total liabilities and net assets \$239,569,842

TOWSON UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002

OPERATING REVENUES:

| | | |
|---|---------------------|--------------------|
| Tuition and fees | \$81,493,835 | |
| Less: scholarship allowances | <u>(15,280,392)</u> | \$66,213,443 |
| Federal grants and contracts | | 14,240,142 |
| State and local grants and contracts | | 9,182,993 |
| Nongovernmental grants and contracts | | 2,479,723 |
| Sales and services of educational departments | | 2,555,152 |
| Auxiliary enterprises: | | |
| Residential facilities | 24,431,480 | |
| Less: scholarship allowances | <u>(756,446)</u> | 23,675,034 |
| Parking facilities | | 2,163,409 |
| Intercollegiate athletics | 7,607,202 | |
| Less: scholarship allowances | <u>(471,055)</u> | 7,136,147 |
| Bookstore | 10,116,125 | |
| Less: scholarship allowances | <u>(54,714)</u> | 10,061,411 |
| Other auxiliary enterprises revenues | | 11,924,483 |
| Other operating revenues | | <u>735,723</u> |
| Total operating revenues | | <u>150,367,660</u> |

OPERATING EXPENSES:

| | | |
|------------------------------------|--|---------------------|
| Instruction | | 60,389,833 |
| Research | | 5,095,379 |
| Public service | | 10,686,367 |
| Academic support | | 22,883,819 |
| Student services | | 11,677,427 |
| Institutional support | | 23,785,167 |
| Operation and maintenance of plant | | 16,178,570 |
| Scholarships and fellowships | | 4,166,995 |
| Auxiliary enterprises | | <u>45,318,760</u> |
| Total operating expenses | | <u>200,182,317</u> |
| Operating loss | | <u>(49,814,657)</u> |

NONOPERATING REVENUES (EXPENSES):

| | | |
|---|----------------|--------------------|
| State appropriations | | 68,062,130 |
| Investment income | 1,289,912 | |
| Less: Investment expense | <u>(3,965)</u> | 1,285,947 |
| Interest on indebtedness | | (3,646,516) |
| Transfers (to) from other USM institutions | | <u>(1,714,746)</u> |
| Total nonoperating revenues (expenses) | | <u>63,986,815</u> |
| Income before other revenues, expenses, gains and losses | | <u>14,172,158</u> |

OTHER REVENUES, EXPENSES, GAINS AND LOSSES:

| | | |
|---|--|-----------------------------|
| Capital appropriations | | 15,751,951 |
| Capital gifts and grants | | 756,008 |
| Other gains and losses | | <u>(432,928)</u> |
| Total other revenues, expenses, gains and losses | | <u>16,075,031</u> |
| Increase (decrease) in net assets | | 30,247,189 |
| Net assets, July 1, 2001 | | 242,821,796 |
| Adjustment for changes in accounting principle (see note #1) | | <u>(149,645,476)</u> |
| Net assets, June 30, 2002 | | <u><u>\$123,423,509</u></u> |

**TOWSON UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002**

| | |
|---|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Tuition and fees | \$66,167,492 |
| Research contracts and grants | 26,049,120 |
| Payments to employees | (129,456,035) |
| Payments to suppliers and contractors | (59,392,753) |
| Loans issued to students | (2,859,900) |
| Collections of loans to students | 2,515,962 |
| Auxiliary enterprises charges: | |
| Residence halls and dining facilities | 23,705,915 |
| Parking | 2,163,409 |
| Bookstores | 10,061,411 |
| Other | 19,060,630 |
| Other receipts (payments) | <u>(846,162)</u> |
| Net cash provided (used) by operations | <u>(42,830,911)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| State appropriations | 68,062,130 |
| Other nonoperating gains and losses | <u>(432,928)</u> |
| Net cash provided (used) by noncapital financing activities | <u>67,629,202</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Proceeds from capital debt | 6,858,056 |
| Capital appropriations | 15,751,951 |
| Capital grants and gifts received | 692,268 |
| Purchases of capital assets | (39,645,142) |
| Principal paid on debt and capital leases | (5,275,118) |
| Interest paid on debt and capital leases | (3,677,957) |
| Transfers (to) from other USM institutions | <u>6,645,798</u> |
| Net cash provided (used) by capital and related financing activities | <u>(18,650,144)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Proceeds from sales and maturities of investments | 1,277,824 |
| Interest on investments | 1,597,506 |
| Investment expense | (3,965) |
| Purchases of investments | <u>(1,201,439)</u> |
| Net cash provided (used) by investing activities | <u>1,669,926</u> |
| Net increase (decrease) in cash | 7,818,073 |
| Cash and cash equivalents - beginning of the year | <u>27,907,725</u> |
| Cash and cash equivalents - end of the year | <u><u>\$35,725,798</u></u> |

**UNIVERSITY OF MARYLAND EASTERN SHORE
BALANCE SHEET
JUNE 30, 2002**

ASSETS

Current assets:

| | |
|------------------------------|------------------|
| Cash and cash equivalents | \$9,287,657 |
| Accounts receivable, net | 9,873,298 |
| Notes receivable, net | 897,565 |
| Inter-institutional balances | <u>(370,568)</u> |

Total current assets 19,687,952

Noncurrent assets:

| | |
|--------------------------------------|--------------------|
| Restricted cash and cash equivalents | 16,320 |
| Endowment investments | 375,287 |
| Notes receivable, net | 5,385,389 |
| Capital assets, net | <u>152,951,580</u> |

Total noncurrent assets 158,728,576

Total assets \$178,416,528

LIABILITIES

Current liabilities:

| | |
|--|------------------|
| Accounts payable and accrued liabilities | \$3,657,276 |
| Deferred revenue | 95,459 |
| Current portion of accrued vacation | 2,255,954 |
| Current portion of accrued workers compensation | 146,165 |
| Current portion of revenue bonds and notes payable | <u>2,661,231</u> |

Total current liabilities 8,816,085

Noncurrent liabilities:

| | |
|--------------------------------------|-------------------|
| Accrued vacation | 140,833 |
| Accrued workers compensation | 796,835 |
| Revenue bonds and notes payable, net | <u>55,974,462</u> |

Noncurrent liabilities 56,912,130

Total liabilities 65,728,215

NET ASSETS

| | |
|---|------------------|
| Invested in capital assets, net of related debt | 94,315,887 |
| Restricted: | |
| Nonexpendable: | |
| Scholarships and fellowships | 180,730 |
| Expendable: | |
| Research | 11,349,930 |
| Loans | 99,382 |
| Unrestricted | <u>6,742,384</u> |

Total net assets 112,688,313

Total liabilities and net assets \$178,416,528

UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002

OPERATING REVENUES:

| | | |
|---|--------------------|--------------------------|
| Tuition and fees | \$13,246,949 | |
| Less: scholarship allowances | <u>(5,336,071)</u> | \$7,910,878 |
| Federal grants and contracts | | 13,252,535 |
| State and local grants and contracts | | 5,875,460 |
| Nongovernmental grants and contracts | | 914,959 |
| Sales and services of educational departments | | 238,603 |
| Auxiliary enterprises: | | |
| Residential facilities | 9,978,117 | |
| Less: scholarship allowances | <u>(1,422,952)</u> | 8,555,165 |
| Parking facilities | | 35,347 |
| Intercollegiate athletics | 1,096,453 | |
| Less: scholarship allowances | <u>(355,738)</u> | 740,715 |
| Bookstore | | 138,442 |
| Other auxiliary enterprises revenues | | <u>3,278,497</u> |
| Total operating revenues | | <u>40,940,601</u> |

OPERATING EXPENSES:

| | | |
|------------------------------------|--|----------------------------|
| Instruction | | 21,858,696 |
| Research | | 6,150,117 |
| Public service | | 384,228 |
| Academic support | | 3,643,839 |
| Student services | | 2,282,280 |
| Institutional support | | 7,523,864 |
| Operation and maintenance of plant | | 10,750,975 |
| Auxiliary enterprises | | <u>10,629,862</u> |
| Total operating expenses | | <u>63,223,861</u> |
| Operating loss | | <u>(22,283,260)</u> |

NONOPERATING REVENUES (EXPENSES):

| | | |
|---|----------------|--------------------------|
| State appropriations | | 23,564,429 |
| Investment income | 405,311 | |
| Less: Investment expense | <u>(1,726)</u> | 403,585 |
| Interest on indebtedness | | (2,802,078) |
| Transfers (to) from other USM institutions | | <u>632,003</u> |
| Total nonoperating (revenues) expenses | | <u>21,797,939</u> |

Income before other revenues, expenses, gains and losses **(485,321)**

OTHER REVENUES, EXPENSES, GAINS AND LOSSES:

| | | |
|---|--|-------------------------|
| Capital appropriations | | 7,102,170 |
| Capital gifts and grants | | 1,417 |
| Other gains and losses | | <u>1,443,170</u> |
| Total other revenues, expenses, gains and losses | | <u>8,546,757</u> |

Increase (decrease) in net assets 8,061,436

Net assets, July 1, 2001 137,085,151

Adjustment for changes in accounting principle (see note #1) (32,458,274)

Net assets, June 30, 2002 **\$112,688,313**

**UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002**

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---------------------------------------|----------------|
| Tuition and fees | \$11,408,952 |
| Research contracts and grants | 19,620,363 |
| Payments to employees | (42,362,809) |
| Payments to suppliers and contractors | (20,996,332) |
| Loans issued to students | (608,884) |
| Collections of loans to students | 60,004 |
| Auxiliary enterprises charges: | |
| Residence halls and dining facilities | 7,912,913 |
| Parking | 35,347 |
| Bookstores | 138,442 |
| Other | 4,019,212 |
| Other receipts (payments) | <u>336,835</u> |

Net cash provided (used) by operations (20,435,957)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

| | |
|-------------------------------------|------------------|
| State appropriations | 23,564,429 |
| Other nonoperating gains and losses | <u>1,443,170</u> |

Net cash provided (used) by noncapital financing activities 25,007,599

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

| | |
|--|------------------|
| Proceeds from capital debt | 936,900 |
| Capital appropriations | 7,102,170 |
| Capital grants and gifts received | 1,417 |
| Purchases of capital assets | (20,827,750) |
| Principal paid on debt and capital leases | (2,301,623) |
| Interest paid on debt and capital leases | (2,888,622) |
| Transfers (to) from other USM institutions | <u>9,533,072</u> |

Net cash provided (used) by capital and related financing activities (8,444,436)

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|---|------------------|
| Proceeds from sales and maturities of investments | 521,137 |
| Interest on investments | 516,220 |
| Investment expense | (1,726) |
| Purchases of investments | <u>(520,416)</u> |

Net cash provided (used) by investing activities 515,215

Net increase (decrease) in cash (3,357,579)

Cash and cash equivalents - beginning of the year 12,661,556

Cash and cash equivalents - end of the year \$9,303,977

**FROSTBURG STATE UNIVERSITY
BALANCE SHEET
JUNE 30, 2002**

ASSETS

Current assets:

| | |
|---------------------------------------|-------------------|
| Cash and cash equivalents | \$8,632,601 |
| Accounts receivable, net | 1,382,419 |
| Inventories | 1,174,993 |
| Notes receivable, net | 215,325 |
| Prepaid expenses and deferred charges | 85,772 |
| Inter-institutional balances | <u>(553,993)</u> |
| Total current assets | <u>10,937,117</u> |

Noncurrent assets:

| | |
|--------------------------------------|-------------------|
| Restricted cash and cash equivalents | 27,042 |
| Endowment investments | 621,839 |
| Notes receivable, net | 1,087,733 |
| Capital assets, net | <u>46,838,905</u> |
| Total noncurrent assets | <u>48,575,519</u> |

| | |
|---------------------|----------------------------|
| Total assets | <u><u>\$59,512,636</u></u> |
|---------------------|----------------------------|

LIABILITIES

Current liabilities:

| | |
|--|------------------|
| Accounts payable and accrued liabilities | \$5,835,095 |
| Deferred revenue | 1,648,937 |
| Current portion of accrued vacation | 226,099 |
| Current portion of accrued workers compensation | 107,260 |
| Current portion of revenue bonds and notes payable | <u>1,153,808</u> |
| Total current liabilities | <u>8,971,199</u> |

Noncurrent liabilities:

| | |
|--------------------------------------|-------------------|
| Accrued vacation | 2,034,898 |
| Accrued workers compensation | 584,740 |
| Revenue bonds and notes payable, net | <u>15,243,174</u> |
| Noncurrent liabilities | <u>17,862,812</u> |

| | |
|--------------------------|-------------------|
| Total liabilities | <u>26,834,011</u> |
|--------------------------|-------------------|

NET ASSETS

| | |
|---|----------------|
| Invested in capital assets, net of related debt | 30,441,923 |
| Restricted: | |
| Expendable: | |
| Research | 161,941 |
| Loans | 1,314,814 |
| Unrestricted | <u>759,947</u> |

| | |
|-------------------------|-------------------|
| Total net assets | <u>32,678,625</u> |
|-------------------------|-------------------|

| | |
|---|----------------------------|
| Total liabilities and net assets | <u><u>\$59,512,636</u></u> |
|---|----------------------------|

FROSTBURG STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002

OPERATING REVENUES:

| | | |
|---|--------------------|--------------------------|
| Tuition and fees | \$19,222,493 | |
| Less: scholarship allowances | <u>(4,535,787)</u> | \$14,686,706 |
| Federal grants and contracts | | 5,280,915 |
| State and local grants and contracts | | 1,283,807 |
| Nongovernmental grants and contracts | | 69,456 |
| Sales and services of educational departments | | 794,222 |
| Auxiliary enterprises: | | |
| Residential facilities | 9,679,417 | |
| Less: scholarship allowances | <u>(153,112)</u> | 9,526,305 |
| Intercollegiate athletics | 1,508,754 | |
| Less: scholarship allowances | <u>(138,141)</u> | 1,370,613 |
| Bookstore | 2,895,030 | |
| Less: scholarship allowances | <u>(1,471)</u> | 2,893,559 |
| Other auxiliary enterprises revenues | | 2,191,291 |
| Other operating revenues | | <u>209,961</u> |
| Total operating revenues | | <u>38,306,835</u> |

OPERATING EXPENSES:

| | |
|------------------------------------|----------------------------|
| Instruction | 23,575,868 |
| Public service | 3,704,426 |
| Academic support | 6,104,018 |
| Student services | 3,370,259 |
| Institutional support | 7,869,239 |
| Operation and maintenance of plant | 4,588,279 |
| Scholarships and fellowships | 964,641 |
| Auxiliary enterprises | <u>16,526,061</u> |
| Total operating expenses | <u>66,702,791</u> |
| Operating loss | <u>(28,395,956)</u> |

NONOPERATING REVENUES (EXPENSES):

| | | |
|---|----------------|--------------------------|
| State appropriations | 28,659,702 | |
| Gifts | 197,685 | |
| Investment income | 308,348 | |
| Less: Investment expense | <u>(2,850)</u> | 305,498 |
| Interest on indebtedness | | (723,202) |
| Transfers (to) from other USM institutions | | <u>38,295</u> |
| Total nonoperating revenue (expenses) | | <u>28,477,978</u> |
| Income before other revenues, expenses, gains and losses | | <u>82,022</u> |

OTHER REVENUES, EXPENSES, GAINS AND LOSSES:

| | |
|---|-----------------------------------|
| Capital appropriations | 13,087,093 |
| Capital gifts and grants | 284,293 |
| Other gains and losses | <u>(122,501)</u> |
| Total other revenues, expenses, gains and losses | <u>13,248,885</u> |
| Increase (decrease) in net assets | 13,330,907 |
| Net assets, July 1, 2001 | 65,207,691 |
| Adjustment for changes in accounting principle (see note #1) | <u>(45,859,973)</u> |
| Net assets, June 30, 2002 | <u><u>\$32,678,625</u></u> |

**FROSTBURG STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002**

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---|---------------------|
| Tuition and fees | \$14,495,999 |
| Research contracts and grants | 7,037,640 |
| Payments to employees | (46,111,685) |
| Payments to suppliers and contractors | (17,998,856) |
| Loans issued to students | (241,163) |
| Collections of loans to students | 283,232 |
| Auxiliary enterprises charges: | |
| Residence halls and dining facilities | 9,469,274 |
| Bookstores | 2,888,298 |
| Other | 3,552,435 |
| Other receipts (payments) | <u>841,089</u> |
| Net cash provided (used) by operations | <u>(25,783,737)</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

| | |
|--|-------------------|
| State appropriations | 28,659,702 |
| Other nonoperating gains and losses | <u>75,184</u> |
| Net cash provided (used) by noncapital financing activities | <u>28,734,886</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

| | |
|---|--------------------|
| Proceeds from capital debt | 9,581 |
| Capital appropriations | 13,087,093 |
| Capital grants and gifts received | 11,624 |
| Purchases of capital assets | (16,456,971) |
| Principal paid on debt and capital leases | (1,154,543) |
| Interest paid on debt and capital leases | (731,015) |
| Transfers (to) from other USM institutions | <u>1,929,898</u> |
| Net cash provided (used) by capital and related financing activities | <u>(3,304,333)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|--|---------------------------|
| Proceeds from sales and maturities of investments | 845,620 |
| Interest on investments | 492,157 |
| Investment expense | (2,850) |
| Purchases of investments | <u>(862,311)</u> |
| Net cash provided (used) by investing activities | <u>472,616</u> |
| Net increase (decrease) in cash | 119,432 |
| Cash and cash equivalents - beginning of the year | <u>8,540,211</u> |
| Cash and cash equivalents - end of the year | <u><u>\$8,659,643</u></u> |

**COPPIN STATE COLLEGE
BALANCE SHEET
JUNE 30, 2002**

ASSETS

Current assets:

| | |
|---------------------------------------|-----------------|
| Cash and cash equivalents | \$5,482,720 |
| Accounts receivable, net | 2,302,973 |
| Inventories | 27,971 |
| Notes receivable, net | 221,007 |
| Prepaid expenses and deferred charges | 2,672 |
| Inter-institutional balances | <u>(60,000)</u> |

Total current assets 7,977,343

Noncurrent assets:

| | |
|--------------------------------------|-------------------|
| Restricted cash and cash equivalents | 12,230 |
| Endowment investments | 281,151 |
| Notes receivable, net | 1,006,812 |
| Capital assets, net | <u>40,998,563</u> |

Total noncurrent assets 42,298,756

Total assets \$50,276,099

LIABILITIES

Current liabilities:

| | |
|--|----------------|
| Accounts payable and accrued liabilities | \$4,885,868 |
| Deferred revenue | 99,511 |
| Current portion of accrued vacation | 376,073 |
| Current portion of accrued workers compensation | 70,525 |
| Current portion of revenue bonds and notes payable | <u>922,282</u> |

Total current liabilities 6,354,259

Noncurrent liabilities:

| | |
|--------------------------------------|-------------------|
| Accrued vacation | 1,504,294 |
| Accrued workers compensation | 384,475 |
| Revenue bonds and notes payable, net | <u>20,306,763</u> |

Noncurrent liabilities 22,195,532

Total liabilities 28,549,791

NET ASSETS

| | |
|---|-----------------|
| Invested in capital assets, net of related debt | 19,769,518 |
| Restricted: | |
| Nonexpendable: | |
| Scholarships and fellowships | 92,147 |
| Other | 185,139 |
| Expendable: | |
| Loans | 1,718,448 |
| Unrestricted | <u>(38,944)</u> |

Total net assets 21,726,308

Total liabilities and net assets \$50,276,099

COPPIN STATE COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002

OPERATING REVENUES:

| | | |
|--------------------------------------|--------------------|-------------------|
| Tuition and fees | \$11,189,458 | |
| Less: scholarship allowances | <u>(5,365,201)</u> | \$5,824,257 |
| Federal grants and contracts | | 10,037,827 |
| State and local grants and contracts | | 2,168,340 |
| Nongovernmental grants and contracts | | 81,082 |
| Residential facilities | 2,684,305 | |
| Less: scholarship allowances | <u>(336,277)</u> | 2,348,028 |
| Intercollegiate athletics | 2,329,633 | |
| Less: scholarship allowances | <u>(651,988)</u> | 1,677,645 |
| Other auxiliary enterprises revenues | | <u>252,263</u> |
| Total operating revenues | | <u>22,389,442</u> |

OPERATING EXPENSES:

| | | |
|------------------------------------|--|---------------------|
| Instruction | | 13,914,490 |
| Research | | 112 |
| Academic support | | 3,689,056 |
| Student services | | 4,197,345 |
| Institutional support | | 10,845,077 |
| Operation and maintenance of plant | | 3,745,942 |
| Auxiliary enterprises | | <u>4,885,243</u> |
| Total operating expenses | | <u>41,277,265</u> |
| Operating loss | | <u>(18,887,823)</u> |

NONOPERATING REVENUES (EXPENSES):

| | | |
|---|----------------|-------------------|
| State appropriations | | 20,513,150 |
| Investment income | 62,078 | |
| Less: Investment expense | <u>(1,397)</u> | 60,681 |
| Interest on indebtedness | | (975,622) |
| Transfers (to) from other USM institutions | | <u>(65,772)</u> |
| Total nonoperating revenues (expenses) | | <u>19,532,437</u> |

Income before other revenues, expenses, gains and losses 644,614

OTHER REVENUES, EXPENSES, GAINS AND LOSSES:

| | | |
|---|--|------------------|
| Capital appropriations | | 4,914,889 |
| Additions to permanent endowments | | 115,000 |
| Other gains and losses | | <u>(21,585)</u> |
| Total other revenues, expenses, gains and losses | | <u>5,008,304</u> |

Increase (decrease) in net assets 5,652,918

Net assets, July 1, 2001 48,118,455

Adjustment for changes in accounting principle (see note #1) (32,045,065)

Net assets, June 30, 2002 \$21,726,308

**COPPIN STATE COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002**

| | |
|---|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Tuition and fees | \$5,132,407 |
| Research contracts and grants | 12,150,973 |
| Payments to employees | (29,800,386) |
| Payments to suppliers and contractors | (9,363,271) |
| Loans issued to students | (264,150) |
| Collections of loans to students | 216,041 |
| Auxiliary enterprises charges: | |
| Residence halls and dining facilities | 1,773,059 |
| Other | 1,929,908 |
| Other receipts (payments) | <u>270</u> |
| Net cash provided (used) by operations | <u>(18,225,149)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| State appropriations | 20,513,150 |
| Private gifts for endowment purposes | 115,000 |
| Other nonoperating gains and losses | <u>(21,585)</u> |
| Net cash provided (used) by noncapital financing activities | <u>20,606,565</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Proceeds from capital debt | 60,621 |
| Capital appropriations | 4,914,889 |
| Purchases of capital assets | (7,465,816) |
| Principal paid on debt and capital leases | (741,929) |
| Interest paid on debt and capital leases | (745,904) |
| Transfers (to) from other USM institutions | <u>1,968,138</u> |
| Net cash provided (used) by capital and related financing activities | <u>(2,010,001)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Proceeds from sales and maturities of investments | 210,914 |
| Interest on investments | 144,796 |
| Investment expense | (1,397) |
| Purchases of investments | <u>(389,876)</u> |
| Net cash provided (used) by investing activities | <u>(35,563)</u> |
| Net increase (decrease) in cash | 335,852 |
| Cash and cash equivalents - beginning of the year | <u>5,159,098</u> |
| Cash and cash equivalents - end of the year | <u><u>\$5,494,950</u></u> |

**UNIVERSITY OF BALTIMORE
BALANCE SHEET
JUNE 30, 2002**

ASSETS

Current assets:

| | |
|---------------------------------------|--------------|
| Cash and cash equivalents | \$14,109,797 |
| Accounts receivable, net | 3,023,837 |
| Inventories | 30,518 |
| Notes receivable, net | 619,953 |
| Prepaid expenses and deferred charges | 128,820 |

| | |
|-----------------------------|-------------------|
| Total current assets | <u>17,912,925</u> |
|-----------------------------|-------------------|

Noncurrent assets:

| | |
|-----------------------|------------|
| Notes receivable, net | 2,479,812 |
| Capital assets, net | 48,163,611 |

| | |
|--------------------------------|-------------------|
| Total noncurrent assets | <u>50,643,423</u> |
|--------------------------------|-------------------|

| | |
|---------------------|---------------------|
| Total assets | <u>\$68,556,348</u> |
|---------------------|---------------------|

LIABILITIES

Current liabilities:

| | |
|--|-------------|
| Accounts payable and accrued liabilities | \$5,506,615 |
| Deferred revenue | 776,891 |
| Current portion of accrued vacation | 272,507 |
| Current portion of accrued workers compensation | 74,555 |
| Current portion of revenue bonds and notes payable | 737,751 |

| | |
|----------------------------------|------------------|
| Total current liabilities | <u>7,368,319</u> |
|----------------------------------|------------------|

Noncurrent liabilities:

| | |
|--------------------------------------|-----------|
| Accrued vacation | 1,726,523 |
| Accrued workers compensation | 406,445 |
| Revenue bonds and notes payable, net | 7,016,742 |

| | |
|-------------------------------|------------------|
| Noncurrent liabilities | <u>9,149,710</u> |
|-------------------------------|------------------|

| | |
|--------------------------|-------------------|
| Total liabilities | <u>16,518,029</u> |
|--------------------------|-------------------|

NET ASSETS

| | |
|---|------------|
| Invested in capital assets, net of related debt | 40,409,118 |
| Restricted: | |
| Expendable: | |
| Loans | 3,397,485 |
| Unrestricted | 8,231,716 |

| | |
|-------------------------|-------------------|
| Total net assets | <u>52,038,319</u> |
|-------------------------|-------------------|

| | |
|---|---------------------|
| Total liabilities and net assets | <u>\$68,556,348</u> |
|---|---------------------|

UNIVERSITY OF BALTIMORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002

OPERATING REVENUES:

| | | |
|---|--------------------|--------------------------|
| Tuition and fees | \$25,258,777 | |
| Less: scholarship allowances | <u>(2,641,122)</u> | \$22,617,655 |
| Federal grants and contracts | | 1,671,493 |
| State and local grants and contracts | | 4,473,689 |
| Nongovernmental grants and contracts | | 587,341 |
| Sales and services of educational departments | | 736,937 |
| Auxiliary enterprises: | | |
| Parking facilities | | 623,365 |
| Other auxiliary enterprises revenues | | 3,520,960 |
| Other operating revenues | | <u>446,365</u> |
| Total operating revenues | | <u><u>34,677,805</u></u> |

OPERATING EXPENSES:

| | | |
|------------------------------------|--|----------------------------|
| Instruction | | 23,438,752 |
| Research | | 4,832,644 |
| Academic support | | 8,909,896 |
| Student services | | 4,612,448 |
| Institutional support | | 8,993,649 |
| Operation and maintenance of plant | | 5,069,259 |
| Scholarships and fellowships | | 226,922 |
| Auxiliary enterprises | | <u>1,872,649</u> |
| Total operating expenses | | <u><u>57,956,219</u></u> |
| Operating loss | | <u><u>(23,278,414)</u></u> |

NONOPERATING REVENUES (EXPENSES):

| | | |
|---|--|--------------------------|
| State appropriations | | 24,473,622 |
| Investment income | | 285,705 |
| Interest on indebtedness | | (392,162) |
| Transfers (to) from other USM institutions | | <u>(1,457,839)</u> |
| Total nonoperating revenues (expenses) | | <u><u>22,909,326</u></u> |
| Income before other revenues, expenses, gains and losses | | <u><u>(369,088)</u></u> |

OTHER REVENUES, EXPENSES, GAINS AND LOSSES:

| | | |
|---|--|-----------------------------------|
| Capital appropriations | | 3,131,399 |
| Capital gifts and grants | | <u>137,839</u> |
| Total other revenues, expenses, gains and losses | | <u><u>3,269,238</u></u> |
| Increase (decrease) in net assets | | 2,900,150 |
| Net assets, July 1, 2001 | | 73,674,320 |
| Adjustment for changes in accounting principle (see note #1) | | <u><u>(24,536,151)</u></u> |
| Net assets, June 30, 2002 | | <u><u><u>\$52,038,319</u></u></u> |

**UNIVERSITY OF BALTIMORE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002**

| | |
|---|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Tuition and fees | \$21,725,328 |
| Research contracts and grants | 7,112,850 |
| Payments to employees | (43,462,351) |
| Payments to suppliers and contractors | (10,667,870) |
| Loans issued to students | (802,230) |
| Collections of loans to students | 844,235 |
| Auxiliary enterprises charges: | |
| Parking | 623,365 |
| Other | 3,520,960 |
| Other receipts (payments) | <u>1,221,406</u> |
| Net cash provided (used) by operations | <u>(19,884,307)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| State appropriations | <u>24,473,622</u> |
| Net cash provided (used) by noncapital financing activities | <u>24,473,622</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Proceeds from capital debt | 91,388 |
| Capital appropriations | 3,131,399 |
| Capital grants and gifts received | 103,055 |
| Purchases of capital assets | (4,271,067) |
| Principal paid on debt and capital leases | (887,354) |
| Interest paid on debt and capital leases | (389,340) |
| Transfers (to) from other USM institutions | <u>(1,443,418)</u> |
| Net cash provided (used) by capital and related financing activities | <u>(3,665,337)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Interest on investments | <u>285,705</u> |
| Net cash provided (used) by investing activities | <u>285,705</u> |
| Net increase (decrease) in cash | 1,209,683 |
| Cash and cash equivalents - beginning of the year | <u>12,900,114</u> |
| Cash and cash equivalents - end of the year | <u><u>\$14,109,797</u></u> |

**SALISBURY UNIVERSITY
BALANCE SHEET
JUNE 30, 2002**

ASSETS

Current assets:

| | |
|---------------------------------------|--------------------|
| Cash and cash equivalents | \$15,986,345 |
| Accounts receivable, net | 823,325 |
| Inventories | 1,005,072 |
| Notes receivable, net | 208,112 |
| Prepaid expenses and deferred charges | 5,510 |
| Inter-institutional balances | <u>(2,602,269)</u> |
| Total current assets | <u>15,426,095</u> |

Noncurrent assets:

| | |
|--------------------------------|--------------------|
| Notes receivable, net | 1,138,928 |
| Capital assets, net | <u>123,750,733</u> |
| Total noncurrent assets | <u>124,889,661</u> |

Total assets \$140,315,756

LIABILITIES

Current liabilities:

| | |
|--|-------------------|
| Accounts payable and accrued liabilities | \$8,392,958 |
| Deferred revenue | 752,445 |
| Current portion of accrued vacation | 1,382,256 |
| Current portion of accrued workers compensation | 115,010 |
| Current portion of revenue bonds and notes payable | <u>2,821,283</u> |
| Total current liabilities | <u>13,463,952</u> |

Noncurrent liabilities:

| | |
|--------------------------------------|-------------------|
| Accrued vacation | 1,295,801 |
| Accrued workers compensation | 626,990 |
| Revenue bonds and notes payable, net | <u>39,720,746</u> |
| Noncurrent liabilities | <u>41,643,537</u> |

Total liabilities 55,107,489

NET ASSETS

| | |
|---|-------------------|
| Invested in capital assets, net of related debt | 81,208,704 |
| Restricted: | |
| Expendable: | |
| Research | 778,487 |
| Loans | 1,489,669 |
| Unrestricted | <u>1,731,407</u> |
| Total net assets | <u>85,208,267</u> |

Total liabilities and net assets \$140,315,756

SALISBURY UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002

OPERATING REVENUES:

| | | |
|---|--------------------|--------------------------|
| Tuition and fees | \$27,113,008 | |
| Less: scholarship allowances | <u>(3,090,856)</u> | \$24,022,152 |
| Federal grants and contracts | | 3,668,499 |
| State and local grants and contracts | | 3,071,796 |
| Nongovernmental grants and contracts | | 358,924 |
| Sales and services of educational departments | | 121,189 |
| Auxiliary enterprises: | | |
| Residential facilities | 18,695,734 | |
| Less: scholarship allowances | <u>(244,716)</u> | 18,451,018 |
| Parking facilities | | 240,673 |
| Intercollegiate athletics | 1,937,935 | |
| Less: scholarship allowances | <u>(76,868)</u> | 1,861,067 |
| Bookstore | 4,482,088 | |
| Less: scholarship allowances | <u>(168)</u> | 4,481,920 |
| Other auxiliary enterprises revenues | | <u>897,432</u> |
| Total operating revenues | | <u><u>57,174,670</u></u> |

OPERATING EXPENSES:

| | | |
|------------------------------------|--|---------------------|
| Instruction | | 25,394,799 |
| Research | | 4,986,751 |
| Academic support | | 6,305,288 |
| Student services | | 4,834,777 |
| Institutional support | | 10,644,199 |
| Operation and maintenance of plant | | 8,524,787 |
| Scholarships and fellowships | | 118,264 |
| Auxiliary enterprises | | <u>22,094,765</u> |
| Total operating expenses | | <u>82,903,630</u> |
| Operating loss | | <u>(25,728,960)</u> |

NONOPERATING REVENUES (EXPENSES):

| | | |
|---|--|-------------------|
| State appropriations | | 29,499,698 |
| Investment income | | 570,742 |
| Interest on indebtedness | | (2,363,531) |
| Transfers (to) from other USM institutions | | <u>1,106,232</u> |
| Total nonoperating revenues (expenses) | | <u>28,813,141</u> |

Income before other revenues, expenses, gains and losses 3,084,181

OTHER REVENUES, EXPENSES, GAINS AND LOSSES:

| | | |
|---|--|-------------------|
| Capital appropriations | | 21,177,569 |
| Capital gifts and grants | | 31,182 |
| Other gains and losses | | <u>5,446</u> |
| Total other revenues, expenses, gains and losses | | <u>21,214,197</u> |

Increase (decrease) in net assets 24,298,378

Net assets, July 1, 2001 111,493,057

Adjustment for changes in accounting principle (see note #1) (50,583,168)

Net assets, June 30, 2002 \$85,208,267

**SALISBURY UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002**

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---------------------------------------|------------------|
| Tuition and fees | \$23,673,240 |
| Research contracts and grants | 7,112,741 |
| Payments to employees | (55,741,200) |
| Payments to suppliers and contractors | (23,186,981) |
| Loans issued to students | (262,250) |
| Collections of loans to students | 112,262 |
| Auxiliary enterprises charges: | |
| Residence halls and dining facilities | 18,432,938 |
| Parking | 240,673 |
| Bookstores | 4,481,920 |
| Other | 2,758,401 |
| Other receipts (payments) | <u>(119,098)</u> |

Net cash provided (used) by operations (22,497,354)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

| | |
|-------------------------------------|--------------|
| State appropriations | 29,499,698 |
| Other nonoperating gains and losses | <u>5,446</u> |

Net cash provided (used) by noncapital financing activities 29,505,144

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

| | |
|--|------------------|
| Proceeds from capital debt | 117,713 |
| Capital appropriations | 21,177,569 |
| Capital grants and gifts received | 31,182 |
| Purchases of capital assets | (24,729,584) |
| Principal paid on debt and capital leases | (3,083,639) |
| Interest paid on debt and capital leases | (2,770,202) |
| Transfers (to) from other USM institutions | <u>2,592,414</u> |

Net cash provided (used) by capital and related financing activities (6,664,547)

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|-------------------------|----------------|
| Interest on investments | <u>570,742</u> |
|-------------------------|----------------|

Net cash provided (used) by investing activities 570,742

Net increase (decrease) in cash 913,985

Cash and cash equivalents - beginning of the year 15,072,360

Cash and cash equivalents - end of the year \$15,986,345

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
BALANCE SHEET
JUNE 30, 2002**

ASSETS

Current assets:

| | |
|---------------------------------------|--------------|
| Cash and cash equivalents | \$38,922,967 |
| Accounts receivable, net | 30,425,294 |
| Inventories | 2,986,916 |
| Notes receivable, net | 253,500 |
| Prepaid expenses and deferred charges | 110,867 |

Total current assets 72,699,544

Noncurrent assets:

| | |
|--------------------------------------|------------|
| Restricted cash and cash equivalents | 6,817 |
| Endowment investments | 156,756 |
| Notes receivable, net | 1,200,051 |
| Capital assets, net | 44,623,140 |

Total noncurrent assets 45,986,764

Total assets \$118,686,308

LIABILITIES

Current liabilities:

| | |
|--|--------------|
| Accounts payable and accrued liabilities | \$18,001,519 |
| Deferred revenue | 7,068,932 |
| Current portion of accrued vacation | 2,638,425 |
| Current portion of accrued workers compensation | 158,875 |
| Current portion of revenue bonds and notes payable | 38,501 |

Total current liabilities 27,906,252

Noncurrent liabilities:

| | |
|--------------------------------------|-----------|
| Accrued vacation | 2,883,002 |
| Accrued workers compensation | 866,125 |
| Revenue bonds and notes payable, net | 3,122,065 |

Noncurrent liabilities 6,871,192

Total liabilities 34,777,444

NET ASSETS

| | |
|---|------------|
| Invested in capital assets, net of related debt | 41,462,574 |
| Restricted: | |
| Nonexpendable: | |
| Scholarships and fellowships | 138,293 |
| Expendable: | |
| Research | 68,589 |
| Loans | 1,526,603 |
| Unrestricted | 40,712,805 |

Total net assets 83,908,864

Total liabilities and net assets \$118,686,308

UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002

OPERATING REVENUES:

| | | |
|---|--------------------|--------------------|
| Tuition and fees | \$139,219,095 | |
| Less: scholarship allowances | <u>(3,103,759)</u> | \$136,115,336 |
| Federal grants and contracts | | 8,209,548 |
| State and local grants and contracts | | 170,588 |
| Nongovernmental grants and contracts | | 311,495 |
| Sales and services of educational departments | | 2,232,787 |
| Auxiliary enterprises: | | |
| Residential facilities | | 1,063,178 |
| Parking facilities | | 669,262 |
| Bookstore | | 5,625,684 |
| Other auxiliary enterprises revenues | | 97,640 |
| Other operating revenues | | <u>11,063,906</u> |
| Total operating revenues | | <u>165,559,424</u> |

OPERATING EXPENSES:

| | | |
|------------------------------------|--|--------------------|
| Instruction | | 59,413,083 |
| Research | | 614,415 |
| Public service | | 7,788,030 |
| Academic support | | 21,751,038 |
| Student services | | 22,910,536 |
| Institutional support | | 35,803,397 |
| Operation and maintenance of plant | | 7,815,705 |
| Scholarships and fellowships | | 5,703,245 |
| Auxiliary enterprises | | <u>6,394,600</u> |
| Total operating expenses | | <u>168,194,049</u> |
| Operating loss | | <u>(2,634,625)</u> |

NONOPERATING REVENUES (EXPENSES):

| | | |
|---|--------------|---------------------|
| State appropriations | | 16,928,490 |
| Investment income | 885,814 | |
| Less: Investment expense | <u>(713)</u> | 885,101 |
| Interest on indebtedness | | (16,319) |
| Transfers (to) from other USM institutions | | <u>(17,797,176)</u> |
| Total nonoperating revenues (expenses) | | <u>96</u> |

Income before other revenues, expenses, gains and losses (2,634,529)

OTHER REVENUES, EXPENSES, GAINS AND LOSSES:

| | | |
|---|--|----------------|
| Capital appropriations | | 710,459 |
| Capital gifts and grants | | 53,588 |
| Other gains and losses | | <u>58,974</u> |
| Total other revenues, expenses, gains and losses | | <u>823,021</u> |

Increase (decrease) in net assets (1,811,508)

Net assets, July 1, 2001 102,648,251

Adjustment for changes in accounting principle (see note #1) (16,927,879)

Net assets, June 30, 2002 \$83,908,864

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002**

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---------------------------------------|-------------------|
| Tuition and fees | \$123,372,109 |
| Research contracts and grants | 8,254,986 |
| Payments to employees | (104,426,656) |
| Payments to suppliers and contractors | (57,051,585) |
| Loans issued to students | (277,079) |
| Collections of loans to students | 250,913 |
| Auxiliary enterprises charges: | |
| Residence halls and dining facilities | 1,063,178 |
| Parking | 669,262 |
| Bookstores | 5,625,684 |
| Other | 97,640 |
| Other receipts (payments) | <u>14,933,220</u> |

Net cash provided (used) by operations (7,488,328)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

| | |
|-------------------------------------|---------------|
| State appropriations | 16,928,490 |
| Other nonoperating gains and losses | <u>58,974</u> |

Net cash provided (used) by noncapital financing activities 16,987,464

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

| | |
|--|----------------|
| Proceeds from capital debt | 550,779 |
| Capital appropriations | 710,459 |
| Capital grants and gifts received | 53,588 |
| Purchases of capital assets | (4,781,732) |
| Principal paid on debt and capital leases | (1,507) |
| Interest paid on debt and capital leases | (17,328) |
| Transfers (to) from other USM institutions | <u>553,021</u> |

Net cash provided (used) by capital and related financing activities (2,932,720)

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|---|------------------|
| Proceeds from sales and maturities of investments | 217,758 |
| Interest on investments | 932,172 |
| Investment expense | (713) |
| Purchases of investments | <u>(217,379)</u> |

Net cash provided (used) by investing activities 931,838

Net increase (decrease) in cash 7,498,254

Cash and cash equivalents - beginning of the year 31,431,530

Cash and cash equivalents - end of the year \$38,929,784

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
BALANCE SHEET
JUNE 30, 2002

| | Primary Government | Component Unit |
|--|-------------------------------|---------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$20,161,219 | \$65,263 |
| Accounts receivable, net | 15,473,165 | |
| Inventories | 505,246 | |
| Notes receivable, net | 44,117 | |
| Prepaid expenses and deferred charges | 864,042 | |
| Total current assets | 37,047,789 | 65,263 |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents | 23,229 | |
| Endowment investments | 534,154 | |
| Notes receivable, net | 1,924,568 | |
| Capital assets, net | 195,406,746 | 2,990,490 |
| Total noncurrent assets | 197,888,697 | 2,990,490 |
| Total assets | \$234,936,486 | \$3,055,753 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$12,290,304 | \$296,159 |
| Deferred revenue | 4,406,777 | 506,453 |
| Current portion of accrued vacation | 3,555,351 | |
| Current portion of accrued workers compensation | 225,525 | 96,124 |
| Current portion of revenue bonds and notes payable | 9,157,427 | |
| Total current liabilities | 29,635,384 | 898,736 |
| Noncurrent liabilities: | | |
| Accrued vacation | 2,543,357 | |
| Accrued workers compensation | 1,229,475 | |
| Revenue bonds and notes payable, net | 89,146,112 | 860,559 |
| Noncurrent liabilities | 92,918,944 | 860,559 |
| Total liabilities | 122,554,328 | 1,759,295 |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | 97,103,207 | |
| Restricted: | | |
| Nonexpendable: | | |
| Scholarships and fellowships | 112,418 | |
| Expendable: | | |
| Research | 14,357,234 | |
| Loans | 2,186,980 | |
| Unrestricted | (1,377,681) | 1,296,458 |
| Total net assets | 112,382,158 | 1,296,458 |
| Total liabilities and net assets | \$234,936,486 | \$3,055,753 |

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002

| | Primary Government | Component Unit |
|---|-------------------------------|-----------------------------|
| OPERATING REVENUES: | | |
| Tuition and fees | \$67,718,742 | |
| Less: scholarship allowances | <u>(16,534,295)</u> | \$51,184,447 |
| Federal grants and contracts | | 43,749,628 |
| State and local grants and contracts | | 32,275,668 |
| Nongovernmental grants and contracts | | 9,051,505 |
| Sales and services of educational departments | | 4,652,143 |
| Auxiliary enterprises: | | |
| Residential facilities | 9,065,500 | |
| Less: scholarship allowances | <u>(733,310)</u> | 8,332,190 |
| Intercollegiate athletics | | 5,378,679 |
| Bookstore | 6,247,594 | |
| Less: scholarship allowances | <u>(3,995)</u> | 6,243,599 |
| Other auxiliary enterprises revenues | | 10,325,959 |
| Other operating revenues | | <u>667,339</u> |
| Total operating revenues | <u>171,861,157</u> | <u> </u> |
| OPERATING EXPENSES: | | |
| Instruction | | 71,647,249 |
| Research | | 34,036,241 |
| Public service | | 31,743,119 |
| Academic support | | 15,950,061 |
| Student services | | 9,782,877 |
| Institutional support | | 20,206,559 |
| Operation and maintenance of plant | | 20,309,310 |
| Scholarships and fellowships | | 6,175,301 |
| Auxiliary enterprises | | <u>35,142,348</u> |
| Total operating expenses | <u>244,993,065</u> | <u> </u> |
| Operating loss | <u>(73,131,908)</u> | <u> </u> |
| NONOPERATING REVENUES (EXPENSES): | | |
| State appropriations | | 75,817,613 |
| Gifts | | |
| Investment income | 747,360 | \$233,335 |
| Less: Investment expense | <u>(4,998)</u> | 742,362 |
| Interest on indebtedness | | (4,165,948) |
| Other nonoperating revenues | | (76,841) |
| Transfers (to) from other USM institutions | | <u>1,177,015</u> |
| Total nonoperating revenues (expenses) | <u>73,571,042</u> | <u>156,494</u> |
| Income before other revenues, expenses, gains and losses | <u>439,134</u> | <u>156,494</u> |
| OTHER REVENUES, EXPENSES, GAINS AND LOSSES: | | |
| Capital appropriations | | 11,661,544 |
| Capital gifts and grants | | 601,179 |
| Other gains and losses | | <u>91,874</u> |
| Total other revenues, expenses, gains and losses | <u>12,354,597</u> | <u> </u> |
| Increase (decrease) in net assets | 12,793,731 | 156,494 |
| Net assets, July 1, 2001 | 270,385,132 | 1,139,964 |
| Adjustment for changes in accounting principle (see note #1) | <u>(170,796,705)</u> | <u> </u> |
| Net assets, June 30, 2002 | <u>\$112,382,158</u> | <u>\$1,296,458</u> |

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---------------------------------------|------------------|
| Tuition and fees | \$50,904,031 |
| Research contracts and grants | 87,381,346 |
| Payments to employees | (143,188,359) |
| Payments to suppliers and contractors | (93,328,921) |
| Loans issued to students | (357,592) |
| Collections of loans to students | 401,807 |
| Auxiliary enterprises charges: | |
| Residence halls and dining facilities | 8,274,756 |
| Parking | 4,648,969 |
| Bookstores | 6,243,599 |
| Other | 11,055,669 |
| Other receipts (payments) | <u>5,430,447</u> |

Net cash provided (used) by operations (62,534,248)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

| | |
|-------------------------------------|------------------|
| State appropriations | 75,817,613 |
| Other nonoperating gains and losses | <u>2,024,193</u> |

Net cash provided (used) by noncapital financing activities 77,841,806

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

| | |
|--|-------------------|
| Proceeds from capital debt | 6,157,053 |
| Capital appropriations | 11,661,544 |
| Capital grants and gifts received | 601,179 |
| Purchases of capital assets | (47,818,312) |
| Principal paid on debt and capital leases | (3,370,171) |
| Interest paid on debt and capital leases | (4,115,650) |
| Transfers (to) from other USM institutions | <u>19,091,618</u> |

Net cash provided (used) by capital and related financing activities (17,792,739)

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|---|------------------|
| Proceeds from sales and maturities of investments | 754,865 |
| Interest on investments | 747,360 |
| Investment expense | (4,998) |
| Purchases of investments | <u>(740,719)</u> |

Net cash provided (used) by investing activities 756,508

Net increase (decrease) in cash (1,728,673)

Cash and cash equivalents - beginning of the year 21,913,121

Cash and cash equivalents - end of the year \$20,184,448

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
BALANCE SHEET
JUNE 30, 2002**

ASSETS

Current assets:

| | |
|------------------------------|-----------------|
| Cash and cash equivalents | \$1,744,375 |
| Accounts receivable, net | 5,720,830 |
| Inter-institutional balances | <u>(87,037)</u> |

Total current assets 7,378,168

Noncurrent assets:

| | |
|---------------------|-------------------|
| Capital assets, net | <u>47,908,940</u> |
|---------------------|-------------------|

Total noncurrent assets 47,908,940

Total assets \$55,287,108

LIABILITIES

Current liabilities:

| | |
|--|----------------|
| Accounts payable and accrued liabilities | \$1,638,450 |
| Current portion of accrued vacation | 497,677 |
| Current portion of accrued workers compensation | 100,440 |
| Current portion of revenue bonds and notes payable | <u>465,172</u> |

Total current liabilities 2,701,739

Noncurrent liabilities:

| | |
|--------------------------------------|------------------|
| Accrued vacation | 1,722,125 |
| Accrued workers compensation | 547,560 |
| Revenue bonds and notes payable, net | <u>5,648,198</u> |

Noncurrent liabilities 7,917,883

Total liabilities 10,619,622

NET ASSETS

| | |
|---|------------------|
| Invested in capital assets, net of related debt | 41,795,570 |
| Unrestricted | <u>2,871,916</u> |

Total net assets 44,667,486

Total liabilities and net assets \$55,287,108

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002**

| | |
|---|----------------------------|
| OPERATING REVENUES: | |
| Federal grants and contracts | \$13,136,758 |
| State and local grants and contracts | 4,759,406 |
| Nongovernmental grants and contracts | 1,171,416 |
| Sales and services of educational departments | 3,137,426 |
| Other operating revenues | <u>25,000</u> |
| Total operating revenues | <u>22,230,006</u> |
| OPERATING EXPENSES: | |
| Research | 36,688,378 |
| Operation and maintenance of plant | <u>330,808</u> |
| Total operating expenses | <u>37,019,186</u> |
| Operating loss | <u>(14,789,180)</u> |
| NONOPERATING REVENUES (EXPENSES): | |
| State appropriations | 13,478,721 |
| Interest on indebtedness | (273,095) |
| Transfers (to) from other USM institutions | <u>1,316,533</u> |
| Total nonoperating revenues (expenses) | <u>14,522,159</u> |
| Income before other revenues, expenses, gains and losses | <u>(267,021)</u> |
| OTHER REVENUES, EXPENSES, GAINS AND LOSSES: | |
| Capital appropriations | 2,695,751 |
| Other gains and losses | <u>(11,204)</u> |
| Total other revenues, expenses, gains and losses | <u>2,684,547</u> |
| Increase (decrease) in net assets | 2,417,526 |
| Net assets, July 1, 2001 | 60,422,171 |
| Adjustment for changes in accounting principle (see note #1) | <u>(18,172,211)</u> |
| Net assets, June 30, 2002 | <u><u>\$44,667,486</u></u> |

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002**

| | |
|---|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Research contracts and grants | \$19,510,145 |
| Payments to employees | (20,113,466) |
| Payments to suppliers and contractors | (13,336,755) |
| Other receipts (payments) | <u>3,162,426</u> |
| Net cash provided (used) by operations | <u>(10,777,650)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| State appropriations | 13,478,721 |
| Other nonoperating gains and losses | <u>(11,204)</u> |
| Net cash provided (used) by noncapital financing activities | <u>13,467,517</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Proceeds from capital debt | 9,822 |
| Capital appropriations | 2,695,751 |
| Purchases of capital assets | (4,471,269) |
| Principal paid on debt and capital leases | (321,306) |
| Interest paid on debt and capital leases | (269,254) |
| Transfers (to) from other USM institutions | <u>1,377,997</u> |
| Net cash provided (used) by capital and related financing activities | <u>(978,259)</u> |
| Net increase (decrease) in cash | 1,711,608 |
| Cash and cash equivalents - beginning of the year | <u>32,767</u> |
| Cash and cash equivalents - end of the year | <u><u>\$1,744,375</u></u> |

UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE
BALANCE SHEET
JUNE 30, 2002

ASSETS

Current assets:

| | |
|------------------------------|------------------|
| Cash and cash equivalents | \$7,856,271 |
| Accounts receivable, net | 6,652,198 |
| Inter-institutional balances | <u>(106,548)</u> |

Total current assets 14,401,921

Noncurrent assets:

| | |
|---------------------|-------------------|
| Other investments | 1,850 |
| Capital assets, net | <u>58,359,061</u> |

Total noncurrent assets 58,360,911

Total assets \$72,762,832

LIABILITIES

Current liabilities:

| | |
|--|----------------|
| Accounts payable and accrued liabilities | \$2,343,794 |
| Current portion of accrued vacation | 572,263 |
| Current portion of obligations under capital lease obligations | <u>152,821</u> |

Total current liabilities 3,068,878

Noncurrent liabilities:

| | |
|--|------------------|
| Accrued vacation | 1,716,789 |
| Obligations under capital lease agreements | <u>5,216,342</u> |

Noncurrent liabilities 6,933,131

Total liabilities 10,002,009

NET ASSETS

| | |
|---|------------------|
| Invested in capital assets, net of related debt | 52,989,898 |
| Restricted: | |
| Expendable: | |
| Research | 1,211,014 |
| Unrestricted | <u>8,559,911</u> |

Total net assets 62,760,823

Total liabilities and net assets \$72,762,832

**UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002**

| | |
|---|----------------------------|
| OPERATING REVENUES: | |
| Federal grants and contracts | \$16,371,651 |
| State and local grants and contracts | 271,145 |
| Nongovernmental grants and contracts | 6,047,445 |
| Sales and services of educational departments | 1,220,438 |
| Other operating revenues | <u>170,339</u> |
| Total operating revenues | <u>24,081,018</u> |
| OPERATING EXPENSES: | |
| Research | <u>43,988,809</u> |
| Total operating expenses | <u>43,988,809</u> |
| Operating loss | <u>(19,907,791)</u> |
| NONOPERATING REVENUES (EXPENSES): | |
| State appropriations | 16,468,109 |
| Investment income | 301,890 |
| Interest on indebtedness | (367,356) |
| Transfers (to) from other USM institutions | <u>308,254</u> |
| Total nonoperating revenues (expenses) | <u>16,710,897</u> |
| Income before other revenues, expenses, gains and losses | <u>(3,196,894)</u> |
| OTHER REVENUES, EXPENSES, GAINS AND LOSSES: | |
| Capital appropriations | 2,197,468 |
| Capital gifts and grants | <u>273,888</u> |
| Total other revenues, expenses, gains and losses | <u>2,471,356</u> |
| Increase (decrease) in net assets | (725,538) |
| Net assets, July 1, 2001 | 82,939,799 |
| Adjustment for changes in accounting principle (see note #1) | <u>(19,453,438)</u> |
| Net assets, June 30, 2002 | <u><u>\$62,760,823</u></u> |

**UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002**

| | |
|---|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Research contracts and grants | \$21,260,822 |
| Payments to employees | (22,008,041) |
| Payments to suppliers and contractors | (15,718,089) |
| Other receipts (payments) | <u>1,388,927</u> |
| Net cash provided (used) by operations | <u>(15,076,381)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| State appropriations | <u>16,468,109</u> |
| Net cash provided (used) by noncapital financing activities | <u>16,468,109</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Capital appropriations | 2,197,468 |
| Capital grants and gifts received | 273,888 |
| Purchases of capital assets | (3,533,130) |
| Principal paid on debt and capital leases | (143,024) |
| Interest paid on debt and capital leases | (367,356) |
| Transfers (to) from other USM institutions | <u>395,035</u> |
| Net cash provided (used) by capital and related financing activities | <u>(1,177,119)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Interest on investments | <u>301,890</u> |
| Net cash provided (used) by investing activities | <u>301,890</u> |
| Net increase (decrease) in cash | 516,499 |
| Cash and cash equivalents - beginning of the year | <u>7,339,772</u> |
| Cash and cash equivalents - end of the year | <u><u>\$7,856,271</u></u> |

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
BALANCE SHEET
JUNE 30, 2002**

ASSETS

Current assets:

| | |
|------------------------------|------------------|
| Cash and cash equivalents | \$37,580,477 |
| Accounts receivable, net | 361,381 |
| Inter-institutional balances | <u>7,817,674</u> |

Total current assets 45,759,532

Noncurrent assets:

| | |
|--------------------------------------|-------------------|
| Restricted cash and cash equivalents | 610,151 |
| Endowment investments | 9,098,698 |
| Capital assets, net | <u>18,681,413</u> |

Total noncurrent assets 28,390,262

Total assets \$74,149,794

LIABILITIES

Current liabilities:

| | |
|--|----------------|
| Accounts payable and accrued liabilities | \$2,596,368 |
| Current portion of accrued vacation | 488,123 |
| Current portion of accrued workers compensation | 13,950 |
| Current portion of revenue bonds and notes payable | <u>286,067</u> |

Total current liabilities 3,384,508

Noncurrent liabilities:

| | |
|--------------------------------------|------------------|
| Accrued vacation | 563,285 |
| Accrued workers compensation | 76,050 |
| Revenue bonds and notes payable, net | <u>7,802,396</u> |

Noncurrent liabilities 8,441,731

Total liabilities 11,826,239

NET ASSETS

| | |
|---|-------------------|
| Invested in capital assets, net of related debt | 16,523,145 |
| Restricted: | |
| Nonexpendable: | |
| Scholarships and fellowships | 1,164,821 |
| Research | 235,348 |
| Other | 3,728,914 |
| Expendable: | |
| Capital projects | 19,630,362 |
| Unrestricted | <u>21,040,965</u> |

Total net assets 62,323,555

Total liabilities and net assets \$74,149,794

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002**

| | |
|---|----------------------------|
| OPERATING REVENUES: | |
| Federal grants and contracts | \$584,513 |
| Nongovernmental grants and contracts | 328,044 |
| Other operating revenues | <u>187,099</u> |
| Total operating revenues | <u>1,099,656</u> |
| OPERATING EXPENSES: | |
| Academic support | 977,705 |
| Institutional support | <u>12,924,376</u> |
| Total operating expenses | <u>13,902,081</u> |
| Operating loss | <u>(12,802,425)</u> |
| NONOPERATING REVENUES (EXPENSES): | |
| State appropriations | 12,096,139 |
| Investment income | 1,049,412 |
| Less: Investment expense | (37,732) |
| Interest on indebtedness | (1,349,536) |
| Transfers (to) from other USM institutions | <u>(1,490,456)</u> |
| Total nonoperating revenues (expenses) | <u>10,267,827</u> |
| Income before other revenues, expenses, gains and losses | <u>(2,534,598)</u> |
| Increase (decrease) in net assets | (2,534,598) |
| Net assets, July 1, 2001 | 68,380,383 |
| Adjustment for changes in accounting principle (see note #1) | <u>(3,522,230)</u> |
| Net assets, June 30, 2002 | <u><u>\$62,323,555</u></u> |

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002**

| | |
|---|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Research contracts and grants | \$912,557 |
| Payments to employees | (8,946,301) |
| Payments to suppliers and contractors | (6,435,153) |
| Other receipts (payments) | <u>5,244</u> |
| Net cash provided (used) by operations | <u>(14,463,653)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| State appropriations | <u>12,096,139</u> |
| Net cash provided (used) by noncapital financing activities | <u>12,096,139</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Proceeds from capital debt | 415 |
| Purchases of capital assets | (585,175) |
| Principal paid on debt and capital leases | (2,192,971) |
| Interest paid on debt and capital leases | (989,615) |
| Transfers (to) from other USM institutions | <u>(94,312,962)</u> |
| Net cash provided (used) by capital and related financing activities | <u>(98,080,308)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Proceeds from sales and maturities of investments | 19,393,514 |
| Interest on investments | 3,856,910 |
| Investment expense | (37,732) |
| Purchases of investments | <u>(11,832,749)</u> |
| Net cash provided (used) by investing activities | <u>11,379,943</u> |
| Net increase (decrease) in cash | (89,067,879) |
| Cash and cash equivalents - beginning of the year | <u>127,258,507</u> |
| Cash and cash equivalents - end of the year | <u><u>\$38,190,628</u></u> |

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO SUPPLEMENTAL DATA YEAR ENDED JUNE 30, 2002

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 have not been allocated to the other units of the System and accordingly have been included in the financial records of System Office.

Facilities maintenance expenses

Certain expenses for facilities management for 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 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 Assets.