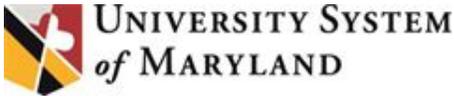


**BOARD OF REGENTS - AUDIT COMMITTEE
OPEN SESSION MEETING AGENDA**

December 18, 2019

- | | |
|---|---|
| 1. Information and Discussion – USM Internal Audit’s Financial and Operational Auditors | Mr. Mosca |
| 2. Information and Discussion – FY 2019 Independent Audit of USM’s Financial Statements, Independent Auditor’s Recommendations to Management and Enrollment Reports | Mr. Smith
Ms. Booker
Ms. Denson
Mr. Page |
| A. Independent Auditor’s Report to the Board | |
| B. Management Recommendations | |
| C. FYE 6/30/2019 & 6/30/2018 Financial Statements | |
| D. Enrollment Reports - Agreed-Upon Procedures Reports | |
| 3. Information & Discussion - Financial Dashboard Indicators | Ms. Denson |
| 4. Information – Completed Office of Legislative Audit Activity | Mr. Mosca |
| 5. Information & Discussion - Follow up of Action Items from Prior Meetings | Mr. Mosca |
| 6. <u>Approval</u> - Convene to Closed Session | Ms. Fish |
-



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR **DISCUSSION**

TOPIC: USM Office of Internal Audit’s Operational and Financial Auditors

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: December 18, 2019

SUMMARY:

Operational and Financial Auditors (see attached organization chart) serve as the core of the internal audit function. This group may audit any activity throughout the system. Risk areas this group audits include emergency preparedness, community health and safety, contract and grant compliance, decentralized schools and departments, president and executive expenditures, foundation policy compliance, financial reconciliation activity, intercollegiate athletics, etc.

In context with the subject audit area, these auditors will apply some or all of the following types of audits:

- **Financial Audits:** During financial reviews, auditors determine whether historical financial information fairly presents the financial position and results of operations. To form an opinion, auditors examine the internal control structure and test transactions surrounding economic events.
- **Operational Audits:** Also known as performance audits or managerial audits, these reviews are aimed at assessing an operation's ongoing administrative efficiency and effectiveness. The objective is to assist management in identifying and resolving problems. To successfully audit operations, auditors develop standard managerial yardsticks and approaches to administrative activities. This process enables the internal audit staff to analyze and evaluate the effectiveness, efficiency, and economy of System operations. Although financial data continues to be the base of reference, auditors look beyond the figures to provide assistance toward improving auditees' operations.
- **Compliance Audits:** During compliance audits, internal auditors assess to what degree an operation conforms with a specific set of rules, policies, laws, contract terms, etc. Included in this category are reviews of federal contracts and grants.

FISCAL IMPACT: none

CHANCELLOR’S RECOMMENDATION: none

COMMITTEE ACTION: none

DATE:

BOARD ACTION: none

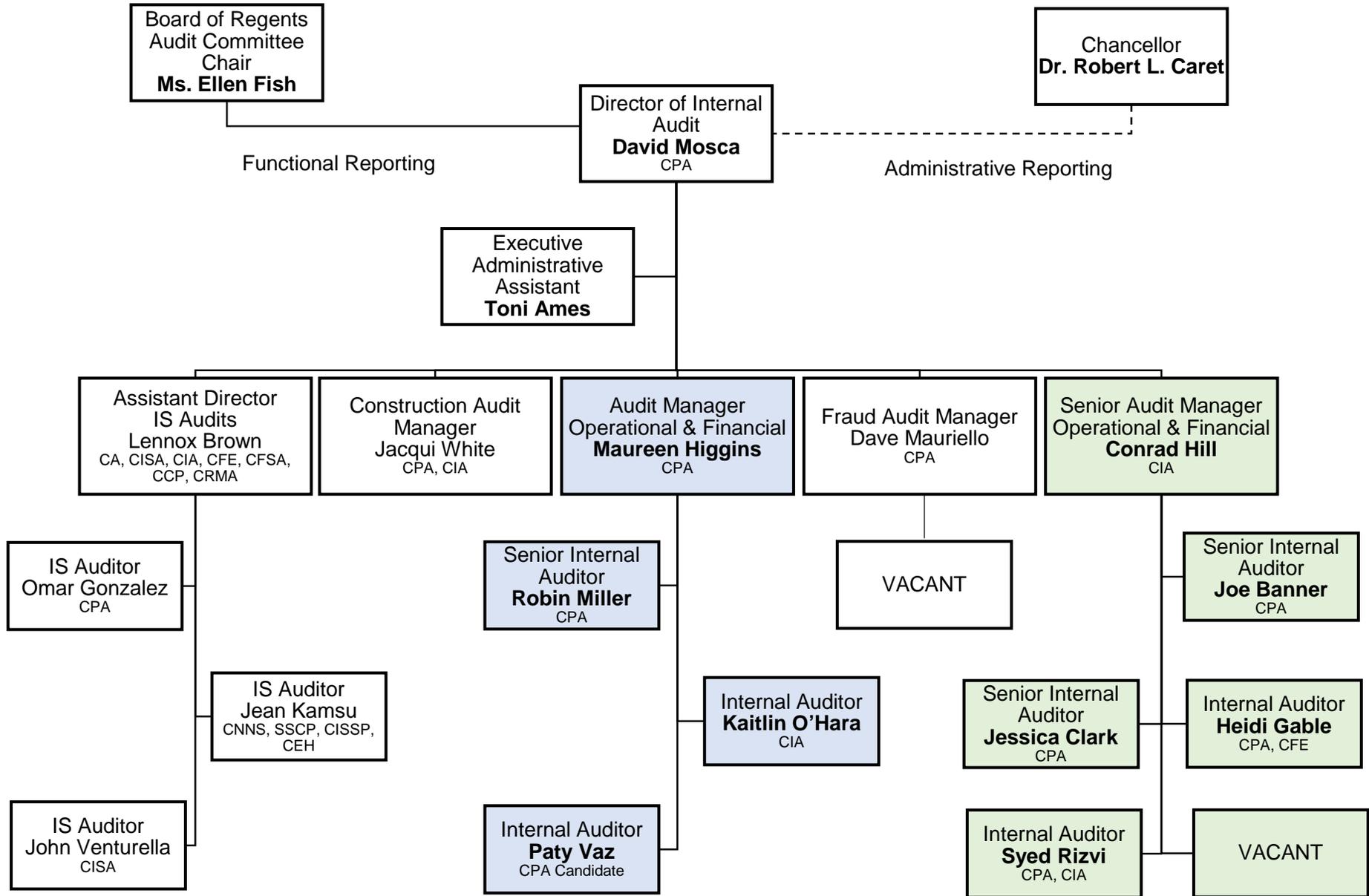
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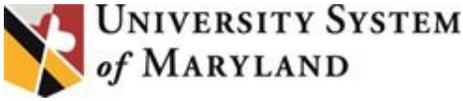
SUBMITTED BY: David Mosca



Office of Internal Audit Organizational Chart

12/10/2019





BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: FY 2019 Independent Audit of USM Financial Statements, Recommendations to Management and Enrollment Reports

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: December 18, 2020

SUMMARY:

The University System of Maryland financial statements reflect the financial position and results of operations and cash flows for the year ended June 30, 2019, prepared on an accrual basis of accounting.

Enrollment reports reflect the results of testing of enrollment information provided to MHEC against the underlying source documentation collected and maintained by the institutions. The testing of enrollment information is designed to provide a statistically valid conclusion on the accuracy of enrollment information along as many as five different attributes at a 90% confidence interval.

(attachments)

FISCAL IMPACT: Information item

CHANCELLOR’S RECOMMENDATION: Information item

COMMITTEE ACTION:

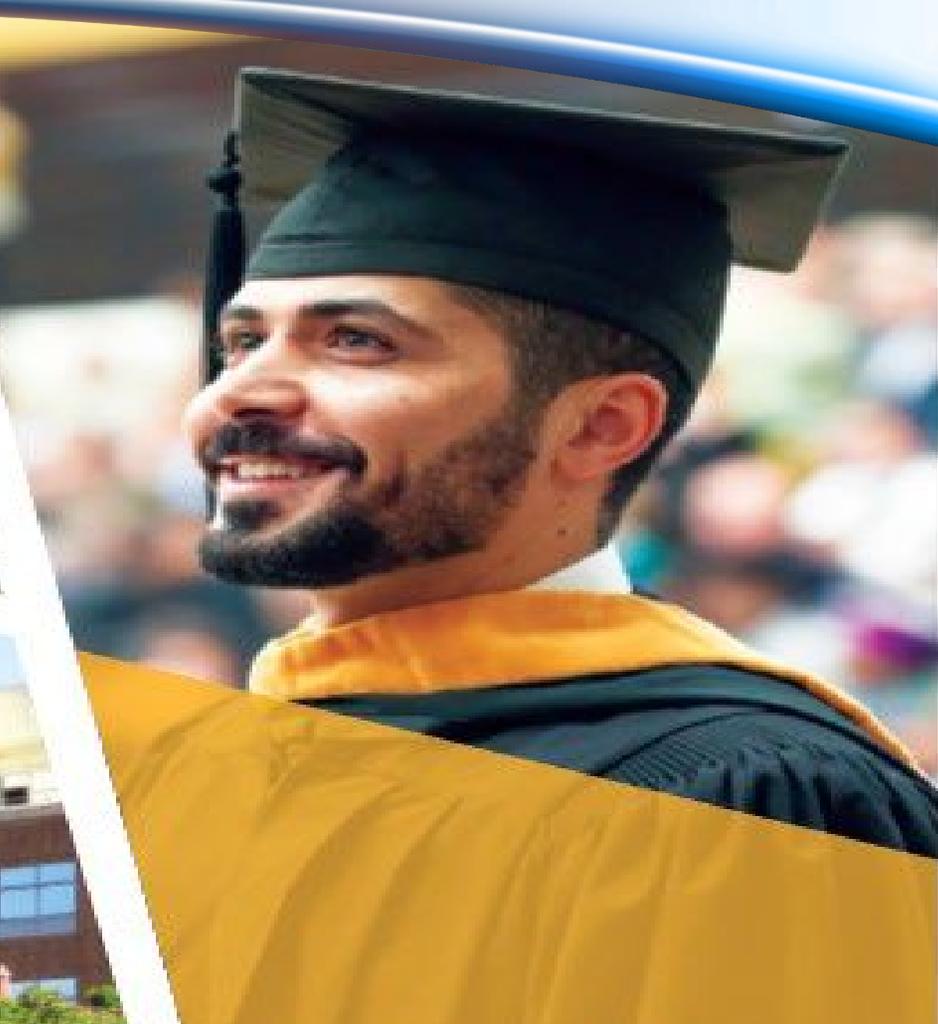
DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: David Mosca

SB & COMPANY, LLC



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**Presentation to Those Charged with Governance
University System of Maryland
December 18, 2019**





Engagement Team Leadership

SB & Company, LLC

- Graylin Smith, Client Service Partner
- Monique Booker, Engagement Partner
- Rick Williams, Information Technnolgy Risk Principal
- Venkanna Alkunta, Engagement Manager



QUALITY

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Executive Summary



Scope of Services

- ❖ Audit of June 30, 2019 financial statements
- ❖ Single Audit testing at certain universities as part of the State of Maryland Single Audit
- ❖ Campus enrollment agreed upon procedures reports
- ❖ Agreed upon procedures report for bond offering
- ❖ Howard P. Rawlings Scholarship Programs agreed upon procedures reports
- ❖ Recommendations and observations noted during the audit
- ❖ Available for year-round advice and consultation



Summary of the Results

- ❖ Issued an unmodified opinion on the financial statements
- ❖ Issued agreed upon procedures report to the Maryland Higher Education Commission
- ❖ MHEC procedures for Howard P. Rawlings Scholarship Programs will be completed by June 30, 2020
- ❖ Discovered no instances of fraud as a result of our audit procedures
- ❖ Discovered no material weakness in internal controls
- ❖ Received full cooperation from management
- ❖ Summary of Financial Results:

	2019	2018	2017
Operating Revenue	\$ 3,748,608,760	\$ 3,601,883,828	\$ 3,515,720,214
Increase in Net Position	283,994,458	338,398,104	355,592,523
Ending Net Position	6,752,883,463	6,468,889,005	6,130,490,901



Summary of the Results

(continued)

Fiscal Year 2019 Significant Events by Institution

Overall

- ❖ Adoption of GASB Statement No. 83 – System recorded \$15 million liability as of June 30, 2019
- ❖ Cloud implementations across institutions

UMCP

- ❖ Robert H. Smith Business School Foundation – Federal grant issue
- ❖ Accounting for lawsuit related to death of athlete

UMGC

- ❖ Consolidation of Ventures - related party transactions
- ❖ New student information system (SIS)



Summary of the Results

(continued)

Fiscal Year 2019 Significant Events by Institution

UMB

- ❖ Oracle Cloud implementation during 2019, completed in 2020.
- ❖ Overseas activity and reporting – prior year recommendation on timely reconciliations and investigating variances

TU

- ❖ Oracle cloud implementation in process

UMES

- ❖ Monitoring of revolving loan program - still working with Economic Development Administration (EDA) to transfer loans to another entity
- ❖ Finance function – improvements in process



Summary of Results

(continued)

Management Recommendations

Current Year

UMGC and UMUC Ventures, Inc.

1. Perform Monitoring of Related Party Transactions

- UMGC represented approximately \$41.0 million or 93% of the total revenue of UMUC Ventures Inc. for fiscal year 2019, which was approximately \$44.3 million
- There is a fixed fee and cost reimbursement contract in place
- Monitoring should include looking at the expenses incurred by UMUC Ventures in executing the services under the two contracts

System Office

2. Update the University System of Maryland Information Security Policy and Procedures

- Institutions moving the technology support model and related enterprise systems (Workday, Peoplesoft) to the Cloud
- Modify the current Information Security procedures to include a set of standard required Information Security practices that all institutions must adapt to their technology environments as they transition to Cloud technology
- Information Security governance processes should include identification of non-compliance and policies to address non-compliance with the decentralized Information Security procedures.



Summary of Results

(continued)

Management Recommendations (continued)

Current Year

UMCP

3. Reconcile the Grants Receivable Rollforward of Activity to the General Ledger

- As of June 30, 2019, the accounts receivable balance per Quali Financial System (KFS) was \$74,994,090 and the amount per the grants receivable rollforward schedule was \$77,026,334, resulting in a variance of \$2,032,244.
- Investigate and adjust the applicable grants



Summary of Results

(continued)

Management Recommendations (continued)

Year	Institution	Finding	Status
2018	UMES	Improve the Monitoring of Grants to Determine the Accuracy of the Balances	In process
2018	UMES	Prepare Timely Reconciliations between the Working Fund Cash Account and the General Ledger	Implemented
2018	UMES	Review Collectability of Unbilled Grant Accounts Receivables	Implemented
2018	UMES	Improve Information Security Processes over Security Patches and Third-Party Service Providers	Implemented, but not tested
2018	UMCP	Monitor and Enforce the Procurement Process, University System of Maryland College Park	Implemented
2018	UMB	Timely Prepare and Complete Reconciliations between the Audited Financial Statements of MGIC Tanzania and Zambia with the General Ledger Transactions Recorded State-Side	Not implemented



Summary of Results

(continued)

Management Recommendations (continued)

Year	Institution	Finding	Status
2018	FSU	Implement Information Technology Support Processes	Partially implemented
2018	System	Implement Information Technology Risk Management Processes that Comply with the National Institute of Standards and Technology (NIST) 800-37	Implemented, but not tested
2017	CSU	Continue to evaluate Finance Function Roles and Responsibilities	Implemented, but not tested
2017	UMES	Monitor the revolving loan programs	In process
2017	BSU	Maintain proper documentation for all Grant Billing	Implemented, but not tested
2015	System	Improve Closing Processes and Procedure Manual	Implemented, but not tested
2015	Hawk Foundation	Monitor Bookkeeping and Activity	In Process
2014	BSU	Improve Information Security – Disaster Recovery	Implemented, but not tested



Required Communications





Required Communications

1. Auditor's Responsibilities Under Generally Accepted Auditing Standards (GAAS)

The financial statements are the responsibility of management. Our audit was designed in accordance with auditing standards generally accepted in the United States of America, and provide for reasonable, rather than absolute, assurance that the financial statements are free of material misstatement

2. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.

The significant accounting policies used by management are described in the notes to the financial statements.

3. Auditor's Judgments about the Quality of Accounting Principles

We discuss our judgments about the quality, not just the acceptability, of accounting principles selected by management, the consistency of their application, and the clarity and completeness of the financial statements, which include related disclosures.

We have reviewed the significant accounting policies adopted by the University System of Maryland (the System) and have determined that these policies are acceptable accounting policies.



Required Communications

(continued)

4. Audit Adjustments

We are required to inform the System's oversight body about adjustments arising from the audit (whether recorded or not) that could in our judgment either individually or in the aggregate have a significant effect on the entity's financial reporting process. We also are required to inform the System's oversight body about unadjusted audit differences that were determined by management to be individually and in the aggregate, immaterial.

There were journal entries that were all recorded (UMB, BSU, UMBC and UMCES).

5. Fraud and Illegal Acts

We are required to report to the System's oversight body any fraud and illegal acts involving senior management and fraud and illegal acts (whether caused by senior management or other employees) that cause a material misstatement of the financial statements.

Our procedures identified no instances of fraud or illegal acts.

6. Material Weaknesses in Internal Control

We are required to communicate all significant deficiencies in the System's systems of internal controls, whether or not they are also material weaknesses.

There were no material weaknesses noted during the audit.



Required Communications

(continued)

7. Other Information in Documents Containing Audited Financial Statements

None.

8. Disagreements with Management on Financial Accounting and Reporting Matters

None.

9. Serious Difficulties Encountered in Performing the Audit

None.

10. Major Issues Discussed with Management Prior to Acceptance

None.

11. Management Representations

We received certain written representations from management as part of the completion of the audit.

12. Consultation with Other Accountants

To our knowledge, there were no consultations with other accountants since our appointment as the System's independent public accountants.

13. Independence

As part of our client acceptance process, we go through a process to ensure we are independent of the System. *We are independent of the System.*



Required Communications (continued)

14. Non-Attest Services

There were no non-attest services performed during fiscal year 2019.

15. Our Responsibility Related to Fraud

- Plan and perform the audit to obtain reasonable assurance that there is no material misstatement caused by error or fraud;
- Comply with AU-C Section 240: Consideration of Fraud in a Financial Statement Audit;
- Approach all audits with an understanding that fraud could occur in any entity, at any time, by anyone; and
- Perform mandatory procedures required by GAAS and our firm policies.

Examples of Procedures Performed

- Discuss thoughts and ideas on where the financial statements might be susceptible to material misstatement due to fraud;
- Understand pressures on the financial statement results;
- Understand the tone and culture of the organization;
- Look for unusual or unexpected transactions, relationships, or procedures;
- Discussions with individuals outside of finance;
- Evaluate key processes and controls; and
- Consider information gathered throughout the audit.



Required Communications Fraud



Opportunity

- Generally provided through weaknesses in internal control
- Tone at the top is important
- We assess controls and tone at the top

Pressure

- Pressure can be imposed due to economic troubles, personal vices and unrealistic deadlines and performance goals
- There are increased pressures due to economy and minimal salary increases

Rationalization

- Individuals develop a justification for their fraudulent activities
- Increased rationalization due to minimal salary increases and less personnel



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Audit Process





FORCAM Audit Approach

“Focus on Risk, Controls, and Account Misstatement”

FORCAM Audit Approach

Focus on Risk, Controls, and Account Misstatement

Agree on Expectations and Deliverables



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Scope and Location of Testing

University	2019 Scope of Work				2019 Totals	
	Audit	Review	Analytical	Single Audit	Assets	Operating Revenues and State Appropriations
University of Maryland, College Park		X		X	\$ 3,144,558,292	\$ 1,959,188,524
University of Maryland, Baltimore	X			X	1,496,409,504	1,208,099,207
University of Maryland Global Campus	X			X	553,466,637	376,761,397
Towson University	X			X	1,238,886,388	407,488,214
University of Maryland, Baltimore County			X		843,173,230	432,115,415
Salisbury University	X			X	595,314,207	178,436,992
University of Baltimore		X			241,236,350	110,080,887
University of Maryland, Eastern Shore		X			232,742,157	99,911,715
Frostburg State University			X		221,661,461	102,112,637
Bowie State University		X			383,083,638	109,383,683
University of Maryland Center for Environmental Science			X		99,437,422	50,280,089
Coppin State University			X		336,186,097	72,392,878
System Office (cash, investments, debt)	X				703,834,943	40,430,900

	Audit	Review	Analytical	Total
Total Assets	\$ 4,587,911,679	\$ 4,001,620,437	\$ 1,500,458,210	\$ 10,089,990,326 *
Total Operating Revenues and State Appropriations	2,211,216,710	2,278,564,809	656,901,019	5,146,682,538
Total Assets Coverage **	45%	40%	15%	
Operating Revenues Coverage ***	43%	44%	13%	

* Summary amounts are audited at the System level and thus we have audited 100% of the balance (i.e. cash, investments and debt).

** Assets coverage by both Audit and Review 85%

*** Operating revenues coverage by both Audit and Review 87%



Level of Testing by Type

Level	Understand Control Environment	Understand Effectiveness of the Design & Implementation of Controls	Testing Operating Effectiveness of Key Financial Reporting Controls, including IT controls	Understand Financial Close Process	Financial Misstatement Analysis	Substantive Testing
Audit	X	X	X	X	X	X
Review	X	X		X	X	X*
Analytical				X	X	

* Performed for some accounts at certain Review schools



Evaluation of Key Processes

Design & Implementation

Audit & Review Schools Only

Area	Points to Consider
<p style="text-align: center;">Control Environment</p>	<ul style="list-style-type: none"> ▪ Key executive integrity, ethical, and behavior ▪ Control consciousness and operating style ▪ Commitment to competence ▪ Exercise oversee responsibility ▪ Organizational structure, responsibility, and authority ▪ Enforce accountability ▪ HR policies and procedures
<p style="text-align: center;">Risk Assessment</p>	<ul style="list-style-type: none"> ▪ Define objectives and risk tolerances ▪ Identify, analyze, and respond to risk ▪ Assess fraud risk ▪ Identify, analyze, and respond to change ▪ Mechanisms to anticipate, identify, and react to significant events ▪ Processes and procedures to identify changes in GAAP, business practices, and internal control



Evaluation of Key Processes

Design & Implementation

Audit & Review Schools Only

Area	Points to Consider
<p>Control Activities</p>	<ul style="list-style-type: none"> ▪ Design control activities ▪ Design activities for the information system ▪ Implement control activities ▪ Existence of necessary policies and procedures ▪ Clear financial objectives with active monitoring ▪ Logical segregation of duties ▪ Periodic comparisons of book-to-actual and physical count-to-books ▪ Adequate safeguards of documents, records, and assets ▪ Assess controls in place



Evaluation of Key Processes

Design & Implementation

Audit & Review Schools Only

Area	Points to Consider
<p>Information and Communication</p>	<ul style="list-style-type: none"> ▪ Use quality information ▪ Communicate internally ▪ Communicate externally ▪ Adequate performance reports produced from information systems ▪ Information systems are connected with business strategy ▪ Commitment of HR and finance to develop, test, and monitor IT systems and programs ▪ Business continuity and disaster plan for IT ▪ Established communication channels for employees to fulfill responsibilities ▪ Adequate communication across organization
<p>Monitoring</p>	<ul style="list-style-type: none"> ▪ Perform monitoring activities ▪ Remediate deficiencies ▪ Use of internal audit function ▪ Periodic evaluations of internal controls ▪ Implementation of improvement recommendations



Evaluation of Key Processes

Process	Function
Treasury	<ul style="list-style-type: none"> ▪ Cash Management ▪ Investment Accounting ▪ Investment Monitoring ▪ Investment Valuation ▪ Investment Policy ▪ Reconciliation ▪ Debt accounting
Estimation	<ul style="list-style-type: none"> ▪ Methodology ▪ Information ▪ Calculation
Financial Reporting	<ul style="list-style-type: none"> ▪ Accounting Principles and Disclosures ▪ Closing the Books ▪ Report Preparation ▪ General Ledger and Journal Entry Processing ▪ Verification and Review of Results



Evaluation of Key Processes (continued)

Process	Function
Expenditures	<ul style="list-style-type: none">▪ Purchasing▪ Receiving▪ Accounts Payable and Cash Disbursement
Payroll	<ul style="list-style-type: none">▪ Hiring▪ Attendance Reporting▪ Payroll Accounting and Processing▪ Payroll Disbursements▪ Separation
Revenue	<ul style="list-style-type: none">▪ Tuition Revenue▪ Cash Receipts▪ Revenue Recognition▪ Recording period



Evaluation of Key Processes (continued)

Process	Function
Purchase card	<ul style="list-style-type: none">▪ New card issuance▪ Transaction approval process▪ Termination of the P-Cards
Fixed Assets	<ul style="list-style-type: none">▪ Physical Custody▪ Asset Accounting▪ Depreciation
Compliance	<ul style="list-style-type: none">▪ Assess Internal and External Risk▪ Regulatory Compliance▪ Monitor Compliance▪ Compliance



Evaluation of Key Processes (continued)

Process	Function
Information Technology	<ul style="list-style-type: none">▪ Logical access to data and applications▪ Network Security – Financial Applications▪ Change management▪ Data backup, recovery, and retention▪ Cybersecurity (focus on Risk Management)▪ Cloud service provider <p>Application Control Testing</p> <ul style="list-style-type: none">▪ Financial Reporting▪ Revenue▪ Account Payable



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Financial Highlights





Financial Statement Highlights

Key Accounts	As of June 30, Amounts Expressed in Thousands		
	2019	2018	2017
Cash and Cash Equivalents	\$ 2,552,187	\$ 2,333,139	\$ 2,173,088
Account Receivables, net	295,439	292,311	275,273
Notes Receivables, net	35,330	43,208	50,559
Investments	364,141	328,770	264,217
Inventories	9,464	9,217	10,660
Capital Assets, net	6,633,402	6,465,264	6,270,469
Total Assets	10,089,990	9,603,049	9,169,451
Unamortized Loss on Refundings of Debt	14,196	16,988	19,798
Deferred Charges - Pension Liability	537,031	469,773	583,359
Accounts Payable and Accrued Expenses	315,631	268,552	269,144
Revenue Bonds and Notes Payable, net	1,299,016	1,280,211	1,290,324
Obligations Under Capital Leases	4,497	6,046	7,496
Unearned Revenue	318,663	278,897	239,826
Net Pension Liability	1,309,998	1,130,059	1,216,809
Total Liabilities	3,504,047	3,208,677	3,266,447
Deferred Service Concession Arrangement Receipts	270,575	288,931	307,288
Deferred Financing Inflow - Pension Liability	126,116	123,312	68,382
Net Investment in Capital Assets	5,222,376	4,998,212	4,770,198
Unrestricted	1,289,908	1,238,497	1,119,703
Total Net Position	6,752,883	6,468,889	6,130,491



Financial Statement Highlights

(continued)

Key Accounts	For the Years Ended June 30, Amounts Expressed in Thousands		
	2019	2018	2017
Tuition and Fee Revenue	\$ 1,742,567	\$ 1,710,963	\$ 1,628,712
Scholarship Allowance	(338,155)	(322,828)	(295,368)
Auxiliary Revenues			
Residential Facilities	192,959	185,575	184,656
Dining Facilities	131,303	126,111	123,955
Intercollegiate Athletics	134,409	131,230	125,946
Bookstore	14,214	15,108	16,692
Parking Facilities	44,137	43,527	43,861
Other Auxiliary Enterprises	155,731	150,677	149,008
Other Operating Revenues	82,032	75,666	76,997
Other Revenues and Gains, net	14,027	8,157	13,327
Expenses by Natural Classification			
Employee Costs	3,506,251	3,374,433	3,304,253
Vendor Expenses	1,549,081	1,415,464	1,299,681
Depreciation	348,013	329,048	315,276
Change in Net Position	283,994	338,398	355,593



Summary of Enrollment AUP Findings

Nature of Finding	# of Findings		
	Fall 2018	Fall 2017	Fall 2016
Incorrect race category was recorded.	5	3	8
Incorrect tuition status category was recorded.	1	1	-
Incorrect recording of existing student as a first time student.	-	-	1
Total	6	4	9

Campus	2018 Population		Total Findings by Year		
	Enrollment	First Time	Fall 2018	Fall 2017	Fall 2016
Bowie State University	6,320	893	-	-	-
Coppin State University	2,738	387	1	2	-
Frostburg State University	5,294	726	1	-	-
Salisbury University	8,567	1,262	-	-	-
Towson University	22,923	2,935	-	-	-
University of Baltimore	5,041	76	-	-	1
University of Maryland Baltimore	6,777	-	-	-	-
University of Maryland, Baltimore County	13,750	1,654	-	2	-
University of Maryland, College Park	41,200	5,235	-	-	6
University of Maryland University College	60,603	217	-	-	-
University of Maryland, Eastern Shore	3,193	499	4	-	2
Total	176,406	13,884	6	4	9



Meet the Engagement Leadership Team



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SB & COMPANY, LLC



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KNOWLEDGE

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UNIVERSITY SYSTEM OF MARYLAND

Management Recommendations

Year Ended June 30, 2019



To the Board of Regents
of the University System of Maryland

In planning and performing our audit of the financial statements of the University System of Maryland (the System) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the System's internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal controls. Accordingly, we do not express an opinion on the effectiveness of the System's internal controls over financial reporting.

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal controls that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal controls and other operational matters that are presented for your consideration. This letter does not affect our report dated October 29, 2019, on the financial statements of the System. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal controls or result in other operating efficiencies. We will be pleased to discuss these comments and recommendations. Our comments are summarized as follows:

1. Perform Monitoring over the Related Party transactions between University of Maryland Global Campus (UMGC) and UMUC Ventures, Inc.

During the audit, SBC noted UMGC represented approximately \$41.0 million or 93% of the total revenue of UMUC Ventures Inc. for fiscal year 2019, which was approximately \$44.3 million. The revenue related to the original professional services contract between UMGC and UMUC Ventures Inc. (fixed fee contract) plus four contract amendments to provide additional services, including the development of a new software system under a cost reimbursable arrangement.

We recommend strengthening the oversight and monitoring of the related party transactions between UMGC and UMUC Ventures, Inc, ensuring the transactions are in accordance with the contract terms and the accuracy of cost allocation and billings to UMGC for services being provided to UMGC. Because there is a fixed fee and a cost reimbursable contract between UMGC and UMUC Ventures, this monitoring should include looking at the expenses incurred by UMUC Ventures, Inc. in executing the services under the two contracts. This oversight should include USM Internal Audit performing contract terms compliance review and review of build-up and allocation of costs being billed related to the contracts.



Institution Response

UMGC will require UMUC Ventures to provide periodic financial information to UMGc to include annual budgets; detailed quarterly budget to actual reports; and additional financial information needed for annual financial statement reporting. In addition to UMUC Ventures financial data being audited by third party independent auditors, UMGc believes this enhanced reporting will help strengthen the oversight and monitoring of the related transactions between the two parties and continue to ensure accurate billing and recordation of expenses.

The development of a new software system (implementation of a cloud-based software as a service Student Information System, SIS) which is under a cost reimbursable agreement, is anticipated to be completed in the current fiscal year, FY 2020. The expenses incurred by UMUC Ventures associated with the implementation of the SIS will be closely monitored to ensure accurate billing and reporting. In addition, UMGc will request that UMUC Ventures' independent auditors perform testing of its cost allocation practices during the remaining period of this cost reimbursable agreement.

As a control mechanism to ensure revenues and expenses between the two related entities are not double reported on UMGc's financial statements, expenses associated with UMUC Venture payments, along with the corresponding revenue from UMUC Ventures financial statements, are eliminated in a consolidation entry at year end. USM Internal Audit, as they request, will be provided with any records associated with UMGc contractual payments to UMUC Ventures.

2. Update the University System of Maryland Information Security Policy and Procedures – System Office

The University System of Maryland continues to experience institutions moving the technology support model and related enterprise systems (Workday, Peoplesoft) to the cloud. The use of Workday in the cloud by UMGc continues to evolve. UMB recently moved to a full cloud environment. Other institutions will work to move to a cloud technology as the vendor support for the current versions of Peoplesoft used by colleges and universities comes to an end. As a result, Information Security processes must be updated and adapted to address the risk exposures associated with operating in a cloud environment. Some of the traditional Information Security roles that become more decentralized when operating in the cloud areas are as follows:

- Granting, changing and removing user access;
- Accounts with escalated permissions;
- Periodic entitlement reviews;
- Defining the base of critical parameters within the application;
- Processes to detect unauthorized changes; and
- Monitoring of activities performed for sensitive transactions and review of Audit logs for the respective areas.



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We recommend the University System of Maryland modify the current Information Security procedures to include a set of standard required Information Security practices that all institutions must adapt to their technology environments as they transition to cloud technology. In addition, Information Security governance processes should include identification of non-compliance and policies to address non-compliance with the decentralized Information Security procedures.

Institution Response

The University System of Maryland agrees with the observations of the Management Recommendation. The USM IT Security Council is in the process of reframing the USM IT Security Standards v. 5.0 to better align with Federal standards (NIST, etc.). The USM IT Security Standards will continue to be functionally compatible with State of Maryland standards. In this process it will take into account the above recommendations.

3. Reconcile the Grants Receivable Rollforward of Activity to the General Ledger - University of Maryland College Park (UMCP)

During the audit, SBC noted UMCP did not reconcile the accounts receivable balance per the Quali Financial System (KFS) with the grants receivable rollforward schedule of activity. As of June 30, 2019, the accounts receivable balance per KFS was \$74,994,090 and the amount per the grants receivable rollforward schedule was \$77,026,334, resulting in a variance of \$2,032,244.

We recommend UMCP investigate the reasons for the variance and adjust the applicable grants with in the rollforward schedule accordingly.

Institution Response

UMCP Management agrees with the recommendation. The relatively small differences resulted from the rollforward balances being carried over from year to year historically since before KFS was implemented. KFS, which is now the system of our record, could provide detailed information at the grant level and obviated the need to perform detailed reconciliation once the beginning balances are updated to reflect the information in KFS. We will clean up and adjust the historical variances and balances for the grants on the rollforward schedule to be consistent with KFS next year.



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Status of Outstanding Prior Year Recommendations

The following chart outlines the status of prior year management recommendations that had not been implemented.

Year		Finding	Status
2018	UMES	Improve the Monitoring of Grants to Determine the Accuracy of the Balances	In process
2018	UMES	Prepare Timely Reconciliations between the Working Fund Cash Account and the General Ledger	Implemented
2018	UMES	Review Collectability of Unbilled Grant Accounts Receivables	Implemented
2018	UMES	Improve Information Security Processes over Security Patches and Third-Party Service Providers	Implemented, but not tested
2018	UMCP	Monitor and Enforce the Procurement process, University System of Maryland College Park	Implemented
2018	UMB	Timely Prepare and Complete Reconciliations between the Audited Financial Statements of MGIC Tanzania and Zambia with the General Ledger Transactions Recorded State-Side	Not implemented
2018	FSU	Implement Information Technology Support Processes	Partially implemented
2018	System	Implement Information Technology Risk Management Processes that Comply with the National Institute of Standards and Technology (NIST) 800-37	Implemented, but not tested
2017	CSU	Continue to Evaluate Finance Function, Roles and Responsibilities	Implemented, but not tested
2017	UMES	Monitor the Revolving Loan Programs	In process
2017	BSU	Maintain Proper Documentation for all Grant Billing	Implemented, but not tested
2015	System	Improve Closing Processes and Procedure Manual	Implemented, but not tested
2015	Hawk Foundation	Monitor Bookkeeping and Activity	In process
2014	BSU	Improve Information Security – Disaster Recovery	Implemented, but not tested

We recommend that the System continue efforts to implement prior year's management recommendations.

We believe that the implementation of these recommendations will provide the System with a stronger system of internal controls over financial reporting while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you and assist in any way possible with their implementation.



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This report is intended solely for the information and use of the System's Board of Regents, Management, and others within the System and is not intended to be and should not be used by anyone other than these specified parties.

Owings Mills, Maryland
October 29, 2019

SB & Company, LLC



Financial Statements and Supplementary Information and
Data Together with Report of Independent Public Accountants

For the Years Ended June 30, 2019 and 2018

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Regents
University System of Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the University System of Maryland (the System), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We audited the component unit financial statements of UMBC Research Park Corporation, Inc, the Bowie State University Foundation, Inc, and the Robert H. Smith School of Business Foundation, Inc. We did not audit the financial statements of the other component units, which represent 98 percent, 98 percent, and 96 percent, respectively, of the total assets, net assets and unrestricted revenue of the total component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the System and its discretely presented component units as of June 30, 2019 and 2018, and the respective changes in their financial position and, where applicable, their cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2019 on our consideration of the System's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal controls over financial reporting and compliance.

Owings Mills, Maryland
October 29, 2019

SB & Company, LLC

UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018

Management of the University System of Maryland (the System) provides the readers of the System's financial statements with this narrative overview and analysis of the financial activities of the System for the years ended June 30, 2019 and 2018, with 2017 information for comparative purposes.

Financial Highlights

- Unrestricted net position increased by \$51,410,821 for the year ended June 30, 2019, compared to an increase of \$118,794,140 for the year ended June 30, 2018.
- State appropriations for the System increased by 5.2% for the year ended June 30, 2019. For the year ended June 30, 2018, State appropriations increased by 2.6% from the amount received in the year ended June 30, 2017.
- Tuition and fees, after deducting scholarship allowances, increased by \$16,278,474 or 1.2% for the year ended June 30, 2019. During the year ended June 30, 2018, net tuition and fees, increased by \$54,789,973 or 4.1%.
- For the year ended June 30, 2019, investment income on Endowment assets was \$22,996,847, representing an investment return of 7%. Investment income on Endowment assets amounted to \$23,171,003, an investment return of 9%, for the year ended June 30, 2018.

Overview of the Financial Statements

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

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

The *Statement of Revenues, Expenses and Changes in Net Position* presents information on the changes in net position during the year. All changes in net position are reported as soon as the underlying event takes place, regardless of the timing of the related cash flows. Thus, revenues and expenses are recorded for some items that will result in cash flows in future fiscal years (for example tuition and fees owed by students, or vacation earned by employees but not used as of the date of the financial statements).

UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018

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

The System's financial statements include all accounts and balances of the System (considered the primary government, in accounting terms), as well as 20 legally-separate and distinct entities for which the System is financially accountable, which are considered component units. Of the 20 component units, three are considered major component units due to their significance in terms of size.

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

Financial Analysis

As of June 30, 2019, the System's financial health remains strong, with assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$6,752,883,463, shown on the Balance Sheet as total net position. This compares with total net position of \$6,468,889,005 as of June 30, 2018 and \$6,130,490,901 as of June 30, 2017. As suggested earlier, when viewed over time, net position may be useful as an indicator of financial health.

For the year ended June 30, 2019, total net position increased by \$283,994,458. While net investment in capital assets increased by \$224,163,748, unrestricted net position increased by \$51,410,821 and restricted net position categories increased by \$8,419,889.

For the year ended June 30, 2018, total net position increased by \$338,398,104. While net investment in capital assets increased by \$228,014,304, unrestricted net position increased by \$118,794,140 and restricted net position categories decreased by \$8,410,340.

UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018

The table below presents summary-level information of the System's assets, liabilities, and net position as of June 30, 2019, 2018 and 2017.

	2019	2018	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current and other assets	\$ 3,456,588,174	\$ 3,137,784,825	\$ 2,898,981,768
Capital assets, net	6,633,402,152	6,465,263,867	6,270,469,058
Total assets	10,089,990,326	9,603,048,692	9,169,450,826
Deferred outflows of resources	563,631,265	486,760,958	603,156,888
Total assets and deferred outflows of resources	<u>\$ 10,653,621,591</u>	<u>\$ 10,089,809,650</u>	<u>\$ 9,772,607,714</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Debt and capital lease obligations	\$ 1,303,513,443	\$ 1,286,257,221	\$ 1,297,820,817
Other liabilities	890,535,191	792,360,653	751,817,540
Net pension liability	1,309,998,345	1,130,058,957	1,216,808,542
Total liabilities	3,504,046,979	3,208,676,831	3,266,446,899
Deferred inflows of resources	396,691,149	412,243,814	375,669,914
Total liabilities and deferred inflows of resources	<u>3,900,738,128</u>	<u>3,620,920,645</u>	<u>3,642,116,813</u>
NET POSITION			
Net investment in capital assets	5,222,375,942	4,998,212,194	4,770,197,890
Restricted	240,599,318	232,179,429	240,589,769
Unrestricted	1,289,908,203	1,238,497,382	1,119,703,242
Total net position	<u>6,752,883,463</u>	<u>6,468,889,005</u>	<u>6,130,490,901</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 10,653,621,591</u>	<u>\$ 10,089,809,650</u>	<u>\$ 9,772,607,714</u>

UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018

The table below presents summary-level information on revenues, expenses, and other changes in the System's net position for the years ended June 30, 2019, 2018 and 2017.

	2019	2018	2017
Operating revenues	\$ 3,748,608,760	\$ 3,601,883,828	\$ 3,515,720,214
Operating expenses	5,403,345,576	5,118,945,734	4,919,209,000
Operating loss	(1,654,736,816)	(1,517,061,906)	(1,403,488,786)
State appropriations	1,398,073,778	1,328,645,088	1,295,338,118
Other nonoperating revenues, net	267,160,620	262,153,113	233,175,561
Total nonoperating revenues	1,665,234,398	1,590,798,201	1,528,513,679
Income before other revenues	10,497,582	73,736,295	125,024,893
Other revenues	273,496,876	264,661,809	230,567,630
Increase in net position	283,994,458	338,398,104	355,592,523
Net position, beginning of year	6,468,889,005	6,130,490,901	5,774,898,378
Net position, end of year	<u>\$ 6,752,883,463</u>	<u>\$ 6,468,889,005</u>	<u>\$ 6,130,490,901</u>

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

For the years ended June 30, 2019, 2018 and 2017, operating revenues, which under the definitions used by the Governmental Accounting Standards Board (GASB), excludes state appropriations, are detailed below:

	2019		2018		2017	
	\$	%	\$	%	\$	%
Tuition and fees, net	\$ 1,404,412,716	37.5 %	\$ 1,388,134,242	38.6 %	\$ 1,333,344,269	37.9 %
Contracts and grants	1,251,850,503	33.4	1,157,068,340	32.1	1,116,480,044	31.8
Sales and services of educational departments	337,560,431	9.0	328,787,009	9.1	344,781,319	9.8
Auxiliary enterprises, net	672,753,381	17.9	652,228,180	18.1	644,117,225	18.3
Other operating	82,031,729	2.2	75,666,057	2.1	76,997,357	2.2
Total	<u>\$ 3,748,608,760</u>	<u>100.0 %</u>	<u>\$ 3,601,883,828</u>	<u>100.0 %</u>	<u>\$ 3,515,720,214</u>	<u>100.0 %</u>

UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018

For the years ended June 30, 2019, 2018 and 2017, operating expenses are detailed below:

	2019		2018		2017	
	\$	%	\$	%	\$	%
Instruction	\$ 1,374,934,008	25.4 %	\$ 1,341,989,472	26.2 %	\$ 1,304,339,999	26.6 %
Research	1,139,494,806	21.1	1,048,328,939	20.5	1,006,751,565	20.5
Public service	164,646,811	3.0	162,474,866	3.2	159,815,026	3.2
Academic support	485,278,173	9.0	467,594,558	9.1	451,797,952	9.2
Student services	293,172,052	5.4	268,680,489	5.2	242,660,746	4.9
Institutional support	561,650,960	10.4	531,306,794	10.4	507,673,901	10.3
Operation and maintenance of plant	397,229,390	7.4	373,714,746	7.3	353,917,522	7.2
Scholarships and fellowships	120,607,680	2.2	120,668,204	2.4	110,187,780	2.2
Auxiliary enterprises	641,738,185	11.9	592,972,508	11.6	574,454,741	11.7
Hospital	224,593,511	4.2	211,215,158	4.1	207,609,768	4.2
Total	\$ 5,403,345,576	100.0 %	\$ 5,118,945,734	100.0 %	\$ 4,919,209,000	100.0 %

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

For the years ended June 30, 2019 and 2018, increases in total employee payments of \$131,818,363 and \$70,180,482, respectively, represent the largest component of the overall increase in operating expenses over the prior year. For 2019 and 2018, the largest increases associated with employee payments were for research and instruction activities, respectively.

Capital Asset and Debt Administration

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

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

UNIVERSITY SYSTEM OF MARYLAND**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
State of Maryland debt proceeds	\$244,478,467	\$228,607,790	\$208,834,385
System debt proceeds	172,711,919	129,433,987	118,276,999
System cash balances and donations	101,522,580	179,634,557	247,571,537
Total	<u>\$518,712,966</u>	<u>\$537,676,334</u>	<u>\$574,682,921</u>

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

<u>Project</u>	<u>Institution</u>	<u>Cost</u>
Year ended June 30, 2019		
Brendan Iribe Center for Computer Science & Innovation	University of Maryland, College Park	\$152,250,000
Residence Tower Renovation	Towson University	33,860,000
Dorchester Hall Renovation	University of Maryland, College Park	13,180,000
USPS Replacement Facility	University of Baltimore	13,180,000
Year ended June 30, 2018		
Health Sciences Facility III	University of Maryland, Baltimore	\$305,392,000
A. James Clark Bioengineering Building	University of Maryland, College Park	168,475,000
New Academic Commons	University of Maryland Baltimore County	85,374,000
Year ended June 30, 2017		
Edward St. John Learning and Teaching Center	University of Maryland, College Park	\$119,156,000
Natural Sciences Building	Bowie State University	102,171,000
New Academic Commons	Salisbury University	117,088,000
West Village Housing	Towson University	100,150,000

The System has issued Revenue Bonds to fund the construction, acquisition, and renewal and replacement of facilities, or refinance previously issued Revenue Bonds to realize lower current interest rates, during the years ended June 30, 2019, 2018 and 2017, as follows:

<u>Debt issuance</u>	<u>Date of issue</u>	<u>Purpose</u>	<u>Total Par Value Issued</u>	<u>Present Value of Future Debt Service Savings</u>
2017 Series A and B	2/15/2017	Refinancing, construction, and facilities renewal	\$165,075,000	\$ 4,540,054
2018 Series A	2/21/2018	Construction and facilities renewal	115,000,000	N/A
2019 Series A and B	2/20/2019	Refinancing, construction, and facilities renewal	153,080,000	10,630,322

UNIVERSITY SYSTEM OF MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018**

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

Economic Factors and Next Year's Budget and Rates

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

Across all student categories, enrollment is expected to continue to increase over the next ten years, with approximately 6.0% more full-time equivalent students anticipated by the fall 2028. While, preliminary fall 2019 enrollment indicates a slight decrease in full-time equivalent enrollment of approximately 1%, this is not out of line with the long-term projection.

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

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

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

Requests for Information

This financial report is intended to provide a general overview of the System's finances. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Office of the Vice Chancellor for Administration and Finance, 3300 Metzert Road, Adelphi, MD 20783.

**UNIVERSITY SYSTEM OF MARYLAND
BALANCE SHEETS
JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,552,186,538	\$ 2,333,139,133
Accounts receivable, net	295,439,263	292,311,191
Notes receivable, current portion, net	5,345,066	6,521,332
Inventories	9,464,301	9,216,939
Prepaid expenses and other	<u>20,758,341</u>	<u>18,440,579</u>
Total current assets	<u>2,883,193,509</u>	<u>2,659,629,174</u>
Noncurrent assets		
Restricted cash and cash equivalents	157,124,871	95,885,066
Endowment investments	364,140,586	328,770,327
Other investments	22,144,370	16,813,151
Notes receivable, net	29,984,838	36,687,107
Capital assets, net	<u>6,633,402,152</u>	<u>6,465,263,867</u>
Total noncurrent assets	<u>7,206,796,817</u>	<u>6,943,419,518</u>
Total assets	10,089,990,326	9,603,048,692
DEFERRED OUTFLOWS OF RESOURCES	<u>563,631,265</u>	<u>486,760,958</u>
Total assets and deferred outflows of resources	<u>\$ 10,653,621,591</u>	<u>\$ 10,089,809,650</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 315,630,844	\$ 268,551,512
Accrued workers' compensation, current portion	4,309,950	4,405,800
Accrued vacation costs, current portion	111,785,925	105,995,954
Revenue bonds and notes payable, current portion	100,892,731	97,913,227
Obligations under capital lease agreements, current portion	1,652,537	1,548,767
Unearned revenues	<u>318,662,589</u>	<u>278,896,782</u>
Total current liabilities	<u>852,934,576</u>	<u>757,312,042</u>
Noncurrent liabilities		
Accrued workers' compensation	24,423,050	24,966,200
Accrued vacation costs	115,722,833	109,544,405
Revenue bonds and notes payable	1,198,123,353	1,182,297,867
Obligations under capital lease agreements	2,844,822	4,497,360
Net pension liability	<u>1,309,998,345</u>	<u>1,130,058,957</u>
Total noncurrent liabilities	<u>2,651,112,403</u>	<u>2,451,364,789</u>
Total liabilities	<u>3,504,046,979</u>	<u>3,208,676,831</u>
DEFERRED INFLOWS OF RESOURCES	<u>396,691,149</u>	<u>412,243,814</u>
NET POSITION		
Unrestricted	1,289,908,203	1,238,497,382
Net investment in capital assets	5,222,375,942	4,998,212,194
Restricted:		
Nonexpendable	39,149,289	38,438,222
Expendable	<u>201,450,029</u>	<u>193,741,207</u>
Total net position	<u>6,752,883,463</u>	<u>6,468,889,005</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 10,653,621,591</u>	<u>\$ 10,089,809,650</u>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEETS, COMPONENT UNITS
JUNE 30, 2019**

	Major Component Units				Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Nonmajor Component Units	
ASSETS					
Current assets					
Cash	\$ 151,000	\$ 48,401,711	\$ 2,276,444	\$ 26,616,019	\$ 77,445,174
Accounts receivable, net	842,000	110,483,352	19,528,380	11,183,387	142,037,119
Other assets	273,000	219,172	14,712	875,847	1,382,731
Total current assets	1,266,000	159,104,235	21,819,536	38,675,253	220,865,024
Investments					
Endowment investments	296,031,000	395,720,453	225,992,571	248,914,189	1,166,658,213
Other investments	498,929,000	71,496,362	72,779,296	33,978,953	677,183,611
Total investments	794,960,000	467,216,815	298,771,867	282,893,142	1,843,841,824
Noncurrent assets					
Accounts receivable, net	10,315,000	79,168,703	21,310,379	7,110,763	117,904,845
Capital assets, net	14,145,000	31,681,436		19,909,157	65,735,593
Other assets	456,000	546,910	4,424,535	2,646,335	8,073,780
Total noncurrent assets	24,916,000	111,397,049	25,734,914	29,666,255	191,714,218
Total assets	\$ 821,142,000	\$ 737,718,099	\$ 346,326,317	\$ 351,234,650	\$ 2,256,421,066
LIABILITIES					
Current liabilities					
Accounts payable & accrued expenses	\$ 4,280,000	\$ 6,842,302	\$ 1,254,920	\$ 4,945,021	\$ 17,322,243
Long-term debt, current				2,695,081	2,695,081
Unearned revenues	1,777,000	1,186,032		6,643,736	9,606,768
Total current liabilities	6,057,000	8,028,334	1,254,920	14,283,838	29,624,092
Noncurrent liabilities					
Other payables	76,527,498	15,133,365	1,696,555	2,016,685	95,374,103
Due to primary government	364,026,502				364,026,502
Long-term debt, noncurrent				17,480,355	17,480,355
Total noncurrent liabilities	440,554,000	15,133,365	1,696,555	19,497,040	476,880,960
Total liabilities	446,611,000	23,161,699	2,951,475	33,780,878	506,505,052
NET ASSETS					
Without donor restrictions	63,841,000	5,019,066	42,750,792	46,072,071	157,682,929
With donor restrictions	310,690,000	709,537,334	300,624,050	271,381,701	1,592,233,085
Total net assets	374,531,000	714,556,400	343,374,842	317,453,772	1,749,916,014
Total liabilities and net assets	\$ 821,142,000	\$ 737,718,099	\$ 346,326,317	\$ 351,234,650	\$ 2,256,421,066

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEETS, COMPONENT UNITS
JUNE 30, 2018**

	Major Component Units				Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Nonmajor Component Units	
ASSETS					
Current assets					
Cash	\$ 310,000	\$ 38,362,709	\$ 2,195,891	\$ 23,058,160	\$ 63,926,760
Accounts receivable, net	1,990,000	78,999,272	21,006,480	9,368,270	111,364,022
Other assets	67,000	51,385	23,350	820,563	962,298
Total current assets	2,367,000	117,413,366	23,225,721	33,246,993	176,253,080
Investments					
Endowment investments	285,509,000	355,271,571	204,804,169	239,944,579	1,085,529,319
Other investments	465,840,000	68,984,951	68,472,892	31,696,593	634,994,436
Total investments	751,349,000	424,256,522	273,277,061	271,641,172	1,720,523,755
Noncurrent assets					
Accounts receivable, net	11,680,000	84,708,470	27,484,229	8,458,753	132,331,452
Capital assets, net	14,090,000	31,506,104		21,159,098	66,755,202
Other assets	467,000	564,154	4,479,899	2,669,801	8,180,854
Total noncurrent assets	26,237,000	116,778,728	31,964,128	32,287,652	207,267,508
Total assets	\$ 779,953,000	\$ 658,448,616	\$ 328,466,910	\$ 337,175,817	\$ 2,104,044,343
LIABILITIES					
Current liabilities					
Accounts payable & accrued expenses	\$ 4,058,000	\$ 1,437,728	\$ 1,243,849	\$ 3,063,287	\$ 9,802,864
Long-term debt, current				2,779,326	2,779,326
Unearned revenues	2,141,000	1,337,531		7,422,520	10,901,051
Total current liabilities	6,199,000	2,775,259	1,243,849	13,265,133	23,483,241
Noncurrent liabilities					
Other payables	80,385,927	14,928,297	1,791,227	2,226,842	99,332,293
Due to primary government	328,652,073				328,652,073
Long-term debt, noncurrent				18,007,889	18,007,889
Total noncurrent liabilities	409,038,000	14,928,297	1,791,227	20,234,731	445,992,255
Total liabilities	415,237,000	17,703,556	3,035,076	33,499,864	469,475,496
NET ASSETS					
Without donor restrictions	63,966,000	4,703,621	34,461,827	43,112,337	146,243,785
With donor restrictions	300,750,000	636,041,439	290,970,007	260,563,616	1,488,325,062
Total net assets	364,716,000	640,745,060	325,431,834	303,675,953	1,634,568,847
Total liabilities and net assets	\$ 779,953,000	\$ 658,448,616	\$ 328,466,910	\$ 337,175,817	\$ 2,104,044,343

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Tuition and fees	\$ 1,742,567,318	\$ 1,710,962,609
Less: scholarship allowances	<u>(338,154,602)</u>	<u>(322,828,367)</u>
Federal grants and contracts	785,626,017	717,304,312
State and local grants and contracts	210,355,708	210,117,713
Nongovernmental grants and contracts	255,868,778	229,646,315
Sales and services of educational departments	337,560,431	328,787,009
Auxiliary enterprises	698,358,209	677,636,114
Less: scholarship allowances	<u>(25,604,828)</u>	<u>(25,407,934)</u>
Other operating revenues	<u>82,031,729</u>	<u>75,666,057</u>
Total operating revenues	<u>3,748,608,760</u>	<u>3,601,883,828</u>
OPERATING EXPENSES		
Instruction	1,374,934,008	1,341,989,472
Research	1,139,494,806	1,048,328,939
Public service	164,646,811	162,474,866
Academic support	485,278,173	467,594,558
Student services	293,172,052	268,680,489
Institutional support	561,650,960	531,306,794
Operation and maintenance of plant	397,229,390	373,714,746
Scholarships and fellowships	120,607,680	120,668,204
Auxiliary enterprises	641,738,185	592,972,508
Hospital	<u>224,593,511</u>	<u>211,215,158</u>
Total operating expenses	<u>5,403,345,576</u>	<u>5,118,945,734</u>
Operating loss	<u>(1,654,736,816)</u>	<u>(1,517,061,906)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	1,398,073,778	1,328,645,088
Pell grants	167,702,482	162,894,822
Gifts	48,647,832	63,976,147
Investment income	80,677,254	69,665,122
Less: investment expense	<u>(1,263,921)</u>	<u>(1,054,520)</u>
Interest on indebtedness	<u>(42,630,462)</u>	<u>(41,485,749)</u>
Other revenues and gains, net	<u>14,027,435</u>	<u>8,157,291</u>
Total nonoperating revenues	<u>1,665,234,398</u>	<u>1,590,798,201</u>
Income before other revenues	<u>10,497,582</u>	<u>73,736,295</u>
OTHER REVENUES		
Capital appropriations	244,478,467	228,607,790
Capital gifts and grants	28,307,336	35,240,920
Additions to permanent endowments	<u>711,073</u>	<u>813,099</u>
Total other revenues	<u>273,496,876</u>	<u>264,661,809</u>
Increase in net position	283,994,458	338,398,104
Net position - beginning of year	<u>6,468,889,005</u>	<u>6,130,490,901</u>
Net position - end of year	<u>\$ 6,752,883,463</u>	<u>\$ 6,468,889,005</u>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2019**

	<u>Major Component Units</u>			Nonmajor Component Units	Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.		
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenues					
Contributions & grants	\$ 2,200,000		\$ 7,360,291	\$ 7,994,960	\$ 17,555,251
Investment income, net	1,502,000	\$ 7,663,895	1,609,339	2,652,998	13,428,232
Other income	6,712,000	2,485,947	1,271,780	8,711,295	19,181,022
Assets released from restrictions	22,541,000	66,902,360	24,358,341	20,409,403	134,211,104
Total revenues	32,955,000	77,052,202	34,599,751	39,768,656	184,375,609
Expenses					
Program	25,769,000	73,241,788	22,586,652	26,414,751	148,012,191
General & administrative	4,410,000	3,340,180	2,130,966	5,575,987	15,457,133
Fundraising	2,901,000	154,789	1,593,168	2,911,354	7,560,311
Other expense				1,906,830	1,906,830
Total expenses	33,080,000	76,736,757	26,310,786	36,808,922	172,936,465
Change in net assets without donor restrictions	(125,000)	315,445	8,288,965	2,959,734	11,439,144
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS					
Contributions & grants	15,750,000	121,804,657	19,786,431	18,042,666	175,383,754
Investment income	16,729,000	18,604,015	14,225,953	11,179,034	60,738,002
Other income (loss)	2,000	(10,417)		2,005,788	1,997,371
Assets released from restrictions	(22,541,000)	(66,902,360)	(24,358,341)	(20,409,403)	(134,211,104)
Change in net assets with donor restrictions	9,940,000	73,495,895	9,654,043	10,818,085	103,908,023
Total changes in net assets	9,815,000	73,811,340	17,943,008	13,777,819	115,347,167
Net assets - beginning of year	364,716,000	640,745,060	325,431,834	303,675,953	1,634,568,847
Net assets - end of year	\$ 374,531,000	\$ 714,556,400	\$ 343,374,842	\$ 317,453,772	\$ 1,749,916,014

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2018**

	Major Component Units			Nonmajor Component Units	Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.		
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenues					
Contributions & grants	\$ 2,177,000	\$ 12,300	\$ 4,774,127	\$ 7,803,182	\$ 14,766,609
Investment income, net	4,729,000	2,710,671	2,338,637	3,229,960	13,008,268
Other income	6,995,000	2,613,603	1,136,500	9,212,179	19,957,282
Assets released from restrictions	19,056,000	62,222,764	19,783,836	24,779,369	125,841,969
Total revenues	32,957,000	67,559,338	28,033,100	45,024,690	173,574,128
Expenses					
Program	23,207,000	68,552,351	21,643,451	31,427,515	144,830,317
General & administrative	6,417,000	3,118,506	2,678,508	5,141,742	17,355,756
Fundraising	2,196,000	210,754	663,076	2,648,797	5,718,627
Other expense				3,057,652	3,057,652
Total expenses	31,820,000	71,881,611	24,985,035	42,275,706	170,962,352
Change in net assets without donor restrictions	1,137,000	(4,322,273)	3,048,065	2,748,984	2,611,776
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS					
Contributions & grants	16,866,000	168,720,534	30,078,424	18,887,610	234,552,568
Investment income	21,508,000	24,208,952	16,943,138	18,370,497	81,030,587
Other income (loss)	2,000	(593,256)		1,797,406	1,206,150
Assets released from restrictions	(19,056,000)	(62,222,764)	(19,783,836)	(24,779,369)	(125,841,969)
Change in net assets with donor restrictions	19,320,000	130,113,466	27,237,726	14,276,144	190,947,336
Total changes in net assets	20,457,000	125,791,193	30,285,791	17,025,128	193,559,112
Net assets - beginning of year	344,259,000	514,953,867	295,146,043	286,650,825	1,441,009,735
Net assets - end of year	\$ 364,716,000	\$ 640,745,060	\$ 325,431,834	\$ 303,675,953	\$ 1,634,568,847

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 1,392,927,775	\$ 1,388,913,184
Research contracts and grants	1,270,059,303	1,156,963,441
Payments to employees	(3,416,015,578)	(3,279,967,356)
Payments to suppliers and contractors	(1,490,589,860)	(1,419,829,617)
Loans issued to students	(1,447,696)	(2,621,938)
Collection of loans from students	8,928,368	9,101,235
Auxiliary enterprises	684,584,338	661,488,874
Other receipts	<u>486,888,703</u>	<u>474,650,090</u>
Net cash used by operating activities	<u>(1,064,664,647)</u>	<u>(1,011,302,087)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	1,398,073,778	1,328,645,088
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	711,073	813,099
Pell grants	<u>167,702,482</u>	<u>162,894,822</u>
Net cash provided by noncapital financing activities	<u>1,566,487,333</u>	<u>1,492,353,009</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	172,711,919	129,433,987
Capital appropriations	244,478,467	228,607,790
Capital grants and gifts received	25,739,013	32,218,419
Proceeds from sales of capital assets	1,909,456	2,232,896
Purchases of capital assets	(513,533,350)	(536,093,929)
Principal paid on debt and capital leases	(143,886,460)	(130,856,595)
Interest paid on debt and capital leases	<u>(51,086,793)</u>	<u>(48,861,848)</u>
Net cash used by capital and related financing activities	<u>(263,667,748)</u>	<u>(323,319,280)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	13,400,373	11,822,618
Interest on investments	62,918,856	45,420,211
Investment expense	(1,263,921)	(1,062,634)
Purchases of investments	<u>(32,923,036)</u>	<u>(58,036,181)</u>
Net cash provided (used) by investing activities	<u>42,132,272</u>	<u>(1,855,986)</u>
Net increase in cash and cash equivalents	280,287,210	155,875,656
Cash and cash equivalents - beginning of year	<u>2,429,024,199</u>	<u>2,273,148,543</u>
Cash and cash equivalents - end of year	<u>\$ 2,709,311,409</u>	<u>\$ 2,429,024,199</u>

SUPPLEMENTARY SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Gifts and contributions of capital assets	\$ 1,920,663	\$ 3,053,381
Changes in unrealized appreciation on investments	7,287,192	10,642,965

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (1,654,736,816)	\$ (1,517,061,906)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	348,013,437	329,048,378
Loss on disposals of capital assets	651,788	11,577,033
Amortization of deferred service concession arrangement receipts	(18,356,042)	(18,356,042)
Gifts and other revenues, (expenses), gains, and (losses)	62,675,267	72,133,438
Effect of changes in assets and liabilities:		
Accounts receivable, net	(3,128,072)	(17,038,155)
Inventories	(247,362)	1,442,736
Prepaid expenses and other deferred charges	(2,317,762)	(4,403,019)
Notes receivable	7,878,535	7,350,560
Accounts payable and accrued liabilities	28,322,039	1,102,763
Unearned revenues	39,765,807	39,070,838
Accrued vacation	11,968,399	2,297,142
Accrued workers' compensation	(639,000)	(232,000)
Net pension liability and related deferred outflows and inflows of resources	<u>115,485,135</u>	<u>81,766,147</u>
Net cash used by operating activities	<u>\$ (1,064,664,647)</u>	<u>\$ (1,011,302,087)</u>

See accompanying notes.

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UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

1. ORGANIZATION AND PURPOSE

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

The following affiliated foundations are considered nonmajor component units:

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

During the years ended June 30, 2019 and 2018, affiliated foundations distributed approximately \$121,393,548 and \$124,756,129, respectively, to the System and its institutions for both restricted and unrestricted purposes.

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

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

The System has also recognized as a blended component unit a not-for-profit organization created by the University of Maryland Global Campus (UMGC). The entity, named UMUC Ventures, is organized to support UMGC and other higher education institutions through provision of support and administrative services.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

The condensed financial statements for UMUC Ventures are as follows:

	<u>2019</u>	<u>2018</u>
Condensed statements of net assets		
Current assets	\$ 26,578,409	\$ 22,157,323
Capital assets	108,568	113,055
Other assets	771,576	315,914
Total assets	<u>\$ 27,458,553</u>	<u>\$ 22,586,292</u>
Current liabilities	\$ 9,582,841	\$ 11,621,220
Long term liabilities	1,243,942	220,224
Total liabilities	<u>10,826,783</u>	<u>11,841,444</u>
Invested in capital assets, net of related debt	108,568	113,055
Unrestricted net assets	<u>16,523,202</u>	<u>10,631,793</u>
Total net assets	<u>16,631,770</u>	<u>10,744,848</u>
Total liabilities & net assets	<u>\$ 27,458,553</u>	<u>\$ 22,586,292</u>
Condensed statements of revenues, expenses and changes in net assets		
Operating revenues	\$ 44,275,804	\$ 25,573,456
Operating expenses:		
Depreciation	30,785	23,243
Other expenses	44,382,310	28,979,449
Total operating expenses	<u>44,413,095</u>	<u>29,002,692</u>
Operating loss	(137,291)	(3,429,236)
Nonoperating revenues	957,425	64,180
Capital contributions	<u>5,066,788</u>	<u>5,060,386</u>
Net income	5,886,922	1,695,330
Beginning net assets	<u>10,744,848</u>	<u>9,049,518</u>
Ending net assets	<u>\$ 16,631,770</u>	<u>\$ 10,744,848</u>
Condensed statements of cash flows		
Net cash (used) provided by:		
Operating activities	\$ (3,687,708)	\$ 6,818,513
Noncapital financing activities	5,009,222	5,016,196
Investing activities	<u>(3,660,996)</u>	<u>(3,880,802)</u>
Beginning cash and cash equivalents	<u>17,113,973</u>	<u>9,160,066</u>
Ending cash and cash equivalents	<u>\$ 14,774,491</u>	<u>\$ 17,113,973</u>

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

The University of Maryland, Baltimore provides services to hospital and critical care facilities under contractual arrangements. The expenditures relating to these activities are reported within the hospital functional category. The revenues derived from these activities were reported as sales and services of educational departments.

Measurement Focus and Basis of Accounting

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

Application of Accounting Standards

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

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. Accounting principles generally accepted in the United State of America defines State appropriations as nonoperating revenue.

Cash and Cash Equivalents

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

Investments

Investments are valued at fair market value.

Inventories

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

Capital Assets

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

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

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

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

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

Deferred Outflows/Inflows of Resources

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

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

Reclassifications

Certain amounts for the year ended June 30, 2018, have been reclassified to conform with the presentation for the year ended June 30, 2019.

Pensions

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

New Accounting Pronouncements

The GASB issued the following: GASB Statement No. 84, *Fiduciary Activities*; GASB Statement No. 87, *Leases*; GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*; and GASB Statement No. 91, *Conduit Debt Obligations*. The System will be analyzing the effects of these pronouncements and intends to adopt each, as applicable, by the effective date for each new accounting pronouncement.

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018****3. CASH AND INVESTMENTS****Cash and cash equivalents**

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

	<u>2019</u>	<u>2018</u>
Cash and short-term investments on deposit with the State Treasurer	\$2,510,912,995	\$2,287,540,448
Demand and time deposits	41,273,543	45,598,685
Total	<u>\$2,552,186,538</u>	<u>\$2,333,139,133</u>

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

As of June 30, 2019 and 2018, the carrying amount of the System's demand and time deposits was \$41,273,543 and \$45,598,685, respectively, as compared to bank balances of \$42,142,227 and \$46,357,797, respectively. The difference is primarily due to items in-transit. Of the bank balances, \$13,486,951 and \$14,949,446 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 \$28,655,276 and \$31,408,351 was uninsured and uncollateralized as of June 30, 2019 and 2018, respectively.

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

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

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

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

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

	<u>2019</u>	<u>2018</u>
Money market accounts – endowment fund uninvested cash	\$ 47,280	\$ 47,280
Money market accounts – unspent proceeds of debt	<u>157,077,591</u>	<u>95,837,786</u>
Total	<u>\$ 157,124,871</u>	<u>\$ 95,885,066</u>

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

Investments

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

The System has entered into an agreement with the USMF to manage investment of the System's endowment funds. The agreement is for a term of five years, with renewable two-year extensions at the option of the System, unless notice of intent to terminate the arrangement is provided within 180 days prior to the expiration of the term. In the event of termination of the arrangement, funds invested with individual investment managers that have commitments from the USMF, to maintain investments for certain minimum time periods may not be returned to the System until those constraints have been satisfied. The per annum fee to be paid to the USMF for investment management services is 0.46% of the value of the managed funds as of December 31 of the previous fiscal year.

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

The System discloses investment risks below.

Interest rate risk

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

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

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018****Custodial credit risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the System, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the System's name. Endowment investments managed by the USMF are uninsured and are not registered in the name of the System, as they are a part of a commingled portfolio comprising proportionate interests of several different entities.

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

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System is exposed to credit risk on its Endowment investments managed by the USMF.

Foreign currency risk

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

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

Endowment investments

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

	<u>2019</u>	<u>2018</u>
Corporate debt	\$ 7,200	\$ 7,200
Corporate equities	106,884	111,054
Assets invested with USMF	364,026,502	328,652,073
Total	<u>\$364,140,586</u>	<u>\$328,770,327</u>

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

	<u>2019</u>	<u>2018</u>
Pure endowments	\$142,730,730	\$139,735,198
Funds functioning as endowments	216,882,613	184,593,741
Term endowments	4,527,243	4,441,388
Total	<u>\$364,140,586</u>	<u>\$328,770,327</u>

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

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

A spending rule has been adopted by the Board to ensure that endowment funds retain a consistent level of purchasing power over time. The spending rule provides for a target rate of spending of 4.25% of a rolling twelve-quarter average market value of the endowment fund. The spending rule is reviewed periodically by the Finance Committee of the Board.

Net appreciation on investments of the pure endowment funds totaled \$99,054,199 and \$96,855,589 as of June 30, 2019 and 2018, respectively. Reinvestments of net appreciation are considered to be subject to donor spending restrictions if applicable, and accordingly, are reflected as a component of restricted, expendable net assets.

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

Other investments

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

Allocation of investment income

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

	<u>2019</u>	<u>2018</u>
Unrestricted funds	\$ 68,236,840	\$ 57,583,632
Restricted funds	12,440,414	12,081,490
Total	<u>\$ 80,677,254</u>	<u>\$ 69,665,122</u>

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

4. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement also establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. The following three-level hierarchy classifies the inputs used to determine fair value:

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

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

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

System endowment investments are largely a proportionate interest in an investment portfolio managed by the USMF. As of June 30, 2019 and 2018, respectively, the System holds corporate debt investments of \$7,200 and \$7,200 that are classified as level 3 investments, and corporate equity investments of \$106,884 and \$111,054 that are classified as level 1 investments.

As of June 30, 2019 and 2018, respectively, System other investments include partnership interests of \$14,214,630 and \$13,034,309 that are classified as level 3 investments. As of June 30, 2019 and 2018, respectively, other investments include mutual funds and short-term securities of \$7,929,740 and \$3,778,842 that are classified as level 1 investments.

Major component units

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

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

The following table shows the USMF's investments using the fair value hierarchy as of June 30, 2019:

Investments by fair value level	June 30, 2019	Fair Value Measurements		
		Level 1	Level 2	Level 3
Money market funds and short-term investments	\$ 59,438,000	\$ 59,438,000		
Equities and mutual funds	523,392,000	480,652,000	\$ 42,740,000	
Absolute return	111,853,000			\$ 111,853,000
Long/short equity hedge funds	92,466,000			92,466,000
Private capital	499,298,000			499,298,000
Total investments by fair value level	1,286,447,000	\$ 540,090,000	\$ 42,740,000	\$ 703,617,000
Investments measured at net asset value (NAV)				
Absolute return	38,303,000			
Long/short equity hedge funds	163,326,000			
Private capital	79,075,000			
Total investments measured at the NAV	280,704,000			
Total investments	1,567,151,000			
Due to other System affiliated foundations	(772,191,000)			
Total USMF investments reported	794,960,000			
Due to the System	(364,026,502)			
Total USMF investments	\$ 430,933,498			

System component unit investments managed by the USMF of \$772,191,000 were eliminated from the USMF financial statements as of June 30, 2019.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

The following table shows the USMF's investments using the fair value hierarchy as of June 30, 2018:

Investments by fair value level	June 30, 2018	Fair Value Measurements		
		Level 1	Level 2	Level 3
Money market funds and short-term investments	\$ 123,600,000	\$ 123,600,000		
Equities and mutual funds	425,228,000	393,981,000	\$ 31,247,000	
Absolute return	130,851,000			\$ 130,851,000
Long/short equity hedge funds	60,247,000			60,247,000
Private capital	422,967,000			422,967,000
Total investments by fair value level	1,162,893,000	\$ 517,581,000	\$ 31,247,000	\$ 614,065,000
Investments measured at net asset value (NAV)				
Absolute return	57,051,000			
Long/short equity hedge funds	166,986,000			
Private capital	66,654,000			
Total investments measured at the NAV	290,691,000			
Total investments	1,453,584,000			
Due to other System affiliated foundations	(702,235,000)			
Total USMF investments reported	751,349,000			
Due to the System	(328,652,073)			
Total USMF investments	\$ 422,696,927			

System component unit investments managed by the USMF of \$702,235,000 were eliminated from the USMF financial statements as of June 30, 2018.

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

Investments measured at net asset value

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

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

Private capital consists of private equity and venture capital investments. Private equity investments represent purchases of all or a portion of the equity interest in a company and the arrangement allows the purchasing group to take control. Venture capital investments are made in non-marketable securities of new companies or companies considered to be in the early stages of growth. Investments in private capital are presented at fair value as approved by the USMF's management based, in part, on information and valuations provided by the general partner of the partnerships or investment manager. The general partner or investment manager generally values their investments at fair value. Securities with no readily available market are initially valued at cost, with subsequent adjustment to values which reflect either the basis of meaningful third party transactions in the private market or the fair value deemed appropriate by the USMF's management. In such instances, consideration is also given to the financial condition and operating results of the issuer, the amount that the investment company or fund can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. Such value represents the USMF's proportionate share of the capital in the investment company or fund. Accordingly, the value of the investment is generally increased by additional contributions and the share of net earnings from the investments and decreased by distributions from the partnerships and the partner's share of net losses. A portion of these assets are classified as Level 3 based upon their lock up periods and the transparency of their assets. Redemption of these investments is left to the discretion of the general partner or manager of the funds. Distributions from each fund will be received as the underlying investments are liquidated. As of June 30, 2019 and 2018, unfunded commitments within the private capital category equaled approximately \$363 million and \$396 million, respectively.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**5. ACCOUNTS RECEIVABLE, NOTES RECEIVABLE, AND ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts receivable as of June 30, 2019 and 2018, were comprised of:

	<u>2019</u>	<u>2018</u>
Tuition and fees	\$ 93,302,233	\$ 83,391,160
Contracts and grants	187,304,070	204,883,551
Other	32,506,041	21,133,314
Subtotal	313,112,344	309,408,025
Less: allowance for doubtful accounts receivable	(17,673,081)	(17,096,834)
Accounts receivable, net	<u>\$295,439,263</u>	<u>\$292,311,191</u>

Notes receivable as of June 30, 2019 and 2018, were comprised of:

	<u>2019</u>	<u>2018</u>
Student loans	\$ 47,882,529	\$ 55,923,316
Business development loans	6,176,722	6,520,710
Subtotal	54,059,251	62,444,026
Less: allowance for doubtful accounts receivable	(18,729,347)	(19,235,587)
Notes receivable, net	<u>\$ 35,329,904</u>	<u>\$ 43,208,439</u>

Accounts payable and accrued liabilities as of June 30, 2019 and 2018, were comprised of:

	<u>2019</u>	<u>2018</u>
Payroll and benefits	\$ 116,099,968	\$ 104,879,692
Suppliers and contractors	128,851,604	112,639,689
Accrued interest payable	12,132,794	11,711,785
Asset retirement obligations	15,057,440	
Other	43,489,038	39,320,346
Accounts payable and accrued liabilities	<u>\$315,630,844</u>	<u>\$268,551,512</u>

Major component units

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

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

As of June 30, 2019 and 2018, contributions receivable were due as follows:

University System of Maryland Foundation, Inc.

Due	Discount Rates	2019	2018
Within one year	Not applicable	\$ 330,000	\$ 1,549,000
One to five years	6.00% - 6.50%	10,493,000	11,997,000
Subtotal		10,823,000	13,546,000
Less: pledge discount		(978,000)	(1,124,000)
Net contributions receivable		<u>\$ 9,845,000</u>	<u>\$ 12,422,000</u>

University of Maryland, College Park Foundation, Inc.

Due	Discount Rates	2019	2018
Within one year	Not applicable	\$ 114,460,633	\$ 93,779,580
Two to five years	4.09% - 4.40%	81,860,242	101,133,878
More than five years	5.00% - 5.50%	7,996,348	9,667,711
Subtotal		204,317,223	204,581,169
Less: allowance for doubtful accounts		(8,245,672)	(32,966,370)
Less: pledge discount		(7,041,585)	(8,515,864)
Net contributions receivable		<u>\$ 189,029,966</u>	<u>\$ 163,098,935</u>

University of Maryland, Baltimore Foundation, Inc.

Due	Discount Rates	2019	2018
Within one year	Not applicable	\$ 21,047,209	\$ 21,552,008
One to five years	1.71% - 2.76%	22,850,375	29,943,441
More than five years	1.71% - 2.76%	148,666	123,362
Subtotal		44,046,250	51,618,811
Less: allowance for doubtful accounts		(1,351,434)	(417,964)
Less: pledge discount		(1,875,074)	(2,728,901)
Net contributions receivable		<u>\$ 40,819,742</u>	<u>\$ 48,471,946</u>

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

6. CHANGES IN NET CAPITAL ASSETS

Changes in net capital assets for the years ended June 30, 2019 and 2018:

	June 30, 2017	Additions	Decreases	June 30, 2018	Additions	Decreases	June 30, 2019
Capital assets being depreciated:							
Infrastructure & land improvements	\$ 457,723,518	\$ 12,423,820		\$ 470,147,338	\$ 6,355,810		\$ 476,503,148
Buildings & improvements	7,700,142,390	609,229,133	\$ 21,686,770	8,287,684,753	269,857,977	\$ 4,075,937	8,553,466,793
Contents	1,469,925,181	99,765,226	64,500,969	1,505,189,438	81,251,951	41,167,278	1,545,274,111
Buildings recorded under capital lease agreements	14,629,140			14,629,140			14,629,140
Total capital assets being depreciated	9,642,420,229	721,418,179	86,187,739	10,277,650,669	357,465,738	45,243,215	10,589,873,192
Less accumulated depreciation for:							
Infrastructure & land improvements	243,005,125	18,511,341		261,516,466	18,621,239		280,137,705
Buildings & improvements	2,892,879,640	220,370,944	12,449,929	3,100,800,655	236,326,210	4,731,602	3,332,395,263
Contents	1,107,781,663	88,978,914	59,904,663	1,136,855,914	91,878,809	37,981,869	1,190,752,854
Buildings recorded under capital lease agreements	8,969,145	1,187,179		10,156,324	1,187,179		11,343,503
Total accumulated depreciation	4,252,635,573	329,048,378	72,354,592	4,509,329,359	348,013,437	42,713,471	4,814,629,325
Total capital assets being depreciated, net	5,389,784,656	392,369,801	13,833,147	5,768,321,310	9,452,301	2,529,744	5,775,243,867
Capital assets not being depreciated:							
Land	167,513,020	1,515,758		169,028,778	7,692,424		176,721,202
Contents	31,639,117	439,625		32,078,742	173,525	31,500	32,220,767
Construction in progress	681,532,265	357,434,544	543,131,772	495,835,037	336,346,758	182,965,479	649,216,316
Total capital assets not being depreciated	880,684,402	359,389,927	543,131,772	696,942,557	344,212,707	182,996,979	858,158,285
Capital assets, net	\$ 6,270,469,058	\$ 751,759,728	\$ 556,964,919	\$ 6,465,263,867	\$ 353,665,008	\$ 185,526,723	\$ 6,633,402,152

The System adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, for the year ended June 30, 2019. Accordingly, at the beginning of this period, interest costs associated with projects not yet completed were recognized as an expense as incurred. Interest expense of \$2,470,311 associated with projects not yet completed was capitalized and recorded as construction in progress during the year ended June 30, 2018.

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**7. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

The composition of deferred outflows of resources as of June 30, 2019 and 2018, was summarized as follows:

	<u>2019</u>	<u>2018</u>
Unamortized loss on refundings of debt	\$ 14,196,040	\$ 16,987,930
Deferred outflows related to asset retirement obligations	12,404,568	
Deferred outflows related to the pension liability	<u>537,030,657</u>	<u>469,773,028</u>
Total deferred outflows of resources	<u>\$563,631,265</u>	<u>\$486,760,958</u>

The composition of deferred inflows of resources as of June 30, 2019 and 2018, was summarized as follows:

	<u>2019</u>	<u>2018</u>
Deferred service concession arrangement receipts	\$270,575,431	\$288,931,472
Deferred inflows related to the pension liability	<u>126,115,718</u>	<u>123,312,342</u>
Total deferred inflows of resources	<u>\$396,691,149</u>	<u>\$412,243,814</u>

8. SERVICE CONCESSION ARRANGEMENTS FOR STUDENT HOUSING

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

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

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

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

As of June 30, 2019 and 2018, the following amounts associated with service concession arrangements were reflected on the Balance Sheet:

	<u>2019</u>	<u>2018</u>
Capital assets, net – Buildings & improvements	\$306,296,064	\$320,187,026
Deferred service concession arrangement receipts	270,575,431	288,931,472

9. ASSET RETIREMENT OBLIGATIONS

The System owns and operates facilities and equipment subject to certain legal and regulatory requirements to perform asset retirement activities.

A nonpower training nuclear reactor operated at the University of Maryland College Park is subject to statutory and regulatory requirements promulgated by the U.S. Nuclear Regulatory Commission (the NRC) under Title 10 of the Code of Federal Regulations (the CFR). The reactor was subject to estimated asset retirement obligations of \$13,057,440 as of June 30, 2019. The reactor had a remaining useful life of 20 years as of June 30, 2019.

The University of Maryland College Park is periodically required by the CFR to provide various disclosures to the NRC in order to maintain the operating license for the reactor, including, but not limited to, projected operating costs, projected decommissioning costs, and funding assurances. The University of Maryland College Park was in compliance with all such requirements as of June 30, 2019.

The System also owns and operates various equipment assets, including gamma cell irradiators and underground oil tanks, that are subject to statutory or regulatory asset retirement obligations of individually nominal dollar values. All such assets were fully depreciated as of June 30, 2019.

Asset retirement obligations were estimated based upon the historical decommissioning costs of similar assets, stated in current dollars using the Implicit Price Deflator issued by the U.S. Department of Commerce, with current personnel costs, and a contingency factor of 25%.

Total asset retirement obligations of \$15,057,440, as of June 30, 2019, were included in accounts payable and accrued liabilities. The System is financially prepared to fund and satisfy all asset retirement obligations when required.

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018****10. RESTRICTED NET POSITION**

Restricted net position as of June 30, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Nonexpendable		
Scholarships and fellowships	\$ 16,764,483	\$ 16,541,068
Research	5,461,934	5,024,979
Other	16,922,872	16,872,175
Total restricted nonexpendable net position	<u>\$ 39,149,289</u>	<u>\$ 38,438,222</u>
Expendable		
Scholarships and fellowships	\$ 38,527,037	\$ 36,949,109
Research	78,706,352	76,936,727
Loans	49,234,447	50,552,708
Capital projects	6,799,771	2,284,150
Other	28,182,422	27,018,513
Total restricted expendable net position	<u>\$201,450,029</u>	<u>\$193,741,207</u>

Major component units

Net assets with donor restrictions as of June 30, 2019, were as follows:

	<u>University System of Maryland Foundation, Inc.</u>	<u>University of Maryland College Park Foundation, Inc.</u>	<u>University of Maryland Baltimore Foundation, Inc.</u>
Scholarships & fellowships	\$ 155,142,000	\$ 162,444,755	\$ 61,840,423
Research	21,810,000	18,384,835	13,427,285
Other	133,738,000	528,707,744	225,356,342
Total net assets with donor restrictions	<u>\$ 310,690,000</u>	<u>\$ 709,537,334</u>	<u>\$ 300,624,050</u>

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

Net assets with donor restrictions as of June 30, 2018, were as follows:

	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.
Scholarships & fellowships	\$ 148,026,000	\$ 154,356,000	\$ 66,266,019
Research	20,780,000	17,378,000	11,564,809
Other	131,944,000	464,307,439	213,139,179
Total net assets with donor restrictions	<u>\$ 300,750,000</u>	<u>\$ 636,041,439</u>	<u>\$ 290,970,007</u>

11. REVENUE BONDS AND NOTES PAYABLE

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

As of June 30, 2019 and 2018, revenue bonds and notes payable consisted of the following:

	<u>2019</u>	<u>2018</u>
Revenue Bonds, net	\$1,279,680,417	\$1,256,571,784
Other	19,335,667	23,639,310
Revenue bonds and notes payable, net	<u>\$1,299,016,084</u>	<u>\$1,280,211,094</u>

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**Auxiliary Facility and Tuition Revenue Bonds**

As of June 30, 2019, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following:

	Interest Rates	Maturity Dates	Principal Outstanding
2009 Series A	4.00%	2020	\$ 5,025,000
2009 Refunding Series C	4.00%	2020	6,360,000
2009 Refunding Series D	4.00%	2020-2022	12,505,000
2010 Series B	4.5% - 5.40%	2020-2030	75,640,000
2010 Series C	2.50% - 4.00%	2020-2023	24,845,000
2010 Series E	4% - 5.85%	2020-2030	75,120,000
2011 Series A	3.00% - 5.00%	2020-2031	33,195,000
2011 Refunding Series B	3.00% - 5.00%	2020-2024	22,455,000
2012 Refunding Series A & B	2.00% - 3.25%	2020-2024	20,400,000
2012 Series C & D	2.00% - 5.00%	2020-2032	133,230,000
2014 Series A	3.00% - 5.00%	2020-2034	115,860,000
2015 Series A	3.00% - 5.00%	2020-2028	56,830,000
2016 Series A	3.00% - 5.00%	2020-2036	126,960,000
2016 Refunding Series B	2.35% - 5.00%	2020-2030	61,710,000
2017 Series A	4.00% - 5.00%	2020-2037	108,315,000
2017 Refunding Series B	5.00%	2020-2023	29,655,000
2018 Series A	3.00% - 5.00%	2020-2038	111,815,000
2019 Series A	3.00% - 5.00%	2020-2039	115,000,000
2019 Refunding Series B	5.00%	2020-2029	38,080,000
Subtotal			1,173,000,000
Unamortized discounts and premiums			106,680,417
Revenue Bonds, net			<u>\$1,279,680,417</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 future annual debt service on Revenue Bonds.

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

Revenue Bonds issued during the years ended June 30, 2019 and 2018, including the results of any advance refunding of previously-issued debt, were as follows:

Debt issuance	Date of issue	Par value of debt issued	Premium on issuance	Par value of debt refunded	Reduction in future debt service	Deferred gain on refunding	Economic gain
2018 Series A	2/21/2018	\$ 115,000,000	\$ 8,807,262				
2019 Series A	2/20/2019	115,000,000	11,238,799				
2019 Refunding Series B	2/20/2019	38,080,000	7,487,584	\$ 44,290,000	\$ 12,277,467	\$ 151,488	\$ 10,630,322

The System has issued series of Revenue Bonds that qualify for participation in the Build America Bonds program, a provision of the American Recovery and Reinvestment Act of 2009. The provisions of the Build America Bonds provide that the Federal government will reimburse issuers of Build America Bonds an amount equal to 35% of the interest payments made to bondholders. On March 1, 2013, the Budget Control Act of 2011 went into effect. The Federal government has reduced the amount of interest reimbursement by 6.2% and 6.6% in Federal fiscal year 2019 and 2018, respectively. The 2010 Series B, and 2010 Series E bonds have been issued to comply with the requirements of the Build America Bonds program, the System has been receiving the interest payment reimbursements from the Federal government, and the System expects that these bonds will continue to qualify under the program in the future. The interest amounts reflected in the future principal and interest payments schedule on the following page reflect the System's obligations to bondholders, and have not been reduced for any expectation of interest reimbursement from the Federal government under the Build America Bonds program.

As of June 30, 2019, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$47,510,000.

As of June 30, 2019 and 2018, cash and cash equivalents and investments restricted by the terms of the Indenture of Trust totaled \$157,085,964 and \$95,709,137, respectively.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**Other**

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

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

Future principal and interest payments as of June 30, 2019, are as follows:

Year ending June 30,	Auxiliary Facility and Tuition Revenue Bonds		Notes Payable and Other Long-term Debt		Total Payments
	Principal	Interest	Principal	Interest	
2020	\$ 96,495,000	\$ 50,745,996	\$ 4,397,731	\$ 268,288	\$ 151,907,015
2021	94,990,000	45,776,584	4,305,675	214,186	145,286,445
2022	86,575,000	41,388,679	4,214,870	158,835	132,337,384
2023	87,960,000	37,310,352	3,075,779	102,211	128,448,342
2024	84,990,000	33,272,279	2,877,203	44,278	121,183,760
2025 - 2029	375,530,000	114,181,954	464,409		490,176,363
2030 - 2034	240,165,000	42,813,922			282,978,922
2035 - 2039	106,295,000	8,634,107			114,929,107
Total	<u>\$1,173,000,000</u>	<u>\$ 374,123,873</u>	<u>\$ 19,335,667</u>	<u>\$ 787,798</u>	<u>\$1,567,247,338</u>

12. LEASES**Obligations under capital lease agreements**

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

Future minimum payments on obligations under capital lease agreements as of June 30, 2019, are as follows:

Years ending June 30,	Total
2020	\$ 1,814,639
2021	1,597,726
2022	1,381,986
Total future lease payments	4,794,351
Less: Interest component	(296,992)
Obligations under capital lease agreements	<u>\$ 4,497,359</u>

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018****Operating leases**

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

Future minimum payments on operating leases as of June 30, 2019, are as follows:

<u>Years ending June 30,</u>	<u>Minimum Annual Lease Payments</u>
2020	\$ 15,700,129
2021	10,670,351
2022	7,841,529
2023	5,878,694
2024	4,765,042
2025 - 2029	<u>5,416,242</u>
Total	<u>\$ 50,271,987</u>

Operating lease expenditures for the years ended June 30, 2019 and 2018, were \$17,091,382 and \$18,002,285, respectively.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**13. AUXILIARY ENTERPRISES**

Auxiliary enterprises revenues for the years ended June 30, 2019 and 2018, were as follows:

	2019		2018	
Residential facilities	\$204,234,018		\$197,159,431	
Less: scholarship allowances	<u>(11,275,093)</u>	\$192,958,925	<u>(11,583,970)</u>	\$185,575,461
Dining facilities	137,630,194		131,941,768	
Less: scholarship allowances	<u>(6,327,041)</u>	131,303,153	<u>(5,830,948)</u>	126,110,820
Intercollegiate athletics	140,759,174		137,466,663	
Less: scholarship allowances	<u>(6,350,369)</u>	134,408,805	<u>(6,237,079)</u>	131,229,584
Bookstore	15,689,421		16,695,599	
Less: scholarship allowances	<u>(1,475,404)</u>	14,214,017	<u>(1,587,569)</u>	15,108,030
Parking facilities	44,278,604		43,666,133	
Less: scholarship allowances	<u>(141,414)</u>	44,137,190	<u>(139,226)</u>	43,526,907
Other	155,766,798		150,706,520	
Less: scholarship allowances	<u>(35,507)</u>	155,731,291	<u>(29,142)</u>	150,677,378
Total auxiliary enterprises revenues		<u>\$672,753,381</u>		<u>\$652,228,180</u>

Auxiliary enterprises expenses for the years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Residential facilities	\$180,250,467	\$170,631,162
Dining facilities	123,133,350	119,195,039
Intercollegiate athletics	145,198,019	125,176,052
Bookstore	16,393,630	17,948,666
Parking facilities	35,699,965	32,884,807
Other	<u>141,062,754</u>	<u>127,136,782</u>
Total auxiliary enterprises expenses	<u>\$641,738,185</u>	<u>\$592,972,508</u>

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

14. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the years ended June 30, 2019 and 2018, were as follows:

	June 30, 2017	Additions	Decreases	June 30, 2018	Additions	Decreases	June 30, 2019	Due Within One Year
Accrued vacation costs	\$ 213,243,217	\$ 112,062,666	\$ 109,765,524	\$ 215,540,359	\$ 132,322,401	\$ 120,354,002	\$ 227,508,758	\$ 111,785,925
Accrued workers' compensation	29,604,000	4,437,679	4,669,679	29,372,000	4,369,179	5,008,179	28,733,000	4,309,950
Revenue bonds and notes payable, net	1,290,324,395	129,433,987	139,547,288	1,280,211,094	172,711,919	153,906,929	1,299,016,084	100,892,731
Obligations under capital lease agreements	7,496,422		1,450,295	6,046,127		1,548,768	4,497,359	1,652,537
Net pension liability	1,216,808,542		86,749,585	1,130,058,957	179,939,388		1,309,998,345	
Total long-term liabilities	<u>\$2,757,476,576</u>	<u>\$ 245,934,332</u>	<u>\$ 342,182,371</u>	<u>\$2,661,228,537</u>	<u>\$ 489,342,887</u>	<u>\$ 280,817,878</u>	<u>\$2,869,753,546</u>	<u>\$ 218,641,143</u>

15. OPERATING EXPENSES BY OBJECT

The System reports operating expenses in the Statement of Revenues, Expenses and Changes in Net Assets by program category. Operating expenses, grouped by object classification for the years ended June 30, 2019 and 2018, were as follows:

	2019				2018			
	Employee	Payments to Suppliers, Contractors and Others	Depreciation	Total	Employee	Payments to Suppliers, Contractors and Others	Depreciation	Total
Instruction	\$1,177,516,078	\$ 132,660,927	\$ 64,757,003	\$1,374,934,008	\$1,141,239,383	\$ 138,225,499	\$ 62,524,590	\$1,341,989,472
Research	680,034,854	428,774,636	30,685,316	1,139,494,806	629,097,578	389,682,972	29,548,389	1,048,328,939
Public service	101,308,821	58,107,610	5,230,380	164,646,811	99,520,647	57,936,501	5,017,718	162,474,866
Academic support	335,175,591	116,272,747	33,829,835	485,278,173	333,627,443	101,237,275	32,729,840	467,594,558
Student services	167,347,949	117,886,769	7,937,334	293,172,052	159,085,493	102,284,950	7,310,046	268,680,489
Institutional support	400,735,206	143,415,532	17,500,222	561,650,960	407,174,548	104,663,796	19,468,450	531,306,794
Operation and maintenance of plant	159,847,908	164,010,272	73,371,210	397,229,390	152,398,604	155,974,012	65,342,130	373,714,746
Scholarships and fellowships	7,607,691	112,999,989		120,607,680	7,816,636	112,851,568		120,668,204
Auxiliary enterprises:								
Residential facilities	54,419,968	65,817,220	60,013,279	180,250,467	51,825,214	62,601,217	56,204,731	170,631,162
Dining facilities	40,480,051	75,503,277	7,150,022	123,133,350	39,792,646	72,508,464	6,893,929	119,195,039
Intercollegiate athletics	75,783,288	59,374,839	10,039,892	145,198,019	63,288,466	52,443,811	9,443,775	125,176,052
Bookstore	4,244,614	12,112,694	36,322	16,393,630	4,250,230	13,650,897	47,539	17,948,666
Parking facilities	18,513,932	10,676,730	6,509,303	35,699,965	17,121,654	9,667,431	6,095,722	32,884,807
Other auxiliary enterprises	60,188,957	49,926,905	30,946,892	141,062,754	56,985,916	41,735,851	28,415,015	127,136,782
Hospital	223,046,567	1,540,517	6,427	224,593,511	211,208,654		6,504	211,215,158
Total	<u>\$3,506,251,475</u>	<u>\$1,549,080,664</u>	<u>\$ 348,013,437</u>	<u>\$5,403,345,576</u>	<u>\$3,374,433,112</u>	<u>\$1,415,464,244</u>	<u>\$ 329,048,378</u>	<u>\$5,118,945,734</u>

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UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018****16. RETIREMENT AND PENSION PLANS****General Information about the Pension Plan****Plan description**

Some employees of the System are members of the Maryland State Retirement and Pension System (MSRPS). These employees are members of either the Teachers Pension System (TPS) or the Employees Retirement System of the State of Maryland (ERS). The TPS and ERS are part of the MSRPS which is considered a multiple employer cost-sharing plan. Some employees of the System may choose as an alternative to participate in the Optional Retirement Program (ORP), which is a defined contribution plan. The State Personnel and Pensions Article of the Annotated Code of Maryland (the Article) grants the authority to establish and amend the benefit terms of TPS and ERS to the MSRPS Board of Trustees. MSRPS issues a publicly available financial report that can be obtained at:

www.sra.state.md.us/agency/downloads/cafr/

Benefits provided

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

Disability and Death Benefits

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

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**Contributions**

The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Members of the ERS are required to contribute 6% of their annual pay. Members of the TPS are required to contribute 7% of their annual pay. The State of Maryland is responsible for the net pension liability of TPS. The System's required contribution is for the normal cost and does not include any contribution for past service cost. As such, the State of Maryland is responsible for 100% of the net pension liability related to TPS and qualifies as a special funding situation.

The System's contractually required contribution for the years ended June 30, 2019 and 2018, was \$127,554,617 and \$124,482,282, respectively, actuarially determined as an amount that, when combined with the State of Maryland and employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (State only).

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

As of June 30, 2019 and 2018, the System reported a liability of \$1,309,998,345 and \$1,130,058,957, respectively, as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the net pension liability was a ratio of the System's long-term share of contributions to the pension plan relative to the contributions of all participating government units, actuarially determined. As of June 30, 2019 and 2018, the System's proportion for the net pension liability was 6.66% and 5.54%, respectively.

For the years ended June 30, 2019 and 2018, the System recognized pension expense of \$243,039,951 and \$206,248,434, respectively. As of June 30, 2019 and 2018, the System reported deferred outflows of resources and deferred inflows of resources related to the net pension liability of the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 30,204,737		\$ 35,759,781	
Net difference between projected and actual earnings on pension plan investments	81,629,336	\$ 40,291,588	133,083,970	\$ 55,780,481
Contributions made subsequent to the measurement date	127,554,617		124,482,282	
Change in proportionate share	297,641,967		176,446,995	
Net difference between actual and expected experience		85,824,130		67,531,861
Total	<u>\$537,030,657</u>	<u>\$126,115,718</u>	<u>\$469,773,028</u>	<u>\$123,312,342</u>

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

The System reported \$127,554,617 as deferred outflows of resources related to the pension resulting from the System's contributions subsequent to the measurement date that will be recognized as a reduction of the pension liability in the year ended June 30, 2020.

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

<u>Years ending June 30,</u>	<u>Deferred outflows</u>	<u>Deferred inflows</u>
2020	\$158,584,321	\$ 35,934,304
2021	133,133,733	35,406,003
2022	70,953,610	31,486,381
2023	45,588,750	18,002,576
2024	1,215,626	5,286,454
Total	<u>\$409,476,040</u>	<u>\$126,115,718</u>

Information included in the MSRPS financial statements

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

<https://sra.maryland.gov/annual-financial-reports>

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

The System's proportionate share of the net pension liability calculated using the discount rate of 7.45 percent is \$1,309,998,345. The System's proportionate share of the net pension liability, if it were calculated using a discount rate that is 1-percentage-point lower (6.45 percent) is \$1,886,847,153, or 1-percentage-point higher (8.45 percent) is \$831,255,312.

Optional Retirement Program

Another option for employees if they choose not to participate in the MSRPS is the optional retirement programs (ORP), which are defined contribution money purchase plans funded currently each year and invested in specific funds offered by one of two vendors. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings.

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

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

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

Payroll for employees covered in the ORP for the years ended June 30, 2019 and 2018, was \$1,303,322,870 and \$1,272,943,603, respectively.

The amount contributed by the System for employees participating in the ORP for the years ended June 30, 2019 and 2018 was \$94,490,908 and \$92,288,411, respectively.

Major Component Units

The USMF maintains a defined contribution plan for certain personnel provided by TIAA-CREF. The USMF contributes 7.25% of the employees' compensation to the plan. In addition, eligible employees are entitled to make voluntary contributions to the plan. Total pension expense for the years ended June 30, 2019 and 2018, was approximately \$211,000 and \$193,000, respectively.

17. OTHER POSTEMPLOYMENT BENEFITS

Members of the State Retirement and Pension System of Maryland and their dependents are provided postemployment health care benefits through the State Employee and Retiree Health and Welfare Benefits Program (the Plan). The Plan is a cost sharing defined benefit healthcare plan established by the State Personnel and Pensions Article, Section 2-501 through 2-516 of the Annotated Code of Maryland. The Plan is self-insured to provide medical, hospitalization, prescription drug and dental insurance benefits to eligible state employees, retirees, and their dependents.

State Employee and Retiree Health and Welfare Benefits Program of Maryland

Plan Description

Effective July 1, 2004, the State established the Postretirement Health Benefits Trust Fund (OPEB Trust) to receive appropriated funds and contributions to assist the Plan in financing the State's postretirement health insurance subsidy. The OPEB Trust is established in accordance with Section 34-101 of the State Personnel and Pensions Article of the Annotated Code of Maryland and is administered by the Board of Trustees for the Maryland State Retirement and Pension System. The Plan is included in the State's CAFR, which can be obtained from the Comptroller of Maryland's website at:

www.marylandtaxes.com

System employees are members of the Plan. Eligibility for the Plan is determined by various factors, including date of hire. Generally, employees hired before July 1, 2011 may enroll and participate in the Plan if the employee left State service with at least 16 years of creditable service, retired directly from State service with at least 5 years of creditable service, left State service with at least 10 years of creditable service and within 5 years of normal retirement age, or retired directly from State service with a disability retirement. Employees hired on or after July 1, 2011, may enroll and participate in the Plan if the employee left State service with at least 25 years of creditable service, retired directly from State service with at least 10 years of creditable service, left State service with at least 10 years of creditable service and within 5 years of normal retirement age, or retired directly from State service with a disability retirement.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

Funding Policy

Funds deposited into the OPEB Trust may consist of any funds appropriated to the OPEB Trust, whether directly or through the budgets of any State agency. The State is required by law to include money in the State budget to pay the State's share of the costs of the Plan.

The State subsidizes a portion of the covered medical, dental, prescription, and hospitalization costs, depending on the type of insurance plan. Costs for postretirement benefits for State retirees are primarily funded by the State. The State does not distinguish employees by employer/State agency. The State has elected to maintain the entire net OPEB liability as a liability of the general fund of the State and has not allocated any balances to State entities including the System.

A separate actuarial valuation is not performed by the System. The System's only obligation to the Plan is its required annual contribution, which it has fully funded during the years ended June 30, 2019, 2018, and 2017. The amount contributed for the years ended June 30, 2019, 2018, and 2017 was \$87,680,958, \$74,945,815, and \$96,216,009 respectively.

18. CONSTRUCTION COMMITMENTS

The estimated costs to complete construction in progress as of June 30, 2019 is \$371,741,000 of which \$125,350,000 is to be funded from Revenue Bond proceeds, \$183,757,000 is to be derived from State capital appropriations and grants, and \$62,634,000 to be provided from System funds.

19. CONTINGENT LIABILITIES

The System has entered into future purchase commitments for natural gas and electricity, as a means of hedging its risk against fluctuations in price of an important fuel commodity and electricity supplies. As of June 30, 2019, the System had entered into open contracts for the purchase of \$4,940,655 of natural gas to be delivered through June 2020. Future purchase commitments for electricity to be supplied through June 2020 totaled \$15,348,341 as of June 30, 2019. The System and its institutions generally take delivery of the natural gas and electricity purchased through future purchase contracts.

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

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018****20. RISK MANAGEMENT**

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

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

The System records a liability when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities recorded include a provision for claims incurred but not reported. Because actual claims liabilities depend on such complex factors such as inflation, changes in legal doctrines, and damage awards, actual claims could differ from estimates. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a 4% discount rate. The provision for workers' compensation is based upon a separately determined actuarial valuation for the fiscal years ended June 30, 2019 and 2018. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2019 and 2018. As of June 30, 2019 and 2018, the System has recorded \$28,733,000 and \$29,372,000, in liabilities associated with workers' compensation, respectively.

21. SUBSEQUENT EVENTS

On September 18, 2019 the System issued 2019 Refunding Series C bonds in an advance refunding of the outstanding principal of the 2010 Series B and Series E bonds. Interest is payable semiannually on April 1 and October 1. Interest rates range from 3.00% to 5.00% with principal maturity dates from 2022 to 2030. Issuance information and the results of refunding are as follows:

Debt issuance	Date of issue	Par value of debt issued	Premium on issuance	Par value of debt refunded	Reduction in future debt service	Deferred loss on refunding	Economic gain
2019 Refunding Series C	09/18/2019	\$ 107,965,000	\$ 22,021,246	\$ 127,000,000	\$ 14,852,333	\$ 189,389	\$ 13,416,590

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REQUIRED SUPPLEMENTARY INFORMATION

UNIVERSITY SYSTEM OF MARYLAND

REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2019 AND 2018

SCHEDULE OF PROPORTIONATE SHARE OF PENSION LIABILITY

	2019	2018	2017	2016	2015
The System's proportion of the net pension liability	6.660%	5.540%	5.580%	5.120%	4.049%
The System's proportionate share of the net pension liability	\$1,309,998,345	\$1,130,058,957	\$1,216,808,542	\$ 966,400,173	\$ 718,516,394
The System's covered-employee payroll	663,610,683	643,954,572	640,734,064	602,991,802	625,011,000
The System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	197%	175%	190%	160%	115%
Plan fiduciary net position as a percentage of the total pension liability	71.18%	69.38%	65.79%	68.78%	71.87%

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

SCHEDULE OF CONTRIBUTIONS TO THE TEACHERS PENSION SYSTEM AND THE EMPLOYEES RETIREMENT SYSTEM

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 127,554,617	\$ 124,482,282	\$ 127,341,536	\$ 108,699,493	\$ 107,709,938
Contributions in relation to the contractually required contribution	(127,554,617)	(124,482,282)	(127,341,536)	(108,699,493)	(107,709,938)
Contribution deficiency (excess)	None	None	None	None	None
System's covered-employee payroll	\$ 663,610,683	\$ 643,954,572	\$ 640,734,064	\$ 602,991,802	\$ 625,011,000
Contributions as a percentage of covered-employee payroll	19.22%	19.33%	19.87%	18.03%	17.23%

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

SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	2019	2018	2017
Statutorily required contribution	\$ 87,680,958	\$ 74,945,815	\$ 96,216,009
Contributions in relation to the statutorily required contribution	(87,680,958)	(74,945,815)	(96,216,009)
Contribution deficiency (excess)	None	None	None
System's covered-employee payroll	\$1,936,933,552	\$1,916,898,172	\$1,884,518,905
Contributions as a percentage of covered-employee payroll	4.53%	3.91%	5.11%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2017 is not available.

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SUPPLEMENTARY DATA

UNIVERSITY OF MARYLAND, BALTIMORE
BALANCE SHEETS
JUNE 30, 2019 AND 2018

	<u>2019</u>		<u>2018</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 409,427,514	\$ 5,279,620	\$ 358,299,641	\$ 4,825,633
Accounts receivable, net	93,982,025	19,554,257	98,749,648	21,027,895
Notes receivable, current portion, net	1,359,707		1,584,754	
Inventories	260,540		226,169	
Prepaid expenses and other	339,240	222,208	307,799	213,235
Inter-institutional balances	(7,017,166)		(7,836,025)	
Total current assets	<u>498,351,860</u>	<u>25,056,085</u>	<u>451,331,986</u>	<u>26,066,763</u>
Noncurrent assets				
Accounts receivable, net		21,363,544		27,852,827
Endowment investments	115,633,652	243,525,619	112,427,193	222,025,753
Other investments	1,860,343	190,692,282	769,351	183,996,825
Notes receivable, net	12,092,369		14,332,681	
Other assets		4,738,686		4,479,899
Capital assets, net	868,471,280		878,320,095	
Total noncurrent assets	<u>998,057,644</u>	<u>460,320,131</u>	<u>1,005,849,320</u>	<u>438,355,304</u>
Total assets	<u>1,496,409,504</u>	<u>485,376,216</u>	<u>1,457,181,306</u>	<u>464,422,067</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>116,845,489</u>		<u>102,386,353</u>	
Total assets and deferred outflows of resources	<u>\$1,613,254,993</u>	<u>\$ 485,376,216</u>	<u>\$1,559,567,659</u>	<u>\$ 464,422,067</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 60,291,198	\$ 1,267,902	\$ 55,689,233	\$ 1,251,660
Accrued workers' compensation, current portion	1,104,300		1,140,750	
Accrued vacation costs, current portion	44,461,174		42,412,589	
Revenue bonds and notes payable, current portion	9,703,282		10,514,237	
Unearned revenues	69,057,689		60,970,761	
Total current liabilities	<u>184,617,643</u>	<u>1,267,902</u>	<u>170,727,570</u>	<u>1,251,660</u>
Noncurrent liabilities				
Accrued workers' compensation	6,257,700		6,464,250	
Accrued vacation costs	47,473,645		44,266,130	
Endowments invested on behalf of primary government		115,633,652		112,427,193
Other payables		1,696,555		1,791,227
Revenue bonds and notes payable	73,332,399		82,236,508	
Net pension liability	281,940,512		243,159,150	
Total noncurrent liabilities	<u>409,004,256</u>	<u>117,330,207</u>	<u>376,126,038</u>	<u>114,218,420</u>
Total liabilities	<u>593,621,899</u>	<u>118,598,109</u>	<u>546,853,608</u>	<u>115,470,080</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>52,117,732</u>		<u>53,265,502</u>	
NET POSITION				
Unrestricted	115,578,821	50,204,053	110,303,047	40,557,503
Net investment in capital assets	762,994,155		761,834,755	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	9,376,926		9,363,061	
Research	1,881,391		1,456,391	
Other	10,297,251		10,297,051	
Expendable:				
Scholarships and fellowships	25,304,106		24,431,166	
Research	7,792,426		7,256,668	
Loans	17,991,739		19,142,028	
Other	16,298,547		15,364,382	
Net assets with donor restrictions		316,574,054		308,394,484
Total net position	<u>967,515,362</u>	<u>366,778,107</u>	<u>959,448,549</u>	<u>348,951,987</u>
Total liabilities, deferred inflows of resources and net position	<u>\$1,613,254,993</u>	<u>\$ 485,376,216</u>	<u>\$1,559,567,659</u>	<u>\$ 464,422,067</u>

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	2019		2018	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 153,609,826		\$ 145,995,747	
Less: scholarship allowances	<u>(29,530,962)</u>	\$ 124,078,864	<u>(27,675,652)</u>	\$ 118,320,095
Federal grants and contracts		323,545,421		284,280,740
State and local grants and contracts		89,066,137		83,056,290
Nongovernmental grants and contracts		115,538,421		99,488,559
Sales and services of educational departments		287,182,174		279,066,777
Auxiliary enterprises:				
Residential facilities		2,521,863		2,463,085
Parking facilities		13,770,217		14,135,044
Other auxiliary enterprises revenues		<u>15,992,680</u>		<u>14,784,044</u>
Total operating revenues		<u>971,695,777</u>		<u>895,594,634</u>
OPERATING EXPENSES				
Instruction		208,577,861		201,659,891
Research		501,033,253		446,436,167
Public service		6,005,212		5,787,757
Academic support		69,763,799		66,273,661
Student services		5,598,074		7,300,581
Institutional support		88,773,148		83,557,779
Operation and maintenance of plant		106,376,035		95,506,373
Scholarships and fellowships		2,181,862		1,521,238
Auxiliary enterprises:				
Residential facilities		1,943,184		1,906,668
Parking facilities		10,214,773		9,557,514
Other auxiliary enterprises expenses		15,718,897		13,095,216
Hospital		<u>224,593,511</u>		<u>211,215,158</u>
Total operating expenses		<u>1,240,779,609</u>		<u>1,143,818,003</u>
Operating loss		<u>(269,083,832)</u>		<u>(248,223,369)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations		236,403,430		230,213,735
Pell grants		1,206,354		1,121,037
Gifts		19,019,013	\$ 29,153,618	33,741,020
Investment income	16,341,176		16,275,359	18,908,137
Less: investment expense	<u>(472,509)</u>	15,868,667	<u>(400,984)</u>	18,507,153
Interest on indebtedness		(2,618,460)		(2,978,289)
Other revenues, (expenses), gains and (losses)		650,275		2,691,203
Other affiliated foundation revenues			1,554,569	1,404,447
Other affiliated foundation expenses			(29,157,426)	(28,800,318)
Transfers (to) other University System of Maryland institutions		<u>(5,098,792)</u>		<u>(3,446,930)</u>
Total nonoperating revenues		<u>265,430,487</u>	<u>17,826,120</u>	<u>279,848,929</u>
Income (loss) before other revenues		<u>(3,653,345)</u>	<u>17,826,120</u>	<u>31,625,560</u>
OTHER REVENUES				
Capital appropriations		11,281,090		34,322,220
Additions to permanent endowments		<u>439,068</u>		<u>763,488</u>
Total other revenues		<u>11,720,158</u>		<u>35,085,708</u>
Increase in net position		8,066,813	17,826,120	66,711,268
Net position - beginning of year		<u>959,448,549</u>	<u>348,951,987</u>	<u>892,737,281</u>
Net position - end of year		<u>\$ 967,515,362</u>	<u>\$ 366,778,107</u>	<u>\$ 959,448,549</u>

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 125,762,768	\$ 118,858,851
Research contracts and grants	543,732,798	459,599,122
Payments to employees	(817,506,173)	(778,307,238)
Payments to suppliers and contractors	(326,520,231)	(295,241,732)
Loans issued to students	(929,000)	(1,351,665)
Collection of loans to students	2,943,546	3,505,089
Auxiliary enterprises:		
Residential facilities	769,897	711,119
Parking facilities	13,770,217	14,135,044
Other	16,043,968	14,835,962
Other receipts	<u>304,125,721</u>	<u>312,355,582</u>
Net cash provided (used) by operating activities	<u>(137,806,489)</u>	<u>(150,899,866)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	236,403,430	230,213,735
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	439,068	763,488
Pell grants	<u>1,206,354</u>	<u>1,121,037</u>
Net cash provided by noncapital financing activities	<u>238,048,852</u>	<u>232,098,260</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	3,645,542	961,433
Capital appropriations	11,281,090	34,322,220
Proceeds from sales of capital assets	11,610	81,732
Purchases of capital assets	(54,099,515)	(87,639,288)
Principal paid on debt and capital leases	(13,219,733)	(17,050,375)
Interest paid on debt and capital leases	(3,445,326)	(3,741,272)
Transfers (to) from other University System of Maryland institutions	<u>(4,859,375)</u>	<u>6,568,821</u>
Net cash provided (used) by capital and related financing activities	<u>(60,685,707)</u>	<u>(66,496,729)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	4,825,065	4,714,663
Interest on investments	8,749,720	10,370,245
Investment expense	(472,509)	(400,984)
Purchases of investments	<u>(1,531,059)</u>	<u>(15,098,028)</u>
Net cash provided (used) by investing activities	<u>11,571,217</u>	<u>(414,104)</u>
Net increase in cash and cash equivalents	51,127,873	14,287,561
Cash and cash equivalents - beginning of year	<u>358,299,641</u>	<u>344,012,080</u>
Cash and cash equivalents - end of year	<u>\$ 409,427,514</u>	<u>\$ 358,299,641</u>

UNIVERSITY OF MARYLAND, COLLEGE PARK
BALANCE SHEETS
JUNE 30, 2019 AND 2018

	2019		2018	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 735,715,565	\$ 50,918,160	\$ 663,340,234	\$ 40,418,456
Accounts receivable, net	106,445,948	110,998,810	105,290,278	79,355,478
Notes receivable, current portion, net	1,292,936		1,638,616	
Inventories	2,884,540		2,851,817	
Prepaid expenses and other	2,284,257	285,737	2,396,105	104,157
Inter-institutional balances	(13,129,645)		(8,030,505)	
Total current assets	835,493,601	162,202,707	767,486,545	119,878,091
Noncurrent assets				
Restricted cash and cash equivalents	1,530,671		2,475,877	
Accounts receivable, net		79,626,301		85,160,401
Endowment investments	174,081,864	517,187,554	144,464,781	475,524,742
Other investments	10,933,036	271,608,078	11,868,708	239,850,305
Notes receivable, net	5,408,442		6,847,415	
Other assets		546,910		564,154
Capital assets, net	2,117,110,678	34,055,275	2,062,663,556	33,976,666
Total noncurrent assets	2,309,064,691	903,024,118	2,228,320,337	835,076,268
Total assets	3,144,558,292	1,065,226,825	2,995,806,882	954,954,359
DEFERRED OUTFLOWS OF RESOURCES				
	196,810,562		162,338,343	
Total assets and deferred outflows of resources	\$ 3,341,368,854	\$ 1,065,226,825	\$ 3,158,145,225	\$ 954,954,359
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 110,384,108	\$ 7,935,576	\$ 85,229,431	\$ 2,276,353
Accrued workers' compensation, current portion	1,613,850		1,778,400	
Accrued vacation costs, current portion	24,332,855		23,361,435	
Revenue bonds and notes payable, current portion	30,411,792		31,192,924	
Obligations under capital lease agreements, current portion	471,357		441,139	
Unearned revenues	156,047,651	1,539,987	126,510,313	2,188,673
Total current liabilities	323,261,613	9,475,563	268,513,642	4,465,026
Noncurrent liabilities				
Accrued workers' compensation	9,145,150		10,077,600	
Accrued vacation costs	41,432,670		39,698,944	
Endowments invested on behalf of primary government		174,074,664		144,457,581
Other payables		15,133,365		14,928,297
Revenue bonds and notes payable	278,052,141		284,973,795	
Obligations under capital lease agreements	247,649		719,006	
Net pension liability	436,964,022		375,883,715	
Total noncurrent liabilities	765,841,632	189,208,029	711,353,060	159,385,878
Total liabilities	1,089,103,245	198,683,592	979,866,702	163,850,904
DEFERRED INFLOWS OF RESOURCES				
	164,161,148		170,919,658	
NET POSITION				
Unrestricted	289,871,932	42,731,278	281,083,904	43,296,844
Net investment in capital assets	1,689,842,848		1,620,384,438	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	6,152,733		5,944,093	
Research	3,580,543		3,568,588	
Other	5,164,166		5,113,669	
Expendable:				
Scholarships and fellowships	10,212,380		9,549,419	
Research	66,720,555		65,432,498	
Loans	9,207,272		9,021,913	
Capital projects	51,431		100,028	
Other	7,300,601		7,160,315	
Net assets with donor restrictions		823,811,955		747,806,611
Total net position	2,088,104,461	866,543,233	2,007,358,865	791,103,455
Total liabilities, deferred inflows of resources and net position	\$ 3,341,368,854	\$ 1,065,226,825	\$ 3,158,145,225	\$ 954,954,359

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	2019		2018	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 650,515,959		\$ 629,753,622	
Less: scholarship allowances	(109,394,701)	\$ 541,121,258	(104,156,795)	\$ 525,596,827
Federal grants and contracts		362,654,892		342,337,264
State and local grants and contracts		54,379,262		56,875,863
Nongovernmental grants and contracts		112,386,867		102,662,506
Sales and services of educational departments		33,549,203		33,590,756
Auxiliary enterprises:				
Residential facilities	79,846,142		76,441,038	
Less: scholarship allowances	(3,201,138)	76,645,004	(3,256,210)	73,184,828
Dining facilities	61,611,320		57,930,408	
Less: scholarship allowances	(1,502,743)	60,108,577	(1,579,507)	56,350,901
Intercollegiate athletics		85,419,758		82,858,834
Parking facilities		16,135,380		15,319,183
Other auxiliary enterprises revenues		45,452,599		43,543,801
Other operating revenues		38,852,029		37,276,194
Total operating revenues		1,426,704,829		1,369,596,957
OPERATING EXPENSES				
Instruction		543,424,878		534,832,751
Research		487,037,326		458,269,306
Public service		97,655,842		93,453,374
Academic support		214,617,099		200,963,725
Student services		61,456,624		62,659,484
Institutional support		154,468,681		141,698,550
Operation and maintenance of plant		122,898,232		117,917,566
Scholarships and fellowships		30,824,029		34,452,216
Auxiliary enterprises:				
Residential facilities		90,985,695		88,272,763
Dining facilities		60,348,130		57,796,358
Intercollegiate athletics		89,414,467		75,399,533
Parking facilities		13,907,132		13,155,438
Other auxiliary enterprises expenses		59,920,193		57,650,050
Total operating expenses		2,026,958,328		1,936,521,114
Operating loss		(600,253,499)		(566,924,157)
NONOPERATING REVENUES (EXPENSES)				
State appropriations		532,483,695		503,031,828
Pell grants		27,356,496		27,077,290
Gifts		27,486,152	\$ 126,532,088	28,529,601
Investment income	28,468,339		34,262,925	\$ 175,892,437
Less: investment expense	(592,906)	27,875,433	24,001,544	36,522,870
Interest on indebtedness		(8,854,804)	(509,484)	23,492,060
Other revenues, (expenses), gains and (losses)		(586,812)		(9,682,195)
Other affiliated foundation revenues			6,422,966	(564,789)
Other affiliated foundation expenses			(91,778,201)	6,325,650
Transfers (to) other University System of Maryland institutions		(6,354,539)		(85,637,437)
		(10,087,947)		
Total nonoperating revenues		599,405,621	75,439,778	561,795,848
Income (loss) before other revenues		(847,878)	75,439,778	(5,128,309)
OTHER REVENUES				
Capital appropriations		56,093,413		73,006,775
Capital gifts and grants		25,228,965		32,196,879
Additions to permanent endowments		271,096		49,611
Total other revenues		81,593,474		105,253,265
Increase in net position		80,745,596	75,439,778	100,124,956
Net position - beginning of year		2,007,358,865	791,103,455	1,907,233,909
Net position - end of year		\$ 2,088,104,461	\$ 866,543,233	\$ 2,007,358,865
				\$ 791,103,455

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 541,081,301	\$ 524,895,018
Research contracts and grants	529,949,470	507,306,372
Payments to employees	(1,353,263,949)	(1,273,668,251)
Payments to suppliers and contractors	(494,528,914)	(515,844,681)
Loans issued to students	(300,000)	(699,551)
Collection of loans to students	1,609,653	1,456,411
Auxiliary enterprises:		
Residential facilities	68,934,889	65,474,713
Dining facilities	60,108,577	56,350,901
Intercollegiate athletics	115,000,438	113,240,519
Parking facilities	16,135,380	15,319,183
Other	46,356,312	41,922,567
Other receipts	95,875,859	92,607,790
Net cash provided (used) by operating activities	<u>(373,040,984)</u>	<u>(371,639,009)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	532,483,695	503,031,828
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	271,096	49,611
Pell grants	27,356,496	27,077,290
Net cash provided by noncapital financing activities	<u>560,111,287</u>	<u>530,158,729</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	10,437,228	16,337,049
Capital appropriations	56,093,413	73,006,775
Capital grants and gifts received	25,228,965	32,196,879
Proceeds from sales of capital assets	1,861,038	1,848,662
Purchases of capital assets	(183,732,750)	(180,280,039)
Principal paid on debt and capital leases	(41,505,417)	(38,625,668)
Interest paid on debt and capital leases	(11,407,318)	(12,057,223)
Transfers from other University System of Maryland institutions	24,713,287	9,724,395
Net cash provided (used) by capital and related financing activities	<u>(118,311,554)</u>	<u>(97,849,170)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	6,239,871	5,677,442
Interest on investments	23,126,533	12,177,317
Investment expense	(592,906)	(509,484)
Purchases of investments	(26,102,122)	(21,238,725)
Net cash provided (used) by investing activities	<u>2,671,376</u>	<u>(3,893,450)</u>
Net increase in cash and cash equivalents	71,430,125	56,777,100
Cash and cash equivalents - beginning of year	<u>665,816,111</u>	<u>609,039,011</u>
Cash and cash equivalents - end year	<u>\$ 737,246,236</u>	<u>\$ 665,816,111</u>

**BOWIE STATE UNIVERSITY
BALANCE SHEETS
JUNE 30, 2019 AND 2018**

	<u>2019</u>		<u>2018</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 97,924,445	\$ 1,220,699	\$ 93,043,688	\$ 883,025
Accounts receivable, net	5,004,045	1,281,353	3,169,932	366,439
Notes receivable, current portion, net	66,443		66,364	
Inter-institutional balances	326,741		(823,544)	
Total current assets	<u>103,321,674</u>	<u>2,502,052</u>	<u>95,456,440</u>	<u>1,249,464</u>
Noncurrent assets				
Endowment investments	2,392,429	9,075,401	2,302,847	8,329,087
Other investments		2,392,429		2,302,847
Notes receivable, net	149,975		95,425	
Capital assets, net	277,219,560		283,553,239	352
Total noncurrent assets	<u>279,761,964</u>	<u>11,467,830</u>	<u>285,951,511</u>	<u>10,632,286</u>
Total assets	<u>383,083,638</u>	<u>13,969,882</u>	<u>381,407,951</u>	<u>11,881,750</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>16,589,043</u>		<u>14,575,284</u>	
Total assets and deferred outflows of resources	<u>\$ 399,672,681</u>	<u>\$ 13,969,882</u>	<u>\$ 395,983,235</u>	<u>\$ 11,881,750</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 10,528,557	\$ 786,214	\$ 8,741,614	\$ 35,356
Accrued workers' compensation, current portion	157,350		175,350	
Accrued vacation costs, current portion	1,776,604		1,737,413	
Revenue bonds and notes payable, current portion	2,939,107		2,478,916	
Unearned revenues	3,707,286	156,850	3,797,760	329,029
Total current liabilities	<u>19,108,904</u>	<u>943,064</u>	<u>16,931,053</u>	<u>364,385</u>
Noncurrent liabilities				
Accrued workers' compensation	891,650		993,650	
Accrued vacation costs	1,540,651		1,156,880	
Endowments invested on behalf of primary government		2,392,429		2,302,847
Revenue bonds and notes payable	37,635,151		40,356,284	
Net pension liability	37,089,940		32,022,437	
Total noncurrent liabilities	<u>77,157,392</u>	<u>2,392,429</u>	<u>74,529,251</u>	<u>2,302,847</u>
Total liabilities	<u>96,266,296</u>	<u>3,335,493</u>	<u>91,460,304</u>	<u>2,667,232</u>
DEFERRED INFLOWS OF RESOURCES	<u>24,230,321</u>		<u>25,747,835</u>	
NET POSITION				
Unrestricted	62,436,228	724,036	59,617,907	556,236
Net investment in capital assets	216,387,143		218,941,946	
Restricted:				
Expendable:				
Loans	352,693		215,243	
Net assets with donor restrictions		9,910,353		8,658,282
Total net position	<u>279,176,064</u>	<u>10,634,389</u>	<u>278,775,096</u>	<u>9,214,518</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 399,672,681</u>	<u>\$ 13,969,882</u>	<u>\$ 395,983,235</u>	<u>\$ 11,881,750</u>

BOWIE STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	2019		Component Units	2018		Component Units
	Institution			Institution		
OPERATING REVENUES						
Tuition and fees	\$ 45,548,577			\$ 43,971,886		
Less: scholarship allowances	<u>(16,296,354)</u>	\$ 29,252,223		<u>(16,479,120)</u>	\$ 27,492,766	
Federal grants and contracts		9,160,805			8,231,389	
State and local grants and contracts		283,162			343,242	
Nongovernmental grants and contracts		510,468			360,875	
Sales and services of educational departments		35,446			35,573	
Auxiliary enterprises:						
Residential facilities	6,804,860			6,854,270		
Less: scholarship allowances	<u>(58,361)</u>	6,746,499		<u>(29,417)</u>	6,824,853	
Dining facilities	5,036,387			4,949,491		
Less: scholarship allowances	<u>(631,437)</u>	4,404,950		<u>(627,708)</u>	4,321,783	
Intercollegiate athletics	4,242,688			4,161,409		
Less: scholarship allowances	<u>(486,222)</u>	3,756,466		<u>(468,517)</u>	3,692,892	
Parking facilities		252,844			302,623	
Other auxiliary enterprises revenues		<u>8,967,156</u>			<u>8,615,554</u>	
Total operating revenues		<u>63,370,019</u>			<u>60,221,550</u>	
OPERATING EXPENSES						
Instruction		43,207,361			44,848,143	
Research		974,161			471,825	
Public service		268,785			137,780	
Academic support		15,960,817			14,473,858	
Student services		9,529,638			10,023,434	
Institutional support		19,236,054			17,281,600	
Operation and maintenance of plant		11,493,756			11,631,310	
Scholarships and fellowships		2,153,693			1,448,029	
Auxiliary enterprises:						
Residential facilities		6,436,429			5,790,888	
Dining facilities		4,964,928			4,939,587	
Intercollegiate athletics		4,557,513			3,997,659	
Other auxiliary enterprises expenses		<u>4,694,326</u>			<u>3,894,465</u>	
Total operating expenses		<u>123,477,461</u>			<u>118,938,578</u>	
Operating loss		<u>(60,107,442)</u>			<u>(58,717,028)</u>	
NONOPERATING REVENUES (EXPENSES)						
State appropriations		46,013,664			44,518,089	
Pell grants		12,951,274			13,255,969	
Gifts			\$ 1,991,157		\$ 1,439,288	
Investment income	2,051,701		478,919	1,571,709	593,567	
Less: investment expense	<u>(5,823)</u>	2,045,878		<u>(2,912)</u>	1,568,797	
Interest on indebtedness		(1,149,459)			(1,324,411)	
Other revenues, (expenses), gains and (losses)		660,598			710,199	
Other affiliated foundation revenues			304,707		282,754	
Other affiliated foundation expenses			(1,354,912)		(2,352,347)	
Transfers (to) other University System of Maryland institutions		<u>(1,223,944)</u>			<u>(938,177)</u>	
Total nonoperating revenues (expenses)		<u>59,298,011</u>	<u>1,419,871</u>		<u>57,790,466</u>	<u>(36,738)</u>
Income (loss) before other revenues		<u>(809,431)</u>	<u>1,419,871</u>		<u>(926,562)</u>	<u>(36,738)</u>
OTHER REVENUES						
Capital appropriations		<u>1,210,399</u>			<u>8,353,137</u>	
Total other revenues		<u>1,210,399</u>			<u>8,353,137</u>	
Increase (decrease) in net position		<u>400,968</u>	<u>1,419,871</u>		<u>7,426,575</u>	<u>(36,738)</u>
Net position - beginning of year		<u>278,775,096</u>	<u>9,214,518</u>		<u>271,348,521</u>	<u>9,251,256</u>
Net position - end of year		<u>\$ 279,176,064</u>	<u>\$ 10,634,389</u>		<u>\$ 278,775,096</u>	<u>\$ 9,214,518</u>

**BOWIE STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 26,516,821	\$ 26,762,626
Research contracts and grants	10,211,551	9,253,674
Payments to employees	(70,443,356)	(65,497,577)
Payments to suppliers and contractors	(37,761,056)	(32,978,446)
Collection of loans to students	66,443	66,364
Auxiliary enterprises:		
Residential facilities	5,150,036	5,228,390
Dining facilities	4,404,950	4,321,783
Intercollegiate athletics	3,756,466	3,692,892
Parking facilities	252,844	302,623
Other	8,967,156	8,615,554
Other receipts (payments)	<u>1,271,415</u>	<u>(919,373)</u>
Net cash provided (used) by operating activities	<u>(47,606,730)</u>	<u>(41,151,490)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	46,013,664	44,518,089
Pell grants	<u>12,951,274</u>	<u>13,255,969</u>
Net cash provided by noncapital financing activities	<u>58,964,938</u>	<u>57,774,058</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	3,718,794	208,299
Capital appropriations	1,210,399	8,353,137
Purchases of capital assets	(3,975,954)	(9,914,839)
Principal paid on debt and capital leases	(6,111,882)	(2,398,890)
Interest paid on debt and capital leases	(1,510,321)	(1,577,917)
Transfers (to) from other University System of Maryland institutions	<u>(1,818,810)</u>	<u>550,313</u>
Net cash provided (used) by capital and related financing activities	<u>(8,487,774)</u>	<u>(4,779,897)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments		2,912
Interest on investments	2,016,146	1,488,276
Investment expense	(5,823)	(2,912)
Purchases of investments		<u>(1,265,879)</u>
Net cash provided by investing activities	<u>2,010,323</u>	<u>222,397</u>
Net increase in cash and cash equivalents	4,880,757	12,065,068
Cash and cash equivalents - beginning of year	<u>93,043,688</u>	<u>80,978,620</u>
Cash and cash equivalents - end of year	<u>\$ 97,924,445</u>	<u>\$ 93,043,688</u>

**TOWSON UNIVERSITY
BALANCE SHEETS
JUNE 30, 2019 AND 2018**

	2019		2018	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 281,823,654	\$ 3,985,058	\$ 254,051,084	\$ 3,055,983
Accounts receivable, net	10,756,601	428,888	11,006,154	481,808
Notes receivable, current portion, net	1,620,495		2,051,396	
Inventories	3,350,179		3,217,107	
Prepaid expenses and other	4,481,856	365,626	3,528,332	373,816
Inter-institutional balances	(166,855)		(166,375)	
Total current assets	301,865,930	4,779,572	273,687,698	3,911,607
Noncurrent assets				
Restricted cash and cash equivalents	47,280		47,280	
Accounts receivable, net		3,148,504		2,459,089
Endowment investments	8,668,452	79,132,031	8,483,735	74,963,982
Other investments		8,584,783		8,373,945
Notes receivable, net	7,142,375		8,667,249	
Capital assets, net	921,162,351	2,341	869,317,191	992
Total noncurrent assets	937,020,458	90,867,659	886,515,455	85,798,008
Total assets	1,238,886,388	95,647,231	1,160,203,153	89,709,615
DEFERRED OUTFLOWS OF RESOURCES				
	56,367,415		50,632,999	
Total assets and deferred outflows of resources	\$1,295,253,803	\$ 95,647,231	\$1,210,836,152	\$ 89,709,615
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 33,264,682	\$ 1,612,318	\$ 30,380,147	\$ 780,284
Accrued workers' compensation, current portion	314,100		287,550	
Accrued vacation costs, current portion	8,835,221		7,990,070	
Revenue bonds and notes payable, current portion	22,059,906		19,909,151	
Obligations under capital lease agreements, current portion	1,181,180		1,107,628	
Unearned revenues	10,014,251		10,318,895	
Total current liabilities	75,669,340	1,612,318	69,993,441	780,284
Noncurrent liabilities				
Accrued workers' compensation	1,779,900		1,629,450	
Accrued vacation costs	2,845,009		3,006,523	
Endowments invested on behalf of primary government		8,561,568		8,372,681
Revenue bonds and notes payable	331,814,956		339,846,516	
Obligations under capital lease agreements	2,597,173		3,778,354	
Net pension liability	131,360,521		113,960,559	
Total noncurrent liabilities	470,397,559	8,561,568	462,221,402	8,372,681
Total liabilities	546,066,899	10,173,886	532,214,843	9,152,965
DEFERRED INFLOWS OF RESOURCES				
	50,660,428		52,956,250	
NET POSITION				
Unrestricted	154,259,983	3,692,939	142,295,187	3,622,138
Net investment in capital assets	528,772,086		467,836,191	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	265,025		265,025	
Expendable:				
Scholarships and fellowships	136,144		37,202	
Research	2,053,121		2,221,747	
Loans	10,338,820		10,355,624	
Other	2,701,297		2,654,083	
Net assets with donor restrictions		81,780,406		76,934,512
Total net position	698,526,476	85,473,345	625,665,059	80,556,650
Total liabilities, deferred inflows of resources and net position	\$1,295,253,803	\$ 95,647,231	\$1,210,836,152	\$ 89,709,615

TOWSON UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	2019		2018	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 197,189,997		\$ 190,061,754	
Less: scholarship allowances	(53,291,220)	\$ 143,898,777	(50,650,535)	\$ 139,411,219
Federal grants and contracts		2,968,224		4,591,885
State and local grants and contracts		1,781,354		1,752,651
Nongovernmental grants and contracts		312,006		601,197
Sales and services of educational departments		6,839,707		6,641,039
Auxiliary enterprises:				
Residential facilities	38,127,964		32,918,792	
Less: scholarship allowances	(1,073,388)	37,054,576	(922,678)	31,996,114
Dining facilities	25,046,338		23,318,093	
Less: scholarship allowances	(621,625)	24,424,713	(470,656)	22,847,437
Intercollegiate athletics	21,066,990		20,077,423	
Less: scholarship allowances	(4,624,659)	16,442,331	(4,511,982)	15,565,441
Bookstore	6,351,704		6,738,373	
Less: scholarship allowances	(1,469,892)	4,881,812	(1,579,796)	5,158,577
Parking facilities		9,292,126		9,209,387
Other auxiliary enterprises revenues		39,275,821		39,234,470
Total operating revenues		287,171,447		277,009,417
OPERATING EXPENSES				
Instruction		135,174,289		128,855,759
Research		4,608,296		5,026,069
Public service		8,996,204		11,214,577
Academic support		44,380,038		44,739,748
Student services		26,803,666		25,221,380
Institutional support		54,042,888		52,123,340
Operation and maintenance of plant		33,782,507		32,248,661
Scholarships and fellowships		13,876,206		12,997,525
Auxiliary enterprises:				
Residential facilities		26,468,000		21,903,821
Dining facilities		19,896,999		18,169,110
Intercollegiate athletics		17,536,566		16,126,185
Bookstore		7,043,880		7,830,755
Parking facilities		7,819,680		6,907,231
Other auxiliary enterprises expenses		21,296,557		21,662,829
Total operating expenses		421,725,776		405,026,990
Operating loss		(134,554,329)		(128,017,573)
NONOPERATING REVENUES (EXPENSES)				
State appropriations		120,316,767		117,705,641
Pell grants		28,585,695		26,572,342
Gifts		486,729	\$ 8,054,462	5,942
Investment income	6,861,615		4,494,686	\$ 7,611,710
Less: investment expense	(21,003)	6,840,612	5,212,123	5,529,324
Interest on indebtedness		(11,372,757)	(19,624)	5,192,499
Other revenues, (expenses), gains and (losses)		12,726,185		(12,263,294)
Other affiliated foundation revenues				9,702,726
Other affiliated foundation expenses			1,979,086	1,892,208
Transfers (to) other University System of Maryland institutions		(9,611,539)		(8,709,226)
		(6,765,863)		(6,282,303)
Total nonoperating revenues		150,817,368	4,916,695	140,633,553
Income before other revenues		16,263,039	4,916,695	12,615,980
OTHER REVENUES				
Capital appropriations		56,587,838		12,082,836
Capital gifts and grants		10,540		1,486,400
Total other revenues		56,598,378		13,569,236
Increase in net position		72,861,417	4,916,695	26,185,216
Net position - beginning of year		625,665,059	80,556,650	599,479,843
Net position - end of year		\$ 698,526,476	\$ 85,473,345	\$ 625,665,059

**TOWSON UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 142,439,380	\$ 141,228,880
Research contracts and grants	6,865,814	7,780,859
Payments to employees	(252,449,148)	(243,847,032)
Payments to suppliers and contractors	(110,014,471)	(106,907,911)
Collection of loans to students	1,955,775	2,335,259
Auxiliary enterprises:		
Residential facilities	34,375,449	29,431,972
Dining facilities	24,349,037	22,871,604
Intercollegiate athletics	15,703,469	15,473,319
Bookstores	5,247,503	4,988,405
Parking facilities	9,265,057	9,236,720
Other	39,702,501	39,186,735
Other receipts	20,804,384	15,295,733
Net cash provided (used) by operating activities	<u>(61,755,250)</u>	<u>(62,925,457)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	120,316,767	117,705,641
Pell grants	28,585,695	26,572,342
Net cash provided by noncapital financing activities	<u>148,902,462</u>	<u>144,277,983</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	6,813,247	8,294,485
Capital appropriations	56,587,838	12,082,836
Purchases of capital assets	(97,765,503)	(71,740,887)
Principal paid on debt and capital leases	(28,270,151)	(20,086,449)
Interest paid on debt and capital leases	(13,741,012)	(13,915,463)
Transfers from other University System of Maryland institutions	10,345,044	24,186,098
Net cash provided (used) by capital and related financing activities	<u>(66,030,537)</u>	<u>(61,179,380)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	377,699	385,037
Interest on investments	6,299,199	4,645,195
Investment expense	(21,003)	(19,624)
Net cash provided by investing activities	<u>6,655,895</u>	<u>5,010,608</u>
Net increase in cash and cash equivalents	27,772,570	25,183,754
Cash and cash equivalents - beginning of year	<u>254,098,364</u>	<u>228,914,610</u>
Cash and cash equivalents - end of year	<u>\$ 281,870,934</u>	<u>\$ 254,098,364</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE
BALANCE SHEETS
JUNE 30, 2019 AND 2018**

	2019		2018	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,733,778	\$ 235,938	\$ 5,267,140	\$ 90,242
Accounts receivable, net	3,990,256	43,857	5,306,687	71,277
Notes receivable, current portion, net	186,505		210,214	
Prepaid expenses and other	153,624		167,036	
Inter-institutional balances	466,096		(2,927,342)	
Total current assets	7,530,259	279,795	8,023,735	161,519
Noncurrent assets				
Accounts receivable, net		500,221		1,037,056
Endowment investments	6,549,502	23,192,535	6,526,938	22,351,831
Other investments		7,764,383		7,760,744
Notes receivable, net	596,257		986,155	
Other assets		38,191		39,718
Capital assets, net	218,066,139	10,575,899	221,954,782	11,472,150
Total noncurrent assets	225,211,898	42,071,229	229,467,875	42,661,499
Total assets	232,742,157	42,351,024	237,491,610	42,823,018
DEFERRED OUTFLOWS OF RESOURCES				
	15,771,080		14,242,791	
Total assets and deferred outflows of resources	\$ 248,513,237	\$ 42,351,024	\$ 251,734,401	\$ 42,823,018
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 6,180,685	\$ 568,012	\$ 4,734,560	\$ 519,802
Accrued workers' compensation, current portion	195,150		202,650	
Accrued vacation costs, current portion	2,394,193		2,113,247	
Revenue bonds and notes payable, current portion	3,770,316	185,687	4,284,871	178,103
Unearned revenues	1,716,863	99,288	1,784,915	
Total current liabilities	14,257,207	852,987	13,120,243	697,905
Noncurrent liabilities				
Accrued workers' compensation	1,105,850		1,148,350	
Accrued vacation costs	2,336,251		2,680,065	
Endowments invested on behalf of primary government		6,549,502		6,526,938
Revenue bonds and notes payable	17,784,939	12,380,967	20,918,448	12,460,012
Net pension liability	35,967,523		31,215,931	
Total noncurrent liabilities	57,194,563	18,930,469	55,962,794	18,986,950
Total liabilities	71,451,770	19,783,456	69,083,037	19,684,855
DEFERRED INFLOWS OF RESOURCES				
	3,345,842		3,271,814	
NET POSITION				
Unrestricted	(31,738,986)	1,442,648	(26,466,273)	2,920,984
Net investment in capital assets	196,801,883		197,160,257	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	28,009		28,009	
Expendable:				
Scholarships and fellowships	2,789,228		2,836,130	
Loans	4,281,298		4,298,704	
Other	1,554,193		1,522,723	
Net assets with donor restrictions		21,124,920		20,217,179
Total net position	173,715,625	22,567,568	179,379,550	23,138,163
Total liabilities, deferred inflows of resources and net position	\$ 248,513,237	\$ 42,351,024	\$ 251,734,401	\$ 42,823,018

UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	2019		Component Units	2018		Component Units
	Institution			Institution		
OPERATING REVENUES						
Tuition and fees	\$ 24,460,644			\$ 26,580,563		
Less: scholarship allowances	<u>(11,591,131)</u>	\$ 12,869,513		<u>(12,350,484)</u>	\$ 14,230,079	
Federal grants and contracts		9,994,660			8,104,084	
State and local grants and contracts		7,626,428			8,335,288	
Nongovernmental grants and contracts		1,160,137			1,017,633	
Sales and services of educational departments		227,260			166,763	
Auxiliary enterprises:						
Residential facilities	8,810,119			11,055,454		
Less: scholarship allowances	<u>(363,833)</u>	8,446,286		<u>(429,356)</u>	10,626,098	
Dining facilities	5,064,949			5,604,331		
Less: scholarship allowances	<u>(510,132)</u>	4,554,817		<u>(547,760)</u>	5,056,571	
Intercollegiate athletics		3,787,146			4,094,616	
Parking facilities		101,235			144,658	
Other auxiliary enterprises revenues		5,364,705			6,476,345	
Other operating revenues		<u>1,695,424</u>			<u>914,980</u>	
Total operating revenues		<u>55,827,611</u>			<u>59,167,115</u>	
OPERATING EXPENSES						
Instruction		41,277,621			40,554,634	
Research		11,144,256			9,124,402	
Public service		2,814,599			2,367,552	
Academic support		8,565,535			8,941,326	
Student services		5,876,139			5,969,190	
Institutional support		12,981,921			13,497,330	
Operation and maintenance of plant		11,624,255			11,547,655	
Scholarships and fellowships		924,499			817,503	
Auxiliary enterprises:						
Residential facilities		7,560,667			9,322,347	
Dining facilities		4,687,763			4,677,109	
Intercollegiate athletics		4,936,866			4,340,532	
Other auxiliary enterprises expenses		<u>4,863,851</u>			<u>5,659,603</u>	
Total operating expenses		<u>117,257,972</u>			<u>116,819,183</u>	
Operating loss		<u>(61,430,361)</u>			<u>(57,652,068)</u>	
NONOPERATING REVENUES (EXPENSES)						
State appropriations		44,084,104			41,614,710	
Pell grants		6,656,618			7,835,212	
Gifts		337,354	\$ 632,539		161,556	\$ 833,428
Investment income	632,174		1,261,006	567,954		2,026,498
Less: investment expense	<u>(24,296)</u>	607,878		<u>(21,343)</u>	546,611	
Interest on indebtedness		(632,213)			(819,791)	
Other revenues, (expenses), gains and (losses)		(655,273)			(292,398)	
Other affiliated foundation revenues			1,087,638			1,037,781
Other affiliated foundation expenses			(3,551,778)			(4,023,351)
Transfers (to) from other University System of Maryland institutions		614,862			(58,363)	
Total nonoperating revenues (expenses)		<u>51,013,330</u>	<u>(570,595)</u>		<u>48,987,537</u>	<u>(125,644)</u>
Income (loss) before other revenues		<u>(10,417,031)</u>	<u>(570,595)</u>		<u>(8,664,531)</u>	<u>(125,644)</u>
OTHER REVENUES						
Capital appropriations		4,753,106			2,389,931	
Total other revenues		<u>4,753,106</u>			<u>2,389,931</u>	
Increase (decrease) in net position		<u>(5,663,925)</u>	<u>(570,595)</u>		<u>(6,274,600)</u>	<u>(125,644)</u>
Net position - beginning of year		<u>179,379,550</u>	<u>23,138,163</u>		<u>185,654,150</u>	<u>23,263,807</u>
Net position - end of year		<u>\$ 173,715,625</u>	<u>\$ 22,567,568</u>		<u>\$ 179,379,550</u>	<u>\$ 23,138,163</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 12,611,301	\$ 16,037,913
Research contracts and grants	19,743,173	18,278,881
Payments to employees	(68,320,976)	(69,632,522)
Payments to suppliers and contractors	(33,208,954)	(33,423,602)
Loans issued to students		(30,000)
Collection of loans to students	413,607	667,966
Auxiliary enterprises:		
Residential facilities	8,446,286	10,626,098
Dining facilities	4,554,817	5,056,571
Intercollegiate athletics	3,787,146	4,094,616
Parking facilities	101,235	144,658
Other	5,909,347	5,865,337
Other receipts	1,833,788	917,892
	<u>(44,129,230)</u>	<u>(41,396,192)</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	44,084,104	41,614,710
Pell grants	6,656,618	7,835,212
	<u>50,740,722</u>	<u>49,449,922</u>
Net cash provided by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	609,435	559,562
Capital appropriations	4,753,106	2,389,931
Purchases of capital assets	(7,494,087)	(5,665,857)
Principal paid on debt and capital leases	(5,432,792)	(7,119,680)
Interest paid on debt and capital leases	(1,007,237)	(1,179,851)
Transfers (to) from other University System of Maryland institutions	(1,158,593)	4,338,875
	<u>(9,730,168)</u>	<u>(6,677,020)</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	422,709	172,062
Interest on investments	191,216	63,727
Investment expense	(24,296)	(21,343)
Purchases of investments	(4,315)	(105,800)
	<u>585,314</u>	<u>108,646</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	(2,533,362)	1,485,356
Cash and cash equivalents - beginning of year	<u>5,267,140</u>	<u>3,781,784</u>
Cash and cash equivalents - end of year	<u>\$ 2,733,778</u>	<u>\$ 5,267,140</u>

**FROSTBURG STATE UNIVERSITY
BALANCE SHEETS
JUNE 30, 2019 AND 2018**

	<u>2019</u>		<u>2018</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 37,336,687	\$ 362,376	\$ 34,232,272	\$ 402,626
Accounts receivable, net	1,976,524	99,751	1,802,305	128,187
Notes receivable, current portion, net	47,992		49,692	
Inventories	1,036,438		1,017,654	
Prepaid expenses and other	1,371,560	25,935	1,669,216	23,842
Inter-institutional balances	795,846		262,789	
Total current assets	<u>42,565,047</u>	<u>488,062</u>	<u>39,033,928</u>	<u>554,655</u>
Noncurrent assets				
Accounts receivable, net		1,072,123		1,162,342
Endowment investments	4,397,441	24,257,729	4,143,745	23,148,833
Other investments		8,349,870		6,347,838
Notes receivable, net	497,368		612,862	
Other assets		366,474		347,673
Capital assets, net	174,201,605	33,023	164,021,668	33,182
Total noncurrent assets	<u>179,096,414</u>	<u>34,079,219</u>	<u>168,778,275</u>	<u>31,039,868</u>
Total assets	221,661,461	34,567,281	207,812,203	31,594,523
DEFERRED OUTFLOWS OF RESOURCES				
	<u>20,700,204</u>		<u>18,695,879</u>	
Total assets and deferred outflows of resources	<u>\$ 242,361,665</u>	<u>\$ 34,567,281</u>	<u>\$ 226,508,082</u>	<u>\$ 31,594,523</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 7,323,270	\$ 30,708	\$ 7,605,042	\$ 22,118
Accrued workers' compensation, current portion	109,350		98,550	
Accrued vacation costs, current portion	3,281,448		3,063,187	
Revenue bonds and notes payable, current portion	2,074,267		1,512,428	
Unearned revenues	2,038,855	55,690	1,710,264	56,922
Total current liabilities	<u>14,827,190</u>	<u>86,398</u>	<u>13,989,471</u>	<u>79,040</u>
Noncurrent liabilities				
Accrued workers' compensation	619,650		558,450	
Accrued vacation costs	312,513		281,132	
Endowments invested on behalf of primary government		4,397,441		4,143,745
Revenue bonds and notes payable	26,701,601		17,126,405	
Net pension liability	48,823,129		42,774,728	
Total noncurrent liabilities	<u>76,456,893</u>	<u>4,397,441</u>	<u>60,740,715</u>	<u>4,143,745</u>
Total liabilities	<u>91,284,083</u>	<u>4,483,839</u>	<u>74,730,186</u>	<u>4,222,785</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>20,865,650</u>		<u>21,943,936</u>	
NET POSITION				
Unrestricted	(3,124,957)	2,454,425	(2,165,097)	841,712
Net investment in capital assets	129,177,519		128,002,354	
Restricted:				
Nonexpendable:				
Other	750,000		750,000	
Expendable:				
Scholarships and fellowships	22,943		30,839	
Research	2,140,250		2,025,814	
Loans	918,393		873,040	
Other	327,784		317,010	
Net assets with donor restrictions		27,629,017		26,530,026
Total net position	<u>130,211,932</u>	<u>30,083,442</u>	<u>129,833,960</u>	<u>27,371,738</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 242,361,665</u>	<u>\$ 34,567,281</u>	<u>\$ 226,508,082</u>	<u>\$ 31,594,523</u>

FROSTBURG STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	2019		2018	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 37,499,030		\$ 37,281,705	
Less: scholarship allowances	(8,648,036)	\$ 28,850,994	(9,139,855)	\$ 28,141,850
Federal grants and contracts		2,013,030		1,656,964
State and local grants and contracts		2,656,468		2,630,315
Nongovernmental grants and contracts		318,707		125,817
Sales and services of educational departments		1,344,839		1,278,476
Auxiliary enterprises:				
Residential facilities	6,986,448		7,209,385	
Less: scholarship allowances	(51,430)	6,935,018	(44,460)	7,164,925
Dining facilities	7,131,886		7,369,601	
Less: scholarship allowances	(22,685)	7,109,201	(13,097)	7,356,504
Intercollegiate athletics	3,757,217		3,784,922	
Less: scholarship allowances	(49,246)	3,707,971	(44,517)	3,740,405
Bookstore	1,422,908		1,357,214	
Less: scholarship allowances	(4,634)	1,418,274	(6,639)	1,350,575
Other auxiliary enterprises revenues	4,883,358		4,872,675	
Less: scholarship allowances	(31,466)	4,851,892	(25,418)	4,847,257
Other operating revenues		564,847		638,749
Total operating revenues		59,771,241		58,931,837
OPERATING EXPENSES				
Instruction		36,137,025		36,686,951
Research		149,060		317,545
Public service		4,858,149		4,018,297
Academic support		10,597,644		10,508,710
Student services		5,433,499		5,557,039
Institutional support		15,593,922		14,535,831
Operation and maintenance of plant		10,299,227		10,034,776
Scholarships and fellowships		8,305,032		7,847,610
Auxiliary enterprises:				
Residential facilities		5,584,223		5,363,045
Dining facilities		5,308,667		5,530,051
Intercollegiate athletics		4,715,516		4,238,050
Bookstore		1,379,917		1,525,257
Other auxiliary enterprises expenses		4,420,019		4,040,896
Total operating expenses		112,781,900		110,204,058
Operating loss		(53,010,659)		(51,272,221)
NONOPERATING REVENUES (EXPENSES)				
State appropriations		42,341,396		41,138,229
Pell grants		7,667,056		8,207,153
Gifts		1,316,724	\$ 3,249,935	1,107,233
Investment income	1,064,846		1,583,400	\$ 2,205,572
Less: investment expense	(14,361)	1,050,485	904,258	2,006,485
Interest on indebtedness		(707,778)	(10,844)	893,414
Other revenues, (expenses), gains and (losses)		18,945		(611,774)
Other affiliated foundation revenues				(282,424)
Other affiliated foundation expenses			392,887	377,662
Transfers (to) other University System of Maryland institutions		(824,295)	(2,514,518)	(2,483,589)
Total nonoperating revenues		50,862,533	2,711,704	49,562,127
Income (loss) before other revenues		(2,148,126)	2,711,704	(1,710,094)
OTHER REVENUES				
Capital appropriations		2,451,994		494,511
Capital gifts and grants		74,104		37,908
Total other revenues		2,526,098		532,419
Increase (decrease) in net position		377,972	2,711,704	(1,177,675)
Net position - beginning of year		129,833,960	27,371,738	131,011,635
Net position - end of year		\$ 130,211,932	\$ 30,083,442	\$ 129,833,960
				\$ 27,371,738

**FROSTBURG STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 29,121,730	\$ 27,935,724
Research contracts and grants	4,994,277	4,457,975
Payments to employees	(69,179,677)	(69,184,509)
Payments to suppliers and contractors	(31,420,250)	(31,164,720)
Loans issued to students		(91,600)
Collection of loans to students	117,194	190,942
Auxiliary enterprises:		
Residential facilities	5,762,500	5,992,407
Dining facilities	7,109,519	7,366,390
Intercollegiate athletics	3,685,856	3,767,332
Bookstores	1,405,033	1,365,973
Other	4,804,216	4,845,508
Other receipts	3,168,131	2,720,903
Net cash provided (used) by operating activities	<u>(40,431,471)</u>	<u>(41,797,675)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	42,341,396	41,138,229
Pell grants	7,667,056	8,207,153
Net cash provided by noncapital financing activities	<u>50,008,452</u>	<u>49,345,382</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	2,369,645	532,894
Capital appropriations	2,451,994	494,511
Purchases of capital assets	(17,824,726)	(6,009,025)
Principal paid on debt and capital leases	(3,501,034)	(1,543,681)
Interest paid on debt and capital leases	(851,379)	(706,047)
Transfers (to) from other University System of Maryland institutions	10,086,145	(801,981)
Net cash provided (used) by capital and related financing activities	<u>(7,269,355)</u>	<u>(8,033,329)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	135,069	67,521
Interest on investments	784,813	659,818
Investment expense	(14,361)	(10,844)
Purchases of investments	(108,732)	(1,240,634)
Net cash provided (used) by investing activities	<u>796,789</u>	<u>(524,139)</u>
Net increase (decrease) in cash and cash equivalents	3,104,415	(1,009,761)
Cash and cash equivalents - beginning of year	<u>34,232,272</u>	<u>35,242,033</u>
Cash and cash equivalents - end of year	<u>\$ 37,336,687</u>	<u>\$ 34,232,272</u>

**COPPIN STATE UNIVERSITY
BALANCE SHEETS
JUNE 30, 2019 AND 2018**

	2019		2018	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 18,618,678	\$ 3,138,127	\$ 15,671,216	\$ 2,834,881
Accounts receivable, net	2,359,348	563,482	2,036,104	894,540
Notes receivable, current portion, net	88,227		89,122	
Prepaid expenses and other	20,228	14,730	84,267	5,870
Inter-institutional balances	(1,838,898)		(3,225,930)	
Total current assets	<u>19,247,583</u>	<u>3,716,339</u>	<u>14,654,779</u>	<u>3,735,291</u>
Noncurrent assets				
Endowment investments	2,856,772	9,072,047	2,766,777	8,228,199
Other investments		2,856,772		2,766,777
Notes receivable, net	730,438		737,849	
Capital assets, net	313,351,304	30,100	324,450,227	30,100
Total noncurrent assets	<u>316,938,514</u>	<u>11,958,919</u>	<u>327,954,853</u>	<u>11,025,076</u>
Total assets	<u>336,186,097</u>	<u>15,675,258</u>	<u>342,609,632</u>	<u>14,760,367</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>15,921,174</u>		<u>14,280,396</u>	
Total assets and deferred outflows of resources	<u>\$ 352,107,271</u>	<u>\$ 15,675,258</u>	<u>\$ 356,890,028</u>	<u>\$ 14,760,367</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 6,762,626	\$ 63,999	\$ 6,352,142	\$ 68,471
Accrued workers' compensation, current portion	153,300		137,400	
Accrued vacation costs, current portion	1,476,533		1,667,418	
Revenue bonds and notes payable, current portion	2,671,490		2,789,113	
Unearned revenues	2,674,890		2,895,336	
Total current liabilities	<u>13,738,839</u>	<u>63,999</u>	<u>13,841,409</u>	<u>68,471</u>
Noncurrent liabilities				
Accrued workers' compensation	868,700		778,600	
Accrued vacation costs	1,797,510		1,270,620	
Endowments invested on behalf of primary government		2,856,772		2,766,777
Other payables		4,904		6,178
Revenue bonds and notes payable	34,188,949		37,155,818	
Net pension liability	42,956,209		37,902,372	
Total noncurrent liabilities	<u>79,811,368</u>	<u>2,861,676</u>	<u>77,107,410</u>	<u>2,772,955</u>
Total liabilities	<u>93,550,207</u>	<u>2,925,675</u>	<u>90,948,819</u>	<u>2,841,426</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>4,177,600</u>		<u>4,098,863</u>	
NET POSITION				
Unrestricted	(24,087,071)	232,153	(24,646,195)	184,837
Net investment in capital assets	276,697,988		284,807,599	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	434,289		433,379	
Other	240,125		240,125	
Expendable:				
Scholarships and fellowships	20,815		18,528	
Loans	1,073,318		988,910	
Net assets with donor restrictions		12,517,430		11,734,104
Total net position	<u>254,379,464</u>	<u>12,749,583</u>	<u>261,842,346</u>	<u>11,918,941</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 352,107,271</u>	<u>\$ 15,675,258</u>	<u>\$ 356,890,028</u>	<u>\$ 14,760,367</u>

COPPIN STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	2019		2018	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 14,539,497		\$ 14,582,149	
Less: scholarship allowances	(9,839,149)	\$ 4,700,348	(9,999,985)	\$ 4,582,164
Federal grants and contracts		5,062,988		4,984,392
State and local grants and contracts		883,895		1,132,001
Nongovernmental grants and contracts		967,192		1,142,296
Sales and services of educational departments		402,136		796,982
Auxiliary enterprises:				
Residential facilities	3,625,298		3,380,749	
Less: scholarship allowances	(288,000)	3,337,298	(285,393)	3,095,356
Dining facilities		2,764,179		2,582,280
Intercollegiate athletics	2,705,330		3,060,759	
Less: scholarship allowances	(1,190,242)	1,515,088	(1,212,063)	1,848,696
Parking facilities	1,396,531		1,490,711	
Less: scholarship allowances	(141,414)	1,255,117	(139,226)	1,351,485
Other auxiliary enterprises revenues		4,211,101		3,919,603
Total operating revenues		<u>25,099,342</u>		<u>25,435,255</u>
OPERATING EXPENSES				
Instruction		24,728,870		23,961,167
Research		646,179		477,609
Public service		26,806		229
Academic support		8,354,073		8,228,982
Student services		6,551,588		5,965,727
Institutional support		20,725,873		26,429,007
Operation and maintenance of plant		12,242,066		10,569,865
Scholarships and fellowships		440,811		477,268
Auxiliary enterprises:				
Residential facilities		2,630,865		2,427,228
Dining facilities		2,739,604		2,474,182
Intercollegiate athletics		4,917,662		3,624,908
Parking facilities		1,010,267		566,342
Other auxiliary enterprises expenses		2,968,945		2,403,198
Total operating expenses		<u>87,983,609</u>		<u>87,605,712</u>
Operating loss		<u>(62,884,267)</u>		<u>(62,170,457)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations		47,293,536		46,566,387
Pell grants		6,552,959		6,928,648
Gifts			\$ 1,158,464	\$ 1,219,766
Investment income	558,234		606,412	791,365
Less: investment expense	(14,276)	543,958	(6,115)	320,051
Interest on indebtedness		(1,141,960)		(1,378,788)
Other revenues, (expenses), gains and (losses)		(213,538)		(382,427)
Other affiliated foundation revenues			299,305	228,177
Other affiliated foundation expenses			(1,233,539)	(1,471,367)
Transfers from other University System of Maryland institutions		2,375,274		2,116,790
Total nonoperating revenues		<u>55,410,229</u>	<u>830,642</u>	<u>54,170,661</u>
Income (loss) before other revenues		<u>(7,474,038)</u>	<u>830,642</u>	<u>(7,999,796)</u>
OTHER REVENUES				
Capital appropriations		10,247		
Additions to permanent endowments		909		
Total other revenues		<u>11,156</u>		
Increase (decrease) in net position		<u>(7,462,882)</u>	<u>830,642</u>	<u>(7,999,796)</u>
Net position - beginning of year		<u>261,842,346</u>	<u>11,918,941</u>	<u>269,842,142</u>
Net position - end of year		<u>\$ 254,379,464</u>	<u>\$ 12,749,583</u>	<u>\$ 261,842,346</u>

**COPPIN STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 4,377,108	\$ 5,423,488
Research contracts and grants	6,693,629	6,289,293
Payments to employees	(50,394,958)	(46,860,413)
Payments to suppliers and contractors	(25,935,538)	(24,390,861)
Loans issued to students	(24,388)	(24,000)
Collection of loans to students	32,695	29,784
Auxiliary enterprises:		
Residential facilities	3,337,298	3,095,356
Dining facilities	2,764,179	2,582,280
Intercollegiate athletics	1,515,088	1,848,696
Parking facilities	1,255,117	1,351,485
Other	4,211,101	3,919,603
Other receipts (payments)	4,501,729	789,153
	<u>(47,666,940)</u>	<u>(45,946,136)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	47,293,536	46,566,387
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	909	
Pell grants	6,552,959	6,928,648
	<u>53,847,404</u>	<u>53,495,035</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	5,391,170	856,237
Capital appropriations	10,247	
Proceeds from sales of capital assets	29,863	7,029
Purchases of capital assets	(569,176)	(2,003,289)
Principal paid on debt and capital leases	(8,258,487)	(3,912,412)
Interest paid on debt and capital leases	(1,577,124)	(1,660,979)
Transfers from other University System of Maryland institutions	1,286,542	4,207,357
	<u>(3,686,965)</u>	<u>(2,506,057)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	97,988	78,281
Interest on investments	371,160	180,400
Investment expense	(14,276)	(14,229)
Purchases of investments	(909)	(1,062,384)
	<u>453,963</u>	<u>(817,932)</u>
Net cash provided (used) by investing activities	<u>453,963</u>	<u>(817,932)</u>
Net increase in cash and cash equivalents	2,947,462	4,224,910
Cash and cash equivalents - beginning of year	<u>15,671,216</u>	<u>11,446,306</u>
Cash and cash equivalents - end of year	<u>\$ 18,618,678</u>	<u>\$ 15,671,216</u>

**UNIVERSITY OF BALTIMORE
BALANCE SHEETS
JUNE 30, 2019 AND 2018**

	<u>2019</u>		<u>2018</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 39,558,311	\$ 9,853,058	\$ 37,977,128	\$ 9,081,729
Accounts receivable, net	5,058,025	3,739,426	5,957,605	4,579,863
Notes receivable, current portion, net	90,873		109,739	
Prepaid expenses and other	1,093,567		561,665	
Inter-institutional balances	(6,017,609)		(6,820,124)	
Total current assets	<u>39,783,167</u>	<u>13,592,484</u>	<u>37,786,013</u>	<u>13,661,592</u>
Noncurrent assets				
Endowment investments	1,163,405	49,877,557	1,089,488	49,001,471
Other investments		8,977,253		8,626,017
Notes receivable, net	590,395		695,839	
Other assets		52,911		61,593
Capital assets, net	199,699,383	615,176	198,165,034	649,508
Total noncurrent assets	<u>201,453,183</u>	<u>59,522,897</u>	<u>199,950,361</u>	<u>58,338,589</u>
Total assets	<u>241,236,350</u>	<u>73,115,381</u>	<u>237,736,374</u>	<u>72,000,181</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>15,607,972</u>		<u>13,916,400</u>	
Total assets and deferred outflows of resources	<u>\$ 256,844,322</u>	<u>\$ 73,115,381</u>	<u>\$ 251,652,774</u>	<u>\$ 72,000,181</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 7,596,207	\$ 448,597	\$ 9,577,740	\$ 494,154
Accrued workers' compensation, current portion	73,500		89,400	
Accrued vacation costs, current portion	2,678,838		2,452,364	
Revenue bonds and notes payable, current portion	2,541,123		2,447,876	
Unearned revenues	6,957,840	913,808	7,045,583	1,437,574
Total current liabilities	<u>19,847,508</u>	<u>1,362,405</u>	<u>21,612,963</u>	<u>1,931,728</u>
Noncurrent liabilities				
Accrued workers' compensation	416,500		506,600	
Accrued vacation costs	1,612,577		1,571,832	
Endowments invested on behalf of primary government		1,163,405		1,089,488
Revenue bonds and notes payable	12,337,359		14,698,294	
Net pension liability	42,835,270		37,819,384	
Total noncurrent liabilities	<u>57,201,706</u>	<u>1,163,405</u>	<u>54,596,110</u>	<u>1,089,488</u>
Total liabilities	<u>77,049,214</u>	<u>2,525,810</u>	<u>76,209,073</u>	<u>3,021,216</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>4,400,641</u>		<u>4,322,496</u>	
NET POSITION				
Unrestricted	(10,888,573)	7,216,201	(11,231,083)	6,505,084
Net investment in capital assets	185,109,647		181,380,059	
Restricted:				
Expendable:				
Loans	1,173,393		972,229	
Net assets with donor restrictions		63,373,370		62,473,881
Total net position	<u>175,394,467</u>	<u>70,589,571</u>	<u>171,121,205</u>	<u>68,978,965</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 256,844,322</u>	<u>\$ 73,115,381</u>	<u>\$ 251,652,774</u>	<u>\$ 72,000,181</u>

UNIVERSITY OF BALTIMORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	2019		2018	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 58,728,149		\$ 62,870,918	
Less: scholarship allowances	(14,108,470)	\$ 44,619,679	(15,596,997)	\$ 47,273,921
Federal grants and contracts	8,529,720		5,183,172	
State and local grants and contracts	7,411,171		8,361,839	
Nongovernmental grants and contracts	4,494,093		4,675,683	
Sales and services of educational departments	251,742		462,633	
Auxiliary enterprises:				
Parking facilities	1,456,660		1,510,174	
Other auxiliary enterprises revenues	5,113,561		5,526,574	
Other operating revenues	251,921		277,545	
Total operating revenues	72,128,547		73,271,541	
OPERATING EXPENSES				
Instruction	40,944,828		41,636,418	
Research	14,045,935		11,868,556	
Academic support	13,463,766		13,771,536	
Student services	10,213,435		10,466,118	
Institutional support	17,317,822		16,480,631	
Operation and maintenance of plant	8,998,122		8,621,019	
Scholarships and fellowships	2,506,366		3,085,165	
Auxiliary enterprises:				
Parking facilities	455,469		399,895	
Other auxiliary enterprises expenses	2,875,287		3,829,582	
Total operating expenses	110,821,030		110,158,920	
Operating loss	(38,692,483)		(36,887,379)	
NONOPERATING REVENUES (EXPENSES)				
State appropriations	37,952,340		36,680,775	
Pell grants	4,604,482		5,438,100	
Gifts		\$ 2,445,460		\$ 3,242,635
Investment income	1,203,219	3,392,198	971,403	4,139,995
Interest on indebtedness	(425,129)		(519,589)	
Other revenues, (expenses), gains and (losses)			(3,202,128)	
Other affiliated foundation revenues		182,009		178,069
Other affiliated foundation expenses		(4,409,061)		(4,418,268)
Transfers (to) other University System of Maryland institutions	(3,807,399)		(3,790,225)	
Total nonoperating revenues	39,527,513	1,610,606	35,578,336	3,142,431
Income (loss) before other revenues	835,030	1,610,606	(1,309,043)	3,142,431
OTHER REVENUES				
Capital appropriations	2,928,184		10,269,476	
Capital gifts and grants	510,048		21,540	
Total other revenues	3,438,232		10,291,016	
Increase in net position	4,273,262	1,610,606	8,981,973	3,142,431
Net position - beginning of year	171,121,205	68,978,965	162,139,232	65,836,534
Net position - end of year	\$ 175,394,467	\$ 70,589,571	\$ 171,121,205	\$ 68,978,965

**UNIVERSITY OF BALTIMORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 44,470,940	\$ 47,193,281
Research contracts and grants	20,907,266	17,061,026
Payments to employees	(77,356,269)	(77,844,602)
Payments to suppliers and contractors	(25,380,317)	(19,851,119)
Collection of loans to students	531,187	355,547
Auxiliary enterprises:		
Parking facilities	1,456,660	1,510,174
Other	5,108,574	5,533,502
Other receipts (payments)	956,101	458,291
Net cash provided (used) by operating activities	<u>(29,305,858)</u>	<u>(25,583,900)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	37,952,340	36,680,775
Pell grants	4,604,482	5,438,100
Net cash provided by noncapital financing activities	<u>42,556,822</u>	<u>42,118,875</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	88,092	18,525
Capital appropriations	2,928,184	10,269,476
Capital grants and gifts received	510,048	21,540
Purchases of capital assets	(8,870,119)	(23,479,999)
Principal paid on debt and capital leases	(2,294,688)	(3,598,268)
Interest paid on debt and capital leases	(518,643)	(616,278)
Transfers (to) other University System of Maryland institutions	(4,519,904)	(1,515,683)
Net cash provided (used) by capital and related financing activities	<u>(12,677,030)</u>	<u>(18,900,687)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments		75,000
Interest on investments	1,007,249	802,052
Net cash provided by investing activities	<u>1,007,249</u>	<u>877,052</u>
Net increase (decrease) in cash and cash equivalents	1,581,183	(1,488,660)
Cash and cash equivalents - beginning of year	<u>37,977,128</u>	<u>39,465,788</u>
Cash and cash equivalents - end of year	<u>\$ 39,558,311</u>	<u>\$ 37,977,128</u>

**SALISBURY UNIVERSITY
BALANCE SHEETS
JUNE 30, 2019 AND 2018**

	<u>2019</u>		<u>2018</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 126,394,007	\$ 1,631,518	\$ 121,874,988	\$ 1,582,591
Accounts receivable, net	2,641,323	4,690,625	2,365,633	2,595,589
Notes receivable, current portion, net	103,133		116,226	
Inventories	1,102,378		1,168,441	
Prepaid expenses and other	76,179	66,975	59,889	81,021
Inter-institutional balances	393,909		1,117,577	
Total current assets	<u>130,710,929</u>	<u>6,389,118</u>	<u>126,702,754</u>	<u>4,259,201</u>
Noncurrent assets				
Accounts receivable, net		2,890,136		4,837,322
Endowment investments	3,687,246	69,199,090	3,548,142	68,129,413
Other investments		7,990,841		8,037,682
Notes receivable, net	449,047		615,573	
Other assets		2,188,759		2,220,817
Capital assets, net	460,466,985	6,068,500	460,831,588	6,238,519
Total noncurrent assets	<u>464,603,278</u>	<u>88,337,326</u>	<u>464,995,303</u>	<u>89,463,753</u>
Total assets	595,314,207	94,726,444	591,698,057	93,722,954
DEFERRED OUTFLOWS OF RESOURCES	<u>23,215,072</u>		<u>20,139,067</u>	
Total assets and deferred outflows of resources	<u>\$ 618,529,279</u>	<u>\$ 94,726,444</u>	<u>\$ 611,837,124</u>	<u>\$ 93,722,954</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 13,161,423	\$ 332,714	\$ 11,966,576	\$ 273,691
Accrued workers' compensation, current portion	186,900		169,650	
Accrued vacation costs, current portion	2,756,240		2,561,485	
Revenue bonds and notes payable, current portion	6,700,036	2,463,494	6,436,306	2,542,288
Unearned revenues	5,498,471	136,879	5,235,148	188,439
Total current liabilities	<u>28,303,070</u>	<u>2,933,087</u>	<u>26,369,165</u>	<u>3,004,418</u>
Noncurrent liabilities				
Accrued workers' compensation	1,059,100		961,350	
Accrued vacation costs	2,707,844		2,512,633	
Endowments invested on behalf of primary government		3,687,246		3,548,142
Other payables		2,011,781		2,220,664
Revenue bonds and notes payable	86,267,841	5,099,388	91,461,743	5,503,250
Net pension liability	54,410,050		45,943,218	
Total noncurrent liabilities	<u>144,444,835</u>	<u>10,798,415</u>	<u>140,878,944</u>	<u>11,272,056</u>
Total liabilities	<u>172,747,905</u>	<u>13,731,502</u>	<u>167,248,109</u>	<u>14,276,474</u>
DEFERRED INFLOWS OF RESOURCES	<u>25,161,464</u>		<u>26,790,443</u>	
NET POSITION				
Unrestricted	71,357,019	8,075,794	74,397,067	8,440,020
Net investment in capital assets	348,666,331		342,523,636	
Restricted:				
Expendable:				
Loans	596,560		877,869	
Net assets with donor restrictions		72,919,148		71,006,460
Total net position	<u>420,619,910</u>	<u>80,994,942</u>	<u>417,798,572</u>	<u>79,446,480</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 618,529,279</u>	<u>\$ 94,726,444</u>	<u>\$ 611,837,124</u>	<u>\$ 93,722,954</u>

SALISBURY UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	2019		2018	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 76,949,976		\$ 75,604,291	
Less: scholarship allowances	(19,416,858)	\$ 57,533,118	(18,764,133)	\$ 56,840,158
Federal grants and contracts		1,722,359		1,375,165
State and local grants and contracts		3,779,156		3,317,527
Nongovernmental grants and contracts		511,157		420,208
Sales and services of educational departments		286,094		217,827
Auxiliary enterprises:				
Residential facilities	29,482,900		29,029,743	
Less: scholarship allowances	(856,993)	28,625,907	(737,830)	28,291,913
Dining facilities	16,343,934		16,013,668	
Less: scholarship allowances	(12,403)	16,331,531	(13,610)	16,000,058
Intercollegiate athletics		6,711,161		6,622,908
Bookstore		3,976,631		4,189,147
Parking facilities		805,392		612,007
Other auxiliary enterprises revenues	3,063,863		3,527,671	
Less: scholarship allowances	(4,041)	3,059,822	(3,724)	3,523,947
Total operating revenues		123,342,328		121,410,865
OPERATING EXPENSES				
Instruction		62,007,744		58,576,883
Research		1,722,416		1,460,229
Public service		6,727,920		6,439,694
Academic support		18,135,112		16,816,540
Student services		9,144,375		8,339,606
Institutional support		19,192,153		18,078,726
Operation and maintenance of plant		23,752,952		22,334,726
Scholarships and fellowships		185,503		233,211
Auxiliary enterprises:				
Residential facilities		14,734,915		14,079,932
Dining facilities		13,337,211		13,760,178
Intercollegiate athletics		7,066,000		6,328,939
Bookstore		3,956,246		4,229,720
Parking facilities		932,427		1,043,607
Other auxiliary enterprises expenses		2,017,794		2,301,920
Total operating expenses		182,912,768		174,023,911
Operating loss		(59,570,440)		(52,613,046)
NONOPERATING REVENUES (EXPENSES)				
State appropriations		55,094,664		53,730,307
Pell grants		8,614,043		8,958,876
Gifts			\$ 6,691,806	\$ 6,705,192
Investment income	2,721,723		1,800,890	2,111,065
Less: investment expense	(9,134)	2,712,589	(4,567)	2,106,498
Interest on indebtedness		(2,807,265)		(3,209,000)
Other revenues, (expenses), gains and (losses)		(325,001)		(236,682)
Other affiliated foundation revenues			1,433,702	1,910,483
Other affiliated foundation expenses			(8,377,936)	(12,089,539)
Transfers (to) other University System of Maryland institutions		(2,715,747)		(2,299,432)
Total nonoperating revenues		60,573,283	1,548,462	59,050,567
Income before other revenues		1,002,843	1,548,462	6,437,521
OTHER REVENUES				
Capital appropriations				59
Capital gifts and grants		1,818,495		58,625
Total other revenues		1,818,495		58,684
Increase in net position		2,821,338	1,548,462	6,496,205
Net position - beginning of year		417,798,572	79,446,480	411,302,367
Net position - end of year		\$ 420,619,910	\$ 80,994,942	\$ 417,798,572
				\$ 79,446,480

**SALISBURY UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 57,767,766	\$ 56,799,181
Research contracts and grants	5,744,141	4,951,140
Payments to employees	(120,336,034)	(114,547,135)
Payments to suppliers and contractors	(37,432,429)	(37,515,028)
Loans issued to students		(35,750)
Collection of loans to students	179,619	217,055
Auxiliary enterprises:		
Residential facilities	26,871,839	26,529,724
Dining facilities	16,307,237	16,016,957
Intercollegiate athletics	6,710,764	6,623,399
Bookstores	3,976,631	4,189,831
Parking facilities	805,392	612,007
Other	3,065,616	3,503,041
Other receipts	(153,610)	428,342
Net cash provided (used) by operating activities	<u>(36,493,068)</u>	<u>(32,227,236)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	55,094,664	53,730,307
Pell grants	8,614,043	8,958,876
Net cash provided by noncapital financing activities	<u>63,708,707</u>	<u>62,689,183</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	11,837,999	1,326,966
Capital appropriations		59
Purchases of capital assets	(15,705,882)	(17,084,484)
Principal paid on debt and capital leases	(17,624,118)	(5,896,929)
Interest paid on debt and capital leases	(3,610,962)	(3,670,857)
Transfers (to) other University System of Maryland institutions	(167,142)	(1,295,745)
Net cash provided (used) by capital and related financing activities	<u>(25,270,105)</u>	<u>(26,620,990)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	100,918	68,746
Interest on investments	2,481,701	1,980,190
Investment expense	(9,134)	(4,567)
Purchases of investments		(1,985,698)
Net cash provided by investing activities	<u>2,573,485</u>	<u>58,671</u>
Net increase in cash and cash equivalents	4,519,019	3,899,628
Cash and cash equivalents - beginning of year	<u>121,874,988</u>	<u>117,975,360</u>
Cash and cash equivalents - end of year	<u>\$ 126,394,007</u>	<u>\$ 121,874,988</u>

**UNIVERSITY OF MARYLAND GLOBAL CAMPUS
BALANCE SHEETS
JUNE 30, 2019 AND 2018**

	<u>2019</u>		<u>2018</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 349,941,854		\$ 365,223,985	
Accounts receivable, net	43,177,730	\$ 62,150	34,947,407	\$ 61,239
Notes receivable, current portion, net	65,542		85,911	
Inventories	43,177		40,642	
Prepaid expenses and other	10,601,143	750	9,268,844	
Inter-institutional balances	337,533		44,052	
Total current assets	<u>404,166,979</u>	<u>62,900</u>	<u>409,610,841</u>	<u>61,239</u>
Noncurrent assets				
Accounts receivable, net		931,670		433,626
Endowment investments	10,213,655	18,630,397	9,744,535	18,094,887
Other investments	7,929,740	12,896,634	3,778,842	13,374,618
Notes receivable, net	1,193,316		1,552,672	
Capital assets, net	129,962,947	7,402,758	138,639,467	7,199,081
Total noncurrent assets	<u>149,299,658</u>	<u>39,861,459</u>	<u>153,715,516</u>	<u>39,102,212</u>
Total assets	<u>553,466,637</u>	<u>39,924,359</u>	<u>563,326,357</u>	<u>39,163,451</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>19,283,030</u>		<u>16,474,676</u>	
Total assets and deferred outflows of resources	<u>\$ 572,749,667</u>	<u>\$ 39,924,359</u>	<u>\$ 579,801,033</u>	<u>\$ 39,163,451</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 25,601,822	\$ 120	\$ 24,192,907	\$ 120
Accrued workers' compensation, current portion	193,200		131,850	
Accrued vacation costs, current portion	8,405,212		7,522,684	
Unearned revenues	50,796,888		48,279,956	
Total current liabilities	<u>84,997,122</u>	<u>120</u>	<u>80,127,397</u>	<u>120</u>
Noncurrent liabilities				
Accrued workers' compensation	1,094,800		747,150	
Accrued vacation costs	6,001,998		5,816,731	
Endowments invested on behalf of primary government		10,213,655		9,744,535
Net pension liability	46,440,325		38,914,690	
Total noncurrent liabilities	<u>53,537,123</u>	<u>10,213,655</u>	<u>45,478,571</u>	<u>9,744,535</u>
Total liabilities	<u>138,534,245</u>	<u>10,213,775</u>	<u>125,605,968</u>	<u>9,744,655</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>4,690,687</u>		<u>4,573,441</u>	
NET POSITION				
Unrestricted	298,087,340	5,241,032	309,189,787	5,214,028
Net investment in capital assets	129,962,947		138,639,467	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	29,423		29,423	
Expendable:				
Scholarships and fellowships	41,421		45,825	
Loans	1,403,604		1,717,122	
Net assets with donor restrictions		24,469,552		24,204,768
Total net position	<u>429,524,735</u>	<u>29,710,584</u>	<u>449,621,624</u>	<u>29,418,796</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 572,749,667</u>	<u>\$ 39,924,359</u>	<u>\$ 579,801,033</u>	<u>\$ 39,163,451</u>

**UNIVERSITY OF MARYLAND GLOBAL CAMPUS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019		2018	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 347,614,295		\$ 351,953,045	
Less: scholarship allowances	<u>(43,562,115)</u>	\$ 304,052,180	<u>(37,888,797)</u>	\$ 314,064,248
Federal grants and contracts		1,507,110		1,232,822
State and local grants and contracts		3,225,925		3,377,789
Nongovernmental grants and contracts		1,706,911		1,578,958
Sales and services of educational departments		380,860		225,361
Auxiliary enterprises:				
Residential facilities				57,650
Bookstore		7,325		13,198
Parking facilities		2,987		799
Other operating revenues		<u>22,040,063</u>		<u>19,145,988</u>
Total operating revenues		<u>332,923,361</u>		<u>339,696,813</u>
OPERATING EXPENSES				
Instruction		109,743,395		106,902,081
Public service		16,730,000		16,279,595
Academic support		52,608,441		54,181,417
Student services		128,727,092		105,220,610
Institutional support		92,221,164		91,119,565
Operation and maintenance of plant		19,868,340		18,968,460
Scholarships and fellowships		31,592,094		30,527,632
Auxiliary enterprises:				
Residential facilities				63,163
Bookstore		8,039		8,034
Parking facilities		<u>113,205</u>		<u>105,917</u>
Total operating expenses		<u>451,611,770</u>		<u>423,376,474</u>
Operating loss		<u>(118,688,409)</u>		<u>(83,679,661)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations		43,838,036		43,227,983
Pell grants		47,146,757		41,600,801
Gifts			\$ 1,399,497	427,520
Investment income	7,990,330		735,251	\$ 1,236,394
Less: investment expense	<u>(24,229)</u>	7,966,101	<u>(12,256)</u>	1,613,477
Other revenues, (expenses), gains and (losses)		(253,475)		87,625
Other affiliated foundation revenues			91,523	95,533
Other affiliated foundation expenses			(1,934,483)	(1,647,931)
Transfers (to) other University System of Maryland institutions		<u>(105,899)</u>		<u>(353,122)</u>
Total nonoperating revenues		<u>98,591,520</u>	<u>291,788</u>	<u>91,214,418</u>
Increase (decrease) in net position		(20,096,889)	291,788	7,534,757
Net position - beginning of year		<u>449,621,624</u>	<u>29,418,796</u>	<u>442,086,867</u>
Net position - end of year		<u>\$ 429,524,735</u>	<u>\$ 29,710,584</u>	<u>\$ 449,621,624</u>

**UNIVERSITY OF MARYLAND GLOBAL CAMPUS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 294,203,129	\$ 310,145,494
Research contracts and grants	4,876,293	9,107,530
Payments to employees	(229,410,454)	(242,961,255)
Payments to suppliers and contractors	(205,089,271)	(165,879,579)
Loans issued to students		(44,000)
Collection of loans to students	379,725	55,436
Auxiliary enterprises:		
Residential facilities		57,650
Bookstores	7,325	13,198
Parking facilities	2,987	799
Other receipts	<u>27,856,392</u>	<u>23,017,469</u>
Net cash provided (used) by operating activities	<u>(107,173,874)</u>	<u>(66,487,258)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	43,838,036	43,227,983
Pell grants	<u>47,146,757</u>	<u>41,600,801</u>
Net cash provided by noncapital financing activities	<u>90,984,793</u>	<u>84,828,784</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sales of capital assets	6,945	295,473
Purchases of capital assets	(2,046,699)	(2,331,661)
Transfers (to) from other University System of Maryland institutions	<u>(399,380)</u>	<u>292,750</u>
Net cash provided (used) by capital and related financing activities	<u>(2,439,134)</u>	<u>(1,743,438)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	190,144	19,395
Interest on investments	7,331,067	5,887,894
Investment expense	(24,229)	(12,256)
Purchases of investments	<u>(4,150,898)</u>	<u>(9,241,025)</u>
Net cash provided (used) by investing activities	<u>3,346,084</u>	<u>(3,345,992)</u>
Net increase (decrease) in cash and cash equivalents	(15,282,131)	13,252,096
Cash and cash equivalents - beginning of year	<u>365,223,985</u>	<u>351,971,889</u>
Cash and cash equivalents - end of year	<u>\$ 349,941,854</u>	<u>\$ 365,223,985</u>

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
BALANCE SHEETS
JUNE 30, 2019 AND 2018

	<u>2019</u>		<u>2018</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 166,840,854	\$ 749,457	\$ 148,636,681	\$ 594,760
Accounts receivable, net	13,795,772	479,300	15,082,683	1,556,128
Notes receivable, current portion, net	423,213		519,298	
Inventories	787,049		695,109	
Prepaid expenses and other	336,687	150,068	397,426	114,305
Inter-institutional balances	(894,645)		(1,020,056)	
Total current assets	<u>181,288,930</u>	<u>1,378,825</u>	<u>164,311,141</u>	<u>2,265,193</u>
Noncurrent assets				
Accounts receivable, net		8,077,646		8,999,831
Endowment investments	9,625,534	102,018,848	9,242,973	95,958,976
Other investments		35,620,910		33,028,590
Notes receivable, net	1,134,856		1,543,387	
Capital assets, net	651,123,910	2,606,341	606,190,088	2,765,831
Total noncurrent assets	<u>661,884,300</u>	<u>148,323,745</u>	<u>616,976,448</u>	<u>140,753,228</u>
Total assets	<u>843,173,230</u>	<u>149,702,570</u>	<u>781,287,589</u>	<u>143,018,421</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>55,497,303</u>		<u>48,800,177</u>	
Total assets and deferred outflows of resources	<u>\$ 898,670,533</u>	<u>\$ 149,702,570</u>	<u>\$ 830,087,766</u>	<u>\$ 143,018,421</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 20,856,467	\$ 25,212	\$ 18,131,273	\$ 54,730
Accrued workers' compensation, current portion	187,050		172,650	
Accrued vacation costs, current portion	9,006,447		8,731,409	
Revenue bonds and notes payable, current portion	9,967,753	45,900	10,087,988	58,935
Unearned revenues	9,991,962	5,378,520	10,198,038	5,846,742
Total current liabilities	<u>50,009,679</u>	<u>5,449,632</u>	<u>47,321,358</u>	<u>5,960,407</u>
Noncurrent liabilities				
Accrued workers' compensation	1,059,950		978,350	
Accrued vacation costs	5,282,095		4,995,176	
Endowments invested on behalf of primary government		9,625,534		9,242,973
Revenue bonds and notes payable	136,974,691		143,301,000	44,627
Net pension liability	129,132,818		110,951,109	
Total noncurrent liabilities	<u>272,449,554</u>	<u>9,625,534</u>	<u>260,225,635</u>	<u>9,287,600</u>
Total liabilities	<u>322,459,233</u>	<u>15,075,166</u>	<u>307,546,993</u>	<u>15,248,007</u>
DEFERRED INFLOWS OF RESOURCES	<u>41,060,732</u>		<u>42,574,655</u>	
NET POSITION				
Unrestricted	56,388,792	30,236,105	53,916,443	29,154,267
Net investment in capital assets	476,733,945		423,829,175	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	130,474		130,474	
Expendable:				
Loans	1,897,357		2,090,026	
Net assets with donor restrictions		104,391,299		98,616,147
Total net position	<u>535,150,568</u>	<u>134,627,404</u>	<u>479,966,118</u>	<u>127,770,414</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 898,670,533</u>	<u>\$ 149,702,570</u>	<u>\$ 830,087,766</u>	<u>\$ 143,018,421</u>

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019		2018	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 135,911,368		\$ 132,306,929	
Less: scholarship allowances	<u>(22,475,606)</u>	\$ 113,435,762	<u>(20,126,014)</u>	\$ 112,180,915
Federal grants and contracts		40,441,787		39,888,152
State and local grants and contracts		36,885,094		36,741,352
Nongovernmental grants and contracts		13,686,897		12,513,712
Sales and services of educational departments		3,180,534		3,226,643
Auxiliary enterprises:				
Residential facilities	28,028,424		27,749,265	
Less: scholarship allowances	<u>(5,381,950)</u>	22,646,474	<u>(5,878,626)</u>	21,870,639
Dining facilities	14,631,201		14,173,896	
Less: scholarship allowances	<u>(3,026,016)</u>	11,605,185	<u>(2,578,610)</u>	11,595,286
Intercollegiate athletics		13,068,884		12,805,792
Bookstore	3,930,853		4,397,667	
Less: scholarship allowances	<u>(878)</u>	3,929,975	<u>(1,134)</u>	4,396,533
Parking facilities		1,065,232		941,547
Other auxiliary enterprises revenues		23,441,954		20,205,783
Other operating revenues		<u>17,248,321</u>		<u>16,586,974</u>
Total operating revenues		<u>300,636,099</u>		<u>292,953,328</u>
OPERATING EXPENSES				
Instruction		129,710,136		123,474,794
Research		65,860,412		63,856,219
Public service		20,563,294		22,776,011
Academic support		23,994,434		24,251,095
Student services		23,837,922		21,957,320
Institutional support		44,536,439		37,578,775
Operation and maintenance of plant		35,486,862		33,845,474
Scholarships and fellowships		27,617,585		27,260,807
Auxiliary enterprises:				
Residential facilities		23,906,489		21,501,307
Dining facilities		11,850,048		11,848,464
Intercollegiate athletics		12,053,429		11,120,246
Bookstore		4,005,548		4,354,900
Parking facilities		1,247,012		1,148,863
Other auxiliary enterprises expenses		<u>22,286,885</u>		<u>12,599,023</u>
Total operating expenses		<u>446,956,495</u>		<u>417,573,298</u>
Operating loss		<u>(146,320,396)</u>		<u>(124,619,970)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations		131,479,316		121,297,503
Pell grants		16,360,748		15,899,394
Gifts		1,860	\$ 8,090,214	3,275
Investment income	3,928,055		7,716,400	2,924,635
Less: investment expense	<u>(30,142)</u>	3,897,913		<u>(17,130)</u>
Interest on indebtedness		(4,790,266)		(3,227,702)
Other revenues, (expenses), gains and (losses)		(325,434)		(366,810)
Other affiliated foundation revenues			3,030,673	3,071,112
Other affiliated foundation expenses			(11,980,297)	(12,031,832)
Transfers (to) other University System of Maryland institutions		<u>(5,261,779)</u>		<u>(5,189,401)</u>
Total nonoperating revenues		<u>141,362,358</u>	<u>6,856,990</u>	<u>131,323,764</u>
Income (loss) before other revenues		<u>(4,958,038)</u>	<u>6,856,990</u>	<u>6,703,794</u>
OTHER REVENUES				
Capital appropriations		<u>60,142,488</u>		<u>32,499,774</u>
Total other revenues		<u>60,142,488</u>		<u>32,499,774</u>
Increase in net position		<u>55,184,450</u>	<u>6,856,990</u>	<u>39,203,568</u>
Net position - beginning of year		<u>479,966,118</u>	<u>127,770,414</u>	<u>440,762,550</u>
Net position - end of year		<u>\$ 535,150,568</u>	<u>\$ 134,627,404</u>	<u>\$ 479,966,118</u>
				<u>\$ 127,770,414</u>

UNIVERSITY MARYLAND, BALTIMORE COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 114,575,531	\$ 113,632,728
Research contracts and grants	91,948,050	88,895,998
Payments to employees	(260,498,019)	(251,288,012)
Payments to suppliers and contractors	(146,125,394)	(134,371,743)
Loans issued to students	(194,308)	(345,372)
Collection of loans to students	698,924	221,382
Auxiliary enterprises:		
Residential facilities	20,660,336	19,957,083
Dining facilities	11,508,356	11,533,590
Intercollegiate athletics	12,959,843	12,737,655
Bookstores	3,897,185	4,362,599
Parking facilities	1,056,344	930,727
Other	23,246,365	20,114,623
Other receipts	<u>20,226,576</u>	<u>20,525,994</u>
Net cash provided (used) by operating activities	<u>(106,040,211)</u>	<u>(93,092,748)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	131,479,316	121,297,503
Pell grants	<u>16,360,748</u>	<u>15,899,394</u>
Net cash provided by noncapital financing activities	<u>147,840,064</u>	<u>137,196,897</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	1,003,137	6,699,020
Capital appropriations	60,142,488	32,499,774
Purchases of capital assets	(70,782,857)	(70,086,589)
Principal paid on debt and capital leases	(12,398,297)	(10,666,841)
Interest paid on debt and capital leases	(5,940,155)	(3,863,738)
Transfers from other University System of Maryland institutions	<u>864,653</u>	<u>18,770,836</u>
Net cash provided (used) by capital and related financing activities	<u>(27,111,031)</u>	<u>(26,647,538)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	274,364	205,099
Interest on investments	3,271,129	2,487,203
Investment expense	(30,142)	(17,130)
Purchases of investments	<u>(3,882,667)</u>	<u>(3,882,667)</u>
Net cash provided (used) by investing activities	<u>3,515,351</u>	<u>(1,207,495)</u>
Net increase in cash and cash equivalents	18,204,173	16,249,116
Cash and cash equivalents - beginning of year	<u>148,636,681</u>	<u>132,387,565</u>
Cash and cash equivalents - end of year	<u>\$ 166,840,854</u>	<u>\$ 148,636,681</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
BALANCE SHEETS
JUNE 30, 2019 AND 2018**

	<u>2019</u>		<u>2018</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 18,057,678		\$ 16,191,841	
Accounts receivable, net	4,864,492	\$ 7,727	4,480,755	\$ 3,393
Inter-institutional balances			12,659	
Total current assets	<u>22,922,170</u>	<u>7,727</u>	<u>20,685,255</u>	<u>3,393</u>
Noncurrent assets				
Endowment investments	407,155	3,465,854	396,122	2,873,479
Other investments		2,856,942		2,887,170
Capital assets, net	76,108,097	8,548	79,236,147	3,139
Total noncurrent assets	<u>76,515,252</u>	<u>6,331,344</u>	<u>79,632,269</u>	<u>5,763,788</u>
Total assets	<u>99,437,422</u>	<u>6,339,071</u>	<u>100,317,524</u>	<u>5,767,181</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>5,247,494</u>		<u>4,749,334</u>	
Total assets and deferred outflows of resources	<u>\$ 104,684,916</u>	<u>\$ 6,339,071</u>	<u>\$ 105,066,858</u>	<u>\$ 5,767,181</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 1,513,666		\$ 919,064	
Accrued workers' compensation, current portion	11,100		10,950	
Accrued vacation costs, current portion	1,624,596		1,602,521	
Revenue bonds and notes payable, current portion	689,355		686,199	
Unearned revenues	159,943	\$ 676,296	149,813	\$ 336,790
Total current liabilities	<u>3,998,660</u>	<u>676,296</u>	<u>3,368,547</u>	<u>336,790</u>
Noncurrent liabilities				
Accrued workers' compensation	62,900		62,050	
Accrued vacation costs	1,461,288		1,423,895	
Endowments invested on behalf of primary government		407,155		396,122
Revenue bonds and notes payable	5,122,150		5,838,781	
Net pension liability	11,685,609		10,336,097	
Total noncurrent liabilities	<u>18,331,947</u>	<u>407,155</u>	<u>17,660,823</u>	<u>396,122</u>
Total liabilities	<u>22,330,607</u>	<u>1,083,451</u>	<u>21,029,370</u>	<u>732,912</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>975,424</u>		<u>954,399</u>	
NET POSITION				
Unrestricted	11,007,110	1,037,286	10,289,359	777,095
Net investment in capital assets	70,363,471		72,793,730	
Restricted:				
Expendable:				
Capital projects	8,304			
Net assets with donor restrictions		4,218,334		4,257,174
Total net position	<u>81,378,885</u>	<u>5,255,620</u>	<u>83,083,089</u>	<u>5,034,269</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 104,684,916</u>	<u>\$ 6,339,071</u>	<u>\$ 105,066,858</u>	<u>\$ 5,767,181</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>		<u>2018</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES				
Federal grants and contracts	\$ 17,044,651		\$ 14,097,519	
State and local grants and contracts	2,377,656		4,193,556	
Nongovernmental grants and contracts	4,165,591		4,970,198	
Sales and services of educational departments	<u>3,880,436</u>		<u>3,078,179</u>	
Total operating revenues	<u>27,468,334</u>		<u>26,339,452</u>	
OPERATING EXPENSES				
Research	52,273,512		51,021,012	
Operation and maintenance of plant	<u>407,036</u>		<u>488,861</u>	
Total operating expenses	<u>52,680,548</u>		<u>51,509,873</u>	
Operating loss	<u>(25,212,214)</u>		<u>(25,170,421)</u>	
NONOPERATING REVENUES (EXPENSES)				
State appropriations	22,811,755		22,422,544	
Gifts		\$ 1,047,906		\$ 919,473
Investment income	385,571	416,196	369,030	297,802
Interest on indebtedness	(148,726)		(177,881)	
Other affiliated foundation revenues		17,108		2,803
Other affiliated foundation expenses		(1,259,859)		(503,256)
Transfers from other University System of Maryland institutions	<u>459,410</u>		<u>607,276</u>	
Total nonoperating revenues	<u>23,508,010</u>	<u>221,351</u>	<u>23,220,969</u>	<u>716,822</u>
Income (loss) before other revenues	<u>(1,704,204)</u>	<u>221,351</u>	<u>(1,949,452)</u>	<u>716,822</u>
OTHER REVENUES				
Capital appropriations			<u>1,941,832</u>	
Total other revenues			<u>1,941,832</u>	
Increase (decrease) in net position	(1,704,204)	221,351	(7,620)	716,822
Net position - beginning of year	<u>83,083,089</u>	<u>5,034,269</u>	<u>83,090,709</u>	<u>4,317,447</u>
Net position - end of year	<u>\$ 81,378,885</u>	<u>\$ 5,255,620</u>	<u>\$ 83,083,089</u>	<u>\$ 5,034,269</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Research contracts and grants	\$ 23,214,291	\$ 22,368,370
Payments to employees	(31,137,251)	(30,470,458)
Payments to suppliers and contractors	(16,048,275)	(16,833,765)
Other receipts	<u>3,910,141</u>	<u>3,114,913</u>
Net cash provided (used) by operating activities	<u>(20,061,094)</u>	<u>(21,820,940)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	<u>22,811,755</u>	<u>22,422,544</u>
Net cash provided by noncapital financing activities	<u>22,811,755</u>	<u>22,422,544</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	150,901	114,502
Capital appropriations		1,941,832
Purchases of capital assets	(881,192)	(3,241,538)
Principal paid on debt and capital leases	(841,311)	(1,074,955)
Interest paid on debt and capital leases	(189,627)	(209,124)
Transfers from other University System of Maryland institutions	<u>501,867</u>	<u>988,441</u>
Net cash provided (used) by capital and related financing activities	<u>(1,259,362)</u>	<u>(1,480,842)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments		16,948
Interest on investments	<u>374,538</u>	<u>352,155</u>
Net cash provided by investing activities	<u>374,538</u>	<u>369,103</u>
Net increase (decrease) in cash and cash equivalents	1,865,837	(510,135)
Cash and cash equivalents - beginning of year	<u>16,191,841</u>	<u>16,701,976</u>
Cash and cash equivalents - end of year	<u>\$ 18,057,678</u>	<u>\$ 16,191,841</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
BALANCE SHEETS
JUNE 30, 2019 AND 2018**

	2019		2018	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 267,813,513	\$ 71,163	\$ 219,329,235	\$ 156,834
Accounts receivable, net	1,387,174	87,493	2,116,000	242,186
Prepaid expenses and other		250,702		46,052
Inter-institutional balances	26,744,693		29,412,824	
Total current assets	295,945,380	409,358	250,858,059	445,072
Noncurrent assets				
Restricted cash and cash equivalents	155,546,920		93,361,909	
Accounts receivable, net		294,700		388,958
Endowment investments	24,463,479	18,023,551	23,633,051	16,898,666
Other investments	1,421,251	116,592,434	396,250	117,641,078
Other assets		141,849		467,000
Capital assets, net	226,457,913	4,337,632	177,920,785	4,385,682
Total noncurrent assets	407,889,563	139,390,166	295,311,995	139,781,384
Total assets	703,834,943	139,799,524	546,170,054	140,226,456
DEFERRED OUTFLOWS OF RESOURCES				
	5,775,427		5,529,259	
Total assets and deferred outflows of resources	\$ 709,610,370	\$ 139,799,524	\$ 551,699,313	\$ 140,226,456
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 12,166,133	\$ 4,250,871	\$ 5,031,783	\$ 4,026,125
Accrued workers' compensation, current portion	10,800		10,650	
Accrued vacation costs, current portion	756,564		780,132	
Revenue bonds and notes payable, current portion	7,364,304		5,573,218	
Unearned revenues		649,450		516,882
Total current liabilities	20,297,801	4,900,321	11,395,783	4,543,007
Noncurrent liabilities				
Accrued workers' compensation	61,200		60,350	
Accrued vacation costs	918,782		863,844	
Endowments invested on behalf of primary government		24,463,479		23,633,051
Other payables		76,527,498		80,385,927
Revenue bonds and notes payable	157,911,176		104,384,275	
Net pension liability	10,392,417		9,175,567	
Total noncurrent liabilities	169,283,575	100,990,977	114,484,036	104,018,978
Total liabilities	189,581,376	105,891,298	125,879,819	108,561,985
DEFERRED INFLOWS OF RESOURCES				
	843,480		824,522	
NET POSITION				
Unrestricted	300,760,565	4,394,979	261,913,329	4,173,037
Net investment in capital assets	210,865,979		160,078,587	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	347,604		347,604	
Other	471,330		471,330	
Expendable:				
Capital projects	6,740,036		2,184,122	
Net assets with donor restrictions		29,513,247		27,491,434
Total net position	519,185,514	33,908,226	424,994,972	31,664,471
Total liabilities, deferred inflows of resources and net position	\$ 709,610,370	\$ 139,799,524	\$ 551,699,313	\$ 140,226,456

UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	2019		2018	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Federal grants and contracts	\$ 980,370		\$ 1,340,764	
Nongovernmental grants and contracts	110,331		88,673	
Other operating revenues	<u>1,379,124</u>		<u>825,627</u>	
Total operating revenues	<u>2,469,825</u>		<u>2,255,064</u>	
OPERATING EXPENSES				
Academic support	4,837,415		4,443,960	
Institutional support	<u>22,560,895</u>		<u>18,925,660</u>	
Total operating expenses	<u>27,398,310</u>		<u>23,369,620</u>	
Operating loss	<u>(24,928,485)</u>		<u>(21,114,556)</u>	
NONOPERATING REVENUES (EXPENSES)				
State appropriations	37,961,075		26,497,357	
Gifts		\$ 2,491,859		\$ 1,212,703
Investment income	\$ 8,470,271	1,142,592	\$ 5,561,231	3,789,804
Less: investment expense	<u>(55,242)</u>	8,415,029	<u>(49,261)</u>	5,511,970
Interest on indebtedness	(7,981,645)		(5,293,035)	
Other revenues, (expenses), gains and (losses)	2,330,965		293,196	
Other affiliated foundation revenues		4,382,220		4,356,753
Other affiliated foundation expenses		(5,772,916)		(6,793,891)
Transfers from other University System of Maryland institutions	<u>28,708,711</u>		<u>30,611,538</u>	
Total nonoperating revenues	<u>69,434,135</u>	<u>2,243,755</u>	<u>57,621,026</u>	<u>2,565,369</u>
Income before other revenues	<u>44,505,650</u>	<u>2,243,755</u>	<u>36,506,470</u>	<u>2,565,369</u>
OTHER REVENUES				
Capital appropriations	49,019,708		53,247,239	
Capital gifts and grants	<u>665,184</u>		<u>1,439,568</u>	
Total other revenues	<u>49,684,892</u>		<u>54,686,807</u>	
Increase in net position	94,190,542	2,243,755	91,193,277	2,565,369
Net position - beginning of year	<u>424,994,972</u>	<u>31,664,471</u>	<u>333,801,695</u>	<u>29,099,102</u>
Net position - end of year	<u>\$ 519,185,514</u>	<u>\$ 33,908,226</u>	<u>\$ 424,994,972</u>	<u>\$ 31,664,471</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Research contracts and grants	\$ 1,178,550	\$ 1,613,201
Payments to employees	(15,719,314)	(15,858,352)
Payments to suppliers and contractors	(1,124,760)	(5,426,430)
Other receipts	<u>2,512,076</u>	<u>3,337,401</u>
Net cash provided (used) by operating activities	<u>(13,153,448)</u>	<u>(16,334,180)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	<u>37,961,075</u>	<u>26,497,357</u>
Net cash provided by noncapital financing activities	<u>37,961,075</u>	<u>26,497,357</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	126,646,729	93,525,015
Capital appropriations	49,019,708	53,247,239
Purchases of capital assets	(49,784,890)	(56,616,434)
Principal paid on debt and capital leases	(4,428,550)	(18,882,447)
Interest paid on debt and capital leases	(7,287,689)	(5,663,099)
Transfers (to) other University System of Maryland institutions	<u>(34,874,334)</u>	<u>(66,014,477)</u>
Net cash provided (used) by capital and related financing activities	<u>79,290,974</u>	<u>(404,203)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	736,546	339,512
Interest on investments	6,914,385	4,325,739
Investment expense	(55,242)	(49,261)
Purchases of investments	<u>(1,025,001)</u>	<u>(2,915,341)</u>
Net cash provided by investing activities	<u>6,570,688</u>	<u>1,700,649</u>
Net increase in cash and cash equivalents	110,669,289	11,459,623
Cash and cash equivalents - beginning of year	<u>312,691,144</u>	<u>301,231,521</u>
Cash and cash equivalents - end of year	<u>\$ 423,360,433</u>	<u>\$ 312,691,144</u>

Committee on Audit - Open Session

UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEETS, NONMAJOR COMPONENT UNITS
JUNE 30, 2019

	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	Harry R. Hughes Center for Agro-Ecology, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Towson University Public Media, Inc.	Maryland Hawk Corporation	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc. and University Properties, Inc.	Salisbury University Foundation, Inc.	The Ward Foundation, Inc.	Maryland 4-H Foundation, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park, Inc.	Total Nonmajor Component Units
ASSETS																	
Current Assets																	
Cash	\$ 3,003,176	\$ 42,207	\$ 1,950,783	\$ 33,978	\$ 1,113,875	\$ 3,799,308	\$ 185,750	\$ 235,938	\$ 362,376	\$ 3,138,127	\$ 9,853,058	\$ 1,508,712	\$ 122,806	\$ 409,644	\$ 106,824	\$ 749,457	\$ 26,616,019
Accounts receivable, net			272,815		904,672	122,672	306,216		99,751	563,482	3,739,426	4,415,785	274,840	28,797	376,681	78,250	11,183,387
Other assets	207,496	25,000	5,975			346,888	18,738		25,935	14,730		28,421	38,554	31,090		133,020	875,847
Total current assets	3,210,672	67,207	2,229,573	33,978	2,018,547	4,268,868	510,704	235,938	488,062	3,716,339	13,592,484	5,952,918	436,200	469,531	483,505	960,727	38,675,253
Investments																	
Endowment investments	658	2,856,861			9,075,401	79,132,031			24,257,729	9,072,047	49,877,557	69,152,798	46,292	5,442,815			248,914,189
Other investments			7,268,757				23,215		3,952,429		7,813,848	4,303,595				10,617,109	33,978,953
Total investments	658	2,856,861	7,268,757	9,075,401	79,132,031	79,132,031	23,215	28,210,158	9,072,047	57,691,405	73,456,393	46,292	5,442,815	10,617,109	282,893,142		
Noncurrent assets																	
Accounts receivable, net						3,148,504			1,072,123		2,890,136						7,110,763
Capital assets, net						2,341		10,503,898	33,023	30,100	615,176	5,968,834	99,666	49,778		2,606,341	19,909,157
Other assets								38,191	366,474		52,911	2,132,764	55,995				2,646,335
Total noncurrent assets																	
Total assets	\$ 3,211,330	\$ 2,924,068	\$ 9,498,330	\$ 33,978	\$ 11,093,948	\$ 86,551,744	\$ 533,919	\$ 10,778,027	\$ 30,169,840	\$ 12,818,486	\$ 71,951,976	\$ 90,401,045	\$ 638,153	\$ 5,962,124	\$ 483,505	\$ 14,184,177	\$ 351,234,650
LIABILITIES																	
Current liabilities																	
Accounts payable & accrued expenses	\$ 12,982	\$ 24,857	\$ 861,624		\$ 565,620	\$ 1,443,669	\$ 168,649	\$ 565,617	\$ 30,708	\$ 63,999	\$ 448,597	\$ 845	\$ 331,869	\$ 193,639	\$ 220,594	\$ 11,752	\$ 4,945,021
Long-term debt, current								185,687				2,152,482		311,012		45,900	2,695,081
Unearned revenues								99,288	55,690		913,808	125,531	11,348		156,850	5,281,221	6,643,736
Total current liabilities	12,982	24,857	861,624	565,620	1,443,669	168,649	850,592	86,398	63,999	1,362,405	2,278,858	654,229	193,639	377,444	5,338,873	14,283,838	
Noncurrent liabilities																	
Other payables										4,904		1,948,875	62,906				2,016,685
Long-term debt, noncurrent								12,380,967				4,833,345	266,043				17,480,355
Total noncurrent liabilities																	
Total liabilities	12,982	24,857	861,624	565,620	1,443,669	168,649	13,231,559	86,398	68,903	1,362,405	9,061,078	983,178	193,639	377,444	5,338,873	33,780,878	
NET ASSETS																	
Without donor restrictions	2,697,188	2,899,211	8,636,706	8,978	617,975	3,352,669	340,270	(2,453,532)	2,454,425	232,153	7,216,201	8,449,461	(373,667)	3,042,668	106,061	8,845,304	46,072,071
With donor restrictions:																	
Scholarships & fellowships						27,843,729			18,566,175		37,715,526	28,690,080					112,815,510
Research						53,911,677			59,609			1,890,636					1,950,245
Other	501,160			25,000	9,910,353	53,911,677	25,000		9,003,233	12,517,430	25,657,844	42,309,790	28,642	2,725,817			156,615,946
Total net assets	3,198,348	2,899,211	8,636,706	33,978	10,528,328	85,108,075	365,270	(2,453,532)	30,083,442	12,749,583	70,589,571	81,339,967	(345,025)	5,768,485	106,061	8,845,304	317,453,772
Total liabilities and net assets	\$ 3,211,330	\$ 2,924,068	\$ 9,498,330	\$ 33,978	\$ 11,093,948	\$ 86,551,744	\$ 533,919	\$ 10,778,027	\$ 30,169,840	\$ 12,818,486	\$ 71,951,976	\$ 90,401,045	\$ 638,153	\$ 5,962,124	\$ 483,505	\$ 14,184,177	\$ 351,234,650

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Committee on Audit - Open Session

UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEETS, NONMAJOR COMPONENT UNITS
JUNE 30, 2018

	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	Harry R. Hughes Center for Agro-Ecology, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Towson University Public Media, Inc.	Maryland Hawk Corporation	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc. and University Properties, Inc.	Salisbury University Foundation, Inc.	The Ward Foundation, Inc.	Maryland 4-H Foundation, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park, Inc.	Total Nonmajor Component Units
ASSETS																	
Current Assets																	
Cash	\$ 2,629,742	\$ 19,446	\$ 1,337,325	\$ 190,484	\$ 710,391	\$ 2,791,108	\$ 264,875	\$ 90,242	\$ 402,626	\$ 2,834,881	\$ 9,081,729	\$ 1,456,294	\$ 126,297	\$ 355,326	\$ 172,634	\$ 594,760	\$ 23,058,160
Accounts receivable, net	4,000		106,382		289,354	97,245	384,563	11,586	128,187	894,540	4,579,863	2,212,747	382,842	96,371	77,085	103,505	9,368,270
Other assets	189,885	28,153	4,716			342,054	31,762		23,842	5,870		23,818	57,203	15,403	97,857	820,563	
Total current assets	2,823,627	47,599	1,448,423	190,484	999,745	3,230,407	681,200	101,828	554,655	3,735,291	13,661,592	3,692,859	566,342	467,100	249,719	796,122	33,246,993
Investments																	
Endowment investments	658	2,776,126			8,329,087	74,963,982			23,148,833	8,228,199	49,001,471	68,083,674	45,739	5,366,810			239,944,579
Other investments			7,300,086				1,264		2,204,093		7,536,529	4,489,540				10,165,081	31,696,593
Total investments	658	2,776,126	7,300,086		8,329,087	74,963,982	1,264		25,352,926	8,228,199	56,538,000	72,573,214	45,739	5,366,810		10,165,081	271,641,172
Noncurrent assets																	
Accounts receivable, net						2,459,089			1,162,342		4,837,322						8,458,753
Capital assets, net						992		11,388,149	33,162	30,100	649,508	6,078,201	160,318	56,521	352	2,761,775	21,159,098
Other assets								39,718	347,673		61,593	2,163,802	57,015				2,669,801
Total noncurrent assets						2,460,081		11,427,867	1,543,197	30,100	711,101	13,079,325	217,333	56,521	352	2,761,775	32,287,652
Total assets	\$ 2,824,285	\$ 2,823,725	\$ 8,748,509	\$ 190,484	\$ 9,328,832	\$ 80,654,470	\$ 682,464	\$ 11,529,695	\$ 27,450,778	\$ 11,993,590	\$ 70,910,693	\$ 89,345,398	\$ 829,414	\$ 5,890,431	\$ 250,071	\$ 13,722,978	\$ 337,175,817
LIABILITIES																	
Current liabilities																	
Accounts payable & accrued expenses	\$ 7,811		\$ 723,428		\$ 35,356	\$ 613,676	\$ 166,608	\$ 516,946	\$ 22,118	\$ 68,471	\$ 494,154	\$ 911	\$ 272,780	\$ 99,062		\$ 41,966	\$ 3,063,287
Long-term debt, current								178,103				2,152,482	389,806			58,935	2,779,326
Unearned revenues									56,922		1,437,574	131,644	56,795		\$ 329,029	5,410,556	7,422,520
Total current liabilities	7,811		723,428		35,356	613,676	166,608	695,049	79,040	68,471	1,931,728	2,285,037	719,381	99,062	329,029	5,511,457	13,265,133
Noncurrent liabilities																	
Other payables											6,178	2,122,065	98,599				2,226,842
Long-term debt, noncurrent								12,460,012				5,233,341	269,909			44,627	18,007,889
Total noncurrent liabilities								12,460,012		6,178		7,355,406	368,508			44,627	20,234,731
Total liabilities	7,811		723,428		35,356	613,676	166,608	13,155,061	79,040	74,649	1,931,728	9,640,443	1,087,889	99,062	329,029	5,556,084	33,499,864
NET ASSETS																	
Without donor restrictions	2,410,521	\$ 2,823,725	8,025,081	\$ 93,634	635,194	3,131,282	490,856	(1,625,366)	841,712	184,837	6,505,084	8,600,723	(160,703)	3,067,821	(78,958)	8,166,894	43,112,337
With donor restrictions:																	
Scholarships & fellowships					4,339,710	39,123,078			17,758,948		36,256,628	24,519,677					121,998,041
Research						156,756			52,137		1,892,035						2,100,928
Other	405,953			96,850	4,318,572	37,629,678	25,000		8,718,941	11,734,104	26,217,253	44,692,520	(97,772)	2,723,548			136,464,647
Total net assets	2,816,474	2,823,725	8,025,081	190,484	9,293,476	80,040,794	515,856	(1,625,366)	27,371,738	11,918,941	68,978,965	79,704,955	(258,475)	5,791,369	(78,958)	8,166,894	303,675,953
Total liabilities and net assets	\$ 2,824,285	\$ 2,823,725	\$ 8,748,509	\$ 190,484	\$ 9,328,832	\$ 80,654,470	\$ 682,464	\$ 11,529,695	\$ 27,450,778	\$ 11,993,590	\$ 70,910,693	\$ 89,345,398	\$ 829,414	\$ 5,890,431	\$ 250,071	\$ 13,722,978	\$ 337,175,817

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Committee on Audit - Open Session

UNIVERSITY SYSTEM OF MARYLAND
 COMBINING STATEMENT OF ACTIVITIES, NONMAJOR COMPONENT UNITS
 YEAR ENDED JUNE 30, 2019

	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation of the University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	Harry R. Hughes Center for Agro-Ecology, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Towson University Public Media, Inc.	Maryland Hawk Corporation	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc. and University Properties, Inc.	Salisbury University Foundation, Inc.	The Ward Foundation, Inc.	Maryland 4-H Foundation Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park, Inc.	Total Nonmajor Component Units
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS																	
Revenues																	
Contributions & grants	\$ 1,035,295	\$ 34,413	\$ 470,104	\$ 22,192	\$ 50,013	\$ 364,529	\$ 1,788,117		\$ 1,685,123	\$ 56,855	\$ 181,191	\$ 683,257	\$ 1,031,221	\$ 41,174	\$ 815,852	\$ 255,741	\$ 7,994,960
Investment income	45,072	191,704		286		610,388	2,226		117,951	1,734	426,851	123,090	110,704	2,929		499,946	2,652,998
Other income (loss)	283,007	(15,776)	2,586,052		108,862	23	969,778	\$ 1,076,628	26,798	151,592	3,924	987,142	336,700	383,543	1,089	1,811,933	8,711,295
Assets released from restrictions	619,901			124,600	546,896	5,922,279			2,297,359	1,070,674	4,508,212	4,741,596		552,886			20,409,403
Total revenues	1,983,275	210,341	3,056,156	147,078	705,771	6,897,219	2,785,121	1,076,628	4,127,231	1,280,855	5,120,178	6,535,085	1,478,625	980,532	816,941	2,567,620	39,768,656
Expenses																	
Program	1,197,342	67,472	1,224,659	228,928	418,345	5,344,486	1,320,482	1,401,799	2,113,488	1,052,407	3,643,488	5,179,596	1,183,007	747,540	631,570	660,142	26,414,751
General & administrative	224,871	67,383	966,455	2,806	132,930	644,112	444,444	137,461	401,030	160,528	540,443	1,286,224	245,639	211,640	352	109,669	5,575,987
Fundraising	274,395				171,715	687,234	1,170,781			20,604	225,130	220,527	94,463	46,505			2,911,354
Other expense			253,417					365,534					168,480			1,119,399	1,906,830
Total expenses	1,696,608	134,855	2,444,531	231,734	722,990	6,675,832	2,935,707	1,904,794	2,514,518	1,233,539	4,409,061	6,686,347	1,691,589	1,005,685	631,922	1,889,210	36,808,922
Change in net assets without donor restrictions	286,667	75,486	611,625	(84,656)	(17,219)	221,387	(150,586)	(828,166)	1,612,713	47,316	711,117	(151,262)	(212,964)	(25,153)	185,019	678,410	2,959,734
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS																	
Contributions & grants	715,108			52,750	1,175,305	5,876,816	25,000		1,564,812	1,101,609	2,264,269	4,850,914	126,414	289,669			18,042,666
Investment income					428,906	3,882,072			1,465,449	604,678	2,965,347	1,567,096		265,486			11,179,034
Other income					194,756	1,009,285			366,089	147,713	178,085	109,860					2,005,788
Assets released from restrictions	(619,901)			(124,600)	(546,896)	(5,922,279)	(25,000)		(2,297,359)	(1,070,674)	(4,508,212)	(4,741,596)		(552,886)			(20,409,403)
Change in net assets with donor restrictions	95,207			(71,850)	1,252,071	4,845,894			1,098,991	783,326	899,489	1,786,274	126,414	2,269			10,818,085
Total change in net assets	381,874	75,486	611,625	(156,506)	1,234,852	5,067,281	(150,586)	(828,166)	2,711,704	830,642	1,610,606	1,635,012	(86,550)	(22,884)	185,019	678,410	13,777,819
Net assets - beginning of year	2,816,474	2,823,725	8,025,081	190,484	9,293,476	80,040,794	515,856	(1,625,366)	27,371,738	11,918,941	68,978,965	79,704,955	(258,475)	5,791,369	(78,958)	8,166,894	303,675,953
Net assets - end of year	\$ 3,198,348	\$ 2,899,211	\$ 8,636,706	\$ 33,978	\$ 10,528,328	\$ 85,108,075	\$ 365,270	\$ (2,453,532)	\$ 30,083,442	\$ 12,749,583	\$ 70,589,571	\$ 81,339,967	\$ (345,025)	\$ 5,768,485	\$ 106,061	\$ 8,845,304	\$ 317,453,772

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Committee on Audit - Open Session

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, NONMAJOR COMPONENT UNITS
YEAR ENDED JUNE 30, 2018

	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation of the University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	Harry R. Hughes Center for Agro-Ecology, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Towson University Public Media, Inc.	Maryland Hawk Corporation	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc. and University Properties, Inc.	Salisbury University Foundation, Inc.	The Ward Foundation, Inc.	Maryland 4-H Foundation Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park, Inc.	Total Nonmajor Component Units
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS																	
Revenues																	
Contributions & grants	\$ 2,964,190	\$ 8,073	\$ 548,376	\$ 10,735	\$ 65,769	\$ 325,754	\$ 1,776,561		\$ 189,148	\$ 59,628	\$ 246,385	\$ 630,888	\$ 966,674	\$ 60,112	\$ 305,258	\$ 259,776	\$ 7,803,182
Investment income	24,983	247,654		10	285,483	12,940	12,940		122,559	2,547	405,575	506,258	135,697	309,069		563,040	3,229,960
Other income	267,947	(16,563)	2,502,202		97,040	15	1,032,467	\$ 1,035,051	15,683	113,784	3,919	1,472,092	336,858	561,207	89	1,790,388	9,212,179
Assets released from restrictions	215,736			150,650	1,791,023	5,193,384	20,000	10,103	2,288,537	1,320,072	3,945,806	7,846,664	1,683,079	314,315			24,779,369
Total revenues	3,472,856	239,164	3,050,578	161,395	1,953,832	5,804,636	2,841,968	1,045,154	2,615,927	1,496,031	4,601,685	10,455,902	3,122,308	1,244,703	305,347	2,613,204	45,024,690
Expenses																	
Program	2,513,968	39,678	1,533,878	105,319	1,665,613	4,650,999	1,320,968	1,316,616	2,010,385	1,297,947	3,577,112	8,240,582	976,065	944,600	460,907	772,878	31,427,515
General & administrative	236,495	78,471	1,126,142	24,666	64,373	689,913	377,876	111,360	473,204	145,271	563,441	442,733	451,499	249,121	380	106,797	5,141,742
Fundraising	256,711				161,074	624,008	1,045,462			28,149	277,715	158,336	56,516	40,826			2,648,797
Other expense			215,664										1,763,808			1,078,180	3,057,652
Total expenses	3,007,174	118,149	2,875,684	129,985	1,891,060	5,964,920	2,744,306	1,427,976	2,483,589	1,471,367	4,418,268	8,841,651	3,247,888	1,234,547	461,287	1,957,855	42,275,706
Change in net assets without donor restrictions	465,682	121,015	174,894	31,410	62,772	(160,284)	97,662	(382,822)	132,338	24,664	183,417	1,614,251	(125,580)	10,156	(155,940)	655,349	2,748,984
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS																	
Contributions & grants	248,862			222,000	1,134,030	5,484,395	25,000		2,016,424	1,160,138	2,996,250	4,964,284	143,346	492,881			18,887,610
Investment income					527,798	5,230,901			1,883,926	788,818	3,734,420	6,190,206		14,428			18,370,497
Other income					185,625	859,726			361,979	114,393	174,150	101,533					1,797,406
Assets released from restrictions	(215,736)			(150,650)	(1,791,023)	(5,193,384)	(20,000)	(10,103)	(2,288,537)	(1,320,072)	(3,945,806)	(7,846,664)	(1,683,079)	(314,315)			(24,779,369)
Change in net assets with donor restrictions	33,126			71,350	56,430	6,381,638	5,000	(10,103)	1,973,792	743,277	2,959,014	3,409,359	(1,539,733)	192,994			14,276,144
Total change in net assets	498,808	121,015	174,894	102,760	119,202	6,221,354	102,662	(392,925)	2,106,130	767,941	3,142,431	5,023,610	(1,665,313)	203,150	(155,940)	655,349	17,025,128
Net assets - beginning of year	2,317,666	2,702,710	7,850,187	87,724	9,174,274	73,819,440	413,194	(1,232,441)	25,265,608	11,151,000	65,836,534	74,681,345	1,406,838	5,588,219	76,982	7,511,545	286,650,825
Net assets - end of year	\$ 2,816,474	\$ 2,823,725	\$ 8,025,081	\$ 190,484	\$ 9,293,476	\$ 80,040,794	\$ 515,856	\$ (1,625,366)	\$ 27,371,738	\$ 11,918,941	\$ 68,978,965	\$ 79,704,955	\$ (258,475)	\$ 5,791,369	\$ (78,958)	\$ 8,166,894	\$ 303,675,953

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UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2019 AND 2018**

ACCOUNTING AND REPORTING PRACTICES

Supplementary data reporting units

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

Facilities maintenance expenses

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

System-wide financing arrangements

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

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

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**REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Regents
University System of Maryland

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the University System of Maryland (the System) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated October 29, 2019.

Internal Controls over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal controls over financial reporting (internal controls) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal controls. Accordingly, we do not express an opinion on the effectiveness of the System's internal controls.

A *deficiency in internal controls* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal controls or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Owings Mills, Maryland
October 29, 2019

A handwritten signature in black ink that reads 'SB & Company, LLC'.

MARYLAND HIGHER EDUCATION COMMISSION

**All Institutions'
Agreed-Upon Procedures Reports**

2018 Fall Semester

BOWIE STATE UNIVERSITY
Report of Independent Public Accountants
On
Applying Agreed-Upon Procedures

2018 Fall Semester



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

The Maryland Higher Education Commission
6 N. Liberty Street, Ground Suite
Baltimore, Maryland 21201

We have performed the procedures enumerated below, which were agreed to by the Maryland Higher Education Commission (the Commission) and Bowie State University (the University), solely to assist you in evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2018 Fall Semester (the Reports). The University's management is responsible for the information contained in the Reports. Our procedures were made as of the University's institutional freeze date for the 2018 Fall Semester, as requested by the Commission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and related results were as follows:

A. Total Registered Students

We randomly selected 32 students from the University's 6,320 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race and ethnicity category	Race and ethnicity as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0



A. Total Registered Students (continued)

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 1, 2 and 3.

B. First-Time Full-Time Students

We randomly selected 31 students from the University’s 893 first-time full-time students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time full-time status	Date of high school graduation, educational history and other data contained in the student’s information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the student enrollment data included in the Reports, or the Reports themselves. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commission and the University, and is not intended to be and should not be used by anyone other than these specified parties.

Owings Mills, MD
October 29, 2019

COPPIN STATE UNIVERSITY
Report of Independent Public Accountants
On
Applying Agreed-Upon Procedures

2018 Fall Semester



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

The Maryland Higher Education Commission
6 N. Liberty Street, Ground Suite
Baltimore, Maryland 21201

We have performed the procedures enumerated below, which were agreed to by the Maryland Higher Education Commission (the Commission) and Coppin State University (the University), solely to assist you in evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2018 Fall Semester (the Reports). The University's management is responsible for the information contained in the Reports. Our procedures were made as of the University's institutional freeze date for the 2018 Fall Semester, as requested by the Commission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and related results were as follows:

A. Total Registered Students

We randomly selected 64 students from the University's 2,738 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race category	Race as entered on the student's application for admission	1
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0



A. Total Registered Students (continued)

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 3.5% for attributes 1 and 3, and 5.9% for attribute 2.

B. First-Time Full-Time Students

We randomly selected 29 students from the University’s 387 first-time full-time students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time full-time status	Date of high school graduation, educational history and other data contained in the student’s information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the student enrollment data included in the Reports, or the Reports themselves. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commission and the University, and is not intended to be and should not be used by anyone other than these specified parties.

Owings Mills, MD
October 29, 2019

SB & Company, LLC

FROSTBURG STATE UNIVERSITY
Report of Independent Public Accountants
On
Applying Agreed-Upon Procedures

2018 Fall Semester



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

The Maryland Higher Education Commission
6 N. Liberty Street, Ground Suite
Baltimore, Maryland 21201

We have performed the procedures enumerated below, which were agreed to by the Maryland Higher Education Commission (the Commission) and Frostburg State University (the University), solely to assist you in evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2018 Fall Semester (the Reports). The University's management is responsible for the information contained in the Reports. Our procedures were made as of the University's institutional freeze date for the 2018 Fall Semester, as requested by the Commission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and related results were as follows:

A. Total Registered Students

We randomly selected 32 students from the University's 5,294 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race category	Race as entered on the student's application for admission	1
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0



A. Total Registered Students (continued)

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 1 and 3 and 12.4% for attribute 2.

B. First-Time Full-Time Students

We randomly selected 30 students from the University’s 726 first-time full-time students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time full-time status	Date of high school graduation, educational history and other data contained in the student’s information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the student enrollment data included in the Reports, or the Reports themselves. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commission and the University, and is not intended to be and should not be used by anyone other than these specified parties.

Owings Mills, MD
October 29, 2019

SB & Company, LLC

SALISBURY UNIVERSITY
Report of Independent Public Accountants
On
Applying Agreed-Upon Procedures

2018 Fall Semester



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

The Maryland Higher Education Commission
6 N. Liberty Street, Ground Suite
Baltimore, Maryland 21201

We have performed the procedures enumerated below, which were agreed to by the Maryland Higher Education Commission (the Commission) and Salisbury University (the University), solely to assist you in evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2018 Fall Semester (the Reports). The University's management is responsible for the information contained in the Reports. Our procedures were made as of the University's institutional freeze date for the 2018 Fall Semester, as requested by the Commission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and related results were as follows:

A. Total Registered Students

We randomly selected 32 students from the University's 8,567 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race category	Race as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0



A. Total Registered Students (continued)

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 1, 2 and 3.

B. First-Time Full-Time Students

We randomly selected 31 students from the University's 1,262 first-time full-time students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time full-time status	Date of high school graduation, educational history and other data contained in the student's information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the student enrollment data included in the Reports, or the Reports themselves. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commission and the University, and is not intended to be and should not be used by anyone other than these specified parties.

Owings Mills, MD
October 29, 2019

SB & Company, LLC

TOWSON UNIVERSITY
Report of Independent Public Accountants
On
Applying Agreed-Upon Procedures

2018 Fall Semester



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

The Maryland Higher Education Commission
6 N. Liberty Street, Ground Suite
Baltimore, Maryland 21201

We have performed the procedures enumerated below, which were agreed to by the Maryland Higher Education Commission (the Commission) and Towson University (the University), solely to assist you in evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2018 Fall Semester (the Reports). The University's management is responsible for the information contained in the Reports. Our procedures were made as of the University's institutional freeze date for the 2018 Fall Semester, as requested by the Commission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and related results were as follows:

A. Total Registered Students

We randomly selected 32 students from the University's 22,923 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race category	Race as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0



A. Total Registered Students (continued)

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 1, 2 and 3.

B. First-Time Full-Time Students

We randomly selected 31 students from the University's 2,935 first-time full-time students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time full-time status	Date of high school graduation, educational history and other data contained in the student's information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the student enrollment data included in the Reports, or the Reports themselves. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commission and the University, and is not intended to be and should not be used by anyone other than these specified parties.

Owings Mills, MD
October 29, 2019

SB & Company, LLC

UNIVERSITY OF BALTIMORE
Report of Independent Public Accountants
On
Applying Agreed-Upon Procedures

2018 Fall Semester



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

The Maryland Higher Education Commission
6 N. Liberty Street, Ground Suite
Baltimore, Maryland 21201

We have performed the procedures enumerated below, which were agreed to by the Maryland Higher Education Commission (the Commission) and University of Baltimore (the University), solely to assist you in evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2018 Fall Semester (the Reports). The University's management is responsible for the information contained in the Reports. Our procedures were made as of the University's institutional freeze date for the 2018 Fall Semester, as requested by the Commission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and related results were as follows:

A. Total Registered Students

We randomly selected 31 students from the University's 5,041 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race category	Race as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0



A. Total Registered Students (continued)

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 1, 2 and 3.

B. First-Time Full-Time Students

We randomly selected 22 students from the University's 76 first-time full-time students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time full-time status	Date of high school graduation, educational history and other data contained in the student's information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 10.9% for attributes 4 and 5.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the student enrollment data included in the Reports, or the Reports themselves. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commission and the University, and is not intended to be and should not be used by anyone other than these specified parties.

Owings Mills, MD
October 29, 2019

SB & Company, LLC

UNIVERSITY OF MARYLAND BALTIMORE

**Report of Independent Public Accountants
On
Applying Agreed-Upon Procedures**

2018 Fall Semester



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

The Maryland Higher Education Commission
6 N. Liberty Street, Ground Suite
Baltimore, Maryland 21201

We have performed the procedures enumerated below, which were agreed to by the Maryland Higher Education Commission (the Commission) and University of Maryland Baltimore (the University), solely to assist you in evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2018 Fall Semester (the Reports). The University's management is responsible for the information contained in the Reports. Our procedures were made as of the University's institutional freeze date for the 2018 Fall Semester, as requested by the Commission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and related results were as follows:

A. Total Registered Students

We randomly selected 32 students from the University's 6,777 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race category	Race as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0



A. Total Registered Students (continued)

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes for 1, 2 and 3.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the student enrollment data included in the Reports, or the Reports themselves. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commission and the University, and is not intended to be and should not be used by anyone other than these specified parties.

Owings Mills, MD
October 29, 2019

SB & Company, LLC

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY

**Report of Independent Public Accountants
On
Applying Agreed-Upon Procedures**

2018 Fall Semester



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

The Maryland Higher Education Commission
6 N. Liberty Street, Ground Suite
Baltimore, Maryland 21201

We have performed the procedures enumerated below, which were agreed to by the Maryland Higher Education Commission (the Commission) and University of Maryland, Baltimore County (the University), solely to assist you in evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2018 Fall Semester (the Reports). The University's management is responsible for the information contained in the Reports. Our procedures were made as of the University's institutional freeze date for the 2018 Fall Semester, as requested by the Commission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and related results were as follows:

A. Total Registered Students

We randomly selected 64 students from the University's 13,750 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race category	Race as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0



A. Total Registered Students (continued)

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 3.5% for attribute 1, 2 and 3.

B. First-Time Full-Time Students

We randomly selected 31 students from the University's 1,654 first-time full-time students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time full-time status	Date of high school graduation, educational history and other data contained in the student's information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the student enrollment data included in the Reports, or the Reports themselves. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commission and the University, and is not intended to be and should not be used by anyone other than these specified parties.

Owings Mills, MD
October 29, 2019

SB & Company, LLC

UNIVERSITY OF MARYLAND COLLEGE PARK

**Report of Independent Public Accountants
On
Applying Agreed-Upon Procedures**

2018 Fall Semester



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

The Maryland Higher Education Commission
6 N. Liberty Street, Ground Suite
Baltimore, Maryland 21201

We have performed the procedures enumerated below, which were agreed to by the Maryland Higher Education Commission (the Commission) and University of Maryland College Park (the University), solely to assist you in evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2018 Fall Semester (the Reports). The University's management is responsible for the information contained in the Reports. Our procedures were made as of the University's institutional freeze date for the 2018 Fall Semester, as requested by the Commission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and related results were as follows:

A. Total Registered Students

We randomly selected 32 students from the University's 41,200 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race and ethnicity category	Race and ethnicity as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0



A. Total Registered Students (continued)

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 1, 2 and 3.

B. First-Time Full-Time Students

We randomly selected 31 students from the University's 5,235 first-time full-time students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time full-time status	Date of high school graduation, educational history and other data contained in the student's information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the student enrollment data included in the Reports, or the Reports themselves. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commission and the University, and is not intended to be and should not be used by anyone other than these specified parties.

Owings Mills, MD
October 29, 2019

SB & Company, LLC

UNIVERSITY OF MARYLAND EASTERN SHORE

**Report of Independent Public Accountants
On
Applying Agreed-Upon Procedures**

2018 Fall Semester



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

The Maryland Higher Education Commission
6 N. Liberty Street, Ground Suite
Baltimore, Maryland 21201

We have performed the procedures enumerated below, which were agreed to by the Maryland Higher Education Commission (the Commission) and the University of Maryland Eastern Shore (the University), solely to assist you in evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2018 Fall Semester (the Reports). The University's management is responsible for the information contained in the Reports. Our procedures were made as of the University's institutional freeze date for the 2018 Fall Semester, as requested by the Commission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and related results were as follows:

A. Total Registered Students

We randomly selected 31 students from the University's 3,193 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race category	Race as entered on the student's application for admission	3
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	1



A. Total Registered Students (continued)

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attribute 1, 21.0% for attribute 2 and 12.4% for attribute 3.

B. First-Time Full-Time Students

We randomly selected 30 students from the University’s 499 first-time full-time students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time full-time status	Date of high school graduation, educational history and other data contained in the student’s information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the student enrollment data included in the Reports, or the Reports themselves. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commission and the University, and is not intended to be and should not be used by anyone other than these specified parties.

Owings Mills, MD
October 29, 2019

SB & Company, LLC

**UNIVERSITY OF MARYLAND GLOBAL CAMPUS (FORMERLY UNIVERSITY OF
MARYLAND UNIVERSITY COLLEGE)**

**Report of Independent Public Accountants
On
Applying Agreed-Upon Procedures**

2018 Fall Semester



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

The Maryland Higher Education Commission
6 N. Liberty Street, Ground Suite
Baltimore, Maryland 21201

We have performed the procedures enumerated below, which were agreed to by the Maryland Higher Education Commission (the Commission) and University of Maryland, Global Campus (the University), solely to assist you in evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2018 Fall Semester (the Reports). The University's management is responsible for the information contained in the Reports. Our procedures were made as of the University's institutional freeze date for the 2018 Fall Semester, as requested by the Commission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and related results were as follows:

A. Total Registered Students

We randomly selected 32 students from the University's 60,603 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race category	Race as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0



A. Total Registered Students (continued)

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 1, 2 and 3.

B. First-Time Full-Time Students

We randomly selected 28 students from the University’s 217 first-time full-time students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2018 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time full-time status	Date of high school graduation, educational history and other data contained in the student’s information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the student enrollment data included in the Reports, or the Reports themselves. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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Owings Mills, MD
October 29, 2019



TOPIC: Information – Financial Dashboard Indicators for June 30, 2019

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: December 18, 2019

SUMMARY:

A set of indicators and ratios that visually summarize financial health or performance against a set of benchmarks, as well as indicators of improvement or not from the previous year. Included on page 6 is a Financial Dashboards Overview and Description that provides a brief explanation of each indicator. Page 8 includes comments and context from institutions regarding financial performance as it relates to the dashboards.

Key points associated with FY2019 Dashboard Indicators:

1. The top half of the dashboard indicators page reflects each institution's ratio or statistic compared with a standard. The USM institutions that continue to have financial strength issues or concerns are UMES and CSU.
2. The bottom half of the page reflects the change, in terms of improvement or deterioration, of the ratio from the previous year. All institutions, except for UMES, are showing an improvement in performance in most categories from FY18 to FY19. CSU is the only institution to show improvement in all categories.
3. 'Net tuition per FTE' and 'Net tuition dependency ratio' were added this year to the trend analysis. Net tuition per FTE ratio allows the institution to see the average amount of actual tuition revenue per-student basis. An increase in this ration is considered positive. The 'Net tuition dependency ratio' provides additional information on the degree of dependency on tuition as a source of funding. It tracks the degree of dependency on net tuition revenue. With stable enrollment and tuition levels, a downward trend is considered positive. The increase in the dependency ratio for TU and UMGC is minimal compared to FY18.
4. The ratios of debt service payment to operating spending for TU and SU is 8.40% and 5.34% respectively. Both institutions have used debt financing for student housing and other construction projects in recent years to facilitate or in anticipation of enrollment growth. Both institutions are confident enrollment levels and resulting revenue streams will cover debt service for the foreseeable future. Although the ratios for UMES and CSU exceed the benchmark for FY19, the ratios are virtually the same as the prior year.
5. UMGC has one of the strongest ratios of current assets to current liabilities in the System of 475.51% (compare to the benchmark of >200%). However, the ratio has decreased 35.6% and 13% in FY19 and FY18, respectively.
6. All institutions, except for UMES, met the President's fund balance goal in FY19.
7. Annually, institutions' success at collecting student accounts receivable is measured as the rate at which accounts are transferred to the state's Central Collection Unit. A rate above 3% is cause for concern. All institutions are reporting a student accounts receivable collection rate of less than 1% except for UMES (2.70%) and UMGC (1.60%).

8. UMES is monitoring enrollment levels, and tracking actual spending as compared with budget, closely. UMES is reviewing all institution operations for targeted budget reductions, program prioritization, and possible new revenue streams to form the basis for the University's long-term financial renewal strategy. While focused on short-term initiatives and efforts to minimize losses, the University is also focusing its efforts on more permanent solutions to address the structural deficit.

FISCAL IMPACT: Information item

CHANCELLOR'S RECOMMENDATION: Information item

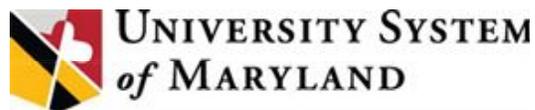
COMMITTEE ACTION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: David Mosca



University System of Maryland Financial Dashboard Indicators - for the year ended and as of June 30, 2019

Is performance **ADEQUATE** on the Dashboard Indicators

● Meets or exceeds benchmark ● Does not meet benchmark

	#	Indicator	System Wide Changes	System Wide												
				UMB	UMCP	BSU	TU	UMES	FSU	CSU	UB	SU	UMGC	UMBC	UMCES	
Financial Strength indicators	60	Ratio of unrestricted net position to debt (>50%)	159.3%	●	●	●	●	●	●	●	●	●	●	●	●	●
	61	Primary reserve ratio (>25%)	43.3%	●	●	●	●	●	●	●	●	●	●	●	●	●
	62	Ratio of current assets to current liabilities (>200%)	351.2%	●	●	●	●	●	●	●	●	●	●	●	●	●
Operational performance indicators	63	Student accounts receivable collection rate (<1%)	0.6%	●	●	●	●	●	●	●	●	●	●	●	●	●
	64	Net operating revenues ratio (>1%)	5.6%	●	●	●	●	●	●	●	●	●	●	●	●	●
	65	Ratio of debt service payments to operating spending (<4.5%)	2.8%	●	●	●	●	●	●	●	●	●	●	●	●	●
	66	Met fund balance goal for FY 2019		●	●	●	●	●	●	●	●	●	●	●	●	●
FY19	Meets benchmark		7	7	7	6	0	7	3	6	6	5	7	7		
FY19	Does not meet benchmark		0	0	0	1	7	0	4	1	1	2	0	0		
FY18	Meets benchmark		7	7	7	6	0	6	3	5	6	6	7	7		
FY18	Does not meet benchmark		0	0	0	1	7	1	4	2	1	1	0	0		

Is performance **IMPROVING** on the Dashboard Indicators

As compared to PY, ratio: ↑ Improved ↔ Maintained ● Worsened

	#	Indicator	System Wide Changes	System Wide												
				UMB	UMCP	BSU	TU	UMES	FSU	CSU	UB	SU	UMGC	UMBC	UMCES	
Financial Strength indicators	60	Ratio of unrestricted net position to debt	10.5%	↑	↑	↑	↑	↓	↓	↑	↑	↑	↑	↑	↑	↑
	61	Primary reserve ratio	1.0%	↑	↑	↑	↑	↓	↑	↑	↑	↓	↓	↑	↑	↑
	62	Ratio of current assets to current liabilities	-13.2%	↑	↓	↓	↑	↓	↑	↑	↑	↓	↓	↑	↑	↓
Operational performance indicators	63	Student accounts receivable collection rate	0.0%	↔	↔	↓	↔	↓	↑	↔	↓	↓	↑	↔	N/A	
	64	Net operating revenues ratio	-1.1%	↓	↓	↓	↓	↑	↑	↑	↑	↓	↓	↓	↑	↑
	65	Ratio of debt service payments to operating spending	0.0%	↑	↑	↑	↔	↔	↓	↔	↔	↑	↔	↓	↑	↑
Enrollment Performance Indicators	67	Net tuition per FTE	2.8%	↑	↑	↑	↑	↓	↑	↑	↓	↑	↑	↑	N/A	
	68	Net tuition dependency ratio	1.1%	↑	↑	↑	↓	↑	↑	↑	↑	↑	↓	↑	N/A	
FY19	Has improved or maintained		7	6	5	6	3	6	8	6	4	4	6	4		
FY19	Has not improved		1	2	3	2	5	2	0	2	4	4	2	1		
	Overall trend since PY		↑	↑	↑	↑	↓	↑	↑	↑	↔	↔	↑	↑		
FY18	Has improved		6	4	6	4	2	4	4	1	5	4	6	2		
FY18	Has not improved		0	2	0	2	4	2	2	5	1	2	0	3		

**University System of Maryland
Financial Performance Dashboard Indicators
Year ended June 30, 2019**

(% indicates change from prior year)

	UMB	UMCP	BSU	TU	UMES	FSU	CSU	UB	SU	UMGC	UMBC	UMCES	Total USM
<u>Financial strength indicators</u>													
Ratio of unrestricted net position to debt	72.9%	19.8%	25.1%	7.7%	-13.7%	-40.1%	11.5%	40.7%	8.2%	N/A	13.2%	59.3%	10.5%
Primary reserve ratio	0.1%	1.0%	2.4%	3.2%	-1.8%	2.3%	4.6%	3.4%	-1.9%	-6.4%	1.0%	2.3%	1.0%
Ratio of current assets to current liabilities	5.6%	-27.4%	-23.1%	7.9%	-8.3%	8.0%	34.2%	25.6%	-18.7%	-35.7%	15.3%	-40.8%	-13.2%
<u>Operational performance indicators</u>													
Student accounts receivable collection rate	0.0%	0.0%	-0.1%	0.0%	-0.1%	0.1%	0.0%	-0.1%	-0.1%	0.1%	0.0%	N/A	0.0%
Net operating revenues ratio	-1.4%	-0.3%	-16.0%	-0.2%	4.6%	2.9%	3.7%	12.8%	-1.7%	-7.6%	-1.2%	3.5%	-1.1%
Ratio of debt service payments to operating spending	0.1%	0.2%	0.1%	0.0%	0.0%	-0.5%	0.0%	0.0%	0.2%	0.0%	-0.4%	0.8%	0.0%
Met fund balance goal for FY 2019	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	N/A
<u>Enrollment performance indicators</u>													
Net tuition per FTE	4.5%	3.1%	5.5%	4.5%	-9.7%	2.7%	0.4%	-6.6%	0.8%	2.4%	1.9%	N/A	2.8%
Net tuition dependency ratio	0.4%	0.5%	1.1%	-0.1%	2.3%	0.6%	0.4%	3.7%	0.6%	-0.8%	0.5%	N/A	1.1%

Red indicates a negative trend or change, black is neutral or positive

University System of Maryland
Financial Performance Dashboard Indicators Data
Year ended June 30, 2019

	UMB	UMCP	BSU	TU	(in thousands)			CSU	UB	SU	UMGC	UMBC	UMCES	Total USM
Financial Strength indicators														
Ratio of unrestricted net assets to debt: >50%														
Fiscal year ended June 30, 2019														
Unrestricted net position	310,350	588,506	86,909	245,176	(7,906)	29,615	7,333	21,028	108,881	329,935	143,638	18,488	2,188,992	
Debt outstanding	80,512	305,353	40,078	354,299	21,264	28,609	36,653	14,590	92,121	-	145,635	5,745	1,289,317	
Ratio	385.47%	192.73%	216.85%	69.20%	-37.18%	103.52%	20.01%	144.13%	118.19%	N/A	98.63%	321.81%	169.78%	
Fiscal year ended June 30, 2018														
Unrestricted net position	280,607	540,597	81,037	221,740	(5,813)	26,477	3,377	17,356	106,582	336,203	129,670	16,913	2,022,096	
Debt outstanding	89,768	312,654	42,261	360,823	24,795	18,432	39,643	16,785	96,867	-	151,809	6,442	1,269,269	
Ratio	312.59%	172.91%	191.75%	61.45%	-23.44%	143.65%	8.52%	103.40%	110.03%	N/A	85.42%	262.54%	159.31%	
Fiscal year ended June 30, 2017														
Unrestricted net position	240,874	490,259	65,820	198,502	(845)	25,065	314	23,032	102,219	316,814	112,508	16,315	1,821,535	
Debt outstanding	104,851	323,151	44,466	344,119	31,404	19,445	42,653	19,319	101,257	-	133,170	6,922	1,278,023	
Ratio	229.73%	151.71%	148.02%	57.68%	-2.69%	128.90%	0.74%	119.22%	100.95%	N/A	84.48%	235.70%	142.53%	
Primary reserve ratio: >25%														
Fiscal year ended June 30, 2019														
Expendable net position	377,737	681,998	87,262	260,406	719	33,025	8,427	22,202	109,477	331,380	145,535	18,496	2,390,442	
Operating expenses	1,240,780	2,026,958	123,477	421,726	117,258	112,782	87,984	110,821	182,913	451,612	446,956	52,681	5,403,346	
Ratio	30.44%	33.65%	70.67%	61.75%	0.61%	29.28%	9.58%	20.03%	59.85%	73.38%	32.56%	35.11%	44.24%	
Fiscal year ended June 30, 2018														
Expendable net position	346,801	631,861	81,252	237,008	2,845	29,724	4,384	18,328	107,460	337,966	131,760	16,913	2,215,837	
Operating expenses	1,143,818	1,936,521	118,939	405,027	116,819	110,204	87,606	110,159	174,024	423,376	417,573	51,510	5,118,946	
Ratio	30.32%	32.63%	68.31%	58.52%	2.44%	26.97%	5.00%	16.64%	61.75%	79.83%	31.55%	32.83%	43.29%	
Fiscal year ended June 30, 2017														
Expendable net position	310,435	581,000	66,644	216,163	7,861	28,057	1,616	24,547	103,296	318,516	114,571	16,322	2,024,500	
Operating expenses	1,087,814	1,887,451	103,267	384,753	122,817	111,933	86,259	109,047	167,402	387,596	400,084	47,737	4,919,209	
Ratio	28.54%	30.78%	64.54%	56.18%	6.40%	25.07%	1.87%	22.51%	61.71%	82.18%	28.64%	34.19%	41.15%	
Ratio of current assets to current liabilities: >200%														
Fiscal year ended June 30, 2019														
Current assets	498,352	835,494	103,322	301,866	7,530	42,565	19,248	39,783	130,711	404,167	181,289	22,922	2,883,194	
Current liabilities	184,618	323,262	19,109	75,669	14,257	14,827	13,739	19,848	28,303	84,997	50,010	3,999	852,935	
Ratio	269.94%	258.46%	540.70%	398.93%	52.82%	287.08%	140.10%	200.44%	461.83%	475.51%	362.51%	573.19%	338.03%	
Fiscal year ended June 30, 2018														
Current assets	451,332	767,487	95,456	273,688	8,024	39,034	14,655	37,786	126,703	409,611	164,311	20,685	2,659,629	
Current liabilities	170,728	268,514	16,931	69,993	13,120	13,989	13,841	21,613	26,369	80,127	47,321	3,369	757,312	
Ratio	264.36%	285.83%	563.79%	391.02%	61.16%	279.03%	105.88%	174.83%	480.50%	511.20%	347.23%	613.98%	351.19%	
Fiscal year ended June 30, 2017														
Current assets	430,895	715,813	83,668	250,925	13,174	40,271	13,035	41,256	123,336	386,317	148,309	20,501	2,481,706	
Current liabilities	174,703	236,693	18,133	68,148	12,642	15,567	14,369	19,137	25,148	66,103	43,811	3,200	713,051	
Ratio	246.64%	302.42%	461.41%	368.21%	104.21%	258.69%	90.72%	215.58%	490.44%	584.42%	338.52%	640.66%	348.04%	

University System of Maryland
Financial Performance Dashboard Indicators Data
Year ended June 30, 2019

	UMB	UMCP	BSU	TU	(in thousands)			CSU	UB	SU	UMGC	UMBC	UMCES	Total USM
Operational performance indicators														
Student accounts receivable collection rate: <1%														
Average - five-years ended June 30, 2019														
Net transfers to CCU	118	1,307	360	848	1,547	259	14	592	295	5,323	885			11,548
Gross billings	162,647	750,537	65,881	267,048	57,286	89,897	24,684	63,469	121,482	332,587	201,691			2,137,209
Ratio	0.07%	0.17%	0.55%	0.32%	2.70%	0.29%	0.06%	0.93%	0.24%	1.60%	0.44%	N/A		0.54%
Average - five-years ended June 30, 2018														
Net transfers to CCU	123	1,189	301	786	1,539	260	5	528	214	5,602	830			11,377
Gross billings	156,216	707,974	62,357	260,202	58,789	60,303	24,915	65,791	118,077	320,657	195,887			2,031,167
Ratio	0.08%	0.17%	0.48%	0.30%	2.62%	0.43%	0.02%	0.80%	0.18%	1.75%	0.42%	N/A		0.56%
Average - five-years ended June 30, 2017														
Net transfers to CCU	113	1,054	330	660	1,545	261	(111)	434	210	7,523	831			12,852
Gross billings	151,648	671,339	58,592	253,461	59,251	59,382	25,338	67,146	113,624	314,443	189,652			1,963,876
Ratio	0.07%	0.16%	0.56%	0.26%	2.61%	0.44%	-0.44%	0.65%	0.18%	2.39%	0.44%	N/A		0.65%
Net operating revenues ratio: >1%														
Fiscal year ended June 30, 2019														
Change in unrestricted net position	29,743	47,910	5,872	23,437	(2,093)	3,138	3,956	3,673	2,299	(6,268)	13,967	1,574		166,896
Operating revenues	971,696	1,426,705	63,370	287,171	55,828	59,771	25,099	72,129	123,342	332,923	300,636	27,468		3,748,609
Ratio	3.06%	3.36%	9.27%	8.16%	-3.75%	5.25%	15.76%	5.09%	1.86%	-1.88%	4.65%	5.73%		4.45%
Fiscal year ended June 30, 2018														
Change in unrestricted net position	39,733	50,337	15,217	23,238	(4,967)	1,412	3,063	(5,677)	4,363	19,389	17,162	598		200,560
Operating revenues	895,595	1,369,597	60,222	277,009	59,167	58,932	25,435	73,272	121,411	339,697	292,953	26,339		3,601,884
Ratio	4.44%	3.68%	25.27%	8.39%	-8.39%	2.40%	12.04%	-7.75%	3.59%	5.71%	5.86%	2.27%		5.57%
Fiscal year ended June 30, 2017														
Change in unrestricted net position	23,715	(1,771)	10,325	18,536	(7,331)	3,057	5,983	5,363	2,905	16,745	6,590	1,225		102,048
Operating revenues	853,643	1,354,891	56,488	271,475	62,114	62,033	25,911	68,629	122,763	318,947	289,352	27,140		3,515,720
Ratio	2.78%	-0.13%	18.28%	6.83%	-11.80%	4.93%	23.09%	7.81%	2.37%	5.25%	2.28%	4.51%		2.90%
Ratio of debt service payments to operating spending: < 4.5%														
Fiscal year ended June 30, 2019														
Debt service payments	13,133	42,685	4,020	35,411	5,850	2,787	4,598	2,728	9,767	-	17,247	885		150,432
Operating expenses	1,240,780	2,026,958	123,477	421,726	117,258	112,782	87,984	110,821	182,913	451,612	446,956	52,681		5,403,346
Ratio	1.06%	2.11%	3.26%	8.40%	4.99%	2.47%	5.23%	2.46%	5.34%	0.00%	3.86%	1.68%		2.78%
Fiscal year ended June 30, 2018														
Debt service payments	13,433	45,107	3,977	34,002	5,802	2,215	4,547	2,727	9,568	-	14,317	1,255		144,718
Operating expenses	1,143,818	1,936,521	118,939	405,027	116,819	110,204	87,606	110,159	174,024	423,376	417,573	51,510		5,118,946
Ratio	1.17%	2.33%	3.34%	8.39%	4.97%	2.01%	5.19%	2.48%	5.50%	0.00%	3.43%	2.44%		2.83%
Fiscal year ended June 30, 2017														
Debt service payments	14,688	46,579	4,013	31,257	6,770	2,207	4,568	2,746	10,228	-	13,782	1,630		143,568
Operating expenses	1,087,814	1,887,451	103,267	384,753	122,817	111,933	86,259	109,047	167,402	387,596	400,084	47,737		4,919,209
Ratio	1.35%	2.47%	3.89%	8.12%	5.51%	1.97%	5.30%	2.52%	6.11%	0.00%	3.44%	3.41%		2.92%

University System of Maryland
Financial Performance Dashboard Indicators Data
Year ended June 30, 2019

	UMB	UMCP	BSU	TU	(in thousands)		CSU	UB	SU	UMGC	UMBC	UMCES	Total USM
<u>Enrollment Performance Indicators</u>													
Net Tuition per FTE													
Fall 2018 (FY 2019) Enrollment													
Net Tuition and Fees	125,285	568,478	42,203	172,484	19,526	36,518	11,253	49,224	66,147	351,199	129,797	N/A	1,572,115
FTE	6,908	34,017	5,090	18,947	2,938	4,207	2,141	3,323	7,728	35,944	11,324	N/A	132,567
Net Tuition per FTE	\$ 18,136	\$ 16,712	\$ 8,291	\$ 9,104	\$ 6,646	\$ 8,680	\$ 5,256	\$ 14,813	\$ 8,559	\$ 9,771	\$ 11,462	N/A	\$ 11,859
Fall 2017 (FY 2018) Enrollment													
Net Tuition and Fees	119,441	552,674	40,749	165,984	22,065	36,349	11,511	52,712	65,799	355,665	128,080	N/A	1,551,029
FTE	6,879	34,108	5,185	19,050	2,999	4,302	2,199	3,325	7,748	37,270	11,390	N/A	134,455
Net Tuition per FTE	\$ 17,363	\$ 16,204	\$ 7,859	\$ 8,713	\$ 7,358	\$ 8,449	\$ 5,235	\$ 15,853	\$ 8,492	\$ 9,543	\$ 11,245	N/A	\$ 11,536
Fall 2016 (FY 2017) Enrollment													
Net Tuition and Fees	114,009	522,957	35,559	160,555	23,506	37,800	11,493	54,423	66,526	328,186	125,788	N/A	1,480,801
FTE	6,783	33,733	5,075	18,661	3,321	4,352	2,238	3,702	7,888	34,390	11,259	N/A	131,402
Net Tuition per FTE	\$ 16,808	\$ 15,503	\$ 7,007	\$ 8,604	\$ 7,078	\$ 8,686	\$ 5,135	\$ 14,701	\$ 8,434	\$ 9,543	\$ 11,172	N/A	\$ 11,269
Net Tuition Dependency Ratio													
Fiscal year ended June 30, 2019													
Net Tuition and Fees	125,285	568,478	42,203	172,484	19,526	36,518	11,253	49,224	66,147	351,199	129,797	N/A	1,572,115
Operating revenues	971,696	1,426,705	63,370	287,171	55,828	59,771	25,099	72,129	123,342	332,923	300,636	N/A	3,748,609
Ratio	12.89%	39.85%	66.60%	60.06%	34.98%	61.10%	44.84%	68.24%	53.63%	105.49%	43.17%	N/A	41.94%
Fiscal year ended June 30, 2018													
Net Tuition and Fees	119,441	552,674	40,749	165,984	22,065	36,349	11,511	52,712	65,799	355,665	128,080	N/A	1,551,029
Operating revenues	895,595	1,369,597	60,222	277,009	59,167	58,932	25,435	73,272	121,411	339,697	292,953	N/A	3,601,884
Ratio	13.34%	40.35%	67.66%	59.92%	37.29%	61.68%	45.26%	71.94%	54.20%	104.70%	43.72%	N/A	43.06%
Fiscal year ended June 30, 2017													
Net Tuition and Fees	114,009	522,957	35,559	160,555	23,506	37,800	11,493	54,423	66,526	328,186	125,788	N/A	1,480,801
Operating revenues	853,643	1,354,891	56,488	271,475	62,114	62,033	25,911	68,629	122,763	318,947	289,352	N/A	3,515,720
Ratio	13.36%	38.60%	62.95%	59.14%	37.84%	60.94%	44.36%	79.30%	54.19%	102.90%	43.47%	N/A	42.12%



Financial Dashboards Overview and Descriptions

The intent of financial dashboards is to highlight how each institution is performing and trending relative to the System's primary financial planning parameters (fund balance goal and debt authorizations annually), and to give regents a visual display of whether or not institutions are financially healthy and whether the institution is improving or not, financially.

Fall below the standards, and it is either a balance sheet stress (meaning that liquidity, or debt outstanding, or fund balance levels, are or are becoming an issue) or an operating efficiency stress (the lack of an operating margin means that the institution is out of step with the rest of the USM institutions in keeping pace financially to support the capital program System-wide).

Recognizing the subjectivity of applying the standards and measures at an institution-level, the bottom part of the analysis, which shows directional movements rather than whether or not the institution met some standard, may be more important and useful.

Financial Strength Indicators (statement of net position)

- **Unrestricted net position to debt**
A ratio that shows the institution's ability to cover their debt with available net assets. The higher the ratio, the better. Unrestricted net position is adjusted for the impact of recording the pension liability.
- **Primary reserve ratio (expendable net position/operating expenses)**
This measure shows how long an institution could operate solely using reserves, without relying on new additional revenues from operations. The higher the ratio, the better
- **Ratio of current assets to current liabilities**
A standard and widely-used ratio that suggests the institution's ability to pay current obligations while maintaining a measure of financial safety. The higher the ratio, the better

Operational Financial Performance Indicators (statement of activities)

- **Student accounts receivable collection rate**
Shows the proportion of student billings sent to the state central collection unit, net of recoveries of amounts previously transferred. The lower the ratio, the better
- **Net operating revenues ratio**
Meant to show the percentage of operating revenues saved and added to the net position after all operational spending for the year are accounted for. The higher the ratio, the better
- **Ratio of debt service payments to operating spending**
This ratio shows the proportion of operating spending committed to paying off principal and interest obligations. A high ratio suggests that the institution will have a more difficult time

responding to revenue or state general fund reductions. The lower the ratio, the more flexibility the institution has to make spending cuts in periods of declining revenues.

Enrollment performance indicators

- **Net tuition per FTE**

A measure that reflects the average amount of actual tuition revenue, net of scholarships, on a per-student basis. An increase in this ratio is considered a positive trend.

- **Net tuition dependency ratio**

A measure that captures the institution's dependence on tuition as a proportion of the institution's total revenues. In periods of stable enrollment and tuition levels, a downward trend is considered positive because it usually indicates the institution is increasing its diversity of funding sources, as long as it is not caused by solely a decrease in the tuition revenue.

Data Source

All data comes directly from the audited financial statements and supporting schedules (in the case of debt service and collections). FTE data is pulled from the enrollment reports available on the USM website, which are prepared by the Office of Institutional Research.

Institution Comments

University of Baltimore

UB achieved six of the seven financial health indicators. For the primary reserve ratio (expendable net position/operating expenses with a target of 25%), UB's result is 20%, an increase from our FY18 16.6%. As previous report, the FY18 and FY19 primary reserve ratio was the planned and Board of Regent approved use of expendable assets for capital purposes, specifically the spending associated with comprehensive renovation of our main library and the acquisition of the postal site adjacent to the campus. We expended assets for the acquisition of the postal site project in FY19.

UB's net tuition per FTE did decline for FY19, due to lower tuition and fee revenues and less credit hours taken, as we have a significant part time population. UB budgets and monitors net tuition per student population as part of our operational management. UB continues to experience enrollment declines that make it difficult to improve some of these ratios.

A final comment regarding UB's student accounts receivable collection rate which increased in FY19 to .93% from .80% in FY18. Operationally, we are adopting new tactics to reduce student accounts receivables. We expect to continue to see improvement of this ratio in FY20.

University of Maryland Baltimore County

UMBC is happy to acknowledge that we continue to exceed the financial performance dashboard indicator goals in FY19.

In FY19 UMBC intentionally spent additional fund balances to support strategic statewide initiatives related to workforce development and to abide by the guidance from USM to reduce additive fund balances. This additional spending was in accordance with strategic initiatives and resulted in a reduction of the net operating revenues ratio (-1.21%) while the current year goal was still met.

The reduction of the debt service payments to operating spending (-0.65%) is related to an increase in debt and interest for the Event Center construction project. These additional debt payments were planned and discussed with USM before and during the construction phase. The additional debt payments will decline in 2 years when the debt for the Commons construction project matures.

University of Maryland Global Campus

UMGC does not meet the benchmark of <1% student account collection rate due to the nature of UMG's business model and open enrollment. Despite our ratios being slightly higher than the benchmark, our continued focus on collection efforts has resulted in a steady decline in the past 5 years from 2.61% to 1.60% and feel we do an outstanding job given the nature of our enrollment population.

Attachment

Summary Analysis of Findings in OLA's Report of UMGC (formerly UMUC)

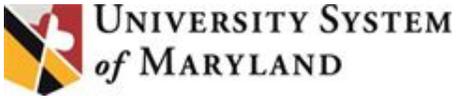
On November 15, 2019, the Office of Legislative Audits (OLA) issued its report for their audit of UMGC. OLA notes four findings and one IT finding is classified as a repeat. In its response UMGC disagreed with three of the findings. OLA has accepted the response as UMGC has indicated it will implement the recommendations. The findings are summarized as follows:

Finding 1: Student Residency Status - OLA recommends that UMGC establish a process to independently verify that students who are granted military status actually qualify for this status. UMGC agreed to do this on a test basis.

Finding 2: Employee Termination Payments – OLA identifies termination payments totaling \$292K made to UMGC's former Chief Information Officer as not consistent with UMGC policy. OLA maintains that this individual's resignation was voluntary as opposed to involuntary. UMGC disagrees and maintains that the individual's position was being eliminated (involuntarily) as UMGC's IT function has been outsourced to UMGC Ventures. UMGC policy states that employees are entitled to such separation payments only if employment is involuntarily terminated. There is also a disagreement that this individual may have received two additional months of severance pay than he was entitled, if he did qualify for separation payments. These two months in question are also open to interpretation as they took the form of administrative leave preceding the "separation payments". Ultimately, UMGC has conveyed that they will work to clarify its separation policy to eliminate confusion going forward.

Finding 3: IS Security and Control – OLA identifies numerous servers which were operated without using malware protection software and that host firewalls were not enabled on UMGC laptop computers. This increases the risk of data and PII exposure and disruption of service. UMGC disagrees with OLA's assessment and states that other mitigating controls exist in lieu of the malware protection and in cases was not installed on a risk-based decision. UMGC also conveyed it will continue to test malware protection solutions that will be beneficial for UMGC. (repeat finding)

Finding 4: Outsourced IT Functions – OLA notes that System and Organization Controls (SOC) reports did not address various IT security and operational controls. OLA recommends that UMGC obtain and assess independent SOC reports to ensure all critical security and operational controls are adequate. UMGC disagrees with OLA's assessment as a SOC audit was performed by a third-party using criteria established by the AICPA. UMGC also conveyed that it will request that the outsourced IT vendors include testing of controls recommended by OLA in the next SOC audit.



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR **DISCUSSION**

TOPIC: Follow up of Action Items from Prior Audit Committee Meetings

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: December 18, 2019

SUMMARY:

See Attachments:

Attachment A: Discussion of Foundation Policy assessment update.

Attachment B: Listing of Open Action Items From 2016 – 2019 Audit Committee Meetings.

FISCAL IMPACT: none

CHANCELLOR'S RECOMMENDATION: none

COMMITTEE ACTION: none

DATE:

BOARD ACTION: none

DATE:

SUBMITTED BY: David Mosca



Board of Regents Committee on Audit Update

Affiliated Foundation Review

Backdrop

The Board of Regents Policy on Affiliated Foundations was last revised in October 1999, following concerns and issues publicized concerning the use of affiliated foundation resources and personnel by the president of Bowie State University.

The System has benefitted tremendously from having a set of affiliated entities distinct and legally separate from the state university system in fundraising and economic development activities that advance the objectives of the System and its institutions. Since the policy revision in 1999, a number of organizations have received affiliated foundation status, most of which are focused on economic development and non-fundraising activities. The controls and consequences incorporated into the policy in 1999 mostly contemplated fund-raising organizations.

In 1999, the potential for conflicts of interest, or other differences in ethics obligations between state employees and those performing roles for separate (and presumed) independent organizations affiliated with the System and its institutions was recognized as a key risk and exposure. The control incorporated into the policy to mitigate these concerns and risks is the requirement that if an affiliated foundation uses institutional staff to perform staff and administrative functions, that it be expected to process disbursements through the state institution and in accordance with institutional practices and standards.

The consequences in the current policy on affiliated foundations for 'bad behavior' (revoking license to use institution name in fund raising materials) are relevant for fund raising organizations but not non-fund raising organizations.

Most affiliated foundations currently are staffed with employees of the affiliated institution, and are not processing disbursements through the institution and in accordance with institutional practices and standards. This control, by itself, may be insufficient to address all risks and exposures.

Many of the affiliated foundations are relatively small operations that may have trouble be independently financially viable if personnel costs were not paid for by the affiliated institution.

Recently, issues and problems have been noted by the state Office of Legislative Audits at Salisbury University with its relationship with the Ward Museum Foundation, and at UMES with its affiliate Maryland Hawk Corporation, and more recently, the University of Maryland College Park has uncovered problems at the Robert Smith School of Business Foundation.

Proposed process and timeline

A cross-functional group of administration, advancement and legal counsel will review the policy, consider the recent instances of problems, and propose revisions to the policy.

A proposed roster for the cross-functional group has been identified and is expected to begin work after the new year, with the expectation of proposed policy changes **finalized by the end of the current fiscal year.**

USM Board of Regents
 Action Items From 2016 - 2019 Audit Committee Meetings
 18-Dec-19

Action Item

Status

From October 2019 Audit Committee Meeting

1.	Include Audit's of Foundations in Internal Audit's CY 2020 plan of activity. Include test work of conflicts of interest.	Included in Internal Audit's 2020 plan of activity submitted to the Audit Committee 12/18/2019.
2.	Include ongoing discussion of Policy Development and Oversight at each FY 2020 Audit Committee meeting. Get Presidents' input.	First update included with Audit Committee's 12/18/2019 meeting.
3.	Universities shall submit their ERM plan of implementation to the Audit Committee and annual produce risk dashboards. Contact UMB's Department of Health as a resource for implementing ERM. Internal Audit should audit implementation of ERM.	Plan's are due in the Spring of 2020 and implementation by July 2021. Internal Audit will incorporate ERM implementation audits in 2021. Audit Committee will be regularly updated.
4.	Internal Audit to develop certification for President's/Board members who sit on Board's of organizations that do business with the State recused themselves of any activity pertaining to such business. Also include gifts to President's do not come from controlled donors, and relatives working a their universities are disclosed to the Chancellor.	Certification templated will be submitted to the Audit Committee at its March 2020 meeting.
5.	Invited internal audit staff to future meetings.	To be completed at December 2019 and March 2020 meetings.
6.	Schedule a conference call to discuss the State's selection of its Independent Auditor	To be completed late January or early February 2020.
7.	Director of Audit to include audits of UMGC Ventures and UMB's Grant and Contract Accounting	Included in Internal Audit's 2020 plan of activity submitted to the Audit Committee 12/18/2019.

From June 2019 Audit Committee Meeting

1.	From the Enterprise Risk Management Workgroup Report. Requested that updates be provided regarding the policy development initiatives for Enterprise Risk Management and Crisis Management	Completed in October 2019 meeting.
2.	Update Audit Committee Charter to include responsibility to assist the BOR in meeting SB 719 requirements.	Completed in October 2019 meeting.
3.	Consider having Internal Audit submit an annual affirmation statement of no conflicts or potential conflicts of interests exist relating to Presidents and Chancellors financial disclosure statement.	Discussed at October 2019 meeting. Will be adopted for review of CY 2019 financial disclosure statements.
4.	Provide Committee with updates pertaining to two investigations into potential criminal activity.	Included in Committee's October 2019 meeting closed session.

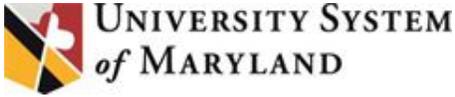
From March 2019 Audit Committee Meeting

1.	Establish update process to monitor progress of correcting A133 Audit Findings/Recommendations	To occur in FY 2019 A133 Audit Cycle.
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From March 2016 Audit Committee Meeting

1.	The BOR should develop interagency agreements policy.	Assigned to BOR's Committee on Finance to develop policy.
2.	The BOR should reassess BOR's policy related to barring enrollment to students with outstanding receivable balances.	Assigned to BOR's Committee on Finance to assess policy.

Note: Action items concluded prior to the October 2019 BOR Audit Committee meetings are not included in this schedule.



BOARD OF REGENTS

SUMMARY OF ITEM FOR **ACTION**,
INFORMATION OR DISCUSSION

TOPIC: Convening Closed Session

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: December 18, 2019

SUMMARY:

The Open Meetings Act permits public bodies to close their meetings to the public in circumstances outlined in §3-305 of the Act and to carry out administrative functions exempted by §3-103 of the Act. The Committee on Audit will now vote to reconvene in closed session. The agenda for the public meeting today includes a written statement with a citation of the legal authority and reasons for closing the meeting and a listing of the topics to be discussed. The statement has been provided to the regents, it is posted on the USM’s website and copies are available here today.

ALTERNATIVE(S): No alternative is suggested.

FISCAL IMPACT: There is no fiscal impact.

CHANCELLOR’S RECOMMENDATION: The Chancellor recommends that the BOR Audit Committee vote to reconvene in closed session.

COMMITTEE ACTION:

DATE:

BOARD ACTION:

DATE: 12-18-2019

SUBMITTED BY: David Mosca, 443.367.0035, dmosca@usmd.edu



STATEMENT REGARDING CLOSING A MEETING
OF THE USM BOARD OF REGENTS

Date: December 18, 2019
Time: 10:00 AM
Location: Universities System of Maryland Office

STATUTORY AUTHORITY TO CLOSE A SESSION

Md. Code, General Provisions Article §3-305(b):

- (1) To discuss:
 - [] (i) The appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; or
 - [] (ii) Any other personnel matter that affects one or more specific individuals.
- (2) [] To protect the privacy or reputation of individuals with respect to a matter that is not related to public business.
- (3) [] To consider the acquisition of real property for a public purpose and matters directly related thereto.
- (4) [] To consider a preliminary matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State.
- (5) [] To consider the investment of public funds.
- (6) [] To consider the marketing of public securities.
- (7) [] To consult with counsel to obtain legal advice on a legal matter.
- (8) [] To consult with staff, consultants, or other individuals about pending or potential litigation.
- (9) [] To conduct collective bargaining negotiations or consider matters that relate to the negotiations.

- (10) To discuss public security, if the public body determines that public discussions would constitute a risk to the public or public security, including:
- (i) the deployment of fire and police services and staff; and
 - (ii) the development and implementation of emergency plans.
- (11) To prepare, administer or grade a scholastic, licensing, or qualifying examination.
- (12) To conduct or discuss an investigative proceeding on actual or possible criminal conduct.
- (13) To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.
- (14) Before a contract is awarded or bids are opened, to discuss a matter directly related to a negotiation strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.

Md. Code, General Provisions Article §3-103(a)(1)(i):

- Administrative Matters

TOPICS TO BE DISCUSSED:

Legislative audit matters that are ongoing and, therefore, confidential; discussion of investigative matters which may lead to criminal prosecution; calendar year 2019 internal audit plan of activity; and the committee meeting separately with the independent auditors and the director of internal audit.

REASON FOR CLOSING:

- 1) To maintain confidentiality of discussions of ongoing investigations by the USM Office of Internal Audit's and outside agencies, which potentially could result in criminal prosecutions (§3-305(b)(12));
- 2) To maintain the confidentiality of matters involved in ongoing legislative audits, as required by Section 2-1226 of the State Government Article of the Annotated Code of Maryland (§3-305(b)(13));
- 3) To carry out an administrative function: discussion of calendar years 2019 & 2020 audit plans of activity by the USM Office of Internal Audit and (§ 3-103(a)(1)(i)); and
- 4) To carry out an administrative function: the Committee's separate meetings with the independent auditors and the Director of Internal Audit (§3-103(a)(1)(i)).