



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

For the Years Ended June 30, 2017 and 2016

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UNIVERSITY SYSTEM OF MARYLAND

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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, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We audited the component unit financial statements of UMBC Research Park Corporation, Inc. and the Bowie State University Foundation, Inc. We did not audit the financial statements of the other component units, which represent 99 percent, 99 percent, and 99 percent, respectively, of the total assets, net assets and unrestricted revenue of the total component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



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Opinion

In our opinion, based on our 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, 2017 and 2016, 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, and the schedule of contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Hunt Valley, Maryland
November 1, 2017

UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2017 AND 2016

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, 2017 and 2016, with 2015 information for comparative purposes.

Financial Highlights

- Unrestricted net position increased by \$87,537,605 for the year ended June 30, 2017, compared to an increase of \$162,743,436 for the year ended June 30, 2016.
- State appropriations for the System increased by 3.0% for the year ended June 30, 2017. For the year ended June 30, 2016, State appropriations increased by 4.5% from the amount received in the year ended June 30, 2015.
- Tuition and fees, after deducting scholarship allowances, increased by \$46,887,482 or 3.6% for the year ended June 30, 2017. During the year ended June 30, 2016, net tuition and fees, increased by \$65,331,417 or 5.4%.
- For the year ended June 30, 2017, investment gain on Endowment assets was \$24,998,606, representing an investment return of 13%. Investment loss on Endowment assets amounted to \$3,619,687, a negative investment return of 2%, for the year ended June 30, 2016.

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, 2017 AND 2016

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

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

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

Financial Analysis

As of June 30, 2017, the System's financial health remains strong, with assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$6,130,490,901, shown on the Balance Sheet as total net position. This compares with total net position of \$5,774,898,378 as of June 30, 2016. As suggested earlier, when viewed over time, net position may be useful as an indicator of financial health.

For the year ended June 30, 2017, total net position increased by \$355,592,523. While net investment in capital assets increased by \$266,036,162, unrestricted net position increased by \$87,537,605 and restricted net position categories increased by \$2,018,756.

As of June 30, 2016, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$5,774,898,378, shown on the Balance Sheet as total net position. This compares with total net position of \$5,258,179,934 as of June 30, 2015.

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

UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2017 AND 2016

The table below presents summary-level information of the System's assets, liabilities, and net position as of June 30, 2017, 2016 and 2015.

	2017	2016	2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current and other assets	\$ 2,898,981,768	\$ 2,813,870,299	\$ 2,577,274,912
Capital assets, net	6,270,469,058	6,014,590,059	5,618,391,771
Total assets	9,169,450,826	8,828,460,358	8,195,666,683
Deferred outflows of resources	603,156,888	380,912,045	137,469,855
Total assets and deferred outflows of resources	<u>\$ 9,772,607,714</u>	<u>\$ 9,209,372,403</u>	<u>\$ 8,333,136,538</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Debt and capital lease obligations	\$ 1,297,820,817	\$ 1,270,382,208	\$ 1,199,533,574
Other liabilities	751,817,540	793,272,313	734,260,731
Net pension liability	1,216,808,542	966,400,173	718,516,394
Total liabilities	3,266,446,899	3,030,054,694	2,652,310,699
Deferred inflows of resources	375,669,914	404,419,331	422,645,905
Total liabilities and deferred inflows of resources	<u>3,642,116,813</u>	<u>3,434,474,025</u>	<u>3,074,956,604</u>
NET POSITION			
Net investment in capital assets	4,770,197,890	4,504,161,728	4,140,685,079
Restricted	240,589,769	238,571,013	248,072,654
Unrestricted	1,119,703,242	1,032,165,637	869,422,201
Total net position	<u>6,130,490,901</u>	<u>5,774,898,378</u>	<u>5,258,179,934</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 9,772,607,714</u>	<u>\$ 9,209,372,403</u>	<u>\$ 8,333,136,538</u>

UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2017 AND 2016

The table below presents summary-level information on revenues, expenses, and other changes in the System's net assets for the years ended June 30, 2017, 2016 and 2015.

	2017	2016	2015
Operating revenues	\$ 3,515,720,214	\$ 3,386,707,426	\$ 3,268,645,793
Operating expenses	4,919,209,000	4,707,649,099	4,569,251,634
Operating loss	(1,403,488,786)	(1,320,941,673)	(1,300,605,841)
State appropriations	1,295,338,118	1,257,323,499	1,203,572,985
Other nonoperating revenue, net	233,175,561	186,540,567	201,191,828
Total nonoperating revenue	1,528,513,679	1,443,864,066	1,404,764,813
Income before other revenue	125,024,893	122,922,393	104,158,972
Other revenue	230,567,630	393,796,051	256,885,072
Increase in net position	355,592,523	516,718,444	361,044,044
Net position, beginning of year	5,774,898,378	5,258,179,934	4,897,135,890
Net position, end of year	<u>\$ 6,130,490,901</u>	<u>\$ 5,774,898,378</u>	<u>\$ 5,258,179,934</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, 2017, 2016 and 2015, operating revenues, which under the definitions used by GASB excludes state appropriations, are detailed below:

	2017		2016		2015	
	\$	%	\$	%	\$	%
Tuition and fees, net	\$ 1,333,344,269	37.9 %	\$ 1,286,456,787	38.0 %	\$ 1,221,125,370	37.4 %
Contracts and grants	1,116,480,044	31.8	1,075,522,289	31.8	1,045,882,031	32.0
Sales and services of educational departments	344,781,319	9.8	342,146,755	10.1	331,889,848	10.1
Auxiliary enterprises, net	644,117,225	18.3	617,436,075	18.2	603,557,944	18.5
Other operating	76,997,357	2.2	65,145,520	1.9	66,190,600	2.0
Total	<u>\$ 3,515,720,214</u>	<u>100.0 %</u>	<u>\$ 3,386,707,426</u>	<u>100.0 %</u>	<u>\$ 3,268,645,793</u>	<u>100.0 %</u>

UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2017 AND 2016

For the years ended June 30, 2017, 2016 and 2015, operating expenses are detailed below:

	2017		2016		2015	
	\$	%	\$	%	\$	%
Instruction	\$ 1,304,339,999	26.6 %	\$ 1,247,404,365	26.5 %	\$ 1,224,231,147	26.7 %
Research	1,006,751,565	20.5	964,465,402	20.5	936,234,104	20.5
Public service	159,815,026	3.2	164,703,932	3.5	152,294,821	3.3
Academic support	451,797,952	9.2	418,943,312	8.9	412,231,388	9.0
Student services	242,660,746	4.9	225,731,947	4.8	218,553,357	4.8
Institutional support	507,673,901	10.3	481,794,470	10.2	445,527,993	9.8
Operation and maintenance of plant	353,917,522	7.2	328,367,297	7.0	336,605,301	7.4
Scholarships and fellowships	110,187,780	2.2	110,541,568	2.3	104,239,654	2.3
Auxiliary enterprises	574,454,741	11.7	563,765,711	12.0	546,264,612	12.0
Hospital	207,609,768	4.2	201,931,095	4.3	193,069,257	4.2
Total	\$ 4,919,209,000	100.0 %	\$ 4,707,649,099	100.0 %	\$ 4,569,251,634	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, 2017 and 2016, increases in total employee payments of \$140,367,528 and \$98,849,621, respectively, represent the largest component of the overall increase in operating expenses over the prior year. For 2017 and 2016 the largest increases associated with employee payments were for instruction activities.

Capital Asset and Debt Administration

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

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

UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2017 AND 2016

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

	2017	2016	2015
State of Maryland debt proceeds or cash balances	\$208,834,385	\$358,198,458	\$234,361,573
System debt proceeds	118,276,999	159,982,972	70,987,051
System cash balances and donations	247,571,537	179,908,421	161,385,074
Total	\$574,682,921	\$698,089,851	\$466,733,698

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

Project	Institution	Cost
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
Year ended June 30, 2016		
Engineering and Aviation Sciences Facility	University of Maryland Eastern Shore	\$101,207,000
New Science and Technology Center	Coppin State University	126,020,000
Year ended June 30, 2015		
Performing Arts and Humanities Facility	University of Maryland Baltimore County	\$ 71,931,000
Harford Education Center	Towson University	28,000,000
Center for Communication & Information Technology	Frostburg State University	69,328,000

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

The System has issued Revenue Bonds to fund the construction, acquisition, and renewal and replacement of facilities, or refinance previously issued Revenue Bonds to realize lower current interest rates, during the years ended June 30, 2017, 2016 and 2015, and since, as follows:

Debt issuance	Date of issue	Purpose	Total Par Value Issued	Present Value of Future Debt Service Savings
2015 Series A	3/4/2015	Refinancing	\$ 93,690,000	\$ 9,564,489
2016 Series A and B	2/18/2016	Refinancing, construction and facilities renewal	201,735,000	5,010,945
2017 Series A and B	2/15/2017	Refinancing, construction and facilities renewal	165,075,000	4,540,054

UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2017 AND 2016

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 8.3% more full-time equivalent students anticipated by the fall 2027. Preliminary fall 2017 enrollment indicates an increase in headcount enrollment of more than 1,300 students.

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

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

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

Requests for Information

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

**UNIVERSITY SYSTEM OF MARYLAND
BALANCE SHEETS
JUNE 30, 2017 AND 2016**

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,173,087,940	\$ 2,158,518,807
Accounts receivable, net	275,273,036	239,163,750
Notes receivable, current portion, net	8,647,499	8,820,782
Inventories	10,659,675	10,722,032
Prepaid expenses and other	14,037,560	9,908,629
Total current assets	2,481,705,710	2,427,134,000
Noncurrent assets:		
Restricted cash and cash equivalents	100,060,603	72,001,213
Endowment investments	264,216,610	244,736,560
Other investments	11,087,345	19,770,395
Notes receivable, net	41,911,500	50,228,131
Capital assets, net	6,270,469,058	6,014,590,059
Total noncurrent assets	6,687,745,116	6,401,326,358
Total assets	9,169,450,826	8,828,460,358
DEFERRED OUTFLOWS OF RESOURCES	603,156,888	380,912,045
Total assets and deferred outflows of resources	\$ 9,772,607,714	\$ 9,209,372,403
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 269,144,379	\$ 336,820,908
Accrued workers' compensation, current portion	4,440,600	4,487,550
Accrued vacation costs, current portion	104,818,549	104,082,163
Revenue bonds and notes payable, current portion	93,370,871	91,997,237
Obligations under capital lease agreements, current portion	1,450,296	1,356,864
Unearned revenues	239,825,944	217,867,754
Total current liabilities	713,050,639	756,612,476
Noncurrent liabilities:		
Accrued workers' compensation	25,163,400	25,429,450
Accrued vacation costs	108,424,668	104,584,488
Revenue bonds and notes payable	1,196,953,524	1,169,531,685
Obligations under capital lease agreements	6,046,126	7,496,422
Net pension liability	1,216,808,542	966,400,173
Total noncurrent liabilities	2,553,396,260	2,273,442,218
Total liabilities	3,266,446,899	3,030,054,694
DEFERRED INFLOWS OF RESOURCES	375,669,914	404,419,331
NET POSITION		
Unrestricted	1,119,703,242	1,032,165,637
Net investment in capital assets	4,770,197,890	4,504,161,728
Restricted:		
Nonexpendable	37,625,121	37,230,670
Expendable	202,964,648	201,340,343
Total net position	6,130,490,901	5,774,898,378
Total liabilities, deferred inflows of resources and net position	\$ 9,772,607,714	\$ 9,209,372,403

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEETS, COMPONENT UNITS
JUNE 30, 2017**

	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	\$ 142,000	\$ 44,129,606	\$ 2,293,563	\$ 23,601,776	\$ 70,166,945
Accounts receivable, net	4,704,000	42,532,144	20,193,234	9,857,648	77,287,026
Other assets	217,000	1,080,013		829,036	2,126,049
Total current assets	5,063,000	87,741,763	22,486,797	34,288,460	149,580,020
Investments					
Endowment investments	267,408,000	316,109,344	186,009,211	224,466,827	993,993,382
Other investments	386,041,000	71,174,370	63,163,511	28,375,169	548,754,050
Total investments	653,449,000	387,283,714	249,172,722	252,841,996	1,542,747,432
Noncurrent assets					
Accounts receivable, net	11,831,000	46,300,159	22,814,961	7,048,577	87,994,697
Capital assets, net	13,349,000	20,160,075		25,626,893	59,135,968
Other assets	435,000	580,367	4,120,505	2,633,960	7,769,832
Total noncurrent assets	25,615,000	67,040,601	26,935,466	35,309,430	154,900,497
Total assets	\$ 684,127,000	\$ 542,066,078	\$ 298,594,985	\$ 322,439,886	\$1,847,227,949
LIABILITIES					
Current liabilities					
Accounts payable & accrued expenses	\$ 3,317,000	\$ 10,508,561	\$ 1,728,977	\$ 3,919,248	\$ 19,473,786
Long-term debt, current				3,552,046	3,552,046
Unearned revenues	2,319,000	1,224,495		7,497,737	11,041,232
Total current liabilities	5,636,000	11,733,056	1,728,977	14,969,031	34,067,064
Noncurrent liabilities					
Other payables	70,124,399	15,379,155	1,719,965	2,534,545	89,758,064
Due to primary government	264,107,601				264,107,601
Long-term debt, noncurrent				18,285,485	18,285,485
Total noncurrent liabilities	334,232,000	15,379,155	1,719,965	20,820,030	372,151,150
Total liabilities	339,868,000	27,112,211	3,448,942	35,789,061	406,218,214
NET ASSETS					
Unrestricted	62,829,000	9,025,894	31,413,762	40,363,353	143,632,009
Temporarily restricted:					
Scholarships & fellowships	18,359,000	44,407,000	15,160,430	33,098,754	111,025,184
Research	18,034,000	13,926,000	8,019,587	802,903	40,782,490
Other	44,512,000	174,857,630	61,421,211	68,481,871	349,272,712
Permanently restricted:					
Scholarships & fellowships	116,139,000	92,220,000	39,869,963	81,919,339	330,148,302
Research	2,439,000	3,172,000	3,377,158	493,643	9,481,801
Other	81,947,000	177,345,343	135,883,932	61,490,962	456,667,237
Total net assets	344,259,000	514,953,867	295,146,043	286,650,825	1,441,009,735
Total liabilities and net assets	\$ 684,127,000	\$ 542,066,078	\$ 298,594,985	\$ 322,439,886	\$1,847,227,949

See accompanying notes.

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

	Major Component Units				Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Nonmajor Component Units	
ASSETS					
Current assets					
Cash		\$ 33,180,745	\$ 3,573,067	\$ 24,270,316	\$ 61,024,128
Accounts receivable, net	\$ 5,862,000	42,020,389	15,508,116	7,185,381	70,575,886
Other assets	264,000	1,132,978		866,759	2,263,737
Total current assets	6,126,000	76,334,112	19,081,183	32,322,456	133,863,751
Investments					
Endowment investments	241,363,000	280,322,737	158,291,436	199,856,008	879,833,181
Other investments	347,312,000	64,875,407	60,898,572	30,304,809	503,390,788
Total investments	588,675,000	345,198,144	219,190,008	230,160,817	1,383,223,969
Noncurrent assets					
Accounts receivable, net	10,893,000	49,614,388	25,368,725	6,236,237	92,112,350
Capital assets, net	13,303,000	20,414,191		19,542,121	53,259,312
Other assets	445,000	595,610	4,670,238	2,787,976	8,498,824
Total noncurrent assets	24,641,000	70,624,189	30,038,963	28,566,334	153,870,486
Total assets	\$ 619,442,000	\$ 492,156,445	\$ 268,310,154	\$ 291,049,607	\$1,670,958,206
LIABILITIES					
Current liabilities					
Accounts payable & accrued expenses	\$ 3,475,000	\$ 3,773,687	\$ 1,208,870	\$ 5,530,311	\$ 13,987,868
Long-term debt, current				2,883,360	2,883,360
Unearned revenues	2,995,000	1,735,900		7,103,780	11,834,680
Total current liabilities	6,470,000	5,509,587	1,208,870	15,517,451	28,705,908
Noncurrent liabilities					
Other payables	53,108,113	15,710,276	1,532,251	2,237,380	72,588,020
Due to primary government	244,654,887				244,654,887
Long-term debt, noncurrent				12,704,746	12,704,746
Total noncurrent liabilities	297,763,000	15,710,276	1,532,251	14,942,126	329,947,653
Total liabilities	304,233,000	21,219,863	2,741,121	30,459,577	358,653,561
NET ASSETS					
Unrestricted	60,765,000	9,358,898	31,158,426	37,965,689	139,248,013
Temporarily restricted:					
Scholarships & fellowships	17,327,000	37,273,000	10,705,993	25,732,946	91,038,939
Research	16,917,000	14,185,000	8,031,342	690,370	39,823,712
Other	39,889,000	153,835,635	52,090,142	55,857,561	301,672,338
Permanently restricted:					
Scholarships & fellowships	103,113,000	96,417,000	35,606,131	78,169,486	313,305,617
Research	2,282,000	1,637,000	3,377,419	460,176	7,756,595
Other	74,916,000	158,230,049	124,599,580	61,713,802	419,459,431
Total net assets	315,209,000	470,936,582	265,569,033	260,590,030	1,312,304,645
Total liabilities and net assets	\$ 619,442,000	\$ 492,156,445	\$ 268,310,154	\$ 291,049,607	\$1,670,958,206

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
OPERATING REVENUES:		
Tuition and fees	\$ 1,628,712,485	\$ 1,570,420,925
Less: scholarship allowances	<u>(295,368,216)</u>	<u>(283,964,138)</u>
Federal grants and contracts	677,154,092	648,929,406
State and local grants and contracts	205,676,639	211,097,694
Nongovernmental grants and contracts	233,649,313	215,495,189
Sales and services of educational departments	344,781,319	342,146,755
Auxiliary enterprises	668,971,168	641,513,844
Less: scholarship allowances	<u>(24,853,943)</u>	<u>(24,077,769)</u>
Other operating revenues	<u>76,997,357</u>	<u>65,145,520</u>
Total operating revenues	<u>3,515,720,214</u>	<u>3,386,707,426</u>
OPERATING EXPENSES:		
Instruction	1,304,339,999	1,247,404,365
Research	1,006,751,565	964,465,402
Public service	159,815,026	164,703,932
Academic support	451,797,952	418,943,312
Student services	242,660,746	225,731,947
Institutional support	507,673,901	481,794,470
Operation and maintenance of plant	353,917,522	328,367,297
Scholarships and fellowships	110,187,780	110,541,568
Auxiliary enterprises	574,454,741	563,765,711
Hospital	<u>207,609,768</u>	<u>201,931,095</u>
Total operating expenses	<u>4,919,209,000</u>	<u>4,707,649,099</u>
Operating loss	<u>(1,403,488,786)</u>	<u>(1,320,941,673)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	1,295,338,118	1,257,323,499
Pell grants	147,457,189	146,285,279
Gifts	50,652,089	51,213,357
Investment Income	65,280,437	21,283,109
Less: investment expense	<u>(714,292)</u>	<u>(738,044)</u>
Interest on indebtedness	(42,826,529)	(44,791,417)
Other revenues and gains, net	<u>13,326,667</u>	<u>13,288,283</u>
Total nonoperating revenues	<u>1,528,513,679</u>	<u>1,443,864,066</u>
Income before other revenues	<u>125,024,893</u>	<u>122,922,393</u>
OTHER REVENUES:		
Capital appropriations	208,834,385	358,198,458
Capital gifts and grants	21,435,670	35,520,935
Additions to permanent endowments	<u>297,575</u>	<u>76,658</u>
Total other revenues	<u>230,567,630</u>	<u>393,796,051</u>
Increase in net position	355,592,523	516,718,444
Net position - beginning of year	<u>5,774,898,378</u>	<u>5,258,179,934</u>
Net position - end of year	<u><u>\$ 6,130,490,901</u></u>	<u><u>\$ 5,774,898,378</u></u>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2017**

	Major Component Units				Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Nonmajor Component Units	
CHANGES IN UNRESTRICTED NET ASSETS					
Revenues					
Contributions & grants	\$ 1,890,000		\$ 3,265,507	\$ 6,805,642	\$ 11,961,149
Investment income, net	5,722,000	\$ 5,889,280	3,191,578	4,720,742	19,523,600
Other income	6,762,000	2,505,048	414,605	9,274,206	18,955,859
Assets released from restrictions	19,514,000	50,349,206	18,992,785	20,773,375	109,629,366
Total revenues	33,888,000	58,743,534	25,864,475	41,573,965	160,069,974
Expenses					
Program	24,149,000	55,482,971	22,950,190	29,896,385	132,478,546
General & administrative	5,512,000	3,382,842	2,044,531	4,982,330	15,921,703
Fundraising	2,163,000	210,725	614,418	2,613,117	5,601,260
Other expense				2,114,266	2,114,266
Total expenses	31,824,000	59,076,538	25,609,139	39,606,098	156,115,775
Change in unrestricted net assets	2,064,000	(333,004)	255,336	1,967,867	3,954,199
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Contributions & grants	16,443,000	46,839,871	13,041,706	16,570,755	92,895,332
Investment income	9,843,000	31,690,576	20,373,249	19,578,157	81,484,982
Other income (loss)		(284,246)	66,440	2,084,385	1,866,579
Assets released from restrictions	(19,514,000)	(50,349,206)	(19,707,644)	(18,130,646)	(107,701,496)
Change in temporarily restricted net assets	6,772,000	27,896,995	13,773,751	20,102,651	68,545,397
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS					
Contributions & grants	3,182,000	16,340,401	14,833,064	3,051,993	37,407,458
Investment income	17,031,000			3,551,063	20,582,063
Other income	1,000	112,893		29,950	143,843
Assets released from restrictions			714,859	(2,642,729)	(1,927,870)
Change in permanently restricted net assets	20,214,000	16,453,294	15,547,923	3,990,277	56,205,494
Total change in net assets	29,050,000	44,017,285	29,577,010	26,060,795	128,705,090
Net assets - beginning of year	315,209,000	470,936,582	265,569,033	260,590,030	1,312,304,645
Net assets - end of year	\$ 344,259,000	\$ 514,953,867	\$ 295,146,043	\$ 286,650,825	\$1,441,009,735

See accompanying notes.

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

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

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 1,335,300,377	\$ 1,283,496,518
Research contracts and grants	1,091,125,237	1,096,457,894
Payments to employees	(3,364,136,415)	(3,164,969,396)
Payments to suppliers and contractors	(1,290,493,960)	(1,225,882,879)
Loans issued to students	(4,448,769)	(7,502,966)
Collection of loans to students	11,126,175	13,395,701
Auxiliary enterprises	634,864,394	611,315,730
Other receipts	491,888,890	477,468,152
	(1,094,774,071)	(916,221,246)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	1,295,338,118	1,257,323,499
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	297,575	76,658
Pell grants	147,457,189	146,285,279
	1,443,092,882	1,403,685,436
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	185,096,688	230,377,536
Capital appropriations	208,161,938	358,198,458
Capital grants and gifts received	14,830,646	21,370,972
Proceeds from sales of capital assets	1,062,625	1,802,721
Purchases of capital assets	(571,895,480)	(678,724,455)
Principal paid on debt and capital leases	(148,083,487)	(155,529,006)
Interest paid on debt and capital leases	(49,186,785)	(53,566,788)
	(360,013,855)	(276,070,562)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	18,831,467	10,578,494
Interest on investments	38,154,673	24,806,642
Investment expense	(714,292)	(738,044)
Purchases of investments	(1,948,281)	(191,867)
	54,323,567	34,455,225
Net cash provided by investing activities	54,323,567	34,455,225
Net increase in cash and cash equivalents	42,628,523	245,848,853
Cash and cash equivalents - beginning of the year	2,230,520,020	1,984,671,167
Cash and cash equivalents - end the year	\$ 2,273,148,543	\$ 2,230,520,020
<hr/>		
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Gifts and contributions of capital assets	\$ 5,446,880	\$ 1,197,194
Changes in unrealized appreciation (depreciation) on investments	8,658,369	(9,544,204)
<hr/>		
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (1,403,488,786)	\$ (1,320,941,673)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	315,275,618	297,232,491
Amortization of deferred service concession arrangement receipts	(18,356,042)	(18,356,041)
Gifts and other revenues, (expenses), gains, and (losses)	63,978,756	64,501,640
Effect of changes in assets and liabilities:		
Accounts receivable, net	(36,109,286)	(389,769)
Inventories	62,357	29,222
Prepaid expenses and other deferred charges	(4,128,931)	(1,106,167)
Notes receivable	8,489,914	6,580,376
Accounts payable and accrued liabilities	(61,229,349)	36,538,303
Unearned revenues	21,958,190	24,538,965
Accrued vacation	4,576,566	3,497,732
Accrued workers' compensation	(313,000)	(83,000)
Net pension liability and related deferred outflows and inflows of resources	14,509,922	(8,263,325)
	\$ (1,094,774,071)	\$ (916,221,246)

See accompanying notes.

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2017 AND 2016

1. ORGANIZATION AND PURPOSE

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2017 AND 2016

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, 2017 and 2016, affiliated foundations distributed approximately \$103,695,000 and \$106,546,000, respectively, to the System and its institutions for both restricted and unrestricted purposes.

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

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

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

Measurement Focus and Basis of Accounting

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.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2017 AND 2016

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 revenue, 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.

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

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

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

Deferred Outflows/Inflows of Resources

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

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2017 AND 2016

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, 2016, have been reclassified to conform with the presentation for the year ended June 30, 2017.

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 Governmental Accounting Standards Board has issued GASB Statement No. 75 entitled, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; GASB Statement No. 80 entitled, *Blending Requirements for Certain Component Units*; GASB Statement No. 81 entitled, *Irrevocable Split-Interest Agreements*; GASB Statement No. 82 entitled, *Pension Issues*; GASB Statement No. 83 entitled, *Certain Asset Retirement Obligations*; GASB Statement No. 84 entitled, *Fiduciary Activities*; GASB Statement No. 85 entitled, *Omnibus 2017*; GASB Statement No. 86 entitled, *Certain Debt Extinguishment Issues*; and GASB Statement No. 87 entitled, *Leases*. Some of these statements may have a material effect on the System's financial statements once implemented. The System will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by the effective date for each new accounting pronouncement.

3. CASH AND INVESTMENTS

Cash and cash equivalents

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

	<u>2017</u>	<u>2016</u>
Cash and short-term investments on deposit with the State Treasurer	\$2,125,272,255	\$2,121,230,643
Demand and time deposits	47,815,685	37,288,164
Total	<u>\$2,173,087,940</u>	<u>\$2,158,518,807</u>

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

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2017 AND 2016

As of June 30, 2017 and 2016, the carrying amount of the System's demand and time deposits was \$47,815,685 and \$37,288,164, respectively, as compared to bank balances of \$47,541,772 and \$33,310,863, respectively. The difference is primarily due to items in-transit. Of the bank balances, \$28,631,862 and \$24,689,027 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 \$18,909,910 and \$8,621,836 was uninsured and uncollateralized as of June 30, 2017 and 2016, respectively.

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

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

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

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

	<u>2017</u>	<u>2016</u>
Money market accounts – endowment fund uninvested cash	\$ 47,280	\$ 47,280
Money market accounts – unspent proceeds of debt	100,013,323	71,953,933
Total	<u>\$100,060,603</u>	<u>\$ 72,001,213</u>

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

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2017 AND 2016

Investments

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

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

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

The System discloses investment risks, below.

Interest rate risk

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

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

Custodial credit risk

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

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

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016**

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>2017</u>	<u>2016</u>
Corporate debt	\$ 7,200	\$ 7,200
Corporate equities	101,809	74,473
Assets invested with USMF	<u>264,107,601</u>	<u>244,654,887</u>
Total	<u>\$264,216,610</u>	<u>\$244,736,560</u>

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

	<u>2017</u>	<u>2016</u>
Pure endowments	\$133,919,384	\$121,750,314
Funds functioning as endowments	126,255,779	119,368,488
Term endowments	<u>4,041,447</u>	<u>3,617,758</u>
Total	<u>\$264,216,610</u>	<u>\$244,736,560</u>

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

A spending rule has been adopted by the Board to ensure that endowment funds retain a consistent level of purchasing power over time. The spending rule provides for a target rate of spending of 4.35% 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 \$92,252,817 and \$84,519,645 as of June 30, 2017 and 2016, respectively. Reinvestments of net appreciation are considered to be subject to donor spending restrictions, and accordingly, are reflected as a component of restricted, expendable net assets.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2017 AND 2016

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 and a for-profit entity created and owned by the University of Maryland University College, which provides data analytics services to colleges and universities. The carrying value of other investments is assessed on an annual basis by reference to the reported value of the University's interest.

Allocation of investment income

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

	<u>2017</u>	<u>2016</u>
Unrestricted funds	\$ 51,600,985	\$ 21,385,240
Restricted funds	13,679,452	(102,131)
Total	<u>\$ 65,280,437</u>	<u>\$ 21,283,109</u>

4. FAIR VALUE MEASUREMENTS

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

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

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

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016**

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. At June 30, 2017 and 2016, 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 \$101,809 and \$74,473 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.

The following table shows the USMF's investments using the fair value hierarchy as of June 30, 2017:

Investments by fair value level	June 30, 2017	Fair Value Measurements		
		Level 1	Level 2	Level 3
Money market funds and short-term investments	\$ 21,389,000	\$ 21,389,000		
Corporate and municipal bonds	11,941,000		\$ 11,941,000	
Equities and mutual funds	366,411,000	356,311,000	10,100,000	
U.S. treasury notes and bonds	10,028,000		10,028,000	
U.S. agency securities	200,000		200,000	
Collateralized mortgage obligations/asset backed securities	7,000		7,000	
Absolute return	131,704,000			\$ 131,704,000
Long and short equity hedge funds	84,861,000			84,861,000
Private capital	340,722,000			340,722,000
Total investments by fair value level	967,263,000	\$ 377,700,000	\$ 32,276,000	\$ 557,287,000
Investments measured at net asset value (NAV)				
Absolute return	118,062,000			
Long and short equity hedge funds	136,673,000			
Private capital	69,099,000			
Total investments measured at the NAV	323,834,000			
Total investments	1,291,097,000			
Due to the System	(264,107,601)			
Due to other USM affiliated foundations	(637,648,000)			
Total USMF investments	\$ 389,341,399			

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

The following table shows the USMF's investments using the fair value hierarchy as of June 30, 2016:

Investments by fair value level	June 30, 2016	Fair Value Measurements		
		Level 1	Level 2	Level 3
Money market funds and short-term investments	\$ 37,702,000	\$ 37,702,000		
Corporate and municipal bonds	11,376,000		\$ 11,376,000	
Equities and mutual funds	199,599,000	199,599,000		
U.S. treasury notes and bonds	5,851,000		5,851,000	
U.S. agency securities	474,000		474,000	
Collateralized mortgage obligations/asset backed securities	8,000		8,000	
Absolute return	115,127,000			\$ 115,127,000
Long and short equity hedge funds	126,864,000			126,864,000
Private capital	264,833,000			264,833,000
Total investments by fair value level	761,834,000	\$ 237,301,000	\$ 17,709,000	\$ 506,824,000
Investments measured at net asset value (NAV)				
Absolute return	173,739,000			
Long and short equity hedge funds	152,540,000			
Private capital	68,891,000			
Total investments measured at the NAV	395,170,000			
Total investments	1,157,004,000			
Due to the System	(244,654,887)			
Due to other USM affiliated foundations	(568,329,000)			
Total USMF investments	\$ 344,020,113			

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2017 AND 2016

Investments measured at net asset value

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

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

Private capital consists of private equity and venture capital investments. Private equity investments represent purchases of all or a portion of the equity interest in a company and the arrangement allows the purchasing group to take control. Venture capital investments are made in non-marketable securities of new companies or companies considered to be in the early stages of growth. Investments in private capital are presented at fair value as approved by the USMF's management based, in part, on information and valuations provided by the general partner of the partnerships or investment manager. The general partner or investment manager generally values their investments at fair value. Securities with no readily available market are initially valued at cost, with subsequent adjustment to values which reflect either the basis of meaningful third party transactions in the private market or the fair value deemed appropriate by the USMF's management. In such instances, consideration is also given to the financial condition and operating results of the issuer, the amount that the investment company/fund can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. Such value represents the USMF's proportionate share of the capital in the investment company/fund. Accordingly, the value of the investment is generally increased by additional contributions and the share of net earnings from the investments and decreased by distributions from the partnerships and the partner's share of net losses. A portion of these assets are classified as Level 3 based upon their lock up periods and the transparency of their assets. Redemption of these investments is left to the discretion of the general partner/manager of the funds. Distributions from each fund will be received as the underlying investments are liquidated. As of June 30, 2017 and 2016 unfunded commitments within the private capital category equaled approximately \$355 million and \$304 million, respectively.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

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

Accounts receivable as of June 30, 2017 and 2016, were comprised of:

	<u>2017</u>	<u>2016</u>
Tuition and fees	\$ 77,293,060	\$ 63,211,455
Contracts and grants	199,223,274	170,336,297
Other	15,933,163	19,321,631
Subtotal	292,449,497	252,869,383
Allowance for doubtful accounts receivable	(17,176,461)	(13,705,633)
Accounts receivable, net	<u>\$275,273,036</u>	<u>\$239,163,750</u>

Notes receivable as of June 30, 2017 and 2016, were comprised of:

	<u>2017</u>	<u>2016</u>
Student loans	\$ 63,162,494	\$ 70,018,507
Business development loans	6,217,027	6,972,970
Subtotal	69,379,521	76,991,477
Allowance for doubtful accounts receivable	(18,820,522)	(17,942,564)
Notes receivable, net	<u>\$ 50,558,999</u>	<u>\$ 59,048,913</u>

Accounts payable and accrued liabilities as of June 30, 2017 and 2016, were comprised of:

	<u>2017</u>	<u>2016</u>
Payroll and benefits	\$ 94,402,878	\$ 171,576,104
Suppliers and contractors	122,912,325	117,011,309
Accrued interest payable	11,757,042	11,580,818
Other	40,072,134	36,652,677
Accounts payable and accrued liabilities	<u>\$269,144,379</u>	<u>\$336,820,908</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, 2017 AND 2016**

As of June 30, 2017 and 2016, contributions receivable were due as follows:

University System of Maryland Foundation, Inc.

Due	Discount Rates	2017	2016
Within one year	Not applicable	\$ 4,577,000	\$ 5,727,000
One to five years	3.25%	12,078,000	10,866,000
Subtotal		16,655,000	16,593,000
Pledge discount		(1,155,000)	(1,099,000)
Net contributions receivable		<u>\$ 15,500,000</u>	<u>\$ 15,494,000</u>

University of Maryland, College Park Foundation, Inc.

Due	Discount Rates	2017	2016
Within one year	3.22%	\$ 48,133,237	\$ 47,993,697
Two to five years	3.22%	46,694,852	53,074,027
More than five years	4.25%	12,352,388	7,513,563
Subtotal		107,180,477	108,581,287
Allowance for doubtful accounts		(13,520,351)	(13,491,226)
Pledge discount		(5,258,310)	(3,647,770)
Net contributions receivable		<u>\$ 88,401,816</u>	<u>\$ 91,442,291</u>

University of Maryland, Baltimore Foundation, Inc.

Due	Discount Rates	2017	2016
Within one year	1.5%	\$ 20,659,935	\$ 15,896,394
One to five years	1.5%	25,290,191	28,332,525
More than five years	1.5%	130,770	52,200
Subtotal		46,080,896	44,281,119
Allowance for doubtful accounts		(336,302)	(311,798)
Pledge discount		(2,754,932)	(3,110,420)
Net contributions receivable		<u>\$ 42,989,662</u>	<u>\$ 40,858,901</u>

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

6. CHANGES IN NET CAPITAL ASSETS

Changes in net capital assets for the years ended June 30, 2017 and 2016:

	June 30, 2015	Additions	Decreases	June 30, 2016	Additions	Decreases	June 30, 2017
Capital assets being depreciated:							
Infrastructure & land improvements	\$ 392,188,334	\$ 15,791,648		\$ 407,979,982	\$ 49,876,698	\$ 133,162	\$ 457,723,518
Buildings & improvements	6,828,416,167	310,457,116	\$ 287,940	7,138,585,343	567,505,422	5,948,375	7,700,142,390
Contents	1,372,853,884	78,806,186	31,772,202	1,419,887,868	81,060,473	31,023,160	1,469,925,181
Buildings recorded under capital lease agreements	14,629,140			14,629,140			14,629,140
Total capital assets being depreciated	8,608,087,525	405,054,950	32,060,142	8,981,082,333	698,442,593	37,104,697	9,642,420,229
Less accumulated depreciation for:							
Infrastructure & land improvements	209,598,267	14,494,574		224,092,841	19,056,222	143,938	243,005,125
Buildings & improvements	2,496,187,133	194,385,091	1,236,316	2,689,335,908	209,352,796	5,809,064	2,892,879,640
Contents	988,729,540	87,165,647	26,169,554	1,049,725,633	85,679,421	27,623,391	1,107,781,663
Buildings recorded under capital lease agreements	6,594,787	1,187,179		7,781,966	1,187,179		8,969,145
Total accumulated depreciation	3,701,109,727	297,232,491	27,405,870	3,970,936,348	315,275,618	33,576,393	4,252,635,573
Total capital assets being depreciated, net	4,906,977,798	107,822,459	4,654,272	5,010,145,985	383,166,975	3,528,304	5,389,784,656
Capital assets not being depreciated:							
Land	157,288,954	401,000		157,689,954	9,823,066		167,513,020
Contents	29,591,033	499,669	4,800	30,085,902	1,553,215		31,639,117
Construction in progress	524,533,986	589,075,805	296,941,573	816,668,218	294,517,628	429,653,581	681,532,265
Total capital assets not being depreciated	711,413,973	589,976,474	296,946,373	1,004,444,074	305,893,909	429,653,581	880,684,402
Capital assets, net	\$5,618,391,771	\$ 697,798,933	\$ 301,600,645	\$6,014,590,059	\$ 689,060,884	\$ 433,181,885	\$6,270,469,058

Interest expense of \$368,417 associated with projects not yet completed was capitalized and recorded as construction in progress during the year ended June 30, 2017.

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UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016**

7. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The composition of deferred outflows of resources as of June 30, 2017 and 2016, is summarized as follows:

	<u>2017</u>	<u>2016</u>
Unamortized loss on refundings of debt	\$ 19,798,069	\$ 23,058,298
Deferred outflows related to the pension liability	583,358,819	357,853,747
Total deferred outflows of resources	<u>\$603,156,888</u>	<u>\$380,912,045</u>

The composition of deferred inflows of resources as of June 30, 2017 and 2016, is summarized as follows:

	<u>2017</u>	<u>2016</u>
Deferred service concession arrangement receipts	\$307,287,513	\$325,643,555
Deferred inflows related to the pension liability	68,382,401	78,775,776
Total deferred inflows of resources	<u>\$375,669,914</u>	<u>\$404,419,331</u>

8. SERVICE CONCESSION ARRANGEMENTS FOR STUDENT HOUSING

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

Under the terms of the ground leases, the System transfers rights to university-owned property for a term of 40 years to the quasi-governmental issuer of debt (the 'project owner'). The project owner contracts with a developer to build student housing on the property. 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, 2017 AND 2016**

As of June 30, 2017 and 2016, the following amounts associated with service concession arrangements are reflected on the Balance Sheet:

	<u>2017</u>	<u>2016</u>
Capital assets, net – Buildings & improvements	\$334,077,988	\$347,968,950
Deferred service concession arrangement receipts	307,287,513	325,643,555

9. RESTRICTED NET POSITION

Restricted net position as of June 30, 2017 and 2016, are as follows:

	<u>2017</u>	<u>2016</u>
Nonexpendable		
Scholarships and fellowships	\$ 16,488,037	\$ 16,294,246
Research	4,266,455	4,071,544
Other	16,870,629	16,864,880
Total restricted nonexpendable net position	<u>\$ 37,625,121</u>	<u>\$ 37,230,670</u>
Expendable		
Scholarships and fellowships	\$ 35,299,757	\$ 33,122,293
Research	75,456,300	69,268,236
Loans	59,618,603	67,723,793
Capital projects	6,351,336	7,146,977
Other	26,238,652	24,079,044
Total restricted expendable net position	<u>\$202,964,648</u>	<u>\$201,340,343</u>

10. 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, 2017 and 2016, revenue bonds and notes payable consisted of the following:

	<u>2017</u>	<u>2016</u>
Revenue Bonds, net	\$1,231,321,136	\$1,197,967,084
Revolving Loan Program Bonds	35,000,000	35,000,000
Other	24,003,259	28,561,838
Revenue bonds and notes payable, net	<u>\$1,290,324,395</u>	<u>\$1,261,528,922</u>

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016**

Auxiliary Facility and Tuition Revenue Bonds

As of June 30, 2017, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Principal Outstanding</u>
2006 Series A	5.00%	2017	\$ 3,920,000
2008 Series A	5.00%	2018-2019	8,780,000
2009 Series A & B	4.00% - 6.00%	2018-2029	58,660,000
2009 Refunding Series C	4.00%	2017-2019	18,340,000
2009 Refunding Series D	3.00% - 4.00%	2018-2022	21,815,000
2010 Series A & B	4.00% - 5.40%	2018-2030	86,830,000
2010 Series C	2.50% - 4.00%	2018-2023	37,490,000
2010 Series D & E	3.75% - 5.85%	2018-2030	86,320,000
2011 Series A	3.00% - 5.00%	2018-2031	42,810,000
2011 Refunding Series B	3.00% - 5.00%	2018-2024	25,140,000
2012 Refunding Series A & B	2.00% - 4.00%	2018-2024	36,200,000
2012 Series C & D	2.00% - 5.00%	2017-2032	147,340,000
2014 Series A & B	3.00% - 5.00%	2018-2034	126,185,000
2015 Series A	3.00% - 5.00%	2018-2028	67,550,000
2016 Series A	3.00% - 5.00%	2018-2036	136,330,000
2016 Refunding Series B	2.00% - 5.00%	2018-2030	61,730,000
2017 Series A	4.00% - 5.00%	2018-2037	115,000,000
2017 Refunding Series B	5.00%	2018-2023	<u>50,075,000</u>
Subtotal			1,130,515,000
Unamortized discounts and premiums			<u>100,806,136</u>
Revenue Bonds, net			<u><u>\$1,231,321,136</u></u>

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2017 AND 2016

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

Revenue Bonds issued during the years ended June 30, 2017 and 2016, including the results of any advance refunding of previously-issued debt, were as follows:

Debt issuance	Date of issue	Par value of debt issued	Premium on issuance	Par value of debt refunded	Reduction in future debt service	Deferred amount on refunding	Economic gain
2016 Series A	2/18/2016	\$ 140,000,000	\$ 21,401,958				
2016 Refunding Series B	2/18/2016	61,735,000	12,299,390	\$ 62,890,000	\$ 5,624,308	\$ 6,520,386	\$ 5,010,945
2017 Series A	2/15/2017	115,000,000	13,756,261				
2017 Refunding Series B	2/15/2017	50,075,000	5,730,041	54,455,000	4,873,036	752,661	4,540,054

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 6.9% and 6.8% in Federal fiscal year 2017 and 2016, respectively. The 2009 Series B, the 2010 Series B, and 2010 Series E bonds have been issued to comply with the requirements of the Build America Bonds program, the System has been receiving the interest payment reimbursements from the Federal government, and the System expects that these bonds will continue to qualify under the program in the future. The interest amounts reflected in the future principal and interest payments schedule on the following page reflect the System's obligations to bondholders, and have not been reduced for any expectation of interest reimbursement from the Federal government under the Build America Bonds program.

As of June 30, 2017, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$109,025,000.

As of June 30, 2017 and 2016, cash and cash equivalents and investments restricted by the terms of the Indenture of Trust totaled \$80,404,575 and \$49,471,923, respectively.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016**

Revolving Loan Program Bonds

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

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

As of June 30, 2017 and 2016, cash and cash equivalents in the amount of \$19,608,821 and \$22,314,360, respectively, was held by the trustee as unspent proceeds of the Revolving Loan Program Bonds.

Other

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

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

Future principal and interest payments as of June 30, 2017, were 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	
2018	\$ 88,415,000	\$ 49,318,141	\$ 4,900,006	\$ 1,211,253	\$ 143,844,400
2019	89,705,000	44,313,433	3,916,219	1,546,174	139,480,826
2020	88,650,000	40,314,440	3,119,909	1,493,288	133,577,637
2021	86,190,000	36,512,235	3,027,853	1,439,186	127,169,274
2022	77,335,000	32,564,330	15,437,048	982,793	126,319,171
2023 - 2027	352,125,000	112,904,312	28,602,224	562,114	494,193,650
2028 - 2032	250,890,000	45,408,714			296,298,714
2033 - 2037	97,205,000	9,211,200			106,416,200
Total	\$1,130,515,000	\$ 370,546,805	\$ 59,003,259	\$ 7,234,808	\$1,567,299,872

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

11. 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, 2017, were as follows:

<u>Years ending June 30,</u>	<u>Total</u>
2018	\$ 1,739,862
2019	1,776,697
2020	1,814,640
2021	1,597,726
2022	<u>1,381,986</u>
Total future lease payments	8,310,911
Less: Interest component	<u>(814,489)</u>
Obligations under capital lease agreements	<u>\$ 7,496,422</u>

Operating leases

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

Future minimum payments on operating leases as of June 30, 2017, were as follows:

<u>Years ending June 30,</u>	<u>Minimum Annual Lease Payments</u>
2018	\$ 16,816,688
2019	13,728,314
2020	12,830,365
2021	9,535,072
2022	6,810,895
2023 - 2027	<u>15,993,222</u>
Total	<u>\$ 75,714,556</u>

Operating lease expenditures for the years ended June 30, 2017 and 2016, were \$19,413,735 and \$18,379,508, respectively.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

12. AUXILIARY ENTERPRISES

Auxiliary enterprises revenues for the years ended June 30, 2017 and 2016, are as follows:

	<u>2017</u>		<u>2016</u>	
Residential facilities	\$ 195,806,549		\$ 185,658,461	
Less scholarship allowance	<u>(11,150,722)</u>	\$ 184,655,827	<u>(10,566,689)</u>	\$ 175,091,772
Dining facilities	130,336,470		125,508,850	
Less scholarship allowance	<u>(6,381,458)</u>	123,955,012	<u>(6,855,337)</u>	118,653,513
Intercollegiate athletics	131,608,613		117,349,742	
Less scholarship allowance	<u>(5,662,790)</u>	125,945,823	<u>(5,024,672)</u>	112,325,070
Bookstore	18,113,990		19,470,103	
Less scholarship allowance	<u>(1,421,595)</u>	16,692,395	<u>(1,352,834)</u>	18,117,269
Parking facilities	44,068,363		42,620,914	
Less scholarship allowance	<u>(207,745)</u>	43,860,618	<u>(251,798)</u>	42,369,116
Other	149,037,183		150,905,774	
Less scholarship allowance	<u>(29,633)</u>	149,007,550	<u>(26,439)</u>	150,879,335
Total auxiliary enterprises revenues		<u>\$644,117,225</u>		<u>\$617,436,075</u>

Auxiliary enterprises expenses for the years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Residential facilities	\$ 164,714,199	\$ 164,975,772
Dining facilities	116,287,542	113,635,915
Intercollegiate athletics	121,791,690	117,138,225
Bookstore	18,098,762	19,555,868
Parking facilities	31,198,308	28,965,954
Other	<u>122,364,240</u>	<u>119,493,977</u>
Total auxiliary enterprises expenses	<u>\$574,454,741</u>	<u>\$563,765,711</u>

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

13. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the years ended June 30, 2017 and 2016, were as follows:

	June 30, 2015	Additions	Decreases	June 30, 2016	Additions	Decreases	June 30, 2017	Due Within One Year
Accrued vacation costs	\$ 205,168,919	\$ 105,547,380	\$ 102,049,648	\$ 208,666,651	\$ 105,886,047	\$ 101,309,481	\$ 213,243,217	\$ 104,818,549
Accrued workers' compensation	30,000,000	6,665,634	6,748,634	29,917,000	4,705,262	5,018,262	29,604,000	4,440,600
Revenue bonds and notes payable, net	1,189,412,063	236,796,961	164,680,102	1,261,528,922	185,096,688	156,301,215	1,290,324,395	93,370,871
Obligations under capital lease agreements	10,121,511		1,268,225	8,853,286		1,356,864	7,496,422	1,450,296
Net pension liability	718,516,394	247,883,779		966,400,173	250,408,369		1,216,808,542	
Total long-term liabilities	\$2,153,218,887	\$ 596,893,754	\$ 274,746,609	\$2,475,366,032	\$ 546,096,366	\$ 263,985,822	\$2,757,476,576	\$ 204,080,316

14. OPERATING EXPENSES BY OBJECT

The System reports operating expenses in the Statement of Revenues, Expenses and Changes in Net Assets by program category. Operating expenses, grouped by object classification for the years ended June 30, 2017 and 2016, were as follows:

	2017				2016			
	Employee	Payments to Suppliers, Contractors and Others	Depreciation	Total	Employee	Payments to Suppliers, Contractors and Others	Depreciation	Total
Instruction	\$1,122,238,287	\$ 125,939,633	\$ 56,162,079	\$1,304,339,999	\$1,079,467,554	\$ 116,320,005	\$ 51,616,806	\$1,247,404,365
Research	625,959,843	352,405,691	28,386,031	1,006,751,565	607,678,368	328,391,716	28,395,318	964,465,402
Public service	97,703,623	58,203,744	3,907,659	159,815,026	99,568,920	61,285,203	3,849,809	164,703,932
Academic support	323,947,651	93,097,020	34,753,281	451,797,952	299,972,559	83,461,918	35,508,835	418,943,312
Student services	151,510,416	83,270,484	7,879,846	242,660,746	141,780,961	76,512,734	7,438,252	225,731,947
Institutional support	391,438,212	99,750,594	16,485,095	507,673,901	371,965,039	94,796,187	15,033,244	481,794,470
Operation and maintenance of plant	149,094,370	142,161,608	62,661,544	353,917,522	137,828,100	136,130,280	54,408,917	328,367,297
Scholarships and fellowships	6,926,193	103,261,587		110,187,780	7,039,223	103,502,345		110,541,568
Auxiliary enterprises:								
Residential facilities	51,395,148	59,934,366	53,384,685	164,714,199	49,253,549	65,367,033	50,355,190	164,975,772
Dining facilities	39,220,604	70,591,337	6,475,601	116,287,542	35,417,882	72,105,837	6,112,196	113,635,915
Intercollegiate athletics	62,405,439	50,421,853	8,964,398	121,791,690	62,313,704	45,619,316	9,205,205	117,138,225
Bookstore	4,284,327	13,729,478	84,957	18,098,762	4,199,726	15,269,712	86,430	19,555,868
Parking facilities	16,343,544	8,999,860	5,854,904	31,198,308	14,503,063	8,755,021	5,707,870	28,965,954
Other auxiliary enterprises	54,181,497	37,913,497	30,269,246	122,364,240	52,031,295	37,953,916	29,508,766	119,493,977
Hospital	207,603,476		6,292	207,609,768	200,865,159	1,060,283	5,653	201,931,095
Total	\$3,304,252,630	\$1,299,680,752	\$ 315,275,618	\$4,919,209,000	\$3,163,885,102	\$1,246,531,506	\$ 297,232,491	\$4,707,649,099

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2017 AND 2016

15. RETIREMENT AND PENSION PLANS

General Information about the Pension Plan

Plan description

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

www.sra.state.md.us/Agency/Downloads/CAFR/.

Benefits provided

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

Disability and Death Benefits

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

Contributions

The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Members of the ERS are required to

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016**

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, 2017 and 2016, was \$127,341,536 and \$108,699,493, 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, 2017 and 2016, the System reported a liability of \$1,216,808,542 and \$966,400,173, respectively, as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, 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, 2017 and 2016, the System's proportion for the net pension liability was 5.580% and 5.120%, respectively.

For the years ended June 30, 2017 and 2016, the System recognized pension expense of \$141,851,447 and \$116,962,820, respectively. As of June 30, 2017 and 2016, the System reported deferred outflows of resources and deferred inflows of resources related to the net pension liability of the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 43,639,461		\$ 56,171,399	
Net difference between projected and actual earnings on pension plan investments	184,538,605	\$ 39,323,157	85,119,725	\$ 58,984,734
Contributions made subsequent to the measurement date	127,341,536		108,699,493	
Change in proportionate share	227,839,217		107,863,130	
Net difference between actual and expected experience		29,059,244		19,791,042
Total	\$583,358,819	\$ 68,382,401	\$357,853,747	\$ 78,775,776

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2017 AND 2016

The System reported \$127,341,536 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, 2018

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>
2018	\$ 115,378,800	\$ 26,468,670
2019	115,378,800	26,468,670
2020	112,780,328	6,807,093
2021	87,329,743	6,278,790
2022	25,149,612	2,359,178
Total	<u>\$456,017,283</u>	<u>\$ 68,382,401</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:

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

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

The System's proportionate share of the net pension liability calculated using the discount rate of 7.55 percent is \$1,216,808,542. The System's proportionate share of the net pension liability, if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) is \$1,671,303,406, or 1-percentage-point higher (8.55 percent) is \$838,482,457.

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, 2017 AND 2016

Payroll for employees covered in the ORP for the years ended June 30, 2017 and 2016, was \$1,243,784,835 and \$1,212,032,097, respectively.

The amount contributed by the System for employees participating in the ORP for the years ended June 30, 2017 and 2016 was \$90,174,401 and \$87,872,327, 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, 2017 and 2016, was approximately \$171,000 and \$151,000, respectively.

16. OTHER POSTEMPLOYMENT BENEFITS

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

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

A separate actuarial valuation is not performed by the System. The System's only obligation to the Plan is its required annual contribution, which it has fully funded during the year ended June 30, 2017. The amount contributed for the years ended June 30, 2017 and 2016, was \$96,216,009 and \$87,381,590, respectively.

17. CONSTRUCTION COMMITMENTS

The estimated costs to complete construction in progress as of June 30, 2017 is \$471,179,000 of which \$84,866,000 is to be funded from Revenue Bond proceeds, \$202,432,000 is to be derived from State capital appropriations and grants, and \$183,881,000 to be provided from System funds.

18. CONTINGENT LIABILITIES

The System has entered into future purchase commitments for natural gas and electricity, as a means of hedging its risk against fluctuations in price of an important fuel commodity and electricity supplies. As of June 30, 2017, the System had entered into open contracts for the purchase of \$3,486,050 of natural gas to be delivered through June 2018. Future purchase commitments for electricity to be supplied through June 2018 totaled \$12,578,416 as of June 30, 2017. The System and its institutions generally take delivery of the natural gas and electricity purchased through future purchase contracts.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016**

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

19. RISK MANAGEMENT

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

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

The System records a liability when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities recorded include a provision for claims incurred but not reported. Because actual claims liabilities depend on such complex factors such as inflation, changes in legal doctrines, and damage awards, actual claims could differ from estimates. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a 4% discount rate. The provision for workers' compensation is based upon a separately determined actuarial valuation for the fiscal years ended June 30, 2017 and 2016. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2017, 2016 and 2015. As of June 30, 2017 and 2016, the System has recorded \$29,604,000 and \$29,917,000, in liabilities associated with workers' compensation, respectively.

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REQUIRED SUPPLEMENTARY INFORMATION

UNIVERSITY SYSTEM OF MARYLAND

**REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2017 AND 2016**

SCHEDULE OF PROPORTIONATE SHARE OF PENSION LIABILITY

	<u>2017</u>	<u>2016</u>	<u>2015</u>
The System's proportion of the net pension liability	5.580%	5.120%	4.049%
The System's proportionate share of the net pension liability	\$1,216,808,542	\$ 966,400,173	\$ 718,516,394
The System's covered-employee payroll	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	190%	160%	115%
Plan fiduciary net position as a percentage of the total pension liability	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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 127,341,536	\$ 108,699,493	\$ 107,709,938
Contributions in relation to the contractually required contribution	(127,341,536)	(108,699,493)	(107,709,938)
Contribution deficiency (excess)	None	None	None
System's covered-employee payroll	\$ 640,734,064	\$ 602,991,802	\$ 625,011,000
Contributions as a percentage of covered-employee payroll	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.

SUPPLEMENTARY DATA

UNIVERSITY OF MARYLAND, BALTIMORE
BALANCE SHEETS
JUNE 30, 2017 AND 2016

	2017		2016	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 343,503,853	\$ 4,442,116	\$ 351,686,001	\$ 4,948,538
Accounts receivable, net	84,316,242	20,198,117	69,310,003	15,517,248
Notes receivable, current portion, net	1,782,329		1,910,536	
Inventories	232,415		216,075	
Prepaid expenses and other	569,054	172,454	574,815	167,376
Inter-institutional balances	490,904		854,799	
Total current assets	430,894,797	24,812,687	424,552,229	20,633,162
Noncurrent assets:				
Restricted cash and cash equivalents	508,227		1,094,763	
Accounts receivable, net		23,181,305		25,637,004
Endowment investments	93,730,936	203,316,476	85,741,601	173,854,375
Other investments	350,000	159,180,633	250,000	148,894,164
Notes receivable, net	16,776,232		20,334,597	
Other assets		4,120,505		4,670,238
Capital assets, net	849,050,307		807,790,847	
Total noncurrent assets	960,415,702	389,798,919	915,211,808	353,055,781
Total assets	1,391,310,499	414,611,606	1,339,764,037	373,688,943
DEFERRED OUTFLOWS OF RESOURCES	126,070,287		79,559,154	
Total assets and deferred outflows of resources	\$1,517,380,786	\$ 414,611,606	\$1,419,323,191	\$ 373,688,943
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 62,962,844	\$ 1,738,253	\$ 82,363,579	\$ 1,241,568
Accrued workers' compensation, current portion	1,140,450		1,156,200	
Accrued vacation costs, current portion	41,449,471		40,993,383	
Revenue bonds and notes payable, current portion	11,226,940		11,438,032	
Unearned revenues	57,923,476		55,937,653	800
Total current liabilities	174,703,181	1,738,253	191,888,847	1,242,368
Noncurrent liabilities:				
Accrued workers' compensation	6,462,550		6,551,800	
Accrued vacation costs	41,533,160		37,665,895	
Endowments invested on behalf of primary government		93,730,937		85,741,601
Other payables		1,719,965		1,532,251
Revenue bonds and notes payable	97,079,719		99,504,706	
Net pension liability	261,393,336		208,807,579	
Total noncurrent liabilities	406,468,765	95,450,902	352,529,980	87,273,852
Total liabilities	581,171,946	97,189,155	544,418,827	88,516,220
DEFERRED INFLOWS OF RESOURCES	43,471,559		47,406,135	
NET POSITION				
Unrestricted	87,093,138	36,979,450	66,689,423	36,091,042
Net investment in capital assets	715,729,687		670,663,106	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	9,350,631	46,614,542	9,232,640	41,523,056
Research	706,391	3,518,799	522,543	3,508,367
Other	10,295,992	140,642,868	10,295,892	128,898,479
Expendable				
Scholarships and fellowships	23,420,211	16,225,308	22,306,443	11,700,297
Research	6,903,542	9,065,614	5,125,173	9,002,118
Loans	23,519,996		27,462,272	
Capital projects	508,227		1,094,763	
Other	15,209,466	64,375,870	14,105,974	54,449,364
Total net position	892,737,281	317,422,451	827,498,229	285,172,723
Total liabilities, deferred inflows of resources and net position	\$1,517,380,786	\$ 414,611,606	\$1,419,323,191	\$ 373,688,943

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	2017		2016	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 135,909,966		\$ 128,016,904	
Less: scholarship allowances	(22,875,765)	\$ 113,034,201	(20,131,145)	\$ 107,885,759
Federal grants and contracts		228,388,561		201,466,744
State and local grants and contracts		81,491,063		81,019,930
Nongovernmental grants and contracts		106,531,108		91,382,398
Sales and services of educational departments		293,184,817		287,618,646
Auxiliary enterprises:				
Residential facilities		2,478,018		2,579,999
Parking facilities		13,790,034		13,732,838
Other auxiliary enterprises revenues		14,744,930		14,320,005
Total operating revenues		853,642,732		800,006,319
OPERATING EXPENSES:				
Instruction		196,828,957		194,982,357
Research		407,417,685		377,291,990
Public service		4,794,836		4,151,911
Academic support		64,704,802		59,823,568
Student services		9,247,446		10,561,147
Institutional support		81,038,655		74,524,274
Operation and maintenance of plant		86,322,883		81,803,046
Scholarships and fellowships		4,376,047		4,194,898
Auxiliary enterprises:				
Residential facilities		1,955,316		1,863,965
Parking facilities		9,671,133		9,539,403
Other auxiliary enterprises expenses		13,846,304		12,554,906
Hospital		207,609,768		201,931,095
Total operating expenses		1,087,813,832		1,033,222,560
Operating loss		(234,171,100)		(233,216,241)
NONOPERATING REVENUES (EXPENSES)				
State appropriations		219,951,944		217,008,902
Pell grants		974,364		825,522
Gifts		19,999,760	\$ 33,432,747	18,338,886
Investment Income	16,941,350		25,942,119	\$ 24,868,996
Less: investment expense	(283,958)	16,657,392	(292,716)	(4,470,545)
Interest on indebtedness		(3,167,355)		(3,611,567)
Other revenues, (expenses), gains and (losses)		4,264,988		(160,368)
Other affiliated foundation revenues		761,757		902,811
Other affiliated foundation expenses		(27,886,895)		(27,158,863)
Transfers (to) other University System of Maryland institutions		(451,730)		(659,324)
Total nonoperating revenues (expenses)		258,229,363		234,170,065
Income (loss) before other revenues		24,058,263		953,824
		32,249,728		(5,857,601)
OTHER REVENUES:				
Capital appropriations		40,974,790		85,563,518
Capital gifts and grants				803,517
Additions to permanent endowments		205,999		1,390
Total other revenues		41,180,789		86,368,425
Increase (decrease) in net position		65,239,052		87,322,249
Net position - beginning of year		827,498,229		740,175,980
Net position - end of year		\$ 892,737,281		\$ 827,498,229
		\$ 317,422,451		\$ 285,172,723

**UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 111,843,607	\$ 109,049,357
Research contracts and grants	401,187,189	392,051,010
Payments to employees	(795,515,758)	(740,284,856)
Payments to suppliers and contractors	(250,336,593)	(225,682,270)
Loans issued to students	(876,130)	(2,074,628)
Collection of loans to students	4,055,858	3,889,369
Auxiliary enterprises:		
Residence halls	726,052	828,033
Parking	13,790,034	13,732,838
Other	14,737,027	14,315,649
Other receipts	<u>321,996,322</u>	<u>306,023,586</u>
Net cash provided (used) by operating activities	<u>(178,392,392)</u>	<u>(128,151,912)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	219,951,944	217,008,902
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	205,999	1,390
Pell grants	<u>974,364</u>	<u>825,522</u>
Net cash provided by noncapital financing activities	<u>221,132,307</u>	<u>217,835,814</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	8,850,629	6,628,146
Capital appropriations	40,974,790	85,563,518
Proceeds from sales of capital assets	23,443	10,497
Purchases of capital assets	(95,740,397)	(126,105,792)
Principal paid on debt and capital leases	(17,267,265)	(12,408,991)
Interest paid on debt and capital leases	(3,872,447)	(4,420,255)
Transfers from other University System of Maryland institutions	<u>6,954,591</u>	<u>1,044,492</u>
Net cash provided (used) by capital and related financing activities	<u>(60,076,656)</u>	<u>(49,688,385)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	4,067,975	3,975,364
Interest on investments	6,514,655	4,206,875
Investment expense	(283,958)	(292,716)
Purchases of investments	<u>(1,730,615)</u>	<u>(51,390)</u>
Net cash provided by investing activities	<u>8,568,057</u>	<u>7,838,133</u>
Net increase (decrease) in cash and cash equivalents	(8,768,684)	47,833,650
Cash and cash equivalents - beginning of the year	<u>352,780,764</u>	<u>304,947,114</u>
Cash and cash equivalents - end the year	<u>\$ 344,012,080</u>	<u>\$ 352,780,764</u>

**UNIVERSITY OF MARYLAND, COLLEGE PARK
BALANCE SHEETS
JUNE 30, 2017 AND 2016**

	2017		2016	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 608,168,154	\$ 46,414,772	\$ 655,256,831	\$ 35,495,099
Accounts receivable, net	102,207,923	43,468,685	92,225,387	43,302,480
Notes receivable, current portion, net	2,021,190		1,889,115	
Inventories	3,104,341		3,228,373	
Prepaid expenses and other	2,490,589	1,093,597	1,936,715	1,182,858
Inter-institutional balances	(2,178,776)		(4,412,040)	
Total current assets	715,813,421	90,977,054	750,124,381	79,980,437
Noncurrent assets:				
Restricted cash and cash equivalents	870,857		3,431,530	
Accounts receivable, net		46,864,421		50,187,286
Endowment investments	118,210,636	430,538,934	110,192,357	383,143,694
Other investments	10,737,345	214,368,144	11,025,091	203,889,964
Notes receivable, net	7,221,701		7,237,260	
Other assets		580,367		613,767
Capital assets, net	2,004,096,078	22,463,578	1,895,900,025	24,401,835
Total noncurrent assets	2,141,136,617	714,815,444	2,027,786,263	662,236,546
Total assets	2,856,950,038	805,792,498	2,777,910,644	742,216,983
DEFERRED OUTFLOWS OF RESOURCES				
	201,606,010		127,429,953	
Total assets and deferred outflows of resources	\$ 3,058,556,048	\$ 805,792,498	\$ 2,905,340,597	\$ 742,216,983
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 85,419,727	\$ 11,918,250	\$ 123,106,862	\$ 5,770,469
Accrued workers' compensation, current portion	1,811,400		1,838,400	
Accrued vacation costs, current portion	23,925,806		24,122,903	
Revenue bonds and notes payable, current portion	28,950,877		30,382,441	
Obligations under capital lease agreements, current portion	412,858		386,390	
Unearned revenues	96,172,603	2,291,728	88,134,933	3,825,316
Total current liabilities	236,693,271	14,209,978	267,971,929	9,595,785
Noncurrent liabilities:				
Accrued workers' compensation	10,264,600		10,417,600	
Accrued vacation costs	39,682,655		40,154,747	
Endowments invested on behalf of primary government		118,203,430		110,192,357
Other payables		15,379,155		15,710,276
Revenue bonds and notes payable	298,237,135		317,388,560	
Obligations under capital lease agreements	1,160,144		1,573,002	
Net pension liability	405,248,167		322,613,407	
Total noncurrent liabilities	754,592,701	133,582,585	692,147,316	125,902,633
Total liabilities	991,285,972	147,792,563	960,119,245	135,498,418
DEFERRED INFLOWS OF RESOURCES				
	160,036,167		171,176,095	
NET POSITION				
Unrestricted	258,305,703	46,852,667	263,930,774	44,566,001
Net investment in capital assets	1,543,610,522		1,407,909,501	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	5,903,492	133,631,645	5,847,597	136,015,322
Research	3,560,064	4,041,673	3,549,001	2,513,353
Other	5,113,182	208,604,000	5,107,533	189,378,147
Expendable:				
Scholarships and fellowships	9,134,280	51,478,320	8,384,806	43,927,224
Research	65,229,622	20,872,140	61,929,574	20,681,768
Loans	8,829,752		10,111,521	
Capital projects	791,438		1,163,651	
Other	6,755,854	192,519,490	6,111,299	169,636,750
Total net position	1,907,233,909	657,999,935	1,774,045,257	606,718,565
Total liabilities, deferred inflows of resources and net position	\$ 3,058,556,048	\$ 805,792,498	\$ 2,905,340,597	\$ 742,216,983

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	2017		2016	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 595,707,636		\$ 558,809,236	
Less: scholarship allowances	(97,526,186)	\$ 498,181,450	(92,446,334)	\$ 466,362,902
Federal grants and contracts		358,927,492		358,355,035
State and local grants and contracts		59,127,537		60,283,400
Nongovernmental grants and contracts		96,234,730		93,646,768
Sales and services of educational departments		34,275,380		34,670,756
Auxiliary enterprises:				
Residential facilities	75,156,734		70,622,591	
Less: scholarship allowances	(2,995,212)	72,161,522	(3,105,970)	67,516,621
Dining facilities	57,008,108		52,369,395	
Less: scholarship allowances	(1,423,571)	55,584,537	(1,839,104)	50,530,291
Intercollegiate athletics		78,254,614		66,941,358
Parking facilities		15,785,448		15,005,823
Other auxiliary enterprises revenues		47,349,332		51,567,682
Other operating revenues		39,009,392		30,179,658
Total operating revenues		1,354,891,434		1,295,060,294
OPERATING EXPENSES:				
Instruction		521,845,823		496,374,910
Research		461,242,784		448,315,596
Public service		93,934,005		96,142,274
Academic support		198,027,717		166,377,674
Student services		59,294,914		58,058,345
Institutional support		128,186,978		130,393,592
Operation and maintenance of plant		110,998,628		104,682,859
Scholarships and fellowships		32,027,981		31,562,930
Auxiliary enterprises:				
Residential facilities		83,377,372		80,170,528
Dining facilities		56,534,827		54,758,617
Intercollegiate athletics		74,105,207		71,770,136
Parking facilities		12,648,979		10,849,196
Other auxiliary enterprises expenses		55,226,188		55,714,393
Total operating expenses		1,887,451,403		1,805,171,050
Operating loss		(532,559,969)		(510,110,756)
NONOPERATING REVENUES (EXPENSES)				
State appropriations		497,187,314		484,438,471
Pell grants		24,775,697		23,867,491
Gifts		29,311,090	\$ 70,322,550	\$ 31,483,358
Investment Income	23,400,652		46,867,806	7,182,482
Less: investment expense	(350,521)	23,050,131	(363,706)	6,818,776
Interest on indebtedness		(10,766,783)		(11,756,289)
Other revenues, (expenses), gains and (losses)		(1,382,054)		15,967
Other affiliated foundation revenues			8,860,798	9,770,111
Other affiliated foundation expenses			(74,769,784)	(81,883,864)
Transfers (to) from other University System of Maryland institutions		4,670,415		(2,644,220)
Total nonoperating revenues		566,845,810	51,281,370	532,223,554
Income before other revenues		34,285,841	51,281,370	22,112,798
OTHER REVENUES:				
Capital appropriations		87,611,050		96,104,571
Capital gifts and grants		11,220,090		15,279,337
Additions to permanent endowments		71,671		75,268
Total other revenues		98,902,811		111,459,176
Increase in net position		133,188,652	51,281,370	133,571,974
Net position - beginning of year		1,774,045,257	606,718,565	1,640,473,283
Net position - end of year		\$ 1,907,233,909	\$ 657,999,935	\$ 1,774,045,257

**UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 494,696,682	\$ 466,399,185
Research contracts and grants	505,100,111	510,702,895
Payments to employees	(1,332,518,075)	(1,222,819,705)
Payments to suppliers and contractors	(476,995,723)	(454,071,380)
Loans issued to students	(2,440,094)	(1,041,608)
Collection of loans to students	2,323,578	3,658,988
Auxiliary enterprises:		
Residence halls	64,451,407	59,806,506
Dining facilities	55,584,537	50,530,291
Intercollegiate athletics	90,307,825	77,558,064
Parking	15,785,448	15,005,823
Other	42,551,163	51,478,696
Other receipts	104,430,330	99,274,599
Net cash provided (used) by operating activities	<u>(436,722,811)</u>	<u>(343,517,646)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	497,187,314	484,438,471
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	71,671	75,268
Pell grants	24,775,697	23,867,491
Net cash provided by noncapital financing activities	<u>522,034,682</u>	<u>508,381,230</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	27,806,259	54,295,376
Capital appropriations	87,611,050	96,104,571
Capital grants and gifts received	11,220,090	15,279,337
Proceeds from sales of capital assets	715,667	1,710,829
Purchases of capital assets	(222,512,273)	(200,952,991)
Principal paid on debt and capital leases	(54,090,062)	(51,883,453)
Interest paid on debt and capital leases	(11,811,871)	(14,430,614)
Transfers from other University System of Maryland institutions	10,780,321	3,230,933
Net cash provided (used) by capital and related financing activities	<u>(150,280,819)</u>	<u>(96,646,012)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	5,086,315	5,135,341
Interest on investments	10,674,418	7,283,089
Investment expense	(350,521)	(363,706)
Purchases of investments	(90,614)	(75,268)
Net cash provided by investing activities	<u>15,319,598</u>	<u>11,979,456</u>
Net increase (decrease) in cash and cash equivalents	(49,649,350)	80,197,028
Cash and cash equivalents - beginning of the year	<u>658,688,361</u>	<u>578,491,333</u>
Cash and cash equivalents - end the year	<u>\$ 609,039,011</u>	<u>\$ 658,688,361</u>

**BOWIE STATE UNIVERSITY
BALANCE SHEETS
JUNE 30, 2017 AND 2016**

	2017		2016	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 80,978,620	\$ 684,141	\$ 71,107,850	\$ 956,220
Accounts receivable, net	2,139,643	1,067,878	1,485,808	681,684
Notes receivable, current portion, net	97,671		93,916	
Inter-institutional balances	451,921		947,313	
Total current assets	83,667,855	1,752,019	73,634,887	1,637,904
Noncurrent assets:				
Endowment investments	956,447	7,826,931	909,490	6,816,682
Other investments		956,447		909,490
Notes receivable, net	145,461		534,756	
Other assets		1,938		
Capital assets, net	292,162,650	704	261,636,545	1,883
Total noncurrent assets	293,264,558	8,786,020	263,080,791	7,728,055
Total assets	376,932,413	10,538,039	336,715,678	9,365,959
DEFERRED OUTFLOWS OF RESOURCES	17,922,371		11,260,163	
Total assets and deferred outflows of resources	\$ 394,854,784	\$ 10,538,039	\$ 347,975,841	\$ 9,365,959
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 10,236,868	\$ 142,390	\$ 9,775,632	\$ 51,060
Accrued workers' compensation, current portion	151,350		137,100	
Accrued vacation costs, current portion	1,644,773		1,625,104	
Revenue bonds and notes payable, current portion	2,129,061	3,902	2,162,537	11,128
Unearned revenues	3,971,220	184,044	5,331,653	170,739
Total current liabilities	18,133,272	330,336	19,032,026	232,927
Noncurrent liabilities:				
Accrued workers' compensation	857,650		776,900	
Accrued vacation costs	1,263,712		1,241,621	
Endowments invested on behalf of primary government		956,447		909,490
Other payables				2,134
Revenue bonds and notes payable	42,977,873		43,837,183	
Net pension liability	34,495,239		26,982,988	
Total noncurrent liabilities	79,594,474	956,447	72,838,692	911,624
Total liabilities	97,727,746	1,286,783	91,870,718	1,144,551
DEFERRED INFLOWS OF RESOURCES	25,778,517		27,686,781	
NET POSITION				
Unrestricted	46,774,686	649,404	36,921,454	559,385
Net investment in capital assets	223,749,807		190,801,163	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		4,257,141		4,037,245
Other		834,160		833,535
Expendable:				
Loans	824,028		695,725	
Other		3,510,551		2,791,243
Total net position	271,348,521	9,251,256	228,418,342	8,221,408
Total liabilities, deferred inflows of resources and net position	\$ 394,854,784	\$ 10,538,039	\$ 347,975,841	\$ 9,365,959

BOWIE STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>		<u>2016</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES:				
Tuition and fees	\$ 38,934,395		\$ 36,360,210	
Less: scholarship allowances	<u>(14,481,916)</u>	\$ 24,452,479	<u>(13,547,461)</u>	\$ 22,812,749
Federal grants and contracts		8,107,069		8,080,189
State and local grants and contracts		2,160,857		2,014,359
Nongovernmental grants and contracts		234,140		390,879
Sales and services of educational departments		30,643		99,451
Auxiliary enterprises:				
Residential facilities	6,612,437		6,418,881	
Less: scholarship allowances	<u>(26,177)</u>	6,586,260	<u>(47,144)</u>	6,371,737
Dining facilities	4,609,028		4,183,854	
Less: scholarship allowances	<u>(662,319)</u>	3,946,709	<u>(750,167)</u>	3,433,687
Intercollegiate athletics	3,788,975		3,505,906	
Less: scholarship allowances	<u>(455,951)</u>	3,333,024	<u>(447,975)</u>	3,057,931
Parking facilities		305,636		246,152
Other auxiliary enterprises revenues		<u>7,330,903</u>		<u>6,280,528</u>
Total operating revenues		<u>56,487,720</u>		<u>52,787,662</u>
OPERATING EXPENSES:				
Instruction		35,785,633		33,708,342
Research		294,864		827,188
Public service		140,033		109,281
Academic support		13,248,988		13,283,127
Student services		9,997,643		8,934,339
Institutional support		15,835,947		16,647,452
Operation and maintenance of plant		8,711,163		8,773,333
Scholarships and fellowships		1,651,671		1,684,495
Auxiliary enterprises:				
Residential facilities		5,857,628		5,389,923
Dining facilities		4,677,457		4,170,559
Intercollegiate athletics		3,566,647		3,360,096
Other auxiliary enterprises expenses		<u>3,499,638</u>		<u>3,075,657</u>
Total operating expenses		<u>103,267,312</u>		<u>99,963,792</u>
Operating loss		<u>(46,779,592)</u>		<u>(47,176,130)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations		43,848,695		41,695,005
Pell grants		11,106,282		10,192,525
Gifts		\$ 1,915,596		\$ 1,475,122
Investment Income		753,362		(145,214)
Interest on indebtedness		1,315,264		771,013
Other revenues, (expenses), gains and (losses)		(1,421,617)		(1,556,738)
Other affiliated foundation revenues		550,180		(370,888)
Other affiliated foundation expenses		313,356		317,841
Transfers (to) other University System of Maryland institutions		(1,952,466)		(1,571,594)
Total nonoperating revenues		<u>54,417,809</u>	<u>1,029,848</u>	<u>49,903,414</u>
Income before other revenues		<u>7,638,217</u>	<u>1,029,848</u>	<u>2,727,284</u>
OTHER REVENUES:				
Capital appropriations		35,291,962		47,010,217
Capital gifts and grants				<u>422,080</u>
Total other revenues		<u>35,291,962</u>		<u>47,432,297</u>
Increase in net position		<u>42,930,179</u>	<u>1,029,848</u>	<u>50,159,581</u>
Net position - beginning of year		<u>228,418,342</u>	<u>8,221,408</u>	<u>178,258,761</u>
Net position - end of year		<u>\$ 271,348,521</u>	<u>\$ 9,251,256</u>	<u>\$ 228,418,342</u>

**BOWIE STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 23,991,056	\$ 22,412,172
Research contracts and grants	8,949,221	9,942,658
Payments to employees	(64,551,741)	(64,583,826)
Payments to suppliers and contractors	(28,241,375)	(26,098,136)
Loans issued to students		(29,259)
Collection of loans to students	80,057	108,716
Auxiliary enterprises:		
Residence halls	4,989,797	4,775,274
Dining facilities	3,946,709	3,433,687
Intercollegiate athletics	3,333,024	3,057,931
Parking	305,636	246,152
Other	7,854,673	6,280,528
Other receipts	591,681	258,248
	<u>(38,751,262)</u>	<u>(40,195,855)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	43,848,695	41,695,005
Pell grants	11,106,282	10,192,525
	<u>54,954,977</u>	<u>51,887,530</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	476,912	5,962,393
Capital appropriations	35,291,962	47,010,217
Purchases of capital assets	(40,134,012)	(50,288,285)
Principal paid on debt and capital leases	(2,566,599)	(7,599,519)
Interest paid on debt and capital leases	(1,669,925)	(2,160,868)
Transfers (to) from other University System of Maryland institutions	1,000,412	(388,332)
	<u>(7,601,250)</u>	<u>(7,464,394)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	1,268,305	776,021
	<u>1,268,305</u>	<u>776,021</u>
Net cash provided by investing activities		
	<u>1,268,305</u>	<u>776,021</u>
Net increase in cash and cash equivalents	9,870,770	5,003,302
Cash and cash equivalents - beginning of the year	<u>71,107,850</u>	<u>66,104,548</u>
Cash and cash equivalents - end the year	<u>\$ 80,978,620</u>	<u>\$ 71,107,850</u>

**TOWSON UNIVERSITY
BALANCE SHEETS
JUNE 30, 2017 AND 2016**

	2017		2016	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 228,867,330	\$ 5,078,352	\$ 205,824,768	\$ 5,711,869
Accounts receivable, net	12,136,207	381,636	12,590,965	300,359
Notes receivable, current portion, net	2,710,718		2,457,117	
Inventories	4,083,451		4,081,588	
Prepaid expenses and other	3,258,799	277,097	2,126,862	324,630
Inter-institutional balances	(131,385)		201,031	
Total current assets	250,925,120	5,737,085	227,282,331	6,336,858
Noncurrent assets:				
Restricted cash and cash equivalents	47,280		47,280	
Accounts receivable, net		1,622,888		1,480,768
Endowment investments	8,301,844	67,607,364	7,797,755	60,851,837
Other investments		8,225,681		7,727,026
Notes receivable, net	10,343,186		13,347,734	
Capital assets, net	841,693,592	1,624	817,634,211	368
Total noncurrent assets	860,385,902	77,457,557	838,826,980	70,059,999
Total assets	1,111,311,022	83,194,642	1,066,109,311	76,396,857
DEFERRED OUTFLOWS OF RESOURCES	62,339,536		40,575,652	
Total assets and deferred outflows of resources	\$1,173,650,558	\$ 83,194,642	\$1,106,684,963	\$ 76,396,857
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 30,772,991	\$ 761,410	\$ 29,296,449	\$ 1,654,526
Accrued workers' compensation, current portion	273,150		271,200	
Accrued vacation costs, current portion	8,092,216		8,487,851	
Revenue bonds and notes payable, current portion	18,392,084		17,326,089	
Obligations under capital lease agreements, current portion	1,037,438		970,474	
Unearned revenues	9,579,899		7,452,595	
Total current liabilities	68,147,778	761,410	63,804,658	1,654,526
Noncurrent liabilities:				
Accrued workers' compensation	1,547,850		1,536,800	
Accrued vacation costs	2,923,498		2,840,693	
Endowments invested on behalf of primary government		8,200,598		7,716,080
Revenue bonds and notes payable	324,067,929		309,928,070	
Obligations under capital lease agreements	4,885,982		5,923,420	
Net pension liability	122,450,128		97,409,291	
Total noncurrent liabilities	455,875,387	8,200,598	417,638,274	7,716,080
Total liabilities	524,023,165	8,962,008	481,442,932	9,370,606
DEFERRED INFLOWS OF RESOURCES	50,147,550		53,753,793	
NET POSITION				
Unrestricted	127,204,068	3,684,760	110,455,700	3,587,072
Net investment in capital assets	454,349,715		442,409,108	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	265,025	24,017,447	265,025	23,391,884
Research		124,062		106,013
Other		17,314,045		16,682,403
Expendable:				
Scholarships and fellowships	25,469	12,689,822	5,687	10,055,124
Research	1,602,533	21,363	1,180,306	8,005
Loans	13,481,299		14,793,913	
Other	2,551,734	16,381,135	2,378,499	13,195,750
Total net position	599,479,843	74,232,634	571,488,238	67,026,251
Total liabilities, deferred inflows of resources and net position	\$1,173,650,558	\$ 83,194,642	\$1,106,684,963	\$ 76,396,857

TOWSON UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>		<u>2016</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES:				
Tuition and fees	\$ 184,554,790		\$ 181,600,599	
Less: scholarship allowances	<u>(47,092,383)</u>	\$ 137,462,407	<u>(45,852,187)</u>	\$ 135,748,412
Federal grants and contracts		2,881,701		3,774,305
State and local grants and contracts		3,980,731		6,133,893
Nongovernmental grants and contracts		487,568		893,890
Sales and services of educational departments		6,704,205		6,813,570
Auxiliary enterprises:				
Residential facilities	32,475,489		28,026,450	
Less: scholarship allowances	<u>(947,027)</u>	31,528,462	<u>(1,029,545)</u>	26,996,905
Dining facilities	22,246,342		22,847,013	
Less: scholarship allowances	<u>(526,172)</u>	21,720,170	<u>(590,784)</u>	22,256,229
Intercollegiate athletics	19,538,965		18,303,466	
Less: scholarship allowances	<u>(3,997,214)</u>	15,541,751	<u>(3,266,097)</u>	15,037,369
Bookstore	6,992,350		7,502,271	
Less: scholarship allowances	<u>(1,415,644)</u>	5,576,706	<u>(1,341,425)</u>	6,160,846
Parking facilities		8,839,130		8,288,099
Other auxiliary enterprises revenues		<u>36,752,038</u>		<u>36,766,873</u>
Total operating revenues		<u>271,474,869</u>		<u>268,870,391</u>
OPERATING EXPENSES:				
Instruction		126,836,279		118,455,980
Research		4,577,410		4,200,008
Public service		11,250,000		12,771,101
Academic support		41,260,786		45,989,545
Student services		23,167,416		21,423,864
Institutional support		49,770,525		42,612,660
Operation and maintenance of plant		27,763,601		27,065,501
Scholarships and fellowships		10,223,115		13,614,188
Auxiliary enterprises:				
Residential facilities		21,625,508		19,086,522
Dining facilities		17,406,470		17,892,267
Intercollegiate athletics		15,810,097		16,190,882
Bookstore		7,033,194		7,803,256
Parking facilities		6,184,818		5,789,393
Other auxiliary enterprises expenses		<u>21,844,225</u>		<u>21,976,963</u>
Total operating expenses		<u>384,753,444</u>		<u>374,872,130</u>
Operating loss		<u>(113,278,575)</u>		<u>(106,001,739)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations		115,130,791		110,087,654
Pell grants		23,092,164		22,067,596
Gifts		126,558	\$ 6,635,749	150,369
Investment Income	4,802,156		7,408,678	\$ 6,809,823
Less: investment expense	<u>(14,980)</u>	4,787,176	<u>(15,559)</u>	424,746
Interest on indebtedness		(11,749,438)		(9,946,099)
Other revenues, (expenses), gains and (losses)		9,380,231		12,608,823
Other affiliated foundation revenues			1,995,224	1,405,205
Other affiliated foundation expenses			(8,833,268)	(10,768,021)
Transfers (to) other University System of Maryland institutions		<u>(5,883,002)</u>		<u>(6,309,816)</u>
Total nonoperating revenues (expenses)		<u>134,884,480</u>	<u>7,206,383</u>	<u>131,123,510</u>
Income (loss) before other revenues		<u>21,605,905</u>	<u>7,206,383</u>	<u>25,121,771</u>
OTHER REVENUES:				
Capital appropriations		3,448,303		2,319,044
Capital gifts and grants		<u>2,937,397</u>		<u>1,312,360</u>
Total other revenues		<u>6,385,700</u>		<u>3,631,404</u>
Increase (decrease) in net position		27,991,605	7,206,383	28,753,175
Net position - beginning of year		<u>571,488,238</u>	<u>67,026,251</u>	<u>542,735,063</u>
Net position - end of year		<u>\$ 599,479,843</u>	<u>\$ 74,232,634</u>	<u>\$ 571,488,238</u>

**TOWSON UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 138,005,839	\$ 136,129,534
Research contracts and grants	6,844,042	9,431,555
Payments to employees	(243,103,103)	(240,957,781)
Payments to suppliers and contractors	(97,582,763)	(99,010,381)
Loans issued to students		(3,571,877)
Collection of loans to students	2,750,947	2,064,233
Auxiliary enterprises:		
Residence halls	28,915,683	26,995,269
Dining facilities	21,736,807	22,210,892
Intercollegiate athletics	17,301,119	14,362,830
Bookstores	5,553,724	6,292,833
Parking	8,795,731	8,302,911
Other	36,678,855	36,587,423
Other receipts	<u>17,990,102</u>	<u>20,506,515</u>
Net cash provided (used) by operating activities	<u>(56,113,017)</u>	<u>(60,656,044)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	115,130,791	110,087,654
Pell grants	<u>23,092,164</u>	<u>22,067,596</u>
Net cash provided by noncapital financing activities	<u>138,222,955</u>	<u>132,155,250</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	33,085,988	91,389,852
Capital appropriations	3,448,303	2,319,044
Purchases of capital assets	(64,687,714)	(101,355,328)
Principal paid on debt and capital leases	(27,816,546)	(39,777,218)
Interest paid on debt and capital leases	(12,957,072)	(12,488,081)
Transfers from other University System of Maryland institutions	<u>5,576,578</u>	<u>3,895,924</u>
Net cash provided (used) by capital and related financing activities	<u>(63,350,463)</u>	<u>(56,015,807)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	225,064	230,691
Interest on investments	4,073,003	2,683,986
Investment expense	<u>(14,980)</u>	<u>(15,559)</u>
Net cash provided by investing activities	<u>4,283,087</u>	<u>2,899,118</u>
Net increase in cash and cash equivalents	23,042,562	18,382,517
Cash and cash equivalents - beginning of the year	<u>205,872,048</u>	<u>187,489,531</u>
Cash and cash equivalents - end the year	<u>\$ 228,914,610</u>	<u>\$ 205,872,048</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE
BALANCE SHEETS
JUNE 30, 2017 AND 2016**

	<u>2017</u>		<u>2016</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,692,061	\$ 30,915	\$ 13,699,022	\$ 257,440
Accounts receivable, net	7,045,020	376,561	6,994,395	942,947
Notes receivable, current portion, net	1,003,941		1,120,125	
Prepaid expenses and other	222,842		134,817	
Inter-institutional balances	1,210,061		777,929	
Total current assets	<u>13,173,925</u>	<u>407,476</u>	<u>22,726,288</u>	<u>1,200,387</u>
Noncurrent assets:				
Restricted cash and cash equivalents	89,723		21,401	
Accounts receivable, net		1,234,957		779,712
Endowment investments	6,088,973	21,713,570	5,515,223	19,509,696
Other investments		7,166,808		6,798,773
Notes receivable, net	830,394		1,144,931	
Other assets		41,246		310,767
Capital assets, net	227,349,677	12,058,271	232,437,724	12,518,898
Total noncurrent assets	<u>234,358,767</u>	<u>42,214,852</u>	<u>239,119,279</u>	<u>39,917,846</u>
Total assets	247,532,692	42,622,328	261,845,567	41,118,233
DEFERRED OUTFLOWS OF RESOURCES	<u>17,721,132</u>		<u>11,072,760</u>	
Total assets and deferred outflows of resources	<u>\$ 265,253,824</u>	<u>\$ 42,622,328</u>	<u>\$ 272,918,327</u>	<u>\$ 41,118,233</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 4,776,264	\$ 553,312	\$ 7,304,267	\$ 503,158
Accrued workers' compensation, current portion	193,350		201,600	
Accrued vacation costs, current portion	1,805,798		1,446,500	
Revenue bonds and notes payable, current portion	4,362,044	173,886	3,925,923	174,005
Unearned revenues	1,504,545		1,712,849	
Total current liabilities	<u>12,642,001</u>	<u>727,198</u>	<u>14,591,139</u>	<u>677,163</u>
Noncurrent liabilities:				
Accrued workers' compensation	1,095,650		1,142,400	
Accrued vacation costs	2,918,121		3,273,207	
Endowments invested on behalf of primary government		6,088,973		5,515,222
Revenue bonds and notes payable	27,567,542	12,542,350	32,302,971	12,544,822
Net pension liability	33,638,557		26,126,306	
Total noncurrent liabilities	<u>65,219,870</u>	<u>18,631,323</u>	<u>62,844,884</u>	<u>18,060,044</u>
Total liabilities	<u>77,861,871</u>	<u>19,358,521</u>	<u>77,436,023</u>	<u>18,737,207</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,737,803</u>		<u>2,049,604</u>	
NET POSITION				
Unrestricted	(19,026,156)	3,224,472	(11,266,149)	4,370,039
Net investment in capital assets	195,945,936		196,857,875	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	28,009	8,244,032	28,009	7,294,820
Research		173,130		161,442
Other		5,816,941		5,299,998
Expendable:				
Scholarships and fellowships	2,627,937	1,315,033	2,350,046	1,225,818
Research		1,291,754		1,196,813
Loans	4,543,267		4,147,633	
Capital projects	89,723		21,401	
Other	1,445,434	3,198,445	1,293,885	2,832,096
Total net position	<u>185,654,150</u>	<u>23,263,807</u>	<u>193,432,700</u>	<u>22,381,026</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 265,253,824</u>	<u>\$ 42,622,328</u>	<u>\$ 272,918,327</u>	<u>\$ 41,118,233</u>

UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	2017		2016	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 28,224,411		\$ 30,011,013	
Less: scholarship allowances	<u>(12,586,600)</u>	\$ 15,637,811	<u>(13,667,140)</u>	\$ 16,343,873
Federal grants and contracts		9,299,334		10,212,737
State and local grants and contracts		8,239,139		8,646,272
Nongovernmental grants and contracts		1,711,724		1,492,058
Sales and services of educational departments		128,845		97,572
Auxiliary enterprises:				
Residential facilities	12,057,917		12,835,090	
Less: scholarship allowances	<u>(717,337)</u>	11,340,580	<u>(949,104)</u>	11,885,986
Dining facilities	6,162,394		7,077,943	
Less: scholarship allowances	<u>(1,035,163)</u>	5,127,231	<u>(1,134,124)</u>	5,943,819
Intercollegiate athletics		3,461,447		3,746,111
Parking facilities		141,920		136,682
Other auxiliary enterprises revenues		6,619,328		7,076,036
Other operating revenues		<u>406,551</u>		<u>437,783</u>
Total operating revenues		<u>62,113,910</u>		<u>66,018,929</u>
OPERATING EXPENSES:				
Instruction		41,062,823		35,883,399
Research		10,029,208		10,424,622
Public service		2,621,974		2,906,905
Academic support		10,604,918		11,709,914
Student services		5,706,467		5,702,423
Institutional support		14,632,800		12,584,327
Operation and maintenance of plant		12,888,666		13,107,676
Scholarships and fellowships		612,876		568,327
Auxiliary enterprises:				
Residential facilities		9,911,527		10,520,395
Dining facilities		5,292,014		5,065,809
Intercollegiate athletics		4,712,897		3,976,902
Other auxiliary enterprises expenses		<u>4,740,735</u>		<u>4,796,062</u>
Total operating expenses		<u>122,816,905</u>		<u>117,246,761</u>
Operating loss		<u>(60,702,995)</u>		<u>(51,227,832)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations		41,124,261		39,014,311
Pell grants		7,868,035		9,274,452
Gifts		174,948	\$ 1,812,583	151,335
Investment Income	913,450		247,080	\$ 1,707,313
Less: investment expense	<u>(16,110)</u>	897,340	<u>(16,121)</u>	118,038
Interest on indebtedness		(968,259)		(1,215,828)
Other revenues, (expenses), gains and (losses)		189,877		(1,914,696)
Other affiliated foundation revenues			855,775	1,277,295
Other affiliated foundation expenses			(4,438,924)	(4,456,821)
Transfers (to) other University System of Maryland institutions		<u>(95,641)</u>		<u>(2,430)</u>
Total nonoperating revenues (expenses)		<u>49,190,561</u>	<u>882,781</u>	<u>45,538,103</u>
Income (loss) before other revenues		<u>(11,512,434)</u>	<u>882,781</u>	<u>(5,689,729)</u>
OTHER REVENUES:				
Capital appropriations		<u>3,733,884</u>		<u>24,957,001</u>
Total other revenues		<u>3,733,884</u>		<u>24,957,001</u>
Increase (decrease) in net position		<u>(7,778,550)</u>	<u>882,781</u>	<u>19,267,272</u>
Net position - beginning of year		<u>193,432,700</u>	<u>22,381,026</u>	<u>174,165,428</u>
Net position - end of year		<u>\$ 185,654,150</u>	<u>\$ 23,263,807</u>	<u>\$ 193,432,700</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 15,378,882	\$ 15,904,182
Research contracts and grants	19,250,197	20,949,213
Payments to employees	(77,316,504)	(75,760,592)
Payments to suppliers and contractors	(35,015,689)	(34,791,699)
Loans issued to students	(67,500)	(60,000)
Collection of loans to students	498,221	2,161,295
Auxiliary enterprises:		
Residence halls	11,340,580	11,885,986
Dining facilities	5,127,231	5,943,819
Intercollegiate athletics	3,461,447	3,746,111
Parking	141,920	136,682
Other	6,619,328	7,113,309
Other receipts/(payments)	940,979	(1,137,141)
	<u>(49,640,908)</u>	<u>(43,908,835)</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	41,124,261	39,014,311
Pell grants	7,868,035	9,274,452
	<u>48,992,296</u>	<u>48,288,763</u>
Net cash provided by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	4,414,950	476,524
Capital appropriations	3,733,884	24,957,001
Purchases of capital assets	(6,877,817)	(32,319,966)
Principal paid on debt and capital leases	(8,665,180)	(4,633,491)
Interest paid on debt and capital leases	(2,108,148)	(1,528,883)
Transfers (to) from other University System of Maryland institutions	(201,029)	4,184,732
	<u>(9,703,340)</u>	<u>(8,864,083)</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	49,503	262,982
Interest on investments	379,920	334,522
Investment expense	(16,110)	(16,121)
Purchases of investments	(65,000)	(65,000)
	<u>413,313</u>	<u>516,383</u>
Net cash provided by investing activities		
Net (decrease) in cash and cash equivalents	(9,938,639)	(3,967,772)
Cash and cash equivalents - beginning of the year	<u>13,720,423</u>	<u>17,688,195</u>
Cash and cash equivalents - end the year	<u>\$ 3,781,784</u>	<u>\$ 13,720,423</u>

**FROSTBURG STATE UNIVERSITY
BALANCE SHEETS
JUNE 30, 2017 AND 2016**

	2017		2016	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 35,240,647	\$ 647,446	\$ 30,857,153	\$ 516,293
Accounts receivable, net	1,731,705	87,011	2,064,788	124,216
Notes receivable, current portion, net	129,522		109,326	
Inventories	1,093,596		1,121,966	
Prepaid expenses and other	1,807,541	31,121	1,287,937	21,162
Inter-institutional balances	268,349		457,626	
Total current assets	40,271,360	765,578	35,898,796	661,671
Noncurrent assets:				
Restricted cash and cash equivalents	1,386		11,397	
Accounts receivable, net		621,786		489,724
Endowment investments	2,726,192	21,533,280	2,434,589	19,385,723
Other investments		4,532,922		4,023,372
Notes receivable, net	632,374		671,574	
Other assets		328,676		309,574
Capital assets, net	165,981,142	285,318	166,077,271	290,985
Total noncurrent assets	169,341,094	27,301,982	169,194,831	24,499,378
Total assets	209,612,454	28,067,560	205,093,627	25,161,049
DEFERRED OUTFLOWS OF RESOURCES				
	22,921,896		14,164,437	
Total assets and deferred outflows of resources	\$ 232,534,350	\$ 28,067,560	\$ 219,258,064	\$ 25,161,049
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 8,820,674	\$ 20,040	\$ 7,965,681	\$ 14,456
Accrued workers' compensation, current portion	101,400		96,600	
Accrued vacation costs, current portion	3,326,943		3,430,880	
Revenue bonds and notes payable, current portion	1,552,938		1,406,222	
Unearned revenues	1,764,644	55,720	1,767,330	38,143
Total current liabilities	15,566,599	75,760	14,666,713	52,599
Noncurrent liabilities:				
Accrued workers' compensation	574,600		547,400	
Accrued vacation costs	236,221		145,893	
Endowments invested on behalf of primary government		2,726,192		2,434,594
Revenue bonds and notes payable	18,134,737		18,547,188	
Net pension liability	45,826,473		35,810,138	
Total noncurrent liabilities	64,772,031	2,726,192	55,050,619	2,434,594
Total liabilities	80,338,630	2,801,952	69,717,332	2,487,193
DEFERRED INFLOWS OF RESOURCES				
	21,184,085		22,772,338	
NET POSITION				
Unrestricted	(505,774)	709,374	(2,756,020)	600,143
Net investment in capital assets	127,775,832		126,470,549	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		16,151,990		13,776,038
Research		44,856		29,438
Other	750,000	5,341,145	750,000	5,520,356
Expendable:				
Scholarships and fellowships	34,933	518,404	13,285	336,803
Research	1,720,603	13,359	1,033,183	20,475
Loans	958,491		1,056,613	
Capital projects	1,386		11,397	
Other	276,164	2,486,480	189,387	2,390,603
Total net position	131,011,635	25,265,608	126,768,394	22,673,856
Total liabilities, deferred inflows of resources and net position	\$ 232,534,350	\$ 28,067,560	\$ 219,258,064	\$ 25,161,049

FROSTBURG STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	2017		2016	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 38,662,114		\$ 39,457,794	
Less: scholarship allowances	(9,101,617)	\$ 29,560,497	(8,699,066)	\$ 30,758,728
Federal grants and contracts		1,602,808		1,874,020
State and local grants and contracts		2,739,216		2,795,544
Nongovernmental grants and contracts		148,850		119,426
Sales and services of educational departments		1,253,176		1,299,248
Auxiliary enterprises:				
Residential facilities	7,503,115		7,824,526	
Less: scholarship allowances	(43,660)	7,459,455	(36,811)	7,787,715
Dining facilities	8,052,528		8,332,084	
Less: scholarship allowances	(13,819)	8,038,709	(14,363)	8,317,721
Intercollegiate athletics	3,923,295		3,737,790	
Less: scholarship allowances	(46,741)	3,876,554	(41,467)	3,696,323
Bookstore	1,574,983		1,702,144	
Less: scholarship allowances	(5,150)	1,569,833	(7,576)	1,694,568
Other auxiliary enterprises revenues	5,236,014		5,125,451	
Less: scholarship allowances	(29,633)	5,206,381	(26,439)	5,099,012
Other operating revenues		577,239		736,297
Total operating revenues		62,032,718		64,178,602
OPERATING EXPENSES:				
Instruction		37,039,858		35,776,645
Research		358,840		464,613
Public service		3,709,993		4,049,957
Academic support		10,338,187		10,090,035
Student services		5,582,245		5,484,113
Institutional support		15,471,142		14,616,745
Operation and maintenance of plant		10,048,578		10,095,642
Scholarships and fellowships		7,793,135		7,406,423
Auxiliary enterprises:				
Residential facilities		5,756,585		5,384,475
Dining facilities		5,615,928		5,515,230
Intercollegiate athletics		4,373,127		4,041,010
Bookstore		1,635,691		1,599,421
Other auxiliary enterprises expenses		4,209,907		4,218,398
Total operating expenses		111,933,216		108,742,707
Operating loss		(49,900,498)		(44,564,105)
NONOPERATING REVENUES (EXPENSES)				
State appropriations		40,567,944		39,281,169
Pell grants		8,239,537		7,945,511
Gifts		1,035,808	\$ 1,888,577	1,087,233
Investment Income	891,462		390,675	\$ 4,145,410
Less: investment expense	(5,611)	885,851	(5,540)	(110,516)
Interest on indebtedness		(638,413)		(692,634)
Other revenues, (expenses), gains and (losses)		(134,261)		(220,633)
Other affiliated foundation revenues			429,440	530,221
Other affiliated foundation expenses			(2,505,315)	(2,501,140)
Transfers (to) other University System of Maryland institutions		(846,694)		(813,064)
Total nonoperating revenues		49,109,772	2,591,752	46,972,717
Income (loss) before other revenues		(790,726)	2,591,752	2,408,612
OTHER REVENUES:				
Capital appropriations		5,018,149		2,275,975
Capital gifts and grants		15,818		2,076,157
Total other revenues		5,033,967		4,352,132
Increase in net position		4,243,241	2,591,752	6,760,744
Net position - beginning of year		126,768,394	22,673,856	120,007,650
Net position - end of year		\$ 131,011,635	\$ 25,265,608	\$ 126,768,394

**FROSTBURG STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 29,774,341	\$ 30,436,565
Research contracts and grants	4,641,289	4,711,162
Payments to employees	(71,675,439)	(71,983,095)
Payments to suppliers and contractors	(30,918,874)	(30,227,055)
Loans issued to students	(301,862)	(94,750)
Collection of loans to students	320,866	408,522
Auxiliary enterprises:		
Residence halls	6,286,937	6,615,197
Dining facilities	8,026,440	8,338,221
Intercollegiate athletics	3,849,627	3,696,423
Bookstores	1,470,570	1,838,615
Other	5,193,213	5,117,456
Other receipts	<u>2,644,761</u>	<u>2,641,096</u>
Net cash provided (used) by operating activities	<u>(40,688,131)</u>	<u>(38,501,643)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	40,567,944	39,281,169
Pell grants	<u>8,239,537</u>	<u>7,945,511</u>
Net cash provided by noncapital financing activities	<u>48,807,481</u>	<u>47,226,680</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	657,230	904,862
Capital appropriations	5,018,149	2,275,975
Purchases of capital assets	(7,825,410)	(4,397,942)
Principal paid on debt and capital leases	(1,594,461)	(2,003,827)
Interest paid on debt and capital leases	(725,689)	(803,682)
Transfers (to) from other University System of Maryland institutions	<u>130,066</u>	<u>(724,832)</u>
Net cash provided (used) by capital and related financing activities	<u>(4,340,115)</u>	<u>(4,749,446)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	71,118	56,622
Interest on investments	635,888	424,146
Investment expense	(5,611)	(5,540)
Purchases of investments	<u>(107,147)</u>	<u>(209)</u>
Net cash provided by investing activities	<u>594,248</u>	<u>475,019</u>
Net increase in cash and cash equivalents	4,373,483	4,450,610
Cash and cash equivalents - beginning of the year	<u>30,868,550</u>	<u>26,417,940</u>
Cash and cash equivalents - end the year	<u>\$ 35,242,033</u>	<u>\$ 30,868,550</u>

**COPPIN STATE UNIVERSITY
BALANCE SHEETS
JUNE 30, 2017 AND 2016**

	<u>2017</u>		<u>2016</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 11,433,232	\$ 1,841,804	\$ 8,626,696	\$ 1,740,200
Accounts receivable, net	2,877,432	307,592	1,923,997	267,485
Notes receivable, current portion, net	129,241		155,264	
Prepaid expenses and other	24,886	4,155	131,540	6,140
Inter-institutional balances	<u>(1,429,428)</u>		<u>(1,264,693)</u>	
Total current assets	<u>13,035,363</u>	<u>2,153,551</u>	<u>9,572,804</u>	<u>2,013,825</u>
Noncurrent assets:				
Restricted cash and cash equivalents	13,074		6,933	
Endowment investments	1,636,908	9,046,348	1,521,292	8,496,724
Other investments		1,636,908		1,521,292
Notes receivable, net	1,069,999		912,578	
Capital assets, net	<u>335,661,021</u>	<u>40,332</u>	<u>347,463,465</u>	<u>40,332</u>
Total noncurrent assets	<u>338,381,002</u>	<u>10,723,588</u>	<u>349,904,268</u>	<u>10,058,348</u>
Total assets	<u>351,416,365</u>	<u>12,877,139</u>	<u>359,477,072</u>	<u>12,072,173</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>17,861,697</u>		<u>11,436,035</u>	
Total assets and deferred outflows of resources	<u>\$ 369,278,062</u>	<u>\$ 12,877,139</u>	<u>\$ 370,913,107</u>	<u>\$ 12,072,173</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 5,825,049	\$ 84,789	\$ 7,000,049	\$ 58,208
Accrued workers' compensation, current portion	145,950		164,550	
Accrued vacation costs, current portion	1,781,084		1,814,089	
Revenue bonds and notes payable, current portion	2,751,778		2,757,206	
Unearned revenues	<u>3,864,731</u>		<u>4,257,968</u>	
Total current liabilities	<u>14,368,592</u>	<u>84,789</u>	<u>15,993,862</u>	<u>58,208</u>
Noncurrent liabilities:				
Accrued workers' compensation	827,050		932,450	
Accrued vacation costs	1,022,174		1,138,956	
Endowments invested on behalf of primary government		1,636,908		1,521,292
Other payables		4,442		8,016
Revenue bonds and notes payable	40,281,245		41,625,851	
Net pension liability	<u>40,453,154</u>		<u>32,940,903</u>	
Total noncurrent liabilities	<u>82,583,623</u>	<u>1,641,350</u>	<u>76,638,160</u>	<u>1,529,308</u>
Total liabilities	<u>96,952,215</u>	<u>1,726,139</u>	<u>92,632,022</u>	<u>1,587,516</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,483,705</u>		<u>2,795,506</u>	
NET POSITION				
Unrestricted	(25,140,710)	160,173	(30,425,298)	132,226
Net investment in capital assets	293,007,707		303,536,829	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	433,379		413,474	
Other	240,125	7,515,741	240,125	7,304,850
Expendable:				
Scholarships and fellowships	12,886		4,483	
Loans	1,275,681		1,709,032	
Capital projects	13,074		6,934	
Other		<u>3,475,086</u>		<u>3,047,581</u>
Total net position	<u>269,842,142</u>	<u>11,151,000</u>	<u>275,485,579</u>	<u>10,484,657</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 369,278,062</u>	<u>\$ 12,877,139</u>	<u>\$ 370,913,107</u>	<u>\$ 12,072,173</u>

COPPIN STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	2017		2016	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 14,986,393		\$ 15,434,857	
Less: scholarship allowances	<u>(9,987,335)</u>	\$ 4,999,058	<u>(10,622,397)</u>	\$ 4,812,460
Federal grants and contracts		4,925,928		4,357,766
State and local grants and contracts		1,833,553		1,076,494
Nongovernmental grants and contracts		746,474		674,234
Sales and services of educational departments		384,128		724,544
Auxiliary enterprises:				
Residential facilities		3,533,338		3,237,970
Dining facilities		2,511,103		2,320,466
Intercollegiate athletics	2,936,739		3,046,531	
Less: scholarship allowances	<u>(1,162,884)</u>	1,773,855	<u>(1,269,133)</u>	1,777,398
Parking facilities	1,512,827		1,598,552	
Less: scholarship allowances	<u>(207,745)</u>	1,305,082	<u>(251,798)</u>	1,346,754
Other auxiliary enterprises revenues		<u>3,898,146</u>		<u>3,107,841</u>
Total operating revenues		<u>25,910,665</u>		<u>23,435,927</u>
OPERATING EXPENSES:				
Instruction		25,423,346		27,309,491
Research		500,024		449,947
Public service		6,889		4,331
Academic support		8,045,024		7,830,022
Student services		4,908,143		5,212,184
Institutional support		22,561,149		20,644,856
Operation and maintenance of plant		12,361,894		10,265,786
Scholarships and fellowships		477,718		534,943
Auxiliary enterprises:				
Residential facilities		2,407,341		2,304,484
Dining facilities		2,542,970		2,770,842
Intercollegiate athletics		4,100,338		4,065,558
Parking facilities		573,377		449,418
Other auxiliary enterprises expenses		<u>2,350,311</u>		<u>2,389,317</u>
Total operating expenses		<u>86,258,524</u>		<u>84,231,179</u>
Operating loss		<u>(60,347,859)</u>		<u>(60,795,252)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations		46,282,760		44,755,130
Pell grants		6,493,811		7,172,266
Gifts			\$ 1,157,603	\$ 1,535,719
Investment Income	352,384		1,098,541	(73,240)
Less: investment expense	<u>(2,807)</u>	349,577	<u>(2,915)</u>	116,378
Interest on indebtedness		(1,470,329)		(2,289,394)
Other revenues, (expenses), gains and (losses)		(1,005,318)		(811,143)
Other affiliated foundation revenues		249,213		216,743
Other affiliated foundation expenses		(1,839,014)		(2,102,730)
Transfers from other University System of Maryland institutions		<u>2,083,153</u>		<u>2,265,392</u>
Total nonoperating revenues (expenses)		<u>52,733,654</u>	<u>666,343</u>	<u>(423,508)</u>
Income (loss) before other revenues		<u>(7,614,205)</u>	<u>666,343</u>	<u>(9,586,623)</u>
OTHER REVENUES:				
Capital appropriations		1,950,863		16,798,668
Additions to permanent endowments		<u>19,905</u>		
Total other revenues		<u>1,970,768</u>		<u>16,798,668</u>
Increase (decrease) in net position		(5,643,437)	666,343	(423,508)
Net position - beginning of year		<u>275,485,579</u>	<u>10,484,657</u>	<u>268,273,534</u>
Net position - end of year		<u>\$ 269,842,142</u>	<u>\$ 11,151,000</u>	<u>\$ 275,485,579</u>

**COPPIN STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 4,045,622	\$ 4,582,640
Research contracts and grants	7,112,719	7,101,559
Payments to employees	(48,454,327)	(47,881,735)
Payments to suppliers and contractors	(23,196,056)	(23,972,513)
Loans issued to students	(195,514)	(44,339)
Collection of loans to students	64,117	69,982
Auxiliary enterprises:		
Residence halls	3,533,338	3,237,970
Dining facilities	2,511,103	2,320,466
Intercollegiate athletics	1,773,855	1,777,398
Parking	1,305,081	1,346,754
Other	3,898,146	3,107,840
Other payments	(621,189)	(15,460)
Net cash provided (used) by operating activities	<u>(48,223,105)</u>	<u>(48,369,438)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	46,282,760	44,755,130
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	19,905	
Pell grants	6,493,811	7,172,266
Net cash provided by noncapital financing activities	<u>52,796,476</u>	<u>51,927,396</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	2,435,354	1,958,731
Capital appropriations	1,950,863	16,798,668
Purchases of capital assets	(3,449,755)	(18,128,922)
Principal paid on debt and capital leases	(5,172,353)	(4,288,941)
Interest paid on debt and capital leases	(1,701,698)	(2,550,479)
Transfers from other University System of Maryland institutions	3,942,934	4,584,419
Net cash provided (used) by capital and related financing activities	<u>(1,994,655)</u>	<u>(1,626,524)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	42,162	44,165
Interest on investments	214,511	66,526
Investment expense	(2,807)	(2,915)
Purchases of investments	(19,905)	
Net cash provided by investing activities	<u>233,961</u>	<u>107,776</u>
Net increase in cash and cash equivalents	2,812,677	2,039,210
Cash and cash equivalents - beginning of the year	<u>8,633,629</u>	<u>6,594,419</u>
Cash and cash equivalents - end the year	<u>\$ 11,446,306</u>	<u>\$ 8,633,629</u>

**UNIVERSITY OF BALTIMORE
BALANCE SHEETS
JUNE 30, 2017 AND 2016**

	2017		2016	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 39,464,180	\$ 9,810,517	\$ 36,039,837	\$ 10,509,879
Accounts receivable, net	6,936,078	5,123,423	3,944,033	2,748,959
Notes receivable, current portion, net	168,807		413,922	
Prepaid expenses and other	359,867		494,361	
Inter-institutional balances	(5,672,668)		(6,056,114)	
Total current assets	41,256,264	14,933,940	34,836,039	13,258,838
Noncurrent assets:				
Restricted cash and cash equivalents	1,608			
Endowment investments	1,117,190	46,082,445	1,062,341	41,950,031
Other investments		7,182,954		8,247,538
Notes receivable, net	994,415		2,171,966	
Other assets		61,199		10,014
Capital assets, net	182,158,898	687,925	183,047,999	730,264
Total noncurrent assets	184,272,111	54,014,523	186,282,306	50,937,847
Total assets	225,528,375	68,948,463	221,118,345	64,196,685
DEFERRED OUTFLOWS OF RESOURCES	18,381,027		11,788,534	
Total assets and deferred outflows of resources	\$ 243,909,402	\$ 68,948,463	\$ 232,906,879	\$ 64,196,685
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 7,337,423	\$ 508,925	\$ 5,649,485	\$ 851,948
Accrued workers' compensation, current portion	101,700		104,250	
Accrued vacation costs, current portion	2,366,017		2,434,022	
Revenue bonds and notes payable, current portion	2,505,178		1,793,059	
Unearned revenues	6,827,074	1,485,814	6,853,257	708,244
Total current liabilities	19,137,392	1,994,739	16,834,073	1,560,192
Noncurrent liabilities:				
Accrued workers' compensation	576,300		590,750	
Accrued vacation costs	1,614,341		1,732,333	
Endowments invested on behalf of primary government		1,117,190		1,062,341
Revenue bonds and notes payable	17,249,695		19,473,049	
Net pension liability	40,683,522		33,171,271	
Total noncurrent liabilities	60,123,858	1,117,190	54,967,403	1,062,341
Total liabilities	79,261,250	3,111,929	71,801,476	2,622,533
DEFERRED INFLOWS OF RESOURCES	2,508,920		2,820,721	
NET POSITION				
Unrestricted	(2,214,825)	6,321,667	(7,048,025)	6,010,216
Net investment in capital assets	162,839,753		162,295,430	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		25,119,022		24,771,484
Other		14,117,718		13,258,076
Expendable:				
Scholarships and fellowships		9,464,316		7,715,992
Loans	1,512,696		3,037,277	
Capital projects	1,608			
Other		10,813,811		9,818,384
Total net position	162,139,232	65,836,534	158,284,682	61,574,152
Total liabilities, deferred inflows of resources and net position	\$ 243,909,402	\$ 68,948,463	\$ 232,906,879	\$ 64,196,685

UNIVERSITY OF BALTIMORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>		<u>2016</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES:				
Tuition and fees	\$ 64,148,902		\$ 67,440,504	
Less: scholarship allowances	<u>(15,279,495)</u>	\$ 48,869,407	<u>(15,992,350)</u>	\$ 51,448,154
Federal grants and contracts		1,708,062		897,867
State and local grants and contracts		7,611,651		7,236,128
Nongovernmental grants and contracts		2,645,855		2,571,497
Sales and services of educational departments		303,856		1,296,034
Auxiliary enterprises:				
Parking facilities		1,106,834		1,084,512
Other auxiliary enterprises revenues		6,367,638		6,211,685
Other operating revenues		<u>16,054</u>		<u>104,178</u>
Total operating revenues		<u>68,629,357</u>		<u>70,850,055</u>
OPERATING EXPENSES:				
Instruction		44,257,034		44,222,131
Research		7,728,253		6,756,654
Academic support		12,580,747		14,114,513
Student services		10,347,692		9,286,406
Institutional support		17,882,375		20,819,848
Operation and maintenance of plant		8,841,094		7,769,768
Scholarships and fellowships		3,127,863		3,080,636
Auxiliary enterprises:				
Parking facilities		325,791		690,486
Other auxiliary enterprises expenses		<u>3,955,703</u>		<u>3,002,205</u>
Total operating expenses		<u>109,046,552</u>		<u>109,742,647</u>
Operating loss		<u>(40,417,195)</u>		<u>(38,892,592)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations		36,481,794		35,022,983
Pell grants		5,553,734		6,063,144
Gifts				\$ 3,724,785
Investment Income	1,171,330	\$ 5,903,648	761,487	(1,296,400)
Interest on indebtedness	(553,345)		(547,095)	
Other affiliated foundation revenues		156,241		143,960
Other affiliated foundation expenses		(7,805,609)		(5,623,290)
Transfers (to) other University System of Maryland institutions		<u>(3,245,354)</u>		<u>(3,414,917)</u>
Total nonoperating revenues (expenses)		<u>39,408,159</u>	<u>4,262,382</u>	<u>37,885,602</u>
Income (loss) before other revenues		<u>(1,009,036)</u>	<u>4,262,382</u>	<u>(1,006,990)</u>
OTHER REVENUES:				
Capital appropriations		1,253,030		989,920
Capital gifts and grants		<u>3,610,556</u>		<u>1,070,030</u>
Total other revenues		<u>4,863,586</u>		<u>2,059,950</u>
Increase (decrease) in net position		<u>3,854,550</u>	<u>4,262,382</u>	<u>1,052,960</u>
Net position - beginning of year		<u>158,284,682</u>	<u>61,574,152</u>	<u>157,231,722</u>
Net position - end of year		<u>\$ 162,139,232</u>	<u>\$ 65,836,534</u>	<u>\$ 158,284,682</u>

**UNIVERSITY OF BALTIMORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 49,037,864	\$ 51,160,571
Research contracts and grants	11,868,574	10,104,041
Payments to employees	(77,427,752)	(84,430,791)
Payments to suppliers and contractors	(21,376,377)	(20,233,484)
Loans issued to students		(207,976)
Collection of loans to students	422,484	528,388
Auxiliary enterprises:		
Parking	1,106,834	1,084,512
Other	6,367,637	6,211,684
Other receipts/(payments)	<u>(2,842,788)</u>	<u>1,965,195</u>
Net cash provided (used) by operating activities	<u>(32,843,524)</u>	<u>(33,817,860)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	36,481,794	35,022,983
Pell grants	<u>5,553,734</u>	<u>6,063,144</u>
Net cash provided by noncapital financing activities	<u>42,035,528</u>	<u>41,086,127</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	381,762	457,490
Capital appropriations	1,253,030	989,920
Capital grants and gifts received	3,610,556	1,070,030
Purchases of capital assets	(5,999,474)	(2,557,033)
Principal paid on debt and capital leases	(2,216,074)	(2,076,233)
Interest paid on debt and capital leases	(642,700)	(710,098)
Transfers (to) other University System of Maryland institutions	<u>(3,147,581)</u>	<u>(4,043,801)</u>
Net cash provided (used) by capital and related financing activities	<u>(6,760,481)</u>	<u>(6,869,725)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>994,428</u>	<u>608,830</u>
Net cash provided by investing activities	<u>994,428</u>	<u>608,830</u>
Net increase in cash and cash equivalents	3,425,951	1,007,372
Cash and cash equivalents - beginning of the year	<u>36,039,837</u>	<u>35,032,465</u>
Cash and cash equivalents - end the year	<u>\$ 39,465,788</u>	<u>\$ 36,039,837</u>

**SALISBURY UNIVERSITY
BALANCE SHEETS
JUNE 30, 2017 AND 2016**

	2017		2016	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 117,975,360	\$ 339,728	\$ 111,936,880	\$ 284,956
Accounts receivable, net	2,318,710	2,044,207	2,228,669	1,986,763
Notes receivable, current portion, net	198,738		215,439	
Inventories	1,208,790		1,285,550	
Prepaid expenses and other	109,511	240,397	188,011	212,507
Inter-institutional balances	1,525,268		3,519,449	
Total current assets	123,336,377	2,624,332	119,373,998	2,484,226
Noncurrent assets:				
Accounts receivable, net		4,803,903		4,265,745
Endowment investments	1,500,315	64,416,999	1,426,656	55,260,484
Other investments		5,926,078		7,493,253
Notes receivable, net	714,366		831,460	
Other assets		2,200,901		2,159,581
Capital assets, net	461,180,474	9,629,178	446,278,503	2,708,514
Total noncurrent assets	463,395,155	86,977,059	448,536,619	71,887,577
Total assets	586,731,532	89,601,391	567,910,617	74,371,803
DEFERRED OUTFLOWS OF RESOURCES	25,194,088		16,100,074	
Total assets and deferred outflows of resources	\$ 611,925,620	\$ 89,601,391	\$ 584,010,691	\$ 74,371,803
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 10,942,493	\$ 296,353	\$ 9,841,159	\$ 347,330
Accrued workers' compensation, current portion	177,150		187,950	
Accrued vacation costs, current portion	2,395,061		2,281,151	
Revenue bonds and notes payable, current portion	6,253,358	3,316,597	6,634,756	2,644,328
Unearned revenues	5,380,055	228,564	5,584,791	397,746
Total current liabilities	25,148,117	3,841,514	24,529,807	3,389,404
Noncurrent liabilities:				
Accrued workers' compensation	1,003,850		1,065,050	
Accrued vacation costs	2,356,348		2,258,772	
Endowments invested on behalf of primary government		1,500,315		1,426,655
Other payables		2,530,103		2,227,230
Revenue bonds and notes payable	96,181,531	5,641,276	90,941,143	
Net pension liability	49,865,963		39,849,628	
Total noncurrent liabilities	149,407,692	9,671,694	134,114,593	3,653,885
Total liabilities	174,555,809	13,513,208	158,644,400	7,043,289
DEFERRED INFLOWS OF RESOURCES	26,067,444		28,244,067	
NET POSITION				
Unrestricted	73,502,893	6,951,349	70,882,060	6,736,219
Net investment in capital assets	336,721,937		325,140,245	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		12,373,739		12,192,835
Research		324,725		324,725
Other		14,329,312		15,736,356
Expendable:				
Scholarships and fellowships		10,426,212		7,625,027
Research		768,181		661,890
Loans	1,077,537		1,099,919	
Other		30,914,665		24,051,462
Total net position	411,302,367	76,088,183	397,122,224	67,328,514
Total liabilities, deferred inflows of resources and net position	\$ 611,925,620	\$ 89,601,391	\$ 584,010,691	\$ 74,371,803

SALISBURY UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	2017		2016	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 75,243,013		\$ 73,127,960	
Less: scholarship allowances	<u>(16,675,565)</u>	\$ 58,567,448	<u>(15,238,600)</u>	\$ 57,889,360
Federal grants and contracts		1,802,343		1,778,484
State and local grants and contracts		2,982,046		3,223,391
Nongovernmental grants and contracts		436,477		518,138
Sales and services of educational departments		313,790		208,562
Auxiliary enterprises:				
Residential facilities	28,605,650		27,691,080	
Less: scholarship allowances	<u>(667,467)</u>	27,938,183	<u>(447,246)</u>	27,243,834
Dining facilities	15,805,533		14,743,782	
Less: scholarship allowances	<u>(8,480)</u>	15,797,053	<u>(15,602)</u>	14,728,180
Intercollegiate athletics		6,650,678		6,296,305
Bookstore		4,454,680		4,627,249
Parking facilities		633,451		592,350
Other auxiliary enterprises revenues		<u>3,186,383</u>		<u>3,198,207</u>
Total operating revenues		<u>122,762,532</u>		<u>120,304,060</u>
OPERATING EXPENSES:				
Instruction		56,030,320		54,807,932
Research		1,336,626		1,027,744
Public service		6,492,600		6,673,301
Academic support		13,935,082		11,451,773
Student services		7,822,637		6,893,492
Institutional support		17,583,261		17,268,893
Operation and maintenance of plant		26,021,835		20,200,513
Scholarships and fellowships		47,409		103,145
Auxiliary enterprises:				
Residential facilities		13,062,613		13,861,242
Dining facilities		12,729,630		12,043,443
Intercollegiate athletics		4,958,877		4,503,243
Bookstore		4,092,016		4,444,139
Parking facilities		733,695		678,437
Other auxiliary enterprises expenses		<u>2,555,873</u>		<u>2,716,991</u>
Total operating expenses		<u>167,402,474</u>		<u>156,674,288</u>
Operating loss		<u>(44,639,942)</u>		<u>(36,370,228)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations		50,480,319		48,092,020
Pell grants		7,958,278		7,742,759
Gifts		\$ 6,194,810		\$ 8,107,105
Investment Income		2,054,508	7,404,353	1,345,235
Interest on indebtedness		(3,389,175)		(3,443,398)
Other revenues, (expenses), gains and (losses)		(30,820)		(191,213)
Other affiliated foundation revenues			1,286,313	882,262
Other affiliated foundation expenses			(6,125,807)	(10,594,153)
Transfers (to) other University System of Maryland institutions		<u>(2,190,859)</u>		<u>(2,156,708)</u>
Total nonoperating revenues (expenses)		<u>54,882,251</u>	<u>8,759,669</u>	<u>51,388,695</u>
Income (loss) before other revenues		<u>10,242,309</u>	<u>8,759,669</u>	<u>15,018,467</u>
OTHER REVENUES:				
Capital appropriations		3,518,502		59,212,562
Capital gifts and grants		<u>419,332</u>		<u>4,479,093</u>
Total other revenues		<u>3,937,834</u>		<u>63,691,655</u>
Increase (decrease) in net position		<u>14,180,143</u>	<u>8,759,669</u>	<u>78,710,122</u>
Net position - beginning of year		<u>397,122,224</u>	<u>67,328,514</u>	<u>318,412,102</u>
Net position - end of year		<u>\$ 411,302,367</u>	<u>\$ 76,088,183</u>	<u>\$ 397,122,224</u>

**SALISBURY UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 57,769,117	\$ 57,470,213
Research contracts and grants	5,632,001	7,416,492
Payments to employees	(111,104,679)	(109,277,788)
Payments to suppliers and contractors	(38,050,170)	(35,993,894)
Loans issued to students	(114,200)	(181,075)
Collection of loans to students	247,995	202,161
Auxiliary enterprises:		
Residence halls	26,197,151	25,466,176
Dining facilities	15,835,693	14,722,144
Intercollegiate athletics	6,650,307	6,296,393
Bookstores	4,453,996	4,627,249
Parking	633,451	592,350
Other	3,190,973	3,170,226
Other receipts	334,967	95,414
Net cash provided (used) by operating activities	<u>(28,323,398)</u>	<u>(25,393,939)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	50,480,319	48,092,020
Pell grants	7,958,278	7,742,759
Net cash provided by noncapital financing activities	<u>58,438,597</u>	<u>55,834,779</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	1,969,674	6,527,776
Capital appropriations	3,518,502	59,212,562
Purchases of capital assets	(31,086,454)	(78,612,639)
Principal paid on debt and capital leases	(6,605,306)	(12,804,816)
Interest paid on debt and capital leases	(3,740,630)	(4,120,739)
Transfers (to) from other University System of Maryland institutions	9,886,646	(4,813,666)
Net cash provided (used) by capital and related financing activities	<u>(26,057,568)</u>	<u>(34,611,522)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	1,980,849	1,353,090
Net cash provided by investing activities	<u>1,980,849</u>	<u>1,353,090</u>
Net increase (decrease) in cash and cash equivalents	6,038,480	(2,817,592)
Cash and cash equivalents - beginning of the year	<u>111,936,880</u>	<u>114,754,472</u>
Cash and cash equivalents - end the year	<u>\$ 117,975,360</u>	<u>\$ 111,936,880</u>

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
BALANCE SHEETS
JUNE 30, 2017 AND 2016**

	<u>2017</u>		<u>2016</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 351,971,889		\$ 324,051,787	
Accounts receivable, net	28,611,009	\$ 90,967	21,938,019	\$ 107,383
Notes receivable, current portion, net	91,273		112,682	
Inventories	69,904		98,133	
Prepaid expenses and other	4,882,894		2,743,310	17,132
Inter-institutional balances	689,924		1,024,494	
Total current assets	<u>386,316,893</u>	<u>90,967</u>	<u>349,968,425</u>	<u>124,515</u>
Noncurrent assets:				
Accounts receivable, net		364,418		357,435
Endowment investments	3,953,774	17,060,662	3,756,851	15,327,958
Other investments		7,985,476	8,495,304	8,474,388
Notes receivable, net	1,558,746		1,561,243	
Other assets				1,139
Capital assets, net	147,322,223	6,573,691	149,446,562	5,360,706
Total noncurrent assets	<u>152,834,743</u>	<u>31,984,247</u>	<u>163,259,960</u>	<u>29,521,626</u>
Total assets	539,151,636	32,075,214	513,228,385	29,646,141
DEFERRED OUTFLOWS OF RESOURCES	<u>21,009,704</u>		<u>11,605,617</u>	
Total assets and deferred outflows of resources	<u>\$ 560,161,340</u>	<u>\$ 32,075,214</u>	<u>\$ 524,834,002</u>	<u>\$ 29,646,141</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 14,892,864	\$ 120	\$ 17,192,020	\$ 120
Accrued workers' compensation, current portion	147,600		125,850	
Accrued vacation costs, current portion	8,317,692		7,881,350	
Unearned revenues	42,744,695		30,448,501	
Total current liabilities	<u>66,102,851</u>	<u>120</u>	<u>55,647,721</u>	<u>120</u>
Noncurrent liabilities:				
Accrued workers' compensation	836,400		713,150	
Accrued vacation costs	6,345,095		5,627,412	
Endowments invested on behalf of primary government		3,953,771		3,756,851
Net pension liability	42,464,310		32,447,975	
Total noncurrent liabilities	<u>49,645,805</u>	<u>3,953,771</u>	<u>38,788,537</u>	<u>3,756,851</u>
Total liabilities	<u>115,748,656</u>	<u>3,953,891</u>	<u>94,436,258</u>	<u>3,756,971</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,325,817</u>		<u>2,741,552</u>	
NET POSITION				
Unrestricted	293,034,019	5,123,043	276,485,885	4,990,954
Net investment in capital assets	147,322,223		149,446,562	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	29,423	9,543,249	29,423	8,469,161
Research		200,415		187,432
Other		6,733,661		6,153,207
Expendable:				
Scholarships and fellowships	44,041	1,479,738	42,649	1,423,037
Research		1,453,543		1,389,364
Loans	1,657,161		1,651,673	
Other		3,587,674		3,276,015
Total net position	<u>442,086,867</u>	<u>28,121,323</u>	<u>427,656,192</u>	<u>25,889,170</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 560,161,340</u>	<u>\$ 32,075,214</u>	<u>\$ 524,834,002</u>	<u>\$ 29,646,141</u>

UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	2017		2016	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 324,341,155		\$ 312,852,063	
Less: scholarship allowances	<u>(33,397,254)</u>	\$ 290,943,901	<u>(30,417,470)</u>	\$ 282,434,593
Federal grants and contracts		864,048		808,228
State and local grants and contracts		2,826,772		2,774,807
Nongovernmental grants and contracts		1,509,001		1,694,256
Sales and services of educational departments		573,749		1,409,614
Auxiliary enterprises:				
Residential facilities		48,450		50,150
Bookstore		47,582		126,916
Parking facilities		725		687
Other operating revenues		<u>22,132,454</u>		<u>19,173,640</u>
Total operating revenues		<u>318,946,682</u>		<u>308,472,891</u>
OPERATING EXPENSES:				
Instruction		101,169,028		93,885,141
Public service		17,521,561		17,280,665
Academic support		50,386,453		50,990,508
Student services		87,604,862		76,997,099
Institutional support		85,677,208		75,968,114
Operation and maintenance of plant		17,926,176		18,752,102
Scholarships and fellowships		26,801,529		24,956,796
Auxiliary enterprises:				
Residential facilities		53,057		49,959
Bookstore		318,272		303,563
Parking facilities		<u>138,301</u>		<u>100,978</u>
Total operating expenses		<u>387,596,447</u>		<u>359,284,925</u>
Operating loss		<u>(68,649,765)</u>		<u>(50,812,034)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations		40,868,394		39,458,941
Pell grants		37,242,592		36,950,687
Gifts				
Investment Income	5,449,527		\$ 827,022	\$ 1,607,915
Less: investment expense	<u>(519)</u>	5,449,008	3,027,680	917,609
Other revenues, (expenses), gains and (losses)		(301,539)		(98,943)
Other affiliated foundation revenues			139,594	
Other affiliated foundation expenses			(1,762,143)	(2,108,140)
Transfers (to) other University System of Maryland institutions		<u>(178,015)</u>		<u>(128,840)</u>
Total nonoperating revenues		<u>83,080,440</u>	<u>2,232,153</u>	<u>77,926,973</u>
Income before other revenues		<u>14,430,675</u>	<u>2,232,153</u>	<u>27,114,939</u>
Increase in net position		14,430,675	2,232,153	417,384
Net position - beginning of year		<u>427,656,192</u>	<u>25,889,170</u>	<u>400,541,253</u>
Net position - end of year		<u>\$ 442,086,867</u>	<u>\$ 28,121,323</u>	<u>\$ 427,656,192</u>

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 299,278,204	\$ 278,791,368
Research contracts and grants	4,507,847	8,695,098
Payments to employees	(237,574,539)	(221,678,761)
Payments to suppliers and contractors	(143,024,498)	(133,411,121)
Loans issued to students	(69,492)	(166,716)
Collection of loans to students	93,398	131,754
Auxiliary enterprises:		
Residence halls	48,450	50,150
Bookstores	47,582	126,916
Parking	725	687
Other receipts	<u>20,623,151</u>	<u>21,076,433</u>
Net cash provided (used) by operating activities	<u>(56,069,172)</u>	<u>(46,384,192)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	40,868,394	39,458,941
Pell grants	<u>37,242,592</u>	<u>36,950,687</u>
Net cash provided by noncapital financing activities	<u>78,110,986</u>	<u>76,409,628</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sales of capital assets	323,515	81,395
Purchases of capital assets	(8,672,378)	(1,927,147)
Transfers (to) from other University System of Maryland institutions	<u>156,555</u>	<u>(350,194)</u>
Net cash provided (used) by capital and related financing activities	<u>(8,192,308)</u>	<u>(2,195,946)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	8,826,280	8,143
Interest on investments	5,244,835	3,272,888
Investment expense	<u>(519)</u>	<u>(537)</u>
Net cash provided by investing activities	<u>14,070,596</u>	<u>3,280,494</u>
Net increase in cash and cash equivalents	27,920,102	31,109,984
Cash and cash equivalents - beginning of the year	<u>324,051,787</u>	<u>292,941,803</u>
Cash and cash equivalents - end the year	<u>\$ 351,971,889</u>	<u>\$ 324,051,787</u>

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
BALANCE SHEETS
JUNE 30, 2017 AND 2016

	<u>2017</u>		<u>2016</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 132,263,170	\$ 877,154	\$ 138,147,641	\$ 603,634
Accounts receivable, net	15,191,447	3,633,572	16,314,710	3,744,452
Notes receivable, current portion, net	314,069		343,340	
Inventories	867,178		690,347	
Prepaid expenses and other	311,577	103,958	290,261	110,890
Inter-institutional balances	(638,438)		133,849	
Total current assets	<u>148,309,003</u>	<u>4,614,684</u>	<u>155,920,148</u>	<u>4,458,976</u>
Noncurrent assets:				
Restricted cash and cash equivalents	124,395		202,788	
Accounts receivable, net		8,490,868		8,015,662
Endowment investments	5,127,973	86,881,022	4,853,033	78,100,821
Other investments		27,478,977		27,493,211
Notes receivable, net	1,624,626		1,480,032	
Other assets				47,142
Capital assets, net	<u>559,555,367</u>	<u>2,982,859</u>	<u>524,995,611</u>	<u>3,178,740</u>
Total noncurrent assets	<u>566,432,361</u>	<u>125,833,726</u>	<u>531,531,464</u>	<u>116,835,576</u>
Total assets	<u>714,741,364</u>	<u>130,448,410</u>	<u>687,451,612</u>	<u>121,294,552</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>59,990,706</u>		<u>37,953,603</u>	
Total assets and deferred outflows of resources	<u>\$ 774,732,070</u>	<u>\$ 130,448,410</u>	<u>\$ 725,405,215</u>	<u>\$ 121,294,552</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 16,232,767	\$ 100,565	\$ 30,246,764	\$ 37,022
Accrued workers' compensation, current portion	172,350		173,700	
Accrued vacation costs, current portion	8,416,104		8,245,694	
Revenue bonds and notes payable, current portion	9,384,410	57,661	8,331,644	53,899
Unearned revenues	<u>9,605,808</u>	<u>6,099,902</u>	<u>9,554,350</u>	<u>5,759,929</u>
Total current liabilities	<u>43,811,439</u>	<u>6,258,128</u>	<u>56,552,152</u>	<u>5,850,850</u>
Noncurrent liabilities:				
Accrued workers' compensation	976,650		984,300	
Accrued vacation costs	5,080,931		5,042,006	
Endowments invested on behalf of primary government		5,127,968		4,853,033
Revenue bonds and notes payable	125,636,990	101,859	107,830,550	159,924
Net pension liability	<u>119,513,182</u>		<u>94,472,345</u>	
Total noncurrent liabilities	<u>251,207,753</u>	<u>5,229,827</u>	<u>208,329,201</u>	<u>5,012,957</u>
Total liabilities	<u>295,019,192</u>	<u>11,487,955</u>	<u>264,881,353</u>	<u>10,863,807</u>
DEFERRED INFLOWS OF RESOURCES	<u>38,950,328</u>		<u>41,786,852</u>	
NET POSITION				
Unrestricted	44,532,487	28,132,687	39,620,599	26,900,623
Net investment in capital assets	394,036,499		376,824,934	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	130,474	37,234,360	130,474	33,850,628
Research		781,948		749,150
Other		26,272,347		24,593,927
Expendable:				
Scholarships and fellowships		6,022,268		5,688,116
Research		5,915,659		5,553,521
Loans	1,938,695		1,958,215	
Capital projects	124,395		202,788	
Other		<u>14,601,186</u>		<u>13,094,780</u>
Total net position	<u>440,762,550</u>	<u>118,960,455</u>	<u>418,737,010</u>	<u>110,430,745</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 774,732,070</u>	<u>\$ 130,448,410</u>	<u>\$ 725,405,215</u>	<u>\$ 121,294,552</u>

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	2017		Component Units	2016		Component Units
	Institution	Institution		Institution	Institution	
OPERATING REVENUES:						
Tuition and fees	\$ 127,999,710			\$ 127,309,785		
Less: scholarship allowances	<u>(16,364,100)</u>	\$ 111,635,610		<u>(17,349,988)</u>	\$ 109,959,797	
Federal grants and contracts		42,271,852			42,520,892	
State and local grants and contracts		29,566,085			28,079,413	
Nongovernmental grants and contracts		17,194,471			19,334,752	
Sales and services of educational departments		3,928,534			4,387,346	
Auxiliary enterprises:						
Residential facilities	27,335,401			26,371,724		
Less: scholarship allowances	<u>(5,753,842)</u>	21,581,559		<u>(4,950,869)</u>	21,420,855	
Dining facilities	13,941,434			13,634,313		
Less: scholarship allowances	<u>(2,711,934)</u>	11,229,500		<u>(2,511,193)</u>	11,123,120	
Intercollegiate athletics		13,053,900			11,772,275	
Bookstore	5,044,395			5,511,523		
Less: scholarship allowances	<u>(801)</u>	5,043,594		<u>(3,833)</u>	5,507,690	
Parking facilities		1,952,358			1,935,219	
Other auxiliary enterprises revenues		17,552,471			17,251,466	
Other operating revenues		<u>14,342,145</u>			<u>14,155,908</u>	
Total operating revenues		<u>289,352,079</u>			<u>287,448,733</u>	
OPERATING EXPENSES:						
Instruction		118,060,898			111,998,037	
Research		65,944,274			66,204,859	
Public service		19,343,135			20,614,206	
Academic support		23,867,384			22,672,419	
Student services		18,981,281			17,178,535	
Institutional support		40,784,325			37,068,673	
Operation and maintenance of plant		31,617,597			25,436,745	
Scholarships and fellowships		23,048,436			22,834,787	
Auxiliary enterprises:						
Residential facilities		20,707,252			26,344,279	
Dining facilities		11,488,246			11,419,148	
Intercollegiate athletics		10,164,500			9,230,398	
Bookstore		5,019,589			5,405,489	
Parking facilities		922,214			868,643	
Other auxiliary enterprises expenses		<u>10,135,356</u>			<u>9,049,085</u>	
Total operating expenses		<u>400,084,487</u>			<u>386,325,303</u>	
Operating loss		<u>(110,732,408)</u>			<u>(98,876,570)</u>	
NONOPERATING REVENUES (EXPENSES)						
State appropriations		115,585,963			112,364,992	
Pell grants		14,152,695			14,183,326	
Gifts		3,925	\$ 8,849,336		2,176	\$ 9,370,500
Investment Income	2,681,170		8,610,848	1,394,937		(864,813)
Less: investment expense	<u>(6,106)</u>	2,675,064		<u>(6,226)</u>	1,388,711	
Interest on indebtedness		(3,712,948)			(4,132,530)	
Other revenues, (expenses), gains and (losses)		(276,927)			(107,359)	
Other affiliated foundation revenues			2,817,845			2,784,614
Other affiliated foundation expenses			(11,748,319)			(10,339,405)
Transfers (to) from other University System of Maryland institutions		<u>(1,987,650)</u>			<u>2,671,663</u>	
Total nonoperating revenues		<u>126,440,122</u>	<u>8,529,710</u>		<u>126,370,979</u>	<u>950,896</u>
Income before other revenues		<u>15,707,714</u>	<u>8,529,710</u>		<u>27,494,409</u>	<u>950,896</u>
OTHER REVENUES:						
Capital appropriations		4,243,495			7,852,023	
Capital gifts and grants		<u>2,074,331</u>			<u>99,965</u>	
Total other revenues		<u>6,317,826</u>			<u>7,951,988</u>	
Increase in net position		<u>22,025,540</u>	<u>8,529,710</u>		<u>35,446,397</u>	<u>950,896</u>
Net position - beginning of year		<u>418,737,010</u>	<u>110,430,745</u>		<u>383,290,613</u>	<u>109,479,849</u>
Net position - end of year		<u>\$ 440,762,550</u>	<u>\$ 118,960,455</u>		<u>\$ 418,737,010</u>	<u>\$ 110,430,745</u>

**UNIVERSITY MARYLAND, BALTIMORE COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 111,479,163	\$ 111,160,731
Research contracts and grants	90,546,855	89,480,882
Payments to employees	(256,725,357)	(238,665,347)
Payments to suppliers and contractors	(133,682,525)	(124,250,995)
Loans issued to students	(383,977)	(30,738)
Collection of loans to students	268,654	172,293
Auxiliary enterprises:		
Residence halls	19,732,177	19,539,838
Dining facilities	11,202,341	11,079,590
Intercollegiate athletics	13,023,958	11,726,204
Bookstores	5,031,396	5,486,136
Parking	1,947,636	1,927,646
Other	17,510,020	17,183,952
Other receipts	<u>18,603,611</u>	<u>18,688,525</u>
Net cash provided (used) by operating activities	<u>(101,446,048)</u>	<u>(76,501,283)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	115,585,963	112,364,992
Pell grants	<u>14,152,695</u>	<u>14,183,326</u>
Net cash provided by noncapital financing activities	<u>129,738,658</u>	<u>126,548,318</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	30,814,444	16,681,234
Capital appropriations	4,243,495	7,852,022
Purchases of capital assets	(55,116,159)	(43,066,594)
Principal paid on debt and capital leases	(16,144,523)	(13,936,277)
Interest paid on debt and capital leases	(4,346,820)	(5,042,574)
Transfers from other University System of Maryland institutions	<u>3,893,965</u>	<u>7,794,789</u>
Net cash provided (used) by capital and related financing activities	<u>(36,655,598)</u>	<u>(29,717,400)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	105,676	52,622
Interest on investments	2,300,554	1,443,190
Investment expense	<u>(6,106)</u>	<u>(6,226)</u>
Net cash provided by investing activities	<u>2,400,124</u>	<u>1,489,586</u>
Net increase (decrease) in cash and cash equivalents	(5,962,864)	21,819,221
Cash and cash equivalents - beginning of the year	<u>138,350,429</u>	<u>116,531,208</u>
Cash and cash equivalents - end the year	<u>\$ 132,387,565</u>	<u>\$ 138,350,429</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
BALANCE SHEETS
JUNE 30, 2017 AND 2016**

	2017		2016	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 16,695,420		\$ 16,711,647	
Accounts receivable, net	3,925,233	\$ 1,124	4,731,781	\$ 1,908
Prepaid expenses and other				295
Inter-institutional balances	(119,383)			
Total current assets	20,501,270	1,124	21,443,428	2,203
Noncurrent assets:				
Restricted cash and cash equivalents	6,556		4,941	
Endowment investments	396,195	2,486,899	376,744	2,232,915
Restricted investments				2,277,167
Other investments		2,495,324		
Other assets				11,676
Capital assets, net	79,740,796	2,718	78,283,435	
Total noncurrent assets	80,143,547	4,984,941	78,665,120	4,521,758
Total assets	100,644,817	4,986,065	100,108,548	4,523,961
DEFERRED OUTFLOWS OF RESOURCES	5,572,658		3,457,453	
Total assets and deferred outflows of resources	\$ 106,217,475	\$ 4,986,065	\$ 103,566,001	\$ 4,523,961
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 1,006,545		\$ 2,670,976	
Accrued workers' compensation, current portion	14,250		19,800	
Accrued vacation costs, current portion	643,656		665,400	
Revenue bonds and notes payable, current portion	1,048,187		1,322,600	
Unearned revenues	487,194	\$ 272,423	831,874	\$ 286,326
Total current liabilities	3,199,832	272,423	5,510,650	286,326
Noncurrent liabilities:				
Accrued workers' compensation	80,750		112,200	
Accrued vacation costs	2,350,094		2,429,481	
Endowments invested on behalf of primary government		396,195		376,745
Revenue bonds and notes payable	5,972,918		6,778,666	
Net pension liability	10,970,439		8,466,355	
Total noncurrent liabilities	19,374,201	396,195	17,786,702	376,745
Total liabilities	22,574,033	668,618	23,297,352	663,071
DEFERRED INFLOWS OF RESOURCES	552,733		656,667	
NET POSITION				
Unrestricted	10,265,815	763,535	9,307,920	744,282
Net investment in capital assets	72,818,338		70,299,121	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		1,495,881		1,262,973
Research		31,415		27,951
Other		1,055,485		917,604
Expendable:				
Scholarships and fellowships		220,369		212,244
Research		216,468		207,222
Capital projects	6,556		4,941	
Other		534,294		488,614
Total net position	83,090,709	4,317,447	79,611,982	3,860,890
Total liabilities, deferred inflows of resources and net position	\$ 106,217,475	\$ 4,986,065	\$ 103,566,001	\$ 4,523,961

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017		2016	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Federal grants and contracts	\$ 14,660,114		\$ 13,170,708	
State and local grants and contracts	3,117,989		7,814,063	
Nongovernmental grants and contracts	5,661,850		2,749,396	
Sales and services of educational departments	<u>3,700,196</u>		<u>3,521,412</u>	
Total operating revenues	<u>27,140,149</u>		<u>27,255,579</u>	
OPERATING EXPENSES:				
Research	47,321,597		48,502,181	
Operation and maintenance of plant	<u>415,407</u>		<u>414,326</u>	
Total operating expenses	<u>47,737,004</u>		<u>48,916,507</u>	
Operating loss	<u>(20,596,855)</u>		<u>(21,660,928)</u>	
NONOPERATING REVENUES (EXPENSES)				
State appropriations	22,362,023		22,382,332	
Gifts		\$ 1,445,160		\$ 1,084,159
Investment Income	292,623	417,292	269,678	165,343
Interest on indebtedness	(204,208)		(254,128)	
Other affiliated foundation revenues		12,944		
Other affiliated foundation expenses		(584,255)		(973,964)
Transfers from other University System of Maryland institutions	<u>591,976</u>		<u>578,748</u>	
Total nonoperating revenues (expenses)	<u>23,042,414</u>	<u>456,557</u>	<u>22,976,630</u>	<u>(55,148)</u>
Income (loss) before other revenues	<u>2,445,559</u>	<u>456,557</u>	<u>1,315,702</u>	<u>(55,148)</u>
OTHER REVENUES:				
Capital appropriations	<u>1,033,168</u>		<u>9,482,706</u>	
Total other revenues	<u>1,033,168</u>		<u>9,482,706</u>	
Increase (decrease) in net position	3,478,727	456,557	10,798,408	(55,148)
Net position - beginning of year	<u>79,611,982</u>	<u>3,860,890</u>	<u>68,813,574</u>	<u>3,916,038</u>
Net position - end of year	<u>\$ 83,090,709</u>	<u>\$ 4,317,447</u>	<u>\$ 79,611,982</u>	<u>\$ 3,860,890</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Research contracts and grants	\$ 23,901,821	\$ 24,242,474
Payments to employees	(31,232,340)	(30,340,638)
Payments to suppliers and contractors	(14,222,103)	(13,726,364)
Other receipts	4,142,770	3,521,412
Net cash provided (used) by operating activities	<u>(17,409,852)</u>	<u>(16,303,116)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	<u>22,362,023</u>	<u>22,382,332</u>
Net cash provided by noncapital financing activities	<u>22,362,023</u>	<u>22,382,332</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	223,295	210,367
Capital appropriations	1,033,168	9,482,706
Purchases of capital assets	(5,716,533)	(12,509,533)
Principal paid on debt and capital leases	(1,488,326)	(1,473,202)
Interest paid on debt and capital leases	(235,091)	(296,629)
Transfers from other University System of Maryland institutions	943,532	601,367
Net cash provided (used) by capital and related financing activities	<u>(5,239,955)</u>	<u>(3,984,924)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>273,172</u>	<u>271,753</u>
Net cash provided by investing activities	<u>273,172</u>	<u>271,753</u>
Net increase (decrease) in cash and cash equivalents	(14,612)	2,366,045
Cash and cash equivalents - beginning of the year	<u>16,716,588</u>	<u>14,350,543</u>
Cash and cash equivalents - end the year	<u>\$ 16,701,976</u>	<u>\$ 16,716,588</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
BALANCE SHEETS
JUNE 30, 2017 AND 2016**

	<u>2017</u>		<u>2016</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 202,834,024	\$	\$ 194,572,694	\$
Accounts receivable, net	5,836,387	506,253	3,411,195	850,002
Prepaid expenses and other		203,270		220,747
Inter-institutional balances	5,533,651		3,816,357	
Total current assets	<u>214,204,062</u>	<u>709,523</u>	<u>201,800,246</u>	<u>1,070,749</u>
Noncurrent assets:				
Restricted cash and cash equivalents	98,397,497		67,180,180	
Accounts receivable, net		810,151		899,014
Endowment investments	20,469,227	15,482,452	19,148,628	14,902,241
Other investments		101,617,698		75,641,150
Other assets		435,000		364,926
Capital assets, net	124,516,833	4,409,770	103,597,861	4,026,787
Total noncurrent assets	<u>243,383,557</u>	<u>122,755,071</u>	<u>189,926,669</u>	<u>95,834,118</u>
Total assets	<u>457,587,619</u>	<u>123,464,594</u>	<u>391,726,915</u>	<u>96,904,867</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>6,565,776</u>		<u>4,508,610</u>	
Total assets and deferred outflows of resources	<u>\$ 464,153,395</u>	<u>\$ 123,464,594</u>	<u>\$ 396,235,525</u>	<u>\$ 96,904,867</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 9,917,870	\$ 3,349,379	\$ 4,407,985	\$ 3,458,003
Accrued workers' compensation, current portion	10,500		10,350	
Accrued vacation costs, current portion	653,928		653,836	
Revenue bonds and notes payable, current portion	4,814,016		4,516,728	
Unearned revenues		423,037		647,437
Total current liabilities	<u>15,396,314</u>	<u>3,772,416</u>	<u>9,588,899</u>	<u>4,105,440</u>
Noncurrent liabilities:				
Accrued workers' compensation	59,500		58,650	
Accrued vacation costs	1,098,318		1,033,472	
Endowments invested on behalf of primary government		20,468,677		19,148,626
Other payables		70,124,399		53,108,113
Revenue bonds and notes payable	103,566,210		81,373,748	
Net pension liability	9,806,072		7,301,987	
Total noncurrent liabilities	<u>114,530,100</u>	<u>90,593,076</u>	<u>89,767,857</u>	<u>72,256,739</u>
Total liabilities	<u>129,926,414</u>	<u>94,365,492</u>	<u>99,356,756</u>	<u>76,362,179</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>425,286</u>		<u>529,220</u>	
NET POSITION				
Unrestricted	225,877,898	4,079,428	209,367,314	3,959,809
Net investment in capital assets	102,289,934		81,507,305	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	347,604	11,465,254	347,604	6,720,172
Research		240,778		148,725
Other	471,330	8,089,814	471,330	4,882,492
Expendable				
Scholarships and fellowships		1,185,394	14,894	1,129,257
Research		1,164,409		1,102,536
Capital projects	4,814,929		4,641,102	
Other		2,874,025		2,599,697
Total net position	<u>333,801,695</u>	<u>29,099,102</u>	<u>296,349,549</u>	<u>20,542,688</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 464,153,395</u>	<u>\$ 123,464,594</u>	<u>\$ 396,235,525</u>	<u>\$ 96,904,867</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017		2016	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Federal grants and contracts	\$ 1,714,780		\$ 1,632,431	
Nongovernmental grants and contracts	107,065		27,497	
Other operating revenues	<u>513,522</u>		<u>358,056</u>	
Total operating revenues	<u>2,335,367</u>		<u>2,017,984</u>	
OPERATING EXPENSES:				
Academic support	4,797,864		4,610,214	
Institutional support	<u>18,249,536</u>		<u>18,645,036</u>	
Total operating expenses	<u>23,047,400</u>		<u>23,255,250</u>	
Operating loss	<u>(20,712,033)</u>		<u>(21,237,266)</u>	
NONOPERATING REVENUES (EXPENSES)				
State appropriations	25,465,916		23,721,589	
Gifts		\$ 1,878,558		\$ 2,358,767
Investment Income	5,014,561	9,454,051	1,854,292	5,551,381
Less: investment expense	<u>(33,680)</u>	4,980,881	<u>(34,724)</u>	1,819,568
Interest on indebtedness	(4,784,659)		(5,345,717)	
Other revenues, (expenses), gains and (losses)	2,072,310		4,538,736	
Other affiliated foundation revenues		3,087,781		3,159,290
Other affiliated foundation expenses		(5,863,976)		(4,785,795)
Transfers from other University System of Maryland institutions	<u>8,514,396</u>		<u>11,441,019</u>	
Total nonoperating revenues (expenses)	<u>36,248,844</u>	<u>8,556,414</u>	<u>36,175,195</u>	<u>(4,819,119)</u>
Income (loss) before other revenues	<u>15,536,811</u>	<u>8,556,414</u>	<u>14,937,929</u>	<u>(4,819,119)</u>
OTHER REVENUES:				
Capital appropriations	20,757,189		5,632,253	
Capital gifts and grants	<u>1,158,146</u>		<u>9,978,396</u>	
Total other revenues	<u>21,915,335</u>		<u>15,610,649</u>	
Increase (decrease) in net position	37,452,146	8,556,414	30,548,578	(4,819,119)
Net position - beginning of year	<u>296,349,549</u>	<u>20,542,688</u>	<u>265,800,971</u>	<u>25,361,807</u>
Net position - end of year	<u>\$ 333,801,695</u>	<u>\$ 29,099,102</u>	<u>\$ 296,349,549</u>	<u>\$ 20,542,688</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Research contracts and grants	\$ 1,583,371	\$ 1,628,855
Payments to employees	(16,936,801)	(16,304,481)
Payments to suppliers and contractors	2,148,786	(4,413,587)
Other receipts	<u>3,054,193</u>	<u>4,569,730</u>
Net cash provided (used) by operating activities	<u>(10,150,451)</u>	<u>(14,519,483)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	<u>25,465,916</u>	<u>23,721,589</u>
Net cash provided by noncapital financing activities	<u>25,465,916</u>	<u>23,721,589</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	73,980,191	44,884,785
Capital appropriations	20,084,742	5,632,253
Capital grants and gifts received		5,021,606
Purchases of capital assets	(24,077,104)	(6,502,283)
Principal paid on debt and capital leases	(4,456,792)	(2,643,038)
Interest paid on debt and capital leases	(5,374,694)	(5,013,886)
Transfers to other University System of Maryland institutions	<u>(39,916,990)</u>	<u>(15,015,831)</u>
Net cash provided by capital and related financing activities	<u>20,239,353</u>	<u>26,363,606</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	357,374	812,564
Interest on investments	3,600,135	2,081,726
Investment expense	<u>(33,680)</u>	<u>(34,724)</u>
Net cash provided by investing activities	<u>3,923,829</u>	<u>2,859,566</u>
Net increase in cash and cash equivalents	39,478,647	38,425,278
Cash and cash equivalents - beginning of the year	<u>261,752,874</u>	<u>223,327,596</u>
Cash and cash equivalents - end the year	<u>\$ 301,231,521</u>	<u>\$ 261,752,874</u>

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEETS, NONMAJOR COMPONENT UNITS
JUNE 30, 2017**

	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	Harry R. Hughes Center for Agro-Ecology, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Towson University Public Media, Inc.	Maryland Hawk Corporation	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc. and University Properties, Inc.	Salisbury University Foundation, Inc.	The Ward Foundation, Inc.	Maryland 4-H Foundation, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park	Total Nonmajor Component Units
ASSETS																	
Current Assets																	
Cash	\$ 2,148,553	\$ 80,726	\$ 1,702,823	\$ 85,913	\$ 472,665	\$ 4,925,068	\$ 153,284	\$ 30,915	\$ 647,446	\$ 1,841,804	\$ 9,810,517	\$ 297,861	\$ 41,867	\$ 273,704	\$ 211,476	\$ 877,154	\$ 23,601,776
Accounts receivable, net		745	620,593	4,510	929,109	61,771	319,865	12,664	87,011	307,592	5,123,423	1,612,297	431,910	17,018	138,769	190,371	9,857,648
Other assets	172,454		4,551	1,201		246,587	30,510		31,121	4,155		100,115	140,282	7,832		90,228	829,036
Total current assets	2,321,007	81,471	2,327,967	91,624	1,401,774	5,233,426	503,659	43,579	765,578	2,153,551	14,933,940	2,010,273	614,059	298,554	350,245	1,157,753	34,288,460
Investments																	
Endowment investments	5,935	2,643,239			7,826,931	67,607,364			21,533,280	9,046,348	46,082,445	64,372,448	44,551	5,304,286			224,466,827
Other investments			6,882,459				25,083		1,806,730		6,065,764	4,425,763				9,169,370	28,375,169
Total investments	5,935	2,643,239	6,882,459		7,826,931	67,607,364	25,083		23,340,010	9,046,348	52,148,209	68,798,211	44,551	5,304,286		9,169,370	252,841,996
Noncurrent assets																	
Accounts receivable, net						1,622,888			621,786			4,803,903					7,048,577
Capital assets, net						1,624		11,949,879	285,318	40,332	687,925	7,828,158	1,801,020	63,264	704	2,968,669	25,626,893
Other assets								41,246	328,676		61,199	2,134,356	66,545		1,938		2,633,960
Total noncurrent assets						1,624,512		11,991,125	1,235,780	40,332	749,124	14,766,417	1,867,565	63,264	2,642	2,968,669	35,309,430
Total assets	\$ 2,326,942	\$ 2,724,710	\$ 9,210,426	\$ 91,624	\$ 9,228,705	\$ 74,465,302	\$ 528,742	\$ 12,034,704	\$ 25,341,368	\$ 11,240,231	\$ 67,831,273	\$ 85,574,901	\$ 2,526,175	\$ 5,666,104	\$ 352,887	\$ 13,295,792	\$ 322,439,886
LIABILITIES																	
Current liabilities																	
Accounts payable & accrued expenses	\$ 9,276	\$ 22,000	\$ 1,360,239	\$ 3,900	\$ 54,431	\$ 645,862	\$ 115,548	\$ 550,909	\$ 20,040	\$ 84,789	\$ 508,925	\$ 28,361	\$ 267,992	\$ 77,885	\$ 87,959	\$ 81,132	\$ 3,919,248
Long-term debt, current								173,886				2,915,744	400,853	3,902	57,661		3,552,046
Unearned revenues									55,720		1,485,814	145,181	83,383	184,044	5,543,595		7,497,737
Total current liabilities	9,276	22,000	1,360,239	3,900	54,431	645,862	115,548	724,795	75,760	84,789	1,994,739	3,089,286	752,228	77,885	275,905	5,682,388	14,969,031
Noncurrent liabilities																	
Other payables										4,442		2,170,937	359,166				2,534,545
Long-term debt, noncurrent								12,542,350				5,633,333	7,943			101,859	18,285,485
Total noncurrent liabilities								12,542,350		4,442		7,804,270	367,109			101,859	20,820,030
Total liabilities	9,276	22,000	1,360,239	3,900	54,431	645,862	115,548	13,267,145	75,760	89,231	1,994,739	10,893,556	1,119,337	77,885	275,905	5,784,247	35,789,061
NET ASSETS																	
Unrestricted	1,944,839	2,702,710	7,850,187	62,224	572,422	3,291,566	393,194	(1,242,544)	709,374	160,173	6,321,667	6,986,472	(35,123)	3,057,665	76,982	7,511,545	40,363,353
Temporarily Restricted:																	
Scholarships & fellowships						12,689,822			518,404		9,464,316	10,426,212					33,098,754
Research						21,363			13,359			768,181					802,903
Other	372,827			25,500	3,510,551	16,361,135	20,000	10,103	2,486,480	3,475,086	10,813,811	29,481,346	1,433,319	491,713			68,481,871
Permanently Restricted:																	
Scholarships & fellowships					4,257,141	24,017,447			16,151,990		25,119,022	12,373,739					81,919,339
Research						124,062			44,856			324,725					493,643
Other					834,160	17,314,045			5,341,145	7,515,741	14,117,718	14,320,670	8,642	2,038,841			61,490,962
Total net assets	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
Total liabilities and net assets	\$ 2,326,942	\$ 2,724,710	\$ 9,210,426	\$ 91,624	\$ 9,228,705	\$ 74,465,302	\$ 528,742	\$ 12,034,704	\$ 25,341,368	\$ 11,240,231	\$ 67,831,273	\$ 85,574,901	\$ 2,526,175	\$ 5,666,104	\$ 352,887	\$ 13,295,792	\$ 322,439,886

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

	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	Harry R. Hughes Center for Agro-Ecology, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Towson University Public Media, Inc.	Maryland Hawk Corporation.	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore, Inc. and University Properties, Inc.	Salisbury University Foundation, Inc.	The Ward Foundation, Inc.	Maryland 4-H Foundation, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park	Total Nonmajor Component Units
ASSETS																	
Current Assets																	
Cash	\$ 1,375,471	\$ 27,228	\$ 1,974,324	\$ 83,797	\$ 830,671	\$ 5,614,748	\$ 97,121	\$ 257,440	\$ 516,293	\$ 1,740,200	\$ 10,509,879	\$ 220,419	\$ 64,537	\$ 229,005	\$ 125,549	\$ 603,634	\$ 24,270,316
Accounts receivable, net	899	745	650,406	10	583,242	46,019	254,340	215,611	124,216	267,485	2,748,959	1,551,227	435,536	107,731	98,442	100,513	7,185,381
Other assets	167,376	35,636	3,114	1,198		272,245	52,385		21,162	6,140		83,000	129,507	7,632	87,364	866,759	
Total current assets	1,543,746	63,609	2,627,844	85,005	1,413,913	5,933,012	403,846	473,051	661,671	2,013,825	13,258,838	1,854,646	629,580	344,368	223,991	791,511	32,322,456
Investments																	
Endowment investments	5,675	2,182,935			6,816,682	60,851,837			19,385,723	8,496,724	41,950,031	55,205,361	55,123	4,905,917			199,856,008
Other investments		295,840	6,453,206				10,946		1,588,778		7,185,197	6,066,598				8,704,244	30,304,809
Total investments	5,675	2,478,775	6,453,206		6,816,682	60,851,837	10,946		20,974,501	8,496,724	49,135,228	61,271,959	55,123	4,905,917		8,704,244	230,160,817
Noncurrent assets																	
Accounts receivable, net						1,480,768			489,724			4,265,745					6,236,237
Capital assets, net						368		12,518,898	290,985	40,332	730,264	1,935,912	772,602	72,137	1,883	3,178,740	19,542,121
Other assets								308,807	309,574		10,014	2,133,506	26,075				2,787,976
Total noncurrent assets						1,481,136		12,827,705	1,090,283	40,332	740,278	8,335,163	798,677	72,137	1,883	3,178,740	28,566,334
Total assets	\$ 1,549,421	\$ 2,542,384	\$ 9,081,050	\$ 85,005	\$ 8,230,595	\$ 68,265,985	\$ 414,792	\$ 13,300,756	\$ 22,726,455	\$ 10,550,881	\$ 63,134,344	\$ 71,461,768	\$ 1,483,380	\$ 5,322,422	\$ 225,874	\$ 12,674,495	\$ 291,049,607
LIABILITIES																	
Current liabilities																	
Accounts payable & accrued expenses	\$ 32,698	\$ 9,435	\$ 1,811,881		\$ 32,777	\$ 1,537,224	\$ 117,302	\$ 500,692	\$ 14,456	\$ 58,208	\$ 851,948	\$ 22,456	\$ 324,874	\$ 168,770	\$ 18,283	\$ 29,307	\$ 5,530,311
Long-term debt, current								174,005				2,585,486	58,842		11,128	53,899	2,883,360
Unearned revenues	800		308,500	\$ 375					38,143		708,244	354,864	42,882		170,739	5,479,233	7,103,780
Total current liabilities	33,498	9,435	2,120,381	375	32,777	1,537,224	117,302	674,697	52,599	58,208	1,560,192	2,962,806	426,598	168,770	200,150	5,562,439	15,517,451
Noncurrent liabilities																	
Other payables										8,016		2,206,021	21,209		2,134		2,237,380
Due to primary government																	
Long-term debt, noncurrent								12,544,822								159,924	12,704,746
Total noncurrent liabilities								12,544,822		8,016		2,206,021	21,209		2,134	159,924	14,942,126
Total liabilities	33,498	9,435	2,120,381	375	32,777	1,537,224	117,302	13,219,519	52,599	66,224	1,560,192	5,168,827	447,807	168,770	202,284	5,722,363	30,459,577
NET ASSETS																	
Unrestricted	1,445,717	2,532,949	6,960,669	58,130	535,795	3,291,982	295,090	71,134	600,143	132,226	6,010,216	5,942,541	793,678	2,319,697	23,590	6,952,132	37,965,689
Temporarily Restricted:																	
Scholarships & fellowships						10,055,124			336,803		7,715,992	7,625,027					25,732,946
Research						8,005			20,475			661,890					690,370
Other	70,206			26,500	2,791,243	13,193,350	2,400	10,103	2,390,603	3,047,581	9,818,384	23,818,209	233,253	455,729			55,857,561
Permanently Restricted:																	
Scholarships & fellowships					4,037,245	23,391,884			13,776,038		24,771,484	12,192,835					78,169,486
Research					106,013				29,438			324,725					460,176
Other					833,535	16,682,403			5,520,356	7,304,850	13,258,076	15,727,714	8,642	2,378,226			61,713,802
Total net assets	1,515,923	2,532,949	6,960,669	84,630	8,197,818	66,728,761	297,490	81,237	22,673,856	10,484,657	61,574,152	66,292,941	1,035,573	5,153,652	23,590	6,952,132	260,590,030
Total liabilities and net assets	\$ 1,549,421	\$ 2,542,384	\$ 9,081,050	\$ 85,005	\$ 8,230,595	\$ 68,265,985	\$ 414,792	\$ 13,300,756	\$ 22,726,455	\$ 10,550,881	\$ 63,134,344	\$ 71,461,768	\$ 1,483,380	\$ 5,322,422	\$ 225,874	\$ 12,674,495	\$ 291,049,607

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UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, NONMAJOR COMPONENT UNITS
YEAR ENDED JUNE 30, 2017

	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, Inc. and University Properties, Inc.	Salisbury University Foundation, Inc.	The Ward Foundation, Inc.	Maryland 4-H Foundation Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park.	Total Nonmajor Component Units
CHANGES IN UNRESTRICTED NET ASSETS																	
Revenues																	
Contributions & grants	\$ 1,589,926	\$ 8,090		\$ 19,180		\$ 460,553	\$ 1,709,048		\$ 201,663	\$ 46,336	\$ 446,623	\$ 557,181	\$ 772,977	\$ 74,179	\$ 689,123	\$ 230,763	\$ 6,805,642
Investment income	5,522	319,105	\$ 1,060,760	273	\$ 75,222	485,876	2,256	\$ 26,680	130,740	1,588	1,037,449	471,879	141,116	368,303		593,973	4,720,742
Other income	280,717	28,014	3,682,140	6,110	79,427	1,039	890,730	743,161	10,440	133,473	3,997	925,217	271,028	608,771	101	1,609,841	9,274,206
Assets released from restrictions	131,817			1,000	1,198,612	5,379,054	2,400		2,271,703	1,685,564	6,628,991	3,759,635	(558,096)	272,695			20,773,375
Total revenues	2,007,982	355,209	4,742,900	26,563	1,353,261	6,326,522	2,604,434	769,841	2,614,546	1,866,961	8,117,060	5,713,912	627,025	1,323,948	689,224	2,434,577	41,573,965
Expenses																	
Program	1,063,873	105,782	2,128,911	11,793	1,083,374	5,050,911	1,259,521	1,562,709	2,196,328	1,667,884	6,883,459	4,013,725	784,385	801,254	586,991	695,485	29,896,385
General & administrative	195,122	79,666	1,385,525	4,870	46,800	607,789	375,788	74,019	308,987	150,130	615,443	439,214	336,253	179,968	48,841	133,915	4,982,330
Fundraising	249,865			5,806	186,460	668,238	871,021			21,000	306,707	217,042	52,423	34,555			2,613,117
Other expense			338,946					446,791					282,765			1,045,764	2,114,266
Total expenses	1,508,860	185,448	3,853,382	22,469	1,316,634	6,326,938	2,506,330	2,083,519	2,505,315	1,839,014	7,805,609	4,669,981	1,455,826	1,015,777	635,832	1,875,164	39,606,098
Change in unrestricted net assets	499,122	169,761	889,518	4,094	36,627	(416)	98,104	(1,313,678)	109,231	27,947	311,451	1,043,931	(828,801)	308,171	53,392	559,413	1,967,867
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS																	
Contributions & grants	434,438				1,226,473	3,320,553	20,000		1,038,864	906,086	4,872,369	3,791,935	641,970	318,067			16,570,755
Investment income					678,140	6,920,546			35,433	1,096,953	4,308,851	6,538,234					19,578,157
Other income (loss)					233,828	1,101,719			393,369	115,740	149,661	90,068					2,084,385
Assets released from restrictions	(131,817)			(1,000)	(1,419,133)	(5,526,977)	(2,400)		(1,197,304)	(1,691,274)	(6,587,130)	(1,849,624)	558,096	(282,083)			(18,130,646)
Change in temporarily restricted net assets	302,621			(1,000)	719,308	5,815,841	17,600		270,362	427,505	2,743,751	8,570,613	1,200,066	35,984			20,102,651
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS																	
Contributions & grants						1,125,595			648,050	205,181	584,656	430,747				57,764	3,051,993
Investment income									2,612,877		661,802	253,124				23,260	3,551,063
Other income						1,736			25,631		2,583						29,950
Assets released from restrictions					220,521	147,923			(1,074,399)	5,710	(41,861)	(1,910,011)		9,388			(2,642,729)
Change in permanently restricted net assets					220,521	1,275,254			2,212,159	210,891	1,207,180	(1,226,140)		90,412			3,990,277
Total change in net assets	801,743	169,761	889,518	3,094	976,456	7,090,679	115,704	(1,313,678)	2,591,752	666,343	4,262,382	8,388,404	371,265	434,567	53,392	559,413	26,060,795
Net assets - beginning of year	1,515,923	2,532,949	6,960,669	84,630	8,197,818	66,728,761	297,490	81,237	22,673,856	10,484,657	61,574,152	66,292,941	1,035,573	5,153,652	23,590	6,952,132	260,590,030
Net assets - end 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

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

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

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO SUPPLEMENTARY INFORMATION YEARS ENDED JUNE 30, 2017 AND 2016

ACCOUNTING AND REPORTING PRACTICES

Supplemental data reporting units

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

Facilities maintenance expenses

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

System-wide financing arrangements

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

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