

UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006**

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A copy of each of the above schedules must be maintained at the institution.

Final sign-off by institutions - October 9

Delivery of component unit financial statements – October 2

**Delivery of elimination entry for component unit transactions
with institution – October 6**

Final sign-off / send final statements and notes to State – October 16

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**UNIVERSITY SYSTEM OF MARYLAND
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Significant changes for the year ended June 30, 2006:

1. Change in detail of notes receivable on Schedule G – Detail of Accounts Receivable and Accounts Payable

Information on the types of student notes receivable is now required on Schedule G, with amounts of Perkins Loan, Health Professions Loans, Nursing Loans, Privately-funded student loans, and Institutionally-funded loan programs detailed.

2. Changed thresholds for use on Schedule M - Analytical of Variations in Financial Statements between FY 06 and FY 05.

The threshold level for a description associated with a variation in an individual financial statement element has been reduced from 10% to 7.5%. The dollar figure remains the same. The purpose of the analysis is to document reasons and information that support significant changes in financial statement balances and amounts from one year to the next. Institutions are expected to be able to explain these changes in terms of changes in underlying activities and individual events. This may require examining staffing level changes, pay and benefit cost changes, identifying new or discontinued activities, or reclassifications between financial statement categories.

3. Change in Analysis of Variations in Financial Statements between FY 06 and FY 05 – Tuition and Fees Analysis

The support for the Tuition and Fees Analysis has changed. It now starts with, and includes, the Tuition and Fees portion of the Budget Form 1B. Institutions are expected to obtain the Form 1B, completed for the FY 06 'Actual' column from the institution's Budget Office, and then reconcile the amount on the Form 1B to the figure reported in the financial statements. It is critical, both from an external credibility perspective, as well as providing useful evidence in support of the financial statement amounts, that information provided on enrollment, tuition rates, and overall Tuition and Fee amounts, that the underlying data be consistent between that being used for MHEC reporting purposes, preparation of the budget, and preparation of the financial statements.

Due to differences in revenue recognition, the Tuition and Fees amounts are NOT expected to be the same for the Form 1B and the financial statements. The analysis expected for Schedule M is to document the reconciling items that represent the differences in the amounts reported for budget, and those reported in the financial statements. The actual column of the Form 1B is expected to be submitted as a part, or support, for the analysis in Schedule M.

**UNIVERSITY SYSTEM OF MARYLAND
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Significant changes for the year ended June 30, 2006:

4. Institutional Representation Letters Required

As part of an array of initiatives in increase accountability, enhance information sharing in the financial statement preparation process, and improve audit evidence provided to independent auditors, each institution will be asked to sign two representation letters; one for the financial statements, to be signed after finalization of the System's financial statements but prior to printing, and another to signed in February or March associated with information provided for the Federal Single Audit.

5. Recording of accrued employer-paid payroll benefits

Institutions are to record an accrual for the employer portion of payroll benefits for the portion of the pay period that straddles the fiscal year-end. This can be done by apportioning total employer paid benefits incurred for the first pay period not falling entirely in fiscal year 2006 or 2007 based on the number of work days falling in each period.

6. Recording Accounts Payable on Restricted activities

In the past, the System Office has advised several institutions to NOT record accounts payable on Restricted activities, largely as a matter of expediency, taking into account materiality and the lack of any impact on net assets. This practice resulted in understatements of assets (Accounts Receivable), liabilities, revenues, and expenses, unacceptable in the changed financial reporting environment post-Enron and under Sarbanes-Oxley. Going forward, accounts payable identified associated with Restricted activities should be recorded, with corresponding amounts recorded for Accounts Receivable and revenue.

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
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Basic Financial Statements

Purpose: To allow preparation of the University System of Maryland's annual general-purpose external financial statements to be audited by Abrams, Foster, Noles and Williams.

Format: A complete set of working financial statements in GAAP presentation format. **THE SYSTEM OFFICE WILL PROVIDE JOURNAL ENTRIES TO RECORD ACTIVITY ASSOCIATED WITH SYSTEM-WIDE FINANCING ARRANGEMENTS, AS WELL AS ENDOWMENT FUND ACTIVITY, BY AUGUST 18. ENDING BALANCES, CATEGORIZED AS THEY SHOULD APPEAR ON THE BALANCE SHEET, WILL ALSO BE PROVIDED, AND NEED TO BE VERIFIED BY THE INSTITUTION AFTER POSTING THE JOURNAL ENTRIES.**

Transfers of debt service to USM Office should be reconciled by each institution to the amounts found, by institution, on page 43.

An illustrative set of financial statements follows. The financial statements submitted must conform to the display format of the illustrative set of financial statements. Note that only the Balance Sheet and the Statement of Activities is due at the System Office on September 1. The Statement of Cash Flows is due on September 15, along with a revised (with any adjustments identified after September 1 and before September 15) Balance Sheet and Statement of Activities.

Comments: A variety of relationships **must** be verified prior to transmitting the working financial statements to System Office. These relationships and conditions must be established prior to sending of the financial statements to USM Office. These relationships and conditions are detailed on the accompanying listing labeled "Financial Reporting Information Review Checklist".

After sending the basic financial statements to System Office on September 1, all additional adjustments will be treated as audit adjustments and must be relayed to System Office.

**INSTITUTION X
BALANCE SHEET
JUNE 30, 2006**

ASSETS

Current assets	
Cash and cash equivalents	\$457,392,392
Investments	2,510,684
Accounts receivable (net of allowance for doubtful accounts of \$7,811,208)	158,369,245
Notes receivable (net of allowance for doubtful notes of \$7,503,460)	6,807,085
Inventories	9,354,974
Prepaid expenses	6,876,135
Deferred charges	
Inter-institutional balances	<u>(1,500,000)</u>
Total current assets	<u>639,810,515</u>
Non-current assets	
Restricted cash and cash equivalents	119,284,474
Endowment investments	224,235,057
Other investments	7,518,778
Notes receivable (net of allowance for doubtful notes of \$7,503,460)	60,000,000
Capital assets, net	<u>1,797,185,266</u>
Total non-current assets	<u>2,208,223,575</u>
Total assets	<u>\$2,848,034,090</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued liabilities	\$190,923,700
Accrued workers' compensation, current portion	1,038,000
Accrued vacation costs, current portion	3,000,000
Revenue bonds, current portion	40,630,858
Notes payable and other long-term debt, current portion	2,495,110
Obligations under capital lease agreements, current portion	229,310
Deferred revenue	<u>37,434,974</u>
Total current liabilities	<u>275,751,952</u>
Non-current liabilities:	
Accrued workers' compensation	18,735,000
Accrued vacation costs	95,514,158
Revenue bonds	681,676,185
Notes payable and other long-term debt	72,370,172
Obligations under capital lease agreements	<u>5,282,877</u>
Total non-current liabilities	<u>873,578,392</u>
Total liabilities	<u>1,149,330,344</u>
Net assets:	
Unrestricted net assets	341,447,030
Invested in capital assets, net	1,043,222,282
Restricted:	
Nonexpendable:	
Scholarships and fellowships	57,397,179
Research	57,397,179
Other	57,397,179
Expendable:	
Scholarships and fellowships	42,692,920
Research	33,985,485
Loans	65,164,492
Capital projects	
Total net assets	<u>1,698,703,746</u>
Total liabilities and net assets	<u>\$2,848,034,090</u>

INSTITUTION X
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2006

<u>Operating revenues:</u>		
Tuition and fees	\$600,118,301	
Less: Scholarship allowances	<u>(80,000,000)</u>	\$520,118,301
Federal grants and contracts		389,564,670
State and local grants and contracts		137,016,980
Nongovernmental grants and contracts		131,917,437
Sales and services of educational departments		106,212,383
Residential facilities	75,000,000	
Less: Scholarship allowances	<u>(25,000,000)</u>	50,000,000
Dining Facilities	30,000,000	
Less: Scholarship allowances	<u>(4,000,000)</u>	26,000,000
Intercollegiate athletics	25,000,000	
Less: Scholarship allowances	<u>(4,500,000)</u>	20,500,000
Bookstore	25,000,000	
Less: Scholarship allowances	<u>(11,000,000)</u>	14,000,000
Parking facilities	35,000,000	
Less: Scholarship allowances	<u>(500,000)</u>	34,500,000
Other auxiliary enterprises revenues	115,518,632	
Less: Scholarship allowances	<u>(5,000,000)</u>	110,518,632
Other operating revenues		<u>33,585,952</u>
Total operating revenues		<u>1,573,934,355</u>
<u>Operating expenses:</u>		
Instruction		765,773,428
Research		504,915,977
Public service		135,606,106
Academic support		199,871,680
Student services		94,850,572
Institutional support		254,780,714
Operation and maintenance of plant		185,413,047
Scholarships and fellowships		9,020,261
Auxiliary enterprises:		
Residential Facilities	64,717,362	
Dining Facilities	21,554,454	
Parking Facilities	63,135,908	
Intercollegiate athletics	40,000,000	
Bookstore	31,567,954	
Other auxiliary enterprises revenues	<u>31,567,954</u>	252,543,632
Hospital		<u>38,168,113</u>
Total operating expenditures		<u>2,440,943,530</u>
Operating income		<u>(867,009,175)</u>
<u>Nonoperating revenues (expenses):</u>		
State appropriations		798,692,408
Gifts		15,000,000
Investment income	70,999,268	
Less: Investment expense	<u>(825,127)</u>	70,174,141
Interest on indebtedness		(40,580,478)
Other nonoperating revenues (expenses)		6,458,248
Transfers to / from other USM institutions		<u>(1,325,000)</u>
Total nonoperating revenues (expenses)		<u>848,419,319</u>
Income before other revenues, expenses, gains and losses		<u>(18,589,856)</u>
<u>Other revenues, expenses, gains and losses:</u>		
Capital appropriations		100,298,757
Capital gifts and grants		15,673,280
Additions to permanent endowments		671,337
Other gains and losses		<u>(1,313,148)</u>
Total other revenues, expenses, gains and losses:		<u>115,330,226</u>
Increase in net assets		96,740,370
NET ASSETS, June 30, 2005		<u>1,601,963,376</u>
NET ASSETS, June 30, 2006		<u>\$1,698,703,746</u>

**INSTITUTION X
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$531,118,301
Research contracts and grants	696,151,282
Payments to employees	(1,847,835,611)
Payments to suppliers and contractors	(457,107,919)
Loans issued to students	(18,094,368)
Collections of loans to students	16,147,334
Auxiliary enterprises charges:	
Residence halls	75,000,000
Dining facilities	25,000,000
Intercollegiate athletics	50,000,000
Bookstores	14,000,000
Parking	34,500,000
Other	36,018,632
Other receipts (payments)	<u>158,393,763</u>
Net cash provided (used) by operations	<u>(686,708,586)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	798,692,408
Gifts and grants received for other than capital purposes:	
Private gifts for endowment purposes	671,337
Other nonoperating gains and losses	<u>13,861,852</u>
Net cash provided by noncapital financing activities	<u>813,225,597</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt	183,295,880
Capital appropriations	100,298,757
Capital grants and gifts received	6,923,280
Proceeds from sales of capital assets	
Purchases of capital assets	(302,589,486)
Principal paid on debt and capital leases	(36,743,454)
Interest paid on debt and capital leases	(18,122,230)
Transfers (to) from other USM Institutions	<u>(1,250,000)</u>
Net cash provided by capital and related financing activities	<u>(68,187,253)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	160,000,000
Interest on investments	65,893,932
Investment expense	(825,127)
Purchases of investments	<u>(187,518,778)</u>
Net cash provided by investing activities	<u>37,550,027</u>
Net increase in cash	95,879,785
Cash and cash equivalents - beginning of year	<u>480,797,081</u>
Cash and cash equivalents - end of year	<u><u>\$576,676,866</u></u>

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006**

Analysis of cash and cash equivalents - Schedules A & A1

Purpose: To identify the components of the balances reflected in the financial statements for Cash and Cash Equivalents so that required disclosures associated with Cash and Investments presented in the notes to the financial statements may be prepared.

Format: This information requirement consists of 2 separate analyses; a composition of Cash and Cash Equivalents as presented on the financial statements, and a reconciliation of cash recorded in the institutions financial accounting system as being held by the State Treasurer to the RSTARS cash balance.

SCHEDULE A IS TO INCLUDE THE CASH HELD AT USM OFFICE / TRUSTEE ASSOCIATED WITH THE SYSTEM-WIDE FINANCING ARRANGEMENTS IN THESE ANALYSES. PLEASE DISPLAY THESE SEPARATELY SO THAT IT IS POSSIBLE TO COMPILE THESE AMOUNTS SYSTEM-WIDE. THE CLASSIFICATION OF THESE AMOUNTS, AS RESTRICTED CASH AND CASH EQUIVALENTS, OR MERELY CASH AND CASH EQUIVALENTS, WILL BE DONE AT THE SYSTEM OFFICE AS AN AUDIT ADJUSTMENT. THE CASH HELD AT USM OFFICE/TRUSTEE SHOULD BE CLASSIFIED AS CASH AND CASH EQUIVALENTS IN WHAT IS SENT TO THE USM OFFICE.

Institutions and units processing transactions through USM System Control at UMCP are not required to prepare the reconciliation of FAS/FRS cash to the RSTARS cash balance (Schedule A1).

Schedule A - Composition of Cash and Cash Equivalents details the components of the Balance Sheet items Cash and Cash Equivalents. An illustrative schedule is included for your use in formatting the schedule for your institution or component center. It is important that the totals agree with the amounts reported on the Balance Sheet.

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Analysis of cash and cash equivalents- Schedules A & A1 (cont.)

Additionally, a reconciliation is needed which details the differences between cash as recorded in FAS/FRS and cash as shown on RSTARS report DAFRG100. An illustrative schedule, labeled "Schedule A1 - Reconciliation of Cash recorded in FAS/FRS with the amount reflected in RSTARS", which presents the required information in the format desired, follows, for your use in formatting the schedule for your institution or component center. Institutions utilizing System Control at UMCP for processing of cash transactions will have the requirements for schedules A1 and A2 satisfied by central accounting at UMCP.

Comments: Any adjustments to Cash and Cash Equivalents arising subsequent to transmittal of the above information to USM Office must be communicated to USM Office as soon as they are agreed to by the independent auditors.

The objectives of the schedules in this section are to (1) be able to adequately describe the components of Cash and Cash Equivalents as shown on the Balance Sheet (Schedule A), and (2) reconcile the amounts reported for Cash on hand with the state treasurer as reported in the institution's Balance Sheet, to the balances reported by the State (Schedule A1).

UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006

Name of institution/component center
INSTITUTION _____

Preparer's name
PREPARER _____

(301) 123-4567
PHONE NUMBER _____

SCHEDULE A - COMPOSITION OF CASH AND CASH EQUIVALENTS

<u>DESCRIPTION</u>	<u>Current Cash</u>	<u>Non-Current Cash</u>
Cash on hand with the state treas.	456,927,392	
Maryland Nat'l Bank (working fund account # 123-45-678)	-	
	50,000	
Maryland Nat'l Bank (ICA working fund account # 234-56-789)	-	
	150,000	
Maryland Nat'l Bank (grad. apartments account # 345-67-890)	-	
	150,000	
Maryland Nat'l Bank (SGA working fund account # 456-78-901)	-	
	50,000	
London Bank (study abroad office account # 987-65-432)	-	
	50,000	
Wachovia Nat'l Bank (loan collection account # 567-89-0123)	-	
	15,000	
System-wide Financing Arrangements - Trustee/ USM		117,283,715
Endowment Cash - Trustee/USM		2,000,759
<hr/>		
FINANCIAL STATEMENT TOTALS - CASH AND CASH EQUIVALENTS	<u>457,392,392</u>	<u>119,284,474</u>

UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006

INSTITUTION _____
Name of institution/component center

PREPARER _____
Preparer's name

PHONE NUMBER _____
(301) 123-4567

SCHEDULE A1 - RECONCILIATION OF CASH ON HAND WITH THE STATE TREASURER
TO AMOUNT REFLECTED IN RSTARS

<u>DESCRIPTION</u>	<u>Current</u>
Cash on hand per financial accounting records	371,267,392
Adjustments to accounting not reflected in RSTARS :	
Payroll #26	52,280,000
Payroll #27	6,380,000
Vouchers payable	27,000,000
ICA Investments	
Other	
Total cash on hand with state treas. per RSTARS Report DAFRG100	<u><u>456,927,392</u></u>

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
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Information on cash balances - Schedule B

Purpose: To allow accumulation of information concerning cash balances as required by GASB Statement #3.

Format: Each item detailed in the composition of the Cash and Cash Equivalents should be listed, **other than:** 1) cash and short-term investments on hand with the state treasurer, 2) cash reflected in the Endowment Funds, and 3) cash held in trust funds associated with revenue bonds. For each item listed, the following information is required:

- a) The amount recorded for the item in the financial statements.
- b) The bank balances or cash balance as of 6/30/06.
- c) The extent (amount) to which the bank/cash balance is insured, if any, and the party providing the insurance (FDIC, for e.g.).
- d) The extent to which the bank/cash balance is collateralized, if any, and a description of the collateral.

An illustrative schedule, labeled "Schedule B - Information on Cash Balances", which presents the required information in the format desired, follows for your use in formatting the schedule for your institution or component center.

Comments: This information is essential to preparation of the notes to the financial statements, which describe the risk characteristics of the System's cash and investments.

All accounts set up through the State treasurer's procedures are fully insured and collateralized.

UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION
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INSTITUTION _____ Name of institution/component center

PREPARER _____ Preparer's name

PHONE NUMBER _____ (301) 123-4567

**SCHEDULE B - INFORMATION ON CASH BALANCES (cash accounts other than "Cash on hand with the State Treasurer",
Endowment Fund cash accounts, and cash accounts associated with Revenue Bonds)**

<u>DESCRIPTION</u>	<u>AMOUNTS INCLUDED ON FINANCIAL STATEMENTS AS OF 6/30/06 (SCHEDULE A)</u>	<u>AMOUNTS REPORTED BY BANK/CUSTODIAN AS OF 6/30/06</u>	<u>EXTENT TO WHICH 6/30/06 AMOUNTS REPORTED BY BANK/CUSTODIAN ARE INSURED AND/OR COLLATERALIZED</u>	<u>TYPE OF INSURANCE OR COLLATERALIZATION</u>
Maryland Nat'l Bank (working fund account # 123-45-678)	50,000	98,125	98,125	FDIC
Maryland Nat'l Bank (ICA working fund account # 234-56-789)	150,000	115,125	115,125	FDIC (100,000), U.S. Treasury securities held by bank in the name of the institution for the amount of the balance in excess of 100,000
Maryland Nat'l Bank (grad. apart. account # 345-67-890)	150,000	189,001	100,000	FDIC
Maryland Nat'l Bank (SGA working fund account # 456-78-901)	50,000	15,462	15,462	FDIC
London Bank (study abroad office account # 987-65-432)	50,000	65,453	65,453	Collateral arrangement with London Bank under which the bank maintains British govt notes as collateral in an amount equal to the account balance. Securities are held in the bank's name for the benefit of the institution.
Wachovia Nat'l Bank (loan collection account # 567-89-0123)	15,000	50,557	50,557	FDIC
TOTALS	465,000	533,723		

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
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Summary of Changes in Capital Assets - Schedule C

Purpose: To summarize the additions and deletions of capital assets by major category for the preparation of the financial statements, and to provide the breakdown of ending balance in capital assets for the notes to the financial statements.

Format: An illustrative schedule, labeled "Schedule C - Summary of Changes in Capital Assets", which presents the required information in the format desired, follows for your use in formatting the schedule for your institution or component center.

Comments: The balances reflected on Schedule C as of July 1, 2005 and June 30, 2006, must agree with the amounts reported on the audited financial statements as of June 30, 2005, and the working financial statements submitted to USM Office for June 30, 2006, respectively.

A detail of "Transfers (to) / from other USM institutions" must accompany Schedule C to facilitate the matching of cross-institutional transactions. Information needed includes 1) the institution with which the transfer took place, 2) a description of the asset(s) transferred, 3) the date of the transfer, and 4) the amount reflected on Schedule C for the transfer.

Adjustments for additions to construction in progress and other components arising from activity in the trust funds associated with the System-wide financing arrangements will be made at USM Office. These adjustments will be forwarded to the institutions by August 18 and should be reflected in this schedule.

Supporting detailed schedules for each of the components of 'Capital Assets and related Accumulated Depreciation' must be maintained for use by the independent auditors for their use during audit fieldwork.

INSTITUTION	_____
	Name of institution/component center
PREPARER	_____
	Preparer's name
PHONE NUMBER	_____
	(301) 123-4567

SCHEDULE C - SUMMARY OF CHANGES IN CAPITAL ASSETS

	LAND	INFRASTRUCTURE & IMPROVEMENTS	BUILDINGS & IMPROVEMENTS	EQUIPMENT	CONSTRUCTION IN PROGRESS	LIBRARY BOOKS	WORKS OF ART	TOTAL
Capital Assets								
Balances, July 1, 2005	50,198,418	148,752,584	1,133,150,837	282,161,818	166,294,489			1,780,558,146
Additions	715,001	7,328,416	24,150,147	59,620,368	210,775,554			302,589,486
Donations				10,000,000				10,000,000
Transfers from construction in progress		10,782,479	132,484,981		(143,267,460)			-
Transfers (to)/from other USM institutions								
Transfer from other category				(61,500,000)		60,000,000	1,500,000	-
Disposals	(4)		(22,809,161)	(33,179,244)	(726,747)			(56,715,156)
Balances, June 30, 2006	50,913,415	166,863,479	1,266,976,804	257,102,942	233,075,836	60,000,000	1,500,000	2,036,432,476
Capital Assets not being depreciated (included balance above)	50,913,415				233,075,836	6,000,000	1,000,000	290,989,251
Accumulated Depreciation								
Balances, July 1, 2005 (opening balance adjustment)		4,800,000	5,000,000	103,930,974		8,000,000	50,000	121,780,974
Depreciation Expense		7,364,000	111,314,300	15,301,700		2,000,000	20,000	136,000,000
Transfers (to)/from othe USM institutions								
Disposals			(10,000,000)	(8,533,764)				(18,533,764)
Balances, June 30, 2006		12,164,000	106,314,300	110,698,910		10,000,000	70,000	239,247,210
Capital Assets, net								1,797,185,266

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
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Expense Crosswalk - Schedule D

Purpose: To classify program expenses into object expense categories for financial statement disclosure, and to assist in the preparation of the Statement of Cash Flows.

Format: Complete the Expense Crosswalk by detailing program expenses into the following categories:

1. Payments to employees and employee benefits
2. Payments to vendors, contractors, and other
3. Depreciation

An illustrative schedule, labeled "Schedule D – Expense Crosswalk", which presents the required information in the format desired, follows for your use in formatting the schedule for your institution or component center.

Comments: Total expense column per the Expense Crosswalk should agree to Total Operating Expenses per the Statement of Activities.

The total program expense line items per the Expense Crosswalk should agree to individual program expenses per the Statement of Activities.

UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006

Name of institution/component center

INSTITUTION _____

Preparer's name

PREPARER _____

(301) 123-4567

PHONE _____

SCHEDULE D - EXPENSE CROSSWALK

	Payments to Employees	Payments to Suppliers and Contractors	Depreciation	Total
Instruction	577,911,000	139,627,390	48,235,038	765,773,428
Research	380,867,000	95,216,977	28,832,000	504,915,977
Public service	102,283,000	25,571,106	7,752,000	135,606,106
Academic support	150,758,000	37,689,680	11,424,000	199,871,680
Student services	71,637,000	17,909,572	5,304,000	94,850,572
Institutional support	192,183,000	48,045,714	14,552,000	254,780,714
Operation and maintenance of plant	141,802,000	35,451,047	8,160,000	185,413,047
Scholarships and fellowships	500,000	8,520,261		9,020,261
Auxiliary enterprises				
Residential facilities	54,251,000	9,258,362	1,208,000	64,717,362
Dining facilities	11,000,000	8,554,454	2,000,000	21,554,454
Parking facilities	52,925,305	9,032,122	1,178,481	63,135,908
Intercollegiate athletics	30,000,000	6,000,000	4,000,000	40,000,000
Bookstore	26,462,653	4,516,061	589,240	31,567,954
Other auxiliary enterprises revenues	26,462,653	4,516,061	589,240	31,567,954
Hospital	28,793,000	7,199,113	2,176,000	38,168,113
Total	1,847,835,611	457,107,919	136,000,000	2,440,943,530

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006**

Schedule of Notes Payable & Other Long-term Debt - Schedule E

Purpose: To provide information necessary to properly classify and distinguish long-term debt and provide the necessary disclosure information.

Format: The information required for each obligation in the composition of Notes Payable & Other Long-term Debt is as follows:

- a) description of property or equipment securing the debt obligation AND its recorded value, if the property or equipment secures the obligation
- b) maturity date of obligation
- c) payment terms (amount, and frequency)
- d) interest rate(s)
- e) the total of debt service payments made during the fiscal year ended June 30, 2006
- f) the interest portion of debt service payments made during the year ended June 30, 2006 (**note: the total debt service payments made less the interest portion plus the principal amount of debt issued during the year should yield the change in principal during the year**)
- g) principal balance outstanding at June 30, 2006
- h) debt service payment obligations for each of the next five fiscal years for both principal and interest
- i) any significant terms of the debt agreements which could possibly have disclosure relevance (if you are not sure about a particular term, please present it)

Provide totals for (e), (f), (g), and (h).

An illustrative schedule, labeled "Schedule E - Information on Notes Payable & Other Long-term Debt", which presents the required information in the format desired, follows for your use in formatting the schedule for your institution or component center.

Comments: **All current System-wide financing arrangements should be EXCLUDED from Schedule E. This includes all issues of Revenue Bonds, Equipment Loan Program Obligations, and Revolving Equipment Loan Program Obligations.**

UNIVERSITY SYSTEM OF MARYLAND
 FINANCIAL REPORTING INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2006

INSTITUTION _____ Name of institution/component center
 PREPARER _____ Preparer's name
 PHONE NUMBER _____ (301) 123-4567

SCHEDULE E - INFORMATION ON NOTES PAYABLE INCLUDING THE EQUIPMENT LOAN PROGRAM & OTHER DEBT

MATUR. DATE OF DEBT	PROPERTY PURCHASED	COST OF PROPERTY DEBT	FREQ. OF PAYMENT (M/MON)	INT. RATE	ANNUAL (Q)RT (S)SEM PAYMENTS	TOTAL PAYMENTS FY06	INTEREST PORTION OF PAYMENTS MADE IN FY06	PRINCIPAL BALANCE REMAINING 6/30/06	TOTAL FUTURE MINIMUM PRINCIPAL AND INTEREST PAYMENTS																
									CURRENT LIABILITY		NON-CURRENT LIABILITIES		FY2009		FY2010		FY2011		FY2012-FY2016						
									PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST					
MARYLAND ENERGY ADMINISTRATION OBLIGATIONS																									
Jun 2008	Chillers	5,040,000	6.06% S		2,950,790	757,727	112,556	2,175,739	683,455	73,617	722,513	32,367													
Mar 2016	Viron	7,500,000	5.85% S		2,806,806	443,699	280,527	4,762,894	259,790	268,928	278,020	255,728	262,839	240,993	301,921	244,787	1,902,702	815,293	1,649,050	181,750					
Apr 2010	Lighting & fixtures	4,963,560	6.06% S		2,641,839	131,680	25,000	454,880	53,025	21,000	53,025	19,000	53,025	18,000	53,025	15,000	111,100	13,000							
TOTAL - MEA OBLIGATIONS						1,333,106	418,083	7,393,513	996,270	363,545	1,053,558	307,095	315,864	258,993	354,946	259,787	2,013,802	828,293	1,649,050	181,750					
REVOLVING LOAN PROGRAM OBLIGATIONS																									
TOTAL NOTES PAYABLE AND OTHER LONG-TERM DEBT																									

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006**

Schedule of Capital Lease Obligations - Schedule F

Purpose: To provide detail of items reported on the financial statements, to provide information for the notes to the financial statements regarding future payments for minimum capital lease payments.

Format: For each capital lease obligation provide:

- a) description of leased property
- b) term of lease (e.g. sixty monthly payments)
- c) dates of first and last payment
- d) total cost (including principal and interest if paid according to original terms)
- e) equipment cost (excluding interest)
- f) interest (total over the life of the contract)
- g) total remaining on contract July 1, 2005 (including interest; must agree with prior year schedule)
- h) payments made current fiscal year
- i) total remaining on contract 6/30/06
- j) interest amortized prior to 7/1/05
- k) interest amortized FY 06
- l) interest unamortized 6/30/06
- m) present value of remaining payments 7/1/05
- n) present value of remaining payments 6/30/06
- o) breakdown of future minimum payments by year for the remaining term of the lease

Provide totals for (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), and (o).

An illustrative schedule, labeled "Schedule F - Information on Obligations Under Capital Lease Agreements", which presents the required information in the format desired, follows for your use in formatting the schedule for your institution or component center.

Additionally, a reconciliation analyzing the change in the liability during the year must be included, in the format below:

Present value of lease payments 7/1/05	xxxxxx
Plus new leases (equipment cost)	xxxxxx
Less 'principal' payments (total payments minus interest amortized)	<u>(xxxxxx)</u>
 Present value of future lease payments 6/30/06	 xxxx =====

UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006

INSTITUTION _____ Name of institution/component center
 PREPARER _____ Preparer's name
 PHONE NUMBER _____ (301) 123-4567

SCHEDULE F - INFORMATION ON OBLIGATIONS UNDER CAPITAL LEASES AGREEMENTS

DATE OF LEASE	PROPERTY LEASED	END OF LEASE	COST/NPV OF PROPERTY AT INCEPTION	INT. RATE	FREQUENCY OF LEASE PAYMENT (M) MONTH. (Q) QUART. (S) SEMI. (A) ANNUAL	ANNUAL TOTAL OF PAYMENTS	TOTAL OF PAYMENTS REMAINING 6/30/05	NET PRESENT VALUE 6/30/05	TOTAL PAYMENTS FY06	INTEREST PORTION OF PAYMENTS MADE IN FY06	TOTAL OF PAYMENTS REMAINING 6/30/06	UNAMORTIZED INTEREST 6/30/06	NET PRESENT VALUE 6/30/06	TOTAL FUTURE MINIMUM LEASE PAYMENTS							
														FY2007	FY2008	FY2009	FY2010	FY2011	FY2012 AND BEYOND		
REAL PROPERTY																					
9/15/85	Research Center	9/15/2020	5,602,649	10.89%	A	170,685	9,026,465	5,400,082	170,685	56,042	8,970,423	5,400,993	5,363,666	170,685	170,685	170,685	170,685	170,685	170,685	8,802,384	
EQUIPMENT LEASES																					
10/31/91	(3) Xerox Copiers	10/31/2009	150,000	12.00%	M	40,040	133,469	109,558	40,040	11,617	93,429	12,293	81,136	40,040	40,040	13,349					
6/30/88	Computer	6/30/2010	37,642	8.00%	S	5,540	27,700	22,464	5,540	1,722	22,160	3,514	18,648	5,540	5,540	5,540	5,540				
8/30/95	Savin Copier	4/30/2011	50,000	11.00%	M	13,045			2,174	911	63,053	14,316	48,737	13,045	13,045	13,045	13,045	13,045	10,873		
SUBTOTAL - EQUIPMENT LEASES			237,642			58,625	161,169	132,022	47,754	14,250	178,642	30,123	148,521	58,625	58,625	31,934	18,585	10,873	-		
TOTALS			5,840,291			229,310	9,187,634	5,532,104	218,439	70,292	9,149,065	5,431,116	5,512,187	229,310	229,310	202,619	189,270	181,558	8,802,384		

RECONCILIATION:

Present value of future minimum lease payments 6/30/05	5,532,104
Present value of future minimum lease payments for capital lease agreements entered into during FY 06	50,000
Principal portion of lease payments during FY 06	<u>69,917</u>
Present value of future minimum lease payments 6/30/06	<u>5,512,187</u>

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006**

Detail of Accounts Receivable and Accounts Payable - Schedule G

Purpose: This schedule provides the necessary detail of accounts receivable and accounts payable necessary for financial statement disclosure.

Format: A schedule is required to detail accounts and notes receivable and accounts payable by:

Accounts Receivable

Tuition and fees

Auxiliary enterprises

Contracts and grants

Due from Affiliated Foundation

Other

Less allowance for doubtful accounts

Accounts Payable

Personnel costs

Vendors

Accrued interest payable

Due from Affiliated Foundation

Other

Notes Receivable

Student loans/Perkins Loans

Health Professions

Nursing

Private

Institutionally funded loan programs

Business development notes

Other, please describe _____

Less allowance for doubtful accounts

An illustrative schedule, labeled "Schedule G – Detail of Accounts Receivable and Accounts Payable", which presents the required information in the format desired, follows for your use in formatting the schedule for your institution or component center.

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION
YEAR ENDED JUNE 30, 2006**

SCHEDULE G - DETAIL OF ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

INSTITUTION _____

PREPARER _____

PHONE NUMBER _____

ACCOUNTS RECEIVABLE

Tuition and fees	101,185,026
Auxiliary enterprises	25,570,000
Contracts and grants	25,125,000
Due from affiliated foundation	700,000
Other	<u>13,600,427</u>
Total accounts receivable	<u>166,180,453</u>
Allowance for doubtful accounts	<u>(7,811,208)</u>
Accounts receivable, net (per financial statements)	<u>158,369,245</u>

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Personnel costs	116,823,787
Vendors	58,989,777
Accrued interest payable	8,500,000
Due to affiliated foundation	110,000
Other	<u>6,500,136</u>
Total accounts payable	<u>190,923,700</u>

NOTES RECEIVABLE

Student loans/Perkins Loans	59,732,944
Health Professions	11,030,104
Nursing	1,728,277
Private	1,683,183
Institutionally funded loan programs	455,629
Business development notes	13,298,513
Other, please describe _____	<u> </u>
Total notes receivable	<u>87,928,650</u>
Allowance for doubtful accounts	<u>(21,121,565)</u>
Notes receivable, net (per financial statements)	<u>66,807,085</u>

(Note: please describe descriptions of 'other balances' > \$1,000,000)

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006**

Analysis of inter-institutional transactions - Schedule H

Purpose: To allow transactions which cross-institutional lines to be displayed consistently System-wide.

Format: The listing should detail the composition of items recorded as Transfers (to) / from other University System of Maryland institutions. A brief description of each transaction should be included with a sufficiently detailed explanation to facilitate matching the transaction against the other institutions' financial statements and supporting schedule (e.g. the institution must be identified, the approximate date of the transfer, the nature of the transfer - cash or asset type).

An illustrative schedule, labeled "Schedule H - Analysis of inter-institutional transactions", which presents the required information in the format desired, follows for your use in formatting the schedule for your institution or component center. Please include transfers of overhead to the USM Office as per the "Schedule of Transfers of Special Funds to USM Office by Institution" on page 43.

Comments: This line should ONLY include significant (greater than \$25,000) individual transactions.

UNIVERSITY SYSTEM OF MARYLAND
 FINANCIAL REPORTING INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2006

INSTITUTION _____ Name of institution/component center

PREPARER _____ Preparer's name

PHONE NUMBER _____ (301) 123-4567

SCHEDULE H - ANALYSIS OF INTER-INSTITUTIONAL TRANSACTIONS

(TRANSFERS TO) / FROM OTHER UNIVERSITY SYSTEM OF MARYLAND INSTITUTIONS

Description	Balance	INSTITUTION
Transfer of Special Funds to USM Office	(25,000)	
Purchase of copier for UMBI	(25,000)	UMBI
Purchase of equipment for UMCES	(52,566)	UMCES
Transfer of truck to UMES	(38,000)	UMES
Transfer to USM for Debt Service	<u>(1,184,434)</u>	USM OFFICE
	<u><u>(1,325,000)</u></u>	

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006**

Schedule of operating leases - Schedule I

Purpose: To provide information necessary to disclose material commitments under operating leases.

Format: This listing should include leasing arrangements not included on the schedule of capital leases, for which the initial term of the agreement exceeded one year. The following information is needed:

- a) Lessor
- b) Date of agreement
- c) Duration of agreement and final payment date
- d) Payment terms
- e) Total payments during the fiscal year
- f) Description of property leased
- g) Any special provisions, including renewal provisions, escalation clauses, lessor build-out or other lessor provided inducements, or any other provisions, which could possibly be subject to disclosure requirements
- h) Total minimum lease payments required for each of the next five fiscal years
- i) Total expenditures on operating leases during FY 06

An illustrative schedule, labeled "Schedule I - Information on Operating Leases", which presents the required information in the format desired, follows, for your use in formatting the schedule for your institution or component center.

NOTE: Only options which have been exercised should be reflected in the "Future Minimum Lease Payments" section of the schedule.

UNIVERSITY SYSTEM OF MARYLAND
 FINANCIAL REPORTING INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2006

Name of institution/component center
 INSTITUTION _____

Preparer's name
 PREPARER _____

(301) 123-4567
 PHONE NUMBER _____

SCHEDULE I - INFORMATION ON OPERATING LEASES

DATE OF REEMER	LESSOR	PROPERTY LEASED	SPECIAL CONDITIONS/CLAUSES	DATE OF EXPIRATION OF LEASE	FREQUENCY OF LEASE PAYMENT (M) MONTH. (Q) QUART. (A) ANNUAL	TOTAL OF ANNUAL PAYMENTS	FUTURE MINIMUM LEASE PAYMENTS							
							FY2007	FY2008	FY2009	FY2010	FY2011	FY2012 2016		
7/18/1996	ABC Realty	Utility Building	None	7/18/2010	M	120,000	120,000	120,000	120,000	10,000				
1/1/1993	BCD Realty	Warehouse	Rent escalation tied to CPI	1/1/2007	M	120,000	60,000							
5/31/2002	Local Chevy	1991 Chevrolet Sedan	Purch. option at end of term	5/1/2007	M	4,200	3,850							
1/1/2002	Xerox Corp.	Xerox Copier	None	1/1/2008	Q	12,000	12,000	6,000						
1/1/2003	Digital Corp.	Computer equipment	None	1/1/2008	Q	25,000	25,000	12,500						
3/30/2001	CDE Realty	Office Space	\$100,000 build-out paid by lessor	3/31/2015	M	180,000	180,000	180,000	180,000	180,000	180,000	180,000	675,000	
Totals							400,850	318,500	300,000	190,000	180,000	180,000	675,000	

TOTAL OPERATING LEASE EXPENDITURES FOR YEAR ENDED JUNE 30, 2006 \$ 678,252

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006**

Schedule of construction contracts commitments - Schedule J

Purpose: To provide information required for disclosures on contractual commitments as of June 30, 2006.

Format: A listing of contractual commitments remaining as of June 30, 2006 on agreements in effect as of June 30, 2006. Contracts that relate to projects being funded through the use of the following should be included:

- *Institutionally funded construction projects
- *System funded construction program projects
- *Bond funded construction projects

Only commitments in excess of \$250,000 should be included. The information required is as follows:

- a) Organization or firm contracted
- b) Total contract amount
- c) Project or services being contracted
- d) Amount remaining unrecognized as expended and not shown as a liability as of June 30, 2006
- e) Contract duration or project completion
- f) Funding source(s) and amounts

An illustrative schedule, labeled "Schedule J - Schedule of Construction Contracts Commitments", which presents the required information in the format desired, follows for your use in formatting the schedule for your institution or component center.

UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006

INSTITUTION _____ Name of institution/component center

PREPARER _____ Preparer's name

PHONE NUMBER _____ (301) 123-4567

SCHEDULE J - SCHEDULE OF CONSTRUCTION CONTRACTS COMMITMENTS

<u>CONTRACTOR</u>	<u>DESCRIPTION OF PROJECT</u>	<u>DATE OF CONTRACT</u>	<u>TOTAL CONTRACT</u>	<u>TOTAL PAID ON CONTRACT AS OF 6/30/06</u>	BALANCE OF CONTRACT TO BE FUNDED FROM			
					<u>INSTITUTIONAL</u>	<u>UMS REVENUE BONDS</u>	<u>OTHER (IDENTIFY)</u>	
Glen Construction	A.V. Williams	15-Nov-05	10,800,000	8,000,000		2,800,000		
Sheladia	A.V. Williams	15-Sep-05	520,000	350,000	170,000			
Centennial Construction	Bus. Mgmt.	15-Jan-04	12,000,000	9,000,000		2,000,000	1,000,000 Grants	
Sidhu Associates	Bus. Mgmt.	15-Dec-04	250,000	175,000	75,000			
Atlantic Builders	Fraternities	15-Jun-04	4,800,000	100,000		4,700,000		
Totals					245,000	9,500,000	1,000,000	

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006**

Payroll, fringe benefit, and Pell Grant information - Schedule K

Purpose: To provide information for required pension and other postemployment benefits disclosures, along with Pell grant expenditure information.

Format: The following information is required:

- a) Employee and institution/component center contributions to each of the above retirement systems (those institutions / component centers which utilize the System's central payroll office at UMCP need not submit the information on employee contributions)
- b) Institution or component center contributions to the Maryland State Accident Fund by fund type and expenditure category (combine contributions made in Restricted Funds with Education & General)
- c) Institution or component center contributions to health care insurance plans for retired employees
- d) Pell grant expenditures for the fiscal year

A set of illustrative schedules, labeled "Schedule K - Payroll and Fringe Benefit Information", which presents the required information in the format desired, follows for your use in formatting the schedule for your institution or component center.

Comments: The source of each of the above items should be indicated.

UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006

INSTITUTION _____ Name of institution/component center

PREPARER _____ Preparer's name

PHONE NUMBER _____ (301) 123-4567

SCHEDULE K - PAYROLL, FRINGE BENEFIT AND PELL GRANT INFORMATION

ITEM A) EMPLOYEE AND INSTITUTION/COMPONENT CENTER CONTRIBUTIONS TO EACH RETIREMENT SYSTEM

	<u>EMPLOYEE CONTRIBUTIONS</u>	<u>INSTITUTION CONTRIBUTIONS</u>
Maryland State Retirement and Pension Systems	3,349,292	15,466,651
TIAA-CREF	2,077,869	6,404,493
Federal Civil Service	21,109	21,109
	5,448,270	21,892,253
Total	5,448,270	21,892,253

ITEM B) INSTITUTION OR COMPONENT CENTER CONTRIBUTIONS TO THE MARYLAND STATE ACCIDENT FUND BY EXPENDITURE CATEGORY

	<u>TOTAL</u>
INSTRUCTION	540,320
RESEARCH	250,760
PUBLIC SERVICE	13,133
ACADEMIC SUPPORT	107,692
STUDENT SERVICES	56,540
INSTITUTIONAL SUPPORT	114,746
OPERATIONS AND MAINTENANCE OF PLANT	109,977
AUXILIARY ENTERPRISES	126,726
SCHOLARSHIPS & FELLOWSHIPS	18,003
	1,337,897
Totals	1,337,897

ITEM C) INSTITUTION OR COMPONENT CENTER CONTRIBUTIONS TO HEALTH CARE INSURANCE PLANS FOR RETIRED EMPLOYEES

2,892,717

ITEM D) TOTAL AMOUNT OF EXPENDITURES FOR PELL GRANTS AWARDED DURING FY 2006

750,000

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006**

Analysis of Changes in Accrued Vacation and Workers Compensation - Schedule L

Purpose: To provide information required for financial statement disclosure.

Format: A schedule is required which provides the following information for annual leave and workers compensation:

- Liability balance, beginning of the year
- Increases in the liability during the year (new charges)
- Payments of the liability (use of annual leave or payments of workers compensation premiums)
- Liability Balance, end of year

An illustrative schedule, labeled "Schedule L – Analysis of Changes in Accrued Vacation and Workers Compensation", which presents the required information in the format desired, follows for your use in formatting the schedule for your institution or component center.

UNIVERSITY SYSTEM OF MARYLAND
 FINANCIAL REPORTING INFORMATION
 YEAR ENDED JUNE 30, 2006

SCHEDULE L - ANALYSIS OF CHANGES IN ACCRUED VACATION AND WORKERS COMPENSATION

INSTITUTION _____

PREPARER _____

PHONE NUMBER _____

	ANNUAL LEAVE	WORKERS COMPENSATION
Liability balance, current and non-current, beginning of year	88,515,257	17,108,664
Increases in the liability during the year (new charges)	66,987,236	6,000,000
Payments of the liability (use of annual leave, or payments of workers compensation premiums)	(56,988,335)	(3,335,664)
Liability balance, current and non-current, end of year	98,514,158	19,773,000

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006**

Analysis of financial statements information for FY 06 - Schedule M

Purpose: To provide institution level information explaining changes in financial statement elements from year to year, for use in arriving at System-wide explanations of year to year fluctuations, as well as provide other information useful in assessing the accuracy, as well as explain amounts reported in the financial statements.

Format: A schedule which presents the balance sheet and statement of activities elements for FY 06, FY 05, the increase (decrease) from FY 05 to FY 06. The important information on this schedule is the detailed comments which explain each increase (decrease) in excess of the greater of 7.5% of the FY 05 amount, or \$250,000 (\$1,000,000 for UMB, UMCP, UMUC, UMBC and TU).

A new, additional schedule of individual financial analysis is required, that relates changes in certain financial statement elements to other factors. Explanations are required for each item that does not change in the same manner as the factor.

Changes in amounts from year to year must be explained in a verifiable and quantifiable manner. In other words, if the increase in a functional expenditure category is a result of the combination of several factors such as salary increments, additional positions, and/or an adjustment, these need to be itemized. Explanations should be supplemented by analytical calculations such as rate increases multiplied by numbers served, where appropriate.

An illustrative schedule (using the \$1,000,000 threshold appropriate for UMB, UMCP, UMUC, UMBC and TU) showing the items which need explanations in this example and labeled "Schedule M - Analysis of financial statement information for FY 06", presents the format desired.

Note: The above criteria are minimums for "required" comments. To the extent possible, comments on other changes which do not meet the "required" criteria are encouraged.

UNIVERSITY SYSTEM OF MARYLAND - FINANCIAL REPORTING INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006

NAME OF INSTITUTION
SCHEDULE M - ANALYSIS OF VARIATIONS IN FINANCIAL STATEMENTS

	6/30/06 PRELIMINARY BALANCE	6/30/05 FINAL BALANCE	INCREASE(DECREASE) OVER FY 05 BALANCE OR TOTAL		EXPLANATION OR COMMENTS
			AMOUNT	%	
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	\$457,392,392	\$400,462,041	\$56,930,351	14.22%	Primarily due to decrease in nonmandatory transfers required for acquisition of 3 parking structures in P/Y.
INVESTMENTS	\$2,510,684	\$2,189,105	\$321,579	14.69%	
ACCOUNTS RECEIVABLE (NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$ 7,811,208)	\$158,369,245	\$149,521,138	\$8,848,107	5.92%	Increase primarily due to increased enrollment resulting in increased student A/R.
NOTES RECEIVABLE (NET OF ALLOWANCE FOR DOUBTFUL NOTES OF \$ 7,503,460)	\$6,807,085	\$6,100,000	\$707,085	11.59%	
INVENTORIES	\$9,354,974	\$9,316,702	\$38,272	0.41%	
PREPAID EXPENSES	\$6,876,135	\$5,242,569	\$1,633,566	31.16%	Change in summer school treatment resulting from GASB 34
DEFERRED CHARGES					
INTER-INSTITUTIONAL BALANCES	(\$1,500,000)	(\$1,500,000)			
TOTAL CURRENT ASSETS	\$639,810,515	\$571,331,555	\$68,478,960	11.99%	
NON-CURRENT ASSETS:					
RESTRICTED CASH AND CASH EQUIVALENTS	\$119,284,474	\$62,335,040	\$56,949,434	91.36%	Balance relates to unspent Revenue Bonds for 2002 A & 2002 B - \$105 mil
ENDOWMENT INVESTMENTS	\$224,235,057	\$199,596,977	\$24,638,080	12.34%	Increase due to market gains
OTHER INVESTMENTS	\$7,518,778	\$7,400,000	\$118,778	1.61%	
NOTES RECEIVABLE (NET OF ALLOWANCE FOR DOUBTFUL NOTES OF \$7,503,460)	\$60,000,000	\$60,860,051	(\$860,051)	-1.41%	
CAPITAL ASSETS, NET	\$1,797,185,266	\$1,780,558,146	\$16,627,120	0.93%	
TOTAL NON-CURRENT ASSETS	\$2,208,223,575	\$2,110,750,214	\$97,473,361	4.62%	
TOTAL ASSETS	\$2,848,034,090	\$2,682,081,769	\$165,952,321		
LIABILITIES & NET ASSETS					
CURRENT LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUED LIAB.	\$190,923,700	\$168,479,300	\$22,444,400	13.32%	Increase in number of days in pay period accrued from 4 to 8
ACCRUED WORKERS COMPENSATION, CURRENT	\$1,038,000	\$1,200,000	(\$162,000)	-13.50%	
ACCRUED VACATION COSTS, CURRENT	\$3,000,000	\$4,000,000	(\$1,000,000)	-25.00%	
REVENUE BONDS	\$40,630,858	\$36,545,925	\$4,084,933	11.18%	Issuance of debt to fund new Chemistry Building (\$25M)
NOTES PAYABLE & LONG TERM DEBT, CURRENT	\$2,495,110	\$2,300,000	\$195,110	8.48%	
OBLIGATIONS - CAPITAL LEASE AGREEM., CURRENT	\$229,310	\$302,355	(\$73,045)	-24.16%	
DEFERRED REVENUE	\$37,434,974	\$38,000,000	(\$65,026)	-1.49%	
TOTAL CURRENT LIABILITIES	\$275,751,952	\$250,827,580	\$24,924,372	9.94%	
NON-CURRENT LIABILITIES:					
ACCRUED WORKERS' COMPENSATION	\$18,735,000	\$16,908,664	\$1,826,336	10.80%	Due to 12% increase in premiums.
ACCRUED VACATION COSTS	\$95,514,158	\$84,515,257	\$10,998,901	13.01%	Due to increased number of employees retaining the maximum number of carryforward vacation hours and an anticipated increase in the administrative workforce.
REVENUE BONDS	\$681,676,185	\$613,876,445	\$67,799,740	11.04%	Issuance of debt to fund new Chemistry Building (\$25M)
NOTES PAYABLE AND OTHER LONG-TERM DEBT	\$72,370,172	\$56,494,008	\$15,876,164	28.10%	FY02 includes \$17.8 mil COP for business park addition
OBLIGATIONS UNDER CAPITAL LEASE AGREE.	\$5,282,877	\$5,407,361	(\$124,484)	-2.30%	
TOTAL NON-CURRENT LIABILITIES	\$873,578,392	\$777,201,735	\$96,376,657	12.40%	
TOTAL LIABILITIES	\$1,149,330,344	\$1,028,029,315	\$121,301,029	11.80%	
NET ASSETS:					
UNRESTRICTED NET ASSETS	\$341,447,030	\$325,833,991	\$15,613,039	4.79%	
INVESTED IN CAPITAL ASSETS, NET	\$1,043,222,282	\$1,029,000,000	\$14,222,282	1.38%	
RESTRICTED:					
NONEXPENDABLE:					
SCHOLARSHIPS AND FELLOWSHIPS	\$57,397,179	\$55,000,000	\$2,397,179	4.36%	
RESEARCH	\$57,397,179	\$55,000,000	\$2,397,179	4.36%	
OTHER	\$57,397,179	\$55,000,000	\$2,397,179	4.36%	
EXPENDABLE:					
SCHOLARSHIPS AND FELLOWSHIPS	\$42,692,920	\$40,000,000	\$2,692,920	6.73%	
RESEARCH	\$65,164,492	\$63,000,000	\$2,164,492	3.44%	
CAPITAL PROJECTS	\$33,985,485	\$32,000,000	\$1,985,485	6.20%	
DEBT SERVICE					
OTHER					
TOTAL NET ASSETS	\$1,698,703,746	\$1,654,833,991	\$43,869,755	2.65%	
TOTAL LIABILITIES AND NET ASSETS	\$2,848,034,090	\$2,682,863,306	\$165,170,784	6.16%	

UNIVERSITY SYSTEM OF MARYLAND - FINANCIAL REPORTING INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006

NAME OF INSTITUTION

SCHEDULE M - ANALYSIS OF VARIATIONS IN FINANCIAL STATEMENTS

	6/30/06 PRELIMINARY BALANCE	6/30/05 FINAL BALANCE	INCREASE(DECREASE) OVER FY 05 BALANCE OR TOTAL		EXPLANATION OR COMMENTS
			AMOUNT	%	
OPERATING REVENUES:					
TUITION AND FEES	\$600,118,301	\$566,292,265	\$33,826,036	5.97%	
LESS SCHOLARSHIP ALLOWANCE	(\$80,000,000)	(\$78,184,558)	(\$1,815,442)	2.32%	
FEDERAL GRANTS AND CONTRACTS	\$389,564,670	\$387,765,445	\$1,799,225	0.46%	
STATE AND LOCAL GRANTS AND CONTRACTS	\$137,016,980	\$135,701,102	\$1,315,878	0.97%	
NONGOVERNMENTAL GRANTS AND CONTRACTS	\$131,917,437	\$128,000,000	\$3,917,437	3.06%	
SALES AND SERVICES OF EDUCATIONAL DEPART.	\$106,212,383	\$103,391,097	\$2,821,286	2.73%	
RESIDENTIAL FACILITIES	\$75,000,000	\$102,500,000	(\$27,500,000)	-26.83%	
LESS SCHOLARSHIP ALLOWANCE	(\$25,000,000)	(\$24,000,000)	(\$1,000,000)	4.17%	
DINING FACILITIES	\$30,000,000	\$25,000,000	\$5,000,000	20.00%	
LESS SCHOLARSHIP ALLOWANCE	(\$4,000,000)	(\$3,600,000)	(\$400,000)	11.11%	
PARKING FACILITIES	\$35,000,000	\$35,000,000			
LESS SCHOLARSHIP ALLOWANCE	(\$500,000)	(\$700,000)	\$200,000	-28.57%	
INTERCOLLEGIATE ATHLETICS	\$25,000,000	\$25,000,000			
LESS SCHOLARSHIP ALLOWANCE	(\$4,500,000)	(\$4,650,000)	\$150,000	-3.23%	
BOOKSTORE	\$25,000,000	\$25,000,000			
LESS SCHOLARSHIP ALLOWANCE	(\$11,000,000)	(\$11,000,000)			
OTHER AUXILIARY ENTERPRISES REVENUES	\$115,518,632	\$115,000,000	\$518,632	0.45%	
LESS SCHOLARSHIP ALLOWANCE	(\$5,000,000)	(\$4,050,000)	(\$950,000)	23.46%	
OTHER OPERATING REVENUES	\$33,585,952	\$32,000,000	\$1,585,952	4.96%	
TOTAL OPERATING REVENUES	\$1,573,934,355	\$1,554,465,351	\$19,469,004	1.25%	
OPERATING EXPENSES:					
INSTRUCTION	\$765,773,428	\$700,000,000	\$65,773,428	9.40%	
RESEARCH	\$504,915,977	\$474,014,125	\$30,901,852	6.52%	
PUBLIC SERVICE	\$135,606,106	\$128,944,126	\$6,661,980	5.17%	
ACADEMIC SUPPORT	\$199,871,680	\$180,899,565	\$18,972,115	10.49%	Creation of new special unit of 12 people. Salary increase of 6% fully implemented
STUDENT SERVICES	\$94,850,572	\$90,905,448	\$3,945,124	4.34%	
INSTITUTIONAL SUPPORT	\$254,780,714	\$240,000,000	\$14,780,714	6.16%	
OPERATION AND MAINTENANCE OF PLANT	\$185,413,047	\$178,999,061	\$6,413,986	3.58%	
SCHOLARSHIPS AND FELLOWSHIPS	\$9,020,261	\$8,000,000	\$1,020,261	12.75%	Increase in number of students receiving non-tuition or housing aid from 426 to 578 Due to higher expenses for bookstore, food service & housing related to incr enrollment
AUXILIARY ENTERPRISES					
RESIDENTIAL FACILITIES	\$64,717,362	\$60,000,000	\$4,717,362	7.86%	
DINING FACILITIES	\$21,554,454	\$15,000,000	\$6,554,454	43.70%	
PARKING FACILITIES	\$63,135,908	\$60,000,000	\$3,135,908	5.23%	
INTERCOLLEGIATE ATHLETICS	\$40,000,000	\$33,000,000	\$7,000,000	21.21%	
BOOKSTORE	\$31,567,954	\$25,000,000	\$6,567,954	26.27%	
OTHER AUXILIARY ENTERPRISES REVENUES	\$31,567,954	\$21,438,465	\$10,129,489	47.25%	
HOSPITAL	\$38,168,113	\$38,416,854	(\$248,741)	-0.65%	
TOTAL OPERATING EXPENSES	\$2,440,943,530	\$2,254,617,644	\$186,325,886	8.26%	
OPERATING INCOME	(\$867,009,175)	(\$700,152,293)	(\$166,856,882)		
NONOPERATING REVENUES(EXPENSES):					
STATE APPROPRIATIONS	\$798,692,408	\$719,968,583	\$78,723,825	10.93%	Increase in state general funds resulting from funding guidelines
GIFTS	\$15,000,000	\$16,000,000	(\$1,000,000)	-6.25%	
INVESTMENT INCOME	\$70,999,268	\$50,000,000	\$20,999,268	42.00%	Endowment Fund investment income increase (\$18.5M) increase in cash balances
LESS INVESTMENT EXPENSE	(\$825,127)	(\$810,957)	(\$14,170)	1.75%	
INTEREST ON INDEBTEDNESS	(\$34,122,230)	(\$29,693,769)	(\$4,428,461)	14.91%	
TRANSFERS TO/FROM OTHER USM INSTITUTIONS	(\$1,325,000)	(\$1,300,000)	(\$25,000)	1.92%	
TOTAL NONOPERATING EXPENSES	\$848,419,319	\$754,163,857	\$94,255,462	12.50%	
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS AND LOSSES	(\$18,589,856)	\$54,011,564	(\$72,601,420)		
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:					
CAPITAL APPROPRIATIONS	\$100,298,757	\$65,048,573	\$35,250,184	54.19%	
CAPITAL GIFTS AND GRANTS	\$15,673,280	\$10,011,009	\$5,662,271	56.56%	
ADDITIONS TO PERMANENT ENDOWMENTS	\$671,337	\$351,680	\$319,657	90.89%	
OTHER GAINS AND LOSSES	(\$1,313,148)	(\$508,043)	(\$805,105)	158.47%	
TOTAL OTHER REVENUES, EXPENSES, GAINS AND LOSSES:	\$115,330,226	\$74,903,219	\$40,427,007		
INCREASE IN NET ASSETS	\$96,740,370	\$128,914,783	(\$32,174,413)		
NET ASSETS, JUNE 30 2005	\$1,601,963,376	\$1,473,048,593	\$128,914,783		
NET ASSETS, JUNE 30, 2006	\$1,698,703,746	\$1,601,963,376	\$96,740,370		

7 SYSTEM OF MARYLAND - FINANCIAL REPORTING INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006

NAME OF INSTITUTION

SCHEDULE M - ANALYSIS OF VARIATIONS IN FINANCIAL STATEMENTS

	6/30/06		6/30/05		Change from FY 2005 to 2006		Explanation
	\$ amount	%	\$ amount	%	\$ amount	%	
<u>Tuition and fees analysis</u>							
Tuition and fees per Budget Form 1B	596,967,186		563,034,140		33,933,046	6.03%	
Reconciling items and adjustments							
Summer school recognition for GAAP	3,151,115		3,258,125		(107,010)		
Other (describe):							
	<u>600,118,301</u>		<u>566,292,265</u>		<u>33,826,036</u>		
Tuition and fees per financial statements							
<u>Deferred Revenue Analysis</u>							
Deferred revenue for Tuition and fees at year-end	37,434,974		38,000,000		(565,026)	-1.49%	Enrollment slightly down from FY 04 summer session
# of days in summer session total	58		57		1		
# of days of summer session before June 30	24	41.38%	32	56.14%	(8)	-25.00%	
<u>Allowance for doubtful accounts receivable analysis</u>							
Accounts receivable - gross	166,180,453		186,000,000		(19,819,547)	-10.66%	
Allowance for doubtful accounts	7,811,208		5,620,000		2,191,208	38.99%	
% allowance as a function of gross accounts receivable	4.70%		3.02%		1.68%	55.57%	
<u>Allowance for doubtful notes receivable analysis</u>							
Notes receivable - gross	74,310,545		67,000,000		7,310,545	10.91%	
Allowance for doubtful notes receivable	7,503,460		10,000,000		(2,496,540)	-24.97%	
% allowance as a function of gross notes receivable	10.10%		14.93%		-4.83%	-32.35%	
<u>Scholarship allowance analysis</u>							
Gross tuition and fees	600,118,301		575,323,454		24,794,847	4.31%	
Scholarship allowances - tuition and fees	130,000,000		120,000,000		10,000,000	8.33%	
% of scholarship allowances of tuition and fees	21.66%		20.86%		0.80%	3.86%	
<u>Student Accounts Receivable analysis</u>							
Student accounts receivable - gross	101,185,026		98,125,125		3,059,901	3.12%	
Tuition and fees - gross	600,118,301		575,323,454		24,794,847	4.31%	
% Student A/R to annual Tuition and Fees	16.86%		17.06%		-0.19%	-1.14%	

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006**

Schedule of Federal Awards - Schedule N

Purpose: This information will be used in preparing the Statewide Schedule of Expenditures of Federal Awards to be included in the Single Audit Report.

Format: The Schedule of Federal Awards is to detail total expenditures of Federal funds during the year, **by CFDA Number** for each Federal grantor agency, displayed using the following categories; Research and Development Cluster, Student Financial Assistance Cluster, Other Clusters, and Other Programs. Each category should represent a column on the schedule, with a total for the agency also presented. **Funds received from other than a Federal agency, which include or consist of Federal funds, should be shown separately as pass-through funds.**

For R&D, total federal awards expensed should be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services. We are not required to report CFDA numbers for R&D; however we do need agency grouping; i.e. Department of Health and Human Services CFDA grouping number is 93.

Funding should be reporting in three categories: Direct Funding; Pass-throughs (other than from the State); and State pass-throughs (including funding received from other USM institutions). Include subtotals for each category.

A reconciliation is required which identifies the major differences between total expenditures as shown on the Schedule of Federal Awards, and total Federal contracts and grants revenues as shown on the Statement of Revenues, Expenses and Other Changes in Net Assets.

The level of detail must be consistent with the list of Federal departments, agencies, major subdivisions and programs as shown in the Catalog of Federal Domestic Assistance which can be found on the internet at the following websites: www.cfda.gov (Sorted by CFDA Number)
<http://aspe.hhs.gov/cfda/index.htm> (Different Sorts)

An illustrative schedule, labeled "Schedule N - Schedule of Federal Awards", which presents the required information in the format desired, is attached for your use in formatting the schedule for your institution or component center. The illustrative schedule also includes the desired format of the reconciliation.

UNIVERSITY SYSTEM OF MARYLAND

SCHEDULE N - SCHEDULE OF FEDERAL AWARDS

NAME OF INSTITUTION
FOR THE YEAR ENDED JUNE 30, 2006

Agency	CFDA/Contract Number	Research & Development Cluster	Student Financial Assistance Cluster	Other Clusters	Other Programs	Total Expenditures
Corporation for National and Community Service:						\$0
Learn and Serve America - Higher Education	94.005				\$113,623	\$113,623
AmeriCorps	94.006				307,416	307,416
Planning and Program Development Grants	94.007				90,139	90,139
Department of Agriculture:						0
Agricultural Research Service	10.001				3,142	3,142
Cooperative State Research, Education and Extension Service	10. RD	\$40,567				40,567
Department of Commerce:						0
National Institute for Standards and Technology - Measurement and Engineering Research and Standards	11. RD	61,018				61,018
National Oceanic and Atmospheric Administration	11.609				5,635	5,635
	11 RD	88				88
Department of Defense:						0
Department of the Army, Office of the Chief of Engineers	12 RD	1,051,919				1,051,919
Department of the Navy, Office of the Chief of Naval Research -	12 RD	219,122				219,122
Department of the Air Force, Materiel Command	12 RD	832,326				832,326
National Security Agency - Mathematical Sciences Grants Program	12 RD	2,424,181				2,424,181
	12.901				579,281	579,281
Department of Education -						0
Postsecondary Education:						0
Federal Supplemental Educational Opportunity Grants	84.007		\$298,739,598			298,739,598
Federal Work-Study Program	84.033		1,025,331			1,025,331
Federal Pell Grant Program	84.063		9,582,267			9,582,267
TRIO - Student Support Services	84.042			\$291,997		291,997
TRIO - Upward Bound	84.047			733,619		733,619
McNair Post-Baccalaureate Achievement	84.217			206,364		206,364
Department of Energy	-	355,864			0	355,864
Department of Health and Human Services:						0
Food and Drug Administration	93 RD	9,891				9,891
National Institutes of Health: Microbiology and Infectious Diseases Research	93 RD	14,713,625				14,713,625
Aging Research	93.856				11,714	11,714
Health Care Financing Administration	93.866				28,945	28,945
	-	36,561				36,561
Department of Housing and Urban Development -						0
Community Planning and Development	14.900				1,377,410	1,377,410
Department of Justice -						0
Bureau of Justice Assistance - Public Safety Partnership and Community Policing Grants	16 RD	52,556				52,556
	16.710				137,041	137,041
Department of Veterans Affairs -						0
Veterans Benefits Administration	64RD	104,823				104,823
Environmental Protection Agency -						0
Office of Research and Development	66 RD	143,623				143,623
National Aeronautics and Space Administration:	43 RD	25,903,982				25,903,982
Aerospace Education Services Program	43.001				201,616	201,616
National Foundation on the Arts and the Humanities						0
National Endowment for the Humanities - Promotion of the Humanities - Education, Development and Demonstration	45.162				14,865	14,865
National Science Foundation:	47 RD	20,090,707	0			20,090,707
Computer and Information Science and Engineering	47.070				297,423	297,423
Education and Human Resources	47.076				1,417,296	1,417,296
Social Security Administration	96 RD	19,110				19,110
Subtotal - Direct Funding		66,059,963	309,347,196	1,231,980	4,585,546	381,224,685

FEDERAL FUNDS EXPENDED BY THE INSTITUTION
PASSED THROUGH FROM OTHER ENTITIES:

STATE OF MARYLAND:						0
Maryland Department of Education -						0
Department of Education (Vocational and Adult Ed)	84.002				24,605	24,605
Maryland Department of Health and Mental Hygiene -						0
Department of Health and Human Services (CDC)	93.283				99,739	99,739
Department of Health and Human Services (NIH)	-	517,145				517,145
Department of Health and Human Services (HRSA)	93.110				11,122	11,122
Maryland Higher Education Commission -						0
Department of Education (Elementary & Secondary Ed)	84.281				29,282	29,282
Maryland Office of the Governor -						0
Department of Education (Vocational and Adult Ed)	84.186				29,830	29,830
Department of Justice (BJA)	-	810,876				810,876
Subtotal - Passed through State of Maryland		1,328,021	0	0	194,578	1,522,599

UNIVERSITY SYSTEM OF MARYLAND

SCHEDULE N - SCHEDULE OF FEDERAL AWARDS

NAME OF INSTITUTION
FOR THE YEAR ENDED JUNE 30, 2006

Agency	CFDA/Contract Number	Research & Development Cluster	Student Financial Assistance Cluster	Other Clusters	Other Programs	Total Expenditures
OTHER PASS-THROUGH ENTITIES:						0
American Cancer Society -						0
<i>Department of Justice (BJA)</i>	16RD	112,453				112,453
Bechtel Nevada Corporation -						0
<i>Department of Energy</i>	81 RD	1,054,501				1,054,501
Carnegie Mellon University -						0
<i>National Science Foundation</i>	47 RD	550,077				550,077
Institute for the Management of Social Work Research -						0
<i>Department of Health and Human Services (NIH)</i>	93 RD	519,436				519,436
International Business Machines -						0
<i>Department of Commerce (NIST)</i>	11RD	1,503,507				1,503,507
Johns Hopkins University -						0
<i>Department of Health and Human Services (NIH)</i>	93 RD	715,084				715,084
Johns Hopkins University Applied Physics Laboratory:						0
<i>Department of Energy</i>	81 RD	639,292				639,292
Kennedy Krieger Institute -						0
<i>Department of Health and Human Services (NIH)</i>	93RD	851,656				851,656
Montgomery County, Maryland -						0
<i>Department of Education (Elementary & Secondary Ed)</i>	84.213				11,117	11,117
National Committee for Quality Assurance -						0
<i>Department of Health and Human Services (HCFA)</i>	93.779				13,546	13,546
Telcordia Technologies:						0
<i>Department of Defense (Air Force)</i>	12 RD	251,201				251,201
University of North Carolina at Chapel Hill -						0
<i>Department of Commerce (NIST)</i>	11. RD	710,207				710,207
<i>Department of Health and Human Services (NIH)</i>	93 RD	821,643				821,643
University of Texas, Austin -						0
<i>Department of Health and Human Services (NIH)</i>	93 RD	623,543				623,543
University Space Research Associates -						0
<i>National Aeronautics and Space Administration</i>	43 RD	2,650,873				2,650,873
Subtotal - Passed through Other Entities		11,003,473	0	0	24,663	11,028,136
NAME OF INSTITUTION - Total		\$78,391,457	\$309,347,196	\$1,231,980	\$4,804,787	\$393,775,420

Amount of loan expenditures during FY 2006

Department of Education:	
Perkins Loan Program	\$ 750,000
Subsidized William D. Ford Federal Direct Student Loan Program	500,000
Unsubsidized William D. Ford Federal Direct Student Loan Program	200,000
William D. Ford Federal Direct Parent Loan Program	100,000
Subsidized Stafford Loan Program	250,000
Unsubsidized Stafford Loan Program	100,000
Parent Loan for Undergraduates	150,000
Supplemental Loans for Students	100,000
Department of Health and Human Services:	
Federal Nursing Loan	350,000
Health Professions Loan - Dental	200,000
Health Professions Loan - Medicine	275,000
Health Professions Loan - Pharmacy	250,000
Primary Care Loan	300,000
Total Amount of loan expenditures during FY 2006	<u>\$3,525,000</u>

Total value of Federal loans outstanding at June 30, 2005

\$2,234,366

RECONCILIATION OF FINANCIAL STATEMENTS TO SCHEDULE OF FEDERAL AWARDS

Total federal contracts and grants revenues per financial statements	\$389,564,670
Pass-through funds recognized as state or private revenues on financial statements	1,653,016
Land-grant funds reported as state revenues on financial statements	<u>2,557,734</u>
Total expenditures of federal funds for schedule of federal award	<u>\$393,775,420</u>

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006**

State Appropriations and Capital Appropriations, by institution:

For your convenience, below is a table showing what State General Fund Appropriations and disbursements under the State General Obligation Bond / Pay-go construction program were, according to our records, by institution.

<u>Institution</u>	<u>State Appropriations</u>	<u>Capital Appropriations</u>
UMB	\$145,702,081	\$3,729,254
UMCP	328,809,523	35,090,737
BSU	22,269,547	3,774,818
TU	63,121,550	6,279,596
UMES	23,321,709	847,796
FSU	26,434,454	
CSU	20,802,188	13,022,901
UB	22,709,573	697,340
SU	27,570,519	1,450,330
UMUC	15,191,125	
UMBC	70,490,730	3,652,474
UMCES	14,053,768	527,367
UMBI	17,400,955	9,709,397
USM Office	13,709,996	10,407,635
Totals	<u>\$811,587,718</u>	<u>\$89,189,645</u>

If institutional records differ, in total, from the above amounts, please contact Monica West (301 445-1937) for the State Appropriations amount, or Kris Rao for the Capital Appropriations amounts to identify the differences.

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006**

Schedule of Transfers to USM Office for Debt Service by Institution

	Academic Projects Revenue Bonds	Auxiliary Enterprise Revenue Bonds*	COP's	Revolving Equipment Loan Program	Credits Returned To Institutions	Total
UMB	\$5,148,211	\$3,739,158		\$1,459,750	\$(43,232)	\$10,303,887
UMCP	20,021,649	22,955,333	\$2,213,000	2,670,898	(159,040)	47,701,840
BSU	1,409,334	444,404		3,051,133	(150,270)	4,754,601
TU	5,632,510	10,026,521		2,067,987	(97,432)	17,629,586
UMES	1,526,513	4,754,702		462,836	(6,370)	6,737,681
FSU	2,260,424	135,127		2,351,452		4,747,003
CSU	966,579	1,894,246		546,330		3,407,155
UB	2,473,920	1,658,608		1,699,193		5,831,721
SU	2,217,767	2,215,511		1,046,362	(6,847)	5,472,793
UMUC		1,635,461		143,392		1,778,853
UMBC	4,615,382	6,366,289		4,441,038	(187,424)	15,235,285
UMCES		4,588		11,510	(3,901)	12,197
UMBI				177,996	(5,036)	172,960
USM Office				932,639		932,639
Total	\$46,272,289	\$55,829,948	\$2,213,000	\$21,062,516	\$(659,552)	\$124,718,201

The amounts reported above for Revolving Equipment Loan Program debt service transfers have been reduced for amounts collected for the PeopleSoft license extension arrangements.

The difference between amounts shown above as 'Academic Projects Revenue Bonds' debt service, and debt service allocated to your institution for Academic facility projects must be reported on the line 'Transfers to USM Office for Debt Service'. These differences, along with June 30, 2006 balances for 'Cash held by USM Office/Trustee, Revenue Bonds, and Equipment Loan Program Obligations will be provided by August 18 along with the journal entries to record FY 2006 activity.

If you have problems arriving at the above amounts, please contact Kris Rao at USM Office (301) 445-2744.

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006**

Schedule of Transfers of Special Funds to USM Office by Institution

<u>Institution</u>	<u>Amount</u>
UMB	\$488,140
UMCP	353,798
BSU	25,208
TU	204,648
UMES	44,792
FSU	73,205
CSC	18,158
UB	29,831
SU	91,765
UMUC	229,194
UMBC	313,785
UMCES	52,775
UMBI	90,792
	<hr/>
TOTAL	\$2,016,091

The amount shown above should be reported as a Transfer to / from other USM institutions

Schedule of transfers from the Common Trust Fund

	<u>Spendable Income</u>	<u>Administrative Cost Reimbursement</u>
UMB	\$3,678,887	\$593,794
UMCP	4,629,248	917,119
TU	166,734	28,411
UMES	22,420	
FSU	1,050	
CSU	17,599	2,227
UMUC	7,638	1,517
UMBC	13,610	2,658
USM Office	466,278	366,019
	<hr/>	<hr/>
Total	\$9,003,464	\$1,911,745

The above amounts will be adjusted to reflect the portion which represents dividends and interest, gains during the current period on investments, and spendable income derived from prior period investment income, through the journal entries to record FY 2006 Endowment Fund activity, which will be available by August 18.

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING REQUIREMENTS
CHECKLIST**

INSTITUTION

Basic Financial Statements - Balance Sheet:

1. Assets equal liabilities plus net assets (to the dollar).
2. Notes receivable in the Current assets section is recorded in an amount equal to the principal amount of Notes receivable scheduled to be collected within the next 12 months. The principal portion not scheduled to be collected within the next 12 months is shown in the Noncurrent assets section.
3. Parenthetical amounts for the allowance of doubtful accounts receivable and the allowance for doubtful notes receivable are shown.
4. Amounts for "Revenue Bonds", "Notes Payable & Long-term Debt", and "Obligations Under Capital Lease Agreements" are separately presented on the Balance Sheet, where appropriate. **Equipment Loan Program obligations are to be included in Notes Payable and other Long-term Debt.**
5. The principal amount of Revenue Bonds, Notes Payable and Other Long-term Debt, and Obligations Under Capital Lease Agreements due within the next 12 months is reported as a current liability. The balance of the principal outstanding for each of these types of liabilities is to be reported as a Noncurrent Liability. **The entire amount of the Equipment Loan Program Obligations are to be reported as a Noncurrent Liability.**
6. Deferred revenue represents the portion of summer sessions allocated to the number of days not falling within the reporting fiscal year end, plus any unearned revenue associated with advance-funded exchange contracts or grants.

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING REQUIREMENTS
CHECKLIST**

7. Balances shown for "Revenue Bonds", "Equipment Loan Program Obligations", and "Cash held by USM Office / Trustee" each agree to the amounts reported along with the journal entries provided to the institution to record FY 2006 activity.
8. Amounts for Cash and cash equivalents, Restricted cash and cash equivalents, Investments, and Endowment investments all include the appropriate amounts associated with the institutions balances associated with the Common Trust Fund, the investment portfolio used to manage the System's Endowment Funds. These amounts must be verified against the balances for each category that will be provided with the journal entries to record FY 2006 Endowment Fund activity.
9. **Net assets - Invested in capital assets, net** - includes the recorded value of fixed assets, less the total of debt outstanding associated with fixed assets (including construction in progress).
10. **Net assets - Nonexpendable** – includes only the balances of 'pure' endowments associated with each of the three general categories.
11. **Net assets - Expendable** – includes the net balances of restricted activities associated with contracts and grants, gifts, loan funds, and any other previously 'restricted' fund activity, segregated into the groupings provided for on the example financial statements. Balances that do not fit into any of the specified categories should be grouped in 'Other'.

Statement of Revenues, Expenses, and Other Changes in Net Assets

12. Scholarships and Fellowships expenditures have been analyzed, and reclassified in appropriate amounts to be reported as Scholarship Allowances, an offset to the revenue categories.
13. Current period depreciation expense has been included in the appropriate program expense categories. Depreciation expense, as appropriate, has also been recorded for assets disposed of during the current fiscal year.

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING REQUIREMENTS
CHECKLIST**

14. Both revenues and expenses are reflected for each Auxiliary Enterprise activity reported by the institution.
15. Capital appropriations reported on the Statement of Activities agrees with the total amount of spending out of the State General Obligation loan program (and summarized on page 39)
16. Transfers to / from other USM institutions agrees to the total on Schedule H.
17. The "Net assets" as of **6/30/05** equals the total of fund balances presented in the audited version of the financial statements for **FY 05**.
18. The "Net assets" as of 6/30/06 agrees with the total of Net assets reported on the Balance Sheet.

Statement of Cash Flows

19. The amount 'Cash and cash equivalents - beginning of year' - agrees with the total of cash and cash equivalents reported in the FY 2005 financial statements.
20. State appropriations recorded on the Statement of Activities agrees with the amount shown on the Statement of Cash Flows.
21. Capital appropriations recorded on the Statement of Activities agrees with the amount shown on the Statement of Cash Flows.
22. The amount 'Cash and cash equivalents - end of year' - agrees with the total of cash and cash equivalents and restricted cash and cash equivalents reported on the Balance Sheet.

Analysis of cash and short-term investments:

(due September 1)

23. Total Cash and Cash Equivalents as detailed on Schedule A - Composition of Cash and Cash Equivalents equals Cash and Cash Equivalents as reported on the Balance Sheet.
24. Total Cash on hand with the state treasurer as shown on Schedule A - Composition of Cash and Cash Equivalents agrees with Cash on hand with the state treasurer as shown on Schedule A1 - Reconciliation of Cash On Hand With The State Treasurer to Amount Reflected in RSTARS (in total).

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING REQUIREMENTS
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25. The amount 'Cash and cash equivalents - end of year' - agrees with the total of cash and cash equivalents, both Current and Noncurrent or Restricted reported on the Balance Sheet.

Information on cash balances: (due September 15)

26. Composition of Cash and Cash Equivalents other than Cash on hand with the State Treasurer, cash and investment amounts associated with Endowment Funds, and cash and investment amounts associated with System revenue bonds or Equipment Loan Program Obligations appears on Schedule B - Information on Cash Balances.
27. Information on deposit insurance and collateralization arrangements is complete, and the requirements of state Finance and Procurement Article Title 6, Subtitle 2, Section 6-209 have been appropriately considered (requires that deposit insurance or collateralization of cash balances be equal to at least 100% of amounts on deposit at all times).
28. **NOTE: The State facilitates deposit insurance and collateral arrangements on all working fund accounts in Maryland for which they have been provided notification through the working fund form.**

Summary of Changes in Fixed Assets:
(due September 1)

29. Balances of each category of fixed assets as of July 1, 2005, agree with balances reported for FY 05. Adjustments to 7/1/05 amounts are separately detailed in the current year activity section of the FY 06 Schedule C - Summary of Changes in Fixed Assets.
30. Transfers (to) / from other USM institutions reported on Schedule C – Summary of Changes in Fixed Assets is supported by information on the composition which facilitates the matching of inter-institutional transactions.

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING REQUIREMENTS
CHECKLIST**

31. The Total of Balances, June 30, 2006 on Schedule C – Summary of Changes in Fixed Assets exactly equals Capital Assets, net as reported on the Balance Sheet.

Expense Crosswalk
(due September 15)

32. Totals of each program expense category agrees with the total for each program expense category on the Statement of Revenues, Expenses, and Other Changes in Net Assets.
33. Depreciation expense allocated to the various program expense categories agrees with the total of depreciation expense reported on Schedule C.

Schedule of Notes Payable & other Long-term Debt:
(due September 1)

34. The Total for Principal Balance Remaining - 6/30/06 as shown on Schedule E – Information on Notes Payable & Other Debt equals the amount reported as Notes Payable & Long-term Debt on the Balance Sheet.
35. The sum of each of the Totals for future minimum Principal payments for each of the next 5 fiscal years, and FY 2012 and beyond, equals the Total for Principal Balance Remaining 6/30/06.
36. The Total for Principal Balance Remaining 6/30/06 plus the Total Payments FY 06, less Interest Portion of Payments Made In FY 06, less the initial obligation amount of any new obligations (calculated by taking Principal Balance Remaining 6/30/06 and adding the Total Payments FY 06 and subtracting the Interest Portion of Payments Made in FY 06) as shown on Schedule E - Information on Notes Payable & Other Debt, equals the amount reported as Notes Payable as of June 30, 2005.

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING REQUIREMENTS
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Schedule of Capital Lease Obligations:

(due September 1)

37. The Totals for Net Present Value 6/30/06 equals the amount reported as Obligations - Capital Lease Agreements on the Balance Sheet (combination of the current and noncurrent amounts).
38. The sum of the totals for future minimum lease payments for each of the next 5 fiscal years and FY 2012 and beyond equals Total of Payments Remaining 6/30/06.

Analysis of accounts receivable and payables

(due September 1)

39. The total of the detail of accounts receivable agrees with the amount reported on the Balance Sheet as accounts receivable.
40. The total of the detail of accounts payable agrees with the amount reported on the Balance Sheet as accounts payable.

Analysis of inter-institutional transactions:

(due September 1)

41. The totals for each fund for Transfers To / (From) Other University System of Maryland Institutions equal the amounts reported on the Statement of Activities.

Schedule of operating leases: (due September 15)

42. The schedule presents Total Operating Lease Expenditures for the year ended June 30, 2006.
43. Payments for each lease agreement spread in the Future Minimum Lease Payments section do not extend beyond the expiration of the agreement (which includes options EXERCISED as of the date of preparation of the schedule).

**UNIVERSITY SYSTEM OF MARYLAND
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Analysis of changes in accrued vacation and accrued workers compensation (due September 15)

44. The balance reported for both Accrued Vacation, and Accrued Workers Compensation, as of July 1 agrees with the prior year audited financial statements.

45. The balance reported for both Accrued Vacation, and Accrued Workers Compensation, as of June 30 agrees with the amount reported on the Balance Sheet.

46. The provision for Annual Leave includes the amount due for FICA / Medicare.

Other:

47. Special Fund transfers (see page 43) for the institution are reported as a Transfer to / from Other USM institution.

**UNIVERSITY SYSTEM OF MARYLAND
FINANCIAL REPORTING INFORMATION REQUIREMENTS
FISCAL YEAR ENDED JUNE 30, 2006**

System Office and the independent auditors financial statement preparation contacts:

Robert Page, Comptroller..... (301) 445-1946

Celeste Denson, Executive Accountant..... (301) 445-1965

Eric Nicholson, Accounting Manager..... (301) 445-1947

Crystal Johnson, Engagement Manager..... (410) 584-9305

University System of Maryland
Contact List

NAME	INSTITUTION	PHONE NUMBER	FAX NUMBER	EMAIL ADDRESS
Monique Booker	SB & Company	410-584-1403	301-584-0061	mbooker@sbandcompany.com
Crystal Johnson	SB & Company	410-584-9305	301-584-0061	cjohnson@sbandcompany.com
Marc Wasserman	UMB	410-706-7776	410-706-7429	mwasse@admin.umaryland.edu
Larry Miller	UMB	410-706-2509	410-706-7429	lmille@admin.umaryland.edu
Susan Beckerman	UMB	410-706-8581	410-706-7429	sbecker@admin1.umaryland.edu
Lynn Rehn	UMCP	301-405-0238	301-405-2736	lrehn@umd.edu
Martin Hunt	UMCP	301-405-8260	301-405-2736	mhunt@umd.edu
Julie Wright	UMCP	301-405-8343	301-405-2736	jwright@umd.edu
Jeff Cohen	UMCP	301-405-8142	301-405-2736	jecohen@umd.edu
Helena Moynahan	UMCP	301-405-2615	301-405-2736	hmoynaha@umd.edu
John Mason	UMCP	301-405-2608	301-405-2736	jmason3@umd.edu
Cindy Barnes	UMCP	301-405-2602	301-405-2736	clbarnes@umd.edu
Christina Davies	BSU	301-860-3476	301-860-3487	chris@bowiestate.edu
Wayne Felder	BSU	301-860-3512	301-860-3487	wfelder@bowiestate.edu
Howard Cornish	BSU	301-860-3468	301-860-3487	hcornish@bowiestate.edu
Randal Leonard	BSU	301-860-3479	301-860-3487	rleonard@bowiestate.edu
Debbie Asbury	TU	410-704-3728	410-704-4976	dasbury@towson.edu
Cathy Mattern	TU	410-704-5563	410-704-4976	cmattern@towson.edu
Brian Fritsche	TU	410-704-4048	410-704-4976	fritsche@towson.edu
Kim Tremper	TU	410-704-2218	410-704-4976	ktremper@towson.edu
Erna Kesler	TU	410-704-5012	410-704-4976	ekesler@towson.edu
Laura Jackson	TU	410-704-2217	410-704-4976	ljackson@towson.edu
Bonita Byrd	UMES	410-651-6088	410-651-6105	bebyrd@mail.umes.edu
Bilky Okoh	UMES	410-651-6089	410-651-6105	baokoh@mail.umes.edu
Yasir Yousif	UMES	410-651-7569	410-651-8187	yeyousif@umes.edu
Michael Sheetz	FSU	301-687-4490	301-687-4494	msheetz@frostburg.edu
Ann Parish	FSU	301-687-4336	301-687-4494	aparrish@frostburg.edu
Sara Wilhelm	FSU	301-687-3186	301-687-4494	slwilhelm@frostburg.edu
W. Henry Featherstone	CSU	410-951-3575	410-951-3576	wfeatherstone@coppin.edu
Vincent Blackburn	CSU	410-951-3699	410-951-3678	vblackburn@coppin.edu
Sharon Anderson	CSU	410-951-3695	410-951-3678	sanderson@coppin.edu
Abu Kamal	UB	410-837-4746	410-837-6580	akamal@ubalt.edu
Tony Pasquariello	SU	410-543-6028	410-546-6200	tjpasquariello@salisbury.edu
Robanne Mills	SU	410-543-6045	410-546-6200	rrmills@salisbury.edu
Benjamin Lowenthal	UMUC	240-684-5531	240-684-5501	blowenthal@umuc.edu
Allen Kruckow	UMUC	240-684-5530	240-684-5501	rkruckow@umuc.edu
Lucy Kallal	UMUC	240-684-5527	240-684-5501	lkallal@umuc.edu
Robert Preston	UMBC	410-455-1489	410-455-1916	rpreston@umbc.edu
Michele Smith	UMBC	410-455-2896	410-455-1916	voltz@umbc.edu
Janice Schwartz	UMBC	410-455-1503	410-455-1916	jaschwar@umbc.edu
Albert Smith	UMBC	410-455-3044	410-455-1916	asmith@umbc.edu
Tammy Ross	UMCES	410-228-9250 x613	410-882-9265	tross@umces.edu
Colleen Dove	UMBI	410-385-6335	410-385-6346	dove@umbi.umd.edu
Lori Confroy	UMBI	410-385-6336	410-385-6346	confroy@umbi.umd.edu
Robert Page	USM Office	301-445-1946	301-445-2761	rpage@usmd.edu
Celeste Denson	USM Office	301-445-1965	301-445-2761	cdenson@usmd.edu
Eric Nicholson	USM Office	301-445-1947	301-445-2761	eln@usmd.edu