

UNIVERSITY SYSTEM OF MARYLAND
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the year ended June 30, 2008





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FINANCIAL REPORT**

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Prepared by the Office of the Chief Operating Officer/
Vice Chancellor for Administration and Finance

Joseph F. Vivona

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INTRODUCTORY SECTION

For the year ended June 30, 2008



CHANCELLOR'S MESSAGE

The past year marked the 20th anniversary of the creation of the University System of Maryland (USM), allowing the USM community to reflect on the System's impact over the past two decades. Even the most optimistic aspirations for the USM at its creation understated the actual growth in quality of the System's 13 institutions, their far-reaching teaching, research and service contributions, and the System's impact on the economic growth and quality of life in Maryland. There is a real sense that the "best is yet to come."

Fiscal Year 2008 once again found the University System of Maryland in a strong financial position, highlighted by growth in our unrestricted fund balance, significant enhancement of our endowment, and a reaffirmed "AA" bond rating in recognition of USM's prudent management practices. I applaud the Board of Regents as well as the USM Office of Administration and Finance for these and other accomplishments outlined in this report.



Working closely with leadership in Annapolis, we aligned our budget priorities with those expressed by the Governor and General Assembly. As you know, higher education was a significant winner in the special legislative session of the Maryland General Assembly held in late 2007. One key outcome was the creation of the Higher Education Investment Fund (HEIF), which established for the first time in the history of Maryland a specific funding stream dedicated to higher education. Governor O'Malley and the General Assembly's commitment to advancing higher education was further demonstrated in the passage of the FY 2009 operating budget, which provides the System a total of \$1.08 billion in general funds and revenue from the HEIF. This translates into an increase in state funds of roughly 9 percent.

Our efforts have not only increased public support, but private giving as well. Just three years into its seven-year federated fundraising campaign, The University System of Maryland Foundation has raised \$1.03 billion toward the goal of \$1.7 billion, with a number of high-value, high-profile commitments. The impact of this support both public and private is impressive, allowing us to advance our key goals of access, affordability and excellence.

Unfortunately, recent economic challenges have prompted the Board of Public Works to implement mid-year budget reductions to the USM totaling \$35 million; a 3.5 percent reduction in our FY 2009 state support. However, while this is certainly by no means a mild cut, it is, nevertheless, manageable. We have taken actions that had the least impact on our students; protected the integrity of our academic and research programs; and minimized the hardship for our dedicated faculty and staff. We remain committed to our over-arching goals of expanding access, enhancing affordability, and advancing excellence.

As I enter my seventh year as USM Chancellor, I remain greatly impressed by the entire USM "family". The members of the Board of Regents, the presidents and vice presidents leading our institutions, the faculty and staff that bring excellence to our campuses, and the students and alumni that we serve all share a common commitment. The national recognition gained for USM's Efficiency and Effectiveness efforts and the leadership demonstrated through its three strategic priorities: Closing the Achievement Gap, Building Maryland's Competitiveness, and Addressing Climate Change and Sustainability, are evidence that the USM is emerging as one of our nation's shining examples of what a university system can achieve.

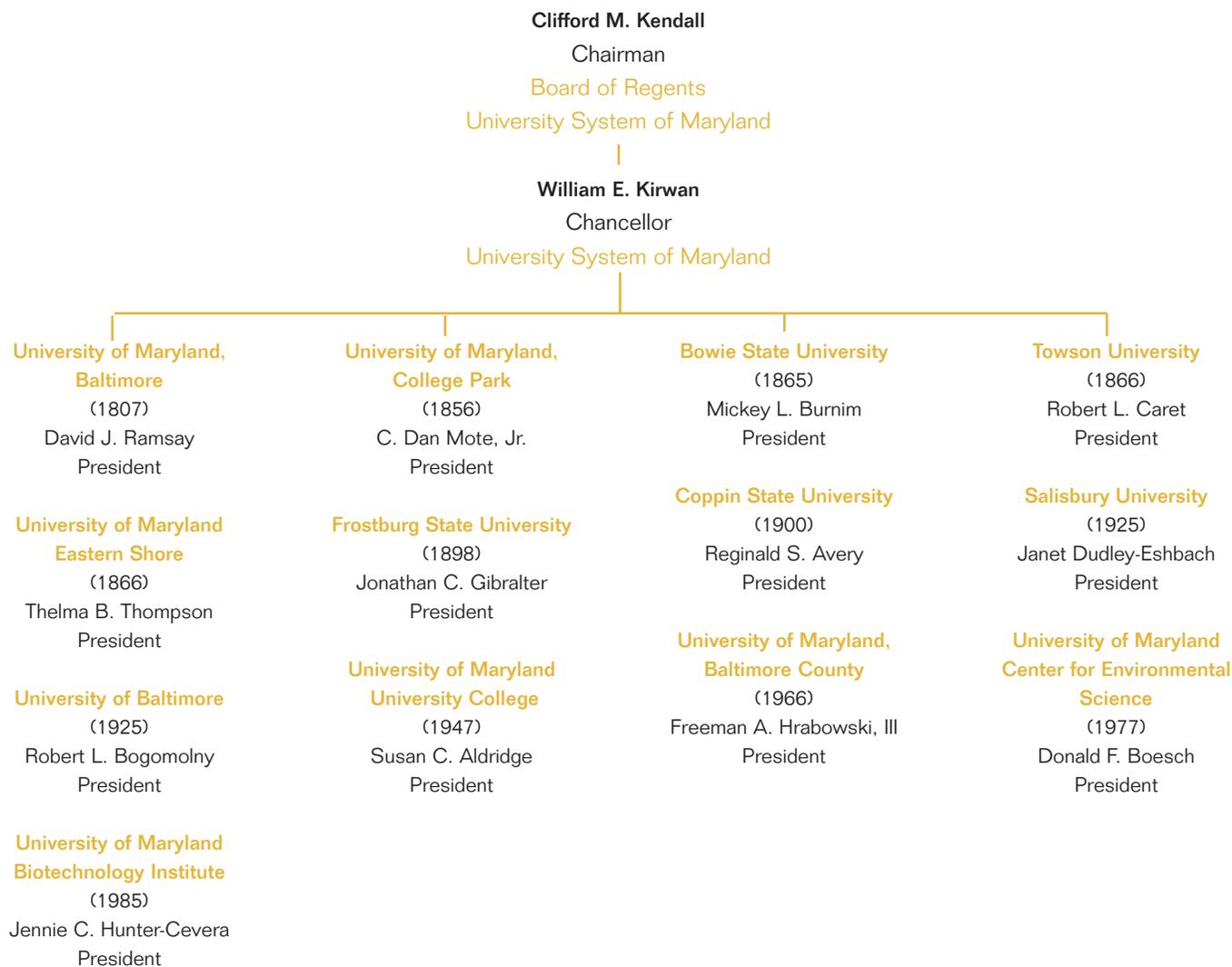
A handwritten signature in black ink that reads "W E Kirwan". The signature is written in a cursive, slightly stylized font.

William E. Kirwan
Chancellor



ORGANIZATIONAL CHART

UNIVERSITY SYSTEM OF MARYLAND



OFFICIALS OF THE UNIVERSITY SYSTEM OF MARYLAND

July 1, 2008 - June 30, 2009

BOARD OF REGENTS

Clifford M. Kendall, *Chair*
Orlan M. Johnson, *Vice Chair*
Patricia S. Florestano, *Treasurer*
Barry P. Gossett, *Assistant Treasurer*
R. Michael Gill, *Secretary*
C. Thomas McMillen, *Assistant Secretary*
Norman R. Augustine
Alicia Coro Hoffman
Francis X. Kelly
Marvin Mandel
David Nevins
A. Dwight Pettit
Frank M. Reid, III
Roger L. Richardson
James L. Shea
Thomas G. Slater
Joshua L. Michael, *student regent*



OFFICERS OF THE UNIVERSITY SYSTEM OF MARYLAND

William E. Kirwan, *Chancellor*
Irwin Goldstein, *Senior Vice Chancellor for Academic Affairs*
Joseph F. Vivona, *Chief Operating Officer/Vice Chancellor for Administration and Finance*
Leonard R. Raley, *Vice Chancellor for Advancement*

PRESIDENTS OF THE INSTITUTIONS OF THE UNIVERSITY SYSTEM OF MARYLAND

Donald F. Boesch, *University of Maryland Center For Environmental Science*
Reginald S. Avery, *Coppin State University*
Jonathan C. Gibraltar, *Frostburg State University*
Susan C. Aldridge, *University of Maryland University College*
Mickey L. Burnim, *Bowie State University*
Freeman A. Hrabowski, III, *University of Maryland, Baltimore County*
Jennie C. Hunter-Cevera, *University of Maryland Biotechnology Institute*
Janet Dudley-Eshbach, *Salisbury University*
C. Dan Mote, Jr., *University of Maryland, College Park*
David J. Ramsay, *University of Maryland, Baltimore*
Robert L. Caret, *Towson University*
Thelma B. Thompson, *University of Maryland Eastern Shore*
Robert L. Bogomolny, *University of Baltimore*



OFFICE OF ADMINISTRATION AND FINANCE

November 11, 2008

Dr. William E. Kirwan
Chancellor
University System of Maryland

Chancellor Kirwan:

We are pleased to convey to you the Comprehensive Annual Financial Report for the University System of Maryland (the System) for the year ended June 30, 2008. The report of our independent public accountants, Abrams, Foster, Nole & Williams, P.A., which appears on page 17, expresses an unqualified opinion on the financial statements.

INTRODUCTION

The Comprehensive Annual Financial Report includes the general purpose financial statements for the year ended June 30, 2008, as well as other information useful in obtaining a complete understanding of the System's fiscal environment. Responsibility for the accuracy of the data, and for the completeness and fairness of its presentation, including all disclosures, rests with the Office of Administration and Finance. We believe that all of the information is accurate in all material respects and fairly sets forth the System's financial position and revenues, expenses, transfers and other changes in net assets, and includes all of the disclosures necessary to enable the reader to gain the maximum understanding of the System's operations for the year ended June 30, 2008.

This report is organized into three distinct sections, as follows:

This **INTRODUCTORY SECTION**, which includes the Chancellor's transmittal to the Board of Regents, this letter conveying the report to you, a listing of System officials and the presidents of the institutions, and an organization chart. It is intended to acquaint the reader with the organizational structure of the System, the nature and scope of its operations, its financial activities, and the significant factors contributing to the current fiscal environment.

The **FINANCIAL SECTION** contains the financial statements, report of independent public accountants, combining statements and schedules comparing estimated and actual revenues and budgeted and actual expenditures, on a budgetary basis of accounting. The financial statements are prepared in accordance with generally accepted accounting principles appropriate for public colleges and universities, as set forth by the Governmental Accounting Standards Board.

The **STATISTICAL SECTION** presents selected financial, statistical, and demographic information intended to provide readers with a broader understanding of the trends in the financial affairs of the System.

1807
University of Maryland,
Baltimore

1856
University of Maryland,
College Park

1865
Bowie State University

1866
Towson University

1886
University of Maryland
Eastern Shore

1898
Frostburg State University

1900
Coppin State University

1925
Salisbury University

1925
University of Baltimore

1925
University of Maryland
Center for Environmental
Science

1947
University of Maryland
University College

1966
University of Maryland,
Baltimore County

1985
University of Maryland
Biotechnology Institute

The financial statements include the institutions and centers of the University System of Maryland, an agency of the government of the State of Maryland. Sixteen not-for-profit entities organized with the purpose of support of institutions of the University System of Maryland, have been identified as component units and presented using the discrete method of presentation.

The University of Maryland Medical System, a private, independent, and self-governing corporation which separated from the University of Maryland (a predecessor of the University System of Maryland) on July 1, 1984, does not satisfy any of the criteria for inclusion in the reporting entity. The System has a contractual relationship with the University of Maryland Medical System in which the System is reimbursed for facilities and personnel resources utilized by the University of Maryland Medical System.

ECONOMIC CONDITION AND OUTLOOK

The Maryland economy has begun to experience the effects of the credit crisis and financial downturn now impacting the world. State revenues are projected to fall short of budgeted levels, and a structural imbalance in the State’s budget is likely to result in additional spending reductions over the next couple of budget years. The impact of State budget decisions on the System, including the potential for tuition increases, is unknown at this point in time.

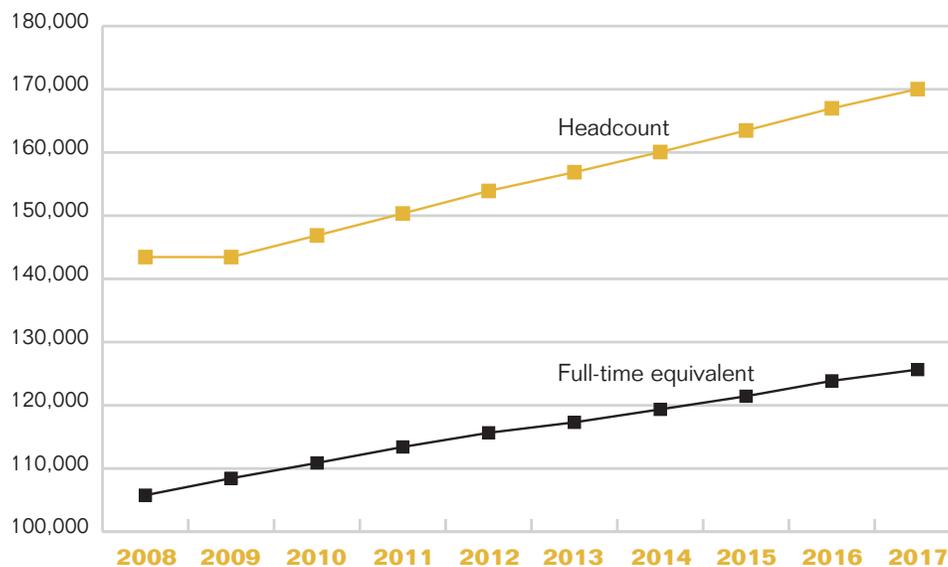
State funding for operational and capital needs is subject to an appropriation process influenced by System institution successes and needs, in an overall context of the projected state-wide revenue base.

For the past several academic years, the Board of Regents has worked to hold in-state tuition levels constant, improving affordability and value for Maryland residents. Enrollment projections continue to show significant growth through 2017, particularly among full-time and part-time undergraduates, and part-time graduate student categories. Preliminary Fall 2008 enrollment is seen to increase 4.2%, or more than 5,800 students, to a headcount enrollment of 143,453 students System-wide.

Looking forward, the System continues to plan for significant increases in enrollment over the coming decade. From the current headcount of 143,453, enrollment is expected to increase annually to more than 170,000 in Fall 2017.

Below is a table showing the most recent projections of enrollment over the coming decade.

**ACTUAL FALL 2008 and
PROJECTED 2009 - 2017 ENROLLMENT
Headcount and Full-time Equivalent Students**



Volatility in the price of fuel costs in fiscal year 2008 imposed unanticipated costs on institutions, and as a result, System institutions are exploring mechanisms to bring some level of cost predictability and management to utilities expenses through cross-institutional purchasing arrangements, the use of forward purchase agreements, and other similar price risk management methods.

System institutions continue to report increasing levels of contract and grant activity, the largest component funded by the Federal government. The State is a significant focus for research on biotechnology and is likely to continue to receive significant future amounts of resources.

MAJOR INITIATIVES

In July 2000, the Regents approved the System's strategic plan, a guiding document that is consistent with the State plan for higher education and that incorporates the principles and priorities for higher education articulated in state law. The plan was updated in February 2004. The strategic plan focuses the System's efforts and priorities on five strategic themes:

- ▶ **Promoting Access and Academic Success** — academic programs will respond to meet the changing and expanding educational needs of our state and a growing and increasingly diverse undergraduate, graduate, and professional student population
- ▶ **Achieving National Eminence** — consistent with its legislative mandate, USM will achieve national eminence in research, scholarship, teaching, and service
- ▶ **Creating Knowledge, Promoting Economic Development, and Advancing the Quality of Life of Maryland Citizens** — research and scholarship will position Maryland as a national leader in science and technology, the arts and humanities, and the professions; serve the public good by enhancing the quality of life of all Marylanders; and advance the state's and the nation's economic growth, sustainable development, and international competitiveness
- ▶ **Addressing the State's Critical Workforce and Health-care Needs** — identify those professions and jobs essential to the State's continued economic well-being and providing educational paths that meet those needs
- ▶ **Identifying New Resources and Practicing Exemplary Stewardship** — will be widely recognized for the effective and efficient stewardship of its resources to achieve its strategic goals.

Progress towards each of the goals and strategic objectives is measured annually and reported to the Regents.

Fiscally, the System institutions have embarked on a five year plan, beginning with fiscal year 2004, to improve the System's overall financial strength and diversify the funding mechanisms for providing facilities to serve a burgeoning student population. From the beginning of fiscal year 2004 through fiscal year 2008, unrestricted net assets have increased by more than \$548 million. Improvements in the System's financial health will protect the System's excellent bond rating, save millions of dollars in interest costs, position System institutions to be able to accommodate or respond to unanticipated changes in funding or costs, as well as facilitate public-private partnerships in utilizing needed additional facilities.

More recently, the System has begun formulating strategies for pursuing three new initiatives, in addition to those articulated in the Strategic Plan:

- ▶ **Economic development and workforce competitiveness** — proactively addressing the need to maintain and even advance Maryland's current position as a national leader in innovation and knowledge transfer fostering economic development

- ▶ **Eliminating the achievement gap** — the gap in college participation, retention and graduation rates between low income and under-represented minorities on the one hand and the general student population on the other hand
- ▶ **Climate change and sustainability** — through education and research programs, develop and promulgate new strategies for addressing environmental challenges. Through commitment to best practices in the use of energy, become a model for others to emulate

Through the leadership of the Regents Effectiveness and Efficiency Committee, institutions have been successful in realizing significant reductions in costs in both academic and administrative processes. The initiatives pursued span a range of strategies, some cost-sharing, others process redesign, in a phased, multi-year effort that will continue to produce cost savings for next several years.

In July 2005, the System entered into an arrangement with the University System of Maryland Foundation to provide investment management services for the System's \$200 million endowment fund. Combined with the long-term investments of most of the other affiliated foundations, the USM Foundation now oversees a long-term investment portfolio of more than \$850 million and an operating fund of more than \$200 million. An Investment Committee of the USM Foundation, comprised of the best minds in investment finance from the region and New York City, and a growing, high-caliber internal staff, ensures that the System and its affiliated foundations have an appropriate investment infrastructure for its investment holdings. For fiscal year 2008, investment returns on the long-term portfolio were -0.4%, far outperforming the change in the Standard & Poor's 500, and a fortunate rate of return compared with that realized by college and university investment portfolios nationwide.

The System and its institutions are in the midst of a \$1.7 billion capital campaign targeted at enhancing access, affordability, and quality. Through September 30, 2008, System institutions have raised more than \$1 billion towards the campaign goal.

FINANCIAL INFORMATION

Internal Control Structure and Budgetary Control

Management of the System is responsible for establishing and maintaining an effective system of internal control. The system of internal control is designed to ensure that certain organizational objectives are met. Accordingly, organizational structure, policies, and procedures have been established to safeguard assets, ensure the reliability of accounting data, promote efficient operations and ensure compliance with established governmental laws, regulations and policies, System policies, and other requirements of resource providers to whom the System is accountable.

As a recipient of Federal financial awards, the System is responsible for ensuring compliance with all applicable laws and regulations relating to such assistance. This is accomplished through a combination of State and System policies and procedures, and other facets of the System's internal control structure. The System undergoes an annual examination of its Federal financial assistance programs in accordance with the United States Office of Management and Budget (OMB) Circular A-133.

The Maryland Constitution requires the Governor to submit to the General Assembly an annual balanced budget for the System. Each constituent unit within the System is provided with a level of appropriation for current unrestricted fund and current restricted fund activities. The legislated appropriation level limits total annual current fund expenditures. Budgetary controls are incorporated into the System's accounting systems, as well as the State financial management system, to ensure that expenditure constraints imposed by the legislated budget are observed within each budgetary unit. Periodic financial reports which compare actual and projected results with estimated and budgeted amounts are provided to the Board of Regents.

The System has adopted practices and policies on the funding of construction projects and periodic renewal and replacement of plant facilities.

Practices for funding of construction projects include the use of existing System-wide cash through inter-institutional or inter-fund borrowing arrangements, the use of proceeds of debt obligations, and collaborative arrangements with private developers and operators to provide student housing.

The policy for facilities renewal provides that appropriation requests be increased, over time, to provide funds equal to 2% of the replacement value of facilities. During the past several years, facilities renewal funding has been below 1% of replacement value. The System is currently requesting increased funds for facilities renewal through a combination of operating and capital budget resources which will provide amounts for renewal and replacement of facilities at levels much closer to the 2% target.

Debt Administration

The System finances the construction or acquisition of many of its new auxiliary enterprise facilities, and certain academic facilities, through the issuance of University System of Maryland debt obligations. The System, with the assistance of



its legal and financial consultants, continually monitors the market for government securities in order to achieve the most favorable financing arrangements, both for new facilities and for the refinancing of existing debt.

Cash Management

The State Finance and Procurement Article of the Annotated Code provides that all receipts, and all disbursements, except for those involving accounts overseas and small working fund accounts, endowment funds, and trust funds associated with debt instruments, be made using a bank account under the management of the State Treasurer. The State Treasurer performs all cash management activities for System cash balances on deposit in State bank accounts. The State Treasurer invests surplus cash balances, primarily in repurchase agreements and United States Treasury and agency obligations. A portion of the earnings on surplus cash balances is passed on to the System and reported as investment income.

Risk Management

The System participates in a statewide risk management program. As a part of this program, the State makes available blanket insurance coverage provided by a private insurance company for certain risks of loss. As a participant in the statewide insurance program, the System is assessed a charge by the State.

The System is involved in several legal proceedings. Such proceedings arise from time to time in the normal course of its operations. In the opinion of the State Attorney General, such proceedings are not likely to have a material adverse impact on the financial position of the System.

OTHER INFORMATION

In accordance with State statute, each unit of the System undergoes an audit by the State of Maryland Legislative Auditor at least every three years. Additionally, University System of Maryland internal auditors perform fiscal, compliance and performance audits at your direction and that of the Board of Regents. The reports resulting from these audits are shared with the management of those units of the System and the Board of Regents.

Board of Regents policy requires you to submit annual general purpose financial statements for the System which have been audited by independent certified public auditors. The report of Abrams, Foster, Nole & Williams P.A. has been included with the general purpose financial statements in the financial section of this report. Abrams, Foster, Nole & Williams P.A. also performs audits to meet the requirements of OMB Circular A-133, the results of which are detailed in a separate report.

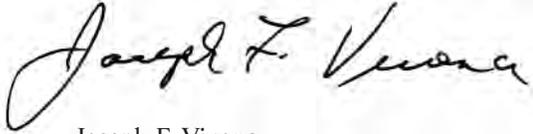
This Comprehensive Annual Financial Report has been prepared using the guidance found in Governmental Accounting, Auditing and Financial Reporting, published by the Government Finance Officers Association of the United States and Canada (GFOA). The objectives of the comprehensive annual financial report are to present a clear and complete picture of the System's financial affairs, enhance the information conveyed through the traditional governmental college and university financial reporting model, and address comprehensive annual financial report user needs.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the University System of Maryland for its comprehensive annual financial report for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, the public college or university must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report satisfies the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of the Comprehensive Annual Financial Report in a timely manner would not have been possible without the efforts and dedication of the employees of the Office of Administration and Finance of the University System of Maryland Office, the financial management of each of the institutions and units of the System, and the expertise and guidance of Abrams, Foster, Nole & Williams, P.A.

Sincerely,

A handwritten signature in black ink, reading "Joseph F. Vivona". The signature is written in a cursive style with a large initial "J".

Joseph F. Vivona
Chief Operating Officer/
Vice Chancellor for Administration and Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

University System of Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

For the year ended June 30, 2008





Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants

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West Quadrangle
Baltimore, MD 21210-1886
(410) 433-6830 / Fax (410) 433-6871

Member: American Institute of Certified Public Accountants
and Maryland Association of Certified Public Accountants

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Regents, University System of Maryland

We have audited the accompanying basic financial statements of the University System of Maryland (the System), a component unit of the State of Maryland, and its discretely presented component units as of and for the years ended June 30, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

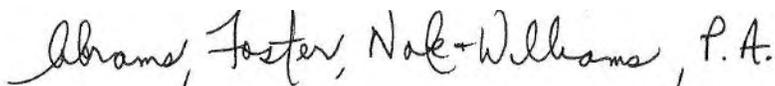
We only audited the component unit financial statements of Coppin State College Development Foundation, Inc. and Bowie State University Foundation, Inc. We did not audit the other component unit financial statements. The component units we did not audit represent 99 percent, 98 percent and 97 percent, respectively, of total assets, net assets and unrestricted revenues 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 the component units, is based on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 of its discretely presented component units as of June 30, 2008 and 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis and schedules of estimated and actual revenues and expenditures by institution-budgetary basis, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The combining financial statements, introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and on the report of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections of this report required by law have not been subjected to the auditing procedures applied by us or the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland

November 11, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2008 AND 2007

The 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, 2008 and 2007.

Financial Highlights

- ▶ Unrestricted net assets increased by \$136,908,000 for the year ended June 30, 2008, compared to an increase of \$131,154,000 for the year ended June 30, 2007.
- ▶ State appropriations legislated for the System increased by 7.6% for the year ended June 30, 2008, to \$1,004,068,000. For the year ended June 30, 2007, State appropriations increased by 15% from the amount received in the year ended June 30, 2006.
- ▶ Tuition and fees, after deducting Scholarship allowances, increased by \$70,534,000, or 8.1% for the year ended June 30, 2008. During the year ended June 30, 2007, net Tuition and fees increased by more than 5%, or \$47,568,000.

Overview of the Financial Statements

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

The *Balance Sheet* presents information on the System's assets, liabilities and net assets, all as of the end of the reporting period. Net assets represents the difference between assets and liabilities, 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 assets can help in understanding whether the financial condition of the System is improving or deteriorating.

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

The *Statement of Cash Flows* presents information on sources and uses of cash during the year. This statement details the changes in cash and cash equivalents from the 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, non-capital 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 16 legally-separate and distinct entities for which the System is financially accountable, which are considered component units. Of the 16 component units, three are considered major component units due to their significance in terms of size, while the rest are considered non-major component units.

The emphasis 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, 2008, the System's financial health remains strong, with assets exceeding liabilities by \$3,741,283,000, shown on the Balance Sheet as total net assets. This compares with total net assets of \$3,424,332,000 as of June 30, 2007. As suggested earlier, when viewed over time, net assets may be useful as an indicator of financial health.

For the year ended June 30, 2008, total net assets increased by \$316,951,000. Net assets invested in capital assets, net of related debt, increased by \$199,327,000, while unrestricted net assets increased \$136,908,000, and restricted net asset categories decreased by \$19,284,000.

Unrestricted net assets represent the portion of assets, after taking into account liabilities, which can be used to meet ongoing obligations and fund new initiatives. The \$136,908,000 increase in unrestricted net assets for the year ended June 30, 2008 is attributable to continuing institutional efforts to limit expenditures, revenues from enrollment growth beyond that anticipated, as well as efforts to accumulate resources to provide for future facilities needs and renewal and renovation requirements.

For the year ended June 30, 2007, total net assets increased by \$346,606,000. Net assets invested in capital assets, net of related debt, increased by \$190,296,000, while unrestricted net assets increased \$131,154,000, and restricted net asset categories increased by \$25,156,000.

The table below presents summary-level information of the System's assets, liabilities, and net assets as of June 30, 2008, 2007 and 2006 (amounts in thousands):

Condensed Balance Sheet June 30, 2008, 2007 and 2006

	2008	2007	2006
Current and other assets	\$1,814,837	\$1,596,331	\$1,352,831
Capital assets, net	3,434,909	3,248,365	3,103,410
Total assets	\$5,249,746	\$4,844,696	\$4,456,241
Debt and obligations under capital lease agreements	\$969,923	\$954,847	\$934,826
Other liabilities	538,540	465,517	443,689
Total liabilities	1,508,463	1,420,364	1,378,515
Net assets:			
Invested in capital assets, net of related debt	2,593,702	2,394,375	2,204,079
Restricted	283,862	303,146	277,990
Unrestricted	863,719	726,811	595,657
Total net assets	3,741,283	3,424,332	3,077,726
Net assets and liabilities	\$5,249,746	\$4,844,696	\$4,456,241

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, 2008, 2007 and 2006 (amounts in thousands):

Condensed Statement of Revenues, Expenses and Changes in Net Assets
Years ended June 30, 2008, 2007 and 2006

	2008	2007	2006
Operating revenues	\$2,658,867	\$2,441,077	\$2,342,248
Operating expenses	3,589,864	3,320,914	3,148,332
Operating loss	(930,997)	(879,837)	(806,084)
State appropriations	1,004,068	933,537	811,588
Other nonoperating revenues (expenses), gains and (losses), net	76,958	113,771	50,484
Total nonoperating revenues and expenses	1,081,026	1,047,308	862,072
Income before other revenues, expenses, gains and losses	150,029	167,471	55,988
Other revenues and (expenses)	166,922	179,135	98,314
Increase in net assets	316,951	346,606	154,302
Net assets, beginning of year	3,424,332	3,077,726	2,923,424
Net assets, end of year	\$3,741,283	\$3,424,332	\$3,077,726

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

For the years ended June 30, 2008, 2007 and 2006, operating revenues, which under the definitions used by Governmental Accounting Standards Board (GASB) excludes state appropriations, are detailed below (dollar amounts in thousands):

	2008		2007		2006	
	\$	%	\$	%	\$	%
Tuition and fees	\$943,834	35.5%	\$873,300	35.8%	\$825,730	35.3%
Contracts and grants	994,640	37.4	915,161	37.5	894,892	38.2
Sales and services of educational departments	224,755	8.5	193,764	7.9	193,884	8.3
Auxiliary enterprises	434,310	16.3	404,856	16.6	380,385	16.2
Other operating	61,328	2.3	53,996	2.2	47,357	2.0
Total	\$2,658,867	100.0%	\$2,441,077	100.0%	\$2,342,248	100.0%

Tuition and fees reflect the increases in tuition rates and other student charges enacted for the years ended June 30, 2008 and 2007 for graduate and non-resident undergraduate students, as well as modest enrollment increases in both years, most notably at the University of Maryland College Park, and the University of Maryland University College. Fee increases for residence halls and dining facilities and enrollment increases account for the increase in revenues from auxiliary enterprise activities.

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 year ended June 30, 2008, increases in payments to suppliers, contractors and other payments account for largest component of the overall increase in operating expenses over the year ended June 30, 2007. Payments to suppliers, contractors and other increased by more than 16% over the year ended June 30, 2007, with the largest increase associated with research activities.

For the year ended June 30, 2007, increases in employee costs, most significantly in the instruction, academic support, and institutional support program categories, account for most of the overall increase in operating expenses over the year ended June 30, 2006.

For the years ended June 30, 2008, 2007 and 2006, operating expenses are detailed below (dollar amounts in thousands):

	2008		2007		2006	
	\$	%	\$	%	\$	%
Instruction	\$951,368	26.5%	\$890,577	26.8%	\$861,191	27.4%
Research	838,754	23.4	761,371	22.9	719,067	22.8
Public service	136,358	3.8	126,113	3.8	122,906	3.9
Academic support	318,240	8.9	287,338	8.7	259,224	8.2
Student services	154,969	4.3	143,441	4.3	125,432	4.0
Institutional support	326,342	9.1	317,336	9.6	300,468	9.5
Operation and maintenance of plant	272,127	7.6	261,289	7.9	248,443	7.9
Scholarships and fellowships	75,884	2.1	63,142	1.9	59,117	1.9
Auxiliary enterprises	404,597	11.2	369,809	11.1	354,219	11.3
Hospital	111,225	3.1	100,498	3.0	98,265	3.1
Total	\$3,589,864	100.0%	\$3,320,914	100.0%	\$3,148,332	100.0%

Capital Asset and Debt Administration

The System added \$374,613,000 in new capital assets during the year ended June 30, 2008. Of these additions, \$156,129,000 was funded through the use of State of Maryland debt proceeds or cash balances, \$75,932,000 was funded from the proceeds of System debt obligations, and the balance of \$142,552,050 was purchased using System cash balances or received as donations.

During the year ended June 30, 2008, several significant projects were completed and placed in service, including a \$66 million new Teacher Education and Technology Center at Salisbury University and a \$21 million addition to Van Munching Hall at University of Maryland, College Park.

The System added \$337,946,000 in new capital assets during the year ended June 30, 2007. Of these additions, \$147,871,000 was funded through the use of State of Maryland debt proceeds or cash balances, \$44,335,000 was funded from the proceeds of System debt obligations, and the balance of \$145,740,000 was purchased using System cash balances or received as donations.

During the year ended June 30, 2007, several significant projects were completed and placed in service, including a \$72 million Biosciences Research building at the University of Maryland College Park, a \$21 million Center for Business and Graduate Studies at Bowie State University, and the third academic building at the Universities at Shady Grove, the System's first gold LEED certified building.

The System added \$242,559,000 in new capital assets during the year ended June 30, 2006. Of these additions, \$89,186,000 was funded through the use of State of Maryland debt proceeds or cash balances, \$60,747,000 was funded from the proceeds of System debt obligations, and the balance of \$92,626,000 was purchased using System cash balances or received as donations.

During the year ended June 30, 2006, several significant projects were completed and placed in service. A new dental school at the University of Maryland, Baltimore costing more than \$141 million was completed, while at the University of Maryland College Park, the \$21 million Center for Advanced Study of Language was put into service. A \$54 million addition and renovation of the Fine Arts Building at Towson University will greatly enhance the institution's facilities devoted to the arts, while at the University of Baltimore a new student center costing more than \$20 million will help facilitate the institution's transition to a full four year regional comprehensive institution. After expending almost \$60 million, a new Center for Advanced Research in Biotechnology for the University of Maryland Biotechnology Institute represents a significant public sector investment in biotech sciences for the I-270 corridor.

These facilities are but a small sample of the important investments in upgrading the System's academic and research facilities, as well as transforming campuses into learning communities.

The System has financed equipment and personal property acquisitions through the use of \$65,000,000 of proceeds of auction rate reset securities known as the Revolving Loan Program and issued in 2003. 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 which is determined annually as a result of an auction process.

On June 26, 2008, the System issued \$90,000,000 of Series A Revenue Bonds to fund construction, renewal and replacement, and acquisition projects previously authorized by the Board of Regents.

On July 3, 2008, the System issued \$29,070,000 of 2008 Refunding Series B Revenue Bonds to refinance \$28,880,000 of previously issued revenue bonds. The refinancing will reduce future principal and interest payments by \$1,019,000, in present value.

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

During the year ended June 30, 2007, the System refinanced \$75,630,000 of previously issued Revenue Bonds through the use of \$75,935,000 of 2007 Series A Revenue Bonds issued in April 2007. The refinancing resulted in a reduction in future principal and interest payments by more than \$3,674,000, in present value.

Economic Factors and Next Year's Budget and Rates

Enrollment demand, availability of funding for contracts and grants, and the 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 more than 19% more students anticipated by the end of fiscal year 2017. Projections for fiscal year 2009 reflect an expected increase of approximately 2,500 students, or 1.8%. During the past three years, the System has held resident tuition levels constant, improving the System's institutions relative affordability with their regional peers. Improving access through moderating tuition increases and improving financial aid will enhance prospects for attaining the enrollment levels projected.

With a new administration leading the Federal government in January 2009, and the possibility of a realignment of priorities, there is increased uncertainty as to continued increases in research and student financial aid funding. However, several System institutions have successfully developed research capabilities and expertise in areas of national importance. Combined with geographical proximity to Federal agencies and complementary private enterprises, the System is well positioned for continued growth in research activities, particularly in the health sciences and defense-related fields.

The economy of the State of Maryland is experiencing many of the same effects, if not in the same magnitude, that the rest of the nation is undergoing as a result of the current financial crisis. The state government closely monitors revenue receipts and revises projections on a quarterly basis. Projected revenues for fiscal year 2009 are lower than budgeted, and the Governor and top state officials have acted to curtail spending by state agencies, including the System and the rest of public higher education. Until projected revenues begin to stabilize at levels sufficient to fund state operations, there will be additional actions taken to further limit spending. As an economic engine for the entire state and region, the System would advocate a minimization of the impact that any additional actions taken by the State on funding provided to higher education.

Personnel costs account for more than two-thirds of the System's non-capital spending. Health-care costs and the adoption of a state-wide funding strategy for providing for retiree's health-care costs are significant drivers of the System's future spending levels. As enrollment continues to increase, it is reasonable to expect that additional faculty and support staff will be required to maintain the current level of educational quality.

Requests for Information

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

June 30, 2008 and 2007

(amounts expressed in thousands)

Balance Sheet

ASSETS	2008	2007
Current assets:		
Cash and cash equivalents	\$1,043,293	\$863,051
Accounts receivable, net	303,491	278,971
Notes receivable, current portion	10,276	11,482
Inventories	10,184	8,827
Prepaid expenses and deferred charges	8,308	6,952
Total current assets	1,375,552	1,169,283
Noncurrent assets:		
Restricted cash and cash equivalents	69,422	120,836
Endowment investments	235,610	246,336
Restricted investments	73,585	
Notes receivable, net	60,668	59,876
Capital assets, net	3,434,909	3,248,365
Total noncurrent assets	3,874,194	3,675,413
Total assets	\$5,249,746	\$4,844,696
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$197,781	\$161,053
Accrued workers' compensation, current portion	4,273	4,183
Accrued vacation costs, current portion	78,385	70,500
Revenue bonds and notes payable, current portion	71,150	67,511
Obligations under capital lease agreements, current portion	227	213
Deferred revenue	156,022	133,065
Total current liabilities	507,838	436,525
Noncurrent liabilities:		
Accrued workers' compensation	23,297	22,805
Accrued vacation costs	78,782	73,911
Revenue bonds and notes payable	894,493	882,843
Obligations under capital lease agreements	4,053	4,280
Total noncurrent liabilities	1,000,625	983,839
Total liabilities	1,508,463	1,420,364
NET ASSETS		
Unrestricted	863,719	726,811
Invested in capital assets, net of related debt	2,593,702	2,394,375
Restricted:		
Nonexpendable:		
Scholarships and fellowships	11,552	11,214
Research	3,643	3,643
Other	14,679	14,855
Expendable:		
Scholarships and fellowships	51,581	51,887
Research	83,366	87,404
Loans	72,271	75,755
Capital projects	10,287	16,952
Other	36,483	41,436
Total net assets	3,741,283	3,424,332
Total liabilities and net assets	\$5,249,746	\$4,844,696

See accompanying notes

Combining Balance Sheet, Component Units

June 30, 2008

(amounts expressed in thousands)

	The University System of Maryland Foundation, Inc.	University of Maryland, College Park Foundation, Inc.	University of Maryland, Baltimore Foundation, Inc.	Total Non-major Component Units	Total
ASSETS					
Current assets:					
Cash	\$468	\$9,421	\$235	\$19,375	\$29,499
Accounts receivable	17,601	24,275	7,497	13,007	62,380
Other assets	890	113		482	1,485
Total current assets	18,959	33,809	7,732	32,864	93,364
Investments:					
Investments	552,773	269,739	131,871	165,930	1,120,313
Total investments	552,773	269,739	131,871	165,930	1,120,313
Other assets:					
Accounts receivable	14,474	51,646	16,699	254	83,073
Capital assets, net	8,878			10,169	19,047
Assets held for sale	550				550
Other assets	946		5,507	6,552	13,005
Total other assets	24,848	51,646	22,206	16,975	115,675
Total assets	\$596,580	\$355,194	\$161,809	\$215,769	\$1,329,352
LIABILITIES					
Current liabilities:					
Accounts payable & accrued expenses	\$4,844	\$1,332	\$2,090	\$5,576	\$13,842
Long term debt, current				147	147
Deferred income	667	1,385		7,145	9,197
Total current liabilities	5,511	2,717	2,090	12,868	23,186
Other liabilities:					
Other payables	35,437	2,986	1,722	7,014	47,159
Due to primary government	235,461				235,461
Long term debt, noncurrent				3,338	3,338
Total other liabilities	270,898	2,986	1,722	10,352	285,958
Total liabilities	276,409	5,703	3,812	23,220	309,144
NET ASSETS					
Unrestricted	60,692	6,057	18,789	30,778	116,316
Temporarily restricted:					
Scholarships & fellowships	12,816	38,541	5,993	6,563	63,913
Research	10,235	5,012	8,665	33	23,945
Other	39,239	115,281	39,889	47,739	242,148
Permanently restricted:					
Scholarships & fellowships	101,260	56,802	20,332	42,361	220,755
Research	1,812	929	1,027	783	4,551
Other	94,117	126,869	63,302	64,292	348,580
Total net assets	320,171	349,491	157,997	192,549	1,020,208
Total liabilities & net assets	\$596,580	\$355,194	\$161,809	\$215,769	\$1,329,352

See accompanying notes

Combining Balance Sheet, Component Units

June 30, 2007

(amounts expressed in thousands)

	The University System of Maryland Foundation, Inc.	University of Maryland, College Park Foundation, Inc.	University of Maryland, Baltimore Foundation, Inc.	Total Non-major Component Units	Total
ASSETS					
Current assets:					
Cash	\$483	\$3,837	\$84	\$13,235	\$17,639
Accounts receivable	13,432	34,843	6,016	12,998	67,289
Other assets		638		569	1,207
Total current assets	13,915	39,318	6,100	26,802	86,135
Investments:					
Investments	545,227	261,179	123,178	169,123	1,098,707
Total investments	545,227	261,179	123,178	169,123	1,098,707
Other assets:					
Accounts receivable	12,096	42,512	8,063	137	62,808
Capital assets, net	9,279			12,311	21,590
Assets held for sale	64				64
Other assets	378		5,621	5,925	11,924
Total other assets	21,817	42,512	13,684	18,373	96,386
Total assets	\$580,959	\$343,009	\$142,962	\$214,298	\$1,281,228
LIABILITIES					
Current liabilities:					
Accounts payable & accrued expenses	\$4,022	\$4,534	\$1,623	\$6,883	\$17,062
Long term debt, current				176	176
Deferred income	63	1,092		5,638	6,793
Total current liabilities	4,085	5,626	1,623	12,697	24,031
Other liabilities:					
Other payables	10,955	2,570	1,604	4,579	19,708
Due to primary government	245,362				245,362
Long term debt, noncurrent				1,226	1,226
Total other liabilities	256,317	2,570	1,604	5,805	266,296
Total liabilities	260,402	8,196	3,227	18,502	290,327
NET ASSETS					
Unrestricted	64,255	5,510	19,049	32,111	120,925
Temporarily restricted:					
Scholarships & fellowships	14,508	41,988	8,213	7,313	72,022
Research	11,010	5,384	5,596	27	22,017
Other	34,948	115,080	42,642	45,077	237,747
Permanently restricted:					
Scholarships & fellowships	94,233	46,079	16,238	41,393	197,943
Research	1,095	951	237	810	3,093
Other	100,508	119,821	47,760	69,065	337,154
Total net assets	320,557	334,813	139,735	195,796	990,901
Total liabilities & net assets	\$580,959	\$343,009	\$142,962	\$214,298	\$1,281,228

See accompanying notes

Statement of Revenues, Expenses, and Changes in Net Assets

Years ended June 30, 2008 and 2007

(Amounts expressed in thousands)

	2008		2007	
OPERATING REVENUES:				
Tuition and fees	\$1,106,084		\$1,023,132	
Less: scholarship allowances	(162,250)	\$943,834	(149,832)	\$873,300
Federal grants and contracts		678,019		643,895
State and local grants and contracts		163,502		154,131
Nongovernmental grants and contracts		153,119		117,135
Sales and services of educational departments		224,755		193,764
Auxiliary enterprises:				
Residential facilities	109,751		104,976	
Less: scholarship allowances	(8,875)	100,876	(8,323)	96,653
Dining facilities	94,270		86,268	
Less: scholarship allowances	(4,978)	89,292	(4,924)	81,344
Intercollegiate athletics	77,631		72,041	
Less: scholarship allowances	(3,663)	73,968	(3,058)	68,983
Bookstores	33,128		32,231	
Less: scholarship allowances	(131)	32,997	(99)	32,132
Parking facilities	33,640		35,506	
Less: scholarship allowances		33,640	(86)	35,420
Other auxiliary enterprises revenues	103,568		90,345	
Less: scholarship allowances	(31)	103,537	(21)	90,324
Other operating revenues		61,328		53,996
Total operating revenues		2,658,867		2,441,077
OPERATING EXPENSES:				
Instruction		951,368		890,577
Research		838,754		761,371
Public service		136,358		126,113
Academic support		318,240		287,338
Student service		154,969		143,441
Institutional support		326,342		317,336
Operation and maintenance of plant		272,127		261,289
Scholarships and fellowships		75,884		63,142
Auxiliary enterprises:				
Residential facilities		97,171		87,130
Dining facilities		87,421		80,566
Intercollegiate athletics		76,998		72,157
Bookstores		29,037		30,118
Parking facilities		25,560		23,386
Other auxiliary enterprises expenses		88,410		76,452
Hospital		111,225		100,498
Total operating expenses		3,589,864		3,320,914
Operating income (loss)		(930,997)		(879,837)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		1,004,068		933,537
Gifts		49,847		36,842
Investment income	61,644		101,356	
Less: Investment expense	(688)	60,956	(534)	100,822
Interest on indebtedness		(39,304)		(43,497)
Other revenues (expenses), gains and (losses)		5,459		19,604
Total nonoperating revenues (expenses)		1,081,026		1,047,308
Income before other revenues, expenses, gains and losses		150,029		167,471
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		156,129		147,871
Capital gifts and grants		10,661		30,732
Additions to permanent endowments		132		532
Total other revenues, expenses, gains and losses		166,922		179,135
Increase in net assets		316,951		346,606
Net assets - beginning of year		3,424,332		3,077,726
Net assets - end of year		\$3,741,283		\$3,424,332

See accompanying notes

Combining Statement of Activities, Component Units

Year ended June 30, 2008
(amounts expressed in thousands)

	The University System of Maryland Foundation, Inc.	University of Maryland, College Park Foundation, Inc.	University of Maryland, Baltimore Foundation, Inc.	Total Non-major Component Units	Total
CHANGES IN UNRESTRICTED NET ASSETS					
Revenues:					
Contributions & grants	\$2,834	\$5	\$6,847	\$10,378	\$20,064
Investment income	779	5,121	2,421	(372)	7,949
Other income	4,944	726	399	5,564	11,633
Assets released from restrictions	21,930	45,960	13,200	14,703	95,793
Total revenues	30,487	51,812	22,867	30,273	135,439
Expenses:					
Program	24,966	49,822	21,344	25,154	121,286
General & administrative	5,076	806	1,071	5,115	12,068
Fundraising	2,965	637	738	1,147	5,487
Other				1,071	1,071
Total expenses	33,007	51,265	23,153	32,487	139,912
Transfer per Board Resolution	(1,043)		26		(1,017)
Change in unrestricted net assets	(3,563)	547	(260)	(2,214)	(5,490)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Contributions & grants	17,402	47,851	13,417	12,269	90,939
Investment income	7,762	(5,044)	(4,899)	1,165	(1,016)
Other income		(190)		2,514	2,324
Assets released from restrictions	(21,930)	(46,244)	(13,200)	(13,150)	(94,524)
Transfer per Board Resolution	(1,410)	8	2,779		1,377
Change in temporarily restricted net assets	1,824	(3,619)	(1,903)	2,798	(900)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS					
Contributions & grants	7,944	17,641	14,343	4,848	44,776
Investment income	(4,619)		4,521	(7,261)	(7,359)
Other income		(200)		135	(65)
Assets released from restrictions		284		(1,553)	(1,269)
Transfer per Board Resolution	(1,972)	25	1,561		(386)
Change in permanently restricted net assets	1,353	17,750	20,425	(3,831)	35,697
Total change in net assets	(386)	14,678	18,262	(3,247)	29,307
Net assets beginning of year	320,557	334,813	139,735	195,796	990,901
Net assets end of year	\$320,171	\$349,491	\$157,997	\$192,549	\$1,020,208

See accompanying notes

Combining Statement of Activities, Component Units

Year ended June 30, 2007
(amounts expressed in thousands)

	The University System of Maryland Foundation, Inc.	University of Maryland, College Park Foundation, Inc.	University of Maryland, Baltimore Foundation, Inc.	Total Non-major Component Units	Total
CHANGES IN UNRESTRICTED NET ASSETS					
Revenues:					
Contributions & grants	\$4,956		\$8,941	\$4,371	\$18,268
Investment income	11,590	\$6,486	2,640	5,084	25,800
Other income	4,903	762	385	4,776	10,826
Assets released from restrictions	20,954	38,259	11,890	16,651	87,754
Total revenues	42,403	45,507	23,856	30,882	142,648
Expenses:					
Program	25,955	40,714	18,006	19,857	104,532
General & administrative	4,688	702	1,043	4,430	10,863
Fundraising	3,841	568	462	1,219	6,090
Other				1,146	1,146
Total expenses	34,484	41,984	19,511	26,652	122,631
Transfer per Board Resolution	(1,305)				(1,305)
Change in unrestricted net assets	6,614	3,523	4,345	4,230	18,712
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Contributions & grants	13,405	38,889	7,591	16,314	76,199
Investment income	13,162	33,665	14,158	9,451	70,436
Other income		(361)		2,010	1,649
Assets released from restrictions	(20,954)	(38,361)	(11,890)	(15,811)	(87,016)
Transfer per Board Resolution	(1,619)	329	2,848		1,558
Change in temporarily restricted net assets	3,994	34,161	12,707	11,964	62,826
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS					
Contributions & grants	3,142	13,647	7,407	4,768	28,964
Investment income	24,600		1,168	11,188	36,956
Other income (loss)		54		178	232
Assets released from restrictions		102		(840)	(738)
Transfer per Board Resolution	(5,063)	267	3,823		(973)
Change in permanently restricted net assets	22,679	14,070	12,398	15,294	64,441
Total change in net assets	33,287	51,754	29,450	31,488	145,979
Net assets beginning of year	287,270	283,059	110,285	164,308	844,922
Net assets end of year	\$320,557	\$334,813	\$139,735	\$195,796	\$990,901

See accompanying notes

Years ended June 30, 2008 and 2007

(amounts expressed in thousands)

Statement of Cash Flows

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$940,916	\$885,072
Research contracts and grants	1,002,559	892,463
Payments to employees	(2,306,247)	(2,207,628)
Payments to suppliers and contractors	(1,056,597)	(909,273)
Loans issued to students	(13,624)	(14,783)
Collections of loans to students	14,215	12,552
Auxiliary enterprises:		
Residential facilities	104,284	92,476
Dining facilities	89,182	82,459
Intercollegiate athletics	74,055	69,181
Bookstores	32,757	32,048
Parking facilities	33,533	35,490
Other	103,002	91,096
Other receipts (payments)	336,190	278,418
Net cash provided (used) by operations	(645,775)	(660,429)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	1,004,068	933,537
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	132	486
Net cash provided by noncapital financing activities	1,004,200	934,023
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from capital debt	98,323	160,286
Capital appropriations	156,129	147,871
Capital grants and gifts received	9,565	29,146
Proceeds from sales of capital assets	2,774	28,229
Purchases of capital assets	(371,607)	(342,106)
Principal paid on debt and capital leases	(82,406)	(137,432)
Interest paid on debt and capital leases	(40,676)	(46,033)
Net cash provided (used) by capital and related financing activities	(227,898)	(160,039)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	12,750	14,774
Interest on investments	61,452	58,252
Investment expense	(686)	(534)
Purchases of investments	(75,215)	(585)
Net cash provided (used) by investing activities	(1,699)	71,907
Net increase in cash	128,828	185,462
Cash and cash equivalents - beginning of the year	983,887	798,425
Cash and cash equivalents - end of the year	\$1,112,715	\$983,887
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	(\$930,997)	(\$879,837)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	179,296	174,214
Gifts and other revenues, (expenses), gains, and (losses)	55,306	56,445
Changes in assets and liabilities:		
Accounts receivables, net	(24,520)	(26,270)
Inventories	(1,357)	352
Prepaid expenses and deferred charges	(1,356)	(1,862)
Notes receivable	414	(1,659)
Accounts payable and accrued liabilities	41,144	(5,072)
Deferred revenue	22,957	15,260
Accrued vacation	12,756	6,977
Accrued workers' compensation	582	1,023
Net cash provided (used) by operating activities	(645,775)	(660,429)

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

ORGANIZATION AND PURPOSE

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity — The financial statements of the System include all funds and organizations included in the legal entity encompassed by the System, and other legally separate entities for which the System is financially accountable or which otherwise meet the criteria established in *Governmental Accounting Standards Board (GASB) Statement #14, The Financial Reporting Entity*, and *GASB Statement #39, Determining Whether Certain Organizations Are Component Units*. 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, sixteen 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 sixteen affiliated foundations meet the criteria for inclusion in the financial reporting entity. Based on the criteria in *GASB Statement #14, The Financial Reporting Entity*, 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.

The following affiliated foundations are considered nonmajor component units:

- ▶ Medical Alumni Association of the University of Maryland, Inc.
- ▶ The Robert H. Smith School of Business Foundation, Inc.
- ▶ M Club Foundation, University of Maryland, Inc.
- ▶ The Maryland 4-H Foundation, Inc.
- ▶ University Research Corporation International, Inc.
- ▶ Bowie State University Foundation, Inc.

UNIVERSITY SYSTEM OF MARYLAND

- ▶ The Maryland Center @ Bowie State University, Inc.
- ▶ Towson University Foundation, Inc.
- ▶ Frostburg State University Foundation, Inc.
- ▶ Coppin State University Development Foundation, Inc.
- ▶ University of Baltimore Educational Foundation, Inc. and University Properties, Inc.
- ▶ Salisbury University Foundation, Inc.
- ▶ University of Maryland, Baltimore County Research Park Corporation, Inc.

During the years ended June 30, 2008 and 2007, the foundations distributed approximately \$79,000,000 and \$62,000,000, respectively, to the System including its institutions for both restricted and unrestricted purposes.

All 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 the affiliated foundations may be requested from the System's Office of the Comptroller at 3300 Metzert Road, Adelphi, MD 20785.

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

Measurement Focus and Basis of Accounting — For financial reporting purposes, the System is considered a special-purpose government engaged only in business-type activities. Accordingly, the System's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Application of Accounting Standards — The System has the option to apply all FASB pronouncements issued after November 30, 1989, except for instances in which a pronouncement of the FASB conflicts with pronouncements of the GASB. The System has elected to not apply FASB pronouncements issued after November 30, 1989.

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

Operating and Nonoperating Revenues and Expenses — Operating revenues and expenses are generally associated with those activities that relate directly to the core activities of instruction, research and public service that form the essence of the System's mission. Nonoperating revenues, expenses, gains and losses represent amounts that recur regularly but are not included in operating revenues and expenses. GASB Statement #34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments specifically defines State appropriations as nonoperating revenues.

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

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

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

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

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

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

Reclassifications — Certain amounts for the year ended June 30, 2007 have been reclassified to conform with the presentation for the year ended June 30, 2008.

Pending change in accounting principles — In November 2006, *GASB Statement #49, Accounting and Financial Reporting for Pollution Remediation Obligations*, was issued. This statement specifies the accounting and financial reporting appropriate for pollution remediation obligations.

In May 2007, *GASB Statement #50, Pension Disclosures*, was issued, changing the financial reporting requirements for pensions to more closely conform with those for other postemployment benefits.

In June 2007, *GASB Statement #51, Accounting and Financial Reporting for Intangible Assets*, was issued. This accounting standard establishes accounting and financial reporting requirements for intangible assets such as easements, patents and trademarks, and computer software.

In November 2007, *GASB Statement #52, Land and Other Real Estate Held As Investments by Endowments*, was issued, establishing consistent standards for the reporting of land and other real estate held as investments by entities that receive endowments.

In June 2008, *GASB Statement #53, Accounting and Financial Reporting for Derivative Instruments*, was issued. This accounting standard establishes recognition, measurement, and disclosure requirements for derivative instruments held by state and local governments, including public higher education institutions.

The System is in the process of assessing the impact of these new accounting standards and will present its financial statements for the year ended June 30, 2009 in accordance with *GASB Statements #49, #50 and #52*, and for the year ended June 30, 2010 in accordance with *GASB Statements #51 and #53*.

1. CASH AND INVESTMENTS**Cash and cash equivalents**

As of June 30, unrestricted cash and cash equivalents consist of the following (amounts in thousands):

	2008	2007
Cash and short-term investments on deposit with the State Treasurer	\$1,008,837	\$831,525
Demand and time deposits	34,456	31,513
Money market accounts		13
Total	<u>\$1,043,293</u>	<u>\$863,051</u>

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

As of June 30, 2008, and 2007 the carrying amount of the System's demand and time deposits was \$34,456,000 and \$31,513,000, as compared to bank balances of \$78,045,000 and \$56,175,000, respectively. The difference is primarily caused by items in-transit. Of the bank balances, \$72,818,000 and \$50,487,000 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 \$5,227,000 and \$5,688,000 was uninsured and uncollateralized as of June 30, 2008 and 2007, 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.

Money market accounts used for unrestricted cash and cash equivalents are not rated by rating agencies.

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 includes (amounts in thousands):

	2008	2007
Money market accounts – Endowment funds uninvested cash	\$364	\$410
Money market accounts – unspent proceeds of debt	69,058	120,426
Total	<u>\$69,422</u>	<u>\$120,836</u>

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

Investments

In July 2005, the System transferred title to its endowment investments, approximately \$197 million in fair market value at the time of the transfer, to the University System of Maryland Foundation, Inc., in exchange for an equivalent proportionate interest in the long-term investment portfolio managed by the University System of Maryland Foundation, Inc. According to the terms of the agreement, the System is to pay a fee to the University System of Maryland Foundation, Inc., on an annual basis that amounts to 0.25% of the fair value of the assets invested on behalf of the System. 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.

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 investments 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, in accordance with *GASB Statement #40, Deposit and Investment Risk Disclosures-an amendment of GASB Statement No. 3*, which defines these risks as follows:

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 University System of Maryland Foundation, Inc. are uninsured and are not registered in the name of the System, as they are a part of a commingled portfolio comprising proportionate interests of several different entities.

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

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

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.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System’s investment in the securities of a single issuer.

As of June 30, 2008, the System had the following investments, which individually represent 5% or more of total investments (dollar amounts in thousands):

	2008	
	Fair value	Portion of total
Federal Home Loan Mortgage Corporation	\$51,468	17%

Endowment investments

As of June 30, endowment investments consist of the following, stated at fair value (amounts in thousands):

	2008	2007
Corporate debt	\$18	\$122
Corporate equities	132	851
Assets invested with University System of Maryland Foundation, Inc.	235,460	245,363
Total	\$235,610	\$246,336

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 4.75% 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 endowment funds approximates \$185,799,000 and \$197,332,000 as of June 30, 2008 and 2007, respectively. Reinvestments of net appreciation are considered to be subject to the same restrictions as the original gift amounts, and accordingly, are reflected as a component of restricted, expendable net assets.

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

Other investments

Other investments include securities and ownership interests received as either a gift, or in exchange for services and use of facilities provided to start-up businesses. The carrying value of other investments is assessed on an annual basis by reference to the value of underlying assets, estimates of future cash flows, or published market prices for the securities where available.

Restricted investments

Restricted investments represent unspent proceeds and other debt-related trust account balances invested in U.S. Government and agency obligations.

As of June 30, 2008 restricted investments consist of (amounts in thousands):

	Investment maturities		
	Fair value	Less than 1 year to 5 years	1 to 5 years
U.S. government and agency obligations	\$73,585	\$51,346	\$22,239

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. For the years ended June 30, 2008 and 2007, investment income attributed to unrestricted funds and restricted funds was (amounts in thousands):

	2008	2007
Unrestricted funds	\$54,412	\$64,047
Restricted funds	7,232	37,309
Total investment income	\$61,644	\$101,356

Major component units

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

As of June 30, 2008 and 2007, major component unit investments, recorded at fair value, are (amounts in thousands):

	2008	2007
Money market funds and short-term investments	\$42,901	\$49,244
Corporate and foreign bonds	22,570	8,052
Equities	59,343	115,095
U.S. Treasury notes and bonds	68,852	56,948
U.S. Agencies		3,317
Collateralized mortgage obligations and asset-backed securities	6,155	13,580
Absolute return and market neutral funds	247,523	196,930
Long and short equity hedge funds	287,120	338,180
Private capital	82,641	60,081
Real estate	137,288	88,157
Total	\$954,393	\$929,584

2. CAPITAL ASSETS

Changes in net capital assets for the years ended June 30, 2008 and 2007 (amounts in thousands):

	June 30, 2006			June 30, 2007			June 30, 2008
	Balance	Additions	Decreases	Balance	Additions	Decreases	Balance
Capital assets							
being depreciated:							
Infrastructure & Land Improvements	\$200,720	\$21,051		\$221,771	\$18,352	\$1,400	\$238,723
Buildings & Improvements	3,580,899	255,112	\$34,062	3,801,949	185,116	6,655	3,980,410
Contents	832,835	86,664	27,622	891,877	76,968	23,502	945,343
Facilities recorded under capital lease agreements	4,136			4,136			4,136
Total capital assets being depreciated	4,618,590	362,827	61,684	4,919,733	280,436	31,557	5,168,612
Less accumulated depreciation for:							
Infrastructure & Land Improvements	98,459	9,108	4	107,563	9,810	1,400	115,973
Buildings & Improvements	1,270,200	101,021	17,245	1,353,976	104,485	657	1,457,804
Contents	561,961	63,947	25,659	600,249	64,863	20,763	644,349
Facilities recorded under capital lease agreements	2,206	138		2,344	138		2,482
Total accumulated depreciation	1,932,826	174,214	42,908	2,064,132	179,296	22,820	2,220,608
Total capital assets being depreciated, net	2,685,764	188,613	18,776	2,855,601	101,140	8,737	2,948,004
Capital assets not being depreciated:							
Land	103,722	9,436		113,158	4,536		117,694
Contents	11,716	1,009	1	12,724	1,794	36	14,482
Construction in progress	302,208	184,818	220,144	266,882	273,854	186,007	354,729
Total capital assets not being depreciated	417,646	195,263	220,145	392,764	280,184	186,043	486,905
Capital assets, net	\$3,103,410	\$383,876	\$238,921	\$3,248,365	\$381,324	\$194,780	\$3,434,909

Total interest expense incurred on revenue bonds, long-term debt and obligations under capital lease agreements during the years ended June 30, 2008 and 2007 was \$40,345,000 and \$43,776,000, respectively. Interest expense of \$1,041,000 and \$279,000 associated with projects not yet completed was capitalized and recorded as construction in progress during the years ended June 30, 2008 and 2007, respectively. The remaining \$39,304,000 and \$43,497,000 is reported as interest on indebtedness for the years ended June 30, 2008 and 2007, respectively.

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

Accounts receivable as of June 30, 2008 and 2007 were comprised of (amounts in thousands):

	2008	2007
Tuition and fees	\$85,353	\$84,460
Contracts and grants	198,732	196,919
Other	33,833	15,494
Subtotal	317,918	296,873
Allowance for doubtful accounts	(14,427)	(17,902)
Accounts receivable, net	\$303,491	\$278,971

Notes receivable as of June 30, 2008 and 2007 were comprised of (amounts in thousands):

	2008	2007
Student loans	\$77,316	\$75,513
Business development loans	6,074	5,944
Subtotal	83,390	81,457
Allowance for doubtful notes	(12,446)	(10,099)
Notes receivable, net	\$70,944	\$71,358

Accounts payable and accrued liabilities as of June 30, 2008 and 2007 were comprised of (amounts in thousands):

	2008	2007
Payroll and benefits	\$75,624	\$59,972
Suppliers and contractors	99,188	77,049
Accrued interest payable	9,132	9,591
Other	13,837	14,441
Accounts payable and accrued liabilities	\$197,781	\$161,053

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.

As of June 30, 2008 and 2007, contributions receivable are due as follows (amounts in thousands):

University System of Maryland Foundation, Inc.

Due	Discount rates	2008	2007
Within one year	not applicable	\$9,809	\$10,771
Two to five years	1.13% – 6.5%	14,740	10,794
More than five years	3.38% - 6.75%	623	1,103
Subtotal		25,172	22,668
Pledge discount		(1,532)	(1,119)
Net contributions receivable		<u>\$23,640</u>	<u>\$21,549</u>

University of Maryland, College Park Foundation, Inc.

Due	2008	2007
Within one year	\$24,884	\$35,883
Two to five years	50,707	38,985
More than five years	7,127	10,626
Subtotal	82,718	85,494
Allowance for doubtful accounts	(2,929)	(2,917)
Pledge discount	(4,991)	(5,634)
Net contributions receivable	<u>\$74,798</u>	<u>\$76,943</u>

University of Maryland, Baltimore Foundation, Inc.

Due	Discount rates	2008	2007
Within one year	not applicable	\$7,733	\$6,966
Two to five years	2.77%	15,272	9,286
More than five years	3.49%	4,380	215
Subtotal		27,385	16,467
Allowance for doubtful accounts		(790)	(662)
Pledge discount		(2,601)	(1,018)
Net contributions receivable		<u>\$23,994</u>	<u>\$14,787</u>

4. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the years ended June 30, 2008 and 2007 were as follows (amounts in thousands):

	June 30, 2006			June 30, 2007			June 30, 2008	Due Within
	Balance	Additions	Reductions	Balance	Additions	Reductions	Balance	One Year
Accrued vacation costs	\$137,435	\$78,585	\$71,609	\$144,411	\$92,852	\$80,096	\$157,167	\$78,385
Accrued workers' compensation	25,965	4,804	3,781	26,988	5,111	4,529	27,570	4,273
Revenue bonds and notes payable, net	930,134	160,506	140,286	950,354	92,322	77,033	965,643	71,150
Obligations under capital lease agreements	4,692		199	4,493		213	4,280	227
Total long-term liabilities	\$1,098,226	\$243,895	\$215,875	\$1,126,246	\$190,285	\$161,871	\$1,154,660	\$154,035

5. OPERATING EXPENSES BY OBJECT

The System reports operating expenses in the Statement of Revenues, Expenses and Changes in Net Assets by program category. Operating expenses for the years ended June 30, 2008 and 2007 by grouping of object classification are (amounts in thousands):

	2008				2007			
	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total
Instruction	\$817,613	\$106,707	\$27,048	\$951,368	\$774,963	\$87,869	\$27,745	\$890,577
Research	502,705	312,274	23,775	838,754	492,899	242,221	26,251	761,371
Public service	77,397	56,239	2,722	136,358	73,364	49,975	2,774	126,113
Academic support	213,152	80,052	25,036	318,240	192,928	74,682	19,728	287,338
Student service	100,765	51,133	3,071	154,969	95,394	44,981	3,066	143,441
Institutional support	258,252	50,922	17,168	326,342	250,510	48,167	18,659	317,336
Operation and maintenance of plant	98,435	140,641	33,051	272,127	93,353	135,739	32,197	261,289
Scholarships and fellowships	5,744	70,061	79	75,884	4,485	58,563	94	63,142
Auxiliary enterprises:								
Residential facilities	33,785	49,164	14,222	97,171	32,743	40,331	14,056	87,130
Dining facilities	28,562	55,161	3,698	87,421	27,256	49,671	3,639	80,566
Intercollegiate athletics	36,891	34,966	5,141	76,998	34,485	32,591	5,081	72,157
Bookstores	4,178	24,729	130	29,037	4,518	25,402	198	30,118
Parking facilities	8,421	13,583	3,556	25,560	7,887	12,107	3,392	23,386
Other auxiliary enterprises	38,797	29,043	20,570	88,410	37,676	21,452	17,324	76,452
Hospital	110,205	991	29	111,225	100,488		10	100,498
Total	\$2,334,902	\$1,075,666	\$179,296	\$3,589,864	\$2,222,949	\$923,751	\$174,214	\$3,320,914

6. REVENUE BONDS AND NOTES PAYABLE

The System finances the construction, renovation and acquisition of certain facilities and equipment through the issuance of debt obligations. State law limits the aggregate principal amount of debt outstanding and the present value of future minimum lease payments on capital lease obligations for real property to no more than \$1,050,000,000.

Revenue bonds and notes payable consist of the following as of June 30, 2008 and 2007 (amounts in thousands):

	2008	2007
Revenue Bonds, net	\$896,389	\$868,958
Revolving Loan Program Bonds	50,000	65,000
Certificates of Participation	9,400	11,800
Other	9,854	4,596
Revenue bonds and notes payable, net	<u>\$965,643</u>	<u>\$950,354</u>

Auxiliary Facility and Tuition Revenue Bonds

As of June 30, 2008, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following (amounts in thousands):

	Interest Rates	Maturity Rates	Principal Outstanding
1997 Series A	5.0%	2009-2010	\$11,980
1998 Series A	5.0%	2009-2011	23,185
1999 Series A	4.0% - 4.5%	2008-2019	61,790
1999 Refunding Series B	4.8%	2008	305
2000 Series A	5.0% - 5.2%	2008-2011	16,295
2001 Series A	4.1% - 4.7%	2009-2016	30,400
2001 Series B	3.5% - 4.6%	2009-2022	43,775
2002 Series A	3.5% - 5.2%	2009-2020	74,025
2003 Series A & B	3.2% - 5.0%	2009-2024	151,450
2004 Series A & B	4.0% - 6.0%	2009-2024	56,645
2005 Series A	2.5% - 5.0%	2009-2025	157,335
2006 Series A	4.0% - 5.0%	2008-2026	77,515
2007 Refunding Series A	4.0% - 5.0%	2009-2023	75,580
2008 Series A	4.0% - 5.0%	2009-2028	90,000
			<u>870,280</u>
Unamortized discounts, premiums and refunding adjustments			<u>26,109</u>
Revenue bonds, net			<u>\$896,389</u>

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

Revenue Bonds issued during the years ended June 30, 2008 and 2007, including the results of any advance refunding of previously-issued debt, are as follows (amounts in thousands):

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 or (loss)
2006 Series A	7/19/2006	\$80,000	\$2,930				
2007 Refunding Series A	5/9/2007	75,935	3,836	\$75,630	\$4,961	\$2,232	\$3,674
2008 Series A	6/26/2008	90,000	2,323				

As of June 30, 2008, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$240,775,000.

As of June 30, 2008 and 2007, cash and cash equivalents and investments restricted by the terms of the Indenture of Trust totaled \$120,642,000 and \$82,803,000, respectively.

Revolving Loan Program Bonds

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

On August 8, 2003, the System issued \$65,000,000 of University System of Maryland Revolving Loan Program Bonds, 2003 Series A. The 2003 Series A Bonds were initially issued as auction rate reset securities, meaning interest is calculated on outstanding Revolving Loan Program Bonds using 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 which is determined annually as a result of an auction process. The Revolving Loan Program Bonds, 2003 Series A mature on July 1, 2023, and may be converted to an alternative rate at the option of the System.

As of June 30, 2008 and 2007, cash and cash equivalents in the amount of \$21,713,000 and \$36,433,000, respectively, was held by the trustee as unspent proceeds of the Revolving Loan Program Bonds.

Certificates of Participation

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

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 are as follows (amounts in thousands):

Year ending June 30,	Auxiliary Facility and Tuition Revenue Bonds		Notes Payable and Other Long-term Debt		Total Payments
	Principal	Interest	Principal	Interest	
2009	\$68,690	\$39,338	\$2,460	\$3,697	\$114,185
2010	67,340	37,208	2,601	3,573	110,722
2011	64,975	34,287	2,744	3,443	105,449
2012	61,970	31,358	2,875	3,304	99,507
2013	55,815	28,789	3,008	3,158	90,770
2014 – 2018	266,075	105,259	5,566	14,286	391,186
2019 – 2023	212,210	43,302	50,000	7,398	312,910
2024 – 2028	73,205	7,715			80,920
Total	\$870,280	\$327,256	\$69,254	\$38,859	\$1,305,649

7. LEASES

Obligations under capital leases agreements

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

Future minimum payments on obligations under capital lease agreements are as follows (amounts in thousands):

Year ending June 30,	Total
2009	\$512
2010	512
2011	512
2012	512
2013	512
2014 – 2018	2,560
2019 – 2023	1,280
Total future lease payments	6,400
Less: Interest component	(2,120)
Obligations under capital lease agreements	\$4,280

Operating leases

The System and its constituent units lease facilities and equipment under agreements reported 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 with an initial or remaining noncancelable term in excess of one year are as follows (amounts in thousands):

Year ending June 30,	Total
2009	\$13,826
2010	11,328
2011	9,449
2012	7,901
2013	6,937
2014 – 2018	25,000
2019 – 2023	12,941
2024 – 2028	1,918
Total	<u>\$89,300</u>

Operating lease expenditures for the years ended June 30, 2008 and 2007 were \$16,196,000 and \$6,577,000, respectively.

The System has entered into lease agreements with developers at seven of its institutions. These agreements provide the developers the use of System land for periods of 30 to 40 years. In each agreement, the developer will construct and manage the properties to provide housing services to students. Historical cost values of the disparate tracts of land leased to developers for use in providing student housing have not been calculated as each individual tract is a small portion of land acquired at varying points in time for institutional use and purposes.

8. OTHER POSTEMPLOYMENT BENEFITS

Members of the State Retirement and Pension System of Maryland (the State System) and their dependents are provided postemployment health care benefits through the State Employee and Retiree Health and Welfare Benefits Program (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.

A separate actuarial valuation is not performed by the System. The System’s only obligation to the Plan is its required annual contribution, which it has fully funded during the years ended June 30, 2008 and 2007. The amounts contributed for the years ended June 30, 2008 and 2007 were \$64,000 and \$37,750,000, respectively.

9. RETIREMENT AND PENSION PLANS

Most System employees participate in the State Retirement and Pension System of Maryland (the State System), which is an agent, multiple-employer public employee retirement system. While the State System is an agent, multiple-employer public employee retirement system, the System accounts for the plan as a cost-sharing multiple-employer public employee retirement system, as a separate valuation is not performed for the System, and the only obligation to the plan is its required annual contributions.

The State System includes four pension and retirement plans that System employees participate in:

- Teachers Retirement Systems
- Teachers Pension Systems
- Employees Retirement Systems
- Employees Pension Systems

The State System prepares a Comprehensive Annual Financial Report, which can be obtained from the State Retirement and Pension System at 120 East Baltimore Street, Suite 1600, Baltimore, Maryland 21202.

System employees may alternatively elect to participate in an optional retirement program.

State Systems

Plan Description

The State System are defined benefit plans with unfunded accrued actuarial liabilities. The State System, which are administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland, are managed by a Board of Trustees, and are included in the State of Maryland financial reporting entity.

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. Retirement allowances are computed using both the highest three years' average final salary (AFS) and the actual number of years of accumulated creditable service. Pension allowances are computed using both the highest three consecutive years' AFS and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

Funding Policy

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

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

The System made its required contributions during the years ended June 30, 2008, 2007, and 2006 of \$53,366,000, \$40,168,000, and \$32,046,000, respectively.

Optional Retirement Program

Some employees participate in the optional retirement programs, which are defined contribution money purchase plans funded currently each year and invested in specific funds offered by one of three 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.

State legislation provides that the System contribute 7.25% of covered employees' annual salaries each month. The System's contribution along with that of the employee is immediately and fully vested.

The contributions for the year ended June 30, 2008 were \$122,577,000, which consisted of \$60,934,000 from the System and \$61,643,000 from employees. The contributions for the year ended June 30, 2007 were \$122,893,000, which consisted of \$57,407,000 from the System and \$65,486,000 from employees

Major component units

The University System of Maryland Foundation, Inc. maintains a defined contribution plan for certain personnel provided by TIAA-CREF. The University System of Maryland Foundation, Inc. contributes 7.25% of the employee's 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, 2008 and 2007 was approximately \$183,000 and \$175,000, respectively.

10. CONSTRUCTION COMMITMENTS

The estimated costs to complete construction in progress as of June 30, 2008 is \$206,386,000, of which \$92,197,000 is to be funded from Revenue Bond proceeds, \$80,709,000 is to be derived from State appropriations and grants, and \$33,480,000 to be provided from System funds.

11. CONTINGENT LIABILITIES

The University of Maryland College Park has entered into future purchase commitments for natural gas, as a means of hedging its risk against fluctuations in price of an important fuel commodity. As of June 30, 2008 and 2007, the institution had entered into open contracts for the purchase of \$17,728,000 and \$22,378,000, respectively, of natural gas, to be delivered monthly through May 2010.

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.

12. 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, 2008 and 2007. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2008, 2007, or 2006.

As of June 30, 2008 and 2007, the System has recorded \$27,570,000 and \$26,988,000 in liabilities associated with workers' compensation, respectively.

13. SUBSEQUENT EVENTS

Advance Refunding of Revenue Bonds

On July 3, 2008, the System issued \$29,070,000 of 2008 Refunding Series B University System of Maryland Auxiliary Facility and Tuition Revenue Bonds. The 2008 Series B bonds consist of serial bonds maturing through the year ended June 30, 2016 with stated rates of interest from 3% to 4.5%, and were issued at an aggregate premium of \$621,000. The proceeds of the 2008 Series B bonds are to be used to advance refund \$12,800,000 of the 1998 Series A bonds and \$16,080,000 of the 1999 Series A bonds. The advance refunding will reduce future debt service by \$1,418,000 and result in an economic gain of \$1,019,000.

Decline in Value of Endowment Investments

For the three month period ended September 30, 2008, the marketable portion of the long-term investment portfolio managed by the University System of Maryland Foundation, Inc., which includes the System's Endowment investments, have experienced a decline in value of almost 11%. The System believes that the decline is temporary in nature as the majority of assets are held for the long-term.



COMBINING FINANCIAL STATEMENTS AND SCHEDULES

For the year ended June 30, 2008



USM LEGEND FOR COMBINING SCHEDULES

UMB - University of Maryland, Baltimore

UMCP - University of Maryland, College Park

BSU - Bowie State University

TU - Towson University

UMES - University of Maryland Eastern Shore

FSU - Frostburg State University

CSU - Coppin State University

UB - University of Baltimore

SU - Salisbury University

UMUC - University of Maryland University College

UMBC - University of Maryland, Baltimore County

UMCES - University of Maryland Center for Environmental Science

UMBI - University of Maryland Biotechnology Institute

USM Office - University System of Maryland Office



Combining Balance Sheet

	UMB	UMCP	BSU	TU	UMES	FSU
ASSETS						
Current assets:						
Cash and cash equivalents	\$137,424	\$439,972	\$18,796	\$117,863	\$14,210	\$19,489
Accounts receivable, net	101,528	86,812	3,971	14,487	7,578	1,326
Notes receivable, current portion	2,178	1,566	126	3,379	1,178	335
Inventories		2,327		2,437		975
Prepaid expenses and deferred charges		1,390	8	2,872		387
Inter-institutional balances	550	341	27	569	41	290
Total current assets	241,680	532,408	22,928	141,607	23,007	22,802
Noncurrent assets:						
Restricted cash and cash equivalents	342	988	464	304	182	634
Endowment investments	92,229	122,326		5,206	563	1,074
Restricted investments						
Notes receivable, net	26,367	10,162	846	11,234	3,351	814
Capital assets, net	608,360	1,193,290	86,338	297,681	174,201	67,811
Total noncurrent assets	727,298	1,326,766	87,648	314,425	178,297	70,333
Total assets	\$968,978	\$1,859,174	\$110,576	\$456,032	\$201,304	\$93,135
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	\$39,923	\$60,476	\$5,667	\$21,382	\$4,920	\$5,690
Accrued workers' compensation, current portion	990	1,769	93	314	122	80
Accrued vacation costs, current portion	29,424	23,316	887	4,784	1,395	2,523
Revenue bonds and notes payable, current portion	6,840	26,651	900	7,830	5,066	818
Obligations under capital lease agreements, current portion						
Deferred revenue	28,749	62,592	3,192	8,225	548	1,126
Total current liabilities	105,926	174,804	10,739	42,535	12,051	10,237
Noncurrent liabilities						
Accrued workers' compensation	5,395	9,643	506	1,712	665	435
Accrued vacation costs	26,874	29,876	1,099	3,492	2,481	
Revenue bonds and notes payable	118,514	293,375	5,201	88,520	55,285	12,297
Obligations under capital lease agreements						
Total noncurrent liabilities	150,783	332,894	6,806	93,724	58,431	12,732
Total liabilities	256,709	507,698	17,545	136,259	70,482	22,969
NET ASSETS						
Unrestricted	126,066	350,949	11,136	97,570	10,166	13,197
Investment in capital assets, net of related debt	483,006	873,264	80,237	201,331	113,850	54,696
Restricted:						
Nonexpendable:						
Scholarships and fellowships	5,536	5,004		238	28	
Research	144	3,499				
Other	10,354	3,614				
Expendable:						
Scholarships and fellowships	34,837	15,725		34	127	2
Research	4,456	75,996		2,409		481
Loans	27,510	11,484	1,194	14,760	6,469	1,156
Capital projects	342	707	464	257	182	634
Other	20,018	11,234		3,174		
Total net assets	712,269	1,351,476	93,031	319,773	130,822	70,166
Total liabilities and net assets	\$968,978	\$1,859,174	\$110,576	\$456,032	\$201,304	\$93,135

June 30, 2008

(amounts expressed in thousands)

CSU	UB	SU	UMUC	UMBC	UMCES	UMBI	USM OFFICE	TOTAL
\$7,886	\$11,075	\$46,996	\$138,757	\$18,918	\$4,868	\$9,785	\$57,254	\$1,043,293
8,744	10,687	2,194	34,135	21,638	4,768	5,105	518	303,491
194	544	151	421	204				10,276
73		1,017	2,340	1,015				10,184
	495		2,096	1,060				8,308
204	(3,655)	(346)	681	514	1		783	
17,101	19,146	50,012	178,430	43,349	9,637	14,890	58,555	1,375,552
589	721	361	354	1,455		6	63,022	69,422
815			189	1,628			11,580	235,610
							73,585	73,585
1,148	2,648	1,149	1,134	1,815				60,668
153,735	73,197	182,738	84,644	264,920	64,519	96,075	87,400	3,434,909
156,287	76,566	184,248	86,321	269,818	64,519	96,081	235,587	3,874,194
\$173,388	\$95,712	\$234,260	\$264,751	\$313,167	\$74,156	\$110,971	\$294,142	\$5,249,746
\$6,613	\$7,003	\$9,326	\$16,051	\$11,824	\$1,814	\$2,098	\$4,994	\$197,781
153	67	155	196	257	66		11	4,273
293	1,993	1,681	5,241	4,173	555	1,605	515	78,385
1,940	1,603	3,910	648	8,096	1,416	15	5,417	71,150
								227
2,632	6,703	2,009	24,796	12,801	236	2,413		156,022
11,631	17,369	17,081	46,932	37,151	4,087	6,358	10,937	507,838
835	366	848	1,067	1,401	357		67	23,297
1,849	371	1,349	3,700	3,691	2,028	1,050	922	78,782
18,247	24,659	23,914	18,306	90,704	10,895	475	134,101	894,493
						4,053		4,053
20,931	25,396	26,111	23,073	95,796	13,280	5,578	135,090	1,000,625
32,562	42,765	43,192	70,005	132,947	17,367	11,936	146,027	1,508,463
4,034	2,100	34,519	126,972	10,801	4,581	7,724	63,904	863,719
133,548	46,935	154,914	65,690	166,120	52,208	91,305	76,598	2,593,702
353			24	21			348	11,552
								3,643
240							471	14,679
69			104	9			674	51,581
		18	6					83,366
1,841	3,191	1,256	1,596	1,814				72,271
589	721	361	354	1,455		6	4,215	10,287
152							1,905	36,483
140,826	52,947	191,068	194,746	180,220	56,789	99,035	148,115	3,741,283
\$173,388	\$95,712	\$234,260	\$264,751	\$313,167	\$74,156	\$110,971	\$294,142	\$5,249,746

Combining Balance Sheet

	UMB	UMCP	BSU	TU	UMES	FSU
ASSETS						
Current assets:						
Cash and cash equivalents	\$112,045	\$373,932	\$8,560	\$96,744	\$12,454	\$15,823
Accounts receivable, net	95,405	79,735	6,769	11,714	9,322	1,389
Notes receivable, current portion	2,027	3,259	188	3,363	698	325
Inventories		2,079		2,689		617
Prepaid expenses and deferred charges		1,195		2,134	74	495
Inter-institutional balances	296	1,310	(81)	262	(18)	169
Total current assets	209,773	461,510	15,436	116,906	22,530	18,818
Noncurrent assets:						
Restricted cash and cash equivalents	312	2,119	1,189	678	204	997
Endowment investments	96,867	127,958		5,510	591	1,116
Notes receivable, net	26,791	8,647	513	10,300	5,803	846
Capital assets, net	584,725	1,169,300	87,696	261,795	179,122	68,231
Total noncurrent assets	708,695	1,308,024	89,398	278,283	185,720	71,190
Total assets	\$918,468	\$1,769,534	\$104,834	\$395,189	\$208,250	\$90,008
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	\$32,408	\$50,070	\$5,329	\$17,493	\$3,842	\$4,985
Accrued workers' compensation, current portion	957	1,715	70	321	97	109
Accrued vacation costs, current portion	25,976	21,182	788	3,253	1,095	2,402
Revenue bonds and notes payable, current portion	6,429	26,706	893	8,392	5,176	1,126
Obligations under capital lease agreements, current portion						
Deferred revenue	25,218	58,429	3,134	6,316	394	1,251
Total current liabilities	90,988	158,102	10,214	35,775	10,604	9,873
Noncurrent liabilities						
Accrued workers' compensation	5,214	9,347	379	1,751	530	595
Accrued vacation costs	24,273	26,452	1,182	4,776	2,207	
Revenue bonds and notes payable	101,357	320,966	7,351	80,415	59,691	14,426
Obligations under capital lease agreements						
Total noncurrent liabilities	130,844	356,765	8,912	86,942	62,428	15,021
Total liabilities	221,832	514,867	19,126	122,717	73,032	24,894
NET ASSETS						
Unrestricted	111,501	299,746	3,917	76,840	13,423	9,585
Investment in capital assets, net of related debt	476,939	821,628	79,452	172,988	114,255	52,679
Restricted:						
Nonexpendable:						
Scholarships and fellowships	5,494	4,710		238	28	
Research	144	3,499				
Other	10,354	3,819				
Expendable:						
Scholarships and fellowships	33,455	17,158		48	161	3
Research	6,182	78,025		2,581		604
Loans	29,274	12,021	1,150	15,811	7,147	1,246
Capital projects	312	1,504	1,189	630	204	997
Other	22,981	12,557		3,336		
Total net assets	696,636	1,254,667	85,708	272,472	135,218	65,114
Total liabilities and net assets	\$918,468	\$1,769,534	\$104,834	\$395,189	\$208,250	\$90,008

June 30, 2007

(amounts expressed in thousands)

CSU	UB	SU	UMUC	UMBC	UMCES	UMBI	USM OFFICE	TOTAL
\$3,598	\$13,190	\$38,016	\$108,266	\$14,406	\$4,621	\$10,330	\$51,066	\$863,051
6,240	3,865	1,765	27,740	23,913	3,780	5,520	1,814	278,971
133	555	231	495	208				11,482
82		877	1,868	615				8,827
	494	114	1,334	1,112				6,952
119	141	(763)	328	293	1		(2,057)	
10,172	18,245	40,240	140,031	40,547	8,402	15,850	50,823	1,169,283
416	666	440	327	1,671	6	49	111,762	120,836
838			199	1,152			12,105	246,336
783	2,122	1,047	1,166	1,858				59,876
96,294	67,442	148,352	83,466	261,435	60,640	98,426	81,441	3,248,365
98,331	70,230	149,839	85,158	266,116	60,646	98,475	205,308	3,675,413
\$108,503	\$88,475	\$190,079	\$225,189	\$306,663	\$69,048	\$114,325	\$256,131	\$4,844,696
\$3,925	\$3,912	\$7,472	\$13,784	\$10,182	\$1,108	\$2,191	\$4,352	\$161,053
91	86	122	245	286	67		17	4,183
358	1,746	1,609	3,988	5,668	536	1,353	546	70,500
1,833	1,823	2,857	675	8,015	929	6	2,651	67,511
						213		213
180	4,130	2,684	23,550	5,761	623	1,395		133,065
6,387	11,697	14,744	42,242	29,912	3,263	5,158	7,566	436,525
499	470	666	1,334	1,560	365		95	22,805
1,709	570	1,246	4,390	1,827	1,952	2,557	770	73,911
19,938	26,693	25,702	19,167	91,843	6,147	1,221	107,926	882,843
						4,280		4,280
22,146	27,733	27,614	24,891	95,230	8,464	8,058	108,791	983,839
28,533	39,430	42,358	67,133	125,142	11,727	13,216	116,357	1,420,364
3,053	6,463	26,193	92,329	16,163	3,751	8,354	55,493	726,811
74,523	38,926	119,793	63,624	161,577	53,564	92,706	71,721	2,394,375
353			23	21			347	11,214
								3,643
240							442	14,855
99			122	16			825	51,887
		1	11					87,404
1,129	2,990	1,294	1,620	2,073				75,755
416	666	440	327	1,671	6	49	8,541	16,952
157							2,405	41,436
79,970	49,045	147,721	158,056	181,521	57,321	101,109	139,774	3,424,332
\$108,503	\$88,475	\$190,079	\$225,189	\$306,663	\$69,048	\$114,325	\$256,131	\$4,844,696

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

	UMB	UMCP	BSU	TU	UMES	FSU
OPERATING REVENUES:						
Tuition and fees	\$91,917	\$383,365	\$29,419	\$132,035	\$20,705	\$28,763
Less: scholarship allowances	(20,143)	(51,296)	(7,378)	(24,800)	(8,686)	(4,079)
Federal grants and contracts	247,270	266,293	11,422	11,116	17,038	5,020
State and local grants and contracts	56,294	52,535	1,047	7,613	6,728	1,576
Nongovernmental grants and contracts	73,854	59,858	322	1,170	524	119
Sales and services of educational departments	172,206	34,618	4	3,616	289	1,128
Auxiliary enterprises:						
Residential facilities	703	46,017	3,714	16,169	7,980	5,274
Less: scholarship allowances		(4,920)	(196)	(659)	(501)	(69)
Dining facilities		43,169	2,498	15,018	6,377	6,037
Less: scholarship allowances		(2,468)	(276)	(260)	(696)	(9)
Intercollegiate athletics		43,151	2,688	14,735	2,108	2,257
Less: scholarship allowances			(268)	(2,231)		(32)
Bookstores				11,613		2,916
Less: scholarship allowances				(99)		(5)
Parking facilities	12,472	13,495	251	4,491	105	
Other auxiliary enterprises revenues	7,378	39,406	3,313	21,912	5,744	4,202
Less: scholarship allowances						(29)
Other operating revenues		37,262		265	297	312
Total operating revenues	641,951	960,485	46,560	211,704	58,012	53,381
OPERATING EXPENSES:						
Instruction	157,929	370,136	28,842	84,628	24,031	27,662
Research	352,420	322,103	1,474	3,173	12,207	85
Public service	5,457	71,266	235	15,031	349	2,771
Academic support	50,359	125,038	7,097	31,740	10,287	7,837
Student services	4,053	42,816	4,514	15,293	4,186	4,371
Institutional support	60,762	78,141	14,721	29,330	7,680	10,488
Operation and maintenance of plant	59,316	102,136	6,892	22,205	12,402	9,518
Scholarships and fellowships	2,395	33,428	1,200	8,437	193	4,624
Auxiliary enterprises:						
Residential facilities	898	50,479	3,516	12,217	6,844	4,477
Dining facilities		42,295	2,465	12,948	5,519	3,969
Intercollegiate athletics		46,872	2,830	11,667	2,308	2,545
Bookstores				10,648		2,474
Parking facilities	10,495	9,914		2,543		
Other auxiliary enterprises expenses	7,809	38,684	2,069	16,457	5,958	1,861
Hospital	111,225					
Total operating expenses	823,118	1,333,308	75,855	276,317	91,964	82,682
Operating income (loss)	(181,167)	(372,823)	(29,295)	(64,613)	(33,952)	(29,301)
NONOPERATING REVENUES (EXPENSES):						
State appropriations	170,642	396,174	33,232	82,208	30,876	31,100
Gifts	19,964	25,490		519		685
Investment income	8,354	25,546	968	6,850	842	1,297
Less: Investment expense	(272)	(359)		(13)	(2)	(2)
Interest on indebtedness	(4,310)	(14,644)	(352)	(4,161)	(2,754)	(633)
Other nonoperating revenues (expenses)	(1,510)	6	1,122	7,517	(1,306)	(155)
Transfers to/from other USM institutions	241	7,438	(847)	(4,452)	1,625	1,537
Total nonoperating revenues (expenses)	193,109	439,651	34,123	88,468	29,281	33,829
Income (loss) before other revenues, expenses, gains and losses	11,942	66,828	4,828	23,855	(4,671)	4,528
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:						
Capital appropriations	3,486	20,561	2,495	23,156	275	411
Capital gifts and grants	163	9,331		290		113
Additions to permanent endowments	42	89				
Total other revenues, expenses, gains and losses	3,691	29,981	2,495	23,446	275	524
Increase (decrease) in net assets	15,633	96,809	7,323	47,301	(4,396)	5,052
Net assets, June 30, 2007	696,636	1,254,667	85,708	272,472	135,218	65,114
Net assets, June 30, 2008	\$712,269	\$1,351,476	\$93,031	\$319,773	\$130,822	\$70,166

Year ended June 30, 2008
(amounts expressed in thousands)

CSU	UB	SU	UMUC	UMBC	UMCES	UMBI	USM OFFICE	TOTAL
\$14,521	\$53,096	\$47,729	\$217,311	\$87,223				\$1,106,084
(10,347)	(6,998)	(6,159)	(8,368)	(13,996)				(162,250)
13,800	3,012	3,924	8,327	60,570	\$12,441	\$14,969	\$2,817	678,019
3,141	3,734	3,087	1,388	17,907	4,310	4,142		163,502
1,037	2,327	657	433	10,371	935	1,512		153,119
253	58	206	3,463	5,477	2,402	1,035		224,755
2,328		14,141	37	13,388				109,751
		(403)		(2,127)				(8,875)
1,427		10,877		8,867				94,270
		(20)		(1,249)				(4,978)
2,527		3,026		7,139				77,631
(1,111)		(21)						(3,663)
		5,553	5,977	7,069				33,128
				(27)				(131)
100	397	623	404	1,302				33,640
2,305	6,222	1,833	1	11,252				103,568
		(2)						(31)
8	435		21,834	781			134	61,328
29,989	62,283	85,051	250,807	213,947	20,088	21,658	2,951	2,658,867
18,644	31,368	37,853	75,370	94,905				951,368
137	6,338	943	710	53,190	38,987	46,987		838,754
		3,644	15,857	21,748				136,358
6,015	10,682	8,065	35,897	18,344			6,879	318,240
5,198	6,416	5,032	51,878	11,212				154,969
14,810	18,693	11,842	36,500	30,209			13,166	326,342
9,871	8,691	11,595	11,731	17,613	157			272,127
299	527	236	8,560	15,985				75,884
1,993		8,150		8,597				97,171
1,554		10,316		8,355				87,421
2,409		2,683		5,684				76,998
		4,711	5,331	5,873				29,037
48	1,438	298	824					25,560
1,155	2,305	2,253		9,859				88,410
								111,225
62,133	86,458	107,621	242,658	301,574	39,144	46,987	20,045	3,589,864
(32,144)	(24,175)	(22,570)	8,149	(87,627)	(19,056)	(25,329)	(17,094)	(930,997)
31,813	27,844	34,667	24,646	84,488	17,286	19,759	19,333	1,004,068
				3,189				49,847
507	302	2,622	5,165	1,367	310	712	6,802	61,644
(2)			(1)	(3)			(34)	(688)
(959)	(1,113)	(1,286)	(912)	(3,900)	(394)	(302)	(3,584)	(39,304)
(2)		(16)	(98)	(7)		698	(790)	5,459
210	(2,491)	(698)	(260)	(1,303)	1,083	851	(2,934)	
31,567	24,542	35,289	28,540	83,831	18,285	21,718	18,793	1,081,026
(577)	367	12,719	36,689	(3,796)	(771)	(3,611)	1,699	150,029
61,433	3,535	30,440		1,925	233	1,537	6,642	156,129
		188		570	6			10,661
			1					132
61,433	3,535	30,628	1	2,495	239	1,537	6,642	166,922
60,856	3,902	43,347	36,690	(1,301)	(532)	(2,074)	8,341	316,951
79,970	49,045	147,721	158,056	181,521	57,321	101,109	139,774	3,424,332
\$140,826	\$52,947	\$191,068	\$194,746	\$180,220	\$56,789	\$99,035	\$148,115	\$3,741,283

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

	UMB	UMCP	BSU	TU	UMES	FSU
OPERATING REVENUES:						
Tuition and fees	\$85,087	\$350,058	\$29,703	\$122,765	\$22,811	\$28,225
Less: scholarship allowances	(18,004)	(45,544)	(6,711)	(21,808)	(8,879)	(3,615)
Federal grants and contracts	218,518	253,367	11,000	9,301	15,923	4,577
State and local grants and contracts	47,186	41,979	1,849	6,431	7,763	1,590
Nongovernmental grants and contracts	55,131	49,657	197	876	416	198
Sales and services of educational departments	149,179	29,578	191	4,032	289	945
Auxiliary enterprises:						
Residential facilities	668	43,324	3,789	14,870	7,844	5,218
Less: scholarship allowances		(4,527)	(145)	(428)	(557)	(36)
Dining facilities		39,712	2,307	13,969	6,122	5,756
Less: scholarship allowances		(2,401)	(238)	(252)	(615)	(2)
Intercollegiate athletics		43,572	2,494	12,159	1,762	2,070
Less: scholarship allowances			(222)	(1,628)		(19)
Bookstores	180			11,240		3,053
Less: scholarship allowances				(54)		
Parking facilities	11,552	13,628	211	4,296	107	
Less: scholarship allowances				(86)		
Other auxiliary enterprises revenues	6,228	34,947	2,685	20,519	5,406	3,402
Less: scholarship allowances						(19)
Other operating revenues		28,675	29	36	319	230
Total operating revenues	555,725	876,025	47,139	196,238	58,711	51,573
OPERATING EXPENSES:						
Instruction	151,206	343,003	26,437	78,363	21,569	26,980
Research	296,607	287,328	2,180	1,804	11,608	29
Public service	1,276	66,195	357	14,930	377	2,564
Academic support	41,917	114,692	6,655	29,761	9,956	7,803
Student services	4,478	35,935	4,561	13,233	4,165	4,064
Institutional support	56,506	68,111	15,102	30,233	8,663	8,513
Operation and maintenance of plant	60,620	94,106	6,281	21,189	11,950	6,516
Scholarships and fellowships	751	33,590	373	5,948	359	3,999
Auxiliary enterprises:						
Residential facilities	731	43,116	2,663	10,521	5,146	6,017
Dining facilities		38,978	2,433	11,873	4,804	5,089
Intercollegiate athletics		44,576	2,786	10,609	2,147	2,211
Bookstores	56			10,127		3,487
Parking facilities	9,631	9,506		2,293		
Other auxiliary enterprises expenses	8,186	33,969	1,394	12,802	4,085	2,265
Hospital	100,498					
Total operating expenses	732,463	1,213,105	71,222	253,686	84,829	79,537
Operating income (loss)	(176,738)	(337,080)	(24,083)	(57,448)	(26,118)	(27,964)
NONOPERATING REVENUES (EXPENSES):						
State appropriations	157,679	370,689	31,110	76,171	28,616	29,667
Gifts	14,425	19,669		1,207		495
Investment income	23,422	46,299	161	7,191	976	1,310
Less: Investment expense	(212)	(278)		(10)	(1)	(2)
Interest on indebtedness	(4,588)	(16,574)	(455)	(4,068)	(2,925)	(758)
Other nonoperating revenues (expenses)	11,650	(89)	45	7,687	224	103
Transfers to/from other USM institutions	(3,150)	2,741	(1,078)	(4,299)	1,822	2,650
Total nonoperating revenues (expenses)	199,226	422,457	29,783	83,879	28,712	33,465
Income (loss) before other revenues, expenses, gains and losses	22,488	85,377	5,700	26,431	2,594	5,501
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:						
Capital appropriations	1,955	22,156	18,022	5,712	818	21
Capital gifts and grants	278	28,944		467		82
Additions to permanent endowments	48	438				
Total other revenues, expenses, gains and losses	2,281	51,538	18,022	6,179	818	103
Increase (decrease) in net assets	24,769	136,915	23,722	32,610	3,412	5,604
Net assets, June 30, 2006	671,867	1,117,752	61,986	239,862	131,806	59,510
Net assets, June 30, 2007	\$696,636	\$1,254,667	\$85,708	\$272,472	\$135,218	\$65,114

Year ended June 30, 2007
(amounts expressed in thousands)

CSU	UB	SU	UMUC	UMBC	UMCES	UMBI	USM OFFICE	TOTAL
\$15,373	\$44,435	\$44,364	\$190,910	\$89,401				\$1,023,132
(9,215)	(4,539)	(5,476)	(7,218)	(18,823)				(149,832)
12,153	2,231	3,493	7,650	65,583	\$12,869	\$22,685	\$4,545	643,895
1,491	4,195	2,245	1,636	23,628	4,061	10,077		154,131
	1,212	760	394	5,812	740	1,659	83	117,135
301	638	225	1,795	3,395	2,253	943		193,764
3,662		13,475	71	12,055				104,976
(111)		(342)		(2,177)				(8,323)
		10,075		8,327				86,268
		(30)		(1,386)				(4,924)
2,040		2,827		5,117				72,041
(1,142)		(47)						(3,058)
		5,415	5,960	6,383				32,231
				(45)				(99)
	2,045	608	1,081	1,978				35,506
								(86)
2,164	3,455	1,193	1	10,345				90,345
		(2)						(21)
	186	106	21,462	2,953				53,996
26,716	53,858	78,889	223,742	212,546	19,923	35,364	4,628	2,441,077
18,313	28,029	34,563	78,883	83,231				890,577
204	4,934	1,211	680	54,776	38,073	61,937		761,371
		2,750	15,411	22,253				126,113
6,199	11,019	7,636	29,082	17,653			4,965	287,338
5,529	5,961	4,407	49,556	11,552				143,441
12,470	16,089	12,069	44,781	29,892			14,907	317,336
8,946	5,991	11,576	10,950	22,899	265			261,289
133	1,038	300	7,010	9,641				63,142
2,141		8,095		8,700				87,130
275		9,544		7,570				80,566
2,372		2,285		5,171				72,157
		4,747	5,304	6,397				30,118
	954	272	730					23,386
708	2,522	2,788		7,733				76,452
								100,498
57,290	76,537	102,243	242,387	287,468	38,338	61,937	19,872	3,320,914
(30,574)	(22,679)	(23,354)	(18,645)	(74,922)	(18,415)	(26,573)	(15,244)	(879,837)
30,428	26,242	32,928	20,069	79,270	15,450	20,771	14,447	933,537
				1,046				36,842
542	982	2,310	4,166	1,758	367	524	11,348	101,356
(2)			(1)	(2)			(26)	(534)
(1,061)	(1,248)	(1,360)	(964)	(4,242)	(322)	(351)	(4,581)	(43,497)
(253)		(26)	(21)	(334)		828	(210)	19,604
(285)	(2,797)	(304)	(229)	(1,587)	1,155	3,273	2,088	
29,369	23,179	33,548	23,020	75,909	16,650	25,045	23,066	1,047,308
(1,205)	500	10,194	4,375	987	(1,765)	(1,528)	7,822	167,471
32,548	2,858	24,326		679	3,335	2,959	32,482	147,871
		291		670				30,732
46								532
32,594	2,858	24,617		1,349	3,335	2,959	32,482	179,135
31,389	3,358	34,811	4,375	2,336	1,570	1,431	40,304	346,606
48,581	45,687	112,910	153,681	179,185	55,751	99,678	99,470	3,077,726
\$79,970	\$49,045	\$147,721	\$158,056	\$181,521	\$57,321	\$101,109	\$139,774	\$3,424,332

Combining Statement of Cash Flows

	UMB	UMCP	BSU	TU	UMES	FSU
CASH FLOWS FROM OPERATING ACTIVITIES:						
Tuition and fees	\$71,980	\$332,402	\$24,606	\$105,479	\$10,675	\$24,788
Research contracts and grants	374,376	375,103	13,257	21,003	25,214	6,552
Payments to employees	(549,757)	(864,379)	(45,427)	(167,614)	(54,839)	(52,591)
Payments to suppliers and contractors	(227,079)	(386,082)	(24,442)	(89,516)	(27,730)	(25,370)
Loans issued to students	(3,540)	(2,334)	(270)	(3,818)	(833)	(311)
Collections of loans to students	3,891	2,511	117	2,869	2,805	333
Auxiliary enterprises:						
Residential facilities	703	41,985	3,518	15,494	10,128	5,205
Dining facilities		40,700	2,222	14,728	5,681	6,053
Intercollegiate athletics		43,151	2,420	12,607	2,108	2,225
Bookstores				11,289		2,911
Parking facilities	12,391	13,495	251	4,468	105	
Other	7,405	39,406	3,057	21,463	5,414	4,178
Other receipts (payments)	195,512	92,625	428	13,004	(1,009)	1,818
Net cash provided (used) by operations	(114,118)	(271,417)	(20,263)	(38,544)	(22,281)	(24,209)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
State appropriations	170,642	396,174	33,232	82,208	30,876	31,100
Gifts and grants received for other than capital purposes:						
Private gifts for endowment purposes	42	89				
Net cash provided by noncapital financing activities	170,684	396,263	33,232	82,208	30,876	31,100
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from capital debt						
Capital appropriations	3,486	20,561	2,495	23,156	275	411
Capital grants and gifts received		9,330		207		
Proceeds from sales of capital assets	140	2,527				
Purchases of capital assets	(60,750)	(89,110)	(3,468)	(52,169)	(2,319)	(3,668)
Principal paid on debt and capital leases	(6,024)	(26,885)	(840)	(10,129)	(4,149)	(1,621)
Interest paid on debt and capital leases	(4,345)	(15,093)	(362)	(4,005)	(2,790)	(641)
Transfers to/from other USM Institutions	23,616	7,915	(2,251)	12,880	1,257	595
Net cash provided (used) by capital and related financing activities	(43,877)	(90,755)	(4,426)	(30,060)	(7,726)	(4,924)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments	4,875	6,222		983	31	44
Interest on investments	8,159	25,294	968	6,920	836	1,295
Investment expense	(272)	(359)		(13)	(2)	(3)
Purchases of investments	(42)	(339)		(749)		
Net cash provided (used) by investing activities	12,720	30,818	968	7,141	865	1,336
Net increase (decrease) in cash	25,409	64,909	9,511	20,745	1,734	3,303
Cash and cash equivalents - June 30, 2007	112,357	376,051	9,749	97,422	12,658	16,820
Cash and cash equivalents - June 30, 2008	\$137,766	\$440,960	\$19,260	\$118,167	\$14,392	\$20,123

Year ended June 30, 2008
(amounts expressed in thousands)

CSU	UB	SU	UMUC	UMBC	UMCES	UMBI	USM OFFICE	TOTAL
\$1,670	\$47,977	\$41,071	\$206,158	\$74,110				\$940,916
20,429	7,695	7,172	8,027	101,393	\$16,374	\$22,056	\$3,908	1,002,559
(39,818)	(62,589)	(72,232)	(146,856)	(189,826)	(22,471)	(26,388)	(11,460)	(2,306,247)
(14,961)	(16,847)	(27,501)	(86,990)	(97,287)	(13,058)	(16,286)	(3,448)	(1,056,597)
(558)	(1,420)	(224)	(113)	(203)				(13,624)
131	887	201	220	250				14,215
2,329		13,705	37	11,180				104,284
1,427		10,769		7,602				89,182
1,416		3,005		7,123				74,055
		5,553	5,978	7,026				32,757
100	397	623	404	1,299				33,533
2,305	6,218	1,825	1	11,730				103,002
260	(4,263)	147	24,751	9,439	2,400	1,733	(655)	336,190
(25,270)	(21,945)	(15,886)	11,617	(56,164)	(16,755)	(18,885)	(11,655)	(645,775)
31,813	27,844	34,667	24,646	84,488	17,286	19,759	19,333	1,004,068
			1					132
31,813	27,844	34,667	24,647	84,488	17,286	19,759	19,333	1,004,200
61,433	3,535	30,440		1,925	6,000		92,323	98,323
		22			233	1,537	6,642	156,129
					6			9,565
			107					2,774
(61,624)	(9,715)	(39,829)	(8,583)	(20,360)	(6,757)	(3,495)	(9,760)	(371,607)
(1,638)	(1,683)	(3,122)	(731)	(6,920)	(990)	(216)	(17,458)	(82,406)
(964)	(1,173)	(1,330)	(976)	(4,035)	(410)	(303)	(4,249)	(40,676)
183	774	1,317	(736)	4,474	1,318	304	(51,646)	
(2,610)	(8,262)	(12,502)	(10,919)	(24,916)	(600)	(2,173)	15,852	(227,898)
24			11	12			548	12,750
506	303	2,622	5,164	1,377	310	711	6,987	61,452
(2)			(1)	(1)			(33)	(686)
			(1)	(500)			(73,584)	(75,215)
528	303	2,622	5,173	888	310	711	(66,082)	(1,699)
4,461	(2,060)	8,901	30,518	4,296	241	(588)	(42,552)	128,828
4,014	13,856	38,456	108,593	16,077	4,627	10,379	162,828	983,887
\$8,475	\$11,796	\$47,357	\$139,111	\$20,373	\$4,868	\$9,791	\$120,276	\$1,112,715

Combining Statement of Cash Flows

	UMB	UMCP	BSU	TU	UMES	FSU
CASH FLOWS FROM OPERATING ACTIVITIES:						
Tuition and fees	\$67,588	\$306,795	\$21,911	\$100,132	\$12,989	\$24,647
Research contracts and grants	301,239	344,163	12,826	16,565	22,480	6,365
Payments to employees	(509,285)	(823,651)	(44,626)	(157,418)	(52,902)	(51,181)
Payments to suppliers and contractors	(180,549)	(317,688)	(20,191)	(79,506)	(24,666)	(24,361)
Loans issued to students	(3,818)	(3,388)	(293)	(3,257)	(1,469)	(325)
Collections of loans to students	4,760	1,700	172	3,042	825	171
Auxiliary enterprises:						
Residential facilities	668	34,547	5,396	14,461	7,154	5,155
Dining facilities		37,311	2,070	13,710	5,507	5,730
Intercollegiate athletics		43,572	2,272	10,835	1,762	2,052
Bookstores	180			11,236		3,051
Parking facilities	11,551	13,628	211	4,221	107	
Other	6,257	34,947	2,749	20,601	6,243	3,358
Other receipts (payments)	163,654	68,496	(30)	13,378	1,461	1,560
Net cash provided (used) by operations	(137,755)	(259,568)	(17,533)	(32,000)	(20,509)	(23,778)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
State appropriations	157,679	370,689	31,110	76,171	28,616	29,667
Gifts and grants received for other than capital purposes:						
Private gifts for endowment purposes	48	438				
Net cash provided by noncapital financing activities	157,727	371,127	31,110	76,171	28,616	29,667
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from capital debt	13,366	29,630	491	17,623	5,922	232
Capital appropriations	1,955	22,156	18,022	5,712	818	21
Capital grants and gifts received		28,944		202		
Proceeds from sales of capital assets	25,000	2,965				
Purchases of capital assets	(55,287)	(96,908)	(19,541)	(24,005)	(8,784)	(1,556)
Principal paid on debt and capital leases	(16,188)	(55,919)	(963)	(22,285)	(9,555)	(2,357)
Interest paid on debt and capital leases	(5,146)	(17,767)	(491)	(4,629)	(3,111)	(799)
Transfers to/from other USM Institutions	2,460	5,903	(4,785)	(2,494)	6,377	518
Net cash provided (used) by capital and related financing activities	(33,840)	(80,996)	(7,267)	(29,876)	(8,333)	(3,941)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments	4,560	9,055		206	23	1
Interest on investments	6,646	24,272	161	6,297	873	1,121
Investment expense	(211)	(278)		(10)	(1)	(2)
Purchases of investments	(73)	(438)				(16)
Net cash provided (used) by investing activities	10,922	32,611	161	6,493	895	1,104
Net increase (decrease) in cash	(2,946)	63,174	6,471	20,788	669	3,052
Cash and cash equivalents - June 30, 2006	115,303	312,877	3,278	76,634	11,989	13,768
Cash and cash equivalents - June 30, 2007	\$112,357	\$376,051	\$9,749	\$97,422	\$12,658	\$16,820

Year ended June 30, 2007
(amounts expressed in thousands)

CSU	UB	SU	UMUC	UMBC	UMCES	UMBI	USM OFFICE	TOTAL
\$5,490	\$42,031	\$38,536	\$197,883	\$67,070				\$885,072
13,643	7,716	6,506	8,650	97,297	\$17,981	\$32,906	\$4,126	892,463
(38,924)	(56,824)	(67,379)	(149,690)	(183,493)	(22,017)	(39,122)	(11,116)	(2,207,628)
(13,888)	(15,598)	(28,031)	(83,150)	(85,465)	(13,272)	(17,870)	(5,038)	(909,273)
(91)	(988)	(342)	(535)	(277)				(14,783)
156	861	288	291	286				12,552
2,220		13,132	71	9,672				92,476
1,230		10,105		6,796				82,459
898		2,779		5,011				69,181
		5,415	5,960	6,206				32,048
101	2,044	608	1,082	1,937				35,490
2,164	3,456	1,191	1	10,129				91,096
47	618	469	18,920	6,031	2,253	1,771	(210)	278,418
(26,954)	(16,684)	(16,723)	(517)	(58,800)	(15,055)	(22,315)	(12,238)	(660,429)
30,428	26,242	32,928	20,069	79,270	15,450	20,771	14,447	933,537
								486
30,428	26,242	32,928	20,069	79,270	15,450	20,771	14,447	934,023
3,437	300	522	3,339	11,282		132	74,010	160,286
32,548	2,858	24,326		679	3,335	2,959	32,482	147,871
			46		218			29,146
								28,229
(33,039)	(5,063)	(32,904)	(5,313)	(12,966)	(3,985)	(4,115)	(38,640)	(342,106)
(4,663)	(1,798)	(3,442)	(3,898)	(15,230)	(687)	(202)	(245)	(137,432)
(1,143)	(1,122)	(1,508)	(1,135)	(4,452)	(345)	(352)	(4,033)	(46,033)
(487)	(2,565)	(1,463)	(579)	(1,647)	1,197	2,974	(5,409)	
(3,347)	(7,390)	(14,469)	(7,540)	(22,334)	(267)	1,396	58,165	(160,039)
21			9	27			872	14,774
466	981	2,311	4,132	1,560	367	524	8,541	58,252
(2)			(1)	(3)			(26)	(534)
(46)				(12)				(585)
439	981	2,311	4,140	1,572	367	524	9,387	71,907
566	3,149	4,047	16,152	(292)	495	376	69,761	185,462
3,448	10,707	34,409	92,441	16,369	4,132	10,003	93,067	798,425
\$4,014	\$13,856	\$38,456	\$108,593	\$16,077	\$4,627	\$10,379	\$162,828	\$983,887

Combining Balance Sheet, Non-major 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.	Bowie State University Foundation, Inc	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.
ASSETS						
Current assets:						
Cash	\$796	\$87	\$4,096	\$610	\$2,377	\$379
Accounts receivable	468		244	812	1,498	1,350
Other assets	123	4	8	15	194	100
Total current assets	1,387	91	4,348	1,437	4,069	1,829
Investments:						
Investments	5,036	2,794	1,951	4,952	37,517	15,254
Total investments	5,036	2,794	1,951	4,952	37,517	15,254
Other assets:						
Accounts receivable						
Capital assets, net	19				963	
Other assets		26			1,200	
Total other assets	19	26			2,163	
Total assets	\$6,442	\$2,911	\$6,299	\$6,389	\$43,749	\$17,083
LIABILITIES						
Current liabilities:						
Accounts payable & accrued expenses	\$397	\$57	\$299	\$466	\$435	\$1,088
Long-term debt, current						
Deferred income	13		111			145
Total current liabilities	410	57	410	466	435	1,233
Other liabilities:						
Other payables					1,000	
Long-term debt, noncurrent						
Total other liabilities					1,000	
Total liabilities	410	57	410	466	1,435	1,233
NET ASSETS						
Unrestricted	802	2,854	5,692	228	2,397	16
Temporarily restricted:						
Scholarships & fellowships					3,108	
Research					9	
Other	5,230		197	620	8,821	15,834
Permanently restricted:						
Scholarships & fellowships					14,874	
Research					10	
Other				5,075	13,095	
Total net assets	6,032	2,854	5,889	5,923	42,314	15,850
Total liabilities & net assets	\$6,442	\$2,911	\$6,299	\$6,389	\$43,749	\$17,083

June 30, 2008

(amounts expressed in thousands)

Coppin State University Development Foundation, Inc.	University of Baltimore Educational Foundation, Inc.	Salisbury University Foundation, Inc.	Maryland 4-H Foundation, Inc.	University Research Corporation International, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland, Baltimore County Research Park, Inc.	Total Non-major Component Units
\$956	\$4,877	\$375	\$255	\$2,494	\$20	\$2,053	\$19,375
357	6,754	261	8	1,240	15		13,007
10	1		3	3		21	482
1,323	11,632	636	266	3,737	35	2,074	32,864
8,965	45,280	35,297	2,219			6,665	165,930
8,965	45,280	35,297	2,219			6,665	165,930
		254					254
12	1,182	4,914	130		12	2,937	10,169
179		5,147					6,552
191	1,182	10,315	130		12	2,937	16,975
\$10,479	\$58,094	\$46,248	\$2,615	\$3,737	\$47	\$11,676	\$215,769
\$181	\$526	\$227	\$165	\$1,698	\$33	\$4	\$5,576
		81			9	57	147
	243	27		805		5,801	7,145
181	769	335	165	2,503	42	5,862	12,868
143		3,556			9	2,306	7,014
		2,761				577	3,338
143		6,317			9	2,883	10,352
324	769	6,652	165	2,503	51	8,745	23,220
197	11,388	2,498	545	1,234	(4)	2,931	30,778
	2,229	1,226					6,563
		24					33
897	8,791	7,089	260				47,739
	15,195	12,292					42,361
		773					783
9,061	19,722	15,694	1,645				64,292
10,155	57,325	39,596	2,450	1,234	(4)	2,931	192,549
\$10,479	\$58,094	\$46,248	\$2,615	\$3,737	\$47	\$11,676	\$215,769

Combining Balance Sheet, Non-major 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.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.
ASSETS						
Current assets:						
Cash	\$741	\$88	\$1,614	\$541	\$1,860	\$173
Accounts receivable	558		488	298	4,075	460
Other assets	104	13	6	19		356
Total current assets	1,403	101	2,108	858	5,935	989
Investments:						
Investments	5,313	2,789	3,093	5,073	34,754	14,710
Total investments	5,313	2,789	3,093	5,073	34,754	14,710
Other assets:						
Accounts receivable						
Capital assets, net	18				955	
Other assets		27				
Total other assets	18	27			955	
Total assets	\$6,734	\$2,917	\$5,201	\$5,931	\$41,644	\$15,699
LIABILITIES						
Current liabilities:						
Accounts payable & accrued expenses	\$450	\$55	\$261	\$118	\$123	\$132
Long-term debt, current						
Deferred income	5		10			50
Total current liabilities	455	55	271	118	123	182
Other liabilities:						
Other payables		50				
Long-term debt, noncurrent						
Total other liabilities		50				
Total liabilities	455	105	271	118	123	182
NET ASSETS						
Unrestricted	836	2,812	4,733	308	2,260	269
Temporarily restricted:						
Scholarships & fellowships					4,574	
Research					12	
Other	5,443		197	405	10,049	15,248
Permanently restricted:						
Scholarships & fellowships					11,706	
Research					11	
Other				5,100	12,909	
Total net assets	6,279	2,812	4,930	5,813	41,521	15,517
Total liabilities & net assets	\$6,734	\$2,917	\$5,201	\$5,931	\$41,644	\$15,699

June 30, 2007

(amounts expressed in thousands)

Coppin State University Development Foundation, Inc.	University of Baltimore Educational Foundation, Inc.	Salisbury University Foundation, Inc.	Maryland 4-H Foundation, Inc.	University Research Corporation International, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland, Baltimore County Research Park, Inc.	Total Non-major Component Units
\$1,063	\$1,508	\$456	\$254	\$1,645	\$12	\$3,280	\$13,235
210	5,660	104	3	1,061	79	2	12,998
4			5	59		3	569
1,277	7,168	560	262	2,765	91	3,285	26,802
9,092	50,198	39,164	2,176			2,761	169,123
9,092	50,198	39,164	2,176			2,761	169,123
38	1,236	137 6,965 5,898	144	1	4	2,950	137 12,311 5,925
38	1,236	13,000	144	1	4	2,950	18,373
\$10,407	\$58,602	\$52,724	\$2,582	\$2,766	\$95	\$8,996	\$214,298
\$92	\$426	\$3,871	\$200	\$1,084	\$69	\$2	\$6,883
	147	100 24			25	51	176
92	573	3,995	200	1,084	94	5,402	5,638
							12,697
69		4,066				394	4,579
		591				635	1,226
69		4,657				1,029	5,805
161	573	8,652	200	1,084	94	6,484	18,502
139	13,931	2,990	519	801	1	2,512	32,111
	1,762	977					7,313
		15					27
1,024	4,965	6,581	284	881			45,077
	15,679	14,008					41,393
		799					810
9,083	21,692	18,702	1,579				69,065
10,246	58,029	44,072	2,382	1,682	1	2,512	195,796
\$10,407	\$58,602	\$52,724	\$2,582	\$2,766	\$95	\$8,996	\$214,298

Combining Statement of Activities, Non-major 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.	Bowie State University Foundation, Inc	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.
CHANGES IN UNRESTRICTED NET ASSETS						
Revenues:						
Contributions & grants	\$1,054	\$22	\$5	\$576	\$1,153	\$206
Investment income	46	33	16	16	158	62
Other income	337	79	2,087		531	314
Assets released from restrictions	25		5	552	4,369	1,450
Total revenues	1,462	134	2,113	1,144	6,211	2,032
Expenses:						
Program	996	61	989	1,174	5,286	662
General & administrative	275	31	154	50	473	1,623
Fundraising	225				315	
Other expense			11			
Total expenses	1,496	92	1,154	1,224	6,074	2,285
Change in unrestricted net assets	(34)	42	959	(80)	137	(253)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS						
Contributions & grants				456	2,363	1,552
Investment income	(188)		5	127	(1,479)	382
Other income				75	868	102
Assets released from restrictions	(25)		(5)	(444)	(4,449)	(1,450)
Change in temporarily restricted net assets	(213)			214	(2,697)	586
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS						
Contributions & grants				187	3,097	
Investment income				(103)	57	
Other income					119	
Assets released from restrictions				(108)	80	
Change in permanently restricted net assets				(24)	3,353	
Total change in net assets	(247)	42	959	110	793	333
Net assets (deficit) beginning of year	6,279	2,812	4,930	5,813	41,521	15,517
Net assets (deficit) end of year	\$6,032	\$2,854	\$5,889	\$5,923	\$42,314	\$15,850

Year Ended June 30, 2008
(amounts expressed in thousands)

Coppin State University Development Foundation, Inc.	University of Baltimore Educational Foundation, Inc.	Salisbury University Foundation, Inc.	Maryland 4-H Foundation, Inc.	University Research Corporation International, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland, Baltimore County Research Park, Inc.	Total Non-major Component Units
\$145	\$414	\$165	\$165	\$6,098	\$375		\$10,378
1	(762)	(120)				\$178	(372)
367	127	360	226	85		1,051	5,564
2,245	1,675	4,195	187				14,703
2,758	1,454	4,600	578	6,183	375	1,229	30,273
2,332	3,473	4,173	413	5,241	354		25,154
208	304	740	91	1,140	26		5,115
160	220	179	48				1,147
				250		810	1,071
2,700	3,997	5,092	552	6,631	380	810	32,487
58	(2,543)	(492)	26	(448)	(5)	419	(2,214)
1,479	3,916	2,441	62				12,269
323	1,895		100				1,165
140	441	888					2,514
(2,068)	(1,958)	(2,564)	(187)				(13,150)
(126)	4,294	765	(25)				2,798
388	937	157	82				4,848
(234)	(3,675)	(3,291)	(15)				(7,261)
(177)	283	16					135
		(1,631)					(1,553)
(23)	(2,455)	(4,749)	67				(3,831)
(91)	(704)	(4,476)	68	(448)	(5)	419	(3,247)
10,246	58,029	44,072	2,382	1,682	1	2,512	195,796
\$10,155	\$57,325	\$39,596	\$2,450	\$1,234	\$(4)	\$2,931	\$192,549

Combining Statement of Activities, Non-major 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.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.
CHANGES IN UNRESTRICTED NET ASSETS						
Revenues:						
Contributions & grants	\$1,390	\$12		\$6	\$1,200	\$223
Investment income	32	466	\$421	20	441	99
Other income	350	158	2,237	101		426
Assets released from restrictions	74		200	325	2,698	1,498
Total revenues	1,846	636	2,858	452	4,339	2,246
Expenses:						
Program	1,374	45	1,029	208	3,266	1,914
General & administrative	430	43	662	194	1,147	363
Fundraising	210				384	
Other expense			150			
Total expenses	2,014	88	1,841	402	4,797	2,277
Change in unrestricted net assets	(168)	548	1,017	50	(458)	(31)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS						
Contributions & grants	151			226	2,913	2,887
Investment income	611			117	4,210	2,431
Other income				3	687	160
Assets released from restrictions	(74)		(200)	(325)	(2,875)	(1,498)
Change in temporarily restricted net assets	688		(200)	21	4,935	3,980
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS						
Contributions & grants				220	1,396	
Investment income				783	110	
Other income					122	
Assets released from restrictions					177	
Change in permanently restricted net assets				1,003	1,805	
Total change in net assets	520	548	817	1,074	6,282	3,949
Net assets (deficit) beginning of year	5,759	2,264	4,113	4,739	35,239	11,568
Net assets (deficit) end of year	\$6,279	\$2,812	\$4,930	\$5,813	\$41,521	\$15,517

Year Ended June 30, 2007
(Amounts expressed in thousands)

Coppin State University Development Foundation, Inc.	University of Baltimore Educational Foundation, Inc.	Salisbury University Foundation, Inc.	Maryland 4-H Foundation, Inc.	University Research Corporation International, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland, Baltimore County Research Park, Inc.	Total Non-major Component Units
\$166	\$550	\$143	\$103	\$199	\$379		\$4,371
1	1,962	293	339			\$1,010	5,084
182	70	430	174	31		617	4,776
1,098	2,064	3,090	138	5,466			16,651
1,447	4,646	3,956	754	5,696	379	1,627	30,882
1,085	2,807	3,414	325	4,032	358		19,857
185	221	405	82	670	28		4,430
118	282	156	69				1,219
				400		596	1,146
1,388	3,310	3,975	476	5,102	386	596	26,652
59	1,336	(19)	278	594	(7)	1,031	4,230
635	1,398	1,600	157	6,347			16,314
474	1,517	91					9,451
16	461	683					2,010
(1,098)	(2,091)	(2,046)	(138)	(5,466)			(15,811)
27	1,285	328	19	881			11,964
46	641	2,454	11				4,768
1,182	4,945	4,128	40				11,188
		56					178
	27	(1,044)					(840)
1,228	5,613	5,594	51				15,294
1,314	8,234	5,903	348	1,475	(7)	1,031	31,488
8,932	49,795	38,169	2,034	207	8	1,481	164,308
\$10,246	\$58,029	\$44,072	\$2,382	\$1,682	\$1	\$2,512	\$195,796

Schedule of Estimated & Actual Revenues by Institution Budgetary Basis

Year ended June 30, 2008
(amounts expressed in thousands)

	Current		Current	
	Unrestricted Funds		Restricted Funds	
	Estimated	Actual	Estimated	Actual
UMB	\$476,450	\$494,152	\$393,893	\$391,345
UMCP	1,137,021	1,158,508	317,963	315,043
BSU	74,053	77,403	15,118	12,500
TU	302,802	306,493	29,400	28,171
UMES	77,466	78,184	26,363	23,679
FSU	82,245	82,016	7,825	7,195
CSU	56,964	53,303	22,886	14,861
UB	88,443	85,810	9,305	8,458
SU	116,810	121,921	7,275	6,725
UMUC	310,096	272,605	10,000	8,960
UMBC	247,361	246,621	83,678	81,527
UMCES	23,993	23,191	20,070	13,753
UMBI	31,030	28,602	15,900	15,249
USM Office	24,041	24,056	4,000	3,468
Totals	\$3,048,775	\$3,052,865	\$963,676	\$930,934

Schedule of Budgeted & Actual Expenditures by Institution Budgetary Basis

Year ended June 30, 2008
(amounts expressed in thousands)

	Current		Current	
	Unrestricted Funds		Restricted Funds	
	Estimated	Actual	Estimated	Actual
UMB	\$476,450	\$476,450	\$393,893	\$391,345
UMCP	1,137,021	1,117,663	317,963	315,043
BSU	74,053	73,893	15,118	12,500
TU	302,802	302,676	29,400	28,171
UMES	77,466	77,445	26,363	23,679
FSU	82,245	82,184	7,825	7,195
CSU	56,964	56,937	22,886	14,861
UB	88,443	86,930	9,305	8,458
SU	116,810	113,991	7,275	6,725
UMUC	310,096	272,148	10,000	8,960
UMBC	247,361	244,157	83,678	81,527
UMCES	23,993	22,270	20,070	13,753
UMBI	31,030	30,702	15,900	15,249
USM Office	24,041	24,041	4,000	3,468
Totals	\$3,048,775	\$2,981,487	\$963,676	\$930,934

STATISTICAL SECTION

For the year ended June 30, 2008



STATISTICAL SECTION

This part of the University System of Maryland (the System) comprehensive annual financial report present detailed information as a context for understanding what the information in the financial statements, note disclosures, and other supplementary information says about the System's overall financial health.

CONTENTS:

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the System's financial performance and strength have changed over time.

REVENUE CAPACITY

These schedules contain information to help the reader assess the System's most significant revenue sources.

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the System's current level of outstanding debt and its capacity to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment in which the System's financial activities take place.

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the System's financial report relate to the services and activities undertaken by the System in its operations.



FINANCIAL TREND INFORMATION

Schedule of Net Assets
Last Seven Fiscal Years

June 30,
(amounts expressed in thousands)

	2008	2007	2006	2005	2004	2003	2002
NET ASSETS							
Unrestricted net assets	\$863,719	\$726,811	\$595,657	\$519,607	\$436,977	\$314,956	\$302,659
Invested in capital assets, net	2,593,702	2,394,375	2,204,079	2,111,737	1,988,672	1,832,243	1,596,840
Restricted:							
Nonexpendable:							
Scholarships and fellowships	11,552	11,214	11,023	11,017	10,129	8,207	42,277
Research	3,643	3,643	3,643	3,688	3,642	4,110	53,307
Other	14,679	14,855	14,515	14,638	14,630	11,427	39,822
Expendable:							
Scholarships and fellowships	51,581	51,887	47,662	35,301	36,155	29,509	
Research	83,366	87,404	77,732	83,750	99,119	94,781	65,361
Loans	72,271	75,755	74,823	81,321	64,580	71,213	65,928
Capital projects	10,287	16,952	13,225	31,315	5,433	4,934	20,865
Other	36,483	41,436	35,367	31,050	31,498	28,257	
Total net assets	\$3,741,283	\$3,424,332	\$3,077,726	\$2,923,424	\$2,690,835	\$2,399,637	\$2,187,059

The System implemented the financial reporting and measurement requirements of GASB Statement #34 and #35 beginning in fiscal year 2002. Accordingly, consistent trend information is only available for the periods since the implementation of GASB Statements #34 and #35.



FINANCIAL TREND INFORMATION

Schedule of Changes in Net Assets

Last Seven Fiscal Years

Years ended June 30,
(amounts expressed in thousands)

	2008	2007	2006	2005	2004	2003	2002
OPERATING REVENUES:							
Tuition and fees, net	\$943,834	\$873,300	\$825,730	\$778,135	\$705,521	\$634,121	\$565,444
Contracts and grants	994,640	915,161	894,892	886,518	825,689	820,018	792,276
Sales and services, net	659,065	598,620	574,269	543,548	466,732	432,304	404,694
Other operating revenues	61,328	53,996	47,357	41,540	34,492	46,591	29,840
Total operating revenues	2,658,867	2,441,077	2,342,248	2,249,741	2,032,434	1,933,034	1,792,254
OPERATING EXPENSES:							
Employee costs	2,334,903	2,222,949	2,068,901	1,934,401	1,823,720	1,813,072	1,730,475
Payments to suppliers, contractors and others	1,075,665	923,751	911,809	835,269	743,877	759,447	771,127
Depreciation	179,296	174,214	167,622	152,602	142,126	128,682	108,601
Total operating expenses	3,589,864	3,320,914	3,148,332	2,922,272	2,709,723	2,701,201	2,610,203
Operating income	(930,997)	(879,837)	(806,084)	(672,531)	(677,289)	(768,167)	(817,949)
NONOPERATING REVENUES (EXPENSES):							
State appropriations	1,004,068	933,537	811,588	757,698	746,207	771,877	864,765
Gifts	49,847	36,842	21,638	14,010	14,951	24,402	7,118
Investment income, net	60,956	100,822	70,284	40,075	39,085	19,534	(13,821)
Interest on indebtedness	(39,304)	(43,497)	(42,456)	(43,749)	(38,996)	(39,913)	(35,295)
Other nonoperating revenues (expenses), gains and (losses)	5,459	19,604	1,019	(5,116)	12,307	18,346	6,458,612
Total nonoperating revenue (expenses)	1,081,026	1,047,308	862,073	762,918	773,554	794,246	827,379
Income before other revenues, expenses, gains and losses (expenses)	150,029	167,471	55,989	90,387	96,265	26,079	9,430
OTHER REVENUES, EXPENSES, GAINS AND LOSSES							
Capital appropriations	156,129	147,871	89,186	130,932	176,169	206,899	170,970
Capital gifts and grants	10,661	30,732	9,079	10,830	14,285	9,148	12,661
Additions to permanent endowments	132	532	48	440	4,479	2,852	344
Total other revenues, expenses, gains and losses	166,922	179,135	98,313	142,202	194,933	218,899	183,975
Increase in net assets	316,951	346,606	154,302	232,589	291,198	244,978	193,405
Net assets, beginning	3,424,332	3,077,726	2,923,424	2,690,835	2,399,637	2,187,059	3,296,704
Cumulative effect of change in accounting principles							(1,312,050)
Correction of error						(32,400)	
Net assets, ending	\$3,741,283	\$3,424,332	\$3,077,726	\$2,923,424	\$2,690,835	\$2,399,637	\$2,178,059

The System implemented the financial reporting and measurement requirements of GASB Statement #34 and #35 beginning in fiscal year 2002. Accordingly, consistent trend information is only available for the periods since the implementation of GASB Statements #34 and #35.

FINANCIAL TREND INFORMATION

Schedule of Operating Revenues

Last Seven Fiscal Years

Years ended June 30,
(amounts expressed in thousands)

	2008	2007	2006	2005	2004	2003	2002
OPERATING REVENUES:							
Tuition and fees	\$1,106,084	\$1,023,132	\$959,992	\$910,670	\$835,121	\$743,568	\$671,672
Less: scholarship allowances	(162,250)	(149,832)	(139,374)	(132,536)	(129,600)	(109,447)	(106,228)
Federal grants and contracts	678,019	637,150	617,375	608,563	514,740	492,038	478,137
State and local grants and contracts	163,502	160,876	156,160	134,903	134,493	145,811	159,307
Nongovernmental grants and contracts	153,119	117,135	121,357	143,053	176,456	182,169	154,832
Sales and services of educational departments	224,755	193,764	198,997	177,225	117,770	110,046	101,311
Auxiliary enterprises:							
Residential facilities	109,751	104,976	101,450	97,620	92,147	89,543	143,846
Less: scholarship allowances	(8,875)	(8,323)	(7,860)	(8,448)	(9,092)	(8,730)	(10,903)
Dining facilities	94,270	86,268	79,772	77,674	73,426	67,535	
Less: scholarship allowances	(4,978)	(4,924)	(4,574)	(3,967)	(4,015)	(4,948)	
Intercollegiate athletics	77,631	72,041	66,870	64,840	59,360	58,736	52,354
Less: scholarship allowances	(3,663)	(3,058)	(2,507)	(1,993)	(1,949)	(2,239)	(1,694)
Bookstores	33,128	32,231	31,576	32,941	32,144	31,300	29,768
Less: scholarship allowances	(131)	(99)	(75)	(70)	(75)	(93)	(60)
Parking facilities	33,640	35,506	32,418	31,487	27,786	24,399	20,431
Less: scholarship allowances		(86)					
Other auxiliary enterprises revenues	103,568	90,345	83,314	76,243	79,298	66,755	69,641
Less: scholarship allowances	(31)	(21)	(3)	(7)	(68)		
Other operating revenues	61,328	53,996	47,360	41,540	34,492	46,591	29,840
Total operating revenues	\$2,658,867	\$2,441,077	\$2,342,248	\$2,249,738	\$2,032,434	\$1,933,034	\$1,792,254

FINANCIAL TREND INFORMATION

Schedule of Operating Expenses

Last Seven Fiscal Years

Years ended June 30,
(amounts expressed in thousands)

	2008	2007	2006	2005	2004	2003	2002
OPERATING EXPENSES:							
Instruction	\$951,368	\$890,577	\$861,191	\$819,556	\$803,838	\$807,051	\$773,427
Research	838,754	761,371	719,067	694,358	561,608	556,109	551,329
Public service	136,358	126,113	122,906	111,357	141,206	157,652	140,560
Academic support	318,240	287,338	259,224	239,220	229,765	232,637	211,809
Student services	154,969	143,441	125,432	114,784	102,587	102,422	99,856
Institutional support	326,342	317,336	300,468	276,260	271,023	258,673	252,445
Operation and maintenance of plant	272,127	261,289	248,443	204,024	195,529	180,072	210,564
Scholarships and fellowships	75,884	63,142	59,117	47,685	44,145	47,721	41,515
Auxiliary enterprises:							
Residential facilities	97,171	87,130	85,361	82,980	76,021	72,969	119,315
Dining facilities	87,421	80,566	73,509	64,794	61,721	56,230	
Intercollegiate athletics	76,998	72,157	69,660	62,445	58,216	71,864	66,240
Bookstores	29,037	30,118	28,912	30,581	30,137	30,105	27,294
Parking facilities	25,560	23,386	23,225	20,783	21,045	19,298	15,167
Other auxiliary enterprises expenses	88,410	76,452	73,552	65,723	56,673	62,376	58,479
Hospital	111,225	100,498	98,265	87,718	56,209	46,022	42,203
Total operating expenses	\$3,589,864	\$3,320,914	\$3,148,332	\$2,922,268	\$2,709,723	\$2,701,201	\$2,610,203

Source: The above information was compiled using the audited basic financial statements of the University System of Maryland.

The System implemented the financial reporting and measurement requirements of GASB Statement #34 and #35 beginning in fiscal year 2002. Accordingly, consistent trend information is only available for the periods since the implementation of GASB Statements #34 and #35.

REVENUE BASE INFORMATION

Average Tuition and Mandatory Fees Last Ten Academic Years

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
University of Maryland, Baltimore										
Undergraduate - In-State	\$7,632	\$7,579	\$7,162	\$6,733	\$5,815	\$5,199	\$5,017	\$4,807	\$4,567	\$4,397
Undergraduate - Out-of-State	20,261	18,373	17,791	16,319	14,399	12,594	11,948	11,464	10,031	9,676
Graduate Part-Time - In-State	429	352	327	360	296	281	274	261	253	244
Graduate Part-Time - Out-of-State	731	627	584	624	531	503	489	468	454	438
University of Maryland, College Park										
Undergraduate - In-State	7,968	7,821	7,410	6,759	5,898	5,341	5,136	4,939	4,699	4,460
Undergraduate - Out-of-State	22,207	20,145	18,710	17,433	15,100	13,413	12,668	11,827	11,221	10,589
Graduate Part-Time - In-State	411	393	371	349	305	289	278	272	272	272
Graduate Part-Time - Out-of-State	886	820	701	602	482	448	430	415	400	400
Bowie State University										
Undergraduate - In-State	5,730	5,418	5,218	4,853	4,219	3,782	3,778	3,664	3,467	3,357
Undergraduate - Out-of-State	15,249	14,786	13,583	12,465	10,956	9,864	9,349	8,981	8,290	7,792
Graduate Part-Time - In-State	306	293	268	244	206	195	195	186	169	158
Graduate Part-Time - Out-of-State	596	587	536	488	411	390	368	350	304	268
Towson University										
Undergraduate - In-State	7,164	7,096	6,672	6,226	5,591	4,984	4,720	4,520	4,335	4,120
Undergraduate - Out-of-State	16,522	16,030	15,352	14,298	13,311	11,870	11,140	10,524	9,940	9,198
Graduate Part-Time - In-State	275	267	257	244	223	211	203	195	187	174
Graduate Part-Time - Out-of-State	577	560	538	510	464	435	410	394	364	340
University of Maryland Eastern Shore										
Undergraduate - In-State	5,908	5,808	5,558	5,105	4,613	4,128	3,994	3,883	3,585	3,240
Undergraduate - Out-of-State	12,475	11,964	11,421	10,440	9,377	8,612	8,497	8,443	8,227	7,777
Graduate Part-Time - In-State	225	216	206	187	159	151	151	145	143	143
Graduate Part-Time - Out-of-State	408	392	373	339	289	272	272	261	253	253
Frostburg State University										
Undergraduate - In-State	6,392	6,230	5,830	5,342	4,800	4,256	4,132	3,956	3,776	3,544
Undergraduate - Out-of-State	15,442	14,480	13,374	12,242	10,896	9,754	9,282	8,656	8,036	7,530
Graduate Part-Time - In-State	294	280	256	234	197	187	180	174	170	168
Graduate Part-Time - Out-of-State	337	321	296	271	229	217	208	202	197	195
Coppin State University										
Undergraduate - In-State	4,745	4,714	4,454	4,240	3,959	3,477	3,370	3,272	3,164	3,012
Undergraduate - Out-of-State	11,768	11,235	10,626	10,062	9,368	8,604	8,347	8,104	7,855	7,392
Graduate Part-Time - In-State	207	197	186	175	161	153	149	144	140	136
Graduate Part-Time - Out-of-State	375	357	337	318	291	276	265	255	240	220
University of Baltimore										
Undergraduate - In-State	6,834	6,794	6,448	5,913	5,190	4,504	4,107	4,122	3,966	3,804
Undergraduate - Out-of-State	18,920	18,373	17,791	16,319	14,399	12,594	11,948	11,464	10,764	9,300
Graduate Part-Time - In-State	481	463	415	374	310	294	282	256	233	217
Graduate Part-Time - Out-of-State	726	705	632	569	471	438	419	382	356	333

continued on next page

REVENUE BASE INFORMATION

Average Tuition and Mandatory Fees Last Ten Academic Years

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Salisbury University										
Undergraduate - In-State	\$6,412	\$6,376	\$5,976	\$5,564	\$4,974	\$4,486	\$4,312	\$4,156	\$4,002	\$3,812
Undergraduate - Out-of-State	14,306	14,054	13,554	12,454	10,908	9,942	9,048	8,550	8,212	7,564
Graduate Part-Time - In-State	260	249	236	215	184	174	168	162	162	152
Graduate Part-Time - Out-of-State	546	535	500	455	380	355	336	318	310	250
University of Maryland										
University College										
Undergraduate - In-State	5,520	5,520	5,424	5,328	4,944	4,728	4,584	4,416	4,392	4,344
Undergraduate - Out-of-State	10,660	10,152	9,888	9,696	9,216	8,736	8,400	5,664	5,328	5,016
Graduate Part-Time - In-State	371	353	339	332	315	301	292	281	284	273
Graduate Part-Time - Out-of-State	604	575	553	542	521	494	397	382	367	353
University of Maryland, Baltimore County										
Undergraduate - In-State	8,622	8,520	8,020	7,388	6,592	5,910	5,490	5,160	4,699	4,460
Undergraduate - Out-of-State	17,354	16,596	15,620	14,290	13,086	11,290	10,258	9,633	9,254	9,022
Graduate Part-Time - In-State	412	395	373	350	307	291	278	268	260	253
Graduate Part-Time - Out-of-State	681	652	606	570	493	480	470	470	468	455
University System of Maryland - Avg.										
Undergraduate - In-State	6,630	6,534	6,197	5,768	5,145	4,618	4,422	4,263	4,059	3,868
Undergraduate - Out-of-State	15,924	15,108	14,337	13,273	11,911	10,661	10,080	9,392	8,833	8,260
Graduate Part-Time - In-State	334	314	284	279	242	230	223	213	207	199
Graduate Part-Time - Out-of-State	588	557	514	481	415	392	369	354	338	319

Source: University System of Maryland Office of Budget Analysis



DEBT CAPACITY INFORMATION

Ratio of Unrestricted Net Assets to Debt Outstanding Last Seven Fiscal Years

June 30,
(amounts expressed in thousands)

	2008	2007	2006	2005	2004	2003	2002
Unrestricted net assets	\$863,719	\$726,811	\$595,657	\$519,607	\$436,977	\$314,956	\$302,659
Revenue Bonds	\$896,389	\$868,958	\$845,638	\$901,141	\$897,288	\$775,365	\$713,984
Notes payables	69,254	81,396	84,496	94,707	95,731	74,561	77,311
Obligations under capital lease agreements	4,280	4,493	4,692	4,878	5,053	5,216	5,369
Total debt outstanding	\$969,923	\$954,847	\$934,826	\$1,000,726	\$998,072	\$855,142	\$796,664
Unrestricted net assets to debt ratio	0.89	0.76	0.64	0.52	0.44	0.37	0.38

The System implemented the financial reporting and measurement requirements of GASB Statement #34 and #35 beginning in fiscal year 2002. Accordingly, consistent trend information is only available for the periods since the implementation of GASB Statements #34 and #35.



DEBT CAPACITY INFORMATION

Computation of Legal Debt Margin Last Ten Fiscal Years

	2008	2007	2006	2005	2004	2003
Maximum amount of revenue bonds, other debt, and obligations under capital lease agreements for real property authorized (Annotated Code of the State of Maryland - Article - Education Section 19-102 (c), as amended):	\$1,050,000	\$1,050,000	\$1,050,000	\$1,025,000	\$1,025,000	\$975,000
Outstanding revenue bonds, other debt, and obligations under capital lease agreements for real property:						
Auxiliary Facility and Tuition Revenue Bonds	\$896,389	\$868,958	\$845,638	\$901,141	\$897,288	\$775,365
Notes payable on equipment and facilities	50,000	65,000	65,000	65,000	64,987	49,568
Other	19,254	16,396	19,496	29,707	30,744	24,993
Obligation under capital lease agreements for real property	4,280	4,493	4,692	4,878	5,053	5,216
Total debt and capital leases subject to limitation	\$969,923	\$954,847	\$934,826	\$1,000,726	\$998,072	\$855,142
Legal debt margin, as of June 30	\$80,077	\$95,153	\$115,174	\$24,274	\$26,928	\$119,858

Source: University System of Maryland Office

DEBT CAPACITY INFORMATION

Schedule of Revenue Bond Debt Service Coverage Last Ten Fiscal Years

	2008	2007	2006	2005	2004	2003
PLEGDED NET REVENUES:						
Tuition and fees	\$958,812	\$873,300	\$959,993	\$910,670	\$835,121	\$743,568
Auxiliary facilities fees	434,663	404,856	395,402	380,807	364,160	338,268
Total revenues available for debt service	1,393,475	1,278,156	1,355,395	1,291,477	1,199,281	1,081,836
Auxiliary enterprise expenses	(398,597)	(369,809)	(354,219)	(327,306)	(303,813)	(312,842)
Net revenues pledged for debt service	\$994,878	\$908,347	\$1,001,176	\$964,171	\$895,468	\$768,994
REVENUE BOND DEBT SERVICE SUBJECT TO RATE COVENANT	\$108,028	\$102,883	\$97,212	\$94,187	\$89,001	\$86,817
Revenue bond debt service coverage	9.21	8.83	10.30	10.24	10.06	8.86

Comparison of actual pledged net revenues with maximum annual debt service requirement in accordance with the Indenture of Trust related to the issuance of the following series of University System of Maryland Auxiliary Facility and Tuition Revenue Bonds:

1997 Series A	2000 Series A	2003 Series A	2005 Series A
1998 Series A	2001 Series A	2003 Series B	2006 Series A
1999 Series A	2001 Series B	2004 Series A	2007 Series A
1999 Series B	2002 Series A	2004 Series B	2008 Series A

Source: University System of Maryland Office

June 30,
(amounts expressed in thousands)

2002	2001	2000	1999
\$875,000	\$875,000	\$850,000	\$750,000
\$713,984	\$722,307	\$591,628	\$618,920
51,253	53,024	54,710	41,300
26,058	21,841	4,084	4,840
5,369	5,512	5,710	5,772
\$796,664	\$802,684	\$656,132	\$670,832
\$78,336	\$72,316	\$193,868	\$79,168

Years ended June 30,
(amounts expressed in thousands)

2002	2001	2000	1999
\$671,672	\$594,118	\$545,710	\$517,426
246,399	315,950	296,562	285,158
918,071	910,068	842,272	802,584
(286,496)	(239,474)	(218,336)	(216,462)
\$631,575	\$670,594	\$623,936	\$586,122
\$81,243	\$78,467	\$66,096	\$66,098
7.77	8.55	9.44	8.87



DEMOGRAPHIC AND ECONOMIC CONDITION INFORMATION

Maryland's Ten Largest Private Employers ⁽¹⁾

2008	2007	2006 and 2005	2004 and 2003
Employer (listed Alphabetically)			
Giant of Maryland LLC	Giant of Maryland LLC	Giant of Maryland LLC	Giant of Maryland LLC
Helix Health System Inc.	Helix Health System Inc.	Helix Health System Inc.	Helix Health System Inc.
Home Depot USA Inc.	Home Depot USA Inc.	Home Depot USA Inc.	Home Depot USA Inc.
Johns Hopkins Hospital	Johns Hopkins Hospital	Johns Hopkins Hospital	Johns Hopkins Hospital
Johns Hopkins University	Johns Hopkins University	Johns Hopkins University	Johns Hopkins University
Northrop Grumman Corporation	Macy's	Northrop Grumman Corporation	Northrop Grumman Corporation
Safeway Inc	Northrop Grumman Corporation	Safeway Inc	Safeway Inc
University of Maryland Medical System	Safeway Inc	Target	United Parcel Service
United Parcel Service	United Parcel Service	United Parcel Service	Verizon Maryland Inc.
Wal-Mart	Wal-Mart	Wal-Mart	Wal-Mart

Source: Department of Labor, Licensing and Regulation; Office of Labor Market

(1) Information for prior years not available.

DEMOGRAPHIC AND ECONOMIC CONDITION INFORMATION

Schedule of Employment by Sector **Prior Year and Nine Years Prior** ⁽³⁾

	Calendar Year 2007 ⁽¹⁾			Calendar Year 1998 ⁽²⁾		
	Average Annual Employment	Total Wages (Expressed in Thousands)	Average Weekly Wage Per Worker	Average Annual Employment	Total Wages (Expressed in Thousands)	Average Weekly Wage Per Worker
Government:						
State and local	336,513	\$15,847,375	\$906	292,600	\$9,619,192	\$615
Federal	124,843	10,218,876	1,574	126,685	6,624,365	961
Total government	461,356	26,066,251	1,087	419,285	16,243,557	745
Manufacturing	131,699	7,939,947	1,159	178,050	7,424,297	802
Natural resources and mining	6,556	227,297	667			
Construction	187,878	9,507,590	973	142,401	4,900,484	662
Trade, transportation, and utilities	472,365	18,149,175	739	103,851	4,172,877	773
Wholesale				110,779	4,864,113	844
Retail				430,545	7,731,124	345
Information services	50,646	3,278,342	1,245			
Financial activities	154,556	10,776,967	1,341	134,398	6,106,523	874
Professional and business services	396,733	24,014,991	1,164	737,196	23,862,164	622
Education and health services	359,053	15,637,535	838			
Leisure and hospitality	234,278	4,344,384	357			
Unclassified and other services	92,030	2,914,507	609	29,727	783,364	507
Total of all sectors	2,547,150	\$122,856,986	\$928	2,286,232	\$76,088,503	\$640

(1) Source: Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information Publication "Employment and Payroll 2006 Annual Averages" issued July, 2008. This report reflects the new North American Industry Classification System (NAICS) coding revisions.

(2) Source: Maryland Department of Economic and Employment Development, Office of Labor Market Analysis and Information, December 31, 1998.

(3) Some of the data is not comparative due to the reclassifications made during the term of the two periods.

DEMOGRAPHIC AND ECONOMIC CONDITION INFORMATION

Schedule of Demographic Statistics Last Ten Academic Years

	Population ⁽¹⁾	Total Personal Income ⁽²⁾ (Expressed in Thousands)	Per Capita Personal Income	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2008	5,618,344	\$258,561,325	\$46,021	1,024,803	3.7%
2007	5,615,727	247,525,909	44,077	1,036,523	3.9
2006	5,600,388	235,195,668	41,996	1,050,627	3.8
2005	5,558,058	218,137,769	39,248	1,053,378	4.2
2004	5,508,909	205,652,120	37,331	1,056,520	4.3
2003	5,450,525	197,868,861	36,303	1,056,944	4.7
2002	5,383,377	190,331,297	35,355	1,049,733	4.6
2001	5,311,531	181,957,207	34,257	1,040,020	3.8
2000	5,254,509	167,074,691	31,796	1,017,574	3.3
1999	5,204,464	157,783,778	30,317	1,009,870	4.0

Sources:

- (1) US Department of Commerce, Bureau of Census— "Annual Population Estimates by State"
Note: Figures are estimates for the calendar year except that the current year amount is a projected estimate for the year.
- (2) US Department of Commerce, Bureau of Economic Analysis. All ten years of income data based on April 2004 Comprehensive revision of State Personal Income Statistics for 1969-2002. Preliminary estimates are provided for 2003-2008. Data provided is for the prior ending calendar year.
- (3) Figures are for the calendar year. State Department of Education, grades pre-kindergarten thru grade 12. Includes public and nonpublic schools.
- (4) Figures are for the fiscal year. State Department of Labor, Licensing and Regulation.



OPERATING INFORMATION

Enrollment Statistics Last Ten Academic Years

	Fall enrollments					
	2007	2006	2005	2004	2003	2002
CLASSIFICATION						
Undergraduate	98,873	97,882	92,977	93,590	91,523	89,962
Graduate	35,029	33,877	31,928	31,847	31,008	30,078
First Professional Students	3,646	3,560	3,520	3,484	3,498	3,456
Total	137,648	135,319	128,425	128,921	126,029	123,496
ORIGIN						
In-state	104,900	97,428	92,151	92,664	90,920	89,040
Out-of-state	26,636	31,262	29,374	29,029	27,548	26,189
Foreign	6,112	6,629	6,900	7,113	7,442	8,147
Overseas	13,962	13,798	15,554	17,282	18,194	16,079
Total	151,610	149,117	143,979	146,088	144,104	139,455
CAMPUS ENROLLMENTS						
University of Maryland, Baltimore	5,884	5,636	5,526	5,602	5,477	5,470
University of Maryland, College Park	36,014	35,102	35,369	34,933	35,329	34,801
Bowie State University	5,404	5,291	5,319	5,414	5,454	5,257
Towson University	19,758	18,921	18,011	17,667	17,188	17,481
University of Maryland Eastern Shore	4,086	4,130	3,870	3,775	3,762	3,644
Frostburg State University	4,993	4,910	5,041	5,327	5,469	5,457
Coppin State University	3,932	4,104	4,306	3,875	3,749	3,882
University of Baltimore	5,415	4,948	4,895	5,045	4,937	4,792
Salisbury University	7,581	7,383	7,009	6,942	6,816	6,851
University of Maryland University College	46,502	46,894	42,983	45,656	44,051	40,108
University of Maryland, Baltimore County	12,041	11,798	11,650	11,852	11,872	11,711
Total	151,610	149,117	143,979	146,088	144,104	139,454

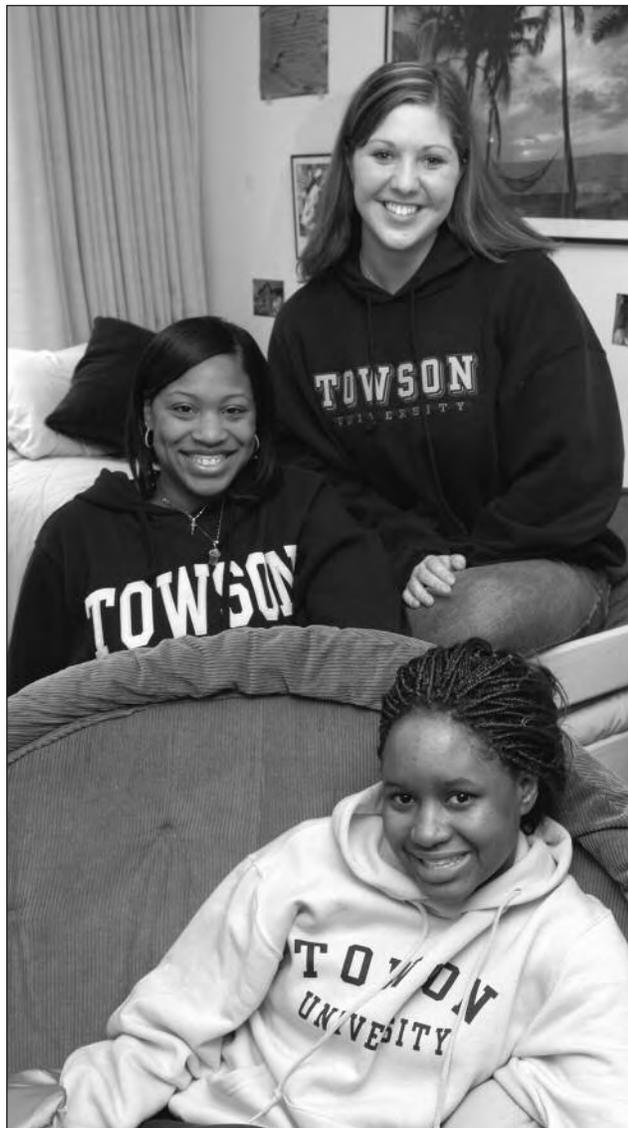
Source: University System of Maryland Office of Institutional Research

OPERATING INFORMATION

Schedule of Capital Assets by Type Last Ten Academic Years

Capital Asset Statistics	Fall 2007	Fall 2006	Fall 2005	Fall 2004	Fall 2003	Fall 2002	Fall 2001	Fall 2000	Fall 1999	Fall 1998
Academic buildings	237	235	231	236	228	221	218	223	224	226
Administrative buildings	46	37	42	49	50	47	47	46	47	44
Libraries	11	11	11	11	11	11	11	11	11	11
Dormitories	119	122	118	123	118	120	114	112	111	109
Auxiliary buildings	136	133	138	128	124	123	126	121	132	131

2001	2000	1999	1998
87,589	99,401	97,790	97,237
28,315	26,768	3,293	24,652
3,515	3,207	24,951	3,364
119,419	129,376	126,034	125,253
86,249	82,320	80,896	80,493
24,596	22,099	20,080	19,181
8,455	8,201	7,509	7,099
17,688	16,756	17,549	18,480
136,988	129,376	126,034	125,253
5,476	5,337	5,553	5,703
34,160	33,189	32,864	32,925
5,181	5,061	5,131	5,410
16,980	16,729	16,647	15,923
3,426	3,297	3,000	3,206
5,283	5,348	5,198	5,260
4,003	3,890	3,844	3,764
4,639	4,674	4,611	4,624
6,682	6,421	6,060	6,080
39,921	34,671	32,861	32,236
11,237	10,759	10,265	10,122
136,988	129,376	126,034	125,253



OPERATING INFORMATION

Degrees Awarded Last Ten Academic Years

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
University of Maryland, Baltimore										
Bachelor's	354	453	444	377	348	377	301	351	385	416
Master's	595	540	457	582	666	582	694	708	702	707
Doctoral	128	150	158	103	70	103	72	73	61	71
First Professional	639	663	592	684	597	684	584	623	617	628
Total	1,716	1,806	1,651	1,746	1,681	1,746	1,651	1,755	1,765	1,822
University of Maryland, College Park										
Bachelor's	6,107	6,301	6,263	5,959	5,681	5,958	5,304	4,971	5,087	4,977
Master's	1,968	2,001	1,929	1,990	1,776	1,990	1,657	1,634	1,612	1,526
Doctoral	653	602	516	482	418	482	430	461	501	474
First Professional	26	29	25	31	29	31	28			
Total	8,754	8,933	8,733	8,462	7,904	8,461	7,419	7,066	7,200	6,977
Bowie State University										
Bachelor's	621	610	579	596	540	596	533	513	532	508
Master's	369	309	284	367	391	367	500	480	673	677
Doctoral	13	9	15							
Total	1,003	928	878	963	931	963	1,033	993	1,205	1,185
Towson University										
Bachelor's	3,120	3,164	2,984	2,740	2,717	2,740	2,608	2,420	2,609	2,379
Master's	995	964	827	777	712	777	657	579	550	522
Doctoral	12	10	5	2		2				
Total	4,127	4,138	3,816	3,519	3,429	3,519	3,265	2,999	3,159	2,901
University of Maryland Eastern Shore										
Bachelor's	436	452	389	374	428	374	443	456	458	415
Master's	58	75	62	77	68	77	86	72	82	73
Doctoral	13	18	5		2			1	1	3
Total	507	545	456	451	498	451	529	529	541	491
Frostburg State University										
Bachelor's	801	849	835	797	757	797	812	780	824	836
Master's	256	216	264	253	232	253	215	213	213	206
Total	1,057	1,065	1,099	1,050	989	1,050	1,027	993	1,037	1,042
Coppin State University										
Bachelor's	376	338	315	304	385	304	372	421	342	339
Master's	108	85	75	149	173	149	74	84	105	107
Total	484	423	390	453	558	453	446	505	447	446

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
University of Baltimore										
Bachelor's	507	496	490	470	455	470	462	444	440	476
Master's	441	453	413	474	437	474	498	501	452	395
Doctoral	4	6	6	3	4	3	1			
First Professional	295	261	293	265	239	265	238	248	320	303
Total	1,247	1,216	1,202	1,212	1,135	1,212	1,199	1,193	1,212	1,174
Salisbury University										
Bachelor's	1,439	1,401	1,313	1,301	1,364	1,301	1,285	1,056	1,169	1,263
Master's	171	209	190	208	196	208	145	145	182	167
Total	1,610	1,610	1,503	1,509	1,560	1,509	1,430	1,201	1,351	1,430
University of Maryland University College										
Associate	169	108	1,068	1,219	1,111	1,219	1,232	1,289	1,486	1,585
Bachelor's	2,809	2,667	3,587	3,464	3,521	3,452	3,435	3,404	3,325	3,352
Master's	2,123	1,766	1,667	1,384	1,232	1,050	775	751	838	786
Doctoral	11	6	8	6						
Total	5,112	4,547	6,330	6,073	5,864	5,721	5,442	5,444	5,649	5,723
University of Maryland, Baltimore County										
Bachelor's	1,914	1,720	1,819	1,708	1,729	1,708	1,606	1,465	1,511	1,423
Master's	411	329	379	400	358	400	282	288	270	217
Doctoral	81	89	77	65	67	65	50	46	55	54
Total	2,406	2,138	2,275	2,173	2,154	2,173	1,938	1,799	1,836	1,694
University System of Maryland - Total										
Associate	169	108	1,068	1,219	1,111	1,219	1,232	1,289	1,486	1,585
Bachelor's	18,484	18,451	19,018	18,090	17,925	18,077	17,161	16,281	16,682	16,384
Master's	7,495	6,947	6,547	6,661	6,241	6,327	5,583	5,455	5,679	5,383
Doctoral	915	890	790	661	561	655	553	581	618	602
First Professional	960	953	910	980	865	980	850	871	937	931
Total	28,023	27,349	28,333	27,611	26,703	27,258	25,379	24,477	25,402	24,885

Source: University System of Maryland Office of Institutional Research

OPERATING INFORMATION

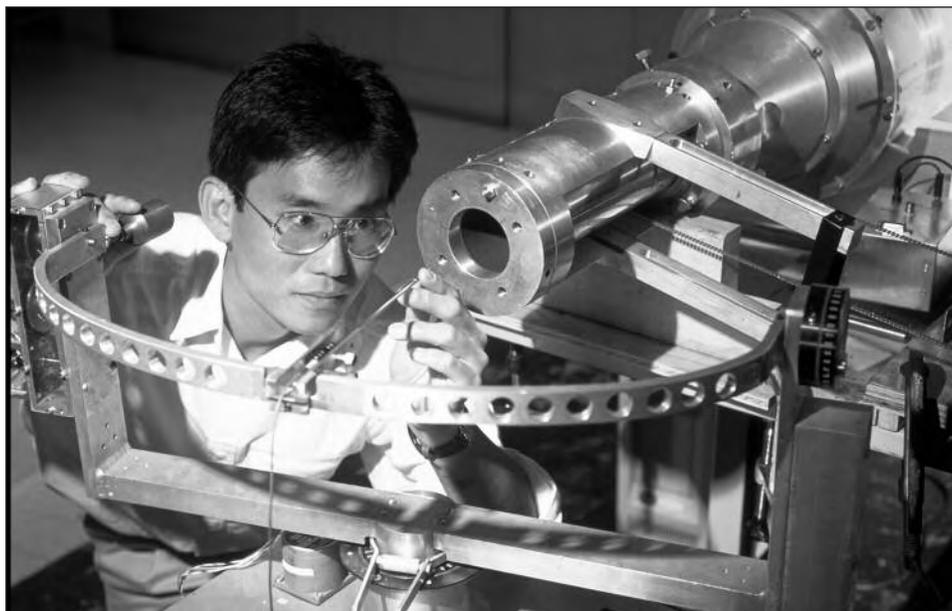
Schedule of Miscellaneous Statistics

	UMB	UMCP	BSU	TU	UMES	FSU
Year established	1807	1856	1865	1866	1886	1898
Number of employees:						
Faculty:						
Full-time:						
Tenured	321	1,048	78	333	63	154
On track	178	287	74	202	42	46
Non-tenured	766	262	63	193	64	33
Part-time	689	588	143	647	108	111
Management/administrative/other	5,005	10,483	344	1,659	588	547
Total	6,959	12,668	702	3,034	865	891
Financial aid:						
Total number of recipients	4,598	24,886	3,795	11,520	3,921	3,649
Total aid awarded (expressed in thousands)	\$117,773	\$318,969	\$38,725	\$116,489	\$39,195	\$32,679

ACCREDITATION

All of the educational institutions are accredited by the Middle States Association of Colleges and Schools. In addition, a number of academic programs are accredited by appropriate professional organizations.

Source: University System of Maryland Office — Office of Academic Affairs



CSU	UB	SU	UMUC	UMBC	UMCES	UMBI	USM OFFICE	Systemwide
1900	1925	1925	1947	1966	1973	1984	1988	1988
60	105	195		276				2,633
59	22	101		95				1,106
26	39	67	1,378	106				2,997
161	186	168		273				3,074
391	570	969	1,029	2,085	318	323	98	24,407
697	922	1,500	2,407	2,835	318	323	98	34,217
3,104	3,417	5,074	13,120	6,684				83,768
\$25,807	\$47,788	\$46,351	\$108,370	\$74,915				\$967,061







**Office of Chief Operating Officer/
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