



*Comprehensive
Annual
Financial
Report*





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Annual
Financial
Report*

University System of Maryland
is a component unit of the
State of Maryland

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

Joseph F. Vivona

2006



*Introductory
Section*



Chancellor's Message

Fiscal Year 2006 found the University System of Maryland (USM) in a strong financial position, highlighted by substantial growth in our unrestricted fund balance, significant enhancement of our endowment, and an upgrade of our bond rating. Our “highly rated” bond status saves our institutions millions of dollars annually in debt service costs. I commend the Board of Regents as well as the USM Office of Administration and Finance, not only for this achievement, but for all the accomplishments outlined in this report.

Thanks to the extraordinary effort we made to work closely with leaders in Annapolis, aligning our efforts with the priorities expressed by the Governor and General Assembly, we forged a true partnership with state government. As a result, the USM received a record-high 15 percent increase in state funds in the operating budget and a capital budget totaling \$190.5 million.

The impact of this support is impressive, allowing us to advance every element of our strategic plan: We were able to institute a system-wide tuition freeze for in-state undergraduate students; we enhanced funding for our Flagship Initiative; we received designated funds to support USM’s economic impact in nanotechnology and biotechnology; we reached broad consensus around the federal Office of Civil Rights agreement; we locked in funding specifically targeted for the growth in enrollment; we provided a 30 percent increase in “need-based” financial aid; and the capital budget featured 20 new projects to increase capacity and academic excellence.

As impressive as these results are, the efforts undertaken by the USM to lay the groundwork for these increases were even more dynamic. The University System of Maryland has received national attention and praise for our commitment to cost containment, innovation, and accountability. Through our system-wide Effectiveness and Efficiency initiative (E&E), we have reengineered academic and administrative processes to cut costs, while enhancing the quality of our programs. Through internal and external partnerships, we are expanding access to higher education, while addressing affordability. Through innovative accountability measures, such as our “dashboard indicators,” we are providing parents and students with the information they need to make an informed, educated choice by providing clear, concise, standardized data points for comparison.

Our efforts have not only impacted public support, but private giving as well. Even as we launch our \$1.7 billion federated Capital Campaign, we see incredible successes, with several high-value commitments already made: \$3 million from Richard Hazel for the University of Maryland Eastern Shore; \$8 million from the Arthur W. Perdue Foundation to Salisbury University; \$10 million to Towson University from the Robert M. Fisher Memorial Foundation; and three gifts in excess of \$30 million (from Robert Fischell, Robert H. Smith, and James Clark) to the University of Maryland, College Park. As the federated campaign progresses, we will be able to make additional progress in the areas of access, affordability, and quality.

As I enter my fifth year as USM chancellor, I remain greatly impressed by the entire USM “family.” The members of the Board of Regents, the presidents and provosts leading our institutions, the faculty and staff who bring excellence to our campuses, and the students and alumni whom we serve all share a common commitment to a high quality higher education system that is affordable and accessible. This commitment has helped create a system that will benefit this state for years, indeed for generations to come.

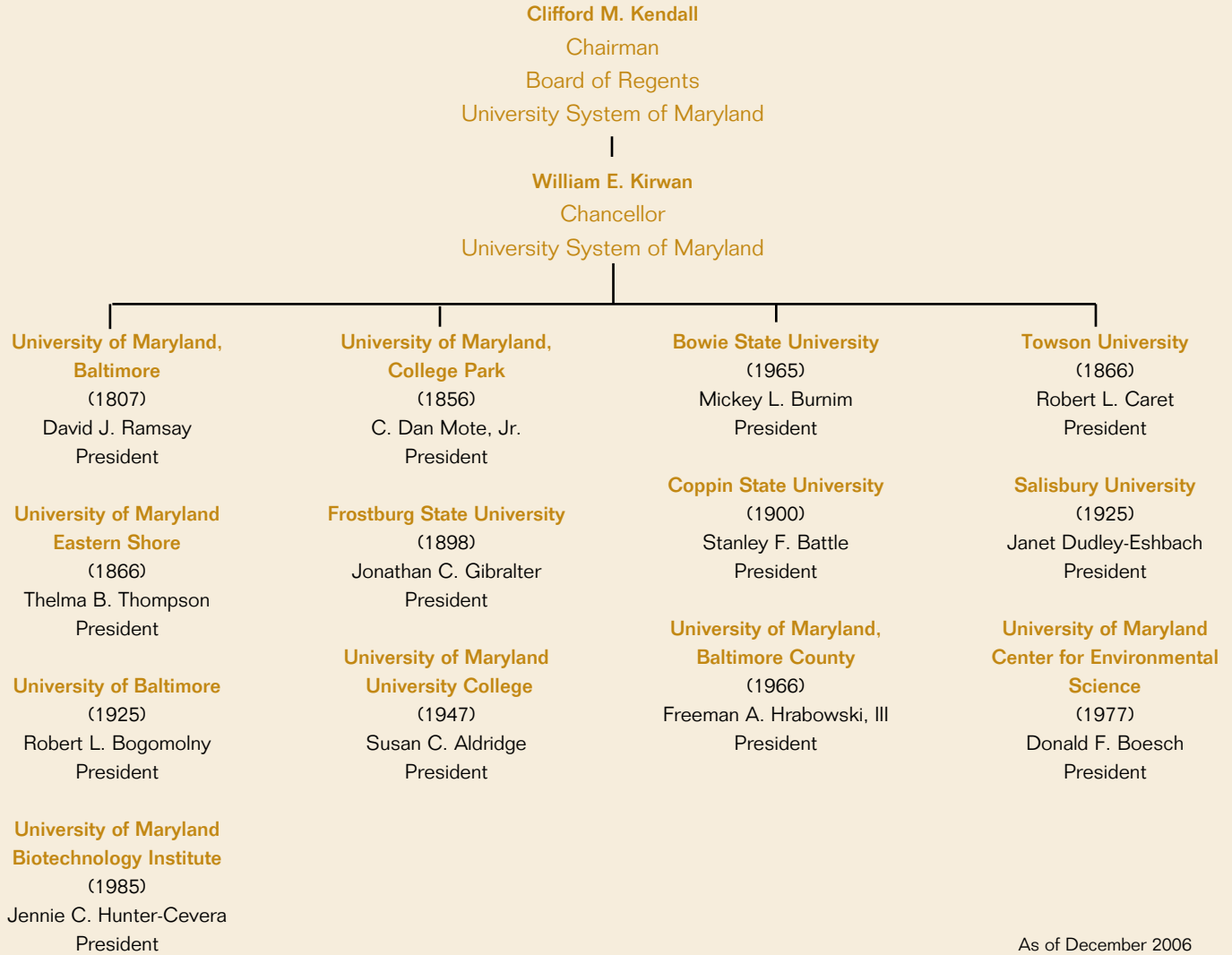


A handwritten signature in black ink that reads "W E Kirwan". The signature is written in a cursive, slightly stylized font.

William E. Kirwan
Chancellor

Organizational Chart

University System of Maryland



As of December 2006

Officials of the University System of Maryland

July 1, 2005 - June 30, 2006

BOARD OF REGENTS

David H. Nevins, *Chair*

Robert L. Pevenstein, *Vice Chair*

James T. Brady (*term began April 2006*)

Thomas B. Finan, Jr.

Patricia S. Florestano, *Assistant Treasurer*

R. Michael Gill

Alicia Coro Hoffman (*term began November 2005*)

Nina Rodale Houghton, *Assistant Secretary*
(*term ended October 2005*)

Richard E. Hug (*term ended May 2006*)

Orlan M. Johnson, *Treasurer*

The Honorable Francis X. Kelly, Jr.

Clifford M. Kendall

Cheryl Gordon Krongard (*term began June 2006*)

The Honorable Marvin Mandel

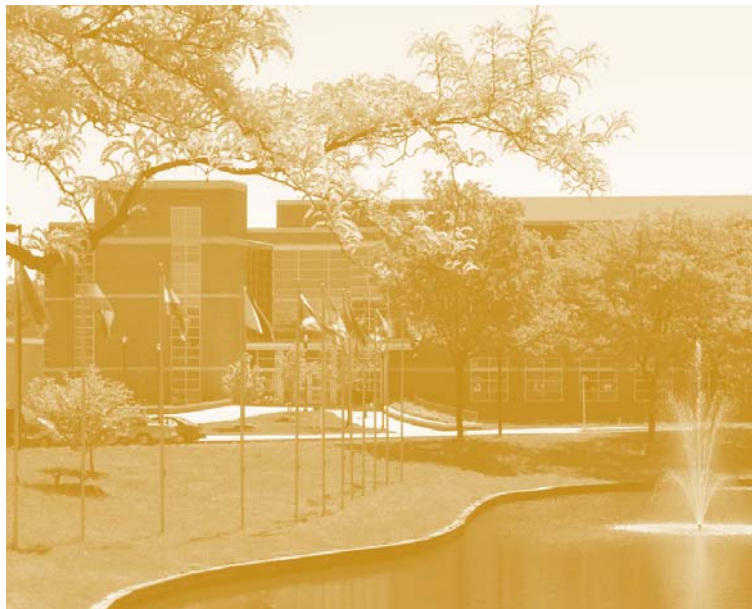
Robert L. Mitchell, *Secretary*

A. Dwight Pettit

The Honorable Lewis R. Riley, *ex officio*

The Honorable James C. Rosapepe (*term ended May 2006*)

Joel Willcher, *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*

Stanley F. Battle, *Coppin State University*

Catherine R. Gira, *Frostburg State University*

Susan C. Aldridge, *University of Maryland University College*

Calvin W. Lowe, *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*



October 23, 2006

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, 2006. The report of our independent public accountants, Abrams, Foster, Nole & Williams, P.A., which appears on page 15, 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, 2006, 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, and 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, 2006.

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 organizational 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.

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 that 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.

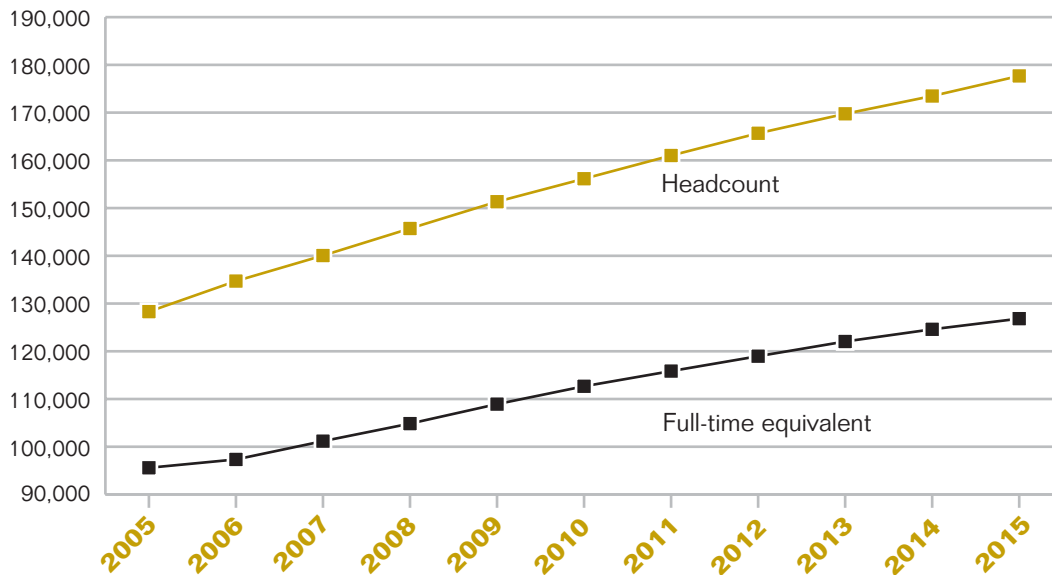
ECONOMIC CONDITION AND OUTLOOK

The Maryland economy includes a significant public sector component, which historically has partially mitigated the effect of business cycles. A well-educated workforce is a recognized strength of the region that ensures that professional services and technology-based businesses and industries will continue to locate in the area. Recently, economic forecasts have suggested that the next year or two could see a softening in the state economy.

An important element of the System's future prospects for success will be partnerships with the business community. Both in terms of collaboration to provide services and facilities to campus communities, as well as being a potential source of funding support, System and institutional leadership is focused on aligning institutional and business community interests in ways that benefit both.

The State has established a goal to increase attendance at colleges and universities among Maryland residents. The University System has positioned itself well for the future, with a promising outlook for continued enrollment growth. Enrollment projections continue to show significant growth through 2015, particularly both full-time and part-time undergraduates, and part-time graduate student categories. Program enhancements, combined with a commitment to moderate tuition rate increases, have made System institutions more affordable for both in-state and out-of-state students.

**ACTUAL FALL 2005 and
PROJECTED FUTURE ENROLLMENT
Fall 2006 - 2015**

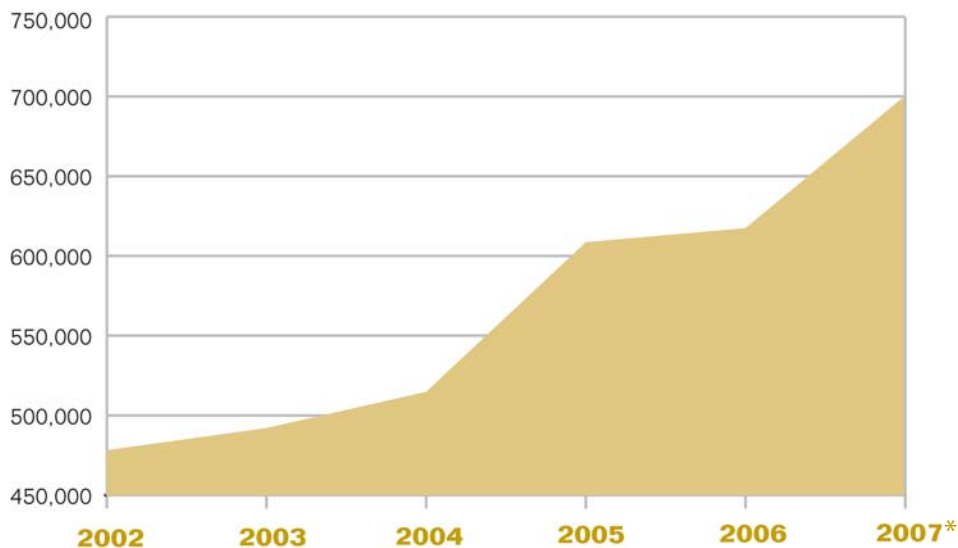


State funding for operational and capital needs is subject to an appropriation process influenced by System institutions successes and needs, in an overall context of the projected state-wide revenue base.

Volatility in the price of fuel costs in fiscal year 2006 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.

**FEDERAL CONTRACT AND GRANT REVENUES
FY 2002 - FY 2007 *projected
(in thousands)**



MAJOR INITIATIVES

The System institutions have embarked on a five-year plan, beginning with fiscal year 2004, to improve 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 2006, unrestricted net assets have increased by more than \$280 million. Improvements in the System’s financial health will protect the System’s excellent bond rating, saving millions of dollars in interest costs, position System institutions to be able to accommodate unanticipated changes in funding or costs, as well as facilitate public-private partnerships in utilizing needed additional facilities.

Through the leadership of the Regents’ Effectiveness and Efficiency work group, institutions have been successful in realizing significant reductions in costs in both academic and administrative areas. 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 the next several years.

State officials and legislators have recognized the importance of enrollment growth by providing state funds for the additional enrollment at institutions designated as growth institutions for the first time in fiscal year 2006.

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 System affiliated foundations, the USM Foundation now oversees a long-term investment portfolio of more than \$700 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. This is important as the System and its institutions embark on a \$1.7 billion capital campaign targeted at enhancing access, affordability, and quality. For fiscal year 2006, investment returns on the long-term portfolio were 13.9 percent, well beyond the change in the Standard & Poor’s 500.

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 United States Office of Management and Budget 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 that 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, and use of proceeds of debt obligations.

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

Board of Regents policy requires you to submit annual general purpose financial statements for the System that have been audited by independent certified public accountants. 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.

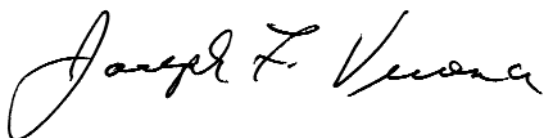
The GFOA administers the Certificate of Achievement for Excellence in Financial Reporting Program to recognize and encourage excellence in financial reporting by state and local governmental units. To be eligible for a Certificate of Achievement, the comprehensive annual financial report should enhance the reader's understanding of the entity's finances and the other information presented in general purpose financial statements, be efficiently organized and presented, and adhere to certain generally accepted terminology and formatting conventions.

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 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,



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



*Financial
Section*



2006



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, 2006 and 2005, 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 audit.

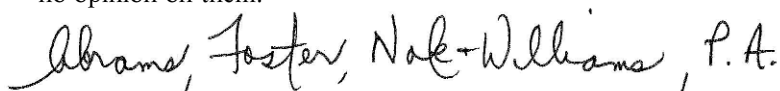
We only audited the component unit financial statements of Coppin State College Development Foundation, Inc. We did not audit the other component unit financial statements. The component units we did not audit represent 99 percent of total assets, net assets and unrestricted revenues of the total component 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 audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the perspective financial position of the System and of its discretely presented component units as of June 30, 2006 and 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended, in conformity with accounting principles generally accepted in the United States.

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 reports 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

October 23, 2006

UNIVERSITY SYSTEM OF MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2006 AND 2005

The management of the University System of Maryland (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, 2006 and 2005.

Financial Highlights

- ▶ Unrestricted net assets increased by \$76,050,000 for the year ended June 30, 2006, compared to an increase of \$82,630,000 for the year ended June 30, 2005.
- ▶ State appropriations legislated for the System increased by 7.1% for the year ended June 30, 2006, to \$811,588,000. For the year ended June 30, 2005, State appropriations increased by 1.5% from the amount received in the year ended June 30, 2004.
- ▶ Tuition and fees, after deducting Scholarship allowances, increased by \$42,483,000, or just over 5%, for the year ended June 30, 2006. During the year ended June 30, 2005, net Tuition and fees increased by more than 10%, or \$72,613,000.

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, noncapital financing activities, capital and related financing activities, and investing activities.

The System's financial statements include all accounts and balances of the System itself (considered the primary government in accounting terms), as well as 16 legally-separate and distinct entities for which the System is financially accountable, which are considered component units. Of the 16 component units, 3 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, 2006, the System's financial health remains strong, with assets exceeding liabilities by \$3,077,726,000, shown on the Balance Sheet as Total Net Assets. This compares with Total Net Assets of \$2,923,424,000 as of June 30, 2005. As suggested earlier, when viewed over time, net assets may be useful as an indicator of financial health.

For the year ended June 30, 2006, total net assets increased by \$154,302,000. Net assets invested in capital assets, net of related debt, increased by \$92,342,000 while unrestricted net assets increased \$76,050,000, and restricted net asset categories decreased by \$14,090,000.

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. Some portion of the \$76,050,000 increase in unrestricted net assets for the year ended June 30, 2006 is attributable to institutional efforts to limit expenditures, as well as efforts to accumulate resources to provide for future facilities needs and renewal and renovation requirements.

For the year ended June 30, 2005, total net assets increased by \$232,589,000. Net assets invested in capital assets, net of related debt, increased by \$123,065,000 while unrestricted net assets increased \$82,632,000, and temporarily restricted and permanently restricted net asset categories increased by \$26,892,000.

The table below presents summary-level information of the System's assets, liabilities, and net assets as of June 30, 2006, 2005 and 2004 (amounts in thousands):

University System of Maryland Condensed Balance Sheet June 30, 2006, 2005 and 2004

	2006	2005	2004
Current and other assets	\$1,352,831	\$1,345,133	\$1,169,457
Capital assets, net	3,103,410	3,043,636	2,906,083
Total assets	\$4,456,241	\$4,388,769	\$4,075,540
Debt and obligations under capital lease agreements	\$934,826	\$1,000,726	\$998,073
Other liabilities	443,689	464,619	386,632
Total liabilities	1,378,515	1,465,345	1,384,705
Net assets:			
Invested in capital assets, net of related debt	2,204,079	2,111,737	1,988,672
Restricted	277,990	292,080	265,186
Unrestricted	595,657	519,607	436,977
Total net assets	3,077,726	2,923,424	2,690,835
Net assets and liabilities	\$4,456,241	\$4,388,769	\$4,075,540

The table below presents summary-level information on the changes in the System's net assets for the years ended June 30, 2006, 2005 and 2004 (amounts in thousands):

University System of Maryland
Condensed Statement of Revenues, Expenses and Changes in Net Assets
Years ended June 30, 2006, 2005 and 2004

	2006	2005	2004
Operating revenues	\$2,342,248	\$2,249,741	\$2,032,432
Operating expenses	3,148,332	2,922,272	2,709,723
Operating loss	(806,084)	(672,531)	(677,291)
State appropriations	811,588	757,698	746,207
Other nonoperating revenues and expenses, net	53,207	9,562	28,115
Total nonoperating revenues and expenses	864,795	767,260	774,322
Income before other revenues, expenses, gains and losses	58,711	94,729	97,031
Other revenues, expenses, gains and losses	95,591	137,860	194,167
Increase in net assets	154,302	232,589	291,198
Net assets, beginning of year	2,923,424	2,690,835	2,399,637
Net assets, end of year	\$3,077,726	\$2,923,424	\$2,690,835

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

For the years ended June 30, 2006, 2005 and 2004, Operating Revenues, which under the definitions used by GASB excludes State Appropriations, are detailed (amounts in thousands):

	2006		2005		2004	
	\$	%	\$	%	\$	%
Tuition and fees	\$820,618	35.0%	\$778,135	34.6%	\$705,521	34.7%
Contracts and grants	894,892	38.2	886,518	39.4	825,689	40.6
Sales and services of educational departments	198,996	8.5	177,225	7.9	117,770	5.8
Auxiliary enterprises	380,385	16.3	366,323	16.3	348,960	17.2
Other operating	47,357	2.0	41,540	1.8	34,492	1.7
Total	\$2,342,248	100.0%	\$2,249,741	100.0%	\$2,032,432	100.0%

Tuition and fees reflect the increases in tuition rates and other student charges enacted for the years ended June 30, 2006 and 2005, as well as modest enrollment increases in both years. Fee increases for residence halls and dining facilities account for the increase in revenues from Auxiliary Enterprise activities.

Operating Expenses are detailed by Personnel costs, Other payments, and Depreciation Expense in the notes to the financial statements, in order to provide an alternative presentation of operating expenses. Personnel costs increased by more than 7% for the year ended June 30, 2006 over the previous year, in large part due to increased health care costs, as well as higher levels of contract and grant activities. The increase in costs for the year ended June 30, 2005 reflects significant increases in health care related personnel costs.

For the years ended June 30, 2006, 2005 and 2004, Operating Expenses are detailed below (amounts in thousands):

	2006		2005		2004	
	\$	%	\$	%	\$	%
Instruction	\$861,191	27.4%	\$819,558	28.0%	\$803,838	29.7%
Research	719,067	22.8	694,359	23.8	561,608	20.7
Public service	122,906	3.9	111,356	3.8	141,206	5.2
Academic support	259,224	8.2	239,221	8.2	229,765	8.5
Student services	125,432	4.0	114,784	3.9	102,587	3.8
Institutional support	300,468	9.5	276,259	9.5	271,023	10.0
Operation and maintenance of plant	248,443	7.9	204,025	7.0	195,529	7.2
Scholarships and fellowships	59,117	1.9	47,686	1.6	44,145	1.6
Auxiliary enterprises	354,219	11.3	327,303	11.2	303,813	11.2
Hospital	98,265	3.1	87,718	3.0	56,209	2.1
Total	\$3,148,332	100.0%	\$2,922,269	100.0%	\$2,709,723	100.0%

Capital Asset and Debt Administration

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.

The System added \$291,593,000 in new capital assets during the year ended June 30, 2005. Of these additions, \$130,932,000 was funded through the use of State of Maryland debt proceeds or cash balances, \$78,644,000 was funded from the proceeds of System debt obligations, and the balance of \$82,017,000 was purchased using System cash balances or received as donations.

During the year ended June 30, 2005, several significant projects were completed and placed in service. The \$55 million Kim Engineering Building, at the University of Maryland, College Park, is a cutting-edge facility that will help place the

institution at the forefront of engineering instruction nationwide. At the University of Maryland Eastern Shore, a new \$36 million Social Science, Education and Health Sciences Building opened, representing a significant addition to the educational facilities of Maryland's eastern shore. A \$33 million project renovating and expanding the Chemistry Building at the University of Maryland, Baltimore County will enhance the institution's position as a pre-eminent educational and research institution. The \$27 million Riggs Alumni Center, at the University of Maryland College Park, will enable enhancement of alumni relations and provide a central base of operations for the fundraising effort.

The System added \$374,011,000 in new capital assets during the year ended June 30, 2004. Of these additions, \$176,169,000 was funded through the use of State of Maryland debt proceeds or cash balances, \$105,626,000 was funded from the proceeds of System debt obligations, and the balance of \$92,216,000 was purchased using System cash balances or received as donations.

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 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, 2005, the System refinanced approximately \$128,570,000 of previously issued Revenue Bonds, as a part of the use of \$174,910,000 of 2005 Series A & B Revenue Bonds issued in February 2005. The refinancing resulted in a reduction in future principal and interest payments by more than \$8,000,000, in present value.

Economic Factors and Next Year's Budget and Rates

The State of Maryland fiscal health has been strong in recent history, but currently is stressed by several looming and large financial commitments, including a significant increase in funding of K-12 education, as well as continuing increases in health care costs for state employees, particularly retirees. This environment increases the possibility that the System will have to identify new and innovative sources of funding to fund increases in expenditures to accommodate expected enrollment growth.

The steady improvement in the research capabilities of several System institutions, and the development of the Washington-Baltimore region as a national focus of biotechnology position the System well for continued increases in research contracts and grant revenues, particularly in the health sciences.

Enrollment has risen significantly in recent years with the System institutions adding more than 15,000 students in the last five years. The demand environment for the next several years will remain very favorable for rising enrollment levels. By 2009, because of the "Baby Boom Echo," there will be more college-aged persons in Maryland than at any point since the late 1970's; even more so as the desire to achieve a university education is much higher than it was during that earlier population boom. This will create the greatest demand for enrollment that the System has ever experienced.

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 Chief Operating Officer / Vice Chancellor for Administration and Finance, 3300 Metzert Road, Adelphi, Maryland 20785.

UNIVERSITY SYSTEM OF MARYLAND
Balance Sheet

June 30, 2006 and 2005
(amounts expressed in thousands)

	2006	2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$739,399	\$694,341
Accounts receivable, net	252,700	257,342
Notes receivable, current portion	14,885	13,465
Inventories	9,179	9,320
Prepaid expenses	4,632	3,785
Deferred charges	458	396
Total current assets	1,021,253	978,649
Noncurrent assets:		
Restricted cash and cash equivalents	59,026	99,717
Endowment investments	214,269	147,813
Restricted investments		52,143
Other investments	3,468	2,357
Notes receivable, net	54,815	64,454
Capital assets, net	3,103,410	3,043,636
Total noncurrent assets	3,434,988	3,410,120
Total assets	\$4,456,241	\$4,388,769
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$162,484	\$192,158
Accrued workers' compensation, current portion	4,026	3,714
Accrued vacation costs, current portion	68,650	60,927
Revenue bonds and notes payable, current portion	60,532	65,177
Obligations under capital lease agreements, current portion	199	186
Deferred revenue	117,805	119,340
Total current liabilities	413,696	441,502
Noncurrent liabilities		
Accrued workers' compensation	21,939	20,243
Accrued vacation costs	68,785	68,237
Revenue bonds and notes payable	869,602	930,671
Obligations under capital lease agreements	4,493	4,692
Noncurrent liabilities	964,819	1,023,843
Total liabilities	1,378,515	1,465,345
NET ASSETS		
Unrestricted	595,657	519,607
Invested in capital assets, net of related debt	2,204,079	2,111,737
Restricted:		
Nonexpendable:		
Scholarships and fellowships	11,023	11,017
Research	3,643	3,688
Other	14,515	14,637
Expendable:		
Scholarships and fellowships	47,662	35,300
Research	77,732	83,750
Loans	74,823	81,320
Capital projects	13,225	31,316
Other	35,367	31,052
Total net assets	3,077,726	2,923,424
Total liabilities and net assets	\$4,456,241	\$4,388,769

See accompanying notes

Combining Balance Sheet, Component Units

	Major Component Units				Nonmajor Component Units		
	Total	The University System of Maryland Foundation, Inc.	University of Maryland, College Park Foundation, Inc.	University of Maryland, Baltimore Foundation, Inc.	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.
ASSETS							
Current assets:							
Cash	\$16,887	\$633	\$7,026	\$461	\$653	\$73	\$1,189
Accounts receivable	62,096	12,284	19,605	6,675	602		476
Investments	116,350				4,772	2,329	2,358
Other assets	953	173	101		164	4	6
Total current assets	196,286	13,090	26,732	7,136	6,191	2,406	4,029
Investments:							
Investments	800,135	481,939	210,405	93,855			293
Total investments	800,135	481,939	210,405	93,855			293
Other assets:							
Accounts receivable	72,321	13,717	50,184	8,293			
Capital assets, net	17,815	7,187			26		
Assets held for sale	1,945	1,945					
Other assets	11,511	350		5,388		18	
Total other assets	103,592	23,199	50,184	13,681	26	18	
Total assets	\$1,100,013	\$518,228	\$287,321	\$114,672	\$6,217	\$2,424	\$4,322
LIABILITIES							
Current liabilities:							
Accounts payable & accrued expenses	\$12,376	\$5,375	\$936	\$2,822	\$442	\$55	\$209
Long term debt, current	175						
Deferred income	4,545	86	1,220		16		
Total current liabilities	17,096	5,461	2,156	2,822	458	55	209
Other liabilities:							
Other payables	23,030	11,909	2,106	1,565		105	
Due to primary government	213,588	213,588					
Long term debt, noncurrent	1,377						
Total other liabilities	237,995	225,497	2,106	1,565		105	
Total liabilities	255,091	230,958	4,262	4,387	458	160	209
NET ASSETS							
Unrestricted	102,213	57,641	1,987	14,705	1,006	2,264	3,716
Temporarily restricted:							
Scholarships & fellowships	58,011	12,264	35,539	4,834			
Research	19,314	9,713	3,632	5,947			
Other	191,636	34,495	89,121	32,961	4,753		397
Permanently restricted:							
Scholarships & fellowships	175,344	88,197	39,325	11,708			
Research	2,714	1,112	931	107			
Other	295,690	83,848	112,524	40,023			
Total net assets	844,922	287,270	283,059	110,285	5,759	2,264	4,113
Total liabilities & net assets	\$1,100,013	\$518,228	\$287,321	\$114,672	\$6,217	\$2,424	\$4,322

See accompanying notes

Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	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.
\$507	\$1,099	\$154	\$980	\$1,022	\$348	\$326	\$1,477		\$939
203	5,881	460	212	6,662	7,221	9	1,682	\$71	53
4,024	26,652	10,637		37,163	26,527				1,888
19		354	2	71		5	54		
4,753	33,632	11,605	1,194	44,918	34,096	340	3,213	71	2,880
			7,925	3,960		1,758			
			7,925	3,960		1,758			
	1,775		54	1,251	4,398	156	1	4	2,963
					5,755				
	1,775		54	1,251	10,280	156	1	4	2,963
\$4,753	\$35,407	\$11,605	\$9,173	\$50,129	\$44,376	\$2,254	\$3,214	\$75	\$5,843
\$14	\$166	\$30	\$66	\$335	\$1,123	\$220	\$486	\$41	\$56
					100			25	50
					20		50	1	3,152
14	166	30	66	335	1,243	220	536	67	3,258
		7	175		4,274		2,471		418
					691				686
		7	175		4,965		2,471		1,104
14	166	37	241	335	6,208	220	3,007	67	4,362
257	2,718	300	80	12,594	3,008	241	207	8	1,481
	3,061			1,360	953				
	9				13				
385	6,634	11,268	996	4,080	6,280	266			
	10,484			13,282	12,147	201			
	9				555				
4,097	12,326		7,856	18,478	15,212	1,326			
4,739	35,241	11,568	8,932	49,794	38,168	2,034	207	8	1,481
\$4,753	\$35,407	\$11,605	\$9,173	\$50,129	\$44,376	\$2,254	\$3,214	\$75	\$5,843

Combining Balance Sheet, Component Units

	Major Component Units			Nonmajor Component Units			
	Total	The University System of Maryland Foundation, Inc.	University of Maryland, College Park Foundation, Inc.	University of Maryland, Baltimore Foundation, Inc.	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.
ASSETS							
Current assets:							
Cash	\$23,572	\$460	\$15,443	\$40	\$386	\$393	\$974
Accounts receivable	70,558	23,911	16,724	6,000	572		938
Investments	92,322				4,312	1,837	1,701
Other assets	1,284	589	16		172	3	3
Total current assets	187,736	24,960	32,183	6,040	5,442	2,233	3,616
Investments:							
Investments	499,745	262,757	143,462	80,656			243
Total investments	499,745	262,757	143,462	80,656			243
Other assets:							
Accounts receivable	69,518	11,855	49,234	8,372			
Capital assets, net	17,798	6,948			27		
Assets held for sale	2,754	2,754					
Other assets	8,931	332		2,850		19	
Total other assets	99,001	21,889	49,234	11,222	27	19	
Total assets	\$786,482	\$309,606	\$224,879	\$97,918	\$5,469	\$2,252	\$3,859
LIABILITIES							
Current liabilities:							
Accounts payable & accrued expenses	\$14,835	\$5,145	\$1,904	\$246	\$7	\$54	\$287
Long term debt, current	171						
Deferred income	2,586	79	1,570		40		36
Total current liabilities	17,592	5,224	3,474	246	47	54	323
Other liabilities:							
Other payables	17,704	10,913	1,971	569		160	
Long term debt, noncurrent	1,527						
Total other liabilities	19,231	10,913	1,971	569		160	
Total liabilities	36,823	16,137	5,445	815	47	214	323
NET ASSETS							
Unrestricted	94,555	54,044	2,319	13,980	1,407	2,038	3,336
Temporarily restricted:							
Scholarships & fellowships	50,593	12,358	29,925	4,667			
Research	17,854	8,593	3,404	5,835			
Other	169,897	40,952	69,007	30,716	4,015		200
Permanently restricted:							
Scholarships & fellowships	150,395	85,520	31,309	7,842			
Research	2,584	1,098	845	93			
Other	263,781	90,904	82,625	33,970			
Total net assets	749,659	293,469	219,434	97,103	5,422	2,038	3,536
Total liabilities & net assets	\$786,482	\$309,606	\$224,879	\$97,918	\$5,469	\$2,252	\$3,859

See accompanying notes

June 30, 2005
(amounts expressed in thousands)

Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	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.
\$567	\$1,116	\$87	\$1,019	\$1,742	\$228	\$291	\$624		\$202
211	7,505	462	107	9,830	96	5	4,156	\$41	
3,513	21,453	9,004		28,611	21,790		101		
11		354	3			5	128		
4,302	30,074	9,907	1,129	40,183	22,114	301	5,009	41	202
			7,497	3,503		1,627			
			7,497	3,503		1,627			
	1,829			1,290	57	168	3	4	2,974
					5,730				
	1,829			1,290	10,342	168	3	4	2,974
\$4,302	\$31,903	\$9,907	\$8,626	\$44,976	\$32,456	\$2,096	\$5,012	\$45	\$3,176
\$44	\$179	\$29	\$57	\$672	\$1,163	\$199	\$4,830	\$10	\$9
					100			25	46
					20		75	6	760
44	179	29	57	672	1,283	199	4,905	41	815
					3,713				378
					791				736
					4,504				1,114
44	179	29	57	672	5,787	199	4,905	41	1,929
194	2,625	147	90	10,106	2,601	310	107	4	1,247
	2,065			879	699				
	8				14				
441	5,207	9,731	961	4,106	4,476	85			
	10,662			9,885	5,028	149			
	7				541				
3,623	11,150		7,518	19,328	13,310	1,353			
4,258	31,724	9,878	8,569	44,304	26,669	1,897	107	4	1,247
\$4,302	\$31,903	\$9,907	\$8,626	\$44,976	\$32,456	\$2,096	\$5,012	\$45	\$3,176

Statement of Revenues, Expenses, and Changes in Net Assets

Years ended June 30, 2006 and 2005

(amounts expressed in thousands)

	<u>2006</u>		<u>2005</u>	
OPERATING REVENUES:				
Tuition and fees	\$959,993		\$910,670	
Less: scholarship allowances	<u>(139,375)</u>	\$820,618	<u>(132,535)</u>	\$778,135
Federal grants and contracts		617,374		608,561
State and local grants and contracts		156,162		134,904
Nongovernmental grants and contracts		121,356		143,053
Sales and services of educational departments		198,996		177,225
Auxiliary enterprises:				
Residential facilities	101,449		97,620	
Less: scholarship allowances	<u>(7,858)</u>	93,591	<u>(8,448)</u>	89,172
Dining facilities	79,773		77,675	
Less: scholarship allowances	<u>(4,574)</u>	75,199	<u>(3,967)</u>	73,708
Intercollegiate athletics	66,869		64,841	
Less: scholarship allowances	<u>(2,506)</u>	64,363	<u>(1,992)</u>	62,849
Bookstores	31,577		32,941	
Less: scholarship allowances	<u>(76)</u>	31,501	<u>(70)</u>	32,871
Parking facilities		32,420		31,487
Other auxiliary enterprises revenues	83,314		76,243	
Less: scholarship allowances	<u>(3)</u>	83,311	<u>(7)</u>	76,236
Other operating revenues		<u>47,357</u>		<u>41,540</u>
Total operating revenues		<u>2,342,248</u>		<u>2,249,741</u>
OPERATING EXPENSES:				
Instruction		861,191		819,558
Research		719,067		694,359
Public service		122,906		111,356
Academic support		259,224		239,221
Student services		125,432		114,784
Institutional support		300,468		276,259
Operation and maintenance of plant		248,443		204,025
Scholarships and fellowships		59,117		47,686
Auxiliary enterprises:				
Residential facilities		85,361		82,981
Dining facilities		73,509		64,795
Intercollegiate athletics		69,660		62,445
Bookstores		28,912		30,580
Parking facilities		23,225		20,783
Other auxiliary enterprises expenses		73,552		65,722
Hospital		<u>98,265</u>		<u>87,718</u>
Total operating expenses		<u>3,148,332</u>		<u>2,922,272</u>
Operating income (loss)		<u>(806,084)</u>		<u>(672,531)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		811,588		757,698
Gifts		21,638		14,010
Investment income	70,778		40,992	
Investment expense	<u>(494)</u>	70,284	<u>(917)</u>	40,075
Less: Interest on indebtedness		(42,456)		(43,749)
Other nonoperating revenues (expenses)		<u>3,741</u>		<u>(774)</u>
Total nonoperating revenues (expenses)		<u>864,795</u>		<u>767,260</u>
Income before other revenues, expenses, gains and losses		<u>58,711</u>		<u>94,729</u>
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		89,186		130,932
Capital gifts and grants		9,079		10,830
Additions to permanent endowments		48		440
Other gains and losses		<u>(2,722)</u>		<u>(4,342)</u>
Total other revenues, expenses, gains and losses		<u>95,591</u>		<u>137,860</u>
Increase in net assets		<u>154,302</u>		<u>232,589</u>
Net assets - beginning of year		<u>2,923,424</u>		<u>2,690,835</u>
Net assets - end of year		<u>\$3,077,726</u>		<u>\$2,923,424</u>

See accompanying notes

UNIVERSITY SYSTEM OF MARYLAND
Statement of Cash Flows

Years ended June 30, 2006 and 2005
 (amounts expressed in thousands)

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$818,261	\$785,481
Research contracts and grants	903,729	879,045
Payments to employees	(2,107,728)	(1,914,028)
Payments to suppliers and contractors	(895,219)	(836,140)
Loans issued to students	(14,257)	(25,896)
Collections of loans to students	14,997	14,840
Auxiliary enterprises:		
Residential facilities	93,918	88,209
Dining facilities	75,340	73,993
Intercollegiate athletics	64,249	62,265
Bookstores	31,580	32,217
Parking facilities	32,412	33,573
Other	75,439	77,043
Other receipts (payments)	258,192	227,665
Net cash provided (used) by operations	<u>(649,087)</u>	<u>(501,733)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	811,588	757,698
Nonoperating gifts	21,628	13,789
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	48	439
Other nonoperating gains and losses	7,981	10,174
Net cash provided by noncapital financing activities	<u>841,245</u>	<u>782,100</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from capital debt		182,464
Capital appropriations	89,186	130,932
Capital grants and gifts received	4,774	6,062
Proceeds from sales of capital assets	326	650
Purchases of capital assets	(229,931)	(286,606)
Principal paid on debt and capital leases	(65,362)	(179,078)
Interest paid on debt and capital leases	(44,056)	(45,163)
Net cash provided (used) by capital and related financing activities	<u>(245,063)</u>	<u>(190,739)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	199,721	163,372
Interest on investments	55,442	32,772
Investment expense	(489)	(913)
Purchases of investments	(197,402)	(167,217)
Net cash provided by investing activities	<u>57,272</u>	<u>28,014</u>
Net increase (decrease) in cash	<u>4,367</u>	<u>117,642</u>
Cash and cash equivalents - beginning of the year	<u>794,058</u>	<u>676,416</u>
Cash and cash equivalents - end of the year	<u>\$798,425</u>	<u>\$794,058</u>
RECONCILIATION OF NET OPERATING REVENUES(EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	(\$806,084)	(\$672,531)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	167,622	152,602
Changes in assets and liabilities:		
Accounts receivables, net	4,642	(50,970)
Inventories	140	1,000
Prepaid expenses and deferred charges	(909)	(296)
Notes receivable	8,220	(10,809)
Capital assets		1,502
Accounts payable and accrued liabilities	(31,462)	13,884
Deferred revenue	(1,536)	56,535
Accrued vacation	8,271	9,208
Accrued workers compensation	2,009	(1,858)
Net cash provided (used) by operating activities	<u>(649,087)</u>	<u>(501,733)</u>

See accompanying notes

Combining Statement of Activities, Component Units

	Major Component Units				Nonmajor Component Units		
	Total	The University System of Maryland Foundation, Inc.	University of Maryland, College Park Foundation, Inc.	University of Maryland, Baltimore Foundation, Inc.	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.
CHANGES IN UNRESTRICTED NET ASSETS							
Revenues:							
Contributions & grants	\$16,294	\$4,752	\$339	\$5,448	\$1,233	\$12	\$19
Investment income	15,179	8,818	2,978	1,354	31	239	279
Other income	9,463	4,505	773	552	293	58	1,808
Assets released from restrictions	90,346	24,433	29,105	20,711	27		
Total revenues	131,282	42,508	33,195	28,065	1,584	309	2,106
Expenses:							
Program	104,081	27,436	30,907	25,949	1,530	42	1,176
General & administrative	9,806	5,412	564	931	262	41	451
Fundraising	6,641	4,694	613	475	193		
Other expense	268						99
Total expenses	120,796	37,542	32,084	27,355	1,985	83	1,726
Transfer per Board Resolution	(1,355)	(1,369)		14			
Change in unrestricted net assets	9,131	3,597	1,111	724	(401)	226	380
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS							
Revenues:							
Contributions & grants	73,093	10,722	29,618	17,172	61		200
Investment income	36,150	10,712	14,873	5,342	704		
Other income	2,023						
Assets released from restrictions	(90,049)	(24,433)	(29,615)	(20,711)	(27)		
Total revenues	21,217	(2,999)	14,876	1,803	738		200
Expenses:							
Program	3						3
Total expenses	3						3
Transfer per Board Resolution	7,926	(2,432)	9,636	722			
Change in temporarily restricted net assets	29,140	(5,431)	24,512	2,525	738		197
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS							
Contributions & grants	48,073	11,750	18,024	7,812			
Investment income	18,265	10,158	1,682	1,339			
Other income	(1,343)						
Assets released from restrictions	(298)		510				
Transfer per Board Resolution	(7,705)	(26,273)	17,786	782			
Change in permanently restricted net assets	56,992	(4,365)	38,002	9,933			
Total change in net assets	95,263	(6,199)	63,625	13,182	337	226	577
Net assets - June 30, 2005	749,659	293,469	219,434	97,103	5,422	2,038	3,536
Net assets - June 30, 2006	\$844,922	\$287,270	\$283,059	\$110,285	\$5,759	\$2,264	\$4,113

See accompanying notes

Year ended June 30, 2006
(amounts expressed in thousands)

Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	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.
\$16	\$714	\$142	\$91	\$2,680	\$232	\$22	\$276	\$318	
23	80	22	1	894	406				\$54
	(37)	434	41	83	386	211	7		349
339	2,106	1,147	680	2,146	2,836	216	6,600		
378	2,863	1,745	813	5,803	3,860	449	6,883	318	403
207	2,138	1,592	481	3,069	2,948	328	5,982	296	
107	345		273	35	377	189	801	18	
	288		40	210	128				169
314	2,771	1,592	794	3,314	3,453	517	6,783	314	169
64	92	153	19	2,489	407	(68)	100	4	234
161	2,450	1,281	371	753	3,373	331	6,600		
122	1,523	1,182	183	1,410	34	65			
	557	221	128	433	684				
(339)	(2,106)	(1,147)	(680)	(2,141)	(2,034)	(216)	(6,600)		
(56)	2,424	1,537	2	455	2,057	180			
(56)	2,424	1,537	2	455	2,057	180			
103	854		190	462	8,875	3			
370	14		764	2,089	1,827	22			
	133		(612)	(5)	(864)				
					(803)				
473	1,001		342	2,546	9,035	25			
481	3,517	1,690	363	5,490	11,499	137	100	4	234
4,258	31,724	9,878	8,569	44,304	26,669	1,897	107	4	1,247
\$4,739	\$35,241	\$11,568	\$8,932	\$49,794	\$38,168	\$2,034	\$207	\$8	\$1,481

Combining Statement of Activities, Component Units

	Major Component Units				Nonmajor Component Units		
	Total	The University System of Maryland Foundation, Inc.	University of Maryland, College Park Foundation, Inc.	University of Maryland, Baltimore Foundation, Inc.	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.
CHANGES IN UNRESTRICTED NET ASSETS							
Revenues:							
Contributions & grants	\$14,555	\$5,011	\$125	\$2,965	\$952	\$2	\$3
Investment income	15,830	9,824	2,473	1,454	6	211	75
Other income	11,303	3,795	795	569	312	126	2,160
Assets released from restrictions	96,490	26,842	33,297	12,878	161		
Total revenues	138,178	45,472	36,690	17,866	1,431	339	2,238
Expenses:							
Program	102,347	22,826	33,237	18,630	784	45	1,210
General & administrative	19,991	16,187	629	592	230	22	134
Fundraising	6,492	4,697	684	389	178		
Other expense	4,972	2,562					321
Total expenses	133,802	46,272	34,550	19,611	1,192	67	1,665
Change in unrestricted net assets	4,376	(800)	2,140	(1,745)	239	272	573
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS							
Revenues:							
Contributions & grants	106,052	12,010	60,869	12,522	10		200
Investment income	44,149	19,038	15,939	5,250	402		
Other income	2,290						
Assets released from restrictions	(95,483)	(26,842)	(33,297)	(12,878)	(161)		
Total revenues	57,008	4,206	43,511	4,894	251		200
Expenses:							
Program	1,388						
Total expenses	1,388						
Change in temporarily restricted net assets	55,620	4,206	43,511	4,894	251		200
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS							
Contributions & grants	41,589	10,558	9,882	7,059			
Investment income	9,018	7,247	(76)	952			
Other income	8						
Assets released from restrictions	(1,007)						
Change in permanently restricted net assets	49,608	17,805	9,806	8,011			
Total change in net assets	109,604	21,211	55,457	11,160	490	272	773
Net assets (deficit) - June 30, 2004	640,055	272,258	163,977	85,943	4,932	1,766	2,763
Net assets - June 30, 2005	\$749,659	\$293,469	\$219,434	\$97,103	\$5,422	\$2,038	\$3,536

See accompanying notes

Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	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.
\$9 15	\$651 193	\$153 124	\$807	\$2,324 1,021	\$144 334	\$50 97	\$845	\$514	\$3
	7	18	89	927	344	169	1,880	21	91
523	1,825	1,932	667	2,776	2,577	278	12,734		
547	2,676	2,227	1,563	7,048	3,399	594	15,459	535	94
442 74	2,068 340 272	165	560 873 17	3,420 21 139	2,635 317 116	257 145	15,571 405	497 22	124
		1,965							
516	2,680	2,130	1,450	3,580	3,068	402	15,976	519	124
31	(4)	97	113	3,468	331	192	(517)	16	(30)
349 61	1,503 1,107 574	987 942 571	778 331 69	2,619 1,024 480	1,372 55 596	99	12,734		
(523)	(1,825)	(1,932)	(667)	(2,776)	(1,570)	(278)	(12,734)		
(113)	1,359	568	511	1,347	453	(179)			
		1,388							
		1,388							
(113)	1,359	(820)	511	1,347	453	(179)			
493	10,569 3 8		923	353 1,159	1,651 (300)	101 33			
					(1,007)				
493	10,580		923	1,512	344	134			
411	11,935	(723)	1,547	6,327	1,128	147	(517)	16	(30)
3,847	19,789	10,601	7,022	37,977	25,541	1,750	624	(12)	1,277
\$4,258	\$31,724	\$9,878	\$8,569	\$44,304	\$26,669	\$1,897	\$107	\$4	\$1,247

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2006 AND 2005

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 #59, 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.
- 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, 2006 and 2005, the foundations distributed approximately \$66,000,000 and \$59,000,000, 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 Metzerott Road, Adelphi, MD 20783.

The University of Maryland, Baltimore provides services to hospital and critical care facilities under contractual arrangements with the State. The expenditures relating to these activities are reported within the hospital functional category. The 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, 2005 have been reclassified to conform with the presentation for the year ended June 30, 2006.

Pending change in accounting principles – In June 2004, *GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was issued. This statement will require employers to report systematic, accrual-based measurement and recognition of other post-employment benefit arrangements in the financial statements. The System is in the process of assessing the impact of this new accounting standard and will present its financial statements for the year ended June 30, 2008 in accordance with the new requirements.

In December 2004, *GASB Statement #46, Net Assets Restricted by Enabling Legislation—an amendment of GASB Statement #34*, was issued. This statement requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. The System is in the process of assessing the impact of this new accounting standard and will present its financial statements for the year ended June 30, 2007 in accordance with the new requirements.

In June, 2005, *GASB Statement #47, Accounting for Termination Benefits*, was issued. This statement will require employers to record a liability for payments and benefits associated with voluntary and involuntary plans which result in the termination of employees. The System is in the process of assessing the impact of this new accounting standard and will present its financial statements for the year ended June 30, 2007 in accordance with the new requirements.

1. CASH AND INVESTMENTS

Cash and cash equivalents

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

	<u>2006</u>	<u>2005</u>
Cash and short-term investments on deposit with the State Treasurer	\$712,216	\$672,149
Demand and time deposits	26,754	16,264
Money market accounts	<u>59,455</u>	<u>105,645</u>
Total	<u>\$798,425</u>	<u>\$794,058</u>

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

As of June 30, 2006, and 2005 the carrying amount of the System's demand and time deposits was \$26,754,000 and \$16,264,000, as compared to bank balances of \$29,111,000 and \$21,768,000 respectively. The difference is primarily caused by items in-transit. Of the bank balances, \$28,112,000 and \$20,326,000 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 \$999,000 and \$1,442,000 was uninsured and uncollateralized as of June 30, 2006 and 2005, 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 these and other State funds on a pooled basis in accordance with the Annotated Code of Maryland.

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

- United States Treasury and agency obligations.
- Deposits, having a maturity of not more than 365 days, in any bank, savings institution or trust company to the extent such deposits are fully insured or collateralized.
- Commercial paper rated at least A-1 by Standard & Poor's Corporation (Standard & Poor's) and P-1 by Moody's Investors Service, Inc. (Moody's) having a maturity of not more than 270 days.
- Repurchase agreements.
- Obligations of any state or political subdivision rated by Standard & Poor's and Moody's in one of its two highest rating categories.
- Corporate obligations rated AAA by Standard & Poor's and Aaa by Moody's.

As of June 30, Restricted cash and cash equivalents includes (amounts in thousands):

	2006	2005
Money market accounts – Endowment funds uninvested cash	\$510	\$51,404
Money market accounts – unspent proceeds of debt	58,516	48,313
Total	<u>\$59,026</u>	<u>\$99,717</u>

Investments

In July 2005, the System transferred title to its endowment investments, approximately \$202 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 .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.

Credit risk

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

As of June 30, the credit quality of the System’s securities investments is as follows (U.S. government and agency obligations are assumed to not present credit risk)(amounts in thousands):

Moody’s Rating	Fair Value as of June 30, 2005
Aaa	\$5,872
Aa3	1,334
A1	2,359
A2	3,054
A3	3,188
Baa1	2,974
Baa2	2,973
Baa3	352
B1	126
B2	37
B3	210
Caa1	36
Unrated	204
	\$22,719

As of June 30, 2005, investments consist of (amounts in thousands):

	Investment maturities						
	Fair value	Not applicable/ Not stated	Less than 1 year	1 to 5 years	6 to 10 years	11 to 15 years	More than 15 years
U.S government and agency obligations	\$67,275	\$52,143	\$252	\$4,656	\$5,490		\$4,734
Asset-backed securities	3,202			587		\$1,051	1,564
Collateralized mortgage obligations	2,339			820	68		1,451
Corporate debt	17,178	133	727	9,267	5,983		1,068
Corporate equities	112,319	112,319					
Total	\$202,313	\$164,595	\$979	\$15,330	\$11,541	\$1,051	\$8,817

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, the System has the following investments which individually represent 5 percent or more of the total investments (amounts in thousands):

	2005	
	Fair value	Portion of total
Federal Home Loan Mortgage Corporation	\$14,546	7.2%
Federal National Mortgage Association	24,541	12.1%
Federal Home Loan Bank	19,035	9.4%

Endowment investments

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

	2006	2005
U.S. government and agency obligations		\$15,132
Collateralized mortgage obligations		2,339
Asset-backed securities		3,202
Corporate debt	\$104	17,178
Corporate equities	695	109,962
Assets invested with University System of Maryland Foundation, Inc.	213,470	
Total	<u>\$214,269</u>	<u>\$147,813</u>

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

Prior to entering into the arrangement with the University System of Maryland Foundation, Inc. to provide investment management services for the System's endowment investments, the System invested a portion of its endowment funds in various forms of asset-backed securities, as a means of enhancing portfolio-wide risk-adjusted returns. The values of asset-backed securities are generally based on the future cash flows associated with the underlying pools of assets. Accordingly, asset-backed securities are subject to market risk due to fluctuations in interest rates, prepayment risks, and various liquidity factors related to the specific underlying pools of assets. As of June 30, 2005 the System had investments in asset-backed securities of \$5,541,000, representing 3.8% of total Endowment investments, including collateralized mortgage obligations of \$2,339,000, respectively.

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 5.0% 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 \$166,267,000 and \$150,776,000 as of June 30, 2006 and 2005, 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.

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, 2006 and 2005, investment income attributed to unrestricted funds and restricted funds was (amounts in thousands):

	<u>2006</u>	<u>2005</u>
Unrestricted funds	\$45,968	\$28,554
Restricted funds	24,810	12,438
Total investment income	<u>\$70,778</u>	<u>\$40,992</u>

Major component units

The University System of Maryland Foundation, Inc. invests funds on behalf of the System and several other System component units. 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, 2006 and 2005, major component unit investments, recorded at fair value, are (amounts in thousands):

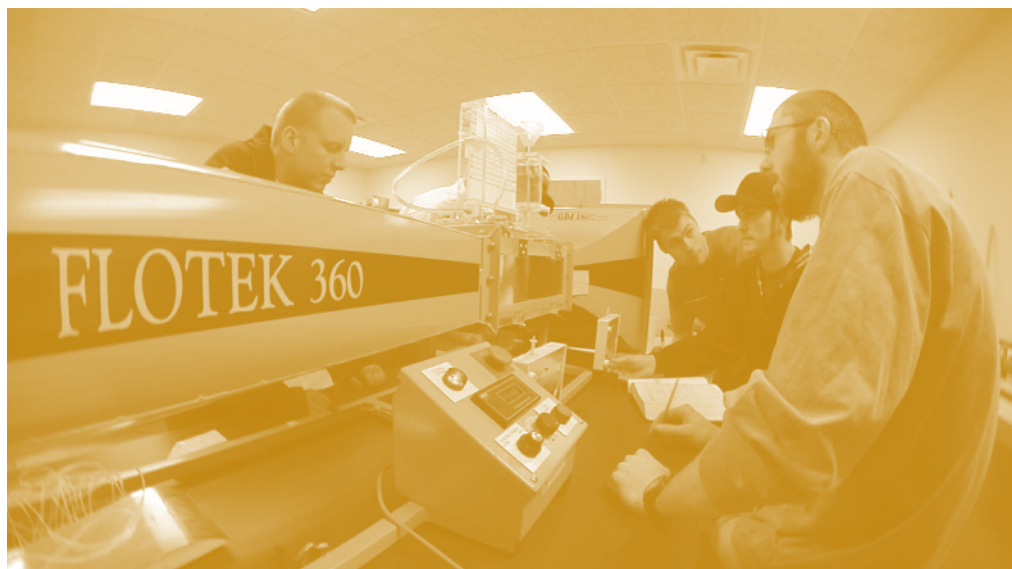
	<u>2006</u>	<u>2005</u>
Money market funds and short-term investments	\$11,022	\$4,062
Corporate and foreign bonds	37,718	39,614
Equities	162,797	120,174
U.S. Treasury notes and bonds	35,657	9,907
U.S. Agencies	2,304	6,932
Collateral mortgage obligations and asset-backed securities	18,839	13,695
Absolute return and market neutral funds	163,132	95,072
Long and short equity hedge funds	238,857	109,794
Private capital	38,893	36,232
Real estate	76,980	51,393
Total	<u>\$786,199</u>	<u>\$486,875</u>

2. CAPITAL ASSETS

Changes in net capital assets for the years ended June 30, 2006 and 2005 are presented on the following page.

Total interest expense incurred on revenue bonds, long-term debt and obligations under capital lease agreements during the years ended June 30, 2006 and 2005 was \$43,319,000 and \$44,670,000, respectively. Interest expense of \$863,000 and \$919,000 associated with projects not yet completed was capitalized and recorded as construction in progress during the years ended June 30, 2006 and 2005, respectively. The remaining \$42,456,000 and 43,750,000 is reported as Interest on indebtedness for the years ended June 30, 2006 and 2005, respectively.

	June 30, 2004			June 30, 2005			June 30, 2006
	Balance	Additions	Decreases	Balance	Additions	Decreases	Balance
Capital assets							
being depreciated:							
Infrastructure & Land Improvements	\$183,269	\$8,680		\$191,949	\$9,392	\$621	\$200,720
Buildings & Improvements	3,245,448	205,714	\$2,907	3,448,255	146,373	13,729	3,580,899
Contents	708,687	85,080	2,208	791,559	70,021	28,745	832,835
Facilities recorded under capital lease agreements	4,136			4,136			4,136
Total capital assets being depreciated	4,141,540	299,474	5,115	4,435,899	225,786	43,095	4,618,590
Less accumulated depreciation for:							
Infrastructure & Land Improvements	83,487	7,696		91,183	7,897	621	98,459
Buildings & Improvements	1,092,113	89,984	2,901	1,179,196	95,876	4,872	1,270,200
Contents	478,029	54,787	11,960	520,856	63,711	22,606	561,961
Facilities recorded under capital lease agreements	1,930	138		2,068	138		2,206
Total accumulated depreciation	1,655,559	152,605	14,861	1,793,303	167,622	28,099	1,932,826
Total capital assets being depreciated, net	2,485,981	146,869	(9,746)	2,642,596	58,164	14,996	2,685,764
Capital assets not being depreciated:							
Land	97,595	5,558	37	103,116	606		103,722
Contents	19,464	2,449	11,145	10,768	1,114	166	11,716
Construction in progress	303,043	140,849	156,736	287,156	135,108	120,056	302,208
Total capital assets not being depreciated	420,102	148,856	167,918	401,040	136,828	120,222	417,646
Capital assets, net	\$2,906,083	\$295,725	\$158,172	\$3,043,636	\$194,992	\$135,218	\$3,103,410



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

Accounts receivable as of June 30, 2006 and 2005 were comprised of (amounts in thousands):

	<u>2006</u>	<u>2005</u>
Tuition and fees	\$85,787	\$96,330
Contracts and grants	166,253	162,141
Other	<u>21,458</u>	<u>17,745</u>
Subtotal	273,498	276,216
Allowance for doubtful accounts	<u>(20,798)</u>	<u>(18,874)</u>
Accounts receivable, net	<u>\$252,700</u>	<u>\$257,342</u>

Notes receivable as of June 30, 2006 and 2005 were comprised of (amounts in thousands):

	<u>2006</u>	<u>2005</u>
Student loans	\$74,258	\$74,630
Business development loans	<u>6,515</u>	<u>13,298</u>
Subtotal	80,773	87,928
Allowance for doubtful notes	<u>(11,073)</u>	<u>(10,009)</u>
Notes receivable, net	<u>\$69,700</u>	<u>\$77,919</u>

Accounts payable and accrued liabilities as of June 30, 2006 and 2005 were comprised of (amounts in thousands):

	<u>2006</u>	<u>2005</u>
Payroll and benefits	\$52,933	\$99,630
Suppliers and contractors	75,003	56,964
Accrued interest payable	8,104	9,980
Other	<u>26,444</u>	<u>25,584</u>
Accounts payable and accrued liabilities	<u>\$162,484</u>	<u>\$192,158</u>

Major component units

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

As of June 30, 2006 and 2005, contributions receivable are due as follows (amounts in thousands):

University System of Maryland Foundation, Inc.

Due	Discount rates	2006	2005
Within one year		\$7,894	\$12,145
Two to five years	1.125% – 6.5%	12,349	10,899
More than five years	4.38% - 6.75%	1,470	800
Subtotal		21,713	23,844
Pledge discount		(1,461)	(1,352)
Net contributions receivable		<u>\$20,252</u>	<u>\$22,492</u>

University of Maryland, College Park Foundation, Inc.

Due	2006	2005
Within one year	\$20,027	\$16,688
Two to five years	44,964	39,277
More than five years	14,451	18,473
Subtotal	79,442	74,438
Allowance for doubtful accounts	(2,691)	(2,350)
Pledge discount	(7,425)	(6,849)
Net contributions receivable	<u>\$69,326</u>	<u>\$65,239</u>

University of Maryland, Baltimore Foundation, Inc.

Due	Discount rates	2006	2005
Within one year		\$6,966	\$6,580
Two to five years	2.76% - 3.64%	9,501	9,045
Subtotal		16,467	15,625
Allowance for doubtful accounts		(662)	(596)
Pledge discount		(1,018)	(790)
Net contributions receivable		<u>\$14,787</u>	<u>\$14,239</u>

4. 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, 2006 and 2005 (amounts in thousands):

	2006	2005
Revenue Bonds, net	\$845,638	\$901,141
Revolving Loan Program Bonds	65,000	65,000
Certificates of Participation	14,500	15,800
Other	4,996	13,907
Revenue bonds and notes payable, net	<u>\$930,134</u>	<u>\$995,848</u>

Auxiliary Facility and Tuition Revenue Bonds

As of June 30, 2006, 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% - 5.1%	2007-2018	\$14,175
1998 Series A	5.0%	2007-2019	35,780
1999 Series A	4.0% - 4.5%	2006-2019	73,975
1999 Refunding Series B	4.6% - 4.8%	2006-2008	1,695
2000 Series A	4.7% - 5.7%	2006-2020	23,350
2001 Series A	4.0% - 5.0%	2007-2021	62,025
2001 Series B	3.5% - 4.6%	2007-2022	50,700
2002 Series A	4.0% - 5.2%	2007-2023	131,635
2003 Series A & B	2.5% - 5.0%	2007-2024	197,110
2004 Series A & B	4.0% - 6.0%	2007-2024	61,230
2005 Series A & B	2.5% - 5.0%	2007-2021	171,265
			822,940
Unamortized discounts, premiums and refunding adjustments			<u>22,698</u>
Revenue bonds, net			<u>\$845,638</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, 2006 and 2005, 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)
2005 Series A & B	2/24/2005	\$174,910	\$12,752	\$128,570	\$9,670	\$6,007	\$8,055

As of June 30, 2006, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$170,045,000.

As of June 30, 2006 and 2005, cash and cash equivalents are restricted by the terms of the Indenture of Trust in the amount of \$30,995,000 and \$29,942,000, respectively. In addition, \$52,143,000, reported as Restricted Investments as of June 30, 2005 were held by the trustee as unexpended proceeds of the Revenue Bonds.

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 Revolving Loan Program Bonds, 2003 Series A consist of auction reset securities, meaning that interest is calculated on outstanding Revolving Loan Program Bonds using rates of interest determined through a periodic auction process. The Revolving Loan Program Bonds, 2003 Series A mature on July 1, 2023, and may be converted to fixed interest rate instruments at the option of the System.

As of June 30, 2006 and 2005, cash and cash equivalents in the amount of \$27,521,000 and \$18,371,000, 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 from 2003 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 multi-annual rate, a commercial paper rate, or a fixed rate.

Other

Other debt and notes payable includes amounts borrowed to finance facilities, equipment acquisitions, and other improvements designed to enhance energy efficiency savings. The System is subject to Federal arbitrage laws governing the use of proceeds of tax-exempt debt.

Future principal and interest payments are as follows (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	
2007	\$58,830	\$38,382	\$1,701	\$4,613	\$103,526
2008	61,295	35,638	1,815	4,526	103,274
2009	63,755	32,832	1,950	4,430	102,967
2010	61,600	29,931	2,070	4,327	97,928
2011	58,990	27,256	2,192	4,218	92,656
2012 – 2016	242,960	100,562	9,768	19,240	372,530
2017 – 2021	208,920	44,161		17,875	270,956
2022 – 2026	66,590	6,124	65,000	7,150	144,864
Total	\$822,940	\$314,886	\$84,496	\$66,379	\$1,288,701

5. LEASES

Obligations under capital leases agreements

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

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

Year ending June 30,	Total
2007	\$512
2008	512
2009	512
2010	512
2011	512
2012 – 2016	2,560
2017 – 2021	2,304
Total future lease payments	7,424
Interest component	(2,732)
Obligations under capital lease agreements	\$4,692

Operating leases

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

Future minimum payments on operating leases with an initial or remaining noncancelable term in excess of one year are as follows (amounts in thousands):

Year ending June 30,	Minimum Annual Lease Payments
2007	\$9,125
2008	6,789
2009	5,531
2010	4,673
2011	3,074
2012-2016	10,999
2017-2021	10,999
2022– 2026	8,799
Total	<u>\$59,989</u>

Operating lease expenditures for the years ended June 30, 2006 and 2005 were \$6,748,000 and \$6,465,000, 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.

6. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the years ended June 30, 2006 and 2005 were as follows (amounts in thousands):

	June 30, 2004			June 30, 2005			June 30, 2006	Due Within
	Balance	Additions	Reductions	Balance	Additions	Reductions	Balance	One Year
Accrued vacation costs	\$119,956	\$68,726	\$59,518	\$129,164	\$79,506	\$71,235	\$137,435	\$68,650
Accrued workers' compensation	25,814	1,966	3,823	23,957	5,652	3,644	25,965	4,026
Revenue bonds and notes payable, net	993,020	182,662	179,834	995,848		65,714	930,134	60,532
Obligations under capital lease agreements	5,053		175	4,878		186	4,692	199
Total long-term liabilities	<u>\$1,143,843</u>	<u>\$253,354</u>	<u>\$243,350</u>	<u>\$1,153,847</u>	<u>\$85,158</u>	<u>\$140,779</u>	<u>\$1,098,226</u>	<u>\$133,407</u>

7. 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, 2006 and 2005 by grouping of object classification are (amounts in thousands):

	2006				2005			
	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total
Instruction	\$725,616	\$110,749	\$24,826	\$861,191	\$687,331	\$110,540	\$21,687	\$819,558
Research	459,654	238,234	21,179	719,067	436,683	237,629	20,047	694,359
Public service	71,886	48,229	2,791	122,906	62,258	48,039	1,059	111,356
Academic support	172,286	67,269	19,669	259,224	155,177	60,588	23,456	239,221
Student services	83,416	39,061	2,955	125,432	78,808	32,820	3,156	114,784
Institutional support	232,928	49,602	17,938	300,468	216,154	46,183	13,922	276,259
Operation and maintenance of plant	87,231	125,973	35,239	248,443	81,044	93,456	29,525	204,025
Scholarships and fellowships	4,666	54,375	76	59,117	4,884	42,726	76	47,686
Auxiliary enterprises:								
Residence facilities	31,294	40,441	13,626	85,361	31,275	39,057	12,649	82,981
Dining facilities	25,091	44,994	3,424	73,509	22,593	40,573	1,629	64,795
Intercollegiate athletics	32,218	32,280	5,162	69,660	28,611	29,120	4,714	62,445
Bookstores	4,428	22,299	2,185	28,912	3,573	26,847	160	30,580
Parking facilities	7,124	14,617	1,484	23,225	6,239	11,374	3,170	20,783
Other auxiliary enterprises	35,236	21,253	17,063	73,552	32,618	15,752	17,352	65,722
Hospital	95,827	2,433	5	98,265	87,153	565		87,718
Total	\$2,068,901	\$911,809	\$167,622	\$3,148,332	\$1,934,401	\$835,269	\$152,602	\$2,922,272

8. OTHER POSTEMPLOYMENT BENEFITS

Former System employees who are receiving retirement benefits may participate in the State health care insurance plans. These plans, which provide insurance coverage for medical, dental and hospital costs, are funded currently by the payment of premiums to the carriers and, under State policy, are jointly contributory. Depending on the health care insurance plan selected, retired employees contribute up to \$55 monthly towards the cost of premiums. System costs for premiums paid to the State health care insurance plans for the approximately 3,200 retired employees receiving these benefits amounted to \$35,532,000 and \$27,765,000 for the years ended June 30, 2006 and 2005, respectively.

9. RETIREMENT AND PENSION PLANS

Most System employees participate in the State's Retirement and Pension Systems (the State Systems), which is an agent, multiple-employer public employee retirement system. While the State Systems is an agent, multiple-employer public employee retirement system, the 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 Systems prepare a Comprehensive Annual Financial Report, which can be obtained from the State Retirement and Pension Systems at 120 East Baltimore Street, Suite 1600, Baltimore, Maryland 21202.

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

State Systems

Plan Description

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

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

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

Funding Policy

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

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

The System made its required contributions during the years ended June 30, 2006, 2005, and 2004 of \$32,046,000, \$26,642,000, and \$26,867,000, respectively.

TIAA-CREF

Some employees participate in the optional TIAA-CREF programs, which are defined contribution money purchase plans funded currently each year. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. Qualified employees are eligible to participate from the date of employment. State legislation provides that the System contribute 7.25% of covered employees' total salaries each month and that the employee may elect to contribute 5% of total annual salary or 5 percent of total annual salary in excess of the Social Security wage base. The System's contribution along with that of the employee is immediately and fully vested. The contributions for the year ended June 30, 2006 were \$115,828,000, which consisted of \$54,175,000 from the System and \$61,653,000 from employees. The contributions for the year ended June 30, 2005 were \$99,192,000, which consisted of \$50,726,000 from the System and \$48,466,000 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, 2006 and 2005 was approximately \$120,000 and \$142,000, respectively.

10. CONSTRUCTION COMMITMENTS

The estimated costs to complete construction in progress as of June 30, 2006 is \$162,205,000, of which \$21,097,000 is

to be funded from Revenue Bond proceeds, \$104,113,000 is to be derived from State appropriations and grants, and \$36,995,000 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, 2006 and 2005, the institution had entered into open contracts for the purchase of \$18,399,000 and \$10,725,000, respectively, of natural gas, to be delivered monthly through May 2009.

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, 2006 and 2005. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2006, 2005, or 2004.

As of June 30, 2006 and 2005, the System has recorded \$25,965,000 and \$23,957,000 in liabilities associated with workers' compensation, respectively.

13. SUBSEQUENT EVENTS

On July 19, 2006, the System issued \$80,000,000 of 2006 Series A University System of Maryland Auxiliary Facility and Tuition Revenue Bonds. The 2006 Series A bonds consist of serial bonds maturing through the year ended June 30, 2027 with stated rates of interest from 4% to 5%, and were issued at an aggregate premium of \$2,930,000.

On September 29, 2006, the University System of Maryland entered into an agreement in which the University of Maryland, Baltimore transferred title to 5 buildings and land, on a single city block with a carrying value of \$14,395,000, to the University of Maryland Medical System in exchange for \$25,000,000. The purchase price is considered to be fair value of the land and facilities at that point in time. The University of Maryland, Baltimore will use the proceeds of the transaction, along with other university funds, to construct or acquire other facilities to house the offices displaced in the 5 buildings sold.





Combining Financial Statements and Schedules Section

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	\$114,938	\$309,815	\$2,020	\$75,705	\$11,793	\$12,914
Accounts receivable, net	82,414	65,863	6,685	10,072	7,535	1,100
Notes receivable, current portion	1,974	2,776	245	3,424	4,437	246
Inventories		2,046		2,292		1,118
Prepaid expenses		1,144		1,633		179
Deferred charges						
Inter-institutional balances	30	411	(251)	(112)	(118)	(39)
Total current assets	199,356	382,055	8,699	93,014	23,647	15,518
Noncurrent assets:						
Restricted cash and cash equivalents	365	3,062	1,258	929	196	854
Endowment investments	84,577	111,267		4,822	511	911
Other investments	186	3,282				
Notes receivable, net	28,264	7,441	454	10,023	1,420	772
Capital assets, net	578,998	1,135,368	72,564	253,393	178,140	70,641
Total noncurrent assets	692,390	1,260,420	74,276	269,167	180,267	73,178
Total assets	\$891,746	\$1,642,475	\$82,975	\$362,181	\$203,914	\$88,696
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	\$35,089	\$48,405	\$3,949	\$16,287	\$3,364	\$5,432
Accrued workers' compensation, current portion	950	1,497	71	315	105	124
Accrued vacation costs, current portion	23,629	20,566	794	3,096	1,315	2,338
Revenue bonds and notes payable, current portion	6,433	26,222	552	6,602	4,515	1,311
Obligations under capital lease agreements, current portion						
Deferred revenue	26,793	49,934	2,535	4,988	466	995
Total current liabilities	92,894	146,624	7,901	31,288	9,765	10,200
Noncurrent liabilities						
Accrued workers' compensation	5,179	8,159	386	1,716	574	677
Accrued vacation costs	22,959	25,414	970	4,137	1,972	
Revenue bonds and notes payable	98,847	344,526	11,732	85,178	59,797	18,309
Obligations under capital lease agreements						
Noncurrent liabilities	126,985	378,099	13,088	91,031	62,343	18,986
Total liabilities	219,879	524,723	20,989	122,319	72,108	29,186
NET ASSETS						
Unrestricted	98,881	232,784	(658)	55,174	8,869	6,174
Investment in capital assets, net of related debt	473,718	764,620	60,281	161,613	113,827	51,021
Restricted:						
Nonexpendable:						
Scholarships and fellowships	5,446	4,612		238	28	
Research	144	3,499				
Other	10,354	3,479				
Expendable:						
Scholarships and fellowships	31,792	14,815		1	153	3
Research	1,492	69,006		3,491	2,815	322
Loans	29,811	11,394	1,105	15,502	5,918	1,136
Capital projects	299	2,910	1,258	929	196	854
Other	19,930	10,633		2,914		
Total net assets	671,867	1,117,752	61,986	239,862	131,806	59,510
Total liabilities and net assets	\$891,746	\$1,642,475	\$82,975	\$362,181	\$203,914	\$88,696

CSU	UB	SU	UMUC	UMBC	UMCES	UMBI	USM OFFICE	TOTAL
\$3,074	\$10,153	\$33,928	\$92,144	\$14,708	\$4,127	\$9,985	\$44,095	\$739,399
5,753	3,577	1,093	39,356	19,906	3,467	4,744	1,135	252,700
143	863	302	240	235				14,885
78	30	976	1,657	982				9,179
	499	121	565	494		(3)		4,632
			458					458
40	52	(1,240)	94	108	(70)	(22)	1,117	
9,088	15,174	35,180	134,514	36,433	7,524	14,704	46,347	1,021,253
374	554	481	297	1,661	5	18	48,972	59,026
690			174	970			10,347	214,269
								3,468
839	1,664	921	1,178	1,839				54,815
67,058	66,021	120,631	85,489	265,743	59,429	99,454	50,481	3,103,410
68,961	68,239	122,033	87,138	270,213	59,434	99,472	109,800	3,434,988
\$78,049	\$83,413	\$157,213	\$221,652	\$306,646	\$66,958	\$114,176	\$156,147	\$4,456,241
\$3,002	\$3,219	\$6,174	\$16,495	\$10,400	\$953	\$2,042	\$7,673	\$162,484
112	89	113	252	309	71		18	4,026
756	1,725	1,584	4,572	5,359	505	1,897	514	68,650
1,389	1,547	2,891	882	6,263	673	3	1,249	60,532
						199		199
361	1,858	2,299	21,577	3,864		2,135		117,805
5,620	8,438	13,061	43,778	26,195	2,202	6,276	9,454	413,696
611	482	616	1,371	1,684	385		99	21,939
1,422	599	1,245	3,034	2,039	1,844	2,357	793	68,785
21,815	28,207	29,381	19,788	97,543	6,776	1,372	46,331	869,602
						4,493		4,493
23,848	29,288	31,242	24,193	101,266	9,005	8,222	47,223	964,819
29,468	37,726	44,303	67,971	127,461	11,207	14,498	56,677	1,378,515
2,172	5,737	22,348	86,587	13,207	3,766	6,273	54,343	595,657
43,873	36,267	88,359	64,819	161,935	51,980	93,387	38,379	2,204,079
307			23	21			348	11,023
								3,643
240							442	14,515
48			112	28			710	47,662
		377	229					77,732
1,536	3,129	1,345	1,614	2,333				74,823
374	554	481	297	1,661	5	18	3,389	13,225
31							1,859	35,367
48,581	45,687	112,910	153,681	179,185	55,751	99,678	99,470	3,077,726
\$78,049	\$83,413	\$157,213	\$221,652	\$306,646	\$66,958	\$114,176	\$156,147	\$4,456,241

Combining Balance Sheet

	UMB	UMCP	BSU	TU	UMES	FSU
ASSETS						
Current assets:						
Cash and cash equivalents	\$127,676	\$296,147		\$59,332	\$10,199	\$12,585
Accounts receivable, net	77,760	62,098	\$6,306	10,423	7,367	1,655
Notes receivable, current portion	1,867	4,738	234	3,557	953	245
Inventories		1,820		2,133		713
Prepaid expenses		1,035		1,360		233
Deferred charges						
Inter-institutional balances	(573)	627	(924)	(733)	(237)	(294)
Total current assets	206,730	366,465	5,616	76,072	18,282	15,137
Noncurrent assets:						
Restricted cash and cash equivalents	20,635	29,137	1,237	1,938	367	904
Endowment investments	58,150	76,959		3,513	350	599
Restricted investments						
Other investments	187	2,170				
Notes receivable, net	26,928	5,956	547	11,235	11,640	886
Capital assets, net	572,554	1,122,046	71,856	245,388	181,009	70,943
Total noncurrent assets	678,454	1,236,268	73,640	262,074	193,366	73,332
Total assets	\$885,184	\$1,602,733	\$79,256	\$338,146	\$211,648	\$88,469
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	\$44,561	\$62,701	\$3,210	\$15,406	\$5,222	\$5,310
Accrued workers' compensation, current portion	817	1,514	64	300	102	102
Accrued vacation costs, current portion	22,144	18,391	600	3,234	1,730	2,299
Revenue bonds and notes payable, current portion	5,820	31,614	1,262	6,102	4,182	1,466
Obligations under capital lease agreements, current portion						
Deferred revenue	29,829	47,207	361	3,867	336	1,155
Total current liabilities	103,171	161,427	5,497	28,909	11,572	10,332
Noncurrent liabilities						
Accrued workers' compensation	4,452	8,255	348	1,634	558	556
Accrued vacation costs	21,079	23,585	1,067	3,735	1,359	
Revenue bonds and notes payable	92,433	370,098	14,242	89,507	63,062	20,845
Obligations under capital lease agreements						
Noncurrent liabilities	117,964	401,938	15,657	94,876	64,979	21,401
Total liabilities	221,135	563,365	21,154	123,785	76,551	31,733
NET ASSETS						
Unrestricted	96,385	206,114	(498)	40,549	7,260	5,765
Investment in capital assets, net of related debt	474,302	720,333	56,353	149,778	113,764	48,633
Restricted:						
Nonexpendable:						
Scholarships and fellowships	5,439	4,606		233	20	
Research	146	3,542				
Other	10,368	3,488		5	8	
Expendable:						
Scholarships and fellowships	20,540	13,817			103	2
Research	11,794	63,994		4,465	236	425
Loans	28,194	11,316	1,010	15,690	13,418	1,213
Capital projects	268	2,419	1,237	934	246	698
Other	16,613	9,739		2,707	42	
Total net assets	664,049	1,039,368	58,102	214,361	135,097	56,736
Total liabilities and net assets	\$885,184	\$1,602,733	\$79,256	\$338,146	\$211,648	\$88,469

CSU	UB	SU	UMUC	UMBC	UMCES	UMBI	USM OFFICE	TOTAL
\$4,346	\$9,137	\$24,158	\$89,680	\$18,550	\$4,510	\$9,105	\$33,262	\$694,341
166	8,152	981	42,145	24,235	4,727	6,467	680	257,342
138	937	270	234	264				13,465
57		945	2,858	713				9,320
		59	142	899				3,785
			396					396
(949)	(52)	(1,893)	(197)	(186)	(138)	357	5,192	
3,758	18,174	24,520	135,258	44,475	9,099	15,929	39,134	978,649
515	437	431	296	1,745	9	4	42,062	99,717
458			120	503			7,161	147,813
							52,143	52,143
								2,357
757	2,690	895	1,207	1,713				64,454
57,225	56,459	123,864	79,680	269,621	62,012	91,199	39,780	3,043,636
58,955	59,586	125,190	81,303	273,582	62,021	91,203	141,146	3,410,120
\$62,713	\$77,760	\$149,710	\$216,561	\$318,057	\$71,120	\$107,132	\$180,280	\$4,388,769
\$5,527	\$3,935	\$5,709	\$17,960	\$12,413	\$2,642	\$3,515	\$4,047	\$192,158
95	72	108	192	259	74		15	3,714
702	614	1,596	3,717	3,256	629	1,545	470	60,927
1,308	1,177	3,220	824	5,802	683	3	1,714	65,177
							186	186
242	1,393	1,409	24,057	9,484				119,340
7,874	7,191	12,042	46,750	31,214	4,028	5,249	6,246	441,502
519	392	586	1,048	1,411	402		82	20,243
1,361	1,347	1,228	3,539	4,789	2,296	2,177	675	68,237
22,220	19,762	32,343	20,642	102,440	7,144	196	75,737	930,671
						4,692		4,692
24,100	21,501	34,157	25,229	108,640	9,842	7,065	76,494	1,023,843
31,974	28,692	46,199	71,979	139,854	13,870	12,314	82,740	1,465,345
(5,411)	9,483	12,503	83,951	11,864	3,056	8,187	40,399	519,607
33,697	35,521	88,299	58,214	161,379	54,185	86,121	31,158	2,111,737
308			23	21			367	11,017
								3,688
240							528	14,637
29			104	35			670	35,300
		988	468	874		506		83,750
1,536	3,627	1,289	1,568	2,459				81,320
340	437	432	254	1,571	9	4	22,467	31,316
							1,951	31,052
30,739	49,068	103,511	144,582	178,203	57,250	94,818	97,540	2,923,424
\$62,713	\$77,760	\$149,710	\$216,561	\$318,057	\$71,120	\$107,132	\$180,280	\$4,388,769

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

	UMB	UMCP	BSU	TU	UMES	FSU
OPERATING REVENUES:						
Tuition and fees	\$72,179	\$334,696	\$27,677	\$115,472	\$22,352	\$27,511
Less: scholarship allowances	(17,709)	(44,164)	(6,318)	(19,297)	(3,387)	(3,226)
Federal grants and contracts	209,502	246,195	10,838	9,384	18,295	4,140
State and local grants and contracts	45,045	41,453	2,514	3,459	11,137	1,280
Nongovernmental grants and contracts	51,031	47,900	187	968	1,471	175
Sales and services of educational departments	154,775	28,032	151	3,512	258	797
Auxiliary enterprises:						
Residential facilities	688	40,762	3,480	14,659	7,482	4,717
Less: scholarship allowances		(3,565)	(172)	(688)	(366)	(10)
Dining facilities		37,188	2,161	13,187	3,960	5,122
Less: scholarship allowances		(2,000)	(216)	(279)	(367)	(1)
Intercollegiate athletics		40,982	2,007	10,838	1,824	1,988
Less: scholarship allowances			(156)	(1,307)		(4)
Bookstores	174			10,711		2,968
Less: scholarship allowances				(62)		(1)
Parking facilities	10,854	12,873	301	4,109	109	
Other auxiliary enterprises revenues	6,916	32,519	2,594	19,375	2,782	3,192
Less: scholarship allowances						(3)
Other operating revenues		25,366	30	7	399	343
Total operating revenues	533,455	838,237	45,078	184,048	65,949	48,988
OPERATING EXPENSES:						
Instruction	153,148	332,492	24,538	70,830	24,601	26,097
Research	267,136	278,331	2,322	3,275	13,991	
Public service	4,177	63,903	256	11,689	466	2,476
Academic support	35,742	106,639	6,259	26,138	8,725	7,368
Student services	4,375	33,056	3,866	12,607	3,762	3,751
Institutional support	61,071	64,374	13,116	28,058	8,111	7,930
Operation and maintenance of plant	60,177	90,566	5,800	20,668	9,481	6,414
Scholarships and fellowships	927	29,373	1,508	6,034	4,775	3,711
Auxiliary enterprises:						
Residential facilities	793	43,171	2,683	9,769	3,738	6,074
Dining facilities		36,136	2,085	11,181	2,670	4,152
Intercollegiate athletics		42,181	2,705	10,578	1,049	2,343
Bookstores	68			9,539		3,038
Parking facilities	10,599	8,926		1,909		
Other auxiliary enterprises expenses	9,254	33,589	933	11,039	3,877	2,400
Hospital	98,265					
Total operating expenses	705,732	1,162,737	66,071	233,314	85,246	75,754
Operating income (loss)	(172,277)	(324,500)	(20,993)	(49,266)	(19,297)	(26,766)
NONOPERATING REVENUES (EXPENSES):						
State appropriations	145,702	328,809	22,269	63,122	23,322	26,434
Gifts	7,241	13,830		10		347
Investment income	16,373	33,487	20	4,482	483	869
Investment expense	(110)	(144)		(5)	(1)	(1)
Less: Interest on indebtedness	(3,633)	(17,781)	(554)	(4,380)	(2,977)	(886)
Other nonoperating revenues (expenses)			95	5,676	(1)	
Transfers to/from other USM institutions	9,655	3,466	(725)	(241)	1,471	2,235
Total nonoperating revenues (expenses)	175,228	361,667	21,105	68,664	22,297	28,998
Income (loss) before other revenues, expenses, gains and losses	2,951	37,167	112	19,398	3,000	2,232
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:						
Capital appropriations	3,728	34,890	3,772	6,280	848	
Capital gifts and grants	1,109	6,391		386		551
Additions to permanent endowments	30	18				
Other gains and losses		(82)		(563)	(7,139)	(9)
Total other revenues, expenses, gains and losses	4,867	41,217	3,772	6,103	(6,291)	542
Increase (decrease) in net assets	7,818	78,384	3,884	25,501	(3,291)	2,774
Net assets, June 30, 2005	664,049	1,039,368	58,102	214,361	135,097	56,736
Net assets, June 30, 2006	\$671,867	\$1,117,752	\$61,986	\$239,862	\$131,806	\$59,510

Year ended June 30, 2006
(amounts expressed in thousands)

CSU	UB	SU	UMUC	UMBC	UMCES	UMBI	USM OFFICE	TOTAL
\$15,294	\$42,928	\$42,086	\$176,098	\$83,700				\$959,993
(8,270)	(3,930)	(4,995)	(6,325)	(21,754)				(139,375)
13,997	2,619	3,123	6,821	56,088	\$12,782	\$20,501	\$3,089	617,374
3,813	4,376	1,812	1,392	25,639	4,750	9,488	4	156,162
224	1,160	362	522	13,237	877	3,242		121,356
358	87	738	2,734	3,691	2,659	1,204		198,996
3,824		12,430	85	13,322				101,449
		(234)		(2,823)				(7,858)
		9,643		8,512				79,773
		(18)		(1,693)				(4,574)
2,012		2,739		4,479				66,869
(1,009)		(30)						(2,506)
		4,996	6,055	6,673				31,577
		(1)		(12)				(76)
	691	510	907	2,066				32,420
2,380	1,605	985		10,966				83,314
								(3)
61			20,261	824			66	47,357
32,684	49,536	74,146	208,550	202,915	21,068	34,435	3,159	2,342,248
17,958	25,032	31,253	75,312	79,930				861,191
196	4,677	1,872	616	50,614	37,564	58,473		719,067
		2,366	15,198	22,375				122,906
3,434	9,368	7,391	25,163	19,819			3,178	259,224
5,370	5,148	3,893	40,707	8,897				125,432
13,949	16,835	11,405	37,865	25,673			12,081	300,468
6,830	5,442	10,418	10,652	21,464	531			248,443
	1,235	80	5,478	5,996				59,117
2,691		6,529		9,913				85,361
275		9,054		7,956				73,509
2,333		2,205		6,266				69,660
		4,303	5,627	6,337				28,912
	860	205	726					23,225
757	2,259	2,966		6,478				73,552
								98,265
53,793	70,856	93,940	217,344	271,718	38,095	58,473	15,259	3,148,332
(21,109)	(21,320)	(19,794)	(8,794)	(68,803)	(17,027)	(24,038)	(12,100)	(806,084)
20,802	22,710	27,571	15,191	70,491	14,054	17,401	13,710	811,588
				210				21,638
248	630	1,659	3,347	1,328	229	402	7,221	70,778
(1)				(1)			(231)	(494)
(1,074)	(1,161)	(1,632)	(993)	(4,778)	(343)	(353)	(1,911)	(42,456)
	(2,964)			(3)		938		3,741
(340)	(1,973)	65	423	(718)	1,061	785	(15,164)	
19,635	17,242	27,663	17,968	66,529	15,001	19,173	3,625	864,795
(1,474)	(4,078)	7,869	9,174	(2,274)	(2,026)	(4,865)	(8,475)	58,711
13,024	697	1,450		3,652	527	9,709	10,609	89,186
		53		362		16	211	9,079
								48
6,292		27	(75)	(758)			(415)	(2,722)
19,316	697	1,530	(75)	3,256	527	9,725	10,405	95,591
17,842	(3,381)	9,399	9,099	982	(1,499)	4,860	1,930	154,302
30,739	49,068	103,511	144,582	178,203	57,250	94,818	97,540	2,923,424
\$48,581	\$45,687	\$112,910	\$153,681	\$179,185	\$55,751	\$99,678	\$99,470	\$3,077,726

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

	UMB	UMCP	BSU	TU	UMES	FSU
OPERATING REVENUES:	\$67,897	\$312,539	\$26,678	\$108,422	\$20,210	\$27,266
Tuition and fees	(14,192)	(49,498)	(6,529)	(18,656)	(2,795)	(3,449)
Less: scholarship allowances	197,403	239,541	11,132	9,145	26,377	4,556
Federal grants and contracts	37,836	34,389	3,217	2,220	8,342	1,392
State and local grants and contracts	66,487	50,119	139	218	1,013	257
Nongovernmental grants and contracts	134,601	26,054	180	3,502	152	899
Sales and services of educational departments						
Auxiliary enterprises:						
Residential facilities	674	39,204	3,103	14,386	6,271	4,726
Less: scholarship allowances		(3,101)	(653)	(720)	(715)	(19)
Dining facilities		34,568	2,031	12,114	4,740	5,409
Less: scholarship allowances		(1,692)	(73)	(291)	(85)	(2)
Intercollegiate athletics		39,211	1,932	10,001	1,816	2,022
Less: scholarship allowances				(1,030)		(10)
Bookstores	186			10,619		3,013
Less: scholarship allowances				(60)		(1)
Parking facilities	11,751	12,031	357	3,732	89	
Other auxiliary enterprises revenues	6,352	31,542	2,064	16,466	3,384	2,736
Less: scholarship allowances						(7)
Other operating revenues		19,143		32	198	420
Total operating revenues	508,995	784,050	43,578	170,100	68,997	49,208
OPERATING EXPENSES:						
Instruction	139,069	312,307	23,393	66,475	25,458	25,559
Research	265,159	260,404	2,604	2,822	11,192	
Public service	6,600	60,349	196	9,988	492	2,293
Academic support	30,817	96,691	6,708	26,480	8,826	6,297
Student services	2,952	30,443	3,701	12,153	3,745	3,379
Institutional support	42,220	70,803	11,830	22,433	8,045	7,770
Operation and maintenance of plant	39,993	71,057	7,264	17,503	8,010	5,577
Scholarships and fellowships	928	20,899	413	5,366	4,556	3,082
Auxiliary enterprises:						
Residential facilities	627	37,022	2,731	10,509	4,588	5,315
Dining facilities		28,163	1,564	11,062	1,905	4,071
Intercollegiate athletics		37,836	2,431	9,190	1,816	2,210
Bookstores	54			10,315		3,079
Parking facilities	9,384	7,391		2,014		
Other auxiliary enterprises expenses	5,408	31,283	619	12,301	3,879	2,319
Hospital	87,718					
Total operating expenses	630,929	1,064,648	63,454	218,611	82,512	70,951
Operating income (loss)	(121,934)	(280,598)	(19,876)	(48,511)	(13,515)	(21,743)
NONOPERATING REVENUES (EXPENSES):						
State appropriations	133,498	310,281	21,006	58,946	21,830	24,839
Gifts	1,303	12,346				361
Investment income	9,820	18,267		2,248	183	493
Investment expense	(326)	(429)		(16)	(2)	(3)
Less: Interest on indebtedness	(3,925)	(18,955)	(467)	(4,499)	(2,785)	(862)
Other nonoperating revenues (expenses)		(7,424)		5,912	(811)	
Transfers to/from other USM institutions	(2,629)	(1,006)	(1,107)	(4,220)	577	626
Total nonoperating revenues (expenses)	137,741	313,080	19,432	58,371	18,992	25,454
Income (loss) before other revenues, expenses, gains and losses	15,807	32,482	(444)	9,860	5,477	3,711
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:						
Capital appropriations	33,662	18,265	1,673	27,746	2,731	
Capital gifts and grants		5,269		2,895		1,742
Additions to permanent endowments	278	137				
Other gains and losses	(3,933)	(111)	494	104		(70)
Total other revenues, expenses, gains and losses	30,007	23,560	2,167	30,745	2,731	1,672
Increase (decrease) in net assets	45,814	56,042	1,723	40,605	8,208	5,383
Net assets, June 30, 2005	618,235	983,326	56,379	173,756	126,889	51,353
Net assets, June 30, 2006	\$664,049	\$1,039,368	\$58,102	\$214,361	\$135,097	\$56,736

Year ended June 30, 2005
(amounts expressed in thousands)

CSU	UB	SU	UMUC	UMBC	UMCES	UMBI	USM OFFICE	TOTAL
\$13,183	\$38,112	\$38,966	\$178,887	\$78,510				\$910,670
(5,111)	(3,760)	(4,708)	(6,687)	(17,150)				(132,535)
15,914	3,854	3,335	7,135	54,051	\$14,052	\$19,542	\$2,524	608,561
2,066	3,031	2,241	1,024	23,337	5,767	10,042		134,904
127	797	209	286	17,680	1,325	4,396		143,053
1,162	139	606	1,618	4,011	2,725	1,576		177,225
3,717		11,067	295	14,177				97,620
		(100)		(3,140)				(8,448)
		9,087		9,726				77,675
		(2)		(1,822)				(3,967)
2,975		2,251		4,633				64,841
(940)		(12)						(1,992)
		4,800	7,574	6,749				32,941
				(9)				(70)
	230	250	894	2,153				31,487
	3,417	1,215		9,067				76,243
								(7)
20	2,496		17,803	1,950			(522)	41,540
33,113	48,316	69,205	208,829	203,923	23,869	35,556	2,002	2,249,741
18,082	27,156	29,278	74,361	78,420				819,558
124	5,695	2,165	479	50,646	39,982	53,087		694,359
		1,632	11,522	18,284				111,356
3,394	9,877	6,880	20,997	19,300			2,954	239,221
5,343	4,563	4,050	35,246	9,209				114,784
14,009	11,382	10,712	38,127	26,271			12,657	276,259
7,212	4,796	9,509	13,149	19,691	264			204,025
	671	102	3,901	7,768				47,686
4,350		6,238	182	11,419				82,981
548		8,536		8,946				64,795
1,853		2,106		5,003				62,445
		4,333	6,565	6,234				30,580
	1,134	126	734					20,783
2,415	904	2,518		4,076				65,722
								87,718
57,330	66,178	88,185	205,263	265,267	40,246	53,087	15,611	2,922,272
(24,217)	(17,862)	(18,980)	3,566	(61,344)	(16,377)	(17,531)	(13,609)	(672,531)
19,068	21,297	25,995	14,633	66,377	13,152	15,029	11,747	757,698
17	322	694	1,866	478	119	263	6,222	14,010
(3)			(1)	(3)			(134)	40,992
(1,078)	(485)	(1,849)	(923)	(4,701)	(334)	(338)	(2,548)	(917)
	8		1,541					(43,749)
(540)	(2,454)	503	(304)	(1,207)	834	1,265	9,662	(774)
17,464	18,688	25,343	15,271	62,485	13,771	16,219	24,949	767,260
(6,753)	826	6,363	18,837	1,141	(2,606)	(1,312)	11,340	94,729
10,507	32	1,895		8,275	272	22,374	3,500	130,932
		180		564		180		10,830
25								440
(46)	426	(120)	189	(171)			(1,104)	(4,342)
10,486	458	1,955	189	8,668	272	22,554	2,396	137,860
3,733	1,284	8,318	19,026	9,809	(2,334)	21,242	13,736	232,589
27,006	47,784	95,193	125,556	168,394	59,584	73,576	83,804	2,690,835
\$30,739	\$49,068	\$103,511	\$144,582	\$178,203	\$57,250	\$94,818	\$97,540	\$2,923,424

Combining Statement of Cash Flows

	UMB	UMCP	BSU	TU	UMES	FSU
CASH FLOWS FROM OPERATING ACTIVITIES:						
Tuition and fees	\$53,526	\$290,838	\$22,136	\$95,992	\$17,252	\$24,071
Research contracts and grants	304,855	333,111	14,872	14,801	33,211	5,824
Payments to employees	(485,654)	(804,110)	(40,653)	(144,819)	(54,130)	(48,659)
Payments to suppliers and contractors	(191,592)	(311,595)	(20,014)	(70,677)	(26,531)	(22,889)
Loans issued to students	(6,229)	(2,561)	(167)	(2,721)	(499)	(304)
Collections of loans to students	4,787	3,039	275	4,066	97	417
Auxiliary enterprises charges:						
Residence halls	688	36,648	3,716	13,990	7,295	4,838
Dining facilities		35,187	1,944	12,907	3,593	5,262
Intercollegiate athletics		42,482	1,851	9,661		2,004
Bookstores	174			10,642		2,966
Parking facilities	10,854	12,872	301	4,106	109	
Other	648	32,519	1,872	19,702	3,793	3,171
Other receipts (payments)	160,720	54,865	(83)	2,986	657	1,028
Net cash provided (used) by operations	(147,223)	(276,705)	(13,950)	(29,364)	(15,153)	(22,271)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
State appropriations	145,702	328,809	22,269	63,122	23,322	26,434
Nonoperating gifts	7,241	13,830				347
Gifts and grants received for other than capital purposes:						
Private gifts for endowment purposes	30	18				
Other nonoperating gains and losses		(82)	90	5,122	(1)	(10)
Net cash provided by noncapital financing activities	152,973	342,575	22,359	68,244	23,321	26,771
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Capital appropriations	3,728	34,890	3,772	6,280	848	
Capital grants and gifts received		4,391		173		
Proceeds from sales of capital assets		188				
Purchases of capital assets	(45,045)	(72,540)	(4,969)	(24,016)	(3,301)	(3,162)
Principal paid on debt and capital leases	(4,972)	(32,283)	(1,223)	(7,246)	(4,015)	(2,037)
Interest paid on debt and capital leases	(3,671)	(18,341)	(560)	(4,379)	(3,082)	(912)
Transfers to/from other USM Institutions	21,121	5,169	(3,388)	2,506	2,482	1,332
Net cash provided (used) by capital and related financing activities	(28,839)	(78,526)	(6,368)	(26,682)	(7,068)	(4,779)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments	58,150	77,452		2,795	350	599
Interest on investments	10,232	26,073		4,106	444	766
Investment expense	(110)	(144)		(1)		(1)
Purchases of investments	(78,191)	(103,132)		(3,734)	(471)	(806)
Net cash provided (used) by investing activities	(9,919)	249		3,166	323	558
Net increase (decrease) in cash	(33,008)	(12,407)	2,041	15,364	1,423	279
Cash and cash equivalents - June 30, 2005	148,311	325,284	1,237	61,270	10,566	13,489
Cash and cash equivalents - June 30, 2006	\$115,303	\$312,877	\$3,278	\$76,634	\$11,989	\$13,768

Year ended June 30, 2006
(amounts expressed in thousands)

CSU	UB	SU	UMUC	UMBC	UMCES	UMBI	USM OFFICE	TOTAL
\$5,737	\$42,587	\$37,366	\$166,979	\$61,777				\$818,261
18,034	8,603	5,703	11,089	93,776	\$19,669	\$37,088	\$3,093	903,729
(30,116)	(51,683)	(63,010)	(135,149)	(177,138)	(22,629)	(39,751)	(10,227)	(2,107,728)
(22,109)	(15,058)	(25,193)	(75,937)	(80,250)	(13,879)	(15,986)	(3,509)	(895,219)
(59)	(729)	(304)	(302)	(382)				(14,257)
	1,459	246	325	286				14,997
3,824		12,197	85	10,637				93,918
		9,537		6,910				75,340
1,004		2,709		4,538				64,249
		4,995	6,054	6,749				31,580
	691	510	907	2,062				32,412
	1,605	988		11,141				75,439
2,800	1,030	1,090	24,044	4,515	2,647	2,142	(249)	258,192
(20,885)	(11,495)	(13,166)	(1,905)	(55,379)	(14,192)	(16,507)	(10,892)	(649,087)
20,802	22,710	27,571	15,191	70,491	14,054	17,401	13,710	811,588
				210				21,628
								48
6,292	(2,964)	27	(75)	(3)			(415)	7,981
27,094	19,746	27,598	15,116	70,698	14,054	17,401	13,295	841,245
13,024	697	1,450		3,652	527	9,709	10,609	89,186
			(1)				211	4,774
			138					326
(13,586)	(14,124)	(2,165)	(12,513)	(13,536)	(1,273)	(11,908)	(7,793)	(229,931)
(1,145)	(962)	(2,698)	(657)	(5,578)	(504)	(189)	(1,853)	(65,362)
(1,079)	(1,076)	(1,644)	(1,028)	(4,803)	(356)	(356)	(2,769)	(44,056)
(505)	7,717	(1,214)	22	159	1,128	2,342	(38,871)	
(3,291)	(7,748)	(6,271)	(14,039)	(20,106)	(478)	(402)	(40,466)	(245,063)
458			120	504			59,293	199,721
174	630	1,659	3,335	1,035	229	402	6,357	55,442
(1)				(1)			(231)	(489)
(616)			(162)	(677)			(9,613)	(197,402)
15	630	1,659	3,293	861	229	402	55,806	57,272
2,933	1,133	9,820	2,465	(3,926)	(387)	894	17,743	4,367
515	9,574	24,589	89,976	20,295	4,519	9,109	75,324	794,058
\$3,448	\$10,707	\$34,409	\$92,441	\$16,369	\$4,132	\$10,003	\$93,067	\$798,425

Combining Statement of Cash Flows

	UMB	UMCP	BSU	TU	UMES	FSU
CASH FLOWS FROM OPERATING ACTIVITIES:						
Tuition and fees	\$53,741	\$265,306	\$19,105	\$89,863	\$21,964	\$23,763
Research contracts and grants	291,012	321,869	14,875	8,046	38,165	5,795
Payments to employees	(432,252)	(729,164)	(39,571)	(137,198)	(48,170)	(46,636)
Payments to suppliers and contractors	(163,962)	(273,754)	(20,409)	(65,533)	(25,875)	(20,035)
Loans issued to students	(7,640)	(2,580)	(120)	(3,273)	(10,405)	(266)
Collections of loans to students	4,615	2,951	325	2,841	2,023	348
Auxiliary enterprises charges:						
Residence halls	674	36,349	1,380	13,655	5,274	4,603
Dining facilities		32,876	1,958	11,864	4,655	5,337
Intercollegiate athletics		40,711	1,931	8,706		1,993
Bookstores	186			9,811		3,018
Parking facilities	11,751	12,031		3,624	89	
Other	5,363	31,541	2,778	15,854	5,511	2,677
Other receipts (payments)	134,600	44,671	(923)	7,868	350	1,470
Net cash provided (used) by operations	(101,912)	(217,193)	(18,671)	(33,872)	(6,419)	(17,933)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
State appropriations	133,498	310,281	21,006	58,946	21,830	24,839
Nonoperating gifts	1,082	12,347				361
Gifts and grants received for other than capital purposes:						
Private gifts for endowment purposes	277	137				
Other nonoperating gains and losses	(3,575)	7,617	309	6,015	12	(69)
Net cash provided by noncapital financing activities	131,282	330,382	21,315	64,961	21,842	25,131
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from capital debt	13,343	66,379	671	9,379	11,358	1,338
Capital appropriations	33,662	18,265	1,673	27,746	2,731	
Capital grants and gifts received	221	5,269		561		13
Proceeds from sales of capital assets		243				
Purchases of capital assets	(64,097)	(75,650)	(2,369)	(34,316)	(10,767)	(2,624)
Principal paid on debt and capital leases	(17,739)	(88,445)	(2,049)	(15,307)	(14,815)	(2,671)
Interest paid on debt and capital leases	(4,106)	(19,489)	(481)	(4,717)	(2,915)	(889)
Transfers to/from other USM Institutions	10,011	27,144	(1,974)	(1,724)	7,254	442
Net cash provided (used) by capital and related financing activities	(28,705)	(66,284)	(4,529)	(18,378)	(7,154)	(4,391)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments	64,715	85,358		3,081	390	667
Interest on investments	6,529	14,114		2,067	140	415
Investment expense	(326)	(429)		(16)	(2)	
Purchases of investments	(45,706)	(60,285)		(2,182)	(275)	(470)
Net cash provided (used) by investing activities	25,212	38,758		2,950	253	612
Net increase (decrease) in cash	25,877	85,663	(1,885)	15,661	8,522	3,419
Cash and cash equivalents - June 30, 2004	122,434	239,621	3,122	45,609	2,044	10,070
Cash and cash equivalents - June 30, 2005	\$148,311	\$325,284	\$1,237	\$61,270	\$10,566	\$13,489

Year ended June 30, 2005
(amounts expressed in thousands)

CSU	UB	SU	UMUC	UMBC	UMCES	UMBI	USM OFFICE	TOTAL
\$10,934	\$33,800	\$34,335	\$172,245	\$60,425				\$785,481
17,983	8,318	6,133	6,458	105,772	\$19,291	\$32,803	\$2,525	879,045
(30,432)	(45,358)	(59,352)	(122,974)	(165,346)	(20,838)	(27,585)	(9,152)	(1,914,028)
(20,968)	(17,018)	(22,246)	(81,875)	(85,896)	(15,426)	(19,698)	(3,445)	(836,140)
(328)	(849)	(268)		(167)				(25,896)
307	937	321	(114)	286				14,840
3,717		11,064	295	11,198				88,209
		9,272		8,031				73,993
2,034		2,257		4,633				62,265
		4,802	7,574	6,826				32,217
	230	250	894	4,704				33,573
	5,425	1,225	21	6,648				77,043
1,128	1,255	96	27,038	5,960	2,737	1,576	(161)	227,665
(15,625)	(13,260)	(12,111)	9,562	(36,926)	(14,236)	(12,904)	(10,233)	(501,733)
19,068	21,297	25,995	14,633	66,377	13,152	15,029	11,747	757,698
								13,790
25								439
247	(704)	(120)		1,545			(1,104)	10,173
19,340	20,593	25,875	14,633	67,922	13,152	15,029	10,643	782,100
4,430	329	3,856	5	17,014	630		53,732	182,464
10,507	32	1,895		8,275	272	22,374	3,500	130,932
			(2)					6,062
			407					650
(10,982)	(10,219)	(2,846)	(14,894)	(22,650)	(999)	(25,550)	(8,643)	(286,606)
(5,838)	(1,245)	(6,743)	(584)	(21,787)	(1,302)	(175)	(378)	(179,078)
(1,099)	(606)	(2,034)	(853)	(4,835)	(259)	(280)	(2,600)	(45,163)
869	5,758	(226)	(248)	4,268	1,722	690	(53,986)	
(2,113)	(5,951)	(6,098)	(16,169)	(19,715)	64	(2,941)	(8,375)	(190,739)
510	350	694	134	560			7,957	163,372
(26)			1,858	444	119	265	5,803	32,772
(2)			(1)	(3)			(134)	(913)
(360)			(94)	(396)			(57,449)	(167,217)
122	350	694	1,897	605	119	265	(43,823)	28,014
1,724	1,732	8,360	9,923	11,886	(901)	(551)	(51,788)	117,642
(1,209)	7,842	16,229	80,053	8,409	5,420	9,660	127,112	676,416
\$515	\$9,574	\$24,589	\$89,976	\$20,295	\$4,519	\$9,109	\$75,324	\$794,058

Schedule of Estimated & Actual Revenues by Institution — Budgetary Basis

Year ended June 30, 2006
(amounts expressed in thousands)

	Current		Current	
	Unrestricted Funds		Restricted Funds	
	Estimated	Actual	Estimated	Actual
UMB	\$412,221	\$401,671	\$337,371	\$323,699
UMCP	981,843	1,006,092	290,327	281,198
BSU	61,483	62,049	16,500	13,451
TU	255,400	259,083	23,900	20,443
UMES	63,502	63,026	28,290	26,439
FSU	74,031	74,027	7,338	5,927
CSC	44,629	44,818	19,950	17,822
UB	72,093	69,029	8,294	6,620
SU	97,720	103,503	6,476	5,809
UMUC	244,517	228,119	10,000	7,997
UMBC	229,148	229,059	80,657	76,581
UMCES	20,042	19,820	17,856	15,599
UMBI	35,668	34,120	27,500	26,025
USM Office	16,850	16,998	3,500	3,392
Totals	\$2,609,147	\$2,611,414	\$877,959	\$831,002

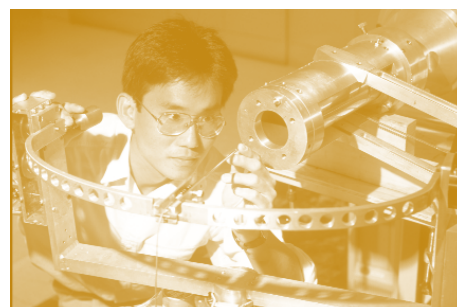
Schedule of Budgeted & Actual Expenditures by Institution — Budgetary Basis

Year ended June 30, 2006
(amounts expressed in thousands)

	Current		Current	
	Unrestricted Funds		Restricted Funds	
	Estimated	Actual	Estimated	Actual
UMB	\$412,221	\$411,643	\$337,371	\$323,699
UMCP	981,843	975,286	290,327	281,198
BSU	61,483	61,194	16,500	13,451
TU	255,400	253,411	23,900	20,443
UMES	63,502	62,496	28,290	26,439
FSU	74,031	73,250	7,338	5,927
CSC	44,629	43,690	19,950	17,822
UB	72,093	71,770	8,294	6,620
SU	97,720	92,554	6,476	5,809
UMUC	244,517	227,291	10,000	7,997
UMBC	229,148	227,673	80,657	76,581
UMCES	20,042	19,932	17,856	15,599
UMBI	35,668	32,933	27,500	26,025
USM Office	16,850	16,231	3,500	3,392
Totals	\$2,609,147	\$2,569,354	\$877,959	\$831,002



*Statistical
Section*



2006

Schedule of Operating Revenues

Last Five Fiscal Years

Years ended June 30,
(amounts expressed in thousands)

	2006	2005	2004	2003	2002
OPERATING REVENUES:					
Tuition and fees	\$959,993	\$910,670	\$835,121	\$743,568	\$671,672
Less: scholarship allowances	(139,375)	(132,535)	(129,600)	(109,447)	(106,228)
Federal grants and contracts	617,374	608,561	514,740	492,038	478,137
State and local grants and contracts	156,162	134,904	134,493	145,811	159,307
Nongovernmental grants and contracts	121,356	143,053	176,456	182,169	154,832
Sales and services of educational departments	198,996	177,225	117,770	110,046	101,311
Auxiliary enterprises:					
Residential facilities	101,449	97,620	92,147	89,543	143,846
Less: scholarship allowances	(7,858)	(8,448)	(9,092)	(8,730)	(10,903)
Dining facilities	79,773	77,675	73,426	67,535	
Less: scholarship allowances	(4,574)	(3,967)	(4,015)	(4,948)	
Intercollegiate athletics	66,869	64,841	59,360	58,736	52,354
Less: scholarship allowances	(2,506)	(1,992)	(1,949)	(2,239)	(1,694)
Bookstores	31,577	32,941	32,144	31,300	29,768
Less: scholarship allowances	(76)	(70)	(75)	(93)	(60)
Parking facilities	32,420	31,487	27,786	24,399	20,431
Other auxiliary enterprises revenues	83,314	76,243	9,298	66,755	69,641
Less: scholarship allowances	(3)	(7)	(68)		
Other operating revenues	47,357	41,540	34,492	46,591	29,840
Total operating revenues	\$2,342,248	\$2,249,741	\$2,032,434	\$1,933,034	\$1,792,254

Schedule of Operating Expenses

Last Five Fiscal Years

Years ended June 30,
(amounts expressed in thousands)

	2006	2005	2004	2003	2002
OPERATING EXPENSES:					
Instruction	\$861,191	\$819,558	\$803,838	\$807,051	\$773,427
Research	719,067	694,359	561,608	556,109	551,329
Public service	122,906	111,356	141,206	157,652	140,560
Academic support	259,224	239,221	229,765	232,637	211,809
Student services	125,432	114,784	102,587	102,422	99,856
Institutional support	300,468	276,259	271,023	258,673	252,445
Operation and maintenance of plant	248,443	204,025	195,529	180,072	210,564
Scholarships and fellowships	59,117	47,686	44,145	47,721	41,515
Auxiliary enterprises:					
Residential facilities	85,361	82,981	76,021	72,969	119,315
Dining facilities	73,509	64,795	61,721	56,230	
Intercollegiate athletics	69,660	62,445	58,216	71,864	66,240
Bookstores	28,912	30,580	30,137	30,105	27,294
Parking facilities	23,225	20,783	21,045	19,298	15,167
Other auxiliary enterprises expenses	73,552	65,722	56,673	62,376	58,479
Hospital	98,265	87,718	56,209	46,022	42,203
Total operating expenses	\$3,148,332	\$2,922,272	\$2,709,723	\$2,701,201	\$2,610,203

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

Schedule of Current Funds Revenues by Source Fiscal Years - 1997-2001

Years ended June 30,
(amounts expressed in thousands)

	2001	2000	1999	1998	1997
State appropriations	\$798,693	\$719,969	\$651,603	\$602,492	\$580,430
Tuition and fees	594,118	545,710	517,426	487,239	457,069
Federal grants and contracts	397,253	353,421	337,310	312,562	282,894
State and local grants and contracts	140,016	122,701	102,830	80,722	76,204
Private gifts, grants and contracts	149,871	115,349	110,961	103,085	88,048
Sales and services of educational departments	106,212	89,391	82,717	75,684	76,588
Sales and services of public service activities	14,030	13,288	10,924	11,393	9,368
Sales and services of auxiliary enterprises	305,519	285,007	277,181	258,395	246,101
Investment income	39,932	28,941	23,806	23,622	20,170
Other sources	19,223	17,684	6,848	9,012	4,114
Total current funds revenues by source	\$2,564,867	\$2,291,461	\$2,121,606	\$1,964,206	\$1,840,986

UNIVERSITY SYSTEM OF MARYLAND

Schedule of Current Funds Expenditures by Function and Transfers Fiscal Years - 1997-2001

Years ended June 30,
(amounts expressed in thousands)

	2001	2000	1999	1998	1997
Instruction	\$723,122	\$647,419	\$600,345	\$564,925	\$547,431
Research	479,013	414,015	396,827	351,242	330,451
Public service	128,642	122,336	103,168	94,422	85,651
Academic support	189,608	160,899	140,112	126,775	120,925
Student services	89,385	82,905	73,524	70,145	66,409
Institutional support	241,707	190,632	156,482	152,726	147,029
Operation and maintenance of plant	136,132	132,999	124,996	121,539	113,537
Scholarships and fellowships	139,020	129,185	119,649	108,107	96,188
Auxiliary enterprises	239,592	218,439	216,577	199,529	191,237
Hospital	36,213	33,416	31,105	34,421	27,593
Mandatory transfers	63,837	61,621	53,108	47,753	55,422
Nonmandatory transfers	78,789	80,003	74,914	71,068	59,285
Total current funds expenditures by function and transfers	\$2,545,060	\$2,273,869	\$2,090,807	\$1,942,652	\$1,841,158

Source: The above information was compiled using the audited general purpose financial statements of the University System of Maryland (for the years ended June 30, 1999, 2000, and 2001) and the University of Maryland System (for the years ended June 30, 1997 and 1998)

Schedule of Revenue Bond Debt Service Coverage Last Ten Fiscal Years

	2006	2005	2004	2003	2002	2001
PLEGGED NET REVENUES:						
Tuition and fees	\$959,993	\$910,670	\$835,121	\$743,568	\$671,672	\$594,118
Auxiliary facilities fees	395,402	380,807	364,160	338,268	246,399	315,950
Total revenues available for debt service	1,355,395	1,291,477	1,199,281	1,081,836	918,071	910,068
Auxiliary enterprise expenses	(354,219)	(327,306)	(303,813)	(312,842)	(286,496)	(239,474)
Net revenues pledged for debt service	\$1,001,176	\$964,171	\$895,468	\$768,994	\$631,575	\$670,594
REVENUE BOND DEBT SERVICE SUBJECT TO RATE COVENANT						
	\$97,212	\$94,187	\$89,001	\$86,817	\$81,243	\$78,467
Revenue bond debt service coverage	10.30	10.24	10.06	8.86	7.77	8.55

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	2002 Series A	2004 Series B
1998 Series A	2000 Series B	2003 Series A	2005 Series A
1999 Series A	2001 Series A	2003 Series B	
1999 Series B	2001 Series B	2004 Series A	

Source: University System of Maryland Office

Computation of Legal Debt Margin

June 30, 2006

(amounts expressed in thousands)

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):	<u>\$1,050,000</u>
Outstanding revenue bonds, other debt, and obligations under capital lease agreements for real property:	
Auxiliary Facility and Tuition Revenue Bonds	\$845,638
Notes payable on equipment and facilities	65,000
Other	19,496
Obligation under capital lease agreements for real property	<u>4,692</u>
Total debt and capital leases subject to limitation	<u>\$934,826</u>
Legal debt margin, as of June 30, 2006	<u>\$115,174</u>

Source: University System of Maryland Office

Years ended June 30,
(amounts expressed in thousands)

2000	1999	1998	1997
\$545,710	\$517,426	\$487,239	\$457,069
296,562	285,158	258,395	246,101
842,272	802,584	745,634	703,170
(218,336)	(216,462)	(199,529)	(191,237)
\$623,936	\$586,122	\$546,105	\$511,933
\$66,096	\$66,098	\$59,482	\$49,895
9.44	8.87	9.18	10.26



UNIVERSITY SYSTEM OF MARYLAND
Enrollment Statistics
 Last Ten Academic Years

	2005	2004	2003	2002	2001	2000
CLASSIFICATION						
Undergraduate	108,465	110,823	109,674	105,892	105,164	99,401
Graduate	31,994	31,781	30,932	30,107	28,309	26,768
First Professional Students	3,520	3,484	3,498	3,456	3,515	3,207
Total	143,979	146,088	144,104	139,455	136,988	129,376
ORIGIN						
In-state	92,151	92,664	90,920	89,040	86,249	82,320
Out-of-state	29,374	29,029	27,548	26,189	24,596	22,099
Foreign	6,900	7,113	7,442	8,147	8,455	8,201
Overseas	15,554	17,282	18,194	16,079	17,688	16,756
Total	143,979	146,088	144,104	139,455	136,988	129,376
CAMPUS ENROLLMENTS						
University of Maryland, Baltimore	5,526	5,602	5,477	5,470	5,476	5,337
University of Maryland, College Park	35,369	34,933	35,329	34,801	34,160	33,189
Bowie State University	5,319	5,414	5,454	5,257	5,181	5,061
Towson University	18,011	17,667	17,188	17,481	16,980	16,729
University of Maryland Eastern Shore	3,870	3,775	3,762	3,644	3,426	3,297
Frostburg State University	5,041	5,327	5,469	5,457	5,283	5,348
Coppin State University	4,306	3,875	3,749	3,882	4,003	3,890
University of Baltimore	4,895	5,045	4,937	4,792	4,639	4,674
Salisbury University	7,009	6,942	6,816	6,851	6,682	6,421
University of Maryland University College	42,983	45,656	44,051	40,109	39,921	34,671
University of Maryland, Baltimore County	11,650	11,852	11,872	11,711	11,237	10,759
Total	143,979	146,088	144,104	139,455	136,988	129,376

Source: University System of Maryland Office



1999	1998	1997	1996
97,790	97,237	96,669	97,960
3,293	24,652	24,502	24,445
24,951	3,364	3,502	3,502
126,034	125,253	124,673	125,907

80,896	80,493	80,333	81,082
20,080	19,181	18,731	18,536
7,509	7,099	6,541	5,991
17,549	18,480	19,068	20,298
126,034	125,253	124,673	125,907

5,553	5,703	5,975	6,066
32,864	32,925	32,711	33,006
5,131	5,410	5,704	5,548
16,647	15,923	15,524	15,105
3,000	3,206	3,209	3,166
5,198	5,260	5,199	5,418
3,844	3,764	3,540	3,643
4,611	4,624	4,609	4,641
6,060	6,080	6,022	5,947
32,861	32,236	32,317	33,435
10,265	10,122	9,863	9,932
126,034	125,253	124,673	125,907



Degrees Awarded

Last Ten Academic Years

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
University of Maryland, Baltimore										
Bachelor's	444	377	348	377	301	351	385	416	423	346
Master's	457	582	666	582	694	708	702	707	693	727
Doctoral	158	103	70	103	72	73	61	71	64	72
First Professional	592	684	597	684	584	623	617	628	597	607
Total	1,651	1,746	1,681	1,746	1,651	1,755	1,765	1,822	1,777	1,752
University of Maryland, College Park										
Bachelor's	6,263	5,959	5,681	5,958	5,304	4,971	5,087	4,977	4,815	4,691
Master's	1,929	1,990	1,776	1,990	1,657	1,634	1,612	1,526	1,454	1,550
Doctoral	516	482	418	482	430	461	501	474	505	466
First Professional	25	31	29	31	28					
Total	8,733	8,462	7,904	8,461	7,419	7,066	7,200	6,977	6,774	6,707
Bowie State University										
Bachelor's	579	596	540	596	533	513	532	508	485	510
Master's	284	367	391	367	500	480	673	677	718	634
Doctoral	15									
Total	878	963	931	963	1,033	993	1,205	1,185	1,203	1,144
Towson University										
Bachelor's	2,984	2,740	2,717	2,740	2,608	2,420	2,609	2,379	2,464	2,474
Master's	827	777	712	777	657	579	550	522	416	426
Doctoral	5	2		2						
Total	3,816	3,519	3,429	3,519	3,265	2,999	3,159	2,901	2,880	2,900
University of Maryland Eastern Shore										
Bachelor's	389	374	428	374	443	456	458	415	341	346
Master's	62	77	68	77	86	72	82	73	67	54
Doctoral	5		2			1	1	3		3
Total	456	451	498	451	529	529	541	491	408	403
Frostburg State University										
Bachelor's	835	797	757	797	812	780	824	836	929	876
Master's	264	253	232	253	215	213	213	206	222	189
Total	1,099	1,050	989	1,050	1,027	993	1,037	1,042	1,151	1,065
Coppin State University										
Bachelor's	315	304	385	304	372	421	342	339	332	247
Master's	75	149	173	149	74	84	105	107	114	111
Total	390	453	558	453	446	505	447	446	446	358

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
University of Baltimore										
Bachelor's	490	470	455	470	462	444	440	476	452	588
Master's	413	474	437	474	498	501	452	395	451	452
Doctoral	6	3	4	3	1					
First Professional	293	265	239	265	238	248	320	303	307	301
Total	1,202	1,212	1,135	1,212	1,199	1,193	1,212	1,174	1,210	1,341
Salisbury University										
Bachelor's	1,313	1,301	1,364	1,301	1,285	1,056	1,169	1,263	1,205	1,160
Master's	190	208	196	208	145	145	182	167	158	140
Total	1,503	1,509	1,560	1,509	1,430	1,201	1,351	1,430	1,363	1,300
University of Maryland University College										
Associate	1,068	1,219	1,111	1,219	1,232	1,289	1,486	1,585	1,603	1,560
Bachelor's	3,587	3,464	3,521	3,452	3,435	3,404	3,325	3,352	3,360	3,237
Master's	1,667	1,384	1,232	1,050	775	751	838	786	776	1,215
Doctoral	8	6								
Total	6,330	6,073	5,864	5,721	5,442	5,444	5,649	5,723	5,739	6,012
University of Maryland, Baltimore County										
Bachelor's	1,819	1,708	1,729	1,708	1,606	1,465	1,511	1,423	1,478	1,571
Master's	379	400	358	400	282	288	270	217	270	269
Doctoral	77	65	67	65	50	46	55	54	57	58
Total	2,275	2,173	2,154	2,173	1,938	1,799	1,836	1,694	1,805	1,898
University System of Maryland - Total										
Associate	1,068	1,219	1,111	1,219	1,232	1,289	1,486	1,585	1,603	1,560
Bachelor's	19,018	18,090	17,925	18,077	17,161	16,281	16,682	16,384	16,284	16,046
Master's	6,547	6,661	6,241	6,327	5,583	5,455	5,679	5,383	5,339	5,767
Doctoral	790	661	561	655	553	581	618	602	626	599
First Professional	910	980	865	980	850	871	937	931	904	908
Total	28,333	27,611	26,703	27,258	25,379	24,477	25,402	24,885	24,756	24,880

Source: University System of Maryland Office

	UMB	UMCP	BSU	TU	UMES	FSU
Year established	1807	1856	1865	1866	1886	1898
Number of employees:						
Faculty:						
Full-time:						
Tenured	323	1,074	79	327	53	160
On track	208	239	63	172	50	44
Non-tenured	709	210	50	164	66	29
Part-time	595	535	172	582	98	118
Management/administrative/other	4,675	10,230	345	1,600	550	553
Total	6,510	12,288	709	2,845	817	904
Financial aid:						
Total number of recipients	4,400	24,525	3,642	10,786	3,504	3,908
Total aid awarded (expressed in thousands)	\$99,662	\$291,603	\$35,565	\$101,710	\$34,679	\$31,356

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



CSU	UB	SU	UMUC	UMBC	UMCES	UMBI	USM OFFICE	Systemwide
1900	1925	1925	1947	1966	1973	1984	1988	1988
65	104	185		262				2,632
47	17	80		102				1,022
16	38	58	557	97				1,994
131	185	171	1,468	296				4,351
373	532	913	1,467	2,012	311	531	90	24,182
632	876	1,407	3,492	2,769	311	531	90	34,181
3,102	3,052	4,892	10,309	6,886				79,006
\$22,746	\$37,624	\$41,169	\$85,377	\$70,315				\$851,806







**Office of Chief Operating Officer/
Vice Chancellor for Administration and Finance**

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