

UNIVERSITY SYSTEM OF MARYLAND

Financial Statements and Supplemental Data

For the Years Ended June 30, 2003 and 2002, together with
Reports of Independent Auditors

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A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of the System in a separate letter dated October 28, 2003.

This report is intended solely for the information and use of the Board of Regents, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

October 28, 2003

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 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 amount reported at the end of the preceding year, to the amounts reported in the Balance Sheet at the end of the 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 a legally-separate and distinct entity for which the System is financially accountable, the University of Maryland Baltimore County Research Park Foundation, Inc. (considered a component unit).

Financial Analysis

At June 30, 2003, the System's financial health remains strong, with assets exceeding liabilities by \$2,432,036,382, shown on the Balance Sheet as Total Net Assets. This compares with Total Net Assets of \$2,187,058,728 at June 30, 2002. -

The table below presents summary-level information of the System's assets, liabilities, and net assets at June 30, 2003 and 2002.

**University System of Maryland
Condensed Balance Sheet
June 30, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
Current and other assets	\$958,261,692	\$979,498,491
Capital assets, net	2,719,784,359	2,387,575,459
Total assets	<u>\$3,678,046,051</u>	<u>\$3,367,073,950</u>
Debt and obligations under capital lease agreements	\$855,142,186	\$796,665,213

The table below presents summary-level information on the changes in the System's net assets for the years ended June 30, 2003 and 2002.

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

For the years ended June 30, 2003 and 2002, Operating Revenues, which under the definitions used by GASB excludes State Appropriations, were recognized in the proportions shown below:

	2003		2002	
	\$	%	\$	%
Tuition and fees	\$634,120,774	32.8%	\$565,444,013	31.5%
Contracts and grants	820,017,889	42.4	792,275,851	44.2
Sales and services of educational departments	110,045,910	5.7	101,311,464	5.7
Auxiliary enterprises	322,256,423	16.7	303,383,149	16.9
Other operating	46,590,748	2.4	29,840,198	1.7
Total	\$1,933,031,744	100.0%	\$1,792,254,675	100.0%

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 5% for the year ended June 30, 2003 over the previous year, in large part due to a 12% increase in health care costs. For the year ended June 30, 2002, Personnel costs increased 10.4% over the previous year, in large part due the addition of approximately 5% in terms of number of employees, a 12% increase in health care costs, and a change in the provision for annual leave for faculty.

For the years ended June 30, 2003 and 2002, operating expenses were recognized in the proportions shown below:

	2003		2002	
	\$	%	\$	%
Instruction	\$807,051,018	29.9%	\$773,426,932	29.6%
Research	556,109,081	20.6	551,329,004	21.1
Public service	157,652,331	5.8	140,560,147	5.4
Academic support	232,637,110	8.6	211,809,069	8.1
Student services	102,421,943	3.8	99,855,958	3.8
Institutional support	258,672,693	9.5	252,444,607	9.7
Operation and maintenance of Plant	180,072,055	6.7	210,563,598	8.1
Scholarships and fellowships	47,721,086	1.8	41,515,115	1.6
Auxiliary enterprises	312,842,271	11.6	286,495,698	11.0
Hospital	46,022,357	1.7	42,203,446	1.6
Total	\$2,701,201,945	100.0%	\$2,610,203,574	100.0%

Capital Asset and Debt Administration

The System added \$486,237,274 in new capital assets during the year ended June 30, 2003. Of these additions, \$206,898,819 was funded through the use of State of Maryland debt proceeds or cash balances, \$126,452,287 was funded from the proceeds of System debt obligations, with the balance, \$152,886,168, purchased using System cash balances or received as donations.

During the year ended June 30, 2003, several major projects were completed and placed in service. At the University of Maryland, Baltimore the \$79 million Health Sciences Research Facility II was completed, while at UMCP a \$30 million Chemistry / Teaching facility was placed in service. At Bowie State University, a \$12 million Science building is a significant addition to the campus. Towson University benefited from the completion of improvements and renovations to Minnegan

Economic Factors and Next Year's Budget and Rates

The State of Maryland is currently experiencing similar fiscal changes that many other states are undergoing; namely flat or declining tax revenues combined with increasing outlays for unemployment claims, and other costs of state government. This environment increases the possibility that the System will have to identify new and innovative sources of funding, or pursue a strategy of increasing tuition, to fund increases in expenditures to accommodate expected enrollment growth. Enrollment projections show continuing increases through the balance of the decade. 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 grants, particularly in the health sciences.

Requests for Information

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

**UNIVERSITY SYSTEM OF MARYLAND
BALANCE SHEET
JUNE 30, 2003 AND 2002**

	Primary Government	Component Unit	Primary Government	Component Unit
ASSETS				
Current assets:				
Cash and cash equivalents	\$523,345,058	\$45,380	\$537,326,082	\$65,263
Accounts receivable, net	160,404,763		180,857,207	
Notes receivable, current portion	15,695,392		12,135,433	
Inventories	9,889,567		9,858,676	
Prepaid expenses	2,413,951		2,930,772	
Deferred charges	15,752			
Total current assets	711,764,483	45,380	743,108,170	65,263
Noncurrent assets:				
Restricted cash and cash equivalents	12,185,550		7,947,566	
Endowment investments	167,561,104		172,456,224	
Other investments	17,397,858		2,345,489	
Notes receivable, net	49,352,697		53,641,042	
Capital assets, net	2,719,784,359	2,987,827	2,387,575,459	2,990,490
Total noncurrent assets	2,966,281,568	2,987,827	2,623,965,780	2,990,490
Total assets	\$3,678,046,051	\$3,033,207	\$3,367,073,950	\$3,055,753
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$202,828,086	\$313,633	\$209,085,541	\$296,159
Accrued workers compensation, current portion	3,553,840		3,490,755	
Accrued vacation costs, current portion	41,899,298		43,452,145	
Revenue bonds and notes payable, current portion	49,606,998	57,501	51,876,661	96,124
Obligations under capital lease agreements, current portion	163,288		152,821	
Deferred revenue	47,472,788	581,527	38,050,359	506,453
Total current liabilities	345,524,298	952,661	346,108,282	898,736
Noncurrent liabilities:				
Accrued workers compensation	19,374,160		19,030,245	
Accrued vacation costs	75,739,311		70,240,964	
Revenue bonds and notes payable	800,318,846	831,549	739,419,389	860,559
Obligations under capital lease agreements	5,053,054		5,216,342	
Total noncurrent liabilities	900,485,371	831,549	833,906,940	860,559
Total liabilities	1,246,009,669	1,784,210	1,180,015,222	1,759,295
NET ASSETS				
Unrestricted	317,087,683	1,248,997	302,658,807	1,296,458
Invested in capital assets, net of related debt	1,864,642,173		1,596,840,441	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	37,696,858		42,276,589	
Research	49,916,286		53,307,071	
Other	37,620,491			

**UNIVERSITY SYSTEM OF MARYLAND
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2002**

	2003 Primary Government	2002 Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$644,823,816	\$552,362,519
Research contracts and grants	846,950,121	785,041,547
Payments to employees	(1,792,501,401)	(1,713,899,851)
Payments to suppliers and contractors	(745,734,028)	(761,552,172)
Loans issued to students	(14,579,892)	(12,709,893)
Collections of loans to students	14,633,190	13,968,507
Auxiliary enterprises:		
Residence halls and dining facilities	136,039,401	130,258,968
Intercollegiate athletics	51,835,146	50,660,249
Bookstores	31,206,655	29,702,753
Parking facilities	24,561,899	25,079,830
Other	81,929,180	64,717,747
Other receipts	144,571,120	154,983,711
Net cash used by operating activities	(576,264,793)	(681,386,085)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	771,877,201	864,765,235
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	2,852,466	7,264,764
Other nonoperating gains and losses	24,533,796	6,742,040
Net cash provided by noncapital financing activities	799,263,463	878,772,039
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	145,381,622	36,540,640
Capital appropriations	206,898,818	179,917,366
Capital grants and gifts received	21,553,957	12,188,471
Proceeds from sales of capital assets	438,714	
Purchases of capital assets	(487,563,252)	(434,365,543)
Principal paid on debt and capital leases	(86,927,349)	(43,140,390)
Interest paid on debt and capital leases	(40,437,053)	(26,994,400)
Net cash used by capital and related financing activities	(240,654,543)	(275,853,856)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	230,919,649	246,049,125
Interest on investments	13,396,607	37,840,719
Investment expense	(590,190)	(776,268)
Purchases of investments	(235,813,233)	(237,491,614)
Net cash provided by investing activities	7,912,833	45,621,962
Net decrease in cash	(9,743,040)	(32,845,940)

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UNIVERSITY SYSTEM OF MARYLAND

Application of Accounting Standards - The System has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, except for instances in which a pronouncement of the FASB conflicts with pronouncements of the Government Accounting Standards Board (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 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 ets. ets. - line met63 Tw (-) Tj6-12.75 o0.

Pending change in accounting principles - In May 2002, the GASB issued GASB Statement #39,

At June 30, 2003, and 2002 the carrying amount of the System's demand and time deposits was \$4,060,565 and \$5,212,062, as compared to bank balances of \$8,780,338 and \$6,367,857, respectively. The difference is primarily caused by items in-transit. Of the bank balances, \$7,881,929 and \$5,824,473 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 \$898,409 and \$543,384 was uninsured and uncollateralized at June 30, 2003 and 2002, respectively.

The Annotated Code of Maryland requires the System to maintain its cash balances, except for assets associated with endowment funds or proc-

3. INVESTMENTS

Endowment investments

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 as 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. Other Investments are categorized, in accordance with GASB Statement Number 3, as being insured or registered, or securities held by the System or its agent in the System's name.

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, 2003 and 2002, investment income attributed to unrestricted funds and restricted funds was:

2003

2002

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2003 AND 2002

	July 1, 2001			June 30, 2002			June 30, 2003
	Balance	Additions	Decreases	Balance	Additions	Decreases	Balance
Capital assets being depreciate d: Infrastructure & Land Improvements	\$140,528,925	\$9,477,041	\$264,020	\$149,741,946	\$19,740,106	\$2,202,148	\$167,279,904

5. DISAGGREGATION OF ACCOUNTS RECEIVABLE, NOTES RECEIVABLE, AND ACCOUNTS PAYABLE

Accounts receivable at June 30, 2003 and 2002 were comprised of:

	<u>2003</u>	<u>2002</u>
Tuition and fees	\$71,021,628	\$49,142,578
Contracts and grants	83,202,999	115,292,759
Other	20,120,488	24,482,970
	<hr/>	
Subtotal	174,345,115	188,918,307
Allowance for doubtful accounts	(13,940,352)	(8,061,100)
	<hr/>	
Accounts receivable, net	<u>\$160,404,763</u>	<u>\$180,857,207</u>

Notes receivable at June 30, 2003 and 2002 were comprised of:

	<u>2003</u>	<u>2002</u>
Student loans	\$69,027,327	\$67,749,812
Business development loans	5,732,024	6,217,205
	<hr/>	
Subtotal	74,759,351	73,967,017
Allowance for doubtful notes	(9,711,262)	(8,190,542)
	<hr/>	
Notes receivable, net	<u>\$65,048,089</u>	<u>\$65,776,475</u>

Accounts payable and accrued liabilities at June 30, 2003 and 2002 were comprised of:

	<u>2003</u>	<u>2002</u>
Payroll and benefits	\$81,579,538	\$61,696,356
Suppliers and contractors	70,514,138	120,740,007
Accrued interest payable	14,202,710	17,065,692
Other	36,531,700	9,583,486
	<hr/>	
Accounts payable and accrued liabilities	<u>\$202,828,086</u>	<u>\$209,085,541</u>

6. REVENUE BONDS AND NOTES PAYABLE

The System finances the construction, renovation and acquisition of certain facilities and equipment through the issuance of debt obligations. State law limits the aggregate principal amount of debt outstanding and the present value of future minimum lease payments on capital lease obligations for real property to no more than \$975,000,000.

Revenue bonds and notes payable consist of the following at June 30, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Revenue Bonds, net	\$775,364,785	\$713,984,237
Equipment Loan Program Obligations, less unamortized discount of \$17,258 and \$21,566	49,567,742	51,253,429
Certificates of Participation	17,600,000	17,800,000
Other	7,393,317	8,258,384
	<u>\$849,925,844</u>	<u>\$791,296,050</u>

Auxiliary Facility and Tuition Revenue Bonds

At June 30, 2003, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Principal Outstanding</u>
1989 Series B	6.9%	2003-2004	\$3,489,709
1992 Series C	5.5%	2004-2022	1,949,000
1993 Series A	5.0% - 5.2%	2004-2006	11,085,000
1993 Series B	6.6% - 7.0%	2004-2013	12,465,000
1993 Refunding Series C	4.3% - 5.1%	2003-2014	113,440,000
1995 Series A	5.0% - 5.6%	2004-2016	41,555,000
1996 Series A	5.4% - 5.5%	2004-2008	12,105,000
1997 Series A	5.0% - 5.1%	2004-2018	51,315,000
1998 Series A	5.0%	2004-2019	80,335,000
1999 Series A	4.0% - 4.5%	2003-2019	98,540,000
1999 Refunding Series B	4.2% - 4.8%	2003-2008	4,990,000
2000 Series A	4.6% - 5.7%	2003-2020	72,105,000
2001 Series A	4.0% - 5.0%	2004-2021	70,395,000
2001 Series B	3.5% - 4.6%	2004-2022	57,360,000
2002 Series A	3.0% - 5.2%	2004-2023	141,690,000
			<u>772,818,709</u>
Unamortized discounts, premiums and refunding adjustments			<u>2,546,076</u>
Revenue bonds, net			<u>\$775,364,785</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.

On July 3, 2002, the System issued \$142,350,000 of University System of Maryland Auxiliary Facility and Tuition Revenue Bonds, 2002 Series A (the 2002 Series A bonds). The 2002 Series A bonds consist of serial bonds maturing through the year ended June 30, 2023 with stated rates of interest from 3% to 5.125%, and were issued at an aggregate premium of \$6,758,379. Of the proceeds of

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 will be made annually on June 1 beginning in 2003 and ending 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 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:

Year ended June	Auxiliary Facility and Tuition Revenue Bonds		Notes Payable and Other Long-term Debt		Total Payments
	Principal	Interest	Principal	Interest	
2004	\$46,406,974	\$40,410,310	\$3,200,023	\$4,082,014	\$94,099,321
2005	45,572,735	36,438,554	3,496,270	3,902,833	89,410,392
2006	49,590,000	32,386,630	3,188,558	3,705,751	88,870,939
2007	52,345,000	30,051,879	1,675,864	3,560,254	87,632,997
2008	54,350,000	27,678,990	1,754,946	3,469,787	87,253,723
2009 – 2013	250,190,000	100,731,177	25,513,802	15,775,293	392,210,272
2014 – 2018	177,855,000	49,525,879	35,748,854	2,997,750	266,127,483
2019 -- 2023	96,509,000	10,830,236	-	-	107,339,236
Total	\$772,818,709	\$328,053,655	\$74,578,317	\$37,493,682	\$1,212,944,363

7. 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%.

Future minimum payments on obligations under capital lease agreements are as follows:

<u>Year ending June 30,</u>	<u>Total</u>
2004	\$511,986
2005	511,986
2006	511,986
2007	511,986
2008	511,986
2009 – 2013	2,559,930
2014 – 2018	2,559,930
2019 - 2022	<u>1,279,964</u>
Total future lease payments	8,959,754
Interest component	<u>(3,743,412)</u>
Obligations under capital lease agreements	<u><u>\$5,216,342</u></u>

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:

<u>Year ending June 30,</u>	<u>Minimum Annual Lease Payments</u>
2004	\$5,900,923
2005	4,550,216
2006	2,389,957
2007	1,520,356
2008	1,381,874
2009 - 2013	<u>1,741,894</u>
Total	<u><u>\$17,485,220</u></u>

Operating lease expenditures for the years ended June 30, 2003 and 2002 were \$7,355,866 and \$7,218,840, respectively.

The System has entered into lease agreements with developers at four 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.

10. 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 University System of Maryland accounts for the plan as a cost-sharing multiple-employer public employee retirement system, as a separate valuation is not performed for the University System of Maryland, 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, 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, 2003, 2002, and 2001 of \$27,492,297, \$19,968

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% 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, 2003 were \$81,595,979, which consisted of \$48,307,493 from the System and \$33,288,486 from employees. The contributions for the year ended June 30, 2002 were \$63,949,019, which consisted of \$34,313,004 from the System and \$29,636,015 from employees.

11. 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

14. 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 of Maryland, 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, 2003 and 2002. Settlement amounts have not exceeded insurance coverage levels for the years ending June 30, 2003, 2002, or 2001.

UNIVERSITY OF MARYLAND, BALTIMORE
BALANCE SHEET
JUNE 30, 2003 AND 2002

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents		

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2003 AND 2002

OPERATING REVENUES:

Tuition and fees	\$54,093,283		\$47,789,147	
Less: scholarship allowances	(13,640,891)	\$40,452,392	(14,720,465)	\$33,068,682

**UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2002**

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$38,350,003	\$32,698,482
Research contracts and grants	298,616,872	254,621,554
Payments to employees	(365,028,122)	(360,641,358)
Payments to suppliers and contractors	(148,576,494)	(112,424,966)
Loans issued to students	(5,963,479)	(4,428,021)
Collections of loans to students	5,439,100	6,691,916
Auxiliary enterprises:		
Residence halls and dining facilities	1,527,926	844,059
Bookstore	285,049	263,399
Parking facilities	10,406,187	8,694,248
Other	8,222,645	5,383,483
Other receipts		

**UNIVERSITY OF MARYLAND, COLLEGE PARK
BALANCE SHEET
JUNE 30, 2003 AND 2002**

ASSETS	2003	2002
Current assets:		
Cash and cash equivalents	\$189,154,109	\$234,467,528
Accounts receivable, net	47,839,902	52,390,460
Notes receivable, current portion	4,736,251	3,917,168
Inventories	1,982,316	1,924,500
Prepaid expenses		

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2003 AND 2002

OPERATING REVENUES:

Tuition and fees	\$244,190,693		\$221,034,500	
Less: scholarship allowances	(32,875,063)	\$211,315,630	(31,086,088)	\$189,948,412
Federal grants and contracts		208,217,930		210,914,840
State and local grants and contracts		42,885,905		61,616,457
Nongovernmental grants and contracts		50,606,139		36,268,454
Sales and services of educational departments		20,503,927		25,130,309
Auxiliary enterprises:				
Residential facilities	61,482,716		63,075,381	
Less: scholarship allowances	(6,690,232)	54,792,484	(6,805,002)	56,270,379
Intercollegiate athletics		35,046,955		31,572,421
Parking facilities		9,257,624		7,764,557
Other auxiliary enterprises revenues		34,932,791		31,504,275
Other operating revenues		26,448,536		13,657,629
Total operating revenues		694,007,921		664,647,733

OPERATING EXPENSES:

Instruction		296,701,442		285,020,341
Research		262,141,921		262,223,576
Public service		56,387,946		54,796,069
Academic support		100,239,714		89,894,659
Student services		30,836,537		29,578,596
Institutional support		53,886,354		64,637,756
Operation and maintenance of plant		53,254,503		100,300,490
Scholarships and fellowships		26,478,472		23,328,068
Auxiliary enterprises:				
Residential facilities		53,786,673		54,142,860
Intercollegiate athletics		50,160,068		41,915,952
Parking facilities		6,384,990		4,422,716
Other auxiliary enterprises expenses		28,069,869		21,680,966
Total operating expenses		1,018,328,489		1,031,942,049
Operating income (loss)		(324,320,568)		(367,294,316)

NONOPERATING REVENUES (EXPENSES):

State appropriate (Sta) 300,4 (Sta) 026 Tc 0017S Tt 117P 01 TW 18326 TD 70,574S Tf -0.0121 TD -0.0026 Tc 0 Tw (100,239,7s00,160,068 7TD n60714) Tjbio97 0 TD -0.0026 Tc 0 Tw (2

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$214,676,228	\$189,496,913
Research contracts and grants	308,207,272	298,617,935
Payments to employees	(710,517,331)	(670,128,108)
Payments to suppliers and contractors	(241,871,117)	(307,465,629)
Loans issued to students	(2,979,028)	(2,394,508)
Collections of loans to students	2,600,440	2,592,135
Auxiliary enterprises:		
Residence halls and dining facilities	52,189,930	56,586,746
Intercollegiate athletics	35,046,955	31,572,421
Parking facilities	9,257,624	7,764,557
Other	34,932,791	31,504,275
Other receipts	29,918,113	64,772,265
	<u>(268,538,123)</u>	<u>(297,080,998)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	318,959,484	359,338,977
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	321,147	6,920,604
Other nonoperating gains and losses	9,386,271	5,118,758
	<u>328,666,902</u>	<u>371,378,339</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from capital debt	51,909,600	18,276,838
Capital appropriations	30,317,297	53,875,602
Capital grants and gifts received	20,707,741	9,005,409
Purchases of capital assets	(151,159,939)	(170,923,143)
Principal paid on debt and capital leases	(41,062,977)	(19,748,211)
Interest paid on debt and capital leases	(14,022,190)	(5,924,860)
Transfers (to) from other University System of Maryland institutions	945,546	44,416,298
	<u>(102,364,922)</u>	<u>(71,022,067)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	125,783,652	130,824,307
Interest on investments	7,876,348	15,046,918
Investment expense	(315,321)	(422,661)
Purchases of investments	(134,513,636)	(130,022,362)
	<u>(1,168,957)</u>	<u>15,426,202</u>
Net cash provided (used) by investing activities	<u>(1,168,957)</u>	<u>15,426,202</u>
Net increase (decrease) in cash	(43,405,100)	18,701,476
Cash and cash equivalents - beginning of the year	<u>238,697,677</u>	<u>219,996,201</u>
Cash and cash equivalents - end of the year	<u>\$195,292,577</u>	<u>\$238,697,677</u>

**BOWIE STATE UNIVERSITY
BALANCE SHEET
JUNE 30, 2003 AND 2002**

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$3,132,010	\$2,160,245
Accounts receivable, net	5,387,509	6,167,748
Notes receivable, current portion	690,153	689,768
Inter-institutional balances	(2,398,790)	(1,482,585)
Total current assets	6,810,882	7,535,176
Noncurrent assets:		
Restricted cash and cash equivalents	459,327	
Capital assets, net	75,127,594	67,287,209
Total noncurrent assets	75,586,921	67,287,209
Total assets	\$82,397,803	\$74,822,385
 LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$6,278,259	\$4,283,226
	690,153	6,167,748

**BOWIE STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2002**

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$18,321,959	\$13,287,566
Research contracts and grants	15,545,791	15,398,515
Payments to employees	(37,708,141)	(37,513,096)
Payments to suppliers and contractors	(20,965,307)	(14,185,011)
Loans issued to students	(206,430)	(214,116)
Collections of loans to students	265,556	
Auxiliary enterprises:		
Residence halls and dining facilities	4,149,009	2,196,130
Intercollegiate athletics	1,584,772	922,962
Parking facilities	209,830	240,000
Other	1,512,131	
Other receipts	280,335	3,579,206
Net cash provided (used) by operating activities	(17,010,495)	(16,287,844)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	21,183,759	22,724,961
Other nonoperating gains and losses		(21,037)
Net cash provided (used) by noncapital financing activities	21,183,759	22,703,924
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from capital debt	1,011,255	143,421
Capital appropriations	6,817,558	9,363,398
Purchases of capital assets	(10,644,030)	(12,044,746)
Principal paid on debt and capital leases	(1,731,083)	(955,625)
Interest paid on debt and capital leases	(554,675)	(551,039)
Transfers (to) from other University System of Maryland institutions	2,353,744	(338,951)
Net cash provided (used) by capital and related financing activities	(2,747,231)	(4,383,542)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	148	B5e76Ring activities\$5,059

**TOWSON UNIVERSITY
BALANCE SHEET
JUNE 30, 2003 AND 2002**

	2003	2002
Current assets:		
Cash and cash equivalents	\$40,622,336	\$35,641,280
Accounts receivable, net	11,420,786	11,470,659
Notes receivable, current portion	3,305,193	2,627,829
Inventories	2,400,733	2,203,460
Prepaid expenses	694,845	867,917
Inter-institutional balances	(1,203,359)	(867,224)
Total current assets	57,240,534	51,943,921
Noncurrent assets:		
Restricted cash and cash equivalents	722,078	84,518
Endowment investments	3,726,630	1,460,219
Notes receivable, net	9,818,521	10,541,013
Capital assets, net	218,898,416	175,540,171
Total noncurrent assets	233,165,645	187,625,921
Total assets	\$290,406,179	\$239,569,842
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$22,499,691	\$17,402,696
Accrued workers, compensation, current portion	271,095	337,280
Accrued vacation costs, current portion	3,692,932	3,266,725
Revenue bonds and notes payable, current portion	6,712,519	6,297,376
Deferred revenue	3,579,427	2,860,244
Total current liabilities	36,755,664	30,164,321
Noncurrent liabilities:		
Accrued workers compensation	1,477,905	1,838,720
Accrued vacation costs	3,293,050	3,475,106
Revenue bonds and notes payable, net	99,367,532	80,668,186
Total noncurrent liabilities	104,138,487	85,982,012
Total liabilities	140,894,151	116,146,333
NET ASSETS		
Unrestricted	14,198,846	13,218,096
Invested in capital assets, net	112,818,365	88,574,609
Restricted:		
Nonexpendable:		
Scholarships and fellowships	176,459	164,652
Expendable:		
Research	7,252,093	7,289,990
Loans	14,516,436	14,176,162
Capital projects	549,829	
Total net assets	149,512,028	123,423,509
Total liabilities and net assets	\$290,406,179	\$239,569,842

TOWSON UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2003 AND 2002

OPERATING REVENUES:

Tuition and fees	\$90,118,252		\$81,493,835	
Less: scholarship allowances	(16,207,914)	\$73,910,338	(15,280,392)	\$66,213,443
Federal grants and contracts		3,897,670		14,240,142
State and local grants and contracts		5,954,892		9,182,993
Nongovernmental grants and contracts		581,571		2,479,723
Sales and services of educational departments		3,558,851		2,555,152
Auxiliary enterprises:				
Residential facilities	26,864,429		24,431,480	
Less: scholarship allowances	(1,011,785)	25,852,644	(756,446)	23,675,034
Intercollegiate athletics	8,369,747		7,607,202	
Less: scholarship allowances	(1,100,922)	7,268,825	(471,055)	7,136,147
Bookstore	10,663,052		10,116,125	
Less: scholarship allowances	(58,159)	10,604,893	(54,714)	10,061,411
Parking facilities		3,116,492		2,163,409
Other auxiliary enterprises revenues		13,261,965		11,924,483
Other operating revenues		258,597		735,723
Total operating revenues		148,266,738		150,367,660

OPERATING EXPENSES:

Instruction		62,790,285		60,389,833
Research		5,563,290		5,095,379
Public service		9,590,698		10,686,367
Academic support		22,193,943		22,883,819
Student services		11,597,468		11,677,427
Institutional support		23,531,087		23,785,167
Operation and maintenance of plant		17,394,150		16,178,570
Scholarships and fellowships		3,948,064		4,166,995
Auxiliary enterprises:				
Residential facilities		19,406,226		18,132,408
Intercollegiate athletics		7,992,664		6,665,869
Bookstore		10,038,719		8,703,497
Parking facilities		1,109,090		679,599
Other auxiliary enterprises expenses		11,871,109		11,137,387
Total operating expenses		207,026,793		200,182,317
Operating income (loss)		(58,760,055)		(49,814,657)

NONOPERATING REVENUES (EXPENSES):

State appropriations		59,583,032		68,062,130
Investment income	1,684,860		1,289,912	
Less: Investment expense	(10,185)	1,674,675	(3,965)	1,285,947
Interest on indebtedness		(4,462,140)		(3,646,516)
Other nonoperating revenues (expenses)		13,785,207		
Transfers (to) from other University System of Maryland institutions		(4,918,077)		(1,714,746)
Total nonoperating revenues (expenses)		65,662,697		63,986,815
Income before other revenues, expenses, gains and losses		6,902,642		14,172,158

OTHER REVENUES, EXPENSES, GAINS AND LOSSES:

Capital appropriations		16,965,820		15,751,951
Capital gifts and grants				

**TOWSON UNIVERSITY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2002**

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$74,165,629	\$66,167,492
Research contracts and grants	9,138,464	26,049,120
Payments to employees	(128,473,119)	(129,456,035)
Payments to suppliers and contractors	(62,889,570)	(59,392,753)
Loans issued to students	(3,105,115)	(2,859,900)
Collections of loans to students	3,150,243	2,515,962
Auxiliary enterprises:		
Residence halls and dining facilities	25,903,907	23,705,915
Intercollegiate athletics	7,268,825	7,136,147
Bookstore	10,604,893	10,061,411
Parking facilities	3,116,492	2,163,409
Other	13,261,965	11,924,483
Other receipts	9,346,444	(846,162)

**UNIVERSITY OF MARYLAND EASTERN SHORE
BALANCE SHEET
JUNE 30, 2003 AND 2002**

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$8,228,367	\$9,287,657
Accounts receivable, net	4,904,265	9,873,298
Notes receivable, current portion	4,460,943	897,565
Inter-institutional balances	(921,385)	(370,568)
Total current assets	16,672,190	19,687,952
Noncurrent assets:		
Restricted cash and cash equivalents	75,076	16,320
Endowment investments	383,202	375,287
Notes receivable, net	760,133	5,385,389
Capital assets, net	163,890,511	152,951,580
Total noncurrent assets	165,108,922	158,728,576
Total assets	\$181,781,112	\$178,416,528
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$2,659,118	\$3,657,276
Accrued workers compensation, current portion	105,865	146,165
Accrued vacation costs, current portion	2,396,075	2,255,954
Revenue bonds and notes payable, current portion	3,119,077	2,661,231
Deferred revenue	318,558	95,459
Total current liabilities	8,598,693	8,816,085
Noncurrent liabilities:		
Accrued workers compensation	577,135	796,835
Accrued vacation costs	326,737	140,833
Revenue bonds and notes payable, net	58,427,493	55,974,462
Total noncurrent liabilities	59,331,365	56,912,130
Total liabilities	67,930,058	65,728,215
NET ASSETS		
Unrestricted	4,761,339	6,742,384
Invested in capital assets, net	102,343,941	94,315,887
Restricted:		
Nonexpendable:		
Scholarships and fellowships	174,863	180,730
Expendable:		
Research	1,789,903	11,349,930
Loans	4,722,572	99,382
Capital projects	58,436	
Total net assets	113,851,054	112,688,313
Total liabilities and net assets	\$181,781,112	\$178,416,528

UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
OPERATING REVENUES:		
Tuition and fees	\$11,325,146	\$13,246,949
Less: scholarship allowances	(5,596,503)	(5,336,071)
Federal grants and contracts	\$5,728,643	\$7,910,878
State and local grants and contracts	15,793,411	13,252,535
Nongovernmental grants and contracts	6,602,060	5,875,460
Sales and services of educational departments	798,174	914,959
Auxiliary enterprises:		
Residential facilities	11,949,381	9,978,117
Less: scholarship allowances	(939,126)	(1,422,952)
Intercollegiate athletics	2,834,619	1,096,453
Less: scholarship allowances	80,646	(355,738)
Bookstore	38,642	740,715
Parking facilities	501,616	138,442
Other auxiliary enterprises revenues	3278,497	35,347
Total operating revenues	43,563,398	40,940,601
OPERATING EXPENSES:		
Instruction	24,509,774	21,858,696
Research	9,267,561	6,150,117
Public service	1,867,301	384,228
Academic support	7,072,890	3,643,839
Student services	2,458,528	2,282,280
Institutional support	14,345,059	7,523,864
Operation and maintenance of plant	6,866,641	10,750,975
Scholarships and fellowships	673,857	
Auxiliary enterprises:		
Residential facilities	7,783,493	8,352,152
Intercollegiate athletics	1,163,172	1,402,367
Other auxiliary enterprises expenses	799,187	875,343
Total operating expenses	76,807,463	63,223,861
Operating income (loss)	(33,244,065)	(22,283,260)
NONOPERATING REVENUES (EXPENSES):		
State appropriations	21,957,129	23,564,429
Investment income	241,822	405,311
Less: Investment expense	(1,356)	(1,726)
Interest on indebtedness	240,466	403,585
Other nonoperating revenues (expenses)	(2,714,953)	(2,802,078)
Transfers (to) from other University System of Maryland institutions	1,790,239	632,003
Total nonoperating (revenues) expenses	21,098,673	21,797,939
Income before other revenues, expenses, gains and losses	(12,145,392)	(485,321)
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:		
Capital appropriations	13,314,595	7,102,170
Capital gifts and grants		1,417
Other gains and losses	(6,462)	1,443,170
Total other revenues, expenses, gains and losses	13,308,133	8,546,757
Increase (decrease) in net assets	1,162,741	8,061,436
Net assets - beginning of year	112,688,313	137,085,151
Cumulative effect of changes in accounting principle		(32,458,274)
Net assets - end of year	\$113,851,054	\$112,688,313

**FROSTBURG STATE UNIVERSITY
BALANCE SHEET
JUNE 30, 2003 AND 2002**

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$8,970,370	\$8,632,601
Accounts receivable, net	1,547,014	1,382,419
Notes receivable, current portion	245,531	215,325
Inventories	949,421	1,174,993
Prepaid expenses	57,945	85,772
Inter-institutional balances	(2,033,675)	(553,993)
Total current assets	9,736,606	10,937,117
Noncurrent assets:		
Restricted cash and cash equivalents	168,465	27,042
Endowment investments	654,949	621,839
Notes receivable, net	1,030,213	1,087,733
Capital assets, net	66,322,042	46,838,905
Total noncurrent assets	68,175,669	48,575,519
Total assets	\$77,912,275	\$59,512,636
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$6,344,115	\$5,835,095
Accrued workers compensation, current portion	108,035	107,260
Accrued vacation costs, current portion	2,223,290	226,099
Revenue bonds and notes payable, current portion	1,221,756	1,153,808
Deferred revenue	1,408,146	1,648,937
Total current liabilities	11,305,342	8,971,199
Noncurrent liabilities:		
Accrued workers compensation	588,965	584,740
Accrued vacation costs		2,034,898
Revenue bonds and notes payable, net	16,937,725	15,243,174
Total noncurrent liabilities	17,526,690	17,862,812
Total liabilities	28,832,032	26,834,011
NET ASSETS		
Unrestricted	(509,826)	759,947
Invested in capital assets, net	48,162,561	30,441,923
Restricted:		
Expendable:		
Research	18,332	161,941
Loans	1,270,372	1,314,814
Capital projects	138,804	
Total net assets	49,080,243	32,678,625
Total liabilities and net assets	\$77,912,275	\$59,512,636

FROSTBURG STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002	
OPERATING REVENUES:			
Tuition and fees	\$21,994,246	\$19,222,493	
Less: scholarship allowances	(4,792,616)	(4,535,787)	\$14,686,706
Federal grants and contracts	4,719,086		5,280,915
State and local grants and contracts	2,062,329		1,283,807
Nongovernmental grants and contracts	105,724		69,456
Sales and services of educational departments	842,076		794,222
Auxiliary enterprises:			
Residential facilities	10,390,036	9,679,417	
Less: scholarship allowances	(102,142)	(153,112)	9,526,305
Intercollegiate athletics	1,662,560	1,508,754	
Less: scholarship allowances	(112,356)	(138,141)	1,370,613
Bookstore	3,094,909	2,895,030	
Less: scholarship allowances	(4,707)	(1,471)	2,893,559
Other auxiliary enterprises revenues	2,418,904		2,191,291
Other operating revenues	436,450		209,961
Total operating revenues	42,714,499	38,306,835	
OPERATING EXPENSES:			
Instruction	24,027,202		23,575,868
Public service	2,955,094		3,704,426
Academic support	5,979,221		6,104,018
Student services	3,238,677		3,370,259
Institutional support	8,557,575		7,869,239
Operation and maintenance of plant	6,408,824		4,588,279
Scholarships and fellowships	1,038,871		964,641
Auxiliary enterprises:			
Residential facilities	10,347,289		10,108,374
Intercollegiate athletics	1,900,203		1,918,547
Bookstore	3,303,246		2,313,459
Other auxiliary enterprises expenses	1,996,255		2,185,681
Total operating expenses	69,752,457	66,702,791	
Operating income (loss)	(27,037,958)	(28,395,956)	
NONOPERATING REVENUES (EXPENSES):			
State appropriations	25,394,793		28,659,702
Gifts	142,353		197,685
Investment income	361,914	308,348	
Less: Investment expense	(2,417)	(2,850)	305,498
Interest on indebtedness	(720,378)		(723,202)
Transfers (to) from other University System of Maryland institutions	(349,199)		38,295
Total nonoperating revenue (expenses)	24,827,066	28,477,978	
Income before other revenues, expenses, gains and losses	(2,210,892)	82,022	
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:			
Capital appropriations	18,436,684		13,087,093
Capital gifts and grants	169,651		284,293
Other gains and losses	6,175		(122,501)
Total other revenues, expenses, gains and losses	18,612,510	13,248,885	
Increase (decrease) in net assets	16,401,618	13,330,907	
Net assets - beginning of year	32,678,625	65,207,691	
Cumulative effect of changes in accounting principle		(45,859,973)	
Net assets - end of year	\$49,080,243	\$32,678,625	

**FROSTBURG STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$17,488,777	\$14,495,999
Research contracts and grants	6,409,230	7,037,640
Payments to employees	(46,472,579)	(46,111,685)
Payments to suppliers and contractors	(18,363,555)	(17,998,856)
Loans issued to students	(268,078)	(241,163)
Collections of loans to students	295,392	283,232
Auxiliary enterprises:		
Residence halls and dining facilities	10,224,498	9,469,274
Intercollegiate athletics	1,550,204	1,370,613
Bookstore	3,090,748	2,888,298
Other	2,460,460	2,181,822
Other receipts	1,090,281	841,089
	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	<u>(22,494,622)</u>	<u>(25,783,737)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	25,394,793	28,659,702
Other nonoperating gains and losses	148,026	75,184
	<u> </u>	<u> </u>
Net cash provided (used) by noncapital financing activities	<u>25,542,819</u>	<u>28,734,886</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from capital debt	355,571	9,581
Capital appropriations	18,436,684	13,087,093
Capital grants and gifts received		11,624
Purchases of capital assets	(23,496,723)	(16,456,971)
Principal paid on debt and capital leases	(1,259,059)	(1,154,543)
Interest paid on debt and capital leases	(727,154)	(731,015)
Transfers (to) from other University System of Maryland institutions	3,794,586	1,929,898
	<u> </u>	<u> </u>
Net cash provided (used) by capital and related financing activities	<u>(2,896,095)</u>	<u>(3,304,333)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	897,587	845,620
Interest on investments	331,067	492,157
Investment expense	(2,417)	(2,850)
Purchases of investments	(899,147)	(862,311)
	<u> </u>	<u> </u>
Net cash provided (used) by investing activities	<u>327,090</u>	<u>472,616</u>
Net increase (decrease) in cash	479,192	119,432
Cash and cash equivalents - beginning of the year	<u>8,659,643</u>	<u>8,540,211</u>
Cash and cash equivalents - end of the year	<u><u>\$9,138,835</u></u>	<u><u>\$8,659,643</u></u>

**COPPIN STATE COLLEGE
BALANCE SHEET
JUNE 30, 2003 AND 2002**

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$4,283,918	\$5,482,720
Accounts receivable, net	1,756,283	2,302,973
Notes receivable, current portion	214,567	221,007
Inventories	28,095	27,971
Prepaid expenses	2,297	2,672
Inter-institutional balances	(85,000)	(60,000)
Total current assets	6,200,160	7,977,343
Noncurrent assets:		
Restricted cash and cash equivalents	128,780	12,230
Endowment investments	448,262	281,151
Notes receivable, net	914,731	1,006,812
Capital assets, net	49,848,461	40,998,563
Total noncurrent assets	51,340,234	42,298,756
Total assets	\$57,540,394	\$50,276,099
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$4,335,798	\$4,885,868
Accrued workers compensation, current portion	93,930	70,525
Accrued vacation costs, current portion	873,230	376,073
Revenue bonds and notes payable, current portion	969,750	922,282
Deferred revenue	318,901	99,511
Total current liabilities	6,591,609	6,354,259
Noncurrent liabilities:		
Accrued workers compensation	512,070	384,475
Accrued vacation costs	1,067,281	1,504,294
Revenue bonds and notes payable, net	23,298,972	20,306,763
Total noncurrent liabilities	24,878,323	22,195,532
Total liabilities	31,469,932	28,549,791
NET ASSETS		
Unrestricted	(1,749,348)	(38,944)
Invested in capital assets, net	25,579,739	19,769,518
Restricted:		
Nonexpendable:		
Scholarships and fellowships	121,286	92,147
Other	331,073	185,139
Expendable:		
Loans	1,682,855	1,718,448
Capital projects	104,857	
Total net assets	26,070,462	21,726,308
Total liabilities and net assets	\$57,540,394	\$50,276,099

COPPIN STATE COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
OPERATING REVENUES:		
Tuition and fees	\$11,213,667	\$11,189,458
Less: scholarship allowances	<u>(6,090,680)</u>	<u>(5,365,201)</u>
Federal grants and contracts	10,865,406	10,037,827
State and local grants and contracts	3,866,538	2,168,340
Nongovernmental grants and contracts	1,395,645	81,082
Auxiliary enterprises:		
Residential facilities	3,008,307	2,684,305
Less: scholarship allowances	<u>(533,508)</u>	<u>(336,277)</u>
Intercollegiate athletics	2,457,027	2,329,633
Less: scholarship allowances	<u>(944,606)</u>	<u>(651,988)</u>
Other auxiliary enterprises revenues	<u>375,785</u>	<u>252,263</u>
Total operating revenues	25,613,581	22,389,442
OPERATING EXPENSES:		
Instruction	14,255,824	13,914,490
Research	12,730	112
Academic support	3,892,400	3,689,056
Student services	4,588,491	4,197,345
Institutional support	14,383,619	10,845,077
Operation and maintenance of plant	4,774,694	3,745,942
Auxiliary enterprises:		
Residential facilities	2,981,625	1,253,162
Intercollegiate athletics	1,333,064	3,331,404
Other auxiliary enterprises expenses	<u>358,332</u>	<u>300,677</u>
Total operating expenses	46,580,779	41,277,265
Operating income (loss)	(20,967,198)	(18,887,823)
NONOPERATING REVENUES (EXPENSES):		
State appropriations	19,239,571	20,513,150
Investment income	196,242	62,078
Less: Investment expense	<u>(1,950)</u>	<u>(1,397)</u>
Interest on indebtedness	(927,345)	(975,622)
Transfers (to) from other University System of Maryland institutions	<u>(720,279)</u>	<u>(65,772)</u>
Total nonoperating revenues (expenses)	17,786,239	19,532,437
Income before other revenues, expenses, gains and losses	(3,180,959)	644,614
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:		
Capital appropriations	7,408,707	4,914,889
Additions to permanent endowments	125,000	115,000
Other gains and losses	<u>(8,594)</u>	<u>(21,585)</u>
Total other revenues, expenses, gains and losses	7,525,113	5,008,304
Increase (decrease) in net assets	4,344,154	5,652,918
Net assets - beginning of year	21,726,308	48,118,455
Cumulative effect of changes in accounting principle	(32,045,065)	(32,045,065)
Net assets - end of year	\$26,070,462	\$21,726,308

**COPPIN STATE COLLEGE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$4,240,601	\$5,132,407
Research contracts and grants	17,869,135	12,150,973
Payments to employees	(33,640,933)	(29,800,386)
Payments to suppliers and contractors	(10,519,810)	(9,363,271)
Loans issued to students	(214,462)	(264,150)
Collections of loans to students	312,983	216,041
Auxiliary enterprises:		
Residence halls and dining facilities	2,382,209	1,773,059
Intercollegiate athletics	1,512,421	1,677,645
Other	375,785	252,263
Other receipts	191	270
Net cash provided (used) by operating activities	<u>(17,681,880)</u>	<u>(18,225,149)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	19,239,571	20,513,150
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	125,000	115,000
Other nonoperating gains and losses	(22,953)	(21,585)
Net cash provided (used) by noncapital financing activities	<u>19,341,618</u>	<u>20,606,565</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from capital debt	5,723,868	60,621
Capital appropriations	7,408,707	4,914,889
Purchases of capital assets	(11,336,769)	(7,465,816)
Principal paid on debt and capital leases	(2,277,098)	(741,929)
Interest paid on debt and capital leases	(1,148,573)	(745,904)
Transfers (to) from other University System of Maryland institutions	(1,086,823)	1,968,138
Net cash provided (used) by capital and related financing activities	<u>(2,716,688)</u>	<u>(2,010,001)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	583,539	210,914
Interest on investments	118,312	144,796
Investment expense	(1,950)	(1,397)
Purchases of investments	(725,203)	(389,876)
Net cash provided (used) by investing activities	<u>(25,302)</u>	<u>(35,563)</u>
Net increase (decrease) in cash	(1,082,252)	335,852
Cash and cash equivalents - beginning of the year	<u>5,494,950</u>	<u>5,159,098</u>
Cash and cash equivalents - end of the year	<u><u>\$4,412,698</u></u>	<u><u>\$5,494,950</u></u>

**UNIVERSITY OF BALTIMORE
BALANCE SHEET
JUNE 30, 2003 AND 2002**

ASSETS	2003	2002
Current assets:		
Cash and cash equivalents	\$8,584,822	\$14,109,797
Accounts receivable, net	4,362,029	3,023,837
Notes receivable, current portion	598,064	619,953
Inventories	42,888	30,518
Prepaid expenses		128,820

UNIVERSITY OF BALTIMORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
OPERATING REVENUES:		
Tuition and fees	\$28,992,314	\$25,258,777
Less: scholarship allowances	<u>(2,366,285)</u>	<u>(2,641,122)</u>
Federal grants and contracts	2,314,777	1,671,493
State and local grants and contracts	5,038,921	4,473,689
Nongovernmental grants and contracts	503,667	587,341
Sales and services of educational departments	393,060	736,937
Auxiliary enterprises:		
Parking facilities	604,253	623,365
Other auxiliary enterprises revenues	4,339,038	3,520,960
Other operating revenues	<u>22,098</u>	<u>446,365</u>
Total operating revenues	<u>39,841,843</u>	<u>34,677,805</u>
OPERATING EXPENSES:		
Instruction	24,515,011	23,438,752
Research	5,404,347	4,832,644
Academic support	8,743,067	8,909,896
Student services	4,320,239	4,612,448
Institutional support	9,453,978	8,993,649
Operation and maintenance of plant	5,492,112	5,069,259
Scholarships and fellowships	1,045,517	226,922
Auxiliary enterprises:		
Parking facilities	255,104	304,810
Other auxiliary enterprises expenses	<u>1,635,656</u>	<u>1,567,839</u>
Total operating expenses	<u>60,865,031</u>	<u>57,956,219</u>
Operating income (loss)	<u>(21,023,188)</u>	<u>(23,278,414)</u>
NONOPERATING REVENUES (EXPENSES):		
State appropriations	21,694,926	24,473,622
Investment income	212,024	285,705
Interest on indebtedness	(4,317,348)	(392,162)
Transfers (to) from other University System of Maryland institutions	<u>(1,940,115)</u>	<u>(1,457,839)</u>
Total nonoperating revenues (expenses)	<u>15,649,487</u>	<u>22,909,326</u>
Income before other revenues, expenses, gains and losses	<u>(5,373,701)</u>	<u>(369,088)</u>
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:		
Capital appropriations	2,243,421	3,131,399
Capital gifts and grants	55,055	137,839
Other gains and losses	<u>(9,378)</u>	<u></u>
Total other revenues, expenses, gains and losses	<u>2,289,098</u>	<u>3,269,238</u>
Increase (decrease) in net assets	<u>(3,084,603)</u>	<u>2,900,150</u>
Net assets - beginning of year	52,038,319	73,674,320
Cumulative effect of changes in accounting principle	<u></u>	<u>(24,536,151)</u>
Net assets - end of year	<u>\$48,953,716</u>	<u>\$52,038,319</u>

**UNIVERSITY OF BALTIMORE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2002**

CASH FLOWS FROM OPERATING ACTIVITIES:	2003	2002
Tuition and fees	\$24,539,062	\$21,725,328
Research contracts and grants	7,280,515	7,112,850
Payments to employees	(48,359,041)	(43,462,351)
Payments to suppliers and contractors	(11,926,696)	(10,667,870)
Loans issued to students	(886,104)	(802,230)
Collections of loans to students	995,547	844,235
Auxiliary enterprises:		
Parking facilities	604,253	623,365
Other	4,339,038	3,520,960
Other receipts	254,751	1,221,406

**SALISBURY UNIVERSITY
BALANCE SHEET
JUNE 30, 2003 AND 2002**

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$14,224,296	\$15,986,345
Accounts receivable, net	815,261	823,325
Notes receivable, current portion	285,253	208,112
Inventories	953,394	1,005,072
Prepaid expenses	63,224	5,510
Inter-institutional balances	(3,277,498)	(2,602,269)
Total current assets	13,063,930	15,426,095
Noncurrent assets:		
Restricted cash and cash equivalents	155,540	
Notes receivable, net	879,542	1,138,928
Capital assets, net	129,181,239	123,750,733
Total noncurrent assets	130,216,321	124,889,661
Total assets	\$143,280,251	\$140,315,756
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$8,528,553	\$8,392,958
Accrued workers compensation, current portion	116,870	115,010
Accrued vacation costs, current portion	1,564,083	1,382,256
Revenue bonds and notes payable, current portion	3,222,918	2,821,283
Deferred revenue	1,004,256	752,445
Total current liabilities	14,436,680	13,463,952
Noncurrent liabilities:		
Accrued workers compensation	637,130	626,990
Accrued vacation costs	1,188,731	1,295,801
Revenue bonds and notes payable, net	38,617,755	39,720,746
Total noncurrent liabilities	40,443,616	41,643,537
Total liabilities	54,880,296	55,107,489
NET ASSETS		
Unrestricted	(904,054)	1,731,407
Invested in capital assets, net	87,340,566	81,208,704
Restricted:		
Expendable:		
Scholarships and fellowships	456,319	
Research		778,487
Loans	1,351,584	1,489,669
Capital projects	155,540	
Total net assets	88,399,955	85,208,267
Total liabilities and net assets	\$143,280,251	\$140,315,756

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
BALANCE SHEET
JUNE 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$56,848,982	\$38,922,967
Accounts receivable, net	37,589,732	30,425,294
Notes receivable, current portion	267,566	253,500
Inventories	2,960,951	2,986,916
Prepaid expenses	140,955	110,867
Deferred charges	15,752	
Inter-institutional balances	(216,351)	
	<u>97,607,587</u>	<u>72,699,544</u>
Total current assets		
Noncurrent assets:		
Restricted cash and cash equivalents	104,099	6,817
Endowment investments	148,118	156,756
Notes receivable, net	1,079,579	1,200,051
Capital assets, net	49,739,542	44,623,140
	<u>51,071,338</u>	<u>45,986,764</u>
Total noncurrent assets		
	<u>\$148,678,925</u>	<u>\$118,686,308</u>
Total assets		
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$14,739,219	\$18,001,519
Accrued workers compensation, current portion	189,410	158,875
Accrued vacation costs, current portion	3,601,875	2,638,425
Revenue bonds and notes payable, current portion	199,186	38,501
Deferred revenue	9,271,887	7,068,932
	<u>28,001,577</u>	<u>27,906,252</u>
Total current liabilities		
Noncurrent liabilities:		
Accrued workers compensation	1,032,590	866,125
Accrued vacation costs	2,049,976	2,883,002
Revenue bonds and notes payable, net	9,202,636	3,122,065
	<u>12,285,202</u>	<u>6,871,192</u>
Total noncurrent liabilities		
	<u>40,286,779</u>	<u>34,777,444</u>
Total liabilities		
NET ASSETS		
Unrestricted	66,297,885	40,712,805
Invested in capital assets, net	40,337,720	41,462,574
Restricted:		
Nonexpendable:		
Scholarships and fellowships	125,429	138,293
Expendable:		
Research	80,411	68,589
Loans	1,453,060	1,526,603
Capital projects	97,641	
	<u>108,392,146</u>	<u>83,908,864</u>
Total net assets		
	<u>\$148,678,925</u>	<u>\$118,686,308</u>
Total liabilities and net assets		

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
BALANCE SHEET
JUNE 30, 2003 AND 2002**

	Primary Government	Component Unit	Primary Government	Component Unit
ASSETS				
Current assets:				
Cash and cash equivalents	\$12,919,436	\$45,380	\$20,161,219	\$65,263
Accounts receivable, net	16,433,798		15,473,165	
Notes receivable, current portion	239,799		44,117	
Inventories	571,769		505,246	
Prepaid expenses	819,955		864,042	
Inter-institutional balances	(840,414)			
Total current assets	30,144,343	45,380	37,047,789	65,263
Noncurrent assets:				
Restricted cash and cash equivalents	739,013		23,229	
Endowment investments	579,822		534,154	
Notes receivable, net	1,728,083		1,924,568	
Capital assets, net	242,219,911	2,987,827	195,406,746	2,990,490
Total noncurrent assets	245,266,829	2,987,827	197,888,697	2,990,490 Restricted

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$60,346,649	\$50,904,031
Research contracts and grants	91,695,423	87,381,346
Payments to employees	(153,288,516)	(143,188,359)
Payments to suppliers and contractors	(81,838,147)	(93,328,921)
Loans issued to students	(360,328)	(357,592)
Collections of loans to students	306,134	401,807
Auxiliary enterprises:		
Residence halls and dining facilities	8,482,722	8,274,756
Intercollegiate athletics		5,378,679
Bookstore	6,180,864	6,243,599
Parking facilities		4,648,969
Other	14,268,651	5,676,990
Other receipts	5,430,319	5,430,447
Net cash provided (used) by operating activities	(48,776,229)	(62,534,248)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	67,481,120	75,817,613
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**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
BALANCE SHEET
JUNE 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$4,169,215	\$1,744,375
Accounts receivable, net	4,344,802	5,720,830
Inter-institutional balances	<u>(403,660)</u>	<u>(87,037)</u>
Total current assets	<u>8,110,357</u>	<u>7,378,168</u>
Noncurrent assets:		
Restricted cash and cash equivalents	14,152	
Capital assets, net	<u>59,683,476</u>	<u>47,908,940</u>
Total noncurrent assets	<u>59,697,628</u>	<u>47,908,940</u>
Total assets	<u><u>\$67,807,985</u></u>	<u><u>\$55,287,108</u></u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$2,497,746	\$1,638,450
Accrued workers compensation, current portion	99,045	100,440
Accrued vacation costs, current portion	497,676	497,677
Revenue bonds and notes payable, current portion	<u>427,758</u>	<u>465,172</u>
Total current liabilities	<u>3,522,225</u>	<u>2,701,739</u>
Noncurrent liabilities:		
Accrued workers compensation	539,955	547,560
Accrued vacation costs	1,818,149	1,722,125
Revenue bonds and notes payable, net	<u>5,390,031</u>	<u>5,648,198</u>
Total noncurrent liabilities	<u>7,748,135</u>	<u>7,917,883</u>
Total liabilities	<u>11,270,360</u>	<u>10,619,622</u>
NET ASSETS		
Unrestricted	2,657,786	2,871,916
Invested in capital assets, net	53,865,687	41,795,570
Restricted:		
Expendable:		
Capital projects	<u>14,152</u>	<u></u>
Total net assets	<u>56,537,625</u>	<u>44,667,486</u>
Total liabilities and net assets	<u><u>\$67,807,985</u></u>	<u><u>\$55,287,108</u></u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
OPERATING REVENUES:		
Federal grants and contracts	\$12,800,656	\$13,136,758
State and local grants and contracts	4,905,971	4,759,406
Nongovernmental grants and contracts	1,160,549	1,171,416
Sales and services of educational departments	2,380,121	3,137,426
Other operating revenues	28,000	25,000
	<u>21,275,297</u>	<u>22,230,006</u>
OPERATING EXPENSES:		
Research	36,338,824	36,688,378
Operation and maintenance of plant	3,577	330,808
	<u>36,342,401</u>	<u>37,019,186</u>
Operating income (loss)	<u>(15,067,104)</u>	<u>(14,789,180)</u>
NONOPERATING REVENUES (EXPENSES):		
State appropriations	12,917,215	13,478,721
Interest on indebtedness	(255,074)	(273,095)
Transfers (to) from other University System of Maryland institutions	561,170	1,316,533
	<u>13,223,311</u>	<u>14,522,159</u>
Income before other revenues, expenses, gains and losses	<u>(1,843,793)</u>	<u>(267,021)</u>
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:		
Capital appropriations	13,713,932	2,695,751
Other gains and losses		(11,204)
	<u>13,713,932</u>	<u>2,684,547</u>
Increase (decrease) in net assets	11,870,139	2,417,526
Net assets - beginning of year	44,667,486	60,422,171
Cumulative effect of changes in accounting principle		(18,172,211)
Net assets - end of year	<u>\$56,537,625</u>	<u>\$44,667,486</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2002**

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Research contracts and grants	\$20,243,204	\$19,510,145
Payments to employees	(21,010,931)	(20,113,466)
Payments to suppliers and contractors	(11,232,770)	(13,336,755)
Other receipts	2,408,121	3,162,426
Net cash provided (used) by operating activities	(9,592,376)	(10,777,650)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	12,917,215	13,478,721
Other nonoperating gains and losses		(11,204)
Net cash provided (used) by noncapital financing activities	12,917,215	13,467,517
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from capital debt	438,491	9,822
Capital appropriations	13,713,932	2,695,751
Purchases of capital assets	(14,926,920)	(4,471,269)
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**UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE
BALANCE SHEET
JUNE 30, 2003 AND 2002**

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$9,356,415	\$7,856,271
Accounts receivable, net	4,908,336	6,652,198
Inter-institutional balances	(469,539)	(106,548)
Total current assets	13,795,212	14,401,921
Noncurrent assets:		
Restricted cash and cash equivalents	7	
Other investments	1,850	1,850
Capital assets, net	58,315,722	58,359,061
Total noncurrent assets	58,317,579	58,360,911
Total assets	\$72,112,791	\$72,762,832
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$3,576,142	\$2,343,794
Accrued vacation costs, current portion	751,795	572,263
Obligations under capital lease obligations, current portion	163,288	152,821
Total current liabilities	4,491,225	3,068,878
Noncurrent liabilities:		
Accrued vacation costs	2,255,386	1,716,789
Obligations under capital lease agreements	5,053,054	5,216,342
Total noncurrent liabilities	7,308,440	6,933,131
Total liabilities	11,799,665	10,002,009
NET ASSETS		
Unrestricted	6,757,153	8,559,911
Invested in capital assets, net	53,099,380	52,989,898
Restricted:		
Expendable:		
Research	456,586	1,211,014
Capital projects	7	
Total net assets	60,313,126	62,760,823
Total liabilities and net assets	\$72,112,791	\$72,762,832

**UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Research contracts and grants	\$26,035,008	\$21,260,822
Payments to employees	(25,259,286)	(22,008,041)
Payments to suppliers and contractors	(14,772,422)	(15,718,089)
Other receipts	1,281,430	1,388,927
	<u>1,281,430</u>	<u>1,388,927</u>
Net cash provided (used) by operating activities	<u>(12,715,270)</u>	<u>(15,076,381)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	15,135,958	16,468,109
Other nonoperating gains and losses	(5,500)	
	<u>(5,500)</u>	
Net cash provided (used) by noncapital financing activities	<u>15,130,458</u>	<u>16,468,109</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital appropriations	474,857	2,197,468
Capital grants and gifts received	704,000	273,888
Purchases of capital assets	(3,179,026)	(3,533,130)
Principal paid on debt and capital leases	(152,821)	(143,024)
Interest paid on debt and capital leases	(357,449)	(367,356)
Transfers (to) from other University System of Maryland institutions	1,367,185	395,035
	<u>1,367,185</u>	<u>395,035</u>
Net cash provided (used) by capital and related financing activities	<u>(1,143,254)</u>	<u>(1,177,119)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	228,217	301,890
	<u>228,217</u>	<u>301,890</u>
Net cash provided (used) by investing activities	<u>228,217</u>	<u>301,890</u>
Net increase (decrease) in cash	1,500,151	516,499
Cash and cash equivalents - beginning of the year	<u>7,856,271</u>	<u>7,339,772</u>
Cash and cash equivalents - end of the year	<u><u>\$9,356,422</u></u>	<u><u>\$7,856,271</u></u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
BALANCE SHEET
JUNE 30, 2003 AND 2002**

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$30,334,253	\$37,580,477
Accounts receivable, net	155,852	361,381
Inter-institutional balances	12,395,076	7,817,674
Total current assets	42,885,181	45,759,532
Noncurrent assets:		
Restricted cash and cash equivalents	468,490	610,151
Endowment investments	8,722,910	9,098,698
Capital assets, net	22,290,555	18,681,413
Total noncurrent assets	31,481,955	28,390,262
Total assets	\$74,367,136	\$74,149,794
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$2,662,969	\$2,596,368
Accrued workers compensation, current portion	15,190	13,950
Accrued vacation costs, current portion	420,563	488,123
Revenue bonds and notes payable, current portion	185,732	286,067
Total current liabilities	3,284,454	3,384,508
Noncurrent liabilities:		
Accrued workers compensation	82,810	76,050
Accrued vacation costs	651,052	563,285
Revenue bonds and notes payable, net	3,620,371	7,802,396
Total noncurrent liabilities	4,354,233	8,441,731
Total liabilities	7,638,687	11,826,239
NET ASSETS		
Unrestricted	44,180,597	21,040,965
Invested in capital assets, net	18,484,452	16,523,145
Restricted:		
Nonexpendable:		
Scholarships and fellowships	982,953	1,164,821
Research		235,348
Other	2,877,620	3,728,914
Expendable:		
Research	89,559	
Capital projects	113,268	19,630,362
Total net assets	66,728,449	62,323,555
Total liabilities and net assets	\$74,367,136	\$74,149,794

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2003 AND 2002**

OPERATING REVENUES:

Federal grants and contracts		\$584,513
State and local grants and contracts	\$461,735	
Nongovernmental grants and contracts	88,690	328,044
Other operating revenues	10,284	187,099
Total operating revenues	560,709	1,099,656

OPERATING EXPENSES:

UNIVERSITY SYSTEM OF MARYLAND

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