

State of Illinois
Southern Illinois University
Medical Facilities System

Report of the Treasurer

For the Year Ended

June 30, 2013

**STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY
MEDICAL FACILITIES SYSTEM
ANNUAL FINANCIAL REPORT
For The Year Ended June 30, 2013**

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SOUTHERN ILLINOIS UNIVERSITY

SENIOR VICE PRESIDENT FOR FINANCIAL & ADMINISTRATIVE AFFAIRS AND BOARD TREASURER
STONE CENTER - MAIL CODE 6801 / 1400 DOUGLAS DRIVE / CARBONDALE, ILLINOIS 62901

January 3, 2014

TO THE BONDHOLDERS AND TO THE BOARD OF TRUSTEES
OF SOUTHERN ILLINOIS UNIVERSITY

I am pleased to submit the annual Treasurer's Report to the Bondholders for the Southern Illinois University Medical Facilities System for the fiscal year ended June 30, 2013.

A calculation of debt service coverage is included. The system exceeds the coverage required by the bond resolution.

We invite your inquiries on any matter relating to the bonds or to the report.

Respectfully submitted,

Duane Stucky
Board Treasurer

DS/lap

TREASURER'S COMMENTS

SOUTHERN ILLINOIS UNIVERSITY MEDICAL FACILITIES SYSTEM

I. SOUTHERN ILLINOIS UNIVERSITY REVENUE BOND OPERATIONS

FACILITIES

The facilities included in the Southern Illinois University Medical Facilities System (the "System") were acquired in three phases. The first phase coincided with the creation of the system in connection with issuance of the Series 1997 bonds, in the amount of \$16,855,000, pursuant to a resolution of the Board of Trustees (the "Board") adopted on October 10, 1996.

The primary purpose of issuing the Series 1997 Bonds was to purchase the Richard H. Moy, M.D. Building, formerly known as the SIU Clinics Building, located at 751 N. Rutledge, Springfield, Illinois. The building is a four-story, clinical teaching facility containing 106,904 gross square feet. It is connected by skyways to Memorial Medical Center, an independently owned, tertiary hospital and to the University-owned Medical Instructional Facility. Further, it is connected to a four-story parking garage and a physician office building owned by the Memorial Health Systems.

The Richard H. Moy, M.D. Building was completed and occupied by the University in May 1993. The building now houses outpatient clinics for the department of Internal Medicine, offices and outpatient clinics for the Memory and Aging Center, Dermatology, Endocrinology, the department of Neurology, and Fertility and In Vitro Fertilization Clinics. Space is also included in the building for a medical records unit. The design of the Richard H. Moy, M.D. Building includes an allowance in the foundation and other component service areas for the addition of three more stories to the building. Each story would approximate an additional 22,000 square feet. No current plans exist for such expansion.

The second phase expanded the System to include the construction and equipping of the Simmons Cancer Institute, a 60,000 square foot multi-story building in Springfield, Illinois that includes space for clinical care and cancer treatment, patient supportive care, education and support services, research, program outreach and coordination. The funds for construction of the building were provided from \$14,500,000 of state appropriations, \$1,000,000 from a state grant and revenue bonds proceeds and related interest earnings totaling \$7,000,000. The bond proceeds were obtained through the issuance of the Southern Illinois University Medical Facilities System Revenue Bonds, Series 2005 totaling \$21,290,000, which were used to advance refund the existing Medical Facilities System Revenue Bonds, Series 1997 as described in the next section and complete construction of the building.

The third phase expanded the system to include the purchase and renovation of property located at 401 N. Walnut in Springfield. This space is being used by clinic billing unit staff.

On June 30, 2013, the School of Medicine Medical Facilities System owned or occupied seventeen locations where clinics and/or clinical faculty and/or clinical administration were housed. Owned by the University are the Richard H. Moy, M.D. Building, 401 N. Walnut, and the Simmons Cancer Institute. The fourteen remaining locations are leased by the University using revenues generated by the clinical practice of medicine. Ten of the leased facilities are in Springfield, Illinois and the remaining four are located elsewhere in Illinois.

ADVANCED REFUNDING

During fiscal year 2005, the debt related to the acquisition of the original system facility was advance refunded without extending the final maturity date. The refunding was undertaken by the Board of Trustees ("the Board") for the purpose of affecting a cost savings.

The proceeds of the bonds issued in the refunding were used to purchase U.S. Government securities in amounts which, together with the earnings thereon, were sufficient to pay, on their redemption date of April 1, 2007, the interest, and principal of the refunded bonds.

TREASURER'S COMMENTS – Continued

II. ENROLLMENTS AT SOUTHERN ILLINOIS UNIVERSITY

The University reported the following enrollment for the School of Medicine:

	<u>Head Count</u>
Fall semester 2012	301
Fall semester 2011	298

All students are enrolled full time. The first year is spent in Carbondale with a core curriculum of basic science courses. The remaining three years are spent at the Springfield campus. Beginning with Summer semester 2012 the Physician's Assistant program was moved to the School of Medicine. The Fall semester 2012 enrollment including the Physician's Assistant program was 363.

III. DEBT SERVICE COVERAGE

The bond resolution requires that debt service coverage (net revenues plus pledged tuition) be at least 200% (2.00 times) of annual debt service and that net revenues shall be at least 100% (1.00 times) of the annual debt service requirement in each fiscal year. The debt service coverage is calculated at the end of the year using cash basis data obtained from the Statement of Cash Flows. Debt service coverage for the System, as defined by the bond resolution and based on actual pledged tuition, has been calculated as follows:

	<u>Year Ended June 30</u>	
	<u>2013</u>	<u>2012</u>
Receipts:		
Revenue Account:		
Operations	\$ 42,590,468	\$ 41,150,978
Investment Income	2,849	6,512
Retirement of Indebtedness – Investment Income	1,249	198
	<u>42,594,566</u>	<u>41,157,688</u>
Disbursements:		
Operation & Maintenance Account	<u>40,409,355</u>	<u>39,070,659</u>
Net Revenues	2,185,211	2,087,029
Plus: Pledged Tuition	<u>142,432,232</u>	<u>144,182,420</u>
Total Available for Debt Service	<u>\$144,617,443</u>	<u>\$146,269,449</u>
Annual Debt Service	<u>\$ 1,742,500</u>	<u>\$ 1,717,900</u>
Maximum Annual Debt Service	<u>\$ 1,985,750</u>	<u>\$ 1,985,750</u>
Coverage Ratio Based on Net Revenues	1.25	1.21
Coverage Ratio Based on Annual Debt Service	82.99	85.14
Coverage Ratio Based on Maximum Annual Debt Service	72.83	73.66

IV. RETIREMENT OF INDEBTEDNESS

Net position is restricted for the following purposes:

	<u>June 30</u>	
	<u>2013</u>	<u>2012</u>
Bond and Interest Sinking Fund Account	\$460,527	\$459,174

V. RENEWALS AND REPLACEMENTS

The bond resolution requires the Treasurer to credit funds remaining in the Revenue Fund into a separate and special account designated the Medical Facilities System Repair and Replacement Reserve Account on or before the close of each Fiscal Year the sum of, not less than 10% of the Maximum Annual Debt Service, or such portion thereof as is available for transfer and deposit annually for a repair and replacement reserve. The maximum amount which may be credited in such account shall not exceed 5% of the replacement cost of the

TREASURER'S COMMENTS – Continued

facilities constituting the System, as determined by the then current Engineering News Record Building Cost Index (or comparable index) plus 20% of the book value of the movable equipment within the System. All moneys and investments so credited to said Account will be used and held for use to pay the cost of unusual or extraordinary maintenance or repairs, renewals, renovations, and replacements, and renovating or replacement of the furniture and equipment not paid as part of the ordinary maintenance and operation of the System.

In the event the moneys in the Bond and Interest Sinking Fund Account are reduced at any time below the amounts required to be on deposit therein, then the funds so credited to the Repair and Replacement Reserve Account may, at the discretion of the Board, be transferred for deposit in the Bond and Interest Sinking Fund Account to the extent required to eliminate the deficiency in such Account and to restore such sums as may be necessary for that purpose, and all moneys so transferred will thereafter be replaced by a resumption of the specified credits into the Repair and Replacement Reserve Account.

Moneys or investments to the credit of such Account are not pledged as security for the payment of the Bonds, but may be used to pay for the payment of Bonds when all Bonds are so paid or provided for.

Additions during the year included transfers from unrestricted net position of \$198,575 (\$198,575 in 2012), interest earned on investments of \$14,157 (interest of \$8,938 in 2012) and no nonoperating revenue (\$138,972 in 2012).

There were expenditures in the amount of \$44,123 charged to the reserve (\$0 in 2012). The restricted net position of Renewals and Replacements consisted of the following:

	June 30	
	2013	2012
Cash	\$ 1,447,577	\$ 1,278,381
Accounts Receivable	-	815
Accrued Interest Receivable	228	-
	<u>\$ 1,447,805</u>	<u>\$ 1,279,196</u>

VI. SCHEDULE OF BONDS PAYABLE OUTSTANDING

A Schedule of Bonds Payable Outstanding is shown as supplementary information and lists the amount of Medical Facilities System Revenue Bonds, Series 2005 issued and outstanding as of June 30, 2013.

VII. RESTRICTED NET POSITION - EXPENDABLE

Restricted net position as of June 30, 2013 and 2012 are comprised of the following:

	June 30	
	2013	2012
Retirement of indebtedness	\$ 460,527	\$ 459,174
Renewals and replacements	1,447,805	1,279,196
	<u>\$ 1,908,332</u>	<u>\$ 1,738,370</u>

The Independent Auditors' Report and the System's financial statements appear on the following pages.

Board of Trustees and Officers of Administration

BOARD OF TRUSTEES OF SOUTHERN ILLINOIS UNIVERSITY

Randal Thomas, Chair
Donna Manering, Vice Chair
Don Lowery, Secretary
Jesse Cler
David Hamilton
Roger Herrin
Shirley Portwood
Marquita Wiley

Springfield
Makanda
Goiconda
Carbondale
Edwardsville
Harrisburg
Godfrey
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OFFICERS OF SOUTHERN ILLINOIS UNIVERSITY

Glenn Poshard, President
Misty Whittington, Executive Secretary of the Board
Lucas Crater, Interim General Counsel
Paul Sarvela, Vice-President, Academic Affairs
Duane Stucky, Senior Vice-President, Financial and Administrative Affairs and Board Treasurer

OFFICERS OF ADMINISTRATION, SOUTHERN ILLINOIS UNIVERSITY CARBONDALE

Rita Cheng, Chancellor
J. Kevin Dorsey, Dean and Provost, School of Medicine
Wendy Cox-Largent, Associate Provost for Finance and Administration, School of Medicine
Connie Hess, Assistant Provost, Financial Affairs, School of Medicine

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of Southern Illinois University Medical Facilities System was conducted by CliftonLarsonAllen LLP.

Based on their audit, the auditors expressed an unmodified opinion on the System's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General, State of Illinois
and
Board of Trustees
Southern Illinois University

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities of the Southern Illinois University Medical Facilities System ("the System") as of and for the years ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities for the System as of June 30, 2013, and the respective changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the System's 2012 financial statements, and we expressed an unmodified audit opinion on the respective financial statements of the business-type activities of the System in our report dated March 25, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in note 1A, the financial statements of the System are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of Southern Illinois University that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of Southern Illinois University as of June 30, 2013, and its changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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 accompanying Schedule of Bonds Payable Outstanding is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The Treasurer's Comments on pages 2-4 has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

In connection with our audit, nothing came to our attention that caused us to believe that the System was not in compliance with any of the fund accounting covenants of the Resolutions of the Board of Trustees of Southern Illinois University, which provided for the issuance of the Southern Illinois University Medical Facilities System Revenue Bonds Series 2005, adopted October 13, 2005 insofar as they related to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated January 6, 2014 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

Peoria, Illinois
January 6, 2014

SOUTHERN ILLINOIS UNIVERSITY

MEDICAL FACILITIES SYSTEM

STATEMENT OF NET POSITION

June 30, 2013

(with comparative totals for 2012)

	2013	2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 2,571,505	\$ 2,533,315
Cash and cash equivalents, restricted (Note 2)	1,448,781	1,278,625
Short term investments, restricted (Note 2)	440,035	433,608
Accounts receivable	4,232,555	4,972,643
Accrued interest receivable	365	1,771
Prepaid expenses and other assets	16,213	103,696
TOTAL CURRENT ASSETS	8,709,454	9,323,658
NONCURRENT ASSETS:		
Prepaid expenses and other assets	190,501	206,713
Capital assets not being depreciated: (Note 4)		
Land	2,565,115	2,565,115
Construction in progress	-	1,809,548
Total capital assets not being depreciated	2,565,115	4,374,663
Capital assets being depreciated, net: (Note 4)		
Equipment	6,365,686	4,214,179
Buildings	36,369,587	36,369,587
Less accumulated depreciation	(11,664,288)	(10,154,905)
Total capital assets being depreciated, net	31,070,985	30,428,861
TOTAL NONCURRENT ASSETS	33,826,601	35,010,237
TOTAL ASSETS	42,536,055	44,333,895
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	563,393	948,987
Accrued interest payable	187,563	199,375
Accrued payroll	457,983	554,360
Accrued compensated absences (Note 5)	243,311	242,707
Revenue bonds payable (Notes 5 and 6)	999,090	936,785
TOTAL CURRENT LIABILITIES	2,451,340	2,882,214
NONCURRENT LIABILITIES:		
Accrued compensated absences (Note 5)	1,899,076	1,923,161
Revenue bonds payable (Notes 5 and 6)	14,099,093	15,098,183
TOTAL NONCURRENT LIABILITIES	15,998,169	17,021,344
TOTAL LIABILITIES	18,449,509	19,903,558
NET POSITION		
Net investment in capital assets	18,537,917	18,768,556
Restricted for:		
Expendable		
Capital projects and debt service	1,908,332	1,738,370
Unrestricted	3,640,297	3,923,411
TOTAL NET POSITION	\$ 24,086,546	\$ 24,430,337

The accompanying notes are an integral part of this statement.

SOUTHERN ILLINOIS UNIVERSITY
MEDICAL FACILITIES SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2013
(with comparative totals for 2012)

	2013	2012
REVENUES		
OPERATING REVENUES		
Medical Facilities System	\$ 41,851,324	\$ 41,226,508
TOTAL OPERATING REVENUES	41,851,324	41,226,508
EXPENSES		
OPERATING EXPENSES		
Salaries and wages	47,577,138	40,068,563
Contractual services	12,068,067	13,605,858
Other	3,045,557	2,638,060
Depreciation (Note 4)	1,687,431	1,276,765
TOTAL OPERATING EXPENSES	64,378,193	57,589,246
 OPERATING LOSS	 (22,526,869)	 (16,362,738)
NONOPERATING REVENUES (EXPENSES)		
Investment income (Note 3)	17,771	15,573
Gifts and contributions	115,842	115,842
Interest on capital asset-related debt	(810,115)	(844,674)
Payments on behalf of the system (Notes 11 and 8)	22,699,375	16,449,500
Other nonoperating revenue	-	138,972
NET NONOPERATING REVENUES	22,022,873	15,875,213
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(503,996)	(487,525)
OTHER REVENUES, EXPENSES, GAINS OR LOSSES		
Capital assets retired (Note 4)	(7,892)	(362,115)
Additions to plant facilities from other sources (Note 7)	168,097	336,580
TOTAL OTHER REVENUES, EXPENSES, GAINS OR LOSSES	160,205	(25,535)
 DECREASE IN NET POSITION	 (343,791)	 (513,060)
NET POSITION		
Net position at beginning of year	24,430,337	24,943,397
NET POSITION AT END OF YEAR	\$ 24,086,546	\$ 24,430,337

The accompanying notes are an integral part of this statement.

SOUTHERN ILLINOIS UNIVERSITY

MEDICAL FACILITIES SYSTEM STATEMENT OF CASH FLOWS For the Year Ended June 30, 2013 (with comparative totals for 2012)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Medical Facilities System	\$ 42,590,468	\$ 41,150,978
Payments to employees	(24,995,806)	(23,265,811)
Payments for utilities	(376,618)	(411,578)
Payments to suppliers	(15,036,931)	(15,393,269)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,181,113	2,080,320
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions for other than capital purposes	115,842	115,842
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	115,842	115,842
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from sale of capital assets	-----	146,768
Purchases of capital assets	(359,803)	(219,170)
Principal paid on capital debt	(945,000)	(885,000)
Interest paid on capital debt	(797,500)	(832,900)
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	(2,102,303)	(1,790,302)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	1,630,913	871,187
Investment income	18,842	15,531
Purchase of investments	(1,636,061)	(1,021,049)
NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES	13,694	(134,331)
NET INCREASE IN CASH	208,346	271,529
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR	3,811,940	3,540,411
CASH AND CASH EQUIVALENTS - END OF THE YEAR	\$ 4,020,286	\$ 3,811,940
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (22,526,869)	\$ (16,362,738)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation expense	1,687,431	1,276,765
Payments on behalf of the system	22,699,375	16,449,500
Changes in assets and liabilities:		
Receivables, net	739,144	(75,529)
Prepaid expense	87,483	(87,483)
Accounts payable	(385,594)	523,780
Accrued payroll	(96,376)	209,804
Accrued compensated absences	(23,481)	146,221
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,181,113	\$ 2,080,320
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
On behalf payments for fringe benefits	\$ 22,699,375	\$ 16,449,500
Capital asset acquisitions from other sources	168,097	336,580
Loss on disposal of capital assets	7,892	362,115

The accompanying notes are an integral part of this statement.

**SOUTHERN ILLINOIS UNIVERSITY
MEDICAL FACILITIES SYSTEM
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

1. Significant Accounting Policies

(A) Basis of Presentation

These financial statements have been prepared to satisfy the requirements of the Southern Illinois University Medical Facilities System ("System") Revenue Bonds master resolution. The financial balances and activities of the System, included in these financial statements, are included in the University's financial statements. The System is not a separate legal entity. The financial statements include prior year comparative information, which has been derived from the System's 2012 financial statements. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the System's financial statements for the year ended June 30, 2012.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. Additionally, the System has adopted GASB Statement No. 37, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. The System follows the business-type activity reporting requirements of GASB Statement Nos. 35, 37 and 38 that provide a comprehensive, entity-wide perspective of the System's financial activities and replaces the fund group presentations previously required. Effective July 1, 2004, the System adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. The objective of this statement is to update the custodial credit risk disclosure requirements and to establish more comprehensive disclosure requirements addressing the common risks of deposits and investments. Effective July 1, 2007, the System adopted GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The System has disclosed pledged revenues in Note 6 to the financial statements. Effective July 1, 2012, the System adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. Incorporating GASB Statement No. 63 in the System's 2013 financial statements had no effect on beginning net position.

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 applicable to state colleges and universities. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation to pay has been incurred.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(B) Compensated Absences

Accrued compensated absences for University personnel are charged to current funds based on earned but unused vacation and sick leave days including the University's share of Social Security and Medicare taxes.

(C) Buildings, Improvements and Equipment

Buildings, improvements and equipment are recorded at cost less accumulated depreciation. The System's capitalization policy for capital assets is as follows: buildings with an acquisition cost of \$100,000 or greater, site or building improvements of \$25,000 or greater; and equipment items \$5,000 or greater.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 15 years for site or building improvements, 5 years for vehicles and electronic data processing equipment, and 7 years for other equipment. Land is not depreciated. The "following-month" prorate convention is used, in which no depreciation is recorded in the month of acquisition and an entire month of depreciation is recorded in the month of disposition.

**SOUTHERN ILLINOIS UNIVERSITY
MEDICAL FACILITIES SYSTEM
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

(D) Revenues and Expenses

The System has classified its revenues and expenses as either operating or nonoperating. Operating revenues and expenses include activities that have characteristics of exchange transactions, such as sales and services. Nonoperating revenues and expenses include activities that have characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Other nonoperating revenues and expenses include transactions relating to capital and financing activities, noncapital financing activities, and investing activities. The System first applies restricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

(E) Cash and Cash Equivalents

Cash and cash equivalents include bank accounts and investments with original maturities of 90 days or less at the time of purchase, primarily U.S. Treasury Bills and money market funds.

(F) Investments

Investments are reported at fair value. The investments, which consist of U.S. Treasury notes, are held in the University's name by its agent.

(G) Allowance for Uncollectibles

The System does not report an allowance for uncollectibles. As the accounts receivable amount represents actual collections as of June 30 that have not yet been transferred from the SIU HealthCare agency account to the System revenue accounts. The funds have been collected and therefore no allowance for uncollectible accounts is reported.

(H) Bond Issuance Costs

The bond issuance costs are included in prepaid expenses and other assets and are amortized on a straight line basis over the life of the bonds.

(I) On-Behalf Payments

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the System reported on-behalf payments made by agencies of the State of Illinois for health care and retirement. These costs are reflected in an equal amount in both the revenues and expenses of the System. On-behalf payments for the year ended June 30, 2013, amounted to \$22,699,375. Substantially all employees of the System participate in the State Universities Retirement System of Illinois (SURS).

(J) Classifications of Net Position

Net position represents the difference between System assets and deferred outflows and liabilities and deferred inflows and is divided into three major categories. The first category, Net investment in capital assets, represents the System's equity in property, plant and equipment. The next category is restricted. Expendable restricted net position is available for expenditure by the System but must be spent for purposes as determined by donors or other external entities that have placed time or purpose restrictions on its use. The final category is unrestricted, which represents balances from operational activities that have not been restricted by parties external to the System and are available for use by the System.

2. Pooled Cash and Investments

It is University policy to invest funds in a manner which will provide investment returns and security consistent with good business practices, while meeting the daily cash flow demands of the University and conforming to all statutes governing the investments of funds. Funds are invested in accordance with the provisions of the Illinois Compiled Statutes, Chapter 30, Sections 235/0.01-235/8, the *Public Funds Investment Act*; the policies of the Board; and covenants provided from the University's bond and certificate of participation issuance activities. The University's Investment Policy authorizes the University to invest in securities of the United States of America, its agencies, and its instrumentalities; interest bearing savings accounts, certificates of deposit, interest bearing time deposits, and other direct obligations of any bank defined in the Illinois Banking Act; certain short term obligations of U.S. corporations rated in the highest three rating classifications by at least two standard rating services provided such obligations do not mature in longer than 270 days from the time of

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purchase and the issuing entity has at least \$500 million in assets (limited to 33 percent of the portfolio); money market mutual funds provided they are comprised of only U.S. Treasuries, agencies and instrumentalities; Public Treasurer's Investment Pool-State Treasurer's Office; repurchase agreements of Government securities; and other specifically defined repurchase agreements.

The three basic objectives of the University's Investment policy are safety of invested funds; maintenance of sufficient liquidity to meet cash flow needs; and attainment of the maximum investment returns possible consistent with the first two objectives. The University insures the safety of its invested funds by limiting credit and interest rate risks. The University's portfolio is structured to ensure that cash is available to meet anticipated demands. Additionally, since all possible cash demands cannot be anticipated, the portfolio consists largely of securities with active secondary or resale markets. The investment returns on the University's portfolio is a priority after the safety and liquidity objectives have been met. Investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

The University has pooled certain cash and investments for the purpose of securing a greater return on investment and providing a more equitable distribution of investment return. Pooled investments, which consist principally of government securities, are stated at market. Income is distributed quarterly based upon average balances invested in the pool over the prior 13 week period. There are no investments in foreign currency. It is not feasible to separately determine the System's bank balance at June 30, 2013, due to the pooling of the University's cash and investments.

Credit risk: Credit risk is the risk of loss due to the failure of the security issuer or backer to meet promised interest or principal payments on required dates. Credit risk is mitigated by limiting investments to those specified in the *Illinois Public Funds Investment Act*; which prohibits investment in corporate bonds with maturity dates longer than 270 days from the date of purchase; pre-qualifying the financial institutions which are utilized; and diversifying the investment portfolio so that the failure of any one issuer or backer will not place an undue financial burden on the University. U.S. Treasuries are federal government securities that do not require the disclosure of credit risk. The Public Treasurer's Investment Pool is rated AAA.

Concentration of credit risk: The University's investment policy states that the portfolio should consist of a mix of various types of securities, issues and maturities. While the fund's asset allocation strategy provides diversification by fixed income sector, each portfolio within the sector is also broadly diversified by security type, issue and maturity.

Custodial credit risk: Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the University would not be able to recover the value of deposits, investments or collateral securities that are in the possession of an outside party. All of the University's investments are held in the University's name and are not subject to creditors of the custodial institution.

Interest rate risk: Interest rate risk is the risk that the market value of portfolio securities will fall or rise due to changes in general interest rates. Interest rate risk is mitigated by maintaining significant balances in cash equivalents and other short maturity investments and by establishing an asset allocation policy that is consistent with the expected cash flows of the University. The internally managed portfolio is managed in accordance with covenants provided from the University's debt issuance activities. The externally managed portfolio is typically allocated with a minimum of \$40 million held in cash equivalents and \$65 to \$115 million held in the intermediate-term portfolio. However, circumstances may occur that cause the allocations to temporarily fall outside the prescribed ranges.

Foreign currency risk: The University does not hold any foreign investments.

Interest rate risk is disclosed below using the segmented time distribution method. As of June 30, 2013, the System had the following cash and investment balances:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 440,035	\$ 440,035	\$ -	\$ -	\$ -
Total Investments	440,035	\$ 440,035	\$ -	\$ -	\$ -
Cash and Equivalents					
The Illinois Funds	4,020,286				
Total Cash & Equivalents	<u>4,020,286</u>				
Total Cash & Investments	<u>\$ 4,460,321</u>				

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3. Investments and Investment Income

Southern Illinois University has adopted the provisions of GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement establishes accounting and reporting standards for certain investments and securities and establishes disclosure requirements for most investments held by governmental entities. It requires that investments be recorded at fair (market) value and that unrealized gains and losses be recorded in income. The fair value is determined to be the amount at which financial instruments could be exchanged in a current transaction between willing parties, usually quoted market price. The investment with the Public Treasurer's Investment Pool (The Illinois Funds) is at fair value, which is the same value as the pool shares. State statutes require the Illinois Funds to comply with the *Illinois Public Funds Investment Act* (30 ILCS 235). Also, certain money market investments, having a remaining maturity of one year or less at the time of purchase and nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are carried at amortized cost.

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses of investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. Investment income for the fiscal year end June 30, 2013 is comprised of the following:

Interest Income	\$ 17,718
Increase in Fair Market Value	<u>53</u>
Net Investment Income	<u>\$ 17,771</u>

4. Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated					
Land	\$ 2,565,115	\$ -	\$ -	\$ -	\$ 2,565,115
Construction in progress	<u>1,809,548</u>	<u>159,796</u>	<u>-</u>	<u>(1,969,344)</u>	<u>-</u>
Total capital assets not being depreciated	<u>4,374,663</u>	<u>159,796</u>	<u>-</u>	<u>(1,969,344)</u>	<u>2,565,115</u>
Capital assets being depreciated					
Equipment	4,214,179	368,103	185,940	1,969,344	6,365,686
Buildings	<u>36,369,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,369,587</u>
Total capital assets being depreciated	<u>40,583,766</u>	<u>368,103</u>	<u>185,940</u>	<u>1,969,344</u>	<u>42,735,273</u>
Total capital assets	<u>44,958,429</u>	<u>527,899</u>	<u>185,940</u>	<u>-</u>	<u>45,300,388</u>
Accumulated depreciation					
Equipment	2,817,341	753,036	178,048		3,392,329
Building	<u>7,337,564</u>	<u>934,395</u>	<u>-</u>	<u>-</u>	<u>8,271,959</u>
Total accumulated depreciation	<u>10,154,905</u>	<u>\$ 1,687,431</u>	<u>\$ 178,048</u>	<u>-</u>	<u>11,664,288</u>
Capital assets - net	<u>\$ 34,803,524</u>				<u>\$ 33,636,100</u>

Construction in progress originated in FY11 when a three year implementation of a new practice management system was undertaken. As of June 30, 2013 the system was fully implemented and construction in progress was closed out to equipment.

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5. Changes in Liabilities

Liability activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Revenue bonds payable	\$ 16,034,968	\$ -	\$ 936,785	\$ 15,098,183	\$ 999,090
Compensated absences	2,165,868	196,358	219,839	2,142,387	243,311
Total	<u>\$ 18,200,836</u>	<u>\$ 196,358</u>	<u>\$ 1,156,624</u>	<u>\$ 17,240,570</u>	<u>\$1,242,401</u>

Amounts shown as ending balance include both current and long-term portions.

6. Revenue Bonds Payable

On October 10, 1996, the Board authorized the creation of the Southern Illinois University Medical Facilities System and the sale of Medical Facilities System Revenue Bonds. The Series 1997 Bonds were issued on March 27, 1997 in the amount of \$16,855,000 for the purpose of acquiring the SIU Clinics Building, an existing facility, located at 751 North Rutledge, Springfield, Illinois. These bonds were sold at a discount of \$94,059.

On October 13, 2005, the Board adopted the "Medical Facilities System Revenue Bonds Series 2005" resolution which amended and restated the original resolution of October 10, 1996. The Board also authorized the issuance of the Medical Facilities System Revenue Bonds Series 2005. The bonds were issued as current interest bonds in the amount of \$21,290,000 and included accrued interest of \$41,314. The bonds were sold on November 15, 2005 at the premium of \$806,296 and used as follows:

- a. Bond proceeds of \$14,699,511 and Board funds of \$1,069,888 from the System were deposited in the bond escrow account in either cash or U.S. Government securities which, together with the interest earned thereon is used to finance the advance refunding of the Boards Series 1997 bonds.
The advance refunding, which was undertaken by the Board to affect a cost savings, resulted in a net decrease in debt service payments of \$3,153,133 and an economic gain of \$1,146,547. The accounting loss on the refunding was \$1,185,421.
- b. Bond proceeds of \$6,783,042 were deposited in an Unexpended Plant account to finance the costs of constructing and equipping a new Cancer Institute building on the Springfield campus.
- c. Bond proceeds of \$315,726 were provided for the payment of capitalized interest through October 1, 2006 and accrued interest payable.
- d. Bond proceeds of \$339,331 were reserved to pay the underwriter's fees and certain other costs related to the issuance of the bonds.

The current bonds bear interest at rates ranging from 4.25% to 5.00% payable semi-annually and principal installments ranging from \$480,000 to \$1,825,000 are payable annually April 1 through the year 2026.

Bonds maturing after April 1, 2016 are subject to redemption at the option of the Board, on or after April 1, 2015, in whole or in part at any time, and if in part, from such maturities as determined by the Board and within any maturity by lot, at a price of 100% of the principal amount of the Series 2005 Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	1,015,000	750,250	1,765,250
2015	1,085,000	707,112	1,792,112
2016	1,155,000	661,000	1,816,000
2017	1,240,000	603,250	1,843,250
2018	1,330,000	541,250	1,871,250
2019-2023	8,145,000	1,610,000	9,755,000
2024-2026	1,500,000	136,800	1,636,800
Total Payments	<u>\$ 15,470,000</u>	<u>\$ 5,009,662</u>	<u>\$20,479,662</u>
Unamortized debt premium	264,004		
Unamortized deferred amount on refunding	(635,821)		
Total Bonds Payable	<u>\$ 15,098,183</u>		

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These bonds, which are payable through 2026, do not constitute a debt of the State of Illinois or the individual members, officers or agents of the Board of Trustees of the University but, together with interest thereon, are payable from and secured by a pledge of and lien on (i) the net revenues of the System, (ii) pledged tuition (subject to prior payment of necessary operating and maintenance expenses of the Housing and Auxiliary Facilities System, debt service of the Housing and Auxiliary Facilities System not to exceed the maximum annual debt service, and then necessary operating and maintenance expenses of the System), and (iii) the Bond and Interest Sinking Fund Account. Total principal and interest remaining on the debt is \$20,479,662 with annual requirements ranging from \$543,400 to \$1,985,750. For the current year, principal and interest paid was \$1,742,500, and the total revenues pledged were \$144,617,443. Total revenue pledged represents 100 percent of the net revenues of the System and 84.1 percent of net tuition revenue received in fiscal year 2013. Although net tuition is pledged it is not expected to be needed to meet debt service requirements.

All of the Series 1997 bonds referred to above were called for redemption and payment prior to their maturity on April 1, 2007 at a redemption price of 102% of the principal.

7. Related Party Transactions

Expenditures capitalized in 2013 include \$168,097 paid for by other University funds. The expenditures were for the purchase of equipment to be utilized in the various Medical Facilities System facilities. In addition, \$115,842 was received from other University funds and used for payment of debt.

8. Retirement and Post-Employment Benefits

Substantially all employees of the System participate in the State Universities Retirement System of Illinois (SURS), which offers a cost-sharing multiple-employer defined benefit pension plan as well as a defined contribution plan. These plans have a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org or calling 1-800-275-7877.

Plan members are required to contribute 8% of their annual covered salary, and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determinate rate. The current rate is 35.20% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS for the University for the years ended June 30, 2013, 2012, and 2011 were \$139,770,149, \$102,861,965, and \$81,241,705, respectively, equal to the required contributions for the year. The fiscal year 2013 contribution consisted of \$136,823,379 from State appropriations and \$2,946,770 from other current funds, and the fiscal year 2012 contribution consisted of \$99,293,239 from State appropriations and \$3,568,726 from other current funds.

In addition to providing pension benefits, the State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Healthcare and Family Services along with the Department of Central Management Services. This includes annuitants of the System. Substantially all State employees, including the System's employees, may become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. All retirees, annuitants and survivors will be charged up to two percent of their annuity value to cover the costs of the basic program of group health benefits. In addition to this percentage, some annuitants and survivors are required to make further contributions toward their health and dental benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The State pays the System's portion of employer costs for the benefits provided. The total costs of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents. A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Healthcare and Family Services. A copy of the financial statements of the Department of Healthcare and Family Services may be obtained by writing to the Department of Healthcare and Family Services, 201 South Grand Ave., Springfield, Illinois, 62763-3838.

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9. Insurance

The University has established a Self Insurance Program (the "Program") to cover its general liability, its hospital and medical professional liability, and certain other liability exposures. Funds for the Program have been reserved in amounts to cover the major portion of the estimated liability as determined by the Program's actuary. The University has also purchased excess insurance coverages with commercial carriers to cap the risk of loss retained by the Program. The System's buildings, contents and boilers are insured either through self insurance or with commercial insurance companies.

An insurance package policy purchased under the auspices of the Illinois Public Higher Education Cooperative (IPHEC), through the Midwestern Higher Education Commission (MHEC) program, provides all risk coverage on buildings and contents. The following insurance coverages are in force at the University (including the System's facilities) through June 30, 2014:

	Approximate Amount
1. Lexington Insurance Company, Policy No. 66095349: Policy providing \$100,000,000 all risk coverage on scheduled buildings and other property totaling \$3,564,538,279 with a \$500,000 per occurrence deductible. The University has established a self insurance reserve in amounts to cover the portion of estimated liability between \$25,000 and the \$500,000 per occurrence deductible. There is a shared captive retention layer of \$1,000,000 per occurrence and \$7,254,274 aggregate through the Midwestern Higher Education Compact (MHEC).	\$100,000,000 per occurrence
1a. Boiler & Machinery coverage included in the Lexington policy listed above carries the same deductibles as noted above.	\$100,000,000 per occurrence
1b. Flood coverage included in the Lexington policy listed above is limited to \$100,000,000 and carries the same per occurrence deductible noted above unless the flood involves property located in a FEMA-defined flood hazard area which there is then a limit of \$25,000,000 and a deductible of 2% of the total insured value subject to a minimum of \$1,000,000 per occurrence.	\$100,000,000 per occurrence
1c. Earthquake coverage included in the Lexington policy listed above is limited to \$100,000,000 and carries a per occurrence deductible of 1% of total insured value subject to a minimum of \$50,000 per occurrence.	\$100,000,000 per occurrence
2. Lexington Insurance Company, Policy No. 66095363: furnishes the secondary layer of \$400,000,000 excess of the Lexington's \$100,000,000 layer.	\$400,000,000 per occurrence
3. Swiss Re, Policy No. 31-3-76360; One Beacon, Policy No. YSP 6194; RSUI Indemnity, Policy No. NHD383097; Liberty Mutual Fire, Policy No. MQ2-L9L-438236-023; Maiden Specialty, Policy No. S1LPY0299402S; Starr Specialty Lines, Policy Nos. 44732524-01, SLSTPTY10601313 and T0234451300834; Arch Specialty, Policy No. PRP0050774-01; QBE Specialty Insurance, Policy No. CFE3971017; and Tokio Marine Global, Policy No. LCP6480783-00: furnishes the third layer of coverage, which is \$500,000,000 excess of the \$500,000,000.	\$500,000,000 per occurrence
4. XL Insurance America, Inc., Policy No. US00034407PR13A: furnishes the fourth layer of coverage, which is \$250,000,000 excess of the \$1,000,000,000.	\$250,000,000 per occurrence
5. Endurance American Specialty, Policy No. CPN10004060100; RSUI Indemnity, Policy No. NHD382936; and National Fire & Marine, Policy No. 42-XPR-000012-01: furnishes earthquake coverage in excess of coverage included in Lexington Policy No. 66095349 with limits of \$50,000,000 that is shared with the University of Illinois.	\$50,000,000 per occurrence
6. Self Insurance: The University, pursuant to the provisions of Illinois Public Act 84-0010, has established a Self Insurance Program (the "Program") for its traditional liability insurance coverages. Funds have been reserved in amounts to cover the major portion of the estimated liability as determined by the Program's actuary. The University has also purchased excess liability insurance policies to cover certain of its general liability exposures not elsewhere covered.	

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SCHEDULE OF BONDS PAYABLE OUTSTANDING
June 30, 2013

	<u>Principal Amount</u>	<u>Interest Rate</u>
Interest Bearing Bonds		
Serial Bonds Maturing as follows:		
2014	1,015,000	4.25%
2015	1,085,000	4.25%
2016	1,155,000	5.00%
2017	1,240,000	5.00%
2018	1,330,000	5.00%
2019	1,425,000	5.00%
2020	1,525,000	5.00%
2021	1,630,000	5.00%
2022	1,740,000	5.00%
2023	1,825,000	5.00%
Term Bonds maturing as follows:		
2024	480,000	4.500%
2025	500,000	4.500%
2026	<u>520,000 *</u>	4.500%
Total Interest Bearing Bonds	<u>\$ 15,470,000</u>	

* Subject to mandatory redemption in the years indicated

This schedule of bonds payable outstanding does not reflect unamortized debt premium or unamortized deferred amount on refunding.