

Unrestricted revenue is accounted for in the current unrestricted fund. Restricted gifts, grants, endowment income and other restricted resources are accounted for in the current restricted fund, loan funds, endowment and similar funds and plant funds. Revenue and expenses are reported in the current restricted fund when financial resources are used for the current operating purposes for which they have been provided. Transactions related to the various student loan programs operated by the educational institutions are accounted for in loan funds. Resources dedicated to the acquisition and investment in property, plant and equipment are accounted for in the plant funds. To the extent current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenses, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt repayment and interest and equipment renewals and replacements; and (3) transfers of a nonmandatory nature in all other cases.

General endowment funds are subject to the restrictions of gift instruments requiring the principal be invested in perpetuity and the income only be utilized. Term endowment funds are similar to general endowment funds except, upon the passage of a stated period of time or the occurrence of a particular event, all or part of the principal may be expended. Quasi-endowment funds have been established for the same purposes as general endowment funds, except any portion of quasi-endowment funds may be expended. The balances of the fund groups which comprise the endowment and similar funds are general endowment \$19,485,000, term endowments \$35,000, and quasi-endowments \$4,025,000.

Investments:

Investments of the higher education institutions are stated at cost, adjusted for amortization of premiums and accretion of discounts, plus accrued income.

Student and Patient Revenues:

Student tuition and fees are fully recognized as revenues in the fiscal year in which the related courses or activities are principally conducted. Student tuition and fees applicable to future courses and activities and collected as of the end of the fiscal year are recorded as deferred revenue.

Patient revenues are recognized at the time of service, net of allowances applicable to third party payers, charity and bad debts in the amount of \$22,268,000.

Accounts and Notes Receivable:

An allowance for doubtful receivables is provided for estimated losses expected to be incurred in collection. The estimated losses are based on historical collection experience and a review of the status of existing receivables.

Inventories:

Inventories are stated at the lower of cost, using the first-in, first-out method, or market.

Plant:

Property, plant and equipment is stated principally at cost at date of acquisition or fair value at date of donation in the case of gifts. Consistent with generally accepted accounting principles for colleges and universities, depreciation is not provided for the cost of plant assets, except for those of the hospital. Depreciation of the cost of the hospital's plant for 1983, in the amount of \$3,854,000 is computed on the straight-line method over the estimated useful lives of the assets. The balance of the fund groups in the plant funds includes \$2,998,000 of unexpended plant funds at June 30, 1983.

Operating Transfers from State's General Fund:

A substantial portion of the higher education and university hospital fund's current unrestricted expenses, including current payments for retirement costs and fringe benefits, are funded through appropriations from the general fund at the time the expenses are encumbered or paid. The excess of retirement costs provided over the amounts currently funded (\$12,798,000 in the current year and \$84,938,000 since July 1, 1978) has been accrued in the balance sheet of the higher education and university