

Celebrating  
25 Years  
of Service



2004 Annual Report

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Wisconsin Health and  
Educational Facilities Authority



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## MISSION STATEMENT

The Wisconsin Health and Educational Facilities Authority (“the Authority”) actively assists all eligible Wisconsin health care and educational institutions to obtain and maintain access to the broadest range of low cost, private capital market financing possible.

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## VISION STATEMENT

The Authority will continue to be an organization that prides itself on being an ally to borrowers representing tax-exempt health and educational organizations. The Authority fulfills its mission by providing prompt and customer-friendly services and effective two-way communications with borrowers, lenders, government, legislators, the public, trade associations and financing team participants.

An important part of the Authority’s future “vision” is its role as a “thought leader” – an organization that is knowledgeable and reacts to the changing healthcare and educational needs of Wisconsin’s citizens by researching trends and issues that affect the industries served and offering innovative approaches to securing the capital to meet those needs. This includes serving as an educational conduit and clearinghouse for information relevant to borrowers, lenders, government, legislators, the public, trade associations and financing team participants; and, when necessary, serving as an advocate for legislative change to help ensure that its statutory authority is consistent with contemporary financing needs (by authorizing new financing models, new uses of borrowed funds and new tax-exempt borrowers).

The Authority’s ability to achieve its vision is dependent upon its commitment to effective Board leadership and operational excellence. These characteristics are exemplified by strong Board oversight of operations; the use of performance indicators to ensure that strategic objectives are being met (or exceeded); a Board that is well-informed about the industries served and that stays abreast of financing needs; and policies that provide for the recruitment and retention of high-quality, experienced staff to implement the Authority’s programs and services.

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## THE AUTHORITY

The Authority, created by the Legislature in 1973 (Chapter 231, Wisconsin Statutes), has been providing active capital financing assistance to Wisconsin health care institutions since 1979. In 1987, the Authority’s charter was expanded to include the issuance of bonds for the benefit of independent colleges and universities and certain continuing care facilities. In 2004, the Authority’s charter was further expanded to include the issuance of bonds for the benefit of private, non-profit elementary or secondary educational institutions. Interest cost savings from Authority financings are reflected in lower costs to the consumer through the rates, fees and tuitions established by the borrowing institutions.

The Authority staff assists health care and educational institutions in analyzing financing alternatives and in structuring revenue bond issues to meet their needs. This financial advisory service is available to all eligible borrowers even if the Authority is not the ultimate issuer for the financing. Funds for each project are obtained through the sale of revenue bonds of the Authority. Bonds are sold to institutional lenders in “direct placement” transactions and to individual and institutional investors in “public offerings”. Bond sale proceeds are loaned by the Authority to the borrowing institution or project sponsor. No state or other public funds are used. Additional benefits and economies are gained when the Authority does system financings, pooled loan programs, or structured financing programs which are utilized by multiple borrowers. Since 1994, the Authority has offered a reinvestment program through which projects that educate or improve the capital finance process for its constituents are eligible for grant funds.

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## THE AUTHORITY (CONTINUED)

The Authority's bonds are payable solely out of loan repayments from the borrowing institution or sponsor. They are not a debt, liability, or "moral" obligation of the State of Wisconsin or any of its political subdivisions. The Authority has no taxing power.

The credit supporting any Authority bond issue is the credit of the borrowing institutions involved. The availability of financing and its terms and conditions depends in each case upon the credit-worthiness of those institutions. In most cases, interest paid on Authority bonds is exempt from federal income taxation, resulting in materially lower financing costs to the borrowing institution. Interest on bonds issued by the Authority is not exempt from present Wisconsin income taxation.

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## AUTHORITY MEMBERS

### **John A. Noreika**

Chairperson

Mr. Noreika, a resident of Verona, Wisconsin, is the Executive Director of Oakwood Village, Madison. Mr. Noreika was appointed as a member in 2002. His current term expires June 30, 2009.

### **Tim Size**

Vice-Chairperson

Mr. Size, a resident of Madison, Wisconsin, is the Executive Director of the Rural Wisconsin Health Cooperative, Sauk City. Mr. Size was re-appointed as a member in 2004. His current term expires June 30, 2011.

### **Edward M. Aprahamian**

Member

Mr. Aprahamian, a resident of Brookfield, Wisconsin, is the President of Ficht Services, Shorewood. Mr. Aprahamian was appointed as a member in 1999. His current term expires June 30, 2005.

### **Linda C. Bruce**

Member

Ms. Bruce, a resident of Superior, Wisconsin, is a Family Living Educator at the UW Extension, Superior. Ms. Bruce was appointed as a member in 2003. Her current term expires June 30, 2008.

### **Tonit M. Calaway**

Member

Ms. Calaway, a resident of Milwaukee, Wisconsin, is Senior Counsel at Harley-Davidson Motor Co., Milwaukee. Ms. Calaway was appointed as a member in 2003. Her current term expires June 30, 2010.

### **Paul B. Luber**

Member

Mr. Luber, a resident of Whitefish Bay, Wisconsin, is the Chief Executive Officer of The Jor-Mac Company, Grafton. Mr. Luber was appointed as a member in 1999. His current term expires June 30, 2006.

### **Paul J. Senty**

Member

Mr. Senty, a resident of Verona, Wisconsin, is Corporate Legal Counsel at Park Bank, Madison. Mr. Senty was appointed as a member in 2000. His current term expires June 30, 2007.

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## AUTHORITY MEMBERS (CONTINUED)

### Past Members of the Authority recognized for their distinguished service include:

Daniel Blask	Allan Iding	Sister Mary Charles Rydzewski
Kitty Brennan	Stewart Laird	George Schmoller
Paul Brown	James McKanna	James Sexton
Manuel Carballo	Kenneth Merkel	Michael Stewart
Robert Durkin	Donald Percy	Joy Stubblefield
Sister Antona Ebo	Robert Pollock	
Marshall Erdman	Dean Roe	

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## STAFF

### Lawrence R. Nines

Executive Director

Mr. Nines has been the Executive Director at the Authority since 1983. He has been a member of the staff for 21 years.

### Dennis P. Reilly

Associate Executive Director

Mr. Reilly has been the Associate Executive Director at the Authority since 2003. He began his career with the Authority in 1996 as the Manager of Operations and Finance. Mr. Reilly has been a member of the staff for eight years.

### Tanya L. Wilson

Operations & Finance Analyst

Ms. Wilson has been the Operations and Finance Analyst at the Authority since 1999. She began her career with the Authority in 1987 as the Administrative Coordinator. Ms. Wilson has been a member of the staff for 17 years.

### Stephanie L. Schirripa

Administrative Assistant

Ms. Schirripa has been the Administrative Assistant at the Authority since 2002. She has been a member of the staff for two years.

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## CONSULTANTS

### Quarles & Brady LLP

General Counsel

Quarles & Brady has been General Counsel to the Authority since 1979.

### Schenck SC

Independent Auditors

Schenck has been Independent Auditors to the Authority since 2001.

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# THE YEAR IN REVIEW

The Authority is pleased to submit its report on activities for the fiscal year 2004 (July 1, 2003 to June 30, 2004). 2004 represents the Authority's 25th year of providing financing services to Wisconsin's health care and educational institutions.

Throughout the fiscal year, five institutions utilized the Authority's financial advisory program in which the Authority provides financial and technical expertise relating to bond financing alternatives.

In January 2004, the Authority's charter was expanded to include the issuance of bonds for the benefit of private, non-profit elementary or secondary educational institutions.

During fiscal year 2004, 30 financings totaling \$938.225 million were successfully completed. As of June 30, 2004, the Authority has cumulatively completed 463 bond issues totaling over \$9.04 billion.

## **FINANCING HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2004 INCLUDE:**

- \$715,379,248 (76%) was for new capital
- \$222,845,752 (24%) was for refinancing
- 14 issues for new capital only
- 9 issues for refinancing only
- 7 issues for both refinancing and new capital
- 15 issues totaling \$495,345,000 had a variable interest rate
- 15 issues totaling \$442,880,000 had a fixed interest rate
- 26 public placements totaling \$912,245,000
- 4 private placements totaling \$25,980,000
- 4 issues totaling \$42,315,000 were issued for the following first time borrowers through the Authority:
  - Mequon Jewish Campus
  - Tomah Memorial Hospital
  - American Eagle Lifecare Corporation
  - Wisconsin Institute for Torah Study

## **22 different borrowers benefited from these bond proceeds during fiscal year 2004, including:**

- 1 Other Health Care Organization (i.e. clinic/community provider):
  - Gundersen Lutheran (two financings)
- 2 Private Schools:
  - Beloit College
  - Wisconsin Institute for Torah Study (the Authority's first K-12 financing)
- 5 Single Site Hospitals:
  - Tomah Memorial Hospital
  - Bellin Memorial Hospital
  - Watertown Memorial Hospital
  - Southwest Health Center (three financings)
  - Fort Healthcare
- 6 Long-Term Care Providers:
  - St. John's Home of Milwaukee
  - Mequon Jewish Campus
  - Three Pillars Senior Living Communities
  - American Eagle Lifecare Corporation
  - Oakwood Village
  - LindenGrove (two financings)

# THE YEAR IN REVIEW (CONTINUED)

- 8 Multi-Site Hospital Systems:
  - Ministry Health Care
  - Wheaton Franciscan Services (two financings)
  - Aurora Health Care
  - Franciscan Sisters of Christian Charity HealthCare Ministry (two financings)
  - Mercy Health System
  - Hospital Sisters Services (two financings)
  - Children’s Hospital of Wisconsin (three financings)
  - ProHealth Care

## **INDIVIDUAL BOND ISSUES FOR THE FISCAL YEAR ENDING JUNE 30, 2004 INCLUDE:**

### **\$4,250,000 Series J – Pooled Loan Program (St. John’s Home of Milwaukee)**

**Milwaukee** – Proceeds will be used to finance the remodeling and construction of improvements to certain of the borrower’s health care facilities, including renovations of the health care center, kitchen, lobby, administrative offices and parking lot, and the addition of a dining room.



Dining room addition at St. John’s Home of Milwaukee.

### **\$34,875,000 – Series A - Gundersen Lutheran**

### **\$77,750,000 – Series B & C - Gundersen Lutheran**



New ambulatory health care facility at the main campus of Gundersen Lutheran Medical Center, La Crosse.

**La Crosse and Onalaska** – Proceeds will be used to finance a portion of the construction, renovation, remodeling and equipping of certain of the borrower’s health care facilities, including construction and expansion of a clinic facility in Onalaska and completion of the final stages of construction of a new six-story ambulatory health care facility at the borrower’s main campus in La Crosse. A new cancer treatment center will be located on the first and second floors. In addition, the ambulatory health care facility will include a general ophthalmology clinic and a neurosciences center. Proceeds will also finance certain other capital improvements and expenditures of the borrower. Proceeds will also be used to refund bonds previously issued by the Authority in 1993.

### **\$20,000,000 – Mequon Jewish Campus, Inc. Project**

**Mequon** – Proceeds will be used to finance a portion of the construction and equipping of a 90-unit continuing care facility in Mequon and certain related improvements.



Sarah Chudnow Campus financed with bonds for Mequon Jewish Campus, Inc.

# THE YEAR IN REVIEW (CONTINUED)

## **\$10,470,000 – Tomah Memorial Hospital, Inc. Project**

**Tomah** – Proceeds will be used to finance the acquisition, construction, improvement and equipping of certain of the borrower's health care facilities, including the construction and equipping of new hospital space to include: a new birth center, rehabilitation center and pharmacy, respiratory therapy, radiology, community outreach, and a new private corridor. In addition, proceeds will finance the complete renovation of the hospital's medical/surgical inpatient unit and partial renovation of the lab, radiology, registration, cardiac rehabilitation and administration areas. Proceeds will also be used to refund certain outstanding debt.



A new birthing room, part of the birth center at Tomah Memorial Hospital.

## **\$8,180,000 – Ministry Health Care, Inc.**

**Oshkosh, Rhinelander, Tomahawk, Marshfield, Stevens Point and Woodruff** – Proceeds will be used to partially refund bonds previously issued by the Authority in 1993.

## **\$115,330,000 – Series A - Wheaton Franciscan Services, Inc. System**

## **\$75,000,000 – Series B - Wheaton Franciscan Services, Inc. System**



The new outpatient center at St. Joseph Regional Medical Center in Milwaukee, part of Wheaton Franciscan Services, Inc. System.



Cardiovascular Institute at All Saints Healthcare in Racine, part of Wheaton Franciscan Services, Inc. System.

**Milwaukee, Brookfield and Racine** – Proceeds will be used to finance the construction, renovation, remodeling and equipping of certain of the borrower's health care facilities, including the construction of an ambulatory surgery center at St. Michael Hospital of Franciscan Sisters of Milwaukee, the acquisition and remodeling of a building to house administrative services for Covenant-Milwaukee, the construction of a women's center and cancer center at St. Joseph Regional Medical Center, construction of a cardiovascular center at All Saints Medical Center, the construction of a cancer center at Elmbrook Memorial Hospital and renovations to the critical care unit and obstetrics unit at St. Francis Hospital. Proceeds will also be used to refund bonds previously issued by the Authority in 1991.

## THE YEAR IN REVIEW (CONTINUED)

### **\$110,000,000 – Aurora Health Care, Inc.**

**Milwaukee, Kenosha and Oshkosh** – Proceeds will be used to finance a portion of the construction, renovation, remodeling and equipping of certain of the borrower's health care facilities, including the construction and expansion of the intensive care unit and other inpatient facilities at St. Luke's Medical Center in Milwaukee, the construction of an inpatient addition at Aurora Medical Center in Kenosha and the construction of an inpatient hospital addition to the ambulatory surgery center and clinic in Oshkosh. Proceeds will also finance a number of other capital improvements and expenditures.

### **\$22,460,000 – Series A - Franciscan Sisters of Christian Charity HealthCare Ministry, Inc.**

### **\$13,000,000 – Series B - Franciscan Sisters of Christian Charity HealthCare Ministry, Inc.**



St. Paul Elder Services, Inc., Kaukauna, part of Franciscan Sisters of Christian Charity HealthCare Ministry, Inc.

**Manitowoc, Kaukauna** – Proceeds will be used to finance the construction, renovation, remodeling and equipping of certain of the borrower's health care facilities, including improvements to Holy Family Medical Center located in Manitowoc, particularly the ambulatory care heart and vascular center and the construction, development and equipping of a physician/ambulatory clinic also in Manitowoc. Proceeds will also finance improvements to St. Paul Elder Services' long-term care facilities located in Kaukauna, including 55 additional units at St. Paul Villa, a new dining room to accommodate all St. Paul Villa residents, a new kitchen to serve the entire St. Paul Elder Services population and various other improvements at the continuing care facility. Proceeds will also refund certain outstanding debt.

### **\$12,370,000 – Three Pillars Senior Living Communities**

**Dousman** – Proceeds will be used to refund bonds previously issued by the Authority in 1996.

### **\$22,995,000 – Mercy Health System Corporation**

**Janesville** – Proceeds will be used to refund bonds previously issued by the Authority in 1992.

### **\$8,530,000 – Series A, B & C - American Eagle Lifecare Corporation**

**Madison, Colby and Arpin** – Proceeds will be used to finance the acquisition of three nursing homes, certain renovations to the facilities and the acquisition of certain equipment.

### **\$4,980,000 – Bellin Memorial Hospital, Inc.**

**Green Bay** – Proceeds will be used to partially refund bonds previously issued by the Authority in 1993.

### **\$4,400,000 – Watertown Memorial Hospital, Inc. Project**

**Watertown, Lake Mills** – Proceeds will be used to finance the renovation, remodeling and equipping of certain of the borrower's health care facilities, including the renovation and remodeling of the hospital inpatient rooms and admitting area, hospital renovations related to installation of a new CT scanner and the expansion and remodeling of the borrower's medical clinic facility in Lake Mills, as well as the acquisition of equipment and other improvements to the borrower's existing hospital and related health care facilities.

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## THE YEAR IN REVIEW (CONTINUED)

### **\$6,000,000 – Children’s Hospital of Wisconsin, Inc.**

**Milwaukee** – Proceeds will be used to finance the costs associated with the acquisition and installation of equipment and software for certain of its hospital facilities and related improvements.

### **\$69,850,000 – Series B - Hospital Sisters Services, Inc. – Obligated Group**

### **\$19,080,000 – Series D - Hospital Sisters Services, Inc. – Obligated Group**

**Chippewa Falls, Eau Claire, Green Bay and Sheboygan** – Proceeds will be used to finance the acquisition, construction, renovation, remodeling and equipping certain of the borrower’s health care facilities, including an addition for St. Joseph’s-Chippewa Falls, a clinical addition and radiology renovation for Sacred Heart-Eau Claire, a two-story expansion of the emergency and surgery departments for St. Mary’s-Green Bay, the construction of a parking lot for St. Vincent-Green Bay, the renovation and expansion of operating room suites and an intensive care unit for St. Nicholas-Sheboygan and various other construction, renovation and remodeling projects at, and equipment for, certain other hospitals of the borrower. Proceeds will also be used to refund bonds previously issued by the Authority in 1993.

### **\$12,690,000 – Oakwood Village**

**Madison** – Proceeds will be used to refund bonds previously issued by the Authority in 1998.

### **\$15,320,000 – Series A - LindenGrove, Inc.**

### **\$7,500,000 – Series B - LindenGrove, Inc.**

**Waukesha, New Berlin, Menomonee Falls, and Mukwonago** – Proceeds will be used to finance the acquisition, construction, improvement and equipping of certain health care facilities of the borrower, including the construction and equipping of a 24-unit community based residential facility and an addition to the LindenGrove-Waukesha campus. Proceeds will also be used to finance the construction and equipping of an eight one-bedroom addition to the Linden Ridge continuing care facility on the LindenGrove-Mukwonago campus. Proceeds will also be used to refund bonds previously issued by the Authority in 1995.

### **\$3,270,000 – The Board of Trustees of Beloit College**

**Beloit** – Proceeds will be used to finance the acquisition, construction, renovation, remodeling and equipping of the borrower’s educational facilities, including the decentralization of the heating plant and lighting upgrades and other related improvements.

### **\$3,315,000 – Wisconsin Institute for Torah Study, Inc.**

**Milwaukee** – Proceeds will be used to finance the construction, improvement and equipping of an addition to the borrower’s educational facility, containing classroom, office, administrative and kitchen space, science and computer labs, and mechanical systems. Proceeds will also be used to refund certain outstanding debt.

### **\$20,000,000 – Series A - Southwest Health Center, Inc.**

### **\$6,340,000 – Series B - Southwest Health Center, Inc.**

### **\$3,660,000 – Series C (taxable) - Southwest Health Center, Inc.**

**Platteville** – Proceeds will be used to finance a portion of the acquisition, construction and equipping of a replacement 28-bed general acute care hospital facility. Proceeds of the taxable bonds will be used to finance the construction and equipping of a replacement medical office building.



Artist rendering of the new Southwest Health Center acute care hospital facility, Platteville.

## THE YEAR IN REVIEW (CONTINUED)

### **\$40,000,000 – Fort Healthcare, Inc. Project**

**Fort Atkinson** – Proceeds will be used to finance a portion of the construction, renovation and equipping of certain of the borrower's health care facilities, including the construction, renovation and equipping of an addition to the borrower's hospital facility to include the addition of new space to replace its existing medical/surgical unit, obstetrics/gynecology and nursery unit, diagnostic imaging suite and emergency department. Proceeds will also be used to remodel vacated space to accommodate a new cardiac rehab center, outpatient clinic services and enhanced ambulatory surgery center. Proceeds will also reimburse the Corporation for the costs of certain routine prior capital expenditures.



Model of new addition at Fort Healthcare, Fort Atkinson.

### **\$15,285,000 – Series A - Children's Hospital of Wisconsin, Inc.**

### **\$100,000,000 – Series B - Children's Hospital of Wisconsin, Inc.**

**Milwaukee** – Proceeds will be used to finance a portion of the construction, renovation and equipping of certain of the borrower's health care facilities, including the construction of a new office building and parking structure. The office building will house administrative support staff as well as physician offices. The majority of these individuals will vacate their current space in existing hospital facilities, making room for the expansion and enhancement of clinical operations in those areas. Proceeds will also be used to partially refund bonds previously issued by the Authority in 1993.

### **\$71,325,000 – ProHealth Care, Inc. Obligated Group**



Catheterization lab at Oconomowoc Memorial Hospital in Oconomowoc, part of ProHealth Care, Inc.

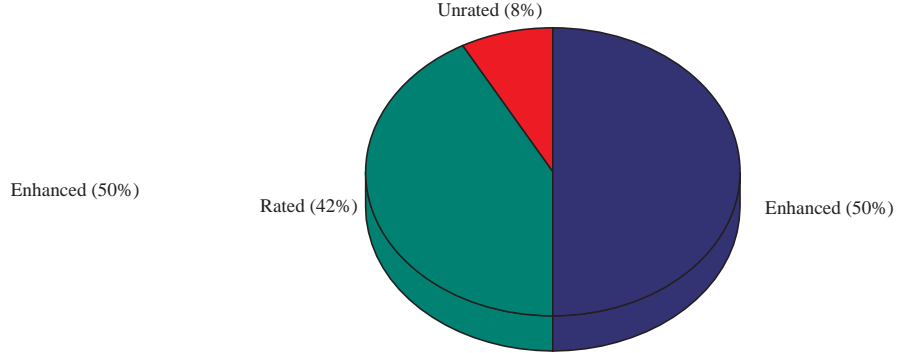
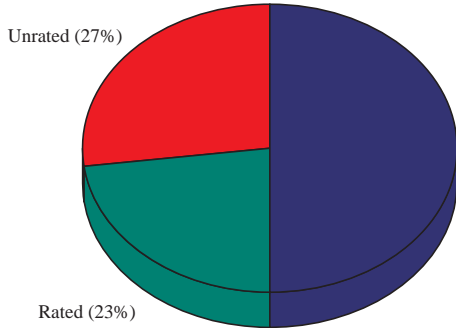
**Waukesha, Oconomowoc & Mukwonago** – Proceeds will be used to finance a portion of the construction, renovation and equipping of certain of the health care facilities of Waukesha Memorial Hospital and Oconomowoc Memorial Hospital and finance the cost of constructing an ambulatory care center and clinic to be located in Mukwonago. Proceeds will also be used to refund bonds previously issued by the Authority in 1992 and 1993.

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CREDIT STRUCTURE

NUMBER OF ISSUES

2004 FISCAL YEAR ACTIVITY

DOLLARS ISSUED



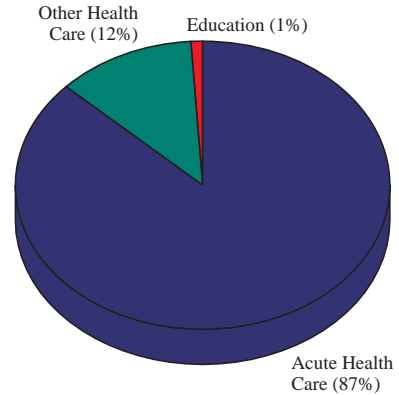
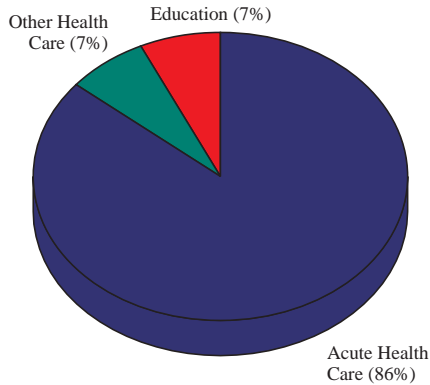
	<u>Enhanced</u>	<u>Rated</u>	<u>Unrated</u>	<u>Total</u>
Fiscal 2004 – #	15	7	8	30
Fiscal 2004 – \$	\$468,280,000	\$393,195,000	\$76,750,000	\$938,225,000

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BORROWER TYPE

NUMBER OF ISSUES

2004 FISCAL YEAR ACTIVITY

DOLLARS ISSUED



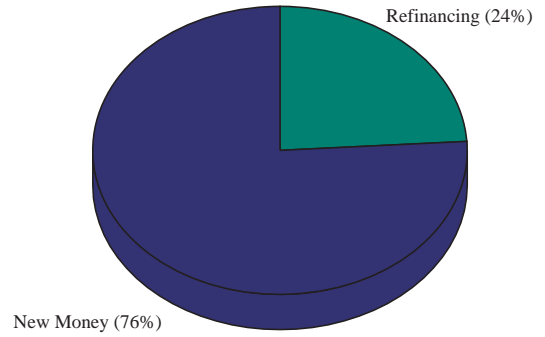
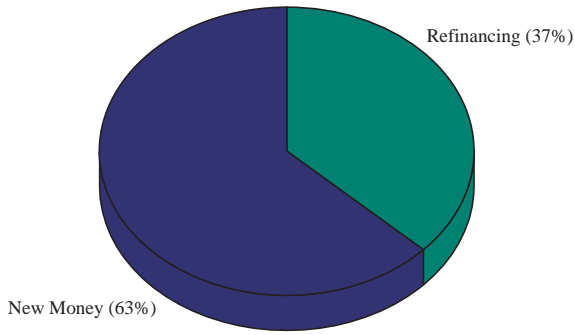
	<u>Acute Health Care</u>	<u>Other Health Care</u>	<u>Education</u>	<u>Total</u>
Fiscal 2004 – #	26	2	2	30
Fiscal 2004 – \$	\$819,015,000	\$112,625,000	\$6,585,000	\$938,225,000

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**USE OF BOND PROCEEDS**

**NUMBER OF ISSUES**

**DOLLARS ISSUED**

**2004 FISCAL YEAR ACTIVITY**



	<u>New Money</u>	<u>Refinancing</u>	<u>Total</u>
Fiscal 2004 – #	19	11	30
Fiscal 2004 – \$	\$715,379,248	\$222,845,752	\$938,225,000

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# INDEPENDENT AUDITORS' REPORT

To the Members of the Wisconsin Health and  
Educational Facilities Authority  
Brookfield, Wisconsin

We have audited the accompanying financial statements of the Wisconsin Health and Educational Facilities Authority (the "Authority") as of and for the years ended June 30, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2004 and 2003, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Authority has not presented "Management Discussion and Analysis" that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2004 on our consideration of the Wisconsin Health and Educational Facilities Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Certified Public Accountants

Milwaukee, Wisconsin  
August 3, 2004

# BALANCE SHEETS

June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents .....	\$ 204,417	\$ 170,735
Investment securities .....	3,143,658	3,494,520
Accrued annual fees .....	168,856	289,385
Receivables and other assets .....	51,827	60,308
TOTAL CURRENT ASSETS .....	<u>3,568,758</u>	<u>4,014,948</u>
<b>PROPERTY AND EQUIPMENT</b>		
Office furniture, equipment and leasehold improvements .....	133,454	108,799
Less: accumulated depreciation .....	67,935	53,643
NET PROPERTY AND EQUIPMENT .....	<u>65,519</u>	<u>55,156</u>
Total assets .....	<u>\$3,634,277</u>	<u>\$4,070,104</u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable .....	\$ 20,651	\$ 18,713
Accrued expenses .....	52,500	58,029
TOTAL LIABILITIES .....	<u>73,151</u>	<u>76,742</u>
<b>FUND EQUITY</b>		
Retained earnings .....	<u>3,561,126</u>	<u>3,993,362</u>
TOTAL LIABILITIES AND FUND EQUITY .....	<u>\$3,634,277</u>	<u>\$4,070,104</u>

See accompanying notes.

# STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Annual fees .....	\$ 192,873	\$ 568,301
Total operating revenue ...	<u>192,873</u>	<u>568,301</u>
INVESTMENT INCOME		
Interest .....	161,265	174,523
Net realized investment gain (loss) .....	(28,505)	8,871
Net unrealized investment gain (loss) .....	<u>(161,485)</u>	<u>114,318</u>
Total investment income (loss) .....	<u>(28,725)</u>	<u>297,712</u>
TOTAL REVENUES .....	<u>164,148</u>	<u>866,013</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and benefits .....	368,765	359,359
Professional fees .....	62,019	62,005
Board expense .....	10,646	2,503
Rent .....	41,229	40,553
Insurance .....	19,702	21,444
Supplies .....	21,438	22,959
Telephone .....	6,851	7,532
Travel .....	8,774	10,267
Membership dues .....	2,790	5,680
Hosted seminars .....	6,472	7,115
Staff education/training .....	2,973	3,735
Reinvestment initiatives/financial forecasts .....	13,900	34,200
Depreciation .....	17,441	13,977
Bad debt expense .....	—	8,235
Other .....	13,384	10,462
TOTAL EXPENSES .....	<u>596,384</u>	<u>610,026</u>
NET INCOME (LOSS) .....	(432,236)	255,987
RETAINED EARNINGS, BEGINNING OF YEAR .....	<u>3,993,362</u>	<u>3,737,375</u>
RETAINED EARNINGS, END OF YEAR .....	<u>\$3,561,126</u>	<u>\$3,993,362</u>

# STATEMENTS OF CASH FLOWS

Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss) .....	\$(432,236)	\$255,987
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation .....	17,441	13,977
Net realized investment (gain) loss .....	28,505	(8,871)
Net unrealized investment (gain) loss .....	161,485	(114,318)
Decrease in operating assets:		
Accrued annual fees .....	120,529	57,759
Receivables and other assets .....	8,481	4,765
Increase (decrease) in operating liabilities:		
Accounts payable .....	1,938	(4,967)
Accrued expenses .....	<u>(5,529)</u>	<u>(4,715)</u>
Net cash provided by (used in) operating activities .....	<u>(99,386)</u>	<u>199,617</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investment securities .....	(774,360)	(620,106)
Proceeds from sales and maturities of investment securities .....	935,232	467,133
Proceeds from sale of property and equipment .....	—	10,766
Purchases of property and equipment .....	<u>(27,804)</u>	<u>(46,391)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES .....	<u>133,068</u>	<u>(188,598)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS .....	<u>33,682</u>	<u>11,019</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR .....	<u>170,735</u>	<u>159,716</u>
CASH AND CASH EQUIVALENTS, END OF YEAR .....	<u>\$ 204,417</u>	<u>\$ 170,735</u>

See accompanying notes.

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# NOTES TO FINANCIAL STATEMENTS

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization:** Wisconsin Health and Educational Facilities Authority (the “Authority”) is a public body politic and corporate of the State of Wisconsin created and existing under Chapter 231 of the Wisconsin Statutes. The Authority consists of seven members (the “Members”), appointed by the governor, with the advice and consent of the state senate. The Authority is not considered a component unit of the State of Wisconsin for purposes of the state’s Comprehensive Annual Financial Report.

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The purpose of the Authority is to facilitate financing for capital expenditures and refinancing of indebtedness for qualified Wisconsin health care and educational institutions through the issuance of tax-exempt debt instruments.

The Authority issues tax-exempt instruments (bonds, notes, or other obligations), which do not constitute a debt of the State of Wisconsin or any political subdivision. These debt instruments are limited obligations of the Authority, payable solely from payments made by the related borrowing institutions and related assets held by trustees. The Authority has no general liability with respect to these obligations and has no beneficial interest in the related assets held by trustees. Therefore, the Authority has excluded these obligations, and the related assets held by trustees, from the financial statements (see Notes 5 and 6).

**Cash Equivalents:** The Authority considers all highly liquid debt instruments purchased with maturities less than 90 days to be cash equivalents.

**Investment Securities:** Investments in debt securities are carried at fair value, which is determined based on quoted market prices. Purchases and sales of debt securities are recorded as of the transaction date. Gains or losses on sales of debt securities are recognized using the specific identification method.

**Office Furniture, Equipment and Leasehold Improvements:** Office furniture, equipment and leasehold improvements are carried at cost. Maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized. Depreciation is computed using the straight-line method. The estimated useful lives of office furniture, equipment and leasehold improvements are three to seven years. Depreciation expense for the years ended June 30, 2004 and 2003 was \$17,441 and \$13,977 respectively.

**Accrued Annual Fees:** The Authority considers accrued annual fees to be fully collectible; accordingly, no allowance is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

**Revenues:** Revenues consist primarily of annual fees charged to borrowing institutions. Revenues are recognized when earned. The fee charged to borrowing institutions for the year ended June 30, 2004 was 0.625 basis point on the average amount of bonds outstanding during the year. For the year ended June 30, 2003, the Authority’s fee was 0.625 basis point for the month of June, 2003 and 1.25 basis points for the remainder of fiscal 2003.

**Income Tax Status:** The Authority is considered a quasi-governmental entity under Chapter 231 of the Wisconsin statutes, and therefore is exempt from federal and state income taxes.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Basis of presentation:** Financial transactions of the Authority and the results thereof are presented in the financial statements as an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the Authority is that the costs (expenses, including depreciation) of providing services to its users on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Estimates:** 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 and 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. Accordingly, actual results could differ from those estimates.

**Concentration of Credit Risk:** The Authority maintains bank account balances, which, at times, may exceed federally insured limits. The Authority has not experienced any losses with this account. Management believes the Authority is not exposed to any significant credit risk on cash.

### NOTE 2 – INVESTMENT SECURITIES

The fair values and cost of investment securities held as of June 30, 2004 and 2003 are summarized as follows:

	June 30, 2004		
	<u>Cost</u>	<u>Fair Value</u>	<u>Net Unrealized Gains (Losses)</u>
U.S. government and federal agency obligations . . . . .	\$2,710,289	\$2,731,882	\$ 21,593
Mortgage-backed obligations . . . . .	102,033	100,427	(1,606)
Other asset-backed obligations . . . . .	299,848	311,349	11,501
Total . . . . .	<u>\$3,112,170</u>	<u>\$3,143,658</u>	<u>\$ 31,488</u>
	June 30, 2003		
	<u>Cost</u>	<u>Fair Value</u>	<u>Net Unrealized Gains (Losses)</u>
U.S. government and federal agency obligations . . . . .	\$2,761,073	\$2,931,455	\$ 170,382
Mortgage-backed obligations . . . . .	240,625	236,522	(4,103)
Other asset-backed obligations . . . . .	299,849	326,543	26,694
Total . . . . .	<u>\$3,301,547</u>	<u>\$3,494,520</u>	<u>\$ 192,973</u>

Mortgage-backed obligations are generally backed by governmental agencies, including the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association and the Government National Mortgage Association.

### NOTE 3 – OPERATING LEASE COMMITMENT

The Authority has an agreement to lease its office space through June 30, 2006. The lease agreement provides for a basic monthly rental payment plus operating costs of \$2,054 through June 30, 2006. Rental expense related to the office space amounted to \$39,561 and \$38,393 for the years ended June 30, 2004 and 2003, respectively.

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## NOTE 4 – RETIREMENT PLAN

All eligible Authority employees participate in the Wisconsin Retirement System (the “System”), a cost-sharing, multiple-employer, public employee retirement system. As a creation under state statutes, the Authority’s participation in the System is combined with all state departments and agencies. The Authority contributed \$30,124 and \$32,828 to the plan for the years ended June 30, 2004 and 2003, respectively.

## NOTE 5 – ASSETS HELD BY TRUSTEES

Resolutions adopted by the Authority have provided for trust and other agreements that establish specific funds to account for the proceeds of the various bond and note issues, notes receivable, debt service payments, payments by the participating health care and educational institutions, and construction and issuance costs. The investments held in specific funds established by such agreements are held by trustees and are excluded from the balance sheet of the operating fund, as described in Note 1.

## NOTE 6 – REVENUE BONDS

As of June 30, 2004, the following bond issues had all or a portion of their bonds advance refunded. The amounts outstanding were as follows (dollars in thousands):

<b>Advance Refunded Bonds</b>	<b>Due</b>	<b>Interest Rate</b>	<b>Amount Outstanding</b>
Waukesha Memorial Hospital, Inc., Series 1990A & B .....	2004-2019	7.125%-7.25%	\$ 4,195
Marquette University Project, Series 1992 .....	2004-2011	5.50%	155
Felician Health Care, Inc., Series 1992B .....	2005-2022	6.25%	5,130
Memorial Hospital of Iowa County, Inc., Series 1993 .....	2005-2008	5.60%-5.90%	1,695
Mequon Care Center, Inc. Refinancing, Series 1993 .....	2004-2016	5.30%-5.75%	2,645
Marquette University Project, Series 1994 .....	2004-2019	5.70%-6.45%	17,410
Catholic Health Corporation, Series 1994B .....	2004-2019	5.50%-6.375%	2,435
Catholic Health Corporation, Series 1995A .....	2004-2005	5.375%-5.50%	1,065
Memorial Hospital at Oconomowoc, Inc. Project, Series 1997 .....	2004-2017	5.30%-6.35%	5,245
Charity Obligated Group – Daughters of Charity National Health System, Series 1997D .....	2004-2015	4.90%	15,760
Total advance refunded bonds outstanding .....			<u>\$ 55,735</u>

As of June 30, 2004, revenue bonds outstanding were as follows (dollars in thousands):

<b>Revenue Bonds Outstanding</b>	<b>Due</b>	<b>Interest Rate</b>	<b>Amount Outstanding</b>
Middleton Village Associates Project/ FHA Insured Mortgage, Series 1986 .....	2004-2016	7.75%-8.00%	\$ 1,560
The Board of Trustees of Carroll College Project, Series 1987 .....	2004-2007	(b)	2,596
St. Joseph Residence, Inc. Project, Series 1987 .....	2004-2007	(b)	740
St. Luke’s Medical Center Project, Series 1987 .....	2004-2017	(a)	31,600
Alexian Village of Milwaukee, Inc. Refinancing, Series 1988A .....	2005-2017	(a)	13,000
Marian College of Fond du Lac, Wisconsin, Inc. Project, Series 1988 ..	2004-2009	(b)	610
Viterbo College, Inc., Series 1988 .....	2005-2008	(b)	350
The Board of Trustees of Beloit College Project, Series 1988 .....	2004-2013	(b)	850
Milwaukee Regional Medical Center, Inc. Project, Series 1988 .....	2005-2018	(b)	1,420
Lawrence University Project, Series 1989 .....	2004-2019	(a)	5,675
United Lutheran Program for the Aging, Inc. Project, Series 1989 .....	2005-2019	(a)	6,015

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Revenue Bonds Outstanding	Due	Interest Rate	Amount Outstanding
The Medical College of Wisconsin, Inc. Project, Series 1990B	2004-2015	(b)	\$ 8,655
The Board of Trustees of Beloit College, Series 1990	2005-2010	(b)	1,150
Marshfield Clinic Project, Series 1990B	2010	(a)	8,000
Carthage College Project, Series 1991	2004-2011	(b)	1,600
Holy Family Memorial Medical Center, Inc. Project, Series 1991	2004-2011	(b)	1,325
Heyde Health System Ecumenical Foundation, Inc., River Falls, Wisconsin, Series 1992	2004-2011	7.75%	1,895
Viterbo College, Inc. Project, Series 1992	2004-2012	(b)	300
Memorial Community Hospital Association, Series 1992	2004	6.05%	100
SSM Health Care Obligated Group, Series 1992AA	2009-2012	6.45%-6.50%	13,290
Villa St. Francis, Inc., Series 1992C	2005-2022	6.10%-6.25%	8,965
Luther Hospital, Series 1992	2004-2010	6.00%-6.125%	12,720
Meriter Hospital, Series 1992A	2004-2022	5.90% -6.30%	29,115
Wheaton Franciscan Services, Series 1993	2004-2022	5.75%-5.80%	73,825
Sisters of the Sorrowful Mother - Ministry Corporation, Series 1993	2009-2022	6.125%	30,395
Metro Health Foundation, Inc., Series 1993	2004-2022	11.00%	4,075
Prospect Congregate Housing, Inc. Project, Series 1993	2015-2023	(a)	3,000
Novus Health Group, Inc., Series 1993	2003-2008	5.25%-5.50%	5,745
Ripon College, Series 1993	2004-2008	(b)	2,220
LindenGrove, Inc. Project, Series 1993	2004-2022	5.50%(c)	2,429
National Regency of New Berlin, Inc. Project, Series 1993	2004-2022	6.80%-7.85%	9,530
The Board of Trustees of Beloit College Project, Series 1993	2004-2013	(b)	4,484
Children's Hospital of Wisconsin Inc., Series 1993	2004-2010	5.375%-5.50%(d)	10,820
Marian College Project, Series 1993	2004-2022	(b)	1,940
Bellin Memorial Hospital, Inc. Obligated Group, Series 1993	2005-2022	5.25%-5.875%	26,707
Howard Young Medical Center, Inc. Project, Series 1993	2004-2013	5.40%-5.75%	4,255
Catholic Health Corporation Project, Series 1993	2004-2013	5.00%-5.375%	16,400
Edgewood Care Center, Inc. Refunding, Series 1993	2004-2013	6.852%-7.125%	1,445
Beloit Memorial Hospital, Incorporated, Series 1993	2004-2013	5.70%-6.00%	2,820
Aurora Health Care Obligated Group, Series 1993	2004-2023	5.00%-5.40%	121,360
The Medical College of Wisconsin, Inc., Series 1993	2004-2015	5.40%-5.95%	21,695
Sisters of the Sorrowful Mother – Ministry Corporation, Series 1993C & 1993D	2004-2023	4.80%-5.50%	61,380
Janesville Area Visiting Nurses Association, Inc. Project, Series 1994	2004-2009	(b)	6,200
The Blood Center of Southeastern Wisconsin, Inc., Series 1994A & 1994B	2005-2023	5.75%(a)(c)	13,408
The Lutheran Home Project, Series 1994	2005-2019	7.00%-7.25%	2,810
Alverno College, Series 1994B	2005-2007	6.75%-7.00%	1,075
Ripon College Project, Series 1994	2004-2009	(b)	1,068
Froedtert Memorial Lutheran Hospital, Inc., Series 1994A	2004-2019	5.30%-6.00%	21,310
United Lutheran Program for the Aging, Inc., Series 1994	2004-2009	(b)	2,032
Sinai Samaritan Medical Center, Inc., Series 1994A	2004-2019	(a)	21,400
Felician Health Care, Inc. Project, Series 1994	2005-2019	(a)	13,000
Carthage College Project, Series 1995	2004-2015	(b)	4,000
Madison United Hospital Laundry, Ltd. Project, Series 1995	2005-2010	(a)	1,435
Memorial Hospital of Taylor County, Inc. Project, Series 1995	2005-2010	(b)	1,840
St. Norbert College, Inc. Project, Series 1995	2005-2010	(b)	1,150
SSM Health Care Projects, Series 1995A	2004-2020	5.30%-5.875%	17,455

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Revenue Bonds Outstanding	Due	Interest Rate	Amount Outstanding
Sheboygan Retirement Home & Beach Health Care Center, Inc. Project, Series 1995	2005-2020	(b)	\$ 1,460
Franciscan Skemp Medical Center, Inc., Series 1995	2004-2020	5.30%-6.25%	23,705
St. Anne's Home and St. Mary's Nursing Home Project, Series 1995	2004-2005	5.65%-5.75%	430
Mercy Health System Corporation, Series 1995	2004-2017	5.25%-6.125%	27,940
Lutheran Home for the Aging, Inc. Project, Series 1995	2004-2025	6.10%-7.00%	10,720
Waukesha Memorial Hospital, Inc., Series 1995A	2004-2019	5.00%-5.50%	37,870
Hess Memorial Hospital Association, Inc. Project, Series 1995	2004-2022	7.20%-7.875%	10,730
Franciscan Sisters of Christian Charity Healthcare Ministry, Inc., Series 1995	2005-2014	5.10%-5.50%	16,375
National Regency of New Berlin, Inc. Project, Series 1995	2004-2025	7.50%-8.00%	25,925
Aurora Medical Group, Inc. Project, Series 1996	2004-2025	5.00%-6.00%	130,365
Lutheran Homes of Oconomowoc, Series 1996	2004-2016	4.17%(c)	3,590
Malachi Corporation Project, Series 1996A & 1996B	2004-2026	8.00%-10.75%	2,890
Milwaukee Catholic Home, Inc. Project, Series 1996	2004-2026	6.30%-7.50%	16,265
Columbus Community Hospital, Inc., Series 1996	2004-2016	6.30%-7.10%	4,055
Congregational Home, Inc. Project, Series 1996	2004-2011	(a)	2,775
Gundersen Clinic, Ltd. and Lutheran Hospital – La Crosse, Inc., Series 1996	2004-2025	5.25%-5.625%	21,705
Sinai Samaritan Medical Center, Inc. Project, Series 1996	2004-2026	5.00%-5.875%	49,375
Malachi Corporation – Manitowoc Project, Series 1996A & B	2004-2026	8.00%-11.00%	5,465
Benchmark Healthcare of Wisconsin, Inc. Project, Series 1996A & 1996B	2004-2026	8.25%-10.50%	10,040
The Medical College of Wisconsin, Inc. Project, Series 1996	2004-2026	4.75%-5.50%	23,730
Meriter Hospital, Inc., Series 1996	2004-2026	6.00%	31,390
Wheaton Franciscan Services, Inc. System, Variable Rate Demand Revenue Bonds, Series 1997	2004-2016	(a)	100,000
American Baptist Homes of the Midwest – Tudor Oaks, Series 1997	2004-2016	6.10%-6.75%	7,570
United Health Group, Inc., Series 1997A & 1997B	2004-2020	5.00%-5.75%	42,605
Malachi Corporation – Gillett and Wautoma Project, Series 1997A & 1997B	2004-2027	8.00%-10.75%	4,380
Viterbo College, Inc. Project, Series 1997	2005-2017	5.40%-6.00%	2,280
Sisters of the Sorrowful Mother – Ministry Corporation, Series 1997A & 1997B	2004-2026	5.50%-5.90%	69,905
The Medical College of Wisconsin, Inc. Project, Series 1997	2005-2027	5.15%-5.75%	11,445
Residential Services Management, Inc., Series 1997A & 1997B	2005-2022	6.25%-7.00%	3,570
Marshfield Clinic, Series 1997	2005-2027	5.00%-5.75%	72,420
Froedtert Memorial Lutheran Hospital Trust, Series 1997	2005-2027	(a)	19,490
Benchmark Healthcare of Green Bay, Inc. Project, Series 1997A & 1997B	2005-2027	7.75%-9.50%	4,550
St. Francis Home of Fond du Lac, Wisconsin, Inc. Project, Series 1997	2005-2017	(a)	8,695
16th Street Community Health Center, Inc. Project, Series 1997	2004-2012	(a)	1,500
Reedsburg Area Medical Center, Inc. Project, Series 1997B	2009-2017	6.50%-6.75%	3,710
Odd Fellow-Rebekah Home Association, Inc. Project, Series 1997	2004-2017	3.76%(c)	1,831
RFDF, Inc. Project, Series 1997	2004-2027	5.40%-7.375%	5,410
Aurora Health Care, Inc., Series 1997	2004-2027	4.50%-6.00%	215,295
Edgewood College Project, Series 1997	2004-2017	(a)	6,595
Grant Regional Health Center, Inc. Project, Series 1997	2004-2022	6.75%-7.25%	5,780
Alverno College Project, Series 1997	2004-2017	(a)	8,600

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Revenue Bonds Outstanding	Due	Interest Rate	Amount Outstanding
Felician Services, Inc. Obligated Group, Series 1997A & 1997B	2005-2027	(a)	\$ 42,800
LindenGrove, Inc., Series 1997	2004-2027	5.30%-6.15%	6,110
Cedar Crest, Inc. Project, Series 1997	2004-2022	(a)	7,330
Saint John's Home & Sunrise Care Center, Inc. Obligated Group, Series 1997	2004-2022	5.00%-5.625%	12,380
Wausau Hospital, Inc. Project, Series 1998A	2004-2020	5.00%-5.50%	50,665
Wausau Hospital, Inc. Project, Series 1998B	2004-2013	(a)	20,000
Carroll College, Inc. Project, Series 1998	2004-2009	4.65%-5.00%	5,855
Franciscan Sisters of Christian Charity HealthCare Ministry, Inc., Series 1998A	2005-2028	4.80%-5.50%	13,550
Concordia University Wisconsin, Inc. Project, Series 1998	2004-2018	4.55%-5.125%	4,795
SSM Health Care, Series 1998B	2005-2019	(a)	34,250
Children's Hospital of Wisconsin, Inc., Series 1998	2012-2028	5.625%	70,000
United Health Group, Inc., Series 1998	2004-2027	4.50%-5.25%	29,510
The Millennium Housing Foundation, Inc. Project, Series 1998A & 1998B	2005-2028	5.75%-6.10%	10,210
Agnesian Healthcare, Inc., Series 1998	2004-2027	4.40%-5.125%	27,255
The Richland Hospital, Inc. Project, Series 1998A & 1998B	2005-2028	5.375%-7.20%	19,790
St. Camillus Health Center, Inc., Series 1998	2025-2028	5.75%	3,500
United Lutheran Program for the Aging, Inc., Series 1998	2005-2028	5.10%-5.70%	16,955
Beaver Dam Community Hospitals, Inc., Series 1998	2004-2028	5.05%-5.80%	13,005
Lawrence University of Wisconsin, Series 1998	2004-2028	4.30%-5.125%	17,610
Hospital Sisters Services, Inc. – Obligated Group, Series 1998B	2005-2018	4.20%-5.375%	23,730
Clement Manor Refunding, Series 1998	2004-2024	5.05%-5.75%	19,140
Middleton Glen, Inc. Project, Series 1998	2004-2028	4.90%-5.90%	4,910
The Howard Young Medical Center, Inc. Project, Series 1998	2004-2028	4.150%-5.125%	18,630
Milwaukee Regional Medical Center, Inc. Project, Series 1998A	2004-2021	4.60%-5.75%	3,010
Marquette University, Series 1998	2005-2028	4.00%-4.75%	78,635
Shady Lane, Inc. Project, Series 1998	2004-2023	(a)	7,600
Attic Angel Obligated Group, Series 1998	2004-2028	5.05%-6.00%	20,620
McCormick Memorial Home for the Aged, Inc. Project, Series 1998	2004-2028	4.70%-5.875%	2,435
Community Rehabilitation Providers Facilities Acquisition Program, Series 1998	2004-2023	6.125%-6.875%	4,245
Benchmark Healthcare of Dane County, Inc. Project, Series 1998	2003-2028	6.75%-8.25%	3,565
Lutheran Social Services of Wisconsin and Upper Michigan, Inc. Project, Series 1999	2005-2019	4.30%-4.65% (c)	6,935
Stoughton Hospital Association Project, Series 1999	2005-2014	5.05%-5.75%	3,720
The Monroe Clinic, Inc., Series 1999	2005-2022	4.40%-5.375%	24,650
Milwaukee School of Engineering Project, Series 1999C	2004-2017	4.10%-5.125%	1,945
Divine Savior Hospital and Nursing Home, Inc. Project, Series 1999	2005-2028	4.70%-5.70%	11,660
Aurora Health Care, Inc., Series 1999A	2013-2029	5.375%-5.60%	150,000
Carthage College Project, Series 1999A, 1999B, 1999C & 1999D	2011-2029	4.85%-5.95% (c)	25,000
ProHealth Care, Inc. Obligated Group, Series 1999	2004-2028	4.10%-5.125%	42,740
Benedictine Health System – St. Mary's Duluth Clinic Health System Obligated Group, Series 1999B	2005-2029	4.00%-5.125%	20,690
Memorial Hospital of Taylor County, Series 1999	2004-2019	(b)	3,240
Kenosha Hospital and Medical Center, Inc. Project, Series 1999	2005-2029	4.85%-5.70%	32,360
Aurora Health Care, Inc., Series 1999B	2013-2029	5.50%-5.625%	50,000
Aurora Health Care, Inc., Series 1999C	2004-2029	(a)	50,000

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Revenue Bonds Outstanding	Due	Interest Rate	Amount Outstanding
The Board of Trustees of Beloit College Project, Series 1999	2004-2019	(b)	\$ 5,000
Grace Lutheran Foundation, Inc. Project, Series 1999	2008-2014	(a)	2,555
FH Healthcare Development, Inc. Project, Series 1999	2004-2028	5.25%-6.25%	42,095
Mercy Health System Corporation, Series 1999	2004-2025	4.50%-5.50%	38,845
Wisconsin Illinois Senior Housing, Inc. Project, Series 1999	2004-2029	7.00%-8.00%	12,815
Meriter Retirement Services, Inc. Project, Series 1999	2004-2019	(b)	1,800
Maryhill Manor, Inc. Project, Series 1999	2004-2029	5.30%-6.75%	2,320
Milwaukee Protestant Home Project, Series 1999A	2004-2029	(a)	11,215
Ascension Health Credit Group, Series 1999A	2004	4.75%	8,765
Ministry Health Care, Inc., Series 1999A&B	2004-2029	(a)	103,425
Marshfield Clinic, Series 1999	2013-2029	6.25%	52,095
Oconomowoc Memorial Hospital, Inc., Series 1999	2004	(b)	205
Mental Health Center of Dane County, Inc. Project, Series 1999	2004-2014	(b)	2,429
Flambeau Hospital, Inc., Series 1999	2004	6.15%	83
St. Norbert College, Inc., Series 2000	2004-2010	(b)	4,420
St. John's United Church of Christ of Monroe, Wisconsin Project, Series 2000	2005-2030	(a)	1,100
Wausau Hospital, Inc., Series 2000	2024	(e)	23,000
St. Clare Terrace, Inc. Project, Series 2000	2005-2010	6.30%-7.00%	4,195
Rogers Memorial Hospital, Inc., Series 2000	2005-2020	(a)	9,565
University of Wisconsin Medical Foundation, Inc., Series 2000	2005-2030	(a)	47,500
Madison Family Medicine Residency Corporation, Inc. Project, Series 2000	2005-2021	(a)	4,995
Grace Lutheran Foundation, Inc., Series 2000	2005-2025	(a)	2,475
Memorial Hospital of Iowa County, Inc., Series 2000	2005-2030	5.20%-6.20%	14,335
Elder Care of Dane County, Inc., Series 2000	2004-2020	(b)	1,275
Franciscan Sisters of Christian Charity Healthcare Ministry, Inc. Project, Series 2000	2004-2015	(b)	4,275
Black River Memorial Hospital, Inc., Series 2000	2004-2005	5.506%	194
United Lutheran Program for the Aging, Inc., Series 2000	2004-2020	(b)	850
Oakwood Village Project, Series 2000A	2004-2030	6.20%-7.625%	11,755
Oakwood Village Project, Series 2000B	2004-2030	(a)	5,690
Gundersen Lutheran, Series 2000A	2006-2015	(a)	36,815
Lawrence University of Wisconsin Project, Series 2000	2005-2030	(a)	16,480
Abode Corporation Project, Series 2000	2004-2020	(a)	3,005
Lakeland College, Series 2000	2004-2020	(a)	5,695
Gundersen Lutheran, Series 2000B	2017-2029	(a)	40,470
Bay Area Medical Center, Inc., Series 2000	2004-2006	6.12%	962
Eagle River Memorial Hospital Incorporated Project, Series 2000	2004-2030	5.10%-5.875%	11,295
Aurora Receivables SPE LLC, Series 2000	2026	(e)	105,000
Wausau Regional Healthcare, Inc. Project, Series 2001	2008-2031	(b)	8,000
Milwaukee Institute of Art & Design, Inc., Series 2001	2004-2022	6.70% (c)	11,306
Riverview Hospital Association, Series 2001	2005-2030	(a)	21,500
Senior Housing of Middleton, Inc. Project, Series 2001	2004-2030	6.50% (c)	4,292
ProHealth Care, Inc. Obligated Group, Series 2001A	2004-2029	4.00%-5.25%	15,535
ProHealth Care, Inc. Obligated Group, Series 2001B	2012-2030	(a)	52,940
Sinsinawa Nursing, Inc. Project, Series 2001	2005-2026	(a)	2,480
Valley Packaging Industries, Inc. Project, Series 2001	2004-2021	(a)	2,160
Jewish Family Services, Inc. Project, Series 2001	2004-2006	(b)	1,575

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Revenue Bonds Outstanding	Due	Interest Rate	Amount Outstanding
Watertown Memorial Hospital, Inc., Series 2001 .....	2004-2029	4.00%-5.50%	\$ 13,095
Agnesian Health Care, Inc., Series 2001 .....	2004-2030	5.00%-6.00%	34,450
ThedaCare, Inc., Series 2001 .....	2004-2030	3.25%-5.00%	49,700
Wisconsin Lutheran College Project, Series 2001 .....	2004-2031	(a)	28,000
Froedtert & Community Health Obligated Group, Series 2001 .....	2004-2030	5.00%-5.65%	105,175
St. Joseph's Community Hospital of West Bend, Inc. Project, Series 2001 .....	2004-2021	(a)	20,470
Northland College Project, Series 2001 .....	2004-2021	(a)	5,205
Marshfield Clinic, Series 2001A & 2001B .....	2005-2031	5.25%-6.50%	51,725
Pooled Loan Financing Program-Fort Atkinson Memorial Health Services, Inc., Series 2001B .....	2004-2011	(a)	9,500
Carroll College, Inc. Project, Series 2001 .....	2011-2021	6.125%-6.25%	4,690
Newcastle Place Project, Series 2001A .....	2007-2031	5.55%-7.00%	23,085
Newcastle Place Project, Series 2001B .....	2011-2031	(a)	14,500
Pooled Loan Financing Program-University of Wisconsin Medical Foundation, Inc., Series 2002C .....	2005-2017	(a)	1,950
Pooled Loan Financing Program-Group Health Cooperative of South Central Wisconsin, Series 2002D .....	2005-2009	(a)	2,690
Pooled Loan Financing Program-St. Camillus Health System, Inc., Series 2002E .....	2005-2022	(a)	2,200
Wheaton Franciscan Services, Inc., Series 2002 .....	2004-2030	4.00%-6.25%	214,640
Pooled Loan Financing Program-The Richland Hospital, Inc., Series 2002G .....	2005-2016	(a)	1,250
Ministry Health Care, Inc., Series 2002 .....	2005-2032	5.00%-5.50%	166,695
WHA Capital Access Designated Pool Program-Meriter Retirement Services, Series 2002 .....	2006-2025	(a)	8,000
WHA Capital Access Designated Pool Program-Vernon Memorial Hospital, Series 2002 .....	2005-2014	(a)	2,580
Hudson Memorial Hospital, Inc. Project, Series 2002 .....	2005-2029	3.00%-5.70%	27,475
Divine Savior Healthcare, Inc., Series 2002A & 2002C .....	2005-2032	4.00%-7.50%	14,570
Divine Savior Healthcare, Inc., Series 2002B .....	2005-2032	(a)	14,565
The Board of Trustees of Beloit College, Series 2002 .....	2022	(a)	3,000
Pooled Loan Financing Program-Marshfield Clinic, Series 2002H .....	2009	(a)	5,000
Lutheran Social Services of Wisconsin & Upper Michigan, Inc., Project, Series 2002 .....	2005-2023	2.50%-4.625%	3,635
Viterbo College, Inc., Series 2002 .....	2005-2022	(a)	4,500
Benevolent Corporation Cedar Community Project, Series 2002B .....	2004-2031	(a)	3,470
Lawrence University of Wisconsin Project, Series 2002 .....	2020-2032	(a)	14,225
Ascension Health Credit Group, Series 2002D .....	2004-2031	(a)	61,675
Goodwill Industries of Southeastern Wisconsin, Inc, Series 2002 .....	2004-2017	1.85%-4.40%	9,455
Marquette University Project, Series 2002A .....	2004-2032	2.50%-4.85%	20,430
Marquette University Project, Series 2002 B-1 & B-2 .....	2012	(a)	22,885
Meriter Hospital, Inc, Project, Series 2002 .....	2011-2032	(a)	27,000
SynergyHealth, Inc., Series 2003 .....	2007-2032	6.00%	50,000
Community Memorial Hospital, Incorporated Project, Series 2003 .....	2006-2033	7.125%-7.25%	9,095
Ministry Health Care, Inc., Series 2003 .....	2007	3.40%	3,075
Mount Mary College, Series 2003 .....	2005-2018	4.86%(c)	7,075
Monroe Joint Venture, Inc., Series 2003 .....	2005-2033	(a)	4,615
Stoughton Hospital Association, Series 2003 .....	2005-2018	3.75%-6.00%	4,115

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Revenue Bonds Outstanding	Due	Interest Rate	Amount Outstanding
Bay Area Medical Center, Inc., Series 2003	2004-2010	3.78%	\$ 4,382
Wisconsin Lutheran College Project, Series 2003	2005-2033	(a)	20,670
Agnesian Healthcare, Inc. Project, Series 2003	2007-2033	(a)	25,000
St. Camillus Health Center, Inc., Series 2003	2005-2023	(a)	7,175
Marian College, Series 2003	2005-2022	(a)	2,725
Pooled Loan Financing Program-Mercy Health System Corporation, Series 2003I	2005-2023	(a)	9,570
Pooled Loan Financing Program-St. John's Home of Milwaukee, Series 2003J	2005-2023	(a)	4,250
Gundersen Lutheran, Series 2003A	2004-2016	3.00%-5.00%	34,875
Gundersen Lutheran, Series 2003B & 2003C	2016-2033	(a)	77,750
Mequon Jewish Campus, Inc., Series 2003	2004-2028	(b)	20,000
Tomah Memorial Hospital, Inc., Series 2003	2004-2028	2.50%-6.625%	10,470
Ministry Health Care, Inc., Series 2003B	2007	3.50%	8,180
Wheaton Franciscan Services, Inc. System, Series 2003A	2004-2033	3.00%-5.50%	115,330
Wheaton Franciscan Services, Inc. System, Series 2003B	2015-2033	(b)	75,000
Aurora Health Care, Inc., Series 2003	2030-2033	6.40%-6.875%	110,000
Franciscan Sisters of Christian Charity Healthcare Ministry, Inc., Series 2003A	2004-2033	3.00%-6.00%	22,460
Franciscan Sisters of Christian Charity Healthcare Ministry, Inc., Series 2003B	2006-2033	(a)	13,000
Three Pillars Senior Living Communities, Series 2003	2004-2026	2.00%-5.75%	12,370
Mercy Health System Corporation, Series 2003	2004-2023	(a)	22,995
American Eagle Lifecare Corporation, Series 2003A-C	2008-2033	6.00%-10.00%	8,530
Bellin Memorial Hospital, Inc., Series 2003	2005-2010	3.00%-5.00%	4,980
Watertown Memorial Hospital, Inc., Series 2003	2004-2023	(a)	4,400
Children's Hospital of Wisconsin, Inc., Series 2003	2004-2009	3.83%	5,552
Hospital Sisters Services, Inc. Obligated Group, Series 2003B	2012-2023	(b)	69,850
Hospital Sisters Services, Inc. Obligated Group, Series 2003D	2004-2011	2.00%-5.00%	19,080
Oakwood Village, Series 2003	2004-2028	(a)	12,690
LindenGrove, Inc., Series 2003A	2004-2025	3.25%-6.25%	15,320
LindenGrove, Inc., Series 2003B	2004-2025	(b)	7,500
The Board of Trustees of Beloit College, Series 2004	2005-2019	(a)	3,270
Wisconsin Institute for Torah Study, Inc., Series 2004	2007-2029	(a)	3,315
Southwest Health Center, Inc., Series 2004A	2006-2034	3.25%-6.25%	20,000
Southwest Health Center, Inc., Series 2004B	2021-2034	(a)	6,340
Southwest Health Center, Inc., Series 2004C	2006-2021	(a)	3,660
Children's Hospital of Wisconsin, Inc., Series 2004A	2007-2010	3.00%-5.00%	15,285
Children's Hospital of Wisconsin, Inc., Series 2004B	2011-2034	(a)	100,000
Fort Healthcare Inc., Project, Series 2004	2007-2034	4.00%-6.10%	40,000
ProHealth Care, Inc. Obligated Group, Series 2004	2005-2034	(b)	71,325
Total revenue bonds outstanding			5,567,240
Total advance refunded bonds outstanding			55,735
Total bonds outstanding			<u>\$ 5,622,975</u>

(a) Adjustable rate determined by remarketing agreement or agent.

(b) Adjustable rate as an applicable percentage of the 13-week T-Bill rate; or as an applicable percentage of non-financial commercial paper rate.

(c) Rate is reset at end of applicable term.

(d) Portion of bond issue (approximately \$17.3 million) is "Indexed Cap Bonds" which currently bear interest at a fixed rate plus a supplemental rate.

(e) Adjustable rate as determined by a Periodic Auction Reset.

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 7 – PRINCIPAL MATURITIES

As of June 30, 2004, there were 266 revenue bond issues outstanding. These bonds mature at various dates, with mandatory sinking fund requirements due as follows (dollars in thousands):

<u>Fiscal Year Ending June 30</u>	<u>Mandatory Sinking Fund Requirements</u>
2005	\$151,800
2006	147,458
2007	144,890
2008	147,381
2009	159,693
2010	166,184
2011	152,745
2012	169,181
2013	182,999
2014	179,043
2015	177,244
2016	176,795
2017	274,248
2018	186,849
2019	189,573
2020	180,235
2021	180,014
2022	195,839
2023	194,743
2024	202,435
2025	223,633
2026	332,561
2027	203,981
2028	252,200
2029	290,265
2030	159,813
2031	172,243
2032	179,015
2033	134,205
2034	115,710
Total	<u>\$5,622,975</u>





Since the first financing was closed in 1979, the Wisconsin Health and Educational Facilities Authority has issued 463 bonds for over \$9 billion. Through these bond issues, 179 borrowers have been able to access dollars at federally tax-exempt market interest rates.

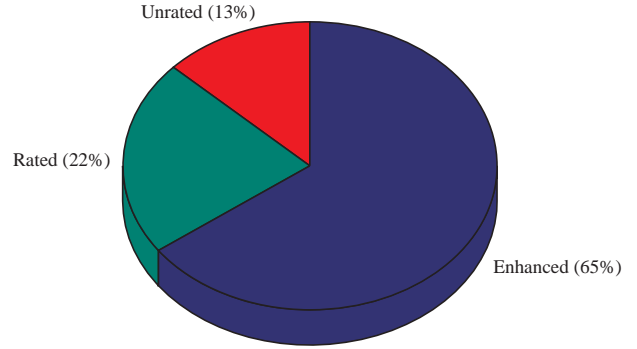
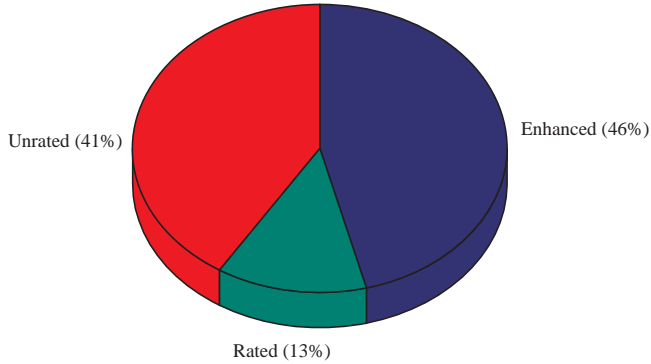
WHEFA is proud to present the following information highlighting its first 25 years of activity.

■ ■ ■ ■ ■ ■ ■ ■ ■ ■  
**CREDIT STRUCTURE**

**NUMBER OF ISSUES**

**DOLLARS ISSUED**

**25 YEARS OF TOTAL WHEFA ACTIVITY**



	<u>Enhanced</u>	<u>Rated</u>	<u>Unrated</u>	<u>Total</u>
Total Activity – #	215	59	189	463
Total Activity – \$	\$5,865,191,000	\$1,992,405,000	\$1,187,477,750	\$9,045,073,750

**25 YEARS OF AUTHORITY HISTORY**



Surgery Center at Aspirus Wausau Hospital, Wausau.



Blood donor at The Blood Center of Southeastern Wisconsin, Inc., Milwaukee.



Flight for Life helicopter program at The Milwaukee Regional Medical Center.



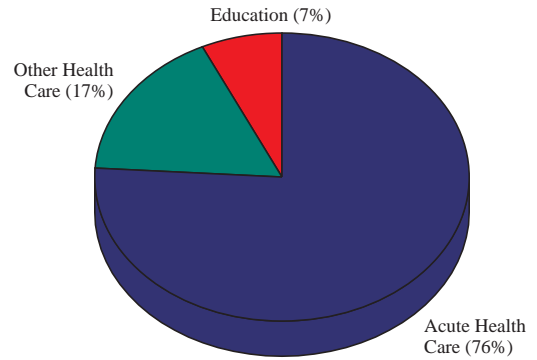
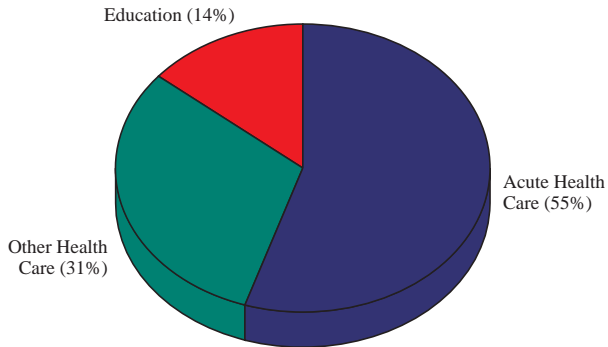
Lab students at Lawrence University, Appleton.

# ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ BORROWER TYPE

## NUMBER OF ISSUES

## DOLLARS ISSUED

### 25 YEARS OF TOTAL WHEFA ACTIVITY



	<u>Acute Health Care</u>	<u>Other Health Care</u>	<u>Education</u>	<u>Total</u>
Total Activity – #	254	145	64	463
Total Activity – \$	\$6,847,349,750	\$1,536,601,000	\$661,123,000	\$9,045,073,750



Luau/Beach party at Attic Angel Community, Middleton.



Pathologist at Ministry Health Care, Milwaukee.



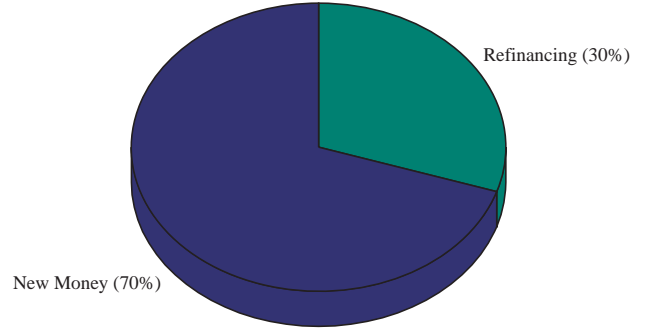
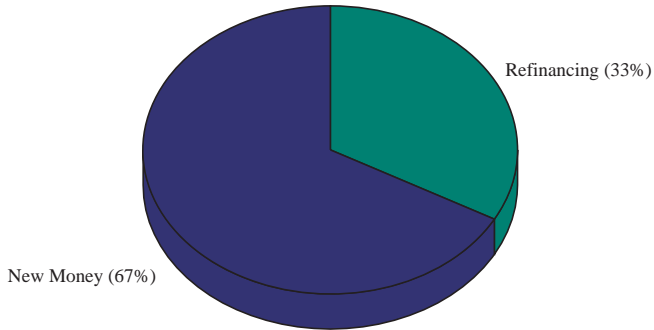
Students studying in the library at St. Norbert College, DePere.

# ■ ■ ■ ■ ■ USE OF BOND PROCEEDS

## NUMBER OF ISSUES

## DOLLARS ISSUED

### 25 YEARS OF TOTAL WHEFA ACTIVITY



	<u>New Money</u>	<u>Refinancing</u>	<u>Total</u>
Total Activity – #	312	151	463
Total Activity – \$	\$6,333,347,283	\$2,711,726,467	\$9,045,073,750



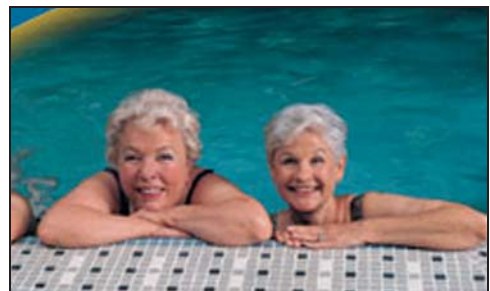
Workers at Goodwill Industries of Southeastern Wisconsin, Milwaukee.



New entrance to Waukesha Memorial Hospital in Waukesha, part of ProHealth Care, Inc.



Workers at Valley Packaging Industries, Appleton.

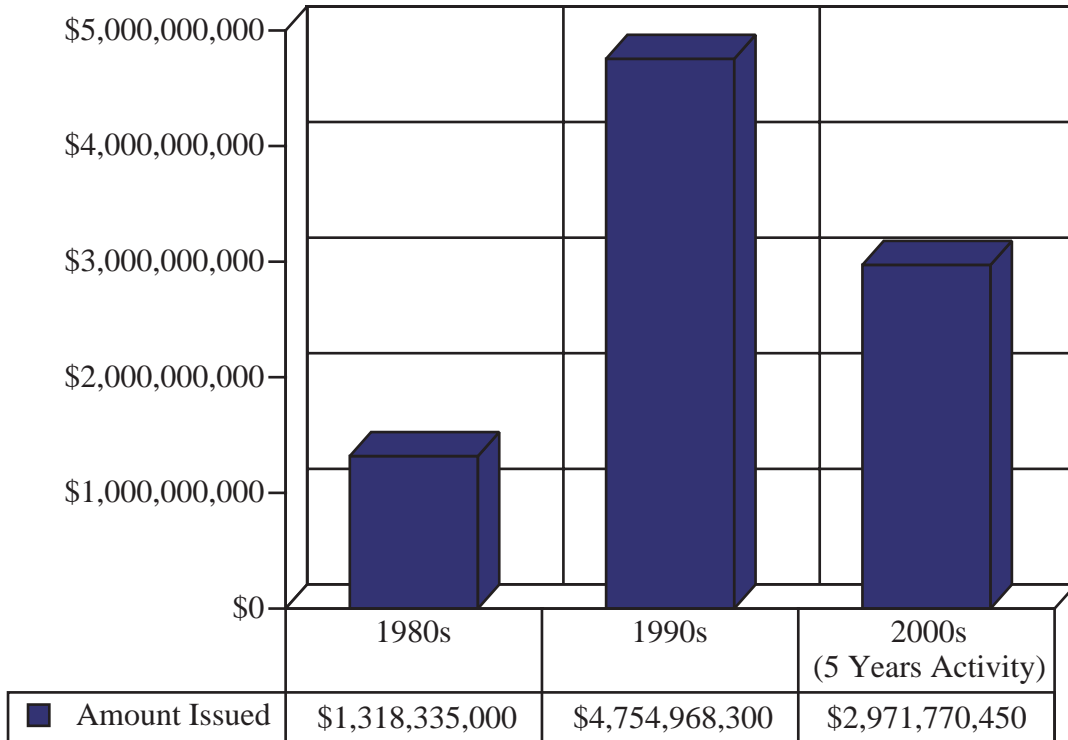


Aquatic, Spa and Wellness Center at Milwaukee Protestant Home at Eastcastle Place, Milwaukee.

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## TOTAL BONDS ISSUED BY DECADE

(TOTAL BONDS: \$9,045,073,750)



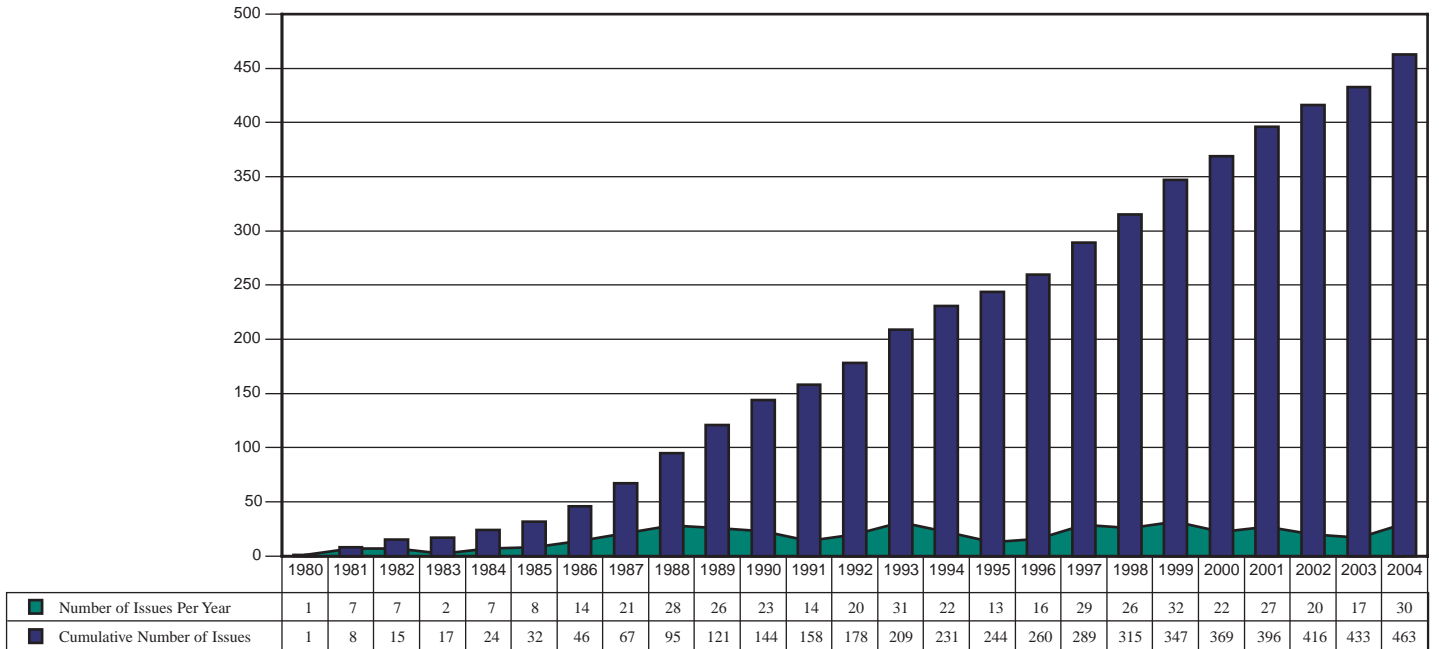
Classroom at  
The Wisconsin Institute for  
Torah Study, Milwaukee.



Neurosciences Center at  
Froedtert Memorial  
Lutheran Hospital,  
Milwaukee.

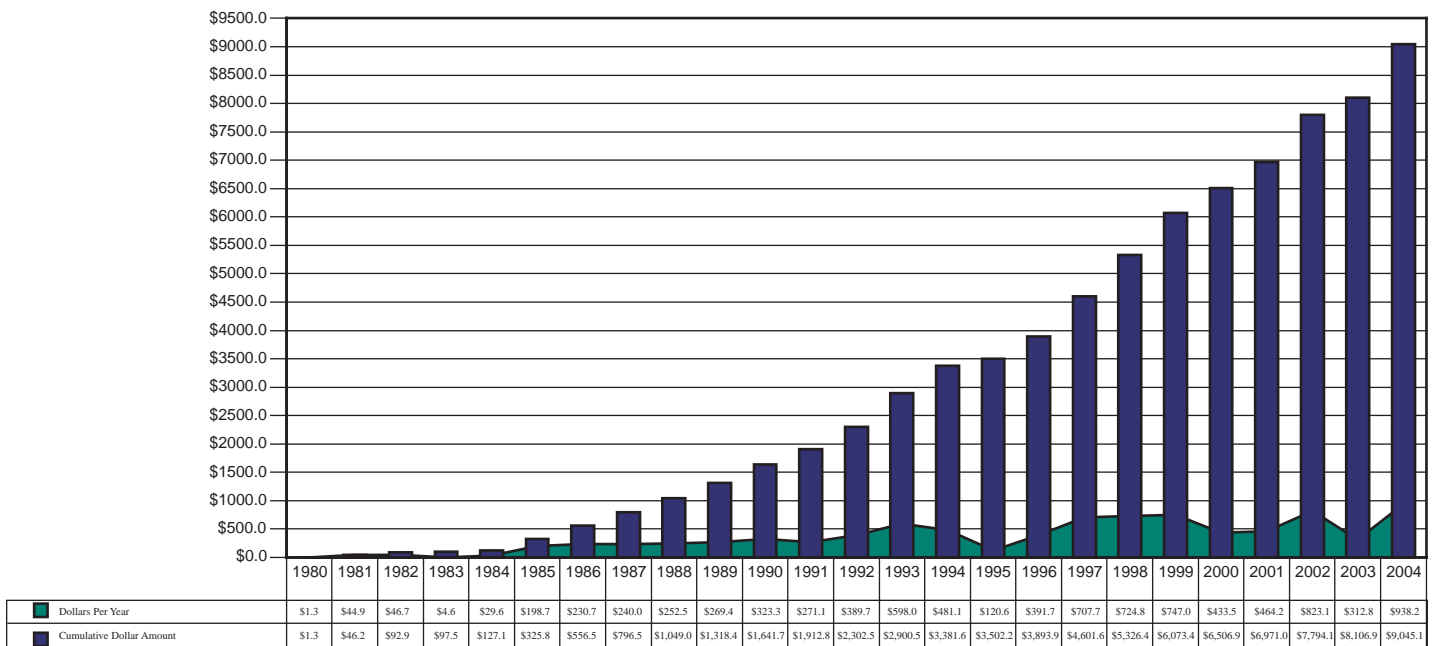
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## NUMBER OF BONDS ISSUED IN 25 YEARS OF TOTAL WHEFA ACTIVITY (FISCAL YEARS 1980 — 2004)



■ ■ ■ ■ ■

## DOLLAR AMOUNT ISSUED (IN MILLIONS) IN 25 YEARS OF TOTAL WHEFA ACTIVITY (FISCAL YEARS 1980 — 2004)



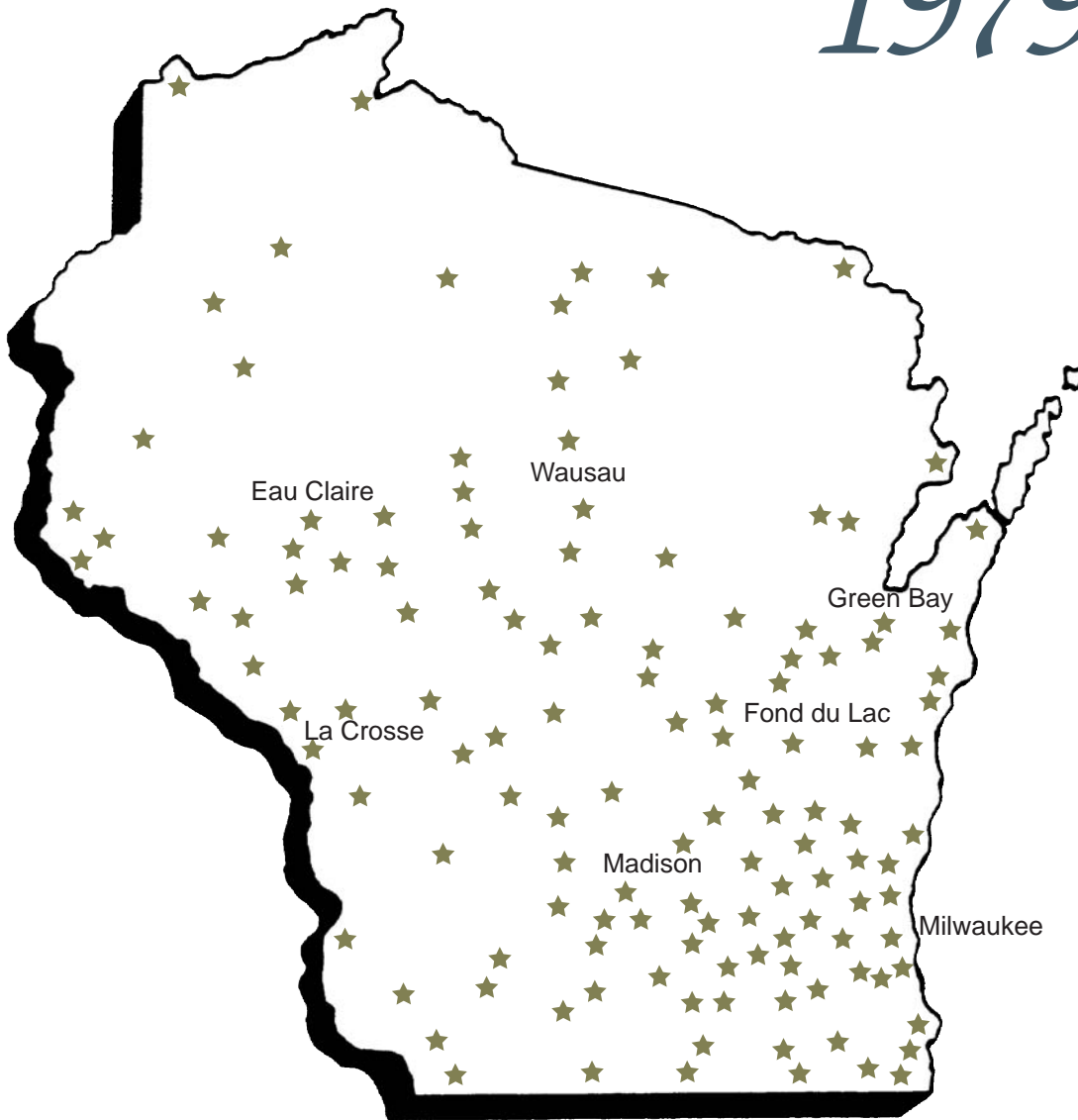
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## 25 YEARS OF AUTHORITY HISTORY

- 1979** Wisconsin Health Facilities Authority (WHFA) completed its first bond issue – \$1,300,000 for Marquardt Memorial Manor, Watertown. This was also the first long term care financing completed.
- 1981** WHFA completed its first hospital financing – \$7,615,000 for DePaul Rehabilitation Hospital, Milwaukee.
- 1982** The smallest financing in the history of the Authority was completed – \$320,000 for Watertown Memorial Hospital Association, Watertown.
- 1983** WHFA completed its first multi-state composite financing where bonds were issued simultaneously with another issuer (Illinois Health Facilities Authority) – \$10,835,000 for Adventist Living Centers, Inc. (Wisconsin portion).
- 1984** **Five years of cumulative activity – 24 bond issues totaling \$127,020,000. The average bond size was \$5.3 million.**
- 1987** WHFA statute was expanded to include the ability to finance private colleges/universities and continuing care facilities.
- 1987** The Authority’s name was changed to Wisconsin Health and Educational Facilities Authority (WHEFA) to reflect statute change.
- 1987** WHEFA completed its first college financing – \$3,000,000 for Carroll College, Waukesha.
- 1989** **Ten years of cumulative activity – 121 bond issues totaling \$1,318,335,000. The average bond size was \$10.9 million.**
- 1990** WHEFA completed its \$10,064,000 Community Provider Pool Program bond issue used by 15 community providers.
- 1994** **15 years of cumulative activity – 231 bond issues totaling \$3,381,547,000. The average bond size was \$14.6 million.**
- 1994** WHEFA introduced its Reinvestment Initiatives Program created to consider investments into projects or organizations that benefit eligible borrowers and the industries WHEFA serves.
- 1995** WHEFA introduced its Financing Alternatives Program where borrowers can solicit numerous financing proposals.
- 1997** WHEFA completed its first in-state joint issuer financing – \$6,000,000 for Reedsburg Area Medical Center, Reedsburg, with the City of Reedsburg.
- 1997** The largest financing in the history of the Authority was completed – \$225,000,000 for Aurora Health Care, Inc., Milwaukee.
- 1998** WHEFA instituted its Standard & Poor’s credit assessment program to assist borrowers in identifying strengths and weaknesses and to confirm a debt rating category for their organization. The first credit assessment was completed for Beloit College, Beloit.
- 1999** WHEFA issued the largest number of bond issues in a fiscal year – 32.
- 1999** **20 years of cumulative activity – 347 bond issues totaling \$6,073,303,300. The average bond size was \$17.5 million.**
- 2004** WHEFA statute expanded to include the ability to finance private, non-profit elementary or secondary educational institutions (K-12).
- 2004** WHEFA completed its first K-12 financing – \$3,315,000 for Wisconsin Institute for Torah Study, Milwaukee.
- 2004** WHEFA issued the largest dollar amount in a fiscal year – \$938,225,000.
- 2004** **25 years of cumulative activity – 463 bond issues totaling \$9,040,073,000. The average bond size was \$19.5 million.**

# Locations of Authority Bond Issues

*1979-2004*



Over the past 25 years, the Authority has completed 463 bond issues for 179 borrowers, including: hospitals, clinics, long-term care facilities, educational facilities and community providers in 131 cities throughout Wisconsin.



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