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STATE OF ILLINOIS

SOUTHERN ILLINOIS UNIVERSITY

HOUSING AND AUXILIARY FACILITIES SYSTEM

Report of the Treasurer

For the Year Ended June 30, 2011

Southern Illinois University
Board of Trustees and
Officers of Administration
Fiscal Year 2011

BOARD OF TRUSTEES OF SOUTHERN ILLINOIS UNIVERSITY

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John Nicklow, Provost and Vice Chancellor for Academic Affairs
J. Kevin Dorsey, Dean and Provost, School of Medicine
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Table of Contents

The University also issues an Annual Financial Report.

Southern Illinois University
Senior Vice President for Financial & Administrative Affairs and Board Treasurer
Stone Center - Mail Code 6801 / 1400 Douglas Drive / Carbondale, Illinois 62901

September 30, 2011

TREASURER'S COMMENTS

SOUTHERN ILLINOIS UNIVERSITY HOUSING AND AUXILIARY FACILITIES SYSTEM

I. SOUTHERN ILLINOIS UNIVERSITY REVENUE BOND OPERATIONS

FACILITIES

The facilities included in the Southern Illinois University Housing and Auxiliary Facilities System (the "System") were acquired in eleven phases. The first phase coincided with the creation of the System and the Advanced Refunding of 1978 which consolidated the facilities, the operations and the debt of five separate bond indentures, into one entity, the System. These facilities include residence halls and apartment complexes on the Carbondale and Edwardsville campuses which provide student housing; the student unions known as the Student Center at Carbondale and the University Center at Edwardsville; three buildings leased to national organizations of fraternities and sororities for student housing; one building which is designated as housing for professional students

IV. DEBT SERVICE COVERAGES

The bond resolution requires that debt service coverage (net revenues plus pledged retained tuition) be at least 120% of the maximum annual debt service. 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 net revenues has been calculated as follows:

V. RETIREMENT OF INDEBTEDNESS

Our audit was conducted for the purpose of forming an opinion on the financial statements of the System taken as a whole. The accompanying Schedule of Bonds Payable Outstanding is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, based on our audit, are stated fairly, in all material respects, in relation to the financial statements taken as a whole.

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 Housing and Auxiliary Facilities System Revenue Bonds Series 2009A, Revenue Bonds Series 2008A, Revenue Bonds Series 2006A, Revenue Bonds Series 2004A, Revenue Bonds Series 2003A, Revenue Bonds Series 2001A, Revenue Bonds Series 1999A, Revenue Bonds 1997A, and Revenue Bonds Series 1993A

SOUTHERN ILLINOIS UNIVERSITY
HOUSING AND AUXILIARY FACILITIES SYSTEM
STATEMENT OF NET ASSETS
June 30, 2011
(with comparative totals for 2010)

	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 50,527,511	$ 62,444,245
Short term investments	5,549,956	18,291,012
Accounts receivable, net	4,536,833	10,904,567
Accrued interest receivable	70,436	174,967
Merchandise for resale	1,395,992	1,309,168
Prepaid expenses and other assets	276,133	274,948
TOTAL CURRENT ASSET S	62,356,861	93,398,907
NONCURRENT ASSETS:		
Long term investments	9,202,316	2,495,036
Prepaid expenses and other assets	3,539,235	3,780,655
Capital assets, net:		
Land	605,395	605,395
Buildings	244,936,651	174,531,008
Improvements	4,910,581	5,422,236
Equipment	10,299,611	8,067,156
Construction in progress	2,930,482	62,570,164
TOTAL NONCURRENT ASSET S	276,424,271	257,471,650
TOTAL ASSET S	338,781,132	350,870,557
LIABILITIE S		
CURRENT LIABILITIES:		
Accounts payable	5,238,352	12,974,110
Accrued interest payable	2,367,061	2,448,967
Accrued payroll	846,724	503,346
Accrued compensated absences	173,993	169,828
3 Revenue bonds payable	253,082,71	
	1	264,384,837
TOTAL NONCURRENT LIABILITIE S	255,519,773	266,762,325
TOTAL LIABILITIE S	283,599,796	301,886,998
NET ASSETS (DEFICIT)		
Invested in capital assets, net of related debt	(4,889,449)	(8,970,683)
Restricted for:		
Expendable		
Capital projects and debt service	42,326,550	39,569,460
Unrestricted	17,744,235	18,384,782
TOTAL NET A SSETS	$ 55,181,336	$ 48,983,559

The accompanying notes are an integral part of this statement.

	2011	2010
REVENUES		
OPERATING REVENUES:		
Residence halls and apartments	$ 56,218,052	$ 56,377,155
University student centers		
Sales and services	15,075,224	14,417,071
Student fees	8,594,940	8,608,714
Student recreation and fitness centers		
Sales and services	1,281,945	1,267,927
Student fees	6,454,149	6,438,247
Child care center	901,298	871,886
Student health center	9,592,852	9,458,737
Traffic and parking	2,681,734	2,590,279
Student success center	1,836,306	1,700,943
Revenue bond fees	1,916,577	1,966,299
TOTAL OPERATING REVENUE		

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Residence halls and apartments	$ 53,198,499	$ 53,179,028
University student centers		
Sales and services	15,921,345	15,298,589
Student fees	8,533,986	8,520,207
Student recreation and fitness centers		
Sales and services	1,274,818	1,287,100
Student fees	6,400,573	6,387,748
Child care center	900,113	875,231
Student health center	9,411,781	9,401,146
Traffic and parking	2,669,089	2,591,999
Student success center	1,856,829	1,713,700
Revenue bond fees	1,916,577	1,966,299
Payments to employees	(29,613,608)	(29,315,193)
Payments for utilities	(9,277,309)	(10,571,253)
Payments to suppliers	(39,202,465)	(36,358,280)
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,990,228	24,976,321
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Gifts for other than capital purposes	3,619	18,257
Other nonoperating revenue	11,889,001	13,984,461
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	11,892,620	14,002,718
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of capital assets	(31,717,662)	(51,055,179)
Principal paid on capital debt	(15,295,000)	(12,425,000)
Interest paid on capital debt	(9,795,869)	(9,789,184)
Other	2,143,925	3,866,171
NET CASH PROVIDED BY (USED IN) BY CAPITAL FINANCING ACTIVITIES	(54,664,606)	(69,403,192)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	40,363,402	76,716,582
Investment income	682,438	1,517,328

(B) Merchandise For Resale

Merchandise for resale includes inventories which are stated at the lower of cost (first-in, first-out method) or market. The Student Center University Bookstore on the Carbondale campus has been leased to Follett Higher Education Group Inc. since May 8, 2001.

(C) Buildings, Improvements and Equipment

Buildings, improvements and equipment are recorded at cost less accumulated depreciation. The buildings are located on land owned by the University except for the Northwest Annex and University Hall which were purchased in part by the System. There is no charge to the System for the use of the land other than for grounds maintenance. 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.

(D) Classification of 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 of auxiliary enterprises. 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 Government 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 assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

(E) Cash and Cash Equivalents

Cash and cash equivalents include bank accounts and investments with original maturities of ninety 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 invet8.143 0 Td ( )Tj EMC /h(ts) qntset8.143 onci4.007 Tw 0.609 nv2(en)-5(t)Bass ctiviti654(ther)2, S

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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. 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 time of purchase and nonnegotiable certificates of deposit with redemption terms that do not consider market rates are carried at amortized cost. The statement has been applied to investments and income for fiscal year 2011.

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on 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 net of realized and unrealized gains and losses on investments for the year ended June 30, 2011, is reflected below.

Interest earnings	$ 686,850
Unrealized gain on investments	39,868
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5. Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds payable	$ 279,534,837	$ 4,475,452	$ 15,438,119	$ 268,572,170	$ 15,489,459
Compensated absences	2,389,163	75,606	25,644	2,439,125	173,993
Housing deposits	287,550	284,623	259,573	312,600	140,670
Total noncurrent liabilities	$ 282,211,550	$ 4,835,681	$ 15,723,336	$ 271,323,895	$ 15,804,122

Note: Amounts shown in ending balance of noncurrent liabilities include both current and noncurrent portions.

6. Revenue Bonds Payable

On April 2, 2009, the Board adopted the “Thirteenth Supplemental System Revenue Bond Resolution” which amended and supplemented the Original Resolution of August 29, 1984, the First Supplemental Resolution of November 13, 1986, the Second Supplemental Resolution of February 13, 1992, the Third Supplemental Resolution of May 13, 1993, the Fourth Supplemental Resolution of September 12, 1996, the Fifth Supplemental Resolution of July 10, 1997, the Sixth Supplemental Resolution of May 13, 1999, the Seventh Supplemental Resolution of May 11, 2000, the Eighth Supplemental Bond Resolution of July 12, 2001, as amended and restated on December 11, 2003, the Ninth Supplemental Resolution of December 12, 2002, the Tenth Supplemental Resolution of October 14, 2004, the Eleventh Supplemental Bond Resolution of March 9, 2006, as amended and restated on May 2, 2006 and November 9, 2006, and the Twelfth Supplemental Bond Resolution of April 10, 2008. The outstanding bond issues related to the respective bond resolutions of the System are as follows:

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(E) Series 2003A Bonds

These bonds were authorized by the Board under the Ninth Supplemental Bond Resolution dated December 12, 2002 and were issued as current interest bonds in the original amount of $17,020,000. The bonds were sold at par on February 25, 2003, with interest rates ranging from 1.15 to 4.85 percent. The bonds were issued to finance the design and construction of a new Student Health Center building addition on the Carbondale campus and to redeem the Series 1993A outstanding bonds. As of June 30, 2011, these bonds were outstanding in the amount of $6,975,000.

(F) Series 2001A Bonds

These bonds were authorized by the Board under the Eighth Supplemental Bond Resolution dated July 12, 2001, as amended on December 11, 2003, and were issued as current interest bonds in the original amount of $27,730,000. The bonds were sold on January 9, 2002 at a premium of $440,042 with interest rates ranging from 4.00 to 5.50 percent. The bonds were issued to finance improvements to the University Center on the Edwardsville campus; the design and construction of a new softball complex on the Carbondale campus; a complete replacement of the turf at McAndrew Stadium on the Carbondale campus; modifications of the heating, ventilation, air conditioning and humidity control systems in Prairie Hall, Bluff Hall and Woodland Hall on the Edwardsville campus; and to redeem the Series 1992A outstanding bonds. On March 9, 2006, as amended and restated on May 2, 2006 and November 9, 2006, the Board authorized the advance refunding of a portion of the bonds of the Series 2001A. Bonds in the amount of $7,850,000 were advance refunded. As of June 30, 2011, the remaining bonds were outstanding in the amount of $4,814,152.

(G) Series 1999A Bonds

These bonds were authorized by the Board under the Sixth Supplemental Bond Resolution dated May 13, 1999 and were issued as capital appreciation bonds in the original amount of $21,001,900. The bonds were issued at a premium of $53,851 with interest rates ranging from 4.10 to 5.55 percent. The capital appreciation bonds are non-interest bearing and will accrete the interest factor as additional bonds payable over the term of the bonds. These bonds were issued to finance the construction of a residence hall and renovations of the University Center food service facilities. All projects financed by the Series 1999A bonds are associated with the Edwardsville campus. As of June 30, 2011, after accreting the capital appreciation, these bonds were outstanding in the amount of $36,849,040.

(H) Series 1997A Bonds

These bonds were authorized by the Board under the Fifth Supplemental Bond Resolution dated July 10, 1997 and were issued as current interest bonds and capital appreciation bonds in the original amounts of $8,575,000 and $29,521,284, respectively. The current interest bonds were issued at a nominal discount while the capital appreciation bonds were issued at par with interest rates ranging from 4.10 to 5.74 percent. The capital appreciation bonds are non-interest bearing and will accrete the interest factor as additional bonds payable over the term of the bonds. These bonds were issued to finance the construction of Prairie Hall, a residence hall, renovations of existing housing and food service facilities, and construction and improvement to the parking facilities. All projects financed by the Series 1997A bonds are associated with the Edwardsville campus. On March 9, 2006, as amended and restated on May 2, 2006 and November 9, 2006, the Board authorized the advance refunding of a portion of the current interest bonds of the Series 1997A. Bonds in the amount of $2,915,000 were advance refunded. As of June 30, 2011, after accreting the capital appreciation, the remaining bonds were outstanding in the amount of $17,333,393.

(I) Series 1993A Bonds

These bonds were authorized by the Board under the Third Supplemental Bond Resolution dated May 13, 1993 and were issued as current interest bonds and capital appreciation bonds in the original amounts of $8,010,000 and $8,660,506, respectively. The current interest bonds were issued at a nominal discount while the capital appreciation bonds were issued at par with interest rates ranging from 6.05 to 6.20 percent. The capital appreciation bonds are non-interest bearing and will accrete the interest factor as additional bonds payable over the term of the bonds. These bonds were issued to finance the acquisition of the Northwest Annex, an existing facility, and the construction of the Child Care Center at the Carbondale campus and the construction of Woodland Hall at the Edwardsville campus. On December 12, 2002, the Board authorized the current refunding of the current interest bond portion of the Series 1993A Bonds. The bonds were called and redeemed in full on April 1, 2003. As of June 30, 2011, after accreting the capital appreciation, the remaining capital appreciation bonds were outstanding in the amount of $22,158,410.

The bond resolution requires that debt service coverage on a cash basis be at least 120 percent of the maximum annual debt service. For the year ended June 30, 2011, the maximum annual debt service was $25,267,244 and the coverage was 230 percent. The bond resolution also requires the Treasurer to transfer annually to Renewals and Replacements from the funds remaining in unrestricted net assets the sum of 10 percent of the maximum annual net debt service requirement or such portion thereof as is available for transfer. The net assets of Renewals and Replacements were $20,770,921 at June 30, 2011.

All of the refunded bonds are considered to be defeased and, accordingly, have been accounted for as if they were retired. As of June 30, 2011, $7,850,000 of the bonds refunded in 2006 was outstanding. The market value of the related escrow fund was $7,905,680.

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2012	$ 15,635,000	$ 9,468,244
2013	16,160,000	9,107,244
2014	16,050,000	8,728,031
2015	16,285,000	8,350,113
2016	16,615,000	7,944,136
2017 – 2021	80,460,000	32,938,040
2022 – 2026	71,740,000	21,284,465
2027 – 2031	55,585,000	9,884,495
2032 – 2036	18,405,000	2,659,000
Total Payments	306,935,000	$ 110,363,768
Less Unaccreted Appreciation	(42,956,222)	
Total Payable	263,978,778	
Unamortized debt premium	5,187,597	
Unamortized deferred loss on refunding	(594,205)	
Total Bonds Payable	$ 268,572,170	

7. Related Party Transactions

Expenditures to maintain the University Housing Office and Auxiliary Fiscal Reports Office are allocated by the University to the various related operations, including those of the System, on the basis of gross revenues generated by each.

In addition, seven of the buildings on Greek Row, a portion of the Northwest Annex (29,100 net sq. ft.) and one room of the Lentz Hall dining facilities at Thompson Point are leased by the University from the System on a year-to-year basis and are used for a variety of academic, administrative, and student service purposes. The lease rentals ($241,300 in 2011) are inclusive of the debt service requirements, insurance, administrative overhead and grounds maintenance costs. In addition, the University pays all operating and building maintenance costs for the leased properties.

Expenditures capitalized in 2011 include $478,513 paid for by other University funds.

8. Retirement and Post-Employment Benefits

SOUTHERN ILLINOIS UNIVERSITY
HOUSING AND AUXILIARY FACILITIES SYSTEM
SCHEDULE OF BONDS PAYABLE OUTSTANDING
June 30, 2011

	TOTAL	Principal Amount	Accreted Value at Maturity	Interest Rate
Interest Bearing Bonds:				
Serial Bonds maturing as follows:				
2012	$ 8,705,000	$ - ----	$ - ----	- -----
2013	8,525,000	- ----	- ----	- -----
2014	8,150,000	- ----	- ----	- -----
2015	8,555,000	- ----	- ----	- -----
2016	9,050,000	- ----	- ----	- -----
2017	8,670,000	- ----	- ----	- -----
2018	9,090,000	- ----	- ----	- -----
2019	9,540,000	- ----	- ----	- -----
2020	10,000,000	- ----	- ----	- -----
2021	9,955,000	- ----	- ----	- -----
2022	8,035,000	- ----	- ----	- -----
2023	7,090,000	- ----	- ----	- -----
2024	6,250,000	- ----	- ----	- -----
2025	6,530,000	- ----	- ----	- -----
2026	1,815,000	- ----	- ----	- -----
2027	1,890,000	- ----	- ----	- -----
2028	1,970,000	- ----	- ----	- -----
Term Bonds maturing as follows:				
2012	- ----	- ----	- ----	- -----
2013	- ----	- ----	- ----	- -----
2014	- ----	- ----	- ----	- -----
2015	- ----	- ----	- ----	- -----
2016	- ----	- ----	- ----	- -----
2017	- ----	- ----	- ----	- -----
2018	- ----	- ----	- ----	- -----
2019	- ----	- ----	- ----	- -----
2020	- ----	- ----	- ----	- -----
2021	- ----	- ----	- ----	- -----
2022	- ----	- ----	- ----	- -----
2023	1,315,000	- ----	- ----	- -----
2024	1,820,000	- ----	- ----	- -----
2025	1,910,000	- ----	- ----	- -----
2026	6,975,000	- ----	- ----	- -----
2027	7,280,000	- ----	- ----	- -----
2028	7,615,000	- ----	- ----	- -----
2029	7,955,000	- ----	- ----	- -----
2030	7,055,000	- ----	- ----	- -----
2031	3,520,000	- ----	- ----	- -----
2032	3,695,000	- ----	- ----	- -----
2033	3,880,000	- ----	- ----	- -----
2034	4,075,000	- ----	- ----	- -----
2035	4,275,000	- ----	- ----	- -----
2036	2,480,000	- ----	- ----	- -----
Total Interest Bearing Bonds	187,670,000	- ----		
Capital Appreciation Bonds maturing as follows:				
2012	6,641,340	3,280,315	3,430,000	6.050%
2013	6,904,931	3,646,150	4,050,000	6.100%
2014	6,742,936	3,433,428	4,050,000	6.100%
2015	6,218,366	3,227,405	4,050,000	6.150%
2016	5,735,283	3,037,654	4,050,000	6.150%
2017	5,394,747	2,851,127	4,050,000	6.200%
2018	5,565,891	2,682,331	4,050,000	6.200%
2019	3,723,024	- ----	- ----	- -----
2020	3,591,831	- ----	- ----	- -----
2021	3,498,659	- ----	- ----	- -----
2022	3,337,752	- ----	- ----	- -----
2023	3,157,044	- ----	- ----	- -----
2024	2,985,636	- ----	- ----	- -----
2025	2,826,696	- ----	- ----	- -----
2026	2,672,388	- ----	- ----	- -----
2027	2,572,102	- ----	- ----	- -----
2028	2,434,974	- ----	- ----	- -----
2029	2,305,178	- ----	- ----	- -----
Total Capital Appreciation Bonds	76,308,778	22,158,410		
Total	$ 263,978,778	$ 22,158,410		

**Approximate yield to maturity.
This schedule of bonds payable outstanding does not reflect unamortized debt premium or unamortized deferred loss on refunding.

Principal	Accreted Value	Interest	Principal	Accreted Value	Interest	Principal	Interest

	Principal Amount	Interest Rate	Principal Amount	Interest Rate	Principal Amount	Interest Rate
Interest Bearing Bonds:						
Serial Bonds maturing as follows:						
2012	$ 265,000	3.700%	$ 950,000	3.500%	$ 2,995,000	5.000%
2013	275,000	3.850%	980,000	4.000%	3,140,000	5.000%
2014	285,000	4.000%	1,020,000	5.000%	2,550,000	5.000%
2015	295,000	4.100%	1,075,000	5.000%	3,780,000	5.000%
2016	310,000	4.200%	1,130,000	5.000%	3,975,000	5.000%
2017	320,000	4.250%	1,180,000	5.000%	2,100,000	5.250%
2018	335,000	4.350%	1,240,000	5.000%	3,495,000	5.250%
2019	350,000	4.450%	1,305,000	4.000%	3,640,000	5.250%
2020	365,000	4.500%	1,355,000	4.125%	3,835,000	5.250%
2021	385,000	4.600%	1,415,000	5.000%	3,465,000	5.250%
2022	400,000	4.700%	1,480,000	5.000%	1,255,000	5.000%
2023	420,000	4.750%	1,560,000	5.000%	- ----	- -----
2024	- ----	- -----	1,630,000	5.000%	- ----	- -----
2025	- ----	- -----	1,715,000	5.000%	- ----	- -----
2026	- ----	- -----	- ----	- -----	- ----	- -----
2027	- ----	- -----	- ----	- -----	- ----	- -----
2028	- ----	- -----	- ----	- -----	- ----	- -----

REVENUE BONDS SERIES 2008A		REVENUE BONDS SERIES 2009A	
Principal Amount	Interest Rate	Principal Amount	Interest Rate
$ 975,000	3.250%	$ 2,055,000	2.900%
1,040,000	5.000%	2,090,000	3.250%
1,110,000	5.000%	2,135,000	3.650%
1,220,000	5.000%	2,185,000	4.125%
1,390,000	5.000%	2,245,000	4.550%
1,540,000	5.000%	2,310,000	4.800%
1,635,000	5.000%	2,385,000	5.000%
1,785,000	5.250%	2,460,000	5.300%
1,900,000	5.250%	2,545,000	5.250%
2,055,000	4.000%	2,635,000	5.450%
2,175,000	5.500%	2,725,000	5.600%
2,285,000	5.500%	2,825,000	5.750%
1,690,000	4.250%	2,930,000	5.900%
1,770,000	4.500%	3,045,000	6.000%
1,815,000	4.500%	- ----	- -----
1,890,000	4.500%	- ----	- -----
1,970,000	4.500%	- ----	- -----
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- ----	- -----	3,165,000	6.200%
- ----	- -----	3,290,000	6.200%
- ----	- -----	3,425,000	6.200%
- ----	- -----	3,560,000	6.200%
- ----	- -----	3,705,000	6.200%
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28,245,000		51,715,000	
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$28,245,000		$51,715,000	

Crowe Horwath LLP
Independent Member Crowe Horwath International

Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

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

As Special Assistant Auditors for the Auditor G(.r <ne10416T6-.0i)17 S2r t thereon dated April 2,
ards generally accepted in the United
ts contained in Government Auditing

Internal Control Over Financial Reporting

Management of the System is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we do not ex

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Board of Trustees, System management, and bondholders and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Horwath LLP

Springfield, Illinois
April 2, 2012