

**STATE OF ILLINOIS**  
**SOUTHERN ILLINOIS UNIVERSITY**  
**MEDICAL FACILITIES SYSTEM**

Treasurer's Report to the Bondholders  
For the Year Ended June 30, 2011

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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

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

I am pleased to submit the annual Treasurer's Report to the Bondholders for the Southern Illinois University Medical Facilities System for the fiscal year ended June 30, 2011.

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

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

Respectfully submitted,

Duane Stucky  
Board Treasurer

DS/lap

## **TREASURER'S COMMENTS**

### **SOUTHERN ILLINOIS UNIVERSITY MEDICAL FACILITIES SYSTEM**

#### **I. SOUTHERN ILLINOIS UNIVERSITY REVENUE BOND OPERATIONS**

##### **FACILITIES**

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

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

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

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

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

On June 30, 2011, the School of Medicine Medical Facilities System owned or occupied eighteen locations where clinics and/or clinical faculty and/or clinical administration were housed. Owned by the University are the Richard H. Moy, M.D. Building, the Auburn Clinic, Auburn, Illinois, 401 N. Walnut, and the Simmons Cancer Institute. The Auburn Clinic was sold contract for deed in December, 2002 and is not occupied by the School of Medicine. The fourteen remaining locations are leased by the University using revenues generated by the clinical practice of medicine. Nine of the leased facilities are in Springfield, Illinois and the remaining five are located elsewhere in Illinois.

##### **ADVANCED REFUNDING**

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

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

**TREASURER'S COMMENTS – Continued**

**II. ENROLLMENTS AT SOUTHERN ILLINOIS UNIVERSITY**

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

	<u>Head Count</u>
Fall semester 2011	298
Fall semester 2010	292

All students are enrolled full time. The first year is spent in Carbondale with a core curriculum of basic science courses. The remaining three years are spent at the Springfield campus.

**III. DEBT SERVICE COVERAGE**

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

	<u>Year Ended June 30</u>	
	<u>2011</u>	<u>2010</u>
Receipts:		
Revenue Account:		
Operations	\$ 37,049,646	\$ 33,665,012
Investment Income	9,475	57,339
Retirement of Indebtedness – Investment Income	<u>1,903</u>	<u>1,955</u>
	37,061,024	33,724,306
Disbursements:		
Operation & Maintenance Account	<u>34,452,996</u>	<u>31,707,845</u>
Net Revenues	2,608,028	2,016,461
Plus: Pledged Tuition	<u>135,872,743</u>	<u>132,671,890</u>
Total Available for Debt Service	<u>\$138,480,771</u>	<u>\$134,688,351</u>
Annual Debt Service	<u>\$ 1,690,238</u>	<u>\$ 1,668,488</u>
Maximum Annual Debt Service	<u>\$ 1,985,750</u>	<u>\$ 1,985,750</u>
Coverage Ratio Based on Net Revenues	1.54	1.21
Coverage Ratio Based on Annual Debt Service	81.93	80.72
Coverage Ratio Based on Maximum Annual Debt Service	69.74	67.83

**IV. RETIREMENT OF INDEBTEDNESS**

The net assets are restricted for the following purposes:

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Bond and Interest Sinking Fund Account	\$ 460,448	\$ 461,660

**V. RENEWALS AND REPLACEMENTS**

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

**TREASURER'S COMMENTS – Continued**

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

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

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

Additions (deductions) during the year included transfers from unrestricted net assets of \$198,575 (\$198,575 in 2010), interest earned on investments of \$9,149 in 2011 (and interest of \$13,187 in 2010) and other nonoperating revenue of \$4,883 (\$17,294 in 2010).

Expenditures charged to the reserve amounted to \$6,463 (\$22,607 in 2010). The restricted net assets of Renewals and Replacements consisted of the following:

	June 30	
	2011	2010
Cash	\$ 924,216	\$ 716,707
Accounts Receivable	699	483
Accrued Interest Receivable	14,259	8,998
Notes Receivable	146,768	153,231
Accounts Payable	-	-
Deferred Revenue	<u>(153,231)</u>	<u>(152,853)</u>
	<u>\$ 932,711</u>	<u>\$ 726,566</u>

**VI. SCHEDULE OF BONDS PAYABLE OUTSTANDING**

A Schedule of Bonds Payable Outstanding is shown as supplementary information and lists the amount of Medical Facilities System Revenue Bonds, Series 2005 issued and outstanding as of June 30, 2011.

**VII. RESTRICTED NET ASSETS - EXPENDABLE**

Restricted net assets as of June 30, 2011 and 2010 are comprised of the following:

	June 30	
	2011	2010
Retirement of indebtedness	\$ 460,448	\$ 461,660
Renewals and replacements	932,711	726,566
Unexpended	-	60,343
	<u>\$ 1,393,159</u>	<u>\$ 1,248,569</u>

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

## Independent Auditors' Report

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

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities of the Southern Illinois University Medical Facilities System ("the System") as of and for the year ended June 30, 2011. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the System's June 30, 2010 financial statements and, in a report dated February 25, 2011 we expressed an unqualified opinion on the respective financial statements of the business-type activities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides a reasonable basis for our opinion.

As discussed in note 1A, the financial statements of the System are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the activities of Southern Illinois University that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of Southern Illinois University as of June 30, 2011, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the System as of June 30, 2011, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2012 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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 fairly stated 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 Medical Facilities System Revenue Bonds Series 2005, adopted October 13, 2005 insofar as they related to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

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 the 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

# SOUTHERN ILLINOIS UNIVERSITY

## MEDICAL FACILITIES SYSTEM STATEMENT OF NET ASSETS

June 30, 2011

(with comparative totals for 2010)

	2011	2010
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents (Note 2)	\$ 3,540,411	\$ 4,219,978
Short term investments (Note 2)	284,665	419,860
Accounts receivable	4,897,218	2,751,345
Accrued interest receivable	14,965	11,076
Notes receivable, net (Note 4)	146,768	30,888
Prepaid expenses and other assets	16,213	16,213
<b>TOTAL CURRENT ASSETS</b>	<b>8,900,240</b>	<b>7,449,360</b>
<b>NONCURRENT ASSETS:</b>		
Notes receivable, net (Note 4)	-	122,343
Prepaid expenses and other assets	222,926	239,139
Capital assets not being depreciated: (Note 5)		
Land	2,594,757	2,594,757
Construction in progress	1,764,672	-
Total capital assets not being depreciated	4,359,429	2,594,757
Capital assets being depreciated, net: (Note 5)		
Equipment	4,147,537	5,053,645
Buildings	36,920,021	36,869,259
Less accumulated depreciation	(9,540,333)	(9,713,390)
Total capital assets being depreciated, net	31,527,225	32,209,514
<b>TOTAL NONCURRENT ASSETS</b>	<b>36,109,580</b>	<b>35,165,753</b>
<b>TOTAL ASSETS</b>	<b>45,009,820</b>	<b>42,615,113</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	425,207	281,721
Accrued interest payable	208,225	216,309
Accrued payroll	344,556	291,750
Accrued compensated absences (Note 6)	159,532	177,134
Deferred revenue (Note 6)	153,231	30,888
Revenue bonds payable (Notes 6 and 7)	880,589	822,630
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,171,340</b>	<b>1,820,432</b>
<b>NONCURRENT LIABILITIES:</b>		
Accrued compensated absences (Note 6)	1,860,115	2,157,575
Deferred revenue (Note 6)	-	121,965
Revenue bonds payable (Notes 6 and 7)	16,034,968	16,915,557
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>17,895,083</b>	<b>19,195,097</b>
<b>TOTAL LIABILITIES</b>	<b>20,066,423</b>	<b>21,015,529</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	18,971,097	17,066,084
Restricted for:		
Expendable		
Capital projects and debt service	1,393,159	1,248,569
Unrestricted	4,579,141	3,284,931
<b>TOTAL NET ASSETS</b>	<b>\$ 24,943,397</b>	<b>\$ 21,599,584</b>

The accompanying notes are an integral part of this statement.

**SOUTHERN ILLINOIS UNIVERSITY**  
**MEDICAL FACILITIES SYSTEM**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2011**  
**(with comparative totals for 2010)**

	2011	2010
<b>REVENUES</b>		
<b>OPERATING REVENUES</b>		
Medical Facilities System	\$ 39,196,236	\$ 32,567,431
<b>TOTAL OPERATING REVENUES</b>	39,196,236	32,567,431
<b>EXPENSES</b>		
<b>OPERATING EXPENSES</b>		
Salaries and wages	35,894,581	34,412,976
Contractual services	10,468,338	8,230,587
Other	2,323,534	1,953,595
Depreciation (Note 5)	1,238,713	1,199,955
<b>TOTAL OPERATING EXPENSES</b>	49,925,166	45,797,113
 <b>OPERATING LOSS</b>	 (10,728,930)	 (13,229,682)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income (Note 3)	18,853	70,510
Gifts and contributions	115,842	-
Interest on capital asset-related debt	(875,736)	(904,080)
Payments on behalf of the system (Notes 11 and 9)	14,331,980	13,075,700
Other nonoperating revenue	4,883	17,294
<b>NET NONOPERATING REVENUES</b>	13,595,822	12,259,424
<b>INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES</b>	2,866,892	(970,258)
<b>OTHER REVENUES, EXPENSES, GAINS OR LOSSES</b>		
Capital assets retired (Note 5)	(2,619)	(3,224)
Additions to plant facilities from other sources (Note 8)	479,540	415,041
<b>TOTAL OTHER REVENUES, EXPENSES, GAINS OR LOSSES</b>	476,921	411,817
 <b>INCREASE (DECREASE) IN NET ASSETS</b>	 3,343,813	 (558,441)
<b>NET ASSETS</b>		
Net assets at beginning of year	21,599,584	22,158,025
 <b>NET ASSETS AT END OF YEAR</b>	 \$ 24,943,397	 \$ 21,599,584

The accompanying notes are an integral part of this statement.

**SOUTHERN ILLINOIS UNIVERSITY**  
**MEDICAL FACILITIES SYSTEM**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2011**  
**(with comparative totals for 2010)**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Medical Facilities System	\$ 37,049,646	\$ 33,665,012
Payments to employees	(21,825,722)	(21,346,267)
Payments for utilities	(425,457)	(290,994)
Payments to suppliers	(12,215,600)	(10,147,932)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,582,867</b>	<b>1,879,819</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Contributions for other than capital purposes	115,842	-
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>115,842</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets	-	18,000
Purchases of capital assets	(1,844,175)	(250,564)
Principal paid on capital debt	(825,000)	(765,000)
Interest paid on capital debt	(865,238)	(903,488)
<b>NET CASH USED BY CAPITAL FINANCING ACTIVITIES</b>	<b>(3,534,413)</b>	<b>(1,901,052)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	1,672,206	1,626,898
Investment income	20,383	73,133
Purchase of investments	(1,536,452)	(1,632,911)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>156,137</b>	<b>67,120</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>(679,567)</b>	<b>45,887</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR</b>	<b>4,219,978</b>	<b>4,174,091</b>
<b>CASH AND CASH EQUIVALENTS - END OF THE YEAR</b>	<b>\$ 3,540,411</b>	<b>\$ 4,219,978</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating loss	\$ (10,728,930)	\$ (13,229,682)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation expense	1,238,713	1,199,955
Payments on behalf of the system	14,331,980	13,075,700
Changes in assets and liabilities:		
Receivables, net	(2,140,126)	1,097,581
Accounts payable	143,486	(254,887)
Accrued payroll	52,806	(2,546)
Accrued compensated absences	(315,062)	(6,302)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 2,582,867</b>	<b>\$ 1,879,819</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
On behalf payments for fringe benefits	\$ 14,331,980	\$ 13,075,700
Capital asset acquisitions from other sources	479,540	415,041
Loss on disposal of capital assets	2,619	3,224

The accompanying notes are an integral part of this statement.

**SOUTHERN ILLINOIS UNIVERSITY  
MEDICAL FACILITIES SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**1. Significant Accounting Policies**

**(A) Basis of Presentation**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*. Additionally, the System has adopted GASB Statement No. 37, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. The System now follows the business-type activity reporting requirements of GASB Statement Nos. 35, 37 and 38 that provide a comprehensive, entity-wide perspective of the System’s financial activities and replaces the fund group presentations previously required.

For financial reporting purposes, the System is considered a special-purpose government engaged only in business-type activities. Accordingly, the System’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting applicable to public colleges and universities. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation to pay has been incurred.

These financial statements have been prepared to satisfy the requirements of the System’s Revenue Bonds master resolution. The financial balances and activities of the System, included in these financial statements, are included in the University’s financial statements. The System is not a separate legal entity and therefore has not presented management’s discussion and analysis. The financial statements include prior year comparative information, which has been derived from the System’s 2010 financial statements. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the System’s financial statements for the year ended June 30, 2010.

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

The System has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The System has elected not to apply FASB pronouncements issued after the applicable date.

**(B) Compensated Absences**

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

**(C) Buildings, Improvements and Equipment**

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

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

**(D) Revenues and Expenses**

The System has classified its revenues and expenses as either operating or nonoperating. Operating revenues and expenses include characteristics of exchange transactions, such as sales and services. Nonoperating revenues and expenses include characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use*

**SOUTHERN ILLINOIS UNIVERSITY  
MEDICAL FACILITIES SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

*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 90 days or less at the time of purchase, primarily U.S. Treasury Bills and money market funds.

**(F) Investments**

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

**(G) Allowance for Uncollectibles**

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

**(H) Bond Issuance Costs**

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

**(I) On-Behalf Payments**

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the System reported on-behalf payments made by agencies of the State of Illinois for health care and retirement. These costs are reflected in an equal amount in both the revenues and expenses of the System. On-behalf payments for the year ended June 30, 2011, amounted to \$14,331,980.

**(J) Classification of Net Assets**

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

**2. Pooled Cash and Investments**

The University has pooled certain cash and investments for the purpose of securing a greater return on investment and providing a more equitable distribution of investment return. Pooled investments consist principally of government securities and are stated at market. Income is distributed quarterly based upon average balances invested in the pool over the prior 13- week period. There are no investments in foreign currency. It is not feasible to separately determine the System’s bank balance at June 30, 2011, due to the pooling of the University’s cash and investments.

*Credit Risk:* Credit risk is the risk of loss due to the failure of the security issuer or backer. Credit risk is mitigated by limiting investments to those specified in the *Illinois Public Funds Investment Act*; pre-qualifying the financial institutions which are utilized; and diversifying the investment portfolio so that the failure of any one issuer or backer will not place an undue financial burden on the University. U.S. Treasuries are federal government securities that do not require the disclosure of credit risk.

*Concentration of Credit Risk:* The University’s investment policy states that the portfolio should consist of a mix of various types of securities, issues and maturities.

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*Interest Rate Risk:* Interest rate risk is the risk that the market value of portfolio securities will fall or rise due to changes in general interest rates. Interest rate risk is mitigated by maintaining significant balances in cash equivalents and other short maturity investments and by establishing an asset allocation policy that is consistent with the expected cash flows of the University. The internally managed portfolio is managed in accordance with covenants provided from the University's debt issuance activities. The externally managed portfolio is typically allocated with a minimum of \$40 million held in cash equivalents and \$65 to \$105 million held in the intermediate-term portfolio. However, circumstances may occur that cause the allocations to temporarily fall outside the prescribed ranges.

Interest rate risk is disclosed below using the segmented time distribution method. As of June 30, 2011, the System had the following cash and investment balances:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 284,665	\$ 284,665	\$ -	\$ -	\$ -
Total Investments	<u>284,665</u>	<u>\$ 284,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Equivalents</b>					
The Illinois Funds	<u>3,540,411</u>				
<b>Total Cash &amp; Equivalents</b>	<u>3,540,411</u>				
<b>Total Cash &amp; Investments</b>	<u>\$ 3,825,076</u>				

This disclosure provides time horizons of investment maturities. It is not a classification of investments as current or noncurrent as presented in the Statement of Net Assets.

**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 the 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 of investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. Investment income for the fiscal year end June 30, 2011 is comprised of the following:

Interest Income	\$ 18,788
Increase in Fair Market Value	<u>65</u>
Net Investment Income	<u>\$ 18,853</u>

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

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**4. Notes Receivable**

The notes receivable represent the sale of the Auburn Clinic contract for deed in December 2002. The balance remaining is payable with interest at the rate of 4% per annum to be amortized over a term of ten years and paid in eighteen consecutive semiannual installments of \$9,000 each, plus a final installment of \$124,790 on December 19, 2011. As of June 30, 2011 payments were in arrears. A reduced amount has been negotiated with settlement scheduled for the first quarter of fiscal year 2012 as reflected below:

Notes receivable	\$ 153,231
Estimated uncollectible	<u>(6,463)</u>
Notes receivable, net	<u>\$ 146,768</u>

**5. Capital Assets**

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated				
Land	\$ 2,594,757	\$ -	\$ -	\$ 2,594,757
Construction in progress	<u>-</u>	<u>1,764,672</u>	<u>-</u>	<u>1,764,672</u>
Total capital assets not being depreciated	<u>2,594,757</u>	<u>1,764,672</u>	<u>-</u>	<u>4,359,429</u>
Capital assets being depreciated				
Equipment	5,053,645	508,281	1,414,389	4,147,537
Buildings	<u>36,869,259</u>	<u>50,762</u>	<u>-</u>	<u>36,920,021</u>
Total capital assets being depreciated	41,922,904	559,043	1,414,389	41,067,558
Total capital assets	<u>44,517,661</u>	<u>2,323,715</u>	<u>1,414,389</u>	<u>45,426,987</u>
Accumulated depreciation				
Equipment	3,987,868	289,289	1,411,770	2,865,387
Building	<u>5,725,522</u>	<u>949,424</u>	<u>-</u>	<u>6,674,946</u>
Total accumulated depreciation	<u>9,713,390</u>	<u>\$ 1,238,713</u>	<u>\$ 1,411,770</u>	<u>9,540,333</u>
Capital assets - net	<u>\$ 34,804,271</u>			<u>\$ 35,886,654</u>

Construction in progress represents the first phase in a three year implementation of a new practice management system. It is anticipated that the new system will be on line during fiscal year ended June 30, 2013 and have an estimated total cost of \$5 million, \$2 million of which is expected to be capitalized.

The following estimated useful lives are used to compute depreciation:

Buildings	40 years
Equipment	5-7 years

**6. Changes in Liabilities**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds payable	\$ 17,738,187	\$ -	\$ 822,630	\$ 16,915,557	\$ 880,589
Compensated absences	2,334,709	64,933	379,995	2,019,647	159,532
Deferred revenue	<u>152,853</u>	<u>378</u>	<u>-</u>	<u>153,231</u>	<u>153,231</u>
Total	<u>\$ 20,225,749</u>	<u>\$ 65,311</u>	<u>\$ 1,202,625</u>	<u>\$ 19,088,435</u>	<u>\$ 1,193,352</u>

Amounts shown as ending balance include both current and long-term portions. The deferred revenue is a result of the sale of the Auburn Clinic contract for deed in December 2002 which was in arrears as of June 30, 2011.



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MEDICAL FACILITIES SYSTEM  
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June 30, 2011**

**7. Revenue Bonds Payable**

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

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

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

The current bonds bear interest at rates ranging from 4.00% to 5.00% payable semi-annually and principal installments ranging from \$480,000 to \$1,825,000 are payable annually April 1 through the year 2026.

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 885,000	\$ 832,900
2013	945,000	797,500
2014	1,015,000	750,250
2015	1,085,000	707,112
2016	1,155,000	661,000
2017-2021	7,150,000	2,350,000
2022-2026	<u>5,065,000</u>	<u>541,300</u>
Total Payments	\$ 17,300,000	<u>\$ 6,640,062</u>
Unamortized debt premium	381,803	
Unamortized deferred amount on refunding	<u>(766,246)</u>	
Total Bonds Payable	<u>\$ 16,915,557</u>	

These bonds, which are payable through 2026, do not constitute a debt of the State of Illinois or the individual members, officers or agents of the Board of Trustees of the University but, together with interest thereon, are payable from and secured by a pledge of and lien on (i) the net revenues of the System, (ii) pledged tuition (subject to prior payment of necessary operating and maintenance expenses of the Housing and Auxiliary Facilities System, debt service of the Housing and Auxiliary Facilities System not to exceed the maximum annual debt service, and then necessary operating and maintenance expenses of the System), and (iii) the Bond and Interest Sinking Fund Account. Total principal and interest remaining on the debt is \$23,940,062 with annual requirements ranging from \$543,400 to \$1,985,750. For the current year, principal and interest paid was \$1,690,238, and the total revenues pledged were \$138,480,771. Total revenue pledged represents 100 percent of the net revenues of the System and 84.3 percent of net tuition revenue received in fiscal year 2011. Although net tuition is pledged it is not expected to be needed to meet debt service requirements.

**SOUTHERN ILLINOIS UNIVERSITY  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

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

**8. Related Party Transactions**

Expenditures capitalized in 2011 include \$479,540 paid for by other University funds. The expenditures were for the purchase of equipment to be utilized in the various Medical Facilities System facilities. In addition, \$115,842 was received from other University funds and used for payment of debt.

**9. Retirement and Post-Employment Benefits**

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

Plan members are required to contribute 8% of their annual covered salary, and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determinate rate. The current rate for fiscal year 2012 is 24.21% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS for the years ended June 30, 2011, 2010, and 2009 were \$81,241,705, \$74,103,976, and \$47,526,941 respectively, equal to the required contributions for the year. The fiscal year 2011 contribution consisted of \$78,215,213 from State appropriations and \$3,026,492 from other current funds, and the fiscal year 2010 contribution consisted of \$71,262,767 from State appropriations and \$2,841,209 from other current funds.

In addition to providing pension benefits, the State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Healthcare and Family Services along with the Department of Central Management Services. This includes annuitants of the System. Substantially all State employees, including the System's employees, become eligible for post-employment benefits if they eventually become annuitants. Health, dental, and vision benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Universities Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The State pays the System's portion of employer costs for the benefits provided. The total costs of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Healthcare and Family Services. A copy of the financial statements of the Department of Healthcare and Family Services may be obtained by writing to the Department of Healthcare and Family Services, 201 South Grand Ave., Springfield, Illinois, 62763-3838.

**SOUTHERN ILLINOIS UNIVERSITY  
MEDICAL FACILITIES SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**10. Insurance**

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

An insurance package policy purchased under the auspices of the Illinois Public Higher Education Cooperative (IPHEC), through the Midwestern Higher Education Compact (MHEC) program, provides all risk coverage on buildings and contents. The following insurance coverage is in force at the University (including the System's facilities) through June 30, 2012:

	<u>Approximate Amount</u>
1. Lexington Insurance Company, Policy No. 66095349. Policy providing \$100,000,000 all risk coverage on scheduled buildings and other property totaling \$2,820,944,757 with a \$500,000 per occurrence deductible. The University has established a self-insurance reserve in amounts to cover the portion of estimated liability between \$25,000 and the \$500,000 per occurrence deductible. There is a shared captive retention layer of \$1,000,000,000 per occurrence and \$6,425,270 aggregate through the Midwestern Higher Education Compact (MHEC).	\$100,000,000 per occurrence
1a. Boiler & Machinery coverage included in the Lexington policy listed above carries the same deductibles as noted above.	\$100,000,000 per occurrence
1b. Flood coverage included in the Lexington policy listed above is limited to \$100,000,000 and carries the same per occurrence deductible noted above unless the flood involves property located in a FEMA-defined flood hazard area which there is then a limit of \$50,000,000 and a deductible of 2% of the total insured value subject to a minimum of \$1,000,000 per occurrence.	\$100,000,000 per occurrence
1c. Earthquake coverage included in the Lexington policy listed above is limited to \$100,000,000 and carries a per occurrence deductible of 1% of total insured value subject to a minimum of \$50,000 per occurrence.	\$100,000,000 per occurrence
2. Lexington Insurance Company, Policy No. 66095363: furnishes the secondary layer of \$400,000,000 excess of the Lexington's \$100,000,000 layer.	\$400,000,000 per occurrence
3. Allianz Global, Policy No. CLP3011641; Lloyds of London, Policy No. DP773110; One Beacon, Policy No. YSP3154; and RSUI Indemnity, Policy No. NHD368178: furnishes the third layer of coverage, which is \$500,000,000 excess of the \$500,000,000.	\$500,000,000 per occurrence
4. Endurance American Specialty, Policy No. CPN1000Z173000 and Axis Surplus, Policy No. ECF753609-10: furnishes earthquake coverage in excess of coverage included in Policy No. 66095349 with limits of \$50,000,000 that is shared with the University of Illinois and the University of Missouri.	\$50,000,000 per occurrence
5. Self Insurance: The University, pursuant to the provisions of Illinois Public Act 84-0010, has established a Self Insurance Program (the "Program") for its traditional liability insurance coverage. Funds have been reserved in amounts to cover the major portion of the estimated liability as determined by the Program's actuary. The University has also purchased excess liability insurance policies to cover certain of its general liability exposures not elsewhere covered.	

**11. Contingencies**

From time to time, the University is a defendant in lawsuits which relate to the System. In the opinion of the University's legal counsel and its administrative officers, any ultimate liability which could result from such litigation would not have a material effect on the System's financial statements.

**SOUTHERN ILLINOIS UNIVERSITY**  
**MEDICAL FACILITIES SYSTEM**  
**SCHEDULE OF BONDS PAYABLE OUTSTANDING**  
**June 30, 2011**

	<u>Principal Amount</u>	<u>Interest Rate</u>
<b>Interest Bearing Bonds</b>		
Serial Bonds Maturing as follows:		
2012	885,000	4.00%
2013	945,000	5.00%
2014	1,015,000	4.25%
2015	1,085,000	4.25%
2016	1,155,000	5.00%
2017	1,240,000	5.00%
2018	1,330,000	5.00%
2019	1,425,000	5.00%
2020	1,525,000	5.00%
2021	1,630,000	5.00%
2022	1,740,000	5.00%
2023	1,825,000	5.00%
Term Bonds maturing as follows:		
2024	480,000	4.500%
2025	500,000	4.500%
2026	<u>520,000 *</u>	4.500%
Total Interest Bearing Bonds	<u>\$ 17,300,000</u>	

\* Subject to mandatory redemption in the years indicated

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

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 General, we have audited the financial statements of the business-type activities of the Southern Illinois University Medical Facilities System (the "System") as of and for the year ended June 30, 2011, and have issued our report thereon dated April 2, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 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, but not for the purpose of expressing an opinion on the effectiveness of System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of System's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### 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