

February 24, 2006

Members of the Board Finance Committee

John Simmons, Chair
Roger Tedrick
Stephen Wigginton

Dear Members of the Finance Committee:

There will be a meeting of the Finance Committee on Thursday, March 9, 2006, at 9:00 a.m. in Ballroom B of the Student Center, Southern Illinois University Carbondale. The following items have been suggested for the agenda:

1. Approval of Minutes of the December 8, 2005, meeting (enclosure).
2. Presentation and Discussion on Affordability (enclosure).
3. Approval of the Integration of Saluki Way Into the Land Use Plan, SIUC (Board Agenda Item BBB) (Joint discussion with Architecture and Design Committee).
4. SIUC Fee Notice Items:

Notice of the Proposal to Create a Student Services Building Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-2, A-6, and Addition of A-22] (Board Agenda Item I).

Notice of Proposed Course Specific Fee Increase for Forest Resources Management Summer Camp, SIUC (Board Agenda Item J).

Notice of Proposed Course Specific Fee Increase for Outdoor Recreation Resources Management Summer Camp, SIUC (Board Agenda Item K).

Notice of Proposed Increase: Intercollegiate Athletic Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-6] (Board Agenda Item L).

Notice of Proposed Increase: Flight Training Charges, SIUC [Amendment to 4 Policies of the Board Appendix A-4] (Board Agenda Item M).

Notice of Proposed Increase: Mass Transit Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item N).

Notice of Proposed Increase: Residence Hall Rates and Apartment Rentals, SIUC [Amendment to 4 Policies of the Board Appendix A-18] (Board Agenda Item O).

Notice of Proposed Increase: Student Activity Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6 and A-11] (Board Agenda Item P).

Notice of Proposed Increase: Student Center Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item Q).

Notice of Proposed Increase: Student Medical Benefit (SMB): Extended Care Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item R).

Notice of Proposed Increase: Student Medical Benefit (SMB): Primary Care Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item S).

Notice of Proposed Increase: Student Recreation Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-6] (Board Agenda Item T).

Notice of the Proposal to Create an Information Technology Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-2, A-6, and Addition of A-23] (Board Agenda Item U).

5. SIUE Fee Notice Items:

Notice of Proposed Increase: Athletic Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item V).

Notice of Proposed Increase: Campus Housing Activity Fee, SIUE [Amendments to 4 Policies of the Board Appendix B-4 and B-8] (Board Agenda Item W).

Notice of Proposed Increase: Pharmacy Student Technology Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item X).

Notice of Proposed Increase: Student Fitness Center Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item Y).

- Notice of Proposed Increase: Student to Student Grant Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item Z).
- Notice of Proposed Increase: Student Welfare and Activity Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item AA).
- Notice of Proposed Increase: Textbook Rental Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item BB).
- Notice of Proposed Increase: University Center Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item CC).
- Notice of Proposed Increase: University Housing Rental Rates, SIUE [Amendment to 4 Policies of the Board Appendix B-11] (Board Agenda Item DD).
- Notice of the Proposal to Create an Information Technology Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4 and Addition of B-15] (Board Agenda Item EE).
- Notice of the Proposal to Create a Student Academic Success Center Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4 and Addition of B-16] (Board Agenda Item FF).
6. Notice of Proposed Tuition Rates for FY 2007 [Amendments to 4 Policies of the Board Appendices A and B] (Board Agenda Item GG).
 7. Authorization to Purchase a Student Information System, SIUC (Board Agenda Item VV).
 8. Approval of Lease Agreement: Computer Workstations, SIUE (Board Agenda Item YY).
 9. Authorization for the Sale of Bonds: "Series 2006A Housing and Auxiliary Facilities System Revenue Bonds" Capital Improvement Projects and Refunding of Outstanding Housing and Auxiliary Facilities System Revenue Bonds (Board Agenda Item AAA).
 10. Investments Report (enclosure).

11. Second Quarterly Budget Report for FY 2006 (enclosure).
12. Other business.

Yours truly,

Duane Stucky
Vice President for Financial and Administrative Affairs
And Board Treasurer

DS/lap

Enclosures

cc:	Samuel Goldman	Matthew Townsend	Walter V. Wendler
	Tequia Hicks	Marquita Wiley	Constituency Heads
	Ed Hightower	Glenn Poshard	Other Interested Parties
	Keith Sanders	Vaughn Vandegrift	

BOARD OF TRUSTEES

SOUTHERN ILLINOIS UNIVERSITY

Minutes of the Finance Committee Meeting

December 8, 2005

The Finance Committee met at 9:00 a.m. in Ballroom B of the Student Center, Southern Illinois University Carbondale. Present were: Stephen Wigginton (Chair Pro Tem) and Roger Tedrick. Absent was: John Simmons. Other Board members present were: Samuel Goldman, Tequia Hicks, Keith Sanders and Matthew Townsend. Absent were: Ed Hightower and Marquita Wiley. Executive Officers present were: Interim President Duane Stucky; Chancellor Vaughn Vandegrift, SIUE; Chancellor Walter Wendler, SIUC; and Vice President for Academic Affairs John S. Haller, Jr.

Minutes

The minutes of the November 10, 2005, meeting were approved as submitted.

Other Business

There being no further business, the meeting was adjourned.

DS/lap

Southern Illinois University



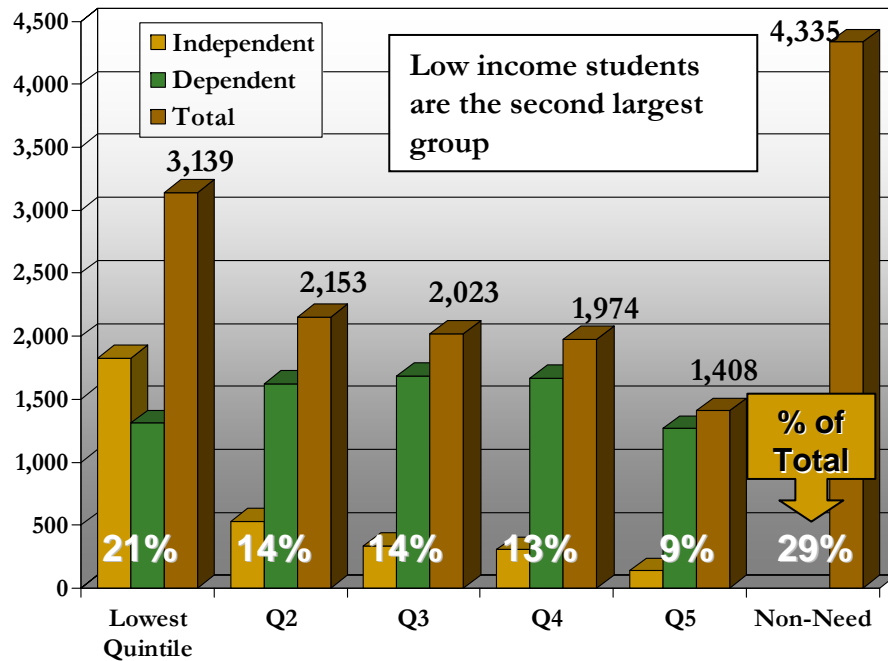
Affordability

Student Income Levels

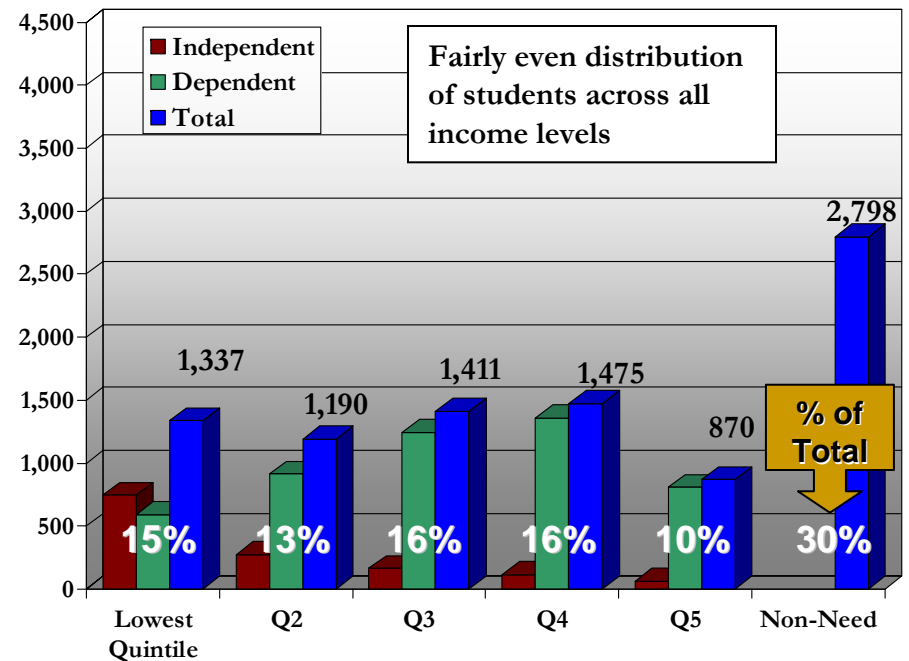
	<u>Dependent</u>	<u>Independent</u>
Quintile 1	\$0 - \$27,067	\$0 - \$12,836
Quintile 2	\$27,068 - \$47,617	\$12,837 - \$24,143
Quintile 3	\$47,618 - \$71,811	\$24,144 - \$38,149
Quintile 4	\$71,812 - \$101,999	\$38,150 - \$59,403
Quintile 5	\$102,000+	\$59,404+
Non-Filers Receiving Aid	Unknown	Unknown
No Aid	Unknown	Unknown

Distribution of Students by Income

SIUC Dependent Undergraduate Full-Time Students



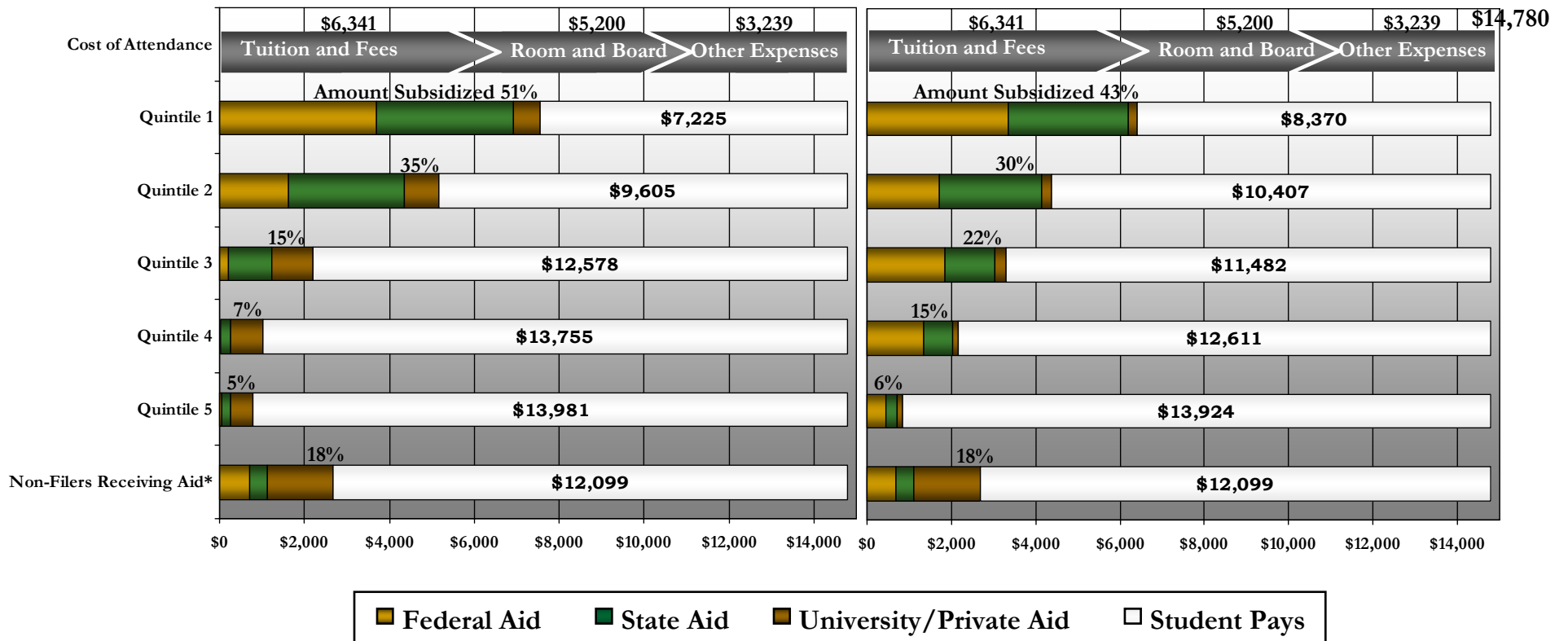
SIUE Dependent Undergraduate Full-Time Students



SIUC FY05 Net Cost of Attendance

Dependent Undergraduate Full-Time Students

Independent Undergraduate Full-Time Students

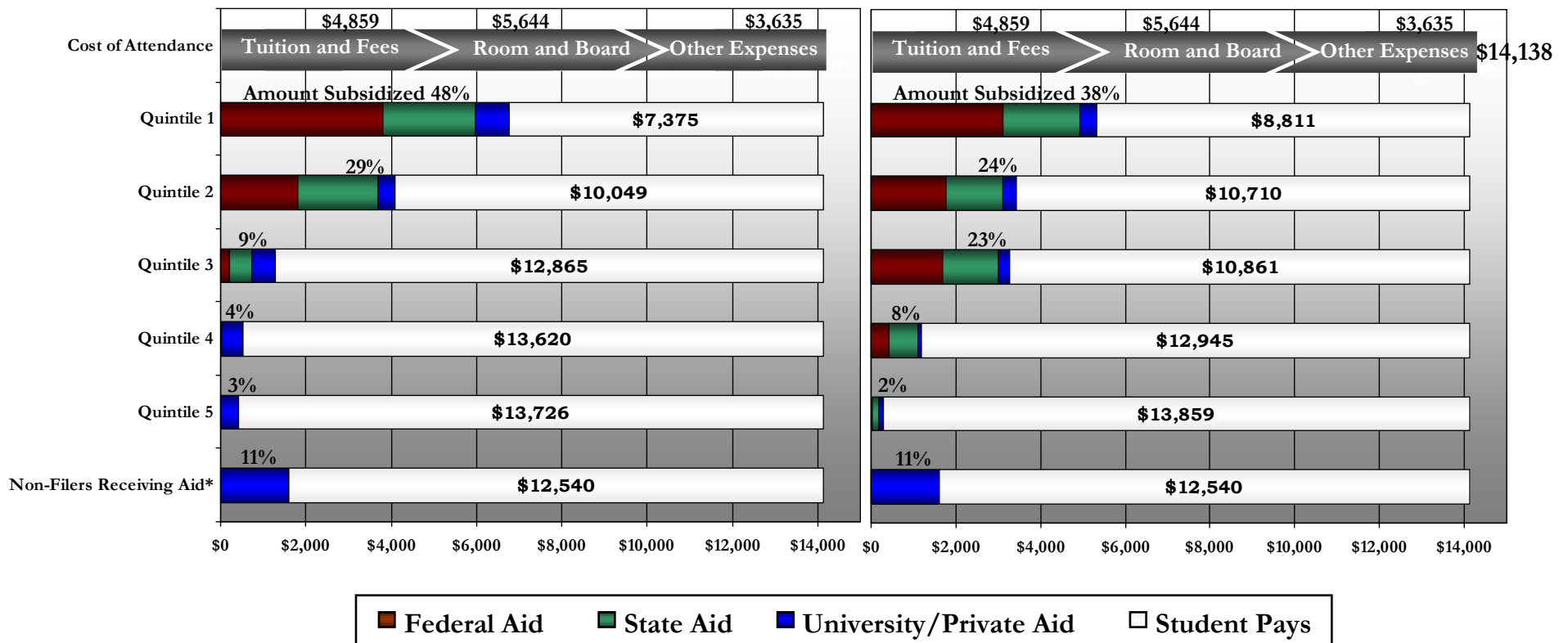


*Non-need base students receiving merit aid

SIUE FY05 Net Cost of Attendance

Dependent Undergraduate Full-Time Students

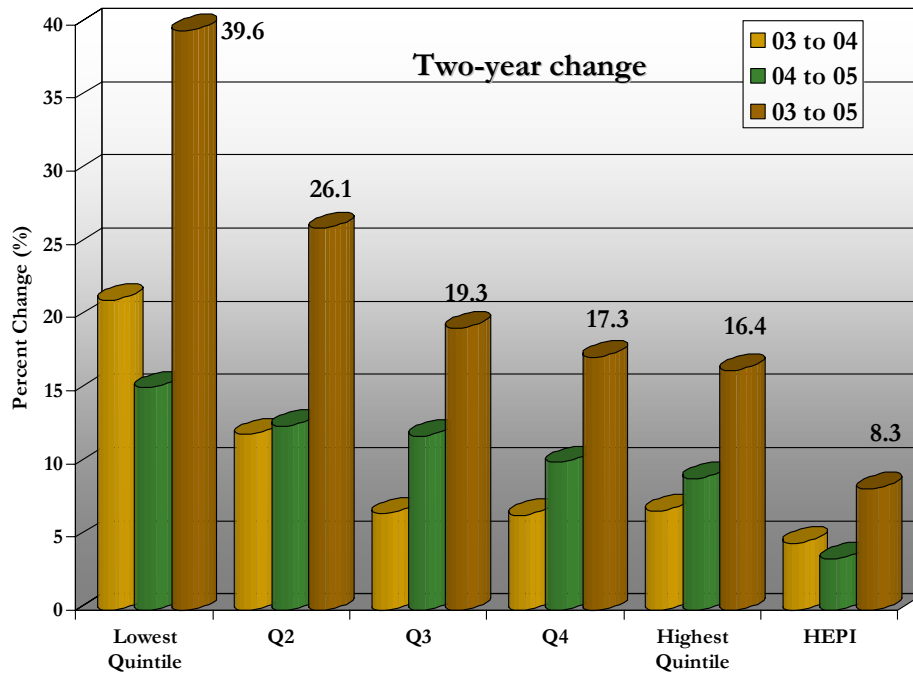
Independent Undergraduate Full-Time Students



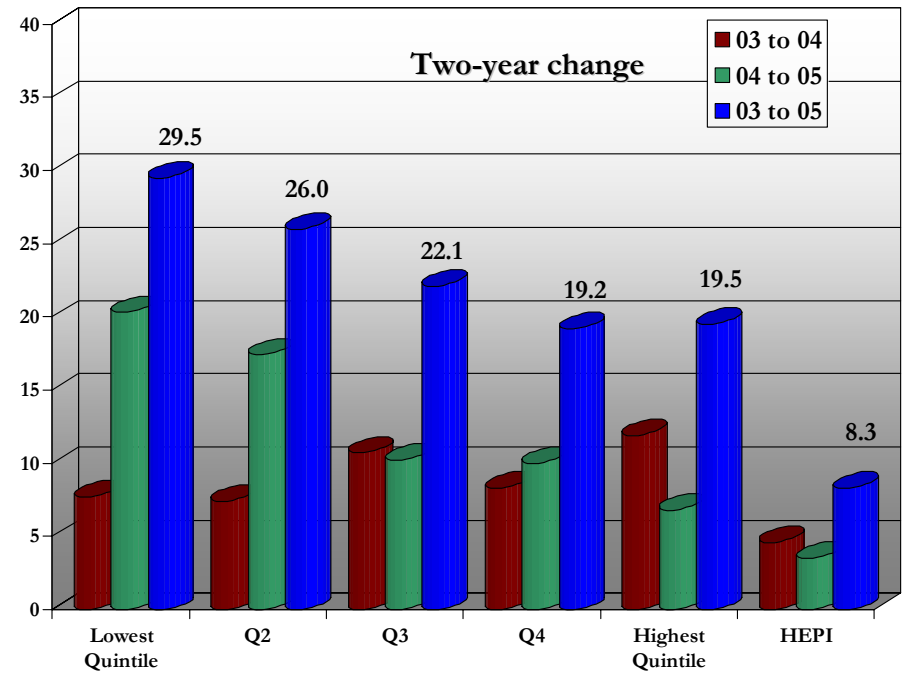
*Non-need base students receiving merit aid

Percent Change in Net Cost of Attendance

SIUC Dependent Undergraduate Full-Time Students

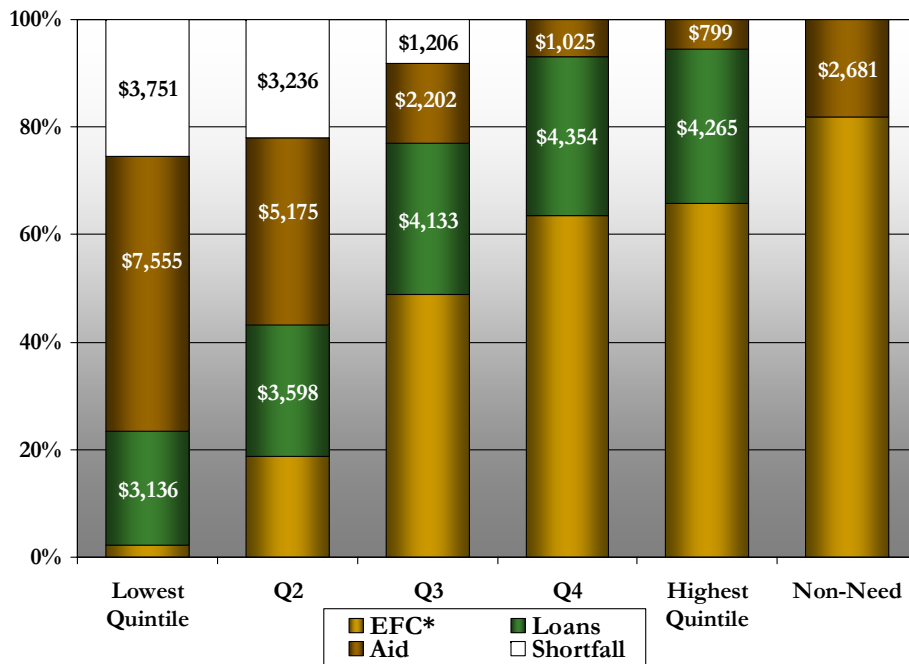


SIUE Dependent Undergraduate Full-Time Students

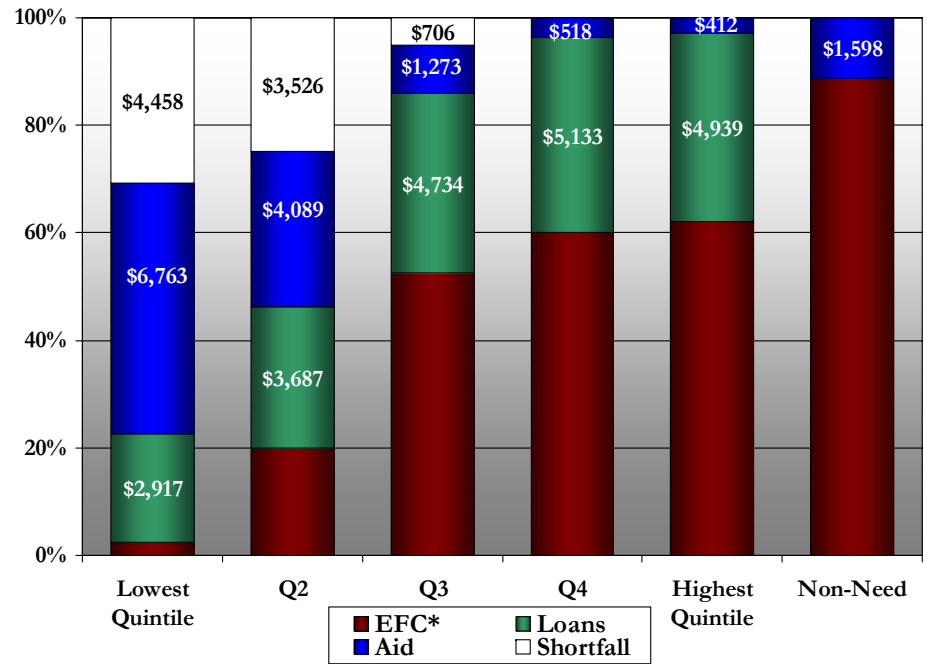


Type of Financial Support

SIUC Dependent Undergraduate Full-Time Students



SIUE Dependent Undergraduate Full-Time Students



*Expected Family Contribution

PERFORMANCE REPORT

Independent
advice for
the institutional investor

Southern Illinois
University

Performance Report
2nd Quarter of
Fiscal Year 2006

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CONTENTS

- 1 Executive Summary
- 2 Asset Allocation
- 3 Performance Evaluation
- 4 Appendix

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Ennis Knupp + Associates calculates rates of return for Southern Illinois University and Western Asset Management Company monthly using statements provided by the JPMorgan Chase Bank, and reconciles these rates of return with those provided by investment managers. Occasional discrepancies arise between returns computed by Ennis Knupp + Associates and managers because of differences in computational procedures, securities pricing services, etc. We monitor these discrepancies closely and find that they generally do not persist over time. If a material discrepancy does persist, we will bring the matter to your attention. All rates of return contained in this report are net of investment management fees. All rates of return presented in this report for time periods greater than one year are annualized. Columns may not add to 100% because of rounding.

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EXECUTIVE SUMMARY

Total Fund Rate of Return

	Second Fiscal Quarter	Fiscal Year-to-Date	One Year Ending 12/31/05
Total Fund	0.7%	0.9%	2.3%
Performance Benchmark	0.6	0.5	1.5

- The SIU Fund earned a positive return for the quarter, adding value against most of the major bond markets. The SIU Fund's return during the fiscal quarter exceeded that of the benchmark by 10 basis points with mixed results among the Fund's three portfolios. Gains from the Illinois Funds Money Market Fund were slightly offset by the Western portfolios which trailed their respective benchmarks.
- The Performance Benchmark is a weighted average return of the iMoney Net Money Fund Average Index, the Lehman Brothers 1-3 Year Government Bond Index and the Lehman Brothers Intermediate Government Bond Index. The weights used for each of the indices are based on the actual allocations among the three portfolios at the beginning of each month.

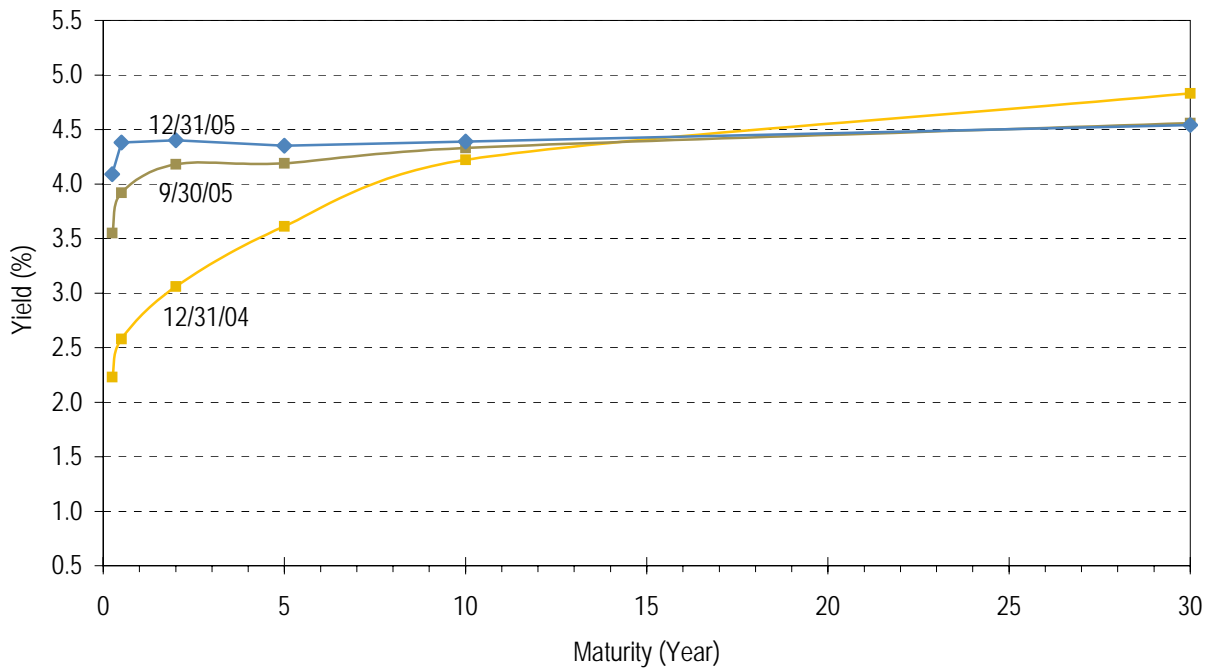
Fixed Income Market Rate of Return Summary

	Second Fiscal Quarter	Fiscal Year-to- Date	One Year Ending 12/31/05
iMoney Net Money Fund Average Index	0.6%	1.1%	1.7%
Lehman Brothers 1-3 Year Government Index	0.7	0.8	1.7
Lehman Brothers Intermediate Government Index	0.6	0.1	1.7
Lehman Brothers Aggregate Bond Index	0.6	-0.1	2.4

- The Federal Reserve Board increased rates by 25 basis points on December 13th, marking the thirteenth consecutive increase in the Federal Funds rate. The current rate now stands at 4.25%.

- The yield curve below illustrates the interest rate environment at three recent points in time by comparing the yield of Treasury securities at varying maturities (short-term to long-term).
- Typically, short-term securities offer lower yields as compared to longer-term securities. The higher yields compensate long-term investors for the uncertainty associated with an investment over a substantial length of time. During the quarter the long end of the curve continued to flatten due to narrowing spreads, while between the 2 and 10-year notes the curve became inverted due to the anticipated easing of recent interest rate increases.

U.S. Treasury Yield Curve



EXECUTIVE SUMMARY

Externally Managed Investments

Market Value Change (\$ in millions)

	Sep 30, 2005 – Dec 31, 2005	Sep 30, 2004 – Dec 31, 2004
Beginning Market Value	\$150.0	\$144.3
Income and Appreciation / (Depreciation)	1.1	0.6
Net Contributions / (Withdrawals)	20.9	(7.6)
Ending Market Value	\$172.0	\$137.2
Change in Market Value	\$22.0	(\$7.1)

- During the quarter ending December 31, 2005, the market value of the externally managed investments increased by \$22.0 million primarily due to net contributions.

Asset Allocation and Policy Compliance

As of December 31, 2005

Externally Managed Investments	Actual Allocation	Policy Range
State Treasury Fund	52%	20-35%
Western Asset – Short-Term Portfolio	12	10-40
Western Asset – Intermediate-Term Portfolio	36	35-60

- The asset allocation of the Funds was out of line with the stated policy allowable ranges.
- For operational efficiency, subsequent to July 31, 2001, there was a \$10 million floor placed on the Western Asset Short-Term Pool, with the goal to keep assets in the account at or above \$10 million. During the summer months the demand for these funds is at its peak, therefore EnnisKnupp, SIU, and Western have created a structure to ensure adequate liquidity without sacrificing investment performance.

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ASSET ALLOCATION

As of December 31, 2005 (\$ in millions)

	September 30, 2005	December 31, 2005	Percent of Total	Asset Value Change
Externally Managed Investments				
State Treasury Fund	\$68.2	\$89.8	37%	21.6
Western Asset – Short Portfolio	20.0	20.1	8	0.1
Western Asset – Intermediate Portfolio	61.8	62.1	25	0.3
Total External Assets	\$150.0	\$172.0	70%	\$22.0
Internally Managed Investments				
Construction Accounts	\$48.3	\$49.5	20%	\$1.2
Debt Service Funds	25.8	24.6	10	(1.2)
Total Internal Assets	\$74.1	\$74.1	30%	\$0.0
Total Assets	\$224.1	\$246.1	100.0%	\$22.0

- As of December, 2005, the assets of Southern Illinois University's externally managed investments totaled \$172 million, an increase of \$22.0 million during the quarter.
- As of December, 2005, the assets of Southern Illinois University's internally managed investments totaled \$74 million, an amount unchanged over the past quarter.

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PERFORMANCE EVALUATION

THE ILLINOIS FUNDS MONEY MARKET FUND

Market Value at December 31, 2005: \$89.8 million

Rate of Return Summary

Periods Ending December 31, 2005

	Second Fiscal Quarter	Fiscal Year-to- Date	One Year Ending 12/31/05	Two-Years Ending 12/31/05
State Treasury Fund	0.9%	1.6%	2.9%	2.1%
iMoney Net Money Fund				
Average Index	0.6	1.1	1.7	1.2

Investment Approach

- The Illinois Funds Money Market Fund strives to provide an inexpensive investment vehicle that features safety, daily liquidity and yield for Illinois public funds programs. The Fund is managed by the Office of the State Treasurer in Springfield, Illinois, and contained \$4.2 billion in total assets as of December 2005. The Fund is currently rated AAA by Standard & Poor's.

Performance Commentary

- The returns of the Illinois Funds Money Market Fund surpassed that of the iMoney Net Money Fund Average Index during all periods measured above.
- The composition and characteristics of the State Treasury Fund as of December, 2005 are shown below.

Sector	Allocation
Treasury Bills	0%
Treasury Notes	1
Repurchase Agreements	84
Money Market Funds	10
Certificates of Deposit	5
P.O. Treasury Strips	0
	100%
30-Day Effective Yield	4.1%
Weighted Average Maturity	13 Days

PERFORMANCE EVALUATION

WESTERN ASSET MANAGEMENT COMPANY SHORT-TERM PORTFOLIO

Market Value at December 31, 2005: \$20.1 million

Rate of Return Summary

Periods Ending December 31, 2005

	Second Fiscal Quarter	Fiscal Year-to- Date	One Year Ending 12/31/05	Two-Years Ending 12/31/05
Western Asset Short-Term Portfolio	0.6%	0.8%	1.9%	1.6%
Lehman Brothers 1-3 Year Government Index	0.7	0.8	1.7	1.4

Investment Approach

- Western Asset focuses on four primary areas within the portfolio in an attempt to exceed the return of the benchmark while approximating the benchmark's risk characteristics: sector allocation, issue selection, yield curve positioning and duration. Relative sector allocation decisions are based on historical yield spreads and fundamental factors that may influence spreads in the current environment. Western attempts to identify specific securities that appear undervalued through ongoing analysis of specific issues' circumstances and characteristics. The investment team uses projections of Fed policy and market expectations, along with implications of the current shape of the yield curve to determine positioning. In addition, duration exposure is limited to +/- 20% of the benchmark.
- In accordance with the guidelines, the portfolio does not invest in any security with an average life greater than three years. For maturities greater than six months, the manager will only invest in AAA-rated, government-backed securities. Corporate bonds, with a minimum rating of A, must have a maturity of less than six months at the time of purchase.

Performance Commentary

- The Western Short-Term portfolio trailed the Lehman Brothers 1-3 Year Government Index during the most recent quarter, but has exceeded the benchmark over longer time periods.
- The Fund's continued heavy allocation to Agencies during the fourth quarter, approximately 87% of the fund, contributed significantly to the return of the Fund.
- The composition and characteristics of the Short-Term Portfolio as of December 31, 2005 are shown on the following page.

PERFORMANCE EVALUATION

Portfolio Composition
As of December 31, 2005

	Short-Term Portfolio	LB 1-3 Year Government Index
Sector Weighting:	Percentage	Percentage
Treasury	12%	62%
Agency	87	38%
Credit	--	--
Mortgage	--	--
Asset-Backed	--	--
Cash	1	--
	100%	100%
Maturity Distribution:		
0-1 Year	14%	--
1-3 Years	86	100%
Contribution to Total Return:		
Price	-0.3%	-0.3%
Income	0.9	1.0
Total Return	0.6%	0.7%
Total Duration	1.6 Years	1.8 Years

PERFORMANCE EVALUATION

WESTERN ASSET MANAGEMENT COMPANY INTERMEDIATE PORTFOLIO

Market Value at December 31, 2005: \$62.1 million

Rate of Return Summary

Periods Ending December 31, 2005

	Second Fiscal Quarter	Fiscal Year- to-Date	One Year Ending 12/31/05	Two-Years Ending 12/31/05
Western Asset Intermediate Portfolio	0.4%	0.1%	2.0%	2.6%
Lehman Brothers Intermediate Government Index	0.6	0.1	1.7	2.0

Investment Approach

- Western Asset focuses on four primary areas within the portfolio in an attempt to exceed the return of the benchmark while approximating the benchmark's risk characteristics: sector allocation, issue selection, yield curve positioning and duration. Relative sector allocation decisions are based on historical yield spreads and fundamental factors that may influence spreads in the current environment. Western attempts to identify specific securities that appear undervalued through ongoing analysis of specific issues' circumstances and characteristics. The investment team uses projections of Fed policy and market expectations, along with implications of the current shape of the yield curve to determine positioning. In addition, duration exposure is limited to +/- 15% of the benchmark.
- In accordance with the guidelines, the portfolio does not invest in any security with an average life greater than ten years. For maturities greater than six months, the manager will only invest in AAA-rated, government-backed securities. Corporate bonds, with a minimum rating of A, must have a maturity of less than six months at the time of purchase.

Performance Commentary

- Western's return trailed that of its benchmark by 20 basis points for the quarter. Longer term results substantially exceed those of the benchmark.
- A continued greater-than-Index allocation to Agencies (58% versus 35% for the Index) added value for the portfolio as Agencies fared better than Treasuries. Similar to the Short-Term Portfolio, Western's Intermediate-Term portfolio was positioned with a slightly shorter duration than the Index, which added value as interest rates rose during the quarter.
- The composition and characteristics of the Intermediate-Term Portfolio as of December 31, 2005 are shown on the following page.

PERFORMANCE EVALUATION

Portfolio Composition
As of December 31, 2005

	Intermediate-Term Portfolio	LB Intermediate Government Index
Sector Weightings:		
Treasury	42%	65%
Agency	58	35
Credit	--	--
Mortgage	--	--
Asset-Backed	--	--
Cash and Equivalents	--	--
	100%	100%
Maturity Distribution:		
0-1 Year	2%	--
1-5 Years	78	73%
6-10 Years	20	27
10 Years or more	0	--
	100%	100%
Contribution to Total Return:		
Price	-0.5%	-0.5%
Income	0.9	1.1
Total Return	0.4%	0.6%
Total Duration	3.2 Years	3.3 Years

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APPENDIX I

FEE SUMMARY

	Basis Points	Approximate Annual Fee (\$)
Externally Managed Investments		
State Treasury Fund	9.8	\$87,787
Short-Term Portfolio	25.0	50,161
Intermediate-Term Portfolio	25.0	155,312
Total Externally Managed Investment Fees	17.1	\$293,260

DESCRIPTION OF BENCHMARKS

iMoney Net Money Fund Average Index – An index made up of the entire universe of money market mutual funds. The Index currently represents 1,250 funds, or approximately 99 percent of all money fund assets.

Lehman Brothers 1-3 Year Government Bond Index – A market value-weighted index of U.S. Treasury and agency bonds with maturities between one and three years.

Lehman Brothers Intermediate Government Bond Index – A market value-weighted index of U.S. Treasury and agency bonds with maturities from one to ten years.

Lehman Brothers Aggregate Bond Index – A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$200 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

DESCRIPTION OF OTHER TERMS

Asset-Backed Security – A bond backed or collateralized by a loan or accounts receivable originated by banks, credit card companies or other credit providers.

Maturity – The date at which the underlying principal and final interest payment is due to the bondholder.

Mortgage-Backed Security – A bond backed or collateralized by mortgages. The bondholder receives interest and principal payments that are “passed through” the issuing agency.

P.O. Treasury Strips – Created by separating a Treasury bond into its principal and interest payments. The holder of the P.O. gets cash flow from principal payments only.

Repurchase Agreement – An agreement to sell a bond at a fixed price to a second party tied to an agreement that the first party will buy back the bond at a specific future date. Also called Repos.

Total Rate of Return – Annual return of an investment including price appreciation and interest payments. The price of a bond is influenced not only by the market forces of supply and demand, but also by the movement of interest rates. As interest rates rise, bond prices generally decline, as the yields intrinsically adjust to the level available to an investor in the open market. Periodic income payments, or income, also factor into the total return of a fixed income security. The Total Rate of Return incorporates both realized and unrealized gains and losses.

Yield – The effective annual rate of return a bond earns if it is held to maturity, assuming periodic interest payments can be reinvested at the same interest rate.

**SOUTHERN ILLINOIS UNIVERSITY
SHORT TERM FIXED INCOME PORTFOLIO
INVESTMENT GUIDELINES
(Approved July 14, 2005)**

3 Objectives and Purpose

The goal is to construct a portfolio that emphasizes safety of principal, maintaining liquidity, and will outperform the Lehman Brothers 1 to 3 Year Government Bond Index, (the "Benchmark"). Active management is expected to provide increased income and total return to Southern Illinois University. These guidelines should be reviewed periodically by Southern Illinois University, its investment consultant and Western Asset Management to assure that the University's objectives are being achieved.

In addition to the guidelines outlined below, the investment manager will adhere to the Southern Illinois University Statement of Investment Policy attached hereto as Exhibit A, the Illinois Public Funds Investment Act, other applicable state laws and applicable federal laws. The guidelines below are intended to summarize these documents and are not intended to supercede them.

Eligible Securities

Investments may be made in any of the following fixed income securities, individually or in commingled vehicles, subject to credit, diversification and marketability guidelines below. All securities must be authorized investments under the Illinois Public Funds Investment Act including the following:

1. Obligations issued or guaranteed by the U.S. Federal Government, U.S. Federal agencies or U.S. Government-sponsored corporations and agencies. For purposes of this restriction, Federal National Mortgage Association (Fannie Mae) is not considered an agency. As such, investments in Fannie Mae securities are restricted to short-term discount obligations with an original maturity of less than one year.
2. Obligations of U.S. corporations such as debentures, commercial paper, certificates of deposit and bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organizations; with a maturity of 180 days or less, rated in the three highest rating classifications by at least two standard rating services, and have at least \$500 million in assets.

3. U.S. Agency mortgage-backed securities (MBS); provided weighted average life is equal to or less than 3 years. No “derivative” MBS such as Interest Only (IO), Principal Only (PO), and inverse floaters will be allowed. Mortgage “to be announced” (TBAs) securities, and passthrough Planned Amortization Class Securities (PACS) are allowed. At no time shall the portfolio to be subjected to leverage.

Duration Exposure

The average weighted duration of portfolio security holdings shall not vary from that of the Benchmark by more than 20%.

Credit Quality

In all categories of investments, emphasis will be on high-quality securities and the weighted average of portfolio holdings will not fall below AA- or its equivalent. Portfolio holdings are subject to the following limitations:

1. Rated Securities: All securities must be rated at least as high as the minimum acceptable rating, noted in the table below, of at least two of the following Nationally Recognized Statistical Rating Organizations (NRSRO).

	Minimum Acceptable Rating for Securities	Minimum Acceptable Rating for Commercial Paper
Standard & Poor’s	A-	A1
Moody’s	A3	P1
Fitch	A-	F1

2. Split Rated: Securities rated at or above the foregoing minimum acceptable ratings by two or more NRSRO and below the foregoing minimum acceptable ratings by two or more NRSRO are permissible only if Western Asset Management, based on its independent research, assigns the security the higher rating.
3. Downgrade Securities: Securities which fall below the stated minimum credit requirements subsequent to initial purchase may be held at Western Asset Management but must be approved by University staff. The University’s staff will be notified of all such downgrades in writing.

Diversification

1. Maturity: Securities must be equal to or less than 3 years to maturity. In the case of MBS, average life will be used as a proxy for maturity.

2. Sector: The portfolio will at all times be diversified among the major market sectors, subject to the following limitations:
 - a) Maximum 33% in corporates.
3. Issuer: Holdings are subject to the following limitations:
 - a) Obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies are eligible without limit.
 - b) Obligations of other issuers are subject to a 5% of the market value of the portfolio limit to any single issuer excluding investments in commingled vehicles.

Marketability

All holdings will be of sufficient size and held in issues that are traded actively enough to facilitate transactions at minimum cost and accurate market valuation.

Performance Measurement and Objectives

Total portfolio return will be calculated each calendar month and reported at the end of each calendar quarter. The manager will be evaluated on an after-fees basis against the Lehman Brothers 1 – 3 Year Government Bond Index (the "Benchmark").

The manager shall aim to exceed the Lehman Brothers 1 – 3 Year Government Bond Index (the "Benchmark") by an average of 40 basis points annually over the medium term (3 – 7 years).

Reporting

Formal management reporting will include:

1. A monthly accounting statement showing portfolio income, holdings and transactions;
2. A quarterly total return computation; and
3. A quarterly market outlook and investment strategy.

**SOUTHERN ILLINOIS UNIVERSITY
INTERMEDIATE FIXED INCOME PORTFOLIO
INVESTMENT GUIDELINES
(Approved July 14, 2005)**

Objectives and Purpose

The goal is to provide a portfolio that emphasizes safety of principal and total return and provides a modest element of liquidity as necessary. Active management is expected to provide increased income and total return to Southern Illinois University. These guidelines should be reviewed periodically by the Southern Illinois University, its investment consultant and Western Asset Management to assure that the University's objectives are being achieved.

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Investments may be made in any of the following fixed income securities, individually or in commingled vehicles, subject to credit, diversification and marketability guidelines below. All securities must be authorized investments under the Illinois Public Funds Investment Act including the following:

1. Obligations issued or guaranteed by the U.S. Federal Government, U.S. Federal agencies or U.S. government-sponsored corporations and agencies. For purposes of this restriction, Federal National Mortgage Association (Fannie Mae) is not considered an agency. As such, investments in Fannie Mae securities are restricted to short-term discount obligations with an original maturity of less than one year.
2. Obligations of U.S. corporations such as debentures, commercial paper, certificates of deposit and bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organizations; with a maturity of 180 days or less, rated in the three highest rating classifications by at least two standard rating services, and have at least \$500 million in assets.
3. U.S. Agency mortgage-backed securities (MBS); provided weighted average life is equal to or less than 10 years. No "derivative" MBS such as Interest Only (IO), Principal Only (PO), and inverse floaters will be allowed. Mortgage "to be announced" (TBAs) securities, and passthrough Planned Amortization Class Securities (PACS) are allowed. At no time shall the portfolio to be subjected to leverage.

Duration Exposure

The average weighted duration of portfolio security holdings shall not vary from that of the Lehman Brothers Intermediate Government Bond Index, (the "Benchmark") by more than 15%.

Credit Quality

In all categories of investments, emphasis will be on high-quality securities and the weighted average of portfolio holdings will not fall below AA- or equivalent. Holdings are subject to the following limitations:

1. **Rated Securities:** All securities must be rated at least as high as the minimum acceptable rating, noted in the table below, of at least two of the following Nationally Recognized Statistical Rating Organizations (NRSRO).

	Minimum Acceptable Rating for Securities	Minimum Acceptable Rating for Commercial Paper
Standard & Poor's	A-	A-2
Moody's	A-3	P1
Fitch	A-	F1

2. **Split Rated:** Securities rated at or above the foregoing minimum acceptable ratings by two or more NRSRO and below the foregoing minimum acceptable ratings by two or more NRSRO are permissible only if Western Asset Management, based on its independent research, assigns the security the higher rating.
3. **Downgrade Securities:** Securities which fall below the stated minimum credit requirements subsequent to initial purchase may be held at Western Asset Management but must be approved by University staff. The University's staff will be notified of all such downgrades in writing.

Diversification

1. **Maturity:** Securities must be equal to or less than 10 years to maturity. In the case of MBS, average life will be used as a proxy for maturity.
2. **Sector:** The portfolio will at all times be diversified among the major market sectors, subject to the following limitations.
 - a) Maximum 33% in corporates.

3. Issuer: Holdings are subject to the following limitations:
 - a) Obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies are eligible without limit.
 - b) Obligations of other issuers are subject to a 5% of the market value of the portfolio limit to any single issuer excluding investments in commingled vehicles.

Marketability

All holdings will be of sufficient size and held in issues that are traded actively enough to facilitate transactions at minimum cost and accurate market valuation.

Performance Measurement and Objectives

Total portfolio return will be calculated each calendar month and reported at the end of each calendar quarter. The manager will be evaluated on an after-fees basis against the Lehman Brothers Intermediate Government Bond Index (the "Benchmark").

The manager shall aim to exceed the Lehman Brothers Intermediate Government Bond Index (the "Benchmark") by 50 basis points annually over the medium term (3 – 7 years).

Reporting

Formal management reporting will include:

1. A monthly accounting statement showing portfolio income, holdings and transactions;
2. A quarterly total return computation; and
3. A quarterly market outlook and investment strategy.

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SOUTHERN ILLINOIS UNIVERSITY



FY 2006 Financial Performance Report

Semi-Annual Report



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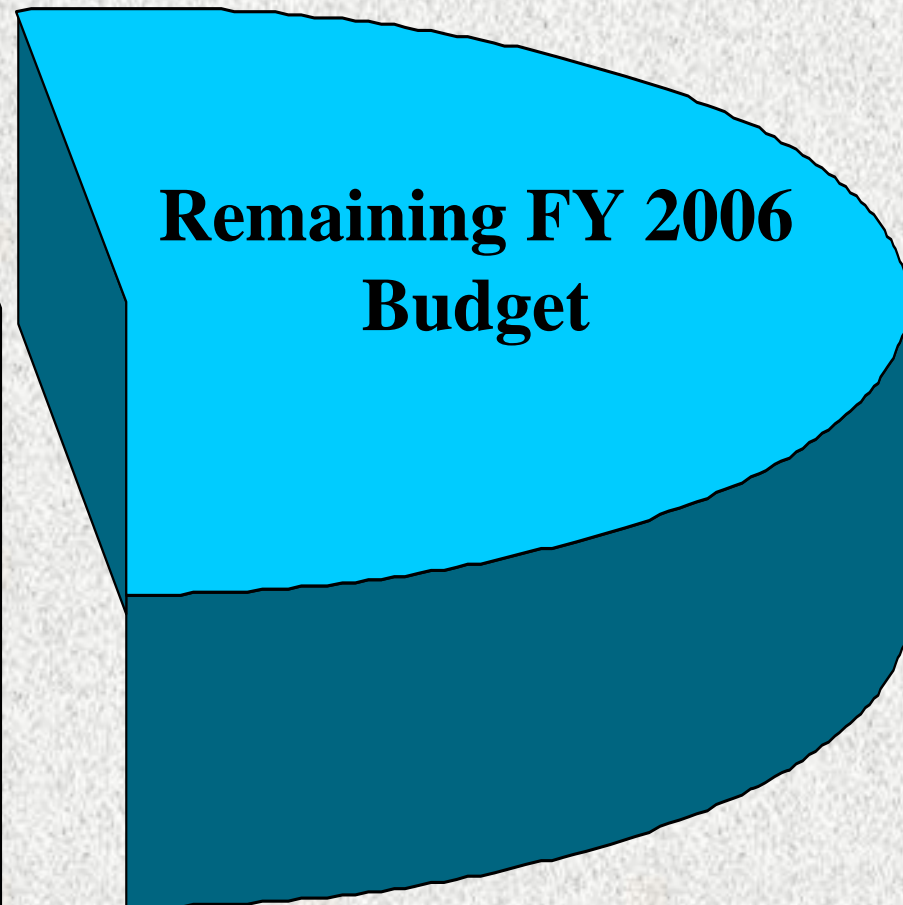
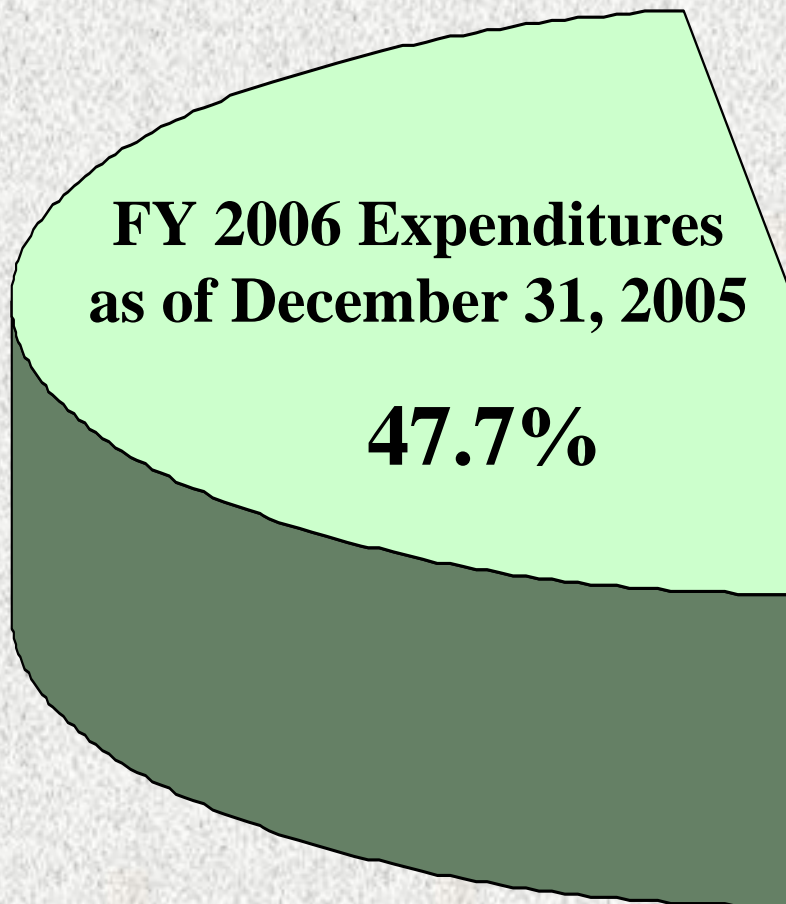
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INTRODUCTION

SIU FY 2006 SEMI-ANNUAL PERFORMANCE REPORT

The purpose of this report is to present to the SIU Board of Trustees the current financial performance of Southern Illinois University. The report compares the major components of the Operating Budget with actual performance and notes to the Board any unusual financial performance. The report provides a summary of each major fund group's performance and compares the current year revenues and expenditures to the prior year.

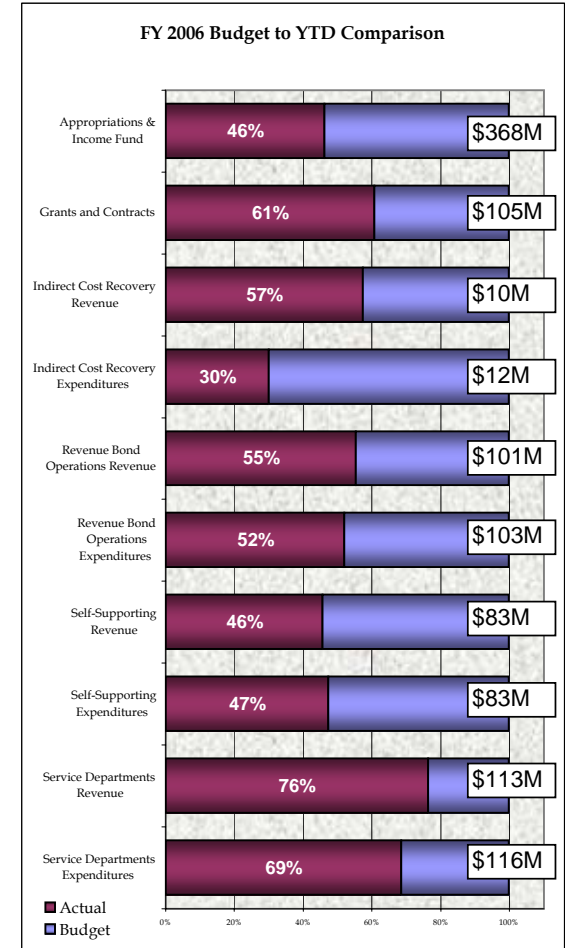
Summary: FY06 Expenditures – Year to Date



Total Expenditures through 12/31/05 = \$306,042,300

Southern Illinois University
Statement of Financial Performance for Fiscal Year 2006
For Quarter Ending 12/31/05

Major Fund Groups	2nd Quarter YTD Comparison to the Prior Fiscal Year			
	FY 2005	FY 2006	\$ Change	% Change
Appropriations and Income Fund (a)				
Expenditures	159,515,000	169,981,900	10,466,900	7%
Grants and Contracts (b)				
Expenditures	58,232,800	63,769,800	5,537,000	10%
Indirect Cost Recovery				
Revenue	5,199,000	5,882,500	683,500	13%
Expenditures	3,506,300	3,465,500	(40,800)	-1%
Net Result	1,692,700	2,417,000	724,300	
Revenue Bond Operations				
Revenue	48,567,100	55,959,200	7,392,100	15%
Expenditures	49,577,300	53,189,100	3,611,800	7%
Net Result	(1,010,200)	2,770,100	3,780,300	
Self-Supporting Activities				
Revenue	33,916,300	37,891,800	3,975,500	12%
Expenditures	37,963,700	39,365,100	1,401,400	4%
Net Result	(4,047,400)	(1,473,300)	2,574,100	
Service Departments				
Revenue	71,214,000	86,532,100	15,318,100	22%
Expenditures	69,393,100	79,436,800	10,043,700	14%
Net Result	1,820,900	7,095,300	5,274,400	



(a) General Revenue Funds are held in the State's Treasury and funds are released when vouchered; therefore, revenue matches expenditures.

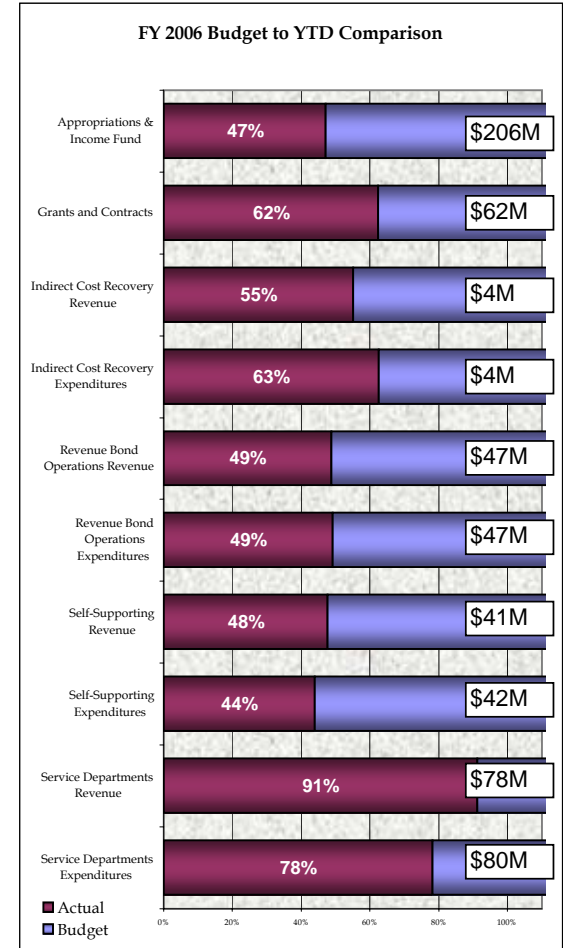
(b) Grants and Contracts - Revenues received from external sources match expenditures over the life of the grant.

Numbers are Rounded to the Nearest Thousand

Cash basis accounting except for Revenue Bond Operations, which are on modified accrual basis.

Southern Illinois University - Carbondale
Statement of Financial Performance for Fiscal Year 2006
For Quarter Ending 12/31/05

Major Fund Groups	2nd Quarter YTD Comparison to the Prior Fiscal Year			
	FY 2005	FY 2006	\$ Change	% Change
Appropriations and Income Fund Expenditures	89,668,000	97,112,500	7,444,500	8%
Grants and Contracts Expenditures	33,969,800	38,466,800	4,497,000	13% (a)
Indirect Cost Recovery Revenue	2,012,000	2,211,500	199,500	10%
Indirect Cost Recovery Expenditures	1,942,300	2,519,500	577,200	30% (b)
Indirect Cost Recovery Net Result	69,700	(308,000)	(377,700)	
Revenue Bond Operations Revenue	20,852,100	22,831,200	1,979,100	9% (c)
Revenue Bond Operations Expenditures	24,466,300	22,892,100	(1,574,200)	-6% (d)
Revenue Bond Operations Net Result	(3,614,200)	(60,900)	3,553,300	
Self-Supporting Activities Revenue	17,632,300	19,723,400	2,091,100	12% (e)
Self-Supporting Activities Expenditures	19,483,700	18,642,400	(841,300)	-4%
Self-Supporting Activities Net Result	(1,851,400)	1,081,000	2,932,400	
Service Departments Revenue	53,302,000	70,877,900	17,575,900	33% (f)
Service Departments Expenditures	51,363,100	62,221,200	10,858,100	21% (f)
Service Departments Net Result	1,938,900	8,656,700	6,717,800	



(a) Increase due to major increases in the Clean Coal Program grant and the Integrated Assessment Program funded by the IL DCFS, as well as smaller increases in various other programs.

(b) Increase due to expenses related to utilities and O&M for new buildings.

(c) Increase due to increased housing rates and increased student fees.

(d) Decrease due to smaller transfer into Housing Repair/Replacement Reserve.

(e) Increase due to timing of revenue transfers for athletic events under a new Ticketmaster contract and the timing of Housing funded debt transfers, as well as increased activity within various self-supporting units.

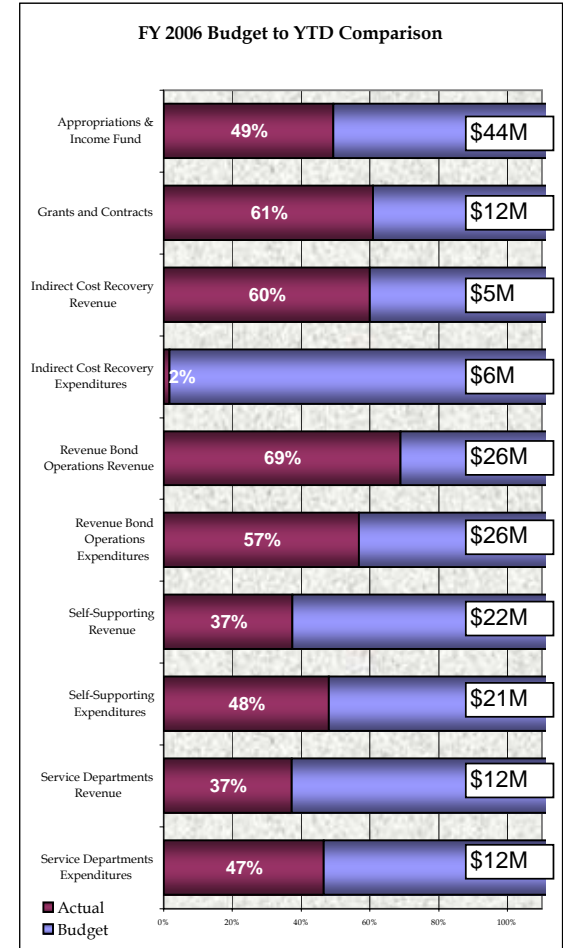
(f) Increase due to construction projects, including the Student Health Center, Troutt-Whittman Center, Morris Library, the Southern Illinois Research Park, and the Grand/Wall Complex. Also, AIS was transferred to Carbondale from UWS.

Numbers are Rounded to the Nearest Thousand

Cash basis accounting except for Revenue Bond Operations, which are on modified accrual basis.

**Southern Illinois University - School of Medicine
Statement of Financial Performance for Fiscal Year 2006
For Quarter Ending 12/31/05**

Major Fund Groups	2nd Quarter YTD Comparison to the Prior Fiscal Year			
	FY 2005	FY 2006	\$ Change	% Change
Appropriations and Income Fund Expenditures	20,885,000	21,668,000	783,000	4%
Grants and Contracts Expenditures	6,257,000	6,978,000	721,000	12% (a)
Indirect Cost Recovery Revenue	2,239,000	2,732,000	493,000	22% (b)
Indirect Cost Recovery Expenditures	387,000	115,000	(272,000)	-70% (c)
Indirect Cost Recovery Net Result	1,852,000	2,617,000	765,000	
Revenue Bond Operations Revenue	12,270,000	17,652,000	5,382,000	44% (b)
Revenue Bond Operations Expenditures	10,482,000	14,769,000	4,287,000	41% (b)
Revenue Bond Operations Net Result	1,788,000	2,883,000	1,095,000	
Self-Supporting Activities Revenue	7,586,000	8,207,000	621,000	8%
Self-Supporting Activities Expenditures	9,152,000	10,184,000	1,032,000	11% (d)
Self-Supporting Activities Net Result	(1,566,000)	(1,977,000)	(411,000)	
Service Departments Revenue	4,144,000	4,440,000	296,000	7%
Service Departments Expenditures	4,304,000	5,466,000	1,162,000	27% (e)
Service Departments Net Result	(160,000)	(1,026,000)	(866,000)	



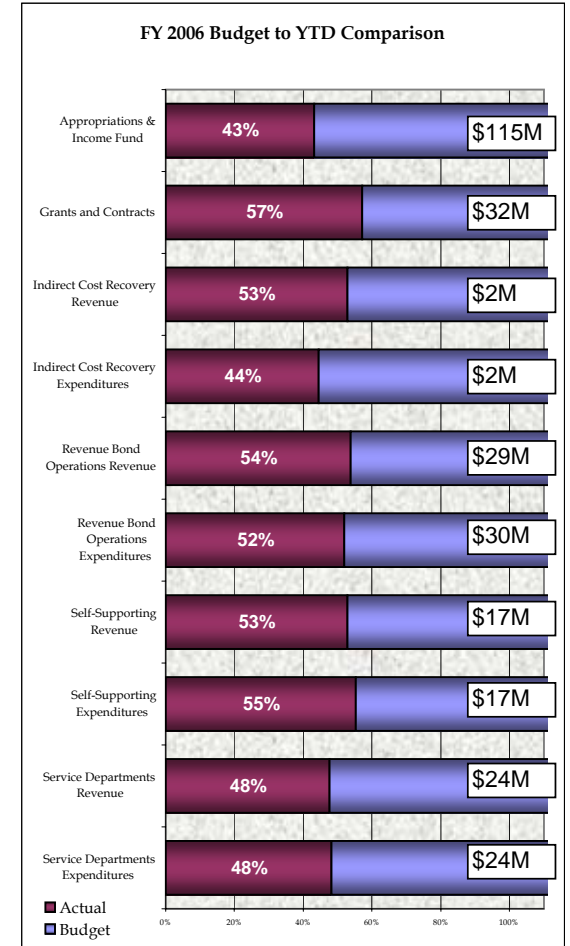
- (a) Increase due to increase in private grants.
- (b) Increase due to increase in clinical activities.
- (c) FY05 included expenditures related to Electronic Medical Records conversion.
- (d) Increase due to increase in hospital affiliation contracts and transfer of staff from state appropriations based funds to local funds.
- (e) Increase due to COPS payment for energy conservation program.

Numbers are Rounded to the Nearest Thousand

Cash basis accounting except for Revenue Bond Operations, which are on modified accrual basis.

Southern Illinois University - Edwardsville
Statement of Financial Performance for Fiscal Year 2006
For Quarter Ending 12/31/05

Major Fund Groups	2nd Quarter YTD Comparison to the Prior Fiscal Year			
	FY 2005	FY 2006	\$ Change	% Change
Appropriations and Income Fund Expenditures	47,035,000	49,588,000	2,553,000	5%
Grants and Contracts Expenditures	18,006,000	18,325,000	319,000	2%
Indirect Cost Recovery Revenue	898,000	901,000	3,000	0%
Indirect Cost Recovery Expenditures	1,176,000	780,000	(396,000)	-34% (a)
Indirect Cost Recovery Net Result	(278,000)	121,000	399,000	
Revenue Bond Operations Revenue	15,445,000	15,476,000	31,000	0%
Revenue Bond Operations Expenditures	14,629,000	15,528,000	899,000	6%
Revenue Bond Operations Net Result	816,000	(52,000)	(868,000)	
Self-Supporting Activities Revenue	7,972,000	9,142,000	1,170,000	15% (b)
Self-Supporting Activities Expenditures	8,278,000	9,525,000	1,247,000	15% (c)
Self-Supporting Activities Net Result	(306,000)	(383,000)	(77,000)	
Service Departments Revenue	13,335,000	11,153,000	(2,182,000)	-16% (d)
Service Departments Expenditures	12,450,000	11,650,000	(800,000)	-6% (d)
Service Departments Net Result	885,000	(497,000)	(1,382,000)	



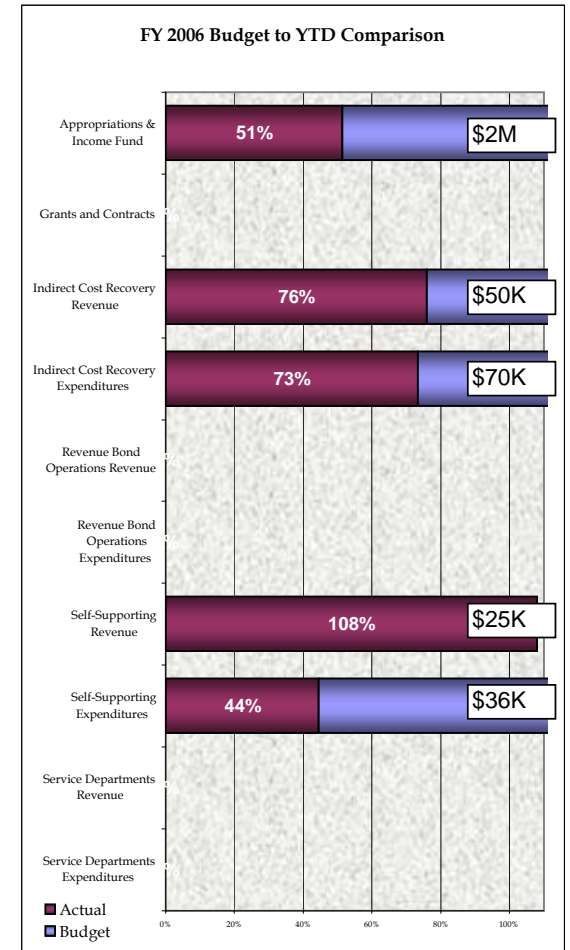
- (a) FY05 included the FY04 payment for the Banner Student Information System.
- (b) Increase due to increased FTE enrollment and increase in student fees.
- (c) Increase due to School of Dental Medicine Clinic renovations.
- (d) Decrease due to the Boiler Project being included in the FY05 amounts.

Numbers are Rounded to the Nearest Thousand

Cash basis accounting except for Revenue Bond Operations, which are on modified accrual basis.

**Southern Illinois University - University Administration
Statement of Financial Performance for Fiscal Year 2006
For Quarter Ending 12/31/05**

Major Fund Groups	2nd Quarter YTD Comparison to the Prior Fiscal Year			
	FY 2005	FY 2006	\$ Change	% Change
Appropriations and Income Fund Expenditures	939,000	986,000	47,000	5%
Grants and Contracts Expenditures	0	0	0	0%
Indirect Cost Recovery Revenue	50,000	38,000	(12,000)	-24% (a)
Indirect Cost Recovery Expenditures	1,000	51,000	50,000	over 100% (b)
Indirect Cost Recovery Net Result	49,000	(13,000)	(62,000)	
Revenue Bond Operations Revenue	0	0	0	0%
Revenue Bond Operations Expenditures	0	0	0	0%
Revenue Bond Operations Net Result	0	0	0	
Self-Supporting Activities Revenue	26,000	27,000	1,000	4%
Self-Supporting Activities Expenditures	1,000	16,000	15,000	over 100% (b)
Self-Supporting Activities Net Result	25,000	11,000	(14,000)	
Service Departments Revenue	0	0	0	0%
Service Departments Expenditures	0	0	0	0%
Service Departments Net Result	0	0	0	



(a) Decrease due to timing of campus reimbursements.

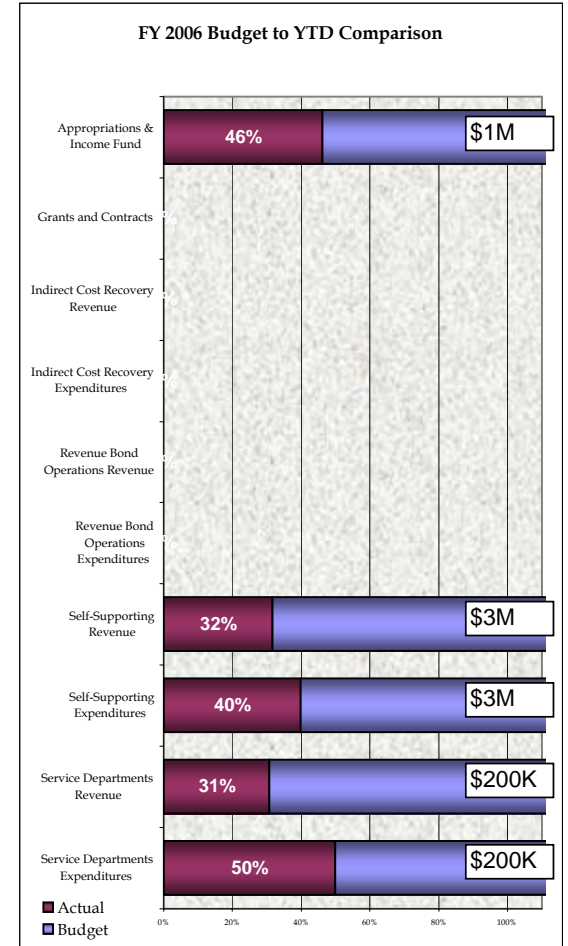
(b) Increase due to transfer of staff from state appropriations based funds to local funds.

Numbers are Rounded to the Nearest Thousand

Cash basis accounting except for Revenue Bond Operations, which are on modified accrual basis.

**Southern Illinois University - University Wide Services
Statement of Financial Performance for Fiscal Year 2006
For Quarter Ending 12/31/05**

Major Fund Groups	2nd Quarter YTD Comparison to the Prior Fiscal Year			
	FY 2005	FY 2006	\$ Change	% Change
Appropriations and Income Fund Expenditures	988,000	627,400	(360,600)	-36% (a)
Grants and Contracts Expenditures	0	0	0	0%
Indirect Cost Recovery Revenue	0	0	0	0%
Indirect Cost Recovery Expenditures	0	0	0	0%
Indirect Cost Recovery Net Result	0	0	0	
Revenue Bond Operations Revenue	0	0	0	0%
Revenue Bond Operations Expenditures	0	0	0	0%
Revenue Bond Operations Net Result	0	0	0	
Self-Supporting Activities Revenue	700,000	792,400	92,400	13% (b)
Self-Supporting Activities Expenditures	1,049,000	997,700	(51,300)	-5%
Self-Supporting Activities Net Result	(349,000)	(205,300)	143,700	
Service Departments Revenue	433,000	61,200	(371,800)	-86% (a)
Service Departments Expenditures	1,276,000	99,600	(1,176,400)	-92% (a)
Service Departments Net Result	(843,000)	(38,400)	804,600	



(a) Decreases due to AIS moving out of UWS to Carbondale.

(b) Revenues are up due to increase in interest earnings and timing of campus reimbursements.

Numbers are Rounded to the Nearest Thousand

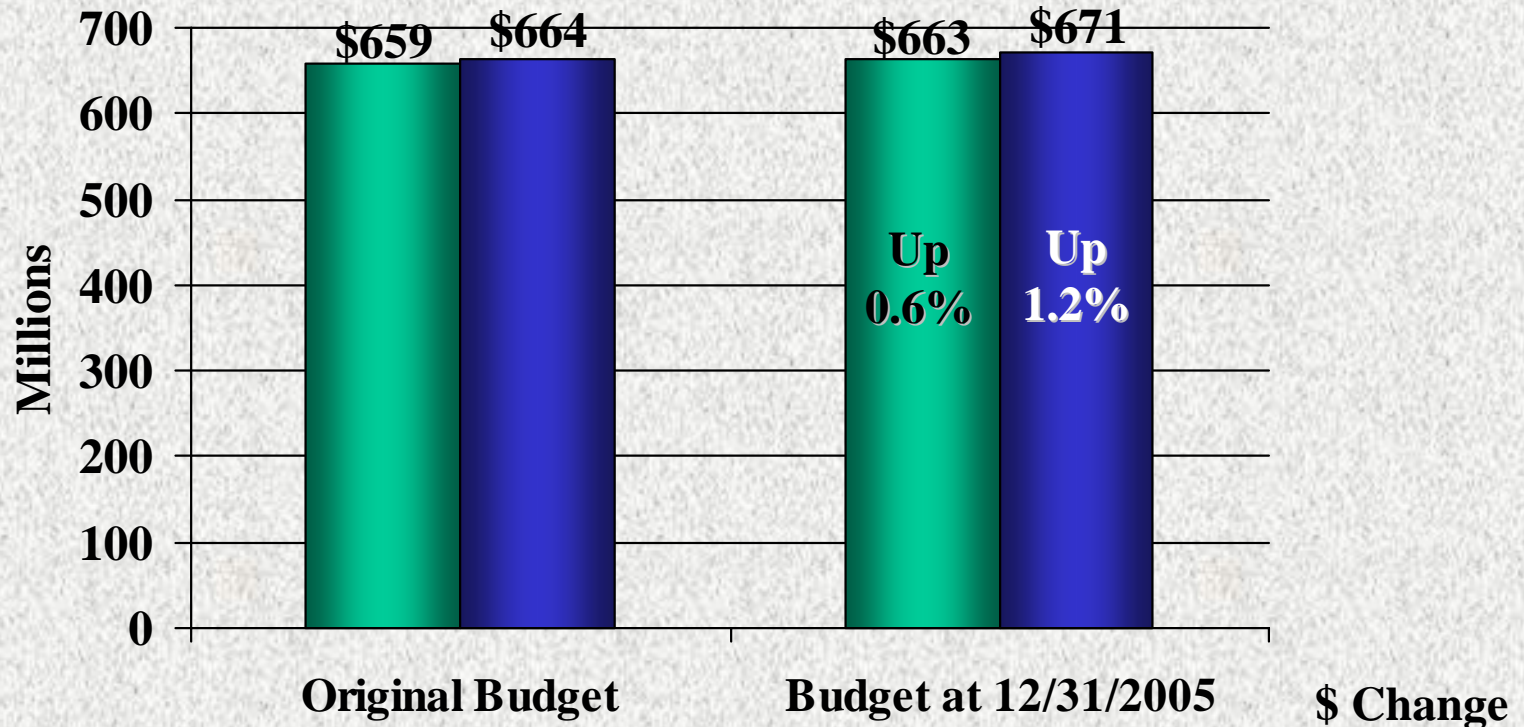
Cash basis accounting except for Revenue Bond Operations, which are on modified accrual basis.

Updated Annual Budget as of 12/31/2005

A summary chart displays how the budget has changed since the original budget was approved in June 2005.

Fiscal Year 2006 Operating Budget as of December 31, 2005, is presented by major fund group. These schedules show updated revenue and expenditures projections for the year, as well as projected operating results for the University and by campus.

FY 2006 Budget Adjustments through 12/31/05



	Original Budget	Budget at 12/31/2005	\$ Change
Est. Revenues	659.2	663.1	3.9
Est. Expenditures	663.5	671.2	7.7
Beginning Cash Balance	41.5 (est.)	47.9 (actual)	6.4
Projected Ending Cash Balance	37.2	39.8	2.6

SIU SEMI-ANNUAL FINANCIAL PERFORMANCE REPORT

Southern Illinois University
FY 2006 Revised Annual Operating Budget as of 12/31/05

	Appropriations & Income Fund	Grants and Contracts	Indirect Cost Recovery	Revenue Bond Operations	Self-Supporting Activities	Total	Service (2) Departments
Revenue							
Tax Dollars Support (GRF/EAF)	\$217,653,700	\$0	\$0	\$0	\$0	\$217,653,700	\$0
Tuition / Student Fees	141,720,100	0	0	19,977,950	18,162,800	179,860,850	0
Interest Income	760,900	789,600	241,000	316,100	802,100	2,909,700	27,400
Operations/Other Income	3,100,800	104,511,000	10,085,200	80,998,250	63,995,850	262,691,100	113,249,650
Estimated Total Revenue	\$363,235,500	\$105,300,600	\$10,326,200	\$101,292,300	\$82,960,750	\$663,115,350	\$113,277,050
Expenditures							
Personal Services	\$274,344,700	\$34,163,500	\$3,109,600	\$41,732,500	\$35,504,750	\$388,855,050	\$35,998,300
Other Expenses	93,949,800	71,137,100	8,614,000	44,102,950	46,982,400	264,786,250	79,824,300
Transfers to Debt Service & Reserves	0	0	0	16,662,100	897,100	17,559,200	0
Estimated Total Expenditures	\$368,294,500	\$105,300,600	\$11,723,600	\$102,497,550	\$83,384,250	\$671,200,500	\$115,822,600
Net Operating Results (+/-)	<u>(\$5,059,000)</u>	<u>\$0</u>	<u>(\$1,397,400)</u>	<u>(\$1,205,250)</u>	<u>(\$423,500)</u>	<u>(\$8,085,150)</u>	<u>(\$2,545,550)</u>
Actual Beginning Cash Balance (1)	\$5,074,800	\$0	\$11,168,600	\$12,931,950	\$18,747,750	\$47,923,100	\$4,700,600
Estimated Ending Cash Balance	\$15,800	\$0	\$9,771,200	\$11,726,700	\$18,324,250	\$39,837,950	\$2,155,050

Note:

- (1) Carryover cash balances are used for ongoing operational costs of support units and expenditures are restricted in accordance with bond covenants, Legislative Audit Commission guidelines and Illinois Statute.
- (2) Service Departments act as "flow through" accounts for services provided to University departments. In order to avoid double-counting of financial transactions, revenue and expenditures are not added to the University totals.

SIU SEMI-ANNUAL FINANCIAL PERFORMANCE REPORT

Southern Illinois University - Carbondale
FY 2006 Revised Annual Operating Budget as of 12/31/05

	Appropriations & Income Fund	Grants and Contracts	Indirect Cost Recovery	Revenue Bond Operations	Self-Supporting Activities	Total	Service (2) Departments
Revenue							
Tax Dollars Support (GRF/EAF)	\$113,460,700	\$0	\$0	\$0	\$0	\$113,460,700	\$0
Tuition / Student Fees	86,796,800	0	0	14,535,650	12,386,100	113,718,550	0
Interest Income	541,400	789,600	165,000	186,800	485,100	2,167,900	27,400
Operations/Other Income	2,000,000	61,012,400	3,850,000	32,099,350	28,484,050	127,445,800	77,769,250
Estimated Total Revenue	\$202,798,900	\$61,802,000	\$4,015,000	\$46,821,800	\$41,355,250	\$356,792,950	\$77,796,650
Expenditures							
Personal Services	\$152,145,400	\$17,366,400	\$1,449,300	\$16,851,400	\$14,189,550	\$202,002,050	\$26,444,700
Other Expenses	53,919,400	44,435,600	2,565,700	23,737,350	27,598,000	152,256,050	53,049,000
Transfers to Debt Service & Reserves	0	0	0	6,050,100	645,000	6,695,100	0
Estimated Total Expenditures	\$206,064,800	\$61,802,000	\$4,015,000	\$46,638,850	\$42,432,550	\$360,953,200	\$79,493,700
Net Operating Results (+/-)	<u>(\$3,265,900)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$182,950</u>	<u>(\$1,077,300)</u>	<u>(\$4,160,250)</u>	<u>(\$1,697,050)</u>
Actual Beginning Cash Balance (1)	\$3,265,900	\$0	\$6,489,700	\$6,891,350	\$9,833,350	\$26,480,300	\$5,156,200
Estimated Ending Cash Balance	\$0	\$0	\$6,489,700	\$7,074,300	\$8,756,050	\$22,320,050	\$3,459,150

Note:

- (1) Carryover cash balances are used for ongoing operational costs of support units and expenditures are restricted in accordance with bond covenants, Legislative Audit Commission guidelines and Illinois Statute.
- (2) Service Departments act as "flow through" accounts for services provided to University departments. In order to avoid double-counting of financial transactions, revenue and expenditures are not added to the University totals.

SIU SEMI-ANNUAL FINANCIAL PERFORMANCE REPORT

Southern Illinois University - School of Medicine
FY 2006 Revised Annual Operating Budget as of 12/31/05

	Appropriations & Income Fund	Grants and Contracts	Indirect Cost Recovery	Revenue Bond Operations	Self-Supporting Activities	Total	Service (2) Departments
Revenue							
Tax Dollars Support (GRF/EAF)	\$37,907,900	\$0	\$0	\$0	\$0	\$37,907,900	\$0
Tuition / Student Fees	5,903,200	0	0	0	0	5,903,200	0
Interest Income	19,500	0	76,000	95,000	21,500	212,000	0
Operations/Other Income	0	11,477,600	4,465,400	25,588,000	21,858,700	63,389,700	11,807,100
Estimated Total Revenue	\$43,830,600	\$11,477,600	\$4,541,400	\$25,683,000	\$21,880,200	\$107,412,800	\$11,807,100
Expenditures							
Personal Services	\$33,421,200	\$4,952,000	\$1,245,000	\$17,256,100	\$15,702,800	\$72,577,100	\$1,608,700
Other Expenses	10,556,000	6,525,600	4,627,100	7,463,800	5,508,000	34,680,500	10,225,000
Transfers to Debt Service & Reserves	0	0	0	1,375,000	26,500	1,401,500	0
Estimated Total Expenditures	\$43,977,200	\$11,477,600	\$5,872,100	\$26,094,900	\$21,237,300	\$108,659,100	\$11,833,700
Net Operating Results (+/-)	<u>(\$146,600)</u>	<u>\$0</u>	<u>(\$1,330,700)</u>	<u>(\$411,900)</u>	<u>\$642,900</u>	<u>(\$1,246,300)</u>	<u>(\$26,600)</u>
Actual Beginning Cash Balance (1)	\$162,400	\$0	\$3,999,000	\$1,737,000	\$1,820,000	\$7,718,400	\$609,600
Estimated Ending Cash Balance	\$15,800	\$0	\$2,668,300	\$1,325,100	\$2,462,900	\$6,472,100	\$583,000

Note:

- (1) Carryover cash balances are used for ongoing operational costs of support units and expenditures are restricted in accordance with bond covenants, Legislative Audit Commission guidelines and Illinois Statute.
- (2) Service Departments act as "flow through" accounts for services provided to University departments. In order to avoid double-counting of financial transactions, revenue and expenditures are not added to the University totals.

SIU SEMI-ANNUAL FINANCIAL PERFORMANCE REPORT

Southern Illinois University - Edwardsville
FY 2006 Revised Annual Operating Budget as of 12/31/05

	Appropriations & Income Fund	Grants and Contracts	Indirect Cost Recovery	Revenue Bond Operations	Self-Supporting Activities	Total	Service (2) Departments
Revenue							
Tax Dollars Support (GRF/EAF)	\$63,005,300	\$0	\$0	\$0	\$0	\$63,005,300	\$0
Tuition / Student Fees	49,020,100	0	0	5,442,300	5,776,700	60,239,100	0
Interest Income	200,000	0	0	34,300	99,300	333,600	0
Operations/Other Income	1,100,800	32,021,000	1,719,800	23,310,900	11,316,300	69,468,800	23,473,700
Estimated Total Revenue	\$113,326,200	\$32,021,000	\$1,719,800	\$28,787,500	\$17,192,300	\$193,046,800	\$23,473,700
Expenditures							
Personal Services	\$86,009,100	\$11,845,100	\$351,800	\$7,625,000	\$4,937,100	\$110,768,100	\$7,808,700
Other Expenses	28,963,600	20,175,900	1,415,200	12,901,800	12,007,400	75,463,900	16,486,900
Transfers to Debt Service & Reserves	0	0	0	9,237,000	225,600	9,462,600	0
Estimated Total Expenditures	\$114,972,700	\$32,021,000	\$1,767,000	\$29,763,800	\$17,170,100	\$195,694,600	\$24,295,600
Net Operating Results (+/-)	<u>(\$1,646,500)</u>	<u>\$0</u>	<u>(\$47,200)</u>	<u>(\$976,300)</u>	<u>\$22,200</u>	<u>(\$2,647,800)</u>	<u>(\$821,900)</u>
Actual Beginning Cash Balance (1)	\$1,646,500	\$0	\$495,300	\$4,303,600	\$6,378,100	\$12,823,500	(\$1,065,200)
Estimated Ending Cash Balance	\$0	\$0	\$448,100	\$3,327,300	\$6,400,300	\$10,175,700	(\$1,887,100)

Note:

- (1) Carryover cash balances are used for ongoing operational costs of support units and expenditures are restricted in accordance with bond covenants, Legislative Audit Commission guidelines and Illinois Statute.
- (2) Service Departments act as "flow through" accounts for services provided to University departments. In order to avoid double-counting of financial transactions, revenue and expenditures are not added to the University totals.

SIU SEMI-ANNUAL FINANCIAL PERFORMANCE REPORT

Southern Illinois University - University Administration
FY 2006 Revised Annual Operating Budget as of 12/31/05

	Appropriations & Income Fund	Grants and Contracts	Indirect Cost Recovery	Revenue Bond Operations	Self-Supporting Activities	Total	Service (2) Departments
Revenue							
Tax Dollars Support (GRF/EAF)	\$1,919,600	\$0	\$0	\$0	\$0	\$1,919,600	\$0
Tuition / Student Fees	0	0	0	0	0	0	0
Interest Income	0	0	0	0	0	0	0
Operations/Other Income	0	0	50,000	0	25,000	75,000	0
Estimated Total Revenue	\$1,919,600	\$0	\$50,000	\$0	\$25,000	\$1,994,600	\$0
Expenditures							
Personal Services	\$1,596,300	\$0	\$63,500	\$0	\$29,300	\$1,689,100	\$0
Other Expenses	323,300	0	6,000	0	7,000	336,300	0
Transfers to Debt Service & Reserves	0	0	0	0	0	0	0
Estimated Total Expenditures	\$1,919,600	\$0	\$69,500	\$0	\$36,300	\$2,025,400	\$0
Net Operating Results (+/-)	<u>\$0</u>	<u>\$0</u>	<u>(\$19,500)</u>	<u>\$0</u>	<u>(\$11,300)</u>	<u>(\$30,800)</u>	<u>\$0</u>
Actual Beginning Cash Balance (1)	\$0	\$0	\$184,600	\$0	\$130,700	\$315,300	\$0
Estimated Ending Cash Balance	\$0	\$0	\$165,100	\$0	\$119,400	\$284,500	\$0

Note:

- (1) Carryover cash balances are used for ongoing operational costs of support units and expenditures are restricted in accordance with bond covenants, Legislative Audit Commission guidelines and Illinois Statute.
- (2) Service Departments act as "flow through" accounts for services provided to University departments. In order to avoid double-counting of financial transactions, revenue and expenditures are not added to the University totals.

SIU SEMI-ANNUAL FINANCIAL PERFORMANCE REPORT

Southern Illinois University - University Wide Services
FY 2006 Revised Annual Operating Budget as of 12/31/05

	<u>Appropriations & Income Fund</u>	<u>Grants and Contracts</u>	<u>Indirect Cost Recovery</u>	<u>Revenue Bond Operations</u>	<u>Self-Supporting Activities</u>	<u>Total</u>	<u>Service (2) Departments</u>
Revenue							
Tax Dollars Support (GRF/EAF)	\$1,360,200	\$0	\$0	\$0	\$0	\$1,360,200	\$0
Tuition / Student Fees	0	0	0	0	0	0	0
Interest Income	0	0	0	0	196,200	196,200	0
Operations/Other Income	0	0	0	0	2,311,800	2,311,800	199,600
Estimated Total Revenue	<u>\$1,360,200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,508,000</u>	<u>\$3,868,200</u>	<u>\$199,600</u>
Expenditures							
Personal Services	\$1,172,700	\$0	\$0	\$0	\$646,000	\$1,818,700	\$136,200
Other Expenses	187,500	0	0	0	1,862,000	2,049,500	63,400
Transfers to Debt Service & Reserves	0	0	0	0	0	0	0
Estimated Total Expenditures	<u>\$1,360,200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,508,000</u>	<u>\$3,868,200</u>	<u>\$199,600</u>
Net Operating Results (+/-)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Actual Beginning Cash Balance (1)	\$0	\$0	\$0	\$0	\$585,600	\$585,600	\$0
Estimated Ending Cash Balance	\$0	\$0	\$0	\$0	\$585,600	\$585,600	\$0

Note:

- (1) Carryover cash balances are used for ongoing operational costs of support units and expenditures are restricted in accordance with bond covenants, Legislative Audit Commission guidelines and Illinois Statute.
- (2) Service Departments act as "flow through" accounts for services provided to University departments. In order to avoid double-counting of financial transactions, revenue and expenditures are not added to the University totals.

APPENDIX

DESCRIPTION OF MAJOR FUND GROUPS

Appropriated Fund

State appropriated funds include General Revenue Funds and Educational Assistance Funds, both of which come from Illinois tax dollars.

Income Fund

Income Fund revenue includes tuition revenue, off-campus program revenue, interest earnings on income fund deposits, and certain miscellaneous fee revenue. Tuition revenue is a direct result of student enrollment, student residency, credit hours, and tuition rates. Off-campus program revenue is based on charges sufficient to cover all instructional and administrative costs of the programs. LAC guidelines require that certain fee revenue such as application fees, course-specific fees and graduation fees be deposited into the income fund.

Grants and Contracts

Grants and contracts include funds received from governmental entities and private foundations and corporations for the support of various research projects, instructional and training programs, public service activities, student financial aid, and other programs. The specific use of these funds is restricted by contractual agreement with the sponsoring agency. Generally, revenues will equal expenditures over the life of the grant or contract.

Indirect Cost Fund

Indirect cost funds are recovered as overhead allowances on grants and contracts. They are used to help cover a share of expenses for such items as operation and maintenance, library services, sponsored project administration and general administration.

Revenue Bond

Operations of revenue bond financed facilities are reported in this fund group. Revenue Bond enterprises are funded primarily from student fees, operating charges, and sales and services of various activities and include such facilities as residence halls, student centers, and student recreation centers.

Self-Supporting Activities

Self-Supporting Activities include a wide range of operations, which are directly related to Instructional, Research, or Public Service units or support the overall objectives of the University. They may be Self-Supporting in whole or in part. Revenue is generally derived through student fees or sales of services. Examples include Shryock Auditorium, textbook services and athletic fees.

Service Departments

Service Departments provide specific types of services to University departments and are supported by internal charges to using departments. Such services might be purchased from outside sources but for reasons of convenience, cost or control are often provided more effectively by an in-house service department.