

November 25, 2008

**Members of the Board Finance Committee**

Keith Sanders, Chair  
John Simmons  
Roger Tedrick  
Stephen Wigginton  
Marquita Wiley

Dear Members of the Finance Committee:

There will be a meeting of the Finance Committee immediately following the Academic Matters Committee on Thursday, December 11, 2008, in Ballroom B of the Student Center, Southern Illinois University Carbondale, Carbondale, IL. The following items have been suggested for the agenda:

1. Approval of Minutes of the September 11, 2008, meeting (enclosure).
2. Alternate Tuition Rate: Geographical Enhancement Program, SIUC [Addition to 4 Policies of the Board B, Appendix A, 1 Note 1] (Board Agenda Item K).
3. Alternate Tuition Rate: Geographical Enhancement Program, SIUE [Addition to 4 Policies of the Board Appendix B, 1 Note 5] (Board Agenda Item L).
4. Approval of Purchase: Modular Carpet and Adhesive, Carbondale Campus, SIUC (Board Agenda Item O).
5. Approval of Purchase: Telephone System Upgrade and Maintenance Contract, SIUC (Board Agenda Item P).
6. Reorganization of Executive Director of Administration and Executive Director of Finance into Newly Created Vice Chancellor for Administration and Finance Responsibility Area, SIUC (Board Agenda Item V).
7. Executive Director of Audits Position, Internal Audit.
8. Vice President for Academic Affairs Position, Office of the President.
9. Investments Report and Revisions to Investment Policy (enclosures).
10. Other business.

Attached is the Annual Financial Performance Report which summarizes the University's budgetary performance for Fiscal Year 2008. Campus administrators exercised effective control over expenditures resulting in increases in cash balances in nearly all Fund Groups.

Finance Committee  
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Also attached is the FY 09 First Quarter Budget Report. The only significant change from Original Budget is the addition of nearly \$6 million carryover cash from FY 08 to the budgeted expenditures for the Appropriations and Income Fund.

Yours truly,

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

DS/lap

Enclosures

cc:	Frank William Bonan II	Demetrous White	Vaughn Vandegrift
	Ed Hightower	Glenn Poshard	Constituency Heads
	Amber Suggs	Sam Goldman	Other Interested Parties

## BOARD OF TRUSTEES

### SOUTHERN ILLINOIS UNIVERSITY

#### Minutes of the Finance Committee Meeting

September 11, 2008

The Finance Committee met following the Academic Matters Committee in the Conference Center of the Delyte W. Morris University Center, Southern Illinois University Edwardsville, Edwardsville, IL. Present were: Keith Sanders (Chair), John Simmons, Roger Tedrick, Steve Wigginton and Marquita Wiley. Other Board members present were: Ed Hightower, Amber Suggs and Demetrous White. Executive Officers present were: President Glenn Poshard; Interim Chancellor Samuel Goldman, SIUC; Chancellor Vaughn Vandegrift, SIUE; Vice President for Academic Affairs John S. Haller, Jr.; and Senior Vice President for Financial and Administrative Affairs and Board Treasurer Duane Stucky.

#### Minutes

Roger Tedrick recommended approval of the minutes of the July 10, 2008, meeting as submitted. Marquita Wiley seconded the motion, and it was passed by the Committee.

#### Notice of Alternate Tuition Rate: Geographical Enhancement Program [Addition to 4 Policies of the Board Appendix B, 1 Note 5] (Board Agenda Item H).

Dr. Stucky reviewed the matter, which will appear for action at the October Board meeting. Roger Tedrick expressed his hope that the Carbondale campus will bring a similar matter to the Board. Chancellor Goldman stated that the SIUC proposal should be forwarded to the President soon.

#### Executive Summary: Resource Allocation and Management Program (RAMP) Planning, Operations, and Capital Budget Request, Fiscal Year 2010 (Board Agenda Item L) (Joint discussion with Academic Matters and Architecture and Design Committees).

This matter was handled during the Academic Matters Committee.

#### Approval of Fiscal Year 2009 Operating and Capital Budgets (Board Agenda Item M) (Joint discussion with Architecture and Design Committee).

Dr. Stucky reviewed the matter. Dr. Sanders expressed his appreciation that the campus budgets address needs-based financial aid. President Poshard spoke regarding the possibility of a 2-3% rescission of SIU's FY09 appropriation. While he complimented the campuses on providing pay increases for staff, Dr. Sanders asked that President Poshard monitor the

supplementing of the salary line from other expenditure lines in future years.

Roger Tedrick recommended approval of the matter and that it be placed on the Board's omnibus motion. The motion was duly seconded by John Simmons and was passed by the Finance and Architecture and Design Committees.

**Salary Increase Plan for Fiscal Year 2009 (Board Agenda Item N).**

Dr. Stucky reviewed the matter.

Marquita Wiley recommended approval of the matter and that it be placed on the Board's omnibus motion. The motion was duly seconded by Roger Tedrick and was passed by the Finance Committee.

**Alternate Tuition Rate: Istanbul Technical University, SIUE [Addition to 4 Policies of the Board Appendix B, 1 Note 4] (Board Agenda Item Z).**

Dr. Stucky reviewed the matter now appearing for action.

Marquita Wiley recommended approval of the matter and that it be placed on the Board's omnibus motion. The motion was duly seconded by Roger Tedrick and was passed by the Finance Committee.

**Revision to Internal Audit Policy [Amendment to 5 Policies of the Board E] (Board Agenda Item AA).**

**Revision to Audit Committee Bylaws [Amendment to III Bylaws of the Board 6] (Board Agenda Item BB).**

Dr. Stucky explained the reassignment of responsibilities from the Finance Committee to the Audit Committee. Dr. Sanders stated that the Audit Committee reviewed and recommended the matters for approval by the Board. Mr. Tedrick expressed his appreciation to Marquita Wiley and the Audit Committee for their work.

Marquita Wiley recommended approval of the matters and that they be placed on the Board's omnibus motion. The motion was duly seconded by Steve Wigginton and was passed by the Finance Committee.

**Revisions to Faculty and Staff Services Policy [Amendment to 2 Policies of the Board A-5] (Board Agenda Item CC).**

Dr. Stucky outlined the revision to the current Policy.

Roger Tedrick recommended approval of the matter and that it be placed on the Board's omnibus motion. The motion was duly seconded by Steve Wigginton and was passed by the Finance Committee.

**Notice Item: Revisions to Investment Policy.**

Dr. Stucky reviewed the Notice item, which will appear for action at the October Finance Committee meeting. He stated that the most significant change recommended is the merger of the short-term and intermediate-term investment pools.

**Other Business.**

There being no further business, the meeting was adjourned.

DS/lap



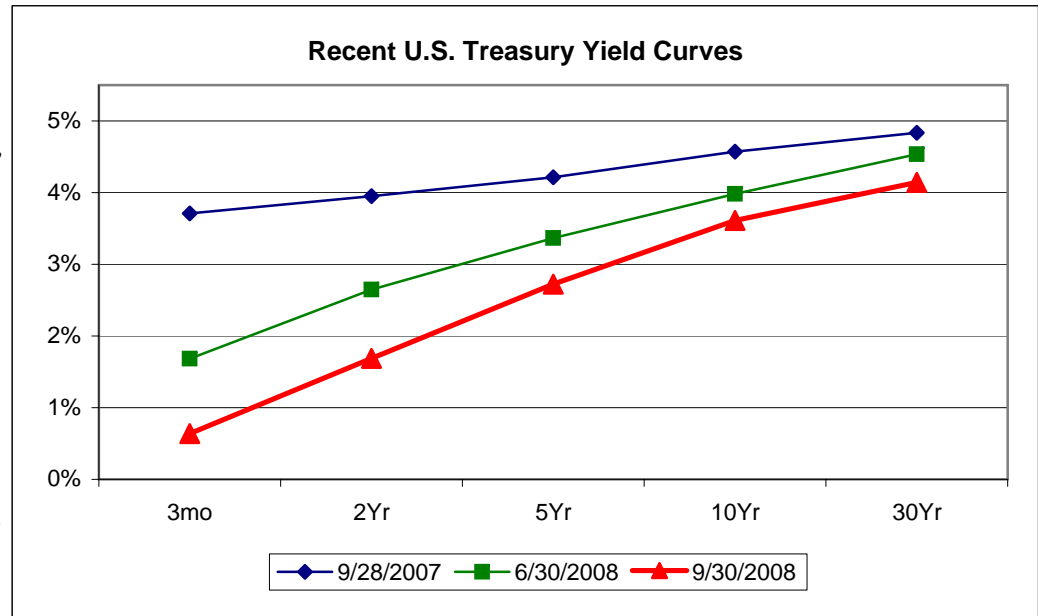
# *Southern Illinois University*

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Quarterly Investment Report  
September 30, 2008

# Performance Analysis

The third quarter of 2008 saw an unprecedented level of market volatility, driven by fears of a world-wide financial collapse, due to the development of a wide-spread liquidity crisis, and stoked by recession anxiety. While these trends had been building for months, it was not until the weekend of September 13-14 that the limit was reached in the U.S., culminating in the bankruptcy of Lehman Brothers, the U.S. Government bailout of AIG, the quick sale of Merrill Lynch to Bank of America, and the conversion of the last two major investment banks to commercial banking status. In addition, the Treasury was granted the authority to fund the \$700B plan by the Federal Reserve to support financial institutions through this crisis. When coupled with the change in leadership that will occur after the presidential election, it will take quite a while for the markets to adjust to these new realities. For now, we should expect continued volatility and unpredictable events to be the norm for the balance of the year.



This period Southern Illinois University generated a quarterly return of 0.85%, below the weighted benchmark return of 1.10%. Although declining interest rates generated positive returns for SIU investment holdings, high quality Treasury securities performed much better than other credits. Consequently, the returns on SIU's short and intermediate-term portfolios did not keep pace with the higher quality Lehman indices. The assets invested in the Illinois Funds, currently about 54% of the total SIU portfolio, delivered a quarterly return of 0.53%, in line with the Merrill Lynch Ready Assets benchmark of 0.54%. Monies allocated to the Illinois Prime Fund added an additional 4 basis points above the yield of the Illinois Money Market Fund for the quarter. The Short-Term and Intermediate accounts, managed by Western Asset Management, produced modest positive returns due to declining rates. The Short-Term portfolio had a 0.95% quarterly return, below the Lehman Brothers 1-3 Yr Government benchmark return of 1.38%. The Intermediate portfolio produced a 1.27% quarterly return, underperforming its Lehman Brothers Intermediate Government benchmark, which came in at 1.79%.

John S. Vincent & Company LLC

## *Operating Investments*



## Operating Investment Position

### Investment Balance

#### Market Value (\$ in millions)

	9/30/2007	12/31/2007	3/31/2008	6/30/2008	9/30/2008
State Treasury Fund- Money Market	\$ 51.2	\$ 66.5	\$ 52.7	\$ 29.1	\$ 51.4
State Treasury Fund- Prime	58.0	9.0	68.1	75.6	61.5
Western Asset - Short Portfolio	21.8	22.3	22.9	22.7	22.9
Western Asset - Intermediate Portfolio	67.4	69.6	72.0	70.9	71.8
<b>Total Portfolio</b>	<b>\$ 198.4</b>	<b>\$ 167.4</b>	<b>\$ 215.7</b>	<b>\$ 198.3</b>	<b>\$ 207.6</b>

#### Market Value Change (\$ in millions)

	9/30/2007	12/31/2007	3/31/2008	6/30/2008	9/30/2008
Beginning Market Value	\$ 162.2	\$ 198.4	\$ 167.4	\$ 215.7	\$ 198.3
Deposits (Withdrawals)	32.5	(34.5)	44.4	(16.9)	7.6
Interest Income, Net of Fees	2.2	1.9	1.9	1.7	1.5
Realized Gain (Loss)	0.0	0.0	0.0	0.2	0.0
Unrealized Gain (Loss)	1.5	1.6	2.0	(2.4)	0.2
<b>Ending Market Value</b>	<b>\$ 198.4</b>	<b>\$ 167.4</b>	<b>\$ 215.7</b>	<b>\$ 198.3</b>	<b>\$ 207.6</b>

## Operating Performance

### Quarterly Performance

	9/30/2007	12/31/2007	3/31/2008	6/30/2008	9/30/2008
<b>State Treasury Fund Rate of Return</b>					
State Treasury Portfolio	1.25%	1.14%	0.77%	0.56%	0.53%
Merrill Lynch Ready Assets	1.17%	1.15%	0.94%	0.61%	0.54%
<b>Short Term Portfolio Rate of Return</b>					
Western Asset Short Term Portfolio	2.28%	2.12%	2.72%	-0.50%	0.95%
Lehman Bros 1-3 Year Govt Index	2.50%	2.36%	2.64%	-0.58%	1.38%
<b>Intermediate Portfolio Rate of Return</b>					
Western Asset Intermediate Portfolio	3.19%	3.17%	3.51%	-1.52%	1.27%
Lehman Bros Intermediate Govt Index	3.36%	3.37%	3.51%	-1.36%	1.79%
<b>Total Fund Rate of Return</b>					
Total Portfolio	2.07%	2.08%	1.90%	-0.21%	0.85%
Benchmark	2.17%	2.16%	2.07%	-0.14%	1.10%

### Historical Annual Performance

	FY 2005	FY 2006	FY 2007	FY 2008	Fiscal YTD ending 9/30/2008
<b>Total Fund Rate of Return</b>					
Total Portfolio	3.5%	2.36%	5.29%	5.95%	0.85%
Benchmark*	3.0%	2.08%	5.12%	6.40%	1.10%

\* Began using the Merrill Lynch Ready Assets benchmark, in place of the iMoney Net Money Fund, for the State Treasury fund performance in June 2006.

## Asset Allocation

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### **Asset Allocation As of September 30, 2008**

	<b>Market Value</b> (in millions)	<b>Actual</b> <b>Allocation</b>	<b>Policy</b> <b>Range</b>	<b>Target</b> (in millions)	
State Treasury Fund	\$112.9	54%	20-35%	\$40.0	Minimum
Western Asset - Short Term Portfolio	22.9	11%	10-40%	\$10.0	Minimum
Western Asset - Intermediate Term Portfolio	71.8	35%	35-60%	\$65.0	Maximum
	<u>\$207.6</u>				

The portfolio was heavily weighted to the State Treasury Fund as of September 30, 2008. The decision to keep the investment portfolio short was driven by the need to maintain liquidity for cash flow requirements and the uncertain timing of the release of state appropriated operating funds.

## *Fees*

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### **Investment Manager Fees\***

	<b>Basis Points</b>					
	<b>As of 6/30/08</b>	<b>9/30/2007</b>	<b>12/31/2007</b>	<b>3/31/2008</b>	<b>6/30/2008</b>	<b>Total</b>
State Treasury Fund- Money Market	9.0	\$11,400.84	\$8,968.73	\$11,972.60	\$9,499.70	\$41,841.87
State Treasury Fund- Prime	8.1	10,788.91	9,905.86	16,165.49	18,753.89	55,614.15
Western Asset - Short Term Portfolio	25.0	13,517.20	13,820.62	14,234.42	14,199.27	55,771.51
Western Asset - Intermediate Term Portfolio	25.0	<u>41,708.20</u>	<u>43,025.18</u>	<u>44,707.29</u>	<u>44,330.91</u>	<u>173,771.58</u>
Total Investment Manager Fees		\$77,415.15	\$75,720.39	\$87,079.80	\$86,783.77	\$326,999.11

### **Custody Bank Fees\***

	<b>9/30/2007</b>	<b>12/31/2007</b>	<b>3/31/2008</b>	<b>6/30/2008</b>	<b>Total</b>
JP Morgan Chase	\$6,389.11	\$6,350.59	\$6,025.54	\$6,122.58	\$24,887.82

\* Fees for the current quarter were not available at the time this report was prepared. All fees are reflected on an accrual basis.

# *Capital Investments*

## *Capital Investments Position*

### Investment Balance

#### Market Value (\$ in millions)

	9/30/2007	12/31/2007	3/31/2008	6/30/2008	9/30/2008
<b>Housing &amp; Auxiliary Facilities System</b>					
Construction Proceeds	10.1	7.6	3.0	31.9	28.4
Interest Sinking Fund	10.1	11.0	14.8	5.1	10.1
Debt Service Reserve	9.3	9.4	9.6	9.4	9.4
Total HAFS	<u>29.5</u>	<u>28.0</u>	<u>27.4</u>	<u>46.4</u>	<u>47.9</u>
<b>Medical Facilities System</b>					
Construction Proceeds	7.5	6.2	4.2	3.0	1.6
Interest Sinking Fund	0.5	0.7	1.1	0.4	0.8
Debt Service Reserve	0.0	0.0	0.0	0.0	0.0
Total MFS	<u>8.0</u>	<u>6.9</u>	<u>5.3</u>	<u>3.4</u>	<u>2.4</u>
<b>Certificates of Participation</b>					
Construction Proceeds	10.3	8.0	5.5	2.8	1.3
Interest Sinking Fund	2.5	2.5	2.4	2.4	2.0
Debt Service Reserve	0.0	0.0	0.0	0.0	0.0
Total COPS	<u>12.8</u>	<u>10.5</u>	<u>7.9</u>	<u>5.2</u>	<u>3.3</u>
Total Capital Investment Portfolio	\$ 50.3	\$ 45.4	\$ 40.6	\$ 55.0	\$ 53.6

Capital Investments are managed internally and are invested in high quality, low risk government securities. The investment maturity, rate of return and type are limited by covenants in the debt financing documents.

**STATEMENT OF INVESTMENT POLICY  
SOUTHERN ILLINOIS UNIVERSITY  
FINANCE COMMITTEE OF THE BOARD OF TRUSTEES**

**I. STATEMENT OF OBJECTIVES**

It is the policy of Southern Illinois University to invest funds in a manner which will provide investment returns and security consistent with good business practices, while meeting the daily cash flow demands of the University, and conforming to all statutes governing the investments of funds. Funds of Southern Illinois University will be invested in accordance with the provisions of the Illinois Compiled Statutes, Chapter 30, Sections 235/0.01 - 235/8, "The Public Funds Investment Act", the Policies of the Board of Trustees of Southern Illinois University, and covenants provided from the University's bond and Certificate of Participation issuance activities.

As provided in Illinois Compiled Statutes, Chapter 30, Sections 225/1-225/2 "The Public Funds Deposit Act," public funds of the University will be deposited in savings and loan associations or State or national banks in Illinois.

**A. Overall Risk Profile**

The three basic objectives of Southern Illinois University's Investment Program are:

1. Safety of invested funds;
2. Maintenance of sufficient liquidity to meet cash flow needs;
3. Attainment of the maximum investment returns possible consistent with the first two objectives.

The achievement of these objectives shall be accomplished in the manner described below:

1. Safety of Invested Funds

The University will insure the safety of its invested funds by limiting credit and interest rate risks. 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. Interest rate risk is the risk that the market value of portfolio securities will fall or rise due to changes in general interest rates. The physical security of the University's investments is also an important element of safety. Detailed safekeeping requirements are defined in Section IV of this policy.

- a. Credit risk will be mitigated by:
  - i) Limiting investments to those specified in the Illinois Public Funds Investment Act, which prohibits investment in corporate bonds with maturity dates longer than six months from the date of purchase;
  - ii) Prequalifying the financial institutions with which we will do business; and
  - iii) Diversifying the investment portfolio so that the failure of any one issuer or backer will not place an undue financial burden on the University.
  
- b. Interest rate risk will be mitigated by:
  - i) Maintaining significant balances in cash equivalent and other short maturity investments as changing interest rates have limited impact on these securities' prices;
  - ii) Establishing an asset allocation policy that is consistent with the expected cash flows of the University.

2. Liquidity

The University's investment portfolio will be structured in such a manner that securities mature at the same time as cash is needed to meet anticipated demands. Additionally, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.

3. Investment Returns

Investment returns on the University's investment portfolio is a priority after the safety and liquidity objectives described above. Investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

**B. Asset Allocation**

The University's investment portfolio will be structured to provide that sufficient funds from investments are available every month to meet the University's anticipated cash needs. Subject to the safety provisions outlined above, the choice in investment instruments and maturities will be based upon an analysis of anticipated cash needs, existing and anticipated revenues, interest rate trends, and specific market opportunities.

Based on a review of the University's cash flows, assets (excluding debt financing funds) will be invested according to the following schedule:



<b>Portfolio</b>	<b>Approximate Average Maturity Range</b>	<b>Target</b>
Cash Equivalents	Less than 1 year; typically less than 30 days	Minimum \$40 million
Intermediate Term	Up to 10 years	\$65 - \$105 million

The Treasurer will manage the investments to fall within the asset allocation ranges. However, circumstances may occur that cause the allocations to temporarily fall outside the prescribed ranges.

**C. Definition of Funds**

Funds for the purpose of this policy are all University funds which are available for investment at any one time. Funds include those in the University's general operation and debt financing activities.

**D. Prudence**

Investments shall be made with judgement and care - under circumstances then prevailing - which persons of prudence, discretion and intelligence exercise in management of their own affairs, not for speculation but for investment, considering the probable safety of their own capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio.

**II. INVESTMENTS**

This section of the Investment Policy identifies the types of instruments in which the University may invest its funds.

**A. Eligible Securities**

Southern Illinois University will make investments under the Public Funds Investment Act (Illinois Compiled Statutes Chapter 30, sections 235/0.01 - 235/8). This affords the University a number of investment opportunities including:

- Securities of the U.S. Government or its Agencies;
- Interest bearing savings accounts, certificates of deposit, interest bearing time deposits, other direct obligations of any bank defined in the Illinois Banking Act;
- Certain short term obligations of U.S. Corporations rated in the highest three rating classifications by at least two standard rating services provided such obligations do not mature in longer than 180 days from the time of purchase and the issuing entity has at least \$500 million in assets (limited to 33% of portfolio);
- Money market mutual funds provided they are comprised of only U.S. Treasuries and U.S. Agencies;
- Public Treasurer's Investment Pool-State Treasurer's Office;
- Repurchase agreements of Government securities;
- Other specifically defined repurchase agreements.

**B. Diversification**

The portfolio should consist of a mix of various types of securities, issues and maturities. While the fund's asset allocation strategy provides diversification by fixed income sector, each portfolio within the sectors will also be broadly diversified by security type, issue and maturity.

**C. Collateralization Requirements**

In accordance with the State Finance Act (30 ILCS 105/6a-1), deposits that exceed the amount of federal deposit insurance coverage shall be collateralized using eligible securities as listed in the Deposit of State Moneys Act (15 ILCS 520/11). The collateral for various investments shall be held by third parties or in a separate trust department of a participating bank. In order to anticipate market changes and provide for a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest.

**D. Release of Collateral**

The authorization to release University securities pledged as collateral will be telephoned to the appropriate bank by the Treasurer or designee. A written confirmation outlining details for the transaction and confirming the telephone instructions will be sent to the bank within five (5) working days.

**E. Confirmation**

Receipts for confirmation of purchase of authorized securities should include the following information: trade date, par value, rate, price, yield, settlement date, description of securities purchased, agency's name, net amount due, and third party custodial information. These are minimum information requirements.

**F. Pooling**

The University will pool all operating cash for investment purposes to provide for efficiencies and economies in their management. Proceeds related to revenue bond and certificate of participation financing activities will be pooled to the extent allowed under the covenants.

**III. SELECTION OF INVESTMENT ADVISORS, INVESTMENT MANAGERS, AND FINANCIAL INSTITUTIONS**

**A. Investment Advisors and Investment Managers**

Investment advisors and investment managers who manage University funds must be registered with the Securities and Exchange Commission and carry adequate levels of insurance. The University will annually send a copy of the Investment Policy to investment advisors and investment managers who manage University funds. The University strives to follow the State's Procurement Policy of issuing public Requests For Proposal in selecting its advisors and managers.

**B. Qualification of Brokers, Dealers, and Financial Institutions**

The University will only transact business with banks, savings and loan associations, and broker dealers. Transactions will be conducted only with banks and broker dealers who have been prequalified by the University.

**IV. INTERNAL CONTROL PROCEDURES**

**A. Purchase of Securities**

The Board Treasurer will authorize no more than 4 employees to purchase investment securities. A list of these authorized employees will be provided to each investment broker/dealer. A confirmation of the purchase of authorized securities will be mailed to the Board Treasurer. All security transactions will be conducted "delivery versus payment."

On occasion, there will be a need for the Board Treasurer to delegate authorization to a third party to purchase securities on behalf of the University. In these instances, a one-time delegation will be executed that clearly states the type of security, the amount to be purchased, the maturity date, and the purchase date.

**B. Safekeeping of Assets**

All securities (except collateral) owned by the University will be held by its safekeeping agents. The University will contract with a bank or banks for the

safekeeping of securities which are owned by the University as a part of its investment portfolio or which have been transferred to the University under the terms of any repurchase agreements. Safekeeping reports shall be provided.

**C. Sale of Securities**

The Board Treasurer will designate no more than 4 authorized employees to initiate the sale of investment securities. A list of these authorized employees will be provided to the investment managers. The proceeds of all sales transactions will be deposited into a University related demand deposit account.

**D. Wire/ACH Transactions**

Where possible, the University will use repetitive wire transfers and preformatted ACH transfers to restrict the transfer of funds to preauthorized accounts only. When transferring funds to an account using a non-repetitive wire or a non-preformatted ACH transfer, the bank is required to call back a second pre-established employee for confirmation that the transfer is authorized.

**V. STRUCTURE AND RESPONSIBILITY**

This section of the Policy defines the overall structure of the investment management program.

**A. Responsibilities of the Finance Committee of the Board of Trustees**

The Finance Committee of the Board of Trustees will, upon recommendation of the Treasurer:

1. adopt a written investment policy, consistent with the requirements of the Public Funds Investment Act including:
  - a. the definition of maturity ranges for short and intermediate investments;
  - b. the allocation of funds between short and intermediate investments;
  - c. the setting of benchmarks for evaluating investment performance.
2. adopt investment guidelines.
3. review quarterly investment reports.
4. approve the selection and assess the performance of investment managers.

**B. Responsibilities of the Treasurer**

The Treasurer is appointed by the Board of Trustees and is chief custodian of all funds held in the name of the Board of Trustees. The Treasurer is responsible for

recommending, as necessary, financial policies and procedures to insure compliance with State and Federal laws, Board Policies and University Guidelines. Investment oversight and banking relations are also responsibilities of the office. The Treasurer is responsible for providing the Board a quarterly report of cash and investment activities.

**C. Investment Managers**

The investment managers are accorded full discretion, within the limits set forth in this Statement of Investment Policy and investment guidelines adopted by the Finance Committee, to (1) select individual securities, (2) adjust the maturity mix, where applicable, and (3) diversify their portfolios so as to limit the impact of large losses in individual investments on the total portfolio.

The investment managers will provide the Board Treasurer with a monthly report of investment activity and investment performance.

**D. Ethics and Conflicts of Interest**

Officers, employees and agents, including, but not limited to, investment managers, involved in the investment process shall refrain from personal business activity that conflicts with the proper execution of the investment program, or impairs their ability to make impartial investment decisions. They shall disclose any material financial interests that could be related to the performance of the University's investment portfolio. They shall also comply with all applicable Federal and State laws governing ethics and conflict of interest.

**VI. PERFORMANCE EVALUATION**

The Board Treasurer will perform periodic reviews of the cash and investment activity to ensure that the safety, liquidity and performance of the investment portfolio is appropriate.

The Board Treasurer will provide a quarterly report of cash and investment activity to the Finance Committee.

The Finance Committee of the Board of Trustees will review the performance of each portfolio and Total Fund relative to appropriate benchmarks on a quarterly basis.

The following benchmarks are currently being utilized:

<b>Portfolio</b>	<b>Benchmark</b>	<b>Description</b>
Cash Equivalents	Merrill Lynch Ready Asset	A monthly average of the daily yield on the Merrill Lynch Ready Assets Trust.

Intermediate Term	Lehman Brothers Intermediate Government Bond Index	A market value-weighted index of U.S. Treasury and Agency bonds with maturities between one and ten years.
Total Fund	Performance Benchmark	A weighted-average return of the above portfolio benchmarks. The weights assigned to each benchmark are based on the actual monthly allocations to each portfolio.

Results will be evaluated relative to the above benchmarks and relative to the risks incurred in generating the results.

## VII. STATEMENT OF INVESTMENT POLICY REVIEW

This Statement will be reviewed as governing Statutes are modified or when there is a material change in University circumstances that may warrant a new asset allocation policy. Absent these changes, this policy statement will be reviewed and modified, if appropriate, no less than every five years.

## VIII. PUBLIC NOTICE

### A. Investment Policy

Pursuant to the Public Funds Investment Act (30 ILCS 235/2.5(c)), the investment policy shall be made available to the public at the University's main administrative office. Further, a copy of the investment policy will be posted on the web site of the Vice President for Financial & Administrative Affairs and Board Treasurer.

### B. Investment Performance

Pursuant to Public Act 93-0499, the University will post monthly investment performance on the Vice President for Financial & Administrative Affairs and Board Treasurer web site by the 15<sup>th</sup> day following the end of the month.

### C. GASB 3 and GASB 40

In reporting investments on its financial statements, the University follows the reporting requirements of GASB 3 and GASB 40.

Approved by Finance Committee, Southern Illinois University Board of Trustees  
December 11, 2008



# SOUTHERN ILLINOIS UNIVERSITY



## FY 2008 Financial Performance Report

### Year End Report



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INTRODUCTION  
SIU FY08 FINANCIAL PERFORMANCE REPORT

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This report provides information on the financial performance of SIU's major operating fund groups for FY2008. Schedule A shows how the budget was adjusted during the year, as presented in periodic reports to the Board. It also compares revenue and expenditure estimates with actual year-end totals. Schedule B provides a University-wide summary of financial performance for each fund group. Schedule C compares FY08 results with the prior year and with budget for each fund group.

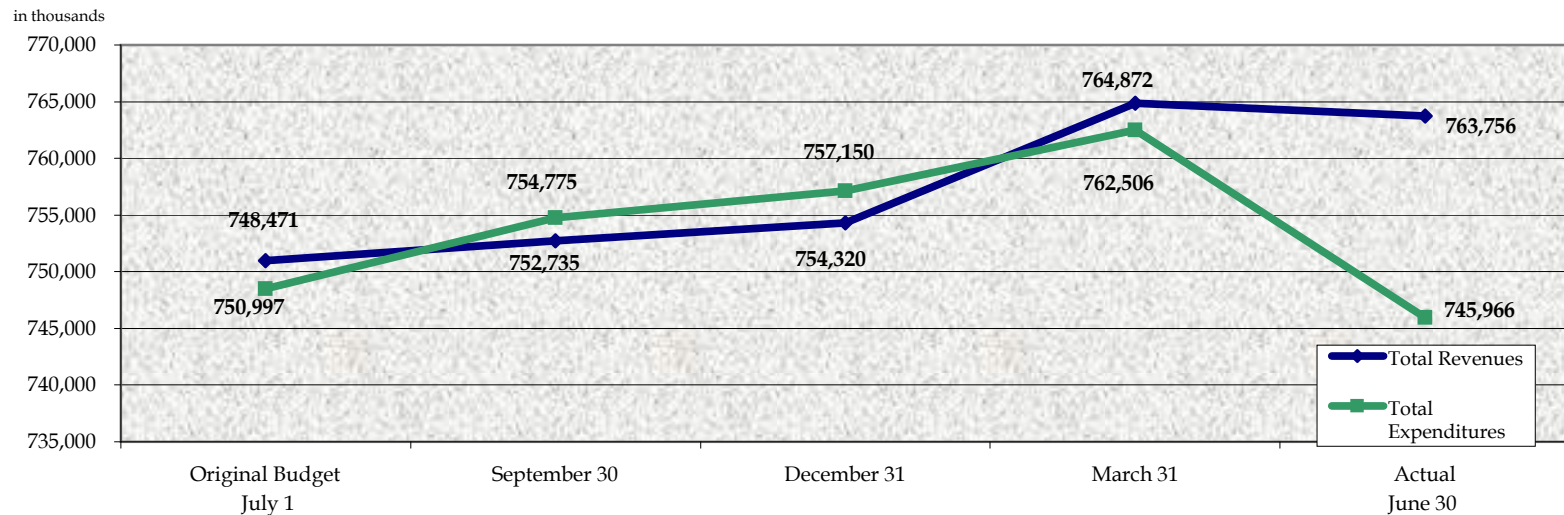
It should be noted that this report is presented on a cash basis except for the revenue bond fund group, which is on a modified accrual basis, and would, therefore, differ from the University's annual audited financial statements which are presented on an accrual basis. Also, this report deals only with operating fund groups; cash balances in this report would differ from the University's annual financial statement, which includes all funds.

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SIU FINANCIAL PERFORMANCE REPORT

**Southern Illinois University**  
**Summary of Combined Budgetary Adjustments and Year End Actual Performance**  
**(Excludes Service Departments)**

Fiscal Year 2008 (\$ in thousands)	Original Budget July 1	September 30	December 31	March 31	Actual June 30 (1)	% Diff. from Revised Budget
<b>Total Revenues</b>	750,997	752,735	754,320	764,872	763,756	0%
<b>Total Expenditures</b>	748,471	754,775	757,150	762,506	745,966	-2%
<b>Net Operating Results</b>	2,526	(2,040)	(2,830)	2,366	17,790	
<b>Beginning Cash Balance</b>	42,439	57,539	57,539	57,539	57,539	
<b>Ending Cash Balance (2) (3)</b>	44,965	55,499	54,709	59,905	75,329	26%



(1) Includes lapse period dollars.

(2) 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.

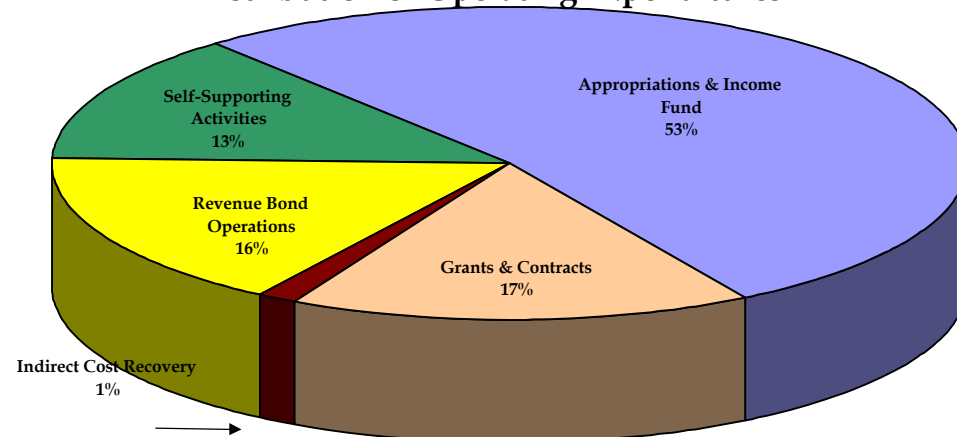
(3) Ending Cash is unaudited and has not been adjusted for transfers or other accounting adjustments.

SIU FINANCIAL PERFORMANCE REPORT

**Southern Illinois University  
Fiscal Year 2008 Net Operating Results by Fund Group**

	<u>Appropriations (1) &amp; Income Fund</u>	<u>Grants (2) and Contracts</u>	<u>Indirect Cost Recovery</u>	<u>Revenue Bond Operations</u>	<u>Self-Supporting Activities</u>	<u>Total</u>	<u>Service (3) Departments</u>
Total Revenue	394,458,800	123,131,600	12,903,800	125,044,400	108,217,400	<b>763,756,000</b>	132,183,300
Total Expenditures	391,527,300	123,131,600	9,235,900	122,145,600	99,926,000	<b>745,966,400</b>	131,177,300
Net Operating Results (+/-)	2,931,500	0	3,667,900	2,898,800	8,291,400	<b>17,789,600</b>	1,006,000
Beginning Cash Balance (4)	\$4,786,408	\$0	\$14,172,269	\$16,693,078	\$21,886,899	<b>\$57,538,655</b>	\$6,378,555
Ending Cash Balance (5)	<u>\$7,717,908</u>	<u>\$0</u>	<u>\$17,840,169</u>	<u>\$19,591,878</u>	<u>\$30,178,299</u>	<b><u>\$75,328,255</u></b>	<u>\$7,384,555</u>

**Distribution of Operating Expenditures**



**Note:**

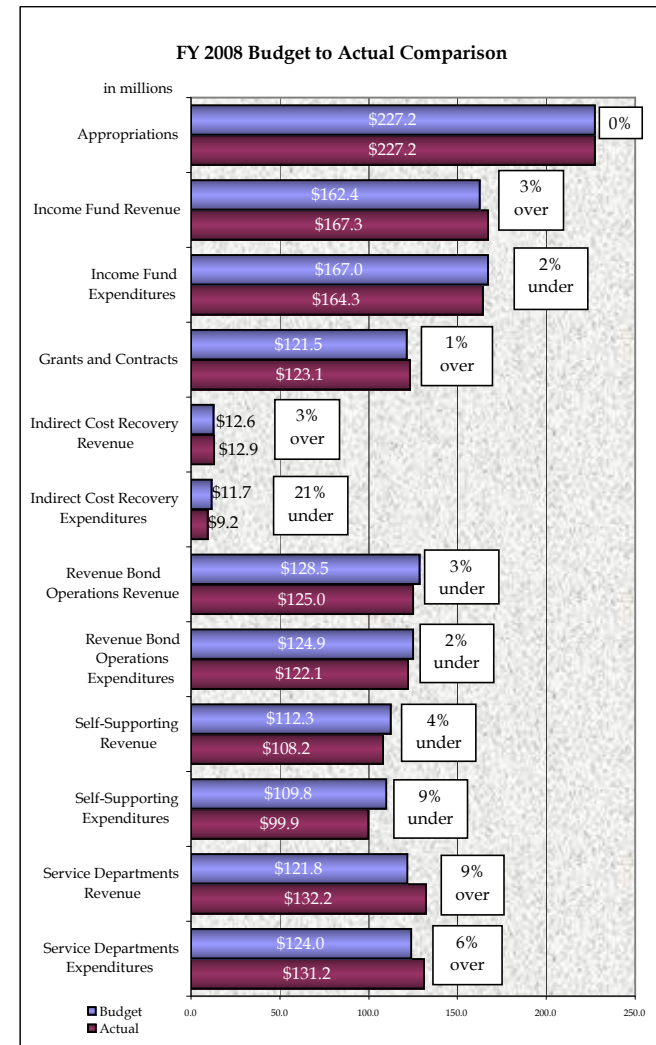
- (1) Appropriations - Direct payments by the State of Illinois for staff benefits on behalf of the University total about \$106 million.
- (2) Grants and Contracts - Revenues received from external sources match expenditures over the life of the grant, therefore the cash balance is reflected as zero.
- (3) 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.
- (4) 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.
- (5) Ending Cash is unaudited and has not been adjusted for transfers or other accounting adjustments. Actual Ending Cash balance will be reported as Beginning Cash balance on the First Quarter report for FY 2008.

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

SIU FINANCIAL PERFORMANCE - COMPARATIVE STATEMENT

Southern Illinois University - Statement of Financial Performance for Fiscal Year 2008

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2007	FY 2008	\$ Change	% Change
Appropriations (a) (b)				
Expenditures	223,149,300	<b>227,184,100</b>	4,034,800	2%
Income Fund (b)				
Revenue	149,153,800	<b>167,274,500</b>	18,120,700	12%
Expenditures	149,702,400	<b>164,343,000</b>	14,640,600	10%
Net Result	(548,600)	<b>2,931,500</b>	3,480,100	
Grants and Contracts (c)				
Expenditures	121,983,800	<b>123,131,600</b>	1,147,800	1%
Indirect Cost Recovery				
Revenue	12,414,000	<b>12,903,800</b>	489,800	4%
Expenditures	9,968,500	<b>9,235,900</b>	(732,600)	-7%
Net Result	2,445,500	<b>3,667,900</b>	1,222,400	
Revenue Bond Operations				
Revenue	115,778,600	<b>125,044,400</b>	9,265,800	8%
Expenditures	113,233,100	<b>122,145,600</b>	8,912,500	8%
Net Result	2,545,500	<b>2,898,800</b>	353,300	
Self-Supporting Activities				
Revenue	95,217,300	<b>108,220,100</b>	13,002,800	14%
Expenditures	90,385,900	<b>99,926,000</b>	9,540,100	11%
Net Result	4,831,400	<b>8,294,100</b>	3,462,700	
Service Departments				
Revenue	154,405,000	<b>132,167,200</b>	(22,237,800)	-14%
Expenditures	150,339,100	<b>131,177,300</b>	(19,161,800)	-13%
Net Result	4,065,900	<b>989,900</b>	(3,076,000)	



Note: Budgets as of 3/31/07 except for Appropriations, which is reported at end of lapse period.

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

(b) Includes lapse period dollars.

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

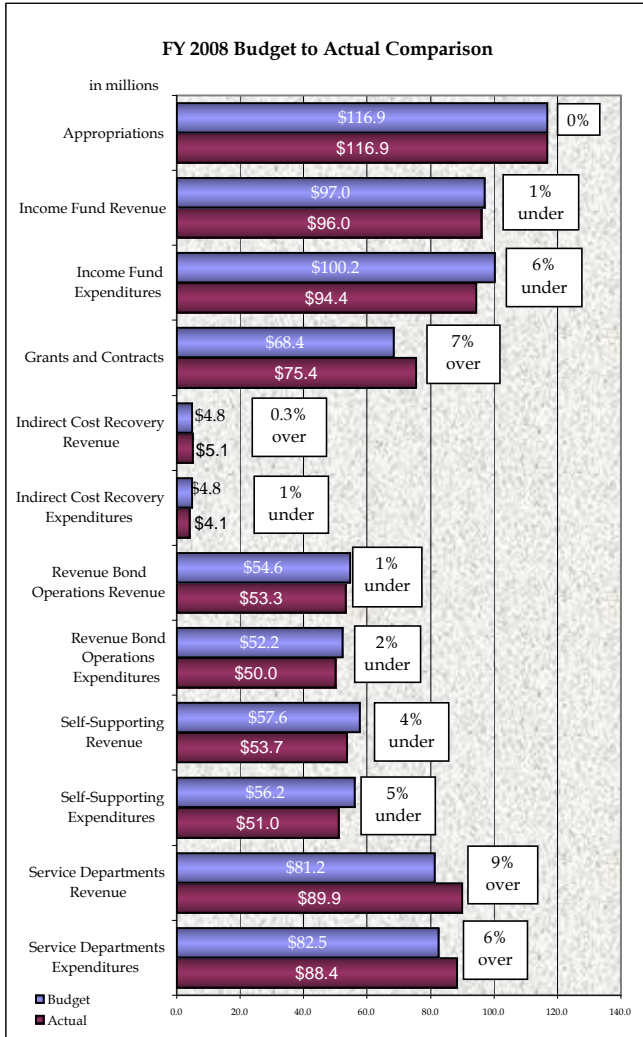
Numbers are rounded to the nearest thousand

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

SIU FINANCIAL PERFORMANCE - COMPARATIVE STATEMENT

SIU Carbondale - Statement of Financial Performance for Fiscal Year 2008

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2007	FY 2008	\$ Change	% Change
Appropriations Expenditures	115,040,000	<b>116,872,900</b>	1,832,900	2%
Income Fund Revenue	88,835,400	<b>95,976,400</b>	7,141,000	8%
Income Fund Expenditures	89,253,400	<b>94,362,500</b>	5,109,100	6%
Income Fund Net Result	(418,001)	<b>1,613,900</b>	2,031,900	
Grants and Contracts Expenditures	72,166,500	<b>75,374,600</b>	3,208,100	4% (1)
Indirect Cost Recovery Revenue	5,065,900	<b>5,137,200</b>	71,300	1%
Indirect Cost Recovery Expenditures	5,252,400	<b>4,100,500</b>	(1,151,900)	-22% (2)
Indirect Cost Recovery Net Result	(186,500)	<b>1,036,700</b>	1,223,200	
Revenue Bond Operations Revenue	47,260,100	<b>53,264,100</b>	6,004,000	13% (3)
Revenue Bond Operations Expenditures	47,073,700	<b>50,037,000</b>	2,963,300	6% (3)
Revenue Bond Operations Net Result	186,400	<b>3,227,100</b>	3,040,700	
Self-Supporting Activities Revenue	47,918,700	<b>53,657,900</b>	5,739,200	12% (4)
Self-Supporting Activities Expenditures	48,983,200	<b>51,048,700</b>	2,065,500	4%
Self-Supporting Activities Net Result	(1,064,500)	<b>2,609,200</b>	3,673,700	
Service Departments Revenue	114,616,000	<b>89,915,400</b>	(24,700,600)	-22% (5)
Service Departments Expenditures	112,159,900	<b>88,436,300</b>	(23,723,600)	-21% (5)
Service Departments Net Result	2,456,100	<b>1,479,100</b>	(977,000)	



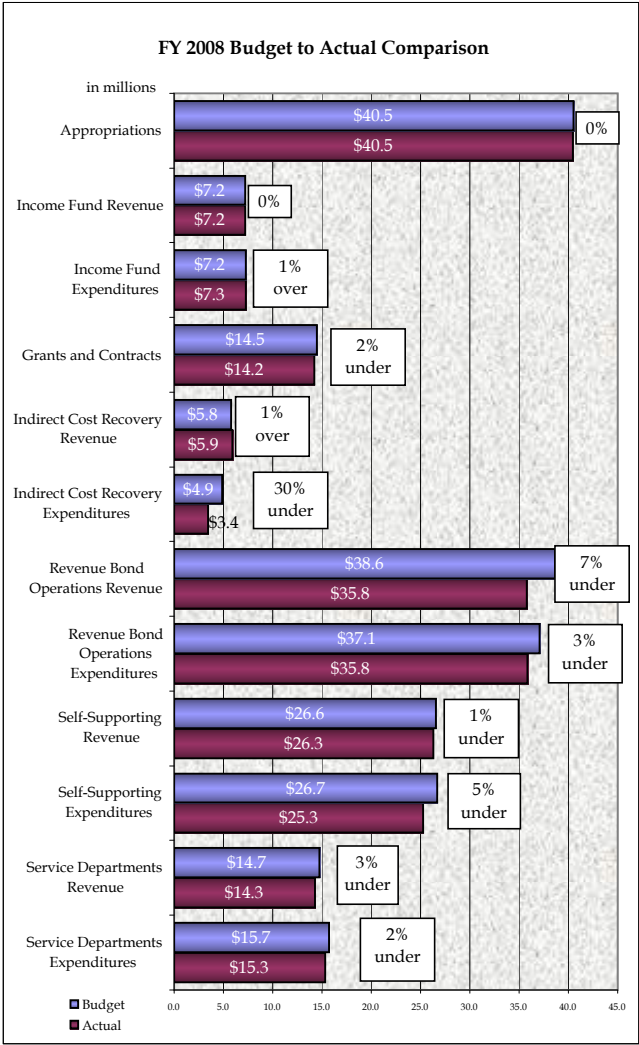
- (1) Increase due to increases in Pell Grant Program, IL Clean Coal Research Program, Integrated Assessment Program, Southern Regional Prekindergarten & Parental Training project, and IL Delta Network program.
- (2) Expenditures decreased due to one time funding in FY07 to assist with the Physical Plant shortfall and the funding of two projects in FY07 from this account, Vermicomposting and the Campus Lake Restoration.
- (3) Revenues increased due to increases in housing rates and student fees. Expenditures increased due to increases in salaries, wages, utilities and building maintenance costs.
- (4) Revenues increased due to increase in student fees and athletic ticket sales.
- (5) Decrease due to completion of several construction projects, including the Grand/Wall Complex, Necker's Auditorium renovation, dorm roof replacements & renovations, Student Center lighting renovation.

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

SIUC FINANCIAL PERFORMANCE - COMPARATIVE STATEMENT

SIUC School of Medicine - Statement of Financial Performance for Fiscal Year 2008

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2007	FY 2008	\$ Change	% Change
Appropriations				
Expenditures	39,671,400	<b>40,473,500</b>	802,100	2%
Income Fund				
Revenue	6,601,400	<b>7,193,100</b>	591,700	9%
Expenditures	6,486,000	<b>7,299,500</b>	813,500	13%
Net Result	115,400	<b>(106,400)</b>	(221,800)	
Grants and Contracts				
Expenditures	12,795,300	<b>14,241,900</b>	1,446,600	11% (1)
Indirect Cost Recovery				
Revenue	5,622,200	<b>5,878,700</b>	256,500	5%
Expenditures	3,076,600	<b>3,426,800</b>	350,200	11%
Net Result	2,545,600	<b>2,451,900</b>	(93,700)	
Revenue Bond Operations				
Revenue	36,798,500	<b>35,761,300</b>	(1,037,200)	-3%
Expenditures	34,273,400	<b>35,813,600</b>	1,540,200	4%
Net Result	2,525,100	<b>(52,300)</b>	(2,577,400)	
Self-Supporting Activities				
Revenue	23,469,700	<b>26,316,400</b>	2,846,700	12% (2)
Expenditures	21,133,200	<b>25,290,900</b>	4,157,700	20% (2)
Net Result	2,336,500	<b>1,025,500</b>	(1,311,000)	
Service Departments				
Revenue	14,986,000	<b>14,275,900</b>	(710,100)	-5%
Expenditures	14,520,800	<b>15,345,200</b>	824,400	6%
Net Result	465,200	<b>(1,069,300)</b>	(1,534,500)	



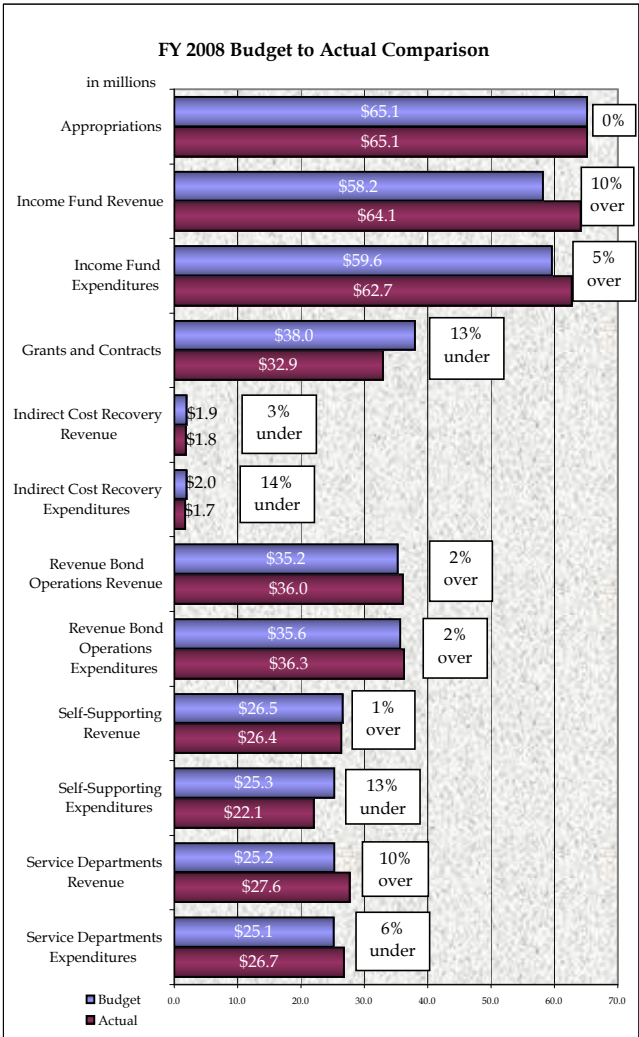
(1) Increase due to increase in Stem Cell Research and Cancer Institute.  
 (2) Increases due to increase in hospital affiliations and other healthcare facilities contracts.

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

SIU FINANCIAL PERFORMANCE - COMPARATIVE STATEMENT

SIU Edwardsville - Statement of Financial Performance for Fiscal Year 2008

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2007	FY 2008	\$ Change	% Change
Appropriations				
Expenditures	64,021,000	65,134,800	1,113,800	2%
Income Fund				
Revenue	53,717,000	64,105,000	10,388,000	19% (1)
Expenditures	53,963,000	62,681,000	8,718,000	16% (2)
Net Result	(246,000)	1,424,000	1,670,000	
Grants and Contracts				
Expenditures	37,022,000	32,910,000	(4,112,000)	-11% (3)
Indirect Cost Recovery				
Revenue	1,680,000	1,842,000	162,000	10%
Expenditures	1,609,000	1,671,000	62,000	4%
Net Result	71,000	171,000	100,000	
Revenue Bond Operations				
Revenue	31,720,000	36,019,000	4,299,000	14% (4)
Expenditures	31,886,000	36,295,000	4,409,000	14% (5)
Net Result	(166,000)	(276,000)	(110,000)	
Self-Supporting Activities				
Revenue	21,865,000	26,389,000	4,524,000	21% (6)
Expenditures	18,312,000	22,068,000	3,756,000	21% (6)
Net Result	3,553,000	4,321,000	768,000	
Service Departments				
Revenue	24,460,000	27,649,000	3,189,000	13% (7)
Expenditures	22,987,000	26,719,000	3,732,000	16%
Net Result	1,473,000	930,000	(543,000)	



- (1) Increase due to FY07 MAP revenue not received until FY08, tuition rate increase, and the continued implementation of the School of Pharmacy.
- (2) Increase due to salary increases, funds transferred to construction account to assist with funding of new projects, and the continued implementation of the School of Pharmacy.
- (3) Decrease due to reclassifying the Alternative Loans.
- (4) Increase due to various rate increases.
- (5) Increases due to salary and minimum wage increases, increase in utilities costs and the opening of new residence hall.
- (6) Revenues increased due to various fee increases. Expenditures increased due to Cougar Village fiber optic project, higher cost of textbooks, and Dental Clinic operations.
- (7) Increase due to late receipt of electric bills in FY07, higher utilities costs, and higher billings by Facilities Management for campus projects.

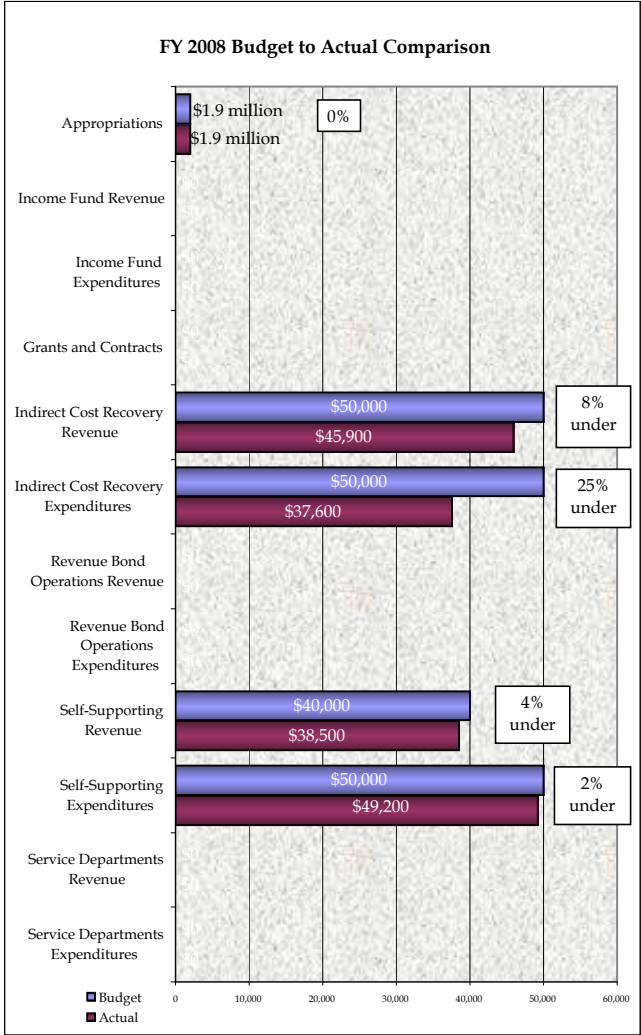
Cash basis accounting except for Revenue Bond Operations, which are on modified accrual basis.



SIU FINANCIAL PERFORMANCE - COMPARATIVE STATEMENT

SIU University Administration - Statement of Financial Performance for Fiscal Year 2008

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2007	FY 2008	\$ Change	% Change
Appropriations				
Expenditures	2,062,200	1,975,400	(86,800)	-4% (1)
Income Fund				
Revenue	0	0	0	0%
Expenditures	0	0	0	0%
Net Result	0	0	0	
Grants and Contracts				
Expenditures	0	0	0	0%
Indirect Cost Recovery				
Revenue	45,900	45,900	0	0%
Expenditures	30,500	37,600	7,100	23%
Net Result	15,400	8,300	(7,100)	
Revenue Bond Operations				
Revenue	0	0	0	0%
Expenditures	0	0	0	0%
Net Result	0	0	0	
Self-Supporting Activities				
Revenue	44,800	38,500	(6,300)	-14%
Expenditures	85,400	49,200	(36,200)	-42% (2)
Net Result	(40,600)	(10,700)	29,900	
Service Departments				
Revenue	0	0	0	0%
Expenditures	0	0	0	0%
Net Result	0	0	0	



(1) Decrease is due to salaries being shifted to UWS.

(2) FY07 included the Presidential Inauguration.

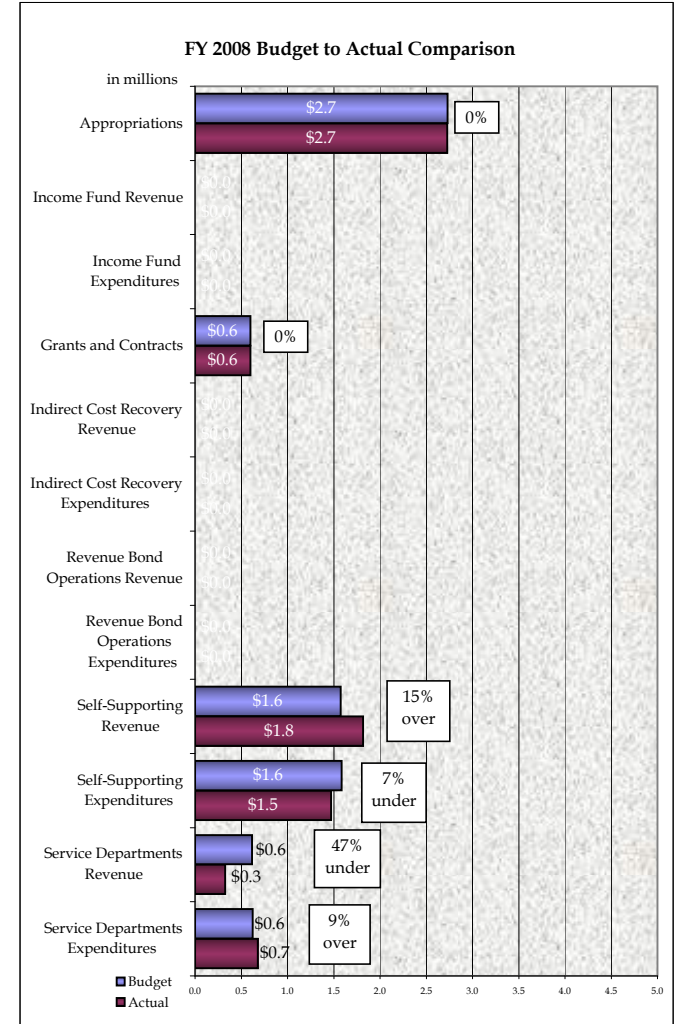
Cash basis accounting except for Revenue Bond Operations, which are on modified accrual basis.



SIU FINANCIAL PERFORMANCE - COMPARATIVE STATEMENT

SIU University Wide Services - Statement of Financial Performance for Fiscal Year 2008

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2007	FY 2008	\$ Change	% Change
Appropriations Expenditures	2,354,700	2,727,500	372,800	16% (1)
Income Fund Revenue	0	0	0	0%
Income Fund Expenditures	0	0	0	0%
Income Fund Net Result	0	0	0	
Grants and Contracts Expenditures	0	605,100	605,100	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	1,919,100	1,818,300	(100,800)	-5%
Self-Supporting Activities Expenditures	1,872,100	1,469,200	(402,900)	-22% (2)
Self-Supporting Activities Net Result	47,000	349,100	302,100	
Service Departments Revenue	343,000	326,900	(16,100)	-5%
Service Departments Expenditures	671,400	676,800	5,400	1%
Service Departments Net Result	(328,400)	(349,900)	(21,500)	



(1) Increase due to new account in UWS (System Service Center), increase in activity for Liaison & Special Projects, Walker Scholarships & Vince DeMuzio Governmental Interns, and 3% salary increases.

(2) Decreases due to new accounts for Connect SI being utilized in FY07 but decreased usage in FY08.

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

## 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.



Southern Illinois University

# First Quarter Budget Report

September 30, 2008

**Southern Illinois University - Combined Total  
FY 2009 Operating Budget  
by Major Fund Groups**

	<u>Appropriated &amp; Income Fund</u>	<u>Grants and Contracts</u>	<u>Indirect Cost Recovery</u>	<u>Revenue Bond Operations</u>	<u>Self-Supporting Activities</u>	<u>All Funds 2009 Totals</u>	<u>Service (2) Departments</u>
<b>Revenue Estimates</b>							
Budget as of 7/1/08	\$411,267,700	\$119,148,200	\$12,690,000	\$135,629,750	\$115,970,150	\$794,705,800	\$129,690,750
Budget as of 9/30/08	<u>411,759,000</u>	<u>119,148,200</u>	<u>12,675,800</u>	<u>135,629,750</u>	<u>120,871,400</u>	<u>800,084,150</u>	<u>129,784,300</u>
Revenue Budget Variance	\$491,300	\$0	(\$14,200)	\$0	\$4,901,250	\$5,378,350	\$93,550
% Change	0.1%	0.0%	-0.1%	0.0%	4.2%	0.7%	0.1%
<b>Expenditures Estimates</b>							
Budget as of 7/1/08	\$411,362,600	\$119,148,200	\$12,917,400	\$135,654,750	\$117,558,950	\$796,641,900	\$129,635,650
Budget as of 9/30/08	<u>420,169,000</u>	<u>119,148,200</u>	<u>12,917,400</u>	<u>135,654,750</u>	<u>122,515,550</u>	<u>810,404,900</u>	<u>130,699,000</u>
Expenditures Budget Variance	\$8,806,400	\$0	\$0	\$0	\$4,956,600	\$13,763,000	\$1,063,350
% Change	2.1%	0.0%	0.0%	0.0%	4.2%	1.7%	0.8%
Planned Operating Results (+/-)	(8,410,000)	0	(241,600)	(25,000)	(1,644,150)	(\$10,320,750)	(914,700)
<b>Beginning Cash Balance (1)</b>	<b>\$8,612,600</b>	<b>\$0</b>	<b>\$17,789,448</b>	<b>\$20,545,065</b>	<b>\$30,740,018</b>	<b>\$77,687,132</b>	<b>\$5,491,909</b>
<b>Estimated Ending Cash Balance</b>	<b><u>\$202,600</u></b>	<b><u>\$0</u></b>	<b><u>\$17,547,848</u></b>	<b><u>\$20,520,065</u></b>	<b><u>\$29,095,868</u></b>	<b><u>\$67,366,382</u></b>	<b><u>\$4,577,209</u></b>

Notes:

- (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.

**Southern Illinois University Carbondale  
FY 2009 Operating Budget  
by Major Fund Groups**

	<u>Appropriated &amp; Income Fund</u>	<u>Grants and Contracts</u>	<u>Indirect Cost Recovery</u>	<u>Revenue Bond Operations</u>	<u>Self-Supporting Activities</u>	<u>All Funds 2009 Totals</u>	<u>Service (2) Departments</u>
<b>Revenue Estimates</b>							
Budget as of 7/1/08	\$224,951,100	\$69,367,000	\$5,050,000	\$58,961,050	\$54,441,650	\$412,770,800	\$87,315,350
Budget as of 9/30/08	<u>225,177,900</u>	<u>69,367,000</u>	<u>5,050,000</u>	<u>58,961,050</u>	<u>57,650,100</u>	<u>416,206,050</u>	<u>87,315,400</u>
Revenue Budget Variance	\$226,800	\$0	\$0	\$0	\$3,208,450	\$3,435,250	\$50
% Change	0.1%	0.0%	0.0%	0.0%	5.9%	0.8%	0.0%
<b>Expenditures Estimates</b>							
Budget as of 7/1/08	\$224,951,100	\$69,367,000	\$5,050,000	\$58,304,550	\$54,811,950	\$412,484,600	\$88,449,450
Budget as of 9/30/08	<u>230,867,300</u>	<u>69,367,000</u>	<u>5,050,000</u>	<u>58,304,550</u>	<u>58,481,650</u>	<u>422,070,500</u>	<u>88,560,100</u>
Expenditures Budget Variance	\$5,916,200	\$0	\$0	\$0	\$3,669,700	\$9,585,900	\$110,650
% Change	2.6%	0.0%	0.0%	0.0%	6.7%	2.3%	0.1%
Planned Operating Results (+/-)	(5,689,400)	0	0	656,500	(831,550)	(\$5,864,450)	(1,244,700)
<b>Beginning Cash Balance (1)</b>	\$5,689,400	\$0	\$7,844,200	\$11,824,900	\$12,791,450	\$38,149,950	\$3,680,600
<b>Estimated Ending Cash Balance</b>	<u>\$0</u>	<u>\$0</u>	<u>\$7,844,200</u>	<u>\$12,481,400</u>	<u>\$11,959,900</u>	<u>\$32,285,500</u>	<u>\$2,435,900</u>

Notes:

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- (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.

**Southern Illinois University School of Medicine  
FY 2009 Operating Budget  
by Major Fund Groups**

	<u>Appropriated &amp; Income Fund</u>	<u>Grants and Contracts</u>	<u>Indirect Cost Recovery</u>	<u>Revenue Bond Operations</u>	<u>Self-Supporting Activities</u>	<u>All Funds 2009 Totals</u>	<u>Service (2) Departments</u>
<b>Revenue Estimates</b>							
Budget as of 7/1/08	\$48,763,700	\$14,500,000	\$5,508,000	\$38,690,700	\$32,211,800	\$139,674,200	\$14,676,600
Budget as of 9/30/08	<u>49,028,200</u>	<u>14,500,000</u>	<u>5,493,800</u>	<u>38,690,700</u>	<u>33,904,600</u>	<u>141,617,300</u>	<u>14,770,100</u>
Revenue Budget Variance	\$264,500	\$0	(\$14,200)	\$0	\$1,692,800	\$1,943,100	\$93,500
% Change	0.5%	0.0%	-0.3%	0.0%	5.3%	1.4%	0.6%
<b>Expenditures Estimates</b>							
Budget as of 7/1/08	\$48,858,600	\$14,500,000	\$5,555,600	\$38,586,400	\$31,226,400	\$138,727,000	\$14,070,400
Budget as of 9/30/08	<u>48,914,700</u>	<u>14,500,000</u>	<u>5,555,600</u>	<u>38,586,400</u>	<u>32,513,300</u>	<u>140,070,000</u>	<u>15,023,100</u>
Expenditures Budget Variance	\$56,100	\$0	\$0	\$0	\$1,286,900	\$1,343,000	\$952,700
% Change	0.1%	0.0%	0.0%	0.0%	4.1%	1.0%	6.8%
Planned Operating Results (+/-)	113,500	0	(61,800)	104,300	1,391,300	\$1,547,300	(253,000)
<b>Beginning Cash Balance (1)</b>	<b>\$89,100</b>	<b>\$0</b>	<b>\$9,063,500</b>	<b>\$3,095,800</b>	<b>\$4,128,000</b>	<b>\$16,376,400</b>	<b>\$609,600</b>
<b>Estimated Ending Cash Balance</b>	<b><u>\$202,600</u></b>	<b><u>\$0</u></b>	<b><u>\$9,001,700</u></b>	<b><u>\$3,200,100</u></b>	<b><u>\$5,519,300</u></b>	<b><u>\$17,923,700</u></b>	<b><u>\$356,600</u></b>

Notes:

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- (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.

**Southern Illinois University Edwardsville  
FY 2009 Operating Budget  
by Major Fund Groups**

	<u>Appropriated &amp; Income Fund</u>	<u>Grants and Contracts</u>	<u>Indirect Cost Recovery</u>	<u>Revenue Bond Operations</u>	<u>Self-Supporting Activities</u>	<b>All Funds 2009 Totals</b>	<u>Service (2) Departments</u>
<b>Revenue Estimates</b>							
Budget as of 7/1/08	\$132,492,700	\$34,843,000	\$2,082,000	\$37,978,000	\$27,487,900	<b>\$234,883,600</b>	\$26,970,500
Budget as of 9/30/08	<u>132,492,700</u>	<u>34,843,000</u>	<u>2,082,000</u>	<u>37,978,000</u>	<u>27,487,900</u>	<u><b>234,883,600</b></u>	<u>26,970,500</u>
Revenue Budget Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
% Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Expenditures Estimates</b>							
Budget as of 7/1/08	\$132,492,700	\$34,843,000	\$2,261,800	\$38,763,800	\$29,681,800	<b>\$238,043,100</b>	\$26,387,500
Budget as of 9/30/08	<u>135,326,800</u>	<u>34,843,000</u>	<u>2,261,800</u>	<u>38,763,800</u>	<u>29,681,800</u>	<u><b>240,877,200</b></u>	<u>26,387,500</u>
Expenditures Budget Variance	\$2,834,100	\$0	\$0	\$0	\$0	\$2,834,100	\$0
% Change	2.1%	0.0%	0.0%	0.0%	0.0%	1.2%	0.0%
Planned Operating Results (+/-)	(2,834,100)	0	(179,800)	(785,800)	(2,193,900)	<b>(\$5,993,600)</b>	583,000
<b>Beginning Cash Balance (1)</b>	<b>\$2,834,100</b>	<b>\$0</b>	<b>\$720,848</b>	<b>\$5,624,365</b>	<b>\$13,200,168</b>	<b>\$22,379,482</b>	<b>\$1,201,709</b>
<b>Estimated Ending Cash Balance</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$541,048</u></b>	<b><u>\$4,838,565</u></b>	<b><u>\$11,006,268</u></b>	<b><u>\$16,385,882</u></b>	<b><u>\$1,784,709</u></b>

Notes:

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- (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.

**Southern Illinois University University Administration**  
**FY 2009 Operating Budget**  
**by Major Fund Groups**

	<u>Appropriated &amp; Income Fund</u>	<u>Grants and Contracts</u>	<u>Indirect Cost Recovery</u>	<u>Revenue Bond Operations</u>	<u>Self-Supporting Activities</u>	<b>All Funds 2009 Totals</b>	<u>Service (2) Departments</u>
<b>Revenue Estimates</b>							
Budget as of 7/1/08	\$2,113,400	\$0	\$50,000	\$0	\$40,000	\$2,203,400	\$0
Budget as of 9/30/08	<u>2,113,400</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>40,000</u>	<u>2,203,400</u>	<u>0</u>
Revenue Budget Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
% Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Expenditures Estimates</b>							
Budget as of 7/1/08	\$2,113,400	\$0	\$50,000	\$0	\$50,000	\$2,213,400	\$0
Budget as of 9/30/08	<u>2,113,400</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>50,000</u>	<u>2,213,400</u>	<u>0</u>
Expenditures Budget Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
% Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Planned Operating Results (+/-)	0	0	0	0	(10,000)	(\$10,000)	0
<b>Beginning Cash Balance (1)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$160,900</b>	<b>\$0</b>	<b>\$74,200</b>	<b>\$235,100</b>	<b>\$0</b>
<b>Estimated Ending Cash Balance</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$160,900</u></b>	<b><u>\$0</u></b>	<b><u>\$64,200</u></b>	<b><u>\$225,100</u></b>	<b><u>\$0</u></b>

Notes:

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**Southern Illinois University University Wide Services  
FY 2009 Operating Budget  
by Major Fund Groups**

	<u>Appropriated &amp; Income Fund</u>	<u>Grants and Contracts</u>	<u>Indirect Cost Recovery</u>	<u>Revenue Bond Operations</u>	<u>Self-Supporting Activities</u>	<b>All Funds 2009 Totals</b>	<u>Service (2) Departments</u>
<b>Revenue Estimates</b>							
Budget as of 7/1/08	\$2,946,800	\$438,200	\$0	\$0	\$1,788,800	\$5,173,800	\$728,300
Budget as of 9/30/08	<u>2,946,800</u>	<u>438,200</u>	<u>0</u>	<u>0</u>	<u>1,788,800</u>	<u>5,173,800</u>	<u>728,300</u>
Revenue Budget Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
% Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Expenditures Estimates</b>							
Budget as of 7/1/08	\$2,946,800	\$438,200	\$0	\$0	\$1,788,800	\$5,173,800	\$728,300
Budget as of 9/30/08	<u>2,946,800</u>	<u>438,200</u>	<u>0</u>	<u>0</u>	<u>1,788,800</u>	<u>5,173,800</u>	<u>728,300</u>
Expenditures Budget Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
% Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Planned Operating Results (+/-)	0	0	0	0	0	\$0	0
<b>Beginning Cash Balance (1)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$546,200</b>	<b>\$546,200</b>	<b>\$0</b>
<b>Estimated Ending Cash Balance</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$546,200</u></b>	<b><u>\$546,200</u></b>	<b><u>\$0</u></b>

Notes:

- (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.



# Income Fund as of 9/30/2008

Income Fund revenue includes tuition revenue, off-campus program revenue, interest earnings, and certain miscellaneous fee revenue.

Tuition revenue is a direct result of student enrollment, student residency, credit hours, and tuition rates. Enrollment projections are made two years in advance for budget purposes. Off-campus program revenue is based on charges sufficient to cover all instructional and administrative costs of the programs. Miscellaneous income includes interest earnings from cash balances that were invested in U.S. Government securities and other University Investment Pools. Also, LAC guidelines require that certain fee revenue such as application fees, course-specific fees and graduation fees be deposited into the income fund.

## Southern Illinois University - Combined Total

### FY 2009 Income Fund Revenue & Enrollment Projections

Fund Source	Original Projection	Current Projections	Variance
Tuition	\$158,581,600	\$159,072,500	\$490,900
Miscellaneous Income	4,247,200	4,247,600	400
Off-Campus Programs	12,621,900	12,621,900	0
	-----	-----	-----
<b>Total Revenue Estimate</b>	\$175,450,700	\$175,942,000	\$491,300
Carryover From Previous Fiscal Year	163,800	8,612,700	8,448,900
<b>Total Expenditure Estimate</b>	175,545,600	184,352,100	8,806,500
<b>Net Result</b>	<u><b>\$68,900</b></u>	<u><b>\$202,600</b></u>	<u><b>\$133,700</b></u>

Fall Term 2008 (FY09)	Projection	Actual	Variance
Enrollment Headcount	34,449	34,275	(174)

# Southern Illinois University Carbondale

## FY 2009 Income Fund Revenue & Enrollment Projections

Fund Source	Original Projection	Current Projections	Variance
Tuition	\$90,407,700	\$90,690,600	\$282,900
Miscellaneous Income	2,793,400	2,793,400	0
Off-Campus Programs	11,760,000	11,760,000	0
	-----	-----	-----
<b>Total Revenue Estimate</b>	\$104,961,100	\$105,244,000	\$282,900
Carryover From Previous Fiscal Year	0	5,689,500	5,689,500
<b>Total Expenditure Estimate</b>	104,961,100	110,933,500	5,972,400
<b>Net Result</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Fall Term 2008 (FY09)	Projection	Actual	Variance
Enrollment Headcount	20,692	20,381	(311)

## Southern Illinois University School of Medicine

### FY 2009 Income Fund Revenue & Enrollment Projections

Fund Source	Original Projection	Current Projections	Variance
Tuition	\$7,194,300	\$7,402,300	\$208,000
Miscellaneous Income	55,800	56,200	400
Off-Campus Programs	0	0	0
	-----	-----	-----
<b>Total Revenue Estimate</b>	\$7,250,100	\$7,458,500	\$208,400
Carryover From Previous Fiscal Year	163,800	89,100	(74,700)
<b>Total Expenditure Estimate</b>	7,345,000	7,345,000	0
<b>Net Result</b>	<u><b>\$68,900</b></u>	<u><b>\$202,600</b></u>	<u><b>\$133,700</b></u>

Fall Term 2008 (FY09)	Projection	Actual	Variance
Enrollment Headcount	291	292	1

# Southern Illinois University Edwardsville

## FY 2009 Income Fund Revenue & Enrollment Projections

Fund Source	Original Projection	Current Projections	Variance
Tuition	\$60,979,600	\$60,979,600	\$0
Miscellaneous Income	1,398,000	1,398,000	0
Off-Campus Programs	861,900	861,900	0
	-----	-----	-----
<b>Total Revenue Estimate</b>	<b>\$63,239,500</b>	<b>\$63,239,500</b>	<b>\$0</b>
Carryover From Previous Fiscal Year	0	2,834,100	2,834,100
<b>Total Expenditure Estimate</b>	<b>63,239,500</b>	<b>66,073,600</b>	<b>2,834,100</b>
<b>Net Result</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

Fall Term 2008 (FY09)	Projection	Actual	Variance
Enrollment Headcount	13,466	13,602	136