

November 24, 2009

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 on Thursday, December 10, 2009, immediately following the Audit Committee 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 10, 2009, meeting (enclosure).
2. Notice Item: Debt Policy (enclosure).
3. Other business.

Enclosed are the FY 09 Annual Financial Performance Report and the FY 10 First Quarter Budget Report.

A copy of the FY 10 Quarterly Investment Report is also enclosed.

Yours truly,

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

DS/lap

Enclosures

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

BOARD OF TRUSTEES

SOUTHERN ILLINOIS UNIVERSITY

Minutes of the Finance Committee Meeting

September 10, 2009

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: Frank William Bonan II, Nate Brown, Ed Hightower and Amber Suggs. Executive Officers present were: President Glenn Poshard; Chancellor Samuel Goldman, SIUC; Chancellor Vaughn Vandegrift, SIUE; Vice President for Academic Affairs Paul Sarvela; and Senior Vice President for Financial and Administrative Affairs and Board Treasurer Duane Stucky.

Minutes

Marquita Wiley recommended approval of the minutes of the July 16, 2009, meeting as submitted. The motion was seconded by John Simmons and passed by the Committee.

Executive Summary: Resource Allocation and Management Program (RAMP) Planning, Operations, and Capital Budget Request, Fiscal Year 2011 (Board Agenda Item J) (Joint discussion with Academic Matters and Architecture and Design Committees).

Action was taken on this matter during the Academic Matters Committee meeting.

Approval of Fiscal Year 2010 Operating and Capital Budgets (Board Agenda Item K) (Joint discussion with Architecture and Design Committee).

Dr. Stucky reviewed the FY 10 budgets and provided a ten-year comparison of funding. He noted that about 7% of the FY 10 budget to be received from the State is coming from federal stimulus funds. Dr. Sanders voiced his appreciation of the increase in needs-based aid. In response to a question from Mr. Tedrick, Dr. Stucky confirmed that the State would need to increase SIU's appropriation next year by 7% (equal to the amount of the federal stimulus funds) to have a level budget. President Poshard commented that he is proud that SIU has had no layoffs or furloughs this year. He stated, however, that if there is no tax increase or new revenues next year to offset the loss of the federal stimulus monies, steps will have to be taken in that direction.

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 and Architecture and Design Committees.

Salary Increase Plan for Fiscal Year 2010 (Board Agenda Item L).

Dr. Stucky reviewed the salary increase matter for non-represented employees.

Marquita Wiley 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 Committee.

Approval of Purchase: Environmental Cleaning Services, SimmonsCooper Cancer Institute, Springfield Medical Campus, SIUC (Board Agenda Item P).

Approval of Purchase: Replacement Equipment, SimmonsCooper Cancer Institute, Springfield Medical Campus, SIUC (Board Agenda Item Q).

Dr. Stucky reviewed the matters.

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.

Other Business.

There being no further business, the meeting was adjourned.

DS/lap

Southern Illinois University

Outline for Debt Policy

- A. Objectives
- B. Review of Authority
 - 1. Revenue Bonds
 - 2. Certificates of Participation
 - 3. Interest Rate Swaps & Derivatives
 - 4. Public University Energy Conservation Financing
- C. Approvals & Other Considerations
 - 1. Illinois Procurement Code
 - 2. Illinois Board of Higher Education
 - 3. Legislative Audit Commission Guidelines
- D. Overview of Process
 - 1. Identify & Prioritize Projects
 - 2. Internal Approval Process
 - 3. Authorization to Issue Debt
 - 4. External Approvals
- E. Establish Debt Capacity Parameters
 - 1. Financial Ratios
 - 2. Underlying Rating Minimum
- F. Debt Compliance & Reporting Requirements
 - 1. Continuing Disclosure Compliance
 - 2. Arbitrage Rebate Compliance
- G. Debt Management Strategies
 - 1. Fixed vs. Variable Rate Allocation
 - 2. Methods of Sale
 - 3. Purchase of Insurance or Credit Enhancement
 - 4. Refunding Opportunities
 - 5. Selection of Underwriters & Participants on the Selling Team

SOUTHERN ILLINOIS UNIVERSITY

DEBT POLICY

A. Objectives:

- ❑ Prudent utilization of debt to provide a low cost source of capital to fund long-term capital investments to achieve the University's mission and strategic objectives.
- ❑ Manage the University's overall debt level to maintain the highest acceptable credit rating with appropriate access to capital. The minimum acceptable underlying rating for a University issue is the single "A" category by the major rating agencies.
- ❑ Limit risk within the University debt portfolio by balancing the goal of attaining the lowest cost of capital with the goal of managing interest rate risk.
- ❑ Manage outstanding debt over time to achieve a low cost of capital and to take advantage of interest rate cycles and refunding opportunities.
- ❑ Assure projects financed have a feasible plan of repayment and that secondary pledges are utilized prudently.

B. Review of Authority

1. Constitutional Authority

Article IX, Section 9 of the Constitution of the State of Illinois permits State colleges and universities to issue bonds or other evidences of indebtedness for such purposes and in such amounts as may be authorized by law, but such debt may not be secured by the full faith and credit or tax revenue of the State and cannot be repaid, directly or indirectly, from tax revenue.

2. Revenue Bonds

The Board is authorized to issue revenue bonds pursuant to the Southern Illinois University Revenue Bond Act (110 ILCS 525/1 et seq.) (the "Revenue Bond Act") for the purpose of acquiring "projects" as defined in Section 525/2(5) and to refund bonds as provided in Section 525/4 (B) and (C). The sources of payment of such revenue bonds, as provided by the Revenue Bond Act and as authorized by resolution of the Board of Trustees, are net revenues of the project or any group of projects. The Revenue Bond

Act authorizes the pledge of tuition and fees as additional security for revenue bonds.

In general, revenue bonds may be utilized for the purpose of acquiring, constructing, and equipping revenue-generating projects or for refunding previously issued revenue bonds.

3. Certificates of Participation

Pursuant to the provisions of the State University Certificates of Participation Act (110 ILCS 73) (the “COPS Act”) the Board is authorized to enter into financing agreements for the purpose of financing capital improvements through the issuance of certificates of participation. The COPS Act limits Southern Illinois University’s maximum annual debt service on all outstanding certificates of participation to \$20,000,000. The certificates of participation represent an interest in the installment payments to be made over time by the Board pursuant to an agreement to purchase such capital improvement. The certificates of participation are issued by a trustee under an indenture, which provides security for the certificates of participation.

In general, certificates of participation are used for acquiring, constructing, and equipping non-revenue producing projects, such as infrastructure, administrative or academic projects, and for the purpose of refunding previously issued certificates of participation.

4. Public University Energy Conservation Financing

The Public University Energy Conservation Act (110 ILCS 62/1 et seq.) (the “Energy Conservation Act”) authorizes the University to enter into a “guaranteed energy savings contract” with a “qualified provider” to provide “energy conservation measures” (as such terms are defined in the Energy Conservation Act). The Energy Conservation Act contains the methods for obtaining and evaluating proposals and awarding the contract. Under the guaranteed contract, the provider guarantees the University that the savings under the contract will meet or exceed the costs of the conservation measures within twenty years of the date of final installation of the measures.

Section 110 ILCS 62/25 provides that the University may issue debt certificates to finance an installment payment contract or lease purchase agreement for the purchase and installation of the energy conservation measures.

C. Approvals & Other Considerations

1. Illinois Procurement Code

The Illinois Procurement Code (30 ILCS 500) contains limitation provisions which apply both to the issuance of revenue bonds and to the issuance of installment contract certificates of participation. Service providers instrumental in the issuance of debt must be approved through a competitive request for proposal (RFP) process. Certain participants may be exempt from the procurement process.

2. Illinois Board of Higher Education

The Board of Higher Education Act (110 ILCS 205/0.01 et seq.) requires that the Board submit its plan for capital improvement of non-instructional facilities to the Illinois Board of Higher Education (the “IBHE”) for approval before final commitments are made. The IBHE shall determine whether or not any project submitted for approval is consistent with the master plan for higher education and with instructional buildings that are provided for therein.

3. Legislative Audit Commission Guidelines

The Legislative Audit Guidelines limit the purpose for which revenue bonds may be issued, the uses of funds, the sources of payment and the accumulation of excess reserves.

Plans for capital improvement of non-instructional facilities will be submitted to the Illinois Board of Higher Education (the “IBHE”) for approval. Non-instructional facilities include dormitories, stadiums, student centers, recreational facilities, and parking lots.

4. Commission on Government Forecasting and Accountability

The State University Certificates of Participation Act (110 ILCS 73) requires the Board to submit its plan for financing capital improvements using certificates of participation to the Commission on Government Forecasting and Accountability for approval prior to issuance of debt.

D. Overview of Process

1. Identify & Prioritize Projects

Debt financed projects will be identified as early as possible. Projects are prioritized by the President upon recommendation by the Chancellors. All potential debt financed projects under consideration for the next several years are discussed as to their budget, timeline, and priority.

2. *Internal Approval Process*

The Chancellors approve and bring forward to the President projects on a campus-by-campus and programmatic basis. The President recommends project financing and brings forward to the Board of Trustees for project financing approval.

3. *Authorization to Issue Debt*

Bonds and Certificates of Participation are authorized by resolution of the Board of Trustees prior to issuance.

E. Establish Debt Capacity Parameters

It is the objective of the University to maintain no less than a single “A” category underlying rating for all debt at the time of issue. Core financial ratios that are strongly correlated with single “A” rated higher education peers will be monitored to ensure central oversight of University-wide leverage levels. The following three ratios will be monitored and are strongly correlated to the rating level:

1. Expendable Financial Resources to Direct Debt – Measures coverage of direct debt by financial resources that are ultimately expendable.
2. Operating Margin – Indicates the excess margin (or deficit) by which annual revenues cover expenses.
3. Debt Service Coverage – Measures actual margin of protection for annual debt service payments from annual operations.

F. Debt Compliance and Reporting Requirements

1. *Continuing Disclosure Compliance*

The University will meet the ongoing disclosure requirements in accordance with SEC Rule 15c2-12. The University will submit all reporting required with respect to outstanding bonds or certificates of participation to which such Rule is applicable.

2. *Arbitrage Rebate Compliance*

The University will comply with arbitrage requirements on invested tax-exempt bond proceeds. Arbitrage calculations will be performed as needed.

3. *Certificates of Participation Compliance*

The University will submit a copy of its annual budget and report the status of all outstanding certificates of participation annually to the Commission on Government Forecasting and Accountability.

G. Investment of Bond Proceeds

1. Taxable

Bond proceeds of a taxable issue may be invested in accordance with the University's Investment Policy for operating funds unless further restricted by a bond insurance policy.

2. Tax-Exempt

Bond proceeds of a tax-exempt issue will be invested in accordance with the Internal Revenue Service rules for tax-exempt debt unless further restricted by a bond insurance policy. The Internal Revenue Service rules that apply to each tax-exempt debt issuance are typically summarized in the respective Tax Compliance Certificate and Agreement.

H. Debt Management Strategies

1. Fixed versus Variable Rate Allocation

Variable rate debt can provide a lower cost of capital, but introduces additional risks. The University will carefully examine the risks and rewards of variable rate exposure. Variable rate debt should only be used as an integral part of a long term strategy and should not exceed twenty percent of the total debt portfolio or 50% of total operating cash.

2. Methods of Sale

The University will consider various methods of sale. Negotiated, competitive, private placement, and bank qualified sales will be considered on an individual transaction basis. Issue size and complexity will be factors in determining which method of sale to pursue.

3. Purchase of Insurance or Credit Enhancement

The University will evaluate insurance and credit enhancement opportunities and utilize them if they are deemed cost effective.

4. Refunding Opportunities

The University will monitor its debt portfolio for refunding and/or restructuring opportunities. For a stand-alone refunding for savings, the University will generally enter into a transaction that produces at least a 3% present value savings (based upon the amount of callable bonds or certificates). Advance refunding transactions must weigh the current opportunity against possible future refunding opportunities.

5. Selection of Underwriters and Participants on the Selling Team

The University will utilize a request for proposal process from time to time to select senior and co-managing underwriters. The process will also be

utilized to pre-qualify a roster of minority and regional firms for participation in the underwriting team when debt is issued. The University will reserve the right to utilize a competitive process for any single debt issue.

Attribution

This policy was developed, in part, and incorporates language, based upon the University of Illinois Debt Policy. Because legal structure and debt issuance are governed by state and federal laws and statutes, this policy may look very similar to other institutions.



SOUTHERN ILLINOIS UNIVERSITY



FY 2009 Financial Performance Report

Year End Report



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INTRODUCTION

SIU FY09 FINANCIAL PERFORMANCE REPORT

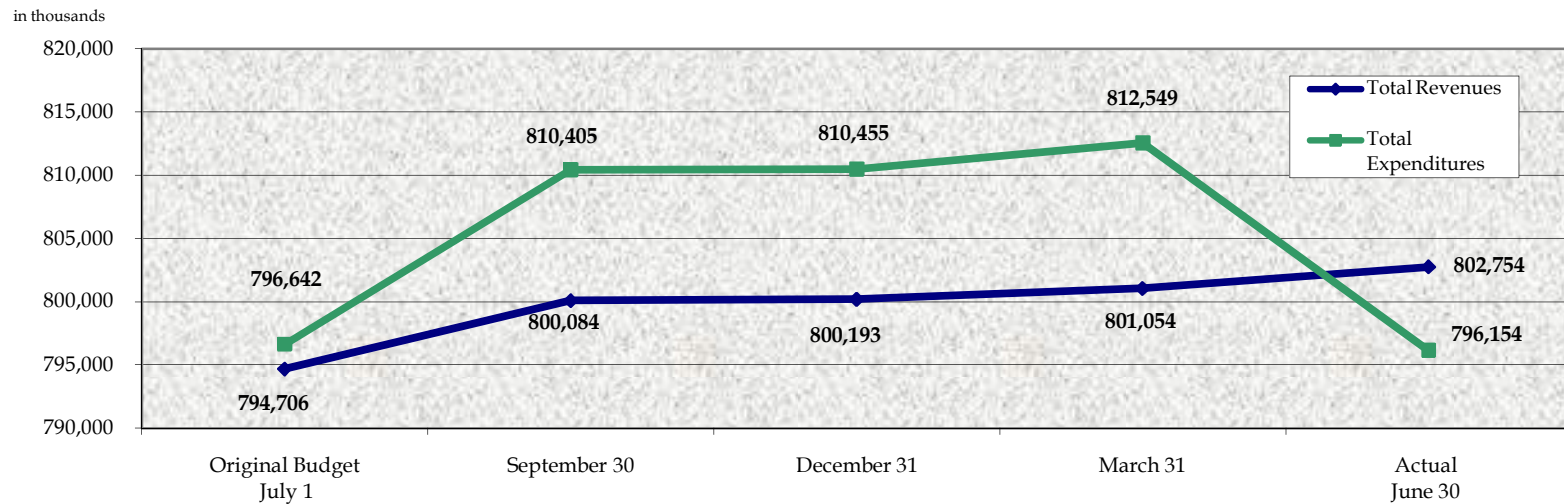
This report provides information on the financial performance of SIU's major operating fund groups for FY2009. Schedule A shows how the budget was adjusted during the year, as presented in periodic reports to the Board. It also compares revenue and expenditure estimates with actual year-end totals. Schedule 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.

SIU FINANCIAL PERFORMANCE REPORT

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

Fiscal Year 2009 (\$ in thousands)	Original Budget July 1	September 30	December 31	March 31	Actual June 30 (1)	% Diff. from Revised Budget
Total Revenues	794,706	800,084	800,193	801,054	802,754	0%
Total Expenditures	796,642	810,405	810,455	812,549	796,154	-2%
Net Operating Results	(1,936)	(10,321)	(10,262)	(11,495)	6,600	
Beginning Cash Balance	63,919	77,843	77,843	77,843	77,843	
Ending Cash Balance (2) (3)	61,983	67,522	67,581	66,348	84,443	27%



(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.

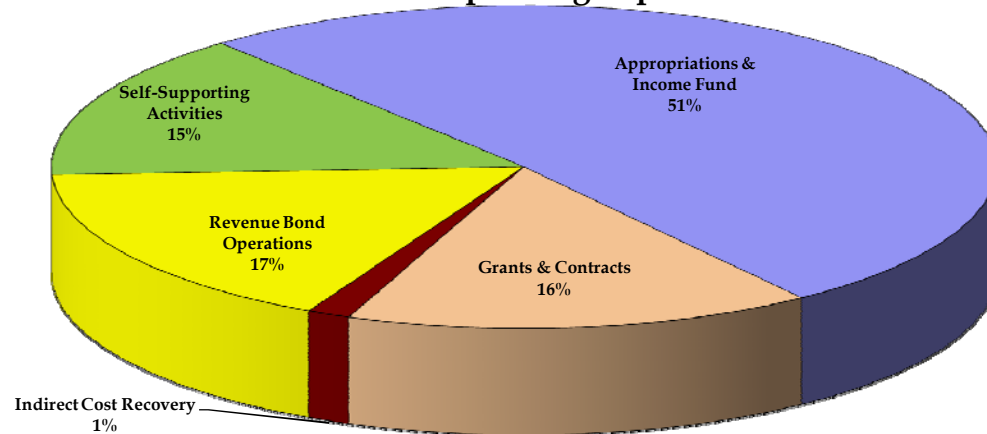
(3) Ending Cash is unaudited and has not been adjusted for transfers or other accounting adjustments.

SIU FINANCIAL PERFORMANCE REPORT

Southern Illinois University
Fiscal Year 2009 Net Operating Results by Fund Group

	<u>Appropriations (1) & 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	407,330,100	127,419,600	13,572,800	134,300,200	120,131,100	802,753,800	159,950,000
Total Expenditures	407,242,200	127,419,600	11,726,400	132,873,700	116,891,800	796,153,700	149,074,300
Net Operating Results (+/-)	87,900	0	1,846,400	1,426,500	3,239,300	6,600,100	10,875,700
Beginning Cash Balance (4)	\$8,612,670	\$0	\$17,789,093	\$20,545,018	\$30,896,297	\$77,843,079	\$6,521,209
Ending Cash Balance (5)	<u>\$8,700,570</u>	<u>\$0</u>	<u>\$19,635,493</u>	<u>\$21,971,518</u>	<u>\$34,135,597</u>	<u>\$84,443,179</u>	<u>\$17,396,909</u>

Distribution of Operating Expenditures

**Note:**

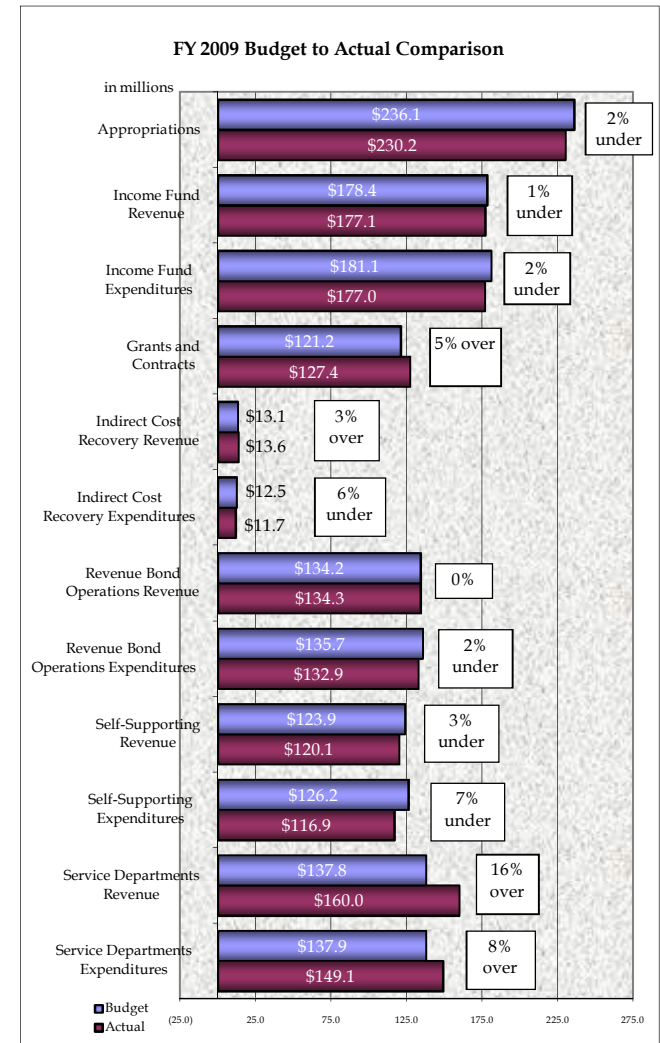
- (1) Appropriations - Direct payments by the State of Illinois for staff benefits on behalf of the University total about \$122 million.
- (2) Grants and Contracts - Revenues received from external sources match expenditures over the life of the grant, therefore the cash balance is reflected as zero.
- (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 2010.

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 2009

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2008	FY 2009	\$ Change	% Change
Appropriations (a) (b)				
Expenditures	227,184,300	230,231,700	3,047,400	1%
Income Fund (b)				
Revenue	167,274,500	177,098,400	9,823,900	6%
Expenditures	164,343,000	177,010,500	12,667,500	8%
Net Result	2,931,500	87,900	(2,843,600)	
Grants and Contracts (c)				
Expenditures	123,131,600	127,419,600	4,288,000	3%
Indirect Cost Recovery				
Revenue	12,903,800	13,572,800	669,000	5%
Expenditures	9,235,900	11,726,400	2,490,500	27%
Net Result	3,667,900	1,846,400	(1,821,500)	
Revenue Bond Operations				
Revenue	125,045,400	134,300,200	9,254,800	7%
Expenditures	122,216,600	132,873,700	10,657,100	9%
Net Result	2,828,800	1,426,500	(1,402,300)	
Self-Supporting Activities				
Revenue	108,220,100	120,131,100	11,911,000	11%
Expenditures	99,926,000	116,891,800	16,965,800	17%
Net Result	8,294,100	3,239,300	(5,054,800)	
Service Departments				
Revenue	132,167,200	159,950,000	27,782,800	21%
Expenditures	131,177,300	149,074,300	17,897,000	14%
Net Result	989,900	10,875,700	9,885,800	



Note: Budgets as of 3/31/09 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.

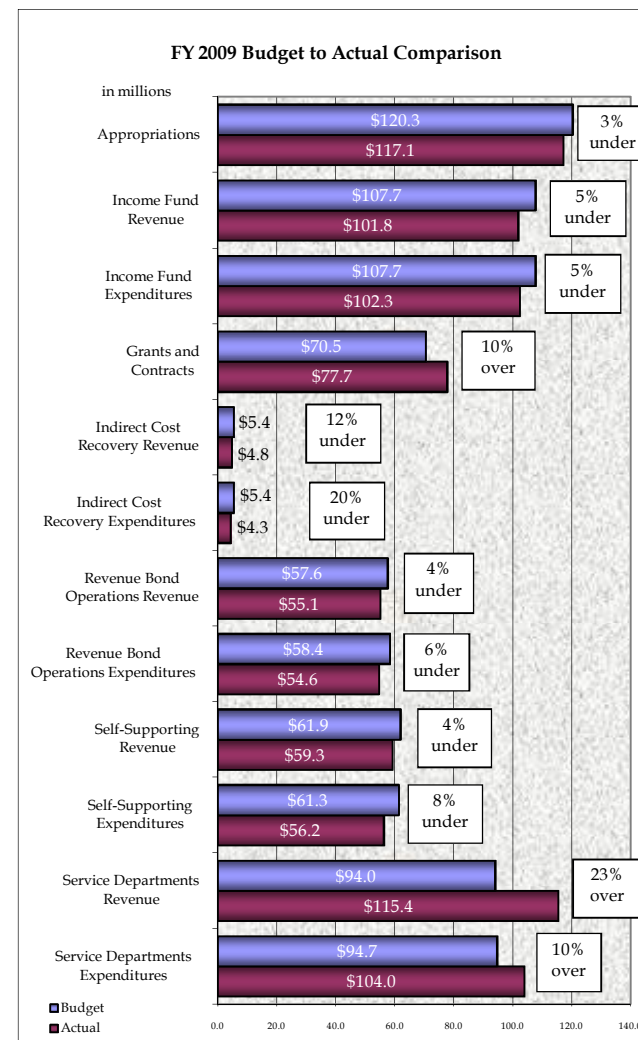
Numbers are rounded to the nearest thousand

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 2009

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2008	FY 2009	\$ Change	% Change
Appropriations				
Expenditures	116,872,900	117,103,000	230,100	0%
Income Fund				
Revenue	95,976,400	101,812,000	5,835,600	6%
Expenditures	94,362,500	102,327,300	7,964,800	8%
Net Result	1,613,899	(515,300)	(2,129,200)	
Grants and Contracts				
Expenditures	75,374,600	77,725,600	2,351,000	3% (1)
Indirect Cost Recovery				
Revenue	5,137,200	4,785,800	(351,400)	-7%
Expenditures	4,100,500	4,337,900	237,400	6%
Net Result	1,036,700	447,900	(588,800)	
Revenue Bond Operations				
Revenue	53,264,100	55,120,800	1,856,700	3% (2)
Expenditures	50,037,000	54,633,800	4,596,800	9% (3)
Net Result	3,227,100	487,000	(2,740,100)	
Self-Supporting Activities				
Revenue	53,657,900	59,256,300	5,598,400	10% (4)
Expenditures	51,048,700	56,244,000	5,195,300	10% (4)
Net Result	2,609,200	3,012,300	403,100	
Service Departments				
Revenue	89,915,400	115,447,800	25,532,400	28% (5)
Expenditures	88,436,300	103,959,400	15,523,100	18% (5)
Net Result	1,479,100	11,488,400	10,009,300	



(1) Increase due to increases in Pell Grant Program, IL Clean Coal Research Program, IL Nurse Assistant Competency project, and WSU/WUSI Digital Master Control project.

(2) Increase due to increases in housing rates and student fees.

(3) Increased due to increases in salaries and transfers to the Interest Sinking Fund.

(4) Revenues increased due to increase in Facilities Maintenance fee. The remaining increases were due to fluctuations that occur in the normal course of business.

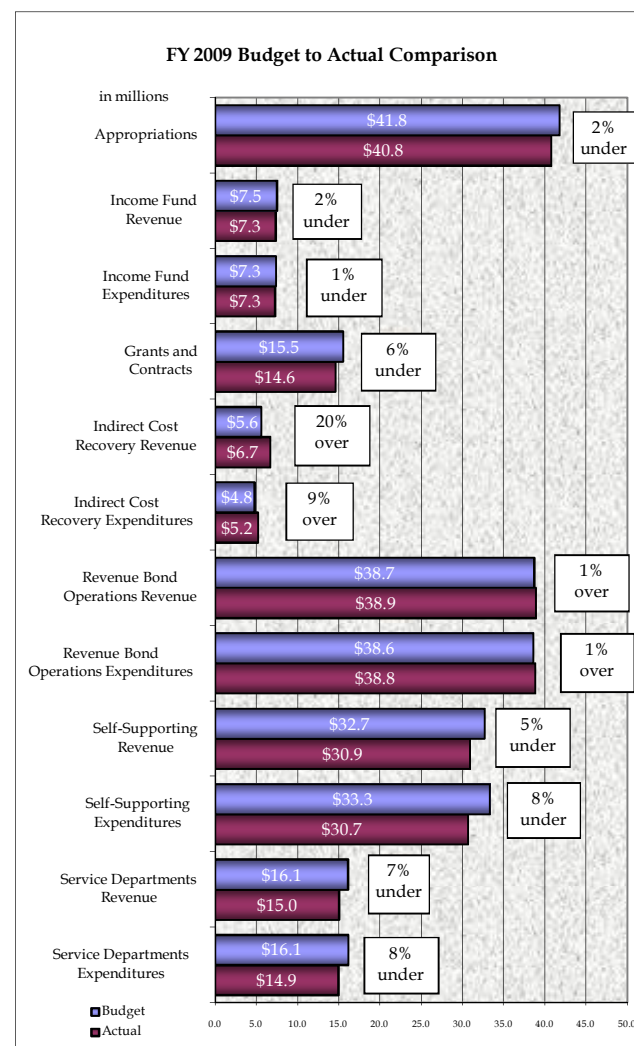
(5) Increase due to several construction projects, including Saluki Way, Thompson Point sprinkler system and Morris Library renovation.

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

SIU FINANCIAL PERFORMANCE - COMPARATIVE STATEMENT

SIUC School of Medicine - Statement of Financial Performance for Fiscal Year 2009

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2008	FY 2009	\$ Change	% Change
Appropriations				
Expenditures	40,473,500	40,760,400	286,900	1%
Income Fund				
Revenue	7,193,100	7,319,400	126,300	2%
Expenditures	7,299,500	7,252,200	(47,300)	-1%
Net Result	(106,400)	67,200	173,600	
Grants and Contracts				
Expenditures	14,241,900	14,574,700	332,800	2%
Indirect Cost Recovery				
Revenue	5,878,700	6,666,200	787,500	13% (1)
Expenditures	3,426,800	5,178,000	1,751,200	51% (2)
Net Result	2,451,900	1,488,200	(963,700)	
Revenue Bond Operations				
Revenue	35,761,300	38,896,400	3,135,100	9% (3)
Expenditures	35,813,600	38,824,900	3,011,300	8% (4)
Net Result	(52,300)	71,500	123,800	
Self-Supporting Activities				
Revenue	26,316,400	30,900,400	4,584,000	17% (5)
Expenditures	25,290,900	30,678,300	5,387,400	21% (5)
Net Result	1,025,500	222,100	(803,400)	
Service Departments				
Revenue	14,275,900	15,008,300	732,400	5%
Expenditures	15,345,200	14,917,600	(427,600)	-3%
Net Result	(1,069,300)	90,700	1,160,000	



(1) Increase due to increases in Indirect Cost Overhead Recoveries and charge rate related to SIU Healthcare overhead.

(2) Increase due to increases in departmental spending of grant overhead distributions and local fund spending due to state appropriation funds rescission.

(3) Increase due to increases in clinical overhead and Intergovernmental Transfer (IGT) Funds.

(4) Increase due to renovation of OB/GYN and Internal Medicine Clinics and increase in expenses related to increased clinical support.

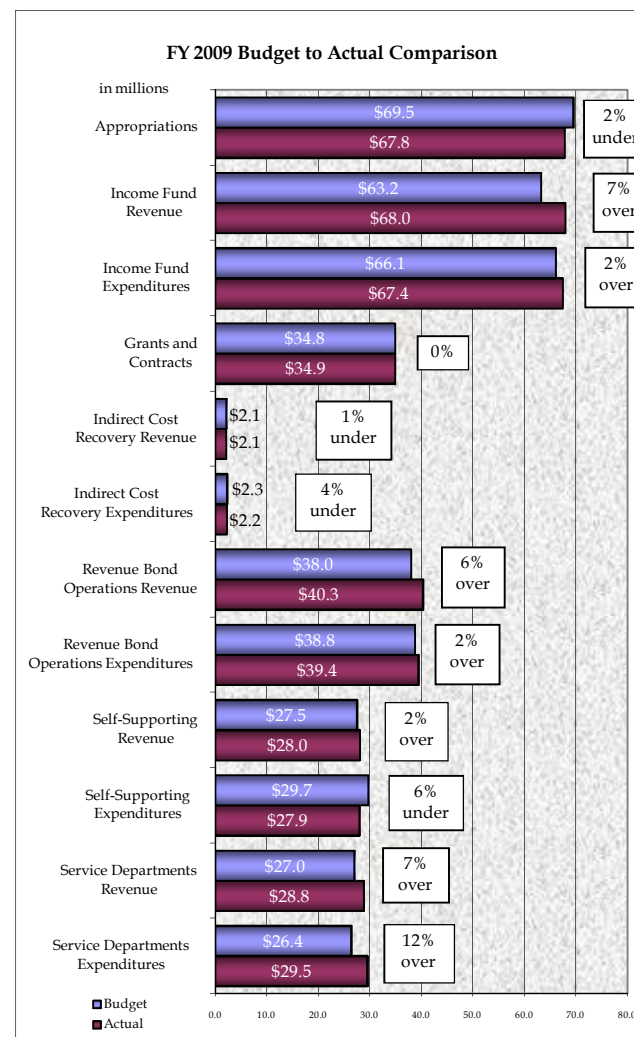
(5) Increases due to increase in hospital affiliations and other healthcare facilities contracts.

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 2009

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2008	FY 2009	\$ Change	% Change
Appropriations				
Expenditures	65,135,000	67,802,200	2,667,200	4% (1)
Income Fund				
Revenue	64,105,000	67,967,000	3,862,000	6% (2)
Expenditures	62,681,000	67,431,000	4,750,000	8% (3)
Net Result	1,424,000	536,000	(888,000)	
Grants and Contracts				
Expenditures	32,910,000	34,896,000	1,986,000	6%
Indirect Cost Recovery				
Revenue	1,842,000	2,066,000	224,000	12%
Expenditures	1,671,000	2,172,000	501,000	30%
Net Result	171,000	(106,000)	(277,000)	
Revenue Bond Operations				
Revenue	36,020,000	40,283,000	4,263,000	12% (4)
Expenditures	36,366,000	39,415,000	3,049,000	8% (5)
Net Result	(346,000)	868,000	1,214,000	
Self-Supporting Activities				
Revenue	26,389,000	28,019,000	1,630,000	6% (6)
Expenditures	22,068,000	27,942,000	5,874,000	27% (7)
Net Result	4,321,000	77,000	(4,244,000)	
Service Departments				
Revenue	27,649,000	28,770,000	1,121,000	4%
Expenditures	26,719,000	29,477,000	2,758,000	10% (8)
Net Result	930,000	(707,000)	(1,637,000)	



(1) FY09 includes \$2.5 million for the School of Pharmacy.

(2) Increase due to tuition rate increase, increased enrollment and the final year of the School of Pharmacy implementation.

(3) Increase due to salary increases and the final year of the School of Pharmacy implementation.

(4) Increase due to the inclusion of the Student Success Center and various rate increases, including Housing, Student Fitness Center, Parking and University Center food and meal plans.

(5) Increases due to increases in salary and minimum wage, utilities costs, Housing debt service and non-mandatory contribution to RRR.

(6) Increase due to various fee increases, including Athletics, Textbook, Information Technology and Student Welfare Activity.

(7) Increase due to Vadalabene Center bleachers, campus roof projects, Intercollegiate Athletics Division I reclassifications and construction/renovation projects at the School of Dental Medicine.

(8) Increase due to higher billings by Facilities Management for campus projects and technology and utility infrastructure improvement projects.

SIU FINANCIAL PERFORMANCE - COMPARATIVE STATEMENT

SIU University Administration - Statement of Financial Performance for Fiscal Year 2009

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2008	FY 2009	\$ Change	% Change
Appropriations				
Expenditures	1,975,400	2,089,300	113,900	6% (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	54,800	8,900	19%
Expenditures	37,600	38,500	900	2%
Net Result	8,300	16,300	8,000	
Revenue Bond Operations				
Revenue	0	0	0	0%
Expenditures	0	0	0	0%
Net Result	0	0	0	
Self-Supporting Activities				
Revenue	38,500	42,200	3,700	10%
Expenditures	49,200	40,400	(8,800)	-18%
Net Result	(10,700)	1,800	12,500	
Service Departments				
Revenue	0	0	0	0%
Expenditures	0	0	0	0%
Net Result	0	0	0	



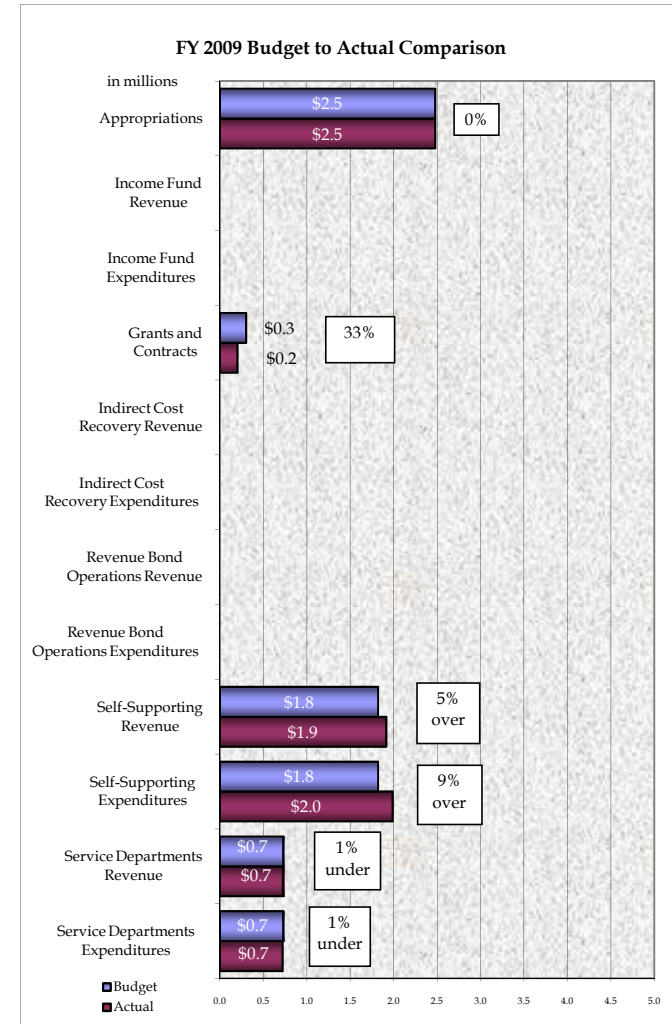
(1) Increase is due to salaries increases and salaries being shifted to UWS in FY08.

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 2009

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2008	FY 2009	\$ Change	% Change
Appropriations				
Expenditures	2,727,500	2,476,800	(250,700)	-9% (1)
Income Fund				
Revenue	0	0	0	0%
Expenditures	0	0	0	0%
Net Result	0	0	0	
Grants and Contracts				
Expenditures	605,100	223,300	(381,800)	-63% (2)
Indirect Cost Recovery				
Revenue	0	0	0	0%
Expenditures	0	0	0	0%
Net Result	0	0	0	
Revenue Bond Operations				
Revenue	0	0	0	0%
Expenditures	0	0	0	0%
Net Result	0	0	0	
Self-Supporting Activities				
Revenue	1,818,300	1,913,200	94,900	5%
Expenditures	1,469,200	1,987,100	517,900	35% (3)
Net Result	349,100	(73,900)	(423,000)	
Service Departments				
Revenue	326,900	723,900	397,000	121% (4)
Expenditures	676,800	720,300	43,500	6%
Net Result	(349,900)	3,600	353,500	



(1) Decrease due to account (System Service Center) being reclassified back to Carbondale.

(2) Decreases due to Connect SI & Katherine Dunham center grants expiring in FY09.

(3) Increase due to transfer out of funds to establish new Treasury Initiatives account.

(4) Increase due to timing of reimbursements.

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, 2009

Southern Illinois University - Combined Total
FY 2010 Operating Budget
by Major Fund Groups

	<u>Appropriated & 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 2010 Totals</u>	<u>Service (2) Departments</u>
Revenue Estimates							
Budget as of 7/1/09	\$426,045,700	\$117,791,100	\$13,000,700	\$144,441,500	\$126,058,800	\$827,337,800	\$188,805,300
Budget as of 9/30/09	<u>421,257,100</u>	<u>117,791,100</u>	<u>13,110,400</u>	<u>145,125,700</u>	<u>127,568,600</u>	<u>824,852,900</u>	<u>190,385,400</u>
Revenue Budget Variance	(\$4,788,600)	\$0	\$109,700	\$684,200	\$1,509,800	(\$2,484,900)	\$1,580,100
% Change	-1.1%	0.0%	0.8%	0.5%	1.2%	-0.3%	0.8%
Expenditures Estimates							
Budget as of 7/1/09	\$426,045,700	\$117,791,100	\$12,757,000	\$147,072,900	\$127,207,700	\$830,874,400	\$189,087,800
Budget as of 9/30/09	<u>424,905,300</u>	<u>117,791,100</u>	<u>12,920,900</u>	<u>147,070,200</u>	<u>129,193,400</u>	<u>831,880,900</u>	<u>190,903,100</u>
Expenditures Budget Variance	(\$1,140,400)	\$0	\$163,900	(\$2,700)	\$1,985,700	\$1,006,500	\$1,815,300
% Change	-0.3%	0.0%	1.3%	0.0%	1.6%	0.1%	1.0%
Planned Operating Results (+/-)	(3,648,200)	0	189,500	(1,944,500)	(1,624,800)	(\$7,028,000)	(517,700)
Beginning Cash Balance (1)	\$8,274,700	\$0	\$19,623,052	\$21,923,785	\$33,154,180	\$82,975,717	\$1,320,401
Estimated Ending Cash Balance	<u>\$4,626,500</u>	<u>\$0</u>	<u>\$19,812,552</u>	<u>\$19,979,285</u>	<u>\$31,529,380</u>	<u>\$75,947,717</u>	<u>\$802,701</u>

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 2010 Operating Budget
by Major Fund Groups

	<u>Appropriated & 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 2010 Totals</u>	<u>Service (2) Departments</u>
Revenue Estimates							
Budget as of 7/1/09	\$232,202,500	\$71,405,000	\$5,380,000	\$65,304,000	\$57,026,900	\$431,318,400	\$143,600,800
Budget as of 9/30/09	<u>227,419,800</u>	<u>71,405,000</u>	<u>5,380,000</u>	<u>65,988,200</u>	<u>56,069,400</u>	<u>426,262,400</u>	<u>143,604,500</u>
Revenue Budget Variance	(\$4,782,700)	\$0	\$0	\$684,200	(\$957,500)	(\$5,056,000)	\$3,700
% Change	-2.1%	0.0%	0.0%	1.0%	-1.7%	-1.2%	0.0%
Expenditures Estimates							
Budget as of 7/1/09	\$232,202,500	\$71,405,000	\$5,380,000	\$65,904,300	\$59,874,100	\$434,765,900	\$144,176,200
Budget as of 9/30/09	<u>227,679,500</u>	<u>71,405,000</u>	<u>5,380,000</u>	<u>65,901,600</u>	<u>58,997,600</u>	<u>429,363,700</u>	<u>144,179,900</u>
Expenditures Budget Variance	(\$4,523,000)	\$0	\$0	(\$2,700)	(\$876,500)	(\$5,402,200)	\$3,700
% Change	-1.9%	0.0%	0.0%	0.0%	-1.5%	-1.2%	0.0%
Planned Operating Results (+/-)	(259,700)	0	0	86,600	(2,928,200)	(\$3,101,300)	(575,400)
Beginning Cash Balance (1)	\$4,734,400	\$0	\$8,291,700	\$12,311,800	\$15,086,600	\$40,424,500	\$1,497,450
Estimated Ending Cash Balance	<u>\$4,474,700</u>	<u>\$0</u>	<u>\$8,291,700</u>	<u>\$12,398,400</u>	<u>\$12,158,400</u>	<u>\$37,323,200</u>	<u>\$922,050</u>

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 School of Medicine
FY 2010 Operating Budget
by Major Fund Groups

	<u>Appropriated & 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 2010 Totals</u>	<u>Service (2) Departments</u>
Revenue Estimates							
Budget as of 7/1/09	\$49,719,000	\$16,300,000	\$5,577,100	\$38,805,200	\$37,517,300	\$147,918,600	\$15,199,200
Budget as of 9/30/09	<u>49,713,100</u>	<u>16,300,000</u>	<u>5,686,800</u>	<u>38,805,200</u>	<u>39,984,600</u>	<u>150,489,700</u>	<u>16,775,600</u>
Revenue Budget Variance	(\$5,900)	\$0	\$109,700	\$0	\$2,467,300	\$2,571,100	\$1,576,400
% Change	0.0%	0.0%	2.0%	0.0%	6.6%	1.7%	10.4%
Expenditures Estimates							
Budget as of 7/1/09	\$49,719,000	\$16,300,000	\$5,311,000	\$38,992,900	\$35,641,900	\$145,964,800	\$14,863,900
Budget as of 9/30/09	<u>49,731,500</u>	<u>16,300,000</u>	<u>5,474,900</u>	<u>38,992,900</u>	<u>38,504,100</u>	<u>149,003,400</u>	<u>16,675,500</u>
Expenditures Budget Variance	\$12,500	\$0	\$163,900	\$0	\$2,862,200	\$3,038,600	\$1,811,600
% Change	0.0%	0.0%	3.1%	0.0%	8.0%	2.1%	12.2%
Planned Operating Results (+/-)	(18,400)	0	211,900	(187,700)	1,480,500	\$1,486,300	100,100
Beginning Cash Balance (1)	\$170,200	\$0	\$10,551,700	\$3,167,300	\$4,350,100	\$18,239,300	\$609,600
Estimated Ending Cash Balance	<u>\$151,800</u>	<u>\$0</u>	<u>\$10,763,600</u>	<u>\$2,979,600</u>	<u>\$5,830,600</u>	<u>\$19,725,600</u>	<u>\$709,700</u>

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 Edwardsville
FY 2010 Operating Budget
by Major Fund Groups

	<u>Appropriated & 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 2010 Totals</u>	<u>Service (2) Departments</u>
Revenue Estimates							
Budget as of 7/1/09	\$140,225,400	\$30,086,100	\$1,993,600	\$40,332,300	\$29,855,400	\$242,492,800	\$29,260,400
Budget as of 9/30/09	<u>140,225,400</u>	<u>30,086,100</u>	<u>1,993,600</u>	<u>40,332,300</u>	<u>29,855,400</u>	<u>242,492,800</u>	<u>29,260,400</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%
Expenditures Estimates							
Budget as of 7/1/09	\$140,225,400	\$30,086,100	\$2,016,000	\$42,175,700	\$30,022,500	\$244,525,700	\$29,302,800
Budget as of 9/30/09	<u>143,595,500</u>	<u>30,086,100</u>	<u>2,016,000</u>	<u>42,175,700</u>	<u>30,022,500</u>	<u>247,895,800</u>	<u>29,302,800</u>
Expenditures Budget Variance	\$3,370,100	\$0	\$0	\$0	\$0	\$3,370,100	\$0
% Change	2.4%	0.0%	0.0%	0.0%	0.0%	1.4%	0.0%
Planned Operating Results (+/-)	(3,370,100)	0	(22,400)	(1,843,400)	(167,100)	(\$5,403,000)	(42,400)
Beginning Cash Balance (1)	\$3,370,100	\$0	\$602,457	\$6,444,685	\$13,404,337	\$23,821,579	(\$786,649)
Estimated Ending Cash Balance	<u>\$0</u>	<u>\$0</u>	<u>\$580,057</u>	<u>\$4,601,285</u>	<u>\$13,237,237</u>	<u>\$18,418,579</u>	<u>(\$829,049)</u>

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 University Administration
FY 2010 Operating Budget
by Major Fund Groups

	<u>Appropriated & 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 2010 Totals</u>	<u>Service (2) Departments</u>
Revenue Estimates							
Budget as of 7/1/09	\$2,141,800	\$0	\$50,000	\$0	\$40,000	\$2,231,800	\$0
Budget as of 9/30/09	<u>2,141,800</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>40,000</u>	<u>2,231,800</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%
Expenditures Estimates							
Budget as of 7/1/09	\$2,141,800	\$0	\$50,000	\$0	\$50,000	\$2,241,800	\$0
Budget as of 9/30/09	<u>2,141,800</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>50,000</u>	<u>2,241,800</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
Beginning Cash Balance (1)	\$0	\$0	\$177,195	\$0	\$75,973	\$253,168	\$0
Estimated Ending Cash Balance	<u>\$0</u>	<u>\$0</u>	<u>\$177,195</u>	<u>\$0</u>	<u>\$65,973</u>	<u>\$243,168</u>	<u>\$0</u>

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 University Wide Services
FY 2010 Operating Budget
by Major Fund Groups

	<u>Appropriated & 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 2010 Totals</u>	<u>Service (2) Departments</u>
Revenue Estimates							
Budget as of 7/1/09	\$1,757,000	\$0	\$0	\$0	\$1,619,200	\$3,376,200	\$744,900
Budget as of 9/30/09	<u>1,757,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,619,200</u>	<u>3,376,200</u>	<u>744,900</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%
Expenditures Estimates							
Budget as of 7/1/09	\$1,757,000	\$0	\$0	\$0	\$1,619,200	\$3,376,200	\$744,900
Budget as of 9/30/09	<u>1,757,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,619,200</u>	<u>3,376,200</u>	<u>744,900</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
Beginning Cash Balance (1)	\$0	\$0	\$0	\$0	\$237,170	\$237,170	\$0
Estimated Ending Cash Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$237,170</u>	<u>\$237,170</u>	<u>\$0</u>

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 9/30/2009

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 2010 Income Fund Revenue & Enrollment Projections

Fund Source	Original Projection	Current Projections	Variance
Tuition	\$172,840,600	\$168,094,600	(\$4,746,000)
Miscellaneous Income	4,489,600	4,489,000	(600)
Off-Campus Programs	12,648,500	12,606,500	(42,000)
	-----	-----	-----
Total Revenue Estimate	\$189,978,700	\$185,190,100	(\$4,788,600)
Carryover From Previous Fiscal Year	84,700	8,274,700	8,190,000
Total Expenditure Estimate	189,978,700	188,838,300	(1,140,400)
Net Result	<u>\$84,700</u>	<u>\$4,626,500</u>	<u>\$4,541,800</u>

Fall Term 2009 (FY10)	Projection	Actual	Variance
Enrollment Headcount	34,271	34,288	17

Southern Illinois University Carbondale

FY 2010 Income Fund Revenue & Enrollment Projections

Fund Source	Original Projection	Current Projections	Variance
Tuition	\$96,810,900	\$92,082,700	(\$4,728,200)
Miscellaneous Income	2,806,400	2,806,400	0
Off-Campus Programs	11,760,000	11,718,000	(42,000)
	-----	-----	-----
Total Revenue Estimate	\$111,377,300	\$106,607,100	(\$4,770,200)
Carryover From Previous Fiscal Year	0	4,734,500	4,734,500
Total Expenditure Estimate	111,377,300	106,866,800	(4,510,500)
Net Result	<u>\$0</u>	<u>\$4,474,800</u>	<u>\$4,474,800</u>

Fall Term 2009 (FY10)	Projection	Actual	Variance
Enrollment Headcount	20,381	20,057	(324)

Southern Illinois University School of Medicine

FY 2010 Income Fund Revenue & Enrollment Projections

Fund Source	Original Projection	Current Projections	Variance
Tuition	\$7,886,300	\$7,868,500	(\$17,800)
Miscellaneous Income	56,200	55,600	(600)
Off-Campus Programs	0	0	0
Total Revenue Estimate	\$7,942,500	\$7,924,100	(\$18,400)
Carryover From Previous Fiscal Year	84,700	170,100	85,400
Total Expenditure Estimate	7,942,500	7,942,500	0
Net Result	<u>\$84,700</u>	<u>\$151,700</u>	<u>\$67,000</u>

Fall Term 2009 (FY10)	Projection	Actual	Variance
Enrollment Headcount	294	291	(3)

Southern Illinois University Edwardsville

FY 2010 Income Fund Revenue & Enrollment Projections

Fund Source	Original Projection	Current Projections	Variance
Tuition	\$68,143,400	\$68,143,400	\$0
Miscellaneous Income	1,627,000	1,627,000	0
Off-Campus Programs	888,500	888,500	0
	-----	-----	-----
Total Revenue Estimate	\$70,658,900	\$70,658,900	\$0
Carryover From Previous Fiscal Year	0	3,370,100	3,370,100
Total Expenditure Estimate	70,658,900	74,029,000	3,370,100
Net Result	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Fall Term 2009 (FY10)	Projection	Actual	Variance
Enrollment Headcount	13,596	13,940	344

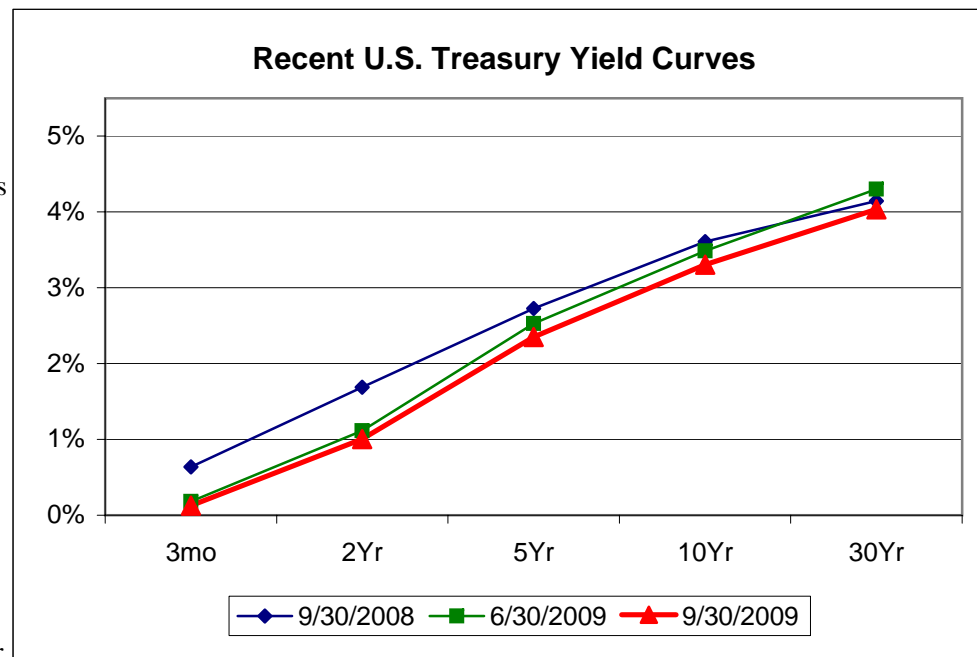


Southern Illinois University

Quarterly Investment Report
September 30, 2009

Performance Analysis

This quarter the equity markets (both domestic and world-wide) continued to surge ahead, reflecting the plethora of positive corporate earnings reports as well as the lack of strong inflation signals. Low inflation also promoted lower interest rates, as Treasury yields came down across the yield curve: down 6 basis points for the 3-month maturity, 18 basis points for the 10-year maturity, and 27 basis points for the 30-year maturity. While it appears that larger and more stable companies have weathered the storm for now, there continues to be a great deal of volatility in the market, and certain economic sectors continue to suffer. Housing prices have yet to recover meaningfully, with many observers saying that even the bottom of this market has yet to appear. Traditional banking also continues to struggle despite the TARP monies, with bank failures, which started out slow in 2007 (3 failures) and 2008 (25 failures), increasing dramatically to 99 so far this year. For the remainder of the year all eyes will continue to look for signs of inflation, with the potential for interest rates to turn higher



Southern Illinois University's investments earned a quarterly return of 1.00% for the quarter ending September 30, 2009, slightly below the weighted average benchmark return of 1.05%. This positive return is attributable primarily to a modest decline in interest rates during the quarter. The investments in the Intermediate Fund managed by Western Assets returned 1.64% for the quarter, compared to the benchmark return of 1.63%. Investments in the Illinois Funds returned 0.04% for the quarter, slightly better than the 0.01% return for the Merrill Lynch Ready Assets Trust. As expected, the Illinois Funds Prime Fund was closed on July 1 and all proceeds were transferred to the Illinois Funds Money Market Fund. Although the University's returns on the Intermediate Fund and Illinois Funds exceeded their respective benchmarks, the overall return trailed the overall weighted average benchmark return for the quarter (1.00% vs. 1.05%), due solely to the specific method for calculating the weighted average benchmark, which uses beginning-of-month balances in its calculations.

John S. Vincent & Company LLC

Operating Investments

Operating Investment Position

Investment Balance

Market Value (\$ in millions)

	9/30/2008	12/31/2008	3/31/2009	6/30/2009	9/30/2009
State Treasury Fund- Money Market	\$ 51.4	\$ 71.4	\$ 63.0	\$ 44.9	\$ 85.1
State Treasury Fund- Prime*	61.5	26.1	56.1	9.2	
Western Asset - Short Portfolio**	22.9	23.7			
Western Asset - Intermediate Portfolio	71.8	76.5	100.2	99.7	101.4
Total Portfolio	<u>\$ 207.6</u>	<u>\$ 197.7</u>	<u>\$ 219.3</u>	<u>\$ 153.8</u>	<u>\$ 186.5</u>
Due from State	49.8	57.1	82.9	44.1	59.2
Total Portfolio including Due from State	<u>\$ 257.4</u>	<u>\$ 254.8</u>	<u>\$ 302.2</u>	<u>\$ 197.9</u>	<u>\$ 245.7</u>

Market Value Change (\$ in millions)

	9/30/2008	12/31/2008	3/31/2009	6/30/2009	9/30/2009
Beginning Market Value	\$ 198.3	\$ 207.6	\$ 197.7	\$ 219.3	\$ 153.8
Deposits (Withdrawals)	7.6	(15.6)	21.5	(65.1)	31.1
Interest Income, Net of Fees	1.5	1.2	1.0	0.9	0.8
Realized Gain (Loss)	0.0	0.1	0.5	0.2	1.2
Unrealized Gain (Loss)	0.2	4.4	(1.4)	(1.5)	(0.4)
Ending Market Value	<u>\$ 207.6</u>	<u>\$ 197.7</u>	<u>\$ 219.3</u>	<u>\$ 153.8</u>	<u>\$ 186.5</u>

*The State Treasurer's Office merged the Prime fund portfolio assets into the Money Market portfolio on July 1, 2009; the Prime Fund was then closed.

**In accordance with revisions made to the Investment Policy, as approved by the Board of Trustees on December 11, 2008, assets within the Short Term Portfolio were transferred into the Intermediate Portfolio effective January 1, 2009.

Operating Performance

Quarterly Performance

	9/30/2008	12/31/2008	3/31/2009	6/30/2009	9/30/2009
State Treasury Fund Rate of Return					
State Treasury Portfolio	0.53%	0.26%	0.12%	0.07%	0.04%
Merrill Lynch Ready Assets	0.54%	0.56%	0.23%	0.05%	0.01%
Short Term Portfolio Rate of Return*					
Western Asset Short Term Portfolio	0.95%	3.09%	N/A	N/A	N/A
Lehman Bros 1-3 Year Govt Index	1.38%	3.04%	N/A	N/A	N/A
Intermediate Portfolio Rate of Return					
Western Asset Intermediate Portfolio	1.27%	6.74%	-0.01%	-0.49%	1.64%
Barclays Capital Intermediate U.S. Govt	1.79%	6.16%	-0.08%	-1.44%	1.63%
Total Fund Rate of Return					
Total Portfolio	0.85%	3.10%	0.06%	-0.23%	1.00%
Benchmark	1.10%	2.98%	0.08%	-0.65%	1.05%

Historical Annual Performance

	FY 2006	FY 2007	FY 2008	FY2009	Fiscal YTD ending 9/30/2009
Total Fund Rate of Return					
Total Portfolio	2.36%	5.29%	5.95%	3.80%	1.00%
Benchmark	2.08%	5.12%	6.40%	3.51%	1.05%

*In accordance with revisions made to the Investment Policy, as approved by the Board of Trustees on December 11, 2008, assets within the Short Term Portfolio were transferred into the Intermediate Portfolio effective January 1, 2009.

Asset Allocation

Asset Allocation As of September 30, 2009

	Market Value (in millions)	Allocation Percentage	Target Asset Allocation (in millions)
State Treasury Fund	\$85.1	46%	\$40 Minimum
Western Asset - Intermediate Term Portfolio	101.4	54%	\$65-105
	<u>\$186.5</u>		

Fees

Investment Manager Fees*

	Basis Points	9/30/2008	12/31/2008	3/31/2009	6/30/2009	Total
	As of 6/30/09					
State Treasury Fund- Money Market	9.3	\$9,502.89	\$9,664.16	\$14,228.35	\$11,921.34	\$45,316.74
State Treasury Fund- Prime	9.1	13,204.62	10,323.85	13,559.03	9,487.29	46,574.79
Western Asset - Short Term Portfolio	25.0	14,306.46	14,621.06	N/A	N/A	28,927.52
Western Asset - Intermediate Term Portfolio	25.0	<u>44,715.97</u>	<u>46,321.99</u>	<u>62,172.15</u>	<u>62,405.82</u>	<u>215,615.93</u>
Total Investment Manager Fees		\$81,729.94	\$80,931.06	\$89,959.53	\$83,814.45	\$336,434.98

Custody Bank Fees*

	9/30/2008	12/31/2008	3/31/2009	6/30/2009	Total
JP Morgan Chase	\$6,044.79	\$6,114.01	\$6,350.16	\$5,048.90	\$23,557.86

* 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)

	9/30/2008	12/31/2008	3/31/2009	6/30/2009	9/30/2009
Housing & Auxiliary Facilities System					
Construction Proceeds	28.4	25.2	21.6	63.0	54.5
Interest Sinking Fund	10.1	11.5	16.3	5.8	11.5
Debt Service Reserve	9.4	9.5	9.4	9.3	9.3
Total HAFS	<u>47.9</u>	<u>46.2</u>	<u>47.3</u>	<u>78.1</u>	<u>75.3</u>
Medical Facilities System					
Construction Proceeds	1.6	1.3	0.7	0.1	0.1
Interest Sinking Fund	0.8	0.8	1.2	0.4	0.8
Debt Service Reserve	0.0	0.0	0.0	0.0	0.0
Total MFS	<u>2.4</u>	<u>2.1</u>	<u>1.9</u>	<u>0.5</u>	<u>0.9</u>
Certificates of Participation					
Construction Proceeds	1.3	0.7	0.7	0.5	0.4
Interest Sinking Fund	2.0	2.0	1.9	1.9	1.4
Debt Service Reserve	0.0	0.0	0.0	0.0	0.0
Total COPS	<u>3.3</u>	<u>2.7</u>	<u>2.6</u>	<u>2.4</u>	<u>1.8</u>
Total Capital Investment Portfolio	\$ 53.6	\$ 51.0	\$ 51.8	\$ 81.0	\$ 78.0

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.