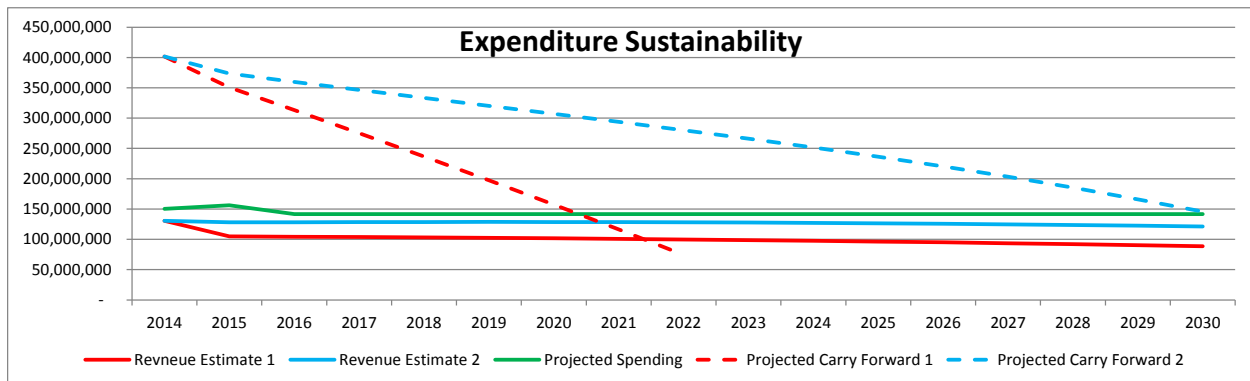


FIRST THINGS FIRST
Expenditure Sustainability Modeling

Based on the actions taken at the July 2014 Board meeting, and current carry forward balances, the FY15 ending balance can be estimated at about \$130.5 million. Starting with this balance, in combination with the projected expenditure level of \$141.7 million and the estimates of tobacco tax collections plus interested earned, you are able to project future carry forward balances. This projection can be made using both the expected and lower bounds of the ASU College of Business 2014 tobacco tax collection projections.

The following chart shows this modeling, and provides a projection around how long a \$141.7 million expenditure level can be sustained.



The point at which this expenditure level (represented by the green line), can no longer be sustained is when the two lines of the same color cross. At this point FTF carry forward will be zero and budgeted annual expenditures will have to equal the previous year’s collections. The above modeling shows (assuming the ASU revenue projections) that the expenditure budget of \$141.7 million, as set by the Board in July 2014, can reasonably be expected to be sustained around 7 to 15 years.