General Summary

1. Third quarter report (thru March 31)
2. Less than 45 days remaining to affect any fiscal revisions
3. Revenue and expenditure trends are not static throughout year
   • 80% to 100+% of annual projected revenue is collected through Q3
   • Difficulty in forecasting revenue due to effect of deferred revenue, timing of past years revenue, etc.
4. Financial system and reporting not intuitive for quarterly reporting
   • Year vs. Year comparison more appropriate
   • Revenue vs. expenditure trends during fiscal year
Overview and Analysis

Ending Balance Trajectory

1. **Campus-level balances are stronger YOY through Q3**
   - All academic campuses showing larger unencumbered cash balances through March 2015 than for March 2014. Q3 FY14 cash balance approx. $285.3 M vs. Q3 FY15 cash balance at approx. $306.7 million
   - However System wide program is trailing by $27 million
     - Attributable to earlier disbursement timing of payments in FY15 vs. FY14 in general funds
     - Distribution timing of RTRF funds changed in FY15. Disbursements occur throughout year rather than in Q4 (as in FY14)

2. **Total Cash Balances for UH System Trending Below FY14**
   - Aggregate cash balance for all funds YOY down -1.70% (-$5.7 M)
   - Aggregate general fund balance at Q3 YOY down -2.35% (-$2.3 M)
     - Timing issue of distributing RTRF revenues to some campuses and recordation in Systemwide account creates comparative anomaly

3. **Forecasting ending balance for UH System difficult due to revenue patterns (i.e. deferred revenue inclusion) and expenditure patterns are not consistent FY15 vs. FY14**
Overview and Analysis

Revenues

1. Aggregated revenues system-wide are trending higher year over year
   • For period, revenues at $522.0 M (91%) vs. $498.9 M (93%) for FY14
     ➢ Year-end for FY14 was $537.9 M
   • System-wide revenues are $23 M higher in Q3 this year than Q3 last year.
     ➢ Attributable primarily to tuition and fee rate increases and changes in the student enrollment mix
     ➢ Consider Q3 YTD revenues effective total revenues for year, as there is deferred revenue for Q4 expected

2. Campus-level revenues also higher year over year (YoY) – same as Q2 analysis
   • Total recorded revenue higher at campus-level programs
   • YoY revenue rate is comparatively positive at campus-level programs
   • However, individual revenue components do not provide for comparative analysis
     ➢ Timing issue of distributing RTRF revenues to some campuses and recordation in Systemwide account creates comparative anomaly
Overview and Analysis
Expenditures

1. Expenditures are running below trend of last fiscal year (thru Mar. 31) aggregated for funding sources
   - Entire System at $738.7 M (72%) YTD vs. $743.1 M (76%) for FY14
     - System wide expenditures are $4.4 M lower YOY
     - But, also as a percentage of projected expenditures ($1,031.3 M in FY15)
   - Increased spending rates in general funds for personnel costs ($305.5 M vs. $287.4 M)

2. Expenditures in Operating Funds (General Funds + TFSF) slightly ahead of last fiscal year
   - Entire System at $536.4 M in FY15 vs. $528.8 M in FY14 YOY
   - Expect operating expenditures to be < -5% of projected ($939.6 M)

3. Campus-level expenditures rates YTD are favorable YOY
   - Aggregated expenditures at campus levels are generally on target YOY
   - Detail-level expenditure comparisons vary by campus
Overview and Analysis
Cash Balances

1. YOY Unencumbered Cash Balance levels down slightly more than at Q2
   • Q2 FY15 = $407.2 M for FY15 vs. $410.0 M for FY14 ($3 M less than prior year)
   • Q3 FY15 = $329.5 M for FY15 vs. $335.2 M for FY14 ($5.7 M less than prior year)

2. Changes to cash balances (TFSF) to conclude FY15 expected to be generally positive compared to FY14
   • Anticipating larger unencumbered cash balances than at conclusion of FY14
     ➢ UH-Hilo
     ➢ Community Colleges
   • Anticipating decline or no change to unencumbered cash balances than at conclusion of FY14
     ➢ Mānoa
     ➢ UH-West Oahu and Systemwide (UOH900)
   • Forecasted amounts for ending balances reflected in FY16 budget proposal

3. Note: Unencumbered Cash balance at end of FY14 was $157.1 M
   • Current balance levels will decline
     ➢ Revenues collected in Q4 are deferred revenue to FY16
     ➢ Expenditures will continue on trend through Q4