

UNIVERSITY OF AKRON
SUMMIT COUNTY
REGULAR AND SINGLE AUDIT
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023



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Columbus, Ohio 43215
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Board of Trustees
The University of Akron
302 Buchtel Common
Akron, Ohio 44325

We have reviewed the *Independent Auditor's Report* of The University of Akron, Summit County, prepared by Crowe LLP, for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The University of Akron is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 08, 2025

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(A component unit of the State of Ohio)

Financial Report

With Supplemental Information

June 30, 2024

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The University of Akron

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The University of Akron

Management's Discussion and Analysis (Unaudited)

June 30, 2024

The discussion and analysis of The University of Akron's (The University) annual financial performance provides an overall review of The University's financial activities for the fiscal year ended June 30, 2024. This discussion and analysis views The University's financial performance as a whole; readers should also review the basic financial statements and related notes to the basic financial statements to enhance their understanding of The University's financial performance.

Using the Annual Financial Report

The annual report is prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities, and consists of this Management's Discussion and Analysis, three separate but interrelated financial statements, and the Report of Independent Auditors. The financial statements are prepared using the accrual basis of accounting, which is like the accounting method used by many private sector companies. Under the accrual basis of accounting, revenues are recognized when earned while expenses are recognized when incurred.

The University's financial statements include the *Statements of Net Position*; *Statements of Revenues, Expenses and Changes in Net Position*; and *Statements of Cash Flows*. The financial statements focus on the financial condition, results of operations, and cash flows of The University, as a whole.

The Statements of Net Position includes all assets and liabilities, as well as deferred outflows and deferred inflows of resources, with the residual balance reported as *net position*. The assets and liabilities are presented in the order of relative liquidity while *net position* is categorized as *Net investment in capital assets*, *Restricted*, or *Unrestricted*. Over time, increases or decreases in *net position* are an indicator of the improvement or erosion of The University's financial health.

The Statements of Revenues, Expenses, and Changes in Net Position presents revenues earned and expenses incurred during the year. The revenues and expenses are classified as either operating or nonoperating. The State of Ohio (State) provides significant operating and capital financial resources to The University, which are classified as nonoperating revenues; therefore, substantial operating losses are not uncommon for public colleges and universities. For the fiscal years ended June 30, 2022, 2023, and 2024, the State provided approximately \$107 million, \$99 million, and \$88 million, respectively, for operating and capital purposes while The University's operating losses were approximately \$118 million, \$149 million, and \$172 million, respectively, for each of those years.

The Statements of Cash Flows presents information related to cash inflows and outflows summarized within the activities of *operating*, *noncapital financing*, *capital and related financing*, and *investing activities*. Cash flows from *operating* activities generally result from the provision of goods or services in the normal course of doing business and are generally the cash effects of transactions that determine *operating income*. Meanwhile, *noncapital financing activities* typically include borrowing and repaying money for purposes other than acquiring, constructing, or improving capital assets.

Conversely, *capital and related financing activities* generally include acquiring and disposing of capital assets, borrowing and repaying money for acquiring, constructing, or improving capital assets, and paying for capital assets obtained from vendors on credit. The *investing activities* generally relate to making and collecting loans and acquiring and disposing of debt or equity instruments.

The University is considered a discretely presented component unit of the State of Ohio and as such, The University's financial activity is also included within the State of Ohio's Annual Comprehensive Financial Report. The University has two discretely presented component units that are combined and reported in a separate column on The University's financial statements to emphasize that each are legally separate from The University. The University of Akron Foundation (Foundation) and The University of Akron Research Foundation (Research Foundation) are not-for-profit organizations supporting The University. Since the focus of this discussion is on The University, these component units are not included in the narratives or numbers of the Management's Discussion and Analysis. However, the component units are described in greater detail in the financial statements and notes to the basic financial statements.

The University of Akron

Management's Discussion and Analysis (Unaudited)

June 30, 2024

Statements of Net Position

The following table summarizes The University's Statements of Net Position for the most recent three fiscal years (in millions):

	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assets:			
Current assets	\$ 237.6	\$ 196.8	\$ 172.4
Noncurrent assets:			
Capital	612.0	595.7	575.9
Other	<u>107.6</u>	<u>122.8</u>	<u>127.5</u>
Total assets	957.2	915.3	875.8
 Deferred outflow of resources	 69.3	 82.7	 79.2
Liabilities:			
Current liabilities	62.5	62.3	48.9
Noncurrent liabilities	<u>491.6</u>	<u>553.9</u>	<u>503.1</u>
Total liabilities	554.1	616.2	552.0
 Deferred inflow of resources	 179.9	 92.5	 142.7
Net position:			
Net investment in capital assets	259.1	264.4	247.2
Restricted:			
Nonexpendable	29.4	29.6	33.0
Expendable	78.4	83.3	87.8
Unrestricted	<u>(74.4)</u>	<u>(88.0)</u>	<u>(107.7)</u>
Total net position	<u>\$ 292.5</u>	<u>\$ 289.3</u>	<u>\$ 260.3</u>

Assets and deferred outflows of resources

Current assets include those highly liquid assets that are used for current operations such as cash and cash equivalents; investments; accounts, pledges, student notes, and accrued interest receivable; inventories; and prepaid expenses. In 2023 and 2024, current assets decreased by \$40.8 million and \$24.5 million, respectively, due to a decrease of \$37.6 million and \$23.4 million, respectively, in cash and investments which was used for operations.

Noncurrent assets consist of endowment and restricted investments, pledges and student notes receivable, long-term prepaid expenses and deferred charges, and capital assets. Noncurrent assets decreased \$1.1 million and \$15.0 million for 2023 and 2024, respectively. The changes in 2023 were due to decreases in capitalization of equipment of \$15.2 million offset by a \$16.0 increase in right-to-use assets. The changes in 2024 were due to the removal of capital assets (one building and one parking deck) totaling \$19.7 million and which was offset by increases in endowment investments of \$5.8 million caused primarily by market value gains.

Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period. The deferred outflows of resources have a positive effect on net position like assets and consists of deferred amounts on The University's bond refunding transactions and the effects of changes in the net pension and net other postemployment benefits (OPEB) liability to be included in future pension and OPEB expense. Deferred outflows increased \$13.3 million in 2023 and decreased by \$3.5 million in 2024. The changes for 2023 and 2024 were primarily attributed to future pension and OPEB expense.

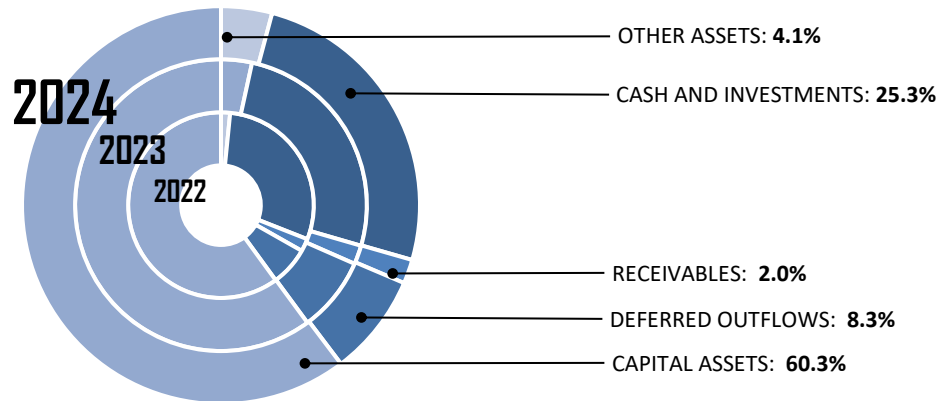
The University of Akron

Management's Discussion and Analysis (Unaudited)

June 30, 2024

Assets and deferred outflows of resources (continued)

Following is the composition of assets and deferred outflows for each year (with 2024 percentages):



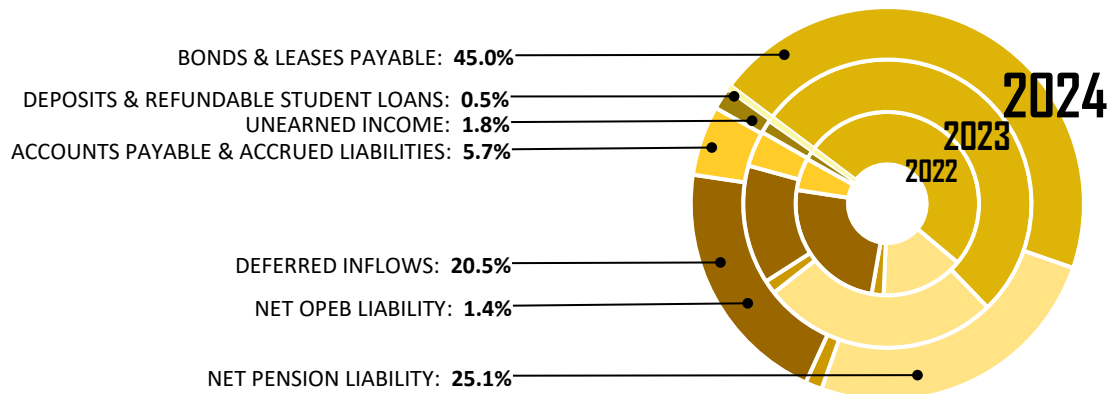
Liabilities and deferred inflows of resources

Current liabilities include all items that are due or mature within one year. The current liabilities include accounts payable, accrued liabilities, accrued interest payable, unearned income, and the short-term portion of long-term liabilities. Current liabilities decreased \$0.2 million and \$13.4 million for 2023 and 2024, respectively. The largest changes in 2023 changes were from a \$3.0 million decrease in accrued salaries and fringes, and a \$2.4 million increase in accounts payable. The largest change in 2024 was from bonds payable in the next fiscal year decreasing by \$16.7 million due to these payments being defeased and will be paid from the irrevocable trust.

Noncurrent liabilities consist of refundable federal student loans, net pension liability, net other postemployment benefit liabilities, and long-term debt including capital leases, software subscriptions, and sick leave. Noncurrent liabilities increased by \$62.3 million in 2023 and decreased \$50.8 million in 2024. For 2023, there was a \$78.9 million increase in the net pension liability which was offset by a \$1.0 million decrease in long-term liabilities. For 2024, \$10.5 million was a decrease in net pension liability and \$38.1 million was a decrease to long-term liabilities due primarily to a net reduction of \$34.8 million in bonds payable.

Deferred inflows of resources are the acquisition of net assets applicable to a future reporting period. Deferred inflows of resources have a negative effect on net position similar to liabilities. Deferred inflows of resources decreased \$87.4 million and increased \$50.2 million in 2023 and 2024, respectively. During 2023, pensions decreased by \$80.4 million. During 2024, a new \$54.7 million inflow from the parking concession was offset a pension and OPEB decrease of \$3.8 million.

Following is the composition of liabilities and deferred inflows for each year (with 2024 percentages):



The University of Akron

Management's Discussion and Analysis (Unaudited)

June 30, 2024

Net position

As reflected earlier, *net position* represents the residual balance and, over time, is one indicator of improving or eroding financial health. Net position represents the difference between all other elements in the statements of net position and is displayed in three components: Net investment in capital assets, Restricted, or Unrestricted. Restricted net position includes both expendable and nonexpendable components. For 2023, net position decreased \$3.2 million as unrestricted funds decreased by \$13.7 million due to the net change in Pension and OPEB which was offset by a \$6.5 million increase in endowment market value. For 2024, net position decreased by \$29.0 million as unrestricted funds decreased by \$19.8 million due to the net change in Pension and were only partially offset by increases of \$3.4 million and \$4.5 million in endowments and restricted assets, respectively.

Statements of Revenues, Expenses, and Changes in Net Position

The following table summarizes The University's Statements of Revenues, Expenses, and Changes in Net Position for the most recent three fiscal years (in millions):

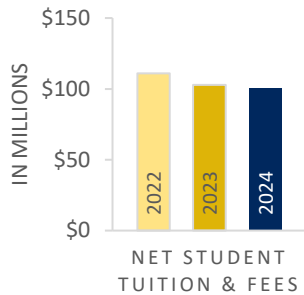
	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating revenues:			
Tuition and fees (net)	\$ 110.9	\$ 102.9	\$ 100.9
Grants and contracts	22.3	23.0	25.9
Sales and services	4.8	4.8	5.4
Auxiliary enterprises	23.1	23.1	22.8
Other operating revenues	<u>2.8</u>	<u>3.9</u>	<u>4.1</u>
Total operating revenues	163.9	157.7	159.1
Operating expenses:			
Educational and general:			
Instruction and departmental research	95.6	103.9	104.0
Other educational and general	158.9	146.1	156.0
Auxiliary enterprises	38.2	40.7	42.3
Pension and OPEB revenue	(51.8)	(25.1)	(13.1)
Depreciation/Amortization	<u>39.6</u>	<u>41.3</u>	<u>41.7</u>
Total operating expenses	280.5	306.9	330.9
Operating loss	(116.6)	(149.2)	(171.8)
Nonoperating revenues (expenses):			
State appropriations	95.5	87.5	82.8
Federal grants	60.3	25.4	19.3
Gifts and distributions	16.9	18.3	24.2
Other nonoperating (net)	<u>(40.1)</u>	<u>3.0</u>	<u>10.8</u>
Net nonoperating revenues	132.6	134.2	137.1
Gain (loss) before other changes	16.0	(15.0)	(34.7)
Other changes:			
Capital appropriations	11.8	11.3	4.9
Other changes (net)	<u>1.4</u>	<u>0.5</u>	<u>0.8</u>
Total other changes	13.2	11.8	5.7
Increase (decrease) in net position	29.2	(3.2)	(29.0)
Net position:			
Net position - beginning of year	<u>263.3</u>	<u>292.5</u>	<u>289.3</u>
Net position - end of year	<u>\$ 292.5</u>	<u>\$ 289.3</u>	<u>\$ 260.3</u>

The University of Akron

Management's Discussion and Analysis (Unaudited)

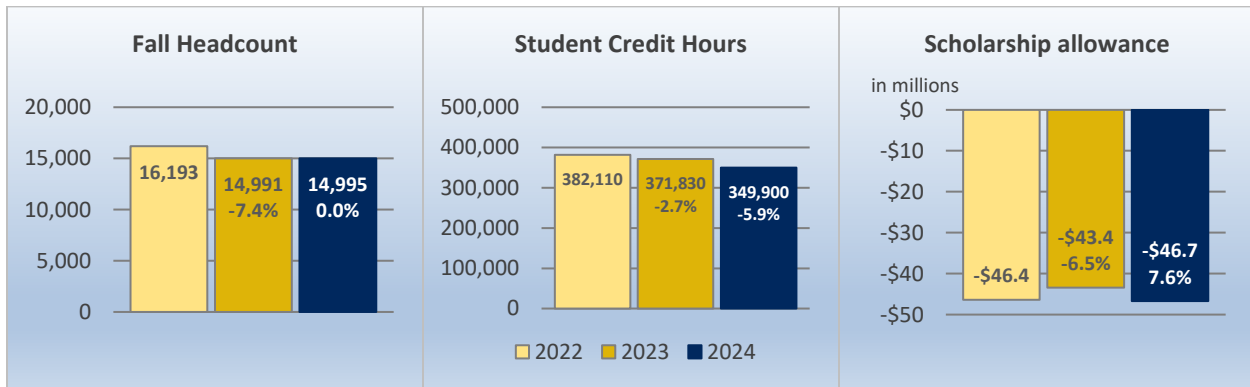
June 30, 2024

Operating revenues



Student tuition and fees include all tuition and fees assessed for educational purposes, net of refunds and recognized discounts. Beginning in the fall 2018, new baccalaureate degree seeking students to The University participate in the Tuition Guarantee Program which provides fixed tuition, select fees, and room and board rates for each incoming cohort. In addition, GASB requires the portion of student aid, which is provided in the form of reduced tuition, to be reported as a reduction of this revenue, or scholarship allowance. Net tuition and fees decreased 7.3% in 2023 and 1.9% in 2024. Changes in net tuition and fees were attributable to the student headcount, student credit hours taken, and fees charged.

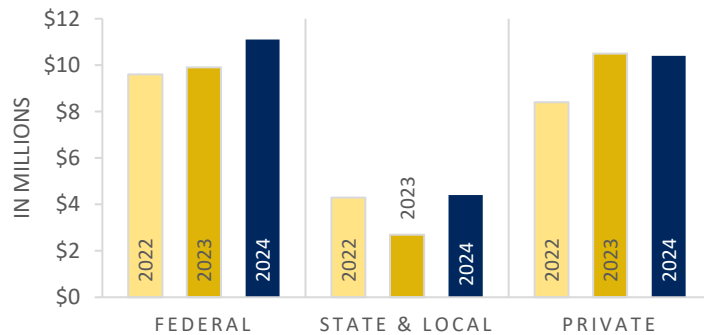
The following charts reflect certain changes that have an effect on the net student tuition and fee revenue:



Sources: The University of Akron Planning, Strategy & Insights Department and Office of the Controller.

Grants and contracts include the combined federal, state, local, and private grants and contracts revenue. This represents The University's continued pursuit of federal, state, local, and private funding for research-related activities.

The largest component of these revenues was from federal sources.



The largest sources of federal revenue were (in millions):

Agency	2022	2023	2024
National Science Foundation	\$ 4.4	\$ 4.3	\$ 5.1
Department of Education	0.3	2.7	2.5
Department of Health and Human Services	1.5	1.1	1.4
Other agencies	3.4	1.8	2.1
Total federal revenues	<u>\$ 9.6</u>	<u>\$ 9.9</u>	<u>\$ 11.1</u>

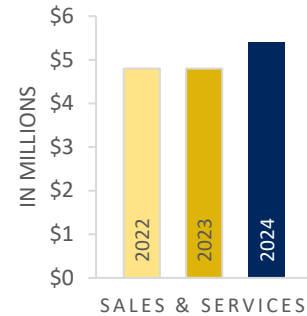
The University of Akron

Management's Discussion and Analysis (Unaudited)

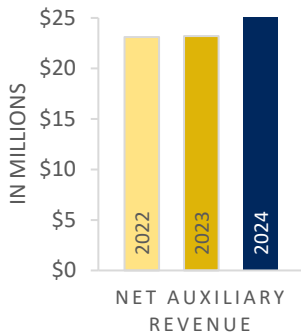
June 30, 2024

Operating revenues (continued)

Sales and services revenue is from certain operations, which provide services to both students and other departments within The University campus. During 2023 the most significant of these operations was the College of Business Executive Education and the Professional Education Contract Training. During 2024 the most significant of these operations was the Printing Services, Continuing and Professional Education, and College of Business Executive Education.



Auxiliary enterprises revenue is generated from operations which predominantly exist to furnish goods or services to students, faculty, staff, or the general public. These types of activities are intended to be self-supporting in that the revenues generated are intended to cover the costs of providing the services.



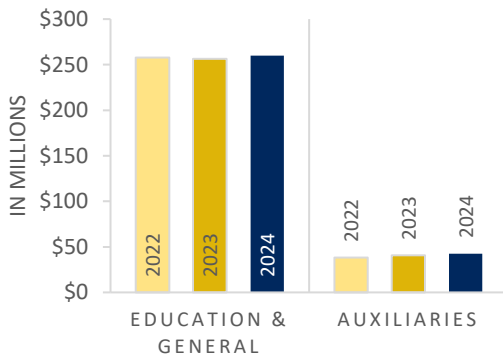
The University's auxiliary services include the residence halls, student unions, intercollegiate athletics and athletic facilities, parking services, E.J. Thomas Performing Arts Hall, and dining. The predominant revenues within this area are (in millions):

<u>Auxiliary</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Residence halls	\$ 11.9	\$ 12.4	\$ 13.2
Athletics	8.2	1.8	8.1
Dining	1.2	1.3	1.4
Parking and transportation services	5.2	4.8	1.3
Other auxiliaries	3.1	8.9	5.2
Scholarship allowance	(6.5)	(6.0)	(6.4)
Total net auxiliary revenue	<u>\$ 23.1</u>	<u>\$ 23.2</u>	<u>\$ 22.8</u>

Operating expenses

One way to analyze expense is according to the purpose for which the costs are incurred, or their *functional* classification. These classifications help explain why an expense was incurred rather than what was purchased.

The educational and general expenses category is the single largest category of operating expenses and includes all academic and administrative support costs. In 2023, these expenses decreased \$4.4 million with instruction and department research increasing by \$8.4 million while scholarships decreased \$19.1 million to pre-Covid levels. In 2024, these expenses increased by \$9.9 million as operation and maintenance of plant increased by \$5.5 million and academic support by \$3.6 million while public service and institutional support decreased by \$2.1 million and \$3.1 million, respectively.



Auxiliary enterprises expenses result from operations, which as previously noted, predominantly furnish goods or services to students, faculty, staff, or the public. Auxiliary enterprise expenses increased 6.9% and 3.7% during 2023 and 2024, respectively.

The University of Akron

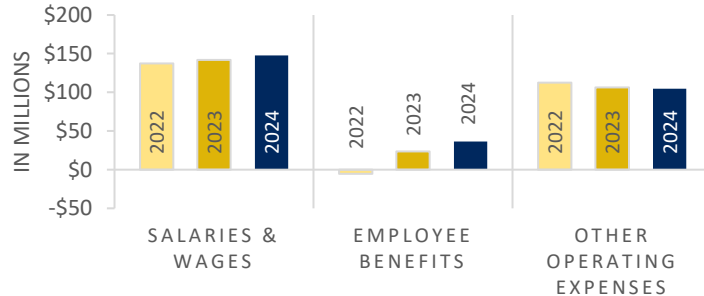
Management's Discussion and Analysis (Unaudited)

June 30, 2024

Operating expenses (continued)

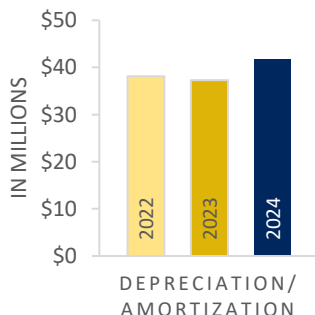
Another way to review expenses is according to the type of costs that are incurred, or their *natural* classification. These classifications tell what was purchased rather than why an expense was incurred.

Salaries and wages include expenses paid and owed to faculty, staff, and student employees. These expenses decreased 3.4% during 2023 and increased 4.1% during 2024, due to changes in the total number of employees and any contractual wage increases.



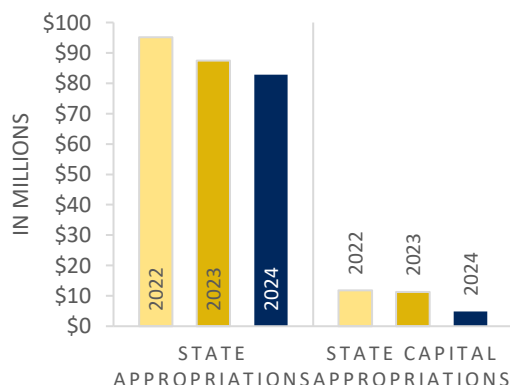
Employee benefits include expenses paid to or on behalf of faculty, staff, and student employees. It includes amounts required by law, contractual agreement, or institutional practice. These benefits include The University's portion of payroll taxes, pension, healthcare, and other employee-related benefit programs. Pension and OPEB calculations were made according to GASB 68 and 75, respectively. For 2023 and 2024, lower pension and OPEB revenues offsetting other benefits resulted in net expense of \$23.6 million and \$36.6 million, respectively.

Other operating expenses include items such as supplies, utilities, scholarships and fellowships, travel and other contractual services. For 2023, other expenses decreased by 5.5% driven by increases in supplies and services of \$8.7 million which was offset by a \$17.9 million decrease in scholarships and fellowships due to the end of Covid relief. For 2024, other expenses decreased by 1.3% driven by increases in scholarships and fellowships of \$1.8 million, which was offset by a decrease in supplies and services of \$3.7 million.



Generally, *depreciation and amortization* expenses are predictable from year to year, considering items which become fully depreciated during the prior year and capital asset additions and deletions for the current year. Unlike many items that are expensed when purchased, The University capitalizes most long-term assets. The assets are then expensed over estimated useful lives ranging from three years for certain equipment to 40 years for buildings. For 2023, depreciation/amortization expense decreased \$1.8 million due to reduced amounts recorded for current buildings that was offset by the addition of the Crouse/Ayer building renovation. For 2024 Depreciation/amortization expense increased by \$4.4 million due to additional amounts recorded for buildings.

Nonoperating revenues and expenses



State appropriations represent the most significant nonoperating revenue source for The University. State appropriations funding decreased \$8.0 million and \$4.7 million in 2023 and 2024, respectively.

The State of Ohio also provides *capital appropriations* to The University. Unlike the operating resources reflected previously, these resources are provided to assist with The University's capital needs. The funding is provided through the Ohio Department of Higher Education (ODHE) and based upon certain formulas and a capital plan provided by The University. The capital appropriation, once allocated, is fixed but the revenues vary from year to year based upon The University's actual expenditures on these projects.

The University of Akron

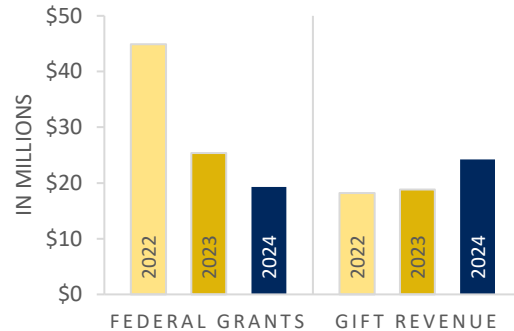
Management's Discussion and Analysis (Unaudited)

June 30, 2024

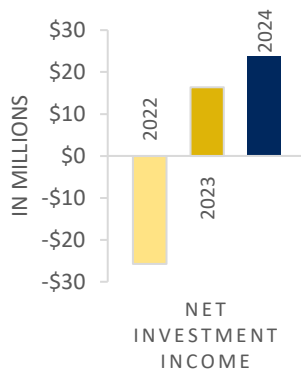
Nonoperating revenues and expenses (continued)

The University records Pell grant awards as nonoperating *federal grant* revenue. Federal grant revenue decreased 57.9% and 24.0% during 2023 and 2024, respectively. In 2023 and 2024, COVID-19 relief funds recognized decreased \$34.8 million and \$7.0 million, respectively, due to end of the program.

The University receives *gifts and distributions* from a wide array of friends including alumni, the business community, and foundations. The University views continued donor support as integral to its continued success. Student scholarships, capital construction costs, and endowed positions are a result of our very generous contributors. Oftentimes, gifts and awards are accompanied by donor restrictions. The University maintains a system of internal controls to ensure the gifts are used solely in accordance with the grantor's requirements. Gift revenues increased by \$0.6 million and \$5.2 million during 2023 and 2024, respectively.



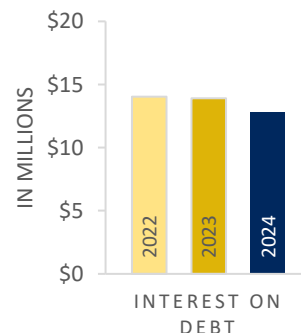
Other net nonoperating revenues and expenses represent the remaining sources and uses of funds that generally do not result from providing educational and instructional services in connection with The University's principal ongoing operations including investment income and interest payments on debt.



Investment income, net of investment expenses, increased \$42.2 million and \$7.3 million during 2023 and 2024, respectively. The changes were due to overall fluctuations in returns on all investments and the balances invested.

GASB requires investments to be reported at fair value for financial statement reporting purposes. Included in the change in net investment income was a net increase of \$11.4 million and \$10.8 million in 2023 and 2024, respectively, within net unrealized appreciation on investments because of market conditions as of fiscal year end. These changes in investments were not redeemed but were recorded as adjustment to the fair value of the investments.

Interest on debt includes the interest incurred during the fiscal year on all debt and leases less capitalized interest. Interest expense decreased \$0.1 million to \$13.9 million in 2023 and decreased \$1.1 million to \$12.8 million in 2024.

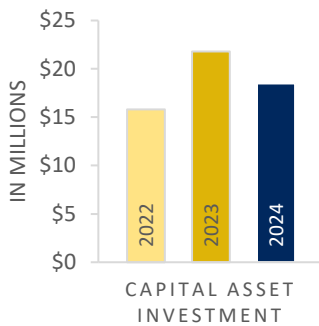


The University of Akron

Management's Discussion and Analysis (Unaudited)

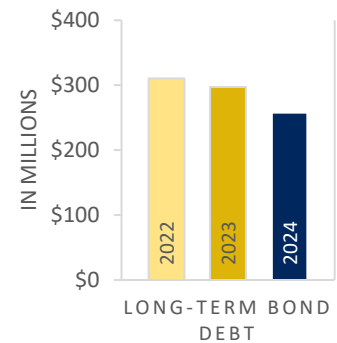
June 30, 2024

Capital Assets and Long-term Debt Activity



The University uses state capital appropriations, internal resources including the proceeds from debt issuances, and gifts and other grants for capital asset expansion throughout the campus. During 2023 and 2024, renovations in the consolidation of Crouse and Ayers Halls was most of the spending. The capital asset activity is reflected in more thorough detail within Note 5 of the financial statements.

The University's long-term debt principally consists of its general receipts bonds, which totaled \$350.7 million, \$313.0 million, and \$252.1 million in 2022, 2023, and 2024, respectively. During 2022, The University issued bond series 2021A and 2021B to refinance the remaining portion of 2018B and a significant portion of 2015A. The University's bond rating given by Moody's Investors Service in October 2021 was changed to A2 from A1 while the outlook continues to be stable. Fitch Ratings, Inc. revised the University's bond rating in November 2021 from A+ to A and has revised the outlook to stable from negative. The long-term debt activity is reflected in more thorough detail within Note 6 of the financial statements.



Factors Impacting Future Periods



of every revenue dollar comes from tuition or state support

Student tuition and fees and state appropriations are the principal revenue sources which supported The University's annual operations. For both 2023 and 2024, those revenue sources alone represented \$190.4 million and \$183.7 million, respectively, of The University's total operating and nonoperating revenues. The aggregate remaining operating and nonoperating revenues, excluding the change in the fair value of investments, totaled \$115.8 million and \$120.6 million in 2023 and 2024, respectively.

The University continues to budget to align its revenues with expenditures to offset additional enrollment declines. Items impacting 2024 include redesigning the scholarship program to increase enrollment and retention and evaluation of the campus footprint.

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The University of Akron

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of The University of Akron (the "University"), a component unit of the State of Ohio, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University, as of June 30, 2024 and 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of University's Proportionate Share of the Net Pension Liability, the Schedule of University Pension Contributions, the Schedule of University's Proportionate Share of the Net OPEB Liability/Asset, the Schedule of University OPEB Contributions and the Schedule of Changes in the University's Net OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.


Crowe LLP

Columbus, Ohio
December 13, 2024

The University of Akron

Statements of Net Position

June 30, 2024 and 2023

	The University of Akron		Component Units	
	2024	2023	2024	2023
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 12,546,208	\$ 14,921,596	\$ 6,779,522	\$ 2,117,477
Pooled investments	142,098,523	163,121,003	5,664,121	6,302,321
Accounts receivable, net	14,333,662	14,616,790	1,306,535	1,845,231
Pledges receivable, net	749,878	1,168,787	1,793,604	1,339,430
Notes receivable, net	571,764	729,301	600,000	210,884
Lease receivable, net	54,786	2,498	-	-
Accrued interest receivable	738,711	604,618	-	-
Inventories	556,603	562,795	-	-
Prepaid expenses	734,063	1,114,888	143,097	140,589
Total current assets	172,384,198	196,842,276	16,286,879	11,955,932
Noncurrent assets:				
Restricted cash and cash equivalents	143,523	638,421	-	-
Restricted investments	3,065,751	2,244,649	1,295,566	1,305,055
Endowment investments	83,737,220	77,984,380	254,510,029	235,460,505
Investments held in trust by others	6,037,917	6,895,228	-	-
Pledges receivable, net	982,504	1,229,675	10,769,994	9,695,867
Notes receivable, net	1,281,743	2,491,370	1,603,263	1,175,000
Capital assets, net	575,940,618	595,659,791	4,205,146	4,258,791
Right-to-use assets, net	22,365,936	19,900,769	-	-
Net OPEB Asset	9,838,877	11,396,000	-	-
Total assets	875,778,287	915,282,559	288,670,877	263,851,150
DEFERRED OUTFLOW OF RESOURCES				
Deferred amount on bond refundings	23,284,271	26,121,311	-	-
Deferred outflows related to pensions	49,089,005	50,127,568	-	-
Deferred outflows related to OPEB	6,845,030	6,430,331	-	-
Total deferred outflow of resources	79,218,306	82,679,210	-	-
LIABILITIES				
Current liabilities:				
Accounts payable	8,333,450	7,129,344	2,319,238	3,030,805
Accrued liabilities	14,985,958	13,348,258	445,678	776,288
Accrued interest payable	5,474,677	6,895,228	-	-
Unearned income	12,432,069	10,107,919	222,117	158,546
Current portion of long-term liabilities	7,711,743	24,792,799	-	-
Total current liabilities	48,937,897	62,273,548	2,987,033	3,965,639
Noncurrent liabilities:				
Refundable federal student loans	2,672,664	3,952,469	-	-
Actuarial liability for annuity/unitrust agreements	-	-	8,705,909	8,394,893
Net pension liability	174,560,905	185,062,903	-	-
Net OPEB liability	9,620,265	10,601,572	-	-
Long-term liabilities	316,238,990	354,308,511	1,199,625	1,172,902
Total liabilities	552,030,721	616,199,003	12,892,567	13,533,434
DEFERRED INFLOW OF RESOURCES				
Deferred inflows related to pensions	49,187,869	49,802,606	-	-
Deferred inflows related to OPEB	35,460,010	38,603,558	-	-
Deferred inflows related to parking concession	54,666,375	-	-	-
Other deferred inflows	3,371,837	4,058,390	-	-
Total deferred inflow of resources	142,686,091	92,464,554	-	-
NET POSITION				
Net investment in capital assets	247,243,825	264,443,783	3,005,521	3,085,889
Restricted:				
Nonexpendable: Endowment	33,029,293	29,609,684	170,047,159	160,412,669
Expendable: Research and gifts	48,777,013	46,721,405	-	-
Loans	812,599	888,278	-	-
Endowment	36,822,068	35,010,988	86,160,656	71,842,508
Debt service	1,350,235	632,378	-	-
Unrestricted (deficit)	(107,755,252)	(88,008,304)	16,564,974	14,976,650
Total net position	\$260,279,781	\$289,298,212	\$275,778,310	\$250,317,716

The University of Akron

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30, 2024 and 2023

	The University of Akron		Component Units	
	2024	2023	2024	2023
REVENUES				
Operating revenues:				
Student tuition and fees	\$147,576,669	\$146,315,861	\$ -	\$ -
Scholarship allowance	(46,682,417)	(43,432,702)	-	-
Net student tuition and fees	100,894,252	102,883,159	-	-
Federal grants and contracts	11,130,015	9,906,655	-	-
State grants and contracts	4,367,370	2,536,342	-	-
Local grants and contracts	362,418	163,440	-	-
Private grants and contracts	10,049,369	10,372,062	386,072	429,778
Gifts and contributions	-	-	17,470,285	8,980,446
Sales and services	5,365,933	4,768,155	-	-
Auxiliary enterprises	29,208,679	29,171,457	-	-
Scholarship allowance	(6,365,784)	(6,002,014)	-	-
Net auxiliary enterprises	22,842,895	23,169,443	-	-
Other sources	4,128,030	3,916,638	2,507,877	2,876,519
Total operating revenues	159,140,282	157,715,894	20,364,234	12,286,743
EXPENSES				
Operating expenses:				
Educational and general:				
Instruction and departmental research	103,978,964	103,920,767	-	-
Separately budgeted research	15,031,563	12,609,892	2,758,073	3,492,398
Public service	9,373,343	11,506,438	-	-
Academic support	32,223,742	28,581,304	-	-
Student services	13,859,251	12,777,229	-	-
Institutional support	39,575,855	42,674,270	1,969,336	1,395,300
Operation and maintenance of plant	23,474,573	17,931,608	-	-
Scholarships and fellowships	22,435,077	20,083,567	-	-
Auxiliary enterprises	42,311,423	40,704,826	-	-
Pension revenue	(10,078,172)	(15,727,977)	-	-
OPEB revenue	(2,982,431)	(9,403,787)	-	-
Depreciation/amortization	41,708,160	41,277,048	163,112	306,355
Total operating expenses	330,911,348	306,935,185	4,890,521	5,194,053
Operating (loss) income	(171,771,066)	(149,219,291)	15,473,713	7,092,690
NONOPERATING REVENUES (EXPENSES)				
State appropriations	82,785,094	87,472,204	-	-
Federal grants	19,284,570	25,389,194	-	-
Gifts	5,998,400	4,785,940	-	-
Investment income, net	23,747,330	16,409,850	28,945,246	19,291,487
Interest on debt	(12,803,525)	(13,879,776)	(79,702)	(83,871)
Distributions to The University	18,215,804	13,531,496	(18,215,804)	(13,531,496)
Distributions on behalf of The University	-	-	(1,064,929)	(431,089)
Other nonoperating (expenses) revenues	(164,532)	462,910	402,070	180,082
Net nonoperating revenues (expenses)	137,063,141	134,171,818	9,986,881	5,425,113
(Loss) income before other changes	(34,707,925)	(15,047,473)	25,460,594	12,517,803
OTHER CHANGES				
State capital appropriations	4,933,183	11,286,325	-	-
Capital gifts and grants	901,649	503,922	-	-
Permanent endowment (reductions) additions	(145,338)	31,578	-	-
Total other changes	5,689,494	11,821,825	-	-
(Decrease) increase in net position	(29,018,431)	(3,225,648)	25,460,594	12,517,803
NET POSITION				
Net position - beginning of year	289,298,212	292,523,860	250,317,716	237,799,913
Net position - end of year	<u>\$260,279,781</u>	<u>\$289,298,212</u>	<u>\$275,778,310</u>	<u>\$250,317,716</u>

The University of Akron

Statements of Cash Flows

For the Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 102,711,361	\$ 103,072,929
Grants and contracts	26,152,607	24,187,200
Auxiliary enterprises	20,405,133	22,376,957
Sales and service of educational activities	5,366,055	4,768,033
Payments to suppliers	(96,258,154)	(74,872,218)
Payments for compensation and benefits	(199,177,710)	(194,900,552)
Payments for scholarships and fellowships	(5,542,041)	(22,708,666)
Loans issued to students	121,720	(38,284)
Collection of loans to students	88,683	111,643
Other receipts	6,114,853	1,576,525
Net cash from operating activities	(140,017,493)	(136,426,433)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	82,785,094	87,472,204
Gifts, grants, and contracts for other than capital purposes	43,498,775	43,557,557
Parking concession	55,334,609	-
Private gifts for endowment purposes	(145,338)	31,578
Collection of loans to students for Perkins Program	1,156,761	828,990
Other payments	(431,488)	(330,198)
Net cash from noncapital financing activities	182,198,413	131,560,131
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations	4,933,183	11,286,325
Capital grants and gifts received	901,649	503,922
Purchases of capital assets	(24,716,220)	(26,962,843)
Principal paid on capital debt and leases	(52,010,483)	(16,619,765)
Interest paid on capital debt and leases	(13,006,302)	(14,325,911)
Net cash from capital financing activities	(83,898,173)	(46,118,272)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	137,663,823	184,435,584
Interest on investments	12,832,212	4,798,688
Purchase of investments	(111,649,067)	(133,826,607)
Net cash from investing activities	38,846,968	55,407,665
Net change in cash and cash equivalents	(2,870,285)	4,423,091
Cash and cash equivalents, restricted cash and cash equivalents - beginning of the year	15,560,016	11,136,925
Cash and cash equivalents, restricted cash and cash equivalents - end of the year	<u>\$ 12,689,731</u>	<u>\$ 15,560,016</u>
NONCASH TRANSACTIONS		
Purchases of capital assets paid by parking concessionaire	\$ 534,500	\$ -
Construction in progress recorded in accounts payable	294,264	836,766
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (171,771,066)	\$ (149,219,291)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation/amortization expense	41,708,160	41,277,048
Changes in assets, and liabilities, and deferred inflows/outflows:		
Accounts receivable, net	283,127	1,160,343
Notes receivable, net	210,403	73,359
Inventories	6,192	(22,732)
Prepaid expenses	380,824	1,786,729
Net OPEB asset	1,557,123	3,162,945
Accounts payable	4,898,431	3,234,773
Accrued liabilities	1,637,700	(3,077,249)
Unearned income	2,324,150	(543,591)
Sick leave liability	(174,171)	(1,184,294)
Net pension liability	(10,501,998)	78,863,262
Net OPEB liability	(981,307)	(4,757,336)
Deferred inflows/outflows relating to pension	423,826	(94,591,239)
Deferred inflows/outflows relating to OPEB	(3,558,247)	(7,809,396)
Deferred inflows relating to parking concession	(793,234)	-
Lease receivable, payable and deferred inflows	432,172	(164,422)
Software subscriptions payable	(4,819,773)	(3,443,934)
Refundable federal student loans	(1,279,805)	(1,171,408)
Net cash used in operating activities	<u>\$ (140,017,493)</u>	<u>\$ (136,426,433)</u>

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

1. Summary of Significant Accounting and Reporting Policies

Organization

The University of Akron (The University) is a coeducational, degree granting state university which was established by the General Assembly of the State of Ohio (the State) in 1967 by statutory act under Chapter 3359 of the Revised Code of the State of Ohio. As such, it is a component unit of the State and is included as a discretely presented entity in the State's Annual Comprehensive Financial Report. The University offers degrees at the undergraduate, masters, and doctoral levels. The University is exempt from federal income taxes under Section 115 of the Internal Revenue Code, except for unrelated business income.

In addition to the main campus, The University operates a branch campus, Wayne College in Orrville, Ohio, and an additional location at the Medina County University Center in Medina, Ohio.

The University, together with Kent State University and Youngstown State University, created a consortium to establish and govern Northeastern Educational Television of Ohio, Inc. (NETO), Channels 45 and 49, Kent, Ohio. This organization is legally separate from The University and has no voting majority from The University. Accordingly, the financial activity is not included within the accompanying financial statements and The University bears no financial benefit or burden for the organization.

In accordance with Government Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus—an Amendment of GASB Statements No. 14 and No. 34*, The University's basic financial statements are included as a discretely presented component unit within the State of Ohio's Annual Comprehensive Financial Report. Transactions with the State relate primarily to appropriations, grants from various state agencies, and payments to state retirement programs for certain university employees.

Furthermore, in accordance with GASB Statement No. 61, two discretely presented component units are reported in a separate column on The University's basic financial statements to emphasize that they are legally separate from The University. The University of Akron Foundation (Foundation) and The University of Akron Research Foundation (Research Foundation) are not-for-profit organizations that are financially accountable to The University. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to The University in support of its programs. The Research Foundation promotes, encourages, and assists the research activities of The University. Financial statements for the Foundation may be obtained by writing to The University of Akron Foundation, 302 Buchtel Common, Akron, Ohio 44325-6220. Financial statements for the Research Foundation may be obtained by writing to The University of Akron Research Foundation, Goodyear Polymer Center, 170 University Circle, Akron, Ohio 44325-2130. Activity of these component units is described in greater detail in Note 11.

Basis of Accounting

The basic financial statements of The University have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Measurement Focus and Financial Statement Presentation

The basic financial statements of The University have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Government Accounting Standards Board including Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities (an amendment of GASB No. 34)*. The presentation required by GASB Statement Nos. 34 and 35 provides a comprehensive, entity-wide perspective of The University's assets, liabilities, deferred outflow of resources, deferred inflow of resources, net position, revenues, expenses, and changes in net position and cash flows.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

1. Summary of Significant Accounting and Reporting Policies – continued

Operating revenues and expenses generally result from providing educational and instructional services in connection with The University's principal ongoing operations. The principal operating revenues include student tuition. The University also recognizes operating revenue grants classified as exchange transactions and auxiliary activities. Operating expenses include educational costs, administrative expenses, and depreciation/amortization on capital assets and lease assets. All revenues and expenses not meeting this definition, including state share of instruction, are reported as nonoperating revenues and expenses.

The Foundation and the Research Foundation are not-for-profit organizations that report under Financial Accounting Standards Board (FASB) reporting standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentations. Except for necessary presentation adjustments, no modifications have been made to the Foundation's or the Research Foundation's financial information in The University's financial report for these differences.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are defined as highly liquid investments with an initial maturity of three months or less when purchased.

Investments

Investments are stated at fair value based on quoted market prices in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The University does not invest in derivatives. Unrealized gains and losses on investments are recorded as nonoperating revenues or expenses on the Statement of Revenues, Expenses, and Changes in Net Position. Investments for bond issue proceeds and the income earned on those investments are separately managed and recorded on the Statements of Net Position as restricted investments in noncurrent assets.

Accounts Receivable

Accounts receivable are for transactions relating to tuition and fees, auxiliary enterprise sales, grants and contracts, and miscellaneous sales and services. Accounts receivable are recorded net of contractual allowances and allowances for uncollectible accounts.

Pledges Receivable

The University records pledges and unconditional promises to give as receivables and revenues in the year the pledge is made. Those that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of its estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are made. Amortization of the discounts is included in gift revenue. Conditional promises to give are not included as revenues until the conditions are substantially met.

Leases Receivable

The University leases certain building space to various third parties. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease receivable.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

1. Summary of Significant Accounting and Reporting Policies – continued

Inventories

Inventories are stated at the lower of cost or market (net realizable value) using the first-in, first-out (FIFO) method.

Capital Assets

Capital assets are recorded at cost or, if acquired by gift, at acquisition value at the date of gift. The University's capitalization threshold is \$100,000 for building renovations and \$5,000 for other capitalized items. Infrastructure assets are included in the basic financial statements and are depreciated. Expenses for construction in progress are capitalized as incurred and depreciated when put into service. Historical collections, including assets that are held for public exhibition, education, or research in furtherance of public service, which are protected and preserved, are not depreciated. Depreciation is computed using the straight-line method, half-year convention, over the estimated useful life of the asset. When capital assets are sold, or otherwise disposed of, the carrying value of such assets and any accumulated depreciation are removed from the asset accounts and any gain or loss on disposal is recognized. The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend the capital asset's life are expensed. The estimated useful lives are as follows:

Classification	Estimated Life
Land improvements	25 years
Buildings and improvements	20 to 40 years
Infrastructure	20 years
Equipment and furniture	3 to 10 years
Library books	10 years

Right-to-use Assets

The right-to-use asset is The University's right to use an asset over the life of a lease or subscription. The asset is calculated as the initial amount of the liability, plus any payments made to the lessor before the commencement date, plus any initial direct costs incurred, minus any incentives received. The University's capitalization threshold is \$100,000 for software subscriptions and \$5,000 for other capitalized items. Amortization is calculated on a straight-line basis over the shorter of its useful life or the remaining lease or subscription term.

Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods which will not be recognized as an outflow of resources (expense/expenditure) until then. The University reports deferred outflows of resources for the unamortized portion of the loss on bond refundings and certain pension-related and OPEB-related amounts, such as changes in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 8.

Unearned Income

Unearned income includes tuition and fees relating to summer sessions conducted in July and August. Unearned income also includes amounts received in advance from grant and contract sponsors or other deposits that have yet to be earned under the terms of the agreements. The amounts which are unearned are recognized as revenue when earned.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods which will not be recognized as an inflow of resources (revenue) until that time. The University reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments and revenue for lessor leases that will be recognized over the life of the lease term. More detailed information can be found in Note 8.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

1. Summary of Significant Accounting and Reporting Policies – continued

Compensated Absences

Staff employees earn vacation at rates specified under state law and upon termination are entitled to a maximum payout of the amount earned in the last three years. Full-time administrators and 12-month faculty earn vacation leave at a rate of 22 days per year, which can be carried over to a maximum accumulation of 44 days. The maximum payable upon termination of employment for these employees is 22 days. The University accrued a vacation liability equal to the number of days accrued by each eligible employee up to the maximum payable upon termination by the respective employee group.

All University employees are entitled to a sick leave credit equal to 10 hours each month (earned on a pro-rata basis for less than full-time employees). Sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee, with 10 or more years of service upon retirement, is limited to one-quarter of the accumulated sick leave with a maximum of 240 hours.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the (State Teachers Retirement System of Ohio/School Employees Retirement System of Ohio/Ohio Public Employees Retirement System) Pension Plans (STRS/SERS/OPERS) and additions to/deductions from STRS'/SERS'/OPERS' fiduciary net position have been determined on the same basis as reported by STRS/SERS/OPERS. STRS/SERS/OPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

For purposes of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the (State Teachers Retirement System of Ohio/School Employees Retirement System of Ohio/Ohio Public Employees Retirement System) Pension Plans (STRS/SERS/OPERS) and additions to/deductions from STRS'/SERS'/OPERS' fiduciary net position have been determined on the same basis as they are reported by STRS/SERS/OPERS. STRS/SERS/OPERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, STRS/SERS/OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position is classified according to external donor restrictions or availability of assets for satisfaction of The University's obligations. Net investment in capital assets represent all The University's capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets. Nonexpendable restricted net position is gifts that have been received for endowment purposes. The resources are invested with only the investment income and appreciation available for purposes established by the donor or, in the case of funds functioning as endowment, by The University. These purposes include loans, scholarships, and departmental support. Expendable restricted net position represents funds that have been awarded or gifted for specific purposes, funds used for capital projects and debt service, and funds held in university loan programs. If restricted and unrestricted assets are available for use, restricted assets will be used first.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

1. Summary of Significant Accounting and Reporting Policies – continued

Scholarship Allowances and Student Aid

Financial aid to students is reported under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of a refund. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method followed by The University, scholarship allowances are computed by allocating the cash payments to students, excluding payments for services, on the ratio of using aid not considered to be third-party aid to total aid.

Endowment and Quasi-Endowments

The University's Board of Trustees established an investment policy with the objectives of protecting principal and maximizing total investment return without assuming extraordinary risks. It is the goal of The University to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, currently established at 4.75%, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings.

Adoption of New Accounting Pronouncements

In April 2022, the GASB issue Statement No. 99, Omnibus 2022, which enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement that are effective as follows: The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal year ending June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal year ending after June 30, 2024. This standard had no impact on the basic financial statements this fiscal year.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, which enhances accounting and financial reporting requirements for accounting changes and error corrections. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. The provisions of this statement are effective for The University's basic financial statements for fiscal year ending June 30, 2024. This standard had no impact on the basic financial statements this fiscal year.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

1. Summary of Significant Accounting and Reporting Policies – continued

Adoption of New Accounting Pronouncements - continued

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The University is currently evaluating the impact this standard will have on the basic financial statements when adopted. The provisions of this statement are effective for The University's basic financial statements for fiscal year ending June 30, 2025.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The University is currently evaluating the impact this standard will have on the basic financial statements when adopted. The provisions of this statement are effective for The University's basic financial statements for fiscal year ending June 30, 2025.

In April 2024, the GASB issued Statement No. 103 *Financial Reporting Model Improvements* to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI); describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; and requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. The University is currently evaluating the impact this standard will have on the basic financial statements when adopted. The provisions of this statement are effective for The University's basic financial statements for fiscal year ending June 30, 2026.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

2. Cash and Investments

Cash

On June 30, 2024 and 2023 the carrying amounts of The University's bank deposits and interest-bearing cash equivalents were \$12,689,731 and \$15,560,017, respectively, as compared to bank balances of \$12,643,525 and \$15,893,914, respectively. The differences between carrying amounts and bank balances were caused by items in transit. Of the June 30, 2024 and 2023 bank balances, \$12,201,801 and \$15,236,161, respectively, were uninsured but collateralized with securities held by the depository banks in The University's name.

Investments

In accordance with University policies the types of investments which may be purchased include United States government securities, federal agency securities, common and preferred stocks, obligations of commercial banks including certificates of deposit, repurchase agreements, notes, debentures, banker's acceptances and commercial paper, obligations of corporations, and municipal notes and bonds.

University policy requires that depository banks pledge collateral for funds on deposit, including certificates of deposit, with a market value at all times at least equal to the uninsured amount of the deposit or instrument.

The University's investments, on June 30, 2024 are and 2023 summarized as follows:

	<u>2024</u>	<u>2023</u>
Pooled investments:		
Money Market	\$ 8,951,548	\$ 2,134,348
U.S. agencies	6,960,441	11,049,344
U.S. Treasury	30,841,505	41,284,472
U.S. and corporate bonds	14,767,142	14,259,386
Corporate notes	24,466,477	32,949,768
Equities	38,213,377	45,131,819
Investments equity	266,108	241,583
Mutual funds - alternative investments	10,196,558	13,936,104
PFM: Prime/Government Series	<u>7,435,367</u>	<u>2,134,179</u>
Total pooled investments	142,098,523	163,121,003
Endowment investments:		
Marketable securities:		
Money Market	773,815	1,448,315
Money Market Mutual Funds	1,348,928	1,842,391
US & Corporate Bonds and Notes	74,105	120,319
U.S. Treasury	3,149,658	2,552,487
Equities	11,524,808	9,806,333
Investments equity	40,393,165	36,143,003
Managed Fixed Income	166,158	164,998
Real estate	924,880	1,118,132
Hedge funds - alternative investments	<u>25,381,703</u>	<u>24,788,402</u>
Total endowment investments	83,737,220	77,984,380
Investments held in trust by others:		
Money Market	374,250	528,004
U.S. Treasury	<u>5,663,667</u>	<u>6,367,224</u>
Total investments held in trust by others	6,037,917	6,895,228
Restricted investments:		
U.S. Treasury	<u>3,065,751</u>	<u>2,244,649</u>
Total restricted investments	<u>3,065,751</u>	<u>2,244,649</u>
Total investments	<u><u>\$ 234,939,411</u></u>	<u><u>\$ 250,245,260</u></u>

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

2. Cash and Investments - continued

Investments - continued

The GASB requires certain disclosures related to interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net position.

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. On June 30, 2024 and 2023, aside from obligations of the U.S. Government, The University did not have more than 5% of its fixed-income investments in any single issuer. Foreign currency risk is the risk that changes in exchange rates can adversely affect the fair value of an investment. On June 30, 2024 and 2023, The University did not have investments that are subject to foreign currency risk in its fixed income portfolio. To limit exposure to these risks, The University's investment policies set guidelines for maturities based on investment type (short-term, intermediate, or long-term), limits percentage exposure to a single issuer or market, and requires that a majority of the holdings consist of domestic (U.S.) securities of investment grade (at least rated BBB or BAA) as rated by a nationally recognized statistical rating organization.

The U.S. Treasury and agencies securities and corporate bonds were invested through banks that keep the securities in their names in safekeeping accounts at the Federal Reserve Bank.

The credit ratings and maturities of The University's interest-bearing investments on June 30, 2024 are as follows:

Investment	Rating (S&P)	Investment maturity (in years)				Totals
		Less than 1	1 to 5	6 to 10	More than 10	
PFM: Prime/Government Series	AAA	\$ 7,435,367	\$ -	\$ -	\$ -	\$ 7,435,367
U.S. agencies	AAA	-	1,242,136	2,761,545	2,956,760	6,960,441
U.S. Treasury	AA	6,920,487	28,124,702	3,585,675	4,089,717	42,720,581
Corporate notes	AAA	286,243	664,236	-	-	950,479
	AA	-	5,991,523	100,532	-	6,092,055
	A	506,712	16,864,604	52,627	-	17,423,943
Total corporate notes		792,955	23,520,363	153,159	-	24,466,477
U.S. and corporate bonds	AAA	4,245,899	-	-	-	4,245,899
	AA	326,117	-	-	-	326,117
	A	1,173,130	-	-	-	1,173,130
	BBB	2,663,684	-	-	-	2,663,684
	BB	1,359,856	-	-	-	1,359,856
	B	1,684,658	-	-	-	1,684,658
	Below B	478,896	-	-	-	478,896
Total U.S. and corporate bonds		11,932,240	-	-	-	11,932,240
Totals		<u>\$ 27,081,049</u>	<u>\$ 52,887,201</u>	<u>\$ 6,500,379</u>	<u>\$ 7,046,477</u>	<u>\$ 93,515,106</u>

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

2. Cash and Investments - continued

Investments - continued

The credit ratings and maturities of The University's interest-bearing investments on June 30, 2023 are as follows:

Investment	Rating (S&P)	Investment maturity (in years)				Totals
		Less than 1	1 to 5	6 to 10	More than 10	
PFM: Prime/Government Series	AAA	\$ 1,165,032	\$ -	\$ -	\$ 969,147	\$ 2,134,179
U.S. agencies	AAA	-	4,858,444	2,642,246	3,548,664	11,049,354
U.S. Treasury	AA	13,624,684	28,139,205	6,695,743	4,197,808	52,657,440
Corporate notes	AAA	843,539	1,870,286	-	-	2,713,825
	AA	-	7,923,328	204,841	-	8,128,169
	A	1,442,076	20,613,593	52,105	-	22,107,774
Total corporate notes		2,285,615	30,407,207	256,946	-	32,949,768
U.S. and corporate bonds	AAA	4,116,571	193,900	-	-	4,310,471
	AA	311,141	-	-	-	311,141
	A	1,125,094	-	-	-	1,125,094
	BBB	2,556,646	-	-	-	2,556,646
	BB	1,280,876	-	-	-	1,280,876
	B	1,588,374	-	-	-	1,588,374
	Below B	454,757	-	-	-	454,757
Total U.S. and corporate bonds		11,433,459	193,900	-	-	11,627,359
Totals		<u>\$ 28,508,790</u>	<u>\$ 63,598,756</u>	<u>\$ 9,594,935</u>	<u>\$ 8,715,619</u>	<u>\$ 110,418,100</u>

Unrated investments are not included in the tables above. Of the total unrated investments of \$23,364,805 and \$77,984,381, \$166,158 and \$9,933 are U.S. and corporate bonds, for years ending June 30, 2024 and 2023, respectively. Unrated investments also include money market accounts, commercial paper sweeps, equities, and managed fixed income and mutual funds.

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The University's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of U.S. agencies, corporate notes and bonds, and negotiable certificates of deposits at June 30, 2024 and 2023 was determined primarily based on Level 2 inputs. The University estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

2. Cash and Investments - continued

Investments – continued

Equity funds, fixed income funds and hedge funds including mainly private capital investments have observable inputs and market activity that allow for pricing based on the underlying market prices of the items in the fund adjusted for information developed by management for historical and current performance of the underlying funds, liquidity and credit premiums required by a market participant and financial trend analysis with respect to the overall fund compared to benchmark performance ratios. These funds include six separate funds with one manager that have strategies that include long-term appreciation of principal, hedging current market fluctuations for current income, achieving superior risk-adjusted total returns, and generating event driven returns. The fair values of the investments in these categories have been estimated using the net asset value per share of the investments. The University has the following recurring fair value measurements as of June 30, 2024:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2024	Fair Value Measurements Using			Investments valued using Net Asset Value (NAV) per share
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments by fair value level:					
U.S. agencies	\$ 6,960,441	\$ -	\$ 6,960,441	\$ -	\$ -
U.S. Treasury	37,056,913	36,045,214	1,011,699	-	-
U.S. and corporate bonds	15,035,148	14,841,248	193,900	-	-
Money market mutual funds	1,348,928	1,348,928	-	-	-
Corporate notes	24,466,477	-	24,466,477	-	-
Equities	49,738,185	49,738,185	-	-	-
Equity funds	40,659,273	266,108	-	-	40,393,165
Hedge funds	25,381,703	-	-	-	25,381,703
Mutual funds - alternative investments	10,196,558	10,196,558	-	-	-
Real estate	924,880	-	-	-	924,880
Total investments by fair value level	<u>\$ 211,768,506</u>	<u>\$ 112,436,241</u>	<u>\$ 32,632,517</u>	<u>\$ -</u>	<u>\$ 66,699,748</u>

The University has the following recurring fair value measurements as of June 30, 2023:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2023	Fair Value Measurements Using			Investments valued using Net Asset Value (NAV) per share
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments by fair value level:					
U.S. agencies	\$ 11,049,344	\$ -	\$ 11,049,344	\$ -	\$ -
U.S. Treasury	46,081,608	45,098,260	983,348	-	-
U.S. and corporate bonds	14,379,705	14,185,805	193,900	-	-
Money market mutual funds	1,842,391	1,842,391	-	-	-
Corporate notes	32,949,768	-	32,949,768	-	-
Equities	54,938,152	54,938,152	-	-	-
Equity funds	36,384,586	241,583	-	-	36,143,003
Hedge funds	24,788,402	-	-	-	24,788,402
Mutual funds - alternative investments	13,936,104	13,936,104	-	-	-
Real estate	1,118,132	-	-	-	1,118,132
Total investments by fair value level	<u>\$ 237,468,192</u>	<u>\$ 130,242,295</u>	<u>\$ 45,176,360</u>	<u>\$ -</u>	<u>\$ 62,049,537</u>

Investments reported at cost totaling \$23,364,805 and \$13,154,802 for years ending June 30, 2024 and 2023, respectively, are not included in the tables above. These investments include cash in prime/government series and money market accounts, and bond proceeds held in trust.

The University of Akron
Notes to the Basic Financial Statements
June 30, 2024 and 2023

3. Accounts and Notes Receivable

Accounts and notes receivable on June 30, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Accounts receivable, net:		
Federal, state, and local governments, foundations, companies, and other, net of allowance for doubtful accounts of \$30,426 and \$64,059, respectively	\$ 8,403,388	\$ 8,901,039
Student receivables, net of allowance for doubtful accounts of \$9,822,187 and \$30,430,770, respectively	5,930,274	5,715,751
Total accounts receivable, net	14,333,662	14,616,790
Notes receivable, net:		
Student notes receivables, net of allowance for doubtful notes of \$2,408,346 and \$1,902,443, respectively	1,853,507	3,220,671
Accounts and notes receivable, net	<u>\$ 16,187,169</u>	<u>\$ 17,837,461</u>

4. Pledges Receivable

Unconditional promises to give to The University recorded as pledges receivable on June 30, 2024 and 2023 were as follows:

	<u>2024</u>		<u>2023</u>	
	<u>Pledges Receivable</u>	<u>Current Portion</u>	<u>Pledges Receivable</u>	<u>Current Portion</u>
Total pledges receivable	\$1,804,997	\$ 749,878	\$2,478,530	\$1,173,754
Less: amount estimated to be uncollectible	(16,799)	-	(10,193)	(4,967)
Less: unamortized discount	(55,816)	-	(69,875)	-
Pledges receivable, net	1,732,382	<u>\$ 749,878</u>	2,398,462	<u>\$1,168,787</u>
Less: current portion	(749,878)		(1,168,787)	
Pledges receivable, noncurrent portion	<u>\$ 982,504</u>		<u>\$1,229,675</u>	

As of June 30, 2024 and 2023, The University has approximately \$5.9 million and \$4.3 million, respectively, in numerous conditional pledges, which are considered to be intentions to give and are contingent upon future events. These pledges are not recorded as pledges receivable since each does not represent unconditional promises to give.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

5. Capital and Right-to-use Assets

Changes in capital assets during fiscal years 2024 and 2023 were as follows:

	Balance July 1, 2023	Additions	Reductions	Transfers	Balance June 30, 2024
Nondepreciable capital assets:					
Land	\$ 44,009,274	\$ -	\$ -	\$ -	\$ 44,009,274
Historical collections	6,265,152	-	-	-	6,265,152
Construction in progress	5,752,150	14,063,867	-	(14,644,411)	5,171,606
Total nondepreciable capital assets	56,026,576	14,063,867	-	(14,644,411)	55,446,032
Depreciable capital assets:					
Land improvements	36,651,664	-	(2,094,897)	1,458,997	36,015,764
Buildings	1,039,077,293	-	(10,615,997)	10,532,648	1,038,993,944
Infrastructure	102,462,784	-	(1,461,525)	2,652,766	103,654,025
Equipment, furniture, and books	113,986,852	4,426,027	(5,108,441)	-	113,304,438
Total depreciable capital assets	1,292,178,593	4,426,027	(19,280,860)	14,644,411	1,291,968,171
Total capital assets	1,348,205,169	18,489,894	(19,280,860)	-	1,347,414,203
Less accumulated depreciation:					
Land improvements	21,238,062	1,416,854	(2,094,897)	-	20,560,019
Buildings	568,738,359	27,795,770	(10,615,997)	-	585,918,132
Infrastructure	57,262,265	5,884,156	(1,461,525)	-	61,684,896
Equipment, furniture, and books	105,306,692	3,075,375	(5,071,529)	-	103,310,538
Total accumulated depreciation	752,545,378	38,172,155	(19,243,948)	-	771,473,585
Capital assets, net	\$ 595,659,791	\$ (19,682,261)	\$ (36,912)	\$ -	\$ 575,940,618

	Balance July 1, 2022	Additions	Reductions	Transfers	Balance June 30, 2023
Nondepreciable capital assets:					
Land	\$ 44,009,274	\$ -	\$ -	\$ -	\$ 44,009,274
Historical collections	5,839,652	459,000	(33,500)	-	6,265,152
Construction in progress	13,353,444	17,205,707	-	(24,807,001)	5,752,150
Total nondepreciable capital assets	63,202,370	17,664,707	(33,500)	(24,807,001)	56,026,576
Depreciable capital assets:					
Land improvements	36,224,286	-	(1,300,343)	1,727,721	36,651,664
Buildings	1,016,405,863	-	-	22,671,430	1,039,077,293
Infrastructure	102,362,813	-	(307,879)	407,850	102,462,784
Equipment, furniture, and books	115,822,226	2,690,909	(4,526,283)	-	113,986,852
Total depreciable capital assets	1,270,815,188	2,690,909	(6,134,505)	24,807,001	1,292,178,593
Total capital assets	1,334,017,558	20,355,616	(6,168,005)	-	1,348,205,169
Less accumulated depreciation:					
Land improvements	21,109,246	1,429,160	(1,300,344)	-	21,238,062
Buildings	542,767,508	25,970,851	-	-	568,738,359
Infrastructure	51,682,314	5,887,829	(307,878)	-	57,262,265
Equipment, furniture, and books	106,410,299	3,422,784	(4,526,391)	-	105,306,692
Total accumulated depreciation	721,969,367	36,710,624	(6,134,613)	-	752,545,378
Capital assets, net	\$ 612,048,191	\$ (16,355,008)	\$ (33,392)	\$ -	\$ 595,659,791

For the year ended June 30, 2024, included in depreciation/amortization expense of \$41,708,160 is \$2,232,222 from the disposal of obsolete equipment and adjustments to capital assets. For the year ended June 30, 2023, included in depreciation/amortization expense of \$41,277,048 is \$8,829 from the disposal of obsolete equipment and adjustments to capital assets.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

5. Capital and Right-to-use Assets - continued

The University leases and subscribes to certain assets from various third parties. The assets leased include vehicles, copier equipment, an FM radio antenna, and buildings in Lakewood, Ohio and at the Bath Nature Preserve. The University also entered into subscription-based contracts to use vendor-based technology with terms between three to ten years. Payments are generally fixed monthly or annually. Certain variable payments for the Bath Nature Preserve are not included in the measurement of the lease liability required due to the lease payment increase being tied to an annual CPI index. Changes in right-to-use assets during fiscal years 2024 and 2023 were as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Right-to-use asset class:				
Equipment	\$ 341,436	\$ 732,827	\$ -	\$ 1,074,263
Buildings	665,903	-	-	665,903
Vehicles	31,461	-	-	31,461
Infrastructure	28,160	-	-	28,160
Software subscriptions	27,427,091	5,268,345	(5,115,608)	27,579,828
Total Right-to-use assets	28,494,051	6,001,172	(5,115,608)	29,379,615
Less accumulated amortization:				
Equipment	203,617	143,506	-	347,123
Buildings	513,096	93,817	-	606,913
Vehicles	16,022	10,487	-	26,509
Infrastructure	4,332	1,444	-	5,776
Software subscriptions	7,856,215	4,805,634	(6,634,491)	6,027,358
Total accumulated amortization	8,593,282	5,054,888	(6,634,491)	7,013,679
Right-to-use assets, net	\$ 19,900,769	\$ 946,284	\$ 1,518,883	\$ 22,365,936

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Right-to-use asset class:				
Equipment	\$ 341,436	\$ -	\$ -	\$ 341,436
Buildings	665,903	-	-	665,903
Vehicles	170,861	-	(139,400)	31,461
Infrastructure	28,160	-	-	28,160
Software subscriptions	6,752,762	20,674,329	-	27,427,091
Total lease assets	7,959,122	20,674,329	(139,400)	28,494,051
Less accumulated amortization:				
Equipment	135,745	67,872	-	203,617
Buildings	139,752	373,344	-	513,096
Vehicles	108,797	46,625	(139,400)	16,022
Infrastructure	2,888	1,444	-	4,332
Software subscriptions	3,578,275	4,277,940	-	7,856,215
Total accumulated amortization	3,965,457	4,767,225	(139,400)	8,593,282
Right-to-use assets, net	\$ 3,993,665	\$ 15,907,104	\$ -	\$ 19,900,769

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

5. Capital and Right-to-use Assets - continued

Future principal and interest payment requirements related to The University's lease liability on June 30, 2024 are as follows:

Fiscal Year:	Principal	Interest	Total
2025	\$ 231,317	\$ 23,755	\$ 255,072
2026	105,141	20,635	125,776
2027	108,193	17,991	126,184
2028	111,328	15,271	126,599
2029	105,395	12,563	117,958
2030-2034	303,240	30,896	334,136
2035-2039	117,201	14,310	131,511
2040-2043	84,092	2,805	86,897
Totals	<u>\$ 1,165,907</u>	<u>\$ 138,226</u>	<u>\$ 1,304,133</u>

Future principal and interest payment requirements related to The University's subscription-based information technology arrangements (SBITAs) on June 30, 2024 are as follows:

Fiscal Year:	Principal	Interest	Total
2025	\$ 2,240,508	\$ 306,620	\$ 2,547,128
2026	2,040,892	240,624	2,281,516
2027	1,899,557	189,915	2,089,472
2028	1,690,096	142,646	1,832,742
2029	1,727,021	107,722	1,834,743
2030-2032	3,622,241	109,835	3,732,076
Totals	<u>\$ 13,220,315</u>	<u>\$ 1,097,362</u>	<u>\$ 14,317,677</u>

The University recognized \$2,964,445 and \$4,379,035 initial implementation costs during fiscal years 2024 and 2023, respectively, which were capitalized as part of the SBITA subscription asset.

6. Long-term Liabilities

In November 2021, The University issued \$13.3 million Series 2021A General Receipts Bonds and \$20.5 million 2021B Taxable General Receipts Bonds, with a combined average coupon rate of 3.51% with payments for 2021A through 2042 and payments for 2021B through 2033. The proceeds of Series 2021A bonds were used to refund \$16.1 million of The Universities outstanding General Receipts Bonds 2018B and pay issuance costs. The proceeds of Series 2021B bonds were used to refund \$17.8 million of The Universities outstanding General Receipts Bonds Series 2015A and pay issuance costs. The result of issuing Series 2021 Bonds advance refunded the Series 2018B bonds for savings and restructured a portion of the Series 2015A outstanding bond principal payments for fiscal years ending June 30, 2024 – June 30, 2026 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1.8 million.

In April 2020, The University issued \$12.3 million of General Receipts Refunding Bonds, Series 2020A with a coupon rate of 1.68% with payments through 2027. The proceeds of the Series 2020A Bonds were used to refund \$12.3 million of The University's outstanding General Receipts Bonds, Series 2012A and generate interest savings of \$.7 million over the life of the bonds. Proceeds from the parking concession agreement (see Note 10) retired the remaining \$10.8 million of these bonds in December 2023.

In November 2019, The University issued \$59.5 million Series 2019A General Receipts Refunding Bonds and \$12.0 million Series 2019B Taxable General Receipts Refunding Bonds, with a combined average coupon rate of 4.22% with payments for 2019A through 2030 and payments for 2019B through 2038. The proceeds of Series 2019A bonds were used to refund \$69.4 million of The University's outstanding General Receipts Bonds Series 2010A and pay issuance costs. The proceeds of Series 2019B bonds were used to refund \$11.5 million Lease Revenue Bonds, Series 2011 and pay issuance costs. The result of issuing Series 2019 Bonds reduced debt service payments by \$14.3 million and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$13.6 million. Proceeds from the parking concession agreement retired \$24.7 million of these bonds in December 2023.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

6. Long-term Liabilities – continued

In August 2018, The University issued \$14.9 million Series 2018A General Receipts Refunding Bonds and \$16.1 million Series 2018B Taxable General Receipts Refunding Bonds, with a combined average coupon rate of 4.68% with payments for 2018A through 2042 and payments for 2018B through 2033. The proceeds of Series 2018A bonds were used to refund \$12.2 million of The University's outstanding General Receipts Bonds Series 2012A, reimburse \$4.6 million toward certain real property purchased by The University of Akron Foundation for the benefit of The University of Akron, and pay issuance costs. The proceeds of Series 2018B bonds were used to refund \$15.5 million of The Universities outstanding General Receipts Bonds Series 2010A and pay issuance costs. The result of issuing Series 2018 Bonds will increase cash flows an average of \$5.0 million for each of the first five years and increased debt service payments by \$16.1 million and resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$2.9 million. In November 2021 Bond Series 2018B was refunded with General Receipts Bond Series 2021A for additional interest savings.

In May 2016, The University issued \$93.9 million of General Receipts Refunding Bonds, Series 2016A with an average coupon rate of 4.75% with payments through 2042. The proceeds of the Series 2016A Bonds were used to refund \$28.3 million, \$51.8 million and \$18.6 million of The University's outstanding General Receipts Bonds, Series 2008A, 2008B and Lease Revenue Bonds, Series 2011, respectively, to pay issuance costs and generate interest savings of \$11.4 million over the life of the bonds. Proceeds from the parking concession agreement retired \$2.0 million of these bonds in December 2023.

In May 2015, The University issued \$99.1 million of General Receipts Refunding Bonds, Series 2015A with an average coupon rate of 4.76% with payments through 2032 and generating a net premium of \$14.9 million. The proceeds of the Series 2015A bonds were used to refund \$48.7 million and \$51.4 million of The University's outstanding General Receipts Bonds, Series 2008A & 2008B, respectively, to pay issuance costs and generate interest savings of \$7.2 million over the life of the bonds. Proceeds from the parking concession agreement retired \$1.6 million of these bonds in December 2023.

In August 2014, The University issued \$29.6 million of General Receipts Refunding Bonds, Series 2014A with an average coupon rate of 4.57% with payments through 2035 and generating a net premium of \$2.3 million. The proceeds of the Series 2014A Bonds were used to refund \$14.9 million and \$16.5 million of The University's outstanding General Receipts Bonds, Series 2003A & 2004B, respectively, to pay issuance costs and generate interest savings of \$2.3 million over the life of the bonds.

In September 2013, The University entered into a loan agreement with the Ohio Air Quality Development Authority (OAQDA) to fund the Campus-Wide Energy Efficiency and Conservation Project which completed conservation measures for many University buildings. OAQDA issued \$44.6 million of Tax Exempt Revenue Bonds, Series 2013A and \$15.0 million of federally taxable Tax Credit Revenue Bonds, Series 2013B. The Series 2013A bonds will have annual principal payments until final maturity on January 1, 2026, with an interest rate of 2.48%. The Series 2013B bonds will have semiannual interest payments, with an interest rate of 4.99%, and the principal will be due at maturity on January 1, 2029. Proceeds from the parking concession agreement retired the remaining \$12.4 million of these bonds in December 2023.

The Series 2013B Bonds are Qualified Energy Conservation Bonds eligible for a 70 percent federal rebate based on the Qualified Tax Credit Rate as of the bond sale date (4.99 percent). The benefit of the rebate has been assigned to The University. The rebates received for the years ended June 30, 2024 and 2023 were \$266,956 and \$793,110, respectively. The rebates were reported as other nonoperating revenues and do not reduce the amount reported as interest expense for the year.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

6. Long-term Liabilities – continued

Changes in long-term liabilities during fiscal year 2024 were as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion
Bonds payable:					
General receipts refunding bonds -					
Series 2014A, 2.0% to 5.0%, due serially through 2035	26,315,000	-	-	26,315,000	-
General receipts refunding bonds -					
Series 2015A, 1.0% to 5.0%, due serially through 2032	51,990,000	-	(1,555,000)	50,435,000	-
General receipts refunding bonds -					
Series 2016A, 2.0% to 5.0%, due serially through 2042	90,055,000	-	(2,000,000)	88,055,000	-
General receipts refunding bonds -					
Series 2018A, 5.0%, due serially through 2042	14,935,000	-	-	14,935,000	-
General receipts refunding bonds -					
Series 2019A, 4.0% to 5.0%, due serially through 2030	52,195,000	-	(24,675,000)	27,520,000	-
Taxable general receipts refunding bonds -					
Series 2019B, 1.976% to 3.145%, due serially through 2038	11,095,000	-	-	11,095,000	-
General receipts refunding bonds -					
Series 2020A, 1.68%, due serially through 2027	10,820,000	-	(10,820,000)	-	-
General receipts refunding bonds -					
Series 2021A, 5.0%, due serially through 2033	13,255,000	-	-	13,255,000	-
General receipts refunding bonds -					
Series 2021B, 1.77% to 3.058%, due serially through 2042	20,500,000	-	-	20,500,000	-
Direct Placement:					
Ohio Air Quality Development Authority:					
Tax exempt revenue bonds -					
Series 2013A, 2.48% due serially through 2026	12,399,528	-	(12,399,528)	-	-
Tax credit revenue bonds -					
Series 2013B, 4.99%, due 2029	15,000,000	-	-	15,000,000	-
Total bonds payable	318,559,528	-	(51,449,528)	267,110,000	-
Bond premiums:					
Series 2014A	1,287,195	-	(107,266)	1,179,929	107,266
Series 2015A	7,213,043	-	(824,348)	6,388,695	824,348
Series 2016A	11,694,930	-	(615,522)	11,079,408	615,522
Series 2018A	1,626,440	-	(85,603)	1,540,837	85,603
Series 2019A	6,612,941	-	(1,017,375)	5,595,566	1,017,375
Series 2021A	3,702,179	-	(389,703)	3,312,476	389,703
Total bond premiums	32,136,728	-	(3,039,817)	29,096,911	3,039,817
Innovation Generation Scholarships	8,294,393	-	(496,834)	7,797,559	500,000
Leases payable	647,750	732,827	(214,670)	1,165,907	231,317
Software subscriptions payable	14,546,078	2,209,900	(3,535,663)	13,220,315	2,240,508
UA Line of Credit with Foundation	1,385,884	817,379	-	2,203,263	600,000
Sick leave liability	3,530,949	-	(174,171)	3,356,778	1,100,101
Totals	<u>\$ 379,101,310</u>	<u>\$ 3,760,106</u>	<u>\$ (58,910,683)</u>	<u>323,950,733</u>	<u>\$ 7,711,743</u>
Less: current portion				(7,711,743)	
Long-term liabilities				<u>\$ 316,238,990</u>	

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

6. Long-term Liabilities - continued

Changes in long-term liabilities during fiscal year 2023 were as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Bonds payable:					
General receipts refunding bonds -					
Series 2014A, 2.0% to 5.0%, due serially through 2035	26,315,000	-	-	26,315,000	-
General receipts refunding bonds -					
Series 2015A, 1.0% to 5.0%, due serially through 2032	58,095,000	-	(6,105,000)	51,990,000	760,000
General receipts refunding bonds -					
Series 2016A, 2.0% to 5.0%, due serially through 2042	90,715,000	-	(660,000)	90,055,000	975,000
General receipts refunding bonds -					
Series 2018A, 5.0%, due serially through 2042	14,935,000	-	-	14,935,000	-
General receipts refunding bonds -					
Series 2019A, 4.0% to 5.0%, due serially through 2030	56,645,000	-	(4,450,000)	52,195,000	7,905,000
Taxable general receipts refunding bonds -					
Series 2019B, 1.976% to 3.145%, due serially through 2038	11,095,000	-	-	11,095,000	-
General receipts refunding bonds -					
Series 2020A, 1.68%, due serially through 2027	12,290,000	-	(1,470,000)	10,820,000	2,985,000
General receipts refunding bonds -					
Series 2021A, 5.0%, due serially through 2033	13,255,000	-	-	13,255,000	-
General receipts refunding bonds -					
Series 2021B, 1.77% to 3.058%, due serially through 2042	20,500,000	-	-	20,500,000	-
Direct Placement:					
Ohio Air Quality Development Authority:					
Tax exempt revenue bonds -					
Series 2013A, 2.48% due serially through 2026	16,334,293	-	(3,934,765)	12,399,528	4,032,347
Tax credit revenue bonds -					
Series 2013B, 4.99%, due 2029	15,000,000	-	-	15,000,000	-
Total bonds payable	335,179,293	-	(16,619,765)	318,559,528	16,657,347
Bond premiums:					
Series 2014A	1,394,461	-	(107,266)	1,287,195	107,266
Series 2015A	8,037,391	-	(824,348)	7,213,043	824,348
Series 2016A	12,310,452	-	(615,522)	11,694,930	615,522
Series 2018A	1,712,043	-	(85,603)	1,626,440	85,603
Series 2019A	7,630,316	-	(1,017,375)	6,612,941	1,017,375
Series 2021A	4,091,882	-	(389,703)	3,702,179	389,703
Total bond premiums	35,176,545	-	(3,039,817)	32,136,728	3,039,817
Innovation Generation Scholarships	8,838,167	-	(543,774)	8,294,393	544,000
Leases payable	842,135	-	(194,385)	647,750	146,594
Software subscriptions payable	3,144,487	15,307,016	(3,905,425)	14,546,078	3,155,383
UA Line of Credit with Foundation	220,884	1,175,000	(10,000)	1,385,884	210,884
Sick leave liability	4,715,243	-	(1,184,294)	3,530,949	1,038,774
Totals	\$ 388,116,754	\$ 16,482,016	\$ (25,497,460)	379,101,310	\$ 24,792,799
Less: current portion				(24,792,799)	
Long-term liabilities				\$ 354,308,511	

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

6. Long-term Liabilities - continued

The general receipts bonds and the general receipts refunding bonds are payable from and secured by a first pledge and lien on the general receipts of The University, excluding state appropriations. The bonds contain a provision that in an event of financial default, outstanding amounts become immediately due and payable. If there is a nonfinancial default, the Trustee may accelerate the maturity of the outstanding amounts, but is only required to do so if requested in writing by 25% of the bondholders.

The University has defeased certain debt by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liabilities for the defeased debt are not included in The University's basic financial statements. The defeased debt is as follows:

	<u>Amount Defeased</u>	<u>Amount Outstanding June 30, 2024</u>	<u>Amount Outstanding June 30, 2023</u>
General Receipts Rental Note:			
Series 2003A	\$ 33,412,270	\$ -	\$ 13,695,818
General receipts refunding bonds:			
Series 2015A	18,575,000	12,935,000	17,780,000
Series 2016A	1,025,000	1,025,000	-
Series 2019A	16,770,000	16,770,000	-
Series 2020A	7,835,000	7,835,000	-
Taxable exempt revenue bonds:			
Series 2013A	8,367,181	8,367,181	-
Totals	<u>\$ 85,984,451</u>	<u>\$ 46,932,181</u>	<u>\$ 31,475,818</u>

The aggregate annual principal maturities for the debt agreements for fiscal years subsequent to June 30, 2024 are as follows:

Fiscal Year:	Direct Borrowing		Direct Placement		Total
	Principal	Interest	Principal	Interest	
2025	\$ -	\$ 11,097,089	\$ -	748,500	\$ 11,845,589
2026	1,915,000	10,474,714	-	748,500	13,138,214
2027	18,500,000	9,844,295	-	748,500	29,092,795
2028	22,750,000	9,065,888	-	748,500	32,564,388
2029	13,185,000	8,197,634	15,000,000	374,250	36,756,884
2030-2034	104,010,000	28,341,254	-	-	132,351,254
2035-2039	74,825,000	8,327,831	-	-	83,152,831
2040-2043	16,925,000	792,200	-	-	17,717,200
Totals	<u>\$ 252,110,000</u>	<u>\$ 86,140,905</u>	<u>\$ 15,000,000</u>	<u>\$ 3,368,250</u>	<u>\$ 356,619,155</u>

In November 2019, The University and The University of Akron Foundation executed an agreement for a \$1,000,000 line of credit. The Foundation provided the line of credit which, at 2% per annum and to be fully settled by November 2024, provides funding for The University's baseball field renovation project. The line of credit is expected to be repaid with donations. On June 30, 2024 and 2023, the line of credit balance was \$198,507 and \$210,884, respectively.

In December 2021, The University and The University of Akron Foundation executed an agreement for a \$3,100,000 line of credit. The Foundation provided the line of credit which, at 2% per annum and to be fully settled by June 2025, provides funding for The University track and field facility and the basketball practice gymnasium. In March 2024, this agreement was modified to increase the line of credit to \$5,000,000, expand the use of the funds, and extend the period for repayment of the loan to February 2028. On June 30, 2024 and 2023, the line of credit balance was \$2,004,756 and \$1,175,000, respectively.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

6. Long-term Liabilities - continued

In September 2013, The University finalized an agreement with Akron Public Schools (APS) to transfer a decommissioned high school to The University in return for the equivalent in-kind services to the district in accordance with state law. The fair market value of the high school, known as Central Hower High School, was determined to be \$13.5 million. The University agreed to fund annual, renewable APS Innovation Generation Scholarships to qualified current and future APS students up to the fair market value of Central Hower. The remaining scholarship balance as of June 30, 2024 and 2023 was \$7,797,559 and \$8,294,393, respectively.

7. State Support

The University is a state-assisted institution of higher education, which receives a student-based state share of instruction (appropriation) from the State. This state share of instruction is determined annually based upon a formula devised by the State. In addition to the state share of instruction, the State also provides certain capital funding and assistance. The capital funding is provided through the Ohio Department of Higher Education (ODHE) from revenue bond proceeds issued by the Ohio Public Facilities Commission (OPFC). The capital assets are transferred from the ODHE to The University upon completion. Costs incurred during construction are included in construction in progress.

In accordance with the requirements of Ohio Revised Code Sections 124.21(D) and (E), university facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of The Treasurer of State. If sufficient monies are not available from this fund, a pledge exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the State. As a result of the above described financial assistance provided by the State to The University, outstanding debt issued by OPFC is not included within The University's basic financial statements. In addition, appropriations by the State's General Assembly to the ODHE for payment of debt service are not reflected as appropriation revenue received by The University, and the related debt service payments are not recorded in The University's accounts.

The Capital Component program is an appropriation line item in the ODHE operating budget to fund infrastructure investments for higher education. This program was designed to add flexibility to the capital funding process and to provide incentives for the efficient use of state capital funding provided to higher education institutions. This capital funding policy provided state-assisted institutions of higher education with the annual debt service equivalent of capital appropriations that the institution otherwise could have received via the new formula-based higher education capital budget.

8. Employee Benefit Plans

Plan Description

The University participates in the State Teachers Retirement System (STRS), the School Employees Retirement System (SERS), and the Ohio Public Employees Retirement System (OPERS), statewide, cost-sharing, multiple-employer defined benefit public employee retirement systems governed by the Ohio Revised Code (ORC) that covers substantially all employees of The University. Each system has multiple retirement plan options available to its members, with three options in STRS and OPERS and one option in SERS. Each system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The systems also each provide post-employment health care benefits (including Medicare B premiums) to retirees and beneficiaries who elect to receive those benefits.

Each retirement system issues a publicly available financial report that includes financial statements and required supplementary information for the pension and post-employment health care plans. The reports may be obtained by contacting:

State Teachers Retirement System of Ohio
275 E. Broad Street
Columbus, Ohio 43215
(888) 227-7877
www.strsoh.org

School Employees Retirement System
300 East Broad Street, Suite 100
Columbus, Ohio 43215
(800) 878-5853
www.ohsers.org

Ohio Public Employees Retirement System
277 East Town Street
Columbus, Ohio 43215
(800) 222-7377
www.opers.org

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

8. Employee Benefit Plans – continued

Contributions

State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the Ohio Revised Code (ORC) limits the maximum rate of contributions. The retirement boards of the systems individually set contribution rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. Under these provisions, each University's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Member contributions are set at the maximums authorized by the ORC. The plans' 2023 and 2022 (most current available information) employer and member contribution rates on covered payroll to each system are:

	Employer Contribution Rate					Member Contribution Rate
		Post-Retirement Healthcare	Death Benefits	Medicare B	Total	Total
2023	Pension					
STRS	14.00%	0.00%	0.00%	0.00%	14.00%	14.00%
SERS	13.28%	0.00%	0.05%	0.67%	14.00%	10.00%
OPERS - State/Local	14.00%	0.00%	0.00%	0.00%	14.00%	10.00%
OPERS - Law Enforcement	18.10%	0.00%	0.00%	0.00%	18.10%	13.00%
2022	Pension	Post-Retirement Healthcare	Death Benefits	Medicare B	Total	Total
STRS	14.00%	0.00%	0.00%	0.00%	14.00%	14.00%
SERS	13.24%	0.00%	0.06%	0.70%	14.00%	10.00%
OPERS - State/Local	14.00%	0.00%	0.00%	0.00%	14.00%	10.00%
OPERS - Law Enforcement	18.10%	0.00%	0.00%	0.00%	18.10%	13.00%

The University's required and actual contributions to the plans are:

	2024		2023	
	Pension	OPEB	Pension	OPEB
STRS	\$ 7,850,539	\$ -	\$ 7,846,543	\$ -
SERS	4,951,315	-	3,397,766	-
OPERS	3,208,913	-	4,186,226	-
	<u>\$ 16,010,767</u>	<u>\$ -</u>	<u>\$ 15,430,535</u>	<u>\$ -</u>

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

8. Employee Benefit Plans – continued

Benefits Provided

State Teachers Retirement System - Plan benefits are established under Chapter 3307 of the ORC, as amended by Substitute Senate Bill 342 in 2012, gives the Retirement Board the authority to make future adjustments to the member contribution rates, retirement age and service requirements, and the COLA as the need or opportunity arises, depending on the retirement system's funding progress.

Effective August 1, 2017 – July 1, 2019, any member may retire who has (1) five years of service credit and attained age 60, (2) 27 years of service credit and attained age 55, or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Beginning August 1, 2015, eligibility requirements for an unreduced benefit changed. The maximum annual retirement allowance, payable for life, considers years of credited service, final average salary (3-5 years) and multiplying by a factor ranging from 2.2 percent to 2.6 percent with 0.1 percent incremental increases for years greater than 30-31, depending on retirement age.

A defined benefit plan or combined plan member with five or more years of credited service who is determined to be disabled (illness or injury preventing individual's ability to perform regular job duties for at least 12 months) may receive a disability benefit. Additionally, eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits.

A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the plan. Death benefit coverage up to \$2,000 can be purchased by participants in all three of the plans. Various other benefits are available to members' beneficiaries.

STRS Ohio provides access to healthcare coverage to retirees who participated in the Defined Benefit or Combined Plans, and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the ORC, the State Teachers Retirement Board, (the "Board") has discretionary authority over how much, if any, of the healthcare costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the healthcare cost in the form of a monthly premium.

School Employees Retirement System - Plan benefits are established under Chapter 3309 of the ORC, as amended by Substitute Senate Bill 341 in 2012. The requirements to retire depends on years of service (5 to 30 years) and on attaining the age of 60 to 67 (one group does not have an age requirement), depending on when the employee became a member. Member retirement benefits are calculated as final average compensation times years of service times a pension factor ranging from 2.2 percent to 2.5 percent. Members also covered by STRS, Ohio Police and Fire, or Ohio State Highway Patrol have separate considerations in how the benefits are determined.

The defined benefit pension plan includes the Pension Benefits Plan, Death Benefit Fund and Medicare Part B Plan.

The Death Benefit Fund pays \$1,000 to a designated beneficiary of a deceased retiree or disability benefit recipient as allowed under ORC Section 3309.50.

Medicare Part B Plan – The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium.

Health Care Plan – SERS offers health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third party administrators and pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

8. Employee Benefit Plans – continued

Ohio Public Employees Retirement System - Plan benefits are established under Chapter 145 of the ORC, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depends on years of service (5 to 30 years) and on attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years' service credit receive a percentage reduction in benefit, except for public safety and law enforcement participants. Member retirement benefits are calculated on a formula that considers years of service (5 to 30 years), age (48 to 62 years) and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

A death benefit of \$500 - \$2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for law enforcement and public safety personnel who are eligible immediately upon employment.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent, or an amount based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Net Pension Liability, Deferrals, and Pension Expense

On June 30, 2024 and 2023, The University reported a liability for its proportionate share of the net pension liability of STRS/SERS/OPERS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

	STRS	SERS	OPERS	Total net pension liability
Fiscal Year 2024:				
Measurement date	June 30, 2023	June 30, 2023	December 31, 2023	
Net pension liability	\$90,671,180	\$35,096,327	\$48,793,398	\$174,560,905
Proportionate share	0.42104222%	0.63516840%	0.40450500%	
Percent change from fiscal year 2023	-0.01907678%	-0.10510480%	0.02630600%	
Fiscal Year 2023:				
Measurement date	June 30, 2022	June 30, 2022	December 31, 2022	
Net pension liability	\$97,839,008	\$97,839,008	\$97,839,008	\$293,517,024
Proportionate share	0.44011900%	0.74027320%	0.37819900%	
Percent change from fiscal year 2022	-0.04646721%	-0.13174330%	0.01409300%	
Fiscal Year 2022:				
Measurement date	June 30, 2021	June 30, 2021	December 31, 2021	
Net pension liability	\$62,214,420	\$32,174,880	\$11,810,341	\$106,199,641
Proportionate share	0.48658621%	0.87201650%	0.36410600%	

For the year ended June 30, 2024 and 2023, The University recognized pension expense of \$3,482,810 and pension revenue of \$2,230,442, respectively. The difference between this total and the pension revenue of \$10,078,172 and \$15,727,977 on June 30, 2024 and 2023, respectively, included in the Pension revenue reported separately on the Statement of Revenue, Expenses, and Changes in Net Position is recorded as employee benefits within functional expenses.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

8. Employee Benefit Plans – continued

Net Pension Liability, Deferrals, and Pension Expense - continued

On June 30, 2024 and 2023, The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,553,938	\$ 206,402	\$ 4,490,734	\$ 390,527
Changes of assumptions	7,684,843	5,620,702	12,649,638	8,813,052
Net difference between projected and actual earnings on pension plan investments	18,324,367	10,444,327	16,937,474	2,650,423
Changes in proportion and differences between University contributions and proportionate share of contributions	3,964,875	32,916,438	2,552,187	37,948,604
University contributions subsequent to the measurement date	13,560,982	-	13,497,535	-
Total	<u>\$ 49,089,005</u>	<u>\$ 49,187,869</u>	<u>\$ 50,127,568</u>	<u>\$ 49,802,606</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30

2025	\$ 3,335,350
2026	(11,100,648)
2027	10,244,594
2028	(2,636,116)
2029	21,426
Thereafter	36,530
Total	<u>\$ (98,864)</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the following year (2025).

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

8. Employee Benefit Plans – continued

Net OPEB Liability/(Asset), Deferrals, and OPEB Expense

On June 30, 2024, The University reported a liability/(asset) for its proportionate share of the net OPEB liability/(asset) of STRS/SERS/OPERS. The total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) for STRS and SERS was determined by an actuarial valuation as of the measurement dates. OPERS calculates the net OPEB liability/(asset) by using an actuarial valuation dated one year prior to the measurement date, which is rolled forward to the measurement date by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year for the defined benefit health care plans.

Typically, The University's proportion of the net OPEB liability/(asset) is based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined, except as noted below.

For plan years ending June 30, 2023 and 2022 (most current available information), STRS did not allocate employer contributions to the OPEB plan. Therefore, STRS' calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB.

For plan years ending June 30, 2023 and 2022 (most current available information), SERS did not allocate employer contributions to the OPEB plan. SERS' calculation of the employers' proportionate share is based on actual contributions made to the pension plan plus actual surcharge contributions made to the OPEB plan because the total of these two amounts is most representative of the level of future contributions to the OPEB plan.

For plan years ending December 31, 2023 and 2022, OPERS did not allocate employer contributions to the OPEB plan. Therefore, OPERS's calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB.

	STRS	SERS	OPERS	Total net OPEB liability/(asset)
Fiscal Year 2024:				
Measurement date	June 30, 2023	June 30, 2023	December 31, 2023	
Net OPEB liability/(asset)	(\$8,189,000)	\$9,620,265	(\$1,649,877)	(\$218,612)
Proportionate share	0.42104222%	0.58395050%	0.18280700%	
Percent change from fiscal year 2023	-0.01907678%	-0.10045300%	0.02540100%	
Fiscal Year 2023:				
Measurement date	June 30, 2022	June 30, 2022	December 31, 2022	
Net OPEB liability/(asset)	(\$11,396,000)	\$9,609,097	\$992,475	(\$794,428)
Proportionate share	0.44011900%	0.68440350%	0.15740600%	
Percent change from fiscal year 2022	-0.04646721%	-0.12712850%	0.02012200%	
Fiscal Year 2022:				
Measurement date	June 30, 2021	June 30, 2021	December 31, 2021	
Net OPEB liability/(asset)	(\$10,259,000)	\$15,358,908	(\$4,299,945)	\$799,963
Proportionate share	0.48658621%	0.81153200%	0.13728400%	

The University of Akron
Notes to the Basic Financial Statements
June 30, 2024 and 2023

8. Employee Benefit Plans – continued

Net OPEB Liability/(Asset), Deferrals, and OPEB Expense - continued

For the years ended June 30, 2024 and 2023, The University recognized OPEB income of \$2,982,431 and \$9,403,787, respectively.

On June 30, 2024 and 2023, The University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,052,043	\$ 13,807,573	\$ 330,751	\$ 10,728,475
Changes of assumptions	5,356,713	9,540,981	3,841,401	12,498,018
Net difference between projected and actual earnings on pension plan investments	307,151	243,960	2,203,255	-
Changes in proportion and differences between University contributions and proportionate share of contributions	129,123	11,867,496	54,924	15,377,065
Total	<u>\$ 6,845,030</u>	<u>\$ 35,460,010</u>	<u>\$ 6,430,331</u>	<u>\$ 38,603,558</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30

2025	\$ (9,320,755)
2026	(11,020,472)
2027	(2,632,526)
2028	(2,586,555)
2029	(1,512,865)
Thereafter	(1,541,807)
Total	<u>\$ (28,614,980)</u>

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

8. Employee Benefit Plans – continued

Actuarial Assumptions

The total pension liability and OPEB liability/(asset) is based on the results of an actuarial valuation and were determined using the following actuarial assumptions for The University's June 30, 2024 fiscal year end:

	STRS	SERS	OPERS
Valuation date - Pension	June 30, 2023	June 30, 2023	December 31, 2023
Valuation date - OPEB	June 30, 2023	June 30, 2023	December 31, 2022
Actuarial cost method	Entry age normal	Entry age normal	Individual entry age
Cost of living	3.0 percent	2.4 percent	2.05 percent - 3.0 percent
Salary increases, including inflation	2.5 percent - 8.5 percent	3.25 percent - 13.58 percent	2.75 percent - 10.75 percent
Inflation	2.7 percent	2.4 percent	2.75 percent
Investment rate of return - Pension	7.0 percent, net of investment expense, including inflation	7.0 percent, net of investment expense, including inflation	6.9 percent, net of plan investment expense, including inflation
Investment rate of return - OPEB	7.0 percent, net of investment expense, including inflation	7.0 percent, net of investment expense, including inflation	6.0 percent, net of investment expense, including inflation
Health care cost trend rates	-68.78 percent to 9.0 percent initial, 3.94 percent ultimate	6.75 percent to 4.4 percent	5.5 percent initial, 3.5 percent ultimate in 2036
Experience study date	Period of 5 years ended June 30, 2021	Period of 5 years ended June 30, 2020	Period of 5 years ended December 31, 2020
Mortality basis	<p>Pre-Retirement: Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020.</p> <p>Healthy Mortality: Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020.</p> <p>Disabled Mortality: Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.</p>	<p>Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.2% for males and set forward 2 years and adjusted 81.35% for females.</p> <p>Disabled Retirees - PUB-2010 General Disable Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.</p> <p>Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.</p> <p>Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table</p>	<p>Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions.</p> <p>Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of</p>

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

8. Employee Benefit Plans – continued

Actuarial Assumptions - continued

The following are actuarial assumptions for The University's June 30, 2023 fiscal year end:

	STRS	SERS	OPERS
Valuation date - Pension	June 30, 2022	June 30, 2022	December 31, 2022
Valuation date - OPEB	June 30, 2022	June 30, 2022	December 31, 2021
Actuarial cost method	Entry age normal	Entry age normal	Individual entry age
Cost of living	3.0 percent	2.4 percent	2.05 percent - 3.0 percent
Salary increases, including inflation	2.5 percent - 8.5 percent	3.25 percent - 13.58 percent	2.75 percent - 10.75 percent
Inflation	2.5 percent	2.4 percent	2.75 percent
Investment rate of return - Pension	7.0 percent, net of investment expense, including inflation	7.0 percent, net of investment expense, including inflation	6.9 percent, net of plan investment expense, including inflation
Investment rate of return - OPEB	7.0 percent, net of investment expense, including inflation	7.0 percent, net of investment expense, including inflation	6.0 percent, net of investment expense, including inflation
Health care cost trend rates	-68.78 percent to 9.0 percent initial, 3.94 percent ultimate	7.00 percent to 4.4 percent	5.5 percent initial, 3.5 percent ultimate in 2036
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended June 30, 2020	Period of 5 years ended December 31, 2020
Mortality basis	For healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.	Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.2% for males and set forward 2 years and adjusted 81.35% for females. Disabled Retirees - PUB-2010 General Disable Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Contingent Survivors - PUB-2010 General Employee Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Actives - PUB-2010 General Employee Amount Weighted Below Median Employee mortality table	Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

Pension Discount Rate

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rates used to measure the total pension liabilities for STRS were 7.0 percent for the plan years ended June 30, 2023 and 2022 (most recent available information). The discount rates used to measure the total pension liability for SERS were 7.0 percent for the plan years ended June 30, 2023 and 2022 (most recent available information). The discount rates used to measure the total pension liability for OPERS were 6.9 percent for the plan years ended December 31, 2023 and 2022 (most recent available information).

The University of Akron
Notes to the Basic Financial Statements
June 30, 2024 and 2023

8. Employee Benefit Plans – continued

OPEB Discount Rate

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Plans that project fiduciary net position to be insufficient to make all projected future benefit payments for current active and inactive employees used a blended discount rate between the long-term expected rate of return on plan investments and a 20-year municipal bond rate applied to all periods of projected benefit payments to determine the total OPEB liability/(asset).

STRS - OPEB Discount Rate: The discount rate used to measure the total OPEB liabilities/(assets) was 7.0 percent for the plan years ended June 30, 2023 and 2022 (most recent available information). On June 30, 2023 and 2022, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability/(asset).

SERS – OPEB Discount Rate: The discount rates used to measure the total OPEB liabilities/(assets) were 4.27 percent and 4.08 percent for the plan years ended June 30, 2023 and 2022, respectively (most recent available information). On June 30, 2023 and 2022 the plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments for current active and inactive employees. Therefore, a blended rate was used, which consisted of the long-term expected rate of return on OPEB plan investments (7.0 percent) for the funded benefit payments and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.86 percent and 3.69 percent at June 30, 2022 and 2021, respectively. On June 30, 2023, the long-term expected rate of return on health care investments was applied to projected costs through the year 2048, and the municipal bond rate was applied to all health care costs after that date. On June 30, 2023, the long-term expected rate of return on health care investments was applied to projected costs through the year 2123, and the municipal bond rate was applied to all health care costs after that date.

OPERS – OPEB Discount Rate: The discount rates used to measure the total OPEB liabilities/(assets) were 5.7 percent and 5.22 percent for the plan years ended December 31, 2023 and 2022, respectively. On December 31, 2023, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees through the year 2070. As a result, the actuarial assumed long-term expected rate of return on OPEB plan investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date. On December 31, 2022, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

8. Employee Benefit Plans – continued

OPEB Discount Rate - continued

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. OPERS has two different portfolios of investment, a defined benefit portfolio for pension and health care portfolio for OPEB. As a result, there are different target allocations and long-term expected real rates of return disclosed for each portfolio. The target allocation and best estimates of arithmetic (geometric for STRS) real rates of return for each major asset class are summarized in the following table as of the dates listed below:

STRS as of June 30, 2023			SERS as of June 30, 2023			OPERS as of December 31, 2023			
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Defined Benefit Portfolio	Health Care Portfolio	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	26.00%	6.60%	Cash	2.00%	0.75%	Fixed Income	24.00%	2.85%	37.00%
International Equity	22.00%	6.80%	US Equity	24.75%	4.82%	Domestic Equities	21.00%	4.27%	25.00%
Alternatives	19.00%	7.38%	Non-U.S. Equity			Real Estate	13.00%	4.46%	0.00%
Fixed Income	22.00%	1.75%	Developing	13.50%	5.19%	Private Equity	15.00%	7.52%	0.00%
Real Estate	10.00%	5.75%	Non-U.S. Equity	6.75%	5.98%	International Equities	20.00%	5.16%	25.00%
Liquidity Reserves	1.00%	1.00%	Fixed Income/Global Bond	19.00%	2.24%	Risk Parity	2.00%	4.38%	3.00%
			Private Equity	12.00%	7.49%	REITs	0.00%	0.00%	5.00%
			Real Estate/Real Assets	17.00%	3.70%	Other Investments	5.00%	3.46%	2.43%
			Private Debt/Private Credit	5.00%	5.64%				
Total	100.00%		Total	100.00%		Total	100.00%		100.00%

STRS as of June 30, 2022			SERS as of June 30, 2022			OPERS as of December 31, 2022			
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Defined Benefit Portfolio	Health Care Portfolio	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	26.00%	6.60%	Cash	2.00%	-0.45%	Fixed Income	22.00%	2.62%	34.00%
International Equity	22.00%	6.80%	US Equity	24.75%	5.37%	Domestic Equities	22.00%	4.60%	26.00%
Alternatives	19.00%	7.38%	Non-U.S. Equity			Real Estate	13.00%	3.27%	0.00%
Fixed Income	22.00%	1.75%	Developing	13.50%	6.22%	Private Equity	15.00%	7.53%	0.00%
Real Estate	10.00%	5.75%	Non-U.S. Equity	6.75%	8.22%	International Equities	21.00%	5.51%	25.00%
Liquidity Reserves	1.00%	1.00%	Fixed Income	19.00%	1.20%	Risk Parity	2.00%	4.37%	2.00%
			Private Equity	11.00%	10.05%	REITs	0.00%	0.00%	7.00%
			Real Assets	16.00%	4.87%	Other Investments	5.00%	3.27%	6.00%
			Multi-Asset Strategies	4.00%	3.39%				
			Private Debt	3.00%	5.38%				
Total	100.00%		Total	100.00%		Total	100.00%		100.00%

Payable to the Pension Plan and OPEB Plan

On June 30, 2024 and 2023, the University reported a payable of \$1,971,252 and \$1,488,308, respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024 and 2023, respectively. There was no amount payable for the OPEB plan for the years ended June 30, 2024 and 2023.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

8. Employee Benefit Plans – continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of The University, calculated using the discount rate listed below, as well as what The University's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

2024						
	1.00 percent decrease		Current Discount rate		1.00 percent increase	
STRS	6.00%	\$ 139,432,206	7.00%	\$ 90,671,180	8.00%	\$ 49,432,694
SERS	6.00%	60,372,077	7.00%	40,039,733	8.00%	24,505,682
OPERS	5.90%	65,699,234	6.90%	47,311,244	7.90%	21,235,614
		<u>\$ 265,503,517</u>		<u>\$ 178,022,157</u>		<u>\$ 95,173,990</u>

2023						
	1.00 percent decrease		Current Discount rate		1.00 percent increase	
STRS	6.00%	\$ 147,799,123	7.00%	\$ 97,839,008	8.00%	\$ 55,588,219
SERS	6.00%	58,936,575	7.00%	40,039,733	8.00%	24,119,400
OPERS	5.90%	70,802,783	6.90%	47,184,162	7.90%	27,540,126
		<u>\$ 277,538,481</u>		<u>\$ 185,062,903</u>		<u>\$ 107,247,745</u>

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following presents the net OPEB liability/(asset) of The University, calculated using the discount rate listed below, as well as what The University's net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

2024						
	1.00 percent decrease		Current Discount rate		1.00 percent increase	
STRS	6.00%	\$ (6,930,654)	7.00%	\$ (8,189,000)	8.00%	\$ (9,284,305)
SERS	3.27%	14,412,895	4.27%	9,609,097	5.27%	8,800,949
OPERS	4.70%	780,734	5.70%	(1,649,877)	6.70%	(3,244,138)
		<u>\$ 8,262,975</u>		<u>\$ (229,780)</u>		<u>\$ (3,727,494)</u>

2023						
	1.00 percent decrease		Current Discount rate		1.00 percent increase	
STRS	6.00%	\$ (10,535,437)	7.00%	\$ (11,396,000)	8.00%	\$ (12,133,416)
SERS	3.08%	11,934,643	4.08%	9,609,097	5.08%	7,731,749
OPERS	4.22%	3,377,932	5.22%	992,475	6.22%	(975,917)
		<u>\$ 4,777,138</u>		<u>\$ (794,428)</u>		<u>\$ (5,377,584)</u>

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

8. Employee Benefit Plans – continued

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability/(asset) of The University, calculated using the healthcare cost trend rate listed below, as well as what The University's net OPEB liability/(asset) would be if it were calculated using healthcare cost trend rates that are 1.00 percentage point lower or 1.00 percentage point higher than the current healthcare cost trend rates:

2024			
	1.00 percent decrease	Current Trend Rate	1.00 percent increase
STRS	\$ (9,335,146)	\$ (8,189,000)	\$ (6,807,802)
SERS	8,283,480	9,609,097	15,239,571
OPERS	(1,479,616)	(1,649,877)	(1,353,692)
	<u>\$ (2,531,282)</u>	<u>\$ (229,780)</u>	<u>\$ 7,078,077</u>

2023			
	1.00 percent decrease	Current Trend Rate	1.00 percent increase
STRS	\$ (11,820,575)	\$ (11,396,147)	\$ (10,860,407)
SERS	7,410,338	9,609,097	12,481,031
OPERS	930,269	992,475	1,062,490
	<u>\$ (3,479,968)</u>	<u>\$ (794,575)</u>	<u>\$ 2,683,114</u>

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued STRS/SERS/OPERS financial reports.

Assumption changes

During the measurement periods ended June 30, 2023 and December 31, 2023, respectively, certain assumption changes were made by the plans which impacted the annual actuarial valuation for the pension and OPEB liabilities. The SERS cost-of-living adjustment was increased from 2.00 percent to 2.50 percent for calendar year 2023. The SERS OPEB discount rate was increased from 4.08 percent to 4.27 percent, and the health care trend rates were updated. No significant assumption changes were made by STRS and OPERS.

Benefit changes

There were no significant benefit terms changes for the pension or OPEB plan(s) since the prior two measurement dates for SERS or OPERS. The STRS changed the benefit assumptions for the subsidy percentage and the base amount for all retiree Non-Medicare Eligible (NME) participants, from 2.2 percent per year in last year's valuation to 2.5 percent per year, capped at 75 percent, as well as the unfreezing of the NME subsidy, the removal of the 6 percent cap on the year over year subsidy increase for Medicare Eligible (ME) participants, the changes in deductible and office visits copays for Aetna's Medicare Advantage plan, and updates in the medical and PBM vendor contracts.

Changes since the measurement date

There were no significant changes since the measurement date for the STRS, SERS or OPERS pension and OPEB plan(s).

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

8. Employee Benefit Plans – continued

Defined Contribution Pension Plan

The Alternative Retirement Plan (ARP) is a defined contribution pension plan, under IRS Section 401(a), and established by Ohio Amended Substitute House Bill 586 (ORC 3305.02) on March 31, 1998, for public institutions of higher education. The University's Board of Trustees adopted The University's plan on April 18, 1998. Full-time employees are eligible to choose a provider, in lieu of STRS, SERS, or OPERS, from the list of six providers currently approved by the Ohio Department of Higher Education and who hold agreements with The University. Employee and employer contributions equal to those required by STRS, SERS, and OPERS are required for the ARP, less any amounts required to be remitted to the state retirement system in which the employee would otherwise have been enrolled.

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS, SERS, or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of six private providers approved by the Ohio Department of Higher Education who hold agreements with The University. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Department of Higher Education. That amount is 2.91 percent for STRS and 2.24 percent for OPERS. For SERS, no funding is contributed if the employee was hired before August 2005. If the employee was hired on or after August 2005, the employer contributes 3.85 percent. The employer also contributes what would have been the employer's contribution under STRS, SERS, or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with five-year plan vesting. The ARP does not provide disability benefits, survivor benefits, or postretirement health care. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options. STRS and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. For the year ended June 30, 2024 and 2023, employee contributions totaled approximately \$3,725,063 and \$3,714,000, respectively, and The University recognized pension expense of \$3,993,780 and \$3,967,026, respectively.

9. Litigation, Commitments, and Contingencies

The University has been named as a defendant in a number of lawsuits alleging various causes of action. It is the opinion of The University's management that disposition of the pending matters will not have a material adverse effect on the basic financial statements.

In addition to purchasing insurance to cover potential losses from certain litigation, The University participates in two risk insurance coverage pools, along with other state universities in Ohio's Inter-University Council Insurance Consortium (IUC-IC), for (1) property coverage and (2) casualty coverage. Each university contributes to these pools based on relevant factors, including its percentage of the total insurable values for the property pool and student enrollment, employee count, and number of autos for the casualty pool. In addition to the annual allocation basis, future contributions are adjusted based upon each university's loss history. Under the fiscal year 2024 programs for both pools, respectively, each university has a \$100,000 per claim deductible and pool coverage of up to the next \$900,000 per covered claim. The University, through the Inter-University Council Insurance Consortium (IUC-IC), purchases \$34,000,000 in liability insurance limits that sits excess of the casualty pool.

The Federal Perkins Loan Program expired on September 30, 2017. As of June 30, 2024 and 2023, respectively, The University made \$1,093,800 and \$1,196,502 in institutional capital contributions, which are reflected as part of The University's net position. Under current guidance issued by the Department of Education, at the time The University liquidates the loan portfolio and assigns the student loans to the Department of Education, The University will be forgoing its institutional capital not yet received back through loan collections.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

9. Litigation, Commitments, and Contingencies - continued

The University provides employee health insurance benefits through a self-insurance program. Two third-party administrators, Anthem Blue Cross and Blue Shield for medical insurance and Delta Dental of Ohio for dental insurance, review all claims which are then paid by The University. Full-time employees are eligible for health insurance benefits effective on the first day of the month following appointment or date of hire. Employees are offered two traditional PPO medical plans with differing levels of coverage and one PPO dental plan. Employees make contributions to pay a portion of health insurance benefits based on plan selections and annual salary ranges.

A claims liability of \$1,126,267 and \$1,136,421, included with accrued liabilities as of June 30, 2024 and 2023, respectively, is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Services*, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The change in the total liability for actual and estimated claims is summarized below:

	2024	2023	2022
Liability at beginning of year	\$ 1,136,421	\$ 1,326,866	\$ 1,467,574
Claims incurred and changes in estimates	16,151,688	20,717,785	18,967,733
Claim payments	<u>(16,161,842)</u>	<u>(20,908,230)</u>	<u>(19,108,441)</u>
Liability at end of year	<u>\$ 1,126,267</u>	<u>\$ 1,136,421</u>	<u>\$ 1,326,866</u>

The University receives grants and contracts from certain federal and state agencies to fund research and other activities. The federal grants are audited annually in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Federal agencies also may conduct additional audits under federal law or regulations or may arrange for funding the cost of such additional audits by independent auditing firms. The state grants are subject to review and audit by the grantor agencies or their designee. Such federal or state audits could lead to a request for reimbursement by the grantor agency for expenditures disallowed under the terms of the grant. No significant costs have been questioned to date, and management believes that any disallowance or adjustment of such costs would not have a material adverse effect on the basic financial statements.

The University has been appropriated \$14.7 million from the State for buildings and renovations, of which \$2.8 million has been expended as of June 30, 2024.

10. Public-Private Partnership

On August 1, 2023 (as amended on November 30, 2023), The University signed a long-term lease and concession agreement for parking system operations and campus shuttle services with UAkronPark Inc. The objectives of entering into this agreement were to leverage the parking assets to generate cash resources to reduce debt. The term of the agreement is 35 years, and The University received an upfront payment of \$55.3 million with the potential for future annual payments contingent on the balance in UAkronPark's surplus fund. These funds were used to retire certain bonded debt (see Note 6). In addition to operating and maintaining the parking system, UAkronPark is responsible for making all capital improvements required to be completed during the term of the agreement. At the end of the agreement, UAkronPark will surrender and deliver to The University all if its rights, title, and interest in the parking system, including all improvements.

As part of the agreement, UAkronPark committed to the demolition of one existing parking deck. The University is responsible for utilities, snow removal and waste disposal related to the parking system for the term of the agreement. Also, in the event there is insufficient funding available for debt service payments by the concessionaire, The University has agreed to provide additional revenues over the term of the agreement. This debt service coverage is calculated on an annual basis.

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

10. Public-Private Partnership - continued

In accordance with the requirements of GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, the University recorded a deferred inflow of resources, which will be amortized to revenue over the life of the agreement. The balance of the deferred inflow of resources as of June 30, 2024, is \$54.7 million which reflects revenue of \$793,234 recognized during the year as well as UAkronPark's investment of \$534,500 in parking lot improvements. The parking assets continue to be reported in the University's financial statements, including depreciation as applicable.

11. Component units

Details of the component units' net position on June 30, 2024 and 2023 are as follows:

	2024			2023		
	Foundation	Research Foundation	Totals	Foundation	Research Foundation	Totals
Assets						
Current assets:						
Cash and cash equivalents	\$ 6,074,570	\$ 704,952	\$ 6,779,522	\$ 1,762,587	\$ 354,890	\$ 2,117,477
Pooled investments	-	5,664,121	5,664,121	-	6,302,321	6,302,321
Accounts receivable, net	640,640	665,895	1,306,535	648,639	1,196,592	1,845,231
Pledges receivable, net	1,793,604	-	1,793,604	1,339,430	-	1,339,430
Notes receivable, net	600,000	-	600,000	210,884	-	210,884
Prepaid expenses	-	143,097	143,097	-	140,589	140,589
Total current assets	9,108,814	7,178,065	16,286,879	3,961,540	7,994,392	11,955,932
Noncurrent assets:						
Restricted investments	-	1,295,566	1,295,566	-	1,305,055	1,305,055
Endowment investments	254,510,029	-	254,510,029	235,460,505	-	235,460,505
Pledges receivable, net	10,769,994	-	10,769,994	9,695,867	-	9,695,867
Notes receivable, net	1,603,263	-	1,603,263	1,175,000	-	1,175,000
Capital assets, net	1,332,423	2,872,723	4,205,146	1,332,423	2,926,368	4,258,791
Total assets	277,324,523	11,346,354	288,670,877	251,625,335	12,225,815	263,851,150
Liabilities						
Current liabilities:						
Accounts payable	613,622	1,705,616	2,319,238	547,771	2,483,034	3,030,805
Accrued liabilities	-	445,678	445,678	-	776,288	776,288
Unearned income	33,500	188,617	222,117	33,500	125,046	158,546
Total current liabilities	647,122	2,339,911	2,987,033	581,271	3,384,368	3,965,639
Noncurrent liabilities:						
Actuarial liability for annuity/unitrust agreements	8,705,909	-	8,705,909	8,394,893	-	8,394,893
Long-term liabilities	-	1,199,625	1,199,625	-	1,172,902	1,172,902
Total liabilities	9,353,031	3,539,536	12,892,567	8,976,164	4,557,270	13,533,434
Net position						
Net investment in capital assets	1,332,423	1,673,098	3,005,521	1,332,423	1,753,466	3,085,889
Restricted:						
Nonexpendable	170,047,159	-	170,047,159	160,412,669	-	160,412,669
Expendable	86,160,656	-	86,160,656	71,842,508	-	71,842,508
Unrestricted	10,431,254	6,133,720	16,564,974	9,061,571	5,915,079	14,976,650
Total net position	\$ 267,971,492	\$ 7,806,818	\$ 275,778,310	\$ 242,649,171	\$ 7,668,545	\$ 250,317,716

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

11. Component units - continued

Details of the component units' revenues, expenses, and changes in net position on June 30, 2024 and 2023 are as follows:

	2024			2023		
	Foundation	Research Foundation	Totals	Foundation	Research Foundation	Totals
Revenues						
Operating revenues:						
Private grants and contracts	\$ -	\$ 386,072	\$ 386,072	\$ -	\$ 429,778	\$ 429,778
Gifts and contributions	17,470,285	-	17,470,285	8,980,446	-	8,980,446
Other sources	-	2,507,877	2,507,877	-	2,876,519	2,876,519
Total operating revenues	17,470,285	2,893,949	20,364,234	8,980,446	3,306,297	12,286,743
Expenses						
Operating expenses:						
Educational and general:						
Separately budgeted research	-	2,758,073	2,758,073	-	3,492,398	3,492,398
Institutional support	1,969,336	-	1,969,336	1,395,300	-	1,395,300
Depreciation	-	163,112	163,112	-	306,355	306,355
Total operating expenses	1,969,336	2,921,185	4,890,521	1,395,300	3,798,753	5,194,053
Operating income (loss)	15,500,949	(27,236)	15,473,713	7,585,146	(492,456)	7,092,690
Nonoperating revenues (expenses)						
Investment income, net	28,350,327	594,919	28,945,246	18,448,034	843,453	19,291,487
Interest on debt	-	(79,702)	(79,702)	-	(83,871)	(83,871)
Distributions to The University	(17,856,929)	(358,875)	(18,215,804)	(13,253,404)	(278,092)	(13,531,496)
Distributions on behalf of The University	(1,064,929)	-	(1,064,929)	(431,089)	-	(431,089)
Other nonoperating revenues	392,903	9,167	402,070	67,734	112,348	180,082
Net nonoperating revenues (expenses)	9,821,372	165,509	9,986,881	4,831,275	593,838	5,425,113
Gain (loss) before other changes	25,322,321	138,273	25,460,594	12,416,421	101,382	12,517,803
(Decrease) Increase in net position	25,322,321	138,273	25,460,594	12,416,421	101,382	12,517,803
Net position - beginning of year	242,649,171	7,668,545	250,317,716	230,232,750	7,567,163	237,799,913
Net position - end of year	<u>\$ 267,971,492</u>	<u>\$ 7,806,818</u>	<u>\$ 275,778,310</u>	<u>\$ 242,649,171</u>	<u>\$ 7,668,545</u>	<u>\$ 250,317,716</u>

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

11. Component units - continued

The following tables present information about the component units' assets and liabilities measured at fair value on a recurring basis on June 30, 2024 and 2023 and the valuation techniques used to determine those fair values.

Foundation Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2024 and 2023:

	Balance at June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value
Assets - Investments					
Beneficial interest in real estate	\$ 335,000	\$ -	\$ -	\$ 335,000	\$ -
Bonds	10,692,094	-	10,692,094	-	-
Cash and cash equivalent	7,535,990	7,535,990	-	-	-
Common stocks	1,208,860	1,208,860	-	-	-
Equity funds	28,304,907	8,244,291	-	-	20,060,616
Exchange traded funds	234,838	234,838	-	-	-
Fixed income funds	20,335,511	-	9,313,679	-	11,021,832
Floaters	380,000	-	380,000	-	-
Hedge funds	49,877,564	-	-	-	49,877,564
International equity funds	69,239,892	19,203,888	-	-	50,036,004
Mutual funds	22,934,312	22,934,312	-	-	-
Opportunistic	7,893,160	-	-	-	7,893,160
Other	12,028	-	12,028	-	-
Preferred stocks	42,050	42,050	-	-	-
Private equity funds	14,794,881	-	-	-	14,794,881
Real estate funds	2,685,494	-	-	-	2,685,494
U.S. Treasury note	11,944,884	11,944,884	-	-	-
U.S. Treasury obligations	6,058,564	-	6,058,564	-	-
Liabilities					
Annuity/unitrust agreements and refundable advances	(8,705,909)	-	-	(8,705,909)	-
Assets - Investments					
Beneficial interest in real estate	\$ 335,000	\$ -	\$ -	\$ 335,000	\$ -
Bonds	10,165,352	-	10,165,352	-	-
Cash and cash equivalent	9,016,574	9,016,574	-	-	-
Common stocks	2,889,907	2,889,907	-	-	-
Equity funds	26,854,252	10,065,148	-	-	16,789,104
Equity trust	36,939	36,939	-	-	-
Exchange traded funds	243,875	243,875	-	-	-
Fixed income funds	16,379,743	-	-	-	16,379,743
Floaters	380,000	-	380,000	-	-
Hedge funds	43,411,616	-	-	-	43,411,616
International equity funds	62,026,038	16,798,377	-	-	45,227,661
Mutual funds	17,398,155	17,398,155	-	-	-
Opportunistic	7,407,796	-	-	-	7,407,796
Other	12,828	12,828	-	-	-
Preferred stocks	40,115	40,115	-	-	-
Private equity funds	14,913,698	-	-	-	14,913,698
Real estate funds	2,134,809	-	-	-	2,134,809
U.S. Treasury note	13,057,715	13,057,715	-	-	-
U.S. Treasury obligations	8,756,093	8,756,093	-	-	-
Liabilities					
Annuity/unitrust agreements and refundable advances	(8,394,893)	-	-	(8,394,893)	-

The University of Akron

Notes to the Basic Financial Statements

June 30, 2024 and 2023

10. Component units – continued

Research Foundation Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2024 and 2023:

	Balance at June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value
Assets - Short-term investments					
Fixed income	\$ 1,540,570	\$ 1,494,943	\$ -	\$ -	\$ -
Large growth	763,140	683,312	-	-	-
Large value	719,207	597,476	-	-	-
Small- and mid-cap growth	686,479	547,409	-	-	-
Alternatives	1,371,092	1,163,309	-	-	-
Balanced	1,371,092	103,147	-	-	-
Internationals	1,221,562	1,074,525	-	-	-

	Balance at June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value
Assets - Short-term investments					
Fixed income	\$ 1,540,570	\$ 1,540,570	\$ -	\$ -	\$ -
Large growth	763,140	763,140	-	-	-
Large value	719,207	719,207	-	-	-
Small- and mid-cap growth	686,479	686,479	-	-	-
Alternatives	1,371,092	1,371,092	-	-	-
Internationals	1,221,562	1,221,562	-	-	-

Details of the component units' capital assets on June 30, 2024 and 2023 are as follows:

	2024			2023		
	Foundation	Research Foundation	Totals	Foundation	Research Foundation	Totals
Capital assets:						
Land	\$ 1,332,423	\$ 290,607	\$ 1,623,030	\$ 1,332,423	\$ 290,607	\$ 1,623,030
Buildings	-	5,665,204	5,665,204	-	5,558,432	5,558,432
Equipment	-	1,669,251	1,669,251	-	2,349,394	2,349,394
Total capital assets	1,332,423	7,625,062	8,957,485	1,332,423	8,198,433	9,530,856
Less: accumulated depreciation	-	(4,752,339)	(4,752,339)	-	(5,272,065)	(5,272,065)
Capital assets, net	\$ 1,332,423	\$ 2,872,723	\$ 4,205,146	\$ 1,332,423	\$ 2,926,368	\$ 4,258,791

Required Supplementary Information

The University of Akron

Schedule of The University's Proportionate Share of the Net Pension Liability Fiscal Years Ended June 30, 2015 to 2024

Plan Year	University's proportion of the net pension liability	University's proportionate share of the net pension liability	University's covered payroll	University's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
State Teachers Retirement System (STRS)					
2024	0.421042%	\$90,671,180	\$73,351,043	123.61%	80.00%
2023	0.440119%	97,839,008	73,485,177	133.14%	78.90%
2022	0.486586%	62,214,420	71,273,436	87.29%	87.80%
2021	0.618351%	149,618,884	74,643,389	200.44%	75.50%
2020	0.661606%	146,310,173	92,564,876	158.06%	70.85%
2019	0.723614%	159,106,476	95,918,966	165.88%	77.30%
2018	0.802782%	190,702,668	100,964,550	188.88%	75.29%
2017	0.844647%	282,728,801	106,894,227	264.49%	66.78%
2016	0.913123%	252,360,353	107,800,627	234.10%	72.10%
2015	0.950840%	231,277,151	114,757,851	201.53%	74.70%
State Employees Retirement System (SERS)					
2024	0.635168%	\$35,096,327	\$23,432,136	149.78%	76.06%
2023	0.740273%	40,039,733	25,460,124	157.26%	75.82%
2022	0.872017%	32,174,880	27,886,579	115.38%	82.86%
2021	1.064001%	70,375,241	31,555,857	223.02%	68.55%
2020	1.201677%	71,898,430	38,297,517	187.74%	77.40%
2019	1.388076%	79,497,683	42,216,488	188.31%	71.36%
2018	1.663330%	99,380,266	46,295,774	214.66%	69.50%
2017	1.763465%	129,069,381	51,923,833	248.57%	62.98%
2016	1.989093%	113,499,597	57,391,681	197.76%	69.16%
2015	2.065374%	104,527,403	65,124,508	160.50%	71.70%
Ohio Public Employees Retirement System (OPERS)					
2024	0.040451%	\$48,793,398	\$39,186,412	124.52%	79.01%
2023	0.378199%	47,184,162	33,100,455	142.55%	76.07%
2022	0.364106%	11,810,341	27,570,160	42.84%	93.01%
2021	0.354894%	20,208,912	23,082,211	87.55%	87.21%
2020	0.390496%	27,211,611	23,749,437	114.58%	82.44%
2019	0.266603%	27,472,320	18,717,610	146.77%	74.91%
2018	0.123075%	7,940,334	11,568,937	68.63%	84.85%
2017	0.030957%	6,697,227	3,843,681	174.24%	77.39%
2016	0.029042%	5,030,441	2,724,473	184.64%	81.08%
2015	0.032842%	3,961,106	3,080,746	128.58%	86.45%

Note: For 2024, the plan fiduciary net position as a percentage of the total pension liability is as follows for each plan:

STRS: 80.00%, SERS: 76.06%, OPERS: 79.01%

The University of Akron
Schedule of The University's Pension Contributions
Fiscal Years Ended June 30, 2015 to 2024

<u>Fiscal Year</u>	<u>Statutorily required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>University's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
State Teachers Retirement System (STRS)					
2024	\$7,850,539	\$7,850,539	\$ -	\$73,351,043	10.70%
2023	7,846,543	7,846,543	-	73,485,177	10.68%
2022	7,123,860	7,123,860	-	71,273,438	10.00%
2021	8,418,157	8,418,157	-	74,643,389	11.28%
2020	10,449,904	10,449,904	-	92,564,876	11.29%
2019	10,891,360	10,891,360	-	95,918,966	11.35%
2018	11,507,584	11,507,584	-	100,964,550	11.40%
2017	12,384,730	12,384,730	-	106,894,227	11.59%
2016	12,487,105	12,487,105	-	107,800,627	11.58%
2015	13,373,987	13,373,987	-	114,757,851	11.65%
State Employees Retirement System (SERS)					
2024	\$3,157,735	\$3,157,735	\$ -	\$23,432,136	13.48%
2023	3,397,766	3,397,766	-	25,460,124	13.35%
2022	3,450,492	3,450,492	-	27,886,579	12.37%
2021	3,962,378	3,962,378	-	31,555,857	12.56%
2020	4,782,096	4,782,096	-	38,297,517	12.49%
2019	5,038,149	5,038,149	-	42,216,488	11.93%
2018	5,841,600	5,841,600	-	46,295,774	12.62%
2017	6,560,433	6,560,433	-	51,923,833	12.63%
2016	7,265,453	7,265,453	-	57,391,681	12.66%
2015	7,742,505	7,742,505	-	65,124,508	11.89%
Ohio Public Employees Retirement System (OPERS)					
2024	\$4,951,315	\$4,951,315	\$ -	\$39,186,412	12.64%
2023	4,186,226	4,186,266	-	33,100,455	12.65%
2022	3,333,533	3,333,533	-	27,570,160	12.09%
2021	2,927,968	2,927,968	-	23,082,211	12.68%
2020	3,056,045	3,056,045	-	23,749,437	12.87%
2019	2,511,156	2,511,156	-	18,717,610	13.42%
2018	1,586,905	1,586,905	-	11,568,937	13.72%
2017	590,804	590,804	-	3,843,681	15.37%
2016	438,640	438,640	-	2,724,473	16.10%
2015	496,000	496,000	-	3,080,746	16.10%

The University of Akron

Schedule of The University's Proportionate Share of the Net OPEB Liability/(Asset) Fiscal Years Ended June 30, 2018 to 2024

Plan Year	University's proportion of the net OPEB liability/(asset)	University's proportionate share of the net OPEB liability/(asset)	University's covered payroll	University's proportionate share of the net OPEB liability/(asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability/(asset)
State Teachers Retirement System (STRS)					
2024	0.421042%	\$(8,189,000)	\$73,351,043	-11.16%	168.50%
2023	0.440119%	(11,396,000)	73,485,177	-15.51%	230.70%
2022	0.486586%	(10,259,000)	71,273,436	-14.39%	174.70%
2021	0.618351%	(10,868,000)	74,643,389	-14.56%	182.10%
2020	0.661606%	(10,958,000)	92,564,876	-11.84%	174.70%
2019	0.723614%	(11,628,000)	95,918,966	-12.12%	176.00%
2018	0.802782%	31,321,605	100,964,550	31.02%	47.11%
State Employees Retirement System (SERS)					
2024	0.583951%	\$9,620,265	\$23,432,136	41.06%	30.02%
2023	0.684404%	9,609,097	25,460,124	37.74%	30.34%
2022	0.811532%	15,358,908	27,886,579	55.08%	24.08%
2021	1.007289%	21,891,680	31,555,857	69.37%	18.17%
2020	1.172694%	29,490,781	38,297,517	77.00%	15.57%
2019	1.404304%	38,959,181	42,216,488	92.28%	13.57%
2018	1.680977%	45,112,998	46,295,774	97.45%	12.46%
Ohio Public Employees Retirement System (OPERS)					
2024	0.182807%	\$(1,649,877)	\$39,186,412	-4.21%	107.76%
2023	0.157406%	992,475	33,100,455	3.00%	94.79%
2022	0.137284%	(4,299,945)	27,570,160	-15.60%	128.23%
2021	0.136319%	(2,428,632)	23,082,211	-10.52%	115.57%
2020	0.138094%	19,074,369	23,749,437	80.32%	47.80%
2019	0.099702%	12,998,787	18,717,610	69.45%	46.33%
2018	0.049652%	5,391,787	11,568,937	46.61%	54.14%

Notes:

These are ten-year schedules and subsequent years will be added to this schedule in future fiscal years until ten years of information is available.

For 2024, the plan fiduciary net position as a percentage of the total OPEB liability/(asset) is as follows for each plan:

STRS: 168.50%, SERS: 30.02%, OPERS: 107.76%

The University of Akron
Schedule of The University's OPEB Contributions
Fiscal Years Ended June 30, 2018 to 2024

<u>Fiscal Year</u>	<u>Statutorily required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>University's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
State Teachers Retirement System (STRS)					
2024	\$ -	\$ -	\$ -	\$73,351,043	0.00%
2023	-	-	-	73,485,177	0.00%
2022	-	-	-	71,273,438	0.00%
2021	-	-	-	74,643,389	0.00%
2020	-	-	-	92,564,876	0.00%
2019	-	-	-	95,918,966	0.00%
2018	-	-	-	100,964,550	0.00%
State Employees Retirement System (SERS)					
2024	\$ -	\$ -	\$ -	\$23,432,136	0.00%
2023	-	-	-	25,460,124	0.00%
2022	198,064	198,064	-	27,886,579	0.71%
2021	223,035	223,035	-	31,555,857	0.71%
2020	287,741	287,741	-	38,297,517	0.75%
2019	516,517	516,517	-	42,216,488	1.22%
2018	569,979	569,979	-	46,295,738	1.23%
Ohio Public Employees Retirement System (OPERS)					
2024	\$ -	\$ -	\$ -	\$39,186,412	0.00%
2023	-	-	-	33,100,455	0.00%
2022	-	-	-	27,570,160	0.00%
2021	-	-	-	23,082,211	0.00%
2020	-	-	-	23,749,437	0.00%
2019	-	-	-	18,717,610	0.00%
2018	39,302	39,302	-	11,568,923	0.34%

Note: These are ten-year schedules and subsequent years will be added to these schedules in future fiscal years until ten years of information is available.

The University of Akron
Schedule of Changes in The University's
Net OPEB Liability and Related Ratios
Fiscal Years Ended June 30, 2018 to 2024

	2024	2023	2022	2021	2020
Total OPEB liability					
Service cost	\$ -	\$ -	\$ -	\$ 329,951	\$ 362,567
Interest	-	-	-	1,318,137	2,005,578
Changes of benefit terms	-	-	-	(48,266,207)	-
Changes of assumptions	-	-	-	163,433	(271,236)
Benefit payments	-	-	-	(2,645,103)	(3,102,189)
Net change in total OPEB liability	-	-	-	(49,099,789)	(1,005,280)
Net OPEB liability - beginning	-	-	-	49,099,789	50,105,069
Net OPEB liability - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,099,789</u>
Covered-employee payroll	\$ -	\$ -	\$ -	\$ 13,448,810	\$ 13,448,810
Net OPEB liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	365.09%
	2019	2018			
Total OPEB liability					
Service cost	\$ 404,391	\$ 385,134			
Interest	1,832,190	1,853,219			
Differences between expected and actual experience	92,622	-			
Changes of assumptions	(3,419,925)	-			
Benefit payments	(3,137,088)	(2,693,367)			
Net change in total OPEB liability	(4,227,810)	(455,014)			
Net OPEB liability - beginning	54,332,879	54,787,893			
Net OPEB liability - ending	<u>\$ 50,105,069</u>	<u>\$ 54,332,879</u>			
Covered-employee payroll	\$ 18,783,923	\$ 18,148,718			
Net OPEB liability as a percentage of covered-employee payroll	266.74%	299.38%			

Notes:

This is a ten-year schedule and subsequent years will be added to this schedule in future fiscal years until ten years of information is available.

During fiscal year 2021, all benefits under The University's plan were terminated. See Notes to the Required Supplementary Information.

The University of Akron

Notes to the Required Supplementary Information

Fiscal Years Ended June 30, 2015 to 2023

Basis of Presentation

These are 10-year schedules. However, the information in the schedules is not required to be presented retroactively. Years will be added to the schedules in future fiscal years until 10 years of information is available.

The amounts presented for each fiscal year for STRS and SERS on the Schedule of University Proportionate Share of the Net Pension Liability and the Schedule of University Proportionate Share of the Net OPEB Liability/(Asset) were determined as of the yearend that occurred one year prior.

The amounts presented for each fiscal year for OPERS on the Schedule of University Proportionate Share of the Net Pension Liability and the Schedule of University Proportionate Share of the Net OPEB Liability/(Asset) were determined as of December 31 yearend that occurred within the fiscal year.

The amounts presented for each fiscal year for the UA Plan were determined as of the December 31 yearend that occurred within the fiscal year.

Summary of Changes to Pension Plans

Changes of benefit terms. There were no changes in benefit terms affecting the STRS, SERS, OPERS plans.

Changes of assumptions. STRS: During the plan year ended June 30, 2017, there were changes to several assumptions for STRS. The cost-of-living adjustment dropped from 2.00 percent to 0.00 percent. The wage inflation dropped from 2.75 percent to 2.50 percent. The investment rate of return decreased from 7.75 percent to 7.45 percent. The mortality tables used changed from RP-2000 to RP-2014.

SERS: During the plan year ended June 30, 2017, the cost-of-living adjustment dropped from 3.00 percent to 2.50 percent.

During the plan year ended June 30, 2016, there were changes to several assumptions for SERS. The wage inflation dropped from 3.75 percent to 3.25 percent. The projected salary increase range changed from 4.25-10.05 percent to 3.50-18.20 percent. The mortality tables used changed from RP-2000 to RP-2014.

OPERS: During the plan year ended December 31, 2018, the discount rate dropped from 7.5 to 7.2.

During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The wage inflation dropped from 3.75 percent to 3.25 percent. The projected salary increase range changed from 4.25-10.05 percent to 3.25-10.75 percent. The mortality tables used changed from RP-2000 to RP-2014.

The University of Akron

Notes to the Required Supplementary Information

Fiscal Years Ended June 30, 2015 to 2023

Summary of Changes to OPEB Plans

Changes of benefit terms. There were no changes in benefit terms affecting the STRS, SERS, OPERS plans for the years ended June 30, 2021 and December 31, 2021, respectively.

Note: June 30 for STRS and SERS.

UA Plan: During the plan year ended December 31, 2020 all benefits under the plan were terminated. During May 2020, the University eliminated the University provided retiree dependent health insurance benefit for all eligible current and former non-bargaining employees effective December 31, 2020. Except for the University's faculty union, the remaining University unions also elected to eliminate the benefit by separate ratifications during July 2020 also effective December 31, 2020. During December 2020, the University Board of Trustees approved the elimination of the University provided retiree depended health insurance for eligible dependents of the faculty union effective January 31, 2021. During December 2020, the University eliminated the retiree life insurance program for eligible former employees effective December 31, 2020.

Changes of assumptions. STRS: During the plan year ended June 30, 2018 there were changes to several assumptions for STRS. The health care cost trend rates decreased from 6.00 percent to 11.0 percent initial and 4.5 percent ultimate for plan year ended June 30, 2017, to -5.23 percent to 9.62 percent initial and 4 percent ultimate for plan year ended June 30, 2018. The discount rate increased from a blended rate between the long-term expected rate of return and a 20-year municipal bond rate of 4.13 percent to the investment rate of return of 7.45 percent based on the cash flow analysis.

SERS: During the plan year ended June 30, 2020, the discount rate was reduced from 3.22 percent to 2.63 percent.

During the plan year ended June 30, 2019, the discount rate was reduced from 3.7 percent to 3.22 percent.

OPERS: During the plan year ended December 31, 2020, there were changes to several assumptions for OPERS. The health care cost trend rates decreased from 10.5 percent initial and 3.5 percent ultimate to 8.5 percent initial and 3.5 percent ultimate. The discount rate was increased from 3.16 percent to 6.00 percent.

During the plan year ended December 31, 2019, there were changes to several assumptions for OPERS. The health care cost trend rates decreased from 10.0 percent initial and 3.25 percent ultimate to 10.5 percent initial and 3.5 percent ultimate. The discount rate was reduced from 3.96 percent to 3.16 percent.

UA Plan: During the plan year ended December 31, 2020 the investment rate of return decreased from 2.74 percent to 2.12 percent based on the Bond Buyer Index, as reported in the Bond Buyer.

During the plan year ended December 31, 2019 the investment rate of return decreased from 4.10 percent to 2.74 percent based on the Bond Buyer Index, as reported in The Bond Buyer.

During the plan year ended December 31, 2018 the investment rate of return increased from 3.44 percent to 4.10 percent based on the Bond Buyer Index, as reported in The Bond Buyer.

There are no assets accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Supplementary Financial Information

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To Management and the Board of Trustees
The University of Akron

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of The University of Akron (the "University"), a component unit of the State of Ohio, as of and for the year ended June 30, 2024, and the related notes to the financial statements which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 13, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2024-003.

University's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Crowe LLP

Columbus, Ohio
December 13, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

The Board of Trustees
The University of Akron

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The University of Akron's (the "University") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2024. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-004 to be a significant deficiency.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Columbus, Ohio
December 13, 2024

The University of Akron

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

	Assistance			
	Listing	Pass-through Entity	Pass-Through to	Total
Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Number	Identifying Number	Subrecipient	Expenditures
Student Financial Aid Cluster				
Department of Education				
Direct				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ -	\$ 730,052
Federal Work-Study Program	84.033	N/A	-	464,073
Federal Perkins Loan Program	84.038	N/A	-	2,576,519
Federal Pell Grant Program	84.063	N/A	-	19,292,976
Federal Direct Student Loans	84.268	N/A	-	47,709,248
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	N/A	-	37,720
COVID-19 Emergency Financial Aid Grants to Students under the Coronavirus Aid, Relief, and Economic Security (CARES) Act	84.425E	N/A	-	10,519
Total Department of Education			-	70,821,107
Department of Health and Human Services				
Direct				
Nursing Student Loans	93.364	N/A	-	513,987
Total Department of Health and Human Services			-	513,987
Total Student Financial Aid Cluster			-	71,335,094
Research and Development Cluster				
Department of Defense				
Direct				
Basic and Applied Scientific Research	12.300	N/A	24,599	221,467
Military Medical Research and Development	12.420	N/A	-	172,221
Air Force Defense Research Science Program	12.800	N/A	-	237,313
Research and Technology Development	12.910	N/A	-	188,880
Pass Through				
Alpha STAR Corporation-Basic and Applied Scientific Research	12.300	N68936-21-C-0044	-	77,739
Marquette University-Basic and Applied Scientific Research	12.300	W9132T22C0025	-	35,079
Neomatrix Therapeutics Incorporated-Military Medical Research and Development	12.420	W81XWH-22-C-005	-	98,705
Sentient Science Corporation-Military Medical Research and Development	12.420	W58RGZ-22-C-0015	-	22,526
US Army Medical Research Command-Military Medical Research and Development	12.420	HT94252310891	-	52,912
Universities Space Research Association-DOD, NDEP, DOTC-STEM Education Outreach Implementation	12.560	FA9453-21-2-0064	-	110,611
Saint-Gobain Ceramics & Plastics Inc-Basic, Applied, and Advanced Research in Science and Engineering	12.630	N/A	-	5,184
Bioindustrial Manufacturing and Design Ecosystem-Air Force Defense Research Sciences Program	12.800	FA8650-21-2-5028	-	31,385
Ohio Aerospace Institute-Air Force Defense Research Sciences Program	12.800	FA8649-21-P-0088	-	19,445
Ohio Aerospace Institute-Air Force Defense Research Sciences Program	12.800	OAI-ARPA1-23514	-	6,000
UES, Inc-Air Force Defense Research Sciences Program	12.800	FA8650-22-F-5286	-	16,347
University of California San Diego-Air Force Defense Research Sciences Program	12.800	FA9550-18-1-0142	-	156,370
University of Nebraska/Lincoln & Brunswick-Air Force Defense Research Sciences Program	12.800	FA95502010149	-	13,148
Intelligent Fusion Technology Incorporated-Research and Technology Development	12.910	FA9453-23-P-A032	-	50,000
Ohio Aerospace Institute-Research and Technology Development	12.910	A8650-21-F-2015	-	99
Wright State University-Research and Technology Development	12.910	FA8650-20-2-1136	5,653	718,480
Total Department of Defense			30,252	2,233,911

The University of Akron

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

	Assistance			
	Listing	Pass-through Entity	Pass-Through to	Total
Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Number	Identifying Number	Subrecipient	Expenditures
Research and Development Cluster - continued				
Department of the Interior				
Pass Through				
Ohio State University-Assistance to State Water Resources	15.805	N/A	\$ -	\$ 19,792
Total Department of Interior			-	19,792
Department of Transportation				
Direct				
Air Transportation Centers of Excellence	20.109	N/A	-	1,701
Pipeline Safety Research Competitive Academic Agreement Program	20.724	N/A	95,062	240,853
Pass Through				
National Academy of Sciences-University Transportation Centers Program	20.701	DC-2021-018-00	-	80,528
University of Michigan-University Transportation Centers Program	20.701	69A3551747105	-	44,350
University of Michigan-University Transportation Centers Program	20.701	69A3552348301	-	19,368
Engineering Mechanics Corporation of Columbus-Pipeline Safety Research Competitive Academic Agreement Program (CAAP)	20.724	693JK32210003POTA	-	61,692
Total Department of Transportation			95,062	448,492
National Aeronautics and Space Administration				
Direct				
Aerospace Education Services Program	43.001	N/A	499,442	555,705
Aeronautics and Space Act of 1958	43.008	N/A	-	8,500
Pass Through				
HX5-Aerospace Education Services Program	43.001	80GRC020D0003	-	1,253,028
Ohio Space Grant Consortium-Aeronautics and Space Act of 1958	43.008	N/A	-	7,622
Total National Aeronautics and Space Administration			499,442	1,824,855
National Science Foundation				
Direct				
Engineering Grants	47.041	N/A	156,667	1,446,245
Mathematical and Physical Sciences	47.049	N/A	-	1,691,042
Geosciences	47.050	N/A	-	155,679
Computer and Information Science and Engineering	47.070	N/A	-	210,165
Biological Sciences	47.074	N/A	-	353,669
Education and Human Resources	47.076	N/A	-	621,385
Office of Integrative Activities	47.083	N/A	-	421,450
NSF Technology, Innovation and Partnerships	47.084	N/A	-	198,325
Pass Through				
eSens LLC-Engineering Grants	47.041	2054577	-	1,251
Stanley Black & Decker Inc-Engineering Grants	47.041	49100423C0004	-	78,445
University of Michigan-Engineering Grants	47.041	2048612	31,639	91,587
Virginia Tech-Engineering Grants	47.041	1650423	-	12,652
Virginia Tech-Engineering Grants	47.041	IIP-1650423	-	35,584
Virginia Tech-Engineering Grants	47.041	N/A	-	73,112
ZSense-Engineering Grants	47.041	2126900	-	8,289
Pennsylvania State University-Mathematical and Physical Sciences	47.049	CHE-2312149	-	14,051
American Society For Engineering Education-Education and Human Resources	47.076	2044199	-	278
Total National Science Foundation			188,306	5,413,209

The University of Akron

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

	Assistance			
	Listing	Pass-through Entity	Pass-Through to	Total
Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Number	Identifying Number	Subrecipient	Expenditures
Research and Development Cluster - continued				
Department of Energy				
Direct				
Conservation Research and Development	81.086	N/A	\$ 39,991	\$ 122,413
Fossil Energy Research and Development	81.089	N/A	-	(16,139)
Pass Through				
Kent State University-Office of Science Financial Assistance Program	81.049	DE-SC0022191	-	7,812
Alliance for Sustainable Energy LLC-Renewable Energy Research and Development	81.087	DE-AC36-08GO28308	-	34,352
Sustainable Manufacturing Innovation Alliance Corporation-Renewable Energy Research and Development	81.087	DE-EE0007897	-	455,332
Georgia Institute of Technology-Stewardship Science Grant Program	81.112	DE-NA0004151	-	61,447
Total Department of Energy			39,991	665,217
Department of Health and Human Services				
Direct				
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	N/A	-	21,668
Cancer Detection and Diagnosis Research	93.394	N/A	384,078	648,412
Cardiovascular Diseases Research	93.837	N/A	-	42,229
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	N/A	6,321	9,608
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	N/A	-	47,538
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	N/A	26,721	56,361
Biomedical Research and Research Training	93.859	N/A	-	146,917
Vision Research	93.867	N/A	56,034	119,436
Pass Through				
Yale University-Drug Abuse and Addiction Research Programs	93.279	1 R61 DA 059895-01	-	9,905
Pennsylvania State University-Cardiovascular Diseases Research	93.837	R01HL122311	-	302,135
Total Department of Health and Human Services			473,154	1,404,209
Total Research and Development Cluster			1,326,207	12,009,685
Highway Planning and Construction Cluster				
Department of Transportation				
Direct				
Highway Planning and Construction	20.205	N/A	64,195	116,670
Pass Through				
E L Robinson Engineering-Highway Planning and Construction	20.205	39168	-	2,136
Ohio Department of Transportation-Highway Planning and Construction	20.205	39174	-	13,558
Ohio Department of Transportation-Highway Planning and Construction	20.205	E200928	46,945	145,505
Ohio Department of Transportation-Highway Planning and Construction	20.205	E230272	-	63,198
University of Cincinnati-Highway Planning and Construction	20.205	36597	-	65,860
University of Cincinnati-Highway Planning and Construction	20.205	FHWA E201001	-	10,725
University of Cincinnati-Highway Planning and Construction	20.205	ODOT 37852	-	43,057
University of Cincinnati-Highway Planning and Construction	20.205	ODOT 37854	-	45,138
Total Department of Transportation			111,140	505,847
Total Highway Planning and Construction Cluster			111,140	505,847

The University of Akron

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

	Assistance			
Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Listing Number	Pass-through Entity Identifying Number	Pass-Through to Subrecipient	Total Expenditures
Highway Safety Cluster				
Pass Through				
Ohio Dept of Public Safety and Community Highway Safety	20.600	69A37520300004020OH0	\$ -	\$ 114,211
Ohio Dept of Public Safety and Community Highway Safety	20.600	69A37521300004020OH0	-	152,645
Total Department of Transportation			-	266,856
Total Highway Safety Cluster			-	266,856
TRIO Cluster				
Department of Education				
Direct				
TRIO_Talent Search	84.044	N/A	-	507,234
TRIO_Upward Bound	84.047	N/A	-	596,407
Total Department of Education			-	1,103,641
Total TRIO Cluster			-	1,103,641
Special Education Cluster				
Department of Education				
Pass Through				
University of Cincinnati-Special Education_Grants to States	84.027	HQ23A22301111	-	23,061
Total Department of Education			-	23,061
Total Special Education Cluster			-	23,061
TANF Cluster				
Department of Health and Human Services				
Pass Through				
Summit County Dept of Job and Family Srv-Temporary Assistance	93.558	N/A	-	32,616
Total Department of Health and Human Services			-	32,616
Total TANF Cluster			-	32,616
Other Programs				
Instruction				
Department of Education				
Direct				
Special Education-Personnel Development to Improve Services and Results for Children with Disabilities	84.325K	N/A	-	93,893
English Language Acquisition Grants	84.365	N/A	3,424	33,143
Pass Through				
Ohio Department of Education-ARP ESSER fund	84.425U	S425U210035	-	274,331
Total Department of Education			3,424	401,367
Department of Health and Human Services				
Direct				
Mental and Behavioral Health Education and Training Grant	93.732	N/A	141,210	216,210
Pass Through				
Northeast Ohio Medical Univ. (NEOMED)-Model State-Supported Area Health Education Centers	93.107	U7723072	-	13,337
Ohio Department of Job and Family Service-Social Services Block Grant	93.667	2001OHCWSS	-	117,772
Total Department of Health and Human Services			141,210	347,319
Total Instruction			144,634	748,686

The University of Akron
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

	Assistance			
Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Listing Number	Pass-through Entity Identifying Number	Pass-Through to Subrecipient	Total Expenditures
Public Service				
National Aeronautics and Space Administration				
Pass Through				
Ohio Space Grant Consortium-Aeronautics and Space Act of 1958	43.008	N/A	\$ -	\$ 11,870
Total Department of National Aeronautics and space			-	11,870
National Endowment for the Arts				
Direct				
Promotion of the Humanities_Division of Preservation and Access	45.149	N/A	-	10,000
Total Department of National Endowment for the Arts			-	10,000
Department of Education				
Pass Through				
Ohio Department of Education-ESSER I and II	84.425D	1705	-	312,509
Ohio Department of Higher Education-ARP ESSER fund	84.425U	S425U210035	-	71,093
Total Department of Education			-	383,602
Department of Health and Human Services				
Direct				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	N/A	-	(2)
Pass Through				
Northeast Ohio Medical University (NEOMED)-Mental and Behavioral Health Education and Training Grants	93.732	6 U3NHP45402-01-01	-	5,099
Northeast Ohio Medical University (NEOMED)-Geriatric Education Centers	93.969	U1QHP33073	-	4,728
Total Department of Health and Human Services			-	9,825
Department of Homeland Security				
Pass Through				
Ohio Department of Public Safety-Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-DR-4507-OH	-	1,369,382
Total Department of Homeland Security			-	1,369,382
Total Public Service			-	1,784,679
Total Other Programs			144,634	2,533,365
Grand Total			\$ 1,581,981	\$ 87,810,165

The University of Akron

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of The University of Akron (The University) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of The University, it is not intended to and does not present the financial position, changes in net position or cash flows of The University.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The University attempts to recover facilities and administrative costs by means of predetermined rates. The predetermined rates are a result of negotiated agreements with the U.S. Department of Health and Human Services. The predetermined rates are 52% for on-campus research, 35.5% for other on-campus sponsored activities and 26% for off-campus research through June 30, 2028. The University has not elected to use the 10-percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Note 3 - Loans Outstanding

The following schedule represents total loans advanced to students by The University and balances outstanding for the Perkins and Nursing Student Loan Programs for the year ended June 30, 2024:

Cluster/Program Title	Assistance Listing Number	Advances	Outstanding Balances
Perkins Loan Program (net of allowances)	84.038	\$ -	\$ 1,419,758
Nursing Student Loan Program (net of allowances)	93.364	24,580	449,884

Note 4 - Adjustments and Transfers

As allowable and in accordance with federal regulations issued by the U.S. Department of Education, The University transferred \$188,400 of Federal Work Study (FWS) Program (84.033) award funds to the Federal Supplemental Education Opportunity Grant (SEOG) Program (84.007). The University carried forward and spent \$59,803 of the 2022-2023 SEOG award to the 2023-2024 award year.

In addition, the University carried forward \$83,771 and \$53,448 of the 2023-2024 FWS and SEOG awards, respectively, to the 2024-2025 award year. The University spent \$83,771 of the carried forward FWS funds from the 2022-2023 award year during the 2023-2024 award year.

The University of Akron
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Note 5 - Reconciliation

The following schedule is a reconciliation of total expenditures as shown on the Schedule to the revenue shown as federal grants and contracts on the Statement of Revenues, Expenses and Changes in Position (the Statement), which is included as part of The University's financial statements:

Expenditures per the Schedule	\$ 87,810,165
Pell grants	(19,292,976)
Federal direct loans	(47,709,248)
Federal Perkins loan program	(2,576,519)
Nursing student loan program	(513,987)
Federal grants passed through state entities	(2,784,389)
Federal grants passed through local entities	(32,616)
Private grants	(3,973,196)
Federal purchased service contracts	37,745
Indirect costs excluded from federal grants on Statement	<u>165,036</u>
Federal grants and contracts as shown on the Statement	<u>\$ 11,130,015</u>

Current restricted funds derived from appropriations, gifts or grants may be used only to meet current expenditures for the purposes specifically identified by sponsoring agencies. The appropriations, gifts or grants are recognized as revenue in The University's external financial statements as expended. Therefore, expenditures per the Schedule reconciles with federal grants and contracts revenue on the Statement, except as noted above.

The University of Akron

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes None reported
- Noncompliance material to financial statements noted? X Yes None reported

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes None reported
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? X Yes No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
Various	Student Financial Aid Cluster	Unmodified
84.044, 84.047	TRIO Cluster	Unmodified
97.036	Disaster Grants – Public Assistance	Unmodified

Dollar threshold used to distinguish between

type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

The University of Akron
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II - Financial Statement Findings and Responses

Reference Number	Findings
Current Year:	
FINDING 2024-001 – Controls Over Tuition Charges	
	<p>Criteria: Billings to students for tuition should be accurately aligned with the appropriate cohort based on the students' admission dates and the designated tuition period.</p> <p>Condition: 7 out of 56 students sampled were aligned to an improper tuition cohort for the school year 2023-2024 and charged at a lower locked in rate than what was appropriate given the students' class / program at the University.</p> <p>Context: Errors within the PeopleSoft programs' coding did not allow students to be automatically adjusted for cohort updates. A student remained in an expired cohort or was not re-aligned from a nondeclared status when the student declared for a program. In both of these scenarios, the student should have been assigned to an updated cohort going forward.</p> <p>Effect: Incorrect billings can occur without proper system updates and review of student cohort information. No students were overcharged for tuition, all were undercharged based on their new cohort.</p> <p>Cause: The Bursar department did not have a systematic way of updating student cohorts to the correct assignment.</p> <p>Repeat Finding: No</p> <p>Recommendation: We recommend an update process be implemented within Workday to allow for student cohorts to be updated based on changes that occur with students' cohorts, classes or programs.</p> <p>Response: The Office of Student Accounts/Bursar will work with the Information Technology Services to determine a process to identify these students in Workday. The Bursar department will then implement a procedure to update these students on a timely basis to appropriately charge and bill tuition by the correct cohort.</p>

The University of Akron
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II - Financial Statement Findings and Responses - continued

Reference Number	Findings
FINDING 2024-002 – Controls at the Research Foundation	
	<p>Criteria: The University of Akron Research Foundation (“Research Foundation”) is responsible for the fair presentation of their financial statements in conformity with accounting principles generally accepted in the United States of America. This includes an effective internal control system over financial statement preparation and account reconciliations with a separate documented review performed.</p> <p>Condition: There was an incomplete internal review of the fiscal year 2024 financial statements and lack of precise and accurate accounting for financial statement line items and disclosures.</p> <p>Context: Reconciliations over all accounts were not performed or reviewed timely. This resulted in misstated financial statements that required the financial statements to be updated during the audit process.</p> <p>Effect: Errors and fraud can go undetected without proper reviews or controls in place.</p> <p>Cause: The former Research Foundation Director of Accounting left in July 2024 resulting in a gap in resources to take on added roles and responsibilities associated with the Research Foundation.</p> <p>Repeat Finding: No</p> <p>Recommendation: We recommend account reconciliations and financial statement preparation process be performed by management and a documented separate review of the prepared information occurs.</p> <p>Response: Currently, The University's Office of the Controller has taken over responsibility for the daily accounting functions of the Research Foundation. They have implemented procedures for reviewing transactions and other reconciliations. The Controller's Office will continue to work with the Research Foundation to update procedures for posting accounting transactions and financial reporting with proper review and documentation.</p>
FINDING 2024-003 – Bidding Requirements	
	<p>Criteria: Ohio Revised Code section 3355.12(A) requires that a bid should be advertised once a week for three consecutive weeks.</p> <p>Condition: 3 out of the 3 competitive bids selected for testing were advertised for only two consecutive weeks instead of three weeks.</p> <p>Context: Based on an internal determination, only advertising for two consecutive weeks was implemented for all competitive bids during the fiscal year.</p> <p>Effect: Noncompliance with the Ohio Revised Code.</p> <p>Cause: An internal decision within procurement was made to only advertise for two weeks.</p> <p>Repeat Finding: No</p> <p>Recommendation: We recommend that the requirements of the Ohio Revised Code be followed and that all competitive bids be advertised for three consecutive weeks.</p> <p>Response: The Department of Purchasing will modify their bidding procedures to conform with Ohio Revised Code.</p>

The University of Akron
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II - Financial Statement Findings and Responses - continued

Reference Number	Findings
Prior Years:	
FINDING 2022-001 – Internal Controls Over Investments	
	<p>Criteria: The University of Akron Foundation (“Foundation”) is responsible for fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. This includes an effective internal control system over investments and frequent and timely reconciling of account balances to information provided by the bank and custodians.</p> <p>Condition: Monthly reconciliations over investments and investment activity were not being performed on a monthly basis.</p> <p>Context: Investment activity was not recorded timely through the year resulting in material entries posted by the Foundation after year end.</p> <p>Effect: Errors and fraud can go undetected without frequent and timely investment reconciliations.</p> <p>Cause: An independent monthly review process was not in place at the Foundation.</p> <p>Repeat Finding: No</p> <p>Recommendation: We recommend the Foundation implement an independent review process over the completion of timely investment reconciliations and investment activity to ensure the amounts are accurate and supported.</p> <p>Response: The Foundation staff will implement routine reconciliation of all investment activity at least quarterly throughout the year. If in preparation of quarterly reconciliations, it is determined that monthly reconciliations will be more productive than the routine will become monthly. The Foundation administration recognizes that we are almost six months into the year and reconciliations for the first half of the year are not complete and outstanding.</p>

The University of Akron
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section III – Federal Program Audit Findings and Responses

Reference Number	Findings
Current Year:	
FINDING 2024-004 – TRIO Eligibility	
	<p>Federal Program Information: TRIO Cluster: TRIO Talent Search, ALN #84.044 TRIO Upward Bound, ALN #84.047</p> <p>Criteria: Determination of student eligibility associated with TRIO programs should be documented with all documentation retained.</p> <p>Condition: Student TRIO eligibility was not properly documented.</p> <p>Context: The following errors were identified during the testing of Student TRIO eligibility:</p> <ul style="list-style-type: none">• For the TRIO Upward Bound program, 4 of 15 selections were found to have incomplete documentation of the determination associated with the University Eligibility Determination Certificate intake forms.• For the TRIO Talent Search program, 3 of 45 selections were found to be students allocated to a waitlist for the program and eventually admitted, but no final documented determination of eligibility into the program was made. <p>Questioned Cost: None</p> <p>Effect: Ineligible students could receive TRIO funding if eligibility is not properly documented and retained.</p> <p>Cause: Documentation was not updated when subsequent documentation or changes were made to participants.</p> <p>Repeat Finding: Yes</p> <p>Recommendation: We recommend implementing a formalized process for ensuring that appropriate determination of student eligibility for TRIO programs occurs.</p> <p>Response: The Office of Academic Achievement Programs will update their procedures to ensure that all appropriate documentation is maintained when making eligibility determinations for each student.</p>

The University of Akron
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section III – Federal Program Audit Findings and Responses - continued

Reference Number	Findings
Prior Year:	
FINDING 2023-001 – Student Financial Aid Awards	
	Federal Program Information: Student Financial Aid: Federal Direct Student Loans, ALN #84.268 Federal Pell Grant Program, ALN #84.063
	Criteria: 34 CFR 690.63, Calculation of a Federal Pell Grant for a Payment Period and 34 CRF 685.203, Loan Limits
	Condition: Federal Direct Student Loans were incorrectly awarded to transfer students and students that had credits through the College Credit Plus Program. Federal Pell Grants were incorrectly awarded to students with a change in credits.
	Context: The following errors were identified during testing of a sample of 25 students: <ul style="list-style-type: none">• Two students had an unsubsidized loan disbursement error due to an incorrect class level utilized in awarding aid. The total under award was \$4,000.• One student was over-awarded an unsubsidized loan instead of being awarded a subsidized loan. The amount of the error was \$5,500.• One student had a Pell disbursement error when the student re-enrolled in a cooperative program with full-time status for the term and the University did not update packing information. This resulted in an under award of \$1,636.
	Questioned Cost: None due to under awards.
	Effect: Students were incorrectly awarded student financial aid.
	Cause: Errors in packaging of the student financial aid resulted in inaccurate awards to students.
	Repeat Finding: No
	Recommendation: We recommend implementing procedures that appropriately determines student financial aid to students, specifically those who transfer into The University, have College Credit Plus and adjust their credit hours.
	Response: The Office of Student Financial Aid will update their procedures to verify the proper aid is packaged and awarded based on the student status.

The University of Akron

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

Section III – Federal Program Audit Findings and Responses - continued

Reference Number	Findings
Prior Year - continued:	
FINDING 2023-002 – TRIO Eligibility	
	<p>Federal Program Information: TRIO Cluster: TRIO Talent Search, ALN #84.044 TRIO Upward Bound, ALN #84.047</p> <p>Criteria: Determination of student eligibility associated with TRIO programs should be documented with all documentation retained.</p> <p>Condition: Student TRIO eligibility was not properly documented.</p> <p>Context: The following errors were identified during the testing of Student TRIO eligibility:</p> <ul style="list-style-type: none"> • For the TRIO Upward Bound program, 3 of 13 selections were found to have incomplete documentation of the determination associated with the University Eligibility Determination Certificate intake forms. • For the TRIO Upward Bound program, 4 of 13 selections did not have proper retention of the Eligibility Determination Certificate intake form and student / parent completed applications. • For the TRIO Talent Search program, 2 of 47 selections were found to be students allocated to a waitlist for the program and eventually admitted, but no final documented determination of eligibility into the program was made. • For the TRIO Talent Search program, 1 of 47 selections did not have proper retention of the Eligibility Determination Certificate intake form and student / parent completed applications. <p>Questioned Cost: None</p> <p>Effect: Ineligible students could receive TRIO funding if eligibility is not properly documented and retained.</p> <p>Cause: Documentation was not updated when subsequent documentation or changes were made to participants.</p> <p>Repeat Finding: No</p> <p>Recommendation: We recommend implementing a formalized process for ensuring that appropriate determination of student eligibility for TRIO programs occurs.</p> <p>Response: The Office of Academic Achievement Programs will update their procedures to ensure that all appropriate documentation is maintained when making eligibility determinations for each student.</p>



Corrective Action Plan For the Year Ended June 30, 2024

FINDING 2024-001 – Controls Over Tuition Charges

Criteria: Billings to students for tuition should be accurately aligned with the appropriate cohort based on the students' admission dates and the designated tuition period.

Condition: 7 out of 56 students sampled were aligned to an improper tuition cohort for the school year 2023-2024 and charged at a lower locked in rate than what was appropriate given the students' class / program at the University.

Context: Errors within the PeopleSoft programs' coding did not allow students to be automatically adjusted for cohort updates. A student remained in an expired cohort or was not re-aligned from a nondeclared status when the student declared for a program. In both of these scenarios, the student should have been assigned to an updated cohort going forward.

Effect: Incorrect billings can occur without proper system updates and review of student cohort information. No students were overcharged for tuition, all were undercharged based on their new cohort.

Cause: The Bursar department did not have a systematic way of updating student cohorts to the correct assignment.

Repeat Finding: No

Recommendation: We recommend an update process be implemented within Workday to allow for student cohorts to be updated based on changes that occur with students' cohorts, classes or programs.

Response: The Office of Student Accounts/Bursar will work with the Information Technology Services to determine a process to identify these students in Workday. The Bursar department will then implement a procedure to update these students on a timely basis to appropriately charge and bill tuition by the correct cohort.

(continued next page)

FINDING 2024-002 – Controls at the Research Foundation

Criteria: The University of Akron Research Foundation ("Research Foundation") is responsible for the fair presentation of their financial statements in conformity with accounting principles generally accepted in the United States of America. This includes an effective internal control system over financial statement preparation and account reconciliations with a separate documented review performed.

Condition: There was an incomplete internal review of the fiscal year 2024 financial statements and lack of precise and accurate accounting for financial statement line items and disclosures.

Context: Reconciliations over all accounts were not performed or reviewed timely. This resulted in misstated financial statements that required the financial statements to be updated during the audit process.

Effect: Errors and fraud can go undetected without proper reviews or controls in place.

Cause: The former Research Foundation Director of Accounting left in July 2024 resulting in a gap in resources to take on added roles and responsibilities associated with the Research Foundation.

Repeat Finding: No

Recommendation: We recommend account reconciliations and financial statement preparation process be performed by management and a documented separate review of the prepared information occurs.

Response: Currently, The University's Office of the Controller has taken over responsibility for the daily accounting functions of the Research Foundation. They have implemented procedures for reviewing transactions and other reconciliations. The Controller's Office will continue to work with the Research Foundation to update procedures for posting accounting transactions and financial reporting with proper review and documentation.

FINDING 2024-003 – Bidding Requirements

Criteria: Ohio Revised Code section 3355.12(A) requires that a bid should be advertised once a week for three consecutive weeks.

Condition: 3 out of the 3 competitive bids selected for testing were advertised for only two consecutive weeks instead of three weeks.

Context: Based on an internal determination, only advertising for two consecutive weeks was implemented for all competitive bids during the fiscal year.

Effect: Noncompliance with the Ohio Revised Code.

Cause: An internal decision within procurement was made to only advertise for two weeks.

Repeat Finding: No

Recommendation: We recommend that the requirements of the Ohio Revised Code be followed and that all competitive bids be advertised for three consecutive weeks.

Response: The Department of Purchasing will modify their bidding procedures to conform with Ohio Revised Code.

(continued next page)

FINDING 2024-004 – TRIO Eligibility

Federal Program Information: TRIO Cluster:
TRIO Talent Search, ALN #84.044
TRIO Upward Bound, ALN #84.047

Criteria: Determination of student eligibility associated with TRIO programs should be documented with all documentation retained.

Condition: Student TRIO eligibility was not properly documented.

Context: The following errors were identified during the testing of Student TRIO eligibility:

- For the TRIO Upward Bound program, 4 of 15 selections were found to have incomplete documentation of the determination associated with the University Eligibility Determination Certificate intake forms.
- For the TRIO Talent Search program, 3 of 45 selections were found to be students allocated to a waitlist for the program and eventually admitted, but no final documented determination of eligibility into the program was made.

Questioned Cost: None

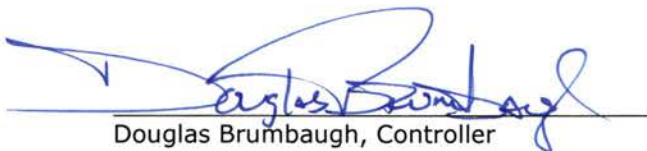
Effect: Ineligible students could receive TRIO funding if eligibility is not properly documented and retained.

Cause: Documentation was not updated when subsequent documentation or changes were made to participants.

Repeat Finding: Yes

Recommendation: We recommend implementing a formalized process for ensuring that appropriate determination of student eligibility for TRIO programs occurs.

Response: The Office of Academic Achievement Programs will update their procedures to ensure that all appropriate documentation is maintained when making eligibility determinations for each student.



Douglas Brumbaugh, Controller



Brett Riebau, Director, Financial Reporting

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OHIO AUDITOR OF STATE KEITH FABER



UNIVERSITY OF AKRON

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 1/21/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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