Institution: The University of Akron

Chief Executive Officer: Interim President John C. Green

Date Submitted: December 20, 2018

Submitted by: Rex D. Ramsier, Exec. VP/Chief Admin. Off.; Accreditation Liaison Off.

Action: Interim Report due 12/31/18 on finances

Core Component: 5.A.
The institution's resource base supports its current educational programs and its plans for maintaining and strengthening their quality in the future.

1. The institution has the fiscal and human resources and physical and technological infrastructure sufficient to support its operations wherever and however programs are delivered.

3. The goals incorporated into mission statements or elaborations of mission statements are realistic in light of the institution's organization, resources, and opportunities.

5. The institution has a well-developed process in place for budgeting and for monitoring expense.

Areas of Focus:
From the 5-10-17 HLC Team Report Review Summary:

An Interim report is required documenting that the Institution has stabilized its on-going financial resource base funding and developed a long term plan for funding Maintenance and Repair of its Facilities.

Over the past two years The University of Akron (UA) has made substantial strides to organize and streamline our budgeting practices, and to educate the campus about our finances. The work of the University Council (UC) Budget and Finance Committee (UCB&F) with the Chief Financial Officer (CFO) has been central to these efforts. Deans, Vice Presidents, faculty, staff and the Board of Trustees (BOT) now have a much deeper understanding of our financial position and what the drivers are, and therefore are now able to both tactically and strategically effect change. In this report we describe the major areas of progress UA has recently made with our finances and describe how our new budgeting and planning model (Attachment A) will continue these positive changes into the future.

Since the last HLC comprehensive evaluation visit, UA and each of our two related foundations (The University of Akron Foundation and The University of Akron Research Foundation) underwent customary annual external audits. For the fiscal year ended June 30, 2017 (FY 17), the external auditors from Plante Moran provided an unmodified opinion for all three entities (Attachment B). There were no material weaknesses; however, the University received a significant deficiency related to the calculation of unearned income related to summer tuition revenue. After a 10-year period, a new external auditor (Crowe) was selected via the State of Ohio mandatory process and they recently completed the fiscal year ended June 30, 2018 (FY 18) audit of UA and our related foundations. The BOT accepted the audits in December 2018 (Attachment C) and, as is customary, the University expects the Ohio Auditor of State to review and approve the audits by December 31, 2018 or soon thereafter. The audits will become public records at that time. Preliminarily, UA anticipates we will receive unmodified opinions with no reportable internal control deficiencies or noncompliance matters and recognition that our deferred revenue deficiency from the prior year has been corrected.

During June 2017 the UCB&F/UC endorsed, and the BOT approved, the General, Auxiliaries, and Department Sales and Services funds budgets for the fiscal year July 1, 2017 – June 30, 2018 (FY 18) (Attachment D). The FY 18 General Fund budget contemplated a $29 million General Fund deficit. However, the University continued to manage its expenditures and control personnel and other costs and a much smaller $4 million General Fund deficit resulted by June 30, 2018. The current FY 19 General Fund deficit as budgeted is $16.2 million and efforts are being made to maintain or even reduce that budgeted deficit. The FY 19 budgets were endorsed by UCB&F/UC and approved by the BOT in June 2018 (Attachment E). It should be noted here that the current FY 19 budgets included a 3% raise pool for most the full-time employees governed by binding collective bargaining agreements, and also a 3% raise pool for all other full-time employees. These raises appeared in employees' pay during the Fall 2018 semester.

In spite of fiscal challenges and as a result of vigilant management of our finances, Moody's reaffirmed UA's A1 rating while improving its outlook from negative to stable during March 2018 (Attachment F). Soon thereafter, Fitch downgraded UA's rating from "AA-" to "A+" but improved its outlook from negative to stable (Attachment G). Previously, UA maintained a split rating from Moody's and Fitch, and Fitch's change aligned those two ratings. In addition, our KPMG Composite Financial Index (CFI) has improved to above 2.0 in recent years (Attachment H).

As part of an ongoing effort to manage our debt portfolio, UA pursued a debt refinancing opportunity that deferred debt service payments in the amount of $5 million annually for 5 years while also financially satisfying a $4.5 million obligation to the UA Foundation that was scheduled to mature within a couple of years. The University's debt deferral transaction was completed, resulting in a positive net present value with almost no change to its interest rate and within its original debt maturation schedule. During April 2017, the BOT authorized the University Administration to pursue such refinancing opportunities via Resolution 4-7-17 (Attachment I). The transaction was closed during August 2018. The debt deferral topic was reviewed with and endorsed by UCB&F (Attachment J) and the BOT was provided a close-out update during August 2018 (Attachment K).

With respect to managing our endowments, UA recently decreased its endowment spending and administrative rates cumulatively from 6.0% to 5.25%. These changes better reflect likely market returns over time, will help maintain and grow the corpus, and will help ensure that UA remains compliant with the Uniform Prudent Management of Institution Funds Act (UPMIFA). As part of our improved shared governance and communication activities described in an accompanying HLC interim report, these rate changes were discussed with and endorsed by UCB&F/UC along the way to BOT approval (Attachment L).

In terms of personnel matters, after consulting with our faculty union (Akron AAUP), UA implemented a faculty-only Voluntary Retirement Incentive Program (VRIP) in Spring 2018. VRIP attracted 48 faculty participants and resulted in the elimination of nearly $5.4 million of compensation and benefits. The VRIP's payback period is only about ten months and is therefore marginally cash flow positive in the first year while it becomes increasingly cash flow positive until the final payouts in FY 22. VRIP was reviewed with UCB&F before action by the BOT in December 2017 (Attachment M). It should be noted that as described in an accompanying HLC interim report on program review, investments in 31 new faculty lines in areas of high priority for Fall 2019 will cost $2.8 million in compensation and benefits. So in totality, after VRIP and the new investments, the number of full-time faculty will reduce slightly but with a net financial savings and a reallocation of resources into growth areas.

On the revenue side, and as provided by State of Ohio law, UA pursued a tuition guarantee program that permits eligible undergraduate students in the same cohort to pay a fixed rate for general and instructional fees for four years. Simultaneously, UA used the process to simplify our fee structure, the details of which are described in Attachment N. In addition, UA restored our men's baseball program and added a women's lacrosse team, to begin competition during the 2019-20 academic year. A key element of these athletics programs is a low cost model which focuses on recruiting Ohio students (for whom we receive State subsidy) and avoids UA-funded athletic aid. Once again, these changes were discussed with UCB&F before approval by the BOT (Attachment O). Finally, we have a new undergraduate recruiting and scholarship/discount plan from our admissions and enrollment management area (Attachment P) that will take us into the future.

Deferred maintenance is an ongoing challenge and we have been making progress on this front. For example, we are investing all of our $18 million state capital appropriation toward reducing deferred maintenance (Attachment Q). In addition, UA recently abated and razed properties totaling 120,000 square feet, including the Grant Hi-Rise and Townhomes, the Trecaso building, the Vine Street Apartment building, and a series of buildings on East Exchange St. including the former Plasma Alliance building (Attachment R). Gallucci Hall, a 113,000 square foot residence hall, is expected to be razed in 2019 as evidenced by advertising in the local newspaper for bids in December 2018 (Attachment S). Finally, as part of our new Three-Year Action Plan (Attachment T) we are looking to monetize some of our physical facilities such as parking, the student union, the recreation center, and the energy plant which will help us further manage and improve our infrastructure.

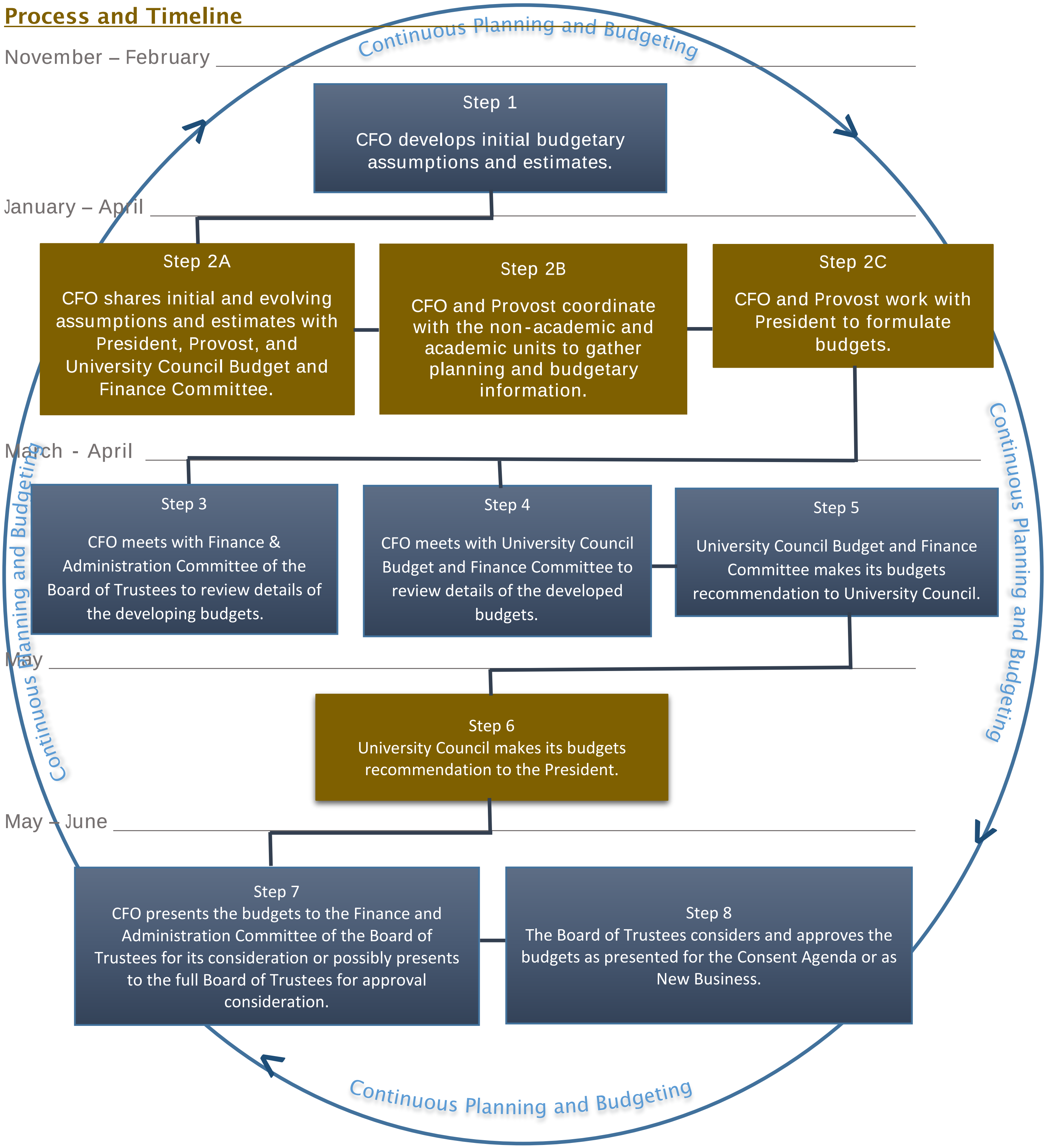
In closing, in this interim report UA has provided sufficient evidence that we meet the expectations of Core Component 5.A and of the HLC Team Report. Whereas enrollment declines and increases in undergraduate discounting have challenged our financial position, as we are pursuing viable plans to stabilize both areas. In addition, we have clearly demonstrated our ability to control costs while planning for the future by investing in programs that present growth and distinctiveness opportunities.

The University of Akron
Continuous Planning and Budgetary Process

Stakeholders

President, CFO, Provost, Vice Presidents, Deans, University Council Budget and Finance Committee, University Council, Board of Trustees Finance and Administration Committee, and Board of Trustees.

Process and Timeline



The University of Akron

(A component unit of the State of Ohio)

Financial Report

With Supplemental Information

June 30, 2017

Dave Yost • Auditor of State

Board of Trustees
The University of Akron
302 Butchel Common
Akron, Ohio 44325

We have reviewed the *Independent Auditor's Report* of The University of Akron, Summit County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2016 through June 30, 2017. 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.

Dave Yost
Auditor of State

December 11, 2017

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The University of Akron

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The University of Akron

Management's Discussion and Analysis (Unaudited)
June 30, 2017

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, 2017. This discussion and analysis views The University's financial performance as a whole; readers should also review the financial statements and related notes to the 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 Government 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 similar to 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*; *Revenues, Expenses and Changes in Net Position;* and *Cash Flows*. The financial statements focus on the financial condition, results of operations, and cash flows of The University, as a whole.

The Statement 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 Statement 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, 2017, 2016, and 2015, the State provided approximately $127 million, $121 million, and $109 million, respectively, for operating and capital purposes while The University's operating losses were approximately $153 million, $140 million, and $150 million, respectively, for each of those years.

The Statement 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 Comprehensive Annual Financial Report. The University has two discretely presented component units that are combined and reported in separate columns on The University's 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 supporting The University. Since the focus of this discussion is on The University, these component units are not included in the amounts below. These component units are described in greater detail in the financial statements and notes to the financial statements.

Statements of Net Position

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

	2015	2016	2017
Assets:			
Current assets	$ 203.2	$ 209.5	$ 214.6
Noncurrent assets:			
Capital	736.8	742.9	734.2
Other	99.1	87.1	87.5
Total assets	1,039.1	1,039.5	1,036.3
Deferred outflow of resources	54.5	73.8	113.5
Liabilities:			
Current liabilities	84.3	86.7	76.7
Net pension liability	339.8	370.9	418.5
Other noncurrent liabilities	499.0	492.8	477.3
Total liabilities	923.1	950.4	972.5
Deferred inflow of resources	60.4	39.5	39.0
Net position:			
Net investment in capital assets	293.0	311.3	310.3
Restricted:			
Nonexpendable	23.4	22.2	21.8
Expendable	74.0	71.4	73.2
Unrestricted	(280.3)	(281.5)	(267.0)
Total net position	$ 110.1	$ 123.4	$ 138.3

Assets and deferred outflows of resources

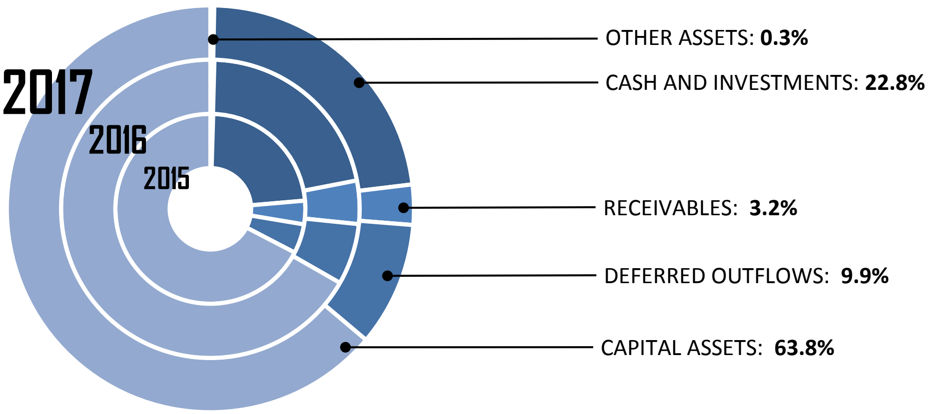
Current assets include those highly liquid assets that are used for current operations such as cash and cash equivalents; investments; accounts, pledges, student notes, and accrued interest receivable; inventories; and prepaid expenses. For 2017 and 2016, current assets increased $5.1 million and $6.3 million, respectively. There were variations among many of the current asset categories, but the principal causes of the change in 2017 are from an increase of pooled investments of $20.7 million and a decrease of $14.7 million in net accounts receivable of which $12.7 million is attributable to payments received on completed grants. The principal causes of the change in 2016 are from an increase of $8.9 million in net accounts receivable and a decrease in cash and cash equivalents of $1.4 million.

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 $8.3 million and $5.9 million for 2017 and 2016, respectively. The changes in 2017 are largely due to a decrease in capitalization of equipment. The changes in 2016 are largely from additional restricted investments for the Campus-Wide Energy Efficiency and Conservation project in 2014 that were spent in 2016.

Deferred outflows of resources is defined as the consumption of net assets applicable to a future reporting period. The deferred outflows of resources has a positive effect on net position similar to assets and consists of deferred amounts on The University's bond refunding transactions and the effects of changes in the net pension liability to be included in future pension expense. In 2017, a $42.1 million increase in future pension expense was offset by $2.4 million amortization of the deferred amount on bond refunding resulting in a net increase of $39.7 million. In 2016, additional bond refunding amounts added for the Series 2015B and 2016A resulted in a net increase of $8.8 million as well as an increase in future pension expense of $10.5 million.

Assets and deferred outflows of resources (continued)

Below is the composition of assets and deferred outflows for each year (with 2017 percentages):



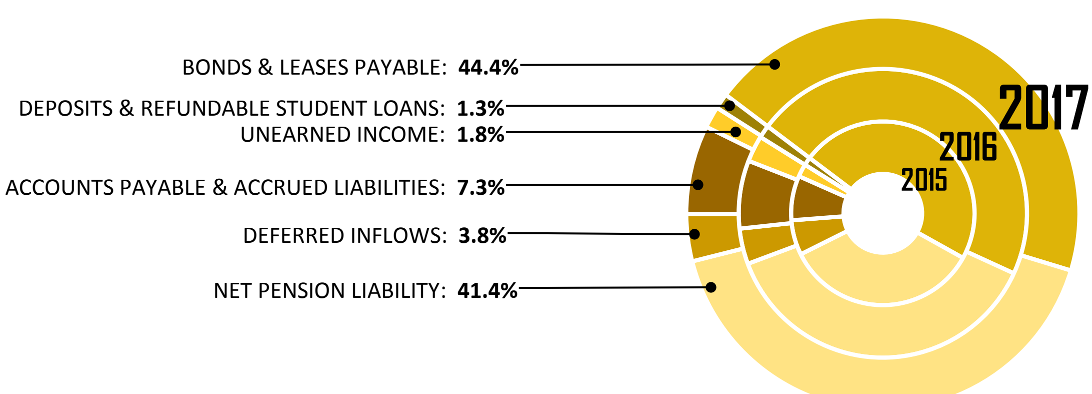
Liabilities and deferred inflows of resources

Current liabilities include all items that mature within one year. The current liabilities include accounts payable, accrued liabilities, accrued interest payable, unearned income, deposits, and the short-term portion of long-term liabilities. Current liabilities decreased $10.0 million for 2017 and increased $2.4 million for 2016. There were variations among many of the current liability categories, but the principal cause of the change was a decrease in unearned income of $11.2 million for 2017. An increase in unearned income of $6.9 million as well as a decrease of $5.0 million in short-term debt were the principal causes of the increase during 2016.

Noncurrent liabilities consist of refundable federal student loans, long-term debt including capital leases and the sick leave and other postemployment benefit liabilities, and net pension liability. There was an increase in 2017 of $32.1 million primarily due to an increase in net pension liability of $47.6 million offset by bond principal payments of $14.6 million. All categories of long-term debt were reduced for 2016 with the exception of bond premium for the refinancing of Series 2016A of $15.0 million increase and net pension liability of $31.1 million increase.

Deferred inflows of resources is the acquisition of net assets applicable to a future reporting period. Deferred inflows of resources has a negative effect on net position similar to liabilities. Deferred inflows of resources decreased by $.5 million in 2017 because of a $.9 million decrease in pensions and a $.4 million increase in unearned income. A $24.6 million decrease for pensions along with an increase in unearned income of $3.8 million, decreased deferred inflows of resources $20.9 million from 2015 to 2016.

Below is the composition of liabilities and deferred inflows for each year (with 2017 percentages):



Net position

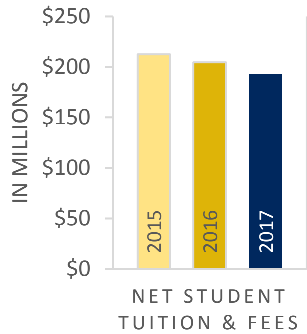
As reflected earlier, *net position* represents the residual balance and, over time, is one indicator of improving or eroding financial health. Net position represents the difference between all other elements in the statements of net position and is displayed in three components: Net investment in capital assets, Restricted, or Unrestricted. Restricted net position includes both expendable and nonexpendable components. For 2017 net position increased 12.1% or $14.9 million. This was largely due to unrealized gain of investments of $8.7 million and a decrease in operating expenses of $11.8 million which included a decrease in healthcare claims of $7.6 million and a decrease in salaries of $4.3 million. For 2016 net position increased 12.1%, or $13.3 million. This was largely due to a $23.8 million decrease in operating expenses including attrition and reduction of staff.

Statements of Revenues, Expenses, and Changes in Net Position

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

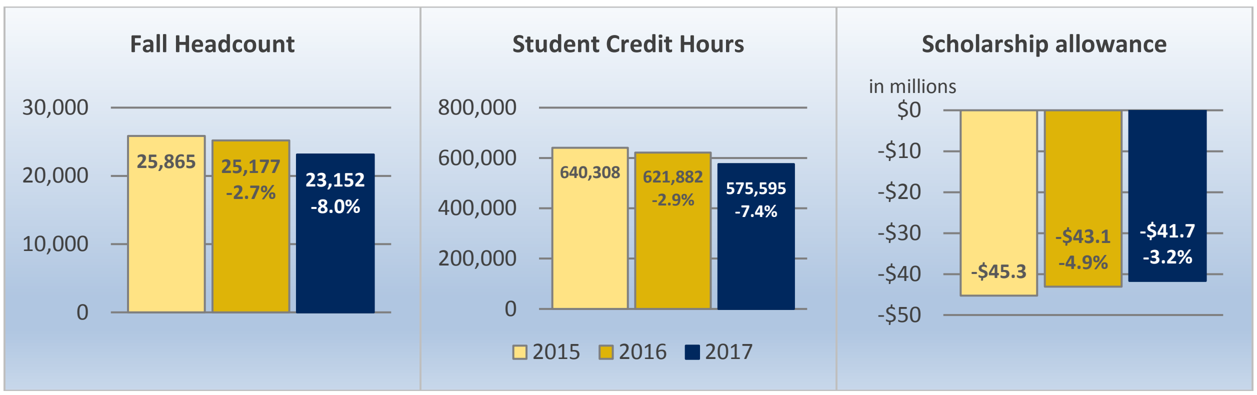
	2015	2016	2017
Operating revenues:			
Tuition and fees (net)	$ 212.6	$ 204.5	$ 192.6
Grants and contracts	34.0	42.6	31.7
Sales and services	6.8	6.4	6.3
Auxiliary enterprises	50.8	37.2	34.6
Other operating revenues	0.9	0.8	1.3
Total operating revenues	305.1	291.5	266.5
Operating expenses:			
Educational and general:			
Instruction and departmental research	162.2	157.8	162.8
Other educational and general	186.7	182.0	166.5
Auxiliary enterprises	64.5	47.4	45.0
Depreciation	41.4	43.8	45.0
Total operating expenses	454.8	431.0	419.3
Operating loss	(149.7)	(139.5)	(152.8)
Nonoperating revenues (expenses):			
State appropriations	100.2	109.1	111.2
Federal grants	32.2	28.9	25.9
Gifts and distributions	23.1	21.5	19.2
Other nonoperating (net)	(20.1)	(19.2)	(5.0)
Net nonoperating revenues	135.4	140.3	151.3
Gain (loss) before other changes	(14.3)	0.8	(1.5)
Other changes:			
Capital appropriations	8.4	11.7	15.9
Other changes (net)	1.0	0.8	0.5
Total other changes	9.4	12.5	16.4
Increase (decrease) in net position	(4.9)	13.3	14.9
Net position:			
Net position - beginning of year	495.9	110.1	123.4
Change in accounting principle	(380.9)	-	-
Net position - as restated	115.0	110.1	123.4
Net position - end of year	$ 110.1	$ 123.4	$ 138.3

Operating revenues



Student tuition and fees include all tuition and fees assessed for educational purposes, net of refunds and any discounts recognized. Net tuition and fees decreased 5.8% in 2017 and 3.8% in 2016. Changes in net tuition and fees are attributable to the student headcount, student credit hours taken, and fees charged. Tuition and general fees were unchanged for the 2017 and 2016 academic years. 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.

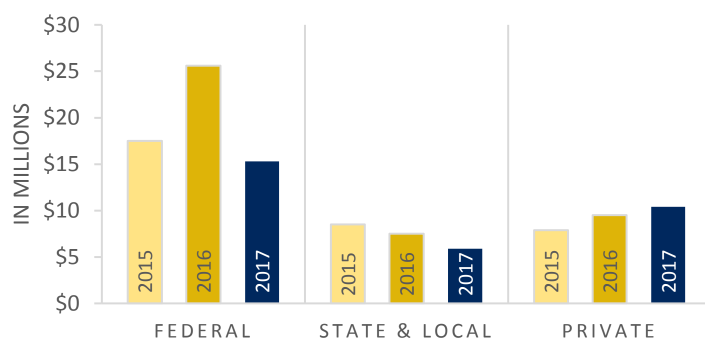
The following charts show changes that would have an effect on the net student tuition and fee revenue:



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.

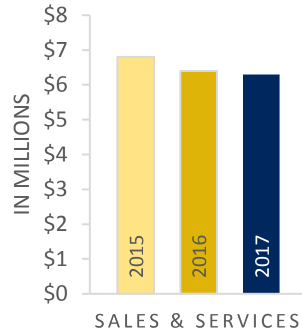
The largest sources of federal revenue were (in millions):

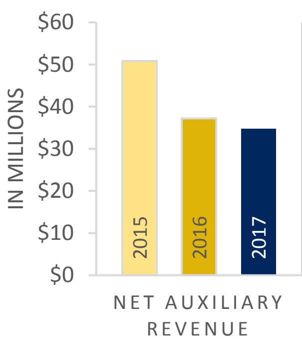


Agency	2015	2016	2017
National Science Foundation	$ 5.9	$ 6.4	$ 6.5
Department of Defense	3.9	11.0	1.2
Department of Education	3.9	4.0	3.7
Department of Health and Human Services	1.5	1.8	1.4
National Aeronautics and Space Administration	0.4	0.1	0.2
Department of Energy	0.2	-	-
Other agencies	1.7	2.3	2.3
Total federal revenues	$ 17.5	$ 25.6	$ 15.3

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 2017 the most significant of these operations was UA Business Solutions, the English Language Institute and the New Student Orientation Program which generated sales totaling $.6 million each. During 2016 these operations generated $.4, $1.2 and $.6 million, respectively.

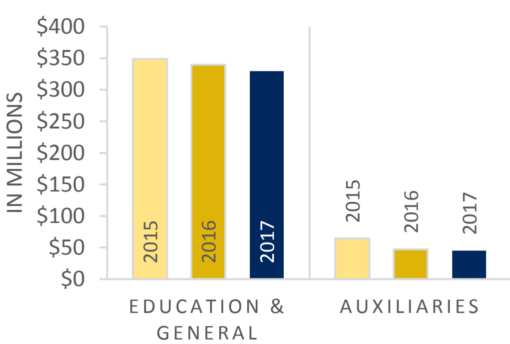




Auxiliary enterprises revenue is generated from operations which predominantly exist to furnish goods or services to students, faculty, staff, or the general public. These types of activities are intended to be self-supporting in that the revenues generated are intended to cover the costs of providing 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. In 2016 The University contracted with Aramark to run all dining services. The predominant revenues within this area are (in millions):

Auxiliary	**2015**	**2016**	**2017**
Residence halls	$ 20.3	$ 20.7	$ 18.8
Athletics	6.7	7.4	7.9
Dining	16.9	3.7	2.6
Parking and transportation services	9.0	8.5	8.0
Other auxiliaries	4.1	3.2	3.2
Scholarship allowance	(6.2)	(6.3)	(5.8)
Total net auxiliary revenue	$ 50.8	$ 37.2	$ 34.7

Operating expenses



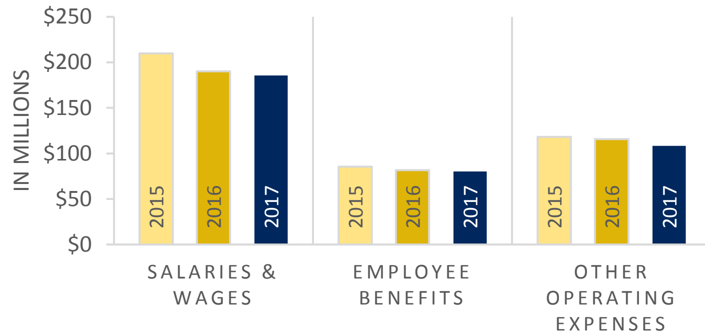
One way to analyze expense is according to the purpose for which the costs are incurred, or their *functional* classification. These classifications tell why an expense was incurred rather than what was purchased.

The educational and general expenses category is the single largest category of operating expenses and includes all academic and administrative support costs. Overall, during 2017 and 2016, these expenses decreased 3.1% and 2.6%, respectively.

Auxiliary enterprises expenses result from those operations, which as previously noted, predominantly furnish goods or services to students, faculty, staff, or the general public. Auxiliary enterprise expenses decreased 5.2% and 26.5% during 2017 and 2016, respectively.

Operating expenses (continued)

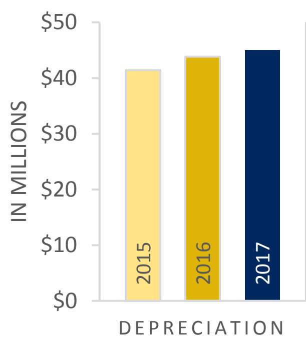
Another way to review expenses is according to the type of costs that are incurred, or their *natural* classification. These classifications tell what was purchased rather than why an expense was incurred.



Salaries and wages include expenses for amounts paid and owed to faculty, staff, and student employees including full-time and part-time employees. These expenses decreased 2.3% and 9.4% during 2017 and 2016, respectively, due to a decline in the total number of employees which was offset by contractual wage increases.

Employee benefits include expenses for all benefits 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. During 2017 these expenses decreased 1.8% or $1.4 million.

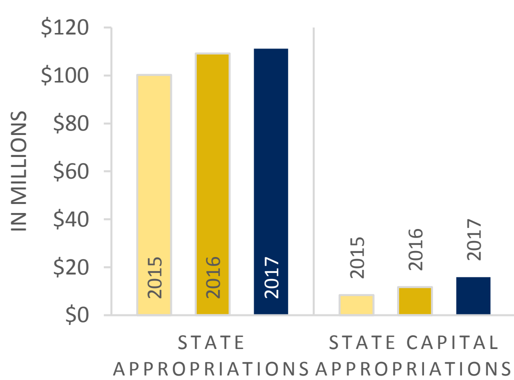
Other operating expenses include items such as supplies, utilities, scholarships and fellowships, travel and other contractual services. These expenses decreased 6.2% and 2.2% during 2017 and 2016, respectively, due to reduced spending in supplies and services and a reduction in healthcare claims.



Generally, *depreciation* expense is predictable from year to year, taking into account 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.

Depreciation expense increased $1.1 million and $2.4 million during 2017 and 2016, respectively, due to changing levels of capital asset purchases and losses from the disposal of obsolete capital assets.

Nonoperating revenues and expenses

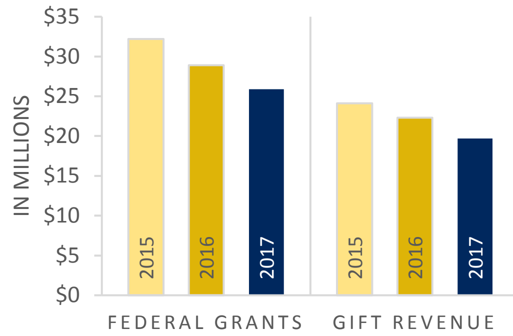


State appropriations represent the most significant nonoperating revenue source for The University. State appropriations funding increased $2.0 million and $9.0 million in 2017 and 2016, respectively.

The State of Ohio also provides *capital appropriations* to The University. Unlike the operating resources reflected previously, these resources are provided to help with The University's capital needs. The funding is provided through the Ohio Department of Higher Education (ODHE), formerly known as the Ohio Board of Regents, and based upon certain formulas and a capital plan provided by The University. Capital appropriation revenues vary from year to year based on spending on the approved capital projects.

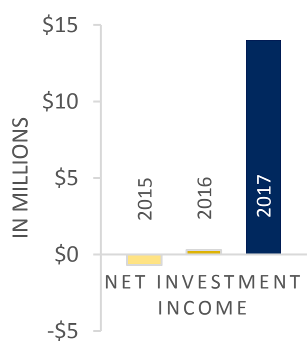
Nonoperating revenues and expenses (continued)

The University records Pell grant awards as nonoperating *federal grant* revenue. Federal grant revenue decreased 10.4% and 10.3% during 2017 and 2016, respectively, due to the decreasing number of awards to students.



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 a vital ingredient 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. In those cases, The University maintains a system of internal controls to ensure the gifts are used solely in accordance with the grantor's requirements. Gift revenues decreased by $2.6 and $1.8 million during 2017 and 2016, respectively.

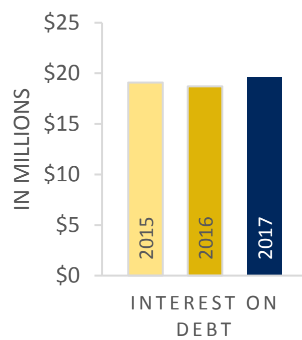
Other net nonoperating revenues and expenses represent the remaining sources and uses of funds that generally do not result from providing educational and instructional services in connection with The University's principal ongoing operations including investment income and interest payments on debt.



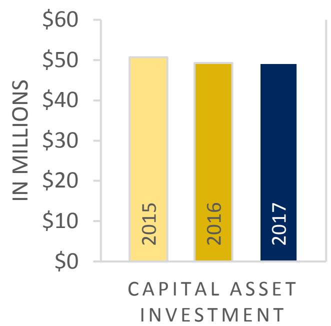
Investment income, net of investment expenses, increased $13.7 and $1.0 million during 2017 and 2016, respectively. The changes are due to overall fluctuations in returns on all investments.

GASB requires investments be reported at fair value for financial statement reporting purposes. Included in the change in net investment income was a net increase of $8.7 million in 2017 and a $1.9 million net decrease in 2016 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 capital leases less capitalized interest. Interest expense increased $.9 million to $19.6 million in 2017 and decreased $.4 million to $18.7 in 2016 due to refinancing of certain debt in 2016.

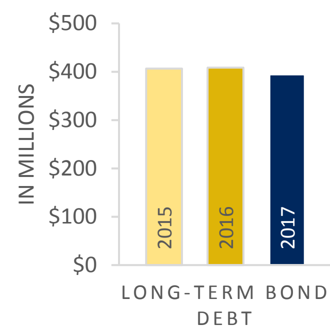


Capital Assets and Long-term Debt Activity



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. The final phase of the McDowell Law Center renovation was the largest project during 2017. The remainder of the Campus-Wide Energy Efficiency and Conservation project was completed during 2016 as well as the Zook Hall and Auburn Science and Engineering Center renovations. Construction projects and implementation of new equipment and software were the majority of the capital asset additions. 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 $394.4 million, $408.3 million, and $406.5 million in 2017, 2016, and 2015, respectively. During 2016, The University issued refunding bonds to refinance the remainder of the Series 2008A and 2008B and portions of the Series 2011 bonds to receive lower interest rates. The University's bond rating was unchanged and remains at A1, while the outlook improved from negative to stable. 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 2017 and 2016, those revenue sources alone represented $303.8 million and $313.6 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 $140.6 million and $152.1 million, respectively.

The University's ability to maintain or expand existing academic programs and to pursue other initiatives will be directly impacted by these major revenue sources. To reverse the enrollment decline experienced in recent years, The University has begun initiatives to improve retention and stabilize enrollment. The University is also evaluating opportunities to diversify its revenue sources. In addition, the University is budgeting to better align with its revenue fluctuations and to control expenses.

The University will recognize its proportionate share of the net postemployment benefits liability related to its participation in the plan according to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This change will decrease net position starting with fiscal year ending June 30, 2018.

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Independent Auditor's Report

To the Board of Trustees
University of Akron

Report on the Financial Statements

We have audited the accompanying financial statements of The University of Akron (the "University") and its aggregate discretely presented component units as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise The University of Akron's basic financial statements as listed in the table of contents. These financial statements are reported as a component unit of the State of Ohio.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The University of Akron and its discretely presented component units as of June 30, 2017 and 2016, and the changes in its financial position, and, where applicable, cash flows, for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
University of Akron

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of University pension contributions, and schedule of University's proportionate share of the net pension liability be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The University of Akron's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such 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 October 12, 2017 on our consideration of the University of Akron's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 of Akron's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 12, 2017

The University of Akron

Statements of Net Position
June 30, 2017 and 2016

	The University of Akron		Component Units	
ASSETS	**2017**	**2016**	**2017**	**2016**
Current assets:				
Cash and cash equivalents	$ 12,262,781	$ 11,709,777	$ 2,265,213	$ 2,305,649
Pooled investments	170,007,651	149,326,775	7,465,082	6,908,660
Accounts receivable, net	26,504,510	41,195,432	850,749	1,395,082
Pledges receivable, net	234,158	346,331	6,662,046	2,179,614
Notes receivable, net	1,555,657	1,564,519	192,000	-
Accrued interest receivable	501,047	472,843	-	-
Inventories	574,272	584,032	-	-
Prepaid expenses	2,959,770	4,260,994	162,733	100,736
Total current assets	214,599,846	209,460,703	17,597,823	12,889,741
Noncurrent assets:				
Restricted cash and cash equivalents	245,300	2,921,565	-	-
Restricted investments	4,974,077	6,977,405	383,732	393,204
Endowment investments	65,677,610	61,985,180	171,455,028	161,199,527
Investments held in trust by others	8,704,863	6,635,135	-	-
Pledges receivable, net	365,412	516,908	13,271,895	14,215,798
Notes receivable, net	7,515,097	8,081,695	4,712,714	-
Capital assets, net	734,229,131	742,865,129	10,863,273	17,509,158
Total assets	1,036,311,336	1,039,443,720	218,284,465	206,207,428
DEFERRED OUTFLOW OF RESOURCES				
Deferred amount on bond refundings	36,506,593	38,913,766	-	-
Pensions	77,008,856	34,906,287	-	-
Total deferred outflow of resources	113,515,449	73,820,053	-	-
LIABILITIES				
Current liabilities:				
Accounts payable	4,110,907	6,517,317	4,576,568	4,228,628
Accrued liabilities	22,411,601	22,827,751	578,833	913,206
Accrued interest payable	8,692,745	6,623,116	-	-
Unearned income	17,891,784	29,088,137	1,078,584	1,641,128
Deposits	2,048,421	2,028,567	-	-
Current portion of long-term liabilities	21,534,221	19,564,315	4,861,077	4,933,311
Total current liabilities	76,689,679	86,649,203	11,095,062	11,716,273
Noncurrent liabilities:				
Refundable federal student loans	10,743,897	11,994,799	-	-
Actuarial liability for annuity/unitrust agreements	-	-	12,702,901	12,094,922
Net pension liability	418,495,409	370,890,391	-	-
Long-term liabilities	466,586,774	480,829,038	2,422,495	2,499,572
Total liabilities	972,515,759	950,363,431	26,220,458	26,310,767
DEFERRED INFLOW OF RESOURCES				
Pensions	33,922,861	34,786,146	-	-
Other deferred inflows	5,098,491	4,719,730	-	-
Total deferred inflow of resources	39,021,352	39,505,876	-	-
NET POSITION				
Net investment in capital assets	310,261,694	311,349,302	8,440,778	15,009,586
Restricted:				
Nonexpendable:				
Endowment	21,797,159	22,185,716	114,004,558	111,417,882
Expendable:				
Research and gifts	37,798,645	38,005,372	-	-
Loans	850,104	826,151	-	-
Endowment	33,079,704	29,571,125	58,527,001	51,787,759
Capital projects	879,768	2,633,127	-	-
Debt service	649,053	366,930	-	-
Unrestricted (deficit)	(267,026,453)	(281,543,257)	11,091,670	1,681,434
Total net position	$ 138,289,674	$ 123,394,466	$ 192,064,007	$ 179,896,661

See accompanying notes to financial statements

The University of Akron

Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	The University of Akron		Component Units	
REVENUES	**2017**	**2016**	**2017**	**2016**
Operating revenues:				
Student tuition and fees	$ 234,255,302	$ 247,506,893	$ -	$ -
Scholarship allowance	(41,681,776)	(43,052,286)	-	-
Net student tuition and fees	192,573,526	204,454,607	-	-
Federal grants and contracts	15,335,668	25,603,683	5,634	64,528
State grants and contracts	5,398,101	6,943,858	-	-
Local grants and contracts	526,268	547,435	-	-
Private grants and contracts	10,417,965	9,511,261	3,592,602	4,798,356
Gifts and contributions	-	-	11,802,810	5,921,075
Sales and services	6,300,828	6,416,543	-	-
Auxiliary enterprises	40,427,675	43,514,303	-	-
Scholarship allowance	(5,773,728)	(6,303,328)	-	-
Net auxiliary enterprises	34,653,947	37,210,975	-	-
Pensions	43,528	65,824	-	-
Other sources	1,240,556	748,149	1,856,707	2,231,661
Total operating revenues	266,490,387	291,502,335	17,257,753	13,015,620
EXPENSES				
Operating expenses:				
Educational and general:				
Instruction and departmental research	162,842,666	157,773,939	-	-
Separately budgeted research	25,958,255	29,200,055	5,520,594	4,122,347
Public service	6,551,622	7,147,315	-	-
Academic support	33,898,090	35,212,800	-	-
Student services	14,443,100	12,374,758	-	-
Institutional support	34,841,999	50,855,952	1,647,354	858,769
Operation and maintenance of plant	22,746,755	22,106,992	-	-
Scholarships and fellowships	28,074,420	25,132,503	-	-
Auxiliary enterprises	44,944,809	47,411,681	-	-
Depreciation	44,978,880	43,835,457	495,340	490,154
Total operating expenses	419,280,596	431,051,452	7,663,288	5,471,270
Operating (loss) income	(152,790,209)	(139,549,117)	9,594,465	7,544,350
NONOPERATING REVENUES (EXPENSES)				
State appropriations	111,222,922	109,183,622	-	-
Federal grants	25,877,719	28,883,394	-	-
Gifts	5,315,959	7,006,374	-	-
Investment income, net	13,964,811	293,479	14,950,795	(4,327,785)
Interest on debt	(19,562,144)	(18,663,178)	28,614	(166,162)
Distributions to The University	13,903,279	14,464,714	(13,903,279)	(14,464,714)
Distributions on behalf of The University	-	-	(904,973)	(610,200)
Other nonoperating revenues (expenses)	575,892	(823,095)	538,081	903,230
Net nonoperating revenues (expenses)	151,298,438	140,345,310	709,238	(18,665,631)
Income (loss) before other changes	(1,491,771)	796,193	10,303,703	(11,121,281)
OTHER CHANGES				
State capital appropriations	15,913,404	11,738,845	-	-
Capital gifts and grants	203,226	696,809	-	-
Additions to permanent endowments	270,349	103,734	1,863,643	9,665,480
Total other changes	16,386,979	12,539,388	1,863,643	9,665,480
Increase (decrease) in net position	14,895,208	13,335,581	12,167,346	(1,455,801)
NET POSITION				
Net position - beginning of year	123,394,466	110,058,885	179,896,661	181,352,462
Net position - end of year	$ 138,289,674	$ 123,394,466	$ 192,064,007	$ 179,896,661

See accompanying notes to financial statements

The University of Akron

Statements of Cash Flows

For the Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 191,012,060	$ 202,620,467
Grants and contracts	35,315,567	43,144,896
Auxiliary enterprises	34,942,017	37,722,122
Sales and service of educational activities	6,300,828	6,416,543
Payments to suppliers	(79,362,531)	(89,912,089)
Payments for compensation and benefits	(261,606,235)	(277,929,109)
Payments for scholarships and fellowships	(27,785,638)	(24,582,957)
Loans issued to students	(1,094,755)	(984,989)
Collection of loans to students	1,670,215	1,636,252
Other payments	(47,098)	(278,533)
Net cash used in operating activities	(100,655,570)	(102,147,397)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	111,222,922	109,183,622
Gifts, grants, and contracts for other than capital purposes	44,677,306	50,437,386
Private gifts for endowment purposes	418,516	152,450
Other receipts (payments)	575,892	(823,095)
Net cash provided by noncapital financing activities	156,894,636	158,950,363
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	-	109,657,411
Repayment of capital debt	-	(108,900,000)
Capital appropriations	15,913,404	11,738,845
Capital grants and gifts received	314,007	810,173
Purchases of capital assets	(29,772,320)	(52,255,036)
Principal paid on capital debt and leases	(15,065,848)	(19,782,412)
Interest paid on capital debt and leases	(22,491,809)	(18,970,612)
Net cash used in capital financing activities	(51,102,566)	(77,701,631)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	160,824,829	248,218,393
Interest on investments	5,271,818	2,205,446
Purchase of investments	(173,356,408)	(232,696,596)
Net cash (used in) provided by investing activities	(7,259,761)	17,727,243
Net decrease in cash and cash equivalents	(2,123,261)	(3,171,422)
Cash and cash equivalents, restricted cash and cash equivalents - beginning of the year	14,631,342	17,802,764
Cash and cash equivalents, restricted cash and cash equivalents - end of the year	$ 12,508,081	$ 14,631,342
NONCASH TRANSACTIONS		
The University of Akron land transfer described in Note 6	$ 5,207,675	$ -

(continued)

The University of Akron

Statements of Cash Flows

For the Years Ended June 30, 2017 and 2016

	2017	2016
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (152,790,209)	$ (139,549,117)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	44,978,880	43,835,457
Changes in assets, and liabilities, and deferred inflows/outflows:		
Accounts receivable, net	14,737,284	(7,937,556)
Notes receivable, net	575,460	651,263
Inventories	9,760	199,872
Prepaid expenses	1,301,224	146,287
Accounts payable	(1,207,866)	(455,845)
Accrued liabilities	(416,150)	(422,721)
Unearned income	(11,196,353)	6,851,566
Deposits held for others	76,798	(51,623)
Sick leave liability	(470,244)	(1,280,118)
Other postemployment benefit liability	414,528	(295,209)
Net pension liability	47,605,018	31,124,731
Deferred inflows / outflows	(43,022,798)	(35,117,051)
Refundable federal student loans	(1,250,902)	152,667
Net cash used in operating activities	$ (100,655,570)	$ (102,147,397)

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. 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 one branch campus, Wayne College in Orrville, Ohio, and at additional locations: the Medina County University Center in Medina, Ohio, the Holmes Campus of Wayne College in Millersburg, Ohio, UA Lakewood in Lakewood, Ohio, and the Midpoint Campus Center in Brunswick, Ohio. The Midpoint Campus Center is a partnership with Lorain County Community College (LCCC).

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 financial statements are included as a discretely presented component unit within the State of Ohio's Comprehensive Annual 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 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 supporting 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 provides assistance to 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 10.

Basis of Accounting

The 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 financial statements of The University have been prepared in accordance with generally accepted accounting principles 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.

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 as operating revenue grants classified as exchange transactions and auxiliary activities. Operating expenses include educational costs, administrative expenses, and depreciation on capital 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 presentation features. With the exception of 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.

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. Cash and cash equivalents for bond issue proceeds are separately managed and recorded on the Statements of Net Position as restricted cash and cash equivalents in noncurrent assets.

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 a nonoperating revenue or expense 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 revenue 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 their 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 revenue until the conditions are substantially met.

Inventories

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

1. Summary of Significant Accounting and Reporting Policies – continued

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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government deferred outflows of resources related to the net pension liability, see Note 8 for more.

Capital Assets

Capital assets are recorded at cost or, if acquired by gift, at an appraised 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 financial statements and are depreciated. Expenditures 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

Capitalization of Interest

The University capitalizes interest on construction projects until substantial completion of the project. Capitalized interest is amortized on the straight-line basis over the estimated useful lives of such assets. Capitalization of interest cost of the borrowings is reduced by interest earned on investment of the bond proceeds from the date of the borrowing until the assets constructed from the bond proceeds are ready for their intended use.

Unearned Income

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

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 Plan (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. 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.

1. Summary of Significant Accounting and Reporting Policies – continued

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 and so will not be recognized as an inflow of resources (revenue) until that time. The government deferred inflows of resources related to the net pension liability, see Note 8 for more.

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 is 22 days. The University accrued a vacation liability equal to the number of days accrued by each eligible employee up to the maximum allowed by the respective employee group.

All University employees are entitled to a sick leave credit equal to 10 hours for each month of service (earned on a pro-rata basis for less than full-time employees). This 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.

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 of 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 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.

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 cash. 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 was 5% as of June 30, 2017, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings.

1. Summary of Significant Accounting and Reporting Policies – continued

Service Organization

The University processes certain Lorain County Community College (LCCC) data on equipment and applications which are owned by The University or licensed to The University. Additionally, certain LCCC data is also stored on university equipment. The data processing functions are performed and managed by university employees. As such, The University is a service organization as prescribed by Statement on Standards for Attestation Engagements (SSAE) No. 16, while LCCC is a user organization. Revenue from this agreement is recorded as sales and services revenue on the Statements of Revenues, Expenses, and Changes in Net Position.

Use of Estimates

The preparation of 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 financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Standards

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which address reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require The University to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the plan. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The University is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for The University's financial statements for the year ending June 30, 2018.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The University is currently evaluating the impact of this standard, specifically related to holding assets for other organizations and agencies. The provisions of this statement are effective for The University's financial statements for the 2020 fiscal year.

1. Summary of Significant Accounting and Reporting Policies – continued

Accounting Standards - continued

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017,* which addresses practice issues that have been identified during implementation and application of certain GASB statements. The Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and OPEB). The University is currently evaluating the impact of this standard, specifically for the OPEB implications. The provisions of this statement are effective for The University's financial statements for the 2018 fiscal year.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues,* which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The University is currently evaluating the impact of this standard as it relates to prior defeasances with resources used other than the proceeds of the refunding debt. The provisions of this statement are effective for The University's financial statements for the 2018 fiscal year.

In June 2017, the GASB issued Statement No. 87, *Leases,* which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources. The effect of applying the new lease guidance on the financial statements has not yet been determined. The provisions of this statement are effective for The University's financial statements for the 2021 fiscal year.

2. Cash and Investments

Cash

At June 30, 2017 and 2016, the carrying amounts of The University's bank deposits and interest-bearing cash equivalents were $12,347,202 and $14,631,342, respectively, as compared to bank balances of $14,552,301 and $15,411,242, respectively. The differences between carrying amounts and bank balances were caused by items in transit. Of the June 30, 2017 and 2016 bank balances, $13,795,044 and $14,646,048, respectively, were uninsured but collateralized with securities held by the depository banks in The University's name.

Investments

In accordance with the *Policies of the Board of Trustees of The University*, 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 fair value of investments represents published market quotations.

2. Cash and Investments - continued

Investments – continued

The University's investments, at fair value, at June 30, 2017 and 2016 are summarized as follows:

	2017 Fair Value	2016 Fair Value
Pooled investments:		
Money Market	$ 4,014,755	$ 2,404,615
U.S. agencies	28,232,211	20,279,198
U.S. Treasury	19,339,480	23,187,044
U.S. and corporate bonds	15,215,075	15,623,454
Corporate notes	39,350,555	39,327,903
Equities	28,623,431	22,874,336
Negotiable certificates of deposit	9,185,805	11,794,835
Mutual funds - alternative investments	5,573,065	5,344,835
PFM: Prime/Government Series	20,473,274	8,490,555
Total pooled investments	170,007,651	149,326,775
Endowment investments:		
Marketable securities:		
Money Market	1,809,303	532,497
U.S. agencies	86,884	139,745
U.S. Treasury	1,517,707	1,525,955
Equities	51,044,727	49,756,712
Managed Fixed Income	10,621,405	9,410,482
U.S. and corporate bonds	87,858	105,378
Corporate notes	509,121	513,806
Cash surrender value of life insurance	605	605
Total endowment investments	65,677,610	61,985,180
Investments held in trust by others:		
Money Market	803,601	791,723
U.S. Treasury	7,552,215	5,494,378
Commercial paper sweep	349,047	349,034
Total investments held in trust by others	8,704,863	6,635,135
Restricted investments:		
U.S. Treasury	4,974,077	6,977,405
Total restricted investments	4,974,077	6,977,405
Total investments	$ 249,364,201	$ 224,924,495

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 statement 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. At June 30, 2017 and 2016, 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 will adversely affect the fair value of an investment. At June 30, 2017 and 2016, The University did not have investments that are subject to foreign currency risk. 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 at June 30, 2017 are as follows:

	Rating	Investment maturity (in years)				
Investment	**(S&P)**	**Less than 1**	**1 to 5**	**6 to 10**	**More than 10**	**Totals**
PFM: Prime/Government Series	AAA	$ 20,473,275	$ -	$ -	$ -	$ 20,473,275
U.S. agencies	AAA	179,248	16,867,985	6,496,134	4,775,728	28,319,095
U.S. Treasury	AA	8,577,769	19,370,301	5,435,409	-	33,383,479
Negotiable CDs	AA	-	-	-	-	-
	A	2,952,448	6,233,357	-	-	9,185,805
Total negotiable CDs		2,952,448	6,233,357	-	-	9,185,805
Corporate notes	AAA	443,678	3,740,749	-	-	4,184,427
	AA	4,613,488	10,509,698	252,027	-	15,375,213
	A	6,904,435	12,474,532	808,167	32,883	20,220,017
	BBB	-	59,218	15,139	5,662	80,019
Total corporate notes		11,961,601	26,784,197	1,075,333	38,545	39,859,676
U.S. and corporate bonds	AAA	2,230,121	-	-	87,858	2,317,979
	AA	1,193,229	-	-	-	1,193,229
	A	1,242,803	-	-	-	1,242,803
	BBB	1,794,281	-	-	-	1,794,281
	BB	915,952	-	-	-	915,952
	B	623,866	-	-	-	623,866
	Below B	218,013	-	-	-	218,013
Total U.S. and corporate bonds		8,218,265	-	-	87,858	8,306,123
Totals		$ 52,362,606	$ 69,255,840	$ 13,006,876	$ 4,902,131	$139,527,453

2. Cash and Investments - continued

Investments - continued

The credit ratings and maturities of The University's interest-bearing investments at June 30, 2016 are as follows:

Investment	Rating (S&P)	Investment maturity (in years) Less than 1	1 to 5	6 to 10	More than 10	Totals
PFM: Prime/Government Series	AAA	$ 8,490,555	$ -	$ -	$ -	$ 8,490,555
U.S. agencies	AAA	464,583	8,138,326	5,613,360	6,202,674	20,418,943
U.S. Treasury	AA	6,250,586	23,917,719	7,016,475	-	37,184,780
Negotiable CDs	AA	3,123,749	4,861,557	-	-	7,985,306
	A	2,853,411	956,118	-	-	3,809,529
Total negotiable CDs		5,977,160	5,817,675	-	-	11,794,835
Corporate notes	AAA	-	3,576,521	534,907	-	4,111,428
	AA	507,690	13,603,450	1,062,465	-	15,173,605
	A	4,629,917	15,207,610	619,387	39,769	20,496,683
	BBB	-	34,201	25,791	-	59,992
Total corporate notes		5,137,607	32,421,782	2,242,550	39,769	39,841,708
U.S. and corporate bonds	AAA	2,511,733	-	-	97,922	2,609,655
	AA	1,306,400	-	-	-	1,306,400
	A	1,378,620	-	-	-	1,378,620
	BBB	1,971,448	-	-	-	1,971,448
	BB	1,008,539	-	-	-	1,008,539
	B	679,419	-	-	-	679,419
	Below B	243,353	-	-	-	243,353
Total U.S. and corporate bonds		9,099,512	-	-	97,922	9,197,434
Totals		$ 35,420,003	$ 70,295,502	$ 14,872,385	$ 6,340,365	$126,928,255

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.

2. Cash and Investments - continued

Investments - continued

The University has the following recurring fair value measurements as of June 30, 2017:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using		
	Balance at June 30, 2017	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	$ 28,319,095	$ -	$ 28,319,095	$ -
U.S. Treasury	25,831,264	25,831,264	-	-
U.S. and corporate bonds	15,302,933	15,302,933	-	-
Corporate notes	39,859,676	-	39,859,676	-
Equities	79,668,158	79,668,158	-	-
Managed fixed income	10,621,405	10,621,405	-	-
Negotiable certificates of deposit	9,185,805	-	9,185,805	-
Mutual funds - alternative investments	5,573,064	5,573,064	-	-
Total investments by fair value level	$ 214,361,400	$ 136,996,824	$ 77,364,576	$ -

The University has the following recurring fair value measurements as of June 30, 2016:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using		
	Balance at June 30, 2016	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	$ 20,418,943	$ -	$ 20,418,943	$ -
U.S. Treasury	31,690,403	31,220,033	470,370	-
U.S. and corporate bonds	15,728,833	15,630,911	97,922	-
Corporate notes	39,841,709	-	39,841,709	-
Equities	72,631,048	72,631,048	-	-
Managed fixed income	9,410,482	9,410,482	-	-
Negotiable certificates of deposit	11,794,835	-	11,794,835	-
Mutual funds - alternative investments	5,344,835	5,344,835	-	-
Total investments by fair value level	$ 206,861,088	$ 134,237,309	$ 72,623,779	$ -

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, 2017 and 2016 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.

Investments reported at cost totaling $35,002,801 and $18,063,408 for years ending June 30, 2017 and 2016, respectively, are not included in the tables above. These investments include cash in prime/government series and money market accounts, cash surrender value of life insurance, and bond proceeds held in trust.

3. Accounts and Notes Receivable

Accounts and notes receivable at June 30, 2017 and 2016 consisted of the following:

	2017	2016
Accounts receivable, net:		
Federal, state, and local governments, foundations, and companies, net of allowance for doubtful accounts of $0 for both years	$ 9,302,891	$ 22,918,073
Student receivables, net of allowance for doubtful accounts of $33,185,849 and $32,607,755, respectively	16,614,660	16,967,724
Other, net of allowance for doubtful accounts of $55,118 and $52,235, respectively	586,959	1,309,634
Total accounts receivable, net	26,504,510	41,195,431
Notes receivable, net:		
Student notes receivables, net of allowance for doubtful notes of $1,871,376 and $1,901,918, respectively	9,070,754	9,646,214
Accounts and notes receivable, net	$ 35,575,264	$ 50,841,645

4. Pledges Receivable

Unconditional promises to give to The University recorded as pledges receivable at June 30, 2017 and 2016 were as follows:

	2017		2016	
	Pledges Receivable	Current Portion	Pledges Receivable	Current Portion
Total pledges receivable	$ 630,626	$ 241,202	$ 887,733	$ 349,664
Less: amount estimated to be uncollectible	(18,038)	(7,044)	(8,308)	(3,333)
Less: unamortized discount	(13,018)	-	(16,186)	-
Pledges receivable, net	599,570	$ 234,158	863,239	$ 346,331
Less: current portion	(234,158)		(346,331)	
Pledges receivable, noncurrent portion	$ 365,412		$ 516,908	

As of June 30, 2017 and 2016, The University has approximately $3,773,000 and $4,197,000, respectively, in numerous outstanding pledges, which are considered to be intentions to give and are contingent upon future events. These pledges are not recorded as pledges receivable because they do not represent unconditional promises to give.

5. Capital Assets

Changes in capital assets during fiscal years 2017 and 2016 were as follows:

	Balance July 1, 2016	Additions	Reductions	Transfers	Balance June 30, 2017
Nondepreciable capital assets:					
Land	$ 39,661,058	$ 5,207,675	$ -	$ -	$ 44,868,733
Historical collections	4,625,717	150,250	(5,000)	-	4,770,967
Construction in progress	9,102,924	26,031,219	-	(9,932,810)	25,201,333
Total nondepreciable capital assets	53,389,699	31,389,144	(5,000)	(9,932,810)	74,841,033
Depreciable capital assets:					
Land improvements	45,878,387	-	(2,023,204)	-	43,855,183
Buildings	957,673,482	-	-	5,050,796	962,724,278
Infrastructure	82,773,543	-	-	4,882,014	87,655,557
Equipment, furniture, and books	133,078,606	4,953,739	(6,486,360)	-	131,545,985
Total depreciable capital assets	1,219,404,018	4,953,739	(8,509,564)	9,932,810	1,225,781,003
Total capital assets	1,272,793,717	36,342,883	(8,514,564)	-	1,300,622,036
Less accumulated depreciation:					
Land improvements	28,987,560	1,724,007	(2,023,204)	-	28,688,363
Buildings	392,075,967	25,848,021	-	-	417,923,988
Infrastructure	18,532,598	5,057,054	-	-	23,589,652
Equipment, furniture, and books	90,332,463	12,202,227	(6,343,788)	-	96,190,902
Total accumulated depreciation	529,928,588	44,831,309	(8,366,992)	-	566,392,905
Capital assets, net	$ 742,865,129	$ (8,488,426)	$ (147,572)	$ -	$ 734,229,131

	Balance July 1, 2015	Additions	Reductions	Transfers	Balance June 30, 2016
Nondepreciable capital assets:					
Land	$ 39,661,058	$ -	$ -	$ -	$ 39,661,058
Historical collections	4,586,517	39,200	-	-	4,625,717
Construction in progress	10,820,838	31,539,209	-	(33,257,123)	9,102,924
Total nondepreciable capital assets	55,068,413	31,578,409	-	(33,257,123)	53,389,699
Depreciable capital assets:					
Land improvements	47,716,090	-	(1,858,428)	20,725	45,878,387
Buildings	933,898,026	-	(1,914,775)	25,690,231	957,673,482
Infrastructure	75,227,376	-	-	7,546,167	82,773,543
Equipment, furniture, and books	120,066,679	18,333,597	(5,321,670)	-	133,078,606
Total depreciable capital assets	1,176,908,171	18,333,597	(9,094,873)	33,257,123	1,219,404,018
Total capital assets	1,231,976,584	49,912,006	(9,094,873)	-	1,272,793,717
Less accumulated depreciation:					
Land improvements	29,051,731	1,794,257	(1,858,428)	-	28,987,560
Buildings	368,359,024	25,631,718	(1,914,775)	-	392,075,967
Infrastructure	13,768,206	4,764,392	-	-	18,532,598
Equipment, furniture, and books	84,009,044	11,525,410	(5,201,991)	-	90,332,463
Total accumulated depreciation	495,188,005	43,715,777	(8,975,194)	-	529,928,588
Capital assets, net	$ 736,788,579	$ 6,196,229	$ (119,679)	$ -	$ 742,865,129

For the years ended June 30, 2017 and 2016, respectively, included in depreciation expense of $44,978,880 and $43,835,457 is a loss of $147,571 and $119,679 from the disposal of obsolete capital assets.

6. Long-term Liabilities

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.

In December 2015, The University issued $10.5 million of General Receipts Refunding Bonds, Series 2015B with a coupon rate of 1.73% with payments through 2022. The proceeds of the Series 2015B Bonds were used to refund $10.2 million of The University's outstanding General Receipts Bonds, Series 2005, to pay issuance costs and generate interest savings of $734,000 over the life of the bonds.

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.

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 will perform conservation measures on many of The University's 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.

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, 2017 and 2016 were $783,298 and $261,287, respectively. The rebates were reported as other nonoperating revenues and do not reduce the amount reported as interest expense for the year.

6. Long-term Liabilities – continued

Changes in long-term liabilities during fiscal year 2017 were as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Current Portion
Bonds payable:					
General receipts refunding bonds - Series 2010A, 2.0% to 5.0%, due serially through 2029	105,790,000	-	(6,435,000)	99,355,000	6,700,000
General receipts refunding bonds - Series 2012A, 2.4%, due serially through 2027	29,025,000	-	(1,990,000)	27,035,000	2,510,000
General receipts refunding bonds - Series 2014A, 2.0% to 5.0%, due serially through 2035	27,050,000	-	(735,000)	26,315,000	-
General receipts refunding bonds - Series 2015A, 1.0% to 5.0%, due serially through 2032	97,535,000	-	-	97,535,000	-
General receipts refunding bonds - Series 2015B, 1.73%, due serially through 2022	9,720,000	-	(1,545,000)	8,175,000	1,580,000
General receipts refunding bonds - Series 2016A, 2.0% to 5.0%, due serially through 2042	93,905,000	-	(500,000)	93,405,000	2,690,000
Ohio Air Quality Development Authority:					
Tax exempt revenue bonds - Series 2013A, 2.48% due serially through 2026	38,021,975	-	(3,396,910)	34,625,065	3,481,154
Tax credit revenue bonds - Series 2013B, 4.99%, due 2029	15,000,000	-	-	15,000,000	-
Total bonds payable	416,046,975	-	(14,601,910)	401,445,065	16,961,154
Bond premiums:					
Series 2014A	2,038,060	-	(107,267)	1,930,793	107,266
Series 2015A	12,983,476	-	(824,347)	12,159,129	824,348
Series 2016A	16,003,589	-	(615,523)	15,388,066	615,523
Total bond premiums	31,025,125	-	(1,547,137)	29,477,988	1,547,137
Development Finance Authority lease	12,870,000	-	-	12,870,000	-
Innovation Generation Scholarships	12,135,674	-	(585,371)	11,550,303	591,196
Capitalized lease obligations	386,938	-	(386,938)	-	-
UA Foundation Land Note Payable		4,981,714	(77,000)	4,904,714	192,000
Sick leave liability	7,651,502	621,473	(1,091,717)	7,181,258	2,242,734
Other postemployment benefits	20,277,139	414,528	-	20,691,667	-
Totals	$ 500,393,353	$ 6,017,715	$ (18,290,073)	488,120,995	$ 21,534,221
Less: current portion				(21,534,221)	
Long-term liabilities				$ 466,586,774	

6. Long-term Liabilities - continued

Changes in long-term liabilities during fiscal year 2016 were as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Current Portion
Bonds payable:					
General receipts refunding bonds - Series 2005, 3.5% to 5.0%, due serially through 2022	$ 10,200,000	$ -	$ (10,200,000)	$ -	$ -
General receipts bonds - Series 2008A&B, 3.0% to 5.0%, due serially through 2038	84,640,000	-	(84,640,000)	-	-
General receipts refunding bonds - Series 2010A, 2.0% to 5.0%, due serially through 2029	112,035,000	-	(6,245,000)	105,790,000	6,435,000
General receipts refunding bonds - Series 2012A, 2.4%, due serially through 2027	30,470,000	-	(1,445,000)	29,025,000	1,990,000
General receipts refunding bonds - Series 2014A, 2.0% to 5.0%, due serially through 2035	27,760,000	-	(710,000)	27,050,000	735,000
General receipts refunding bonds - Series 2015A, 1.0% to 5.0%, due serially through 2032	99,135,000	-	(1,600,000)	97,535,000	-
General receipts refunding bonds - Series 2015B, 1.73%, due serially through 2022	-	10,500,000	(780,000)	9,720,000	1,545,000
General receipts refunding bonds - Series 2016A, 2.0% to 5.0%, due serially through 2042	-	93,905,000	-	93,905,000	500,000
Ohio Air Quality Development Authority:					
Tax exempt revenue bonds - Series 2013A, 2.48% due serially through 2026	41,336,681	-	(3,314,706)	38,021,975	3,396,910
Tax credit revenue bonds - Series 2013B, 4.99%, due 2029	15,000,000	-	-	15,000,000	-
Total bonds payable	420,576,681	104,405,000	(108,934,706)	416,046,975	14,601,910
Bond premiums:					
Series 2014A	2,145,326	-	(107,266)	2,038,060	107,266
Series 2015A	13,807,824	-	(824,348)	12,983,476	824,348
Series 2016A	-	16,003,589		16,003,589	615,523
Total bond premiums	15,953,150	16,003,589	(931,614)	31,025,125	1,547,137
Development Finance Authority lease	32,040,000	-	(19,170,000)	12,870,000	-
Innovation Generation Scholarships	12,664,677	-	(529,003)	12,135,674	530,000
Capitalized lease obligations	964,644	-	(577,706)	386,938	386,938
Sick leave liability	8,931,619	638,152	(1,918,269)	7,651,502	2,498,330
Other postemployment benefits	20,572,348	(295,209)	-	20,277,139	-
Totals	$ 511,703,119	$ 120,751,532	$(132,061,298)	500,393,353	$ 19,564,315
Less: current portion				(19,564,315)	
Long-term liabilities				$ 480,829,038	

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.

6. Long-term Liabilities - continued

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 financial statements. The defeased debt is as follows:

	Amount Defeased	Amount Outstanding at June 30, 2017	Amount Outstanding at June 30, 2016
General Receipts Rental Note:			
Series 2003A	$ 33,412,270	$ 23,242,435	$ 24,312,944
General Receipts Bonds:			
Refunded in 2015			
Series 2008A	48,765,000	48,765,000	48,765,000
Series 2008B	51,370,000	51,370,000	51,370,000
Remainder Refunded in 2016			
Series 2008A	28,320,000	25,770,000	28,320,000
Series 2008B	51,825,000	49,715,000	51,825,000
Lease Revenue Bonds:			
Series 2011	18,555,000	17,925,000	18,555,000
Totals	$ 232,247,270	$ 216,787,435	$ 223,147,944

The aggregate annual principal maturities for the debt agreements for fiscal years subsequent to June 30, 2017 are as follows:

Fiscal Year:	Principal	Interest	Total
2018	$ 18,508,290	$ 15,643,994	$ 34,152,284
2019	21,334,623	14,978,181	36,312,804
2020	22,018,097	14,209,679	36,227,776
2021	22,768,765	13,460,530	36,229,295
2022	23,396,681	12,682,286	36,078,967
2023-2027	119,684,976	49,390,885	169,075,861
2028-2032	109,094,596	23,251,072	132,345,668
2033-2037	69,094,412	9,135,182	78,229,594
2038-2042	25,022,613	(1,919,176)	23,103,437
Totals	$ 430,923,053	$ 150,832,633	$ 581,755,686

Interest expense, net of interest income, related to the borrowings was capitalized as part of the cost of construction. At June 30, 2016, interest on borrowings for the Series 2008A&B bonds was $2,128,868 and earnings on the proceeds were $153. Substantial completion on outstanding projects was determined to be 99.9% in 2016, resulting in net capitalized interest of $1,370. At June 30, 2016, interest on borrowings for the Series 2013A&B bonds was $984,047, and earnings on the proceeds were $4,778. Substantial completion on outstanding projects was determined to be 97.1% in 2016, resulting in net capitalized interest of $28,409. At June 30, 2017 both projects were 100% complete and no interest expense was capitalized.

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 provide 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, 2017 and 2016 was $11,550,303 and $12,135,674, respectively.

6. Long-term Liabilities - continued

The University's bookstore facilities and operations and certain food operations are leased to outside operators. These leases provide for annual rental receipts of approximately $2,370,000 and contingent rentals based upon gross sales. Contingent rentals earned in fiscal years 2017 and 2016 totaled approximately $192,000 and $373,000 respectively. During fiscal years 2017 and 2016, The University also received rental receipts approximating $168,000 and $300,000, respectively, from renting various other campus facilities under the terms of operating lease agreements.

The University leases certain office facilities and equipment under operating leases. Total rental expense under operating leases during the years ended June 30, 2017 and 2016 amounted to approximately $510,000 and $590,000, respectively.

The University has entered into a six-year lease to house UA Lakewood in the Bailey Building in Lakewood, Ohio through September 2017. This lease has an option to renew the lease for an additional five years near the end of the original lease agreement. Future minimum payments for this operating lease as of June 30, 2017 are $43,919.

In May 2011, The University entered into a Facilities Lease Agreement with the Development Finance Authority of Summit County (DFA), formerly known as the Summit County Port Authority, to finance and construct the South Residence Hall facility. This agreement provided for the DFA to issue $33.8 million Lease Revenue Bonds to finance the project and for the housing facility to be leased to The University. The agreement allows for The University to purchase the housing facility with a bargain purchase option at the end of the agreement. The University is required to pay semiannual rental payments to the DFA for the life of the revenue bonds. Proceeds of $18.6 million of the General Receipts Bonds, Series 2016A issued by The University in May 2016 were used to refund principal for the fiscal years ending June 30, 2017, 2018, 2023-2028, 2031-2033, and 2039-2042. Future remaining payments to the DFA are as follows:

Fiscal Year:	**DFA**
2018	$ 698,038
2019	1,368,038
2020	1,369,587
2021	1,368,525
2022	1,369,725
2023-2027	2,901,750
2028-2032	4,806,250
2033-2037	7,935,400
2038	1,865,600
Total minimum lease payments	23,682,913
Less amount representing interest	(10,812,913)
Present value of net minimum capital lease payments	$ 12,870,000

In May 2017, real estate adjacent to the University, originally purchased by the Foundation in May 2012, was transferred to The University in the amount of $5,207,675. The University's original commitment to reimburse the Foundation for payments of principal, interest, loan fees, and any other costs associated with the line of credit obtained by the Foundation when the property was purchased, resulted in total principal payments made by The University of $302,961 as of June 30, 2017 to the Foundation. The balance of $4,904,714 is recorded as a long term note payable to the Foundation.

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 for major academic facilities. The capital funding is provided through the Ohio Department of Higher Education (ODHE), formerly known as the Ohio Board of Regents, 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 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

Retirement Plans

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, ranging from three in STRS, one in SERS, and three in OPERS. 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	School Employees Retirement System	Ohio Public Employees Retirement System
275 E. Broad Street	300 East Broad Street, Suite 100	277 East Town Street
Columbus, Ohio 43215	Columbus, Ohio 43215	Columbus, Ohio 43215
(888) 227-7877	(800) 878-5853	(800) 222-7377
www.strsoh.org	www.ohsers.org	www.opers.org

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' 2017 employer and member contribution rates on covered payroll to each system are:

	Employer Contribution Rate				Member Contribution Rate
	Pension	Post Retirement Healthcare	Death Benefits	Total	Total
STRS (beginning 7/1/16)	14.00%	0.00%	0.00%	14.00%	14.00%
SERS	13.21%	0.74%	0.05%	14.00%	10.00%
OPERS - State/Local (through 12/31/16)	12.00%	2.00%	0.00%	14.00%	10.00%
OPERS - State/Local (beginning 1/1/17)	13.00%	1.00%	0.00%	14.00%	10.00%
OPERS - Law Enforcement (through 12/31/16)	16.10%	2.00%	0.00%	18.10%	13.00%
OPERS - Law Enforcement (beginning 1/1/17)	17.10%	1.00%	0.00%	18.10%	13.00%

The plans' 2016 employer and member contribution rates on covered payroll to each system are:

	Employer Contribution Rate				Member Contribution Rate
	Pension	Post Retirement Healthcare	Death Benefits	Total	Total
STRS (beginning 7/1/15)	14.00%	0.00%	0.00%	14.00%	13.00%
STRS (beginning 7/1/14)	14.00%	0.00%	0.00%	14.00%	12.00%
SERS	12.39%	1.56%	0.05%	14.00%	10.00%
OPERS - State/Local	12.00%	2.00%	0.00%	14.00%	10.00%
OPERS - Law Enforcement	16.10%	2.00%	0.00%	18.10%	13.00%

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

	2017	2016
STRS	$ 11,264,364	$ 11,257,611
SERS	6,911,466	7,357,364
OPERS	690,799	494,374
	$ 18,866,629	$ 19,109,349

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 rate, retirement age and service requirements, and the COLA as the need or opportunity arises, depending on the retirement system's funding progress.

Any member may retire who has (1) five years of service credit and attained age 60, (2) 25 years of service credit and attained 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.

Changes Between Measurement Date and Report Date – In March 2017, the STRS Board adopted certain assumption changes that will impact its annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to University's net pension liability is expected to be significant.

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 40 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, STRS, Ohio Police and Fire, or Ohio State Highway Patrol have separate considerations in how the benefits are determined.

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.

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 (15 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. Member retirement benefits are calculated on a formula that considers years of service (15 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.

Net Pension Liability, Deferrals, and Pension Expense

At June 30, 2017, The University reported a liability for its proportionate share of the net pension liability of STRS/SERS/OPERS. The net pension liability was measured as of July 1, 2016 for STRS, June 30, 2016 for SERS and December 31, 2016 for the OPERS plan. 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.

	Measurement	Net pension liability		Proportionate share		Percent
	date	2017	2016	2017	2016	change
STRS	July 1	$ 282,728,801	$ 252,360,353	0.844647%	0.913123%	-0.068476%
SERS	June 30	129,069,381	113,499,597	1.763465%	1.989093%	-0.225628%
OPERS	December 31	6,697,227	5,030,441	0.030957%	0.029042%	0.001915%
Total		$ 418,495,409	$ 370,890,391			

8. Employee Benefit Plans – continued

Net Pension Liability, Deferrals, and Pension Expense - continued

For the years ended June 30, 2017 and 2016, The University recognized pension expense of $23,852,203 and $15,912,125, respectively. At June 30, 2017 and 2016, The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 13,329,540	$ 40,287	$ 13,356,560	$ 101,535
Changes of assumptions	9,678,677			
Net difference between projected and actual earnings on pension plan investments	34,600,740		1,496,976	22,380,020
Changes in proportion and differences between Reporting Unit contributions and proportionate share of contributions	38,556	33,882,574	-	12,304,591
University contributions subsequent to the measurement date	19,361,343	-	20,052,751	-
Totals	$ 77,008,856	$ 33,922,861	$ 34,906,287	$ 34,786,146

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	
2018	$ 600,809
2019	737,991
2020	13,827,651
2021	8,558,626
2022	(103)
Thereafter	(322)
Total	$ 23,724,652

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

8. Employee Benefit Plans – continued

Net Pension Liability, Deferrals, and Pension Expense - continued

Actuarial Assumptions

The total pension liability is based on the results of an actuarial valuation and were determined using the following actuarial assumptions for 2016, applied to all periods included in the measurement on June 30, 2017:

	STRS - as of 7/1/16	SERS - as of 6/30/16	OPERS - as of 12/31/16
Valuation date	July 1, 2016	June 30, 2016	December 31, 2016
Actuarial cost method	Entry age normal	Entry age normal	Individual entry age
Cost of living	2.0 percent	3.0 percent	3.0 percent
Salary increases, including inflation	2.75 percent - 12.25 percent	3.5 percent - 18.2 percent	3.25 percent - 10.75 percent
Inflation	2.75 percent	3.25 percent	3.25 percent
Investment rate of return	7.75 percent, net of pension plan investment expense	7.5 percent, net of investment expense, including inflation	7.50 percent, net of pension plan investment expense
Experience study date	Period of 5 years ended July 1, 2012	Period of 5 years ended June 30, 2015	Period of 5 years ended December 31, 2015
Mortality basis	RP-2000 Combined Mortality Table (Projection 2022–Scale AA)	RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates used. Special mortality tables are used for the period after disability retirement.	RP-2014 Healthy Annuitant Mortality Table.

The following are actuarial assumptions for 2015, applied to all periods included in the measurement on June 30, 2016:

	STRS - as of 7/1/15	SERS - as of 6/30/15	OPERS - as of 12/31/15
Valuation date	July 1, 2015	June 30, 2015	December 31, 2015
Actuarial cost method	Entry age normal	Entry age normal	Individual entry age
Cost of living	2.0 percent	3.0 percent	3.0 percent
Salary increases, including inflation	2.75 percent - 12.25 percent	4.0 percent - 22.0 percent	4.25 percent - 10.05 percent
Inflation	2.75 percent	3.25 percent	3.75 percent
Investment rate of return	7.75 percent, net of pension plan investment expense	7.75 percent, net of investment expense, including inflation	8.00 percent, net of pension plan investment expense
Experience study date	Period of 5 years ended July 1, 2012	Period of 5 years ended June 30, 2010	Period of 5 years ended December 31, 2010
Mortality basis	RP-2000 Combined Mortality Table (Projection 2022–Scale AA)	1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.	RR-2000 mortality table projected 20 years using Projection Scale AA

8. Employee Benefit Plans – continued

Discount Rate

The discount rate used to measure the total pension liabilities at June 30, 2017 were 7.75 percent, 7.50 percent, and 7.50 percent, for STRS, SERS, and OPERS, respectively. The discount rate used to measure the total pension liabilities at June 30, 2016 were 7.75 percent, 7.75 percent, and 8.00 percent, for STRS, SERS, and OPERS, respectively. 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 long-term expected rate of return on pension 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 pension 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables as of the dates listed below:

	STRS as of July 1, 2016			**SERS as of June 30, 2016**			**OPERS as of December 31, 2016**	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	31.00%	5.50%	Cash	1.00%	0.50%	Fixed Income	23.00%	2.75%
International Equity	26.00%	5.35%	US Equity	22.50%	4.75%	Domestic Equities	20.70%	6.34%
Alternatives	14.00%	5.50%	International Equity	22.50%	7.00%	Real Estate	10.00%	4.75%
Fixed Income	18.00%	1.25%	Fixed Income	19.00%	1.50%	Private Equity	10.00%	8.97%
Real Estate	10.00%	4.25%	Private Equity	10.00%	8.00%	International Equities	18.30%	7.95%
Liquidity Reserves	1.00%	0.50%	Real Assets	15.00%	5.00%	Other Investments	18.00%	4.92%
			Multi-Asset Strategies	10.00%	3.00%			
Total	100.00%					Total	100.00%	
			Total	100.00%				

	STRS as of July 1, 2015			**SERS as of June 30, 2015**			**OPERS as of December 31, 2015**	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	31.00%	8.00%	Cash	1.00%	0.00%	Fixed Income	23.00%	2.31%
International Equity	26.00%	7.85%	U.S. Stocks	22.50%	5.00%	Domestic Equities	20.70%	5.84%
Alternatives	14.00%	8.00%	Non-U.S. Stocks	22.50%	5.50%	Real Estate	10.00%	4.25%
Fixed Income	18.00%	3.75%	Fixed Income	19.00%	1.50%	Private Equity	10.00%	9.25%
Real Estate	10.00%	6.75%	Private Equity	10.00%	10.00%	International Equity	18.30%	7.40%
Liquidity Reserves	1.00%	3.00%	Real Assets	10.00%	5.00%	Other Investments	18.00%	4.59%
			Multi-Asset Strategy	15.00%	7.50%			
Total	100.00%					Total	100.00%	
			Total	100.00%				

Pension Plan Fiduciary Net Position

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

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:

	1.00 percent decrease		Current discount rate		1.00 percent increase	
STRS	6.75%	$ 375,723,603	7.75%	$ 282,728,801	8.75%	$ 204,282,204
SERS	6.50%	170,879,817	7.50%	129,069,381	8.50%	94,072,307
OPERS	6.50%	10,232,811	7.50%	6,697,227	8.50%	3,750,991
		$ 556,836,231		$ 418,495,409		$ 302,105,502

Assumption changes

During the current measurement period, the OPERS and SERS Boards adopted certain assumption changes which impacted their annual actuarial valuations prepared as of December 31, 2016 and June 30, 2016, respectively. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent for OPERS and 7.75 percent to 7.5 percent for SERS, which increased the University's respective net pension liability.

Payable to the Pension Plan

At June 30, 2017 The University reported a payable of $1,397,269 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

Alternative Retirement 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 or OPERS, from the list of nine providers currently approved by the Ohio Department of Insurance 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 nine private providers approved by the Ohio Department of Insurance. 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 4.50 percent for STRS and 0.77 percent for OPERS for the years ended June 30, 2017 and 2016. 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 6.00 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 immediate 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, 2017 and 2016, employee contributions totaled $2,849,945 and $2,685,600, respectively, and the University recognized pension expense of $4,715,621 and $4,740,668, respectively.

8. Employee Benefit Plans – continued

Other Postretirement Employee Benefits (OPEB)

State Teachers Retirement System

Plan description – STRS administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS to offer a cost-sharing, multiple-employer health care plan. STRS provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care cost in the form of a monthly premium.

STRS issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll-free 888-227-7877.

Funding policy – Under Ohio law, funding for postemployment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 0% of covered payroll was allocated to postemployment health care for the years ended June 30, 2017, 2016, and 2015. The 14% employer contribution rate is the maximum rate established under Ohio law.

School Employees Retirement System

Plan description - SERS administers two postemployment benefit plans:

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 a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

Funding policy – The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans. The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the retirement board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2017 and 2016 there was no allocation of the 14% employer contribution rate to postemployment health care. For the year ended June 30, 2015, the health care allocation was .82%. The amount of the SERS employer contributions used to fund health care for the year ended June 30, 2015 was $492,480.

8. Employee Benefit Plans – continued

Other Postretirement Employee Benefits - continued

The retirement board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2017 and 2016, the actuarially required allocation is .75% and .74%, respectively. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. None of the 14% employer contribution was allocated to the Health Care Fund in fiscal year 2017. The employer surcharge due as of June 30, 2017 was the only portion used to fund health care. The amount of the SERS employer contributions used to fund the Medicare B fund for the years ended June 30, 2017, 2016 and 2015 was $375,817, $397,285 and $444,433, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the minimum compensation level was established at $23,500. The surcharge amount paid to SERS for the years ended June 30, 2017, 2016, and 2015 was $897,408, $1,037,857, and $1,055,770, respectively.

Ohio Public Employees Retirement System

Plan description – OPERS administers three separate pension plans: The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml#CAFR, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

8. Employee Benefit Plans – continued

Other Postretirement Employee Benefits - continued

Funding policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

The amount of the OPERS employer contributions used to fund OPEB for the years ended June 30, 2017, 2016, and 2015 were $56,166, $54,628, and $62,074, respectively.

University-provided benefits

The University has a single-employer defined benefit plan that provides certain health care and life insurance benefits for retired employees. Participant data as of the last census date is summarized below:

Census Date	1/1/2016
Participating Employees:	
Employees eligible for dependent medical coverage	273
Employees also eligible for retiree life insurance	10
Average age	60.41
Average credited service	29.45
Retirees:	
Retirees with life insurance coverage	987
Average age for retirees	75.24
Dependents with medical coverage	453
Average age for dependents	72.27

Plan description - The University provides healthcare benefits for dependents of retired employees. Substantially all of The University's employees hired prior to 1992 may become eligible for those benefits if they reach normal retirement age while working for The University. In addition, The University provides life insurance benefits for all retired employees hired prior to August 31, 1977 or to other retired employees who were hired after that date but retired prior to January 1, 2011. For both benefits, the eligible employee must elect a state pension plan upon retirement to be eligible for the additional postemployment benefit.

8. Employee Benefit Plans – continued

Other Postretirement Employee Benefits - continued

Funding policy - The University has no obligation to make contributions in advance of when the premiums are due for payment, therefore this plan is financed on a "pay-as-you-go" basis. Active members are not required to contribute to the plan. The plan charges retirees a 15% contribution for retiree dependent health coverage.

Annual OPEB cost and net OPEB obligation - The University's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of The University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in The University's OPEB obligation:

	2017	2016	2015
Annual required contribution	$ 3,394,769	$ 3,435,160	$ 3,450,181
Interest on net OPEB obligation	786,528	771,421	776,119
Adjustment to annual required contribution	(1,093,615)	(1,072,610)	(1,079,142)
Annual OPEB cost (expense)	3,087,682	3,133,971	3,147,158
Employer contributions	(2,673,154)	(2,142,355)	(2,603,665)
Actuarial change in estimated obligation	-	(1,286,825)	-
Change in net OPEB obligation	414,528	(295,209)	543,493
Net OPEB obligation - beginning of year	20,277,139	20,572,348	20,028,855
Net OPEB obligation - end of year	$ 20,691,667	$ 20,277,139	$ 20,572,348
Percentage of annual OPEB cost contributed	86.6%	68.4%	82.7%

Funded status and funding progress – The University has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of July 1, 2016. As of actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability (AAL) for benefits was $58.7 million, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $58.7 million. The covered payroll (annual payroll of active employees covered by the plan) was $22.7 million and the ratio of all UAAL to covered payroll was 38.7 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

8. Employee Benefit Plans – continued

Other Postretirement Employee Benefits - continued

Actuarial methods and assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent discount rate, an annual health care cost trend rate of 7.5 percent through 2016, then reduced by 0.5 percent decrements per year to an ultimate rate of 5.0 percent in 2021, a 2.0 percent salary increase and the RP-2014 headcount weighted mortality table for employees and annuitants with generational mortality improvement projected from base year 2006 using Scale MP-2015. The amortization of the UAAL is based on a 30-year open level dollar amortization method. The remaining amortization period at June 30, 2017 was 20 years.

Since the OPEB obligation is calculated using estimates and assumptions, there is a difference based on actual data between the census dates of January 1, 2014 and January 1, 2016 from changes in length of life for retirees and dependents. This difference resulted in a decrease in actuarial change in estimated obligation of $1,286,825 for June 30, 2016.

9. Litigation, Commitments, and Contingencies

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

In addition to purchasing insurance to cover potential losses from certain litigation, The University participates in two risk pools, along with other state universities, for commercial property coverage and commercial casualty coverage. Each university contributes on a basis equal to their percentage of the total insurable value of the pool. Future contributions will be adjusted based upon each university's loss history. Each university has a base deductible of $100,000 for each pool. For commercial property coverage, the next $250,000 of any one claim is the responsibility of the pool, which has a total annual aggregate limit of $700,000. The commercial property insurer is liable for the amount of any claim in excess of $350,000, or $100,000 in the event the pool has reached its annual aggregate. For commercial casualty coverage, the next $900,000 of any one claim is the responsibility of the pool. The University, through the Inter-University Council Insurance Consortium (IUC-IC), purchases $49,000,000 in liability insurance limits that sits over top of the casualty pool.

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 different 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.

9. Litigation, Commitments, and Contingencies - continued

A claims liability of $2,324,639 and $2,764,842, included with accrued liabilities as of June 30, 2017 and 2016, 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:

	2017	2016	2015
Liability at beginning of year	$ 2,764,842	$ 2,983,000	$ 2,775,000
Claims incurred and changes in estimates	26,997,352	35,896,191	35,663,087
Claim payments	(27,437,555)	(36,114,349)	(35,455,087)
Liability at end of year	$ 2,324,639	$ 2,764,842	$ 2,983,000

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 financial statements.

The University has been appropriated $20.1 million from the State for buildings and renovations, of which $12.0 million has been expended as of June 30, 2017. In addition, as of June 30, 2017, university construction projects will cost an estimated $1.0 million to complete.

The Federal Perkins Loan Program is scheduled to expire on September 30, 2017. As of June 30, 2017, The University has made $2,391,720 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.

10. Component units

Details of the component units' net position at June 30, 2017 and 2016 are as follows:

	2017			2016		
	Foundation	Research Foundation	Totals	Foundation	Research Foundation	Totals
Assets						
Current assets:						
Cash and cash equivalents	$ 582,234	$ 1,682,979	$ 2,265,213	$ 587,651	$ 1,717,998	$ 2,305,649
Pooled investments	-	7,465,082	7,465,082	-	6,908,660	6,908,660
Accounts receivable, net	205,396	645,353	850,749	359,603	1,035,479	1,395,082
Pledges receivable, net	6,662,046	-	6,662,046	2,179,614	-	2,179,614
Related party land note receivabl	192,000	-	192,000	-	-	-
Prepaid expenses	-	162,733	162,733	-	100,736	100,736
Total current assets	7,641,676	9,956,147	17,597,823	3,126,868	9,762,873	12,889,741
Noncurrent assets:						
Restricted investments	-	383,732	383,732	-	393,204	393,204
Endowment investments	171,455,028	-	171,455,028	161,199,527	-	161,199,527
Pledges receivable, net	13,271,895	-	13,271,895	14,215,798	-	14,215,798
Related party land note receivabl	4,712,714	-	4,712,714	-	-	-
Capital assets, net	5,967,898	4,895,375	10,863,273	12,157,242	5,351,916	17,509,158
Total assets	203,049,211	15,235,254	218,284,465	190,699,435	15,507,993	206,207,428
Liabilities						
Current liabilities:						
Accounts payable	1,050,616	3,525,952	4,576,568	538,832	3,689,796	4,228,628
Accrued liabilities	-	578,833	578,833	-	913,206	913,206
Unearned income	28,500	1,050,084	1,078,584	28,627	1,612,501	1,641,128
Current portion of long-term liabilities	4,784,000	77,077	4,861,077	4,861,000	72,311	4,933,311
Total current liabilities	5,863,116	5,231,946	11,095,062	5,428,459	6,287,814	11,716,273
Noncurrent liabilities:						
Actuarial liability for annuity/unitrust agreements	12,702,901	-	12,702,901	12,094,922	-	12,094,922
Long-term liabilities	-	2,422,495	2,422,495	-	2,499,572	2,499,572
Total liabilities	18,566,017	7,654,441	26,220,458	17,523,381	8,787,386	26,310,767
Net position						
Net investment in capital assets	5,967,898	2,472,880	8,440,778	12,157,242	2,852,344	15,009,586
Restricted:						
Nonexpendable	114,004,558	-	114,004,558	111,417,882	-	111,417,882
Expendable	58,527,001	-	58,527,001	51,787,759	-	51,787,759
Unrestricted (deficit)	5,983,737	5,107,933	11,091,670	(2,186,829)	3,868,263	1,681,434
Total net position	$ 184,483,194	$ 7,580,813	$ 192,064,007	$ 173,176,054	$ 6,720,607	$ 179,896,661

10. Component units - continued

Details of the component units' revenues, expenses, and changes in net position at June 30, 2017 and 2016 are as follows:

	2017			2016		
	Foundation	Research Foundation	Totals	Foundation	Research Foundation	Totals
Revenues						
Operating revenues:						
Federal grants and contracts	$ -	$ 5,634	$ 5,634	$ -	$ 64,528	$ 64,528
Private grants and contracts	-	3,592,602	3,592,602	-	4,798,356	4,798,356
Gifts and contributions	11,802,810	-	11,802,810	5,921,075	-	5,921,075
Other sources	-	1,856,707	1,856,707	-	2,231,661	2,231,661
Total operating revenues	11,802,810	5,454,943	17,257,753	5,921,075	7,094,545	13,015,620
Expenses						
Operating expenses:						
Educational and general:						
Separately budgeted research	-	5,520,594	5,520,594	-	4,122,347	4,122,347
Institutional support	1,647,354	-	1,647,354	858,769	-	858,769
Depreciation	-	495,340	495,340	-	490,154	490,154
Total operating expenses	1,647,354	6,015,934	7,663,288	858,769	4,612,501	5,471,270
Operating income	10,155,456	(560,991)	9,594,465	5,062,306	2,482,044	7,544,350
Nonoperating expenses (revenues)						
Investment loss (income), net	14,038,755	912,040	14,950,795	(4,082,496)	(245,289)	(4,327,785)
Interest on debt	-	28,614	28,614	-	(166,162)	(166,162)
Distributions to The University	(13,939,493)	36,214	(13,903,279)	(11,370,127)	(3,094,587)	(14,464,714)
Distributions on behalf of The University	(904,973)	-	(904,973)	(610,200)	-	(610,200)
Other nonoperating revenues	93,752	444,329	538,081	505,396	397,834	903,230
Net nonoperating expenses	(711,959)	1,421,197	709,238	(15,557,427)	(3,108,204)	(18,665,631)
Loss (gain) before other changes	9,443,497	860,206	10,303,703	(10,495,121)	(626,160)	(11,121,281)
Other changes						
Additions to permanent endowments	1,863,643	-	1,863,643	9,665,480	-	9,665,480
Decrease (increase) in net position	11,307,140	860,206	12,167,346	(829,641)	(626,160)	(1,455,801)
Net position – beginning of year	173,176,054	6,720,607	179,896,661	174,005,695	7,346,767	181,352,462
Net position – end of year	$ 184,483,194	$ 7,580,813	$ 192,064,007	$ 173,176,054	$ 6,720,607	$ 179,896,661

10. Component units - continued

The following tables present information about the component units' assets and liabilities measured at fair value on a recurring basis at June 30, 2017 and 2016 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, 2017

	Balance at June 30, 2017	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					
Pooled investments funds					
managed for the Foundation	$ 125,377,469	$ -	$ -	$ -	$ 125,377,469
Bonds	9,627,982	-	9,627,982	-	-
Commercial paper	2,499,925	-	2,499,925	-	-
Common stocks	2,094,160	2,094,160	-	-	-
Exchange traded funds	82,876	82,876	-	-	-
Floaters	3,920,000	-	3,920,000	-	-
Money market funds	2,029,234	2,029,234	-	-	-
Mutual funds	23,370,147	23,370,147	-	-	-
Preferred stocks	83,126	83,126	-	-	-
U.S. Treasury obligations	1,994,948	-	1,994,948	-	-
Beneficial interest in real estate	335,000	-	-	335,000	-
Liabilities					
Annuity/unitrust agreements					
and refundable advances	(12,702,901)	-	-	(12,702,901)	-

Foundation Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2016

	Balance at June 30, 2016	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					
Pooled investments funds					
managed for the Foundation	$ 114,519,667	$ -	$ -	$ -	$ 114,519,667
Bonds	12,309,749	-	12,309,749	-	-
Commercial paper	2,500,000	-	2,500,000	-	-
Common stocks	1,760,723	1,760,723	-	-	-
Exchange traded funds	134,173	134,173	-	-	-
Floaters	2,030,000	-	2,030,000	-	-
Money market funds	4,433,097	4,433,097	-	-	-
Mutual funds	21,799,985	21,799,985	-	-	-
Preferred stocks	68,530	68,530	-	-	-
U.S. Treasury obligations	1,255,223	-	1,255,223	-	-
Beneficial interest in real estate	335,000	-	-	335,000	-
Liabilities					
Annuity/unitrust agreements					
and refundable advances	(12,094,922)	-	-	(12,094,922)	-

10. Component units – continued

Research Foundation Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2017

	Balance at June 30, 2017	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	$ 1,827,006	$ 1,827,006	$ -	$ -	$ -
Large growth	878,096	878,096	-	-	-
Large value	887,942	887,942	-	-	-
Small- and mid-cap growth	880,005	880,005	-	-	-
Alternatives	1,280,646	1,280,646	-	-	-
Internationals	1,711,387	1,711,387	-	-	-
Liabilities					
Interest rate swap	(263,145)	-	(263,145)	-	-

Research Foundation Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2016

	Balance at June 30, 2016	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	$ 1,740,566	$ 1,740,566	$ -	$ -	$ -
Large growth	796,502	796,502	-	-	-
Large value	839,321	839,321	-	-	-
Small- and mid-cap growth	764,065	764,065	-	-	-
Alternatives	1,257,488	1,257,488	-	-	-
Internationals	1,510,718	1,510,718	-	-	-
Liabilities					
Interest rate swap	(409,782)	-	(409,782)	-	-

Details of the component units' capital assets at June 30, 2017 and 2016 are as follows:

	2017			**2016**		
	Foundation	Research Foundation	Totals	Foundation	Research Foundation	Totals
Capital assets:						
Land	$ 5,967,898	$ 406,925	$ 6,374,823	$ 11,952,524	$ 406,925	$ 12,359,449
Buildings	-	5,440,758	5,440,758	240,033	5,425,808	5,665,841
Equipment	-	2,567,870	2,567,870	-	2,567,870	2,567,870
Total capital assets	5,967,898	8,415,553	14,383,451	12,192,557	8,400,603	20,593,160
Less: accumulated depreciation	-	(3,520,178)	(3,520,178)	(35,315)	(3,048,687)	(3,084,002)
Capital assets, net	$ 5,967,898	$ 4,895,375	$ 10,863,273	$ 12,157,242	$ 5,351,916	$ 17,509,158

Required Supplementary Information

The University of Akron

Schedule of University Pension Contributions
Fiscal Years Ended June 30, 2015 to 2017

Fiscal Year	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	University's covered employee payroll	Contributions as a percentage of covered employee payroll
State Teachers Retirement System (STRS)					
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)					
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)					
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 University's Proportionate Share of the Net Pension Liability
Plan Years Ended 2014 to 2016

Plan Year	University's proportion of the net pension liability	University's proportionate share of the net pension liability	University's covered employee payroll	University's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
State Teachers Retirement System (STRS)					
2016	0.844647%	$ 282,728,801	$ 107,800,627	262.27%	66.78%
2015	0.913123%	252,360,353	114,757,851	219.91%	72.10%
2014	0.950840%	231,277,151	116,805,956	198.00%	74.70%
State Employees Retirement System (SERS)					
2016	1.763465%	$ 129,069,381	$ 57,391,681	224.89%	62.98%
2015	1.989093%	113,499,597	65,124,508	174.28%	69.16%
2014	2.065374%	104,527,403	66,821,498	156.43%	71.70%
Ohio Public Employees Retirement System (OPERS)					
2016	0.030957%	$ 6,697,227	$ 2,724,473	245.82%	77.39%
2015	0.029042%	5,030,441	3,080,746	163.29%	81.08%
2014	0.032842%	3,961,106	3,034,050	130.56%	86.45%

The plan year ends on June 30 for STRS and SERS; December 31 for OPERS.

Changes of benefit terms. There were no changes in benefit terms affecting the STRS, SERS, OPERS plans for the years ended June 30, 2016 and December 31, 2016, respectively.
Note: June 30 for SERS and STRS

Changes of assumptions. SERS: 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.

STRS: There were no changes in assumptions affecting STRS for the plan year ended June 30, 2016.

OPERS: During the plan year ended December 31, 2016, there were changes so 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.

Supplemental Information

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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*

Independent Auditor's Report

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 University of Akron (the "University"), a component unit of the State of Ohio, and its aggregate discretely presented component units, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 12, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The University of Akron's internal control over financial reporting (internal control) to determine the 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 University'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. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2017-001, that we consider to be a significant deficiency.

To Management and the Board of Trustees
The University of Akron

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The University of Akron'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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The University of Akron's Response to Finding

The University of Akron's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The University of Akron's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Plante & Moran, PLLC

October 12, 2017

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Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Trustees
The University of Akron

Report on Compliance for Each Major Federal Program

We have audited The University of Akron's (the "University") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2017. The University of Akron's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The University of Akron's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The University of Akron's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The University of Akron's compliance.

Opinion on Each Major Federal Program

In our opinion, The University of Akron complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

To the Board of Trustees
The University of Akron

Report on Internal Control Over Compliance

Management of The University of Akron is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The University of Akron's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Plante & Moran, PLLC

October 12, 2017

The University of Akron
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog Federal Domestic Assistance	Pass-through Entity Identifying Number	Pass-Through to Subrecipient	Total Expenditures
Student Financial Aid Cluster				
Department of Education				
Direct				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	$ -	$ 1,022,416
Federal Work-Study Program	84.033	N/A	-	771,282
Federal Perkins Loan Program_Federal Capital Contributions	84.038	N/A	-	13,429,803
Federal Pell Grant Program	84.063	N/A	-	25,865,384
Federal Direct Student Loans	84.268	N/A	-	107,116,926
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	N/A	-	59,138
Total Department of Education			-	148,264,949
Department of Health and Human Services				
Direct				
Nursing Student Loans	93.364	N/A	-	1,603,161
Total Department of Health and Human Services			-	1,603,161
Total Student Financial Aid Cluster			-	**149,868,110**
Research and Development Cluster				
Department of Commerce				
Direct				
Measurement and Engineering Research and Standards	11.609	N/A	-	75,553
Science, Technology, Business and/or Education Outreach	11.620	N/A	-	5,000
Total Department of Commerce			-	80,553
Department of Defense				
Direct				
Basic and Applied Scientific Research	12.300	N/A	-	237,161
Basic Scientific Research	12.431	N/A	126,212	1,323,930
Basic, Applied, and Advanced Research in Science and Engineering	12.630	N/A	-	(88,339)
Air Force Defense Research Sciences Program	12.800	N/A	349,265	1,258,860
Mathematical Sciences Grants Program	12.901	N/A	-	15,233
Research and Technology Development	12.910	N/A	-	145,738
Pass Through				
University of Connecticut-Basic and Applied Scientific Research	12.300	N00014-10-1-0944	-	5,438
Houston Methodist Hospital-Military Medical Research and Development	12.420	N/A	-	447,551
Dayton Area Graduate Studies Institute-Basic, Applied, and Advanced Research in Science and Engineering	12.630	N/A	-	5,823
Howard University-Air Force Defense Research Sciences Program	12.800	FA9550-12-01-0306	-	(1,871)
Total Department of Defense			475,477	3,349,524
Department of the Interior				
Direct				
Endangered Species Conservation - Recovery Implementation Funds	15.657	N/A	-	6,424
National Center for Preservation Technology and Training	15.923	N/A	-	17,376
Cooperative Research and Training Programs & Resources of the National Park System	15.945	N/A	-	24,148
National Park Service Conservation, Protection, Outreach, and Education	15.954	N/A	-	2,231
Total Department of Interior			-	50,179
Department of Justice				
Pass Through				
GE Global Research-National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	N/A	-	80,129
Total Department of Justice			-	80,129

The University of Akron
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog Federal Domestic Assistance	Pass-through Entity Identifying Number	Pass-Through to Subrecipient	Total Expenditures
Research and Development Cluster - continued				
Department of Transportation				
Direct				
Air Transportation Centers of Excellence	20.109	N/A	$ -	$ 110,704
Pass Through				
Regents of the University of Minnesota-University Transportation Centers Program	20.701	N/A	-	8,068
University of Michigan-University Transportation Centers Program	20.701	N/A	-	31,724
Total Department of Transportation			-	150,496
National Aeronautics and Space Administration				
Direct				
Technology Transfer	43.002	N/A	-	22,414
Cross Agency Support	43.009	N/A	-	73,860
Pass Through				
Universities Space Research Association-Technology Transfer	43.002	N/A	-	438,698
Total National Aeronautics and Space Administration			-	534,972
National Science Foundation				
Direct				
Engineering Grants	47.041	N/A	21,406	2,447,197
Mathematical and Physical Sciences	47.049	N/A	14,478	2,540,292
Geosciences	47.050	N/A	-	118,889
Computer and Information Science and Engineering	47.070	N/A	14,200	461,251
Biological Sciences	47.074	N/A	-	310,257
Education and Human Resources	47.076	N/A	3,330	591,763
Pass Through				
Akron Ascent Innovations, LLC-Engineering Grants	47.041	1456266	-	48,619
National Science Foundation				
Pass Through				
Kalion Inc-Engineering Grants	47.041	1521172	-	6,248
O2 RegenTech LLC-Engineering Grants	47.041	N/A	-	1,700
University of Arkansas-Engineering Grants	47.041	CBET-1511896	-	27,469
Georgia Institute of Technology-Mathematical and Physical Sciences	47.049	DMR-1505105	-	7
Texas A&M University-Geosciences	47.050	EAR-1321882	-	73,586
Science Education Solutions, Inc.-Education and Human Resources	47.076	1223830	-	288
Total National Science Foundation			53,414	6,627,566
Department of Energy				
Direct				
Renewable Energy Research and Development	81.087	N/A	-	4,874
Pass Through				
pH Matter LLC-Office of Science Financial Assistance Program	81.049	DE-SC0013831	-	2,369
University of Notre Dame-Office of Science Financial Assistance Program	81.049	DE-SC0001089	-	45,562
Aspen Aerogels Inc.-Fossil Energy Research and Development	81.089	N/A	-	56,448
LG Fuel Cells Inc-Fossil Energy Research and Development	81.089	N/A	-	17,540
Total Department of Energy			-	126,793
Department of Education				
Direct				
Overseas Programs - Doctoral Dissertation Research Abroad	84.022	N/A	-	23,667
Total Department of Education			-	23,667

The University of Akron
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog Federal Domestic Assistance	Pass-through Entity Identifying Number	Pass-Through to Subrecipient	Total Expenditures
Research and Development Cluster - continued				
Department of Health and Human Services				
Direct				
Oral Diseases and Disorders Research	93.121	N/A	$ -	$ 74,080
Mental Health Research Grants	93.242	N/A	79,946	239,707
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	N/A	-	58,864
Cancer Detection and Diagnosis Research	93.394	N/A	7,591	11,119
Cancer Treatment Research	93.395	N/A	12,626	32,086
Cardiovascular Diseases Research	93.837	N/A	29,664	141,363
Lung Diseases Research	93.838	N/A	-	84,771
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	N/A	-	37,219
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	N/A	-	137,826
Biomedical Research and Research Training	93.859	N/A	23,914	341,013
Vision Research	93.867	N/A	-	260,794
Pass Through				
University of Texas at Arlington-Occupational Safety and Health Program	93.262	R03OH010112	-	(2,471)
Women & Infants Hospital of Rhode Island-Drug Abuse and Addiction Research Programs	93.279	N/A	-	11,563
Rutgers, The State Univ of New Jersey-Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	N/A	-	49,732
Rutgers, The State Univ of New Jersey-Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	5P41EB001046-13	-	(4,268)
Requisite Biomedical, LLC-Cardiovascular Diseases Research	93.837	N/A	-	376
University of Tennessee Knoxville-Biomedical Research and Research Training	93.859	R01GM120642	-	26,831
Total Department of Health and Human Services			153,741	1,500,605
Total Research and Development Cluster			**682,632**	**12,524,484**
Highway Planning and Construction Cluster				
Department of Transportation				
Pass Through				
Ohio Department of Transportation-Highway Planning and Construction	20.205	N/A	22,285	949,292
Ohio Department of Transportation-Highway Planning and Construction	20.205	E150856	-	56,399
Ohio Department of Transportation-Highway Planning and Construction	20.205	E150859	-	44,537
Ohio Department of Transportation-Highway Planning and Construction	20.205	E150983	-	226,384
Ohio Department of Transportation-Highway Planning and Construction	20.205	E151025	-	68,451
Ohio University-Highway Planning and Construction	20.205	E150988	-	30,158
Texas A&M University-Highway Planning and Construction	20.205	N/A	-	33,939
Total Department of Transportation			22,285	1,409,160
Total Highway Planning and Construction Cluster			**22,285**	**1,409,160**
TRIO Cluster				
Department of Education				
Direct				
TRIO_Talent Search	84.044	N/A	-	79,044
TRIO_Talent Search	84.044	N/A	-	394,339
TRIO_Upward Bound	84.047	N/A	-	787,547
Total Department of Education			-	1,260,930
Total TRIO Cluster			**-**	**1,260,930**
Special Education Cluster				
Department of Education				
Pass Through				
University of Dayton Research Institute-Special Education_Grants to States	84.027	N/A	-	5,077
Total Department of Education			-	5,077
Total Special Education Cluster			**-**	**5,077**

The University of Akron
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog Federal Domestic Assistance	Pass-through Entity Identifying Number	Pass-Through to Subrecipient	Total Expenditures
TANF Cluster				
Department of Health and Human Services				
Pass Through				
Summit County Dept of Job and Family Srv-Temporary Assistance for Needy Families	93.558	N/A	$ -	$ 18,598
Summit County Dept of Job and Family Srv-Temporary Assistance for Needy Families	93.558	DHHS - CFDA #93.558	-	8,843
Total Department of Health and Human Services			-	27,441
Total TANF Cluster			**-**	**27,441**
Medicaid Cluster				
Department of Health and Human Services				
Pass Through				
Northeast Ohio Medical Univ. (NEOMED)-Medical Assistance Program	93.778	N/A	-	17,975
Northeast Ohio Medical Univ. (NEOMED)-Medical Assistance Program	93.778	G-1617-05-0003	-	8,044
Ohio State University-Medical Assistance Program	93.778	N/A	-	54,229
Ohio State University-Medical Assistance Program	93.778	G-1617-05-0003	-	7,617
Total Department of Health and Human Services			-	87,865
Total Medicaid Cluster			**-**	**87,865**
Other Programs				
Instruction				
National Aeronautics and Space Administration				
Direct				
Aeronautics and Space Act of 1958	43.008	N/A	-	54,085
Total National Aeronautics and Space Administration			-	54,085
National Science Foundation				
Pass Through				
Georgia State University-Computer and Information Science and Engineering	47.070	N/A	-	1,087
Total National Science Foundation			-	1,087
Department of Education				
Direct				
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325K	N/A	92,147	191,202
English Language Acquisition Grants	84.365	N/A	44,200	321,943
Pass Through				
Ohio Department of Higher Education-Improving Teacher Quality State Grants	84.367	N/A	-	134,157
Total Department of Education			136,347	647,302
Department of Health and Human Services				
Pass Through				
Northeast Ohio Medical Univ. (NEOMED)-Model State-Supported Area Health Education Centers	93.107	N/A	-	23,992
Northeast Ohio Medical Univ. (NEOMED)-Model State-Supported Area Health Education Centers	93.107	U77HP23072	-	61,643
Ohio Department of Job and Family Service-Child Welfare Services_State Grants	93.645	N/A	-	112,487
Ohio Department of Job and Family Service-Foster Care_Title IV-E	93.658	N/A	-	(31)
Total Department of Health and Human Services			-	198,091
Total Instruction			136,347	900,565
Public Service				
Department of Agriculture				
Pass Through				
Center for Child Development-Child and Adult Care Food Program	10.558	N/A	-	25,071
Total Department of Agriculture			-	25,071

The University of Akron
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog Federal Domestic Assistance	Pass-through Entity Identifying Number	Pass-Through to Subrecipient	Total Expenditures
Public Service - continued				
Department of Defense				
Pass Through				
Tennessee State University-Basic and Applied Scientific Research	12.300	N/A	$ -	$ 83,493
Total Department of Defense			-	83,493
Department of Education				
Pass Through				
Ohio Department of Education-State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	-	(129)
Total Department of Education			-	(129)
Department of Health and Human Services				
Pass Through				
Summa Health System-Nurse Education, Practice and Retention Grants	93.359	1UD7HP28539	-	60,816
Summit County Dept of Job and Family Srv-Social Services Block Grant	93.667	N/A	-	20,311
Summit County General Health District-State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health financed in part by Prevention and Public Health Funding (PPHF)	93.757	N/A	-	(3,546)
Summa Health System-Geriatric Education Centers	93.969	U1QHP28707	-	99,331
Total Department of Health and Human Services				176,912
Total Public Service			-	285,347
Total Other Programs			**136,347**	**1,185,912**
Grand Total			**$ 841,264**	**$ 166,368,979**

The University of Akron

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

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, 2017. 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, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions*, or 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 recovers 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% for other on-campus sponsored activities and 26% for off-campus research through June 30, 2017. 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, 2017:

Cluster/Program Title	CFDA Numbers	Advances	Outstanding Balances
Perkins Loan Program (net of allowances)	84.038	$ 953,010	$ 7,922,035
Nursing Student Loan Program (net of allowances)	93.364	148,800	978,505

Note 4 - Adjustments and Transfers

As allowable and in accordance with federal regulations issued by the U.S. Department of Education, The University transferred $247,470 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 $81,965 of the 2015-2016 SEOG award to the 2016-2017 award year.

In addition, the University carried forward $53,267 and $68,212 of the 2016-2017 FWS and SEOG awards, respectively, to the 2017-2018 award year. The University spent $102,139 of the carried forward FWS funds from the 2015-2016 award year during the 2016-2017 award year.

The University of Akron

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

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	$ 166,368,979
Pell grants	(25,865,384)
Federal direct loans	(107,116,926)
Federal Perkins loan program	(13,429,803)
Nursing student loan program	(1,603,161)
Federal grants passed through state entities	(1,591,547)
Federal grants passed through local entities	(44,206)
Private grants	(1,864,562)
Sales	(25,071)
Federal purchased service contracts	(1,123,135)
Indirect costs excluded from federal grants on Statement	197,908
Change in deferred revenue from federal grants	1,432,576
Federal grants and contracts as shown on the Statement	$ 15,335,668

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 agree with federal grants and contracts revenue on the Statement, except as noted above.

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The University of Akron

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

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?	____ Yes	X No

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?	____ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)?	____ Yes	X No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.364	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

Section II - Financial Statement Findings

Reference Number	Findings
2017-001	**Finding Type -** Significant Deficiency

Criteria - Under Generally Accepted Accounting Principles (GAAP), an independent review of account reconciliations, related journal entries, and supporting schedules should be performed.

Condition - Management did not review the calculation for unearned income related to summer tuition revenue. The estimate was ultimately changed, resulting in the adjustment described below.

Context - As a result of our review, a change was made to the underlying assumptions used in the calculation of unearned tuition revenue as of June 30, 2017. An independent review was not performed, which could have identified the need for the change in the calculation.

Cause - An independent review of the unearned tuition calculation was not performed.

Effect - Management reevaluated the assumptions used in the unearned tuition calculation and identified an adjustment that decreased tuition revenue and increased unearned income by approximately $4.5 million and also decreased expenses and increased prepaids by approximately $1 million.

Recommendation - The University should add an independent review to their process for calculating and recording the adjustments to unearned income, tuition, revenue, and related accounts as of June 30.

Views of Responsible Officials and Planned Corrective Actions – For years, summer tuition revenue was recognized ratably based upon the number of days in each summer session. During spring 2017, the CFO met with the accounting staff to discuss the University’s summer revenue recognition criteria, and the CFO decided that a more precise summer revenue recognition methodology may exist. That new methodology was pursued and implemented; however, the underlying data to fully support the change was not readily obtainable. Upon inquiry by Plante Moran, the University reverted back to the revenue recognition methodology historically used. The University returned to the ratable summer revenue recognition methodology. The University will attempt to gather the requisite data for summer 2018, and will use that data to determine whether a more precise summer revenue recognition methodology may exist and be supported by underlying data.

The University of Akron

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2017

Section III – Federal Program Audit Findings

Reference Number	Findings
Current Year	None

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October 11, 2017

Federal Audit Clearinghouse
RE: The University of Akron
Corrective Action Plan
Fiscal Year Ended June 30, 2017
Finding 2017-001

Management's Response:
For years, summer tuition revenue was recognized ratably based upon the number of days in each summer session. During spring 2017, the CFO met with the accounting staff to discuss the University's summer revenue recognition criteria, and the CFO decided that a more precise summer revenue recognition methodology may exist. That new methodology was pursued and implemented; however, the underlying data to fully support the change was not readily obtainable. Upon inquiry by Plante Moran, the University reverted back to the revenue recognition methodology historically used.

Planned Corrective Action:
As reflected above, the University returned to the ratable summer revenue recognition methodology. The University will attempt to gather the requisite data for summer 2018, and will use that data to determine whether a more precise summer revenue recognition methodology may exist and be supported by underlying data.

Contact person responsible for corrective action: Nathan J Mortimer, VP Finance & Admin/CFO
Anticipated Completion Date: by June 30, 2018

Vice President for Finance & Administration/CFO
Akron, OH 44325-4715
330-972-7120 · 330-972-6293 Fax

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Dave Yost • Auditor of State

UNIVERSITY OF AKRON

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 21, 2017

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov

The University of Akron Foundation

Financial Statements
with Additional Information
June 30, 2017 and 2016

Dave Yost • Auditor of State

Board of Directors
The University of Akron Foundation
302 Butchel Common
Akron, Ohio 44325

We have reviewed the *Independent Auditor's Report* of The University of Akron Foundation, Summit County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2016 through June 30, 2017. 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 Foundation and Subsidiary is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

December 13, 2017

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Plante & Moran, PLLC
Suite 100
250 S. High Street
Columbus, OH 43215
Tel: 614.849.3000
Fax: 614.221.3535
plantemoran.com

To Management and the Board of Directors
The University of Akron Foundation

This report is subject to review and acceptance by the Auditor of State's office, and the requirements of Ohio Revised Code § 117.25 are not met until the Auditor of State certifies this report. This process will be completed by the Auditor of State in a reasonable timeframe and reports are subject to change if the Auditor of State determines that modification of a report is necessary to comply with required accounting or auditing standards or Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Plante & Moran, PLLC

September 29, 2017

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The University of Akron Foundation

Contents

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Plante & Moran, PLLC
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250 S. High Street
Columbus, OH 43215
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Independent Auditor's Report

To the Board of Directors
The University of Akron Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of The University of Akron Foundation (the "Foundation"), a discretely presented component unit of The University of Akron, which comprise the statement of financial position as of June 30, 2017 and 2016 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The University of Akron Foundation as of June 30, 2017 and 2016 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
The University of Akron Foundation

Emphasis of Matter

As described in Note 12, the financial statements included investments valued at approximately $125,377,000 (68 percent of net assets) at June 30, 2017 and $114,520,000 (66 percent of net assets) at June 30, 2016 whose fair values have been estimated by management in the absense of readily determinable market values. Management's estimates are based on information provided by the investment fund managers. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017 on our consideration of The University of Akron Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 of Akron Foundation's internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 29, 2017

The University of Akron Foundation

Statement of Financial Position

	June 30 2017	June 30 2016
Assets		
Cash	$ 582,234	$ 587,651
Accounts and notes receivable	205,396	370,881
Pledges receivable - Net of allowance and discount (Note 3)	19,933,941	16,395,412
Related party land note receivable (Note 8)	4,904,714	-
Investments - At fair value (Note 4)	171,120,028	160,853,249
Property - Net (Note 5)	5,967,898	12,157,242
Beneficial interest in real estate (Note 6)	335,000	335,000
Total assets	**$ 203,049,211**	**$ 190,699,435**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 959,163	$ 446,932
Amounts payable to the University (Note 7)	91,453	91,900
Deferred revenue	28,500	28,627
Term loan (Note 8)	4,784,000	4,861,000
Annuity/Unitrust agreements and refundable advances (Notes 6 and 9)	12,702,901	12,094,922
Total liabilities	18,566,017	17,523,381
Net Assets		
Unrestricted (Note 10)	9,701,635	6,721,575
Temporarily restricted (Note 10)	58,527,001	51,787,759
Permanently restricted (Note 10)	116,254,558	114,666,720
Total net assets	184,483,194	173,176,054
Total liabilities and net assets	**$ 203,049,211**	**$ 190,699,435**

See Notes to Financial Statements.

The University of Akron Foundation

Statement of Activities
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Additions (Reductions)				
Contributions	$ 2,307,112	$ 9,495,698	$ 2,613,643	$ 14,416,453
Net change in the fair value of investments	3,312,014	8,908,298	188,403	12,408,715
Change in fair value of annuity/unitrust agreements	32,583	(1,105)	(198,921)	(167,443)
Impairment loss	-	-	(750,000)	(750,000)
Loss on sale of property	-	-	(91,678)	(91,678)
Dividend and net investment income (loss)	2,045,011	(222,197)	66,347	1,889,161
Other income	65,822	22,330	5,600	93,752
Total revenue and other additions - Net	7,762,542	18,203,024	1,833,394	27,798,960
Release of Restrictions	11,709,338	(11,444,782)	(264,556)	-
Total revenue and other additions and release of restrictions	19,471,880	6,758,242	1,568,838	27,798,960
Expenses				
Distributions to or for The University of Akron:				
Direct distributions to the University (Note 11)	13,939,493	-	-	13,939,493
Distributions on behalf of the University	904,973	-	-	904,973
Administration of the Foundation:				
Services performed by University personnel (Note 11)	1,203,392	-	-	1,203,392
Professional fees	75,832	-	-	75,832
Office expenses	22,429	-	-	22,429
Other expenses	345,701	-	-	345,701
Total expenses	16,491,820	-	-	16,491,820
Change in Donor Designation	-	(19,000)	19,000	-
Change in Net Assets	2,980,060	6,739,242	1,587,838	11,307,140
Net Assets - Beginning of year	6,721,575	51,787,759	114,666,720	173,176,054
Net Assets - End of year	**$ 9,701,635**	**$ 58,527,001**	**$ 116,254,558**	**$ 184,483,194**

The University of Akron Foundation

Statement of Activities
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Additions (Reductions)				
Contributions	$ 3,398,228	$ 2,522,847	$ 9,665,480	$ 15,586,555
Net change in the fair value of investments	(3,273,096)	(2,672,948)	(511,565)	(6,457,609)
Change in fair value of annuity/unitrust agreements	(58,997)	36	(151,931)	(210,892)
Loss on sale of property related to annuity	-	-	(30,000)	(30,000)
Dividend and net investment income	1,950,701	615,746	49,558	2,616,005
Other income	13,434	15,840	476,122	505,396
Total revenue and other additions - Net	2,030,270	481,521	9,497,664	12,009,455
Release of Restrictions	9,292,662	(8,909,952)	(382,710)	-
Total revenue and other additions (reductions) and release of restrictions	11,322,932	(8,428,431)	9,114,954	12,009,455
Expenses				
Distributions to or for The University of Akron:				
Direct distributions to the University (Note 11)	11,370,127	-	-	11,370,127
Distributions on behalf of the University	610,200	-	-	610,200
Administration of the Foundation:				-
Services performed by University personnel (Note 11)	486,883	-	-	486,883
Professional fees	192,165	-	-	192,165
Office expenses	23,174	-	-	23,174
Other expenses	156,547	-	-	156,547
Total expenses	12,839,096	-	-	12,839,096
Change in Donor Designation	-	114,987	(114,987)	-
Change in Net Assets	(1,516,164)	(8,313,444)	8,999,967	(829,641)
Net Assets - Beginning of year	8,237,739	60,101,203	105,666,753	174,005,695
Net Assets - End of year	**$ 6,721,575**	**$ 51,787,759**	**$ 114,666,720**	**$ 173,176,054**

The University of Akron Foundation

Statement of Cash Flows

	Year Ended June 30 2017	Year Ended June 30 2016
Cash Flows from Operating Activities		
Change in net assets	$ 11,307,140	$ (829,641)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net change in the fair value of investments	(12,408,715)	6,457,609
Contributions restricted for long-term investment	(2,613,643)	(9,665,480)
Change in fair value of annuity/unitrust agreements	167,443	210,892
Change in fair value of refundable advances	7,172	(4,019)
Loss on impairment of property	750,000	-
Loss on sale of property	91,678	30,000
Depreciation expense	(17,168)	3,283
Change in allowance for doubtful accounts	(236,903)	358,307
Change in pledge discount	65,712	1,725,864
Changes in operating assets and liabilities:		
Accounts and notes receivable	154,215	(173,213)
Pledges receivable	(3,367,338)	(7,280,605)
Accounts payable and other liabilities	511,784	(223,802)
Net cash used in operating activities	(5,588,623)	(9,390,805)
Cash Flows from Investing Activities		
Change in related party promissory note receivable	(4,904,714)	-
Proceeds from sale of investments	36,976,595	42,000,358
Purchase of investments	(34,840,353)	(41,773,721)
Proceeds from the sale of properties	157,160	145,000
Property transferred to related party	5,207,675	-
Net cash provided by investing activities	2,596,363	371,637
Cash Flows from Financing Activities		
Proceeds from contributions restricted for:		
Investment in endowment	2,613,643	9,665,480
Investment subject to annuity agreements	51,498	75,000
Other financing activities:		
Net payments on term loan	(77,000)	(40,000)
Interest and dividends restricted for annuity agreements	123,236	158,951
Net change in restricted annuity agreements	1,598,218	(175,034)
Payments of annuity obligations	(1,322,752)	(1,396,244)
Net cash provided by financing activities	2,986,843	8,288,153
Net Change in Cash	(5,417)	(731,015)
Cash - Beginning of year	587,651	1,318,666
Cash - End of year	**$ 582,234**	**$ 587,651**
Supplemental Cash Flow Information - Cash paid for interest	**$ 64,695**	**$ 52,016**

Note 1 - Organization

The University of Akron Foundation (the “Foundation”), a discretely presented component unit of the University of Akron, is a not-for-profit organization. The Foundation’s mission is to provide financial assistance to the University of Akron (the “University”) by encouraging and administering gifts and bequests.

The Foundation receives contributions from the following support groups of the University:

John R. Buchtel Society (the “Society”)

The Society includes seven gift clubs, ranging from the Loyalty Club for annual donors of up to $99 to the 1870 Benefactors Club for lifetime contributions of $1 million or more.

Partners in Excellence (the “Group”)

The Group constitutes an array of companies, foundations, and business organizations providing financial, technical, and material assistance to the University through the Foundation, including the following:

- Unrestricted and restricted support
- Support for the Crusade for Scholars Program
- Support for the Center for Economic Education
- Support for the Intercollegiate Athletic Program

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting - The accounts of the Foundation are maintained in accordance with the principles of not-for-profit accounting. The statements have been prepared on an accrual basis.

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation - The Foundation reports net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- **Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations. This category includes quasi-endowment principal and earnings designated by the board of directors to function as endowments.

- **Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time, including quasi-endowments which are purpose-restricted donor contributions designated to function as endowments. This category includes true endowment earnings, a property annuity, and property assets.

- **Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations to be maintained permanently by the Foundation. The donors of these assets permit the Foundation to use the appreciation earned on related investments for general or specific purposes. This category includes annuity funds and true endowment principal.

Revenue - Revenue is reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as the release of restrictions in the accompanying statement of activities.

Cash - The Foundation maintains its cash in bank deposits which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to significant risk on cash.

Note 2 - Summary of Significant Accounting Policies (Continued)

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. The fair values of investments are based on quoted market prices. Investments not publicly traded are either stated at cost, which approximates market, or at appraised market values when applicable. Alternatives are recorded at their most recent available valuation as provided by the investment custodian. Donated investments including donated property are recorded as contributions at fair value on the date received. Realized gains (losses) on investments are the difference between the proceeds received and the fair market value of investments sold. Net appreciation in the fair value of investments (including realized and unrealized gains and losses) is included in revenue, gains, and other income of unrestricted net assets, unless the net appreciation or investment income is restricted by the donor or by law. Dividend and interest income is presented net of investment fees of approximately $787,000 and $738,000 for the years ended June 30, 2017 and 2016, respectively, on the statement of activities.

During the year ended June 30, 2014, the Foundation purchased an interest in The University of Akron Foundation Fund, LP (the “Foundation Fund”) (see Note 4). The Foundation Fund is a single investor fund (SIF) with Cambridge Associates Resources, LLC serving as the general partner. The investment committee of the Foundation has retained authority for setting investment policy guidelines and philosophy and approving asset allocation targets and benchmarks. The investment committee of the Foundation has delegated to the general partner authority for manager selection and termination, management of cash flows to and from investments of the partnership, due diligence on underlying managers and investments, and performance reporting.

Underwater Endowments - In Ohio, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) governs the investment of and spending from true endowments. As reported in Note 13, the Foundation has interpreted this act as requiring the preservation of the historical value of the original gift as of the gift date of the donor-restricted endowment fund. Under this interpretation, if the market value of an endowment drops below the historic gift value, the endowment is considered to be underwater. The net depreciation of an underwater endowment will reduce unrestricted net assets. Any future gains will be used to restore the cumulative deficiency within unrestricted net assets. Once unrestricted net assets have been fully restored, net appreciation will be recorded within either temporarily or permanently restricted net assets, as required by the donor’s restriction.

Note 2 - Summary of Significant Accounting Policies (Continued)

Property - Property is held for investment purposes and recorded at cost at the date of acquisition or estimated fair value at the date of donation. Depreciation is recorded if property is rented and is computed over the estimated useful life of the asset, 40 years, using the straight-line method.

Impairment - The Foundation annually reviews the recoverability of long-lived assets, including property, for events or changes in circumstances that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations.

During the year ended June 30, 2017, a property was deemed to be impaired and written down to its fair value. The carrying value of the asset exceeded the fair value, which was determined by a pending sales agreement, by $750,000. An impairment loss of that amount has been charged to operations for the year ended June 30, 2017. There were no impairment losses for the year ended June 30, 2016.

Pledges Receivable - The Foundation records pledges and unconditional promises to give as receivables and revenue 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 their 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 received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as revenue until the conditions are substantially met.

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments - The estimated fair value amounts have been determined by the Foundation using available market information and appropriate valuation methodologies. These estimates are subjective in nature and involve uncertainties and matters of considerable judgment. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Foundation could realize in a current market exchange. The use of different assumptions, judgments, and/or estimation methodologies may have a material effect on the estimated fair value amounts. All investment securities are carried at fair value in the financial statements. The fair values of short-term financial instruments, including cash equivalents, accounts receivable and payable, and term loan, approximate the carrying amounts in the accompanying financial statements due to the short maturity of such instruments. The inputs are based upon terms in contractual agreements. The fair values of these financial instruments are determined using Level 2 inputs.

Credit Risk Concentrations - Financial instruments which potentially expose the Foundation to concentrations of credit risk include investments in marketable securities and pledges receivable. As a matter of policy, the Foundation only maintains balances with financial institutions having a high credit quality. Concentration of credit risk for investments in marketable securities is mitigated by both the distribution of investment funds among asset managers and the overall diversification of managed investment portfolios. Concentration of credit risk for pledges receivable is generally limited due to the dispersion of these balances over a wide base of donors.

Fundraising - Fundraising costs are charged to expense as incurred. During the years ended June 30, 2017 and 2016, total fundraising costs were approximately $249,000 and $209,000, respectively.

Expenses - The Foundation's expenses are classified into two categories: (1) distributions to or for the University of Akron and (2) administration of the Foundation. The expenses relating to the administration of the Foundation include both fundraising and management and general activities. Total expenses consisted of expenses related to program services, management and general, and fundraising. Costs are allocated between the various programs and support services on an actual basis, where available, or based upon reasonable methods. Although methods of allocation used are considered appropriate, other methods could be used that would produce different results.

Income Taxes - The Foundation is an Ohio nonprofit organization, tax-exempt under Section 501(c)(3) of the Internal Revenue Code, and exempt from federal, state, and local income tax on related income.

Note 2 - Summary of Significant Accounting Policies (Continued)

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Foundation's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Option - The fair value option for financial assets and financial liabilities permits entities to choose to measure many financial instruments and certain other items at fair value. The fair value option may be applied instrument by instrument, is irrevocable, and is applied only to entire instruments and not to portions of instruments. Management made the election for the fair value option to provide an accurate portrayal of these balances by discounting the annuity pool given the length of time involved with some of the annuities and by adjusting the refundable advances to their underlying investment's market value.

The fair value of the annuity pool, which relates to the annuity and unitrust agreements, and the fair value of refundable advances, which relates to a revocable trust, are estimated by discounting expected cash inflows and outflows to their present value using appropriate rates with the risk of realizing such cash inflows and outflows. The fair value of the liability of the annuity pool and refundable advances at June 30, 2017 and 2016 is $12,702,901 and $12,094,922, respectively.

Risks and Uncertainties - The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. 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 statement of financial position.

Note 2 - Summary of Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncement - In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Foundation, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Foundation's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. As part of implementing this standard, the Foundation is currently evaluating the consolidation of its net asset classifications and the development of a new expense matrix and new liquidity footnote disclosures.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including September 29, 2017, which is the date the financial statements were available to be issued.

Note 3 - Pledges Receivable

Unconditional promises to give are included in the financial statements as pledges receivable. Pledges are recorded at their approximate present value, discounted using the U.S. Treasury note rate in effect the year the pledge is received. For pledges made during the years ended June 30, 2017 and 2016, the future expected cash flows from pledges receivable have been discounted using a discount rate of 1.89 and 1.01 percent, respectively.

Pledges receivable at June 30, 2017 and 2016 are expected to be realized in the following periods:

	2017	2016
Less than one year	$ 7,402,273	$ 2,421,793
One to five years	7,618,483	7,676,264
More than five years	10,307,250	11,520,229
Total	25,328,006	21,618,286
Less amount estimated to be uncollectible	(1,590,248)	(1,353,345)
Less unamortized discount	(3,803,817)	(3,869,529)
Total pledges receivable - Net	$ 19,933,941	$ 16,395,412

Note 3 - Pledges Receivable (Continued)

The allowance for uncollectible contributions is a general valuation based on the percentage of prior year pledge write-offs. Specific pledges deemed uncollectible are charged against the allowance for uncollectible pledges in the period in which the determination is made. Both the general allowance and the specific write-offs are reported as reductions in total revenue in the statement of activities.

As of June 30, 2017, the Foundation has $17,070,437 in numerous outstanding pledges which are considered to be intentions to give and are contingent upon future events. These pledges are not accrued as contributions receivable or recognized as revenue because they do not represent unconditional promises to give. It is not practicable to estimate the ultimate realizable value of these commitments or the period over which they might be collected.

Note 4 - Investments

Investments are stated at fair value. Fluctuations in fair value, as well as gains or losses on sales of securities, are recognized in the statement of activities. The pooled investment funds are invested in diverse portfolios. Limitations have been placed on the trust fund managers to stay within specified parameters in managing the portfolios. Investments as of June 30, 2017 and 2016 were as follows:

	2017	2016
Pooled investment funds managed for the Foundation - The University of Akron Foundation Fund, LP	$ 125,377,469	$ 114,519,667
Bonds	9,627,982	12,309,749
Commercial paper	2,499,925	2,500,000
Common stocks	2,094,160	1,760,723
Exchange traded funds	82,876	134,173
Floaters	3,920,000	2,030,000
Insurance policies - Cash surrender value	40,161	42,102
Money market funds	2,029,234	4,433,097
Mutual funds	23,370,147	21,799,985
Preferred stocks	83,126	68,530
U.S. Treasury obligations	1,994,948	1,255,223
Total fair value	$ 171,120,028	$ 160,853,249
Total cost	$ 160,849,010	$ 163,445,370

Note 5 - Property

Property consists of the following at June 30, 2017 and 2016:

	Nondepreciable	Depreciable	Total 2017	Total 2016
Avery Place Property	$ 12,017	$ -	$ 12,017	$ 12,017
Brown Street Property	81,000	-	81,000	81,000
Dale Street Property	-	-	-	110,000
East Exchange Street Property Lot A	401,385	-	401,385	401,385
East Exchange Street Property Lot B	675,196	-	675,196	675,195
East Exchange Street Property Lot C	1,800,000	-	1,800,000	1,800,000
Fir Hill Street Property	418,833	-	418,833	418,833
Harvey Court Property	47,182	-	47,182	47,182
Heritage Centre	2,250,000	-	2,250,000	3,000,000
Miller Parkway Land	155,825	-	155,825	155,825
N Pershing Avenue Property	-	-	-	91,985
Treeside Drive Property	-	-	-	65,000
Union Street Property	126,460	-	126,460	126,460
University Village Property	-	-	-	4,922,887
Wheeler Street Property A	-	-	-	176,045
Wheeler Street Property B	-	-	-	108,743
Less accumulated depreciation	-	-	-	(35,315)
Total	$ 5,967,898	$ -	$ 5,967,898	$ 12,157,242

During the year ended June 30, 2017, property valued at $266,985 was sold for $157,160, resulting in a loss on sale of property in the amount of $91,678 and a depreciation adjustment of $18,147. During the year ended June 30, 2016, property valued at $175,000 was sold for $145,000, resulting in a loss on sale of property in the amount of $30,000.

During the year ended June 30, 2017, another property was deemed to be impaired and written down to its fair value. The carrying value of the asset exceeded fair value, which was determined by a pending sales agreement by $750,000. The impairment event is the result of a sales contract entered into during fiscal year 2017. An impairment loss of that amount has been charged to operations for the year ended June 30, 2017. There were no impairment losses for the year ended June 30, 2016.

Note 6 - Beneficial Interest in Real Estate

The Foundation has the irrevocable right to receive ownership of certain real estate. The donor has retained the right to use the real estate for the donor's lifetime. The carrying value of the real estate (based upon an independent appraisal) is reported as a beneficial interest in real estate and as temporarily restricted net assets. Based on the agreement, the Foundation is also required to pay periodic fixed payments to the donor during his or her lifetime. The Foundation recorded the present value of this annuity payable using the applicable American Council on Gift Annuities (ACGA) tables (discount rates used at June 30, 2017 and 2016 were 2.40 and 1.80 percent, respectively), based on the term of the agreement, as a liability of $100,323 and $109,518 at June 30, 2017 and 2016, respectively.

Note 7 - Amounts Payable to the University

The Foundation may at times receive gifts on behalf of the University. At June 30, 2017 and 2016, the Foundation owed the University $91,453 and $91,900, respectively, for such gifts received. During the years ended June 30, 2017 and 2016, the Foundation recorded $2,285,678 and $1,820,861, respectively, of contribution revenue for amounts received on behalf of the University.

Note 8 - Term Loan

In May 2012, the Foundation obtained a $10,000,000 revolving line of credit with Fifth Third Bank. In May 2017, when the line of credit termed out, the Foundation obtained a $4,800,000 term loan with PNC to cover the loan balance. The term loan agreement calls for monthly principal and interest payments. The term loan calls for monthly principal payments of $16,000 plus interest at a fluctuating rate of the one-month LIBOR plus 0.90 percent. At June 30, 2017 and 2016, the effective interest rate on the outstanding debt was 2.12 and 1.15 percent, respectively. At June 30, 2017 and 2016, there was $4,784,000 and $4,861,000 outstanding, respectively.

The proceeds from the line of credit were used to purchase real estate adjacent to the University during fiscal year 2013. The University's commitment to reimburse the Foundation for payments of principal, interest, loan fees, and any other costs associated with the term loan resulted in total principal payments made by the University of $302,961 during the year ended June 30, 2017 to the Foundation. The Foundation did not charge the University any additional interest on the note. In May 2017, the real estate was transferred to the University in the amount of $5,207,675. The balance of $4,904,714 is recorded as a related party land note receivable on the statement of financial position.

Note 9 - Annuity and Unitrust Agreements

The Foundation has entered into charitable gift annuity agreements which include provisions requiring the Foundation to pay periodic fixed payments to beneficiaries during their lifetimes. Charitable gift annuities differ from other charitable giving options in that the annuity is a general obligation of the Foundation. Accordingly, if the assets of the gift are exhausted as a result of required payments to beneficiaries, then the unrestricted assets of the Foundation will be utilized to fund future payments.

The Foundation has also entered into unitrust, annuity trust, and pooled income agreements, which include provisions for the Foundation to pay beneficiaries' periodic payments until either the assets of the trust have been exhausted or until death of the beneficiaries. Upon the death of the beneficiaries, any remaining property in the trust or pooled income will be available to the Foundation in accordance with the agreements.

The Foundation accounts for such agreements by recording the fair market value of assets donated as of the date of the gift and by recording the actuarial present value of the annuities payable using the applicable ACGA tables (discount rates used at June 30, 2017 and 2016 were 2.40 and 1.80 percent, respectively) based on the term of the agreement, as a liability. The balance of the gift is recorded as unrestricted, temporarily restricted, or permanently restricted contributions, as appropriate.

The Foundation's payments to beneficiaries under the annuity and unitrust agreements reduce the annuity liability. Adjustments to the annuity liability are made to report amortization of the discount and record changes in the life expectancy of the beneficiary. These adjustments, as well as the return on the underlying investment assets (fair value of $18,236,113 and $17,930,864 at June 30, 2017 and 2016, respectively), are recognized in the statement of activities as changes in the value of annuity and unitrust agreements.

Note 10 - Net Assets

Unrestricted net assets at June 30, 2017 and 2016 are as follows:

	2017	2016
Current operations	$ 5,420,041	$ 5,339,628
Board designated	6,252,164	6,370,596
Underwater endowment adjustment (Note 13)	(1,970,570)	(4,988,649)
Total	$ 9,701,635	$ 6,721,575

Temporarily restricted net assets, principally related to scholarships, specific colleges and departments within the University, department chairs, and various other purposes related to support of the University, at June 30, 2017 and 2016 are as follows:

	2017	2016
Accumulated appreciation on true endowments	$ 32,849,240	$ 26,165,461
Specific purpose funds	21,487,929	24,129,398
Accumulated depreciation on specific purpose funds	(8,088,953)	(7,058,201)
Annuity and unitrust agreements	7,868	13,456
Pledges receivable	12,270,917	8,537,645
Total	$ 58,527,001	$ 51,787,759

Permanently restricted net assets, principally related to scholarships, specific schools within the University, department chairs, and various other purposes related to support of the University, at June 30, 2017 and 2016 are as follows:

	2017	2016
Endowment funds (Note 13)	$ 102,841,189	$ 100,731,251
Annuity and unitrust agreements	5,750,345	6,077,702
Pledges receivable	7,663,024	7,857,767
Total	$ 116,254,558	$ 114,666,720

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes of scholarships and development of the University in the amount of $11,470,872 and $9,292,662 during fiscal years 2017 and 2016, respectively.

During the year ended June 30, 2017, donors agreed to permanently restrict $19,000 in temporarily restricted net assets for the purpose of creating endowments. During the year ended June 30, 2016, donors agreed to release $114,987 in permanently restricted net assets for the purpose of paying back deficiencies resulting from unfavorable market fluctuations. See Note 13 for additional information.

Note 11 - Transactions with the University

The Foundation and the University regularly transfer funds between one another. The net amount of these transfers is recorded as “direct distributions to the University” in the statement of activities. For the years ended June 30, 2017 and 2016, distributions transferred to the University of $14,327,283 and $11,600,308, respectively, are gross of amounts received from the University of $387,790 and $230,181, respectively.

The University allocated certain overhead expenses to the Foundation totaling $1,203,392 and $486,883 in fiscal years 2017 and 2016, respectively. The Foundation reimburses the University for these amounts, which are recorded as “services performed by University personnel” in the statement of activities.

Note 12 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the valuation techniques and inputs used to measure fair value.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management’s own estimates using fund statements, pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability.

In instances whereby 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 Foundation’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Note 12 - Fair Value Measurements (Continued)

The Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. For the years ended June 30, 2017 and 2016, there were no transfers between levels of the fair value hierarchy.

As of July 1, 2015, the Foundation implemented new guidance that changes the required disclosures for investments valued at net asset value (NAV) per share (or its equivalent) as a practical expedient. Previously, investments measured at fair value using the NAV practical expedient were classified in the fair value hierarchy based on the redemption features associated with the investment. Under the new guidance, investments measured at fair value using net asset value per share (or its equivalent) as a practical expedient are no longer classified in the fair value hierarchy described above and the information for 2015 has been adjusted to conform to the new disclosure requirements.

The following tables present information about the Foundation's assets and liabilities measured at fair value on a recurring basis at June 30, 2017 and 2016 and the valuation techniques used by the Foundation to determine those fair values.

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2017

	Balance at June 30, 2017	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					
Pooled investment funds					
managed for the Foundation	$ 125,377,469	$ -	$ -	$ -	$ 125,377,469
Bonds	9,627,982	-	9,627,982	-	-
Commercial paper	2,499,925	-	2,499,925	-	-
Common stocks	2,094,160	2,094,160	-	-	-
Exchange traded funds	82,876	82,876	-	-	-
Floaters	3,920,000	-	3,920,000	-	-
Money market mutual funds	2,029,234	2,029,234	-	-	-
Mutual funds	23,370,147	23,370,147	-	-	-
Preferred stocks	83,126	83,126	-	-	-
U.S. Treasury obligations	1,994,948	-	1,994,948	-	-
Beneficial interest in real estate	335,000	-	-	335,000	-
Liabilities					
Annuity/unitrust agreements					
and refundable advances	(12,702,901)	-	-	(12,702,901)	-

Note 12 - Fair Value Measurements (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2016

	Balance at June 30, 2016	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					
Pooled investment funds managed for the Foundation	$ 114,519,667	$ -	$ -	$ -	$ 114,519,667
Bonds	12,309,749	-	12,309,749	-	-
Commercial paper	2,500,000	-	2,500,000	-	-
Common stocks	1,760,723	1,760,723	-	-	-
Exchange traded funds	134,173	134,173	-	-	-
Floaters	2,030,000	-	2,030,000	-	-
Money market mutual funds	4,433,097	4,433,097	-	-	-
Mutual funds	21,799,985	21,799,985	-	-	-
Preferred stocks	68,530	68,530	-	-	-
U.S. Treasury obligations	1,255,223	-	1,255,223	-	-
Beneficial interest in real estate	335,000	-	-	335,000	-
Liabilities					
Annuity/unitrust agreements and refundable advances	(12,094,922)	-	-	(12,094,922)	-

Included in the Level 1 money market and mutual funds above is approximately $1,000,000 and $3,500,000 invested in a Fidelity Government Money Market Fund and PNC Fidelity Prime Money Market Fund as of June 30, 2017 and 2016, respectively. All investment allocations are in accordance with the Foundation's investment policy as described on page 22. No other significant concentrations of investments exist as of June 30, 2017 or 2016.

Changes in Level 3 Assets and Liabilities
Measured at Fair Value on a Recurring Basis at June 30, 2017

	Beneficial Interest in Real Estate	Annuity/Unitrust Agreements and Refundable Advances
Balance at June 30, 2016	$ 335,000	$ (12,094,922)
Total losses included in changes in net assets:		
Unrealized	-	(1,639,768)
Realized	-	(161,041)
Purchases	-	(132,463)
Sales		1,325,293
Transfers within Level 3	-	-
Balance at June 30, 2017	$ 335,000	$ (12,702,901)

Note 12 - Fair Value Measurements (Continued)

Changes in Level 3 Assets and Liabilities
Measured at Fair Value on a Recurring Basis at June 30, 2016

	Beneficial Interest in Real Estate	Annuity/Unitrust Agreements and Refundable Advances
Balance at June 30, 2015	$ 335,000	$ (13,252,020)
Total losses included in changes in net assets:		
Unrealized	-	(42,680)
Realized	-	(23,813)
Purchases	-	(225,814)
Sales	-	1,449,405
Transfers within Level 3	-	-
Balance at June 30, 2016	$ 335,000	$ (12,094,922)

Investment Policies

The Foundation has adopted investment policies in accordance with the objectives of its investment committee. The strategic allocation policy for all investments is as follows:

	Target	Allowable Range
Global public equity	45%	35% - 65%
Hedged equity	10%	0% - 15%
Absolute return	15%	0% - 20%
Public real assets	10%	5% - 15%
Bonds and cash	13%	10% - 35%
Total marketable portfolio	**93%**	**90% - 100%**
Private equity	5%	0% - 10%
Private real assets	2%	0% - 5%
Total private investments	**7%**	**0% - 10%**

Note 12 - Fair Value Measurements (Continued)

Measurement of Level 3 Assets and Liabilities

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets and liabilities. As a result, the unrealized gains and losses for these assets and liabilities presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Unobservable Inputs Used to Measure Level 3 Assets and Liabilities

	Fair Value at			Significant Unobservable	Range
	June 30, 2017	June 30, 2016	Valuation Technique	Inputs Used	(Weighted Average)
Assets - Beneficial interest in real estate	$ 335,000	$ 335,000	Market comparables	Third-party appraisal	100%
Liabilities - Annuity/unitrust agreements and refundable advances	$ (12,702,901)	$ (12,094,922)	IRS Pub 590 actuarial tables Discounted cash flow	Life expectancy of beneficiaries Risk-free rate of return	2.6 - 60.1 years 1 - 2.5%

Annuity and unitrust agreement liabilities characterized as Level 3 liabilities consist primarily of charitable gift annuity agreements. Refundable advances characterized as Level 3 liabilities consist of revocable trusts. The Foundation estimates the fair value of these liabilities based upon the present value of the expected future cash flows using management's best estimates of key assumptions including life expectancies of annuitants, payment periods, and a discount rate commensurate with the current market and other risks involved. Significant changes in these key assumptions would result in a significantly lower or higher fair value measurement.

The Foundation measures property on a nonrecurring basis and records an impairment charge to the extent the carrying value of the asset is greater than fair value. The fair value of the property is based primarily on Level 3 inputs including a sales comparison method using the property's competitive market area. As of June 30, 2017, property was valued at $2,250,000 using this method, and is included in Property - Net on the statement of financial position (see Note 5 for further information).

Investments in Entities that Calculate Net Asset Value per Share

The Foundation holds shares or interests in investment companies whereby the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

Note 12 - Fair Value Measurements (Continued)

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	June 30, 2017		June 30, 2016			
	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
The University of Akron Foundation Fund, LP	$ 125,377,469	$ -	$ 114,519,667	$ -	Quarterly	At least 45 days

The University of Akron Foundation Fund, LP (the "Foundation Fund") seeks to achieve long-term equity-like returns through broadly diversifying by asset class, investment manager, geography, economic sector, and security. The Foundation Fund seeks to achieve its objective by allocating its assets among unaffiliated private equity and/or venture capital funds, including offshore funds, other investment entities, and/or separate accounts managed pursuant to investment management agreements, as well as publicly traded stocks, exchange traded funds, mutual funds, future contracts, forward contracts, options, swaps, and other derivative-type instruments.

Note 13 - Donor-restricted and Board-designated Endowments

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

Endowment Net Asset Composition by Type of Fund as of June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ (1,867,685)	$ 17,648,644	$ 102,841,189	$ 118,622,148
Board designated (quasi-endowment)	3,720,166	-	-	3,720,166
Total funds	$ 1,852,481	$ 17,648,644	$ 102,841,189	$ 122,342,314

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of the year	$ (1,339,210)	$ 13,201,939	$ 100,731,251	$ 112,593,980
Investment return:				
Investment loss	(15,548)	(295,943)	(682,176)	(993,667)
Net appreciation	3,379,143	8,908,297	123,224	12,410,664
Total investment return	3,363,595	8,612,354	(558,952)	11,416,997
Contributions	-	158,186	2,844,619	3,002,805
Appropriation of endowment assets for expenditure	(148,526)	(4,214,640)	(307,548)	(4,670,714)
Other changes:				
Change in donor designations	(23,378)	(109,195)	126,219	(6,354)
Rental income	-	-	5,600	5,600
Endowment net assets - End of the year	$ 1,852,481	$ 17,648,644	$ 102,841,189	$ 122,342,314

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ (4,907,384)	$ 13,201,939	$ 100,731,251	$ 109,025,806
Board designated (quasi-endowment)	3,568,174	-	-	3,568,174
Total funds	$ (1,339,210)	$ 13,201,939	$ 100,731,251	$ 112,593,980

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of the year	$ 2,136,450	$ 18,769,637	$ 97,749,457	$ 118,655,544
Investment return:				
Investment income	9,810	556,106	54,212	620,128
Net depreciation	(3,309,022)	(2,672,948)	(514,850)	(6,496,820)
Total investment return	(3,299,212)	(2,116,842)	(460,638)	(5,876,692)
Contributions	-	369,796	3,219,166	3,588,962
Appropriation of endowment assets for expenditure	(152,392)	(5,898,718)	(394,423)	(6,445,533)
Other changes:				
Change in donor designations	(24,056)	2,078,066	141,567	2,195,577
Other income	-	-	455,147	455,147
Rental income	-	-	20,975	20,975
Endowment net assets - End of the year	$ (1,339,210)	$ 13,201,939	$ 100,731,251	$ 112,593,980

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature that are reported in unrestricted net assets were $1,970,570 and $4,988,649 as of June 30, 2017 and 2016, respectively (see Note 10). These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that were deemed prudent by the board of directors.

The Foundation has certain endowment agreements where a portion of accumulated appreciation is to remain in permanently restricted with the original corpus. In addition, the Foundation has interpreted the language in some of these agreements where if at any time current income is not sufficient to cover distributions from these agreements, then a portion of the accumulated appreciation in permanently restricted is released. During the years ended June 30, 2017 and 2016, the Foundation released $264,556 and $382,710, respectively, in accordance with this policy.

During the year ended June 30, 2017, donors increased the permanently restricted endowment fund by $19,000, which is shown on the statement of activities as changes in donor designation. During the year ended June 30, 2016, donors released a portion of a permanently restricted endowment fund. The release of $114,987 is shown on the statement of activities as changes in donor designation.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods, as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner intended to produce results that are generally consistent with returns in the global equity markets while assuming a moderate level of investment risk. Actual returns in any given year may vary.

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that emphasizes equity investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and Investment Objectives Related to Spending Policy

The Foundation's investment and spending policy stipulates that 4.5 percent of a three-year rolling average of the market value of the endowment is available to spend, 1.5 percent of the market value of the endowment is available for support of the Foundation's administrative expenses, and the remaining income is to be reinvested. If an investment loss is incurred, the loss is allocated in the current period. Over the long term, the Foundation expects the current spending policy to allow its endowment to keep pace with inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts.

Note 14 - Subsequent Events

During August 2017, the Foundation learned that it will receive a bequest from a long-time University benefactor approximating $23,000,000. The endowed gift is expected to materialize during the fiscal year ended June 30, 2018 and will be used to support scholarships within certain colleges and the University of Akron's Hower House.

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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*

Independent Auditor's Report

To Management and the Board of Directors
The University of Akron Foundation

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 University of Akron Foundation (the "Foundation"), which comprise the statement of financial position as of June 30, 2017 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The University of Akron Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 Foundation'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To Management and the Board of Directors
The University of Akron Foundation

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The University of Akron Foundation'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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

September 29, 2017

Dave Yost • Auditor of State

UNIVERSITY OF AKRON FOUNDATION

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 26, 2017

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The University of Akron Research Foundation and Subsidiaries

Consolidated Financial Statements

with Supplementary Information

June 30, 2017 and 2016

Dave Yost • Auditor of State

Board of Directors
The University of Akron Research Foundation and Subsidiaries
302 Butchel Common
Akron, Ohio 44325

We have reviewed the *Independent Auditor's Report* of The University of Akron Research Foundation and Subsidiaries, Summit County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2016 through June 30, 2017. 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 Research Foundation and Subsidiaries is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

December 20, 2017

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To Management and the Board of Directors
The University of Akron Research Foundation
and Subsidiaries

This report is subject to review and acceptance by the Auditor of State's office, and the requirements of Ohio Revised Code § 117.25 are not met until the Auditor of State certifies this report. This process will be completed by the Auditor of State in a reasonable timeframe and reports are subject to change if the Auditor of State determines that modification of a report is necessary to comply with required accounting or auditing standards or Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Plante & Moran, PLLC

September 29, 2017

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Independent Auditor's Report

To the Board of Directors
The University of Akron Research Foundation
and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The University of Akron Research Foundation and Subsidiaries (the "Research Foundation"), a discretely presented component unit of The University of Akron, which comprise the consolidated statement of financial position as of June 30, 2017 and 2016 and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Directors
The University of Akron Research Foundation
and Subsidiaries

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The University of Akron Research Foundation and Subsidiaries as of June 30, 2017 and 2016 and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise The University of Akron Research Foundation and Subsidiaries' consolidated financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated 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 September 29, 2017 on our consideration of The University of Akron Research Foundation and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 of Akron Research Foundation and Subsidiaries' internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 29, 2017

The University of Akron Research Foundation and Subsidiaries

Consolidated Statement of Financial Position

	June 30 2017	June 30 2016
Assets		
Cash and cash equivalents	$ 1,682,979	$ 1,717,998
Short-term investments (Notes 3 and 4)	7,465,082	6,908,660
Receivables - Net (Note 5)	645,353	1,035,479
Prepaid expenses and other	162,733	100,736
Total current assets	9,956,147	9,762,873
Long-term investments (Note 3)	383,732	393,204
Property, plant, and equipment - Net (Note 6)	4,895,375	5,351,916
Total long-term assets	5,279,107	5,745,120
Total assets	**$ 15,235,254**	**$ 15,507,993**
Liabilities and Net Assets		
Liabilities		
Accounts payable (Note 7)	$ 3,525,952	$ 3,689,796
Accrued expenses	287,688	475,424
Accrued professional fees	28,000	28,000
Deferred revenue (Note 8)	1,050,084	1,612,501
Current portion of note payable (Note 9)	77,077	72,311
Fair value of interest rate swap (Notes 4 and 9)	263,145	409,782
Total current liabilities	5,231,946	6,287,814
Long-term note payable (Note 9)	2,422,495	2,499,572
Total liabilities	7,654,441	8,787,386
Net Assets - Unrestricted	7,580,813	6,720,607
Total liabilities and net assets	**$ 15,235,254**	**$ 15,507,993**

The University of Akron Research Foundation and Subsidiaries

Consolidated Statement of Activities

	Year Ended June 30	
	2017	2016
Revenue		
Polymer training	$ 2,036,885	$ 2,576,128
Sponsored research	1,467,591	2,193,756
Experimental services	526,184	707,872
Rental income	709,604	620,969
License royalties and fees	93,760	93,000
Research funding	407,497	267,464
Investment income	168,614	230,238
Patent fee reimbursement	180,502	510,001
Unrealized gain (loss) on investments	743,426	(357,254)
Loss on disposal of equity method investments (Note 3)	-	(118,273)
In-kind contributions	32,920	125,355
Other income	444,329	412,855
Total revenue	6,811,312	7,262,111
Expenses		
Program services:		
Polymer training	1,621,968	2,311,407
Direct costs	1,085,554	1,657,198
Allocated indirect costs	233,178	386,074
Research support	527,824	969,987
Experimental services	511,947	495,512
Royalty distributions	15,926	30,000
Bad debt expense	210,080	54,339
Depreciation and amortization expense	104,391	116,996
Total program services	4,310,868	6,021,513
Support services:		
Wages and benefits	593,598	635,526
Building operating	527,303	530,279
Interest (income) loss - Change in swap value (Note 9)	(146,637)	35,538
Interest expense	118,023	130,624
Public relations	28,883	39,775
Depreciation and amoritization expense	390,949	373,158
Professional fees	36,221	29,535
Office expense	63,130	45,297
Loss on disposal	-	15,021
Insurance	28,768	32,005
Total support services	1,640,238	1,866,758
Total expenses	5,951,106	7,888,271
Change in Net Assets	860,206	(626,160)
Net Assets - Beginning of year	6,720,607	7,346,767
Net Assets - End of year	**$ 7,580,813**	**$ 6,720,607**

Consolidated Statement of Cash Flows

	Year Ended June 30 2017	Year Ended June 30 2016
Cash Flows from Operating Activities		
Change in net assets	$ 860,206	$ (626,160)
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Noncash items:		
Depreciation and amortization expense	495,340	490,154
Bad debt expense	210,080	54,339
Unrealized (gain) loss on securities	(743,426)	357,254
Unrealized loss on impairment	-	118,273
Change in interest rate swap	(146,637)	35,538
Loss on disposal	-	15,021
Changes in operating assets and liabilities:		
Receivables	180,046	395,131
Prepaid expenses	(85,845)	(35,744)
Payables and accrued expenses	(351,580)	286,129
Deferred revenue	(562,417)	(1,040,075)
Net cash and cash equivalents (used in) provided by operating activities	(144,233)	49,860
Cash Flows from Investing Activities		
Purchases of investments	196,475	(655,252)
Purchase of property and equipment	(14,950)	(246,721)
Net cash and cash equivalents provided by (used in) investing activities	181,525	(901,973)
Cash Flows from Financing Activities - Payments on debt	(72,311)	(67,835)
Decrease in Cash and Cash Equivalents	(35,019)	(919,948)
Cash and Cash Equivalents - Beginning of year	1,717,998	2,637,946
Cash and Cash Equivalents - End of year	**$ 1,682,979**	**$ 1,717,998**
Supplemental Disclosure of Cash Flow Information - Cash paid for interest	**$ 118,023**	**$ 130,624**

Note 1 - Organization

The University of Akron Research Foundation and Subsidiaries (the "Research Foundation") was incorporated on November 14, 2001 to promote, encourage, and provide assistance to the research activities of the University of Akron (the "University"). The Research Foundation was granted tax-exempt status according to the provisions of Section 501(c)(3) of the Internal Revenue Service on August 4, 2003.

The Research Foundation is governed by an 11-member board of directors (the "Board"). The Board includes the University president, the University vice president for research, and three University directors whose appointments are directed by the University trustees and made by the University president. There are six non-University members elected by the Board.

The Research Foundation has three wholly owned subsidiaries at June 30, 2017 and 2016. Akron Innovation Campus LLC (AIC), Akron Surface Technologies, Inc. (ASTI), and PolyMedTech, Inc. (PMT) are consolidated in these statements.

AIC was formed to hold two buildings and related property purchased on May 14, 2007.

ASTI was formed as a C corporation from a collaboration between the Research Foundation and a local manufacturing company and was created to provide engineered services to new markets. During fiscal years 2014 and 2013, the Research Foundation provided the operating capital required to start the company and is the majority stockholder as of June 30, 2017.

PMT was formed as a C corporation by the Research Foundation to develop wound closure adhesives based on the research of the University's faculty. During fiscal year 2013, the Research Foundation provided the operating capital required to start the company and is the sole stockholder as of June 30, 2017.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting - The consolidated financial statements of the Research Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation - The consolidated financial statements include the accounts of the Research Foundation and its wholly owned subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

Note 2 - Summary of Significant Accounting Policies (Continued)

Principal Revenue and Expenses - The Research Foundation's principal revenue is derived from the polymer training program and sponsored research contracts.

Sponsored research contracts are agreements for specific research, which are performed for a sponsor by the University under three-party agreements. The revenue is received by and maintained within the Research Foundation's accounting records, while the direct costs associated with the contracts are incurred by and reflected within the University's accounting records. Each month, the University invoices the Research Foundation for the direct costs incurred under the research contracts.

Effective March 2015, sponsored research contracts largely became two-party agreements between the sponsor and the University. The Research Foundation does not participate directly in sponsored research, except to complete current projects and to facilitate projects for the University, as needed. This change has resulted in a decrease in the Research Foundation's sponsored research revenue.

The Research Foundation recognizes sponsored research contract revenue prorated based upon the direct costs incurred on each sponsored research contract. The prorated revenue closely approximates the percentage of work completed for each contract.

The Research Foundation has partnered with the Saudi Basic Industries Corporation and Higher Institute for Elastomer Industries to provide for the training, teaching, management, and other academic resources to advance polymer and materials education through the institute. The current agreement extends through August 31, 2020. The related polymer training revenue is recognized on a cost reimbursement basis. Funds are received in advance each quarter. These funds are included in deferred revenue on the consolidated statement of financial position and total $378,175 and $560,322 as of June 30, 2017 and 2016, respectively (see Note 8).

Additionally, the Research Foundation receives revenue related to the leasing of certain properties. Rental income received prior to the due date is recognized as deferred revenue. Rental income received in the month the rent is due is recognized as revenue. See Note 10 for additional information.

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents - The Research Foundation considers all demand deposits, certificates of deposit, and money market funds with an original maturity of three months or less to be cash and cash equivalents.

Concentration of Credit Risk - The Research Foundation maintains cash balances at three banks in accounts which are insured by the Federal Deposit Insurance Corporation. These cash deposits may, at times, exceed the federally insured limits. The Research Foundation evaluates the financial institutions with which it deposits funds; however, it is not practical to independently insure all cash deposits. The Research Foundation has not experienced any losses in such accounts and believes it is not exposed to significant risk on cash.

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted market prices. Investments not publicly traded are either stated at cost, which approximates market, or at appraised market values when applicable. Investments in which the Research Foundation has more than a minor interest are accounted for using the equity method. Under the equity method, the investment is carried at cost, adjusted for the Research Foundation's proportionate share of undistributed earnings or losses. Realized gains (losses) on investments are the difference between the proceeds received and the cost of investments sold. Net appreciation (depreciation) in the fair value of investments (including realized gains (losses) and unrealized gains (losses) and dividends and interest) is included in revenue in the consolidated statement of activities.

Risks and Uncertainties - The Research Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

Prepaid Expenses - Insurance and other expenses were paid in advance. The expenses related to the current fiscal year are recognized as expense and the balance is reflected in prepaid expenses on the consolidated statement of financial position.

Property, Plant, and Equipment - Property, plant, and equipment are stated at cost. The straight-line method of depreciation is used over the assets' estimated useful lives. The buildings' useful life is 39 years; equipment is depreciated over five years. Tenant improvements are depreciated over the term of the lease and building improvement useful lives range from 10 to 20 years. The cost and related accumulated depreciation of assets disposed of are eliminated from the accounts in the year of disposal.

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments - The estimated fair value amounts have been determined by the Research Foundation using available market information and appropriate valuation methodologies. These estimates are subjective in nature and involve uncertainties and matters of considerable judgment. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Research Foundation could realize in a current market exchange. The use of different assumptions, judgments, and/or estimation methodologies may have a material effect on the estimated fair value amounts. All investment securities are carried at fair value in the financial statements. The fair values of short-term financial instruments, including cash equivalents, accounts receivable, and accounts payable approximate the carrying amounts in the accompanying consolidated financial statements due to the short maturity of such instruments. The inputs are based upon terms in contractual agreements. The fair values of these financial instruments are determined using Level 2 inputs.

Interest Rate Swap - The Research Foundation is exposed to certain risks in the normal course of its business operations. The main risks are those relating to the variability of cash flows, which are managed through the use of derivatives. All derivative financial instruments are reported in the consolidated statement of financial position at fair value.

In particular, the Research Foundation has entered into an interest rate swap agreement maturing in May 2022. Gains or losses and changes in the valuation of the swap are recognized on the consolidated statement of activities.

Deferred Revenue - Cash received in advance of being earned is recorded as deferred revenue. In the subsequent period when the revenue recognition criteria are met, revenue is recognized and the deferred revenue is reduced accordingly.

Board-designated Net Assets - The Research Foundation maintains within its unrestricted net assets a designated endowment from which the Research Foundation's board permits only distributions (grants) of earnings, which may include appreciation as well as income. The Richard Aynes Award Endowment of $6,250 is designated for a School of Law writing competition scholarship for the periods ended June 30, 2017 and 2016. There were no other board-designated net assets as of June 30, 2017 and 2016.

University Support of the Research Foundation - University employees and affiliates provide administrative and management functions for the Research Foundation. The services and office space constitute in-kind contributions to the Research Foundation, the values of which are included as in-kind contributions and support service expenses on the consolidated statement of activities. For the fiscal years ended June 30, 2017 and 2016, in-kind support was provided by the University in the amount of $32,920 and $125,355, respectively.

Note 2 - Summary of Significant Accounting Policies (Continued)

Reclassification - Certain items in the 2016 statements of activities and cash flows have been reclassified to conform to classifications used in 2017. These reclassifications related to the reporting of gains and losses on investments as the Research Foundation received additional information from the investment custodians which allowed for more detailed reporting.

Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the Research Foundation's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - The consolidated financial statements and related disclosures included evaluation of events up through and including September 29, 2017, which is the date the consolidated financial statements were available to be issued.

Upcoming Accounting Pronouncements - In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition.* The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. Due to the nature of the proportional performance included in its customer contracts, the Research Foundation's pattern of revenue recognition could change upon adoption. The Research Foundation is currently evaluating the structure of its customer contracts in order to apply the principles under the new standard, which is effective for the Research Foundation's year ending June 30, 2020.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU did not significantly change the accounting requirements for lessors and, accordingly, application of the new lease standard is not expected to have a significant effect on the Research Foundation's consolidated financial statements. The new lease guidance will be effective for the Research Foundation's year ending June 30, 2021 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented.

Note 2 - Summary of Significant Accounting Policies (Continued)

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Research Foundation, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Research Foundation's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. As part of implementing this standard, the Research Foundation is currently evaluating the development of a new expense matrix and new liquidity disclosures.

Note 3 - Investments

Investments at June 30, 2017 and 2016 are presented in the consolidated financial statements at fair market value and are composed of the following:

	2017	2016
Marketable securities - Stock equities and mutual funds (Note 4)	$ 7,465,082	$ 6,908,660
Alternative investments:		
Closely held stock and private equity (equity method)	180,120	168,797
Closely held stock and private equity (cost method)	203,612	224,407
Total alternative investments	383,732	393,204
Total investments	$ 7,848,814	$ 7,301,864

The Research Foundation's marketable securities are held with Wells Fargo and advised by the Legacy Strategic Asset Management Group. Earnings on invested amounts are retained in the fund for reinvestment until such time as the Research Foundation authorizes delivery of all or part of the funds to or for the benefit of the University.

The Research Foundation periodically evaluates these investments to determine if there have been any other-than-temporary declines below book value. A variety of factors is considered when determining if a decline in fair value below book value is other than temporary, including, among others, the financial condition and prospects of the investee. During the year ended June 30, 2016, the Research Foundation released all its shares in a related entity (see Note 11), recorded with equity method investments in exchange for shares of a separate unrelated entity. The Research Foundation lost $118,273 on the transfer, which is recorded against revenue on the consolidated statement of activities.

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the valuation techniques and inputs used to measure fair value.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Research Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability.

In instances whereby 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 Research Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Research Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. For the years ended June 30, 2017 and 2016, there were no transfers between levels of the fair value hierarchy.

Note 4 - Fair Value Measurements (Continued)

The following tables present information about the Research Foundation's assets and liabilities measured at fair value on a recurring basis at June 30, 2017 and 2016 and the valuation techniques used by the Research Foundation to determine those fair values.

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2017

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Balance June 30, 2017
Assets - Short-term investments				
Exchange traded funds:				
Large growth	$ 878,096	$ -	$ -	$ 878,096
Large value	887,942	-	-	887,942
Mutual funds:				
Fixed income	1,827,006	-	-	1,827,006
Small- and mid-cap growth	880,005	-	-	880,005
Alternatives	1,280,646	-	-	1,280,646
Internationals	1,711,387	-	-	1,711,387
Total assets	$ 7,465,082	$ -	$ -	$ 7,465,082
Liabilities - Interest rate swap	$ -	$ (263,145)	$ -	$ (263,145)

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2016

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Balance June 30, 2016
Assets - Short-term investments				
Exchange traded funds:				
Large growth	$ 796,502	$ -	$ -	$ 796,502
Large value	839,321	-	-	839,321
Mutual funds:				
Fixed income	1,740,566	-	-	1,740,566
Small- and mid-cap growth	764,065	-	-	764,065
Alternatives	1,257,488	-	-	1,257,488
Internationals	1,510,718	-	-	1,510,718
Total assets	$ 6,908,660	$ -	$ -	$ 6,908,660
Liabilities - Interest rate swap	$ -	$ (409,782)	$ -	$ (409,782)

The fair value of the interest rate swap at June 30, 2017 and 2016 was determined primarily based on Level 2 inputs. The Research Foundation's estimate of the fair value of the swap is based on a valuation model that takes into account estimates of changes in interest rates based on yield curves and other market-based information as provided by the bank.

Note 5 - Receivables

Receivables consist of monies due to the Research Foundation at June 30, 2017 and 2016 from sponsored research contracts, licenses, rents, and other. After known uncollectible accounts are deducted, approximately 5 percent of the remaining receivable balance is allocated to a general allowance for doubtful accounts.

	2017	2016
Sponsored research	$ 151,469	$ 188,651
Licenses	90,469	20,500
Experimental services	98,362	231,206
Patent	91,731	240,431
Other	248,323	409,691
Allowance for doubtful accounts	(35,000)	(55,000)
Total	$ 645,353	$ 1,035,479

Note 6 - Property, Plant, and Equipment

Property, plant, and equipment consist of the following:

	2017	2016
Land	$ 406,925	$ 406,925
Buildings and building improvements	5,440,758	5,425,808
Equipment	2,567,870	2,567,870
Total property, plant, and equipment	8,415,553	8,400,603
Less accumulated depreciation	(3,520,178)	(3,048,687)
Net carrying amount	$ 4,895,375	$ 5,351,916

Depreciation expense for the years ended June 30, 2017 and 2016 totaled $471,491 and $473,302, respectively.

Note 7 - Accounts Payable

Accounts payable are apportioned as follows at June 30:

	2017	2016
The University of Akron	$ 3,190,000	$ 3,283,372
Other nonrelated parties	335,952	406,424
Total	$ 3,525,952	$ 3,689,796

The Research Foundation reimburses the University for direct and certain indirect costs incurred by the University related to sponsored research contracts managed by the Research Foundation. The balance incurred by the University before year end is included in the payable to the University of Akron at June 30, 2017 and 2016.

The Research Foundation is also permitted to recover indirect costs related to sponsored research contracts. A portion of those indirect costs is payable to the principal investigator. The undistributed indirect costs at June 30, 2017 and 2016 are included in the payable to the University of Akron.

Note 8 - Deferred Revenue

The Research Foundation receives advance payment for certain sponsored research contracts, a polymer training program, and rental income, which is recorded as deferred revenue. At June 30, 2017 and 2016, the Research Foundation had deferred revenue from the following sources:

	2017	2016
Sponsored research	$ 606,528	$ 1,011,366
Polymer training	378,175	560,322
Rental income	65,381	40,813
Total	$ 1,050,084	$ 1,612,501

Note 9 - Note Payable

AIC entered into a $2,925,000 15-year note with CharterOne Bank on May 14, 2007 for the purchase of two buildings on Wolf Ledges in Akron, Ohio. This loan included an interest rate swap agreement (swap) with a swap counterparty. The original notional amount of the loan was $1,950,000 with a fixed rate of 6.39 percent.

The original notional amount of the variable portion of the loan was $975,000. The interest rate on the variable portion is based on the one-month LIBOR plus 1 percent, an effective rate of 2.11 percent and 1.47 percent at June 30, 2017 and 2016, respectively.

The balance due on the note at June 30, 2017 and 2016 was $2,499,572 and $2,571,883, respectively.

As of June 30, 2017 and 2016, the swap agreement is summarized as follows:

	Change in Fair Value		Fair Value		
	Classification	Amount	Classification	Amount	Notional
Pay-fixed interest rate swap (receive-variable):					
June 30, 2017	Interest income	$ (146,637)	Debt	$ 263,145	$ 1,666,382
June 30, 2016	Interest expense	35,538	Debt	409,782	$ 1,714,585

Interest income and expense on the swap are reported within support service expenses on the consolidated statement of activities.

Under the terms of the agreement, monthly principal payments ranging from $5,274 to $8,246 are due through May 11, 2022, when the remaining unpaid principal balance is due. The note payable is collateralized by certain real property, all personal property, and future rents of AIC. The Research Foundation has guaranteed the loan.

Under the agreement with the bank, the Research Foundation is subject to various financial covenants. As of June 30, 2017, the Research Foundation was in compliance with all such covenants. Future maturities of debt (principal only) for the years ending June 30 are as follows:

Years Ending June 30	Amount
2018	$ 77,077
2019	82,156
2020	87,563
2021	87,563
2022	2,165,213
Total	$ 2,499,572

Note 10 - Operating Lease Rentals

At June 30, 2017, AIC and the Research Foundation have operating lease agreements to lease space to 21 tenants at three professional buildings. Rental income is recognized over the life of the operating lease, with leases expiring through June 30, 2022. As of June 30, 2017 and 2016, leased buildings and building improvements are recorded within property, plant, and equipment at a cost of $5,440,759 and $5,425,808, respectively, with accumulated depreciation of $1,836,776 and $1,618,549, respectively.

The Research Foundation entered into an equipment lease agreement with Akron Polymer Systems (APS) on February 8, 2011. APS is a related party, as the Research Foundation is a 5 percent equity owner of the company. Under the agreement, the Research Foundation leases pilot plant equipment to Akron Polymer Systems. This lease will terminate on September 30, 2017. At June 30, 2017 and 2016, the equipment was recorded at a cost of $137,683 and fully depreciated.

As of June 30, 2017, the minimum future rentals on the noncancelable portion of the operating lease rentals aggregate $1,543,821 and are due in the fiscal years ending June 30 as follows:

Years Ending June 30		Amount
2018		$ 616,377
2019		470,505
2020		321,543
2021		114,425
2022		20,971
	Total	$ 1,543,821

Note 11 - Related Parties

The Research Foundation was a minority stockholder in University Innovation Ventures (UIV); however, it released all its shares on December 7, 2015 in exchange for shares of a separate unrelated entity. During a portion of fiscal year 2016, the Research Foundation had a contractual agreement with UIV to perform services at a stated price. For the year ended June 30, 2016, the Research Foundation paid $12,500 to UIV for materials investigation and project management.

During the year ended June 30, 2016, the Research Foundation became a minority stockholder in Akron Ascent Innovation (AAI). The Research Foundation has a contractual agreement with AAI to perform services at a stated price. For the years ended June 30, 2017 and 2016, AAI reimbursed UARF for $39,700 and $86,263, respectively, for expenses paid on AAI's behalf. As of June 30, 2017 and 2016, the Research Foundation has recorded a receivable due from AAI of $0 and $59,873, respectively. This is included in net receivables on the consolidated statement of financial position.

The University of Akron is a public institution offering a broad array of programs. During the years ended June 30, 2017 and 2016, the Research Foundation transferred $2,178,099 and $3,091,561, respectively, to the University for research and polymer training expenses.

Note 12 - Employees' Retirement Plan

The Research Foundation offers its eligible employees the opportunity to participate in the retirement plan offered by The University of Akron Research Foundation. The Research Foundation matches contributions to a maximum of 100 percent of employee contributions that are not in excess of 3 percent of the participant's compensation plus 50 percent of the employee contributions that are in excess of 3 percent of participant compensation, but that do not exceed 5 percent of participant's compensation. The Research Foundation's total contribution was approximately $42,000 and $13,000 for the years ended June 30, 2017 and 2016, respectively.

Supplementary Information

The University of Akron Research Foundation and Subsidiaries

Consolidating Statement of Financial Position
June 30, 2017

	University of Akron Research Foundation	Akron Innovation Campus LLC	Akron Surface Technologies, Inc.	PolyMedTech, Inc.	Eliminations	Total
Assets						
Cash and cash equivalents	$ 1,374,865	$ 276,219	$ 23,429	$ 8,466	$ -	$ 1,682,979
Investments at market	7,465,082	-	-	-	-	7,465,082
Receivables - Net	980,216	8,940	15,197	-	(359,000)	645,353
Prepaid expenses and other	118,591	40,684	3,458	-	-	162,733
Total current assets	9,938,754	325,843	42,084	8,466	(359,000)	9,956,147
Investments	383,732	-	-	-	-	383,732
Investment in subsidiary	2,003,817	-	-	-	(2,003,817)	-
Property, plant, and equipment - Net	1,444,497	3,418,145	32,733	-	-	4,895,375
Total long-term assets	3,832,046	3,418,145	32,733	-	(2,003,817)	5,279,107
Total assets	**$ 13,770,800**	**$ 3,743,988**	**$ 74,817**	**$ 8,466**	**$ (2,362,817)**	**$ 15,235,254**
Liabilities and Net Assets (Deficit)						
Liabilities						
Accounts payable	$ 3,408,267	$ 17,341	$ 459,293	$ 51	$ (359,000)	$ 3,525,952
Accrued expenses	222,440	65,248	-	-	-	287,688
Accrued professional fees	28,000	-	-	-	-	28,000
Deferred revenue	987,259	62,825	-	-	-	1,050,084
Current portion of note	-	77,077	-	-	-	77,077
Fair value of interest rate swap	-	263,145	-	-	-	263,145
Total current liabilities	4,645,966	485,636	459,293	51	(359,000)	5,231,946
Long-term note payable	-	2,422,495	-	-	-	2,422,495
Total	4,645,966	2,908,131	459,293	51	(359,000)	7,654,441
Member contributions	-	1,942,817	51,000	10,000	(2,003,817)	-
Total liabilities	4,645,966	4,850,948	510,293	10,051	(2,362,817)	7,654,441
Net Assets (Deficit) - Unrestricted	9,124,834	(1,106,960)	(435,476)	(1,585)	-	7,580,813
Total liabilities and net assets (deficit)	**$ 13,770,800**	**$ 3,743,988**	**$ 74,817**	**$ 8,466**	**$ (2,362,817)**	**$ 15,235,254**

The University of Akron Research Foundation and Subsidiaries

Consolidating Statement of Activities
Year Ended June 30, 2017

	University of Akron Research Foundation	Akron Innovation Campus LLC	Akron Surface Technologies, Inc.	PolyMedTech, Inc.	Eliminations	Total
Revenue						
Polymer training	$ 2,036,885	$ -	$ -	$ -	$ -	$ 2,036,885
Sponsored research	1,467,591	-	-	-	-	1,467,591
Experimental services	526,184	-	-	-	-	526,184
Rental income	51,346	728,644	-	-	(70,386)	709,604
License royalties and fees	93,760	-	-	-	-	93,760
Research funding	407,497	-	-	-	-	407,497
Interest income	168,614	-	-	-	-	168,614
Patent fee reimbursement	180,502	-	-	-	-	180,502
Unrealized gain on investments	743,426	-	-	-	-	743,426
In-kind contributions	32,920	-	-	-	-	32,920
Other income	313,978	-	130,351	-	-	444,329
Total revenue	6,022,703	728,644	130,351	-	(70,386)	6,811,312
Expenses						
Polymer training expense	1,621,968	-	-	-	-	1,621,968
Direct costs	1,085,554	-	-	-	-	1,085,554
Allocated indirect costs	233,178	-	-	-	-	233,178
Research support	531,315	-	66,895	-	(70,386)	527,824
Experimental services	511,947	-	-	-	-	511,947
Royalty distributions	15,926	-	-	-	-	15,926
Bad debt expense	210,080	-	-	-	-	210,080
Wage and benefit expense	593,598	-	-	-	-	593,598
Building operating expense	72,681	454,622	-	-	-	527,303
Interest income - Change in swap value	-	(146,637)	-	-	-	(146,637)
Interest expense	-	118,023	-	-	-	118,023
Public relations	28,883	-	-	-	-	28,883
Depreciation and amortization expense	277,343	207,575	10,422	-	-	495,340
Professional fees	36,221	-	-	-	-	36,221
Office expense	63,110	-	-	20	-	63,130
Insurance	28,768	-	-	-	-	28,768
Total expenses	5,310,572	633,583	77,317	20	(70,386)	5,951,106
Change in Net Assets	712,131	95,061	53,034	(20)	-	860,206
Net Assets (Deficit) - Unrestricted - Beginning of year	8,412,703	(1,202,021)	(488,510)	(1,565)	-	6,720,607
Net Assets (Deficit) - Unrestricted - End of year	**$ 9,124,834**	**$ (1,106,960)**	**$ (435,476)**	**$ (1,585)**	**$ -**	**$ 7,580,813**

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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*

Independent Auditor's Report

To Management and the Board of Directors
The University of Akron Research Foundation
and Subsidiaries

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 consolidated financial statements of The University of Akron Research Foundation and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2017 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 29, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The University of Akron Research Foundation and Subsidiaries' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Research Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Research Foundation'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 Research Foundation'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors
The University of Akron Research Foundation
and Subsidiaries

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The University of Akron Research Foundation and Subsidiaries' 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Research Foundation'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 Research Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

September 29, 2017

Dave Yost · Auditor of State

UNIVERSITY OF AKRON RESEARCH FOUNDATION

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 26, 2017

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www.ohioauditor.gov

THE UNIVERSITY OF AKRON

RESOLUTION 12-20-18

Acceptance of Auditor of State's STRS Attestation
and the June 30, 2018 Financial Statement Audits

BE IT RESOLVED, That the recommendation of the Audit & Compliance Committee on November 28, 2018, to accept the Auditor of State's STRS Attestation Report and the annual financial statements and footnotes as presented by personnel of the University, Foundation, and Research Foundation, including Crowe's audit opinions and reports thereon, as of and for the year ended June 30, 2018, be approved.

M. Celeste Cook, Secretary
Board of Trustees

December 5, 2018

University Council

University Council

MINUTES JUNE 13, 2017 3 – 4:30 PM LEIGH HALL 214

MEETING CALLED BY	Ruth Nine-Duff, vice chair
TYPE OF MEETING	Monthly Meeting
PRESIDER	Ruth Nine-Duff, vice chair
NOTE TAKER	Kim Haverkamp
ATTENDEES	**Member:** Philip Allen, Taylor Bennington, Jeanette Carson, Mike Cheung, Jared Coleman, Tonia Ferrell, Marjorie Hartleben, Nancy Homa, Lynn Lucas, Chand Midha, Ruth Nine-Duff, Linda Saliga, Shiva Sastry **Absent with notice:** Linda Barrett, Michelle Byrne, Julie Cajigas, Elizabeth Erickson, Diane Gorse, Katherine Holcomb, Kristine Kraft, Rex Ramsier, Jeanne-Helene Roy, Harvey Sterns, Matt Wilson **Absent without notice:** Trent Weigand **Other attendees:** Olivia DeMoss, John MacDonald, John Messina, Steve Myers, Zak Steiner

Agenda topics:

3:00 – 3:05 CALL TO ORDER RUTH NINE-DUFF

DISCUSSION

1. The vice chair called the meeting to order. She asked for additions to the agenda. There being none, the agenda was approved as distributed by unanimous consent.

2. The vice chair asked for additions or corrections to the May 2 UC minutes. The agenda was approved by a secret ballot vote of 12 in favor and 0 opposed.

3:05 – 3:10 STEERING COMMITTEE REPORT RUTH NINE-DUFF

DISCUSSION

The chair reviewed the attached May 9 UC Executive Committee minutes.

3:10 – 3:20 ACTION ITEMS RUTH NINE-DUFF

DISCUSSION

1. There was a motion to support the following addition to UC bylaw D(3) and D(9)(i) (see attached UC Bylaws Proposal, pages 2 and 4):

   Employees who retire from the university and remain active in the HR system may, if they wish, continue to fulfill the duties of their unexpired terms, but only with the approval of the constituency group that selected or elected them.

   The motion carried by a secret ballot vote of 7 in favor and 3 opposed.

2. Tonia Ferrell was nominated for the position of secretary. There was a motion to close the nominations and elected the nominee as secretary.
   The motion carried by a secret ballot vote of 11 in favor and 0 opposed.

	3. The Physical Environment Committee reviewed and approved the attached Space Allocation Form for use of the empty lot at 116 Fir Hill Road as a location for a set of raised garden beds where vegetables and flowers will be grown by a student organization. There was a motion to defer consideration until there is a representative from the Physical Environment Committee in attendance to answer questions. **The motion to defer carried** by a secret ballot vote of 11 in favor and 0 opposed. The appointed administrator of the Physical Environment Committee arrived and informed the UC that there is no cost to the University. **The motion for approval carried** by unanimous consent.
3:20 – 4:10	BUDGET AND FINANCE COMMITTEE IN-DEPTH STANDING COMMITTEE REPORT — STANDING COMMITTEE CHAIR
DISCUSSION	Shiva Sastry, chair, and Nathan Mortimer, appointed administrator, discussed the FY18 budget. The Budget and Finance Committee endorsed the principles that went into the FY18 budget. The annual budget process is the responsibility of the CFO. The Budget and Finance Committee will focus on the timeline in the attached UA Strategic Planning and Budgeting Process to make sure that the spirit of the process is being followed. The following items were discussed: • FY17 Topics brought to the Budget and Finance Committee • FY18 General Fund Budget and Assumptions • FY18 Auxiliary Funds Budget and Assumptions • FY18 Sales Funds Budget and Assumptions The Budget and Finance Committee has a good understanding of the documents that were shared with the UC. The documents will be available on the budget website (www.uakron.edu/budget) after BOT approval. UA received 20,000 meals at Rob's Café from Aramark. The cards were provided to the colleges for student retention purposes. We did not use all of them. Seven people are participating in TARP. One-third of the savings will be reinvested into the faculty side of the house. CFO Mortimer shared his future goals: • Bring forward a capital plan • Bring forward the restricted accounts • Provide a forecast of where we are and where we are headed
4:10 – 4:20	STANDING COMMITTEE REPORTS — STANDING COMMITTEE CHAIRS
DISCUSSION	**Communications:** No report. **Information Technology:** No report.

	Institutional Advancement: The committee is continuing to work on a tool kit for best practices to connect students to donors. They are also discussing an idea about how to inform students of available scholarship funds. **Physical Environment:** The committee is continuing to work on various items for space planning. **Student Engagement and Success:** The committee had a joint meeting with the University Communication committee about how to send effective messages to students through existing systems. A pilot will be developed for advisors to communicate with students using GradesFirst. **Recreation and Wellness:** The committee is working on ways to help students with food insecurity. They may roll out a program in the fall. **Talent Development and Human Resources:** The committee is working on developing goals for 2017-18.

4:20 – 4:25 NEW BUSINESS RUTH NINE-DUFF

DISCUSSION	The vice chair discussed the attached Student Communication Resolution Response from President Wilson. The meeting was adjourned at 4:25 p.m. by unanimous consent.

APPENDIX B: RESOLUTIONS, Page 4

RESOLUTION 6-9-17: Pertaining to the Approval of Reducing The University of Akron's Endowment Spending and Administrative Rates

WHEREAS, The University's endowment spending and administrative rates total 6.0 percent currently and are 5.0 percent and 1.0 percent, respectively; and

WHEREAS, The Vice President for Finance and Administration seeks to reduce the endowment distribution rates by a total of 75 basis points from 5.0 percent to 4.75 percent for the spending rate and from 1.0 percent to 0.5 percent for the administrative rate; and

WHEREAS, This change is more commensurate with the capital market return the endowment will likely realize over time, will help to maintain and grow the endowment corpus, and will help the University remain compliant with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which requires the purchasing power of the endowment to grow with inflation over time; Now, Therefore,

BE IT RESOLVED, That the recommendation by the Finance & Administration Committee to lower the spending and administrative rates effective July 1, 2017 from 5.0 percent to 4.75 percent and from 1.0 percent to 0.5 percent, respectively, be approved at the June 14, 2017 Board of Trustees meeting.

RESOLUTION 6-10-17: Pertaining to Approval of the FY2017-2018 Course and Miscellaneous Fees

BE IT RESOLVED, That the recommendation of the Finance & Administration Committee on June 14, 2017, pertaining to the FY2017-2018 Course Fees, be approved; and

BE IT FURTHER RESOLVED, That the recommendation of the Finance & Administration Committee on June 14, 2017, pertaining to the FY2017-2018 Miscellaneous Fees, be approved.

RESOLUTION 6-11-17: Pertaining to Approval of FY 2017-2018 General Fund, Auxiliary Funds and Sales Funds Budgets for the Akron Campus and Wayne College

BE IT RESOLVED, That the recommendation of the Finance & Administration Committee on June 14, 2017, pertaining to the FY 2017-2018 General Fund, Auxiliary Funds and Sales Funds budgets for the Akron Campus and Wayne College, be approved.

RESOLUTION 6-12-17: Pertaining to the Naming of Rooms and Areas in The C. Blake McDowell Law Center

WHEREAS, The University of Akron has undertaken a capital campaign to renovate and improve the C. Blake McDowell Law Center so as to provide an enhanced learning environment for students attending, and faculty teaching in The University of Akron School of Law; and

WHEREAS, Many entities and individuals have demonstrated their ongoing commitment and support to The University of Akron School of Law through generous gifts to this capital campaign; and

FINANCE & ADMINISTRATION COMMITTEE

TAB 7

FY 2017-2018 GENERAL FUND,

AUXILIARY FUNDS AND

SALES FUNDS BUDGETS

DATE: May 26, 2017

TO: Nathan J. Mortimer, Vice President for Finance & Administration/CFO

Amy Gilliland

FROM: Amy S. Gilliland, Director of Resource Analysis & Budgeting

SUBJECT: **General Fund and Auxiliary Funds FY 2017-2018 Budget Recommendation**

The Office of Resource Analysis & Budgeting is providing the attached recommendation for the FY 2017-2018 General Fund, Auxiliary Funds and Departmental Sales and Services budgets.

If you concur, these recommendations should be presented for approval at the June 14, 2017 Board of Trustees meeting.

Resource Analysis & Budgeting
Akron, OH 44325-6202
330-972-6521 Office · 330-972-6317 Fax

The University of Akron - Akron and Wayne General Fund Combined
FY18 Budget

		FY18 Budget
Tuition & General Service Fees		$201,391,000
Other Fees		22,803,000
State Share of Instruction		107,316,000
Indirect Cost Recovery		6,140,000
Investment Income		1,500,000
Miscellaneous Income		1,175,000
	Total Revenues	340,325,000
Payroll		156,080,000
Fringes		53,902,000
	Total Compensation	209,982,000
Utilities		11,550,000
Operating		44,305,000
Bad Debt		1,500,000
Scholarships		52,646,000
	Total Non Personnel	110,001,000
	Total Expenditures	319,983,000
	Net Before Transfers	20,342,000
Transfers-In		29,000,000
Transfers-Out - Debt Service		(9,464,000)
Transfers-Out - Plant Fund		(2,300,000)
Transfers-Out - Other		(37,578,000)
	Net Transfers	(20,342,000)
	Difference	$0

The University of Akron
Akron and Wayne General Fund Combined
FY18 Budget Assumptions

Revenues

Tuition & General Service Fees: Assumes an overall blended enrollment reduction of five percent, and tuition and fee rates remain flat.

Other Fees: Assumes an overall blended enrollment reduction of five percent, and fees rates remain flat.

State Share of Instruction: Assumes a slightly decreased amount as compared to FY17 based upon information provided by the Ohio Department of Higher Education.

Indirect Cost Recovery: Assumes slight decrease as compared to FY17 with allocations as follows: General Fund, 66 percent; Department, 13 percent; College, 11 percent; and Principal Investigator Account, 10 percent.

Expenditures

Payroll: Assumes two-percent increase pursuant to collectively bargained employee contracts and includes $4.1 million vacancy savings, which represents projected savings created by an employee's departure until a replacement is hired.

Fringes: Assumes benefits such as 14-percent employer contribution to the respective retirement system, University contribution toward employee group insurance, employee and dependent fee remission, and University portion of employee permits.

Operating: The designated fees such as course fees and technology fees, etc., are enrollment driven and are assumed to follow a five-percent reduction. The designated fees assume that only current-year revenues are expended; however, a certain level of carry over exists within these fees, which could be expended by the units and therefore cause expenditures to exceed the allocation for the current year.

Except for the adjustment for telecom, which has a net-zero impact, the unit allocations are assumed at the FY17 levels.

Scholarships: Assumes graduate assistants, $16.5 million; Law School, $3.5 million; and undergraduate, $32.4 million.

Other

Transfers-In: Assumes $29 million.

Transfers-Out Debt Service: Assumes debt service for general facilities and the performance contract.

Transfers-Out Plant Fund: Assumes laptop refresh of $1.3 million and general capital projects as they arise of $1 million.

Transfers-Out Other: Assumes transfers of General Services Fee, $13 million; Other, $14.4 million; and Facilities Fee, $7.4 million to Auxiliaries; and of $2.8 million to the Self-Insurance Health Care Fund.

The University of Akron - Akron and Wayne Combined
Auxiliaries
FY18 Budget

	Athletics	Residence Life & Housing	EJ Thomas Performing Arts Hall	Dining (Aramark)	Recreation & Wellness Center	Student Union	Parking	Wayne Student Union	Total
Revenues	$7,501,000	$19,996,000	$1,934,000	$3,701,000	$565,000	$936,000	$7,859,000	$68,000	$42,560,000
Payroll	7,243,000	811,000	307,000	199,000	531,000	521,000	286,000	0	9,898,000
Fringes	2,765,000	379,000	127,000	546,000	234,000	256,000	127,000	0	4,434,000
Total Compensation	10,008,000	1,190,000	434,000	745,000	765,000	777,000	413,000	0	14,332,000
Operating	9,944,000	7,797,000	2,199,000	1,637,000	2,079,000	2,066,000	2,764,000	10,000	28,496,000
Capital	0	350,000	0	0	0	0	220,000	0	570,000
Scholarships	7,479,000	0	0	0	0	0	0	0	7,479,000
Total Non Personnel	17,423,000	8,147,000	2,199,000	1,637,000	2,079,000	2,066,000	2,984,000	10,000	36,545,000
Total Expenditures	27,431,000	9,337,000	2,633,000	2,382,000	2,844,000	2,843,000	3,397,000	10,000	50,877,000
Net Before Transfers	(19,930,000)	10,659,000	(699,000)	1,319,000	(2,279,000)	(1,907,000)	4,462,000	58,000	(8,317,000)
Transfers-In - Facilities Fee	3,892,000	0	0	0	1,272,000	2,187,000	0	0	7,351,000
Transfers-In - General Service Fee	12,977,000	0	0	0	0	0	0	0	12,977,000
Transfers-In - Other	8,030,000	0	1,027,000	0	2,726,000	2,659,000	0	0	14,442,000
Transfers-Out - Debt Service	(4,969,000)	(10,659,000)	(327,000)	(779,000)	(1,704,000)	(2,930,000)	(4,462,000)	0	(25,830,000)
Net Transfers	19,930,000	(10,659,000)	700,000	(779,000)	2,294,000	1,916,000	(4,462,000)	0	8,940,000
Difference	$0	$0	$1,000	$540,000	$15,000	$9,000	$0	$58,000	$623,000

The accompanying assumptions are an integral part of this statement.

Overall Assumptions

Payroll: Assumes two-percent increase pursuant to collectively bargained employee contracts.

Fringes: Assumes benefits such as 14-percent employer contribution to the respective retirement system, University contribution toward employee group insurance, employee and dependent fee remission, and University portion of employee permits.

Transfers-Out – Debt Service: Assumes debt service for Auxiliary facilities.

Unit Assumptions

Athletics

Revenues: Assumes externally generated revenues from various sources such as the MAC, game guarantees, naming rights, ticket sales, grants-in-aid, IMG, and Coca-Cola.

Payroll: Contemplates rate increases as reflected in respective individual contracts.

Operating: Assumes an increase of $234,000 over the FY17.

Scholarships: Assumes 240 Athletic financial aid awards.

Transfers-In: Assumes Facilities Fee of $3.9 million, General Service Fee of $13 million, and Other of $8 million in transfers from the General Fund.

Residence Life & Housing

Revenues: Assumes an 83-percent average occupancy.

Operating: Assumes a decrease of $723,000 over the FY17.

Capital: Assumes boiler work upgrades or replacements and pump upgrades in several residence halls and miscellaneous repairs in other facilities.

E. J. Thomas Performing Arts Hall

Revenues: Assumes externally generated revenues from various sources such as Broadway Series sales, Akron Civic Theater pass-through, hall rental, and endowment gifts.

<u>Operating:</u> Assumes largely flat operating as compared to FY17.

<u>Transfers-In:</u> Assumes Other transfers of $1 million from the General Fund.

Aramark

<u>Revenues:</u> Assumes rent and other contractually provided revenues such as utilities, maintenance, and equipment repair.

<u>Compensation:</u> The CWA employees remain University employees, with the University responsible for the difference between FICA and SERS. All other employees are the sole responsibility of Aramark.

<u>Operating:</u> Assumes a refresh to Freshens.

Recreation & Wellness Center

<u>Revenues:</u> Assumes externally generated revenues from various sources such as memberships, pool rental, and locker and facility rentals.

<u>Operating:</u> Assumes largely flat operating as compared to FY17.

<u>Transfers-In:</u> Assumes Facilities Fee of $1.3 million and Other of $2.7 million in transfers from the General Fund.

Student Union

<u>Revenues:</u> Assumes externally generated revenues from various sources such as bookstore space rent, bank space rent, and room rentals.

<u>Operating:</u> Assumes a decrease of $494,000 over the FY17.

<u>Transfers-In:</u> Assumes Facilities Fee of $2.2 million and Other of $2.7 million in transfers from the General Fund.

Parking

<u>Revenues:</u> Assumes parking permits and transportation fee revenues decrease consistent with an overall blended enrollment reduction of five percent.

Operating: Assumes a net decrease of $186,000 over the FY17.

Capital: Assumes replacing the expansion joints and drains at Schrank parking deck.

Wayne Student Union

Revenues: Assumes consistent with FY17.

Operating: Assumes consistent with FY17.

The University of Akron
Departmental Sales and Services
FY18 Budget

	Self-Insurance Health Care	UA Solutions	New Student Orientation	English Language Institute	Wayne	Other	TOTAL
Revenues	$32,332,000	$811,000	$750,000	$600,000	$14,000	$6,196,000	$40,703,000
Payroll	0	228,000	170,000	323,000	0	2,148,000	2,869,000
Fringes	0	76,000	72,000	102,000	0	750,000	1,000,000
Total Compensation	0	304,000	242,000	425,000	0	2,898,000	3,869,000
Operating	1,342,000	427,000	497,000	86,000	11,000	2,698,000	5,061,000
Premiums and Claims	31,640,000	0	0	0	0	0	31,640,000
Capital	0	0	0	0	0	60,000	60,000
Total Non Personnel	32,982,000	427,000	497,000	86,000	11,000	2,758,000	36,761,000
Total Expenditures	32,982,000	731,000	739,000	511,000	11,000	5,656,000	40,630,000
Net Before Transfers	(650,000)	80,000	11,000	89,000	3,000	540,000	73,000
Transfers-In - Other	2,808,000	0	0	0	0	0	2,808,000
Difference	$2,158,000	$80,000	$11,000	$89,000	$3,000	$540,000	$2,881,000

Overall Assumptions

Payroll: Assumes two-percent increase pursuant to collectively bargained employee contracts.

Fringes: Assumes benefits such as 14-percent employer contribution to the respective retirement system, University contribution toward employee group insurance, employee and dependent fee remission, and University portion of employee permits.

Fund Assumptions

Self-Insurance Health Care

Revenues: Assumes University contributions to employee-provided benefits such as medical, prescription drug, dental, long-term disability, and life insurance. Also assumes employee and retiree contributions to benefit program for coverage that requires an employee cost share or is voluntary (100 percent employee paid) such as medical, prescription drug, short-term and long-term disability, life insurance, vision, and flexible spending accounts.

Operating: Assumes the amounts expected to be paid for administrative and consulting fees.

Premiums and Claims: Assumes estimated cost for insurance premiums and self-insured claim payments related to employee benefit program. Expenditures include components such as medical, prescription drug, dental, stop loss insurance, and other ancillary benefits.

Transfers-In: Assumes Other transfers of $2.8 million from the General Fund to support retiree dependent medical insurance, retiree life insurance, and administrative and consulting fees not supported by departmental contributions.

UA Solutions

Revenues: Assumes open enrollment and contract training fees revenues to support the coordination of noncredit professional development classes open to the public and to provide customized training for local companies.

Operating: Assumes expenditures such as student assistants, supplies and services, and travel and hospitality. UA Solutions will manage to ensure expenditures are limited to revenues.

New Student Orientation

Revenues: Assumes commitment fee revenues to support the activities related to orientation and first-year experience programs.

Operating: Assumes expenditures such as peer mentoring, New Roo Weekend, supplies and services, and travel and hospitality. New Student Orientation will manage to ensure expenditures are limited to revenues.

English Language Institute

Revenues: Assumes externally generated revenues from non-credit courses to teach English to non-English speaking students who plan to attend a university in the United States.

Operating: Assumes expenditures such as student assistants, supplies and services, and travel and hospitality. English Language Institute will manage to ensure expenditures are limited to revenues.

Wayne

Revenues: Assumes a few small departmental sales operations at the Wayne College branch, and minimal revenues generated by the Wayne testing center and off-campus site in Millersburg.

Operating: Assumes supplies and services and travel and hospitality. Wayne College will manage to ensure expenditures are limited to revenues.

Other

Revenues: Assumes about 150 smaller, revenue-generating activities such as internal Printing Services, Hearing Aid Dispensary, and Akron Polymer Technology Services Testing.

Operating: Assumes expenditures such as student assistants, cost of goods sold (Crystal Room, Computer Store, and Hearing Aid Dispensary), supplies and services, and travel and hospitality. Individual management and the units will manage to ensure expenditures are limited to revenues. In general, the units are anticipated to break even or generate a surplus.

Capital: Assumes equipment purchases related to polymer testing activities.

THE UNIVERSITY OF AKRON

RESOLUTION 6- -17

Pertaining to Approval of FY 2017-2018 General Fund, Auxiliary Funds and Sales Funds Budgets for the Akron Campus and Wayne College

BE IT RESOLVED, That the recommendation of the Finance & Administration Committee on June 14, 2017, pertaining to the FY 2017-2018 General Fund, Auxiliary Funds and Sales Funds budgets for the Akron Campus and Wayne College, be approved.

M. Celeste Cook, Secretary
Board of Trustees

June 14, 2017

The University of Akron

University Council

University Council

MINUTES JUNE 12, 2018 3 – 4:10 PM LEIGH HALL 208

MEETING CALLED BY	Harvey Sterns, chair
TYPE OF MEETING	Monthly Meeting
PRESIDER	Harvey Sterns, chair
NOTE TAKER	Kim Haverkamp
ATTENDEES	**Member:** Andrew Adolph, Philip Allen, Linda Barrett, Michelle Byrne, Julie Cajigas, Jeanette Carson, Jared Coleman, Elizabeth Erickson, Tonia Ferrell, John Green, Brittany Hartman, Marjorie Hartleben, Nancy Homa, Lynn Lucas, Chand Midha, Mike Nelson, Ruth Nine-Duff, Rex Ramsier, Néna Roy, Linda Saliga, Harvey Sterns **Absent with notice:** Taylor Bennington, Brittany Hartman, Kristine Kraft, Shiva Sastry **Absent without notice:** Linda Saliga, Marca Selway-Kaplar **Other attendees:** Roland Bauer, Olivia Demas, Wayne Hill, Sarah Kelly, Willy Kollman, Jolene Lane, John Messina, Joe Minocchi, Nathan Mortimer, Michele Novachek, John Reilly, Zak Steiner, Bill Viau, Barbara Weinzierl, Peggy Walchalk, Joette Dignan Weir

Agenda topics:

3:00 – 3:05 CALL TO ORDER HARVEY STERNS

DISCUSSION

1. The chair called the meeting to order and asked for additions to the agenda. There being none, the agenda was approved as distributed by unanimous consent.

2. The chair asked for additions or corrections to the May 1 University Council minutes. There being none, the minutes were approved as distributed by unanimous consent.

3:05 – 3:10 EXECUTIVE COMMITTEE REPORT HARVEY STERNS

DISCUSSION

1. The chair reviewed the attached May 8 UC Executive Committee minutes.

2. The chair reviewed the attached revisions to Board Rule 3359-1-05. The proposed revisions were made in coordination with Faculty Senate and Akron AAUP. The UC Executive Committee made a motion to support the proposed revisions.
The motion carried by a secret ballot vote of 17 in favor and 0 opposed.

3:10 – 3:15 PROVOST'S REMARKS REX RAMSIER

DISCUSSION

The following was discussed:

- President Green is in Columbus regarding the University of Akron's Economic Impact Study that was released today
- The Provost Update will be sent out this week and it contains the Office of Academic Affairs reports to the Board of Trustees
- There are nine new full-time faculty hires for fall 2018; discussions have been completed with the Deans for Fall 2019 positions
- December commencement ceremonies will take place at EJ Thomas Hall on December 15 at 10 a.m. and 1:30 p.m.

	• We are considering moving to one undergraduate/graduate commencement ceremony in May 2019 at InfoCision Stadium-Summa Field • New Student Convocation will take place on August 24

3:15 – 4:00	BUDGET AND FINANCE IN-DEPTH STANDING COMMITTEE REPORT	PHIL ALLEN AND NATHAN MORTIMER

DISCUSSION

Phil Allen, Vice Chair, and Nathan Mortimer, VP for Finance and Administration/CFO discussed the following FY19 budget documents:

- Akron and Wayne General Fund Combined – The General Fund pays the general obligations of the University, including salaries, and is the strength of the university
    - Tuition & General Service Fees – predicted a 7% decline in enrollment overall
    - Vacancies savings – we are slow playing our hiring and eliminating vacant positions
    - Bad debt – what we bill and don't collect
    - Scholarships – internally funded scholarships; does not include fee remissions, athletic scholarships or graduate student stipends
    - Transfer-In Plant Fund – supplements what we receive from the State
    - Advances – temporary loans that will be paid back; new line item added to the General Fund balance sheet
    - Transfer-Out Other – auxiliary debt, EAF, Health Center and other support
- Akron and Wayne Combined Auxiliaries
- Department Sales and Services
    - Self-Insurance Fund – We went to self-insurance health care from premium-paid health care last year; this should generate a surplus

The Budget and Finance Committee endorsed the proposed FY19 budget and they recommend that the UC endorse the proposed budget. They made their recommendation with the understanding that the budget process would lead to strategic planning in the future. **The motion to endorse carried** by a secret ballot vote of 12 in favor and 2 opposed.

4:00 – 4:10	COMMITTEE REPORTS	COMMITTEE CHAIRS

DISCUSSION

Communications: They are working on the food insecurity study and will discuss the results with the UC at an upcoming meeting.

Informational Technology: The Microsoft agreement has been finalized and is on the consent agenda for the Board of Trustees. Having the agreement in place will allow the committee to move forward with their goals.

Institutional Advancement: They met with Mary Schadle, Coordinator of University Scholarship Programs, and are continuing to work on the scholarship tool kit.

Physical Environment: They discussed the Polsky Building Study Area Topic Submission and determined that the space suggested would require renovations and is a fire hazard. They approved space allocation forms for IT equipment rooms in Olin Hall and Mary Gladwin Hall.

Recreation and Wellness: No report.

Student Engagement and Success: They sent responses to UCEC for the Retention of At Risk Students Topic Submission and the Services for LGBTQ Population Topic Submission.

	Talent Development and Human Resources: They are working on the following: • Ideas to reward employees for improving their health • Leave bank policy that President Wilson referred to the Office of Talent Development and Human Resources; committee expects a policy to be available by end of summer • Workplace bullying and harassment policy • Reported that there had been no response for the CPAC and SEAC request for a timeline concerning salary increases **Ad hoc Awards Committee:** They are working on a resolution to formalize the award process. **Ad hoc Human Development Committee:** They are discussing the following: • Planning for future events that would focus on adult and older adult students. • Activities related to the Age Friendly University Initiative • Life-Planning Seminars for individuals exploring new careers and education; this could be a joint project between Adult Focus and Institute for Life-Space Development and Gerontology **Ad hoc Textbook Committee:** They are discussing the following: • Ways to provide textbook at affordable prices • How to plan for the expiration of the Barnes and Nobel contract UA Libraries is hosting the Affordable Learning Summit on August 1 – 2, 2018. The Summit is co-sponsored by OhioLink and the Academic Library Association of Ohio. More information is available at http://affordablelearning.ohiolink.edu/summit.
4:10 – 4:10	NEW BUSINESS HARVEY STERNS
DISCUSSION	There were none at this time. The meeting was adjourned at 4:10 p.m. by unanimous consent.

REPORT OF THE SAFETY & FACILITIES SPECIAL COMMITTEE

presented by Trustee Scala

Mr. Scala called on Mr. Mortimer to provide an update on issues within the scope of the Safety & Facilities Special Committee. Noting that the Committee, chaired by Trustee Adkins, had been formed about a year ago, Mr. Mortimer presented a summary of University initiatives that support the Committee's objectives, focusing on:

- Properties;
- Policing and security presence;
- Equipment and technology; and
- Education and services.

Following the presentation, Mr. Bauer stated that the work of this Committee was instigated by Trustees Adkins and Scala. He praised the work and resulting accomplishments.

REPORT OF THE NOMINATING COMMITTEE

presented by Committee Chair Ciraldo

Dr. Ciraldo read the Nominating Committee's recommended slate of Board officers for 2018-2019.

RESOLUTION 6-12-18 (See Appendix B.)
ACTION: Ciraldo motion on behalf of Committee, passed 7-0

The newly elected officers—Chair Joseph M. Gingo, Vice Chair Olivia P. Demas, Vice Chair Alfred V. Ciraldo, Secretary M. Celeste Cook and Assistant Secretary John J. Reilly—were sworn in to office by Associate General Counsel Scott M. Campbell.

Mr. Bauer congratulated the incoming officers and stated, "I know I speak for the Board when I say that we will do everything we can to support you going forward. Thank you for your commitment to this University."

NEW BUSINESS

- FY 2018-2019 General Fund, Auxiliary Funds and Sales Funds Budgets (Tab 1)

GENERAL FUND

Revenues

Tuition & General Service Fees: Assumes an overall blended enrollment reduction of seven percent, reflecting declines of roughly six percent, 14 percent, and two percent for undergraduate, graduate and law, respectively. Tuition and fee rates remain flat for continuing students while the Guaranteed Tuition program begins fall of 2018 and assumes a six percent increase for tuition and fees for applicable students.

Other Fees: Assumes an overall blended enrollment reduction of seven percent, and fees rates remain flat for continuing students and increase for certain fees which are part of the Guaranteed Tuition program.

State Share of Instruction: Assumes a two percent decline as compared to FY18 based upon information received from Ohio Department of Higher Education.

Indirect Cost Recovery: Assumes no significant change as compared to FY18 with allocations as follows: General Fund, 66 percent; Department, 13 percent; College, 11 percent; and Principal Investigator account, 10 percent.

Investment Income: Assumes a reasonable return; however, significant market fluctuations either way will impact the actual amount.

Expenditures

Payroll and Vacancies: Assumes three percent increase pursuant to collective bargaining agreements and a raise pool equivalent to three percent for non-represented full-time employees and part-time faculty. Also contemplates $5.6 million of vacancy savings which are created by employee departures until a replacement employee is hired. Further includes the $1.7 million year-one installment for the Voluntary Retirement Incentive Program (VRIP).

Fringes: Assumes application of the pooled rate for benefits such as 14 percent employer contribution to the respective retirement system, University contribution toward employee group insurance, employee and dependent fee remission, and University portion of employee permits.

Operating: The designated fees such as course fees and technology fees, etc., are enrollment driven and are assumed to follow the seven-percent enrollment decline. The designated fees and startups assume that only current-year revenues and allocation are expended; however, a certain level of carry over exists within these fees and startups, which may be expended by the units and therefore cause expenditures to exceed the allocations for the current year.

The unit allocations largely assume a five percent reduction as compared to the FY18 adjusted levels.

Scholarships: Assumes graduate assistants, $11.4 million; Law School, $3.7 million; and undergraduate, $44.4 million representing a decrease of $2.3 million (or 17 percent); a decrease of $56,000 (or 1.5 percent); and an increase of $4.2 million (or 10 percent), respectively.

Other

Transfers-In: Assumes $16.2 million from general reserves and $1 million from plant fund reserves.

Advances-In: Assumes $90,000 of the $270,000 advance from the General Fund to the National Museum of Psychology and $200,000 of the $353,000 advance from the General Fund to CAST in support of the Musson Industrial Control Systems Test Bed made during the prior fiscal year will be repaid.

Transfers-Out Plant Fund: Assumes capital projects will be funded as needs arise by $1 million.

Transfers-Out Other: Assumes transfers to Auxiliaries of General Services Fee, $11.9 million; Other, $12.6 million; and Facilities Fee, $6.8 million. The Facilities Fees maintains a reserve, and a portion of that reserve, in the amount of $2.9 million, will be used to help service the Auxiliaries' debt service for FY19; therefore, a reduction to Transfers-Out Other was applied to the Student Union, Recreation Center, and Athletics, respectively by $2.9 million.

Debt Service: Assumes the University achieves its debt deferral initiative and the reserves that reside in the plant and debt reserves will service the remaining $7.1 million.

AUXILIARIES

Overall Assumptions

Revenues: Assumes an overall seven percent enrollment decline.

Payroll: Assumes three percent increase pursuant to collective bargaining agreements and a raise pool equivalent to three percent for non-represented full-time employees.

Fringes: Assumes benefits such as 14 percent employer contribution to the respective retirement System, University contribution toward employee group insurance, employee and dependent fee remission, and University portion of employee parking permits.

Transfers-Out Debt Service: Assumes debt service for Auxiliary facilities.

Unit Assumptions

Athletics

Revenues: Assumes externally generated revenues from various sources such as the MAC, game guarantees, naming rights, ticket sales, grants-in-aid, IMG, and Coca-Cola.

Payroll: Contemplates rate increases as reflected in respective individual contracts.

Operating: Assumes a decrease of $242,000 as compared to the FY18 projection.

Scholarships: Assumes 225 Athletic financial aid awards.

Transfers-In: Assumes Facilities Fee of $3.5 million from the General Fund and $1.5 million from Facilities Fee reserve, General Service Fee of $11.9 million, and Other of $7.9 million in transfers from the General Fund net of a $.4 million reduction.

Residence Life & Housing

Revenues: Assumes an 88 percent average occupancy.

Operating: Assumes an increase of $310,000 over the FY18 projection.

E. J. Thomas Performing Arts Hall

Revenues: Assumes externally generated revenues from various sources such as Broadway Series sales, Akron Civic Theater pass-through, hall rental, and endowment gifts.

Operating: Assumes largely flat operating as compared to the FY18 projection.

Transfers-In: Assumes $.9 million which consists of $.8 million from the General Fund net of a $32,000 reduction and $91,000 from unrestricted reserve.

Dining (Aramark)

Revenues: Assumes rent and other contractually provided revenues such as utilities, maintenance, and equipment repair.

Compensation: The CWA employees remain University employees, with the University responsible for the difference between FICA and SERS. All other employees are the sole responsibility of Aramark.

Operating: Assumes an increase of $80,000 over the FY18 projection.

Recreation & Wellness Services

Revenues: Assumes externally generated revenues from various sources such as memberships, pool rental, and locker and facility rentals.

Operating: Assumes largely flat operating as compared to the FY18 projection.

Transfers-In: Assumes Facilities Fee of $1.2 million from the General Fund and $.5 million from Facilities Fee reserves, and Other of $2.1 million in transfers from the General Fund net of
$108,000 reduction.

Jean Hower Taber Student Union

Revenues: Assumes externally generated revenues from various sources such as bookstore space rent, bank space rent, and room rentals.

Operating: Assumes an increase of $82,000 over the FY18 projection.

Transfers-In: Assumes Facilities Fee of $2 million from the General Fund and $.9 million from Facilities Fee reserves; and Other of $1.8 million in transfers from the General Fund net of
$94,000 reduction.

Parking & Transportation Services

Revenues: Assumes parking permits and transportation fee revenues decrease consistent with an overall blended enrollment reduction of seven percent.

Operating: Assumes an increase of $382,000 over the FY18 projection.

Transfers-In: Assumes Fund Balance transfers to finance the Administrative Services Building parking deck replacement and other projects including lot and deck repairs and lighting upgrades.

Transfers-Out Plant Fund: Assumes Administrative Services Building parking deck repair and replacement.

Wayne Student Union

Revenues: Assumes externally generated revenues from bookstore space rent and room rentals.

Operating: Assumes largely flat operating as compared to the FY18 projection.

DEPARTMENTAL SALES AND SERVICES

Overall Assumptions

Payroll: Assumes three percent increase pursuant to collective bargaining agreements and a raise pool equivalent to three percent for non-represented full-time employees.

Fringes: Assumes application of the pooled rate for benefits such as 14 percent employer contribution to the respective retirement system, University contribution toward employee group insurance, employee and dependent fee remission, and University portion of employee permits.

Fund Assumptions

Self-Insurance Health Care

Revenues: Assumes University contributions to employee-provided benefits such as medical, prescription drug, dental, long-term disability, and life insurance. Also assumes employee and retiree contributions to benefit program for coverage that requires an employee cost share or is voluntary (100 percent employee paid) such as medical, prescription drug, short-term and long- term disability, life insurance, vision, and flexible spending accounts.

Operating: Assumes the amounts expected to be paid for administrative and consulting fees.

Premiums and Claims: Assumes estimated cost for insurance premiums and self-insured claim payments related to employee benefit program. Expenditures include components such as medical, prescription drug, dental, stop loss insurance, and other ancillary benefits.

UA Solutions

Revenues: Assumes open enrollment and contract training fees revenues to support the coordination of noncredit professional development classes open to the public and to provide customized training for local companies.

Operating: Assumes expenditures such as student assistants, supplies and services, and travel and hospitality. UA Solutions will manage to ensure expenditures are limited to revenues.

New Student Orientation

Revenues: Assumes commitment fee revenues to support the activities related to orientation and first-year experience programs.

Operating: Assumes expenditures such as peer mentoring, New Roo Weekend, supplies and services, and travel and hospitality. New Student Orientation will manage to ensure expenditures are limited to revenues.

English Language Institute

Revenues: Assumes externally generated revenues from non-credit courses to teach English to non-English speaking students who plan to attend a university in the United States.

Operating: Assumes expenditures such as student assistants, supplies and services, and travel and hospitality. English Language Institute will manage to ensure expenditures are limited to revenues.

Other

Revenues: Assumes about 140 smaller, revenue-generating activities such as internal Printing Services, Hearing Aid Dispensary, and Akron Polymer Technology Services Testing.

Operating: Assumes expenditures such as student assistants, cost of goods sold (Crystal Room, Computer Store, and Hearing Aid Dispensary), supplies and services, and travel and hospitality. Individual management and the units will manage to ensure expenditures are limited to revenues. In general, the units are anticipated to break even or generate a surplus.

Capital: Assumes equipment purchase related to chemistry testing activities.

Mr. Bauer noted that the Board is not happy to draw $16 million from savings, but due to the University's improved performance over the past two years this budget is a significantly better projection than was anticipated three years ago.

RESOLUTION 6-13-18 (See Appendix B.)
ACTION: Woolford motion, Gingo second, passed 7-0.

- Naming of The Dorothy Hassenflue Stein Suite (Tab 2a)

A resolution was proposed to name the second floor of offices and conference rooms located in the Alumni Association and the University of Akron Foundation space in InfoCision Stadium The Dorothy Hassenflue Stein Suite.

Ms. Cole commented on the life, career and philanthropy of Dorothy Hassenflue Stein. Mr. George Farris, University alumnus and manager of the Dorothy Hassenflue Stein Charitable Trust expressed appreciation.

RESOLUTION 6-14-18 (See Appendix B.)
ACTION: Crotty motion, Scala second, passed 7-0.

The University of Akron
Akron and Wayne General Fund Combined
FY19 Budget

	FY19 Budget
Tuition & General Service Fees	$186,872,000
Other Fees	22,305,000
State Share of Instruction	103,507,000
Indirect Cost Recovery	5,800,000
Investment Income	3,000,000
Miscellaneous Income	2,312,000
Total Revenues	323,796,000
Payroll	153,038,000
Vacancies	(5,600,000)
Fringes	52,782,000
Total Compensation	200,220,000
Utilities	11,501,000
Operating	36,761,000
Bad Debt	1,000,000
Scholarships	59,464,000
Total Non Personnel	108,726,000
Total Expenditures	308,946,000
Net Before Transfers	14,850,000
Transfers-In	16,180,000
Transfers-In Plant Fund	1,000,000
Advances-In	290,000
Transfers-Out Plant Fund	(1,000,000)
Transfers-Out Other	(31,320,000)
Net Transfers	(14,850,000)
Difference	$0

The accompanying assumptions are an integral part of this statement.

The University of Akron
Akron and Wayne General Fund Combined
FY19 Budget Assumptions

Revenues

Tuition & General Service Fees: Assumes an overall blended enrollment reduction of seven percent, reflecting declines of roughly six percent, 14 percent, and two percent for undergraduate, graduate and law, respectively. Tuition and fee rates remain flat for continuing students while the Guaranteed Tuition program begins fall of 2018 and assumes a six percent increase for tuition and fees for applicable students.

Other Fees: Assumes an overall blended enrollment reduction of seven percent, and fees rates remain flat for continuing students and increase for certain fees which are part of the Guaranteed Tuition program.

State Share of Instruction: Assumes a two percent decline as compared to FY18 based upon information received from Ohio Department of Higher Education.

Indirect Cost Recovery: Assumes no significant change as compared to FY18 with allocations as follows: General Fund, 66 percent; Department, 13 percent; College, 11 percent; and Principal Investigator account, 10 percent.

Investment Income: Assumes a reasonable return; however, significant market fluctuations either way will impact the actual amount.

Expenditures

Payroll and Vacancies: Assumes three percent increase pursuant to collective bargaining agreements and a raise pool equivalent to three percent for non-represented full-time employees and part-time faculty. Also contemplates $5.6 million of vacancy savings which are created by employee departures until a replacement employee is hired. Further includes the $1.7 million year-one installment for the Voluntary Retirement Incentive Program (VRIP).

Fringes: Assumes application of the pooled rate for benefits such as 14 percent employer contribution to the respective retirement system, University contribution toward employee group insurance, employee and dependent fee remission, and University portion of employee permits.

Operating: The designated fees such as course fees and technology fees, etc., are enrollment driven and are assumed to follow the seven percent enrollment decline. The designated fees and start ups assume that only current-year revenues and allocation are expended; however, a certain level of carry over exists within these fees and startups, which may be expended by the units and therefore cause expenditures to exceed the allocations for the current year.

The unit allocations largely assume a five percent reduction as compared to the FY18 adjusted levels.

The University of Akron
Akron and Wayne General Fund Combined
FY19 Budget Assumptions

Scholarships: Assumes graduate assistants, \$11.4 million; Law School, \$3.7 million; and undergraduate, \$44.4 million representing a decrease of \$2.3 million (or 17 percent); a decrease of \$56,000 (or 1.5 percent); and an increase of \$4.2 million (or 10 percent), respectively.

Other

Transfers-In: Assumes \$16.2 million from general reserves and \$1 million from plant fund reserves.

Advances-In: Assumes \$90,000 of the \$270,000 advance from the General Fund to the National Museum of Psychology and \$200,000 of the \$353,000 advance from the General Fund to CAST in support of the Musson Industrial Control Systems Test Bed made during the prior fiscal year will be repaid.

Transfers-Out Plant Fund: Assumes capital projects will be funded as needs arise by \$1 million.

Transfers-Out Other: Assumes transfers to Auxiliaries of General Services Fee, \$11.9 million; Other, \$12.6 million; and Facilities Fee, \$6.8 million. The Facilities Fees maintains a reserve, and a portion of that reserve, in the amount of \$2.9 million, will be used to help service the Auxiliaries' debt service for FY19; therefore, a reduction to Transfers-Out Other was applied to the Student Union, Recreation Center, and Athletics, respectively by \$2.9 million.

Debt Service: Assumes the University achieves its debt deferral initiative and the reserves that reside in the plant and debt reserves will service the remaining \$7.1 million.

The University of Akron - Akron and Wayne Combined
Auxilliaries
FY19 Budget

	Athletics	Residence Life & Housing	EJ Thomas Performing Arts Hall	Dining (Aramark)	Recreation & Wellness Services	Jean Hower Taber Student Union	Parking & Transportation Services	Wayne Student Union	Total
Revenues	$9,232,000	$19,830,000	$2,441,000	$3,297,000	$573,000	$946,000	$7,222,000	$64,000	$43,605,000
Payroll	7,974,000	847,000	357,000	125,000	551,000	602,000	266,000	0	10,722,000
Fringes	3,085,000	356,000	127,000	275,000	245,000	260,000	107,000	0	4,455,000
Total Compensation	11,059,000	1,203,000	484,000	400,000	796,000	862,000	373,000	0	15,177,000
Operating	10,674,000	7,980,000	2,567,000	1,606,000	1,850,000	1,891,000	2,969,000	10,000	29,547,000
Scholarships	7,326,000	0	0	0	0	0	0	0	7,326,000
Total Non Personnel	18,000,000	7,980,000	2,567,000	1,606,000	1,850,000	1,891,000	2,969,000	10,000	36,873,000
Total Expenditures	29,059,000	9,183,000	3,051,000	2,006,000	2,646,000	2,753,000	3,342,000	10,000	52,050,000
Net Before Transfers	(19,827,000)	10,647,000	(610,000)	1,291,000	(2,073,000)	(1,807,000)	3,880,000	54,000	(8,445,000)
Transfers-In Facilities Fee	4,964,000	0	0	0	1,693,000	2,912,000	0	0	9,569,000
Transfers-In General Services Fee	11,909,000	0	0	0	0	0	0	0	11,909,000
Transfers-In Other	7,918,000	0	937,000	0	2,073,000	1,807,000	0	0	12,735,000
Transfers-In Fund Balance	0	0	0	0	0	0	1,600,000	0	1,600,000
Transfers-Out Plant Fund	0	0	0	0	0	0	(1,000,000)	0	(1,000,000)
Transfers-Out Debt Service	(4,964,000)	(10,647,000)	(327,000)	(776,000)	(1,693,000)	(2,912,000)	(4,480,000)	0	(25,799,000)
Net Transfers	19,827,000	(10,647,000)	610,000	(776,000)	2,073,000	1,807,000	(3,880,000)	0	9,014,000
Difference	$0	$0	$0	$515,000	$0	$0	$0	$54,000	$569,000

The accompanying assumptions are an integral part of this statement.

The University of Akron
Auxiliaries
FY19 Budget Assumptions

Overall Assumptions

Revenues: Assumes an overall seven percent enrollment decline.

Payroll: Assumes three percent increase pursuant to collective bargaining agreements and a raise pool equivalent to three percent for non-represented full-time employees.

Fringes: Assumes benefits such as 14 percent employer contribution to the respective retirement System, University contribution toward employee group insurance, employee and dependent fee remission, and University portion of employee parking permits.

Transfers-Out Debt Service: Assumes debt service for Auxiliary facilities.

Unit Assumptions

Athletics

Revenues: Assumes externally generated revenues from various sources such as the MAC, game guarantees, naming rights, ticket sales, grants-in-aid, IMG, and Coca-Cola.

Payroll: Contemplates rate increases as reflected in respective individual contracts.

Operating: Assumes a decrease of $242,000 as compared to the FY18 projection.

Scholarships: Assumes 225 Athletic financial aid awards.

Transfers-In: Assumes Facilities Fee of $3.5 million from the General Fund and $1.5 million from Facilities Fee reserve, General Service Fee of $11.9 million, and Other of $7.9 million in transfers from the General Fund net of a $.4 million reduction.

Residence Life & Housing

Revenues: Assumes an 88 percent average occupancy.

Operating: Assumes an increase of $310,000 over the FY18 projection.

EJ Thomas Performing Arts Hall

Revenues: Assumes externally generated revenues from various sources such as Broadway Series sales, Akron Civic Theater pass-through, hall rental, and endowment gifts.

Operating: Assumes largely flat operating as compared to the FY18 projection.

The University of Akron
Auxiliaries
FY19 Budget Assumptions

Transfers-In: Assumes $.9 million which consists of $.8 million from the General Fund net of a $32,000 reduction and $91,000 from unrestricted reserve.

Dining (Aramark)

Revenues: Assumes rent and other contractually provided revenues such as utilities, maintenance, and equipment repair.

Compensation: The CWA employees remain University employees, with the University responsible for the difference between FICA and SERS. All other employees are the sole responsibility of Aramark.

Operating: Assumes an increase of $80,000 over the FY18 projection.

Recreation & Wellness Services

Revenues: Assumes externally generated revenues from various sources such as memberships, pool rental, and locker and facility rentals.

Operating: Assumes largely flat operating as compared to the FY18 projection.

Transfers-In: Assumes Facilities Fee of $1.2 million from the General Fund and $.5 million from Facilities Fee reserves, and Other of $2.1 million in transfers from the General Fund net of $108,000 reduction.

Jean Hower Taber Student Union

Revenues: Assumes externally generated revenues from various sources such as bookstore space rent, bank space rent, and room rentals.

Operating: Assumes an increase of $82,000 over the FY18 projection.

Transfers-In: Assumes Facilities Fee of $2 million from the General Fund and $.9 million from Facilities Fee reserves; and Other of $1.8 million in transfers from the General Fund net of $94,000 reduction.

The University of Akron
Auxiliaries
FY19 Budget Assumptions

Parking & Transportation Services

Revenues: Assumes parking permits and transportation fee revenues decrease consistent with an overall blended enrollment reduction of seven percent.

Operating: Assumes an increase of $382,000 over the FY18 projection.

Transfers-In: Assumes Fund Balance transfers to finance the Administrative Services Building parking deck replacement and other projects including lot and deck repairs and lighting upgrades.

Transfers-Out Plant Fund: Assumes Administrative Services Building parking deck repair and replacement.

Wayne Student Union

Revenues: Assumes externally generated revenues from bookstore space rent and room rentals.

Operating: Assumes largely flat operating as compared to the FY18 projection.

The University of Akron
Departmental Sales and Services
FY19 Budget

	Self-Insurance Health Care	UA Solutions	New Student Orientation	English Language Institute	Other	TOTAL
Revenues	$32,979,000	$750,000	$551,000	$580,000	$4,772,000	$39,632,000
Payroll	141,000	211,000	171,000	311,000	1,701,000	2,535,000
Fringes	53,000	60,000	71,000	102,000	612,000	898,000
Total Compensation	194,000	271,000	242,000	413,000	2,313,000	3,433,000
Operating	158,000	377,000	449,000	30,000	2,128,000	3,142,000
Premiums and Claims	31,670,000	0	0	0	0	31,670,000
Capital	0	0	0	0	8,000	8,000
Total Non Personnel	31,828,000	377,000	449,000	30,000	2,136,000	34,820,000
Total Expenditures	32,022,000	648,000	691,000	443,000	4,449,000	38,253,000
Difference	$957,000	$102,000	($140,000)	$137,000	$323,000	$1,379,000

The accompanying assumptions are an integral part of this statement.

The University of Akron
Departmental Sales and Services
FY19 Budget Assumptions

Overall Assumptions

Payroll: Assumes three percent increase pursuant to collective bargaining agreements and a raise pool equivalent to three percent for non-represented full-time employees.

Fringes: Assumes application of the pooled rate for benefits such as 14 percent employer contribution to the respective retirement system, University contribution toward employee group insurance, employee and dependent fee remission, and University portion of employee permits.

Fund Assumptions

Self-Insurance Health Care

Revenues: Assumes University contributions to employee-provided benefits such as medical, prescription drug, dental, long-term disability, and life insurance. Also assumes employee and retiree contributions to benefit program for coverage that requires an employee cost share or is voluntary (100 percent employee paid) such as medical, prescription drug, short-term and long-term disability, life insurance, vision, and flexible spending accounts.

Operating: Assumes the amounts expected to be paid for administrative and consulting fees.

Premiums and Claims: Assumes estimated cost for insurance premiums and self-insured claim payments related to employee benefit program. Expenditures include components such as medical, prescription drug, dental, stop loss insurance, and other ancillary benefits.

UA Solutions

Revenues: Assumes open enrollment and contract training fees revenues to support the coordination of noncredit professional development classes open to the public and to provide customized training for local companies.

Operating: Assumes expenditures such as student assistants, supplies and services, and travel and hospitality. UA Solutions will manage to ensure expenditures are limited to revenues.

New Student Orientation

Revenues: Assumes commitment fee revenues to support the activities related to orientation and first-year experience programs.

Operating: Assumes expenditures such as peer mentoring, New Roo Weekend, supplies and services, and travel and hospitality. New Student Orientation will manage to ensure expenditures are limited to revenues.

The University of Akron Departmental Sales and Services FY19 Budget Assumptions

English Language Institute

Revenues: Assumes externally generated revenues from non-credit courses to teach English to non-English speaking students who plan to attend a university in the United States.

Operating: Assumes expenditures such as student assistants, supplies and services, and travel and hospitality. English Language Institute will manage to ensure expenditures are limited to revenues.

Other

Revenues: Assumes about 140 smaller, revenue-generating activities such as internal Printing Services, Hearing Aid Dispensary, and Akron Polymer Technology Services Testing.

Operating: Assumes expenditures such as student assistants, cost of goods sold (Crystal Room, Computer Store, and Hearing Aid Dispensary), supplies and services, and travel and hospitality. Individual management and the units will manage to ensure expenditures are limited to revenues. In general, the units are anticipated to break even or generate a surplus.

Capital: Assumes equipment purchase related to chemistry testing activities.

THE UNIVERSITY OF AKRON

RESOLUTION 6- -18

Pertaining to the Approval of the FY 2018-2019 General Fund, Auxiliary Funds, and Sales Funds Budgets

WHEREAS, The Vice President for Finance and Administration/CFO submitted the FY2018/19 General Fund, Auxiliary Funds, and Sales Funds Budgets and presented those Budgets to the Board of Trustees for its consideration and approval; Now, therefore,

BE IT RESOLVED, that the FY 2018/19 General Fund, Auxiliary Funds, and Sales Funds Budgets, are approved.

____

M. Celeste Cook, Secretary
Board of Trustees

June 13, 2018

APPENDIX B: RESOLUTIONS, Page 3

Delete the Associate of Arts, Criminal Justice Studies – Corrections degree offered by the Buchtel College of Arts and Sciences, Department of Political Science

Delete the Bachelor of Arts, Sociology/Criminology and Law Enforcement degree offered by the Buchtel College of Arts and Sciences, Department of Sociology

Revise the minimum GPA requirement for completion of the Certificate in Intellectual Property offered by the School of Law

RESOLUTION 6-10-18: Proposed Update of Ohio Revised Code 3345.81

BE IT RESOLVED, That the recommendations presented by the Academic Issues & Student Success Committee on June 13, 2018 to update The University of Akron Strategic Completion Plan be approved.

RESOLUTION 6-11-18: Revisions to University Rule 3359-7-02, Office of University Internal Audit Pertaining to the Change in Reporting Line for the Chief Audit Executive

WHEREAS, University Rule 3359-7-02 currently provides that the Chief Audit Executive currently reports directly to the Senior Vice President and Provost and Chief Operating Officer for administrative matters; and

WHEREAS, The Board of Trustees desires that the Chief Audit Executive report directly to the President for administrative matters; Now, Therefore,

BE IT RESOLVED, That University Rule 3359-7-02 shall be modified to reflect that the Chief Audit Executive shall report directly to the President for administrative matters.

RESOLUTION 6-12-18: Pertaining to Election of Officers of the Board of Trustees for 2018-2019

BE IT RESOLVED, That the recommendation presented by the Nominating Committee on June 13, 2018, to elect the following slate of officers for The University of Akron's Board of Trustees for 2018-2019, be approved.

Chair:	Joseph M. Gingo
Vice Chair:	Olivia P. Demas
Vice Chair:	Alfred V. Ciraldo, M.D.
Secretary:	M. Celeste Cook
Assistant Secretary:	John J. Reilly

RESOLUTION 6-13-18: Pertaining to the Approval of the FY 2018/19 General Fund, Auxiliary Funds, and Sales Funds Budgets

WHEREAS, The Vice President for Finance and Administration/CFO submitted the FY2018/19 General Fund, Auxiliary Funds, and Sales Funds Budgets and presented those Budgets to the Board of Trustees for its consideration and approval; Now, therefore,

APPENDIX B: RESOLUTIONS, Page 4

BE IT RESOLVED, That the FY 2018/19 General Fund, Auxiliary Funds, and Sales Funds Budgets, are approved.

RESOLUTION 6-14-18: Pertaining to the Naming of The Dorothy Hassenflue Stein Suite

WHEREAS, A native of Akron, Dorothy Hassenflue Stein was a dynamic woman who held deep affection for her community and had an intense desire to see it prosper and succeed; and

WHEREAS, Born the second of three daughters to Dr. John and Mertle Elma Hassenflue, she grew up in the family's Merriman Road home and learned early in life the importance of civic responsibility and education; and

WHEREAS, After graduating from Lake Erie College for Women, Dorothy Hassenflue Stein returned to Akron, teaching high school before pursuing and receiving from The University of Akron in 1928 a master's degree in education; and

WHEREAS, Following her death, The Dorothy Hassenflue Stein Charitable Trust was established in 2000, and has contributed to date more than $3 million to The University of Akron's Dorothy Hassenflue Stein Scholarship, which offers last-dollar tuition assistance and book awards to outstanding undergraduate students who are committed to community service, have financial need, and demonstrate academic excellence; and

WHEREAS, Additional contributions from The Dorothy Hassenflue Stein Charitable Trust continue to grow the scholarship's impact with the assistance of its manager, University of Akron alumnus George Farris, who holds four degrees from the University and is a well-respected and engaged member of the alumni community; Now; Therefore,

BE IT RESOLVED, That the second floor of offices and conference rooms located in the Alumni Association and The University of Akron Foundation space in InfoCision Stadium be renamed The Dorothy Hassenflue Stein Suite.

RESOLUTION 6-15-18: Pertaining to Naming of The Harry P. and Rainy G. Stitzlein Board Rooms

WHEREAS, Harry P. and Rainy G. Stitzlein, cherished benefactors and longtime champions of The University of Akron, its alumni and mission, always will be remembered among the institution's leading figures; and

WHEREAS, Harry Stitzlein was a 1950 College of Business Administration graduate, a community leader and a distinguished businessman, serving as president of Malone Advertising, a company with which he was involved for 45 years; and

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
20 March 2018

Rate this Research

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University of Akron, OH

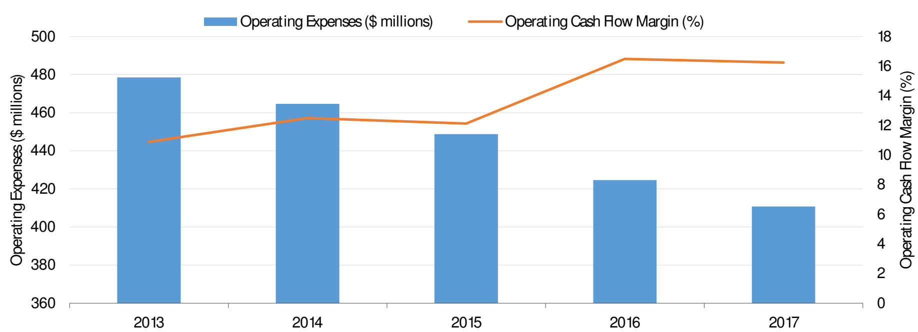
Update following outlook revision to stable

Summary

The University of Akron's (A1 stable) credit quality reflects the university's very good strategic positioning as a large urban public university, diversity of program offerings, and relatively stable financial support from the State of Ohio (Aa1 stable). After years of softening student demand, first-year enrollment is showing signs of stabilizing. Total wealth and liquidity remain strong and have improved modestly driven by higher retained cash flow and continued donor support. Credit challenges include constrained revenue growth prospects given smaller incoming classes and slightly lower state support for operations as well as a high debt and pension burden relative to balance sheet reserves and operations.

On March 20, we revised the outlook for the university's bonds to stable from negative and affirmed the university's A1. The action affected approximately $230 million in outstanding rated debt.

Exhibit 1
Expense reductions improving cash flow generation



Source: Moody's Investors Service

Credit strengths

» Sound liquidity and financial reserves with 195 monthly days cash and $435 million in total cash and investments

» Demonstrated market demand as a public university situated in Ohio's fifth largest city and serving nearly 19,000 full-time equivalent students with diverse programs

» Improving operating performance with fiscal 2016 and 2017 cash flow margins averaging over 16%

» Solid financial support from the Aa1-rated State of Ohio, which provided 27% of fiscal 2017 operating revenue and provides periodic capital funding

Credit challenges

» Declining enrollment, down 23% since 2011, with incoming class sizes stabilizing at lower levels

» State-imposed tuition pricing constraints for in-state undergraduate students limiting pricing flexibility and suppressing revenue growth

» Elevated pension obligation and high outstanding direct debt

Rating outlook

The stable outlook reflects our expectations that the university will continue to produce double digit cash flow driven by an increase in tuition for incoming students beginning in fall 2018 and ongoing expense management. It also incorporates our expectation for relatively flat state support and limited material debt issuance over the next year.

Factors that could lead to an upgrade

» Strong enrollment growth and tuition increases resulting in growing net tuition revenue

» Substantial increase in flexible reserves to better support high amount of total adjusted debt

» Greater revenue diversification through increased research activity and philanthropy

Factors that could lead to a downgrade

» Deterioration in operating performance or debt service coverage

» Failure to stabilize incoming class enrollment or grow net tuition revenue

» Disruption or sustained decline in state funding

» Material decrease in available spendable cash and investments and liquidity

Key indicators

Exhibit 2
UNIVERSITY OF AKRON, OH

	2013	2014	2015	2016	2017	Median: A Rated Public Universities
Total FTE Enrollment	21,843	21,186	20,723	19,016	18,578	10,190
Operating Revenue ($000)	465,472	460,943	448,065	438,470	407,330	205,676
Annual Change in Operating Revenue (%)	-1.8	-1.0	-2.8	-2.1	-7.1	3.0
Total Cash & Investments ($000)	391,214	463,349	424,458	403,728	434,736	143,541
Total Debt ($000)	432,921	479,000	453,581	429,304	419,220	124,888
Spendable Cash & Investments to Total Debt (x)	0.6	0.7	0.7	0.6	0.7	0.8
Spendable Cash & Investments to Operating Expenses (x)	0.6	0.7	0.7	0.7	0.7	0.6
Monthly Days Cash on Hand (x)	151	150	154	163	195	139
Operating Cash Flow Margin (%)	10.9	12.5	12.1	16.5	16.2	10.4
Total Debt to Cash Flow (x)	8.5	8.3	8.4	5.9	6.3	6.3
Annual Debt Service Coverage (x)	0.8	1.7	1.5	1.9	1.9	2.0

Source: Moody's Investors Service

Profile

The University of Akron (Akron), located 30 miles south of Cleveland in Akron, Ohio, is a large public university that is part of the University System of Ohio. The university reported fall 2017 enrollment of over 18,000 full-time equivalent students and generated operating revenue of $407 million in fiscal 2017.

Detailed credit considerations

Market profile: enrollment strategies coupled with programmatic strength should stabilize enrollment

Akron's broad array of programs, highlighted by strengths in niche areas such as polymer science, mechanical engineering, and performing arts will continue to support the university's very good strategic positioning. Following years of enrollment declines, incoming class enrollment is showing signs of stabilizing with first year fall 2017 undergraduate matriculation up over 10% compared to the prior year.

The university is pursuing several strategies, which, if successful, should increase enrollment and improve retention. First, it will differentiate itself from its competitors by targeting higher caliber students. As a result, the university expects the fall 2018 incoming class to be slightly below fall 2017's but, by targeting students with a high academic profile, freshman to sophomore retention which was 73% in fall 2017, should improve. Additionally, it is continuing to reach out to non-traditional aged students and looking to capture more out-of-state students. Favorably, Akron's number of dually enrolled high school students is growing. Lastly, the university has launched a guaranteed scholarship program for incoming students with aid levels increasing annually.

After two years with no tuition increases for in-state undergraduate students, the university will introduce the Ohio State Tuition Guarantee in fall 2018 for fiscal 2019. Under the guarantee, tuition and fees will increase 6% for incoming freshmen and remain at that level for three additional years. Future incoming classes will potentially have higher guaranteed tuition, indexed to inflation, subject to state approval.

Operating performance: expense reductions mitigating tough revenue environment

Despite demand challenges and tuition pricing constraints, the university's operating performance will remain stable driven by expense reduction. Akron has reduced expenses over 14% since fiscal 2013 driving higher operating cash flow margins averaging over 16% in fiscal 2016 and 2017. Expense management has been a key area of focus for the university which has eliminated positions, implemented an early retirement program, and cut back on capital investment. The university is currently reevaluating its programmatic offerings. Favorably, the 6% tuition increase for incoming in-state freshmen and subsequent three-year tuition freeze for the fall 2018 class will augment revenue beginning in fiscal 2019, but will constrain revenue growth in later years. For fall 2017, the university reduced its graduate tuition waiver and stipend funding to improve net tuition revenue; additional reductions may be pursued. Continued spending discipline will help mitigate, but not fully offset, the revenue challenges Akron is facing until the university's expense base is reduced to a size that meaningfully supports the new, lower enrollment levels. Sustained generation of double digit operating cash flow margins is critical to cover high annual debt service.

Favorably, the university has benefited under the state's performance funding model. State operating support, representing 27% of fiscal 2017 operating revenue, has increased nearly 15% since fiscal 2013. However, management estimates that fiscal 2018 state funding will decline by approximately 4% versus the prior year. The university believes its strategy to target more academically qualified students will translate into higher state performance-based funding in future years.

Wealth and liquidity: strong financial reserves and healthy philanthropy

The university's financial cushion for debt and operations will remain relatively stable and in line with the median for A1-rated public universities. Spendable cash and investments have improved since fiscal 2016 and provided 0.7x coverage of both debt and operations at the end of fiscal 2017. Akron's overall wealth is a credit strength with nearly $435 million in total cash and investments, over double the median for A1-rated public universities. Akron's philanthropic support has been healthy, with three-year gift revenue of $22 million, nearly 5x higher than A1-rated peers. The university is currently in the midst of a $20 million scholarship campaign towards which approximately $9 million has been raised to date.

Liquidity

Akron's liquidity position will remain sound and serves as a stabilizing factor in the event of operating pressures. The university had 195 days of monthly cash on hand as of fiscal end 2017, well above the A1-rated public university median of 138 days. Favorably, an all fixed rate debt structure and no unfunded capital commitments provide little risk of unexpected calls on liquidity.

Leverage: elevated debt burden and high pension liabilities

Akron's leverage, while improving, will remain elevated despite an amortizing debt structure and no additional borrowing plans. Fiscal 2017 total direct debt to operating revenue of 1.0x was higher than the A1-rated public university median of 0.6x. Favorably, debt service coverage, 1.9x in fiscal 2016 and 2017, remains more than adequate and will remain stable given Akron's continued emphasis on expense containment.

Debt structure

Favorably, all of the university's debt is fixed rate with relatively level amortization, averaging approximately $36 million in annual debt service through fiscal 2029, providing predictability for budgeting. In fiscal 2029, a bullet maturity raises debt service to $46 million; the university is evaluating a potential fiscal 2019 refinancing to provide some near-term debt service relief as it navigates through the challenging revenue environment.

Debt-related derivatives

There are no debt-related derivatives.

Pensions and OPEB

The university's exposure to pension and other post-employment retirement benefits (OPEB) is elevated. Moody’s adjusted debt, including $419 million of direct debt and $971 million Moody's three-year (2015-2017) average adjusted net pension liability, well exceeds the median for A1-rated public universities. Total adjusted debt is 3.4x fiscal 2017 operating revenue and spendable cash and investments is only 0.2x total adjusted debt (including debt, leases, and 3-year average Moody's-adjusted net pension liability).

The Ohio legislature exerts significant control over pensions, setting contribution rates for State Teachers' Retirement System of Ohio (STRS), School Employees' Retirement System (SERS) and Ohio Public Employees Retirement System (OPERS), the three multi-employer defined benefit plans in which the university participates. Combined, these plans were 43% funded in fiscal 2017 on a Moody's adjusted basis, down 7% from fiscal 2016. While the university's contribution levels for each of the three plans are capped at 14% of payroll, increases to these contribution amounts would add stress to the university’s budget.

Legal security

Outstanding general receipts bonds are payable from and secured by a first pledge of and lien on the general receipts of the university. General receipts consist of all monies received by the university for student charges, all unrestricted grants, gifts, donations and pledges, and other legally available revenues. Specifically excluded from general receipts are state appropriations (unless authorized by law) and any restricted funds. General receipts totaled $318 million in fiscal 2017, down from $334 million in fiscal 2016, and covered debt service on general receipts bonds by over 10x. There are no debt service reserve funds.

For the 2011 Lease Revenue Bonds, the university's obligation to make lease payments is absolute and unconditional, under all circumstances. The university's lease obligations are not subject to annual appropriation.

Management and governance: proactive fiscal oversight and budget discipline

Management's proactive budgetary oversight and concerted focus on expense containment will continue to help mitigate the revenue impacts of the challenged enrollment environment. The university has eliminated nearly $40 million in operating expenses since fiscal 2015 and continues to identify opportunities for additional reductions while also educating the campus community about the university's fiscal pressures. The management team understands the competitive landscape in which it operates and is currently reevaluating the university's program offerings.

REPORT NUMBER 1114751

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

FITCH DOWNGRADES UNIVERSITY OF AKRON, OH TO 'A+'; OUTLOOK STABLE

Fitch Ratings-New York-04 May 2018: Fitch Ratings has downgraded the ratings to 'A+' from 'AA-' on the following bonds issued by or on behalf of the University of Akron, OH (UA):

--$351.8 million UA general receipts bonds;
--$12.9 million Summit County Port Authority (SCPA) lease revenue bonds, series 2011 (University of Akron student housing project).

The Rating Outlook is revised to Stable from Negative.

SECURITY

General receipts bonds are special obligations of UA secured by a first lien on general receipts, which exclude state appropriations and donor-restricted gifts. Student housing lease revenue bonds are secured by a master lease agreement between UA and SCPA, with university lease payments equal to annual debt service. Lease payments are an unsecured general obligation of the university.

ANALYTICAL CONCLUSION

The downgrade to 'A+' reflects heightened risk from UA's changing operating profile. The university is working to stabilize declining enrollment and to align its cost structure to its now lower enrollment and revenue base. UA's adequate balance sheet resources and operating cash flow provide flexibility to address business pressures and support the Stable Outlook.

KEY RATING DRIVERS

DECLINING ENROLLMENT: Total FTE enrollment has fallen by just over 20% since fall 2012 to about 17,500 in fall 2017. Enrollment declines will likely continue through at least fall 2018 before stabilizing at a lower level. Fitch believes UA's core academic strengths and accessibility in line with its regional public mission will support a viable minimum level of demand over time.

BUDGET PRESSURE BUT ADEQUATE CASH FLOW: Still-declining enrollment continues to pressure UA's operating budget, which is not structurally balanced. However, effective cost management and increasing state operating support have preserved adequate operating cash flow in recent years to meet debt service obligations. Further cost adjustments will be necessary to achieve budgetary balance with a smaller revenue base.

ADEQUATE BALANCE SHEET RESOURCES: UA has maintained or increased its available funds in recent years, which provide a margin of safety as the university works to stabilize its operations and achieve long-term budgetary balance. Available funds equal just over 50% each of operating expenses and total debt.

MODERATELY HIGH DEBT BURDEN: UA's debt burden is moderately high, with annual debt service equal to roughly 9% of operating revenues in 2017. UA has no new money debt plans, and the majority of its current capital plans are externally funded.

RATING SENSITIVITIES

PROGRESS TOWARD STABLE ENROLLMENT: Deterioration of recently improved incoming class sizes over the next two years would undermine UA's ability to stabilize total enrollment and revenue and could negatively pressure the rating.

EFFECTIVE COST MANAGEMENT: Inability to align operating costs with revenues leading to weaker cash flow or material ongoing depletion of available funds could lead to negative rating action if not offset by stabilization in demand and student revenue.

CREDIT PROFILE

Originally founded in 1870, UA is one of 13 public universities in the state of Ohio (IDR AA+/Stable). The main campus sits in downtown Akron, OH, and the university also serves students at five other locations throughout northeast Ohio and online. UA serves primarily undergraduates, who make up about 85% of total headcount, but key graduate and research programs are well-regarded.

ENROLLMENT DECLINES

Several factors drove UA's enrollment decline over the past five years from FTE of 22,430 in fall 2012 to 17,563 in fall 2017. In addition to unfavorable economic and population growth trends, UA made a strategic decision beginning in fall 2012 to improve student quality and outcomes in line with Ohio's performance funding framework by restructuring its admissions, financial aid and student support practices. Most notably, UA ended open enrollment at the main campus. Enrollment has declined each year since fall 2012.

Enrollment is expected to decline further through at least fall 2018 before stabilizing. The fall 2016 incoming class was likely affected by negative press and community sentiment around budget cuts; it fell to about 3,300 students from about 4,000 in the three prior years. The fall 2017 class improved to nearly 3,700. Fall 2018 may have some additional volatility as UA tightens admissions standards to improve retention, and graduate enrollment may dip as UA scales back certain aid in this segment. Still, management expects that overall enrollment is on track to stabilize starting in fall 2019 driven by stable if smaller incoming classes and improved student retention rates.

UA does not have significant flexibility to grow net student-generated revenues, which accounted for 54% of 2017 operating revenue, through pricing adjustments. A price-sensitive student population, a mission-driven focus on access, and regional competition limit underlying capacity to raise tuition and fee rates. In addition, a guaranteed tuition plan launching for fall 2018 require a student's tuition remain flat; price increases will generally be applied only to new students each year. State operating support, which now accounts for 26% of revenues, has increased moderately despite declining enrollment and has softened the effect of revenue declines.

EFFECTIVE COST MANAGEMENT; CONTINUED BUDGET PRESSURE

UA has managed to scale back operating costs in line with declining revenues over the past five years. Operating revenues have fallen about 12% since 2012, and UA has responded by reducing full-accrual operating expenses by about 13% over the same period. As a result, operating cash flow has remained adequate to service debt service obligations and to fund some capital maintenance costs internally. Further cost reductions will be necessary to achieve balanced and sustainable operations as enrollment and revenue continue to decline. Execution risk is elevated, as UA management must retain political and community support to implement its plan to align the budget to the institution's smaller long-term size while avoiding reputational impairment or other financially challenging disruptions.

ADEQUATE BALANCE SHEET RESOURCES

UA's adequate resource base provides cushion and flexibility as UA manages through its changing operating profile. Available funds have been generally stable to increasing over the past few years due to adequate cash flow and limited capital needs. Available funds totaled $230 million at June 30, 2017, up from $195 million in 2013, and equaled over 50% each of operating expenses ($438 million) and debt ($449 million including leases) in 2017.

MODERATELY HIGH DEBT BURDEN

UA's debt burden is moderately high, with annual debt service equal to 9% of operating revenues in 2017. Debt service coverage from operating cash flow has been adequate and improved in recent years to 1.7x in 2016 and 1.4x in 2017 from a range of 1.1x to 1.3x in prior years. The university carries sizable pension liabilities through its participation in several statewide cost sharing multiple employer plans, but required contributions in line with actuarially required amounts are expected to remain generally stable.

UA has a fairly conservative, front-loaded debt structure with declining annual debt service over time. Principal is now amortizing quickly (about 20% over the next five years), but carrying costs will likely remain moderately high or climb as a percentage of UA's decreasing revenues. UA does not have additional debt capacity at the current rating level. UA has no new money debt plans, as most current capital needs are externally funded, but may pursue refinancing options that could reduce annual carrying costs and ease budget pressure.

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Applicable Criteria
Rating Criteria for Public-Sector, Revenue-Supported Debt (pub. 26 Feb 2018)
https://www.fitchratings.com/site/re/10020113
U.S. Public Finance College and University Rating Criteria (pub. 26 Apr 2017)

FINANCE & ADMINISTRATION COMMITTEE

TAB 6

JUNE 30, 2018

KPMG COMPOSITE FINANCIAL INDEX

DATE: November 5, 2018

TO: Nathan J. Mortimer, CPA
Vice President for Finance & Administration/CFO

FROM: Denny C. Clutter, CPA
Director Strategic Initiatives

SUBJECT: **KPMG Composite Financial Index (CFI)**

As requested of me, I provide the KPMG Composite Financial Index (CFI) for the fiscal years ended June 30, 2010 through 2018 for the Board of Trustees information at its December 5, 2018 meeting.

The 2018 CFI could change should the Auditor of State (AOS) during its review of the June 30, 2018 audited financial statements of the University, Foundation, or Research Foundation, find very significant errors that result in changes to those financial statements. However, based on your experience with the AOS, I believe you concur the risk for that happening is inconsequential. Nonetheless, should that occur I will update the KPMG CFI document.

Vice President for Finance & Administration/CFO
Akron, OH 44325-4715
330-972-7120 · 330-972-6293 Fax

The University of Akron
KPMG Composite Financial Index (CFI)
Fiscal Years Ended June 30, 2010 through 2018

	2010	2011	2012	2013	2014	2015 w/o 68	2016 w/o 68	2017 w/o 68	2018 w/o 68/75
Weighted Score - Primary Reserve	0.84	1.14	1.01	0.96	1.18	1.15	1.14	1.42	1.34
Weighted Score - Net Operating Revenues	0.30	0.41	0.03	(0.23)	0.07	(0.30)	(0.03)	0.05	(0.13)
Weighted Score - Viability	0.28	0.40	0.39	0.39	0.39	0.38	0.36	0.45	0.43
Weighted Score - Return on Net Assets	0.90	0.83	0.15	(0.03)	0.51	(0.22)	0.12	0.47	0.41
KPMG CFI	2.3	2.8	1.6	1.1	2.1	1.0	1.6	2.4	2.1

Source: Compiled from the respective years audited financial statements.

Note 1: Ranges (4) to 10.

Note 2: CFI of 3 indicates a relatively financially healthy institution.

Note 3: HLC will consider a Financial Panel Review for CFI below 1.1.

Note 4: To normalize the years, the impacts of GASB Statement Nos. 68 and a certain portion of 75 were removed from the calculation. The CFI otherwise would have been as follows: 2015 [(1.6)], 2016 [(0.8)], 2017 [(0.1)], and 2018 [1.7].

- Procurement of Electric Energy Resources (Tab 3)

  The proposal requested authorization for the Vice President for Finance and Administration/CFO to negotiate and execute contracts related to electricity purchases in excess of $500,000 in the event that it is fiscally advantageous to execute contract(s) before the Board of Trustees' next regularly scheduled meeting on June 14, 2017. It requires approval of the President of the University and the Chair of the Board of Trustees prior to executing contracts and that the full Board be informed of the contracts executed.

  RESOLUTION 4-5-17 (See Appendix B.)

- Fiscal Year 2017-2018 Board Rates (Tab 4)

  The University's dining services provider, Aramark Corporation, proposed a five-percent increase to the fall 2017 board rates. The Associate Vice President and Controller reviewed the proposed rates and found them to be acceptable.

  RESOLUTION 4-6-17 (See Appendix B.)

- Expansion of Bond Refunding Resolution Scope (Tab 5)

  The proposed bond refunding resolution authorized additional types of University obligations and extended the former resolution by one year, to December 31, 2020.

  RESOLUTION 4-7-17 (See Appendix B.)

- Rescindment of Internal Loan Agreement for Construction of Intelligent Gas Turbine Engine Facility (Tab 6)

  The proposal waived Board Resolution 1-22-05 pertaining to the Gas Turbine Engine Facility loan agreement.

  RESOLUTION 4-8-17 (See Appendix B.)

- 2017-2018 Holiday Schedule and 2017 Summer Hours (Tab 7)

  The following holiday schedule was proposed for Fiscal Year 2018:

  Tuesday, July 4, 2017, Independence Day
  Monday, September 4, 2017, Labor Day
  Wednesday, November 10, 2017, Veterans' Day (Staff holiday – classes held)
  Thursday, November 23, 2017, Thanksgiving Day
  Friday, November 24, 2017, In honor and in lieu of Columbus Day (Monday, October 9, 2017)
  Monday, December 25, 2017, Christmas Day
  Tuesday, December 26, 2017, In honor and in lieu of Presidents' Day (Monday, February 19, 2018)

(b) Refunding all academic and instructional related tuition and fees, whether for credit or noncredit courses, at 100 percent during the first 14 days of a standard academic term and at 0 percent after the 14th day of a standard academic term; and
(c) Authorizing the University's Office of Student Accounts/University Bursar to determine proportionate refund rates for non-standard academic terms and to maintain these policies

The proposed simplified refund schedule would replace a more complicated schedule that had offered graduated refund rates throughout the first one-third of an academic class. Revisions would provide students with an extra week during a standard academic term to withdraw from a course and receive a full refund, while removing the extended time for reduced refunds. These revisions would also align the refund policy with the University's academic withdrawal policy and with the refund policies of select other Ohio four-year academic institutions. Students who are dismissed from the University would continue to receive no refund, while students with extenuating circumstances would be evaluated on a case-by-case basis.

RESOLUTIONS 4-14-17 and 4-15-17 (See Appendix B.)

- Revisions to University Rule 3359-60-04.3, Residence hall refunds (Tab 4)

Modification of this rule was proposed to reduce the refund period for housing fees to 28 days, with a graduated refund scale during that period, with the refund being calculated from the date that the student officially surrenders use of University housing. Additional revisions clarified what constitutes acceptance of housing. The refund period for dining fees also would be limited to 28 days. Students who cancel their dining plan during the refund period would receive a refund of the meal plan cost, less usage to date of cancellation. Students canceling after the 28th day would receive no refund.

The proposed revisions would clarify and simplify the refund policies for housing and dining fees and align the residence hall and meal refund policies with select other Ohio four-year institutions.

RESOLUTION 4-16-17 (See Appendix B.)

Mr. Bauer said that the University would monitor the impact of these changes.

CONSENT AGENDA VOTE

Mr. Bauer said that all of the items on the consent agenda had been discussed thoroughly during committee meetings earlier that day.

ACTION: Demas motion, Scala second for approval of Resolutions 4-2-17 and 4-4-17 through 4-16-17, passed 9-0.

University Council

University Council

MINUTES NOVEMBER 13, 2018 3 – 4:35 PM STUDENT UNION 312

MEETING CALLED BY	Phil Allen, chair
TYPE OF MEETING	Monthly Meeting
PRESIDER	Phil Allen, chair
NOTE TAKER	Kim Haverkamp
ATTENDEES	**Member:** Philip Allen, Linda Barrett, Taylor Bennington, Jeanette Carson, Katie Cerrone, Ed Evans, Tonia Ferrell, Alec Gerred, John Green, Marjorie Hartleben, Brittany Hartman, Kristine Kraft, Paul Levy, Mary Jo MacCracken, Allen Mathis, Chand Midha, Kris Nakoneczny, Ruth Nine-Duff, Jonah Pichette, Linda Saliga, Kimberly Schveder, Julia Spiker **Absent with notice:** Julie Cajigas, Harvey Sterns, Rex Ramsier **Absent without notice:** Lynn Lucas **Other attendees:** Celeste Cook, Joseph Gingo, Wayne Hill, Sarah Kelly, Neil L'Amoreaux, John MacDonald, John Messina, Nathan Mortimer, Joette Dignan Weir

Agenda topics:

3:00 – 3:05 CALL TO ORDER PHIL ALLEN

DISCUSSION

1. The chair called the meeting to order and asked for additions to the agenda. The topic, Presidential Search Process, was added after the President's Remarks. The agenda was approved as amended by unanimous consent.

2. The chair asked for additions or corrections to the October 9 University Council minutes. There being none, the minutes were approved as distributed by unanimous consent.

3:05 – 3:10 CHAIR'S REMARKS PHIL ALLEN

DISCUSSION

1. The chair provided an overview of the proposed presidential search process:
   - Conduct a closed search to obtain a larger and better pool of candidates
   - Create a subcommittee consisting of the UC chair, FS chair, AAUP president and USG president
   - The UC chair would indirectly represent all UC constituency groups not included on the subcommittee
   - The subcommittee would be participatory instead of advisory, but would not vote on the final decision

   A discussion and vote will take place after the President's remarks.

2. CFO Mortimer will present a revised Continuous Planning and Budgetary Process during the In-Depth Budget and Finance Committee Report followed by a discussion and vote.

	3. Discussed the upcoming meeting schedule for UC's discussion and vote on the university-wide Three Year Action Plan • A special meeting will be held on November 27, 2018 for a first reading and discussion of the Action Plan • A vote on endorsement of the Action Plan will be held at the December 4 UC meeting.
3:10 – 3:15	EXECUTIVE COMMITTEE REPORT — RUTH NINE-DUFF
DISCUSSION	The vice chair reviewed the attached October 16 UC Executive Committee minutes. The Academic Activities Review (AAR) Report was released to the campus community on October 22. The full report and the reviews developed by the individual units are available at the AAR website.
3:15 – 3:25	PRESIDENT'S REMARKS — JOHN GREEN
DISCUSSION	The Three-Year Action Plan was discussed: • The division level plans were due on Nov. 12 and have been posted to a Sharepoint site • President Green read the college plans and is pleased with the college-identified priorities and suggested action steps; he is in the process of reading the administrative and auxiliary plans • President Green, Provost Ramsier and CFO Mortimer will use the division level plans to create a university level plan which will be shared with UC for discussion and a vote for endorsement • The university level plan will impact the presidential search and be the foundation for creating the FY2020 budgets • All documents will be made available to the campus community He thanked the Three-Year Action Plan Steering Committee and asked UC members to express his appreciation to their colleagues across campus. Dr. Green recognized the plans were a lot of work in a short period of time and is certain this process will bear good results for the university over time. Concerns about faculty involvement in the Action Planning process should be directed to department chairs, deans and/or Faculty Senate.
3:25 – 3:54	PRESIDENTIAL SEARCH PROCESS — PHIL ALLEN
DISCUSSION	The following were discussed: • Kent State University and Cleveland State University have conducted closed searches • If there is a closed search, a suggestion was made to have an open forum with the Board of Trustees to give constituency groups an opportunity for input • Adding the CPAC and SEAC chairs to the subcommittee would make it too large • Are the UC constituency groups aware of today's discussion and vote? CPAC, SEAC and USG are aware • University Rule 3359-1-05 regarding the presidential selection process would be revised • There was a suggestion to conduct a vote to choose the member who will represent UC on the search subcommittee • Jeanette Carson read the attached statement from CPAC and SEAC • There was a discussion about UC Bylaw H(I)(a), duties of the chair of the University Council/Executive Committee

	• The UC chair noted he would represent all constituents indirectly and would speak with all groups before to understand their perspectives so he can best represent them in the process • There was a discussion about what today's vote would entail; a request was made for a written motion A motion was made to table the question and vote until we receive more information from Provost Ramsier. **The motion carried** by unanimous consent. It is the intent of the UC chair to hold the vote at the special UC meeting on November 27, 2018.
3:55 – 4:15	BUDGET AND FINANCE COMMITTEE IN-DEPTH STANDING COMMITTEE REPORT — PHIL ALLEN NATHAN MORTIMER
DISCUSSION	1. Phil Allen, chair, discussed the attached committee goals. 2. Nathan Mortimer, CFO, discussed the attached FY18 CFO Initiatives that were taken to the Budget and Finance Committee. 3. Nathan Mortimer, CFO, and Phil Allen, chair, discussed the attached Continuous Planning and Budgetary Process. The following was discussed: • The timeline runs November – June; the previously endorsed budget process ran July – May • The new timeline will allow the CFO to use census numbers to develop initial budgetary assumptions and estimates (Nov. – Feb.) • The CFO meets with the UC Budget and Finance Committee (Mar. – Apr.) • The UC makes its budget recommendation to the President (May) The UC Budget and Finance Committee discussed and endorsed the process. There was a motion to endorse the Continuous Planning and Budgetary Process. **The motion carried** by a secret ballot vote of 19 in favor and 1 opposed.
4:15 – 4:35	COMMITTEE REPORTS — COMMITTEE CHAIRS
DISCUSSION	**Communications:** No report. **Informational Technology:** They finalized their goals, which include addressing identity management, ensuring the laptop refresh program is sustainable, establishing effective communication between IT and users, and discussing network storage space. **Institutional Advancement:** They are finalizing their goals. **Physical Environment:** They finalized their goals and approved space allocations. They will hold an election for chair at the next meeting. **Recreation and Wellness:** They finalized their goals. They are working on a reciprocal service agreement between the UA Recreation and Wellness Center and Cleveland Clinic (Montrose, Green and Stow locations). More information is forthcoming and will appear in the Digest.

	Student Engagement and Success: They are finalizing their goals. They will be discussing the First Year Experience, Choose Ohio First and the impact of the December billing on student enrollment. **Talent Development and Human Resources:** They have finalized their goals. They are working on a sick leave policy and health care savings/incentives for employees, as well as workplace development via UA Solutions for employees and a workplace bullying and harassment policy **Ad hoc Awards Committee:** No report. **Ad hoc Human Development Committee:** They met with Dean Tudor about flexible learning options. They would like Dean Tudor to make a presentation to UC in February. **Ad hoc Textbook Committee:** They saw a presentation by Cengage that provided an overview of their innovative textbook program aimed at making textbooks more affordable for students. Information about open textbooks is available at https://www.uakron.edu/affordablelearning/about/index.dot. **Ad hoc Web Accessibility Committee:** They are working on a policy recommendation and will bring it to UC for endorsement.

4:35 – 4:35 NEW BUSINESS PHIL ALLEN

DISCUSSION	Congratulations to Tonia Ferrell. She received her Doctor of Philosophy degree in Higher Education Administration from Kent State University. The meeting was adjourned at 4:35 p.m. by unanimous consent.

Nathan J. Mortimer, CPA

VP Finance & Administration/CFO

November 13, 2018

University Council

Budget & Finance Committee In-Depth Report

The University of Akron

FY 18 CFO Initiatives to Budget & Finance

- Tuition Increase – **Endorsed, see Tuition Guarantee below**
- Travel Policy & Procedure Changes – **Discussed**
- JAR Renovation – **Discussed**
- Establishment of State Patrol Office on or near Campus – **Endorsed**
- Return of Baseball and Women's Lacrosse – **Endorsed**
- Faculty Buy-Out (VRIP) – **Discussed**
- Tuition Guarantee – **Discussed**
- Debt Deferral Opportunity – **Endorsed**
- Consider Raises for Non-Represented Employees – **Endorsed**
- FY 19 Budgets – **Endorsed**
  - General Fund
  - Auxiliary Funds
  - Sales Funds
- Raze Grant St Residence/Town Homes & Plasma Bldgs – **Discussed**
- Continuous Planning and Budget Process – **Discussed**

The University of Akron

Discussion

Nathan J. Mortimer, CPA

VP for Finance and Administration/CFO

August 15, 2018

Debt Deferral Wrap Up

Board of Trustees Meeting

The University of Akron

Debt Deferral

- **Board Authorization**
  - Resolution 4-7-17

- **Deferral Amount, Length, and Interest**
  - $5 million annually for five years
  - Overall University effective rate increased 1 bp to 4.68%
  - Overall University maturity schedule remains 2042
  - Interest approximating $16 million spread FYs 2019 thru 2042
  - Realized $0.59 million NPV savings versus contemplated $0.27 million NPV
  - Taxable debt callable FY 2020

- **Other**
  - University's $4.5 million obligation to Foundation satisfied

The University of Akron

Discussion

University Council

University Council

MINUTES JUNE 13, 2017 3 – 4:30 PM LEIGH HALL 214

MEETING CALLED BY	Ruth Nine-Duff, vice chair
TYPE OF MEETING	Monthly Meeting
PRESIDER	Ruth Nine-Duff, vice chair
NOTE TAKER	Kim Haverkamp
ATTENDEES	**Member:** Philip Allen, Taylor Bennington, Jeanette Carson, Mike Cheung, Jared Coleman, Tonia Ferrell, Marjorie Hartleben, Nancy Homa, Lynn Lucas, Chand Midha, Ruth Nine-Duff, Linda Saliga, Shiva Sastry **Absent with notice:** Linda Barrett, Michelle Byrne, Julie Cajigas, Elizabeth Erickson, Diane Gorse, Katherine Holcomb, Kristine Kraft, Rex Ramsier, Jeanne-Helene Roy, Harvey Sterns, Matt Wilson **Absent without notice:** Trent Weigand **Other attendees:** Olivia DeMoss, John MacDonald, John Messina, Steve Myers, Zak Steiner

Agenda topics:

3:00 – 3:05 CALL TO ORDER RUTH NINE-DUFF

DISCUSSION

1. The vice chair called the meeting to order. She asked for additions to the agenda. There being none, the agenda was approved as distributed by unanimous consent.

2. The vice chair asked for additions or corrections to the May 2 UC minutes. The agenda was approved by a secret ballot vote of 12 in favor and 0 opposed.

3:05 – 3:10 STEERING COMMITTEE REPORT RUTH NINE-DUFF

DISCUSSION

The chair reviewed the attached May 9 UC Executive Committee minutes.

3:10 – 3:20 ACTION ITEMS RUTH NINE-DUFF

DISCUSSION

1. There was a motion to support the following addition to UC bylaw D(3) and D(9)(i) (see attached UC Bylaws Proposal, pages 2 and 4):
   > Employees who retire from the university and remain active in the HR system may, if they wish, continue to fulfill the duties of their unexpired terms, but only with the approval of the constituency group that selected or elected them.

   The motion carried by a secret ballot vote of 7 in favor and 3 opposed.

2. Tonia Ferrell was nominated for the position of secretary. There was a motion to close the nominations and elected the nominee as secretary.
   The motion carried by a secret ballot vote of 11 in favor and 0 opposed.

	3. The Physical Environment Committee reviewed and approved the attached Space Allocation Form for use of the empty lot at 116 Fir Hill Road as a location for a set of raised garden beds where vegetables and flowers will be grown by a student organization. There was a motion to defer consideration until there is a representative from the Physical Environment Committee in attendance to answer questions. **The motion to defer carried** by a secret ballot vote of 11 in favor and 0 opposed. The appointed administrator of the Physical Environment Committee arrived and informed the UC that there is no cost to the University. **The motion for approval carried** by unanimous consent.
3:20 – 4:10	BUDGET AND FINANCE COMMITTEE IN-DEPTH STANDING COMMITTEE REPORT — STANDING COMMITTEE CHAIR
DISCUSSION	Shiva Sastry, chair, and Nathan Mortimer, appointed administrator, discussed the FY18 budget. The Budget and Finance Committee endorsed the principles that went into the FY18 budget. The annual budget process is the responsibility of the CFO. The Budget and Finance Committee will focus on the timeline in the attached UA Strategic Planning and Budgeting Process to make sure that the spirit of the process is being followed. The following items were discussed: • FY17 Topics brought to the Budget and Finance Committee • FY18 General Fund Budget and Assumptions • FY18 Auxiliary Funds Budget and Assumptions • FY18 Sales Funds Budget and Assumptions The Budget and Finance Committee has a good understanding of the documents that were shared with the UC. The documents will be available on the budget website (www.uakron.edu/budget) after BOT approval. UA received 20,000 meals at Rob's Café from Aramark. The cards were provided to the colleges for student retention purposes. We did not use all of them. Seven people are participating in TARP. One-third of the savings will be reinvested into the faculty side of the house. CFO Mortimer shared his future goals: • Bring forward a capital plan • Bring forward the restricted accounts • Provide a forecast of where we are and where we are headed
4:10 – 4:20	STANDING COMMITTEE REPORTS — STANDING COMMITTEE CHAIRS
DISCUSSION	**Communications:** No report. **Information Technology:** No report.

	Institutional Advancement: The committee is continuing to work on a tool kit for best practices to connect students to donors. They are also discussing an idea about how to inform students of available scholarship funds. **Physical Environment:** The committee is continuing to work on various items for space planning. **Student Engagement and Success:** The committee had a joint meeting with the University Communication committee about how to send effective messages to students through existing systems. A pilot will be developed for advisors to communicate with students using GradesFirst. **Recreation and Wellness:** The committee is working on ways to help students with food insecurity. They may roll out a program in the fall. **Talent Development and Human Resources:** The committee is working on developing goals for 2017-18.

4:20 – 4:25 NEW BUSINESS RUTH NINE-DUFF

DISCUSSION	The vice chair discussed the attached Student Communication Resolution Response from President Wilson. The meeting was adjourned at 4:25 p.m. by unanimous consent.

Nathan J. Mortimer, CPA

VP Finance & Administration/CFO

June 13, 2017

Dr. Shivakumar Sastry

Associate Professor, Engineering

Chair, UC Budget & Finance

University Council Budget & Finance Committee

In-Depth Report

FY 17 Goals
(In-Progress)

- Play major role in development of the University's budget
- Create and launch clear and transparent University budget website
- Understand revenue vs. expense balance for academic and non-academic units (tuition, scholarships, research, athletics)

The University of Akron

FY 17 Budget & Finance Initiatives

- Endowment Spending/Admin. Rates Change – **Endorsed**
- Refund Policy Change – **Endorsed**
- Parking Lot Leases Cancelation – **Endorsed**
- Center for Child Development Closure – **Endorsed**
- Faculty Laptop Replacement Program – **Endorsed**
- FY 18 Budget Principles – **Endorsed**
  - No plan for involuntary reduction
  - Invest in enrollment needs
  - $30 million draw from savings
  - Prudent position control
  - Control expenditures
- Graduate-Level Tuition Charge Change – **Tabled**
- Course and Misc. Fees Increase – **Tabled**

The University of Akron

FY 17 Miscellaneous Issues

- HLC visit in February
- Educate campus on the state of finances and managing expenses
- Carryover, startup funds, endowments, revenue, expenses & scholarships
- Formulated principles to a sustainable budget
- Buy-out program discussion
- Graduate School/assistantship changes to save money
- Discussions on athletics - ideas on how to grow revenue & save money
- Grow enrollment and reduce expenses by controlled spending and hiring
- Aramark & EJ Thomas
- Purchase of composter for Robs
- Trackside Grille and Spicer project updates
- State funded maintenance projects
- FY18 budget - presented general fund, auxiliary and sales account numbers

FY 17 Resolutions

- Release PI IDC/Carryover
- UA Strategic Planning and Budgeting Process
  - Developed and approved, but not used for FY 18 (presumes we have a stable environment)

FY 18 Budget Development

- FY 18 General Fund Budget and Assumptions
- FY 18 Auxiliary Funds Budget and Assumptions
- FY 18 Sales Funds Budget and Assumptions

Discussion

APPENDIX B: RESOLUTIONS, Page 4

<u>RESOLUTION 6-9-17</u>: Pertaining to the Approval of Reducing The University of Akron's Endowment Spending and Administrative Rates

WHEREAS, The University's endowment spending and administrative rates total 6.0 percent currently and are 5.0 percent and 1.0 percent, respectively; and

WHEREAS, The Vice President for Finance and Administration seeks to reduce the endowment distribution rates by a total of 75 basis points from 5.0 percent to 4.75 percent for the spending rate and from 1.0 percent to 0.5 percent for the administrative rate; and

WHEREAS, This change is more commensurate with the capital market return the endowment will likely realize over time, will help to maintain and grow the endowment corpus, and will help the University remain compliant with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which requires the purchasing power of the endowment to grow with inflation over time; Now, Therefore,

BE IT RESOLVED, That the recommendation by the Finance & Administration Committee to lower the spending and administrative rates effective July 1, 2017 from 5.0 percent to 4.75 percent and from 1.0 percent to 0.5 percent, respectively, be approved at the June 14, 2017 Board of Trustees meeting.

<u>RESOLUTION 6-10-17</u>: Pertaining to Approval of the FY2017-2018 Course and Miscellaneous Fees

BE IT RESOLVED, That the recommendation of the Finance & Administration Committee on June 14, 2017, pertaining to the FY2017-2018 Course Fees, be approved; and

BE IT FURTHER RESOLVED, That the recommendation of the Finance & Administration Committee on June 14, 2017, pertaining to the FY2017-2018 Miscellaneous Fees, be approved.

<u>RESOLUTION 6-11-17</u>: Pertaining to Approval of FY 2017-2018 General Fund, Auxiliary Funds and Sales Funds Budgets for the Akron Campus and Wayne College

BE IT RESOLVED, That the recommendation of the Finance & Administration Committee on June 14, 2017, pertaining to the FY 2017-2018 General Fund, Auxiliary Funds and Sales Funds budgets for the Akron Campus and Wayne College, be approved.

<u>RESOLUTION 6-12-17</u>: Pertaining to the Naming of Rooms and Areas in The C. Blake McDowell Law Center

WHEREAS, The University of Akron has undertaken a capital campaign to renovate and improve the C. Blake McDowell Law Center so as to provide an enhanced learning environment for students attending, and faculty teaching in The University of Akron School of Law; and

WHEREAS, Many entities and individuals have demonstrated their ongoing commitment and support to The University of Akron School of Law through generous gifts to this capital campaign; and

University Council

University Council

MINUTES NOVEMBER 13, 2018 3 – 4:35 PM STUDENT UNION 312

MEETING CALLED BY	Phil Allen, chair
TYPE OF MEETING	Monthly Meeting
PRESIDER	Phil Allen, chair
NOTE TAKER	Kim Haverkamp
ATTENDEES	**Member:** Philip Allen, Linda Barrett, Taylor Bennington, Jeanette Carson, Katie Cerrone, Ed Evans, Tonia Ferrell, Alec Gerred, John Green, Marjorie Hartleben, Brittany Hartman, Kristine Kraft, Paul Levy, Mary Jo MacCracken, Allen Mathis, Chand Midha, Kris Nakoneczny, Ruth Nine-Duff, Jonah Pichette, Linda Saliga, Kimberly Schveder, Julia Spiker **Absent with notice:** Julie Cajigas, Harvey Sterns, Rex Ramsier **Absent without notice:** Lynn Lucas **Other attendees:** Celeste Cook, Joseph Gingo, Wayne Hill, Sarah Kelly, Neil L'Amoreaux, John MacDonald, John Messina, Nathan Mortimer, Joette Dignan Weir

Agenda topics:

3:00 – 3:05 CALL TO ORDER PHIL ALLEN

DISCUSSION

1. The chair called the meeting to order and asked for additions to the agenda. The topic, Presidential Search Process, was added after the President's Remarks. The agenda was approved as amended by unanimous consent.

2. The chair asked for additions or corrections to the October 9 University Council minutes. There being none, the minutes were approved as distributed by unanimous consent.

3:05 – 3:10 CHAIR'S REMARKS PHIL ALLEN

DISCUSSION

1. The chair provided an overview of the proposed presidential search process:
   - Conduct a closed search to obtain a larger and better pool of candidates
   - Create a subcommittee consisting of the UC chair, FS chair, AAUP president and USG president
   - The UC chair would indirectly represent all UC constituency groups not included on the subcommittee
   - The subcommittee would be participatory instead of advisory, but would not vote on the final decision

   A discussion and vote will take place after the President's remarks.

2. CFO Mortimer will present a revised Continuous Planning and Budgetary Process during the In-Depth Budget and Finance Committee Report followed by a discussion and vote.

	3. Discussed the upcoming meeting schedule for UC's discussion and vote on the university-wide Three Year Action Plan • A special meeting will be held on November 27, 2018 for a first reading and discussion of the Action Plan • A vote on endorsement of the Action Plan will be held at the December 4 UC meeting.

3:10 – 3:15	EXECUTIVE COMMITTEE REPORT	RUTH NINE-DUFF
DISCUSSION	The vice chair reviewed the attached October 16 UC Executive Committee minutes. The Academic Activities Review (AAR) Report was released to the campus community on October 22. The full report and the reviews developed by the individual units are available at the AAR website.	

3:15 – 3:25	PRESIDENT'S REMARKS	JOHN GREEN
DISCUSSION	The Three-Year Action Plan was discussed: • The division level plans were due on Nov. 12 and have been posted to a Sharepoint site • President Green read the college plans and is pleased with the college-identified priorities and suggested action steps; he is in the process of reading the administrative and auxiliary plans • President Green, Provost Ramsier and CFO Mortimer will use the division level plans to create a university level plan which will be shared with UC for discussion and a vote for endorsement • The university level plan will impact the presidential search and be the foundation for creating the FY2020 budgets • All documents will be made available to the campus community He thanked the Three-Year Action Plan Steering Committee and asked UC members to express his appreciation to their colleagues across campus. Dr. Green recognized the plans were a lot of work in a short period of time and is certain this process will bear good results for the university over time. Concerns about faculty involvement in the Action Planning process should be directed to department chairs, deans and/or Faculty Senate.	

3:25 – 3:54	PRESIDENTIAL SEARCH PROCESS	PHIL ALLEN
DISCUSSION	The following were discussed: • Kent State University and Cleveland State University have conducted closed searches • If there is a closed search, a suggestion was made to have an open forum with the Board of Trustees to give constituency groups an opportunity for input • Adding the CPAC and SEAC chairs to the subcommittee would make it too large • Are the UC constituency groups aware of today's discussion and vote? CPAC, SEAC and USG are aware • University Rule 3359-1-05 regarding the presidential selection process would be revised • There was a suggestion to conduct a vote to choose the member who will represent UC on the search subcommittee • Jeanette Carson read the attached statement from CPAC and SEAC • There was a discussion about UC Bylaw H(I)(a), duties of the chair of the University Council/Executive Committee	

	• The UC chair noted he would represent all constituents indirectly and would speak with all groups before to understand their perspectives so he can best represent them in the process • There was a discussion about what today's vote would entail; a request was made for a written motion A motion was made to table the question and vote until we receive more information from Provost Ramsier. **The motion carried** by unanimous consent. It is the intent of the UC chair to hold the vote at the special UC meeting on November 27, 2018.
3:55 – 4:15	BUDGET AND FINANCE COMMITTEE — PHIL ALLEN IN-DEPTH STANDING COMMITTEE REPORT — NATHAN MORTIMER
DISCUSSION	1. Phil Allen, chair, discussed the attached committee goals. 2. Nathan Mortimer, CFO, discussed the attached FY18 CFO Initiatives that were taken to the Budget and Finance Committee. 3. Nathan Mortimer, CFO, and Phil Allen, chair, discussed the attached Continuous Planning and Budgetary Process. The following was discussed: • The timeline runs November – June; the previously endorsed budget process ran July – May • The new timeline will allow the CFO to use census numbers to develop initial budgetary assumptions and estimates (Nov. – Feb.) • The CFO meets with the UC Budget and Finance Committee (Mar. – Apr.) • The UC makes its budget recommendation to the President (May) The UC Budget and Finance Committee discussed and endorsed the process. There was a motion to endorse the Continuous Planning and Budgetary Process. **The motion carried** by a secret ballot vote of 19 in favor and 1 opposed.
4:15 – 4:35	COMMITTEE REPORTS — COMMITTEE CHAIRS
DISCUSSION	**Communications:** No report. **Informational Technology:** They finalized their goals, which include addressing identity management, ensuring the laptop refresh program is sustainable, establishing effective communication between IT and users, and discussing network storage space. **Institutional Advancement:** They are finalizing their goals. **Physical Environment:** They finalized their goals and approved space allocations. They will hold an election for chair at the next meeting. **Recreation and Wellness:** They finalized their goals. They are working on a reciprocal service agreement between the UA Recreation and Wellness Center and Cleveland Clinic (Montrose, Green and Stow locations). More information is forthcoming and will appear in the Digest.

Student Engagement and Success: They are finalizing their goals. They will be discussing the First Year Experience, Choose Ohio First and the impact of the December billing on student enrollment.

Talent Development and Human Resources: They have finalized their goals. They are working on a sick leave policy and health care savings/incentives for employees, as well as workplace development via UA Solutions for employees and a workplace bullying and harassment policy

Ad hoc Awards Committee: No report.

Ad hoc Human Development Committee: They met with Dean Tudor about flexible learning options. They would like Dean Tudor to make a presentation to UC in February.

Ad hoc Textbook Committee: They saw a presentation by Cengage that provided an overview of their innovative textbook program aimed at making textbooks more affordable for students. Information about open textbooks is available at https://www.uakron.edu/affordablelearning/about/index.dot.

Ad hoc Web Accessibility Committee: They are working on a policy recommendation and will bring it to UC for endorsement.

4:35 – 4:35 NEW BUSINESS PHIL ALLEN

DISCUSSION

Congratulations to Tonia Ferrell. She received her Doctor of Philosophy degree in Higher Education Administration from Kent State University.

The meeting was adjourned at 4:35 p.m. by unanimous consent.

Nathan J. Mortimer, CPA

VP Finance & Administration/CFO

November 13, 2018

University Council

Budget & Finance Committee In-Depth Report

The University of Akron

FY 18 CFO Initiatives to Budget & Finance

- Tuition Increase – **Endorsed, see Tuition Guarantee below**
- Travel Policy & Procedure Changes – **Discussed**
- JAR Renovation – **Discussed**
- Establishment of State Patrol Office on or near Campus – **Endorsed**
- Return of Baseball and Women's Lacrosse – **Endorsed**
- Faculty Buy-Out (VRIP) – **Discussed**
- Tuition Guarantee – **Discussed**
- Debt Deferral Opportunity – **Endorsed**
- Consider Raises for Non-Represented Employees – **Endorsed**
- FY 19 Budgets – **Endorsed**
  - General Fund
  - Auxiliary Funds
  - Sales Funds
- Raze Grant St Residence/Town Homes & Plasma Bldgs – **Discussed**
- Continuous Planning and Budget Process – **Discussed**

The University of Akron

Discussion

Mr. Bauer thanked Mr. Mortimer and said that this program is a great idea and that, as a parent of college students, he would have appreciated the opportunity to know what the costs would be for four years.

RESOLUTION 12-18-17 (See Appendix B.)
ACTION: Ciraldo motion, Scala second, passed 8-0.

- Approval of a Voluntary Early Retirement Incentive Program (Tab 3)

  A resolution was proposed to authorize implementation of a Voluntary Early Retirement Incentive Program ("VRIP") for faculty by May 31, 2018. Mr. Mortimer said the resolution would allow the administration to pursue this program, the details of which would be rolled out over the course of the next few weeks as ongoing conversations with the faculty union conclude.

RESOLUTION 12-19-17 (See Appendix B.)
ACTION: Woolford motion, Palmisano second, passed 8-0.

Mr. Bauer then announced that the next regular meeting of the Board of Trustees will take place on Wednesday, February 14, 2017. An executive session will begin at 7:30 or 8 a.m., followed by public Committee meetings. The regular Board of Trustees meeting will convene that afternoon.

ADJOURNMENT

ACTION: Meeting adjourned by consensus at 11:59 a.m.

Roland H. Bauer
Chair, Board of Trustees

M. Celeste Cook
Secretary, Board of Trustees

February 14, 2018

The University of Akron
Existing Rate, Increase, and Cohort Rate per Student Credit Hour (SCH)

	Current rate structure			Existing Rate	6% Increase	New Rate
Tuition						
Instructional	Tuition plateau is 12 - 18 SCH			$359.09	$21.55	$383.89
General Service	Up to maximum of 12 SCH			35.70	2.14	35.70
Facility	Up to maximum of 12 SCH			18.55	1.11	18.55
Subtotal Tuition				413.34	24.80	438.14
Select Fees						
Transportation	Five or more SCH;	$175.00 / 12 SCH =	$14.58	14.58	0.87	15.45
Technology	Less than 96 credits			13.20	0.79	13.20
Library	Less than 96 credits			4.00	0.24	4.00
Career Advantage	Less than 96 credits			3.00	0.18	3.00
Administrative	Less than 96 credits	$30.00 / 12 SCH =	$2.50	2.50	0.15	3.86
Subtotal Select Fees				37.28	2.24	39.52
Total				$450.62	$27.04	$477.66
Total per Semester at 12 SCH				$5,407.44	$324.45	$5,731.89

Cohort Rate by Billing Element	
Tuition	$383.89
Fees	93.77
Total	$477.66
Total per Semester at 12 SCH	$5,731.89

Note 1: The Tuition Guarantee Program (Program) provides certainty that resident tuition, select fees (defined below), and room and board charges will not increase over the ensuing four academic year period from the enrollment of an eligible student in a cohort. This above analysis excludes room and board.

Note 2: For main campus, select fees are defined as the general service fee and facility fee, technology fee, library fee, career advantage fee, administrative fee, and transportation fee.

Note 3: Excluded from the Program are fees such as: non-resident surcharge, course, developmental support, honors program, engineering program, engineering infrastructure, engineering co-operative education, selective service surcharge, etc.

Note 4: Semester assumes 12 SCH. Transportation and administrative flat rates converted to per SCH based on 12 SCH.

Note 5: Cohort Rate by Billing Element calculated as follows:

Tuition includes existing instructional fee ($359.09) plus the 6% increase of all three tuition items ($24.80).

Fees includes existing general service and facility fee rates ($35.70 + $18.55) plus total new rate for all select fees ($39.52).

The University of Akron

University Council

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MINUTES NOVEMBER 13, 2018 3 – 4:35 PM STUDENT UNION 312

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4:35 – 4:35	NEW BUSINESS	PHIL ALLEN

DISCUSSION	Congratulations to Tonia Ferrell. She received her Doctor of Philosophy degree in Higher Education Administration from Kent State University. The meeting was adjourned at 4:35 p.m. by unanimous consent.

Nathan J. Mortimer, CPA

VP Finance & Administration/CFO

November 13, 2018

University Council

Budget & Finance Committee In-Depth Report

FY 18 CFO Initiatives to Budget & Finance

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- Travel Policy & Procedure Changes – **Discussed**
- JAR Renovation – **Discussed**
- Establishment of State Patrol Office on or near Campus – **Endorsed**
- Return of Baseball and Women's Lacrosse – **Endorsed**
- Faculty Buy-Out (VRIP) – **Discussed**
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- Raze Grant St Residence/Town Homes & Plasma Bldgs – **Discussed**
- Continuous Planning and Budget Process – **Discussed**

The University of Akron

Discussion

Nathan J. Mortimer, CPA

VP for Finance and Administration/CFO

February 12, 2018

Finance & Administrative Committee

Tuition Guarantee

The University of Akron

Table of Contents

Background

- Ohio Revised Code §3345.48
  - Undergraduate tuition guarantee program
  - Creates cohort
  - Fixed cohort rate for 4 years
  - Increases
    - At implementation provides 6%
    - Out years provides inflationary

Transition to Cohort Rate and Trending Toward Simplicity

UA Tuition Cap	UA Select Fees	UA Course Fees
Instructional	Transportation	Multiple fees
General Service	Technology	
Facility	Library	
	Career Advantage	
	Administrative	

The University of Akron

Discussion

Ohio | Department of Higher Education

John R. Kasich, Governor
John Carey, Chancellor

DIRECTIVE 2018-017

March 13, 2018

Re: CONSIDERATION OF A REQUEST BY THE UNIVERSITY OF AKRON TO ESTABLISH AN UNDERGRADUATE TUITION GUARANTEE PROGRAM

Section 3345.48 of the Ohio Revised Code authorizes the board of trustees of a state university to establish an undergraduate tuition guarantee program. In establishing the program the board must adopt rules that include all of the following:

1. The number of credit hours required to earn an undergraduate degree in each major;
2. A guarantee that the general and instructional fee for each student in a cohort shall remain constant for four years so long as the student complies with the requirements of the programs;
3. A benchmark by which the board sets annual increases in general and instructional fees. This benchmark and any subsequent benchmark shall be subject to approval by the chancellor;
4. Eligibility requirements for students to participate in the program;
5. Student rights and privileges under the program;
6. Consequences to the university for students unable to complete a degree program within four years, as follows:
    a. For a student who could not complete the program in four years due to a lack of available classes or space in classes provided by the university, the university shall provide the necessary course or courses for completion to the student free of charge.
    b. For a student who could not complete the program in four years due to military service or other circumstances beyond a student's control, as determined by the board of trustees, the university shall provide the necessary course or courses for completion to the student at the student's initial cohort rate.
    c. For a student who did not complete the program in four years for any other reason, as determined by the board of trustees, the university shall provide the necessary course or courses for completion to the student at a rate determined through a method established by the board under division (B)(7) of 3345.48.
7. Guidelines for adjusting a student's annual charges if the student, due to circumstances under the student's control, is unable to complete a degree program within four years;
8. A requirement that the rules adopted be published or posted in the university handbook, course catalog, and web site.

Prior to implementation the University of Akron is required to submit its program and rules to the Chancellor for approval. On December 6, 2017, the board of trustees of the University of Akron adopted an undergraduate tuition guarantee program and subsequently submitted the attached program to the Chancellor for approval.

Agency staff reviewed the request and posted its recommendations to the ODHE website for purpose of providing a period of public comment before final approval by the Chancellor. No public comments were received.

Based upon my review of staff recommendations and public comments received, I hereby determine the program conforms in principle with the parameters and guidelines of section 3345.48 of the Ohio Revised Code and approve the University of Akron's tuition guarantee program.

This Directive will take immediate effect.

John Carey
Chancellor of the Ohio Department of Higher Education

THE UNIVERSITY OF AKRON

RESOLUTION 12-18 -17

Pertaining to the Establishment of a Tuition Guarantee Program

WHEREAS, The University of Akron (the "University") wishes to adopt The University of Akron Tuition Guarantee Program (the "Program"), which will provide fixed tuition, select fees, and room and board rates for each incoming cohort of full-time, bachelor-degree-seeking undergraduate students for four years of attendance, beginning with the fall 2018 enrollees; and

WHEREAS, The Program will provide students and their families with predictability as they plan for a four-year education; and

WHEREAS, Revised Code Section 3345.48 authorizes the Board of Trustees of The University of Akron (the "Board") to establish an undergraduate Tuition Guarantee Program by adopting rules for the governance of the program that must be submitted to the Chancellor of the Ohio Department of Higher Education for approval; Now, Therefore,

BE IT RESOLVED, That the Board adopts the Program for full-time, bachelor-degree-seeking undergraduate students, beginning with students enrolling in fall 2018, including raising by up to six percent (6%) tuition, select fees, room and board, subject to the approval of the Chancellor of the Ohio Department of Higher Education; and

BE IT FURTHER RESOLVED, That the Board adopts the accompanying rules for the governance of the Program, attached as Exhibit A; and

BE IT FURTHER RESOLVED, That the University is authorized to make future modifications to the Program rules to provide for the effective and efficient administration of the program, subject to compliance with the requirements of Ohio Revised Code Section 3345.48.

M. Celeste Cook

M. Celeste Cook, Secretary
Board of Trustees

December 6, 2017

Exhibit A

THE UNIVERSITY OF AKRON TUITION GUARANTEE PROGRAM

A. THE UNIVERSITY OF AKRON GUARANTEE

1. The University of Akron (the "University") Tuition Guarantee Program (the "Program") is a Cohort-based, guaranteed undergraduate Tuition program adopted in accordance with Ohio Revised Code §3345.48 ("Cohort" and "Tuition" are defined herein.) The Program provides all Eligible Students (defined herein) and their families the certainty that resident Tuition, Select Fees (defined herein), and Room and Board charges will not increase over the ensuing four academic year period from their enrollment as an Eligible Student in a Cohort. The Program applies to all Eligible Students enrolling at the University's Main campus. Participation in the Program is required for all Eligible Students admitted at the University in fall semester of 2018 and after.

2. The four academic years of the Program include fall, spring, and summer academic terms and the Cohort Rate is guaranteed for full-time Eligible Students during that time.

3. Undergraduate resident Tuition, Select Fees and Room and Board rates are set by the University's Board of Trustees each academic year and will be guaranteed for four academic years for each entering Cohort. Tuition for summer terms is charged separately based on the guaranteed Cohort per-credit-hour rate, less any discount that is or may be approved by the Board of Trustees and implemented for summer terms.

B. TERMS

1. Bachelor's Degree

   Bachelor's degree programs do not normally require more than 120 semester credit hours to be completed unless the additional coursework is required to meet professional accreditation or licensing requirements. Students completing degree programs requiring more than 120 hours can request an extension of the guaranteed Cohort period following the procedures outlined in Section K. A complete list of programs and their required credit hours can be viewed at www.uakron.edu/academic_majors/.

2. Cohort

    a. Eligible Students are assigned to a Cohort (group) based on the semester in which the Eligible Student is admitted as a full-time, undergraduate bachelor degree-seeking student. Each academic year contains one fall semester Cohort and one spring semester Cohort.

    b. Any Eligible Student who is registered for classes as of the fifteenth day of the fall or spring term will be assigned to that Cohort year for purposes of determining Undergraduate Tuition, Select Fees, and Room and Board for the four academic years covered by the guaranteed Cohort rate. Each Cohort commences with the first semester of admittance and the rate remains constant for four academic years (e.g., fall 2018 through summer 2022; spring 2019 through fall 2023; etc.).

    c. Eligible Students may complete as many undergraduate degrees, majors, minors, and/or certificates as they choose within their Cohort period.

3. Eligible Students:

    a. <u>First Time Student</u>. A First Time Student is any undergraduate, bachelor degree-seeking student admitted at The University of Akron's Main campus for the first time on or after fall 2018, and who has not been enrolled at any other college, university or postsecondary institution prior to enrollment at the University. First Time Student includes an undergraduate bachelor degree-seeking student who enrolls at the University's Main campus immediately after graduating from high school and non-traditional students who enroll at the University's Main campus for the first time.

    b. <u>Transfer Student</u>. A Transfer Student is any student who enrolls as an undergraduate bachelor degree-seeking student, with eligible credit hours from another college or postsecondary institution. Transfer Students who transfer from another institution prior to fall semester 2018, are not covered by the Program and will be assigned to the University's non-Cohort Tuition schedule. Students transferring from another institution who enroll on or after the fall 2018 semester will receive the Cohort Tuition rate in place at the time of their first semester of enrollment at the University's Main campus.

    c. Eligible Students does not include non-degree-seeking students, College Credit Plus or Advanced High School; exchange students; and other students participating in other pre-enrollment or postsecondary option programs.

4. Returning Students

Returning students enrolled prior to fall semester 2018 are not eligible for the Tuition Guarantee Program.

C. DISSEMINATION

The terms and conditions of the Program, including respective Cohort rates, will be disseminated by the University using various methods including publishing on websites and in student handbooks and course catalogs. Information also will be available through various University offices, such as: University Bursar, University Registrar, Admissions, Enrollment Services, and other student service offices.

D. ADDITIONAL PROVISIONS

1. Summer Term Start

Students whose first enrollment is a summer term will pay the prior Cohort Tuition per credit hour rate for the initial summer term, but will be assigned to, and pay the Tuition, Select Fees, and Room and Board associated with the entering fall semester Cohort that immediately follows. Summer start students are typically students who have confirmed their enrollment and will be matriculating for the first time for the fall semester immediately following the summer term. By being assigned to the following fall semester Cohort, these students will receive the benefit of guaranteed Tuition and other applicable fees for four full years after completing the initial summer term.

2. Students moving from the University's Associate Degree Program or Wayne College Campus to the Main campus.

University students who transfer from the University's Associate Degree Program or Wayne College campus to its Main campus as a full-time bachelor degree-seeking student will be assigned to the lowest unexpired Cohort for the duration of that Cohort. When the assigned Cohort expires, the student automatically will be placed into the Cohort that went into effect the year after their initial assigned Cohort (Cohort +1). The student will remain in that Cohort for up to two years and if still enrolled after that Cohort expires, will be placed into the next Cohort (Cohort +2) for the next year and so on until the student no longer is enrolled (up to the maximum permitted time under the Program.)

3. Re-Enrolling Students

Re-Enrolling Students who were admitted in a degree-seeking program at the University prior to fall 2018 are not covered by the Program and will pay non-Cohort Tuition, Select Fees, other applicable fees, and Room and Board. When an Eligible Student originally assigned to a Cohort seeks to re-enroll after any period of non-attendance and not more than four (4) academic years have elapsed since the Eligible Student's initial degree-seeking enrollment, then the Eligible Student will be assigned to the Eligible Student's original Cohort for the balance of the Cohort period. If four (4) or more academic years have elapsed, then the Re-Enrolling Student is assigned to the oldest unexpired Cohort at the campus to which they are re-enrolling.

4. Non-Degree Students

Students admitted or enrolled as non-degree-seeking students are not covered by the Program and will not be assigned to a Cohort unless the student subsequently enrolls as a full-time undergraduate bachelor degree-seeking student. Non-Degree Students will pay Cohort Tuition, Select Fees, and Room and Board, set annually by the Board of Trustees. Non-Degree Students include those enrolled in College Credit Plus or Advance High School; exchange students, and students participating in pre-enrollment or postsecondary option programs. Once an undergraduate student is admitted as a bachelor degree-seeking student, the student will be assigned to a Cohort based on the semester in which the student first enrolled as a full-time bachelor degree-seeking student.

5. Students enrolled at both Main and Wayne College campuses

Some students take all of their classes during an academic year (fall, spring, or summer) on either the Wayne College campus or the Main campus respectively. However, some students take classes at the Main campus, as well as the University's Wayne College campus or another University location during the same academic term. Students enrolled for credit hours at the Main Campus and at the Wayne College campus or another University location will pay the lower of the Cohort rate or the rate of the other University location for those credit hours taken at that other University location. However, if the credit hours for which the student is enrolled at the Wayne College campus or another University location would be included within the tuition plateau (no additional tuition cost to students for credit hours 12-18), students will not be required to pay for those credit hours.

E. EXCEPTIONS TO STANDARD LENGTH OF COHORT

The Program is for four (4) academic years commencing with either the fall or spring semester. Some students may require additional academic periods beyond four (4) academic years to complete their baccalaureate degree and will continue to attend the University beyond their Cohort period. When certain exceptions are met (as described in Section K of this document), students may extend their guaranteed Cohort Tuition, Select Fees, and Room and Board beyond their guaranteed Cohort period. Students who do not complete their undergraduate degree requirements and are not eligible for an exception (as defined in section K below) by the end of their assigned Cohort term, will be placed into the Cohort that went into effect the year after their assigned Cohort (Cohort +1). The student will remain in that Cohort for up to one year and if still enrolled after that Cohort expires, will be placed into the next Cohort (Cohort +2) for the next year and so on until the student is no longer enrolled (up to the maximum permitted time under the Program.).

F. RATES INCLUDED IN THE PROGRAM

1. For purposes of the Program, Tuition is defined as the fee for instruction charged to all students. Non-resident students also pay a non-resident Tuition surcharge, and international students pay an additional international fee that are not part of the Program guarantee. Full-time students pay additional Tuition at their Cohort rate for over 18 credit hours enrolled per term. Tuition is set each academic year for four academic years for each entering Cohort. Tuition for summer terms is charged separately based on the guaranteed Cohort per credit-hour rate, less any discount that is or may be approved and implemented for summer terms. Eligible Students who reduce their enrollment to part-time status at any time during their enrollment at the University pay Tuition on a pro-rated, per-credit- hour basis at the Cohort rate.

2. Select Fees. For Main campus, these fees include the general service fee and facility fee, technology fee, library fee, career advantage fee, administrative fee, and transportation fee. A complete description of these and other applicable fees can be found at www.uakron.edu/student-accounts/costs/.

3. Under the Program, each incoming undergraduate resident Cohort is charged its unique, guaranteed rate for four academic years. Full-time students pay additional Tuition at their Cohort rate for over 18 credit hours enrolled per term. Tuition is set each academic year for four academic years for each entering Cohort. Tuition for summer terms are charged separately based on the guaranteed Cohort per credit-hour rate, less any discount that is or may be approved and implemented for summer terms. Eligible Students who reduce their enrollment to part-time status at any time during their enrollment at the University pay Tuition on a pro-rated, per-credit- hour basis at their Cohort rate.

G. OTHER STUDENT RATES INCLUDED IN THE PROGRAM

The Program is designed to provide a guarantee of the rate for completing an undergraduate bachelor degree at the University. The following rates also are included in The Program:

1. Housing Rates (Room)

   The Program includes a guaranteed rate schedule for housing that represents the various housing options available to undergraduate students. The rate charged to the Eligible Student is based upon the student's selected or assigned residence type and location. If a student changes from one room or hall type to another during the Cohort period, the housing rate charged to the Eligible Student will be adjusted based on the guaranteed rate schedule that is in effect throughout the Eligible Student's Cohort period. Student requests to reside in on-campus housing beyond the second year are subject to room availability. If space is available for an Eligible Student who already has met the residency requirement, the established Cohort rate schedule for student rooms continues throughout the period covered by the guaranteed Cohort rate.

2. Meal Plan Rates (Board)

   The Program includes a number of meal plan options from which the Eligible Student may choose, depending on whether the Eligible Student resides on- or off- campus. A meal plan is required for students residing in university housing. A Cohort menu of meal plans and rates is included as part of the Cohort rate, and the actual meal plan rate will be based on the meal plan selected by the Eligible Student. While the meal plan rate will remain guaranteed during the Cohort period, individual meal items and merchandise in retail locations are subject to rate changes. The menu of meal plan options and rates will be set for each new Cohort consistent with the contractual obligations between the University and its third party service provider.

H. OTHER STUDENT RATES NOT INCLUDED IN THE PROGRAM

Only undergraduate Tuition, Select Fees, and Room and Board charges are included in the Program guarantee. All other charges including but not limited to undergraduate non-resident surcharge, international fee, specific course and service fees, program fees, student health insurance, textbooks, charges and fines incurred by students (such as late fees) and graduate and professional Tuition and fees are not included.

I. COHORT RATES BEYOND THE INITIAL YEAR

1. Once the initial Cohort Tuition is established, subsequent Cohort increases in Tuition will be based on:

   a. The average rate of inflation, as measured by the consumer price index prepared by the Bureau of Labor Statistics of the United States Department of Labor (all urban consumers, all items), for the previous sixty-month period; and

   b. The percentage amount the Ohio General Assembly restrains increases on in-state undergraduate instructional and general fees for the applicable fiscal year. If the General Assembly does not enact a limit on the increase of in-state undergraduate instructional and general fees, then no limit shall apply under this section for the Cohort that first enrolls in any academic year for which the General Assembly does not prescribe a limit.

   c. This rate of increase will be benchmarked against peer four-year residential research institutions' four-year rolling cost averages to account for the impact of the Cohort pricing model on Tuition changes. If the Program falls significantly below these institutions, the University may elect to submit for approval by the Chancellor of the Department of Higher Education an increase in the forthcoming Cohort Tuition pricing in excess of the stated limitation for Ohio residents.

2. Increases in Cohort rate for Room and Board charges are not subject to the rates' formula set forth above and the plan composition and rates will be determined by The University's Board of Trustees.

J. STUDENTS WHO WITHDRAW AND RE-ENROLL

If a student takes a leave, withdraws, or is judicially suspended from the University for one or more academic semesters, the four (4) academic year period covered by the guaranteed Cohort rate will not be extended. As a result, the student will lose the term(s) of eligibility while absent within the four (4) academic year Cohort period. When the student re-enrolls, if four (4) academic years have not lapsed since the student's initial degree-seeking enrollment, then the student will be charged the guaranteed rate based on their original Cohort for the balance of the Cohort period. If four (4) or more academic years have passed, then the re-enrolling student is assigned to the oldest unexpired Cohort (as defined in section K).

K. EXCEPTIONS FOR STUDENTS WHO REQUIRE MORE THAN THEIR COHORT PERIOD TO GRADUATE

Some students will take longer than their guaranteed Cohort period to graduate due to extenuating circumstances.

1. Students enrolled in degree programs that require more than 120 hours to complete, as determined by the University, will receive, an automatic extension of the Cohort period for one additional year to provide the time necessary to complete the degree program. Students requiring further time to graduate beyond the one additional year are required to follow the appeal process detailed in this Section K.

2. No later than one semester prior to the expiration of their guaranteed Cohort term, a student may request an extension of their guaranteed Cohort rate. Each case will be evaluated on its own merits to determine whether an extension should be granted and, if so, the nature and duration of any extension.

3. A Program Appeals Committee (the "Appeals Committee") administered by the University Registrar, will evaluate requests for exceptions. The appeal must fall within extenuating circumstances established by the Appeals Committee as described below.

    a. If the Appeals Committee finds that the student cannot complete the degree program within the four (4) academic years of the student's Cohort due solely to a lack of available mandatory or required courses or space in required or mandatory classes provided by the University, the University will provide the student with an opportunity to take the necessary course or courses without requiring the payment of Tuition.

    b. Other circumstances will be considered for an extension of the guaranteed Cohort rate beyond the four (4) academic years depending on the validity and impact of the circumstances including:

        i. Enrollment in a degree program requiring more than 120 hours to graduate
        ii. Illness or Injury of the student
        iii. Disability that necessitates a reduced course load as a reasonable accommodation
        iv. Medical Leave of Absence
        v. Victim of Interpersonal Violence or Crime while enrolled

c. If the Appeals Committee determines that the student has provided sufficient documentation of extenuating circumstances that were outside the control of the student and prevented the student from completing the student's program of study during the assigned Cohort period, the Committee will determine the appropriate period of time or number of courses to extend the guaranteed Cohort rate.

d. Any student who takes longer than their guaranteed Cohort period to graduate due to service in the United States Armed Services will be given an automatic extension of their guaranteed Cohort rate based upon the number of academic terms impacted by the student's military service absence.

Ohio | Department of Higher Education

John R. Kasich, Governor
John Carey, Chancellor

TUITION GUARANTEE REQUEST FOR APPROVAL

The following request has been posted for a 2-week public comment period and is recommended for approval. No public comments were received.

Recommenders: Amy Shaffer Amy Shaffer March 13, 2018

University of Akron

- UA has submitted a tuition guarantee program to be implemented beginning academic year 2018-2019. The rules are attached.

Comments received:

None

25 South Front Street
Columbus, Ohio 43215

phone 614.466.6000
fax 614.466.5866
web **www.OhioHigherEd.org**

- Lease of 108 Fir Hill (Tab 2)

  The proposed action would authorize the Vice President for Finance and Administration/ CFO to enter in to a lease of the property at 108 Fir Hill to the Ohio State Highway Patrol (OSHP), subject to review and approval of the terms and conditions for legal form and sufficiency by the Office of General Counsel and approval by the President.

  Mr. Mortimer indicated that, although the intent is not for the OSHP to patrol campus, its presence at the site, which formerly housed the University's Child Development Center, would complement ongoing efforts to enhance safety and security of the campus and surrounding areas.

  RESOLUTION 10-12-17 (See Appendix B.)
  ACTION: Ciraldo motion, Palmisano second, passed 5-0.

- Creation of Women's Lacrosse and the Return of Baseball (Tab 3)

  The proposed action would create a women's lacrosse team and men's baseball team at the Division I NCAA level to begin competition in the 2019-2020 academic year.

  Athletic Director Williams said that the focus of these two sports will be to recruit and retain Ohio residents. The additional level of focus will be to raise revenue for scholarships from only external sources as opposed to the General Fund. Mr. Williams said that he believes these two sports will benefit the University through the addition of 65 new students who otherwise would not be on campus.

  Mr. Bauer added that President Wilson had made presentations to Faculty Senate and University Council in recent weeks and that both had been in favor of the initiative.

  RESOLUTION 10-13-17 (See Appendix B.)
  ACTION: Palmisano motion, Ciraldo second, passed 5-0.

- Second Amendment to the President's Employment Agreement (Tab 4)

  Mr. Bauer said that the proposed resolution would accomplish two actions:

  1. Extend President Wilson's employment contract to June 2023; and

  2. Raise his compensation to a more competitive level.

  These two actions were designed as measures to further solidify leadership at the University. Mr. Bauer emphasized that, even with the increase, which would be funded through University of Akron Foundation monies, President Wilson's compensation will be appropriate but still well below total compensation packages for other public university presidents in Ohio.

  Mr. Bauer thanked the University of Akron Foundation for its "enthusiastic and unwavering support" of this effort, of President Wilson and of the University's budget. He then read from the resolution:

The University of Akron's Undergraduate Enrollment Plan Fall 2019 and Fall 2020

Table of Contents

1. Introduction

During the Spring 2018 semester, an enrollment planning group was convened to help support the development of an undergraduate enrollment plan.

As the plan took shape there were three key components identified:

1. **Environmental Scan**
   The environmental scan became an important resource as the planning process progressed. The scan identified opportunities as well as challenges that exist within Ohio's higher education market—and with our current enrollment practices.

2. **Enrollment Goals, Strategies, and Tactics**
   Goals, strategies, and tactics were defined based on current enrollment priorities.
   In addition, the enrollment plan provides a mechanism to track and evaluate these efforts.

3. **Enrollment Projections/Targets**
   The planning group felt it was important to develop enrollment projections that tracked future enrollment levels of our key student segments. The projections/targets would be determined by historical trend data, changes in the internal and external environments, and the impact of our enrollment initiatives.

The enrollment plan is intended to be at two year plan (Fall 2019 and Fall 2020) but a key feature of this effort is that the plan will be reviewed on an ongoing basis. This review will provide feedback on the college's enrollment strategies and tactics and the identification of new efforts that are being implemented. This analysis will also provide updates to the environmental scan and adjustments to the enrollment projections/targets.

Additionally, the group expects that this on-going enrollment planning process will assure a more deliberative process for decisions that impact overall enrollment.

Members of the initial Enrollment Planning Group were:

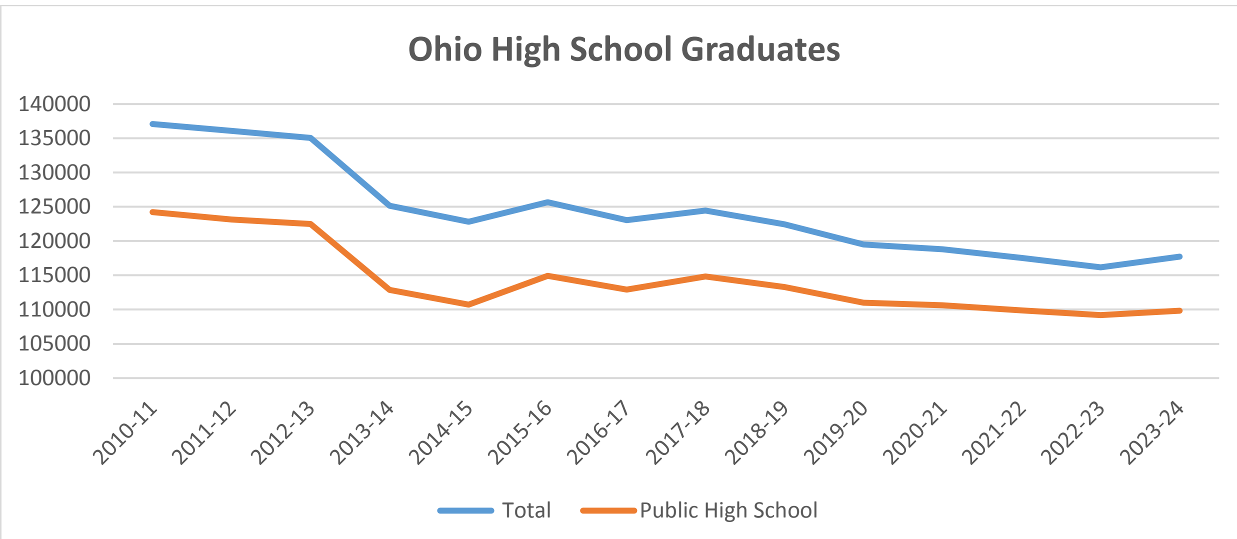
Taylor Bennington (USG)	Anne Hanson
Sarah Cravens	Wayne Hill
Kim Gentile	John Messina
Amy Gilliland	Don Visco
Jennifer Harpham	Barbara Weinzierl

2. Environmental Scan

Competitive Environment

The University of Akron's enrollment planning activities take place in an extremely competitive market.

There are two primary factors that cause the higher education market in Ohio to be challenging. The first is that the pool of traditional-aged prospective students has been declining. The number of high school graduates in Ohio has dropped by 10% the past seven years—and will continue to decline over the next five years.

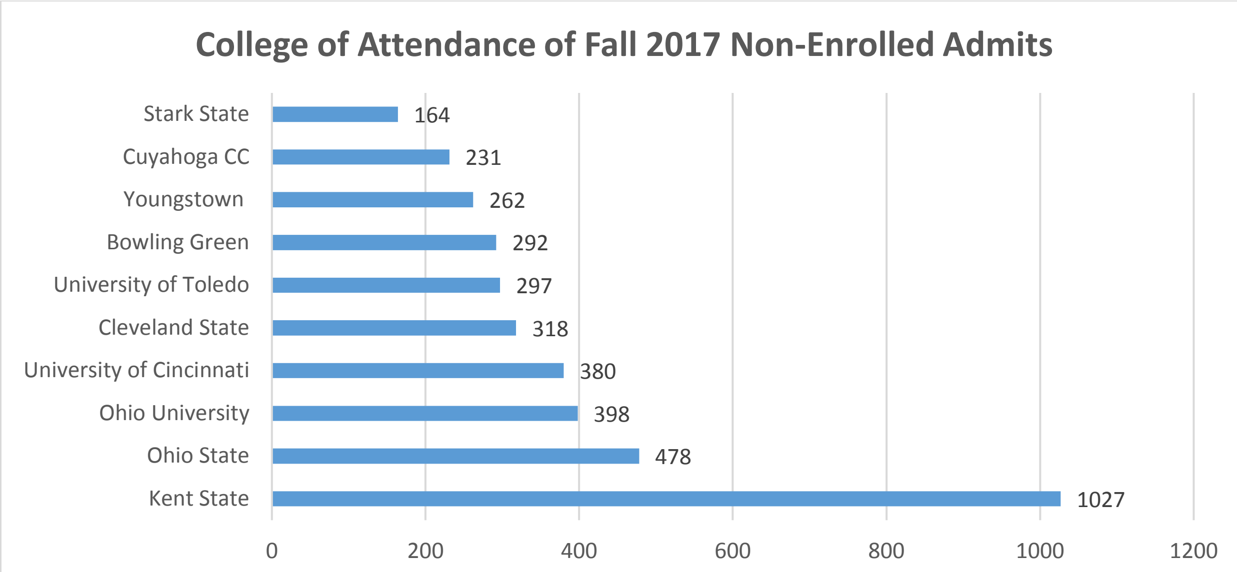


Source: WICHE

The second primary reason why the market is so competitive is that there are 13 public universities, 48 private colleges, 23 community colleges, and over 50 for-profit colleges competing for this shrinking pool of direct-from-high school students.

Through the National Student Clearinghouse (NSC) we are able to identify our top competitors based on the colleges our non-enrolling admits attend. Over the years that we have been tracking this information, Kent State consistently captures the highest number of our non-enrolling admits.

The list of competitors from NSC is also consistent with the overlap institutions that Naviance (a college planning tool for high schools) has identified for us—which are potential students who have completed an application with UA and with one of our top ten competitors.



Source: National Student Clearinghouse

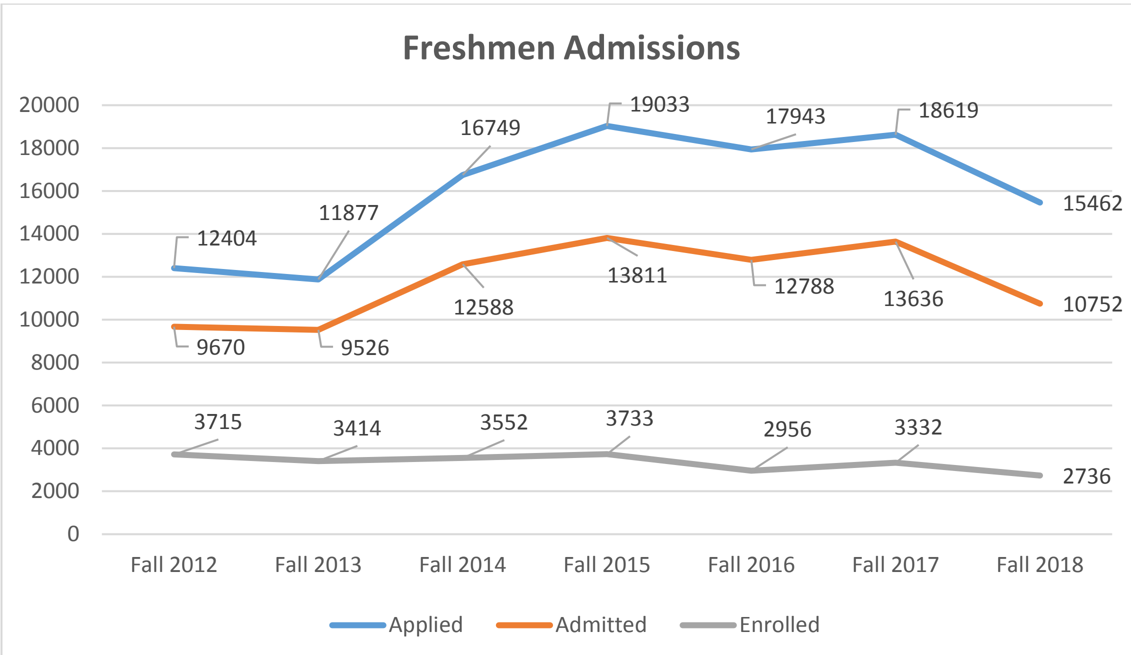
Naviance also has provided ***our rank*** with the other Northeast Ohio Public Universities:

- Kent State University — UA is their #2 overlap institution
- Youngstown State — UA is their #1 overlap institution
- Cleveland State — UA is their #2 overlap institution

An additional competitive factor in Northeast Ohio is the percentage of students the four public universities enroll from the region. UA, Kent, and Cleveland State enroll over 80% of their undergraduate students from Northeast Ohio counties (source University IR Offices).

Internal Environment

Below is a graph highlighting the UA's key admission performance indicators (applications, admits, and enrolled) from the past 7 years.



Source: UA Institutional Research

The Fall 2018 new student recruitment cycle was significantly impacted by three adjustments in the admissions process:

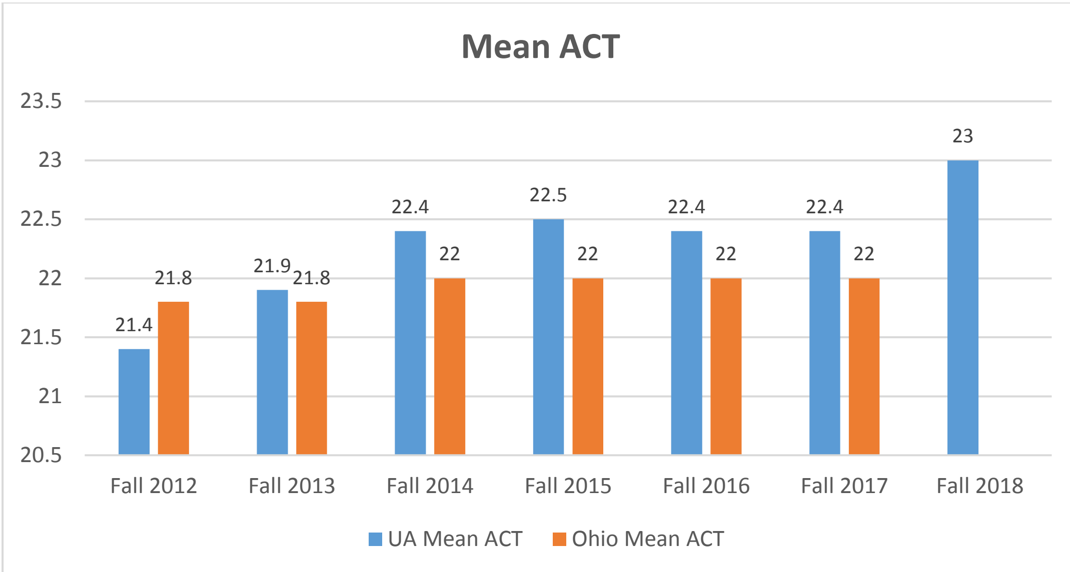
1. **Denial/Deferral of Preparatory Applicants**

   During this year's cycle, UA fully implemented the Board Rule to deny/defer admission to the preparatory applicant.

   The result of this admissions decision was the reduction of approximately 450 new freshmen based on the number of preparatory denials.

   This practice will have significant long-term benefits for UA:

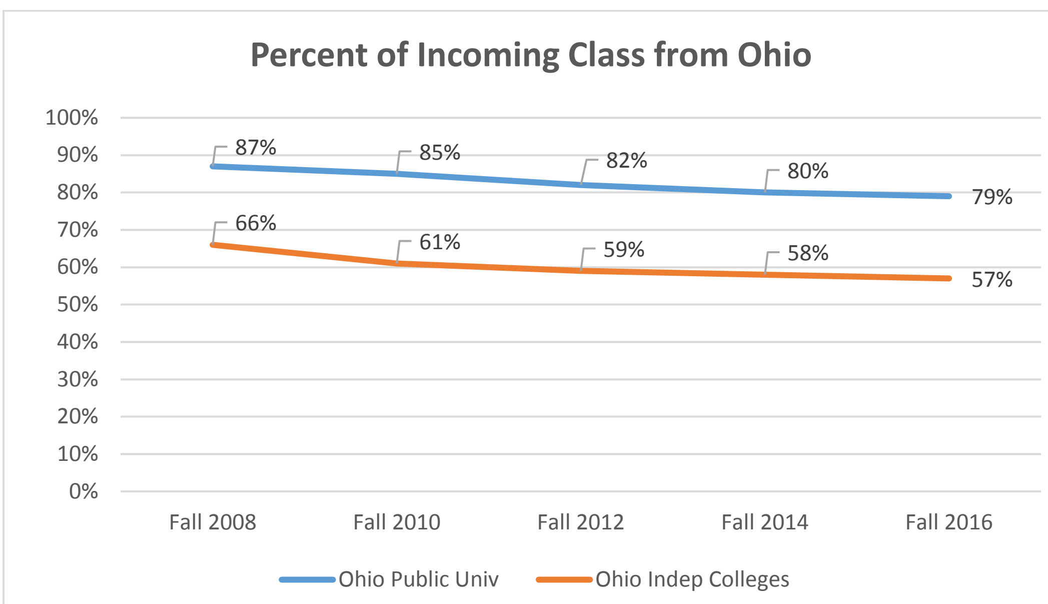
   - Stabilization of enrollment by eliminating a high risk enrollment group
   - Increased academic profile of new freshmen
   - Increased retention, persistence and graduation rates



Source: UA Institutional Research and ACT

2. Change in Out-of-State Pricing

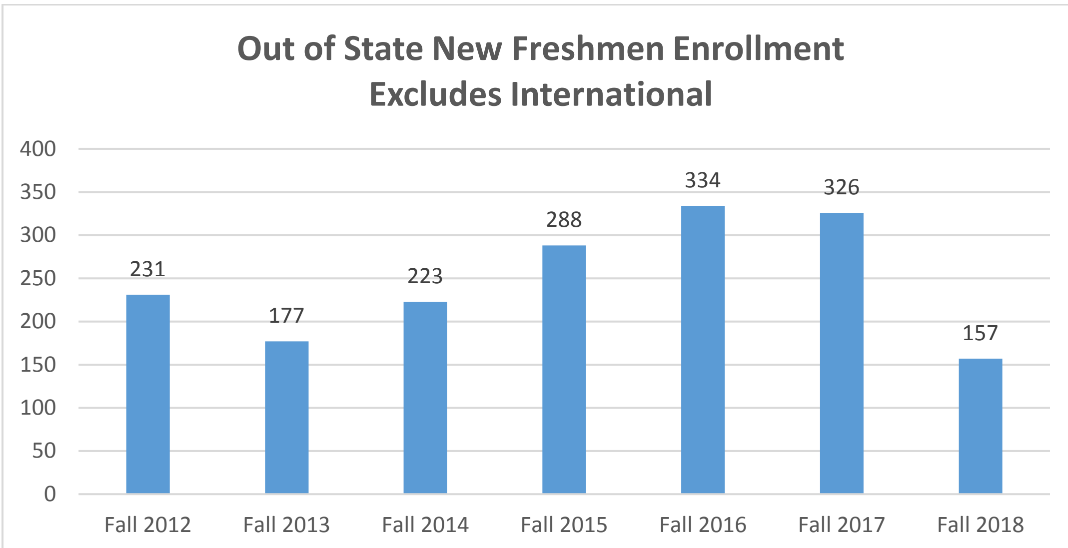
Due to the shrinking number of high school graduates, colleges and universities in Ohio are looking to out-of-state markets to supplement their freshmen enrollment.



Source: AICUO and the National Center for Education Statistics

Two pricing changes occurred for Fall 2018 new freshmen that negatively impacted our out-of-state enrollment. The Akron Advantage Scholarship for out-of-state freshmen was eliminated and was replaced with a $4000 reduction in the out-of-state tuition.

Students and parents did not respond favorably to this pricing strategy as indicated by the 51% decline in out-of-state new student enrollment.



Source: UA Institutional Research

3. Elimination of admissions application marketing efforts using a third party

In spring 2017, the university did not renew EAB's contract for the 2017-18 academic year. This created a gap in applications that initially became apparent in early October. The university signed on with EAB in late December for a late senior outreach effort that began in early January.

Below is a Fall 2018 summary of our admit rates and yield rates for the three application types we currently use for new freshmen:

Application Type	Applicants	Admitted	Admit Rate	Enrolled	Yield Rate
CommonApp	6711	5414	81%	987	18%
EAB	1870	928	50%	166	18%
TargetX	7024	4490	64%	1626	36%

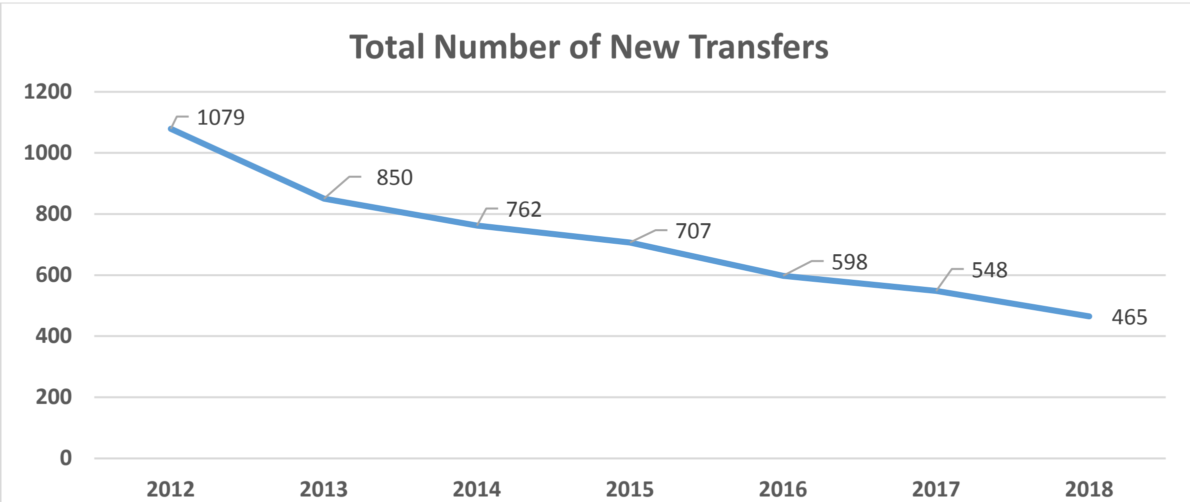
Even though the admit rates for EAB applicants are low, we still enroll students who use this application type at the same rate as students who apply using the CommonApp. In today's competitive market, the scaled recruitment effort provided by EAB is needed, but colleges must find the right place for this type of outreach in their overall enrollment strategy.

Beyond New Freshmen—Other Sources of New Student Enrollment

With the decline of high school graduates, Ohio colleges are looking at other sources of new student enrollment.

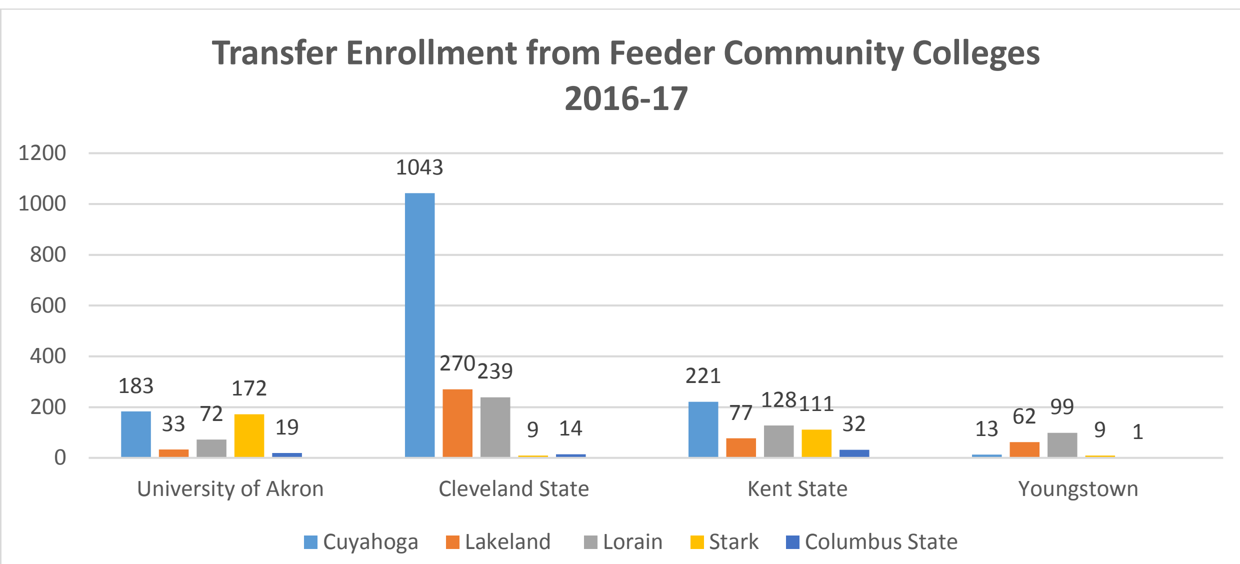
Transfers

Over the past six years UA has experienced a substantial decline in the number of new transfers.



This decline is reflective of the recent enrollment patterns at community colleges. Since 2012 the enrollment at Ohio's community colleges has declined by 20%. This decline would have been more significant if it wasn't for the College Credit Plus program—22% of Ohio's community college enrollment is from CCP.

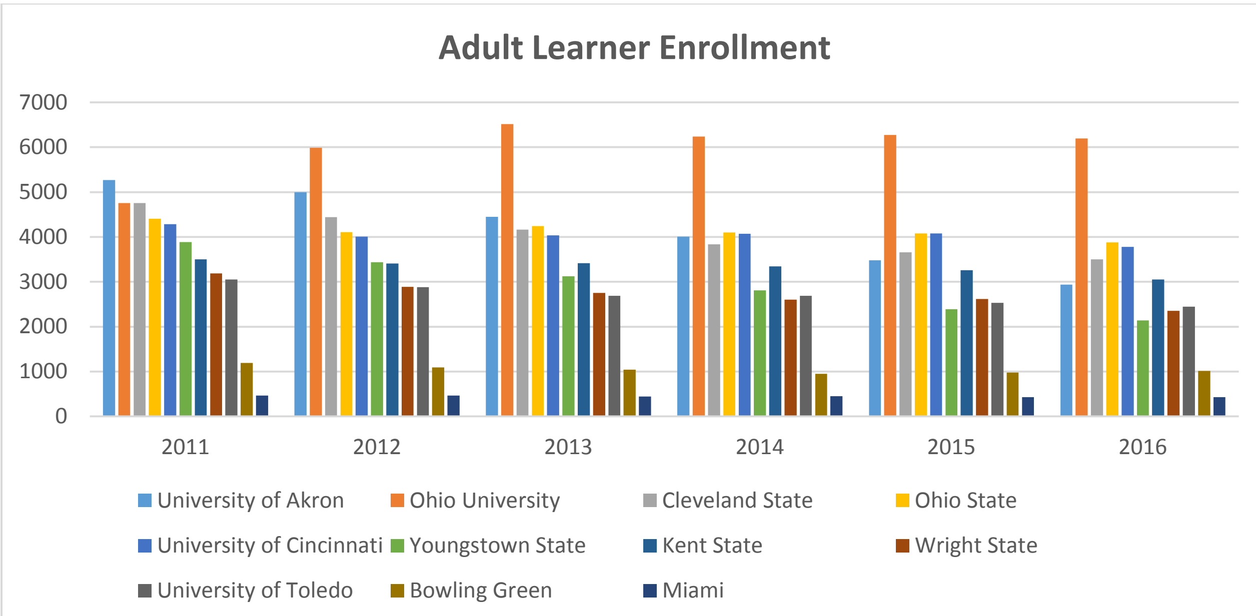
Universities that have strong dual admissions agreements, transfer pathways, and university partnership programs with community colleges are experiencing growth within the transfer student market.



Source: ODHE Matrix of Transfer Activities

Adult Learners

In 2011 The University of Akron enrolled more adult learners (students age 25 and older) than any other university in Ohio. Since 2011 UA has experienced a steady decline in adult students



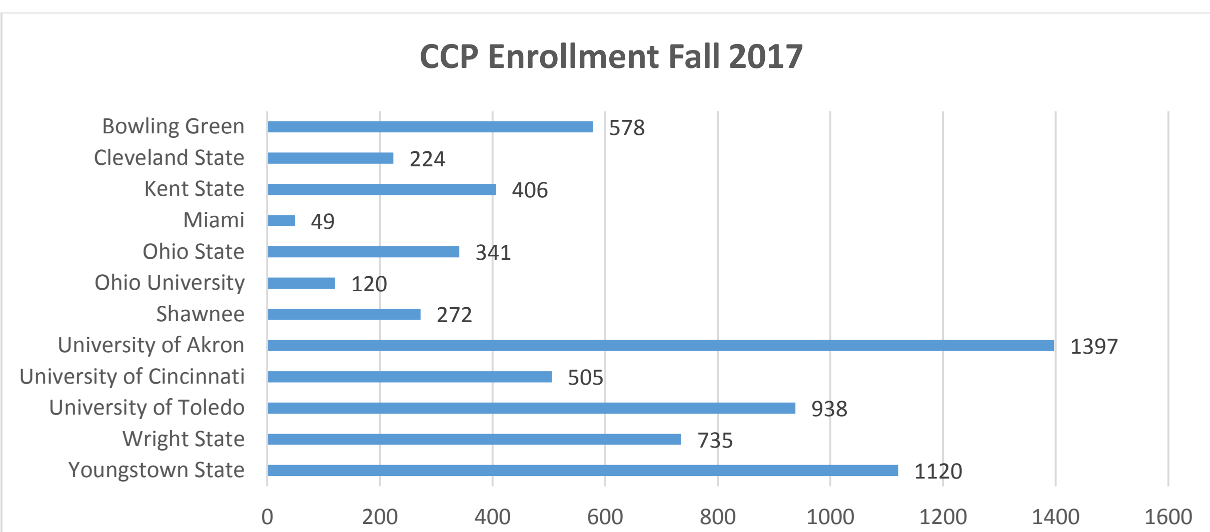
Source: ODHE Enrollment Reports

The University also had a similar decline in the enrollment of student veterans, an important segment within the adult learner population.

Ohio universities that provide on-line, flexible, and accelerated programs are currently finding success in the current adult market (e.g. Ohio University and Bowling Green).

College Credit Plus

The University of Akron (main campus) enrolls the largest number of College Credit Plus (CCP) students of all the Ohio public universities.

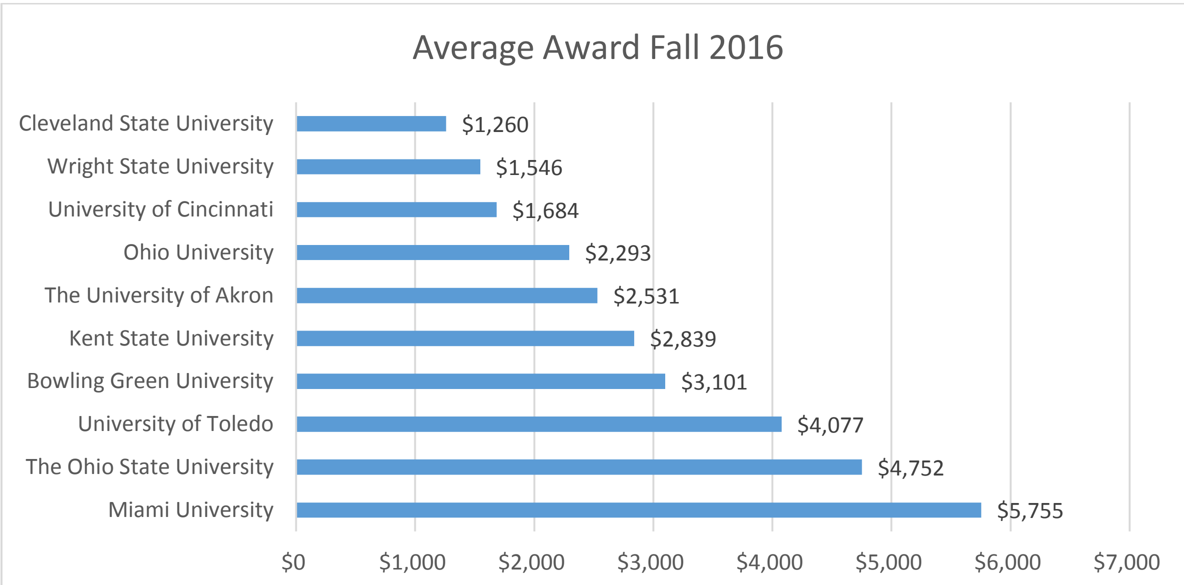


In Fall 2017, 30% of all UA's CCP course enrollments were on the Akron campus—while 29% of the course enrollments were generated from sections taught by high school faculty at their high school locations.

In addition to the revenue generated by CCP students, UA has been able to effectively recruit CCP students as new freshmen. UA enrolled 331 students in Fall 2018 who were previously CCP students at the University.

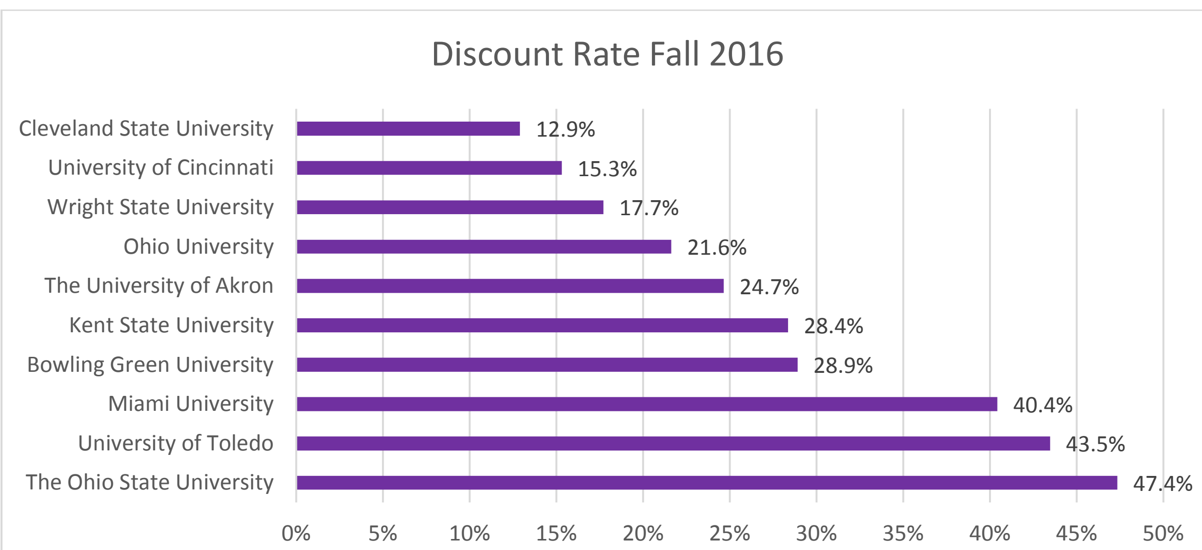
Tuition Pricing/Scholarships

Within the Ohio public education market, The University of Akron is in the middle of the pack when you compare average scholarship awards for undergraduate students. UA's average scholarship award is 5th lowest among Ohio public universities participating in the Common Data Set reporting—with many of our top competitors having higher average awards.



Source: 2016-17 Common Data Set—revenue sources include endowed scholarships and annual gifts; tuition funded grants; athletic aid; tuition waivers.

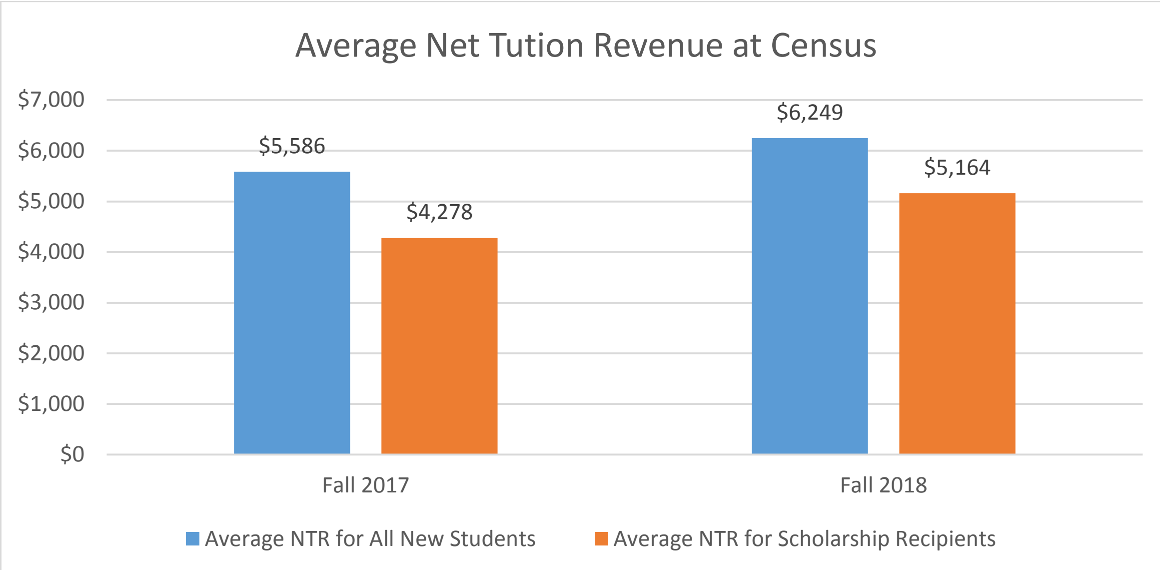
The University of Akron's discount rate* for all Fall 2016 undergraduate students was 24.7%--which again was fifth lowest among all Ohio public universities.



Source: Common Data Set and ODHE 2016 Survey of Student Charges

*Discount rate = Average institutional award for all students/Tuition and all required fees

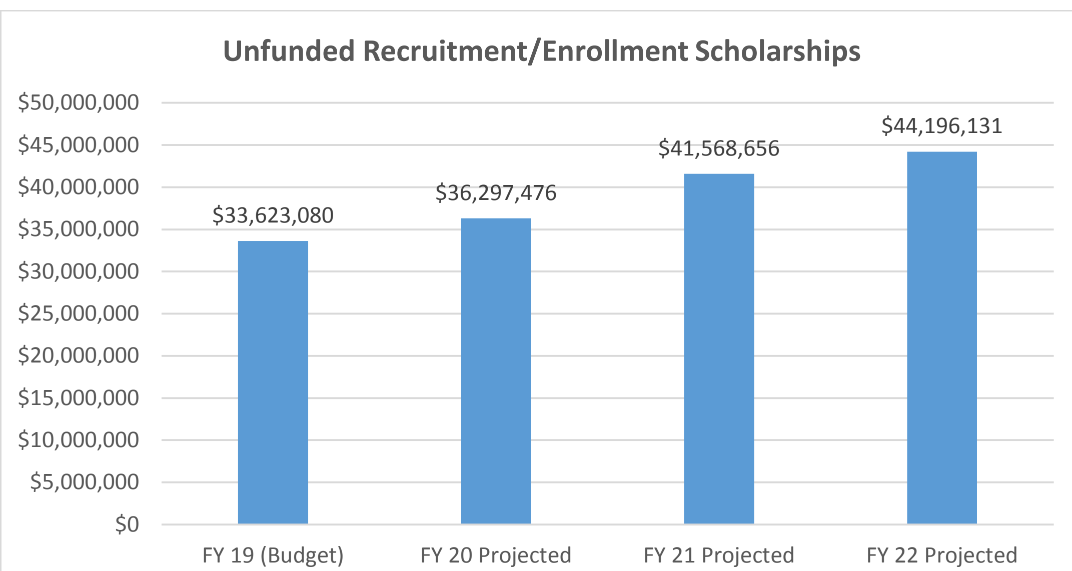
This fall we also saw an increase in average net tuition revenue (NTR) of approximately $300 per student (scholarship recipients) after accounting for the Fall 2018 increase in tuition for new students.



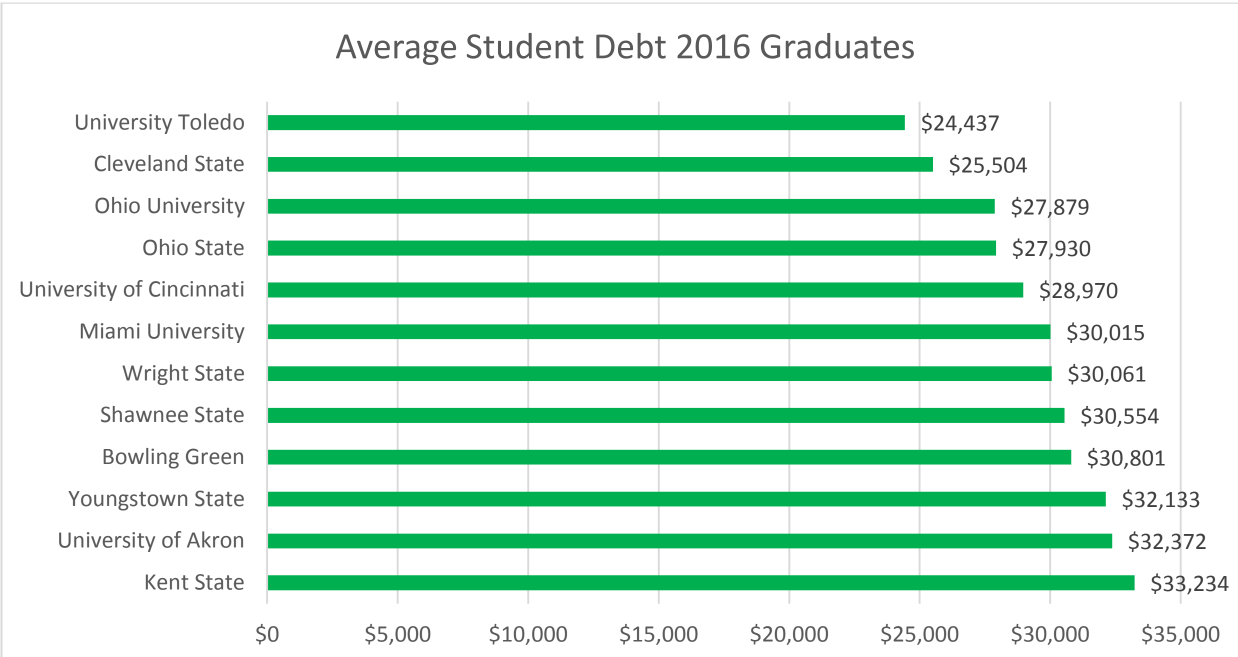
Source: UA Financial Aid Office

With the implementation of the Akron Guarantee Scholarship (AGS), the projected unfunded recruitment/enrollment scholarship expenditures will steadily increase over the next several years. The primary driver of the increases are the "bumps" that continuing students will receive as part of the AGS scholarship program.

The expenditures related to the AGS program will level-off in FY22.



UA's average loan debt from federal and state loan programs for our 2016 graduates is $32,372—which is second highest in the state for public colleges/universities. Many factors influence loan debt—including financial need, time to degree, and scholarships.



Source: Petersens and The Institute for College Access and Success

3. Enrollment Goals, Strategies, and Tactics

Enrollment Goals

Four Pillars of the Undergraduate Enrollment Plan

- **New Student Recruitment (Goal 1)**
- **Financial Aid and Pricing (Goal 2)**
- **Retention and Completion (Goal 3)**
- **Service to Students (Goal 4)**

Goal #1
The University of Akron will be Northeast Ohio's public university of choice.

Strategies/Tactics
<u>Strategy 1</u> **The new student communication program will strive to always get the right message—at the right time—using the right tool—to the right students**
<u>Tactic 1.1</u> Expansion of our digital marketing efforts. This will be facilitated by Fathom—an agency that focuses on paid search, paid social, search engine optimization, conversion rate optimization, and analytics consulting. Two campaigns scheduled for 2018-19 will focus on non-Ohio residents to generate inquiries and applications. A third campaign will focus on Ohio and non-Ohio residents to increase yield.
<u>Tactic 1.2</u> UA plans to work with EAB to target qualified in-state prospective students by building relationships throughout the search and application process. Two major campaigns: • Year-Round Search/Inquiry • Akron Gold Application Generation
<u>Tactic 1.3</u> The implementation of the CRM will help manage our communications with prospective students, parents, and school counselors. As our system of engagement, the CRM will provide recruitment staff access to a tool that will manage and facilitate one-to-one interactions with prospective students.
<u>Tactic 1.4</u> UA continues to enhance our high school strategy using Naviance which is a tool many school districts use to manage their college and career planning efforts. Within Naviance we are able to actively engage prospective students at key times throughout their college search process.
<u>Tactic 1.5</u> Improve the scholarship and financial aid award letters to provide this important pricing information in the most concise and clear manner.
<u>Tactic 1.6</u> Enhance college-based new student recruitment efforts and establish a mechanism to share best practices.

Tactic 1.7 Develop targeted communication efforts to currently enrolled College Credit Plus students. A specific opportunity exists to message the enhanced value of the AGS award for CCP students.
Tactic 1.8 Maintain a system of continuous quality improvement to strengthen on-going recruitment efforts
Strategy 2 **Actively engage our external educational partners in efforts to support and enhance our enrollment goals**
Tactic 2.1 Establish dual admissions agreements with our community college partners. These agreements will define a seamless enrollment process and student support engagement opportunities for our transfer students.
Tactic 2.2 Continue to expand the number of academic pathways/maps with our community college partners to strengthen our position in the Northeast Ohio transfer student market.
Tactic 2.3 Continue to utilize the High School Counselor Advisory Board from our feeder high schools as an important and influential group of UA advocates.
Tactic 2.4 Expand courses and programs that UA offers at University Centers (e.g. Lorain County Community College).
Tactic 2.5 Establish relationships with local businesses/companies to support their training needs and their degree completion efforts for employees.
Tactic 2.6 Further develop relationships with high school counselors, community organizations, local two year colleges to offer financial aid education services and collaboration.

<u>Strategy 3</u> **Increase *inclusive excellence* enrollment efforts** **Targeted populations:** • **Adult learners** • **Underrepresented students** • **Veterans** • **International**
<u>Tactic 3.1</u> The University of Akron is partnering with College Now to help support our efforts to re-enroll students who began their education at UA and stopped-out for a period of time due to academic, financial, or personal reasons.
<u>Tactic 3.2</u> Implementation of the International Recruitment Roadmap. The Roadmap's main goal is the diversification of recruitment efforts.
<u>Tactic 3.3</u> Implementation of the underrepresented student recruitment plan. The plan focuses on developing partnerships with college access agencies/programs (e.g. "I Know I Can"), hosting on-campus events, collaboration with UA's Office of Multicultural Development, and continued support of the Underrepresented Student Scholarship.
<u>Tactic 3.4</u> UA's Peer Advisors for Veteran Education (PAVE) mentoring program creates important connections for veterans as they transition from military to campus life.
<u>Tactic 3.5</u> Explore new targeted scholarship opportunities that will increase enrollment and NTR.
<u>Tactic 3.6</u> Establish seamless connections for prospective students to key campus resources (e.g. Military Services Center).
<u>Tactic 3.7</u> Create opportunities to produce synergy across our multiple partnerships with the Akron Public Schools

Strategy 4 **Create (and maintain) a sense of community throughout the student lifecycle**
Tactic 4.1 University image campaign
Tactic 4.2 Continue to focus new student yield initiatives on activities that connect and engage new students with our college community (e.g. Scavenger Hunt).
Tactic 4.3 Highlight the features/benefits of the Honors *community* to our Honors eligible prospective students.
Tactic 4.4 The launch of Five Star Friday activities will enhance the campus community by providing students real-world learning opportunities.
Tactic 4.5 Integrate the sesquicentennial celebration and events into the university's new student recruitment efforts

Goal #2
Students enroll with a well-defined financial plan that will fund their academic plan.

Strategies/Tactics
<u>Strategy 1</u> **The University of Akron will have a financial aid and scholarship strategy that is competitive, increases net tuition revenue, and will help shape the university's enrollment**
<u>Tactic 1.1</u> Establish a comprehensive plan tied to net tuition revenue. • Consistency of approach • NTR by student segments • Establish incentives tied to NTR initiatives (e.g. sharing of increased revenue)
<u>Tactic 1.2</u> Implement updated Akron Advantage scholarship program for out-of-state students (new for Fall 2019 freshmen).
<u>Tactic 1.3</u> Establish a "real time" NTR reporting process.
<u>Tactic 1.4</u> Continue to refine the Akron Guarantee Scholarship to minimize inconsistencies across new student types.
<u>Tactic 1.5</u> Pursue additional opportunities to use endowed scholarships as part of the new student recruitment process to impact yield and lessen the reliance on unfunded scholarships.
<u>Strategy 2</u> **Enhance financial aid messaging to students**
<u>Tactic 2.1</u> Enhance AGS messaging efforts clearly illustrating the benefit to continuing students (e.g. award/congratulation letter on sophomore "bump").
<u>Tactic 2.2</u> Develop and implement more robust outreach programming related to financial aid, financial responsibility and financial management/budgeting. (Related to 2018 Completion Plan goal)

Tactic 2.3

Explore new opportunities to educate students about the cost and affordability of the University to include a four-year plan for financing.

Goal #3

Students will be engaged in dynamic opportunities that support their academic and personal goals.

Source: The University of Akron 2018 Completion Plan

Strategies/Tactics
<u>Strategy 1</u> **Develop and implement a college-centered academic advising model**
<u>Tactic 1.1</u> The transition to decentralized academic advising will provide new students early and intentional engagement within their college.
<u>Tactic 1.2</u> Implement an inclusive pathway approach for college ready and emergent students that directly connect them to their degree program.
<u>Tactic 1.3</u> Assess our current admissions category definitions to better align them with our student success and completion activities.
<u>Strategy 2</u> **Increased efficiency in degree completion through revised class schedule process; offering course options during time when students need them; and the awarding of alternative forms of credit.**
<u>Tactic 2.1</u> Using Ad Astra (along with data from our degree audit system) we will be able to assess student course needs to eliminate bottlenecks and advance degree completions.
<u>Tactic 2.2</u> Four Day Core provides the University the opportunity to evaluate scheduling patterns and to develop a revised class schedule that is more efficient and helps address course scheduling conflicts.
<u>Tactic 2.3</u> Expand Prior Learning Assessment (PLA) opportunities to help attract, retain, and graduate adult learners.

<u>Strategy 3</u> **Be purposeful in addressing the needs of underrepresented students through intentional support**
<u>Tactic 3.1</u> Peer Mentors serve as role models who lead and support incoming first-year students by setting a positive academic example, encouraging mentees to make good decision and to utilize campus resources.
<u>Tactic 3.2</u> Focused learning communities that help support the transition of underrepresented students to college.

Goal #4
Our delivery of services to support our students will always put the student first.

Strategies/Tactics
<u>Strategy 1</u> **Assess student support services—and identify opportunities for improvement**
<u>Tactic 1.1</u> Deliver Financial Aid support services through online chat with advisors, online financial aid articles and guidance, and a 24/7/365 center for students and the public.
<u>Tactic 1.2</u> Continue to evaluate the impact of departmental procedures on student enrollment, success, and completion.
<u>Tactic 1.3</u> Apply principles of continuous improvement in financial aid administration including streamlining processes and eliminating unnecessary barriers for students.
<u>Tactic 1.4</u> Establish intentional and engaging pathways for prospective students who are deferred to Wayne or our community college partners.
<u>Tactic 1.5</u> Through Help-A-Zip and Zip Assist a team of campus experts are assigned to assist students with navigating University resources and finding needed services. (2018 Completion Plan)
<u>Tactic 1.6</u> Evaluate and define admissions deadlines by focusing on student success while addressing capacity and time constraints.

4. Undergraduate Enrollment Projections/Targets

	Census Fall 2017	Census Fall 2018	Enrollment Plan Target/Projection Fall 2019	Change from Fall 2018 (Projection) Fall 2019	Enrollment Plan Target/Projection Fall 2020	Change from Fall 2019 (Projection) Fall 2020	Enrollment Plan Target/Projection Fall 2021	Change from Fall 2020 (Projection) Fall 2021
New Students								
Freshmen Traditional	3332	2736	2879	5.23%	2981	3.54%	3050	2.31%
Instate	3009	2579	2629	1.94%	2681	1.98%	2730	1.83%
Out-of-State	323	157	250	59.24%	300	20.00%	320	6.67%
Freshmen Adult	53	46	55	19.57%	60	9.09%	65	8.33%
Freshmen International	26	33	33	0.00%	50	51.52%	60	20.00%
Freshmen Wayne	249	211	211	0.00%	211	0.00%	211	0.00%
Transfer	548	465	485	4.30%	505	4.12%	525	3.96%
Transfer Intl	21	12	12	0.00%	15	25.00%	20	33.33%
Transfer Wayne	41	42	42	0.00%	42	0.00%	42	0.00%
Post Bac UGRD	66	48	50	4.17%	50	0.00%	50	0.00%
Post Bac Intl	1	0	0		0		0	
Post Bac Wayne	9	2	5	150.00%	5	0.00%	5	0.00%
Guest UGRD	10	17	15	-11.76%	15	0.00%	15	0.00%
Guest Intl	11	6	6	0.00%	6	0.00%	6	0.00%
Guest Wayne	2	1	1	0.00%	1	0.00%	1	0.00%
New CCP	1191	1324	1390	4.98%	1435	3.24%	1460	1.74%
Other New	165	187	187	0.00%	187	0.00%	187	0.00%
Total New (includes Wayne)	**5725**	**5130**	**5371**	**4.70%**	**5563**	**3.57%**	**5697**	**2.41%**
Continuing	**13077**	**12322**	**11616**	**-5.73%**	**11100**	**-4.44%**	**10800**	**-2.70%**
Total Enrollment UG	**18802**	**17455**	**16987**	**-2.68%**	**16663**	**-1.91%**	**16497**	**-1.00%**

Authorizing Bill	Agency	Fund	ALI	ALI Descr	PLANNING AMOUNTS - HIGHER EDUCATION GENERAL ITEMS	FY2019-2020 APPROPRIATION	DESIGNATION - GENERAL OR SPECIFIC
H.B. 529	Southern State Community College (SOC)	7034	C32219	Clinton-Warren Joint Fire District Building		$ 200,000	S
H.B. 529	Southern State Community College (SOC)	7034	C32220	Highland County Community Action Agency Renovations		$ 135,000	S
H.B. 529	Southern State Community College (SOC)	7034	C32221	Laurel Oaks Career Campus		$ 1,500,000	S
H.B. 529	Southern State Community College (SOC)	7034	C32222	OCU Business Innovation Center Regional IT Training Lab		$ 150,000	S
H.B. 292	Southern State Community College (SOC)	7034	C32223	Clinton County Airport Equipment and Facilities Complex		$ 1,000,000	S
H.B. 529	Shawnee State University (SSC)	7034	C32400	Basic Renovations		$ 1,203,428	G
H.B. 529	Shawnee State University (SSC)	7034	C32432	Advanced Technology Center/Technology and Industrial Buildings Rehabilitation		$ 2,000,000	S
H.B. 529	Shawnee State University (SSC)	7034	C32434	Kricker Innovation Hub		$ 500,000	S
H.B. 529	Shawnee State University (SSC)	7034	C32436	Southern Ohio Medical Center Hospice Inpatient Center		$ 350,000	S
H.B. 529	Stark Technical College (STC)	7034	C38924	Parking Lot Resurfacing		$ 1,513,141	G
H.B. 529	Stark Technical College (STC)	7034	C38929	Akron Center for Education and Workforce		$ 2,867,000	S
H.B. 529	Stark Technical College (STC)	7034	C38935	ROOF REPLACEMENTS		$ 1,200,000	G
H.B. 529	Stark Technical College (STC)	7034	C38931	Storefront Renovations		$ 950,000	S
H.B. 529	Stark Technical College (STC)	7034	C38932	Campbell Community Literacy Workforce and Cultural Center		$ 300,000	S
H.B. 529	Stark Technical College (STC)	7034	C38933	Greater Akron CDL Training Center		$ 350,000	S
H.B. 529	Stark Technical College (STC)	7034	C38934	Barberton Headstart Expansion		$ 200,000	S
H.B. 529	Terra State Community College (TTC)	7034	C36411	Student Success Center - Building B		$ 1,477,717	S
H.B. 529	Terra State Community College (TTC)	7034	C36414	Northwest Ohio Community Technology Learning Center		$ 50,000	S
H.B. 529	Terra State Community College (TTC)	7034	C36417	OH Partnership for Water, Industrial, and Cyber Security		$ 1,000,000	S
H.B. 529	University of Akron (UAK)	7034	C25000	Basic Renovations		$ 6,932,650	G
H.B. 529	University of Akron (UAK)	7034	C25000	*Elevator Upgrades-Colby, Bierce, Auburn*	*$ 1,650,000*		*S*
H.B. 529	University of Akron (UAK)	7034	C25000	*Fire Alarm Upgrades-Bierce, Olson, Olin, CBA*	*$ 840,000*		*S*
H.B. 529	University of Akron (UAK)	7034	C25000	*Kolbe Hall Chiller Replacement*	*$ 350,000*		*S*
H.B. 529	University of Akron (UAK)	7034	C25000	*Hazardous Material Storage Building*	*$ 200,000*		*S*
H.B. 529	University of Akron (UAK)	7034	C25000	*Computer Center Air Handler*	*$ 800,000*		*S*
H.B. 529	University of Akron (UAK)	7034	C25000	*Gallucci Hall Abatement and Razing*	*$ 1,992,650*		*S*
H.B. 529	University of Akron (UAK)	7034	C25055	Auburn Science and Engineering Center		$ 1,200,000	S
H.B. 529	University of Akron (UAK)	7034	C25065	Akron Battered Women's Shelter		$ 500,000	S
H.B. 529	University of Akron (UAK)	7034	C25069	Campus Hardscape		$ 1,000,000	G
H.B. 529	University of Akron (UAK)	7034	C25079	Campus Infrastructure Improvements		$ 3,000,000	G
H.B. 529	University of Akron (UAK)	7034	C25080	Whitby Hall Air Handler and Roof Replacement		$ 1,200,000	S
H.B. 529	University of Akron (UAK)	7034	C25081	Buckingham Building Renovations		$ 1,100,000	S
H.B. 529	University of Akron (UAK)	7034	C25082	Crouse/Ayer Hall Consolidation		$ 4,000,000	S
H.B. 529	University of Akron (UAK)	7034	C25083	University of Akron AMES		$ 850,000	S
H.B. 529	University of Akron (UAK)	7034	C25085	Glendora House for Homeless Families With Children		$ 250,000	S
H.B. 529	University of Akron (UAK)	7034	C25086	Ashland County-West Holmes Career Center Workforce Development Center		$ 300,000	S
H.B. 529	University of Akron (UAK)	7034	C25087	Axess Pointe Community Health Center		$ 100,000	S
H.B. 529	University of Cincinnati (UCN)	7034	C26678	Muntz Hall- Blue Ash		$ 12,400,000	S
H.B. 529	University of Cincinnati (UCN)	7034	C26697	Vontz Center Roof, Panel, and Window Replacements		$ 7,750,000	S
H.B. 529	University of Cincinnati (UCN)	7034	C266A5	Rieveschl Hall Lab Renovations		$ 9,750,000	S

Note: The yellow highlights represent the State funded capital line items for the University of Akron which total ~$18 million. The items with an "X" next to them are pass-thru funds.

Document 00 52 00 - Agreement Form (University Project)
University of Akron Standard Requirements for Public Facility Construction

This Agreement is made as of the date set forth below between the State of Ohio, acting by and through the Contracting Authority, and the Contractor in connection with the Project.

Project Number:	**UAK170006**
Project Name:	**Grant High Rise Demolition**
Site Address:	151 Wheeler Street Akron, Summit
University ("Owner):	**The University of Akron**
Owner's Representative:	Bill Jenkins
Address:	Lincoln Building, 2nd Floor Akron, Ohio 44325-9001
Contracting Authority:	**The University of Akron**
Project Manager:	Stephanie Brothers
Address:	100 Lincoln Street, 3rd Floor Akron, Ohio 44325-0405
Contractor:	**B&B Wrecking and Excavating, Inc.**
Contractor's Principal Contact:	Bradley Baumann
Address:	4510 East 71st Street, Suite 6 ClevelandOH44105
Architect/Engineer ("A/E"):	**Gandee & Associates, Inc.**
A/E's Principal Contact:	David B. Gandee, P.E.
Address:	One Canal Square Plaza, Suite L 103 Akron, Ohio 44308

ARTICLE 1 - SCOPE OF WORK; EDGE COMMITMENT

1.1 The Contractor shall perform and provide all of the Work described in the Contract.

1.2 The project delivery method for this Project shall be «insert project delivery method».

1.3 The Contractor shall contract with EDGE-certified Business(es) for not less than «insert Contractor's EDGE commitment» percent of the Contract Sum.

ARTICLE 2 - COMPENSATION

2.1 The University shall pay the Contractor the Contract Sum for the Contractor's proper, timely, and complete performance of the Contract. The Contract Sum is **$582,900.00**, subject to Modifications as provided in the Contract Documents. The Contract Sum is comprised of the following:

2.1.1 Base Bid:...$532,900.00

Alternate 101A:...$50,000.00

CONTRACT TIMES

2.2 The Contract Times are the periods established in the following table for the achievement of the associated Milestones:

Construction Stage Milestone(s) to which Liquidated Damages apply	Contract Time	Projected Date (as of the date of this Agreement)
Substantial Completion of all Work	284	6/8/18

2.2.1 The projected dates listed under "Projected Date (as of the date of this Agreement)" are provided only for convenient reference during the consideration Agreement. The durations listed under "Contract Time" define the Contract Times and take precedence over the projected dates.

ARTICLE 3 - KEY PERSONNEL

3.1 The Contractor's key personnel for the Project are:

3.1.1 TBD, Project Manager;

3.1.2 TBD, Lead Scheduling Engineer;

3.1.3 TBD, General Superintendent.

3.2 The Contractor's key personnel are authorized to act on the Contractor's behalf with respect to the Project and all matters concerning the Project

ARTICLE 4 - GENERAL PROVISIONS

4.1 Effectiveness.

4.1.1 It is expressly understood by the Contractor that none of the rights, duties, and obligations described in the Contract Documents shall be valid and enforceable unless the Director of the Office of Budget and Management first certifies that there is a balance in the University's appropriation not already encumbered to pay existing obligations and until all relevant statutory provisions of the Ohio Revised Code, including ORC Section 126.07, have been complied with, and until such time as all necessary funds are available or encumbered and, when required, such expenditure of such funds is approved by the State Controlling Board, or other applicable approving body.

4.1.2 In addition, if federal funds are to be used to pay fees and expenses under this Agreement, none of the rights, duties, and obligations contained in this Agreement shall be binding on any party until the University gives the Contractor written notice that such funds are available from the University's funding source.

4.1.3 Subject to **Section** 4.1.1, the Contract shall become binding and effective upon execution by the University, Contractor, and Ohio Attorney General.

4.1.3.1 If the Contractor is a joint venture, (1) each individual joint venturer shall (a) sign the Agreement in its own name and (b) be a party to the Contract, and (2) the Contract and the Performance and Payment Bond shall be binding on and apply to all joint ventures' jointly and severally.

4.1.3.2 If the Contractor is a limited liability company, which the Contracting Authority reasonably believes to be a special purpose or similar entity, the Contracting Authority may in its discretion require the limited liability company and each member of the limited liability company to (1) sign the Agreement in its own name and (2) be a party to the Contract. In that case, the Contract and the Performance and Payment Bond shall be binding on and apply to the limited liability company and to all of its members jointly and severally.

4.1.4 This Agreement may be executed in several counterparts, each of which shall constitute a complete original Agreement, which may be introduced in evidence or used for any other purpose without production of any other counterparts.

4.2 Representations.

4.2.1 The Contractor represents and warrants that it is not subject to an unresolved finding for recovery under ORC Section 9.24. If this representation and warranty is found to be false, the Contract is void, and the Contractor shall immediately repay to the University any funds paid under this Contract.

4.2.2 The Contractor hereby certifies that neither the Contractor nor any of the Contractor's partners, officers, directors, shareholders nor the spouses of any such person have made contributions in excess of the limitations specified in ORC Section 3517.13.

4.2.3 The Contractor, by signature on this Agreement, certifies that it is currently in compliance with, and will continue to adhere to, the requirements of Ohio ethics laws and conflict of interest laws and will take no action inconsistent with those laws.

4.2.4 The Contractor affirms to have read and understands Executive Order 2011-12K and shall abide by those requirements in the performance of this Contract. Notwithstanding any other terms of this Contract, the State reserves the right to recover any funds paid for services the Contractor performs outside of the United States for which it did not receive a waiver. The State does not waive any other rights and remedies provided the State in this Contract.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth below:

B&B Wrecking and Excavating, Inc.

Brady Bauman
Signature

Bradley Basman
Printed Name

V. President
Title

OWNER
THE UNIVERSITY OF AKRON

Luba Cramer
Signature

Luba Cramer
Printed Name

Interim Director of Purchasing
Title

OHIO ATTORNEY GENERAL
Approval as to Form

Signature

Kathaine Adams
Printed Name

Asst Atty General
Title

8/31/17
Date

END OF DOCUMENT

Document 00 52 00 - Agreement Form (University Project)
University of Akron Standard Requirements for Public Facility Construction

This Agreement is made as of the date set forth below between the State of Ohio, acting by and through the Contracting Authority, and the Contractor in connection with the Project.

Project Number:	**UAK170006**
Project Name:	**Grant High Rise Demolition**
Site Address:	151 Wheeler Street Akron, Summit
University ("Owner):	**The University of Akron**
Owner's Representative:	Bill Jenkins
Address:	Lincoln Building, 2nd Floor Akron, Ohio 44325-9001
Contracting Authority:	**The University of Akron**
Project Manager:	Stephanie Brothers
Address:	100 Lincoln Street, 3rd Floor Akron, Ohio 44325-0405
Contractor:	**Precision Environmental Company**
Contractor's Principal Contact:	Dan Eureka
Address:	5500 Old Brecksville Road IndependenceOH44131
Architect/Engineer ("A/E"):	**Gandee & Associates, Inc.**
A/E's Principal Contact:	David B. Gandee, P.E.
Address:	One Canal Square Plaza, Suite L 103 Akron, Ohio 44308

ARTICLE 1 - SCOPE OF WORK; EDGE COMMITMENT

1.1 The Contractor shall perform and provide all of the Work described in the Contract.

1.2 The project delivery method for this Project shall be «insert project delivery method».

1.3 The Contractor shall contract with EDGE-certified Business(es) for not less than «insert Contractor's EDGE commitment» percent of the Contract Sum.

ARTICLE 2 - COMPENSATION

2.1 The University shall pay the Contractor the Contract Sum for the Contractor's proper, timely, and complete performance of the Contract. The Contract Sum is **$589,800.00**, subject to Modifications as provided in the Contract Documents. The Contract Sum is comprised of the following:

Base Bid: $589,800.00

CONTRACT TIMES

2.2 The Contract Times are the periods established in the following table for the achievement of the associated Milestones:

Construction Stage Milestone(s) to which Liquidated Damages apply	Contract Time	Projected Date (as of the date of this Agreement)
Substantial Completion of all Work	284	6/8/18

2.2.1 The projected dates listed under "Projected Date (as of the date of this Agreement)" are provided only for convenient reference during the consideration Agreement. The durations listed under "Contract Time" define the Contract Times and take precedence over the projected dates.

ARTICLE 3 - KEY PERSONNEL

3.1 The Contractor's key personnel for the Project are:

3.1.1 TBD, Project Manager;

3.1.2 TBD, Lead Scheduling Engineer;

3.1.3 TBD, General Superintendent.

3.2 The Contractor's key personnel are authorized to act on the Contractor's behalf with respect to the Project and all matters concerning the Project

ARTICLE 4 - GENERAL PROVISIONS

4.1 Effectiveness.

4.1.1 It is expressly understood by the Contractor that none of the rights, duties, and obligations described in the Contract Documents shall be valid and enforceable unless the Director of the Office of Budget and Management first certifies that there is a balance in the University's appropriation not already encumbered to pay existing obligations and until all relevant statutory provisions of the Ohio Revised Code, including ORC Section 126.07, have been complied with, and until such time as all necessary funds are available or encumbered and, when required, such expenditure of such funds is approved by the State Controlling Board, or other applicable approving body.

4.1.2 In addition, if federal funds are to be used to pay fees and expenses under this Agreement, none of the rights, duties, and obligations contained in this Agreement shall be binding on any party until the University gives the Contractor written notice that such funds are available from the University's funding source.

4.1.3 Subject to **Section 4.1.1**, the Contract shall become binding and effective upon execution by the University, Contractor, and Ohio Attorney General.

4.1.3.1 If the Contractor is a joint venture, (1) each individual joint venturer shall (a) sign the Agreement in its own name and (b) be a party to the Contract, and (2) the Contract and the Performance and Payment Bond shall be binding on and apply to all joint ventures' jointly and severally.

4.1.3.2 If the Contractor is a limited liability company, which the Contracting Authority reasonably believes to be a special purpose or similar entity, the Contracting Authority may in its discretion require the limited liability company and each member of the limited liability company to (1) sign the Agreement in its own name and (2) be a party to the Contract. In that case, the Contract and the Performance and Payment Bond shall be binding on and apply to the limited liability company and to all of its members jointly and severally.

4.1.4 This Agreement may be executed in several counterparts, each of which shall constitute a complete original Agreement, which may be introduced in evidence or used for any other purpose without production of any other counterparts.

4.2 Representations.

4.2.1 The Contractor represents and warrants that it is not subject to an unresolved finding for recovery under ORC Section 9.24. If this representation and warranty is found to be false, the Contract is void, and the Contractor shall immediately repay to the University any funds paid under this Contract.

4.2.2 The Contractor hereby certifies that neither the Contractor nor any of the Contractor's partners, officers, directors, shareholders nor the spouses of any such person have made contributions in excess of the limitations specified in ORC Section 3517.13.

4.2.3 The Contractor, by signature on this Agreement, certifies that it is currently in compliance with, and will continue to adhere to, the requirements of Ohio ethics laws and conflict of interest laws and will take no action inconsistent with those laws.

4.2.4 The Contractor affirms to have read and understands Executive Order 2011-12K and shall abide by those requirements in the performance of this Contract. Notwithstanding any other terms of this Contract, the State reserves the right to recover any funds paid for services the Contractor performs outside of the United States for which it did not receive a waiver. The State does not waive any other rights and remedies provided the State in this Contract.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth below:

Precision Environmental Company	**OWNER** **THE UNIVERSITY OF AKRON**
[signature]	[signature]
Signature	*Signature*
John E. Savage Jr.	Luba Cramer
Printed Name	*Printed Name*
V. P.	Interim Director of Purchasing
Title	*Title*

OHIO ATTORNEY GENERAL
Approval as to Form

[signature]
Signature

Kathanne Adams
Printed Name

Asst Atty General
Title

8/31/17
Date

END OF DOCUMENT

Document 00 52 00 - Agreement Form (University Project)

University of Akron Standard Requirements for Public Facility Construction

This Agreement is made as of the date set forth below between the State of Ohio, acting by and through the Contracting Authority, and the Contractor in connection with the Project.

Note: Regarding the project name "UAPD Relocation and Renovation Phase III": the Trecaso building demolition is tied to the relocation of the UAPD as they previously occupied space in the Trecaso building.

Project Number:	**UAK170005**
Project Name:	**UAPD Relocation and Renovation Phase III**
Site Address:	122 S. College Street Akron, Summit
University ("Owner):	**The University of Akron**
Owner's Representative:	Bill Jenkins
Address:	Lincoln Building, 2nd Floor Akron, Ohio 44325-9001
Contracting Authority:	**The University of Akron**
Project Manager:	Andrew Hostetler
Address:	100 Lincoln Street, 3rd Floor Akron, Ohio 44325-0405
Contractor:	**Butcher & Sons, Inc.**
Contractor's Principal Contact:	Glenn Butcher
Address:	2057 Mc Coy Road AkronOH44320
Architect/Engineer ("A/E"):	**DS Architecture**
A/E's Principal Contact:	Sean Barbina
Address:	136 N. Water Street Kent, OH 44240

ARTICLE 1 - SCOPE OF WORK; EDGE COMMITMENT

1.1 The Contractor shall perform and provide all of the Work described in the Contract.

1.2 The project delivery method for this Project shall be «insert project delivery method».

1.3 The Contractor shall contract with EDGE-certified Business(es) for not less than «insert Contractor's EDGE commitment» percent of the Contract Sum.

ARTICLE 2 - COMPENSATION

2.1 The University shall pay the Contractor the Contract Sum for the Contractor's proper, timely, and complete performance of the Contract. The Contract Sum is **$125,740.00**, subject to Modifications as provided in the Contract Documents. The Contract Sum is comprised of the following:

2.1.1 Base Bid: $125,740.00

CONTRACT TIMES

2.2 The Contract Times are the periods established in the following table for the achievement of the associated Milestones:

Construction Stage Milestone(s) to which Liquidated Damages apply	Contract Time	Projected Date (as of the date of this Agreement)
Substantial Completion of all Work	46	8/27/17

2.2.1 The projected dates listed under "Projected Date (as of the date of this Agreement)" are provided only for convenient reference during the consideration Agreement. The durations listed under "Contract Time" define the Contract Times and take precedence over the projected dates.

ARTICLE 3 - KEY PERSONNEL

3.1 The Contractor's key personnel for the Project are:

3.1.1 TBD, Project Manager;

3.1.2 TBD, Lead Scheduling Engineer;

3.1.3 TBD, General Superintendent.

3.2 The Contractor's key personnel are authorized to act on the Contractor's behalf with respect to the Project and all matters concerning the Project

ARTICLE 4 - GENERAL PROVISIONS

4.1 Effectiveness.

4.1.1 It is expressly understood by the Contractor that none of the rights, duties, and obligations described in the Contract Documents shall be valid and enforceable unless the Director of the Office of Budget and Management first certifies that there is a balance in the University's appropriation not already encumbered to pay existing obligations and until all relevant statutory provisions of the Ohio Revised Code, including ORC Section 126.07, have been complied with, and until such time as all necessary funds are available or encumbered and, when required, such expenditure of such funds is approved by the State Controlling Board, or other applicable approving body.

4.1.2 In addition, if federal funds are to be used to pay fees and expenses under this Agreement, none of the rights, duties, and obligations contained in this Agreement shall be binding on any party until the University gives the Contractor written notice that such funds are available from the University's funding source.

4.1.3 Subject to **Section 4.1.1**, the Contract shall become binding and effective upon execution by the University, Contractor, and Ohio Attorney General.

4.1.3.1 If the Contractor is a joint venture, **(1)** each individual joint venturer shall **(a)** sign the Agreement in its own name and **(b)** be a party to the Contract, and **(2)** the Contract and the Performance and Payment Bond shall be binding on and apply to all joint ventures' jointly and severally.

4.1.3.2 If the Contractor is a limited liability company, which the Contracting Authority reasonably believes to be a special purpose or similar entity, the Contracting Authority may in its discretion require the limited liability company and each member of the limited liability company to **(1)** sign the Agreement in its own name and **(2)** be a party to the Contract. In that case, the Contract and the Performance and Payment Bond shall be binding on and apply to the limited liability company and to all of its members jointly and severally.

4.1.4 This Agreement may be executed in several counterparts, each of which shall constitute a complete original Agreement, which may be introduced in evidence or used for any other purpose without production of any other counterparts.

4.2 Representations.

4.2.1 The Contractor represents and warrants that it is not subject to an unresolved finding for recovery under ORC Section 9.24. If this representation and warranty is found to be false, the Contract is void, and the Contractor shall immediately repay to the University any funds paid under this Contract.

4.2.2 The Contractor hereby certifies that neither the Contractor nor any of the Contractor's partners, officers, directors, shareholders nor the spouses of any such person have made contributions in excess of the limitations specified in ORC Section 3517.13.

4.2.3 The Contractor, by signature on this Agreement, certifies that it is currently in compliance with, and will continue to adhere to, the requirements of Ohio ethics laws and conflict of interest laws and will take no action inconsistent with those laws.

4.2.4 The Contractor affirms to have read and understands Executive Order 2011-12K and shall abide by those requirements in the performance of this Contract. Notwithstanding any other terms of this Contract, the State reserves the right to recover any funds paid for services the Contractor performs outside of the United States for which it did not receive a waiver. The State does not waive any other rights and remedies provided the State in this Contract.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth below:

Butcher & Sons, Inc.	**OWNER** **THE UNIVERSITY OF AKRON**
Glenn L Butcher	Luba Cramer /DL
Signature	*Signature*
Glenn L Butcher	LUBA CRAMER
Printed Name	*Printed Name*
President	Interim Director of Purchasing
Title	*Title*

OHIO ATTORNEY GENERAL
Approval as to Form

N/A

Signature

Printed Name

Title

Date

END OF DOCUMENT

Document 00 52 00 - Agreement Form Vine Street Apartments Razing & Green Space

University of Akron Standard Requirements for Public Facility Construction

This Agreement is made as of the date set forth below between the State of Ohio, acting by and through the Contracting Authority, and the Contractor in connection with the Project.

Project Number:	**180013**
Project Name:	Vine Street Apartments Razing & Green Space
Site Address:	503 & 505 Vine Street Akron,Ohio 44325
University ("Owner):	**The University of Akron**
Owner's Representative:	Shandra L. Irish
Address:	Lincoln Building, 2nd Floor Akron, Ohio 44325-9001
Contracting Authority:	**The University of Akron**
Project Manager:	Stephanie Brothers
Address:	100 Lincoln Street, 3rd Floor Akron, Ohio 44325-0405
Contractor:	**Bob Bennett Construction Company, Inc.**
Contractor's Principal Contact:	Stephen R. Bennett
Address:	2795 Barber Rd. Norton, Ohio 44203
Architect/Engineer ("A/E"):	**Gandee & Associates, Inc.**
A/E's Principal Contact:	Tyler Jasinski
Address:	One Canal Square Plaza, Suite L103 Akron, Ohio 44308

ARTICLE 1 - SCOPE OF WORK; EDGE COMMITMENT

1.1 The Contractor shall perform and provide all of the Work described in the Contract.

1.2 The project delivery method for this Project shall be General Contracting.

1.3 The Contractor shall contract with EDGE-certified Business(es) for not less than «insert Contractor's EDGE commitment» percent of the Contract Sum.

ARTICLE 2 - COMPENSATION

2.1 The University shall pay the Contractor the Contract Sum for the Contractor's proper, timely, and complete performance of the Contract. The Contract Sum is **$106,000.00**, subject to Modifications as provided in the Contract Documents. The Contract Sum is comprised of the following:

2.1.1 Base Bid:...$106,000.00

2.1.2 Alternate:.. $0.00

CONTRACT TIMES

2.2 The Contract Times are the periods established in the following table for the achievement of the associated Milestones:

Construction Stage Milestone(s) to which Liquidated Damages apply	**Contract Time**	**Projected Date** (as of the date of this Agreement)
Substantial Completion of all Work	28	October 15, 2018

2.2.1 The projected dates listed under "Projected Date (as of the date of this Agreement)" are provided only for convenient reference during the consideration Agreement. The durations listed under "Contract Time" define the Contract Times and take precedence over the projected dates.

ARTICLE 3 - KEY PERSONNEL

3.1 The Contractor's key personnel for the Project are:

3.1.1 TBD, Project Manager;

3.1.2 TBD, Lead Scheduling Engineer;

3.1.3 TBD, General Superintendent.

3.2 The Contractor's key personnel are authorized to act on the Contractor's behalf with respect to the Project and all matters concerning the Project

ARTICLE 4 - GENERAL PROVISIONS

4.1 Effectiveness.

4.1.1 It is expressly understood by the Contractor that none of the rights, duties, and obligations described in the Contract Documents shall be valid and enforceable unless the Director of the Office of Budget and Management first certifies that there is a balance in the University's appropriation not already encumbered to pay existing obligations and until all relevant statutory provisions of the Ohio Revised Code, including ORC Section 126.07, have been complied with, and until such time as all necessary funds are available or encumbered and, when required, such expenditure of such funds is approved by the State Controlling Board, or other applicable approving body.

4.1.2 In addition, if federal funds are to be used to pay fees and expenses under this Agreement, none of the rights, duties, and obligations contained in this Agreement shall be binding on any party until the University gives the Contractor written notice that such funds are available from the University's funding source.

4.1.3 Subject to **Section 4.1.1**, the Contract shall become binding and effective upon execution by the University, Contractor, and Ohio Attorney General.

4.1.3.1 If the Contractor is a joint venture, **(1)** each individual joint venturer shall **(a)** sign the Agreement in its own name and **(b)** be a party to the Contract, and **(2)** the Contract and the Performance and Payment Bond shall be binding on and apply to all joint ventures' jointly and severally.

4.1.3.2 If the Contractor is a limited liability company, which the Contracting Authority reasonably believes to be a special purpose or similar entity, the Contracting Authority may in its discretion require the limited liability company and each member of the limited liability company to **(1)** sign the Agreement in its own name and **(2)** be a party to the Contract. In that case, the Contract and the Performance and Payment Bond shall be binding on and apply to the limited liability company and to all of its members jointly and severally.

4.1.4 This Agreement may be executed in several counterparts, each of which shall constitute a complete original Agreement, which may be introduced in evidence or used for any other purpose without production of any other counterparts.

4.2 Representations.

4.2.1 The Contractor represents and warrants that it is not subject to an unresolved finding for recovery under ORC Section 9.24. If this representation and warranty is found to be false, the Contract is void, and the Contractor shall immediately repay to the University any funds paid under this Contract.

4.2.2 The Contractor hereby certifies that neither the Contractor nor any of the Contractor's partners, officers, directors, shareholders nor the spouses of any such person have made contributions in excess of the limitations specified in ORC Section 3517.13.

4.2.3 The Contractor, by signature on this Agreement, certifies that it is currently in compliance with, and will continue to adhere to, the requirements of Ohio ethics laws and conflict of interest laws and will take no action inconsistent with those laws.

4.2.4 The Contractor affirms to have read and understands Executive Order 2011-12K and shall abide by those requirements in the performance of this Contract. Notwithstanding any other terms of this Contract, the State reserves the right to recover any funds paid for services the Contractor performs outside of the United States for which it did not receive a waiver. The State does not waive any other rights and remedies provided the State in this Contract.

4.2.5 Pursuant to ORC Section 9.76(B), the Contractor warrants that it is not boycotting any jurisdiction with whom the State of Ohio can enjoy open trade, including Israel, and will not do so during the term of this Contract.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth below:

Bob Bennett Construction Company, Inc.

Signature

STEPHEN R. BENNETT
Printed Name

VICE PRESIDENT
Title

OWNER
THE UNIVERSITY OF AKRON

Luba Cramer
Signature

Luba Cramer
Printed Name

Director of Purchasing
Title

OHIO ATTORNEY GENERAL
Approval as to Form

N/A
Signature

Printed Name

Title

Date

END OF DOCUMENT

ATTACHMENT R

Purchase Order

The University of Akron

Department of Purchasing
302 Buchtel Common
Akron OH 44325-9001
United States

Dispatch via Print

Purchase Order	Date	Revision	Page
95571	03/30/2018		1

Payment Terms	Freight Terms	Ship Via
Net 30	FOB Dest., Pre-Pay & Add	UPS Regular

Buyer	Phone	Currency
Irish,Shandra L		USD

Supplier: 0000004051
B&B Wrecking & Excavating Inc
5801 Train Ave
Cleveland OH 44102

Ship To: RECEIVING
Central Stores
185 East Mill Street
Akron OH 44325-0703
330-972-7579

Bill To: The University of Akron
Accounts Payable Department
302 Buchtel Common
Akron OH 44325-6214
United States

Invoices To: invoices@uakron.edu

Tax Exempt? Y **Tax Exempt ID:** 34-6002924 **Replenishment Option:** Standard

Line-Sch	Item/Description	Quantity	UOM	PO Price	Extended Amt	Due Date
1- 1	Project - Blood Bank Demolition & Related Work - Project No. GA17-118 Agreement between University of Akron Foundation and B&B Wrecking & Excavating, Inc. - Base Bid Known Work	1.00	LCL	143,800.00	143,800.00	03/29/2018
		Schedule Total			143,800.00	
		Item Total			143,800.00	
2- 1	Base Bid Allowance Work	1.00	LCL	15,000.00	15,000.00	03/29/2018
		Schedule Total			15,000.00	
		Item Total			15,000.00	
3- 1	Base Bid Unit Price Work	1.00	LCL	9,100.00	9,100.00	03/29/2018
		Schedule Total			9,100.00	
		Item Total			9,100.00	

Project - Blood Bank Demolition & Related Work - Project No. GA17-118

Point of Contact/Project Manager: Stephanie Brothers 330-972-7347 with any questions. +0405
Email: smb@uakron.edu

*NOTE: PLEASE MAIL INVOICE TO: OFFICE OF CAPITAL PLANNING & FACILITIES MANAGEMENT, 100 LINCOLN STREET, THIRD FLOOR, AKRON, OH 44325-0405 OR EMAIL TO: BARB VONGUNTEN AT VONGUNT@UAKRON.EDU

This is a "Firm" order. Please enter this order for immediate shipment unless otherwise instructed.

Authorized Signature

IMPORTANT NOTICE TO SELLER

1. This purchase is expressly made subject to, and your acceptance is strictly limited to the terms and conditions stated herein, including the terms and conditions published at http://www.uakron.edu/purchasing/vendors/ A hard copy of the General Terms and Conditions Effective 7/1/01 will be provided upon request.
2. Under the terms and conditions set forth herein, please enter our order as indicated herein and acknowledge.
3. Notify immediately if you cannot comply with all requirements of this order.
4. Responsibility cannot be accepted for goods shipped, unless otherwise covered by a signed purchase order.
5. Include your Purchase Order number on all invoices, Packing Slips, and Shipping Documents.
6. Over shipments will not be accepted unless authorized by Buyer prior to shipment.
7. Prior to campus visits, each supplier must provide current Insurance and Worker's Compensation Certification if providing a service. All Health and Safety Guidelines must be adhered to which are published at http://www.uakron.edu/purchasing/ under the Quick Links heading.

ALL DELIVERIES, TO 185 EAST MILL STREET, THAT REQUIRE USE OF SEMI-TRAILERS SHALL BE RESTRICTED TO THE TIME OF 9:30 AM TO 2:30 PM, MONDAY THROUGH FRIDAY.

HEIGHT LIMITATION: 13'-7"

Purchase Order

The University of Akron
Department of Purchasing
302 Buchtel Common
Akron OH 44325-9001
United States

Dispatch via Print

Purchase Order		Date	Revision	Page
95571		03/30/2018		2
Payment Terms	**Freight Terms**			**Ship Via**
Net 30	FOB Dest., Pre-Pay & Add			UPS Regular
Buyer		**Phone**		**Currency**
Irish, Shandra L				USD

Supplier: 0000004051
B&B Wrecking & Excavating Inc
5801 Train Ave
Cleveland OH 44102

Ship To: RECEIVING
Central Stores
185 East Mill Street
Akron OH 44325-0703
330-972-7579

Bill To: The University of Akron
Accounts Payable Department
302 Buchtel Common
Akron OH 44325-6214
United States

Invoices To: invoices@uakron.edu

Tax Exempt? Y **Tax Exempt ID:** 34-6002924

Replenishment Option: Standard

Line-Sch	Item/Description	Quantity UOM	PO Price	Extended Amt	Due Date

Please contact the buyer at 330-972-7340 or 330-972-5564 (Fax) if you have any questions or if you need any additional information.

Please complete the work permit located at the following link and return to distribution as identified on the form within 48 hours:
http://www.uakron.edu/purchasing/vendors/index.dot

If a University Tax Exemption Form is required, please contact the buyer.

Total PO Amount 167,900.00

Applicable to all Purchase Orders that exceed $500 - The Contractor hereby certifies that neither the Contractor nor any of the Contractor's partners, officers, directors, shareholders nor the spouses of any such person have made contributions in excess of the limitations specified in O.R.C. Section 3517.13.

Authorized Signature

IMPORTANT NOTICE TO SELLER

1. This purchase is expressly made subject to, and your acceptance is strictly limited to the terms and conditions stated herein, including the terms and conditions published at http://www.uakron.edu/purchasing/vendors/ A hard copy of the General Terms and Conditions Effective 7/1/01 will be provided upon request.
2. Under the terms and conditions set forth herein, please enter our order as indicated herein and acknowledge.
3. Notify immediately if you cannot comply with all requirements of this order.
4. Responsibility cannot be accepted for goods shipped, unless otherwise covered by a signed purchase order.
5. Include your Purchase Order number on all invoices, Packing Slips, and Shipping Documents.
6. Over shipments will not be accepted unless authorized by Buyer prior to shipment.
7. Prior to campus visits, each supplier must provide current Insurance and Worker's Compensation Certification if providing a service. All Health and Safety Guidelines must be adhered to which are published at http://www.uakron.edu/purchasing/ under the Quick Links heading.

ALL DELIVERIES, TO 185 EAST MILL STREET, THAT REQUIRE USE OF SEMI-TRAILERS SHALL BE RESTRICTED TO THE TIME OF 9:30 AM TO 2:30 PM, MONDAY THROUGH FRIDAY.

HEIGHT LIMITATION: 13'-7"

ATTACHMENT R

Purchase Order

The University of Akron
Department of Purchasing
302 Buchtel Common
Akron OH 44325-9001
United States

Dispatch via Print

Purchase Order	Date	Revision	Page
95572	03/30/2018		1
Payment Terms	**Freight Terms**		**Ship Via**
Net 30	FOB Dest., Pre-Pay & Add		UPS Regular
Buyer	**Phone**		**Currency**
Irish,Shandra L			USD

Supplier: 0000086091
HEPA Environmental Services Inc
5130 Tallmadge Rd
Rootstown OH 44272

Ship To: RECEIVING
Central Stores
185 East Mill Street
Akron OH 44325-0703
330-972-7579

Bill To: The University of Akron
Accounts Payable Department
302 Buchtel Common
Akron OH 44325-6214
United States

Invoices To: invoices@uakron.edu

Tax Exempt? Y **Tax Exempt ID:** 34-6002924 **Replenishment Option:** Standard

Line-Sch	Item/Description	Quantity UOM	PO Price	Extended Amt	Due Date
1- 1	Project - Blood Bank Demolition & Related Work - Project No. GA17-118 Agreement between University of Akron Foundation and HEPA Environmental Services, Inc. Base Bid Known Work	1.00 LCL	134,990.00	134,990.00	03/29/2018
		Schedule Total		134,990.00	
		Item Total		134,990.00	
2- 1	Base Bid Allowance Work	1.00 LCL	7,500.00	7,500.00	03/29/2018
		Schedule Total		7,500.00	
		Item Total		7,500.00	
3- 1	Base Bid Unit Price Work	1.00 LCL	4,350.00	4,350.00	03/29/2018
		Schedule Total		4,350.00	
		Item Total		4,350.00	

Project - Blood Bank Demolition & Related Work - Project No. GA17-118

Point of Contact/Project Manager: Stephanie Brothers 330-972-7347 with any questions. +0405
Email: smb@uakron.edu

*NOTE: PLEASE MAIL INVOICE TO: OFFICE OF CAPITAL PLANNING & FACILITIES MANAGEMENT, 100 LINCOLN STREET, THIRD FLOOR, AKRON, OH 44325-0405 OR EMAIL TO: BARB VONGUNTEN AT VONGUNT@UAKRON.EDU

Authorized Signature

IMPORTANT NOTICE TO SELLER

1. This purchase is expressly made subject to, and your acceptance is strictly limited to the terms and conditions stated herein, including the terms and conditions published at http://www.uakron.edu/purchasing/vendors/ A hard copy of the General Terms and Conditions Effective 7/1/01 will be provided upon request.
2. Under the terms and conditions set forth herein, please enter our order as indicated herein and acknowledge.
3. Notify immediately if you cannot comply with all requirements of this order.
4. Responsibility cannot be accepted for goods shipped, unless otherwise covered by a signed purchase order.
5. Include your Purchase Order number on all invoices, Packing Slips, and Shipping Documents.
6. Over shipments will not be accepted unless authorized by Buyer prior to shipment.
7. Prior to campus visits, each supplier must provide current Insurance and Worker's Compensation Certification if providing a service. All Health and Safety Guidelines must be adhered to which are published at http://www.uakron.edu/purchasing/ under the Quick Links heading.

ALL DELIVERIES, TO 185 EAST MILL STREET, THAT REQUIRE USE OF SEMI-TRAILERS SHALL BE RESTRICTED TO THE TIME OF 9:30 AM TO 2:30 PM, MONDAY THROUGH FRIDAY.

HEIGHT LIMITATION: 13'-7"

ATTACHMENT R

Purchase Order

The University of Akron

Department of Purchasing
302 Buchtel Common
Akron OH 44325-9001
United States

Dispatch via Print

Purchase Order	Date	Revision	Page
95572	03/30/2018		2
Payment Terms	**Freight Terms**		**Ship Via**
Net 30	FOB Dest., Pre-Pay & Add		UPS Regular
Buyer	**Phone**		**Currency**
Irish,Shandra L			USD

Supplier: 0000086091
HEPA Environmental Services Inc
5130 Tallmadge Rd
Rootstown OH 44272

Ship To: RECEIVING
Central Stores
185 East Mill Street
Akron OH 44325-0703
330-972-7579

Bill To: The University of Akron
Accounts Payable Department
302 Buchtel Common
Akron OH 44325-6214
United States

Invoices To: invoices@uakron.edu

Tax Exempt? Y **Tax Exempt ID:** 34-6002924 **Replenishment Option:** Standard

Line-Sch	Item/Description	Quantity	UOM	PO Price	Extended Amt	Due Date

This is a "Firm" order. Please enter this order for immediate shipment unless otherwise instructed. Please contact the buyer at 330-972-7340 or 330-972-5564 (Fax) if you have any questions or if you need any additional information.

Please complete the work permit located at the following link and return to distribution as identified on the form within 48 hours:
http://www.uakron.edu/purchasing/vendors/index.dot

If a University Tax Exemption Form is required, please contact the buyer.

Total PO Amount 146,840.00

Applicable to all Purchase Orders that exceed $500 - The Contractor hereby certifies that neither the Contractor nor any of the Contractor's partners, officers, directors, shareholders nor the spouses of any such person have made contributions in excess of the limitations specified in O.R.C. Section 3517.13.

Authorized Signature

IMPORTANT NOTICE TO SELLER

1. This purchase is expressly made subject to, and your acceptance is strictly limited to the terms and conditions stated herein, including the terms and conditions published at http://www.uakron.edu/purchasing/vendors/ A hard copy of the General Terms and Conditions Effective 7/1/01 will be provided upon request.
2. Under the terms and conditions set forth herein, please enter our order as indicated herein and acknowledge.
3. Notify immediately if you cannot comply with all requirements of this order.
4. Responsibility cannot be accepted for goods shipped, unless otherwise covered by a signed purchase order.
5. Include your Purchase Order number on all invoices, Packing Slips, and Shipping Documents.
6. Over shipments will not be accepted unless authorized by Buyer prior to shipment.
7. Prior to campus visits, each supplier must provide current Insurance and Worker's Compensation Certification if providing a service. All Health and Safety Guidelines must be adhered to which are published at http://www.uakron.edu/purchasing/ under the Quick Links heading.

ALL DELIVERIES, TO 185 EAST MILL STREET, THAT REQUIRE USE OF SEMI-TRAILERS SHALL BE RESTRICTED TO THE TIME OF 9:30 AM TO 2:30 PM, MONDAY THROUGH FRIDAY.

HEIGHT LIMITATION: 13'-7"

ATTACHMENT R

Purchase Order

The University of Akron

Department of Purchasing
302 Buchtel Common
Akron OH 44325-9001
United States

Dispatch via Print

Purchase Order	Date	Revision	Page
95595	04/04/2018		1
Payment Terms	**Freight Terms**		**Ship Via**
Net 30	FOB Dest., Pre-Pay & Add		UPS Regular
Buyer	**Phone**		**Currency**
Irish,Shandra L			USD

Supplier: 0000092012
Todd's Enviroscapes Inc
7727 Paris Ave
Louisville OH 44641

Ship To: RECEIVING
Central Stores
185 East Mill Street
Akron OH 44325-0703
330-972-7579

Bill To: The University of Akron
Accounts Payable Department
302 Buchtel Common
Akron OH 44325-6214
United States

Invoices To: invoices@uakron.edu

Tax Exempt? Y **Tax Exempt ID:** 34-6002924

Replenishment Option: Standard

Line-Sch	Item/Description	Quantity UOM	PO Price	Extended Amt	Due Date
1- 1	Project - Blood Bank Demolition & Related Work - Project No. GA17-118 Agreement between University of Akron Foundation and Todd's Enviroscapes, Inc. Base Bid Known Work	1.00 LCL	28,404.00	28,404.00	04/03/2018
		Schedule Total		28,404.00	
		Item Total		28,404.00	
2- 1	Base Bid Allowance Work	1.00 LCL	5,000.00	5,000.00	04/03/2018
		Schedule Total		5,000.00	
		Item Total		5,000.00	
3- 1	Alternate 3-A	1.00 LCL	4,046.00	4,046.00	04/03/2018
		Schedule Total		4,046.00	
		Item Total		4,046.00	

Project - Blood Bank Demolition & Related Work - Project No. GA17-118

Point of Contact/Project Manager: Stephanie Brothers 330-972-7347 with any questions. +0405
Email: smb@uakron.edu

*NOTE: PLEASE MAIL INVOICE TO: OFFICE OF CAPITAL PLANNING & FACILITIES MANAGEMENT, 100 LINCOLN STREET, THIRD FLOOR, AKRON, OH 44325-0405 OR EMAIL TO: BARB VONGUNTEN AT VONGUNT@UAKRON.EDU

Please complete the work permit located at the following link and return to distribution as identified on the form within 48 hours:

Authorized Signature

IMPORTANT NOTICE TO SELLER

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HEIGHT LIMITATION: 13'-7"

ATTACHMENT R

Purchase Order

The University of Akron

Department of Purchasing
302 Buchtel Common
Akron OH 44325-9001
United States

Dispatch via Print

Purchase Order	Date	Revision	Page
95595	04/04/2018		2
Payment Terms	**Freight Terms**		**Ship Via**
Net 30	FOB Dest., Pre-Pay & Add		UPS Regular
Buyer	**Phone**		**Currency**
Irish, Shandra L			USD

Supplier: 0000092012
Todd's Enviroscapes Inc
7727 Paris Ave
Louisville OH 44641

Ship To: RECEIVING
Central Stores
185 East Mill Street
Akron OH 44325-0703
330-972-7579

Bill To: The University of Akron
Accounts Payable Department
302 Buchtel Common
Akron OH 44325-6214
United States

Invoices To: invoices@uakron.edu

Tax Exempt? Y **Tax Exempt ID:** 34-6002924 **Replenishment Option:** Standard

Line-Sch	Item/Description	Quantity	UOM	PO Price	Extended Amt	Due Date

http://www.uakron.edu/purchasing/vendors/index.dot

If a University Tax Exemption Form is required, please contact the buyer.

This is a "Firm" order. Please enter this order for immediate shipment unless otherwise instructed. Please contact the buyer at 330-972-7340 or 330-972-5564 (Fax) if you have any questions or if you need any additional information.

Total PO Amount 37,450.00

Applicable to all Purchase Orders that exceed $500 - The Contractor hereby certifies that neither the Contractor nor any of the Contractor's partners, officers, directors, shareholders nor the spouses of any such person have made contributions in excess of the limitations specified in O.R.C. Section 3517.13.

Authorized Signature

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HEIGHT LIMITATION: 13'-7"

Department of Purchasing
Akron, OH 44325-9001
(330) 972-7340 Office
(330) 972-5564 Fax

December 5, 2018

Beacon Journal Publishing
44 East Exchange Street
Akron, Ohio 44328

LEGAL NOTICE

PROJECT: UAK190012

Asbestos Hazard Abatement & Related Work
part of Project Number:UAK190012 Gallucci Residence Hall
Abatement, Razing, and Green Space

Sealed Bids Due: 2 P.M., local time, Thursday January 3rd, 2019 at THE UNIVERSITY OF AKRON, DEPARTMENT OF PURCHASING, 100 LINCOLN STREET, ROOM 210, AKRON, OHIO 44325-9001.

EDGE Participation Goal: 5% of contract.

General **(Asbestos Hazard Abatement & Related Work)**	**$ 1,255,000.00**

Pre-Bid Meeting: Thursday December 13th, 10 A.M., local time,
Department of Purchasing Conference Room, 2nd Floor,
100 Lincoln Street, Akron, Ohio 44325-9001.

Bid Documents: $50.00 per set (non-refundable) from The SE Blueprint, 520 South Main Street, Suite 2411, Akron, Ohio 44311. Local Plan Houses also have the Documents.

Scope of Work/Services:
http://www.uakron.edu/purchasing/bids-RFP.dot

Shandra L. Irish
Assistant Director of Purchasing

ONE INSERT: 12/08/2018

Public | Purchase™

ATTACHMENT S

Title	Start Date	End Date	Time Left	Addendums
RFP #REBID 2018-11-3180ADP - 2019 Annual Fertilizers and Pesticides for UA	Dec 10, 2018	Dec 18, 2018	4 days 21 hours	No Addendums
RFP #Addendum One 2018-11-3188ADP - LIGHTING FIXTURES & CONTROL COMPONENTS FOR GUZZETTA HALL	Dec 05, 2018	Dec 18, 2018	4 days 21 hours	Dec 13, 2018
RFQ #UAK190004 - Buckingham Building Renovations	Dec 01, 2018	Jan 03, 2019	20 days 16 hours	No Addendums
BID #UAK190008 - Roof Replacements	Dec 01, 2018	Jan 03, 2019	20 days 17 hours	No Addendums
BID #UAK190012 - Asbestos Hazard Abatement & Related Work part of Project Number: UAK190012 Gallucci Residence Hall Abatement, Razing, and Green Space	Dec 08, 2018	Jan 03, 2019	20 days 21 hours	No Addendums

University of Akron Three-Year Action Plan
As endorsed by Board of Trustees
December 5, 2018

Creating, Pursuing and Sharing Knowledge is the essence of what The University of Akron (UA) offers our students, wherever they may be in their educational path – just out of high school, a veteran returning from service, an adult wanting to finish a degree, a worker wanting to progress in her/his career, a college graduate seeking an advanced degree. Throughout this journey, our students are supported by faculty who are engaged and committed to their success, providing them with knowledge about their subject areas while generating new knowledge through research to advance their fields of study and contribute to the growth of our region, our state, our nation, and the world. Critical to this process is our strong commitment to diversity, inclusion and equity, both with regard to our student body and to the supportive community within the University which serves them, guiding them to timely graduation with a wide range of opportunities and personal assistance, focused on enhancing career-readiness for each individual student. The knowledge that is generated – both transmitted to students and new knowledge resulting from research – is connected to the broader community through productive partnerships between the University and companies and organizations throughout the region, working together to achieve common goals.

Developing the Three-year Action Plans

Having completed two data-driven University-wide reviews of current offerings and operations – Academic Program Review and Administrative Activities Review – UA is now positioned to establish its plan for the next three years, outlining the important decisions and actions that are needed to help the University be distinctive in a crowded, competitive higher education landscape. This plan is designed to align University resources to build on notable areas of strength, generate more revenue resulting from greater attraction of students to those areas, prioritize areas of investment, and control expenditures throughout the University.

The process for developing these plans (the University-wide plan and the plans from the colleges and units) was comprehensive and inclusive, guided by the Three-Year Action Plan Steering Committee drawn from throughout the University. In conjunction with the Faculty Senate Ad Hoc Committee on Strategic Planning, the following "Unifying Statement" was developed from the UA mission statement to establish an overall framework for the planning effort:

> *"We are a regional public university committed to developing knowledgeable, open-minded, and productive members of an increasingly diverse society who will be life-long learners. Building on our strengths, we provide a transformative education to*

students, complemented by cutting-edge research and innovative engagement with the public and private sectors.”

Four priorities guide this Action Plan:

1. **Increase Success of Our Students**
    - Provide high quality instruction, opportunities for career preparation, and excellent support services to achieve steady and timely academic progress toward graduation.
2. **Emphasize Academic Distinctiveness**
    - Offer in-demand degree programs and those that make UA distinctive; conduct high-quality, focused research in specific areas of strength; and, engage with the community in driving the economic development of the region through strong public-private partnerships.
3. **Generate Additional Revenue**
    - Increase student recruitment and persistence to degree, fundraising, research grants with limited or no University subsidy and additional external auxiliary funding.
4. **Continue to Improve Efficiency and Effectiveness**
    - Operate academic, academic support and auxiliary units as effectively and efficiently as possible, including possible outsourcing of some operational functions, and ensure efficient delivery of courses and degree programs through more effective scheduling, academic administration and unit reorganization.

The results of this Three-Year Action Plan will be used to guide the preparation of the University’s FY 2019–2020 budget and inform the upcoming presidential search. The intent is to continually evaluate progress of the plan on an annual basis, make needed adjustments and continue with that process. Our new president will then have a plan and a planning process that can be modified or changed as she or he settles in to the presidency.

What follows is a list of tactics UA will pursue to advance these priorities over the next three years. These tactics are primarily drawn from the action plans developed by the deans and vice presidents, which in turn are rooted in relevant unit action plans. Given the diversity of these plans, the tactics are necessarily described in some general terms. However, in operational terms, the specific details of the tactics will be found in the relevant college, divisional, and unit action plans. The implementation of the tactics will occur through normal administrative channels. If such tactics require changes in policy, such changes will occur through normal shared governance practices.

*The approach and actions to be taken will result in changes within the University, and adapting to change can be difficult. However, it is imperative that we **do** adapt so we can* *move forward. It is abundantly clear that we cannot just continue what we have been doing – however successful it may have been in the past.*

Priority #1: Increase Success of Our Students

Over the next three years, The University of Akron will increase student success by providing high quality instruction and excellent services so that students can achieve steady progress to graduation.

a. *UA will deploy academic and academic support personnel to increase undergraduate student persistence rates by 1% each year; retention rates by 3% each year; and graduation rates by 2% per year.*

- UA will employ scheduling analytics to offer classes in and across semesters to streamline paths to graduation.
- UA will move all bachelor's degrees to 120 credits, unless explicitly prohibited by accreditors, to reduce costs to students and time to graduation.
- UA will review and revise required course sequences to increase student success without compromising academic standards.
- UA will review and revise course prerequisites and degree requirements to streamline paths to graduation.
- UA will review and revise course offerings so that degree requirements can be met via online and hybrid courses, and so that credit may be obtained for previous learning experiences.
- UA will consider efforts to revise foreign language requirements for undergraduates in natural science fields.
- UA will continue to follow its undergraduate admissions rule which will improve the success of our diverse student body as well as enhance our academic reputation
- Consistent with college action plans, UA will implement the 2019 Undergraduate Enrollment plan regarding persistence, retention, and graduation.

b. *UA will provide excellent student services, including providing intentional advising, prompt and effective attention to inquiries and timely assistance with personal distress situations, as well as spurring additional student engagement.*

- UA will require all undergraduate students with less than 60 credits completed to meet with their college advisor before registering for classes.
- UA college and faculty advisors will monitor all student pre-majors and ensure that such students expeditiously find a major in which they can succeed – including a smooth transition to another degree program when appropriate.

- UA and each college will expeditiously identify students struggling with course work and deploy faculty, tutors, study teams, peer mentors, and other resources to help these students complete their classes.
- Consistent with college action plans, UA will review and revise direct admit criteria for admission to undergraduate degree programs to ensure that admitted students are adequately prepared to succeed in the program.
- Consistent with college action plans, UA will continue to improve college-based student advising, with special attention to at-risk students.
- UA will expand the scope and impact of UA's Choose Ohio First comprehensive student support model, including summer bridge programming, to Collegiate Success, pre-Engineering, and Underrepresented Scholarship student cohorts.
- UA will help increase the success of first generation, low income, underrepresented and students with disabilities on campus.
- UA will identify students facing personal challenges and provide wrap-around support.
- UA will expand learning communities as a means to immerse students in areas of personal interest and academic pursuit.
- UA will continue to stress the importance of student engagement in campus life to enhance persistence and retention, being attentive to diverse cultures and experiences.
- UA will create opportunities for seamless integration of transfer students into academic and campus life.
- UA will help students who need remedial and/or developmental coursework at the time of admission through co-requisite and other methods.

c. UA will increase student interactions with full-time faculty in the classroom, especially in undergraduate general education and required courses.

- UA will optimize class size to ensure quality interactions between full-time faculty and students, especially freshmen and sophomores, both in-class and out-of-class.
- UA will optimize the type and number of elective courses to balance the instruction of required and high demand courses with the ability to provide academically distinctive programs.

<u>Priority #2: Emphasize Academic Distinctiveness</u>

During the next three years, The University of Akron will pursue academic distinctiveness with new and revised degree programs, focused research excellence, and strong local partnerships.

a. *UA will create new and revised degree programs for emerging markets and careers, encouraging diversity in a changing marketplace.*
   - UA will focus course and degree offerings in areas of strong competitive advantage, student interest, and instructional capacity.
   - UA will develop and implement new degrees in areas of high demand as well as new interdisciplinary initiatives, such as global and pre-med studies.
   - UA will offer in-demand bachelor's degrees at Wayne College and other satellite locations in coordination with main campus programs.
   - UA's LeBron James Family Foundation College of Education will increase its emphasis on urban pre-service teacher preparation, generate impact via the new Urban STEM Center and pursue other promising opportunities.
   - UA will develop internal and external "2+2" degree programs, linking in-demand associate degrees to bachelor's degrees.
   - Consistent with college action plans, units will work with the Graduate School to develop professional master's degrees to attract self-paying students.
   - Each Ph.D. program at UA will revise its curriculum, if necessary, so students will earn an appropriate masters degree once they advance to doctoral candidacy.
   - Consistent with college action plans, UA will develop and implement a plan for recruiting high-quality graduate students with assistance from the Graduate School.
   - UA will regularly review and revise existing degrees to improve quality and outcomes via a regular multi-year cycle of program review.
   - UA will expand experiential learning and research opportunities to all undergraduate degree programs.
   - Consistent with college action plans, UA will support faculty efforts to move as many courses as possible online.
   - Consistent with college action plans, UA will support faculty efforts to use open educational resources in as many courses as possible to increase textbook affordability.

b. *UA will expand cutting-edge research in focused areas of strength, including higher external funding, generation of intellectual property, and scholarly reputation.*

- UA will initiate new clusters of research activity, including "Major Research Ventures" (an interdisciplinary team of faculty) and "Faculty Research Ventures" (a single faculty member), to expand research funding.
- UA will develop master research agreements with business and industry to conduct research where the ownership of the intellectual property generated is negotiable consistent with the level of funding.
- Through the University of Akron Research Foundation (UARF), UA will expand its activities to support new research ventures as well as continue to foster the commercialization of UA intellectual property.
- UA will implement new policies for external research grants and contracts, including charging faculty time and tuition for graduate students as direct costs when allowed by the granting agency.
- Within Ph.D. programs, UA will seek an appropriate balance of doctoral students who are UA-funded teaching assistants and those who are externally-funded research assistants.
- Each unit at UA will develop and obtain approval for a faculty workload policy linking assigned time for research to discipline-appropriate research productivity, levels of external funding, and research with students.

c. *UA will maintain existing and seek new external partnerships to support workforce development, technical innovation, economic growth, and improved quality of life.*

- UA will participate in the implementation of the *Elevate Akron* plan for regional economic development, partnering with the Chamber of Commerce, City of Akron, and County of Summit.
- UA will strengthen its partnership with Bounce, including the possible relocation of appropriate UA personnel and activities to the downtown facility.
- UA will continue to work with the City of Akron and County of Summit on safety and community development in the Exchange Street Corridor.
- UA will expand its partnerships in the region to include workforce development and the management of intellectual property.
- UA will continue to work with the State of Ohio administration and legislators to keep higher education affordable, maximize our State Share of Instruction payments and focus on job and career readiness.

- UA will contribute to the implementation of the Northeast Ohio Regional Higher Education Compact to make public higher education more collaborative and less duplicative in the region.
- UA will continue existing and seek new educational partnerships with private and public entities.
- UA will continue to cultivate relationships on- and off-campus with entities whose mission is to serve minority and underserved populations and to advance the University's commitment to Inclusive Excellence.
- UA will continue to monitor federal legislation and seek new federal research funds.
- UA will expand existing and seek new relationships with area hospitals, including Akron Children's Hospital, Summa Health System, and Cleveland Clinic Akron General Hospital.
- UA will expand dual enrollment agreements (such as Direct Connect with Stark State College) to other Northeast Ohio Compact community colleges.
- UA will carry out its "sister university" partnerships with the Akron Public Schools, and seek to expand these relationships to include partnerships for visual and performing arts programs.
- UA will maximize the impact of its partnership with the LeBron James Family Foundation, including the "I Promise School" and the "I Promise Institute".
- UA will continue its strong partnerships with local arts institutions (such as the Akron Art Museum, ArtsNow, and the Civic Theater), educational groups (such as Summit Education Initiative, ConxusNEO, Leadership Akron, and Neighborhood Leadership), non-profit organizations (such as United Way and the Salvation Army), and civic institutions (such as Downtown Akron Partnership, Akron Zoo, and the Cuyahoga Valley National Park).

Priority #3: Generate Additional Revenue

During the next three years, The University of Akron will expand existing and seek new sources of revenue, including new student recruitment, fundraising, and funding for research and auxiliaries.

a. *UA will expand its recruitment of high quality and diverse students at all levels, with an emphasis on increasing net tuition revenue.*

- UA will implement the 2019 Undergraduate Enrollment plan with regard to recruitment of first-time and transfer students, with the assistance of the colleges and other units consistent with their action plans.
- UA will maximize transfer enrollment and success through Direct Connect and other dual enrollment programs.
- UA will initiate additional efforts to recruit more College Credit Plus students to enroll at UA by creating stronger connections between the students and the University.

- UA will strategically improve rankings and continue to meet accreditation expectations in the colleges

b. *UA will expand development activities to raise additional funds for student scholarships, endowed chairs, campus facilities, and programs.*

- UA's Development Department will expand its fundraising efforts (targeting an 8% to 10% increase per year), with the assistance of the colleges and other units consistent with their action plans.
- UA will lay the groundwork for a new fundraising campaign in conjunction with the Sesquicentennial Anniversary of the University.
- UA fundraising efforts will focus on obtaining gifts that offset costs currently borne by the General Fund, including scholarships, endowed professorships, and facilities.

c. *UA will increase funding generated by auxiliary units, including athletics, residence halls, and student and recreation centers.*

- UA's Athletic Department will implement a three-year plan to reduce the financial draw from the General Fund by reducing costs ($3 million over the next three years) and generating additional revenues ($5 million over the next three years).
- UA Residence Life and Housing will increase revenues by placing more students in the residence halls, including student-athletes.
- UA will continue to investigate and pursue potential opportunities to monetize physical assets and/or revenue streams. The physical asset investigations will include sale, sale/leaseback arrangements, and other means with the intended purpose of first retiring outstanding bonded debt, followed by providing a source of capital and/or recurring cash flows for the University. The monetization of residence life and housing, recreation center, parking, football stadium and field house, and the University's power plant and its related infrastructure will initially be investigated.

Priority #4: Continue to Improve Efficiency and Effectiveness

The University of Akron will continue to improve efficiency and effectiveness in the operation of academic, academic support, and auxiliary units.

a. *UA will continue to improve efficiency and effectiveness in the delivery of courses and degree programs.*

- UA will centralize where appropriate the deans' office personnel in key services, including information technology, development, marketing, compliance and budgeting.

- UA will significantly reduce the number of low enrollment course offerings.
- UA will significantly increase the speed of curricular approvals.
- UA will reorganize University Libraries (UL), in keeping with UL recommendations, and continue to use data analyses to strategically allocate expenditures for materials.
- UA Office of Enrollment Management will implement plans to reduce the amount of General Fund scholarships.
- UA will assess the effectiveness and efficiency of academic support programs, such as the English Language Institute, Confucius Institute, and the Office of Multicultural Development.
- Consistent with the recommendations of the Administrative Activities Review, UA will review current levels of staffing and resources in the deans' offices and Office of Academic Affairs.

b. *UA will continue to improve efficiency and effectiveness in the delivery of academic support services, as well as the activities of auxiliary units.*

- UA will centralize, where appropriate, administrative personnel in key services, including information technology, development, marketing and communications, compliance and budgeting.
- Human Resources will conduct a comprehensive review of UA's employee classification system.
- Information Technology will evaluate the migration to a cloud-based Enterprise Resource Planning (ERP) system.
- UA will consider joining Dining and Residence Life and Housing within the same administrative area to create additional savings and synergies.
- Consistent with the recommendations from Academic Activities Review, UA will analyze current levels of staffing and resources in all academic support and auxiliary units.
- UA will explore the feasibility of establishing centralized management of conference and meeting facilities.