GENERAL FUND

For the Three Months Ended September 30, 2019
The University of Akron
Akron and Wayne General Fund Combined
FY20 Annual Budget and Actual Results for the three months ended September 30, 2019

<table>
<thead>
<tr>
<th></th>
<th>Approved Budget</th>
<th>Actual</th>
<th>$ Budget Variance</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition &amp; General Service Fees</td>
<td>$178,742,000</td>
<td>$92,214,414</td>
<td>($86,527,586)</td>
<td></td>
</tr>
<tr>
<td>Other Fees</td>
<td>21,495,000</td>
<td>10,876,024</td>
<td>(10,618,976)</td>
<td></td>
</tr>
<tr>
<td>Scholarships</td>
<td>(61,764,000)</td>
<td>(24,907,325)</td>
<td>(36,856,676)</td>
<td></td>
</tr>
<tr>
<td><strong>Net Tuition and Fees</strong></td>
<td><strong>138,473,000</strong></td>
<td><strong>78,183,113</strong></td>
<td>(134,003,238)</td>
<td>56%</td>
</tr>
<tr>
<td>State Share of Instruction</td>
<td>99,139,000</td>
<td>25,035,868</td>
<td>(74,103,132)</td>
<td></td>
</tr>
<tr>
<td>Indirect Cost Recovery</td>
<td>5,247,000</td>
<td>1,346,520</td>
<td>(3,900,480)</td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>1,410,000</td>
<td>247,445</td>
<td>(1,162,555)</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Revenues</td>
<td>2,571,000</td>
<td>1,140,205</td>
<td>(1,430,795)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>246,840,000</strong></td>
<td><strong>105,953,151</strong></td>
<td>(214,600,200)</td>
<td>43%</td>
</tr>
<tr>
<td>Payroll</td>
<td>139,719,000</td>
<td>26,002,898</td>
<td>113,716,102</td>
<td></td>
</tr>
<tr>
<td>Fringes</td>
<td>43,853,000</td>
<td>9,715,443</td>
<td>34,137,557</td>
<td></td>
</tr>
<tr>
<td><strong>Total Compensation</strong></td>
<td><strong>183,572,000</strong></td>
<td><strong>35,718,341</strong></td>
<td>147,853,659</td>
<td>19%</td>
</tr>
<tr>
<td>Utilities</td>
<td>10,258,000</td>
<td>1,051,337</td>
<td>9,206,663</td>
<td></td>
</tr>
<tr>
<td>Operating</td>
<td>36,515,000</td>
<td>13,626,689</td>
<td>22,888,311</td>
<td></td>
</tr>
<tr>
<td><strong>Total Non Personnel</strong></td>
<td><strong>46,773,000</strong></td>
<td><strong>14,678,026</strong></td>
<td>32,094,974</td>
<td>31%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>230,345,000</strong></td>
<td><strong>50,396,367</strong></td>
<td>179,948,633</td>
<td>22%</td>
</tr>
<tr>
<td>Net Before Transfers</td>
<td>16,495,000</td>
<td>55,556,784</td>
<td>39,061,784</td>
<td></td>
</tr>
<tr>
<td>Transfers-In (Draw on Operating Reserve):</td>
<td>11,584,000</td>
<td>0</td>
<td>(11,584,000)</td>
<td></td>
</tr>
<tr>
<td>Transfers-in Plant Fund and Other</td>
<td>1,000,000</td>
<td>112,481</td>
<td>(887,519)</td>
<td></td>
</tr>
<tr>
<td>Advance-In</td>
<td>140,000</td>
<td>93,028</td>
<td>(46,972)</td>
<td></td>
</tr>
<tr>
<td>Transfers-in Encumbrance</td>
<td>2,600,000</td>
<td>3,234,688</td>
<td>634,688</td>
<td></td>
</tr>
<tr>
<td>Transfers-Out Plant Fund</td>
<td>(1,000,000)</td>
<td>64,804</td>
<td>1,064,804</td>
<td></td>
</tr>
<tr>
<td>Transfers-Out Other</td>
<td>(30,819,000)</td>
<td>(7,704,825)</td>
<td>23,114,175</td>
<td></td>
</tr>
<tr>
<td>Advance-Out</td>
<td>0</td>
<td>(170,000)</td>
<td>(170,000)</td>
<td></td>
</tr>
<tr>
<td><strong>Net Transfers</strong></td>
<td>(16,495,000)</td>
<td>(4,369,824)</td>
<td>12,125,176</td>
<td></td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td>$0</td>
<td>$51,186,960</td>
<td>$51,186,960</td>
<td></td>
</tr>
</tbody>
</table>

The FY 2020 Budget Assumptions and Narratives of the Budget to Actual Results are integral to this statement.
Revenues

Tuition & General Service Fees
• Overall blended enrollment reduction of over four percent; and
• Tuition and certain fee increase of one and a half percent for the fall 2019 Tuition Guarantee Cohort.

Other Fees
• Overall blended enrollment reduction of over four percent.

Scholarships
• Undergraduate, $46.2 million including College Credit Plus and Early College;
• Graduate assistant fee remissions, $11.7 million; and
• Law School, $3.9 million.

State Share of Instruction
• Based upon information received from the Ohio Department of Higher Education.

Indirect Cost Recovery
• No significant change as compared to FY19; and
• Distributions now limited to the Principal Investigator at 10 percent with remainder to the Center.

Investment Income
• Market fluctuations either way will impact the actual amount.

Miscellaneous Revenues
• Major revenues include $1 million from the University of Akron Research Foundation, and $0.5 million from Federal energy tax credit.

Expenditures

Payroll and Vacancies
• Four percent increase pursuant to collective bargaining agreements;
• A raise pool equivalent to two percent for qualifying non-represented employees;
• $4.3 million of vacancy savings created by employee departures until a replacement employee is hired; and
• $1 million in reallocation of General Fund compensation to grants, leaves without pay, and professional development leaves.
The University of Akron  
Akron and Wayne General Fund Combined  
FY 2020 Budget Assumptions

Fringes
- Pooled fringe rate reduced from 37 percent for full time employees to 32 percent and a further percentage reduction;
- Reduced percentage allocated to the self-insurance fund from the General Fund in the amount of $1.5 million; and
- Voluntary Retirement Incentive Program (VRIP) year two installment of the three year program in the amount of $0.9 million.

Utilities
- Electric, natural gas, and water and sewer.

Operating
- The designated fees such as course fees and technology fees, etc., are enrollment driven and are assumed to roughly follow the four percent enrollment decline;
- The designated fees and start-ups assume that only current-year revenues and/or allocations are expended; however, a certain level of carry over exists within these fees and start-ups, which may be expended by the units and therefore cause expenditures to exceed the initial allocations;
- The unit allocations reflect adjustments recommended as part of the reduction process, including elimination of revenue share allocations and college and department level IDC distributions while the Center assumes certain research related costs in the amount of $0.6 million;
- State minimum wage adjustment; and
- Assumes $2 million underspending of awarded spending authority.

Other

Transfers-In (Draw on Operating Reserves)
- Assumes $11.6 million from general reserves; and

Transfers-In Plant Fund and Other
- $1 million from plant fund reserves.

Advances-In
- National Museum of Psychology; and
- CAST in support of the Musson Industrial Control Systems Test Bed.

Transfers-Out Plant Fund
- Capital projects will be funded by $1 million.
Transfers-Out Other

- Transfers to Auxiliaries of General Services Fee, $11.9 million; Other, $12.7 million (operations and debt service); and Facilities Fee, $6.3 million.
- The Facilities Fees maintains a reserve, and a portion of that reserve, in the amount of $1.9 million, will be used to help service the Auxiliaries’ debt service for FY20; therefore, a reduction to Transfers-Out Other was applied to the Student Union, Recreation Center, and Athletics, respectively by $1.9 million.

Debt Service

- The General Fund debt service requirement for FY20 reflects $5 million temporary relief as a result of the debt deferral initiative, and reserves that reside in the plant and debt reserves will service the remaining $7 million of FY20 General Fund debt service obligation.
The University of Akron
Akron and Wayne General Fund Combined
Narrative of FY20 Budget and Actual Results for the three months ended September 30, 2019

Revenues

Tuition & General Service Fees: Tuition & General Service Fees revenues total $92.2 million or approximately 52 percent as compared to the annual budget of $178.7 million.

The summer credit hour production continued to be a challenge and fall’s enrollment was short of projection; therefore, current expectations through fall Census are that Tuition and General Service Fees revenues will fall short of the budget by approximately $3.5 million, or two percent.

Other Fees: Other Fees revenues total $10.9 million or approximately 51 percent as compared to the annual budget of $21.5 million.

Other Fees include various student fees such as facility fees (28 percent), technology fees (26 percent), and unit and course/content, administrative, career advantage and other fees (46 percent). The University began to more routinely implement electronic content fees. Those fees are charged to a student’s account, the proceeds of which pass along to Barnes & Noble. This pass-through is expected to approximate $1.2 million for the fiscal year.

Many of the fees remain within the General Fund and are used for operations while the facility fee passes through to Auxiliary units and contributes toward the debt service requirements of the Student Recreation and Wellness Center, Student Union, InfoCision Stadium, and the Fieldhouse.

Current expectations are that Other Fees will fall short of the budget by $700,000.

Scholarships: Scholarships total $24.9 million or approximately 40 percent of the $61.8 million annual budget. Year-to-date Scholarships include undergraduate ($17.9 million), graduate tuition remissions ($5.2 million), and law ($1.8 million). The discounts associated with the College Credit Plus and Early College programs have not yet been recognized but those are estimated to be around $8 million for the fiscal year.

Current expectations are that actual Scholarships will be less than budgeted; however, a more thorough projection will be completed after the January 2020 Census.

State Share of Instruction: State Share of Instruction (SSI) revenues total $25 million or 25 percent as compared to the annual budget of $99.1 million.

The Ohio Department of Higher Education (ODHE) revised its funding estimate after the Board of Trustees approved the General Fund Budget; however, ODHE has since returned its projection to the original budgeted level.
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Indirect Cost Recovery: IDC revenues total $1.3 million or approximately 26 percent as compared to the annual budget of $5.2 million.

IDC is proportionately related to externally funded research activities and is currently allocated with 90 percent used to pay the general expenditures of the University and 10 percent allocated to the principal investigators.

Current expectations are that IDC revenues will fall short of budget by about $500,000, or nine percent.

Investment Income: Investment Income revenues total $247,000, or 18 percent as compared to the annual budget of $1.4 million.

Investment Income is based upon the size of the operating funds investment portfolio and conditions that impact the return.

Current expectations are that budgeted Investment Income revenues will be met.

Expenditures

Compensation: Payroll expenditures total $26 million or approximately 19 percent of the annual budget of $139.7 million.

Largely due to 9-month employee contracts, compensation is not incurred ratably throughout the year. By September 30; however, all employees become part of the payroll cycle and compensation becomes more ratable for the remainder of the fiscal year.

Current expectations are that Payroll and Fringe benefit expenditures will meet budget. A more thorough projection will be completed for an upcoming financial report.

Utilities: The Utilities charges approximated $1.5 million, including $346,000 of yet to be processed invoices, which is a reasonable approximation of the budget; however, the University received a water credit which reduced the expenditures by $400,000. Based upon past experience, the winter and spring months are the largest campus utility consumption months so it is expected that expenditures will increase; however, a more thorough projection will be completed for an upcoming financial report.

<table>
<thead>
<tr>
<th>Employee Type</th>
<th>Actual YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty</td>
<td>$12,216,000</td>
</tr>
<tr>
<td>Staff</td>
<td>6,307,000</td>
</tr>
<tr>
<td>Contract Professionals</td>
<td>6,398,000</td>
</tr>
<tr>
<td>Graduate Assistants</td>
<td>1,082,000</td>
</tr>
<tr>
<td><strong>Total Payroll</strong></td>
<td><strong>$ 26,003,000</strong></td>
</tr>
</tbody>
</table>

Note 1: Includes all General Fund payroll-related activities (e.g. full time, part time, overload, etc.).
Note 2: Excludes fringe benefits.
Note 3: Includes one month of 9-month faculty payroll (full-time, part-time, visiting, etc.).
The University of Akron
Akron and Wayne General Fund Combined
Narrative of FY20 Budget and Actual Results for the three months ended September 30, 2019

Operating: Operating expenditures total $13.6 million or approximately 37 percent of the $36.5 million budget. These expenditures trend higher in the first half of the year as annual contracts and blanket purchase orders are encumbered. The first quarter results include $7.4 million in encumbered funds.

The expenditures are incurred within the operating units primarily for software license, supplies and services, transcribing, advertising, travel and occasionally smaller dollar capital items such as computers and equipment.

Current expectations, assuming planned underspending occurs, are that budgeted Operating expenditures will be achieved.

Transfers, Advances and Loan

Transfers-in (Draw on Operating Reserves): The annual budget assumes draw on reserves will total $11.6 million. The funds will be transferred in as needed later in the fiscal year.

Transfers-In Plant Fund and Other: Includes $1 million from reserves for plant fund projects to be transferred in as needed. The transfer-in largely represents a remaining FY2019 balance within Recreation and Wellness Services that was returned to the General Fund.

Transfers-Out Plant Fund: Upon completion of the Akron Engineering Research Center (AERC) air chiller replacement, $65,000 remained and was returned to the General Fund.

Transfers-Out Other: The actual transfers of $7.7 million reflect facilities fees and general service fees as well as general support to Athletics. At 25 percent of budget, these transfers are in line with the budget; however, the added two percent shortfall from budgeted enrollment will have an adverse cascading implication for the auxiliary support approximating $500,000.

Advances In/Out:

<table>
<thead>
<tr>
<th></th>
<th>Balance July 1, 2019</th>
<th>Advances Out</th>
<th>Repayments Advances-In</th>
<th>Balance Sept. 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Musson Industrial Control System Test Bed</td>
<td>$93,028</td>
<td>-</td>
<td>$93,028</td>
<td>$ -</td>
</tr>
<tr>
<td>National Museum of Psychology (Cummings Center)</td>
<td>10,000</td>
<td>-</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>Men's Soccer</td>
<td>-</td>
<td>170,000</td>
<td>-</td>
<td>170,000</td>
</tr>
<tr>
<td>Total</td>
<td>$103,028</td>
<td>$170,000</td>
<td>$93,028</td>
<td>$180,000</td>
</tr>
</tbody>
</table>

Loan: The University of Akron Foundation provided a loan to the University in the form of a line of credit of up to $1 million to help fund the baseball field project until donations materialize. To date, $700,000 has been accessed, of which $400,000 represents pledges and $300,000 is being sought. The loan may be further accessed for remaining project phases as other pledge commitments are secured.