GENERAL FUND

For the Six Months Ended December 31, 2019
### FY20 Annual Budget and Actual Results for the six months ended December 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
<th>$ Budget Variance</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YTD Budget</td>
<td>YTD Actual</td>
<td>YTD Approved</td>
<td>YTD Budget</td>
</tr>
<tr>
<td>Tuition &amp; General Service Fees</td>
<td>$186,251,268</td>
<td>$97,986,203</td>
<td>$178,742,000</td>
<td>$92,220,135</td>
</tr>
<tr>
<td>Other Fees</td>
<td>21,732,648</td>
<td>11,545,885</td>
<td>21,495,000</td>
<td>11,105,222</td>
</tr>
<tr>
<td>Scholarships</td>
<td>(52,787,389)</td>
<td>(31,080,004)</td>
<td>(61,764,000)</td>
<td>(32,386,100)</td>
</tr>
<tr>
<td>Net Tuition and Fees</td>
<td>155,196,527</td>
<td>78,452,084</td>
<td>138,473,000</td>
<td>70,939,256</td>
</tr>
<tr>
<td>State Share of Instruction</td>
<td>101,851,513</td>
<td>51,753,349</td>
<td>99,139,000</td>
<td>50,065,131</td>
</tr>
<tr>
<td>Indirect Cost Recovery</td>
<td>5,188,151</td>
<td>2,642,019</td>
<td>5,247,000</td>
<td>2,337,797</td>
</tr>
<tr>
<td>Investment Income</td>
<td>1,087,866</td>
<td>289,845</td>
<td>1,410,000</td>
<td>484,777</td>
</tr>
<tr>
<td>Miscellaneous Revenues</td>
<td>1,959,430</td>
<td>1,334,286</td>
<td>2,571,000</td>
<td>1,705,861</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>265,283,486</td>
<td>134,471,584</td>
<td>246,840,000</td>
<td>125,532,822</td>
</tr>
<tr>
<td>Payroll</td>
<td>140,283,371</td>
<td>66,334,876</td>
<td>139,719,000</td>
<td>65,243,718</td>
</tr>
<tr>
<td>Fringes</td>
<td>50,643,511</td>
<td>25,717,015</td>
<td>43,853,000</td>
<td>20,237,581</td>
</tr>
<tr>
<td><strong>Total Compensation</strong></td>
<td>190,926,882</td>
<td>92,051,891</td>
<td>183,572,000</td>
<td>85,481,300</td>
</tr>
<tr>
<td>Utilities</td>
<td>10,692,070</td>
<td>4,241,781</td>
<td>10,258,000</td>
<td>3,222,985</td>
</tr>
<tr>
<td>Operating</td>
<td>33,846,757</td>
<td>20,399,304</td>
<td>36,515,000</td>
<td>20,587,752</td>
</tr>
<tr>
<td><strong>Total Non Personnel</strong></td>
<td>44,538,828</td>
<td>24,641,085</td>
<td>46,773,000</td>
<td>23,810,736</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>235,465,710</td>
<td>116,692,976</td>
<td>230,345,000</td>
<td>109,292,036</td>
</tr>
<tr>
<td>Net Before Transfers</td>
<td>29,817,777</td>
<td>17,778,608</td>
<td>16,495,000</td>
<td>16,240,787</td>
</tr>
<tr>
<td>Transfers-In (Draw on Operating Reserves)</td>
<td>3,795,965</td>
<td>0</td>
<td>11,584,000</td>
<td>0</td>
</tr>
<tr>
<td>Transfers-In Plant Fund and Other</td>
<td>2,569,633</td>
<td>3,299,511</td>
<td>1,000,000</td>
<td>131,571</td>
</tr>
<tr>
<td>Advance-In</td>
<td>596,972</td>
<td>267,972</td>
<td>140,000</td>
<td>93,028</td>
</tr>
<tr>
<td>Transfers-In Encumbrance</td>
<td>3,832,133</td>
<td>3,832,133</td>
<td>2,600,000</td>
<td>3,234,688</td>
</tr>
<tr>
<td>Transfers-Out Plant Fund</td>
<td>(2,822,400)</td>
<td>(644,650)</td>
<td>(1,000,000)</td>
<td>(141,696)</td>
</tr>
<tr>
<td>Transfers-Out Other</td>
<td>(34,369,392)</td>
<td>(15,660,173)</td>
<td>(30,819,000)</td>
<td>(15,409,650)</td>
</tr>
<tr>
<td>Advance-Out</td>
<td>(77,000)</td>
<td>(77,000)</td>
<td>0</td>
<td>(290,000)</td>
</tr>
<tr>
<td>Transfers-Out - Encumbrance</td>
<td>3,343,688</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Transfers</strong></td>
<td>(29,817,776)</td>
<td>(8,982,206)</td>
<td>(16,495,000)</td>
<td>(12,382,059)</td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td>$0</td>
<td>$8,796,402</td>
<td>$0</td>
<td>$3,858,728</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.
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)
- Assures $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.
The University of Akron
Akron and Wayne General Fund Combined
FY 2020 Budget Assumptions

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.
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. These revenues reflect summer and fall activities and do not include deferred revenues associated with spring 2020.

As already known, the combined summer and fall credit hours were short of projections; therefore, current expectations through fall Census are that Tuition and General Service Fees revenues will fall short of the budget. An updated projection will be completed after the January 2020 Census.

Other Fees: Other Fees revenues total $11.1 million or approximately 52 percent as compared to the annual budget of $21.5 million. These revenues reflect summer and fall activities and do not include deferred revenues associated with spring 2020.

Other Fees include various student fees such as facility fees (29 percent), technology fees (21 percent), and unit and course/content, administrative, career advantage and other fees (50 percent). The University recently began to more routinely implement electronic content fees. Those fees are charged to a student’s account, the proceeds of which then pass along to Barnes & Noble. This pass-through is expected to exceed $1.5 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 and an updated projection will be completed after the January 2020 Census.

Scholarships: Scholarships total $32.3 million or approximately 52 percent of the $61.8 million annual budget. Year-to-date Scholarships include undergraduate ($25.4 million), graduate tuition remissions ($5.2 million), and law ($1.7 million). The undergraduate scholarships include $6.8 million and $1 million associated with College Credit Plus and Early College, respectively. Funds from the Making a Difference Moving Forward (MDMF) campaign were used to reduce the General Fund scholarships by more than $300,000.

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

State Share of Instruction: State Share of Instruction (SSI) revenues total $50.1 million or 50 percent as compared to the annual budget of $99.1 million.
The University of Akron
Akron and Wayne General Fund Combined
Narrative of FY20 Budget and Actual Results for the six months ended December 31, 2019

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.

Indirect Cost Recovery: IDC revenues total $2.3 million or approximately 45 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. A projection will be completed for an upcoming financial report.

Investment Income: Investment Income revenues total $485,000, or 34 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. Historically, certain realized gains from operating funds that were immediately reinvested were considered investment income. During FY2019, that methodology was changed so that only earnings on the cash and cash equivalent operating funds were recognized for budgetary purposes and the FY2019 YTD investment income reflects that changed methodology.

Current expectations are that budgeted Investment Income revenues will fall short of budget. A projection will be completed for an upcoming financial report.

Miscellaneous Revenues: Miscellaneous Revenues total $1.7 million, or 66 percent as compared to the annual budget of $2.6 million. These revenues include $1 million from The University of Akron Research Foundation and $706,000 from other various sources.

Current expectations are that budgeted Miscellaneous Revenues will be met.

Expenditures

Compensation: Payroll expenditures total $65.2 million or approximately 47 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 became 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 be less than budget. A projection will be completed for an upcoming financial report.
Utilities: The Utilities charges approximated $3.6 million; however, the University received a water credit which reduced the expenditures by $400,000 while another utility provider is behind in billing. Based upon past experience, the winter and spring months are the largest campus utility consumption months so it is expected that expenditures will increase, but will still be short of budget for the fiscal year. A projection will be completed for an upcoming financial report.

Operating: Operating expenditures total $20.6 million or approximately 56 percent of the $36.5 million budget. These expenditures tend to be higher in the first half of the year as annual contracts and blanket purchase orders are encumbered. The six month results include $5.6 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.

A projection will be completed for an upcoming financial report.

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 year to date transfer-in largely represents a remaining FY2019 balance within Recreation and Wellness Services that was returned to the General Fund.

Transfers-Out Plant Fund: A chiller rebuild project was funded at $240,000. Upon completion of the Akron Engineering Research Center (AERC) air chiller replacement, $65,000 remained and was returned to the General Fund. Upon completion of the E.J. Thomas lighting project, $33,500 was returned to the General Fund.

Transfers-Out Other: The actual transfers of $15.4 million reflect facilities fees and General Service Fees as well as general support to various auxiliaries. At 50 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. A projection will be completed for an upcoming financial report.

Advances In/Out:

<table>
<thead>
<tr>
<th></th>
<th>Balance</th>
<th>Advance</th>
<th>Repayments</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July 1, 2019</td>
<td>Out</td>
<td>Advances-In</td>
<td>Dec. 31, 2019</td>
</tr>
<tr>
<td>Musson Industrial Control System Test Bed</td>
<td>$93,028</td>
<td>$ -</td>
<td>$93,028</td>
<td>$ -</td>
</tr>
<tr>
<td>Test Bed Equipment</td>
<td>-</td>
<td>70,000</td>
<td>-</td>
<td>70,000</td>
</tr>
<tr>
<td>Cummings Center</td>
<td>10,000</td>
<td>50,000</td>
<td>-</td>
<td>60,000</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>$290,000</td>
<td>$93,028</td>
<td>$300,000</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. Initially, $700,000 was accessed while $200,000 was repaid during December upon receipt of a pledge; therefore, $500,000 remains outstanding at December 31, 2019. The loan may be further accessed for remaining project phases as other pledge commitments are secured.