

The University of Akron
(a component unit of the State of Ohio)

**Financial Report
With Supplemental Information**

June 30, 2014

The University of Akron

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The University of Akron

The University of Akron
Management's Discussion and Analysis
June 30, 2014

Statements of Net Position \$ es6.1(e4(Net)va3(r)14.1()TJ5.4o(me)7uch amo(me)7ucg4(Net).2(r76.3(t-da)7y(i)6.5

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

	2012 as restated	2013 as restated	2014
Assets:			
Current assets	\$ 209.2	\$ 200.6	\$ 201.9
Noncurrent assets:			
Capital	720.8	710.0	727.5
Other	94.2	91.1	135.8
Total assets	1,024.2	1,001.7	1,065.2
Deferred outflow of resources	20.1	20.1	18.9
Liabilities:			
Current liabilities	80.2	82.3	81.4
Noncurrent liabilities	461.8	451.3	506.8
Total liabilities	542.0	533.6	588.2
Net position:			
Net investment in capital assets	315.4	303.1	295.0
Restricted:			
Nonexpendable	23.2	23.6	24.1
Expendable	54.7	64.6	74.2
Unrestricted	109.0	96.9	102.6
Total net position	\$ 502.3	\$ 488.2	\$ 495.9

Prior years have been adjusted in accordance with GASB Statement No. 65. See footnote 1.

Assets and deferred outflow 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. Current assets increased \$1.3 million for 2014 and d6li

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Assets and deferred outflow of resources (continued)

Below is the composition of assets and deferred outflows for each year (with 2014 percentages):



Liabilities

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 \$0.9 million and increased \$2.1 million for 2014 and 2013, respectively. There were variations among many of the current liability categories, but the principal cause of the changes were a \$3.5 million 2014 decrease and a \$3.1 million 2013 increase in accounts payable which offset changes in other liabilities.

Noncurrent liabilities consist of refundable federal student loans; long-term debt including capital leases and the sick leave and other postemployment benefit liabilities; and long-term unearned income. The most notable change occurred within the long-term debt. For 2014, the \$55.5 million increase was primarily from the additional debt for the Campus-Wide Energy Efficiency and Conservation project. For 2013, the \$10.5 million decrease was due primarily to payments made on The University's long-term debt.

Below is the composition of liabilities for each year (with 2014 percentages):



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Net position

As reflected earlier,

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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

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Operating revenues (continued)

Sales and services revenue is from certain operations, which provide services to both students and other departments within The University campus. The decrease in revenues during 2014 was due to the closing of The Computer Store. During 2014, the most significant of these operations was the English Language Institute which generated sales totaling \$1.7 million. The Computer Store was the most significant source in the prior two years generating \$2.7 million during 2013 and \$3.3 million during 2012.

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,

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Operating expenses (continued)

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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 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 \$383.3 million, \$372.6 million, and \$421 million in 2012, 2013 and 2014, respectively. During 2014, The University increased its long-term debt by \$59.6 million for the Campus-Wide Energy Efficiency and Conservation Project. During 2013, The University issued \$31.8 million of refunding bonds to refinance portions of the Series 2003A & 2004B bonds and receive lower interest rates. The University's bond rating was unchanged with these issues and remains at A1 with a stable outlook. The long-term debt activity is reflected in more thorough detail within Note 6 of the financial statements.

Factors Impacting Future Periods

Student tuition and fees and state appropriations are the principal revenue sources which supported The University's annual

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ASSETS	2014	as restated 2013	2014	2013
Current assets:				
Cash and cash equivalents	\$ 11,800,875	\$ 11,744,089	\$ 4,952,422	\$ 3,029,538
Pooled investments	150,651,605			

REVENUES	2014	2013	2014	2013
Operating revenues:				
Student tuition and fees	\$ 262,638,813	\$ 267,969,738	\$ -	\$ -
Scholarship allowance	(44,215,295)	(46,750,276)	-	-
Net student tuition and fees	218,423,518	221,219,462	-	-

2014

2013

CASH FLOWS FROM OPERATING ACTIVITIE

The University of Akron
 Statements of Cash Flows
 June 30, 2014 and 2013

	2014	2013
RECONCILIATION OF OPERATING LOSS TO		
NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (145,894,120)	\$ (159,547,225)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	39,281,873	41,572,495
Changes in assets and liabilities:		
Accounts receivable, net	850,527	(1,781,151)

The University of Akron
Notes to Financial Statements
June 30, 2014 and 2013

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. The University, along with several partners, formed the Austen BiInnovation Institute in Akron (ABIA) to develop biomaterial and medical research, education, clinical services and commercialization. The University, along with several governmental and private partners in Akron, created the University Park Alliance (UPA) to implement a comprehensive urban reinvestment development plan in the University Park neighborhood which adjoins The University. These organizations are legally separate from The University and have no voting majority from The University. Accordingly, their financial activity is not included within the accompanying financial statements, and The University bears no financial benefit or burden for these organizations.

nt 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 fund-raising 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

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Notes to Financial Statements
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1. Summary of Significant Accounting and Reporting Policies – continued

Scholarship Allowances and Student Aid

Financial aid to students is reported under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third-party payment (credited to the student's account as if the student made the payment).

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Notes to Financial Statements
June 30, 2014 and 2013

1. Summary of Significant Accounting and Reporting Policies - continued

Reclassifications

Certain components of net position have been reclassified for June 30, 2013 to correct the classification of

The University of Akron
Notes to Financial Statements
June 30, 2014 and 2013

1. Summary of Significant Accounting and Reporting Policies - continued

Accounting Standards

In June 2012, the GASB issued GASB Statement No. 68 Accounting and Financial Reporting for Pensions. This Statement requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The total pension liability will be computed on a different basis than the current actuarial accrued liability and the method of allocating this liability to each participating employer has not yet been determined, so the precise impact is not known; however, if we approximate the liability based on the actuarial accrued liability and allocate based on contributions to the plans, this computes to a liability of approximately \$550-600 million. The requirements of this Statement are effective for fiscal year 2015.

2. Cash and Investments

Cash

At June 30, 2014 and 2013, the carrying amounts of The University's bank deposits and interest-bearing cash equivalents were \$14,553,720 and \$14,847,412 as compared to bank balances of \$14,073,022 and \$19,583,593, respectively. The differences between carrying amounts and bank balances were caused by items in-transit. Of the June 30, 2014 and 2013 bank balances, \$13,510,724 and \$18,990,216, respectively, was 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, municipal notes and bonds, and investment programs offered by The Commonfund.

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.

The University's investments, at fair value, at June 30, 2014 and 2013 are summarized as follows:

	2014 Fair Value	2013 Fair Value
Pooled investments:		
Money Market	\$ 661,720	\$ -
U.S. agencies	13,848,248	40,906,954
U.S. Treasury	18,724,119	26,899,808
U.S. and corporate bonds	10,923,820	-
Corporate notes	43,413,257	60,690,710
Municipal issues	503,190	1,809,525
Equities	30,925,479	-
Managed fixed income	2,982,940	-
PIMCO AAAA	3,745,293	-
Negotiable certificates of deposit	8,501,416	-
Commercial paper	1,099,164	-
PFM: Prime Series	15,322,959	17,332,335
Total pooled investments	150,651,605	147,639,332

continued

The University of Akron
Notes to Financial Statements
June 30, 2014 and 2013

2. Cash and Investments - continued

Investments - continued

The credit ratings and maturities of The University's interest-bearing investments at June 30, 2014 are as follows:

Investment	Rating (S&P)	Investment maturity (in years)				Totals
		Less than 1	1 to 5	6 to 10	More than 10	
PFM: Prime/Government Series	AAA	\$ 15,322,959	\$ -	\$ -	\$ -	\$ 15,322,959
U.S. agencies	AAA	20,763,362	15,215,176	9,339	-	35,987,877
U.S. Treasury	AA	425,630	26,739,951	3,629,839	27,734	30,823,154
Municipal issues	AAA	-	503,190	-	-	503,190
Commercial paper	A	1,099,164	-	-	-	1,099,164
Negotiable CDs	AA	-	2,071,622	-	-	2,071,622
	A	3,403,638	-	-	-	3,403,638
Total negotiable CDs		3,403,638	2,071,622	-	-	5,475,260
Corporate notes	AAA	-	985,018	-	-	985,018
	AA	-	15,858,735	2,963,878	-	18,822,613
	A	491,945	23,422,047	134,714	36,946	24,085,652
	BBB	-	36,093	43,506	-	79,599
Total corporate notes		491,945	40,301,893	3,142,098	36,946	43,972,882
U.S. and corporate bonds	AAA	2,236,466	-	-	-	2,236,466
	AA	526,118	-	-	-	526,118
	A	848,710	-	-	-	848,710
	BBB	1,050,289	-	-	-	1,050,289
	BB	642,120	-	-	-	642,120
	B	432,679	-	-	-	432,679
	Below B	337,047	-	-	-	337,047
Total U.S. and corporate bonds		6,073,429	-	-	-	6,073,429
Totals		\$ 47,580,127	\$ 84,831,832	\$ 6,781,276	\$ 64,680	\$ 139,257,915

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Notes to Financial Statements
June 30, 2014 and 2013

2. Cash and Investments - continued

Investments - continued

The credit ratings and maturities of The University's interest-bearing investments at June 30, 2013 are as follows:

Investment	Rating (S&P)	Maturity				Totals
		Less than 1	1 to 5	6 to 10	More than 10	
PFM: Prime/Government Series	AAA	\$ 17,678,787	\$ -	\$ -	\$ -	\$ 17,678,787
U.S. agencies	AA	380,253	26,569,235	4,275,760	9,908,159	41,133,407
Commercial paper sweep	AAA	24	-	-	-	24
Municipal issues	AA	-	1,809,525	-	-	1,809,525
U.S. and corporate notes	AAA	-	1,844,599	-	-	1,844,599
	AA	1,600,000	27,306,369	-	-	28,906,369
	A	2,949,583	26,990,159	-	-	29,939,742
Total U.S. and corporate notes		4,549,583	56,141,127	-	-	60,690,710
U.S. and corporate bonds	AAA	2,355,325	-	-	-	2,355,325
	AA	3,705,435	-	-	-	3,705,435

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Notes to Financial Statements
June 30, 2014 and 2013

3. Accounts and Notes Receivable

Accounts and notes receivable at June 30, 2014 and 2013 consisted of the following:

	2014	2013
Accounts receivable, net:		
Federal, state, local governments, foundations, and companies, net of allowance for doubtful accounts of \$1,415,972 and \$0, respectively	\$14,703,505	\$ 12,681,353
Student receivables, net of allowance for doubtful accounts of \$29,893,763 and \$25,973,878, respectively	16,071,211	19,743,331
Other, net of allowance for doubtful accounts of \$46,292 and \$44,859, respectively	1,543,675	1,660,679
Total accounts receivable, net	32,318,391	34,085,363
Notes receivable, net:		
Student notes receivables, net of allowance for doubtful notes of \$1,258,119 and \$1,245,675, respectively	10,448,930	9,992,450
Accounts and notes receivable, net	\$42,767,321	\$ 44,077,813

4. Pledges Receivable

Unconditional promises to give to The University recorded as pledges receivable at June 30, 2014 and 2013 were as follows:

	2014		2013	
	Pledges Receivable	Current Portion	Pledges Receivable	Current Portion
Total pledges receivable	\$ 450,511	\$ 168,888	\$ 234,312	\$ 97,059

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The University of Akron
Notes to Financial Statements
June 30, 2014 and 2013

5. Capital Assets

Changes in capital assets during fiscal 2014 and 2013 were as follows:

Balance

Balance

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Notes to Financial Statements
June 30, 2014 and 2013

6. Long-term Liabilities

Changes in long-term liabilities during fiscal 2014 were as follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Current Portion
Bonds payable:					
General receipts bonds -	\$ 15,850,000	\$ -	\$ 975,000	\$ 14,875,000	\$ 1,045,000
General receipts bonds -	17,290,000	-	795,000	16,495,000	830,000

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Notes to Financial Statements
June 30, 2014 and 2013

6. Long-term Liabilities - continued

Changes in long-term liabilities during fiscal 2013 were as follows:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Current Portion
Bonds payable:					
General receipts bonds -	\$ 35,710,000	\$ -	\$ 19,860,000	\$ 15,850,000	\$ 975,000
General receipts bonds -	29,615,000	-	12,325,000	17,290,000	795,000
General receipts refunding bonds -	14,050,000	-	1,290,000	12,760,000	1,340,000
General receipts bonds -	197,370,000	-	4,055,000	193,315,000	4,195,000
General receipts refunding bonds - Series 2010A, 2.00% to 5.00%,	126,665,000	-	4,785,000	121,880,000	4,840,000
General receipts refunding bonds - Series 2012A, 2.4%,	-	31,815,000	210,000	31,605,000	285,000
Total bonds payable	403,410,000	31,815,000	42,525,000	392,700,000	12,430,000
Development Finance Authority lease	33,770,000	-	555,000	33,215,000	580,000

Capitalized leased 8.3681L obizd-02,7.8cn26 Tm -.03 ET q i 353.34 550.02 54.66 7.98 re W n BT 7.8387 0 0 8.3681 378.24 552.3 Tm4u1 340.5 375 Tm

The University of Akron
Notes to Financial Statements
June 30, 2014 and 2013

6. Long-term Liabilities - continued

The aggregate annual principal maturities for the debt agreements for fiscal years subsequent to June 30, 2014 are as follows:

Fiscal Year:	Principal	Interest	Total
2015	\$ 16,529,490	\$ 19,168,229	\$ 35,697,719
2016	17,629,706	18,545,320	36,175,026
2017	18,706,910	17,860,361	36,567,271
2018	18,941,154	17,102,883	36,044,037
2019	19,657,486	16,305,988	35,963,474
2020-2024	106,574,244	68,908,639	175,482,883
2025-2029	123,907,181	45,219,306	169,126,487
2030-2034	67,075,000	20,929,556	88,004,556
2035-2038	50,820,000	5,078,250	55,898,250
	\$ 439,841,171	\$ 229,118,532	

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Notes to Financial Statements
June 30, 2014 and 2013

7. State Support - continued

In accordance with the requirements of Ohio Revised Code Section 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 Board of Regents 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 Ohio Board of Regents operating budget to fund infrastructure i3(tructu)-4.9D.0006 TusrdnTD -.0004 Tc .18 04.5(ce)-5.5(wtdnTD5(ayuy,)-6.h)2.3(.078riatio)6.95(u)-4.9D

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Notes to Financial Statements
June 30, 2014 and 2013

8. Employee Benefit Plans – continued

Alternative Retirement Plan

The University of Akron
Notes to Financial Statements
June 30, 2014 and 2013

8. Employee Benefit Plans – continued

Other Postretirement Employee Benefits - continued

Funding policy – 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 year 2014, the actuarially required allocation is .76%. 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. The amount of the SERS employer contributions used to fund the Medicare B fund for the years ended June 30, 2014, 2013, and 2012 was \$461,165, \$474,993, and \$499,052, respectively.

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, 2014, the health care allocation is .14%. The amount of the SERS employer contributions used to fund health care for the years ended June 30, 2014, 2013, and 2012 was \$84,951, \$102,701, and \$939,001, 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 2014, the minimum compensation level was established at \$20,250. The surcharge amount paid to SERS for the years ended June 30, 2014, 2013, and 2012 was \$1,104,507, \$973,856, and \$914,422, 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.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

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Notes to Financial Statements
June 30, 2014 and 2013

8. Employee Benefit Plans – continued

Other Postretirement Employee Benefits - continued

OPERS provides retirement, disability, and survivor benefits as well as post-retirement health care coverage. Coverage includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. A portion of the employer OPERS contribution is set aside to fund the health care benefits. The portion of employer contributions for all employees allocated to health care ranged between 4.0% and 6.05% based on the type of plan. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary.

The amount of the OPERS-LE employer contributions used to fund OPEB for the years ended June 30, 2014, 2013, and 2012 were \$30,314, \$122,496, and \$118,427, respectively.

University-provided benefits

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

Census Date	1/1/2014
Participating Employees:	
Employees eligible for dependent medical coverage	396
Employees also eligible for retiree life insurance	28
Average age	59.35
Average credited service	28.14
Retirees:	
Retirees with life insurance coverage	1,065
Average age for retirees	73.79
Dependents with medical coverage	496
Average age for dependents	71.42

Plan description - The University provides health care 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

The University of Akron
Notes to Financial Statements
June 30, 2014 and 2013

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 lo

The University of Akron
Notes to Financial Statements
June 30, 2014 and 2013

9. Litigation, Commitments, and Contingencies - continued

In May 2012, the Foundation obtained a \$10.0 million revolving line of credit with Fifth Third Bank. Interest on the revolver is at a fluctuating rate of the one-month LIBOR plus 0.65 percent per annum. At June 30, 2014 and 2013, the interest rate on the revolver was 0.90 percent. Certain proceeds from the line of credit were used to purchase real estate adjacent to The University during fiscal year 2013. The University has made a commitment to reimburse The Foundation for payments of principal, interest, loan fees and any other costs associated with the line of credit as long as the property acquired with these proceeds is owned by the Foundation or the University and not leased by the Foundation to a private person. The outstanding amount of this commitment as of June 30, 2014 and 2013, which includes the amount of the transfer plus accrued interest due to the bank, is \$5.0 and \$4.9 million, respectively.

10. Subsequent Events

In August 2014, The University issued \$29.6 million of General Receipts Refunding Bonds, Series 2014A with a coupon rate of 2.0-5.0% with payments through 2035. 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, and to pay issuance costs.

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Notes to Financial Statements
June 30, 2014 and 2013

11. Component units

Details of the component units' net position at June 30, 2014 and 2013 are as follows:

	2014			2013		
	Foundation	Research Foundation	Totals	Foundation	Research Foundation	Totals
Assets						
Current assets:						
Cash and cash equivalents	\$ 2,115,351	\$ 2,837,071	\$ 4,952,422	\$ 1,578,634	\$ 1,450,904	\$ 3,029,538
Pooled investments	1,954,194	5,739,413	7,693,607	2,479,641	4,875,177	7,354,818
Accounts receivable, net	792,282	1,963,738	2,756,020	321,048	2,266,822	2,587,870
Pledges receivable, net	1,675,058	-	1,675,058	1,780,493	-	1,780,493
Prepaid expenses	-	52,851	52,851	-	69,500	69,500
Total current assets	6,536,885	10,593,073	17,129,958	6,159,816	8,662,403	14,822,219
Noncurrent assets:						
Restricted investments	-	220,766	220,766	-	250,735	250,735
Endowment investments	170,633,498	-	170,633,498	148,230,306	-	148,230,306
Pledges receivable, net	6,807,009	-	6,807,009	7,810,938	-	7,810,938
Capital assets, net	13,916,760	5,919,955	19,836,715	13,869,606	6,455,996	20,325,602
Total assets	197,894,152	16,733,794	214,627,946	176,070,666	15,369,134	191,439,800
Liabilities						
Current liabilities:						
Accounts payable	317,963	3,235,888	3,553,851	200,138	2,851,557	3,051,695
Accrued liabilities	-	830,151	830,151	-	713,181	713,181
Unearned income	31,152	2,986,426	3,017,578	31,595	2,683,042	2,714,637
Deposits	1,954,194	-	1,954,194	2,479,641	-	2,479,641
Current portion of long-term liabilities	5,011,000	63,636	5,074,636	5,191,000	59,702	5,250,702
Total current liabilities	7,314,309	7,116,101	14,430,410	7,902,374	6,307,482	14,209,856
Noncurrent liabilities:						
Actuarial liability for annuity/unitrust agreements	11,999,996	-	11,999,996	14,251,586	-	14,251,586
Long-term liabilities	-	2,639,718	2,639,718	-	2,703,660	2,703,660
Total liabilities	19,314,305	9,755,819	29,070,124	22,153,960	9,011,142	31,165,102
Net position						
Net investment in capital assets	13,916,760	3,280,237	17,196,997	13,869,606	3,752,336	17,621,942
Restricted:						
Nonexpendable	99,230,932	-	99,230,932	97,968,190	-	97,968,190
Expendable	65,622,448	-	65,622,448	51,132,358	-	51,132,358
Unrestricted (deficit)	(190,293)	3,697,738	3,507,445	(9,053,448)	2,605,656	(6,447,792)
Total net position	178,579,300	20,066,239	198,645,539	167,016,158	16,367,944	183,384,102

The University of Akron
Notes to Financial Statements
June 30, 2014 and 2013

11. Component units - continued

Details of the component units' revenues, expenses, and changes in net position at June 30, 2014 and 2013 are as follows:

	2014			2013		
	Foundation	Research Foundation	Totals	Foundation	Research Foundation	Totals
Revenues						
Operating revenues:						
Federal grants and contracts	\$ -	\$ 159,311	\$ 159,311	\$ -	\$ 232,353	\$ 232,353
Private grants and contracts	-	8,609,804	8,609,804	-	8,221,649	8,221,649
Gifts and contributions	7,659,191	-	7,659,191	6,776,971	-	6,776,971
Other sources	-	2,528,074	2,528,074	-	2,200,021	2,200,021
Total operating revenues	7,659,191	11,297,189	18,956,380	6,776,971	10,654,023	17,430,994
Expenses						
Operating expenses:						
Educational and general:						
Separately budgeted research	-	6,472,697	6,472,697	-	5,413,290	5,413,290
Institutional support	954,441	-	954,441	793,551	-	793,551
Depreciation	-	600,550	600,550	-	452,962	452,962
Total operating expenses	954,441	7,073,247	8,027,688	793,551	5,866,252	6,659,803
Operating income	6,704,750	4,223,942	10,928,692	5,983,420	4,787,771	10,771,191

The University of Akron
Notes to Financial Statements
June 30, 2014 and 2013

11. Component units - continued

Details of the component units' fair value of investments at June 30, 2014 and 2013 are as follows:

	2014			2013		
	Foundation	Research Foundation	Totals	Foundation	Research Foundation	Totals
Assets						
Current assets:						
Pooled investments:						
Money market funds	\$ 1,954,194	\$ -	\$ 1,954,194	\$ -	\$ -	\$ -
Mutual funds	-	5,739,413	5,739,413	2,479,641	4,875,177	7,354,818
Total pooled investments	1,954,194	5,739,413	7,693,607	2,479,641	4,875,177	7,354,818
Noncurrent assets:						
Endowment investments:						
Pooled investment funds	129,768,204	-	129,768,204	125,690,340	-	125,690,340
Bonds	10,121,531	-	10,121,531	8,685,347	-	8,685,347
Commercial paper	2,300,000	-	2,300,000	-	-	-
Common stocks	2,109,704	-	2,109,704	1,906,616	-	1,906,616
Floaters	2,900,955	-	2,900,955	3,007,500	-	3,007,500
Cash surrender value of insurance policies						
	112,467	-	112,467	280,453	-	280,453
Money market funds	260,265	-	260,265	2,899,707	-	2,899,707
Mutual funds	22,213,195	-	22,213,195	4,811,937	-	4,811,937
U.S. Treasury obligations	254,408	-	254,408	505,375	-	505,375
Exchange traded funds	93,668	-	93,668	17,867	-	17,867
Preferred stocks	81,317	-	81,317	-	-	-
Private equities	17,413	-	17,413	-	-	-
Direct financing lease	65,371	-	65,371	90,164	-	90,164
Beneficial interest in real estate	335,000	-	335,000	335,000	-	335,000
Total endowment investments	170,633,498	-	170,633,498	148,230,306	-	148,230,306
Restricted investments	-	220,766	220,766	-	250,735	250,735
Total fair value of investments	\$ 172,587,692	\$ 5,960,179	\$ 178,547,871	\$ 150,709,947	\$ 5,125,912	\$ 155,835,859

Details of the component units' capital assets at June 30, 2014 and 2013 are as follows:

	2014			2013		
	Foundation	Research Foundation	Totals	Foundation	Research Foundation	Totals
Capital assets:						
Land	\$ 12,055,539	\$ 406,925	\$ 12,462,464	\$ 13,788,717	\$ 406,925	\$ 14,195,642
Buildings	1,862,872	5,147,391	7,010,263	82,540	5,099,361	5,181,901
Equipment	-	2,636,716	2,636,716	-	2,629,800	2,629,800
Total capital assets	13,918,411	8,191,032	22,109,443	13,871,257	8,136,086	22,007,343
Less: accumulated depreciation	(1,651)	(2,271,077)	(2,272,728)	(1,651)	(1,680,090)	(1,681,741)
Capital assets, net	\$ 13,916,760	\$ 5,919,955	\$ 19,836,715	\$ 13,869,606	\$ 6,455,996	\$ 20,325,602

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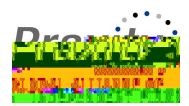
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The University of Akron
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Expenditures
Student Financial Aid Cluster	
Department of Education:	
Direct programs:	

The University of Akron
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Expenditures
Research and Development Cluster (continued)	
National Science Foundation (continued):	
Direct programs (continued):	
Geosciences	408,106
Computer and Information Science and Engineering	365,229
Biological Sciences	324,330
Educational and Human Resources	133,653
ARRA-Trans-NSF Recovery Act Research Support	89,978
Pass-through programs:	
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The University of Akron
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Expenditures
Research and Development Cluster (continued)	
Department of Health and Human Services:	
Direct programs:	
Oral Diseases and Disorders Research	131,204
Mental Health Research Grants	422,498
Discovery and Applied Research for Technological Innovations to Improve Human	13,700

The University of Akron
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title		Federal Expenditures
Highway Planning and Construction Cluster		
Department of Transportation:		
Pass-through programs:		
Montana State University-Highway Planning and Construction	20.205	5,972

The University of Akron
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog Federal Domestic Assistance	Pass-through Entity Identifying Number	Federal Expenditures
Other Programs			
Instruction			
Department of Defense:			
Direct program:			
Air Force Defense Research Sciences Program	12.800		233,645
Department of Labor:			
Pass-through program:			
Ohio Board of Regents - H-1B Job Training Grants	17.268		27,321
Department of Education:			
Direct programs:			
Special Education-Personnel Development to Improve Services and Results for Children With Disabilities	84.325K		292,710
English Language Acquisition Grants	84.365		364,699
Pass-through program:			
Ohio Board of Regents-Improving Teacher Quality State Grants	84.367		7,984
College Now Greater Cleveland-College Access Challenge Grant Program	84.378A		482
Total Department of Education			<u>665,875</u>
Department of Health and Human Services:			
Direct program:			
Nurse Anesthetist Traineeships	93.124		27,513
Pass-through programs:			
Northeast Ohio Medical University-Model State-Supported Area Health Education Centers	93.107		58,182
Northeast Ohio Medical University-Model State-Supported Area Health Education Centers	93.107	U77HP23072	24,673
Ohio Department of Job & Family Services-Foster Care Title IV-E	93.658		65,363
Total Department of Health and Human Services			<u>175,731</u>
Total Instruction			<u>1,102,572</u>
Public Service			
Department of Agriculture:			
Pass-through program:			
Center for Child Development-Child and Adult Care Food Program	10.558		28,522
Department of Justice:			
Direct program:			
Public Safety Partnership and Community Policing Grants	16.710		66,817
Department of State:			
Direct program:			
Academic Exchange Programs - Teachers	19.408		5,538

The University of Akron
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title		Federal Expenditures
Other Programs (continued)		
Public Service (continued)		
National Endowment for the Arts		
Direct program:		
Promotion of the Humanities-Division of Preservation and Access	45.149	5,550
Museums for America	45.301	18,092

The University of Akron
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Note 3 – Subrecipient Awards

Certain funds are passed through to subgrantee organizations by The University. Expenditures incurred by the subgrantees and reimbursed by The University are presented in the Schedule. During the year ended June 30, 2014, the funds disbursed by The University to subrecipients are as follows:

CFDA	CFDA Description	Amount
12.431	Basic Scientific Research	\$ 4,069,123

The University of Akron
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Note 4 - 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	\$ 215,113,361
Pell grants	(34,474,524)

The University of Akron
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

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	___ <u>X</u> No	
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	___ <u>X</u> None reported	
Noncompliance material to financial statements noted?	___ Yes	___ <u>X</u> No	

Federal Awards :

Internal control over major programs:			
Material weakness(es) identified?	___ Yes	___ <u>X</u> No	
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	___ <u>X</u> 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 510(a) of Circular A-133?	___ Yes	___ <u>X</u> No	

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.038, 84.063 84.268, 84.379, 93.364	Student Financial Aid Cluster

Dollar threshold used to distinguish between direct and indirect costs, 84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.364

The University of Akron
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section II - Financial Statement Findings

Reference Number	Findings
Current Year	None

The University of Akron
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section III - Federal Program Audit Findings

Reference Number	Findings
Current Year	None