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BOARD OF TRUSTEES
MIAMI UNIVERSITY
Minutes of the Finance and Audit Committee Meeting
December 8, 2016
104 Roudebush Hall

The Finance and Audit Committee of the Miami University Board of Trustees met on December 8, 2016 in Roudebush Hall, Room 104, on the Oxford campus. The meeting was called to order by Committee Chair Mark Ridenour at 1:30 p.m., with a majority of the members present, constituting a quorum. Attending with Chair Ridenour, were Committee members, Trustees Jagdish Bhati, and David Budig, National Trustees John Altman, Robert Coletti, and C. Michael Gooden, along with Trustees Sandra Collins, John Pascoe and Robert Shroder, and National Trustees Terry Hershey and Diane Perlmutter.

In addition to the Trustees, David Creamer, Senior Vice President for Finance and Business Services, and Treasurer; Phyllis Callahan, Provost and Executive Vice President; Jayne Brownell, Vice President for Student Affairs; Tom Herbert, Vice President for Advancement; Michael Kabbaz, Vice President for Enrollment Management and Student Success; and Pete Natale, Vice President for Information Technology, were present. Also present were; Robin Parker, General Counsel; Deedie Dowdle, Associate Vice President for Communications and Marketing; David Ellis, Associate Vice President for Budgeting and Analysis; Bruce Guiot, Chief Investment Officer; Kim Kinsel, Associate Vice President for Auxiliaries; Cody Powell, Associate Vice President for Facilities, Planning and Operations; Alan Ferrenberg, Associate Vice President for Information Technology; Sarah Persinger, Controller; Joe Bazeley, Assistant Vice President for IT, and Information Security Officer; Troy Travis, Assistant Vice President for IT, Enterprise Operations; Dr. Amit Shukla, Chair, Fiscal Priorities and Budget Planning Committee; John Seibert, Director, Planning, Architecture and Engineering; Rebekah Keasling, Assistant Dean, Farmer School of Business; Barbara Jena, Director of Internal Audit and Consulting; Lindsay Carpenter, Manager, Academic Affairs Budgets; Matt Garvey, Auditor, RSM, US; and Ted Pickerill, Secretary to the Board of Trustees.

Public Business Session

Executive Session

Chair Ridenour welcomed all to the meeting. Trustee Bhati moved, Trustee Coletti seconded and by unanimous roll call vote, the Committee moved into executive session to Consult with Consul, and for Personnel Matters, compensation of public employees; as provided by the Open Meetings Act, Ohio Revised Code Section 121.22.

Approval of the Minutes

Trustee Altman moved, Trustee Budig seconded, and by voice vote, the minutes from the prior meeting of the Finance and Audit Committee were unanimously approved.

Financial Statements and Audit Results

Matt Garvey, RSM auditor, provided an update and the opportunity for Trustees to ask questions. He reported all reports have been accepted by the State. He reviewed required communications, and highlighted that there were no audit adjustments. He stated there were no disagreements with management over the application of accounting principles

He then reviewed the summary of significant accounting estimates, stating RSM was very comfortable with Miami's practices.

Regarding increased liabilities, he reminded the Committee that the increase was due almost entirely to the accounting change to record Miami's share of the State pension liability.

The Committee then met privately with Mr. Garvey.

RSM's report and the 2016 Financial Report are included as Attachment A.

Report on Facilities, Construction and Real Estate

Associate Vice President Cody Powell, updated the Committee on facilities, and capital project construction. He informed the Committee that Armstrong Student Center, Phase II is on schedule and within budget; the estimated completion date is in July, 2017. Clawson Hall and Hamilton Hall are on schedule for August 2017 delivery. The University now has occupancy of the Athletic Performance Center, and will move in during January. Hughes Hall C Wing is on schedule for a June 2017 delivery and will then serve as swing space for the Pearson Hall renovation. The residence hall at the former tennis site is on schedule and the new residence hall at Withrow is being coordinated with the tennis site construction, with delivery estimated for July, 2018.

Due to the numbers of beds online for next fall, plans have been made to accommodate 240 sophomores in contracted facilities in town next year.

He stated McKie Field returfing, a donor driven project, should be complete by Spring, and will be a big advantage to the baseball program. He then highlighted the Shriver Center which will house the new Admission area, and a joint Rinella Learning Center and Student Disability Services area. Dr, Creamer then addressed the plans for parking to accommodate the visitors to central campus.

Resolutions

Dr. Creamer next presented two construction resolutions for consideration. Campus Avenue Lower Level Renovation, and Shriver Center Phase II. Hearing no objections, the resolutions were considered in a single vote. Trustee Bhati moved, National Trustee Coletti seconded and by voice vote the Committee unanimously recommended approval by the full Board of Trustees.

Associate VP Powell's' report and presentation, along with the resolutions are included as Attachment B.

Room and Board Ordinance

Dr. Creamer reminded the Committee that there are three pricing groups, one for those who entered under the original tuition promise, for which the rates will be unchanged for an additional three years, a new rate schedule for students entering next fall under the tuition promise, and the other for upper class students who entered before the tuition promise was implemented. The average change across the spectrum is approximately a 3.5% increase overall.

He was asked some questions which included if the State has a restriction or limits on any increase, replying currently it does not. He was also asked about the number of single rooms and replied there are very few.

With no further questions, Trustee Bhati moved, National Trustee Altman seconded and by voice vote the Committee unanimously recommended approval by the full Board of Trustees.

The ordinance is included as Attachment C.

FY 2018 Budget Planning

Senior Vice President Creamer started with an explanation of the changes that are occurring and the uncertainty they bring; he further explained the importance of beginning the discussion early due to the increased uncertainty. This is the biennial budget year, and the last under the current Governor. Within the State, budget pressures exist from health care/Medicaid costs and K-12 education at a time when revenues have been lower than projected.

He reviewed key budget assumptions, such as a class size of 3,700. He was asked about increased tuition-generating graduate programs on the regional campuses, and replied some are being developed but there is a lag with the State approval process and the time needed to recruit prospective students. Nursing is an anticipated new graduate degree, and a Criminal Justice Masters was available for the first time on the regional campuses this fall.

He then reviewed several budget considerations for the Oxford Campus, including the need to continue controlling health care costs, estimated total undergraduate enrollment (17,000), anticipated levels of undergraduate financial aid, faculty salaries, and other factors. Foundation Financial Trends were also reviewed.

Dr. Creamer concluded his presentation by discussing the long-term budget model which predicts an eventual budget shortfall in future years, and the Committee discussed the need to identify new revenue sources.

Senior Vice President Creamer's presentation is included as Attachment D.

Year-to-Date Operating Results Compared to Budget

Senior Vice President Creamer reviewed operating results to date. He stated there has been an increase in health care cost, and the final count for the State appropriation is about $1.2M less than estimated, the reduction is all in Oxford, not the Regionals, due to a modeling adjustment.

Senior Vice President Creamer's presentation is included as Attachment E.

Professional MBA Ordinance

Dr. Creamer explained the ordinance is not for an increase in the Professional MBA tuition, rather it is to delay the implementation of an already approved increase. The Farmer School of Business is requesting the one-year delay to maintain competitive pricing.

Trustee Bhati moved, National Trustee Altman seconded and by voice vote the Committee unanimously recommended approval by the full Board of Trustees.

The ordinance is included as Attachment F.

Enterprise Resource Planning

Vice President Natale updated the Committee on planning to address Miami's aging ERP. He stated that a review has indicated remaining with Banner as the preferred choice. Currently IT is conducting an eight-point review in anticipation of the change. It will be a two phase implementation, with Phase 1 being process improvement, and eliminating customizations. The five-year budget forecast is $7M.

He cautioned that implementations often fail, posing an institutional risk, so they will be implementing a risk abatement plan.

Vice President Natale's presentation is included as Attachment G.

Forward Agenda

Dr. Creamer informed the Committee of a training manual now in design. He explained a draft is under review and the Committee will soon be receiving an electronic version, after the review is complete.

Chair Ridenour then reviewed the forward agenda, there were no comments or questions.

Additional Reports

The following written reports were provided for the Committee's information and review:

Advancement Update, Attachment H
Cash and Investment Report, Attachment I
Internal Audit Report, Attachment J
Enrollment Report, Attachment K
Lean Project Update, Attachment L

Adjournment

With no more business to come before the Committee, Trustee Bhati moved, was seconded and by unanimous voice vote the Finance and Audit Committee adjourned at 4:30 p.m.

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Theodore O. Pickerill II
Secretary to the Board of Trustees

Miami University

Report to the Finance and Audit Committee
October 14, 2016

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October 14, 2016

Finance and Audit Committee
Miami University
Oxford, Ohio

We are pleased to present this report related to our audit of the financial statements of Miami University (the University) for the year ended June 30, 2016. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Miami University's financial reporting process.

This report is intended solely for the information and use of the Finance and Audit Committee and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Miami University.

RSM US LLP

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated May 5, 2016. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement during our meeting on May 5, 2016.
Accounting Policies and Practices	**Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the University. Of note, in the current year, the University adopted Government Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The adoption of GASB No. 72 provides guidance for determining fair value measurements for financial reporting purposes and guidance for applying fair value to certain investments and disclosures related to all fair value measurements. **Upcoming Pronouncements** Reference "Basis of Presentation" footnote for a listing of upcoming GASB pronouncements with discussion of potential impact on the University. **Management's Judgments and Accounting Estimates** Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.
Audit Adjustments	There were no audit adjustments proposed by our Firm. University management made closing entries in the normal course of business to the original trial balance presented to us to begin our audit.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Area	Comments
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed with or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
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*	We have separately issued a report on internal control over financial reporting and on compliance and other matters based on our audit of the financial statements and major awards, as required by Government Auditing Standards and the Uniform Guidance. This communication is included within the compliance report for the University for the year ended June 30, 2016.
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the University, including the representation letter provided to us by management, are attached as Exhibit A.

Miami University
Summary of Significant Accounting Estimates
Year Ended June 30, 2016

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the University's June 30, 2016, financial statements.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Allowance for uncollectible student, pledges and loans receivable	The allowance for uncollectible accounts is based on management's estimate of the collectability of identified receivables, as well as aging of accounts.	The University calculates a specific percent reserve on the aging of the accounts based on historical experiences and by identifying specific accounts which are doubtful of collection.	We tested the underlying information supporting the allowance. We concluded management's estimate is reasonable.
Investments	Investments are recorded at fair value	Investments that are market traded are recorded at fair value based on quoted market prices, as established by the major securities markets. The value of holdings of commingled funds not having a readily determined market value is based on the net asset value as supplied by the investment manager. Investments in real estate are recorded at acquisition value at the date of the donation.	We tested the propriety of the information provided by a third party and found it to be consistent with fair values we obtained from another third party source. The methodology is appropriate and reasonable. As it relates to the fair value of the investments in alternative investments we corroborated the information to documentation obtained directly from fund management of the alternative investment funds and found it to be appropriate and reasonable.
Depreciable Life	Property and equipment are recorded at cost and then depreciated over the estimated useful lives of the assets.	Estimated useful lives are 50 years for buildings; 25 years for infrastructure, library books and land improvements; 20 years for improvements to buildings; and 5 to 7 years for equipment, vehicles, and furniture.	We believe the estimates and process used by the University are appropriate based upon our testing, which included substantive and analytical procedures.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Compensated absences	Vacation and sick time is accrued for employees based upon the term of their employment contract or years of service.	Unused vacation and sick time are determined by current rates, terms of employment and subject to maximum accruals.	We tested the detail listing of accrued vacation and sick time at June 30, 2015 and noted the amounts accrued are reasonable based on the policy.
Net Pension Asset/Liability	The University has two retirement plans administered by the State Teachers Retirement System of Ohio (STRS) and the Ohio Public Employees Retirement System (OPERS). The University relies on STRS and OPERS plan actuaries to determine the University's proportionate share of the net pension asset (liability) and its components, based on the percentage of contributions to the retirement plans compared to other participating employers in the respective retirement plans.	Management relies on STRS and OPERS actuaries to determine the University's net pension asset (liability) and pension expense. Management records the University's proportionate share in the financial statements.	We tested the payroll and census information submitted to STRS and OPERS, obtained the actuarial reports, and audited pension allocation schedules. We also utilized an RSM actuarial specialist to review the significant assumptions and conclusions used by the plans' actuaries. We concluded the process used by management and the estimates recorded are reasonable.

Exhibit A—Significant Written Communications between Management and Our Firm

MIAMI UNIVERSITY
OXFORD, OH · EST. 1809

Office of the Controller

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October 14, 2016

RSM US LLP
1001 Lakeside Avenue, Suite 200
Cleveland, OH 44114

This representation letter is provided in connection with your audits of the basic financial statements of Miami University (the University), a component unit of the State of Ohio, as of and for the years ended June 30, 2016 and 2015 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated May 5, 2016, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party transactions, including those with the State of Ohio the primary government having accountability for Miami University, and component units for which Miami University is accountable, other organizations for which the nature and significance of their relationship with Miami University are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, joint ventures in which Miami University has an interest, and as defined in Section 2100 of the Government Accounting Standards Board's *"Codification of Governmental Accounting and Financial Reporting Standards"* jointly governed organizations in which Miami University participates, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

RSM US LLP
October 14, 2016
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6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. We are not aware of any material pending or threatened litigation, claims, or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Contingencies Topic of the Accounting Standards Codification (ASC) 450 and/or GASB Statement No. 10.

9. The University is a defendant in various lawsuits arising in the ordinary course of business. Although the outcome of the lawsuits cannot be determined with certainty, management believes the ultimate disposition of such maters will not have a material effect on the University's financial statements.

10. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.

11. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

12. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;

    b. Additional information that you have requested from us for the purpose of the audits;

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and

    d. Minutes of the meetings of the Board of Trustees and the Finance and Audit Committee.

13. All transactions have been recorded in the accounting records and are reflected in the financial statements.

14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

15. We have no knowledge of allegations of fraud or suspected fraud affecting the University's financial statements involving:

    a. Management.

    b. Employees who have significant roles in internal control.

    c. Others where the fraud could have a material effect on the financial statements.

16. We have no knowledge of any allegations of fraud or suspected fraud affecting the University's financial statements received in communications from employees, former employees, analysts, regulators, or others.

17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.

18. We have disclosed to you the identity of the University's related parties and all the related-party relationships and transactions of which we are aware.

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19. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the University's ability to record, process, summarize and report financial data.

20. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

21. Tax exempt bonds issued have retained their tax-exempt status.

22. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

23. We have complied with all debt covenants, included nonfinancial, included in debt agreements.

24. We have reviewed the user control consideration of the compliance Attestation Examination of the Title IV Student Financial Assistance Programs of Education Computer Systems, Inc. as of June 30, 2016 and we believe all applicable controls are in place as of June 30, 2016.

25. The University has outstanding commitments for future contractual obligations for capital expenditures of approximately $102.9 million at June 30, 2016.

26. The University has no intention of withdrawing from OPERS, STRS, and ARP or taking any other actions that could result in an effective termination or reportable event for any our plans. The University is not aware of any occurrences that could result in the termination of any of the plans to which it contributes.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm:

27. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the University.

28. We have identified and disclosed to you:

    a. All laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.

    b. There are no violations (or possible violations) of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.

29. We have no knowledge of fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that has been reported.

30. The University has complied, in all material respects with the 2016 Ohio Compliance Supplement.

31. We have a process to track the status of all audit findings and recommendations.

32. We have identified previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.

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In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:

33. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.

34. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.

35. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on its federal programs.

36. Management has prepared the schedule of expenditures of federal awards in accordance with Uniform Guidance and has included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance.

37. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.

38. Management has identified and disclosed to the auditor the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.

39. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.

40. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.

41. Management believes that the auditee has complied with the direct and material compliance requirements (except for noncompliance it has disclosed to the auditor).

42. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

43. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.

44. Management has disclosed to the auditor any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

45. There are no findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

46. There are no corrective actions on audit findings of any compliance audits.

47. There are no prior audit findings by federal awarding agencies and pass-through entities.

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48. There are no subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

49. There is no known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report.

50. There are no changes in internal control over compliance or other factors that might significantly affect internal control, have occurred subsequent to the period covered by the auditor's report.

51. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

52. Management has monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.

53. Management has issued management decisions for audit findings that relate to federal awards it makes to subrecipients and that such management decisions are issued within six months of acceptance of the audit report by the FAC. Additionally, management has followed up to ensure that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews and other means that pertain to the federal award provided to the subrecipient from the pass-through entity.

54. Management has considered the results of subrecipient monitoring and audits, and has made any necessary adjustments to the auditee's own books and records.

55. Management has charged costs to federal awards in accordance with applicable cost principles and the Uniform Guidance.

56. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Uniform Guidance.

57. The reporting package does not contain protected personally identifiable information.

58. Management has accurately completed the appropriate sections of the data collection form.

59. Management has disclosed all contracts or other agreements with service organizations.

60. Management has disclosed to the auditor all communications from service organizations relating to noncompliance at those organizations.

61. We did participate in CFDA 45.025 – Promotion of the Arts Partnership Agreements which was not previously listed in the preliminary schedule of expenditures of federal awards.

Supplementary Information

62. With respect the schedule of expenditures of federal awards as required by Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 (Uniform Guidance):

    a. We acknowledge our responsibility for the presentation of such required supplementary information.

    b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.

    c. The methods of measurement or presentation are in accordance with the requirements of the Uniform Guidance.

RSM US LLP
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63. With respect to the management discussion and analysis and pension plan information as required by the Governmental Accounting Standards Board to supplement the basic financial statements:

    a. We acknowledge our responsibility for the presentation of such required supplementary information.

    b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United Statements of America.

    c. The methods of measurement or presentation have not changed from those used in the prior period.

64. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Miami University

Gregory P. Crawford

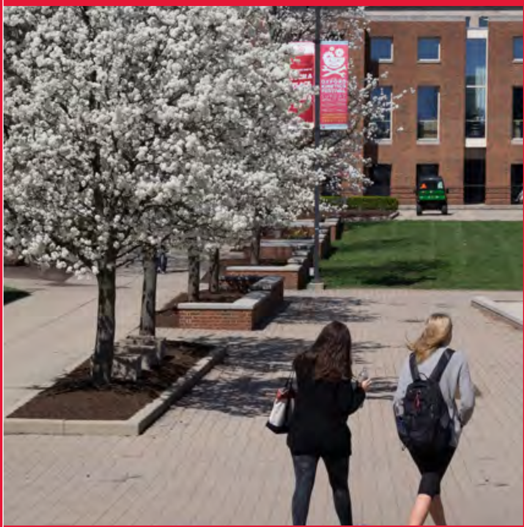
Dr. Gregory P. Crawford
President

David K. Creamer

Dr. David K. Creamer
Senior Vice President for Finance and Business Services Treasurer

Sarah C. Persinger

Ms. Sarah C. Persinger
Controller



2016

Financial Report

MIAMI UNIVERSITY

OXFORD, OH • EST. 1809

Senior Vice President for Finance and Business Services

MIAMI UNIVERSITY

ROUDEBUSH HALL ROOM 218
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Treasurer's Report

Financial Highlights

For the seventh consecutive year, the University reported positive financial results. For fiscal year 2015-16, the improved financial position is reflected in total assets, which rose 2.8 percent to a total of $2.03 billion. Net position increased by $65.1 million.

Operating revenues improved once again increasing by 3.5 percent or $17.8 million largely due to the enrollment growth and increases in tuition and room and board rates. Investment portfolios were again challenged during the fiscal year, resulting in a decrease of $23.3 million in net investment income. The overall increase in operating expenses of $32.6 million or 6.2 percent was primarily a result of an increase of 11.8 percent in Miami-funded scholarships and fellowships and a 3.0 percent salary increase for faculty and staff and offset by decreases in other operational expenditures as a result of savings from ongoing and completed Lean projects.

Future Outlook and Challenges

The University continues to advance activities and new initiatives under the guidance of The Miami 2020 Plan, adopted in 2015. The 2020 Plan is the overarching strategic plan for the University focused on creating a vibrant learning and discovery environment that produces extraordinary student and scholarly outcomes. During fiscal year 2016, departments and divisions continued to link their strategic operational goals to the three core foundation objectives in the plan: inclusive culture, global engagement, and effective partnerships and outreach. The progress of these strategies and metrics is tracked and presented to the Board of Trustees annually.

In July of this year, the University welcomed Dr. Gregory P. Crawford as the 22nd president of University. With bachelor's degrees in both mathematics and physics, a master's degree in physics, a doctorate in chemical physics, and numerous interests in research, philanthropy and entrepreneurial endeavors in areas such as human physical and mental health, Dr. Crawford brings to his post a focus on inclusive excellence and openness and an emphasis on shared governance. Dr. Crawford has committed to the completion of the Miami 2020 Plan, but also expects to commence the planning phase for a new strategic plan in 2018.

This year the University also implemented the Miami Tuition Promise for first time undergraduate students enrolled on the Oxford Campus. The Miami Tuition Promise guarantees students that their tuition, room and board and special fees will not rise during the four years that it normally takes to complete a degree program.

On the Oxford Campus for fall 2016 a first year class of 3799 students stands as the second largest incoming class in Miami's history. The academic quality of this class improved for the fourth consecutive year with average ACT scores increasing to 28.55. On Miami's regional campuses fall 2016 enrollment declined by 2.8 percent to 4,682. The combined enrollment for all campuses of 24,322 students is the largest ever for the University.

To counter the decline in enrollment on the regional campuses, new academic programs are now being offered. For fall 2016 students will have one new graduate program and six additional bachelor degrees for a total of 14 majors to choose from on the regional campuses. These are in addition to the two year degrees and transfer opportunities historically offered by these campuses.

Miami's strong commitment to undergraduate teaching, the increasing demand for its academic programs, not only in Ohio but around the nation and the world, its improved operating efficiencies, and its dedicated and committed faculty and staff continue to position Miami favorably to be able to respond to the ongoing transformational change the higher education industry faces today.

Respectfully submitted,

David K Creamer

Dr. David K. Creamer

Senior Vice President for Finance and Business Services and Treasurer

Investment report

Miami University and Miami University Foundation
June 30, 2016

Investment Pools

Total investments held by Miami University and the Miami University Foundation finished the fiscal year near $1.027 billion, up slightly from $1.002 billion at the previous year-end. This increase in assets is attributable to continued improvement in University operating cash flow and sustained giving levels, in spite of a difficult investment environment.

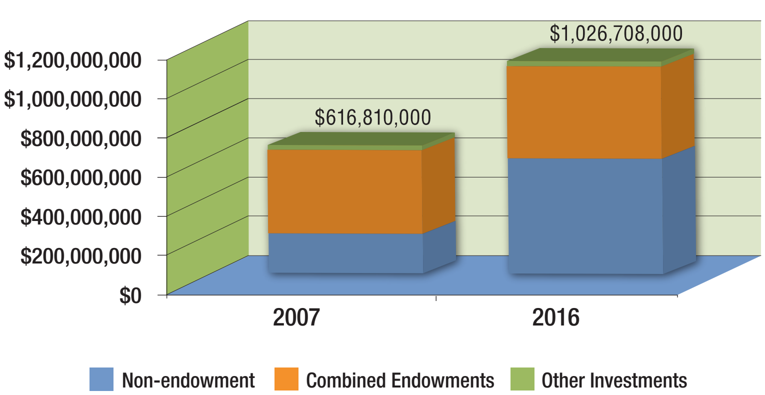
The Miami University Foundation's investment committee provides governance oversight to one unified endowment investment pool for the University and the Foundation, while the University maintains oversight of the non-endowment pool. The fiscal year-end asset values among the pools are as follows:

Pool	Type of Funds	Invested as of June 30, 2016
University Non-endowment	Working capital and cash reserves to support operating activities	$556,625,000
University & Foundation Endowments	Funds donated to the University and the Foundation to establish endowments in perpetuity	$445,774,000
Trusts, Annuities, and Separately Invested Assets	Gifts managed independently of the pooled funds	$ 24,309,000
Total Investments		**$1,026,708,000**

The University's non-endowment pool holds the working capital and cash reserves that fund the University's operating activities. Its balance fluctuates significantly during the course of a year based on the University's cash flow cycle of receipts and expenditures. June 30 typically marks the low point of this annual cycle.

The combined endowment pool invests endowed gifts from donors and quasi-endowments established by the boards. The pool operates under the philosophy that the funds are invested in perpetuity to provide benefits to today's students as well as to the many generations of Miami students yet to come. Miami invests the funds with the confidence that economic cycles will rise and fall, but that a well-diversified portfolio will provide the long-term growth necessary to preserve the purchasing power of the endowment across the generations. The investment policy governing the endowment pool recognizes that the portfolio can tolerate year-to-year fluctuations in return because of its infinite time horizon, and looks beyond short-term fluctuations toward an investment philosophy that provides the best total return over very long term periods.

Growth in Total Investment Assets
June 30, 2016



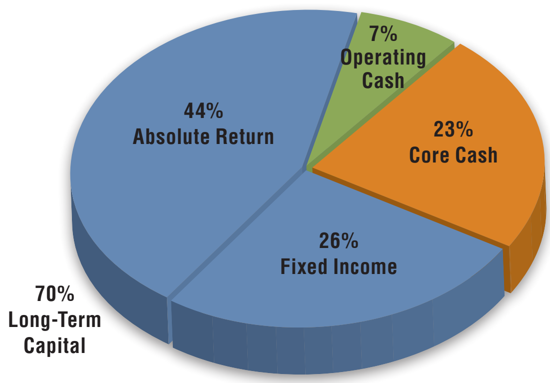
The University and Foundation also hold assets given by donors in the form of trusts, annuities, insurance policies, real estate, and other assets. These funds are managed separately from the endowment pool.

Over the last decade, total investment assets have increased significantly, driven primarily by a near tripling of the non-endowment. Prudent fiscal discipline, wise leadership of our trustees and directors, and the enthusiastic support of our alumni and friends have helped to navigate this period of unprecedented transformation in both higher education and the global capital markets.

Asset Allocation

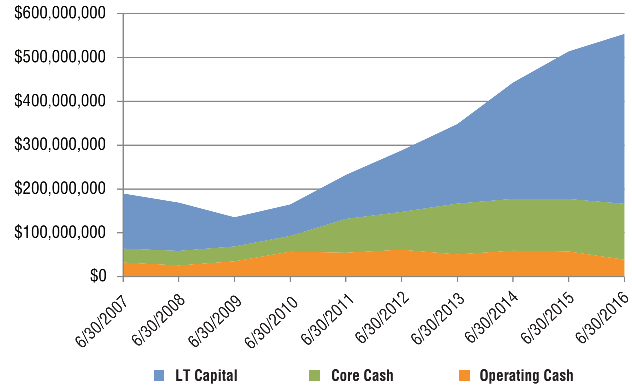
The non-endowment pool has three components. Operating cash represents the University's working capital and is invested in short-term cash equivalents, with a target balance of two to six months of average cash needs. Core cash represents short-term reserves and is invested in high quality short-term and intermediate-term fixed income investments, also with the target balance of two to six months of average cash needs. Long-term capital consists of longer-term reserves and represents the remainder of the pool. It is invested in a mix of longer maturity debt securities and absolute return hedged strategies.

Miami University Non-Endowment Asset Allocation June 30, 2016



During the year, cash flow generation was again very strong due to sustained improvements in University operating efficiency. While the U.S. Federal Reserve increased overnight rates for the first time in nearly a decade, inconsistent global economic data actually drove most rates lower, and short-term interest rates entered their eighth year near zero. Several rebalancing actions were taken during the year to reduce operating cash balances and increase the pool's earnings potential. These moves were accomplished by initiating one new long-term capital absolute return strategy and adding to one core cash strategy. In addition, three internal loans were established to fund construction projects. These loans are included in the long-term capital allocation. No managers were liquidated. As a result, the allocation to long-term capital rose from sixty six percent to seventy percent, while operating cash dropped from eleven percent to seven percent. The potential for increases in interest rates continue to reinforce a bias toward absolute return strategies and short duration bonds.

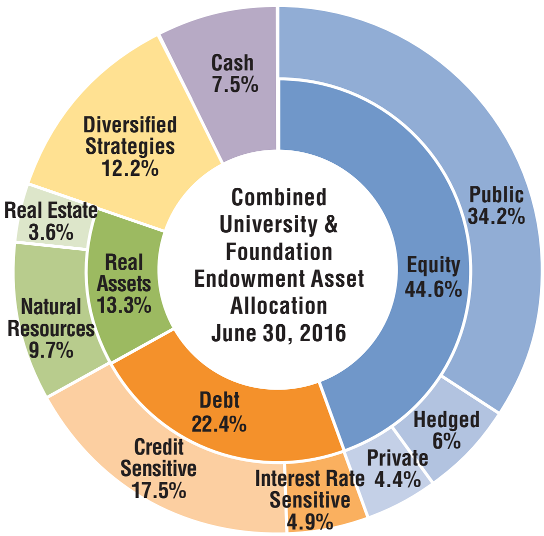
Miami University Non-Endowment Asset Allocation History



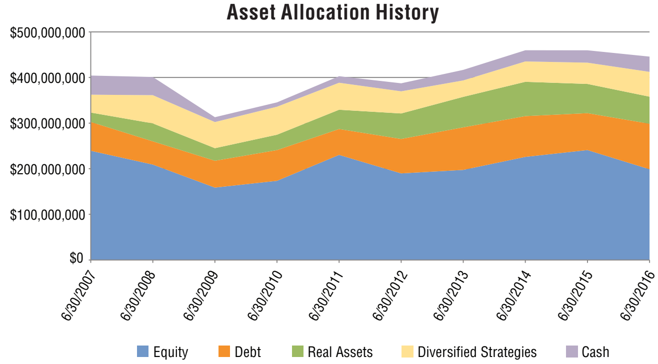
The Foundation Investment Committee adopted a new strategic allocation policy. The result is an approach that considers not just asset exposure, but also the sources of risk and the interaction among the various assets and strategies. The endowment pool's new primary strategic allocation categories are global equity, global debt, global real assets, diversifying strategies, and cash, with sub-categories that establish the manner in which that exposure is derived. Managers employed tend to have broad, unconstrained mandates, allowing them great flexibility to pursue opportunities. Most of these managers have a global mandate. Another feature of the new policy is tighter allocation ranges for each category and sub-category, providing sturdier guardrails for the risk management of the fund. Over time, the Committee expects the allocations to move closer to the mid-point of each category and sub-category as the sources of risk are further diversified away from global equity.

At fiscal year-end, total equity related strategies represented about forty five percent of the combined portfolio, down by about seven percentage points during the year. The decrease was partly due to the return of capital from mature private equity partnerships coupled with negative returns experienced in hedged equity and public long-only equity strategies. Diversifying strategies increased by two percentage points with the addition of one new manager. Over the last ten years, the primary allocation shift has been away from equity and toward broader diversification in the other categories.

Strategic Categories	Role	Risk	Absolute	Relative
Global Equity *(stocks, private equity, long/short hedge fund)*	Total Return	Stock Market Declines	5% - 7% Real Return	Return > MSCI ACWI (with comparable volatility)
Global Fixed Income and Credit *(bonds, bank loans, credit hedge funds)*	Deflation Protection and Total Return	Rising Rates and/or Credit Downgrades	2% - 3% Real Return	Return > Barclays U.S. Agg Correlation < 0.4 to ACWI ACWI Beta < 0.3
Real Assets *(real estate, natural resources, commodities)*	Inflation Protection and Total Return	Deflation	4% - 6% Real Return	Correlation to Inflation > 0.3 Std Dev < S&P 500 Yield 2% - 4%
Diversifying Strategies *(absolute return hedge funds, trading strategies)*	Diversification and Total Return	Active Management	3% - 4% Real Return	Correlation to ACWI < 0.6 ACWI Beta < 0.3 Std Dev 4% - 8%
Total Portfolio	Total Return and Volatility Management	Underperform Primary Objective	5.5% Real Return	Volatility of 12% - 16% Max Drawdown of 25%

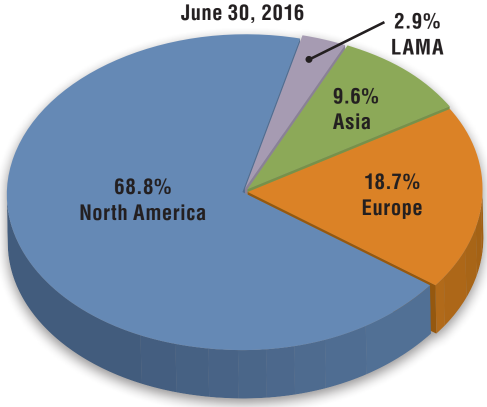


Combined University & Foundation Endowment Asset Allocation History



Another way to consider the endowment's allocation is through geographic diversity. The portfolio emphasizes managers that invest globally, usually allowing the manager to determine the most opportune places in the world to allocate capital. The concept of geography is often difficult to quantify, since an investment might be domiciled in one country, trade in another, derive its current revenue globally, and perceive its future earnings growth to be in completely new markets. The following chart depicts the total endowment's estimated exposure by domicile in four broad categories: North America, Europe, Asia, and LAMA (Latin America, Middle East, and Africa).

Combined University & Foundation Endowment Geographic Exposure by Domicile June 30, 2016



The third measure of the endowment's allocation is liquidity, or how quickly the exposure to a particular manager can be redeemed and turned into cash. The Committee has established new liquidity categories and parameters. Nearly half of the portfolio could be converted to cash within a quarter, while the illiquid portion, requiring more than two years, has been shrinking with the return of capital from mature private partnerships. The Committee expects to increase private capital commitments over the next five years since it anticipates more attractive risk adjusted returns from private versus public investments in the coming years.

Combined University & Foundation Endowment Liquidity as of June 30, 2016

	Global Equity	Global Debt	Real Assets	Div Strat	Cash	Total by Liquidity
Liquid *(< quarter)*	33.3%	4.9%	1.1%	2.6%	7.5%	**49.3%**
Semi Liquid *(> quarter)*	4.8%	16.0%	3.2%	7.5%		**31.6%**
Illiquid *(> 2 years)*	6.5%	1.5%	8.9%	2.1%		**19.1%**
Total by Category	**44.6%**	**22.4%**	**13.3%**	**12.2%**	**7.5%**	**100.0%**

Miami treats each investment manager relationship like a partnership and, along with its external advisors, expends considerable effort on the due diligence process. The investment consultants focus on manager research, including back office due diligence, and conduct regular statistical reviews to examine the role each manager is playing in the portfolio. Staff has quarterly conversations with each manager to understand their strategic thinking and to monitor their activities. Ongoing oversight tasks include making manager site visits, attending investor conferences, reading trade publications, tracking government filings, and monitoring the managers' service providers.

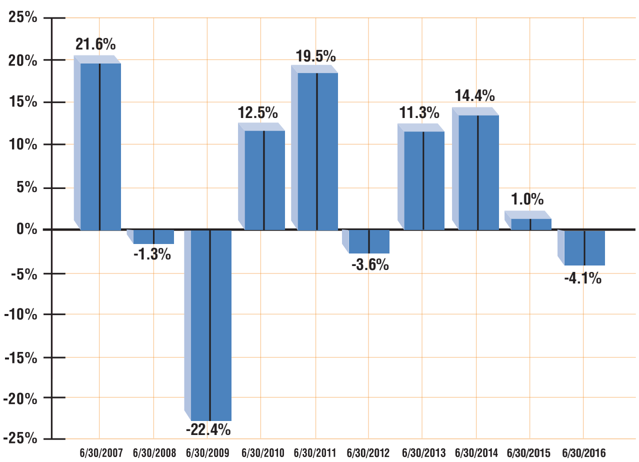
In total, the endowment employs 30 external managers, some with multiple mandates. During the year, new relationships were established with one diversifying strategy manager, one private debt manager, and one private real assets manager. No managers were terminated, though two private equity funds made final liquidating distributions.

Investment Returns

The University's non-endowment pool lost 0.9 percent for the fiscal year ended June 30, 2016, down from the 1.6 percent earned in the previous year. Annualized performance for the trailing seven years was 2.7 percent, providing annualized added return over the 90-day Treasury bill during that period of 2.6 percentage points. The recent results were impacted by the sustained near zero short-term interest rates that significantly limit the earnings potential of the majority of this pool. In addition, the absolute return strategies in the long-term capital portion of the pool were negatively impacted by widening credit spreads and volatile equity markets. They collectively produced net negative returns of 4.4 percent for the year.

The endowment pools lost an estimated 4.1 percent for the fiscal year. This figure excludes the private capital portion of the portfolio that reports on a significant delay. These results follow three consecutive years of positive returns. Estimated annualized performance for the trailing seven years was 6.9 percent. Global public equity and public real assets were the largest drags on results. Solidly positive returns over the last quarter of the fiscal year were not sufficient to offset losses experienced through the first eight months of the fiscal year, triggered by a significant decline in oil and other commodity prices and wider credit spreads.

Combined Rates of Return
FY2007 - FY2016

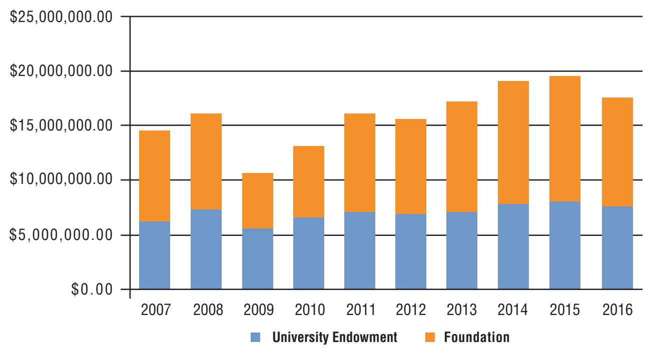


Program Support

Endowments provide a lasting legacy for Miami because their principal is invested in perpetuity, and an annual distribution is made to support a variety of activities of the University. The spending policies of the University and Foundation are intended to achieve a balance between the need to preserve the purchasing power of the endowment principal in perpetuity and the need to maximize current distribution of endowment earnings. Fulfilling these dual objectives is often referred to as achieving "intergenerational equity," in which no generation of college students is advantaged in relation to other generations.

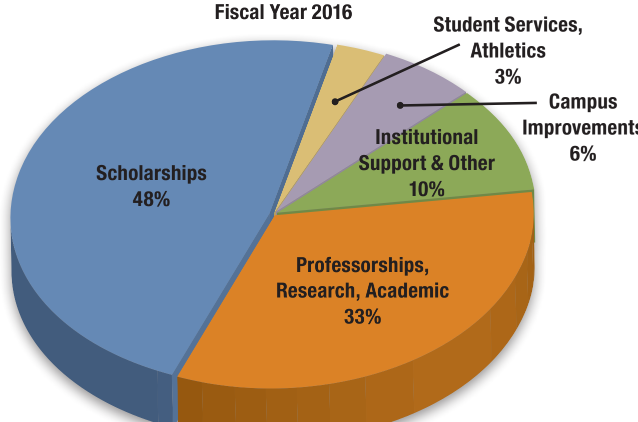
The formula under which annual spending distributions are calculated is a blend of two elements: an inflation component (70 percent of the formula) that increases the prior year's distribution by the rate of inflation, and a market factor (30 percent of the formula) that ties the distribution to the market value of the investments. This formula was adopted in fiscal year 2004 and is intended to reduce volatility caused by various market conditions, while maintaining intergenerational equity and preserving the purchasing power of the endowed principal.

Annual University & Foundation Endowment
Actual Earnings Distributions



The combined distribution for fiscal year 2016 was nearly $17.4 million, about $1.9 million less than the previous year's all-time high. Over the last ten years, the cumulative distributions have totaled over $162 million and have provided an important source of funding to help offset reductions in state support. The following chart shows the proportion of programs supported by the 2016 distributions.

Miami University and Foundation Endowment
Programs Supported by Endowments
Fiscal Year 2016



Among Miami's fundraising priorities is the $100 million Miami Promise Scholarship Campaign. It reinforces the institution's continued focus on attracting high achieving students to Miami, while making the Miami experience accessible to a more diverse pool of students. After two yeras, commitments are at 50 percent of goal. Your continued support of Miami is deeply impactful in so many ways, and is sincerely appreciated by the entire Miami community.

Miami University: Equal opportunity in education and employment.

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RSM US LLP

Independent Auditor's Report

President and Board of Trustees of Miami University
Oxford, Ohio

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Miami University (the University), a component unit of the State of Ohio, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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 audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 opinion.

Opinion
In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Miami University as of June 30, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (Continued)

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 9–15 as well as required supplementary data for certain retirement plan data on pages 51-52 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RSM US LLP

Cleveland, Ohio
October 14, 2016

Miami University

Management's Discussion and Analysis
June 30, 2016

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Miami University for the year ended June 30, 2016. This discussion should be read in conjunction with the accompanying financial statements and footnotes.

The University's annual report consists of this Management's Discussion and Analysis, the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, the Statements of Cash Flows, and the Notes to the Financial Statements. The financial statements of the University have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when the related liability has been incurred. The financial activity of the Miami University Foundation, a component unit of the University, is included through a discrete presentation as part of the University's financial statements.

The financial statements, footnotes, and this discussion have been prepared by and are the responsibility of University management.

Financial Highlights

The University reported favorable year-end results for the seventh consecutive year. Enrollment gains, a modest tuition increase and a continued focus on controlling operating costs have been important contributing factors to these successful results.

Overall the University's financial position improved at June 30, 2016. Total assets rose 2.8 percent from $1.97 to $2.03 billion. Liabilities increased $53.6 million and totaled $1.05 billion. Significant financial events during fiscal year 2016 were:

- The University implemented the Guaranteed Tuition Promise for first-year first-time undergraduate resident students at the Oxford campus, holding tuition increases to zero for the first year, and then applying modest tuition increases of 2.0 percent for the remaining three years for an overall weighted increase of 2.7 percent applied to the first year with no increases for the remaining three years of the guarantee. For first-year non-resident undergraduate students enrolled at the Oxford campus, the tuition rate increased by 2.0 in each of the four years covered by the tuition guarantee, resulting in an applied 4.9 percent tuition increase for the first year with no increases for the remaining three years of the guarantee. For returning resident and non-resident students, undergraduate and graduate at all campuses, the tuition rate increased by 0.0 percent and 2.0 percent respectively.
- The fall 2016 first year enrollment on the Oxford campus was 3,799 which represents a 0.4 percent decrease from the previous year but still surpassed this year's budgeted enrollment goal of 3,700. The academic credentials of the incoming freshman class increased over the prior year, in accordance with the admissions goal of increasing the quality of the incoming class. This year's incoming class confirmed as of mid-August had ACT scores averaging 28.5 and a GPA average of 3.77. The profile of this incoming class consists of approximately 44.3 percent non-resident and of those, 7.7 percent are international students. There were decreases in the Hamilton campus and Middletown campus incoming class size of 8.0 percent or 52 students and 15.0 percent or 50 students, respectively.
- The investment portfolios were challenged during the fiscal year. Operational investments recorded a negative return of 0.9 percent, down from a return of 1.6 percent achieved in the previous year. Near zero short term interest rates and the beginning of tighter monetary policy from the Federal Reserve, for the first time in nearly a decade, provided imposing barriers to higher returns. The combined University and Foundation endowment pools reported negative return of 4.1 percent, down from a return of 1.0 percent in the previous year. Results were hampered by an increase in volatility, the steep decline in energy and other commodity prices, and wider credit spreads.
- For fiscal year 2016, the University increased salaries by 3.0 percent. General fund salary and benefit expense on all three campuses increased by $23.8 million to $247.9 million, which was $13.6 million below the adopted budget. Although a hiring freeze is not in affect, requests to add new positions or fill previously vacant positions are carefully scrutinized.

Miami University

Management's Discussion and Analysis
June 30, 2016

Financial Highlights (Continued)

- As noted above, the liabilities increased $53.6 million, and consisted primarily of an increase of $65.6 million in the Net Pension Liability (NPL) recorded on the University Statements of Financial Position. This increase in the NPL stemmed from the reduced investment performance of the State pension plans from projected to actual investment earnings and is a required component of the reporting elements of GASB Statement No. 68.

Statements of Net Position

The Statements of Net Position presents the assets, liabilities, deferred outflows/inflows of resources, and net position of the University as of the end of the fiscal year. The difference between total assets and total liabilities, or net position, is one indicator of the overall strength of the institution. Also, the increase or decrease in total net position indicates whether the financial position of the institution is improving or declining. Except for capital assets, all other assets and liabilities are measured at a point in time using current values. Capital assets are recorded at historical cost less an allowance for depreciation.

The net position is classified into three major categories. The first category, net investment in capital assets, reports the institution's net equity in property, plant, and equipment. The second major category, restricted net position, reports assets that are owned by the institution, but the use or purpose of the funds is restricted by an external source or entity. This category is subdivided into two types: nonexpendable and expendable. Nonexpendable restricted assets are primarily endowment funds that may be invested for income and capital gains, but the endowed principal may not be spent. Expendable restricted assets may be spent by the institution, but only for the purpose specified by the donor, grantor, or other external entity. The third category, unrestricted net position, is separated into two types: allocated and unallocated. Allocated unrestricted assets are available to the institution, but are set aside for a specific purpose by University policy, management, or the governing board. Unallocated unrestricted assets are available to be used for any lawful purpose of the institution.

	2016	2015
Assets:		
Current assets	$ 677,619,333	$ 740,459,775
Capital assets, net	1,166,751,574	1,048,208,385
Long-term investments	176,132,561	174,444,558
Other assets	10,650,920	11,635,530
Total assets	$ 2,031,154,388	$ 1,974,748,248
Deferred outflows of resources	61,893,477	19,803,662
Total assets and deferred outflows of resources	$ 2,093,047,865	$ 1,994,551,910
Liabilities:		
Current liabilities	$ 111,389,039	$ 91,934,189
Noncurrent liabilities	943,322,756	909,140,240
Total liabilities	1,054,711,795	1,001,074,429
Deferred inflows of resources	21,870,234	42,116,636
Net Position:		
Net investment in capital assets	626,844,780	564,091,473
Restricted – nonexpendable	86,289,761	94,117,310
Restricted – expendable	51,099,005	82,437,918
Unrestricted – allocated	235,874,803	196,344,051
Unrestricted – unallocated	16,357,487	14,370,093
Total net position	1,016,465,836	951,360,845
Total liabilities, deferred inflows of resources and net position	$ 2,093,047,865	$ 1,994,551,910

Miami University

Management's Discussion and Analysis
June 30, 2016

Financial Highlights (Continued)

Total assets of the institution increased 2.8 percent or $56.4 million in fiscal year 2016. This increase was the result of an increase in capital assets and long-term investments combined with a decrease in cash and cash equivalents in the amount of $8.4 million, or 8.4 percent. Details of the $118.5 million or 11.3 percent increase in capital assets are provided in the Capital Assets and Debt Administration section of this report.

Total liabilities of the institution increased $53.6 million, or 5.3 percent, and consisted primarily of an increase of $65.6 million in the Net Pension Liability (NPL) recorded on the University Statements of Financial Position. This increase in the NPL stemmed from the reduced investment performance of the State pension plans from projected to actual investment earnings, a required component of the reporting elements of GASB Statement No. 68. Other current and noncurrent liabilities remained relatively unchanged. Overall, net position increased by $65.1 million.

Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position presents the University's results of operations for the fiscal year. The revenues and expenses are generally reported as either operating or non-operating. Operating revenues are generated by providing goods and services to customers and constituencies of the institution. Operating expenses are incurred when goods and services are provided by vendors and employees for the overall operations of the University. Non-operating revenues include the student instructional subsidy from the State of Ohio, while other revenues include the State's capital appropriation. Investment losses and returns are also included in non-operating revenue. Interest on debt is the primary component of non-operating expense.

In fiscal year 2016, total revenues of the institution from all sources were approximately $645.7 million, which represents a $19.6 million or 2.9 percent decrease from the prior year. Approximately 80.9 percent of revenues were classified as operating, and 16.5 percent were classified as non-operating revenues.

	2016	2015
Operating revenues	$ 522,244,113	$ 504,453,710
Non-operating revenues	106,824,826	133,306,086
Other revenues	16,589,856	27,505,429
Total revenues	645,658,795	665,265,225
Operating expenses	(557,504,622)	(524,868,419)
Non-operating expenses	(23,049,182)	(28,324,275)
Total expenses	(580,553,804)	(553,192,694)
Change in net position	$ 65,104,991	$ 112,072,531

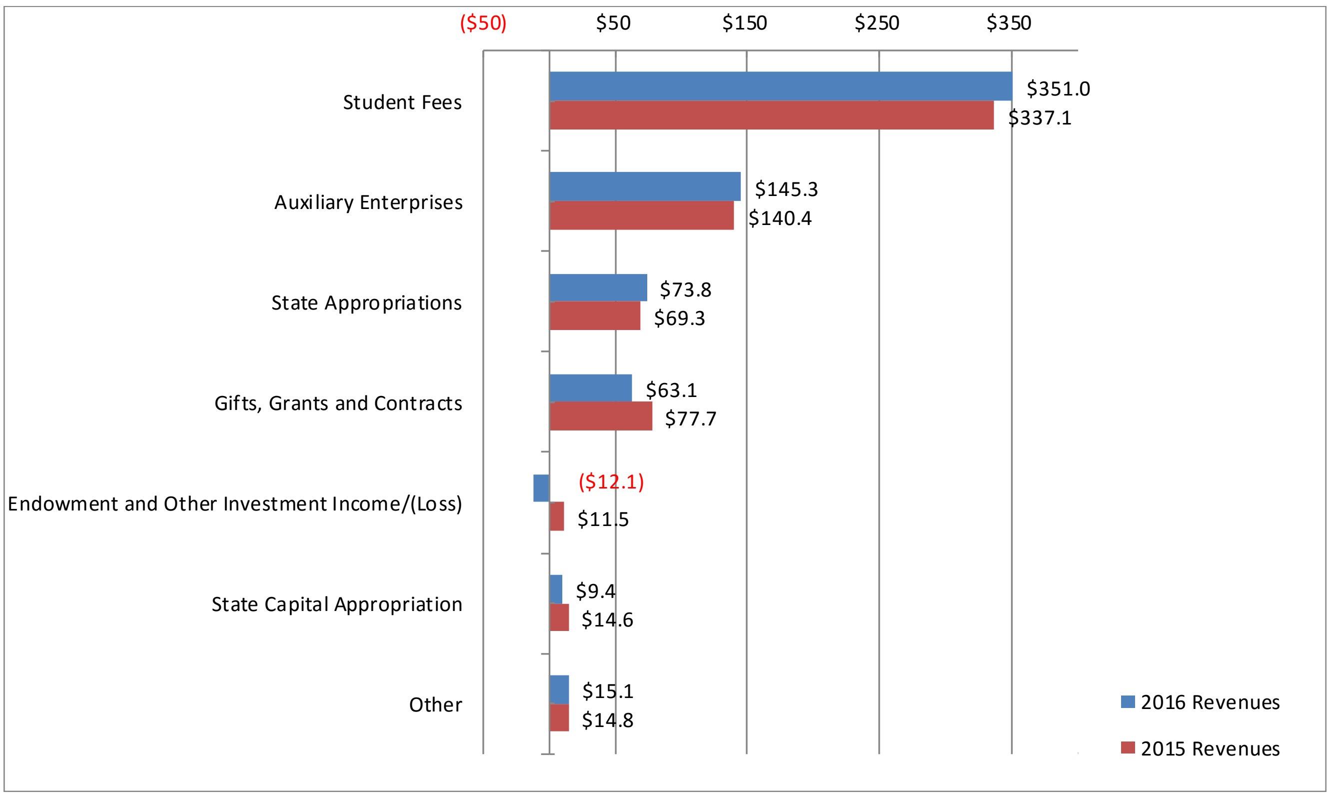
Miami University

Management's Discussion and Analysis
June 30, 2016

Financial Highlights (Continued)

The University revenue base is shown in the accompanying chart. Student tuition and fees make up the largest percentage of revenues at slightly more than 54.0 percent, while auxiliary enterprises such as residence and dining halls, several student recreational facilities, and the bookstore account for the second highest amount at 22.5 percent. Gifts, grants, and contracts represent 9.8 percent, and net endowment and investment income contributed to a 1.9 percent decrease in the total. State appropriations are 11.4 percent of the total and State capital appropriations are 1.5 percent.

Total Revenues ($ in Millions)



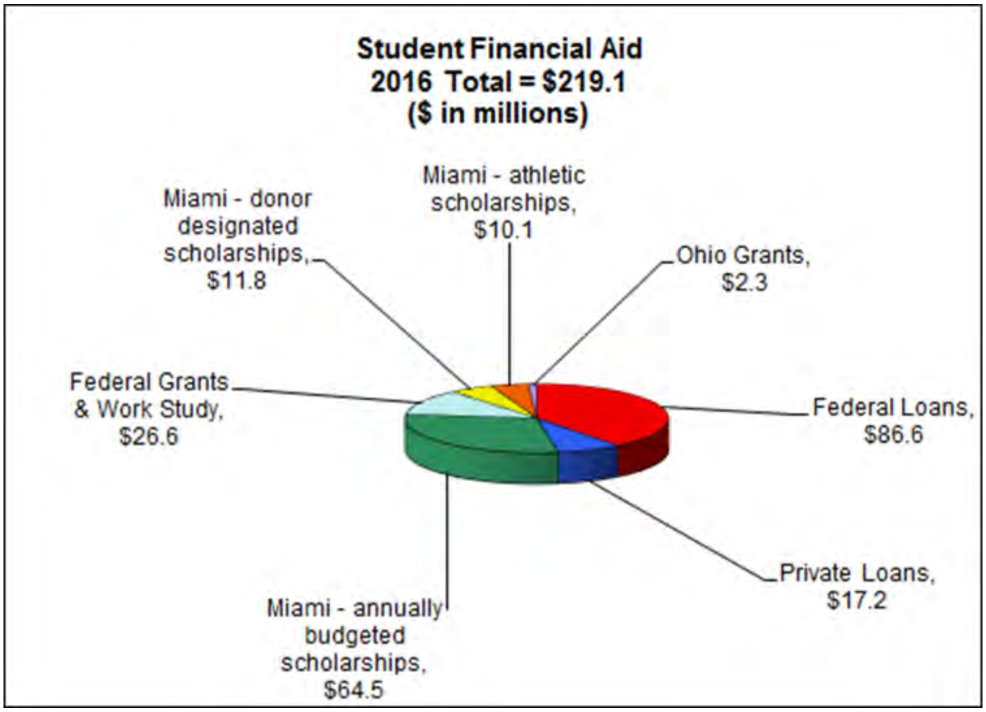
Miami University

Management's Discussion and Analysis
June 30, 2016

Financial Highlights (Continued)

Statements of Revenues, Expenses and Changes in Net Position (Continued)

The University continues to expand the merit scholarship packages for in-state and out-of-state students in order to recognize student achievement and to continue making a high-quality education more affordable for parents and students. In fiscal year 2016, Miami-funded financial aid increased by $9.1 million or 11.8 percent. In total, financial aid awards were $219.1 million.



Statements of Cash Flows

The Statements of Cash Flows present detailed information about the major sources and uses of cash by the institution for the fiscal year. The cash flow analysis is divided into four types of cash flows: operating activities, noncapital financing activities (which includes the state appropriations as well as gift revenues), capital and related financing activities (which includes debt activity), and investing activities.

	2016	2015
Net cash provided by operating activities	$ 17,875,128	$ 15,399,378
Net cash provided by noncapital financing activities	121,669,722	122,426,491
Net cash used in capital and related financing activities	(186,753,980)	(172,198,658)
Net cash provided by (used in) investing activities	38,825,177	(87,579,064)
Net decrease in cash and cash equivalents	(8,383,953)	(121,951,853)
Cash and cash equivalents:		
Beginning of year	100,265,940	222,217,793
End of year	$ 91,881,987	$ 100,265,940

Miami University

Management's Discussion and Analysis
June 30, 2016

Financial Highlights (Continued)

Statements of Cash Flows (Continued)

The net $8.4 million decrease in the fiscal year 2016 cash and cash equivalents balance primarily relates to the utilization of bond proceeds for the construction and renovation of capital assets.

Throughout the year, cash was used for capital acquisitions, payment of debt, investment activities, and operating activities. These uses of cash were offset in part by the cash provided by tuition and fees, state appropriations, sales by auxiliary enterprises, gifts, and grants.

Capital Assets and Debt Administration

During fiscal year 2016, the University completed and capitalized several projects. These projects were funded by a combination of bond proceeds, state capital appropriations, gifts, and local funding. The bond proceeds were generated from the 2011 and 2012 Series General Receipts Revenue Bonds totaling $88.7 million combined. Major projects capitalized in 2016 include renovation projects at Collins Hall, Dennison Hall, Dorsey Hall, Erickson Hall, McBride Hall, Symmes Hall, Shideler Hall, Irving Hall, Morris Hall, Harrison Hall, McGuffey Hall, Heritage Hall and the Demske Culinary Support Center. Other infrastructure improvements include McKie Field, Chestnut Fields Parking Lot and HUB Tunnel Top. See Note 4 for additional information concerning capital assets and accumulated depreciation.

The University's bond rating remained the same with a rating of Aa3 from Moody's Investors Services and a rating of AA from Fitch Ratings. For more detailed information on current outstanding debt, see Note 5 and 6.

On July 30, 2015, the University issued $52,335,000 of Series 2015 General Receipts and Refunding Bonds through a direct bank purchase process. The proceeds of the Series 2015 Bonds were used to refund the Miami University Series 2005 General Receipts and Refunding Bonds.

Economic Factors That Will Affect the Future

Higher education's affordability continues to receive much attention, not only in Ohio but nationally. Two affordability initiatives guided university priorities in Ohio this past year: Governor Kasich's Task Force on Affordability and Efficiency in Higher Education and the Ohio General Assembly's legislation requiring all public colleges and universities to offer undergraduate students pathways that lower their cost of earning a degree by at least five percent. These and future initiatives are expected to keep the focus on affordability for the foreseeable future.

In addition to Miami's increased emphasis on affordability, Miami also announced its own plan to make it easier for families to plan for the cost of higher education through the Miami Tuition Promise. This new initiative that affects all students enrolling for the first time in the fall of 2017 guarantees tuition, room and board, special purpose fees, and course fees will not increase during the traditional four academic years of a student's Miami experience. This certainty is another important step to making financial planning for students and families more predictable and continue Miami's efforts to adapt to a rapidly changing and increasingly competitive environment to enroll talented and diverse students.

While efficiency and affordability are the primary concerns being addressed at most public institutions of higher education today, enrollment growth and the academic quality of incoming classes continue to also be a strategic priority for the Oxford campus. The fall 2016 first-year enrollment on the Oxford campus of 3,799 surpassed the goal of 3,700 students for the incoming class. This new freshman class now stands as the second largest incoming class in Miami's history. For the fourth consecutive year, the academic quality of the incoming class also improved with an average ACT score 28.5 the highest ever for a new class. These results followed another record year for applications as almost 30,000 prospective students applied to attend the Oxford campus. For all campuses Miami's overall enrollment for fall 2016 was its largest ever at 24,322.

Miami University

Management's Discussion and Analysis
June 30, 2016

Financial Highlights (Continued)

Economic Factors That Will Affect the Future (Continued)

Enrollment at Miami's regional campuses for fall 2016 declined by 2.8 percent to 4,682. New academic program offerings and improved enrollment strategies are in development for the Hamilton and Middletown campuses in response to this negative enrollment trend. Miami's regional campuses increased the number of bachelor degree offerings on these campuses by 6 for fall 2016 with a total of 14 majors now available at the regional campuses in addition to the historic two year degrees they have offered. This follows a trend throughout the state as Ohio's higher education plan envisions its regional campuses offering affordable baccalaureate degrees to traditional age students and adult learners as these campuses move beyond their historical mission of serving as feeder campuses for the main campus.

For fiscal year 2017, the University's state share of instruction is budgeted to increase by approximately $5.2 million or 7.9 percent for the Oxford campus and decrease by $843,000 or 7.8 percent for the regional campuses. The overall change for Miami University is an increase of $4.37 million or 6.1 percent which is approximately 2.1 percent more than the statewide increase in the appropriation.

In July, Miami University welcomed Dr. Gregory P. Crawford as the 22nd president of the University. With bachelor's degrees in both mathematics and physics, a master's degree in physics, a doctorate in chemical physics, and numerous interests in research, philanthropy and entrepreneurial endeavors in areas such as human physical and mental health, Dr. Crawford brings to his post a sense of inclusive excellence, openness, and an emphasis on shared governance. His remarks to the campus on September 2 included this statement, "Our faculty - recognized among the very best in the nation at mentoring and teaching – will continue to model a Miami education at its best in the classroom, but the responsibility to create a welcoming, supportive, and inclusive community – to be our very best selves – rests upon each and every one of us." Dr. Crawford is committed to completing the University 2020 strategic plan but commencing the planning for a new strategic plan in 2018.

Higher education across the nation continues to experience rapid change in contrast to much slower change throughout much of its history. Technological change is leading to new educational models and delivery systems adding competition to an already highly competitive industry. Public accountability for the high cost of tuition and rising student debt continue to dominate the national conversation and influence legislative policies resulting in slower revenue growth. But Miami's strong commitment to undergraduate teaching, the strong demand for its programs not only in Ohio but around the nation and the world, its improved operating efficiencies, and its dedicated and committed faculty and staff, position Miami well to be able to respond to these challenges and to maintain its financial performance in the face of transformational change.

Miami University

Statements of Net Position
June 30, 2016 and 2015

	Miami University		University Foundation	
	2016	2015	2016	2015
Assets				
Current assets:				
Cash and cash equivalents (includes bond proceeds of $19.3 million for FY16 and $35.4 million for FY15)	$ 91,881,987	$ 100,265,940	$ 36,404,332	$ 32,642,953
Investments	538,834,187	591,269,861	-	-
Accounts, pledges and notes receivable, net	37,130,808	41,047,562	10,730,145	11,115,039
Inventories	2,301,891	3,300,278	-	-
Prepaid expenses and deferred charges	7,470,460	4,576,134	-	-
Total current assets	677,619,333	740,459,775	47,134,477	43,757,992
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	932,267	2,910,569
Investments	176,132,561	174,444,558	425,154,248	446,145,617
Pledges and notes receivable, net	10,327,681	11,385,011	26,861,706	29,116,132
Net pension asset	323,239	250,519	-	
Nondepreciable capital assets	154,359,937	132,113,966	-	-
Depreciable capital assets, net	1,012,391,637	916,094,419	-	-
Total noncurrent assets	1,353,535,055	1,234,288,473	452,948,221	478,172,318
Total assets	2,031,154,388	1,974,748,248	500,082,698	521,930,310
Deferred outflows of resources:				
Deferred loss on refunding	-	214,575	-	-
Pensions (Note 7)	61,893,477	19,589,087	-	-
Total deferred outflows of resources	61,893,477	19,803,662	-	-
Total assets and deferred outflows of resources	$ 2,093,047,865	$ 1,994,551,910	$ 500,082,698	$ 521,930,310
Liabilities				
Current liabilities:				
Accounts payable	$ 42,158,627	$ 25,948,789	$ 12,193,002	$ 16,201,846
Accrued salaries and wages	16,637,036	15,501,467	-	-
Accrued compensated absences	1,340,193	1,492,386	-	-
Unearned revenue	11,352,668	10,912,157	-	-
Deposits	11,223,779	10,721,326	-	-
Current portion of long-term debt	28,676,736	27,358,064	-	-
Other current liabilities	-	-	613,976	635,373
Total current liabilities	111,389,039	91,934,189	12,806,978	16,837,219
Noncurrent liabilities:				
Accrued compensated absences	17,024,927	17,061,788	-	-
Bonds payable	598,194,697	628,373,926	-	-
Capital leases payable	2,281,500	2,403,000	-	-
Federal Perkins loan program	5,506,867	6,552,992	-	-
Net pension liability	320,314,765	254,748,534	-	-
Other noncurrent liabilities	-	-	185,034,105	182,946,264
Total noncurrent liabilities	943,322,756	909,140,240	185,034,105	182,946,264
Total liabilities	1,054,711,795	1,001,074,429	197,841,083	199,783,483
Deferred inflows of resources:				
Deferred gains on refunding	773,880	870,615	-	-
Pensions (Note 7)	21,096,354	41,246,021	-	-
Total deferred inflows of resources	21,870,234	42,116,636	-	-
Net position:				
Net investment in capital assets	626,844,780	564,091,473	-	-
Restricted:				
Nonexpendable	86,289,761	94,117,310	197,035,479	187,600,989
Expendable	51,099,005	82,437,918	105,835,972	133,829,531
Unrestricted	252,232,290	210,714,144	(629,836)	716,307
Total net position	1,016,465,836	951,360,845	302,241,615	322,146,827
Total liabilities, deferred inflows and net position	$ 2,093,047,865	$ 1,994,551,910	$ 500,082,698	$ 521,930,310

See notes to financial statements.

Miami University

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2016 and 2015

	Miami University		University Foundation	
	2016	2015	2016	2015
Operating revenues:				
Tuition, fees, and other student charges	$ 438,316,841	$ 416,605,293	$ -	$ -
Less allowance for student scholarships	(87,294,745)	(79,552,497)	-	-
Net tuition, fees, and other student charges	351,022,096	337,052,796	-	-
Sales and services of auxiliary enterprises	151,035,908	145,843,355	-	-
Less allowance for student scholarships	(5,780,919)	(5,451,244)	-	-
Net sales and services of auxiliary enterprises	145,254,989	140,392,111	-	-
Federal contracts	11,622,757	11,520,909		
Gifts	-	-	3,170,787	17,735,567
Sales and services of educational activities	1,979,041	1,888,479	-	-
Private contracts	2,621,210	2,425,950	-	-
State contracts	424,711	727,481	-	-
Local contracts	84,382	204,709	-	-
Other	9,234,927	10,241,275	-	-
Total operating revenues	522,244,113	504,453,710	3,170,787	17,735,567
Operating expenses:				
Education and general:				
Instruction and departmental research	186,604,585	178,334,980	-	-
Separately budgeted research	12,642,090	13,789,283	-	-
Public service	4,073,913	3,607,350	-	-
Academic support	58,944,042	54,723,216	-	-
Student services	27,516,100	23,217,533	-	-
Institutional support	48,904,284	44,214,921	-	-
Operation and maintenance of plant	32,386,028	32,876,467	-	-
Scholarships and fellowships	18,725,192	19,283,546	-	-
Auxiliary enterprises	112,528,856	107,586,374	-	-
Depreciation	47,929,913	43,292,502	-	-
Other	7,249,619	3,942,247	-	-
Total operating expenses	557,504,622	524,868,419	-	-
Net operating (loss) income	(35,260,509)	(20,414,709)	3,170,787	17,735,567
Non-operating revenues (expenses):				
State appropriations	73,842,253	69,284,263	-	-
Gifts, including those from the University Foundation	21,620,802	28,866,651	-	-
Federal grants	18,566,523	20,684,821	-	-
Net investment income (loss), net of investment expense of $2,192,703 for the University and $2,343,108 for the Foundation in FY16 and $2,407,107 for the University and $3,317,961 for the Foundation in FY15	(12,632,015)	10,680,607	(12,856,468)	1,869,822 -
State grants	1,533,607	1,151,262	-	-
Interest on debt	(23,049,182)	(28,324,275)	-	-
Payments to Miami University	-	-	(18,401,214)	(25,407,833)
Other non-operating revenues (expenses)	3,893,656	2,638,482	(657,417)	(250,018)
Net non-operating revenues (expenses)	83,775,644	104,981,811	(31,915,099)	(23,788,029)
Income (loss) before other revenues, expenses, and gains or losses	48,515,135	84,567,102	(28,744,312)	(6,052,462)
Other revenues, expenses, gains or losses:				
State capital appropriation	9,432,366	14,558,787	-	-
Capital grants and gifts	6,648,609	12,115,252	-	-
Additions to permanent endowments	508,881	831,390	8,839,100	11,744,736
Total other revenues, expenses, gains, or losses	16,589,856	27,505,429	8,839,100	11,744,736
Change in net position	65,104,991	112,072,531	(19,905,212)	5,692,274
Total net position at beginning of year	951,360,845	839,288,314	322,146,827	316,454,553
Total net position at end of year	$ 1,016,465,836	$ 951,360,845	$ 302,241,615	$ 322,146,827

See notes to financial statements.

Miami University

Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Tuition, fees, and other student charges	$ 439,432,340	$ 415,534,846
Sales and services of auxiliary enterprises	151,546,143	147,880,719
Contracts	15,194,498	12,131,811
Other operating receipts	11,266,920	12,016,528
Payments for employee compensation and benefits	(334,838,648)	(324,092,263)
Payments to vendors for services and materials	(150,831,197)	(143,782,452)
Student scholarships	(111,800,856)	(104,288,947)
Loans issued to students and employees	(3,910,558)	(1,972,947)
Collection of loans from students and employees	1,816,486	1,972,083
Net cash flows provided by operating activities	17,875,128	15,399,378
Cash flows from noncapital financing activities:		
State share of instruction funds	75,625,767	71,653,709
Grants for noncapital purposes	19,899,930	21,836,083
Gifts	26,144,025	28,936,699
Net cash flows provided by noncapital financing activities	121,669,722	122,426,491
Cash flows from capital and related financing activities:		
State capital appropriation	18,835,170	21,530,100
Grants for capital purposes	6,810,092	11,204,235
Other capital and related receipts	990,154	514,976
Proceeds from debt obligations	52,335,000	-
Payments to construct, renovate, or purchase capital assets	(158,803,727)	(153,716,175)
Principal paid on outstanding debt	(77,533,800)	(21,398,800)
Interest paid on outstanding debt	(29,386,869)	(30,332,994)
Net cash flows used in capital and related financing activities	(186,753,980)	(172,198,658)
Cash flows from investing activities:		
Proceeds from sale of investments	153,346,920	147,525,086
Purchases of investments	(123,393,209)	(247,369,631)
Endowment income	(10,080,779)	136,535
Other investment income	18,952,245	12,128,946
Net cash flows provided by (used in) investing activities	38,825,177	(87,579,064)
Net decrease in cash and cash equivalents	(8,383,953)	(121,951,853)
Cash and cash equivalents:		
Beginning	100,265,940	222,217,793
Ending	$ 91,881,987	$ 100,265,940

(Continued)

Miami University

Statements of Cash Flows (Continued)
Years Ended June 30, 2016 and 2015

	2016	2015
Reconciliation of operating loss to net cash flows provided by operating activities:		
Operating loss	$ (35,260,509)	$ (20,414,709)
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Depreciation expense	47,929,913	43,292,502
Net loss on disposal of capital assets	211,443	36,973
Accounts receivable bad debt adjustments	110,300	208,966
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Accounts receivable	479,435	(3,806,397)
Inventories	998,388	842,416
Prepaid expenses and deferred charges	(1,774,337)	(281,925)
Notes receivable	186,428	(18,622)
Net pension asset	(72,720)	(40,300)
Deferred outflows of pension resources	(42,304,390)	(19,589,086)
Accounts payable	1,111,261	(3,225,889)
Accrued salaries and wages	1,135,569	1,044,397
Compensated absences	(189,054)	1,440,312
Unearned revenue and deposits	942,963	1,349,598
Federal Perkins loans	(1,046,125)	77,468
Net pension liability	65,566,231	(19,435,778)
Deferred inflows of pension resources	(20,149,668)	33,919,452
Net cash flows provided by operating activities	$ 17,875,128	$ 15,399,378
Supplemental disclosure of noncash information:		
Property and equipment included in accounts payable	$ 23,862,425	$ 17,399,945
Property and equipment acquired by gifts in kind	$ 38,718	$ 911,018

See notes to financial statements.

Miami University

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Miami University (the University) is a land grant institution chartered by the State of Ohio in 1809 and governed by a Board of Trustees (the board). The board consists of up to 17 members, including two student members and up to six non-voting national trustees. Voting members are appointed one each year for nine-year terms by the governor with the advice and consent of the state senate. The two student non-voting members are appointed for two-year staggered terms by the governor with the advice and consent of the senate, and the national trustees are appointed by the voting members and can serve for no more than two consecutive three-year terms.

The Governmental Accounting Standards Boards (GASB) Statement No. 39 sets forth criteria to determine whether certain organizations for which the University is not financially accountable should be reported as component units based on the nature and significance of their relationship with the University. The Miami University Foundation (the Foundation), which is a separate not-for-profit foundation, meets this criteria due to the significance of their operational or financial relationships with the University. Note 10 provides additional information on the Foundation. Certain disclosures concerning the Foundation are not included because it has been audited separately for the year ended June 30, 2016 and reports have been issued under separate cover.

The University's financial statements are included as a discretely presented component unit in the State of Ohio's Comprehensive Annual Financial Report.

Basis for presentation: The financial statements of the University have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when the related liability has been incurred. For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities as defined by GASB Statement No. 34 and 35.

Recent and pending accounting pronouncements: Effective July 1, 2015, the University adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements, including but not limited to, providing guidance for determining fair value measurements for financial reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. This Statement also revises the terminology related to the measurement of the value of donated capital assets by replacing the term fair value with the term acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date. It is a market-based entry price. The impact of the adoption of Statement No. 72 has been reflected in Note 2.

Effective July 1, 2015, the University adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to establish requirements for those pension and pension plans that are not administered through a trust meeting specified criteria. This Statement is effective for periods beginning with the University's year ending June 30, 2016, except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for the University beginning with its year ended June 30, 2017. There has been no impact on the University's financial statements due to the provisions of Statement No. 73 that were required to be adopted during the year ending June 30, 2016.

Miami University

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployments benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2016. The University believes adopting this Statement will not have an impact on the financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement is effective for the University beginning with its year ending June 30, 2018. The University has not yet determined the impact this Statement will have on the financial statements, however, expects the impact to be material.

Effective July 1, 2015, the University adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement supersedes GASB Statement No. 55 and reduces the existing hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within the source of authoritative GAAP. There has been no impact on the University's financial statements due to the adoption of Statement No. 76.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about (1) the reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. For financial reporting purposes, tax abatement is defined as resulting from an agreement between a government and an individual or entity in which the government promised to forgo tax revenues and the individual or entity subsequently take specific action to contribute to the economic development or other benefits of the government. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The University believes adopting this Statement will not have an impact on the financial statements.

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multi-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address practice issues regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions.* The Statement amends the Scope of Statement No. 68 to exclude pensions provided to employees of state of local government employers through a cost-sharing multi-employer defined benefit plan that (1) is not a statement of local government pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The University believes adopting this Statement will not have a significant impact on the financial statements.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of this Statement is to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in the Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The University believes adopting this Statement will not have a significant impact on the financial statements.

Miami University

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units.* The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The University has not yet determined the impact adoption of this Statement will have on the financial statements, however, believe adopting the Statement will not have an impact on the financial statements.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting by establishing recognition and measurement requirements for irrevocable split-interest agreements as well as enhance the transparency and decision-usefulness of general purpose external financial reports by more clearly identifying resources that are available to a government. This Statement amends Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* paragraph 13; Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions,* paragraph 5; Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* paragraphs 16, 18, 22, 92, and 107; and Statement No. 67, *Financial Reporting for Pension Plans,* paragraph 24. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. The University has not yet determined the impact adoption of this Statement will have on the financial statements.

In March 2016, GASB issued Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this Statement is to improve consistency in application of pension accounting and financial reporting requirements due to issues raised with respect to the Statements amended by this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 except for the requirements of paragraph 7. In the circumstances in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end, the requirements of paragraph 7 are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The University has not yet determined the impact adoption of this Statement will have on the financial statements.

Cash and cash equivalents: Cash consists primarily of cash in banks and money market accounts. Cash equivalents are short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less.

Investments: Investments that are market traded, such as equity and debt securities, mutual funds, and cash equivalents, are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The value of holdings of commingled funds investing in publicly traded stocks and bonds and not having a readily determined market value for fund units is based on the funds' net asset value as supplied by the investment manager. Investments in real estate are recorded at acquisition value at the date of donation.

Investment income is recorded on the accrual basis and purchases and sales of investments are recorded on a trade-date basis. Investment transactions occurring on or before June 30 that settle after such date are recorded as receivables or payables.

Inventories: The University bookstore inventories are stated at the lower of first-in, first-out cost or net realizable value. The supply room inventories are stated at the weighted average value. All other inventories, including the Demske Culinary Support Center and Goggin Ice Center, are stated at the last price paid value.

Miami University

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets: Land, buildings, and equipment are recorded at cost at date of acquisition. In the case of gifts or other donated capital assets, they are recorded at acquisition value. Acquisition value is the price that would be paid to acquire an asset in an orderly market transaction at the acquisition date. Acquisition value is a market-based entry price. Intangible assets include patents, trademarks, land rights and computer software. Land, collections of works of art and historical treasures are capitalized but not depreciated. Any collection that is not capitalized is charged to operations at the time of purchase. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are 50 years for buildings; 25 years for infrastructure, library books and land improvements; 20 years for improvements to buildings; and 5 to 7 years for equipment, vehicles, and furniture. Intangible assets are depreciated based on the estimated life of each asset. The University's capitalization threshold is the lower of 5 percent of the original building cost or $100,000 for building renovations and $5,000 for other capitalized items. The capitalization threshold for intangible assets is $100,000 except for internally generated computer software which has a threshold of $500,000.

Unearned revenue: Tuition and fees relating to summer sessions that are conducted in July and August are recorded in the accompanying Statements of Net Position as unearned revenue. Unearned revenue also includes the amounts received from grant and contract sponsors that have not yet been earned and amounts received from a tuition payment service for payments received for the next fiscal year. These will be recorded as revenue in the following fiscal year.

Pensions: For purposes of measuring the net pension liability or assets, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about the fiduciary net position of the Ohio Public Employees Retirement System (OPERS) Traditional and Combined Plans as well as the State Teachers Retirement System of Ohio Retirement Plan (STRS Ohio) (collectively referred to as "the Plans") any additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Operating and non-operating revenue: The University defines operating activities, for purposes of reporting on the Statements of Revenues, Expenses, and Changes in Net Position, as those activities that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Substantially all of the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations, gifts, and investment income.

Revenue recognition: The University recognizes tuition, fees and other student charges as goods and services are provided to customers and constituencies of the institution. State appropriations are recognized when received or made available. Restricted funds are recognized as revenue only to the extent expended. Gifts and interest on student loans are recognized when received. The University's policy for defining operating activities as reported on the statement of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received.

Allowance for student scholarships: Allowances for student tuition and fee revenues, and certain other revenues from students, are reported in the Statements of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance.

Miami University

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Bond premiums, discounts and issuance costs: Bond premiums and discounts costs are deferred and amortized over the life of the bonds using the straight line method. Bond issuance costs are recognized as an expense in the period incurred.

Deferred outflows/inflows of resources: Deferred outflows of resources are a consumption of net positions by the University that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net positions by the University that is applicable to a future reporting period.

Compensated absences: Full-time unclassified staff earn vacation at rates of 18 to 22 days per year, based on the term of their employment contract, with a maximum accrual of 52 days. Classified employees earn vacation at rates up to 25 days per year, based on years of service and hours reported, with a maximum accrual equivalent to the amount earned in three years. Upon retirement, termination, or death, the employee is compensated at the final rate of pay for unused vacation up to a maximum of 40 days. Faculty accrue no vacation benefits.

Full-time faculty, unclassified staff, and classified staff earn 15 days of sick leave per year and individuals who work less than full-time earn sick leave on a pro-rata basis. There is no limit on the number of sick leave hours that can be accumulated. Upon retirement a staff member with 10 or more years of Ohio public service is paid for one-fourth the value of earned but unused sick leave not to exceed 30 days, based on the employee's rate of pay at the time of retirement. The termination payment method is used to compute the liability for sick leave. Employees transferring to or from another State of Ohio agency may transfer any unused accumulated sick leave entitlement to/from the new agency. Persons leaving employment for reasons other than retirement are not compensated for unused sick leave.

Net positions: Net positions are divided into three major categories. The first category, net investment in capital assets, which does not include unspent bond proceeds, reports the institution's net equity in property, plant, and equipment. The second major category is restricted net position. This category contains assets that are owned by the institution, but the use or purpose of the funds is restricted by an external source or entity. The corpus of the nonexpendable restricted assets is available for investment purposes only. The expendable restricted assets may be expended by the institution, but must be spent only for the purpose as determined by a donor or external entity. The income generated from the nonexpendable restricted investments and the expendable restricted funds may be used for student loans, scholarships and fellowships, instruction, research, and other needs to support the operation of the University. The third category is unrestricted net position and is separated into two types: allocated and unallocated. Allocated unrestricted assets are available to the institution, but are allocated for a specific purpose within the institution by University policy, management, or the governing board. The allocated unrestricted net assets were $235,874,803 as of June 30, 2016 and 196,344,051 as of June 30, 2015. Unallocated unrestricted net assets are available to be used for any lawful purpose of the institution.

Tax status: The University is exempt from federal income taxes under Section 115 of the Internal Revenue Code. As such, the University is subject to federal income taxes only on unrelated business income, if any, under the provisions of Section 511 in the Internal Revenue Code.

Estimates: Management has made, where necessary, estimates and judgments that affect certain amounts reported in the financial statements. The estimates and judgments are based on current available information, and actual results could differ from those estimates.

Reclassifications: Certain items in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

Subsequent events: The University has evaluated events occurring between the end of our most recent fiscal year and October 14, 2016 the date the financial statements were issued.

Miami University

Notes to Financial Statements

Note 2. Cash and Investments

The University's cash and investment activities are governed by policies adopted by the board in accordance with authority granted by the Ohio Revised Code. Such policies are implemented by the treasurer and overseen by the board's finance and audit committee.

The University's investment strategy incorporates financial instruments that involve varying elements of risk including market risk, credit risk, interest rate risk, and custodial credit risk. The University's investment policies and procedures establish risk guidelines for each of the two primary investment pools, the non-endowment pool and endowment pool. Diversification is a fundamental risk management strategy for both pools.

Cash and cash equivalents: At year-end, the carrying amount of the University's cash and cash equivalents was approximately $91.9 million in 2016 and $100.3 million in 2015. Cash and cash equivalents consists primarily of cash in banks, money market accounts and the State Treasury Reserve of Ohio (STAR Ohio) that include short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less. STAR Ohio, a 2a7 – like pooled fund, is a statewide fund managed by the State Treasurer of Ohio.

Approximately $15.9 million of cash and cash equivalents was covered by federal depository insurance; $44.3 million was covered by collateral held by third-party trustees pursuant to paragraph 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions; and the remainder was not collateralized or insured, leaving it exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the University may not be able to recover its deposits or collateral securities. The University maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution.

Investments: Investments held by the University at June 30, 2016 and 2015 are presented below, categorized by investment type and credit quality rating. Credit quality ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment management procedures establish guidelines for average credit quality ratings in the portfolios. Moody's Investors Services and Fitch Ratings have assigned AAA credit ratings to U.S. Treasury obligations. On August 6, 2011, Standard & Poor's lowered its credit rating on long-term U.S. Treasury related debt obligations from AAA to AA+.

The investments as of June 30 are summarized as follows:

	2016				
Investment Type	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	$ 47,755,790	$ -	$ 47,755,790	$ -	$ -
U.S. Agency bonds	63,983,749	-	63,983,749	-	-
Strips	2,237,750	-	2,237,750	-	-
Government-backed bonds	57,555,473	-	57,555,473	-	-
Corporate bonds	24,527,271	-	-	24,527,271	-
Municipal bonds	2,791,596	-	-	2,791,596	-
International bonds	380,127	-	-	380,127	-
Common and preferred stocks	616,888	616,888	-	-	-
Commingled funds	514,794,972	448,692,790	20,233,224	32,772,717	13,096,241
Real estate and other	323,132	323,132	-	-	-
Total investments	$ 714,966,748	$ 449,632,810	$ 191,765,986	$ 60,471,711	$ 13,096,241

Miami University

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

	2015				
Investment Type	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	$ 64,988,673	$ -	$ 64,988,673	$ -	$ -
U.S. Agency bonds	98,755,662	-	98,755,662	-	-
Strips	2,666,342	-	2,666,342	-	-
Government-backed bonds	74,964,393	-	74,964,393	-	-
Corporate bonds	23,077,473	-	-	23,077,473	-
Municipal bonds	2,830,923	-	-	2,830,923	-
International bonds	492,562	-	-	492,562	-
Common and preferred stocks	575,736	575,736	-	-	-
Commingled funds	497,051,776	431,255,444	20,910,842	33,425,296	11,460,194
Real estate and other	310,879	310,879	-	-	-
Total investments	$ 765,714,419	$ 432,142,059	$ 262,285,912	$ 59,826,254	$ 11,460,194

Due to significantly higher cash flows at certain times during the year, the amount of the University's investment in each of the above investment categories may be substantially higher during the year than at year-end.

The University's bond investments are exposed to interest rate risk, which is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is managed primarily by adjusting portfolio duration.

Bond investments by length of maturity as of June 30 are summarized as follows:

	2016				
Investment Type	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years
U.S. Treasury bonds	$ 47,755,790	$ 251,559	$ 36,498,316	$ 10,261,913	$ 744,002
U.S. Agency bonds	63,983,749	14,882,546	47,986,771	1,114,432	-
Strips	2,237,750	-	990,240	1,247,510	-
Government-backed bonds	57,555,473	964,300	55,474,546	1,048,983	67,644
Corporate bonds	24,527,271	2,127,966	14,736,893	7,651,690	10,722
Municipal bonds	2,791,596	522,126	926,006	348,775	994,689
International bonds	380,127	-	-	-	380,127
Commingled bond funds	66,102,182	2,367,547	32,625,934	20,429,884	10,678,817
Total bonds	$ 265,333,938	$ 21,116,044	$ 189,238,706	$ 42,103,187	$ 12,876,001

Miami University

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

	2015				
Investment Type	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years
U.S. Treasury bonds	$ 64,988,673	$ 4,923,673	$ 53,462,876	$ 5,593,317	$ 1,008,807
U.S. Agency bonds	98,755,662	34,885,707	62,818,331	661,039	390,585
Strips	2,666,342	-	2,666,342	-	
Government-backed bonds	74,964,393	28,128	73,508,292	1,337,382	90,591
Corporate bonds	23,077,473	1,064,565	13,120,060	8,504,529	388,319
Municipal bonds	2,830,923	101,368	982,557	680,364	1,066,634
International bonds	492,562	-	-	492,562	-
Commingled bond funds	65,796,332	3,453,266	31,075,492	24,922,130	6,345,444
Total bonds	$ 333,572,360	$ 44,456,707	$ 237,633,950	$ 42,191,323	$ 9,290,380

Fair value of financial instruments: As noted in Note 1, the University adopted GASB 72, *Fair Value Measurement and Application*. This guidance requires entities to expand their fair value disclosures by determining major categories of debt and equity securities within the fair value hierarchy on the basis of the nature and risk of the investment. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management utilizes valuation techniques that maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3) within the fair value hierarchy established by GASB. Assets and liabilities carried at fair value are required to be classified and disclosed in one of the following three categories:

Level 1: Quoted prices that are available in active markets as of the report date. The quoted market prices are from those securities traded on an active exchanged such as the New York Stock Exchange, NASDAQ or an active over-the-counter market.

Level 2: Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the report date.

Level 3: Inputs that are unobservable including the University's own assumptions in determining the fair value of investments or liabilities. If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Miami University

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

The following table presents the investments by fair value hierarchy as of June 30:

	2016			
	Level 1	Level 2	Level 3	Total
Investment assets:				
U.S. Treasury bonds	$ 47,755,790	$ -	$ -	$ 47,755,790
U.S. Agency bonds	63,983,749			63,983,749
U.S. Treasury strips	2,237,750			2,237,750
Government-back bonds		57,555,473		57,555,473
Corporate bonds		24,527,271		24,527,271
Municipal bonds		2,791,596		2,791,596
International bonds		380,127		380,127
Global public debt	31,190,396			31,190,396
Domestic public equity	541,888	-	-	541,888
Non-public equity		22,916,106	75,000	22,991,106
Real estate and other	-	-	323,132	323,132
	$ 145,709,573	$ 108,170,573	$ 398,132	$ 254,278,278
Funds reported at fair value based on net asset value:				
Non-publicly traded funds [(a)]				$ 238,579,382
Hedged equity funds [(b)]				198,825,458
Hedged debt funds [(c)]				23,283,630
Total investment assets				$ 714,966,748

	2015			
	Level 1	Level 2	Level 3	Total
Investment assets:				
U.S. Treasury bonds	$ 64,988,673	$ -	$ -	$ 64,988,673
U.S. Agency bonds	98,755,662			98,755,662
U.S. Treasury strips	2,666,342			2,666,342
Government-back bonds		74,964,393		74,964,393
Corporate bonds		23,077,473		23,077,473
Municipal bonds		2,830,923		2,830,923
International bonds		492,562		492,562
Global public debt	32,480,288			32,480,288
Domestic public equity	500,736	-	-	500,736
Non-public equity		24,610,837	75,000	24,685,837
Real estate and other	-	-	310,879	310,879
	$ 199,391,701	$ 125,976,188	$ 385,879	$ 325,753,768
Funds reported at fair value based on net asset value:				
Non-publicly traded funds [(a)]				$ 234,544,185
Hedged equity funds [(b)]				182,008,158
Hedged debt funds [(c)]				23,408,308
Total investment assets				$ 765,714,419

Miami University

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

[(a)] This class includes investments in funds where the underlying holdings are primarily long-only investments in publicly traded bonds and other debt securities on a global basis as well as the fair value of the University endowment investment in the Miami University Foundation investment pool (Pooled Fund). The fair value of the investments in this class have been estimated using the net asset value per share of the investments.

[(b)] This class includes primarily investments in hedge funds that invest in both long and short positions in publicly traded equity securities on a global basis. The fair value of the investments in this class have been estimated using the net asset value per share of the investments.

[(c)] This class includes primarily investments in hedge funds that invest in both long and short positions in both publicly traded and private debt securities on a global basis. The fund may also hold long and short positions in equity securities. Most debt securities are sub-investment grade and may be hard to price due to thin trading volumes. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The following table is a reconciliation of all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2016:

	Non-Public Equities and Other
Balances as of July 1, 2014	$ 387,677
Net realized and unrealized loss	(1,798)
Balances as of June 30, 2015	385,879
Net realized and unrealized gains	12,253
Balances as of June 30, 2016	$ 398,132

All of the University's investments in publicly traded securities are subject to market risk. As a result, a significant downturn in the securities markets could adversely affect the market value of University assets. Investments include approximately $143.6 million as of June 30, 2016 and $151.0 million as of June 30, 2015, managed by global managers, and such international investments are exposed to foreign currency risk. The University's investments that are exposed to concentration risk consist of securities issued by the U.S. Treasury and other agencies or instrumentalities of the U.S. government which represent 19.5 percent and 31.0 percent of investments at June 30, 2016 and 2015, respectively. No other single issuer represents more than 5 percent of investments. Commingled bond funds held by the University include a wide range of investments, including hedge funds. The University's objective for investing in these hedge funds is to provide stable, absolute returns that are uncorrelated to fluctuations in the stock and bond markets.

Fair values were determined based on prices of established securities markets, with the exception of some hedge funds and alternative investments whose fair values were provided by the funds' managements. Alternative investments generally represent investments that are less liquid than publicly traded securities and include private equity, investments in real assets, and other strategies. Hedge funds may include, but are not limited to, long and short investments in domestic and international equity securities, distressed securities, fixed income securities, currencies, commodities, options, futures, and other derivatives. Many of these securities are intended to reduce market risk, credit risk, and interest rate risk.

Miami University

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

Endowment funds: The Miami University Foundation (Foundation) manages the Foundation and University endowment and quasi-endowment funds in a single investment pool (Pooled Fund). The University investment is maintained as a separate fund on the financial system of the Foundation and receives a proportionate share of the Pooled Fund's activity. The Foundation owns the assets of the Pooled Fund; the University has an interest in the Pooled Fund. The Foundation's Pooled Fund is not registered with the Securities and Exchange Commission as an investment company. The Foundation's Board of Directors appoints an Investment Committee, which is responsible for oversight of the Pooled Fund in accordance with Foundation policies. University investments include $175.3 million and $173.6 million managed by the Foundation as of June 30, 2016 and 2015, respectively. The fair value of the University's position in the Pooled Fund is based on the University's proportional share of the Pooled Fund, which is marked-to-market annually. Note 10 provides additional information on the Foundation and the Pooled Fund.

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the State of Ohio provides statutory guidelines for prudent management, investment, and expenditure of donor-restricted endowment funds held by charitable organizations. The University's interpretation of its fiduciary responsibilities for donor-restricted endowments under UPMIFA requirements, barring the existence of any donor-specific provisions, is to preserve intergenerational equity to the extent possible and to produce maximum total return without assuming inappropriate risks. The investment policies governing these funds look beyond short-term fluctuations in economic cycles toward an investment philosophy that provides the best total return over very long time periods.

The University employs a total return policy which defines the total amount of dividends, interest and realized gains to be distributed from the endowment assets. The University Board has approved an endowment spending policy whereby distributions in accordance with donor restrictions are calculated according to a formula which gives a 30% weight to market value and a 70% weight to inflation. Annually the University establishes a spending formula that defines the total amount of dividends, interest and realized gains to be distributed from the endowment assets to other funds. The authorized spending amount was $8,969,653 in 2016 and $8,588,113 in 2015. In accordance with donors' stipulations, a portion of the earnings was returned to endowment principal and the balance of $8,074,744 and $8,226,822 was distributed for expenditure for 2016 and 2015, respectively. Donor restricted endowments with insufficient accumulated earnings did not make a current year distribution.

Miami University

Notes to Financial Statements

Note 3. Accounts, Pledges and Notes Receivable

The accounts, pledges and notes receivable as of June 30 are summarized as follows:

	2016	2015
Accounts receivable:		
Student receivables	$ 10,427,654	$ 11,358,366
University Foundation	12,018,232	16,025,647
Grants and contracts	3,631,253	3,916,343
Other receivables	3,005,011	2,453,317
Total accounts receivable	29,082,150	33,753,673
Less allowances for doubtful accounts	(1,285,000)	(1,285,000)
Net accounts receivable	$ 27,797,150	$ 32,468,673
Pledges receivable:		
Pledges receivable	$ 10,841,276	$ 10,937,933
Less allowance for doubtful pledges	(584,350)	(564,167)
Net pledges receivable	$ 10,256,926	$ 10,373,766
Notes receivable:		
Federal loan programs	$ 6,809,383	$ 6,958,467
University loan programs	4,561,030	4,497,667
Total notes receivable	11,370,413	11,456,134
Less allowance for doubtful notes	(1,966,000)	(1,866,000)
Net notes receivable	9,404,413	9,590,134
Total	$ 47,458,489	$ 52,432,573

Miami University

Notes to Financial Statements

Note 4. Capital Assets

The capital assets and accumulated depreciation as of June 30 are summarized as follows:

	2016			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets:				
Land	$ 5,792,226	$ -	$ -	$ 5,792,226
Collections of works of art and historical treasures	8,930,209	58,518	-	8,988,727
Construction in progress	117,391,531	151,053,258	128,865,805	139,578,984
Total nondepreciable capital assets	132,113,966	151,111,776	128,865,805	154,359,937
Land improvements	42,899,756	4,529,826	-	47,429,582
Buildings	1,135,721,891	129,251,543	367,583	1,264,605,851
Infrastructure	148,595,712	4,581,876	344,842	152,832,746
Machinery and equipment	96,652,671	4,913,066	15,215,333	86,350,404
Library books and publications	68,955,770	1,147,269	-	70,103,039
Vehicles	8,374,482	14,994	765,536	7,623,940
Intangible assets	16,946,161	-	-	16,946,161
Total depreciable capital assets	1,518,146,443	144,438,574	16,693,294	1,645,891,723
Total capital assets	1,650,260,409	295,550,350	145,559,099	1,800,251,660
Less accumulated depreciation:				
Buildings	409,990,185	34,203,564	156,137	444,037,612
Infrastructure	64,556,393	5,509,680	344,845	69,721,228
Land improvements	15,384,769	1,570,025	-	16,954,794
Machinery and equipment	42,349,839	4,061,588	15,215,333	31,196,094
Library books and publications	46,540,719	2,111,425	-	48,652,144
Vehicles	6,549,882	203,104	765,536	5,987,450
Intangible assets	16,680,237	270,527	-	16,950,764
Total accumulated depreciation	602,052,024	47,929,913	16,481,851	633,500,086
Total capital assets, net	$ 1,048,208,385	$ 247,620,437	$ 129,077,248	$ 1,166,751,574

Miami University

Notes to Financial Statements

Note 4. Capital Assets (Continued)

	2015			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets:				
Land	$ 5,792,226	$ -	$ -	$ 5,792,226
Collections of works of art and historical treasures	8,162,939	767,270	-	8,930,209
Construction in progress	108,689,382	133,075,629	124,373,480	117,391,531
Total nondepreciable capital assets	122,644,547	133,842,899	124,373,480	132,113,966
Land improvements	40,796,480	2,103,276	-	42,899,756
Buildings	1,008,030,154	127,946,096	254,359	1,135,721,891
Infrastructure	144,679,451	3,916,261	-	148,595,712
Machinery and equipment	106,355,711	2,762,982	12,466,022	96,652,671
Library books and publications	67,629,889	1,325,881	-	68,955,770
Vehicles	8,496,199	367,978	489,695	8,374,482
Intangible assets	16,946,161	-	-	16,946,161
Total depreciable capital assets	1,392,934,045	138,422,474	13,210,076	1,518,146,443
Total capital assets	1,515,578,592	272,265,373	137,583,556	1,650,260,409
Less accumulated depreciation:				
Buildings	380,487,155	29,720,416	217,386	409,990,185
Infrastructure	59,208,614	5,347,779	-	64,556,393
Land improvements	13,940,005	1,444,764	-	15,384,769
Machinery and equipment	51,101,848	3,714,013	12,466,022	42,349,839
Library books and publications	44,381,095	2,159,624	-	46,540,719
Vehicles	6,664,130	375,447	489,695	6,549,882
Intangible assets	16,149,778	530,459	-	16,680,237
Total accumulated depreciation	571,932,625	43,292,502	13,173,103	602,052,024
Total capital assets, net	$ 943,645,967	$ 228,972,871	$ 124,410,453	$ 1,048,208,385

Note 5. Long-Term Liabilities

The long-term liabilities as of June 30 are summarized as follows:

	2016				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and leases payable:					
Bonds payable	$ 619,785,000	$ 52,335,000	$ 77,415,000	$ 594,705,000	$ 26,860,000
Capital leases payable	2,521,800	-	118,800	2,403,000	121,500
Premiums	35,828,190	-	3,783,257	32,044,933	1,695,236
Total bonds and leases payable	658,134,990	52,335,000	81,317,057	629,152,933	28,676,736
Other liabilities:					
Compensated absences	18,554,174	7,377,341	7,566,395	18,365,120	1,340,193
Federal Perkins loans	6,552,992	296,806	1,342,931	5,506,867	-
Total other liabilities	25,107,166	7,674,147	8,909,326	23,871,987	1,340,193
Total	$ 683,242,156	$ 60,009,147	$ 90,226,383	$ 653,024,920	$ 30,016,929

Miami University

Notes to Financial Statements

Note 5. Long-Term Liabilities (Continued)

	2015				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and leases payable:					
Bonds payable	$ 641,065,000	$ -	$ 21,280,000	$ 619,785,000	$ 25,195,000
Capital leases payable	2,640,600	-	118,800	2,521,800	118,800
Premiums	37,872,454	-	2,044,264	35,828,190	2,044,264
Total bonds and leases payable	681,578,054	-	23,443,064	658,134,990	27,358,064
Other liabilities:					
Compensated absences	17,113,862	9,478,750	8,038,438	18,554,174	1,492,386
Federal Perkins loans	6,475,524	345,879	268,411	6,552,992	-
Total other liabilities	23,589,386	9,824,629	8,306,849	25,107,166	1,492,386
Total	$ 705,167,440	$ 9,824,629	$ 31,749,913	$ 683,242,156	$ 28,850,450

Additional information regarding the bonds and capital leases is included in Note 6.

Note 6. Indebtedness

During the year ended June 30, 2016, the University issued $52,335,000 in General Receipts Revenue Bonds with a 1.88 percent coupon and maturities from 2016 to 2024. The proceeds were used to completely refund the Series 2005 General Receipts and Refunding Bonds.

There was no new debt issued by the University in the year ended June 30, 2015.

During the year ended June 30, 2014, the University issued $135,035,000 in General Receipts Revenue Bonds with interest rates ranging from 3.00 percent to 5.00 percent and maturities from 2015 to 2040. The proceeds are being used to provide continued funding for the multi-phase effort to renovate all campus student housing and dining facilities.

During the year ended June 30, 2013, the University issued $116,065,000 in General Receipts Revenue Bonds with interest rates ranging from 3.00 percent to 5.00 percent and maturities from 2015 to 2038. The proceeds are being used to provide continued funding for the multi-phase effort to renovate all campus student housing and dining facilities.

During the year ended June 30, 2012, the University issued $148,775,000 in General Receipts Revenue Bonds with interest rates ranging from 2.21 percent to 5.00 percent and maturities from 2012 to 2037. The proceeds are being used to provide continued funding for the multi-phase effort to renovate all campus student housing and dining facilities. A part of the proceeds were also used to refund a portion of the remaining Miami University General Receipts Bonds, Series 2003. The net change in cash flows related to the refunding was approximately $2.1 million and the net present value savings was approximately $1.6 million. In fiscal year 2012, the University defeased a portion of the Series 2003 bonds by placing some of the proceeds from the Series 2011 bonds into an escrow account to provide for all future debt service. The outstanding balance of defeased bonds was $28,755,000 as of June 30, 2015.

The December 21, 2011 bond refunding resulted in a difference between the net carrying amount of the old debt and the reacquisition price of $1,209,192. The unamortized difference of $773,880 and $870,615 at June 30, 2016 and 2015, respectively, is reported in the accompanying financial statements as a deferred inflow of resources and is being amortized through the year 2024.

Miami University

Notes to Financial Statements

Note 6. Indebtedness (Continued)

During the year ended June 30, 2011, the University issued $125,000,000 in General Receipts Revenue Bonds consisting of $105,445,000 Series 2010A (Federally Taxable Build America Bonds – Direct Payment) and $19,555,000 Series 2010B (Tax-Exempt Bonds). Interest rates range from 4.81 percent to 6.77 percent for the Series 2010A bonds and 5.00 percent for the Series 2010B bonds. Maturities range from 2017 to 2036 for the Series 2010A bonds with a final payment in 2017 for the Series 2010B bonds. The Series 2010 bond proceeds were used to provide funding for the first phase of planned improvements to student housing and dining facilities and the first phase of construction of the Armstrong Student Center.

There was no new debt issued by the University in the years ended June 30, 2010, 2009 or 2008.

During the year ended June 30, 2007, the University issued $83,210,000 in General Receipts Revenue Bonds with interest rates ranging from 3.25 percent to 5.25 percent and maturities from 2010 to 2027. The proceeds were used to fund capital asset additions.

During the year ended June 30, 2005, the University issued $98,455,000 in General Receipts Revenue and Refunding Bonds. The proceeds were used to refund a portion of the remaining Miami University General Receipts Bonds, Series 1998 and for the funding of additional capital assets. In 2005, the University defeased a portion of the Series 1998 bonds by placing some of the proceeds from the Series 2005 bonds into an escrow account to provide for all future debt service.

The March 1, 2005 bond refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $863,535. The unamortized difference of $214,575 at June 30, 2015, was reported in the accompanying financial statements as a deferred outflow of resources at June 30, 2015. As noted previously, these bonds were refunded during 2016 with the issue of the Series 2015 General Receipt Revenue Bonds. The balance owed at the time of the refund was $57,965,000.

The University incurred total interest costs of $24,428,799 and $28,305,013 as of June 30, 2016 and 2015, respectively. The interest costs that were capitalized were $1,379,617 and $1,374,692 as of June 30, 2016 and 2015, respectively.

The maturity dates, interest rates, and outstanding principal balances as of June 30, 2016 are as follows:

	Maturity Dates	Interest Rates	Outstanding Debt
Bonds payable:			
Series 2015 general receipts	2017 - 2024	1.88%	$ 52,335,000
Series 2014 general receipts	2017 - 2040	3.00% - 5.00%	131,970,000
Series 2012 general receipts	2017 - 2038	3.00% - 5.00%	109,470,000
Series 2011 general receipts	2017 - 2037	2.21% - 5.00%	132,340,000
Series 2010A general receipts	2018 - 2036	4.81% - 6.77%	105,445,000
Series 2010B general receipts	2017	5.00%	3,665,000
Series 2007 general receipts	2017 - 2027	3.25% - 5.25%	59,480,000
Total bonds payable			594,705,000
Bond premiums			32,044,933
Total bonds payable, net			$ 626,749,933

Miami University

Notes to Financial Statements

Note 6. Indebtedness (Continued)

The principal and interest payments for the bonds in future years are as follows:

	Principal	Interest	Total
2017	$ 26,860,000	$ 26,785,828	$ 53,645,828
2018	27,765,000	25,705,102	53,470,102
2019	29,605,000	24,477,219	54,082,219
2020	29,930,000	23,201,690	53,131,690
2021	31,165,000	21,826,610	52,991,610
2022 - 2026	158,370,000	86,911,017	245,281,017
2027 - 2031	112,215,000	55,166,950	167,381,950
2032 - 2036	127,855,000	33,996,774	161,851,774
2037 - 2040	50,940,000	2,369,938	53,309,938
Total	$ 594,705,000	$ 300,441,128	$ 895,146,128

The University has $2,403,000 in capitalized lease obligations that have varying maturity dates through 2032 and carry implicit interest rates ranging from 2.65 percent to 6.38 percent. The scheduled maturities of these leases as of June 30, 2016, are:

2017	$ 194,586
2018	194,768
2019	194,583
2020	194,091
2021	193,351
2022 - 2026	969,069
2027 - 2031	961,507
2032	192,826
Total minimum lease payments	3,094,781
Less amount representing interest	(691,781)
Net minimum lease payments	$ 2,403,000

Buildings are financed with capital leases. The carrying amount of the buildings related to these capital leases as of June 30, 2016 and 2015 are $2,555,280 and $2,611,440, respectively.

Note 7. Net Pension Liability / Asset

Substantially all non-student employees are covered by one of three retirement plans. The University faculty is covered by the State Teachers Retirement System of Ohio (STRS Ohio). Non-faculty employees are covered by the Ohio Public Employees Retirement System of Ohio (OPERS). Employees may opt out of STRS Ohio and OPERS and participate in the Alternative Retirement Plan (ARP).

STRS Ohio and OPERS both offer three separate retirement plans: the defined benefit plan, the defined contribution plan, and a combined plan.

Defined benefit plans: Both STRS Ohio and OPERS are cost-sharing multiple-employer defined benefit pension plans. Both plans provide retirement, disability, postretirement health care coverage, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute.

Miami University

Notes to Financial Statements

Note 7. Net Pension Liability / Asset (Continued)

STRS Ohio and OPERS issue stand-alone financial reports. Copies of these reports may be obtained by writing to STRS, 275 East Broad Street, Columbus, OH 43215-3771 or to OPERS, 277 East Town Street, Columbus, OH 43215-4642.

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. Through June 30, 2015, the employer rate was 14% and the member rate was 12% of covered payroll. The statutory employer rate for fiscal year 2016 and subsequent years is 14%. The statutory member contribution rate increased to 13% on July 1, 2015 and increased to 14% on July 1, 2016.

During calendar years 2015 and 2014, employees covered by the OPERS system were required by state statute to contribute 10.0 percent of their salary to the plan. The University was required to contribute 14.0 percent of covered payroll for these same years. Law enforcement employees who are a part of the OPERS law enforcement division contribute 13.0 percent of their salary to the plan for the calendar years 2015 and 2014. For these employees, the University was required to contribute 18.1 percent of covered payroll for these same years. The member contribution rate for all other employees and the University's contribution rate remained unchanged. The portion of employer contributions to OPERS allocated to health care for members in the Traditional Plan was 2.0 percent from January 1, 2014 through December 31, 2015 (Note 9). Effective January 1, 2016, the portion of employer contributions allocated to health care remained at 2.0 percent.

The payroll for employees covered by STRS Ohio for the years ended June 30, 2016 and 2015 was approximately $67,969,000 and $67,064,000, respectively. The payroll for employees covered by OPERS for the years ended June 30, 2016 and 2015 was approximately $90,034,000 and $86,845,000, respectively.

Pension liabilities and assets, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2016, the University reported a liability of $320,314,765 for its proportionate share of the net pension liability for the OPERS Traditional plan and the STRS Ohio plan, in the amounts of $112,795,663 and $207,519,102, respectively. The net pension liability was measured as of December 31, 2015 for the OPERS traditional plan and June 30, 2015 for the STRS Ohio plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date for each plan. The amount used to allocate the net pension liability, deferred inflows/outflows and pension expense was based on the contributions during the measurement period which was determined by the OPERS Traditional plan and STRS Ohio plan to be a reliable approximation of long term contribution effort to the two plans. At the measurement date, the University's proportion was .651198 percent for OPERS Traditional and .750872 percent for STRS Ohio.

At June 30, 2015, the University reported a liability of $254,748,534 for its proportionate share of the net pension liability for the OPERS Traditional plan and the STRS Ohio plan, in the amounts of $79,877,382 and $174,871,152, respectively. The net pension liability was measured as of December 31, 2015 for the OPERS traditional plan and June 30, 2015 for the STRS Ohio plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date for each plan. The amount used to allocate the net pension liability, deferred inflows/outflows and pension expense was based on the contributions during the measurement period which was determined by the OPERS Traditional plan and STRS Ohio plan to be a reliable approximation of long term contribution effort to the two plans. At the measurement date, the University's proportion was .662272 percent for OPERS Traditional and .718940 percent for STRS Ohio.

Miami University

Notes to Financial Statements

Note 7. Net Pension Liability / Asset (Continued)

At June 30, 2016, the University reported an asset of $323,239 for its proportionate share of the net pension asset for the OPERS Combined plan. The net pension asset was measured as of December 31, 2015. The method used to calculate the net pension asset was determined by an actuarial valuation as of that date. The amount used to allocate the net pension asset, deferred inflows/outflows and pension expense was based on the contributions during the measurement period which was determined by the OPERS Combined plan and to be a reliable approximation of long term contribution effort to the plan. At the measurement date, the University's proportion was .664254 percent for OPERS Combined plan.

At June 30, 2015, the University reported an asset of $250,519 for its proportionate share of the net pension asset for the OPERS Combined plan. The net pension asset was measured as of December 31, 2014. The method used to calculate the net pension asset was determined by an actuarial valuation as of that date. The amount used to allocate the net pension asset, deferred inflows/outflows and pension expense was based on the contributions during the measurement period which was determined by the OPERS Combined plan and to be a reliable approximation of long term contribution effort to the plan. At the measurement date, the University's proportion was .650661 percent for OPERS Combined plan.

For the year ended June 30, 2016, the University recognized pension expense of approximately $24,596,000 consisting of pension expenses of approximately $13,753,000 for the OPERS Traditional plan, approximately $10,627,000 for the STRS Ohio plan and an expense of $216,000 for the OPERS Combined plan, respectively.

For the year ended June 30, 2015, the University recognized pension expense of approximately $15,852,000 consisting of negative pension expenses of approximately $6,893,000 for the OPERS Traditional plan, approximately $8,751,000 for the STRS Ohio plan and approximately $208,000 for the OPERS Combined plan, respectively.

At June 30, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2016		
	STRS-Ohio	OPERS	Total
Deferred outflows of resources:			
Differences between expected and actual actuarial experience	$ 9,404,171	$ -	$ 9,404,171
Net difference between projected and actual earnings on pension plan investments	-	33,347,651	33,347,651
Changes in proportion and differences between University contributions and proportionate share of contributions	5,191,936	-	5,191,936
University contributions subsequent to the measurement date	8,836,248	5,113,471	13,949,719
Total	$ 23,432,355	$ 38,461,122	$ 61,893,477
Deferred inflows of resources:			
Differences between expected and actual actuarial experience	$ -	$ 2,338,157	$ 2,338,157
Net difference between projected and actual earnings on pension plan investments	13,846,864	-	13,846,864
Changes in proportion and differences between University contributions and proportionate share of contributions	-	4,911,333	4,911,333
Total	$ 13,846,864	$ 7,249,490	$ 21,096,354

Miami University

Notes to Financial Statements

Note 7. Net Pension Liability / Asset (Continued)

	2015		
	STRS-Ohio	OPERS	Total
Deferred outflows of resources:			
Differences between expected and actual actuarial experience	$ 1,683,515	$ -	$ 1,683,515
Net difference between projected and actual earnings on pension plan investments	-	4,277,306	4,277,306
Changes in proportion and differences between University contributions and proportionate share of contributions	-	783	783
University contributions subsequent to the measurement date	8,716,756	4,910,727	13,627,483
Total	$ 10,400,271	$ 9,188,816	$ 19,589,087
Deferred inflows of resources:			
Differences between expected and actual actuarial experience	$ -	$ 1,479,732	$ 1,479,732
Net difference between projected and actual earnings on pension plan investments	32,351,826		32,351,826
Changes in proportion and differences between University contributions and proportionate share of contributions	-	7,414,463	7,414,463
Total	$ 32,351,826	$ 8,894,195	$ 41,246,021

Deferred outflows of resources includes $13,949,719 of University contributions subsequent to the measurement dates of the Plans and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension (benefit) expense as follows:

	STRS-Ohio	OPERS	Total
Year ended June 30:			
2017	$ (1,729,458)	$ 3,432,376	$ 1,702,918
2018	(1,729,458)	6,820,251	5,090,793
2019	(1,729,458)	8,403,895	6,674,437
2020	5,937,617	7,515,989	13,453,606
2021	-	(18,930)	(18,930)
Thereafter	-	(55,420)	(55,420)
	$ 749,243	$ 26,098,161	$ 26,847,404

Actuarial assumptions used for the year-ended June 30, 2016

For STRS Ohio the total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

STRS Ohio	
Inflation	2.75 percent
Projected salary increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment rate of return	7.75 percent, net of investment expenses, including inflation
Cost-of-living adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commencing on the fifth anniversary of retirement date.

Miami University

Notes to Financial Statements

Note 7. Net Pension Liability / Asset (Continued)

For OPERS the total pension liability/asset in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

OPERS	Traditional Pension Plan	Combined Plan
Inflation	3.75 percent	3.75 percent
Projected salary increases	4.25 percent to 10.05 percent (includes wage inflation)	4.25 percent to 8.05 percent (includes wage inflation)
Investment rate of return	8.00 percent	8.00 percent
Cost-of-living adjustments	2 percent simple applied as follows: for members retiring before	2 percent simple applied as follows: for members retiring before
(COLA)	Pre January 1, 2013 retirees: 3.00 percent	Pre January 1, 2013 retirees: 3.00 percent
	Post January 7, 2013 retirees: 3.00 percent through 2018, then 2.80 percent	Post January 7, 2013 retirees: 3.00 percent through 2018, then 2.80 percent

Mortality rates: STRS Ohio rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above. OPERS rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

Investment return assumptions: STRS Ohio utilizes investment consultants to determine the long-term expected rate of return by developing best estimates of expected future real rates for each major asset class. The long-term expected rate of return on OPERS defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return were 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 allocation percentage, adjusted for inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	STRS Ohio		OPERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	31.00 %	8.00 %	20.70 %	5.84 %
International equity	26.00	7.85	18.30	7.40
Alternative investments	14.00	8.00	10.00	9.25
Fixed income	18.00	3.75	23.00	2.31
Real estate	10.00	6.75	10.00	4.25
Other	1.00	3.00	18.00	4.59
Total	100.00 %		100.00 %	

Miami University

Notes to Financial Statements

Note 7. Net Pension Liability / Asset (Continued)

Discount rate: The discount rate used to measure the total pension liability (asset) was 8.0% for OPERS and 7.75% for STRS Ohio. 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 participating employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of 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.

Sensitivity of net pension liability to changes in discount rate: The following presents the University's proportionate share of the OPERS and STRS Ohio net pension liability (asset) calculated using a discount rate 1% higher and 1% lower than the plans' current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
STRS Ohio	$ 288,259,657	$ 207,519,102	$ 139,240,885

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
OPERS	$ 179,704,406	$ 112,472,424	$ 55,776,754

Pension plan fiduciary net position – Detailed information about the pension plans' fiduciary net position is available in the separately issued OPERS and STRS Ohio financial report.

<u>Actuarial assumptions used for the year-ended June 30, 2015</u>

For STRS Ohio the total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

STRS Ohio	
Inflation	2.75 percent
Projected salary increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment rate of return	7.75 percent, net of investment expenses
Cost-of-living adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Miami University

Notes to Financial Statements

Note 7. Net Pension Liability / Asset (Continued)

For OPERS the total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

OPERS	Traditional Pension Plan	Combined Plan
Inflation	3.75 percent	3.75 percent
Projected salary increases	4.25 percent to 10.05 percent (includes wage inflation)	4.25 percent to 8.05 percent (includes wage inflation)
Investment rate of return	8.00 percent	8.00 percent
Cost-of-living adjustments	2 percent simple applied as follows: for members retiring before	2 percent simple applied as follows: for members retiring before
(COLA)	Pre January 1, 2013 retirees: 3.00 percent	Pre January 1, 2013 retirees: 3.00 percent
	Post January 7, 2013 retirees: 3.00 percent through 2018, then 2.80 percent	Post January 7, 2013 retirees: 3.00 percent through 2018, then 2.80 percent

Mortality rates: STRS rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above. OPERS rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

Investment return assumptions: The long-term expected rate of return on OPERS defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return were 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 allocation percentage, adjusted for inflation. STRS Ohio utilizes investment consultants to determine the long-term expected rate of return by developing best estimates of expected future real rates for each major asset class. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	STRS Ohio		OPERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	31.00 %	8.00 %	19.90 %	5.84 %
International equity	26.00	7.85	19.10	7.40
Alternative investments	14.00	8.00	10.00	9.25
Fixed income	18.00	3.75	23.00	2.31
Real estate	10.00	6.75	10.00	4.25
Other	1.00	3.00	18.00	4.59
Total	100.00 %		100.00 %	

Miami University

Notes to Financial Statements

Note 7. Net Pension Liability / Asset (Continued)

Discount rate: The discount rate used to measure the total pension liability (asset) was 8.0% for OPERS and 7.75% for STRS Ohio. 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 participating employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of 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.

Sensitivity of net pension liability to changes in discount rate: The following presents the University's proportionate share of the OPERS and STRS Ohio net pension liability (asset) calculated using a discount rate 1% higher and 1% lower than the plans' current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
STRS Ohio	$ 250,347,029	$ 174,871,152	$ 111,043,882

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
OPERS	$ 146,983,925	$ 79,626,863	$ 22,909,835

Pension plan fiduciary net position – Detailed information about the pension plans' fiduciary net position is available in the separately issued OPERS and STRS Ohio financial report.

Note 8. Retirement Plans

Defined contribution plan: Full-time faculty and unclassified employees are eligible to participate in the Alternative Retirement Plan (ARP) offered by STRS Ohio and OPERS. The board has established the employer contribution as an amount equal to the amount which the University would have contributed to the respective state retirement system in which the employee would participate, less any amounts required to be remitted to the state retirement systems. ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits, or death benefits to plan members and beneficiaries.

The payroll for employees electing the alternative retirement program for the year ended June 30, 2016 and 2015 was approximately $69,053,000 and $63,346,000, respectively.

Combined plans: STRS Ohio offers a combined plan with features of both a defined contribution plan and a defined benefit plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive postretirement health care benefits.

OPERS also offers a combined plan. This is a cost-sharing, multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. OPERS also provides retirement, disability, survivor, and postretirement health care benefits to qualified members. The portion of employer contributions to OPERS allocated to health care for members in the Combined Plan was 2.0 percent from January 1, 2014 through December 31, 2015 and remained at 2.0 percent effective January 1, 2016 (Note 9).

Miami University

Notes to Financial Statements

Note 8. Retirement Plans (Continued)

Retirement plan funding: The Ohio Revised Code provides statutory authority for employee and employer contributions. The University's contributions each year are equal to its required contributions. University contributions for the current and two preceding years are summarized below.

	Employer Contribution		
	STRS Ohio	OPERS	Alternative Programs
2016	$ 9,515,667	$ 12,677,637	$ 7,386,820
2015	9,388,961	12,227,238	6,861,634
2014	8,850,145	12,333,960	6,330,661

Note 9. Other Postemployment Benefits

In addition to the pension benefits described in Note 8, STRS Ohio and OPERS provide postretirement health care coverage to retirees and their dependents. Health care coverage for disability recipients and primary survivor recipients is also provided. Coverage includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. A portion of the employer contribution is allocated to fund the health care benefits (Note 8).

OPERS health care benefits are advance-funded on an actuarially determined basis. The amount of employer contributions made to fund post-employment benefits for the year ended June 30, 2016 and 2015 were approximately $1.8 million and $1.7 million, respectively.

Note 10. Related Organization

The Miami University Foundation (the Foundation) is a separate not-for-profit entity organized for the purpose of promoting educational and research activities of the University. Since the resources held by the Foundation can be used only by and for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation board is comprised of at least fifteen directors that are elected by the Board and seven directors that are appointed by Miami University. At least two-thirds of the elected directors are required to be alumni or former students of Miami University. The Foundation issues reports using standards issued by the Financial Accounting Standards Board.

Amounts received by the University from the Foundation are restricted and are included in gifts in the accompanying financial statements. The Foundation values its investments at fair value.

Miami University

Notes to Financial Statements

Note 10. Related Organization (Continued)

Summary financial information for the Foundation as of June 30, 2016, the date of its most recent audited financial report, is as follows:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at end of year	$ (629,836)	$ 105,835,972	$ 197,035,479	$ 302,241,615
Change in net assets for the year	(1,346,143)	(27,993,559)	9,434,490	(19,905,212)
Distributions to Miami University	18,401,214	-	-	18,401,214

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at end of year	$ 716,307	$ 133,829,531	$ 187,600,989	$ 322,146,827
Change in net assets for the year	(309,467)	(5,852,823)	11,854,564	5,692,274
Distributions to Miami University	25,407,833	-	-	25,407,833

Cash and cash equivalents: Cash and cash equivalents consists primarily of cash in banks, money market accounts, and the State Treasury Asset Reserve of Ohio (STAR Ohio and STAR Plus) that include short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less. The Foundation maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution. The carrying amounts of these items are a reasonable estimate of their fair value.

Investments: Investments that are market traded, such as equity and debt securities and mutual funds, are recorded at fair value based primarily on quoted market prices, as established by the major securities markets. The value of holdings of commingled funds investing in publicly traded stocks and bonds that do not have a readily determined market value for fund units is based on the funds' net asset value as supplied by the investment manager's administrator. The values are reviewed and evaluated by Foundation management. Investments in real estate are recorded at appraised value at the date of donation. The issuing insurance companies determine the cash surrender value of the life insurance policies annually.

Market prices are not available for certain investments. These investments are carried at estimated fair value provided by the funds' management. Some valuations are determined as of June 30, while the remaining valuations are determined based on March 31 information when June 30 information is not yet available, and adjusted by cash receipts, cash disbursements, and securities distributions through June 30. The Foundation believes that the carrying amounts are reasonable estimates of fair value as of year-end. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed. Such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements using the equity method of accounting.

Miami University

Notes to Financial Statements

Note 10. Related Organization (Continued)

All donor-restricted endowment investments and unrestricted board-designated endowments are managed in a unitized investment pool (Pooled Funds), unless donor-restricted endowment gift agreements require that they be held separately. For the Pooled Funds, the fair value of the investments is determined at the end of each quarter and the incremental fair value increase or decrease is allocated to the individual fund accounts based on the number of shares the fund owns at the beginning of the quarter.

Investment income is recorded on the accrual basis and purchases and sales of investments are recorded on a trade-date basis. Investment transactions occurring on or before June 30, which settle after such date, are recorded as receivables or payables. Net dividend and interest income as well as gains/losses are allocated based on the number of shares owned.

Long-term investments: Investments held by the Foundation as of June 30 were:

	Fair Value	
	2016	2015
Investment description:		
Domestic public equities	$ 32,018,120	$ 31,122,745
Global public equities	124,759,055	136,020,546
International public equities	14,814,906	10,257,373
Domestic public fixed income	2,549,299	2,490,323
Global public fixed income	30,302,732	26,807,206
Hedge funds	139,358,683	143,933,946
Limited partnerships and non-public equities	65,777,732	79,309,360
Split-Interest funds:		
Charitable remainder trusts	9,848,772	10,154,938
Charitable gift annuities	2,925,190	3,275,443
Pooled income funds	546,327	552,028
Total	$ 422,900,816	$ 443,923,908

The Foundation maintains a diversified investment portfolio for the Pooled Funds, intended to reduce market risk, credit risk, and interest rate risk with a strategy designed to take advantage of market inefficiencies. The Foundation’s investment objectives are guided by its asset allocation policy and are achieved in partnership with external investment managers operating through a variety of investment vehicles including separate accounts, limited partnerships, and commingled funds. The Foundation's investment portfolio includes publicly traded securities. As a result, a significant downturn in the securities markets could adversely affect the market value of Foundation assets. As of June 30, 2016 and 2015, the Foundation has made commitments to limited partnerships of approximately $35.9 million and $21.1 million, respectively, that have not yet been funded, some of which management expects may not be called by the partnerships due to the life-cycle of the partnership.

The 2016 and 2015 dividend and interest income of $1,765,687 and $2,435,996, respectively, as reported in the Statement of Activities, is net of fees from external investment managers totaling $254,945 and 345,225 for June 30, 2016 and 2015, respectively.

Miami University

Notes to Financial Statements

Note 10. Related Organization (Continued)

Fair value measurements: The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Subsequent changes in fair value are recorded as an adjustment to earnings.

Pledges receivable: As of June 30, 2016, contributors to the Foundation have made unconditional pledges totaling $37,655,085 with 16 pledges accounting for over 50 percent of that total. Net pledges receivable have been discounted using interest rates to a net present value of $35,731,380 at June 30, 2016. Discount rates ranged from 1.20 percent to 6.00 percent. Management has set up an allowance for uncollectible pledges of $1,250,249 and $1,198,980 at June 30, 2016 and 2015, respectively. All pledges have been classified as temporarily restricted net assets since they will either expire or be fulfilled within a specified time or donor imposed stipulations.

The Foundation had also been notified of revocable pledges, bequests, and other indications of intentions to give. These potential contributions are not permitted to be recorded as they are deemed intentions to give and not promises to give.

Split-interest agreements: The Foundation's split-interest agreements with donors consist primarily of charitable gift annuities, pooled income funds and irrevocable charitable remainder trusts for which the Foundation serves as trustee. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements. Assets held for these agreements are included in investments.

Endowment: UPMIFA provides statutory guidelines for prudent management, investment, and expenditure of donor-restricted endowment funds held by charitable organizations.

The Foundation's interpretation of its fiduciary responsibilities for donor-restricted endowments under UPMIFA requirements, barring the existence of any donor-specific provisions, is to preserve intergenerational equity to the extent possible and to produce maximum total return without assuming inappropriate risks. The investment policies governing these funds look beyond short-term fluctuations in economic cycles toward an investment philosophy that provides the best total return over very long time periods.

UPMIFA specifies that unless stated otherwise in the gift agreement, donor-restricted assets in an endowment fund are restricted assets until appropriated for expenditure by the institution. Barring the existence of specific donor instruction, the Foundation's policy is to report (a) the historical value for such endowment as permanently restricted net assets and (b) the net accumulated appreciation as temporarily restricted net assets. In this context, historical value represents (a) the original value of initial gifts restricted as permanent endowments plus (b) the original value of subsequent gifts along with (c) if applicable, the value of accumulations made in accordance with specific donor instruction.

From time to time, the fair value of assets associated with 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 GAAP, deficiencies of this nature are reported as unrestricted net assets until such time as the fair value equals or exceeds historical value; such deficiencies were $1,299,024 as of June 30, 2016 and $47,736 as of June 30, 2015. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions.

Miami University

Notes to Financial Statements

Note 10. Related Organization (Continued)

Net asset classification: Resources of the Foundation are classified for reporting purposes into net asset classes based on the existence or absence of donor-imposed restrictions and state law. Unrestricted net assets represent the portion of funds over which the Foundation has discretionary control as there are no donor-imposed purposes or time restrictions on how the funds may be spent. Temporarily restricted net assets are limited as to use by donor-imposed stipulations that expire with the passage of time or the incurrence of expenditures that fulfill the donor-imposed restrictions. These net assets are primarily restricted for student pledges, split-interest agreements, and board-designated endowment funds; such funds are primarily restricted for student financial aid, educational and research activities, and capital improvements for the University. Expirations of restrictions on net assets, i.e., the passage of time and/or fulfilling donor-imposed stipulations, are reported as net assets released from restrictions between the applicable classes of net assets in the statement of activities. Permanently restricted net assets, or endowment funds, represent amounts received from donors with the restriction that the principal is invested in perpetuity. Generally, the donors of these assets permit the Foundation to transfer a portion of the income earned on related investments to the University for such purpose as specified by the donor.

The Foundation issues separate financial statements. Copies of these reports may be obtained from Treasury Services, 107 Roudebush Hall, Miami University, Oxford, Ohio, 45056.

Note 11. Commitments

At June 30, 2016, the University is committed to future contractual obligations for capital expenditures of approximately $102.9 million. These commitments are being funded from the following sources:

Contractual obligations:	
Approved state appropriations not expended	$ 996,665
University funds and bond proceeds	101,869,966
Total	$ 102,866,631

Health insurance claims are accrued based upon estimates of the claims liabilities. These estimates are based on past experience, current claims outstanding, and medical inflation trends. As a result, the actual claims experience may differ from the estimate. An estimate of claims incurred but not reported in the amount of $2,506,700 and $2,056,600 is included in the accrued salaries and wages as of June 30, 2016 and 2015, respectively. The change in the total liability for actual and estimated claims is summarized below:

	2016	2015	2014
Liability at beginning of year	$ 2,662,634	$ 2,440,852	$ 3,159,166
Claims incurred	33,819,421	27,109,201	25,975,512
Claims paid	(34,044,615)	(26,834,919)	(26,054,526)
Change in estimated claims incurred but not reported	450,100	(52,500)	(639,300)
Liability at end of year	$ 2,887,540	$ 2,662,634	$ 2,440,852

To reduce potential loss exposure, the University has established a reserve for health insurance stabilization of $15.0 million.

Miami University

Notes to Financial Statements

Note 11. Commitments (Continued)

The University participates in a consortium with all other Ohio state-assisted universities (excluding The Ohio State University) for the acquisition of commercial property and liability insurance. The name of the consortium is the IUC-Insurance Consortium. The commercial property program's loss limit is $1.0 billion and the general/auto liability loss limit is $50 million. The property insurance program has been in place for 21 years during which time Miami University has had one material loss above the insurance policy deductible of $350,000. The property pool deductible for individual universities is $100,000. The liability program has been in place for 16 years during which time Miami University has had three losses above the pool deductible. The current self-insured retention for the liability program is $10 million. The educator's legal liability loss limit is $25 million. The University also participates with the other consortium universities for the purchase of commercial insurance for other risks. Over the past seven years, settlement amounts related to insured risks have not exceeded the University's coverage amounts.

Note 12. Risk Management

The University's employee health insurance program is a self-insured plan. Administration of the plan is provided by Humana Inc. through December 31, 2014 (with a run-out period extending through December 31, 2015). United Medical Resources, a United Healthcare company, began administration of the plan January 1, 2015. Employees are offered two plan options, a Traditional PPO Plan or a High Deductible Health Plan with a Health Savings Account.

Note 13. Contingencies

The University receives grants and contracts from certain federal, state, and local agencies to fund research and other activities. The costs, both direct and indirect, that have been charged to the grants or contracts are subject to examination and approval by the granting agency. It is the opinion of the University's administration that any disallowance or adjustment of such costs would not have a material effect on the financial statements.

The University is presently involved as a defendant or codefendant in various matters of litigation. The University's administration believes that the ultimate disposition of any of these matters would not have a material adverse effect upon the financial condition of the University.

Supplementary Information

Miami University

Retirement Plan Data
Years Ended June 30, 2016 and 2015

For the year ended June 30, 2016	STRS Ohio	OPERS Traditional	OPERS Combined
University's proportion of the net pension liability (asset)	0.750872%	0.651198%	0.664254%
University's proportionate share of the net pension liability (asset)	$ 207,519,102	$ 112,795,663	$ (323,239)
University's covered-employee payroll	67,969,048	83,037,217	2,475,130
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	305.31%	135.84%	(13.06)%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	81.08%	116.90%
For the year ended June 30, 2015			
University's proportion of the net pension liability (asset)	0.718940%	0.662272%	0.650661%
University's proportionate share of the net pension liability (asset)	$ 174,871,152	$ 79,877,382	$ (250,519)
University's covered-employee payroll	67,064,006	80,131,382	2,327,431
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	260.76%	99.68%	10.76%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	86.45%	114.83%

(Continued)

Note: The University has presented as many years as information is available.

Miami University

Retirement Plan Data (Continued)
Year Ended June 30, 2016
(In Thousands)

STRS Ohio

	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
2007	$ 9,597	$ 9,597	$ -	$ 68,552	14.0%
2008	9,478	9,478	-	67,702	14.0%
2009	9,587	9,587	-	68,482	14.0%
2010	9,271	9,271	-	66,222	14.0%
2011	9,062	9,062	-	64,727	14.0%
2012	8,825	8,825	-	63,038	14.0%
2013	8,718	8,718	-	62,272	14.0%
2014	8,850	8,850	-	63,215	14.0%
2015	9,389	9,389	-	67,064	14.0%
2016	9,516	9,516	-	67,969	14.0%

OPERS Traditional, Combined and Member-Directed

	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
2007	$ 11,882	$ 11,882	$ -	$ 86,585	13.7%
2008	13,004	13,004	-	93,251	13.9%
2009	13,480	13,480	-	95,880	14.1%
2010	12,304	12,304	-	87,443	14.1%
2011	11,842	11,842	-	84,585	14.0%
2012	11,863	11,863	-	84,266	14.1%
2013	11,982	11,982	-	85,101	14.1%
2014	12,334	12,334	-	87,598	14.1%
2015	12,227	12,227	-	86,845	14.1%
2016	12,678	12,678	-	90,034	14.1%

Trustees and Officers as of JUNE 30, 2016

MIAMI UNIVERSITY

Financial Services Staff

The 2016 financial report and investments report were prepared by the Miami University Controller's Office and the Treasury Services Office.

Sarah C. Persinger
Controller

Jennifer B. Morrison
Assistant Controller

Bruce A. Guiot
Chief Investment Officer and Associate Treasurer

Cynthia L. Ripberger
Senior Associate Director of Investments and Treasury Services Trustees

Statement of Nondiscrimination

Miami University is committed to providing equal opportunity and an educational and work environment free from discrimination on the basis of sex, race, color, religion, national origin, disability, age, sexual orientation, gender identity, military status, or veteran status. Miami shall adhere to all applicable state and federal equal opportunity/ affirmative action statutes and regulations.

The university is dedicated to ensuring access and equal opportunity in its educational programs, related activities, and employment. Retaliation against an individual who has raised claims of illegal discrimination or cooperated with an investigation of such claims is prohibited.

Students and employees should bring questions or concerns to the attention of the Office of Equity and Equal Opportunity, Hanna House, 529-7157 (V/TTY) and 529-7158 (fax). Students and employees with disabilities may contact the Office of Disability Resources, 19 Campus Avenue Building, 529-1541 (V/TTY) and 529-8595 (fax).

EthicsPoint

EthicsPoint is an anonymous method for reporting illegal, unethical, or other conduct that violates Miami's policies. Miami (along with many other universities) has contracted with EthicsPoint to provide this service. Reports may be filed at www.EthicsPoint.com

MIAMI UNIVERSITY

Miami University: Equal opportunity in education and employment.

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Miami University Foundation

Financial Report

June 30, 2016

Investment report

MIAMI UNIVERSITY

Miami University and Miami University Foundation June 30, 2016

Investment Pools

Total investments held by Miami University and the Miami University Foundation finished the fiscal year near $1.027 billion, up slightly from $1.002 billion at the previous year-end. This increase in assets is attributable to continued improvement in University operating cash flow and sustained giving levels, in spite of a difficult investment environment.

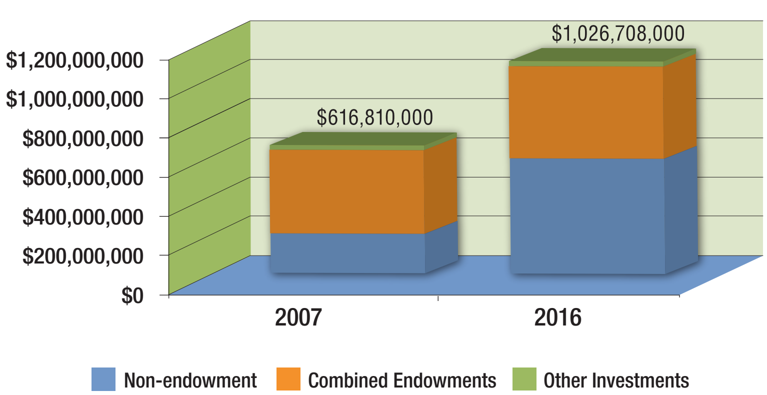
The Miami University Foundation's investment committee provides governance oversight to one unified endowment investment pool for the University and the Foundation, while the University maintains oversight of the non-endowment pool. The fiscal year-end asset values among the pools are as follows:

Pool	Type of Funds	Invested as of June 30, 2016
University Non-endowment	Working capital and cash reserves to support operating activities	$556,625,000
University & Foundation Endowments	Funds donated to the University and the Foundation to establish endowments in perpetuity	$445,774,000
Trusts, Annuities, and Separately Invested Assets	Gifts managed independently of the pooled funds	$ 24,309,000
Total Investments		**$1,026,708,000**

The University's non-endowment pool holds the working capital and cash reserves that fund the University's operating activities. Its balance fluctuates significantly during the course of a year based on the University's cash flow cycle of receipts and expenditures. June 30 typically marks the low point of this annual cycle.

The combined endowment pool invests endowed gifts from donors and quasi-endowments established by the boards. The pool operates under the philosophy that the funds are invested in perpetuity to provide benefits to today's students as well as to the many generations of Miami students yet to come. Miami invests the funds with the confidence that economic cycles will rise and fall, but that a well-diversified portfolio will provide the long-term growth necessary to preserve the purchasing power of the endowment across the generations. The investment policy governing the endowment pool recognizes that the portfolio can tolerate year-to-year fluctuations in return because of its infinite time horizon, and looks beyond short-term fluctuations toward an investment philosophy that provides the best total return over very long term periods.

Growth in Total Investment Assets
June 30, 2016

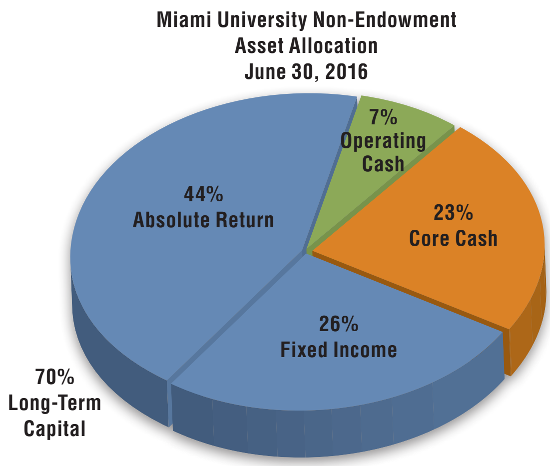


The University and Foundation also hold assets given by donors in the form of trusts, annuities, insurance policies, real estate, and other assets. These funds are managed separately from the endowment pool.

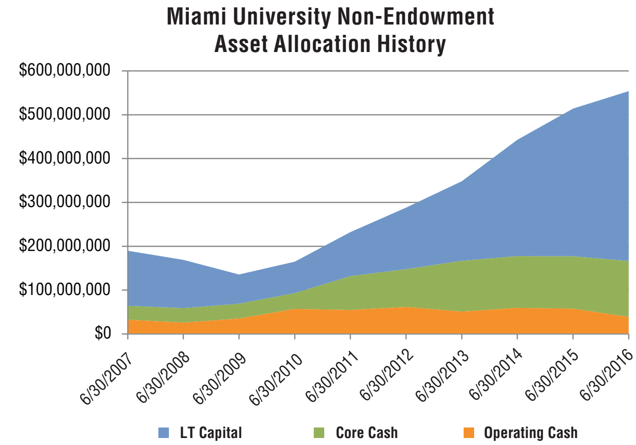
Over the last decade, total investment assets have increased significantly, driven primarily by a near tripling of the non-endowment. Prudent fiscal discipline, wise leadership of our trustees and directors, and the enthusiastic support of our alumni and friends have helped to navigate this period of unprecedented transformation in both higher education and the global capital markets.

Asset Allocation

The non-endowment pool has three components. Operating cash represents the University's working capital and is invested in short-term cash equivalents, with a target balance of two to six months of average cash needs. Core cash represents short-term reserves and is invested in high quality short-term and intermediate-term fixed income investments, also with the target balance of two to six months of average cash needs. Long-term capital consists of longer-term reserves and represents the remainder of the pool. It is invested in a mix of longer maturity debt securities and absolute return hedged strategies.



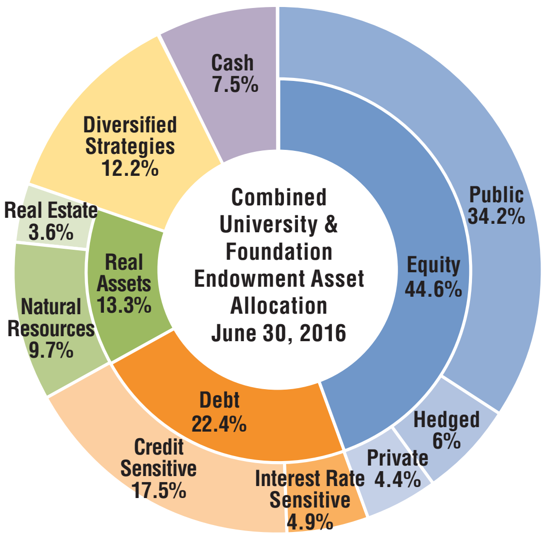
During the year, cash flow generation was again very strong due to sustained improvements in University operating efficiency. While the U.S. Federal Reserve increased overnight rates for the first time in nearly a decade, inconsistent global economic data actually drove most rates lower, and short-term interest rates entered their eighth year near zero. Several rebalancing actions were taken during the year to reduce operating cash balances and increase the pool's earnings potential. These moves were accomplished by initiating one new long-term capital absolute return strategy and adding to one core cash strategy. In addition, three internal loans were established to fund construction projects. These loans are included in the long-term capital allocation. No managers were liquidated. As a result, the allocation to long-term capital rose from sixty six percent to seventy percent, while operating cash dropped from eleven percent to seven percent. The potential for increases in interest rates continue to reinforce a bias toward absolute return strategies and short duration bonds.



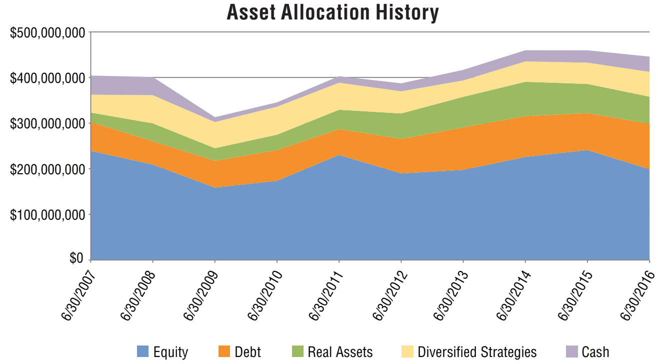
The Foundation Investment Committee adopted a new strategic allocation policy. The result is an approach that considers not just asset exposure, but also the sources of risk and the interaction among the various assets and strategies. The endowment pool's new primary strategic allocation categories are global equity, global debt, global real assets, diversifying strategies, and cash, with sub-categories that establish the manner in which that exposure is derived. Managers employed tend to have broad, unconstrained mandates, allowing them great flexibility to pursue opportunities. Most of these managers have a global mandate. Another feature of the new policy is tighter allocation ranges for each category and sub-category, providing sturdier guardrails for the risk management of the fund. Over time, the Committee expects the allocations to move closer to the mid-point of each category and sub-category as the sources of risk are further diversified away from global equity.

At fiscal year-end, total equity related strategies represented about forty five percent of the combined portfolio, down by about seven percentage points during the year. The decrease was partly due to the return of capital from mature private equity partnerships coupled with negative returns experienced in hedged equity and public long-only equity strategies. Diversifying strategies increased by two percentage points with the addition of one new manager. Over the last ten years, the primary allocation shift has been away from equity and toward broader diversification in the other categories.

Strategic Categories	Role	Risk	Absolute	Relative
Global Equity *(stocks, private equity, long/short hedge fund)*	Total Return	Stock Market Declines	5% - 7% Real Return	Return > MSCI ACWI (with comparable volatility)
Global Fixed Income and Credit *(bonds, bank loans, credit hedge funds)*	Deflation Protection and Total Return	Rising Rates and/or Credit Downgrades	2% - 3% Real Return	Return > Barclays U.S. Agg Correlation < 0.4 to ACWI ACWI Beta < 0.3
Real Assets *(real estate, natural resources, commodities)*	Inflation Protection and Total Return	Deflation	4% - 6% Real Return	Correlation to Inflation > 0.3 Std Dev < S&P 500 Yield 2% - 4%
Diversifying Strategies *(absolute return hedge funds, trading strategies)*	Diversification and Total Return	Active Management	3% - 4% Real Return	Correlation to ACWI < 0.6 ACWI Beta < 0.3 Std Dev 4% - 8%
Total Portfolio	Total Return and Volatility Management	Underperform Primary Objective	5.5% Real Return	Volatility of 12% - 16% Max Drawdown of 25%

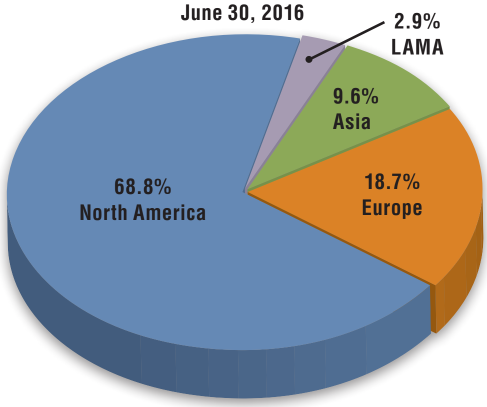


Combined University & Foundation Endowment
Asset Allocation History



Another way to consider the endowment's allocation is through geographic diversity. The portfolio emphasizes managers that invest globally, usually allowing the manager to determine the most opportune places in the world to allocate capital. The concept of geography is often difficult to quantify, since an investment might be domiciled in one country, trade in another, derive its current revenue globally, and perceive its future earnings growth to be in completely new markets. The following chart depicts the total endowment's estimated exposure by domicile in four broad categories: North America, Europe, Asia, and LAMA (Latin America, Middle East, and Africa).

Combined University & Foundation Endowment
Geographic Exposure by Domicile
June 30, 2016



The third measure of the endowment's allocation is liquidity, or how quickly the exposure to a particular manager can be redeemed and turned into cash. The Committee has established new liquidity categories and parameters. Nearly half of the portfolio could be converted to cash within a quarter, while the illiquid portion, requiring more than two years, has been shrinking with the return of capital from mature private partnerships. The Committee expects to increase private capital commitments over the next five years since it anticipates more attractive risk adjusted returns from private versus public investments in the coming years.

Combined University & Foundation Endowment Liquidity as of June 30, 2016

	Global Equity	Global Debt	Real Assets	Div Strat	Cash	Total by Liquidity
Liquid *(< quarter)*	33.3%	4.9%	1.1%	2.6%	7.5%	**49.3%**
Semi Liquid *(> quarter)*	4.8%	16.0%	3.2%	7.5%		**31.6%**
Illiquid *(> 2 years)*	6.5%	1.5%	8.9%	2.1%		**19.1%**
Total by Category	**44.6%**	**22.4%**	**13.3%**	**12.2%**	**7.5%**	**100.0%**

Miami treats each investment manager relationship like a partnership and, along with its external advisors, expends considerable effort on the due diligence process. The investment consultants focus on manager research, including back office due diligence, and conduct regular statistical reviews to examine the role each manager is playing in the portfolio. Staff has quarterly conversations with each manager to understand their strategic thinking and to monitor their activities. Ongoing oversight tasks include making manager site visits, attending investor conferences, reading trade publications, tracking government filings, and monitoring the managers' service providers.

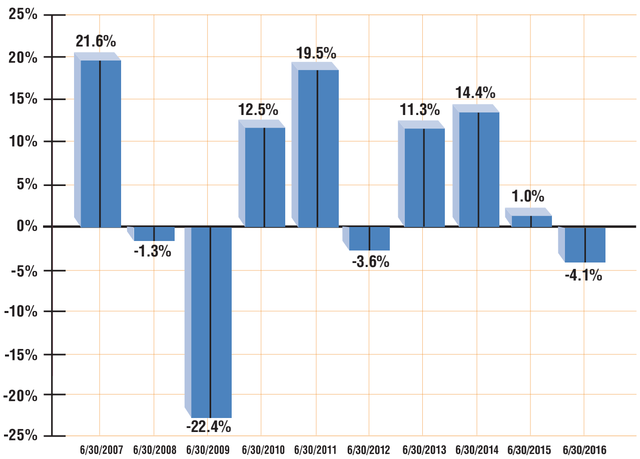
In total, the endowment employs 30 external managers, some with multiple mandates. During the year, new relationships were established with one diversifying strategy manager, one private debt manager, and one private real assets manager. No managers were terminated, though two private equity funds made final liquidating distributions.

Investment Returns

The University's non-endowment pool lost 0.9 percent for the fiscal year ended June 30, 2016, down from the 1.6 percent earned in the previous year. Annualized performance for the trailing seven years was 2.7 percent, providing annualized added return over the 90-day Treasury bill during that period of 2.6 percentage points. The recent results were impacted by the sustained near zero short-term interest rates that significantly limit the earnings potential of the majority of this pool. In addition, the absolute return strategies in the long-term capital portion of the pool were negatively impacted by widening credit spreads and volatile equity markets. They collectively produced net negative returns of 4.4 percent for the year.

The endowment pools lost an estimated 4.1 percent for the fiscal year. This figure excludes the private capital portion of the portfolio that reports on a significant delay. These results follow three consecutive years of positive returns. Estimated annualized performance for the trailing seven years was 6.9 percent. Global public equity and public real assets were the largest drags on results. Solidly positive returns over the last quarter of the fiscal year were not sufficient to offset losses experienced through the first eight months of the fiscal year, triggered by a significant decline in oil and other commodity prices and wider credit spreads.

Combined Rates of Return
FY2007 - FY2016

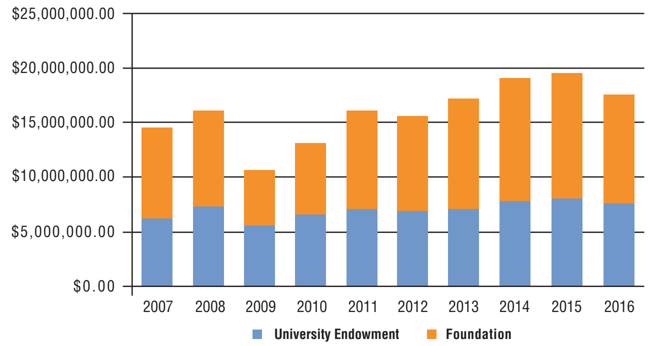


Program Support

Endowments provide a lasting legacy for Miami because their principal is invested in perpetuity, and an annual distribution is made to support a variety of activities of the University. The spending policies of the University and Foundation are intended to achieve a balance between the need to preserve the purchasing power of the endowment principal in perpetuity and the need to maximize current distribution of endowment earnings. Fulfilling these dual objectives is often referred to as achieving "intergenerational equity," in which no generation of college students is advantaged in relation to other generations.

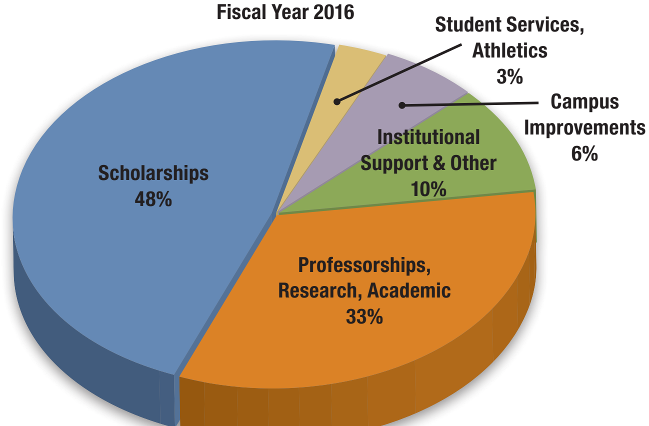
The formula under which annual spending distributions are calculated is a blend of two elements: an inflation component (70 percent of the formula) that increases the prior year's distribution by the rate of inflation, and a market factor (30 percent of the formula) that ties the distribution to the market value of the investments. This formula was adopted in fiscal year 2004 and is intended to reduce volatility caused by various market conditions, while maintaining intergenerational equity and preserving the purchasing power of the endowed principal.

Annual University & Foundation Endowment
Actual Earnings Distributions



The combined distribution for fiscal year 2016 was nearly $17.4 million, about $1.9 million less than the previous year's all-time high. Over the last ten years, the cumulative distributions have totaled over $162 million and have provided an important source of funding to help offset reductions in state support. The following chart shows the proportion of programs supported by the 2016 distributions.

Miami University and Foundation Endowment
Programs Supported by Endowments
Fiscal Year 2016



Among Miami's fundraising priorities is the $100 million Miami Promise Scholarship Campaign. It reinforces the institution's continued focus on attracting high achieving students to Miami, while making the Miami experience accessible to a more diverse pool of students. After two yeras, commitments are at 50 percent of goal. Your continued support of Miami is deeply impactful in so many ways, and is sincerely appreciated by the entire Miami community.

Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
Miami University Foundation and
Mr. Dave Yost
Auditor of the State of Ohio

Report on the Financial Statements
We have audited the accompanying financial statements of Miami University Foundation which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 opinion.

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

Independent Auditor's Report (Continued)

Report on Summarized Comparative Information

We have previously audited Miami University Foundation's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 12, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

Cleveland, Ohio
October 6, 2016

Miami University Foundation

Statement of Financial Position
June 30, 2016
(With Comparative Totals for June 30, 2015)

	2016	2015
Assets		
Cash and cash equivalents	$ 37,336,599	$ 35,553,522
Pledges receivable, net	34,481,131	39,749,868
Other receivables, primarily investment related	3,110,720	481,303
Investments	422,900,816	443,923,908
Cash value of life insurance	1,990,557	1,958,834
Real estate investments	262,875	262,875
Total assets	$ 500,082,698	$ 521,930,310
Liabilities		
Accounts payable and other liabilities	$ 12,752,222	$ 16,201,846
Assets held for other entities	178,626,212	177,268,370
Deferred revenue	1,898,348	1,982,513
Obligations under split-interest agreements	4,564,301	4,330,754
Total liabilities	197,841,083	199,783,483
Net Assets		
Unrestricted	(629,836)	716,307
Temporarily restricted	105,835,972	133,829,531
Permanently restricted	197,035,479	187,600,989
Total net assets	302,241,615	322,146,827
Total liabilities and net assets	$ 500,082,698	$ 521,930,310

See notes to financial statements.

Miami University Foundation

Statement of Activities
Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	**2016 Total**	2015 Total
Revenues and other additions:					
Contributions	$ 1,242	$ 3,169,545	$ 8,839,100	**$ 12,009,887**	$ 29,480,303
Investment income:					
Dividend and interest income, net	3,859	1,761,828	-	**1,765,687**	2,435,996
Net realized and unrealized (losses) gains	(1,295,247)	(11,417,285)	-	**(12,712,532)**	2,069,048
Net investment income	(1,291,388)	(9,655,457)	-	**(10,946,845)**	4,505,044
Change in value of split-interest agreements	-	(655,217)	-	**(655,217)**	22,467
Net assets released from restrictions due to satisfaction of donor restrictions	20,257,040	(20,852,430)	595,390	**-**	-
Total revenues and other additions	18,966,894	(27,993,559)	9,434,490	**407,825**	34,007,814
Expenses and other deductions:					
Distributions to Miami University (Note 6)	18,401,214	-	-	**18,401,214**	25,407,833
Other expenses	2,200	-	-	**2,200**	272,485
Administrative expenses (Note 6)	1,909,623	-	-	**1,909,623**	2,635,222
Total expenses and other deductions	20,313,037	-	-	**20,313,037**	28,315,540
Change in net assets	(1,346,143)	(27,993,559)	9,434,490	**(19,905,212)**	5,692,274
Net assets - beginning of year	716,307	133,829,531	187,600,989	**322,146,827**	316,454,553
Net assets - end of year	$ (629,836)	$ 105,835,972	$ 197,035,479	**$ 302,241,615**	$ 322,146,827

See notes to financial statements.

Miami University Foundation

Statement of Cash Flows
Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016	2015
Cash flows from operating activities:		
Payments to Miami University, net	**$ (23,721,909)**	$ (27,938,901)
Cash flows from investing activities:		
Proceeds from sale of investments	**41,362,161**	80,764,518
Purchase of investments	**(43,722,013)**	(72,260,390)
Proceeds from sale of real estate	**-**	4,400,000
Assets held for other entities	**9,574,939**	(6,637,459)
Net cash provided by investing activities	**7,215,087**	6,266,669
Cash flows from financing activities:		
Contributions restricted for long-term investment	**16,877,432**	23,851,840
Interest and dividends, restricted	**1,720,337**	2,419,158
Interest utilized for payment of split-interest obligations	**486,780**	460,952
Payments on split-interest obligations	**(794,650)**	(866,752)
Net cash provided by financing activities	**18,289,899**	25,865,198
Net increase in cash and cash equivalents	**1,783,077**	4,192,966
Cash and cash equivalents:		
Beginning	**35,553,522**	31,360,556
Ending	**$ 37,336,599**	$ 35,553,522
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	**$ (19,905,212)**	$ 5,692,274
Adjustments to reconcile change in net assets to net cash used in operating activities:		
(Decrease) increase in accounts payable and other liabilities	**(3,408,872)**	376,639
Contributions restricted for long-term investment	**(12,009,887)**	(29,480,303)
Net change in value of split-interest agreements	**655,217**	(22,467)
Interest and dividends	**(1,765,687)**	(2,435,996)
Net realized and unrealized losses (gains) on investments	**12,712,532**	(2,069,048)
Net cash used in operating activities	**$ (23,721,909)**	$ (27,938,901)

See notes to financial statements.

Miami University Foundation

Notes to the Financial Statements

Note 1. Organization

Miami University Foundation (the Foundation) was organized on June 4, 1948 for the principal purpose of fostering the educational and research activities of Miami University. The Foundation is governed by a Board of Directors (the Board). In furtherance of its principal purpose, the Foundation is to be known as the primary fundraiser, manager and steward of donated funds to Miami University. The Foundation aspires to be a model of performance, accountability, stewardship and commitment to excellence. The income earned on the Foundation's investments is periodically transferred to Miami University to further its educational and research activities.

The Foundation Board is comprised of at least fifteen directors that are elected by the Board and seven directors that are appointed by Miami University. At least two-thirds of the elected directors are required to be alumni or former students of Miami University.

Note 2. Summary of Significant Accounting Policies

Financial statement presentation: The financial statements of the Foundation are prepared in accordance with accounting principles generally accepted in the United States of America as more explicitly described in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Net asset classification: Net assets comprise resources over which the Foundation has discretionary control for use in carrying out the financial and operational objectives of the Foundation and for purposes specified by donors. Activities of the Foundation are accounted for in the following net asset types:

Unrestricted net assets are those assets whose use has not been limited by donors for any period of time or specified purpose.

Temporarily restricted net assets include gifts and grants for which donor imposed restrictions have not been met (primarily future capital projects or gifts for educational purposes), earnings from long term investments which are donor restricted, and time restricted trust activity and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

Permanently restricted net assets include gifts which generally require, by donor restriction, that the corpus be invested in perpetuity. The donor's generally permit the use of a portion of the income earned to be utilized for specific purposes based on their restrictions.

Accounting estimates: In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management has made, where necessary, estimates and judgments based on currently available information that affect certain amounts reflected in the financial statements. Actual results could differ from those estimates.

Cash and cash equivalents: Cash and cash equivalents consists primarily of cash in banks, money market accounts, and the State Treasury Asset Reserve of Ohio (STAR Ohio and STAR Plus) that include short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less. The Foundation maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution. The carrying amounts of these items are a reasonable estimate of their fair value.

Miami University Foundation

Notes to the Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Investments: The Foundation records its investments at fair value using the following methods and assumptions:

Investments that are market traded, such as equity and debt securities and mutual funds, are recorded at fair value based primarily on quoted market prices, as established by the major securities markets. The value of holdings of commingled funds investing in publicly traded stocks and bonds that do not have a readily determined market value for fund units is based on the funds' net asset value as supplied by the investment manager's administrator. The values are reviewed and evaluated by Foundation management. Investments in real estate are recorded at appraised value at the date of donation. The issuing insurance companies determine the cash surrender value of the life insurance policies annually.

Market prices are not available for certain investments. These investments are carried at estimated fair value provided by the funds' management. Some valuations are determined as of June 30, while the remaining valuations are determined based on March 31 information when June 30 information is not yet available and adjusted by cash receipts, cash disbursements, and securities distributions through June 30. The Foundation believes that the carrying amounts are reasonable estimates of fair value as of year-end. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed. Such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements using the equity method of accounting.

All donor-restricted endowment investments and unrestricted board-designated endowments are managed in a unitized investment pool (Pooled Funds), unless donor-restricted endowment gift agreements require that they be held separately. For the Pooled Funds, the fair value of the investments is determined at the end of each quarter and the incremental fair value increase or decrease is allocated to the individual fund accounts based on the number of shares the fund owns at the beginning of the quarter.

Investment income is recorded on the accrual basis and purchases and sales of investments are recorded on a trade-date basis. Investment transactions occurring on or before June 30, which settle after such date, are recorded as receivables or payables. Net dividend and interest income as well as gains/losses are allocated based on the number of shares owned.

Income taxes: The Foundation is a not-for-profit organization as defined under Section 501(c)(3) of the Internal Revenue Code (the Code) and, is generally exempt from federal income taxes pursuant to Section 501(a) of the Code, except on unrelated business income. The Foundation has evaluated its tax positions at June 30 with respect to accounting for uncertainties in income taxes and has determined that there was no material impact to the Foundation's financial statements. The ASC provides related guidance on measurement, classification, interest and penalties and disclosure as well as prescribing a threshold of more-likely-than-not for recognition of tax positions taken or expected to be taken in a tax return. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation believes it is no longer subject to income tax examinations for years prior to the fiscal year ended June 30, 2013. As of June 30, 2016, the Foundation has no uncertain tax positions.

Recent accounting pronouncements: In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities, (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*. The objective of this statement is to improve the current net asset classification requirements and information presented in financial statements and notes about an entity's liquidity, financial performance and cash flows. The statement is effective for fiscal years beginning after December 15, 2017. Management has not yet determined the impact this statement will have on its financial statements.

Miami University Foundation

Notes to the Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Subsequent events: The Foundation has evaluated events occurring between the end of its most recent fiscal year and October 6, 2016, the date the financial statements were issued. No material subsequent events were identified for recognition or disclosure.

Note 3. Pledges Receivable

At June 30, 2016, contributors to the Foundation have made unconditional pledges totaling $37,655,085 with 16 pledges accounting for over 50% of that total. Net pledges receivable have been discounted using interest rates to a net present value of $35,731,380, at June 30, 2016. Discount rates ranged from 1.20% to 6.00%. The methodology for calculating an allowance for uncollectible pledges is based upon management's analysis of the aging of payment schedules for all outstanding pledges. Management has recorded an allowance for uncollectible pledges of $1,250,249 at June 30, 2016. At June 30, 2016, net pledges are due as follows:

Unconditional pledges expected to be collected:	
Within one year	$ 11,163,781
Between two and five years	20,137,453
In more than five years	6,353,851
Pledges receivable	37,655,085
Less discount on pledges	(1,923,705)
Less allowance for uncollectible pledges	(1,250,249)
Pledges receivable, net	$ 34,481,131

The Foundation had also been notified of revocable pledges, bequests, and other indications of intentions to give. These potential contributions are not permitted to be recorded as they are deemed intentions to give and not promises to give.

Note 4. Investments

Investments held by the Foundation as of June 30, 2016 were:

Investment Description	Fair Value
Domestic public equities	$ 32,018,120
Global public equities	124,759,055
International public equities	14,814,906
Domestic debt	2,549,299
Global debt	30,302,732
Hedge funds	139,358,683
Limited partnerships and non-public equities	65,777,732
Split-Interest Funds:	
Charitable remainder trusts	9,848,772
Charitable gift annuities	2,925,190
Pooled income funds	546,327
Total	$ 422,900,816

Miami University Foundation

Notes to the Financial Statements

Note 4. Investments (Continued)

The Pooled Fund portfolio’s fair value was $409,438,254 at June 30, 2016. The Foundation maintains a diversified investment portfolio for the Pooled Funds intended to reduce market risk, credit risk, and interest rate risk with a strategy designed to take advantage of market inefficiencies. The Foundation’s investment objectives are guided by its asset allocation policy and are achieved in partnership with external investment managers operating through a variety of investment vehicles including separate accounts, limited partnerships, and commingled funds. The Foundation's investment portfolio includes publicly traded securities. As a result, a significant downturn in the securities markets could adversely affect the market value of Foundation assets. As of June 30, 2016, the Foundation has made commitments to limited partnerships of approximately $35.9 million that have not yet been funded, some of which management expects may not be called by the partnerships due to the life-cycle of the respected partnerships.

The 2016 dividend and interest income of $1,765,687, as reported in the statement of activities, is net of fees from external investment managers totaling $254,945.

Included in the Foundation’s investment pool (Pooled Fund) are assets held for the Miami University Endowment, Miami University Paper Science & Engineering Foundation and a donor gift held for the benefit of three other Ohio universities. The assets held for other entities are maintained as separate funds on the financial system of the Foundation and receive a proportional share of the Pooled Fund’s activity. The Foundation owns the assets in the Pool; the other entities have a financial interest in the Pooled Fund but do not own any of the underlying assets. The Foundation has recorded a liability equal to the fair value for the assets held for other entities.

Assets held for other entities as of June 30 were:

	Miami University Endowment	Miami University Paper Science & Engineering Foundation	Other	Total
Assets held for other entities at June 30, 2015	$ 173,632,944	$ 3,473,224	$ 162,202	$ 177,268,370
New investments	18,899,797	68,930	-	18,968,727
Earnings distribution	(8,609,392)	-	-	(8,609,392)
Dividend and interest income	1,193,566	22,870	1,063	1,217,499
Net unrealized and realized (losses)	(9,849,373)	(188,243)	(8,806)	(10,046,422)
Value as of June 30, 2016	175,267,542	3,376,781	154,459	178,798,782
Distribution payable (included in accounts payable and other liabilities)	-	(164,905)	(7,665)	(172,570)
Assets held for other entities at June 30, 2016	$ 175,267,542	$ 3,211,876	$ 146,794	$ 178,626,212

Miami University Foundation

Notes to the Financial Statements

Note 5. Fair Value Measurements

The Foundation uses fair value measurements to record the fair value of certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation values all other assets and liabilities refer to Note 2 – Summary of Significant Accounting Policies. Financial assets and liabilities recorded on the Statement of Financial Position are categorized based on the inputs and valuation techniques as follows:

Level 1 – Quoted prices that are available in active markets as of the report date. The quoted market prices are from those securities traded on an active exchange such as the New York Stock Exchange, NASDAQ or an active over-the-counter markets.

Level 2 – Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the report date.

Level 3 – Inputs that are unobservable including the Foundation's own assumptions in determining the fair value of investments or liabilities. If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Liabilities associated with the split-interest funds represent the present value of the expected payments to the beneficiaries over the terms of the agreements.

The following table presents the fair value hierarchy for the balances of the assets and liabilities of the Foundation measured at fair value on a recurring basis as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Investment assets:				
Domestic public equities	$ 17,591,481	$ 14,426,639	$ -	$ 32,018,120
Global public equities	95,217,946	4,353,556	-	99,571,502
International public equities	14,814,906	-	-	14,814,906
Global public debt	19,113,287	-	-	19,113,287
Limited partnerships and non-public equities	-	-	13,979,863	13,979,863
Split-interest funds:				
Charitable remainder trusts	9,848,772	-	-	9,848,772
Charitable gift annuities	2,925,190	-	-	2,925,190
Pooled income funds	546,327	-	-	546,327
	$ 160,057,909	$ 18,780,195	$ 13,979,863	$ 192,817,967
Funds reported at fair value based on net asset value: [a]				
Non-publicly traded funds				$ 38,926,297
Hedge funds				139,358,683
Limited partnerships				51,797,869
Total Investment assets				$ 422,900,816
Investment Liabilities:				
Split-interest funds:				
Charitable remainder trusts	$ -	$ -	$ 1,968,548	$ 1,968,548
Charitable gift annuities	-	-	2,594,382	2,594,382
Pooled income funds	-	-	1,371	1,371
Total Investment liabilities	$ -	$ -	$ 4,564,301	$ 4,564,301

[a] In accordance with ASC Subtopic 820-10, certain investments that are measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position

Miami University Foundation

Notes to the Financial Statements

Note 5. Fair Value Measurements (Continued)

The following table is a reconciliation of all assets and (liabilities) measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2016:

	Limted Partnerships and Non-Public Equities	Split-Interest Funds
Balances as of July 1, 2015	$ 20,254,145	$ (4,330,754)
Purchases of investments	163,120	-
Proceeds from sale of investments	(4,925,168)	-
Net realized and unrealized losses	(1,512,234)	(233,547)
Balances as of June 30, 2016	$ 13,979,863	$ (4,564,301)

The total Level 3 changes in net unrealized losses for the year relating to those investments and split-interest funds still held at June 30, 2016 was ($3,884,315), and is reflected as part of net realized and unrealized (losses) gains in the statement of activities.

The following table sets forth the significant terms of the agreements with investment funds reported at fair value based on net asset value at June 30, 2016:

	Fair Value (in millions)	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Non-publicly traded equity funds [a]	$ 25,187,552	$ -	monthly	10 days
Non-publicly traded debt funds [b]	13,738,745	-	weekly, monthly	5 - 90 days
Hedged equity funds [c]	70,123,446	-	various	30 - 60 days
Hedged debt funds [d]	69,235,237	-	quarterly	45 - 95 days
Limited partnership [e]				
Private equity	12,170,508	3,023,244	illiquid	not applicable
Private debt	2,151,515	9,296,196	illiquid	not applicable
Private real estate	37,475,846	18,393,000	illiquid	not applicable
Total	$ 230,082,849	$ 30,712,440		

(a) This class includes investment vehicles that are not publicly traded mutual funds, however, invest primarily in long-only investments in publicly traded equity securities on a global basis. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

(b) This class includes investment vehicles that are not publicly traded mutual funds, however, invest primarily in long-only investments in publicly traded bonds and other debt securities on a global basis. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

(c) This class includes primarily investments in hedge funds that invest in both long and short positions in publicly traded equity securities on a global basis. The redemption frequency for these funds range from monthly to up to 3 years. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. One investment, valued at $10.1 million, has an initial 3-year lock on redemption imposed by the hedge fund manager and no redemptions are currently permitted. We are in the second year of this redemption restriction. One investment, valued at $9.5 million, has an ongoing 3-year lock on redemption imposed by the hedge fund manager and no redemptions are currently permitted. We are in the second year of this redemption restriction.

Miami University Foundation

Notes to the Financial Statements

Note 5. Fair Value Measurements (Continued)

(d) This class includes primarily investments in hedge funds that invest in both long and short positions in both publicly traded and private debt securities on a global basis. The fund may also hold long and short positions in equity securities. Most debt securities are sub-investment grade and may be hard to price due to thin trading volumes. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

(e) This class includes primarily investments in limited partnerships. These funds are illiquid that, in general, do not offer access to redemptions during the life of the partnership. Capital is periodically called, invested, and then returned over time. Typically these partnerships have a life exceeding ten years and may take up to twenty years before they have fully returned called capital.

The Foundation assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Foundation's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. There were no significant transfers among Levels 1, 2 and 3 during the year.

Note 6. Endowment

The Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Ohio, provides statutory guidelines for prudent management, investment, and expenditure of donor-restricted endowment funds held by charitable organizations. The Foundation's interpretation of its fiduciary responsibilities for donor-restricted endowments under UPMIFA requirements, barring the existence of any donor-specific provisions, is to preserve intergenerational equity to the extent possible and to produce maximum total return without assuming inappropriate risks. The investment policies governing these funds look beyond short-term fluctuations in economic cycles toward an investment philosophy that provides the best total return over very long time periods.

UPMIFA specifies that unless stated otherwise in the gift agreement, donor-restricted assets in an endowment fund are restricted assets until appropriated for expenditure by the institution. Barring the existence of specific donor instruction, the Foundation's policy is to report (a) the historical value for such endowment as permanently restricted net assets and (b) the net accumulated appreciation as temporarily restricted net assets. In this context, historical value represents (a) the original value of initial gifts restricted as permanent endowments plus (b) the original value of subsequent gifts along with (c) if applicable, the value of accumulations made in accordance with specific donor instruction.

The Foundation's endowment consists of approximately 1,695 separate accounts established since its inception. The following presents a summary of changes in endowment net assets for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2015	$ 716,307	$ 74,746,999	$ 187,585,090	$ 263,048,396
Contributions	1,242	633,958	8,839,100	9,474,300
Dividend and interest income, net of investment expense	3,859	1,738,370	-	1,742,229
Realized and unrealized (losses) gains	(1,295,247)	(10,744,073)	-	(12,039,320)
Net assets released from restrictions and other changes	11,541,051	(11,918,062)	595,390	218,379
Distributions to Miami University	(9,685,329)	-	-	(9,685,329)
Other expenses	(2,200)	-	-	(2,200)
Administrative expenses	(1,909,623)	-	-	(1,909,623)
Endowment net assets, June 30, 2016	$ (629,940)	$ 54,457,192	$ 197,019,580	$ 250,846,832

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Miami University Foundation

Notes to the Financial Statements

Note 6. Endowment (Continued)

Endowment net asset composition by type of fund as of June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Funds functioning as endowment	$ 669,084	$ -	$ -	$ 669,084
Donor restricted endowment	(1,299,024)	54,457,192	197,019,580	250,177,748
	$ (629,940)	$ 54,457,192	$ 197,019,580	$ 250,846,832

From time to time, the fair value of assets associated with 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; deficiencies of this nature are reported as unrestricted net assets until such time as the fair value equals or exceeds historical value. Deficiencies of this nature are $1,299,024 as of June 30, 2016. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions.

The Foundation employs a total return policy which defines the total amount of dividends, interest and realized gains to be distributed from the investment pools. The Foundation Board has approved an endowment spending policy whereby distributions for financial support to Miami University in accordance with donor restrictions are calculated according to a formula which gives a 30% weight to market value of the investment portfolio at March 31 each year and a 70% weight to the prior year’s actual spending adjusted for inflation.

Actual endowment return earned in excess of distributions under this policy is reinvested as part of the Foundation’s endowment. For years where actual endowment return is less than distributions under the policy, the shortfall is covered by realized returns from prior years. Permanently restricted accounts with insufficient accumulated earnings do not make a full current year distribution. Appropriation for expenditure of funds under the spending policy occurs on June 30 of each year.

The total calculated spending amount in 2016 was $21,332,056 which includes $8,781,962 of earnings distributions to assets held for other entities as described in Note 4. Permanently restricted accounts with insufficient accumulated earnings did not make a full current year distribution, distributing only the current year dividend and interest income on such accounts. As a result, $9,354,333 was distributed to Miami University from Foundation endowments. In addition to current year endowment distributions, $9,046,881 of non-endowed funds were distributed to the University in satisfaction of donor restrictions. The following summarizes the programs supported by the current year’s distribution:

Miami University Program Supported	Spending Rate and Special Distribution	Donor Stipulated Distribution	Total Distributions to Miami University
Scholarships and fellowships	$ 4,427,343	$ 38,135	$ 4,465,478
Academic support	3,686,294	222,067	3,908,361
Student services/athletics	352,508	-	352,508
Campus improvements	33,350	6,609,890	6,643,240
Other institutional support	854,838	2,176,789	3,031,627
Total distributions to Miami University	$ 9,354,333	$ 9,046,881	$ 18,401,214

Miami University Foundation

Notes to the Financial Statements

Note 6. Endowment (Continued)

Miami University incurs certain expenses related to development and investment related expenses relative to endowment management as well as fundraising efforts for the benefit of the Foundation; consequently, the Foundation does not report fundraising expenses. The University is reimbursed for its expenses in the form of a maximum administrative fee of 1.0% calculated against the previous fiscal year's March 31st value of the Foundation investment pool. The administrative fee is funded from current and accumulated earnings from all funds holding shares in the Foundation investment pool, including the assets held for other entities; funds with insufficient accumulated earnings are not charged thereby reducing the maximum administrative fee payable. A total of $1,909,623 was reimbursed to Miami University in 2016 for the Foundation endowment's share of the calculated fee.

Note 7. Split-Interest Agreements

The Foundation's split-interest agreements with donors consist primarily of charitable gift annuities, pooled income funds and irrevocable charitable remainder trusts for which the Foundation serves as trustee. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements. Assets held for these agreements are included in investments.

Contribution revenue for charitable gift annuities and charitable remainder trusts is recognized at the dates the agreements and trusts are established, net of the liabilities for the present value of estimated future payments to be made to the donors and/or other beneficiaries. For pooled income funds, contribution revenue is recognized upon establishment of the agreement at the fair value of the estimated future receipts, discounted for the estimated time period until culmination of the agreement. Annually the Foundation records the change in value of split-interest agreements according to the fair value of the assets that are associated with each trust and recalculates the liability for the present value of the estimated future payments to be made to the donors and/or other beneficiaries.

Note 8. Classification of Net Assets

Resources of the Foundation are classified for reporting purposes into net asset classes based on the existence or absence of donor-imposed restrictions and state law. The following summarizes the Miami University programs supported or to be supported by the net assets of the Foundation at June 30, 2016:

Miami University Program Supported	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Scholarships and fellowships	$ (609,210)	$ 17,647,596	$ 99,625,789	$ 116,664,175
Academic support	(639,775)	24,321,379	75,231,473	98,913,077
Student services/athletics	(30,726)	959,385	7,817,627	8,746,286
Campus improvements	-	6,390,167	582,590	6,972,757
Other and undesignated	649,875	56,517,445	13,778,000	70,945,320
Total net assets	$ (629,836)	$ 105,835,972	$ 197,035,479	$ 302,241,615

Supplementary Information

Miami University Foundation

Schedule of Changes in Net Assets
Year Ended June 30, 2016

	Balance July 1, 2015	Contributions	Endowment Income	Market Adjustment, Net	Transfers To Miami	Intrafund Transfers	Other	**Balance June 30, 2016**
Pooled endowment funds	$ 262,773,340	$ 9,474,300	$ 1,738,522	$ (13,951,627)	$ (9,682,319)	$ 218,379	$ (2,200)	**$ 250,568,395**
Non-pooled endowment funds	275,056	-	3,707	2,684	(3,010)	-	-	**278,437**
Total endowment funds	263,048,396	9,474,300	1,742,229	(13,948,943)	(9,685,329)	218,379	(2,200)	**250,846,832**
Expendable funds - donor restricted for capital projects	6,171,219	6,127,059	19,613	5,318	(6,609,890)	40,704	-	**5,754,023**
Expendable and board discretionary funds-non capital	1,948,668	1,577,568	3,845	2,440	(2,094,995)	199,647	-	**1,637,173**
Accumulated cash value insurance	1,958,834	15,003	-	69,823	-	(53,103)	-	**1,990,557**
Other investment funds	835,047	-	-	(750,793)	(11,000)	(857)	-	**72,397**
Net split-interest funds	8,218,981	84,694		-	-	(404,770)	(650,369)	**7,248,536**
Pledges receivable	39,749,868	(5,268,737)	-	-	-	-	-	**34,481,131**
Interest in trusts held by others	215,814	-	-	-	-	-	(4,848)	**210,966**
Total net assets	$ 322,146,827	$ 12,009,887	$ 1,765,687	$ (14,622,155)	$ (18,401,214)	$ -	$ (657,417)	**$ 302,241,615**

Detail of Market Adjustment, Net

Net Unrealized and Realized Gains	Administrative Expense	Market Adjustment, Net
$ (12,712,532)	$ (1,909,623)	$ (14,622,155)

Miami University Foundation

Schedule of Investments
June 30, 2016
(With Comparative Totals for June 30, 2015)

Description	2016 Fair Value	2015 Fair Value
Pooled Funds		
Domestic Public Equities		
Eagle Global Advisors	**$ 14,426,639**	$ 14,425,061
Lateef Investment Management	**17,491,607**	16,600,075
Total domestic public equities	**31,918,246**	31,025,136
Global Public Equities		
Baring Asset Management	**25,187,552**	26,723,993
Lone Pine Capital	**4,353,556**	4,837,821
Oakmark Funds	**16,747,698**	19,846,510
Pimco	**25,564,796**	27,044,618
Victory RS Investments	**4,976,425**	5,576,563
Virtus Investment Partners	**27,044,910**	30,269,073
William Blair Global Leaders	**20,884,118**	21,721,968
Total global public equities	**124,759,055**	136,020,546
International Public Equities		
Virtus Investment Partners	**14,814,906**	10,257,373
Total international public equities	**14,814,906**	10,257,373
Domestic Public Debt		
Commonfund	**2,549,299**	2,490,323
Total domestic public debt	**2,549,299**	2,490,323
Global Public Debt		
Beach Point Capital Management	**11,189,445**	10,872,336
Franklin Templeton Investments	**19,113,287**	15,934,870
Total global public debt	**30,302,732**	26,807,206
Hedge Funds		
Beach Point Capital Management	**12,019,187**	12,081,011
Canyon Capital Advisors	**21,381,566**	26,562,907
Evanston Capital	**22,439,021**	24,073,488
Fir Tree Partners	**9,526,715**	-
GoldenTree Asset Management	**24,727,284**	29,656,645
JHL Capital Group	**9,486,836**	9,939,542
Marble Arch Investments	**10,118,675**	11,668,542
Sandler Capital	**11,498,837**	11,178,248
Starboard Value	**7,053,362**	7,355,842
Strategic Value Partners	**11,107,200**	11,417,721
Total hedge funds	**139,358,683**	143,933,946
Private Investments		
Commonfund (15 funds) - Various	**13,620,861**	16,928,550
Falcon Investment Advisors - Debt	**69,151**	-
GEM Realty Securities - Real Estate	**1,987,436**	-
Goldman Sachs (4 funds) - Various	**13,937,464**	19,460,096
Hamilton Lane Advisors (2 funds) - Equities	**9,541,363**	13,077,460
Metropolitan - Real Estate	**2,070,541**	2,642,112
Penn Square Capital Group (2 funds) - Real Estate	**5,962,917**	7,908,717
Pomona Capital - Equities	**1,578,227**	1,917,794
Timbervest (2 funds) - Natural Resources	**11,083,308**	11,587,626
Westport Capital Partners - Real Estate	**5,884,065**	4,992,956
Total private investments	**65,735,333**	78,515,311
Total pooled funds	**409,438,254**	429,049,841

(Continued)

Miami University Foundation

Schedule of Investments (Continued)
June 30, 2016
(With Comparative Totals for June 30, 2015)

Description	2016 Fair Value	2015 Fair Value
Separately Invested Funds		
Domestic Public Equities		
Student managed investment portfolio	$ 99,874	$ 97,190
Stock gift pending sale - Berkshire Hathaway	-	419
Total domestic public equities	99,874	97,609
Limited Partnerships and Non-Public Equities		
Longford Limited Partnership	13,899	13,899
Longview Energy Company	1,000	1,000
Nuclea Biotechnologies	-	747,500
Student Venture Funds	27,500	31,650
Total limited partnerships and non-public equities	42,399	794,049
Total separately invested funds	142,273	891,658
Split-Interest Funds		
PNC Bank		
Domestic public equities	6,443,665	6,827,161
International public equities	1,214,793	1,385,065
Domestic public debt	5,661,831	5,770,183
Total split-interest funds	13,320,289	13,982,409
Grand total	$ 422,900,816	$ 443,923,908

Business Session
Item 3a

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

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Status of Capital Projects Executive Summary
December 8, 2016

1. Projects completed:

Four major projects were completed since the last report. Irvin Hall Renovations 2016 combined general building improvements with important classroom upgrades. In addition to aesthetic and programmatic improvements, changes to the lighting and heating, ventilation, and air-conditioning systems have resulted in significant energy reduction. The Varsity Tennis Court move to the Yager site has helped create a very strong athletic complex feel to this area of the campus. The parking, pedestrian and vehicular traffic patterns, and site utilities are now all tied together and completed with the Yager Site/Infrastructure Improvements project. In addition, important electrical infrastructure replacements/upgrades were completed in Upham Hall. The projects were completed within budget returning approximately 5% of the project revenues. Eight projects under $500,000 were completed since the last report.

2. Projects added:

Thirteen projects under $500,000 and eight new major projects were added during this reporting period. Three infrastructure projects impact the Western Campus stone bridge, central campus high voltage electric, and multiple roof system replacements. For athletics, the natural turf at McKie Field is being replaced with an artificial turf field specifically designed for a baseball venue. Also, minor modifications are being made at Yager West Stands to prepare the spaces vacated by football for other sports teams. Renovation is being planned in Hoyt to consolidate IT Services staff in the area to be vacated by Career Services. Finally, Shriver Center Renovations Phase 2 is now being planned.

3. Projects in progress:

The East Wing of Armstrong Student Center remains on schedule. The atrium connector between the existing building and the East Wing is now entirely enclosed and beginning to take its final form. Inside the East Wing, drywall installation is complete and some of the spaces are already being painted. In Clawson and Hamilton residence halls, work on the exterior of both buildings is progressing well. Roof repairs are complete on Hamilton and the replacement of the slate is well underway on Clawson. Inside, mechanical and electrical equipment installations are occurring. Gunlock Family Athletic Performance Center is now largely complete. Furniture and equipment is planned to be installed this December. The team and coaching staff are excited to move into this new space. The two new residence halls on the north end of campus are beginning to rise out of the ground with footers and foundations. The first phase of the Shriver Center Renovation is nearly complete. The Admissions Office is becoming excited to use the new Welcome Center space in the lower level.

Respectfully submitted,

Cody J. Powell, PE
Associate Vice President –
Facilities Planning & Operations

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Miami University
Physical Facilities Department
Status of Capital Projects Report

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Physical Facilities Department
Status of Capital Projects Report

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Status of Capital Projects Report

Summary of Active Projects

	Number of Projects	Value
Under Construction	**16**	**$216,980,500**
In Design	**7**	**$102,350,000**
In Planning	**3**	**tbd**
Projects Under $500,000	**73**	**$14,934,945**
	Total	**$334,265,445**

New Projects Over $500,000

McKie Field Turf Replacement	**Page 17, Item 2**
Western Campus Bridge Rehabilitation	**Page 19, Item 5**
Yager West Renovations	**Page 21, Item 7**

Projects Completed Since Last Report

Irvin Hall Renovations 2016	**$1,170,000**
Upham Hall Emergency Generator Replacement and Unit Substation Consolidation	**$765,000**
Varsity Tennis Courts	**$2,000,000**
Yager Site/Infrastructure Improvements	**$1,200,000**
Total	**$5,135,000**

Miami University
Physical Facilities Department
Status of Capital Projects Report

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Miami University
Physical Facilities Department
Status of Capital Projects Report

UNDER CONSTRUCTION
(Under Contract)
Projects Requiring Board of Trustees Approval

1. **Armstrong Student Center, Phase 2, East Wing:** (BOT Sep '15)
Russell
This project will complete the Armstrong Student Center through the adaptive reuse of Culler Hall. The project will renovate the interior of Culler Hall in a similar manner to the adaptive reuse of Gaskill and Rowan Halls. The project will address needed rehabilitation to the core and shell of the Culler Hall building. The East Wing renovation of Culler Hall will adjoin the existing Armstrong Student Center by a two-story atrium link, creating a unified Armstrong Student Center. The renovation, addition, and connection will be executed in such a way that the Student Center will be perceived as one building, comprised of distinct but complementary spaces.

Safety for the workers and all those adjacent to the construction site is our prime concern. All involved are aware that with school in session there needs to be a heightened awareness of pedestrian activity surrounding the site. Work is progressing without incident.

The curtain walls have been installed in the Atrium and the monumental staircase. Drywall installation is complete. Above-ceiling mechanical rough-in is nearing completion. Ceiling grid is being installed on all floors. Painting began on the third floor and is progressing down through the lower level. Topping slab for the Red Zone food & gaming area has been installed and the reclaimed wood floor from the Withrow Court is being installed. The mechanical units in the attic have been installed. The Student Senate tiered slab has been installed and the walls have been reinforced, framed & boarded. The drywall acoustic "clouds" that hang from the ceiling have been framed and boarded. The wood wall finishes shall be installed soon. The site has been graded and some of the landscaping and hardscaping has been installed. The project is on schedule and within budget.

Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

Armstrong Student Center, Phase 2, East Wing (continued):

Delivery Method: Construction Manager at Risk

Project Cost	
Design and Administration	$2,094,100
Cost of Work	$18,428,075
Contingency	$1,000,000
Owner Costs	$2,077,825
Total	$23,600,000

Funding Source	
Gifts	$12,850,000
Local	$7,975,000
HDRBS CR&R	$2,600,000
University Building CR&R	$175,000
Total	$23,600,000

*$10,000,000 to be funded from the redirecting of a portion of the Rec Center Student Fee. The balance is to be from gifts.

Contingency Balance: 25%
Construction Complete: 73%
Project Completion: July 2017

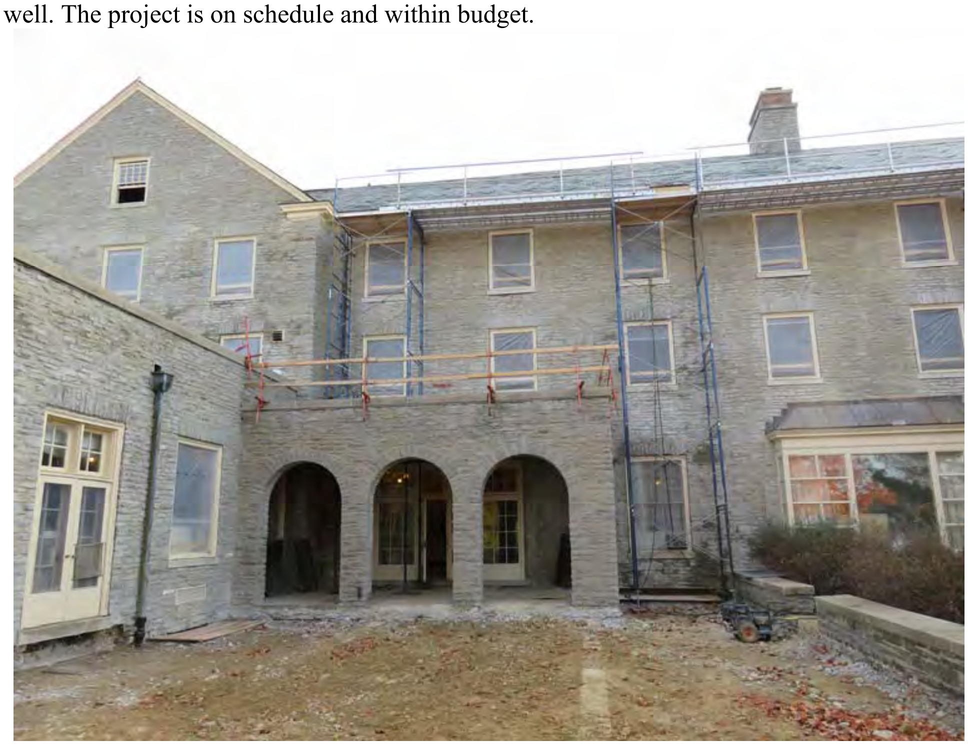
Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

2. <u>Clawson Hall Renovation:</u> (BOT Feb '16)
Heflin
This project will renovate Clawson Residence Hall as a continuation of the 2010 Housing and Dining Master Plan. Clawson Hall will receive an upgrade in the mechanical systems, fire suppression, energy efficiency, and minor interior renovations.

The design includes improvements in the heating, cooling, electrical, life safety systems and building envelope, and is expected to extend the life of the facility. The limited renovation improves the student experience, but will not address all needs as would a complete renovation or new construction.

Roof and window replacement and mechanical and electrical rough-ins are in progress. The replacement of the roof is progressing well. The project is on schedule and within budget.



Delivery Method: Design-Build

Project Cost	
Design and Administration	$1,338,417
Cost of Work	$12,243,583
Contingency	$1,060,000
Owner Costs	$358,000
Total	$15,000,000

Funding Source	
Bond Funds	$14,000,000
Local	$1,000,000
Total	$15,000,000

Contingency Balance: 95%
Construction Complete: 40%

Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

Project Completion: August 2017

3. **Gunlock Family Athletic Performance Center:** (BOT Jun '15)
Morris
This project will add a new facility housing the varsity football locker rooms, training and rehabilitation facilities, including a weight room, hydrotherapy, offices for coaches, a team lounge, break out rooms, and a team meeting room. The facility will connect Yager Stadium to the new Dauch Indoor Sports Center.

Construction is substantially complete, with furniture and equipment deliveries in progress. Commissioning is in progress, as well as sports graphic installation. Move in is underway. **This will be the last report.**

Delivery Method: Construction Manager at Risk

Project Cost	
Design and Administration	$2,050,000
Cost of Work	$19,200,000
Contingency	$650,000
Owner Costs	$1,100,000
Total	$23,000,000

Funding Source	
Gifts	$23,000,000
Total	$23,000,000

Contingency Balance: 2%
Construction Complete: 99%

Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

Project Completion: November 2016

4. Hamilton Hall Renovation: (BOT Jun '15)

Porchowsky

This project will renovate Hamilton Residence Hall as a continuation of the 2010 Housing and Dining Master Plan. Hamilton Hall will receive a comprehensive interior renovation and upgrade of all building systems, fire suppression, energy efficiency, accessibility improvements, landscaping, and site utility connections.

The Hamilton Hall renovation will repurpose Hamilton Dining Hall, providing space for additional sorority suites and multipurpose space, in addition to improved common living areas for the residents. The increase in sorority space in Hamilton Hall provides necessary swing space during future housing renovations.

Mechanical piping rough-in is ongoing in the attic and complete on the lower level. Fan coil units are being installed throughout the building. Major mechanical systems are being installed. Gypsum wallboard is installed in student rooms and on the second and third floor rest rooms. Repairs to the existing tile roof have been completed. The project is on schedule and within budget.

Delivery Method: Design-Build

Project Cost	
Design and Administration	$1,475,252
Cost of Work	$18,400,977
Contingency	$1,830,630
Owner Costs	$1,293,141
Total	$23,000,000

Funding Source	
Bond Funds	$23,000,000
Total	$23,000,000

Contingency Balance: 72%

Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

Construction Complete: 46%
Project Completion: August 2017

5. **Hughes Hall C-Wing Renovation:** (BOT Jun '16)
Porchowsky
The Hughes Hall C-Wing Renovation is an enabling project supporting the renovation of Pearson Hall. The project will provide flexible interdisciplinary swing space to house occupants of Pearson Hall as sections of the building are renovated. Once the renovation work in Pearson is completed, the labs will serve as interdisciplinary space and support specific needs in the College of Engineering and Computing.

Framing is complete and above-ceiling MEP rough-in is ongoing. The construction team is coordinating activities around class schedules and completing the more disruptive activities during off hours. The project is on schedule and within budget.

Delivery Method: Design-Build

Project Cost	
Design and Administration	$1,117,256
Cost of Work	$8,812,694
Contingency	$742,550
Owner Costs	$327,500
Total	$11,000,000

Funding Source	
Local	$11,000,000
Total	$11,000,000

Contingency Balance: 80%
Construction Complete: 40%

Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

Project Completion: June 2017

6. New Residence Hall – North Quad Tennis Court Site: (BOT Jun '16)
Christian
The increase in student population has created a demand for on-campus beds beyond the Long Range Housing Master Plan's original projection. The Master Plan called for 7,100 beds total on campus. Current projections call for a demand of 8,100 beds on campus.

The site at the location of the varsity tennis courts was one of four sites originally identified in the Master Plan. This site can take advantage of utilities being upgraded in the current renovation of the North Quad. The program calls for approximately 350 beds. The new residence hall will be designed to the current design standards used on the other new residence halls built within the last three years. This residence hall will likely have a Neo-Georgian architectural style, utilizing materials seen on the other North Quad halls. The project will include hardscape/landscape design to integrate the new hall into the existing pedestrian and vehicular network in this area of campus.

Underground storm and sanitary work is 90% complete. Basement walls and concrete columns are complete, and the basement slab has been poured. Formwork for the first floor elevated deck is underway, as are columns for the west wing. Underground plumbing on the first floor is underway in preparation for first floor slabs-on-grade.

Delivery Method: Construction Manager at Risk

Project Cost	
Design and Administration	$3,085,625
Cost of Work	$32,765,162
Contingency	$1,731,713
Owner Costs	$917,500
Total	$38,500,000

Contingency Balance: 100%
Construction Complete: 11%
Project Completion: July 2018

Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

Funding Source	
Bond Funds	$38,500,000
Total	$38,500,000

7. New Residence Hall – North Quad Withrow Court Site: (BOT Jun '16)
Christian
The increase in student population has created a demand for on-campus beds beyond the Long Range Housing Master Plan's original projection. The Master Plan called for 7,100 beds total on campus. Current projections call for a demand of 8,100 beds on campus.

The site at the location of Withrow Court was one of four sites originally identified in the Master Plan. The program calls for approximately 270 beds. The new residence hall will be designed to the current design standards used on the other new residence halls built within the last three years. This residence hall will likely have a modified Neo-Georgian architectural style, utilizing materials seen on the other North Quad halls, and incorporating design elements from Withrow Court including replicating the cupola and salvaging selected stone elements for re-use on the main entrance. The project will include minimal hardscape and landscape to connect it to a larger district landscape plan being developed as a separate project. A 2,600 square foot retail space is included in the program in anticipation of a second Starbucks Coffee store.

The final GMP reconciliation was conducted on October 20. The elevator jack hole has been drilled, underground plumbing is nearing completion, and pouring of concrete basement walls, footings, and forming of concrete columns is underway. Basement slab-on-grade is anticipated by Thanksgiving.

Delivery Method: Construction Manager at Risk

Project Cost	
Design and Administration	$2,688,750
Cost of Work	$31,027,500
Contingency	$2,441,250
Owner Costs	$842,500
Total	$37,000,000

Contingency Balance: 100%
Construction Complete: 5%
Project Completion: July 2018

Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

Funding Source	
Bond Funds	$37,000,000

Total	$37,000,000

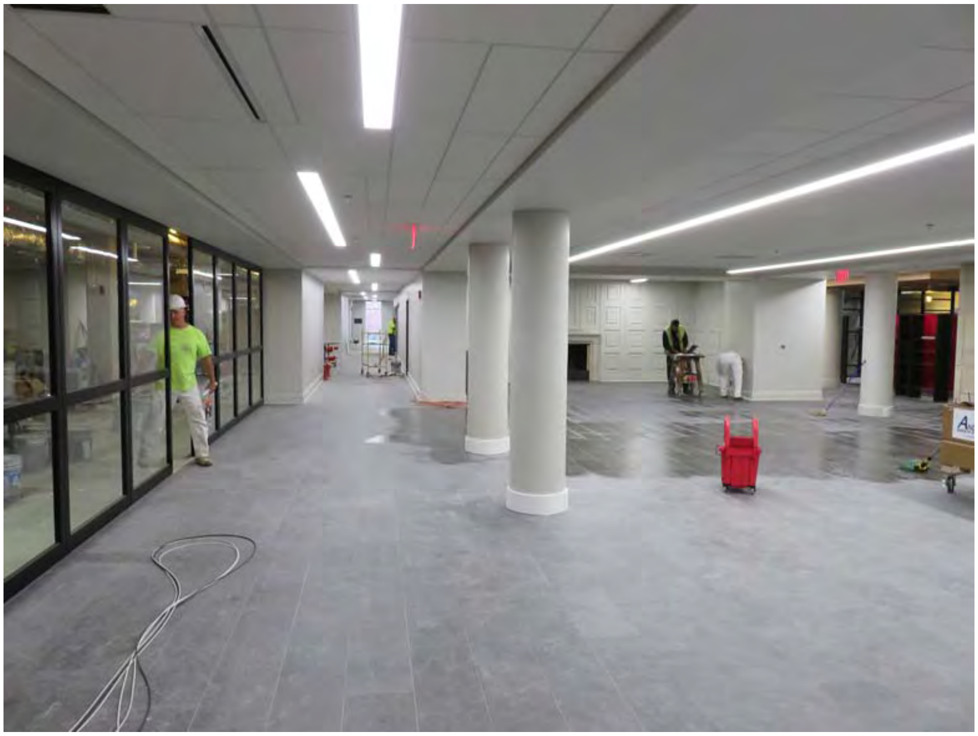
8. <u>Shriver Center Renovations – Phase 1: (BOT Sep '15)</u>

Christian

As a result of many functions relocating to the new Armstrong Student Center, this project will initiate renovations of the Shriver Center. The scope of Phase 1 has evolved to include the following elements. *General Exterior*: Limited parking, delivery, and south entry modifications. *General Interior*: Mechanical, Electrical, and Plumbing upgrades, as well as whole-building fire protection and new passenger and freight elevators. *First Floor*: An admission welcome center including pre-function space, a 250-seat auditorium, and associated admission offices, counseling rooms, and support spaces; expanded bookstore retail space; a new convenience store; and renovated circulation and restrooms. *Second Floor*: Catering kitchen; an event planning and building management office suite; renovated main lobby, circulation and restrooms. *Third Floor*: Rinella Learning Center, Student Disability Services, and renovated circulation and restrooms.

Construction of Phase 1 is approaching completion. Punch list and final inspections are underway. Furniture has been bid and ordered for installation commencing in December for January occupancy as planned. Completion of the three meeting rooms on the third floor, adjacent to the Heritage Room, has been shifted to Phase 1 to take advantage of favorable change order pricing that was well beneath the budget. Some upgrades to stairwell lighting, planned for Phase 2, have also been shifted to Phase 1 due to the State of Ohio's requirements that those be brought up to current code in order to occupy Phase 1. Pricing for the retail spaces on the lower level, which were conceived as "Phase 1A," far exceeded the original budget allowance due to three main factors: unfavorable change order pricing, expensive materials, and additional general conditions costs due to the extended contract time. Working with the architects, construction manager, and HDRBS, a revised schedule was developed to value-engineer the retail space, to competitively bid the work as a separate package, and to shift work to Phase 2 so as to avoid the extended general conditions costs on Phase 1. The retail space is now planned to open in August of 2017 to align with other scopes of Phase 2, such as the Package Center. **This will be the last report.**

Miami University
Physical Facilities Department
Status of Capital Projects Report



Shriver Center Renovations – Phase 1 (continued):

Under Construction

December 8, 2016
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Miami University
Physical Facilities Department
Status of Capital Projects Report

Delivery Method: Construction Manager at Risk

Project Cost	
Design and Administration	$2,003,877
Cost of Work	$16,021,136
Contingency	$624,987
Owner Costs	$1,350,000
Total	$20,000,000

Funding Source	
University Building CR&R	$5,000,000
Local	$10,850,000
Shriver Center CR&R	$4,050,000
UEA CR&R	$100,000
Total	$20,000,000

Contingency Balance: 8%
Construction Complete: 95%
Project Completion: January 2017

*$3,000,000 from GY 2013 operating surplus, approved at the September 2013 Finance and Audit Committee Meeting. $5,000,000 to be taken from GY 2014 operating surplus, assuming project is approved.

Under Construction

Miami University
Physical Facilities Department
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9. <u>Western Campus Geothermal Infrastructure, Phase 2:</u> (BOT Feb '16)
Heflin
The University introduced geothermal heating and cooling on the Western Campus in the first phase of this project in 2013-2014. In the first phase, the heating and cooling needs of the new buildings constructed on the Western Campus were served by the new geothermal plant. The existing Western Campus buildings remain on the central heating plant. Plans were made for a future expansion of the geothermal system to convert existing buildings on Western Campus to geothermal in later phases.

The existing geothermal system will be expanded to include approximately 400 additional deep wells. The project will add 1,400 tons of available cooling capacity to the geothermal plant. This project will address the infrastructure needs for connecting five (5) existing buildings onto the Western Campus geothermal system – Havighurst, Child Development Center, Clawson, Hoyt and Presser. This project also includes the deconstruction of Mary Lyon Hall, located on the Western Campus.

Well field construction is complete. Mechanical systems conversion in Hoyt Hall are complete. The Presser Hall conversion will be complete in December, followed by the Child Development Center in early 2017. Site piping installation and the electrical infrastructure upgrades are complete. Chiller installation in the Geothermal plant is in process. The project is on schedule and within budget.

Delivery Method: Construction Manager at Risk

Project Cost	
Design and Administration	$929,078
Construction	$14,050,344
Contingency	$931,648
Owner Costs	$688,930
Total	$16,600,000

Funding Source	
Local	$15,540,000
Bond Funds	$1,060,000
Total	$16,600,000

Contingency Balance: 100%
Construction Complete: 80%
Project Completion: July 2017

Under Construction

Miami University
Physical Facilities Department
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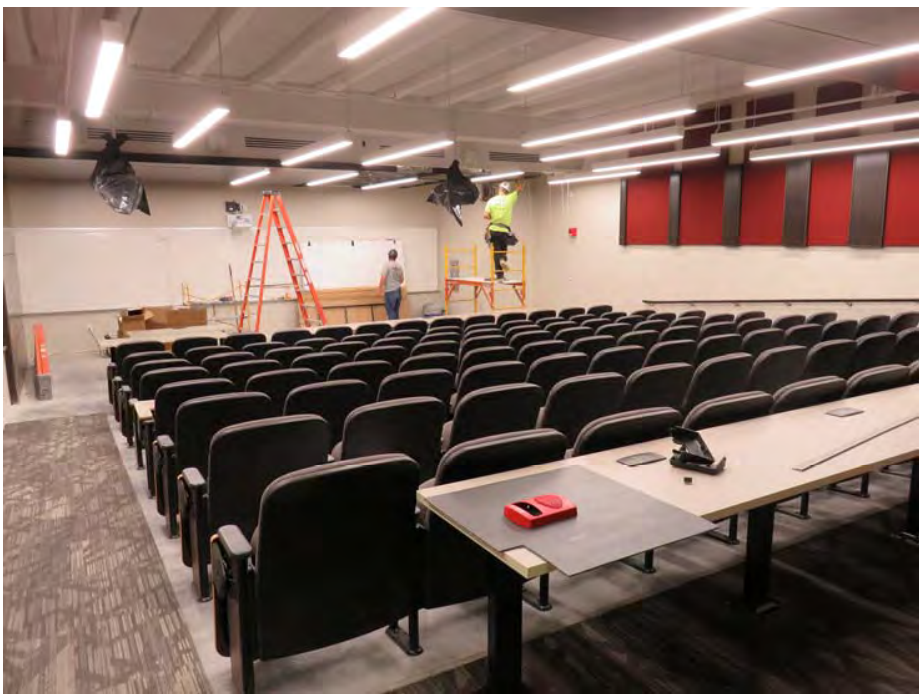
UNDER CONSTRUCTION
(Under Contract)
Projects Between $500,000 and $2,500,000

1. **Hughes Hall Laboratories 141/161 Renovation:**

Moss

This project renovates Hughes Laboratories 141 and 161 lecture halls. Existing space will be better utilized, allowing the construction of two additional classrooms in the basement of Hughes Laboratories. The project includes new finishes, MEP systems, A/V and demonstration stations.

The work is near completion in early December. The space is intended to be occupied during the Winter Term. Classes are expected to commence in the Spring Semester. **This will be the last report.**



Delivery Method: Single Prime Contracting

Project Cost	
Design and Administration	$118,000
Cost of Work	$807,000
Contingency	$256,000
Owner Costs	$219,000
Total	$1,400,000

Funding Source	
Local	$1,400,000
Total	$1,400,000

Project Completion: December 2016

Contingency Balance: 80%
Construction Complete: 99%

Under Construction

Miami University
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2. <u>McKie Field Turf Replacement:</u> (New Project This Report)

Morris

This project will replace the natural turf and clay baseball field with a new artificial surface.

The existing drainage system has been tested and modified where appropriate. The old playing surface has been removed. The new turf base has been installed. The artificial turf carpet was delivered at the end of November and is anticipated to be installed throughout December. Gluing the seams of the carpet is weather dependent.

Delivery Method: Design-Build

Project Cost	
Design and Administration	$78,078
Cost of Work	$924,870
Contingency	$86,040
Owner Costs	$11,012
Total	$1,100,000

Funding Source	
Gifts	$1,100,000
Total	$1,100,000

Contingency Balance: 100%
Construction Complete: 65%
Project Completion: January 2017

Under Construction

Miami University
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3. Middletown Campus – Gardner Harvey Library Renovation:

Morris

This project will add partitions on the first floor to allow for new study rooms, offices and a "maker space." The project provides additional electrical panels and receptacles to support electronic devices presently in use, as well as provide for future expansion. Minor updates to IT infrastructure will also occur. The existing lift will be replaced with a new ADA compliant elevator.

The project began construction immediately following graduation and substantial completion occurred in mid-August. Work is complete except for the elevator, which is now delayed until January as Thyssen-Krupp has been unable to meet the production schedule in plant for fabrication. The elevator pit and casing for piston are already complete. Elevator fabrication is currently in progress. **This will be the last report.**

Delivery Method: Single Prime Contracting

Project Cost	
Design and Administration	$70,700
Cost of Work	$661,070
Contingency	$66,000
Owner Costs	$82,730
Total	$880,500

Funding Source	
State	$877,500
Local	$3,000
Total	$880,500

Contingency Balance: 26% (Previously reported at 4% - issues were mitigated in a more cost effective manner)
Construction Complete: 92%
Project Completion: August 2016 (Elevator January 2017)

4. Millett Hall Roof Replacement 2016:

Moss

This project will replace the roof around the lower concourse of Millett Hall. The work will include correction of a flashing detail around the limestone columns and installation of additional roof drains.

Work is progressing in a satisfactory manner. The contractor has been given a three week schedule addition due to rain weather days in the late summer early fall. Expect completion in mid-December. **This will be the last Report.**

Delivery Method: Single Prime Contracting

Project Cost	
Design and Administration	$167,000
Cost of Work	$1,539,700
Contingency	$160,000
Owner Costs	$133,300
Total	$2,000,000

Funding Source	
Local	$2,000,000
Total	$2,000,000

Contingency Balance: 85%
Construction Complete: 70%
Project Completion: December 2016 (previous report - November 2016)

Under Construction

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5. Western Campus Bridge Rehabilitation: (New Project This Report)
Dole
This project will consist of selective structural demolition and reconstruction of an existing stone bridge on Miami's "Western College" Campus. The focus of the project is to bring the previously deteriorating bridge up to modern structural and safety standards. The historically significant bridge built in 1910 is over 250 feet long and is a main pedestrian artery through the heart of the Western Campus. The iconic stone bridge is being reconstructed to safety serve many future generations of Miami University students.

Work began in September with a substantial completion date of March, 2017. The stone parapet has been removed. The concrete slab walkway has been removed. Preparation for the reconstruction has begun.

Delivery Method: Single Prime Contracting

Project Cost	
Design and Administration	$100,500
Cost of Work	$1,056,900
Contingency	$305,100
Owner Costs	$137,500
Total	$1,600,000

Funding Source	
Local	$1,600,000
Total	$1,600,000

Contingency Balance: 100%
Construction Complete: 25%
Project Completion: March 2017

Under Construction

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6. Western Walk – Phase II:

Heflin

As part of the Long Range Housing Master Plan, the first phase of the Western Walk was created in 2014. Phase II of this project extends the Western Walk south past Clawson Hall to Boyd and McKee Halls. This provides an improved connection for students living in Peabody Hall. This plan also establishes a large open commons space for students and continues to improve the aesthetic of the Western Campus.

Phase I site grading and sidewalks are complete. Landscaping is ongoing. Walks will be open for use for Spring Semester 2017. Completion of drives and curbs will occur in Summer 2017. The project is on schedule and within budget.

Delivery Method: Design Build

Project Cost	
Design and Administration	$175,000
Cost of Work	$1,478,500
Contingency	$46,500
Owner Costs	$0
Total	$1,700,000

Funding Source	
University Building CR&R	$1,535,000
Bond Funds	$165,000
Total	$1,700,000

Contingency Balance: 100%
Construction Complete: 50%

Under Construction

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Project Completion: July 2017

7. <u>Yager West Renovations:</u> (New Project This Report)
Morris
This phased project provides minor renovations and upgrades to Yager West to accommodate sports teams moving into spaces vacated by football.

Phase 1 is just underway to accommodate relocation of the soccer team. Remainder of the work will begin once football has relocated to Gunlock Center.

Delivery Method: Construction Manager at Risk

Project Cost	
Design and Administration	$37,000
Cost of Work	$434,000
Contingency	$40,000
Owner Costs	$89,000
Total	$600,000

Funding Source	
Local	$600,000
Total	$600,000

Contingency Balance: 100%
Construction Complete: 0%
Project Completion: August 2017

Under Construction

Miami University
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Status of Capital Projects Report

Intentionally blank

Under Construction

Miami University
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IN DESIGN
(Pre-Contract)

1. **Campus Avenue Building Lower Level Rehab:**

Dole

The CAB Lower Level Rehab project will allow the University to relocate and consolidate the offices of University Communications and Marketing into space vacated by Student Disability Services and Rinella Learning Center, which will relocate to the renovated Shriver Center. University Communications and Marketing is currently located in three separate buildings on campus: Glos Center, MacMillan Hall, and Williams Hall. The CAB project will also realign some of the remaining work groups with the Division of Enrollment Management and HOME, completing the University's goal of creating a one-stop service center for students.

The Design Development package was submitted for review on October 21. Construction Documents are now underway.

Delivery Method: Single Prime Contracting
Estimated Budget: $3,500,000
Estimated Start: May 2017
Estimated Completion: January 2018

Funding Source	
Local	$3,500,000
Total	$3,500,000

2. **Central Campus High Voltage Conversion, Phase 2: (New Project This Report)**

Fellman

The Central Campus High Voltage Phase 2 project continues to convert academic facilities in the core from the historical 5kv electrical system to the new 12.5kv loop. This project will convert King Library, Hall Auditorium, and Irvin Hall to the new system.

Design Engineers have been interviewed and a team selected. Design is expected to begin this winter.

Delivery Method: Single Prime Contracting
Estimated Budget: $800,000
Estimated Start: May 2017
Estimated Completion: January 2018

Funding Source	
Local	$800,000
Total	$800,000

3. **Hoyt Hall Renovation: (New Project This Report)**

Russell

Career Services is scheduled to vacate the second floor of Hoyt Hall in the summer of 2017. The vacated second floor will then be renovated to accommodate Information Technology Services staff that shall be centralized here from at least four separate remote locations on campus, the goal being to increase efficiency in the department.

The A/E firm has been selected and is currently developing the Schematic Design.

Delivery Method: Single Prime Contracting
Estimated Budget: $2,250,000
Estimated Start: Summer 2017
Estimated Completion: Winter 2017

Funding Source	
Local	$2,250,000

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Total	$2,250,000

In Design

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4. Minnich and Scott Halls Renovation:
Heflin
This project will renovate two co-located residence halls in the Central Quad. Selection of these two residence halls aligns with progress on implementing the Utility Master Plan. The Scott Hall program will include new sorority suites, which creates swing space for sorority suites as the balance of the Central Quad residence halls are renovated.

Design Development is complete and the project is entering the Construction Document phase. GMP negotiations are scheduled for February 2017.

Delivery Method: Design-Build
Estimated Budget: $55,000,000
Estimated Start: May 2017
Estimated Completion: August 2018

Funding Source	
HDRBS Bond Series	$55,000,000
Total	$55,000,000

5. Pearson Hall Renovations Phase 1:
Porchowsky
Pearson Hall, built in 1985, serves the biological sciences including the Departments of Biology and Microbiology. This phased, occupied rehabilitation will renovate teaching and research labs, offices, common areas, mechanical, electrical, plumbing and fire systems, and circulation spaces. Because the building is occupied, the work is expected to occur over approximately four years.

Phase 1 is expected to address at least 50% of the necessary heating, cooling, and lab exhaust systems; modernize the public areas, and approximately 50% of the teaching and research laboratories. The large lecture halls have been modernized in recent years and will not be impacted by this project.

The Design Build firm is completing the construction documents. The Guaranteed Maximum Price (GMP) is scheduled to be negotiated in February 2017. Construction of the first phase is to begin June 2017 and complete August 2018.

Delivery Method: Design-Build
Estimated Budget: $30,100,000
Estimated Start: June 2017
Estimated Completion: August 2018

Funding Source	
State Appropriations	$23,900,000
Local	$6,200,000
Total	$30,100,000

6. Roof Replacements/Repairs 2017: (New Project This Report)
Moss
This project includes the replacement of the lower ballasted flat roof at the Art Building and the entire EPDM roof at the Art Museum. While at the Art Museum, the exterior rotted trusses on the east side of the building will be replaced/repaired. At the Farmer School of Business, the east side breezeway walkway metal roof, scuppers, gutters and downspouts will be repaired.

Delivery Method: Single Prime Contracting
Estimated Budget: $1,200,000
Estimated Start: May 2017
Estimated Completion: August 2017

Funding Source	
Local	$1,200,000
Total	$1,200,000

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In Design

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7. <u>Shriver Center Renovations – Phase 2: (New Project This Report)</u>

Christian

Phase 2 of the Shriver Center Renovations includes the following scopes and is broken down into three bid packages in order to prioritize revenue-producing and student service spaces required by August of 2017. *Bid Package 1:* Retail Space. This scope consists of the lower level expansion of bookstore retail space. Completion is scheduled for August, 2017. *Bid Package 2:* Package Center and Dock Expansion, Third Floor IT Center, and Stairwell Renovations. Completion is scheduled for August, 2017. *Bid Package 3:* Bookstore renovations, Main Entrance/Vestibule/Driveway modifications, Dolibois Rooms renovations, and former 1809 Room renovations. Completion is scheduled for May, 2018.

The schedule demands have dictated an accelerated design schedule that compresses the Schematic Design and Design Development stages. The AE is currently engaged in programming and/or designing all aspects of Phase 2. The projected design schedule is as follows: *Bid Pack 1:* Design is complete, therefore revised construction documents are scheduled for completion by November 1, 2016. *Bid Pack 2:* Combined Schematic Design and Design Development documents are scheduled for November 29, 2016. *Bid Pack 3:* Combined Schematic Design and Design Development sets are due February 2, 2017.

Delivery Method: Construction Manager at Risk
Estimated Budget: $9,500,000
Estimated Start: January 2017
Estimated Completion: May 2018

Funding Source	
Local	$9,500,000
Total	$9,500,000

In Design

Miami University
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Intentionally blank

In Design

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IN PLANNING
(Pre-A&E)

1. **<u>Central Campus Transportation and Parking Improvements:</u>**

Seibert

Several improvements to the central campus have occurred or are planned to occur in the near future. Armstrong Student Center attracts many visitors. Once the East Wing is complete, Armstrong will become home to the Career Services Center and other important services. Renovations within Shriver Center will result in a new campus welcome center. The welcome center will be the first point of contact for many new families vising the campus. The Center for Performing Arts is adjacent to Shriver Center and hosts performances throughout the year. Planning for transportation and parking improvements serving this area of campus has occurred over the past year as the University sought a Federal TIGER Grant in conjunction with the Butler County Regional Transportation Authority. While the partnership was unsuccessful in securing the highly competitive grant, the need for improved transportation and parking solutions still exist. The project will continue and further refine earlier planning to consider the flow of traffic and parking needs supporting the activities in this area of campus.

Traffic engineers are building the traffic model to review various flow and signalization options. Award to consulting landscape designers is underway to allow for Summer 2017 improvements to four adjacent parking lots, the Art Quad landscape and hardscape, gutter and curb repairs on Maple Street, tunnel top/integral structured sidewalk replacements on Maple Street, and associate signage and way-finding to the Admission Visitor Center.

Delivery Method: Single Prime Contracting
Estimated Budget: TBD
Estimated Start: April 2017
Estimated Completion: Phase 1, August 2017

Funding Source	
TBD	TBD
Total	TBD

2. **<u>Hamilton Campus – Knightsbridge Building Renovation:</u>**

This project will provide for the renovation of the recently acquired 23,500 square feet Richard Allen Academy building located on the Hamilton Campus at the intersection of Knightsbridge Drive and University Boulevard in Hamilton. A facility assessment to be used in developing program and renovation cost has been completed. The assessment has identified the need for mechanical/electrical upgrades as part of the renovation, reporting approximately $4,000,000 in probable cost. A recent professionally-prepared campus space plan is contributing to the programmed scope of this project.

Planning is underway to align the campus space requirements, academic priorities, and existing facilities condition/needs.

Proposed Budget: TBD
Desired Start: TBD
Desired Completion: TBD

Funding Source	
Hamilton Campus CR&R	TBD
Total	TBD

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3. <u>Maplestreet Station Dining Reconfiguration:</u> (New Project This Report)

Heflin

This project is to provide modifications and renovation of the south half of the Maplestreet Station Dining venue in order to provide buffet menu services to support the dining meal plan. The renovations will create a single point of entry, reconfiguration of serving lines and back of house support, food service equipment reconfiguration, and associated MEP, framing, and life safety modifications.

The award of the Design-Build contract has been initiated to expedite scope, budget, and bid documents for summer 2017 completion.

Proposed Budget: TBD
Desired Start: TBD
Desired Completion: TBD

Funding Source	
TBD	TBD
Total	TBD

In Planning

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COMPLETED PROJECTS

1. **Irvin Hall Renovations 2016:**
Dole
This project included a combination of classroom modernization and deferred maintenance projects. The work was completed using single prime contracting as well as state term contractors. The work executed included: replacing corridor ceilings and installing new LED lighting; upgrading HVAC controls for energy efficiency; replacing the fire alarm system; and modernizing three high-use classrooms.

Delivery Method: Single Prime Contracting & State Term

Project Revenue	
Design and Administration	$84,500
Cost of Work	$794,623
Contingency	$109,000
Owner Costs	$181,877
Total	$1,170,000

Project Expense	
Design and Administration	$84,500
Cost of Work	$691,020
Contingency	$18,306
Owner Costs	$200,062
Total	$993,888

Est. Contingency Balance Returned: $90,694
Est. Contingency Balance Returned Percent of Total: 83%
Est. Bid Savings / VE: $85,418
Est. Final Total: $176,112

2. **Upham Hall Emergency Generator Replacement and Unit Substation Consolidation:**
Patterson
This project replaced the existing diesel-fueled emergency generator with a natural gas fueled unit located inside the building. The project will also consolidated the three existing Unit Substations into one large Unit Substation and changed the medium voltage feeder to the building from 4 kV to 12.5 kV.

Delivery Method: Single Prime Contracting

Project Revenue	
Design and Administration	$42,700
Cost of Work	$652,120
Contingency	$63,800
Owner Costs	$6,380
Total	$765,000

Project Expense	
Design and Administration	$42,700
Cost of Work	$636,320
Contingency	$57,600
Owner Costs	$6,380
Total	$743,000

Est. Contingency Balance Returned: $6,200
Est. Contingency Balance Returned Percent of Total: 10%
Est. Bid Savings / VE: $15,800
Est. Final Total: $22,000

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3. Varsity Tennis Courts:

Dole

This project was to construct a new tournament level outdoor tennis court complex, necessary to replace the existing courts being razed for construction of a residence hall. The project site is located northwest of Yager Stadium, immediately north of the existing field hockey field. The facility includes six (6) competitive level courts and two (2) practice courts including court lighting, scoreboard and viewing area.

Delivery Method: Design-Build

Project Revenue	
Design and Administration	$350,000
Cost of Work	$1,450,000
Contingency	$145,000
Owner Costs	$195,000
Total	$2,140,000

Project Expense	
Design and Administration	$354,550
Cost of Work	$1,451,808
Contingency	$138,120
Owner Costs	$188,642
Total	$2,133,120

Est. Contingency Balance Returned: $6,880
Est. Contingency Balance Returned Percent of Total: 5%
Est. Bid Savings / VE: $0
Est. Final Total: $6,880

4. Yager Site/Infrastructure Improvements:

Morris

This project removed and added ductbanks and manholes to complete the loop connecting electric and telecommunications between the east and west sides of Yager stadium. Improvements were also made for TV trucks, handicapped and other parking for Yager Stadium. The project improved and integrated the parking and access roads impacting Yager West Stands, the new Varsity Tennis Court site, the Gunlock Family Athletic Performance Center, and the Dauch Indoor Sports Center.

Delivery Method: Construction Manager at Risk

Project Revenue	
Design and Administration	$12,000
Cost of Work	$1,079,000
Contingency	$25,000
Owner Costs	$84,000
Total	$1,200,000

Project Expense	
Design and Administration	$12,000
Cost of Work	$1,035,251
Contingency	$6,900
Owner Costs	$84,000
Total	$1,138,151

Est. Contingency Balance Returned: $6,900
Est. Contingency Balance Returned Percent of Total: 28%
Est. Bid Savings / VE: $43,749
Est. Final Total: $61,849

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Projects Between $50,000 and $500,000

Project	Budget
Airport Pavement Repair 2017	$230,000
Airport RSA Grading Project	$128,320
Alumni Hall – High Bay Roof Replacement	$250,000
Armstrong Student Center – Stair Tread Replacement	$107,000
Art Building – Room 011 Photo Darkroom Renovation	$145,000
Art Building – Classrooms 016, 020, 022 Renovations	$361,220
Art Building – Stormwater Sewer Project	$445,000
Benton Hall – Agile Classroom	$50,000
Boyd Hall – Fashion Design Studio	$105,375
Campus Dead Tree Removal	$350,000
Center for Performing Arts – Room 76 and 80 Renovations	$137,550
Center for Performing Arts – Room 078 Dye Vat Installation	$147,100
Central Campus Electrical Modifications – Phase II	$230,665
Cole Service Building Reconfiguration	$187,310
Demske Culinary Support Center – New Sidewalk	$50,000
E & G Buildings – Fan Energy Upgrades	$72,000
E & G Buildings – Heating Pumps Energy Upgrades	$160,000
E & G Buildings – Relamping	$350,000
Edwards Parking Lot Rehabilitation	$450,000
Emergency Phones Phase II	$465,000
Emerson Hall Emergency Power Upgrades	$125,000
Engineering Building – Fume Hood Exhaust Fan Resolution	$150,000
Engineering Building – Second Floor Honors Suite	$65,605
Farmer School of Business – Exterior Entrance Door Repairs	$150,000
Farmer School of Business – Room 3075 Dean Renovation	$53,850
Goggin Ice Center – Heat Recovery Loop and Damper Work	$99,000
Goggin Ice Center – Stair Repair/Replacement	$219,600
Hamilton Campus – Wilks & Schwarm LED Lighting Retrofit	$90,000
Harris Dining Hall – Electrical Modifications	$300,000
Harrison Hall – Classroom Upgrades	$459,000
Havighurst Hall – Lighting Upgrades 2016	$345,750
Havighurst/Clawson-Emergency Generator	$100,000
Hiestand Hall - Room 200 - Lab Refresh and Update	$75,000
HDRBS – MEP Improvements 2016	$400,000
HDRBS – MEP Improvements 2017	$196,000
HDRBS – Residence Halls 2x2 Lighting Retrofit	$80,000
HUB Quad Engraved Brick Replacement	$145,500
Hughes Hall Domestic Hot Water System Improvements	$130,000
Hughes Hall Still Replacement	$160,000
Irvin Hall – Classrooms 50 & 60 Renovations	$225,000
Irvin Hall – Room 126 A/V Upgrades	$95,000
Kreger Hall Furniture Package	$300,000
Laws Hall – Furniture Upgrades	$75,000
Lewis Place Landscape Improvements	$75,000
Maplestreet Station – Sidewalk Remediation	$235,000
Maplestreet Station – Starbucks Renovation	$445,670
Marcum Conference Center –Building Window Replacement	$104,000

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Marcum Conference Center – Zone Heating/Cooling Pumps	$175,000
McGuffey Drive – Water Line Extension	$250,000
McGuffey Hall – Partial Roof Replacement 2016	$146,000
Middletown Campus – Bennett Rec Center Fire Alarm Upgrade	$75,000
Middletown Campus – SWORD Roof and Building Repair	$395,000
Middletown Campus – Verity Lodge Fire Alarm Upgrades	$75,000
Millett Hall – Electrical Modifications – 4kv to 12.5kv Conversion	$240,000
North Campus Parking Modifications	$484,000
Peabody Hall – Liebert Unit Replacement	$60,000
Peabody Hall – Lighting and Mechanical Upgrades 2016	$499,000
Phillips Hall – Entryway Repairs	$75,000
Psychology Building – Room 36 Hood and Hall Modifications	$55,000
Recreational Sports Center – Envelope Evaluation	$145,000
Recreational Sports Center – Scoreboard Replacement	$500,000
Recreational Sports Center – VFD and Damper Replacement	$134,000
Regional Campuses – Classroom Technology Upgrade 2015	$306,000
Rental Property Demolition and Grounds Restoration (406 E. Chestnut Street)	$160,000
Richard Hall – Electrical Modifications	$199,600
Sawyer Gym Renovation	$400,000
Softball Field Scoreboard Upgrade	$136,810
South Refrigeration Plant Air Conditioning Upgrades	$200,000
Steam Plant – Generator Hall Wartsila Redundant Power Upgrade	$90,000
Upham Hall – Room 351 Seminar Renovation	$42,020
VOA – Exterior Repairs	$100,000
Western Campus – Alumnae Legacy Project	$340,000
Western Campus – Water Main Extension	$332,000

Projects Closed Between $50,000 and $500,000

Project	Original Budget	Returned Funds
E & G Buildings – LED Retrotfits 2017	$142,460	$0
Farmer School of Business Room 1022 Renovations	$200,675	$1,170
Farmer School of Business – Room 1036 Classroom Renovation	$46,550	$7,000
Goggin Ice Center – Fiber Upgrade	$61,050	$14,790
Hamilton Campus – One Stop Enrollment Management Center	$260,160	$0
Hiestand Hall – 123 and 119 Ventilation Improvements	$68,000	$10,100
Middletown Campus – SWORD Chiller Improvements	$200,000	$2,170
Williams Hall – New Faculty Office Renovation	$140,000	$14,900

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Glossary of Terms

Construction Manager at Risk (CMR) – is a delivery method which entails a commitment by the construction manager to deliver the project within a Guaranteed Maximum Price (GMP). The owner contracts the architectural and engineering services to perform the design from concept through construction bid documents using the construction manager as a consultant. The construction manager acts as the equivalent of a general contractor during the construction phase. CMR arrangement eliminates a "Low Bid" construction project. This method will typically be used on projects with high complexity and demanding completion schedules.

Contingency – includes both owner contingency and the D/B or CMR contingency where applicable.

Cost of the Work – is the cost of construction. This includes general condition fees, contractor overhead and profit, D/B or CMR construction stage personnel.

Design & Administration – includes all professional services to support the work. This consists of base Architect/Engineer (A/E) fees, A/E additional services, A/E reimbursables, non-error/omission A/E contingency fees, geotechnical services, special inspection services partnering services, multi-vista photo documentation of projects, D/B or CMR pre-construction services, third party estimator, and local administration fees.

Design Build (D/B) – is a project delivery method in which the design and construction services are contracted by a single entity and delivered within a Guaranteed Maximum Price (GMP). Design Build relies on a single point of responsibility contract and is used to minimize risks for the project owner and to reduce the delivery schedule by overlapping the design phase and construction phase of a project. This method will typically be used on projects with less complexity and have demanding completion schedules.

Guaranteed Maximum Price (GMP) – is the negotiated contract for construction services when using D/B or CMR. The owner negotiates a reasonable maximum price for the project (or component of the project) to be delivered within the prescribed schedule. The D/B firm or CMR is responsible for delivering the project within the agreed upon GMP. This process eliminates bidding risks experienced by the owner, allows creative value engineering (VE) to manage the budget, and permits portions of the work to begin far earlier than traditional bidding of the entire project.

Multiple Prime Contracting – is a project delivery method historically allowed by the State of Ohio. The owner contracts the architectural and engineering services to perform the design from concept through construction bid documents. The construction services are divided into various trade specialties – each bid as a separate contract (general, plumbing, mechanical, electrical, sprinkler, etc.). The owner is responsible for managing the terms of each contract and coordinating the work between the multiple contractors.

Owner Costs – are costs directly borne by the owner to complete the project. This includes furniture, fixtures, and equipment (FF&E), audio/visual (A/V), IT networking, percent for art (applicable on State funded projects exceeding $4 million), printing and advertising expenses, and any special moving or start-up funds.

Preconstruction Services – are the development and design services provided by a D/B firm or CMR to the owner. These services are typically performed for an identified cost prior to the negotiation of a GMP. These services are included in "Design and Administration."

Single Prime Contracting – is a project delivery method in which the owner contracts the architectural and engineering services to perform the design from concept through construction bid documents. The construction services are contracted separately, but through a single entity. Single Prime Contracting is beneficial on projects with specialized construction requiring more owner oversight or control. This method will typically be used on projects with high complexity and low schedule importance.

Business Session
Item 3bi

012/08/16 Agenda Item
Finance and Business Services

RESOLUTION R2016-xx

WHEREAS, the Campus Avenue Building Lower Level Renovation project involves space improvements for the One Stop services and the creation of new space for the Housing Options, Meals, and Events (HOME) Office and University Communications and Marketing; and

WHEREAS, Miami University has identified local funds in the amount of $3,500,000 for the Campus Avenue Building Lower Level Renovation project; and

WHEREAS, the $3,500,000 million budget includes a cost of construction estimate of approximately $2,165,000 million; and

WHEREAS, the State of Ohio allows award of contracts up to 110% of the construction estimate necessitating a bid variation contingency of $216,500 in addition to the $2,165,000 million construction budget; and

WHEREAS, the design is being completed and receipt of bids is planned for February 2017; and

NOW, THEREFORE, BE IT RESOLVED: that the Board of Trustees hereby authorizes the Senior Vice President for Finance and Business Services and Treasurer, in accordance with all State guidelines, to proceed with the award of contract for the Campus Avenue Building Lower Level Renovation project with a total project budget not to exceed $3,500,000.

Business Session
Item 3bi

Executive Summary
For the
Campus Avenue Building Lower Level Renovation
December 8, 2016

The Campus Avenue Building Lower Level Renovation project will allow the University to relocate, consolidate and improve the operational efficiency of the offices of University Communications and Marketing and Housing Options, Meals, and Events (HOME) Office. University Communications and Marketing will move into space on the lower level vacated by Student Disability Services and the Rinella Learning Center. Both of these services are relocating to the renovated Shriver Center later this winter. University Communications and Marketing is currently located in three separate buildings on campus: Glos Center, MacMillan Hall, and Williams Hall. The spaces vacated by Communications and Marketing will allow for growth in University Advancement, Global Studies, Media Journalism and Film. The HOME Office was previously located in the Shriver Center. The new location in the Campus Avenue Building incorporates Parking Services into the HOME Office and aligns closely with other student services in the building.

Funding for this project will be from local funds:

Project component:	Budget:	Funding Source:
Est. Consulting Services:	$344,000	Local Funds
Est. Cost of Work:	$2,165,000	Local Funds
Est. Owner's Costs:	$774,500	Local Funds
Owner's Contingency:	$216,500	Local Funds
Total:	$3,500,000	

Business Session
Item 3bii

12/8/16 Agenda Item
Finance and Business Services

RESOLUTION R2016-

WHEREAS, the opening of the Armstrong Student Center fulfilled the vision for the project to provide adequate student-centered activity and meeting space; and

WHEREAS, the relocation of these functions and activities to the new Armstrong Student Center created space opportunities within the Shriver Center; and

WHEREAS, the Shriver Center Phase 1 Renovation project will provide improved services for existing students, prospective students, returning alums, and visitors to our campus; and

WHEREAS, the Shriver Center Phase 2 Renovation project will complete the renovation of the Shriver Center and provide improved spaces for new and continuing services; and

WHEREAS, Miami University has identified local funds in the amount of $9,500,000 for the Shriver Center Phase 2 Renovation project; and

WHEREAS, the $9,500,000 budget includes a cost of work estimate of approximately $6,700,000; and

WHEREAS, the receipt of Guaranteed Maximum Price is planned for February 2017; and

WHEREAS, the Board of Trustees desires to award a contract to the most responsive and responsible Construction Manager at Risk;

NOW, THEREFORE, BE IT RESOLVED: that the Board of Trustees hereby authorizes the Sr. Vice President for Finance and Business Services and Treasurer, in accordance with all State guidelines, to proceed with the award of contracts for the Shriver Center Phase 2 Renovation project with a total project budget not to exceed $9,500,000.

Business Session
Item 3bii

Executive Summary
for the
Shriver Center Renovation Phase 2
December 8, 2016

Phase 2 of the Shriver Center Renovations completes the renovation of Shriver Center spaces vacated by the opening of the Armstrong Student Center. The project will include: a new centralized package and mail center supporting a new on-line book buying model, modifications to the Bookstore to expand soft goods and computer electronic sales, an IT ADA Remediation Center in partnership with the Rinella Center and Disability Services, main entrance/vestibule/driveway modifications, Dolibois Rooms improvements, and former 1809 Room renovations. Phased completion is scheduled for August 2017 through May, 2018.

Funding for this project will be from local funds:

Project component:	Budget:	Funding Source:
Est. Consulting Services:	$1,068,000	Local Funds
Est. Cost of Work:	$6,700,000	Local Funds
Est. Owner's Costs:	$1,062,000	Local Funds
Contingency:	$670,000	Local Funds
Total:	$9,500,000	

Status of Capital Projects Updates

December 8, 2016

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Armstrong Student Center Phase 2

Project Cost: $23,600,000
Completion Date/% Comp: July 2017/73%
Contingency/Balance: $1,000,000/25%

Cost of Work: $18,428,075
Project Delivery Method: Construction Manager at Risk

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Clawson Hall Renovation

Project Cost: $15,000,000

Cost of Work: $12,243,583

Completion Date/% Comp: August 2017/40%

Project Delivery Method: Design Build

Contingency/Balance: $1,060,000/95%

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Athletic Performance Center

Project Cost: $23,000,000
Completion Date/% Comp: November 2016/99%
Contingency/Balance: $650,000/2%

Cost of Work: $19,200,000
Project Delivery Method: Construction Manager at Risk

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

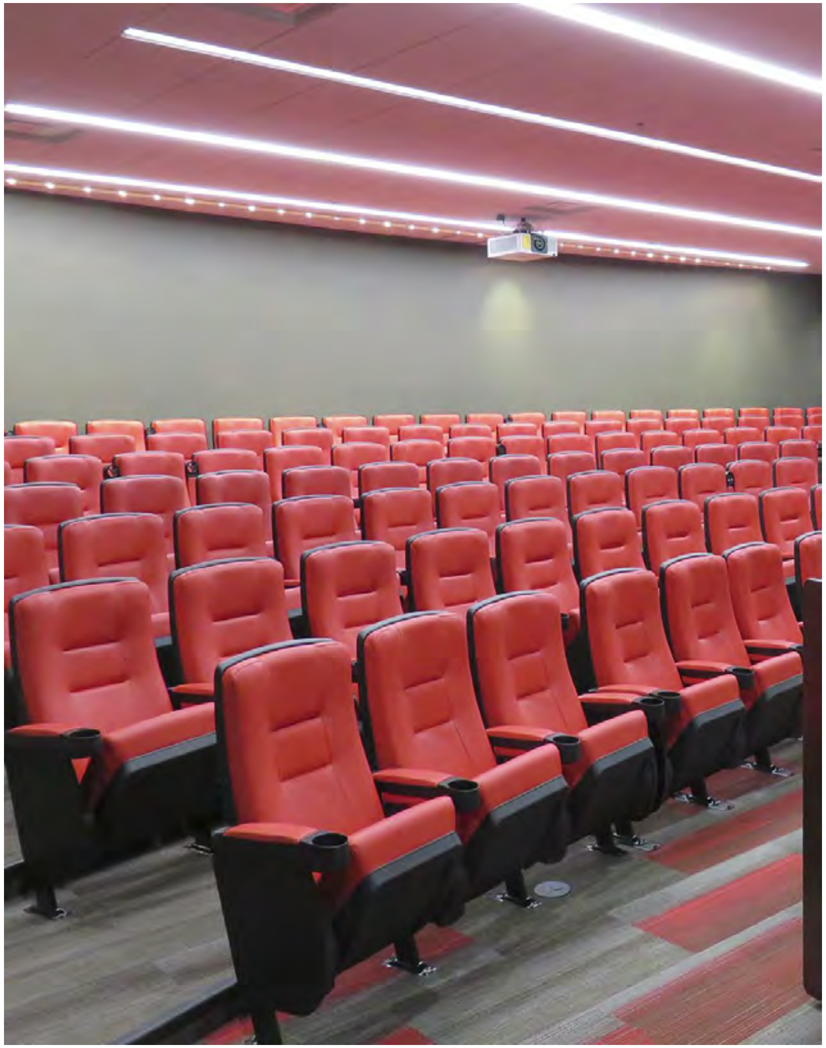
Athletic Performance Center

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Athletic Performance Center

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Athletic Performance Center



MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Hamilton Hall Renovation

Project Cost: $23,000,000

Completion Date/% Comp: August 2017/46%

Contingency/Balance: $1,830,630/72%

Cost of Work: $18,400,977

Project Delivery Method: Design Build

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Hughes Hall C-Wing Renovation

Project Cost: $11,000,000

Cost of Work: $8,812,694

Completion Date/% Comp: June 2017/40%

Project Delivery Method: Design Build

Contingency/Balance: $742,550/80%

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

McKie Field Turf Replacement

Project Cost: $1,100,000

Completion Date/% Comp: January 2017/65%

Contingency/Balance: $86,040/100%

Cost of Work: $924,870

Project Delivery Method: Design Build

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

New Residence Hall – North Quad Tennis Court Site

Project Cost: $38,500,000
Completion Date/% Comp: July 2018/11%
Contingency/Balance: $1,731,713/100%

Cost of Work: $32,765,162
Project Delivery Method: Construction Manager at Risk

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

New Residence Hall – Withrow Court Site

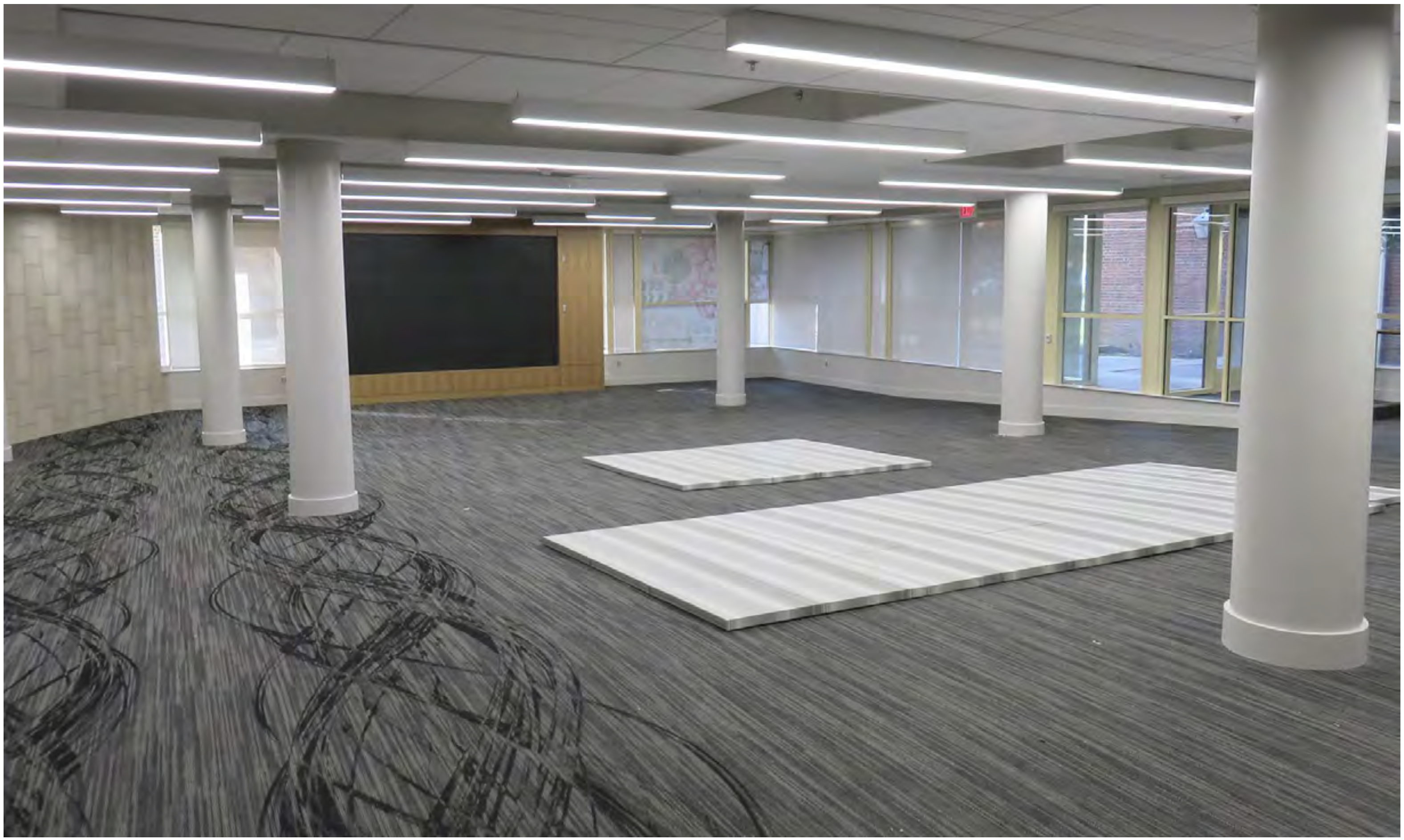
Project Cost: $37,000,000
Completion Date/% Comp: July 2018/5%
Contingency/Balance: $2,441,250/100%

Cost of Work: $31,027,500
Project Delivery Method: Construction Manager at Risk

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Shriver Center Renovations – Phase 1

Project Cost: $20,000,000
Cost of Work: $16,021,136
Completion Date: January 2017/95%
Project Delivery Method: Construction Manager at Risk
Contingency/Balance: $624,987/8%

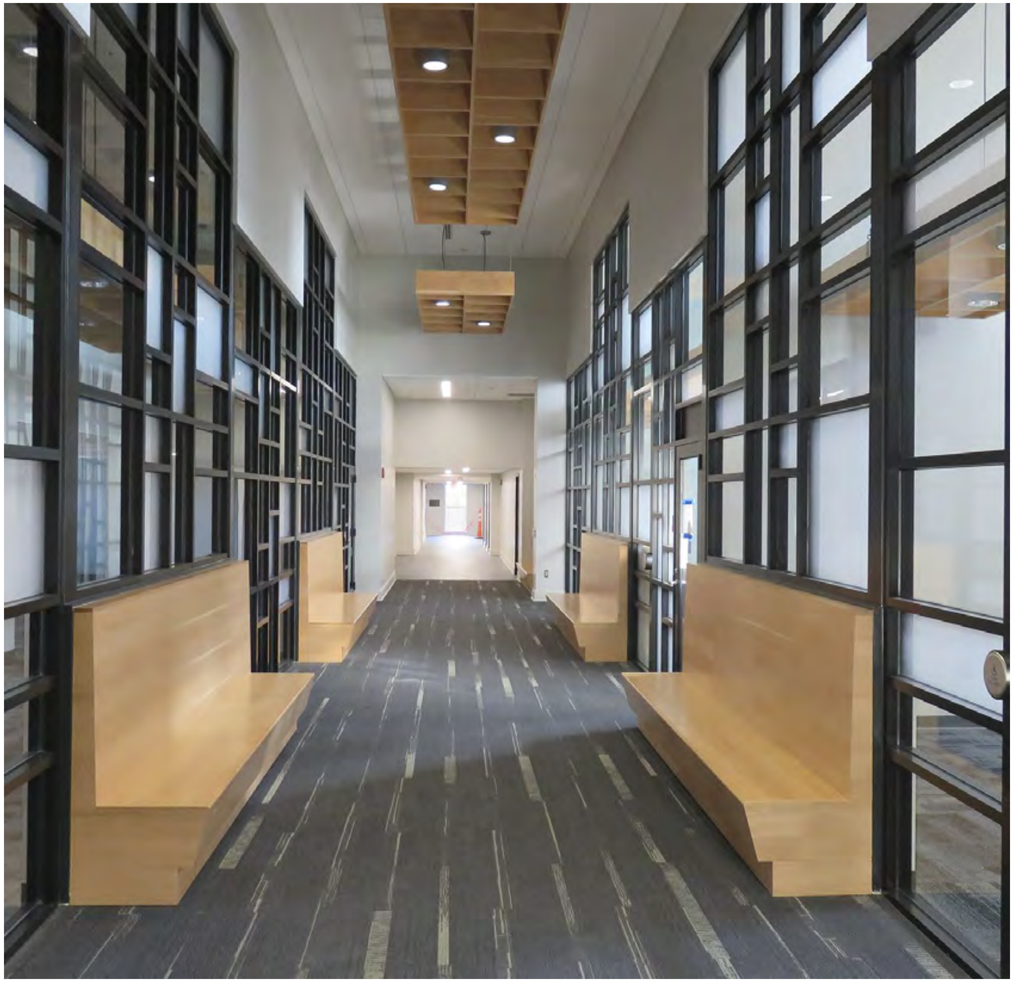


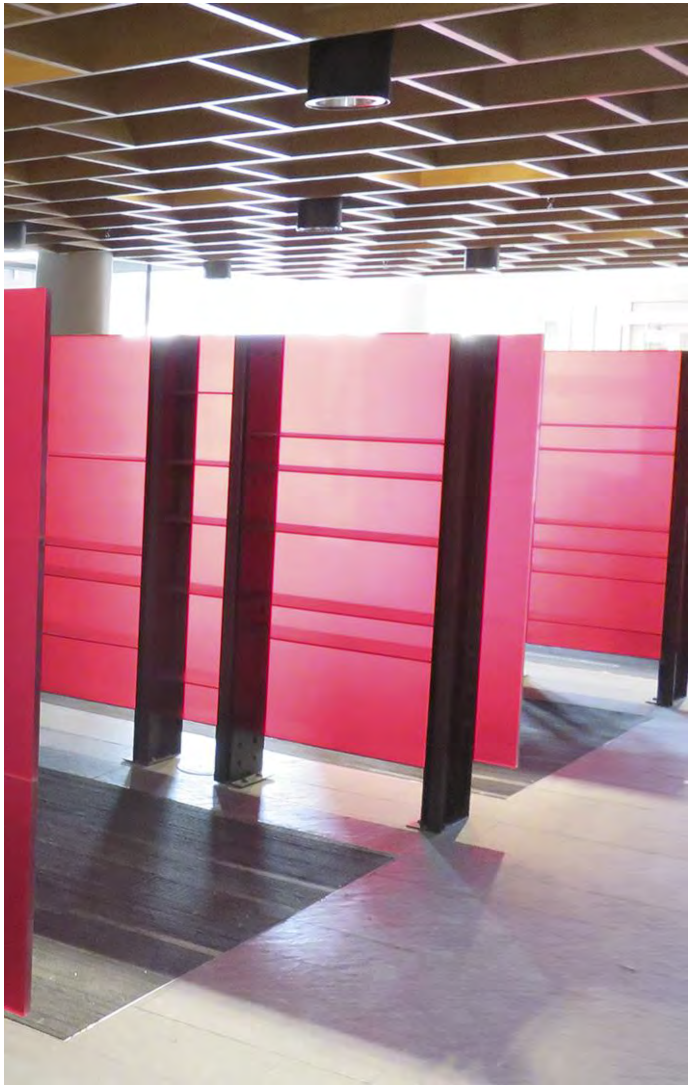
MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Shriver Center Renovations – Phase 1

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Shriver Center Renovations – Phase 1





MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Western Campus Geothermal Infrastructure – Phase 2

Project Cost: $16,600,000

Cost of Work: $14,050,344

Completion Date: July 2017/80%

Project Delivery Method: Construction Manager at Risk

Contingency/Balance: $931,648/100%

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Special Request…

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Questions?

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Business Session
Item 4

2017-2018
Room and Board

I. Returning Students (Tuition Promise Exempt)

BE IT ORDAINED: that the Board of Trustees hereby establishes the following charges to be levied and collected for returning undergraduate students (who are not guaranteed rates under Miami Tuition Promise) beginning with the first semester of the academic year 2017-2018 unless otherwise indicated;

	2016-17	2017-18	% change
A. Residence Halls (Fall/Spring, per semester per student)			
(A rate deduction of $150 per room per semester will be provided for non-air conditioned rooms)			
Non-Renovated Single	$4,021	$4,142	3.00%
Non-Renovated Double	$3,150	$3,245	3.00%
Non-Renovated Triple or Quad	$3,100	$3,193	3.00%
Single	$4,813	$4,813	0.00%
Double	$3550/$3,900	$3,905	5.06%
Modified Double	$3,250	$3,543	9.00%
Triple or Quad	$3,200	$3,296	3.00%
Heritage Commons	$4,982	$4,982	0.00%
B. Meal Plans (Fall/Spring, per semester per student)			
Diplomat Minimum	$1,850	$1,924	4.00%
Diplomat Standard	$2,350	$2,444	4.00%
Diplomat Plus	NA	$2,575	NA
Diplomat Premium A	$2,850	$2,964	4.00%
Diplomat Premium B	$2,500	$2,600	4.00%
Diplomat Premium C	$2,000	$2,080	4.00%
C. Residential Fee (Fall/Spring, per semester per student)			
Fall and Spring Residents	$400	$416	4.00%
D. Residence & Meal Plan Comparison (Common Experience per Semester)			
Non-Renovated Double + Board + Fee	$5,900	$6,105	3.47%
Double + Board + Fee	$6,650	$6,765	1.73%

II. Miami Tuition Promise Students (2016-2017 Cohort)

BE IT FURTHER ORDAINED: that the Board of Trustees further establishes the following charges to be levied for students admitted under 2016-2017 Miami Tuition Promise cohort, the following charges to be collected beginning first semester of the academic year 2016-2017 and to remain in effect for four (4) years as part of the Miami Tuition Promise unless otherwise indicated.

	2016-17	2017-18	% change
A. Residence Halls (Fall/Spring, per semester per student)			
(A rate deduction of $150 per room per semester will be provided for non-air conditioned rooms)			
Non-Renovated Single	$4,021	$4,021	0.00%
Non-Renovated Double	$3,230	$3,230	0.00%
Non-Renovated Triple or Quad	$3,175	$3,175	0.00%
Renovated Single	$4,275	$4,275	0.00%
Renovated Double	$3,650	$3,650	0.00%

Renovated Triple or Quad	$3,275	$3,275	0.00%
New Single	$4,813	$4,813	0.00%
New Double	$4,000	$4,000	0.00%
New Modified Double	$3,300	$3,300	0.00%
New Triple	$3,300	$3,300	0.00%
Heritage Commons	$4,982	$4,982	0.00%

B. Meal Plans (Fall/Spring, per semester per student)

Diplomat Minimum	$1,900	$1,900	0.00%
Diplomat Standard	$2,400	$2,400	0.00%
Diplomat Plus	NA	$2,550	NA
Diplomat Premium	$2,925	$2,925	0.00%

C. Residential Fee (Fall/Spring, per semester per student)

Fall and Spring Residents	$400	$400	0.00%

D. Residence & Meal Plan Fall/Spring Increase (Common Experience per Semester)

Non-Renovated Double + Board + Fee	$6,030	$6,030	0.00%
Renovated Double + Board + Fee	$6,450	$6,450	0.00%
New Double + Board + Fee	$6,800	$6,800	0.00%

III. Miami Tuition Promise Students (2017-2018 Cohort)

BE IT FURTHER ORDAINED: that the Board of Trustees further establishes the following charges to be levied for students admitted under 2017-2018 Miami Tuition Promise cohort, the following charges to be collected beginning first semester of the academic year 2017-2018 and to remain in effect for four (4) years as part of the Miami Tuition Promise unless otherwise indicated.

A. Residence Halls (Fall/Spring, per semester per student)

(A rate deduction of $150 per room per semester will be provided for non-air conditioned rooms)

	2016-17	2017-18	% change
Non-Renovated Single	$4,021	$4,142	3.00%
Non-Renovated Double	$3,230	$3,327	3.00%
Non-Renovated Triple or Quad	$3,175	$3,270	3.00%
Single	$4,813	$4,813	0.00%
Double	$3650/$4,000	$4,015	5.19%
Modified Double	$3,300	$3,597	9.00%
Triple or Quad	$3,275	$3,373	3.00%
Heritage Commons	$4,982	$4,982	0.00%

B. Meal Plans (Fall/Spring, per semester per student)

Diplomat Minimum	$1,900	$1,976	4.00%
Diplomat Standard	$2,400	$2,496	4.00%
Diplomat Plus	NA	$2,600	NA
Diplomat Premium	$2,925	$3,042	4.00%

C. Residential Fee (Fall/Spring, per semester per student)

Fall and Spring Residents	$400	$420	5.00%

D. Residence & Meal Plan Fall/Spring Increase (Common Experience per Semester)

Non-Renovated Double + Board + Fee	$6,030	$6,243	3.53%
Double + Board + Fee	$6,800	$6,931	1.93%

IV. All Students, Sororities, and Refund Policies

	2016-17	2017-18	% change
A. Summer Housing Weekly			
Double Occupancy	$122	$127	4.00%
Single Occupancy	$179	$186	4.00%
B. Winter Term Housing Block Rate *(24 days)*			
(Available for students enrolled in class)	$466	$466	0.00%
C. Sorority Suites (Per suite per semester)			
Non-Renovated 1,200-1,300 sq. ft.	$5,677	$5,932	4.50%
Non-Renovated 1,300-1,400 sq. ft.	$6,253	$6,534	4.50%
Non-Renovated 1,400-1,500 sq. ft.	$7,046	$7,363	4.50%
Non-Renovated More than 1,500 sq. ft.	$7,503	$7,841	4.50%
Renovated 900 sq. ft.	NA	$8,343	NA
Renovated 1,000. ft.	NA	$9,270	NA
Renovated 1,100 sq. ft.	NA	$10,197	NA
Multi-Purpose Meeting Room Fee (applied to all sororities with suites)	NA	$670	NA

D. Residence Halls Room Refund Policy

The refund policy for room rent and residential fee for first and second semester will be as follows:

(1)	Withdrawal during the first five days of the term	100 % of room rent
(2)	Withdrawal during the sixth through eighth days of the term	90 % of room rent
(3)	Withdrawal during the ninth through twentieth days of the term	50 % of room rent
(4)	Withdrawal during the twenty-first through thirtieth days of the term	35 % of room rent
(5)	Withdrawal during the thirty-first through the fortieth days of the term	25 % of room rent
(6)	Withdrawal after fortieth day of the term	No Refund

The refund policy for room rent for the summer terms will be as follows:

(1)	Withdrawal during the first three days of the term	100% of room rent
(2)	Withdrawal during the fourth through eighth days of the term	50% of room rent
(3)	Withdrawal during the ninth through fifteenth days of the term	25% of room rent
(4)	Withdrawal after the fifteenth day of the term	No Refund

Provided further that no room rental charges will be returned upon withdrawal until thirty days have elapsed from the date of withdrawal. In the event of an emergency, the Vice President for Finance and Business Services or his designee is authorized to make exceptions to the above stated refund policy.

An advance Oxford Campus enrollment deposit of $330.00 and an admission fee of $95.00 are charged to all incoming first year resident students. The $330.00 fee would be applied retroactively toward the student’s final term fees.

E. Meal Plan Change and Refund Policy

Unused declining balance dollars at the end of each semester roll forward to the next semester. Unused buffet meals do not carry forward. When a student moves off campus, any remaining declining balance dollars are converted to the meal plan for off campus students. Students who withdraw from the university on or before the fortieth day of the term will receive a refund of 80% of any unused declining balance dollars, and a calculated credit for unused buffet meals (if applicable). There is no refund or credit for students who graduate or withdraw after the fortieth day of the term.

Diplomat Meal Plan holders are permitted to change their selected level until the first day of class during each semester. Meal plan holders may continue to add additional declining balance dollars at any time, but are not permitted to lower their plan level after the first day of class. In the event of an emergency, the Vice President for Finance and Business Services or his designee is authorized to make exceptions to the above stated refund policy.

Room and Board Ordinance

December 8, 2016

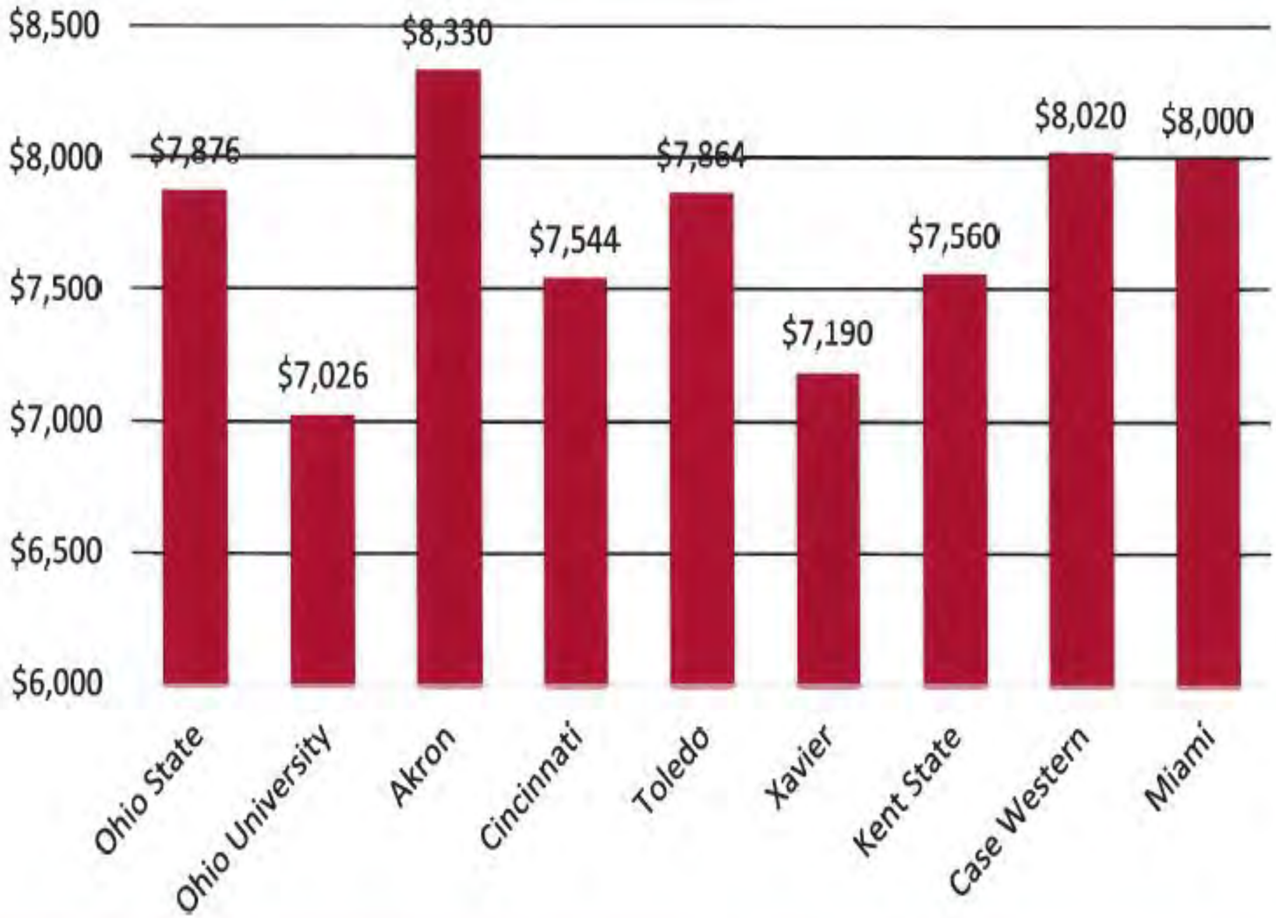
2017-2018 Room & Board

Housing, Dining, Recreation & Business Services

MIAMI UNIVERSITY

2016-17 Annual Double Rates

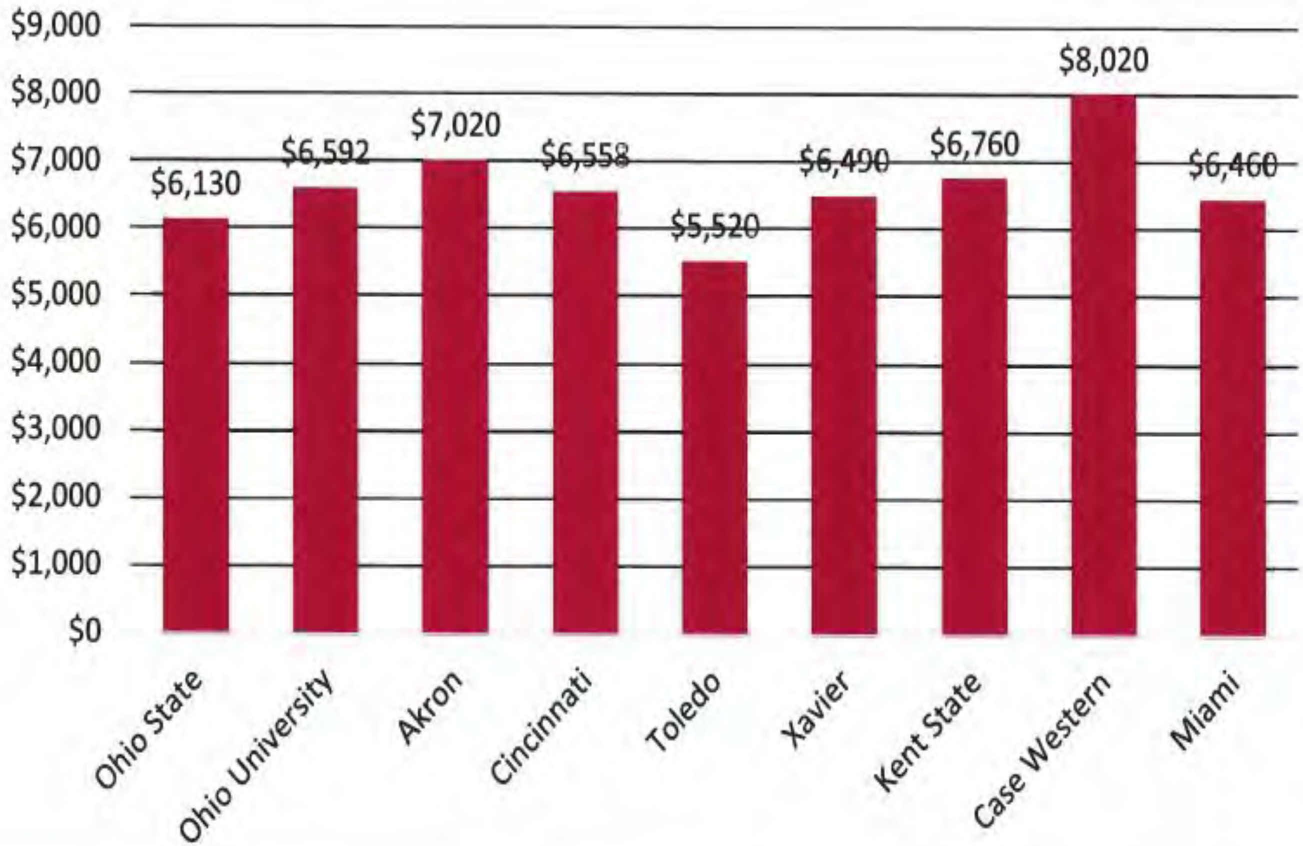
Current Year Benchmarks for New Rooms



MIAMI UNIVERSITY

2016-17 Annual Double Rates

Current Year Benchmarks for Standard Rooms



MIAMI UNIVERSITY

2017-2018 Annual Double Room Rates

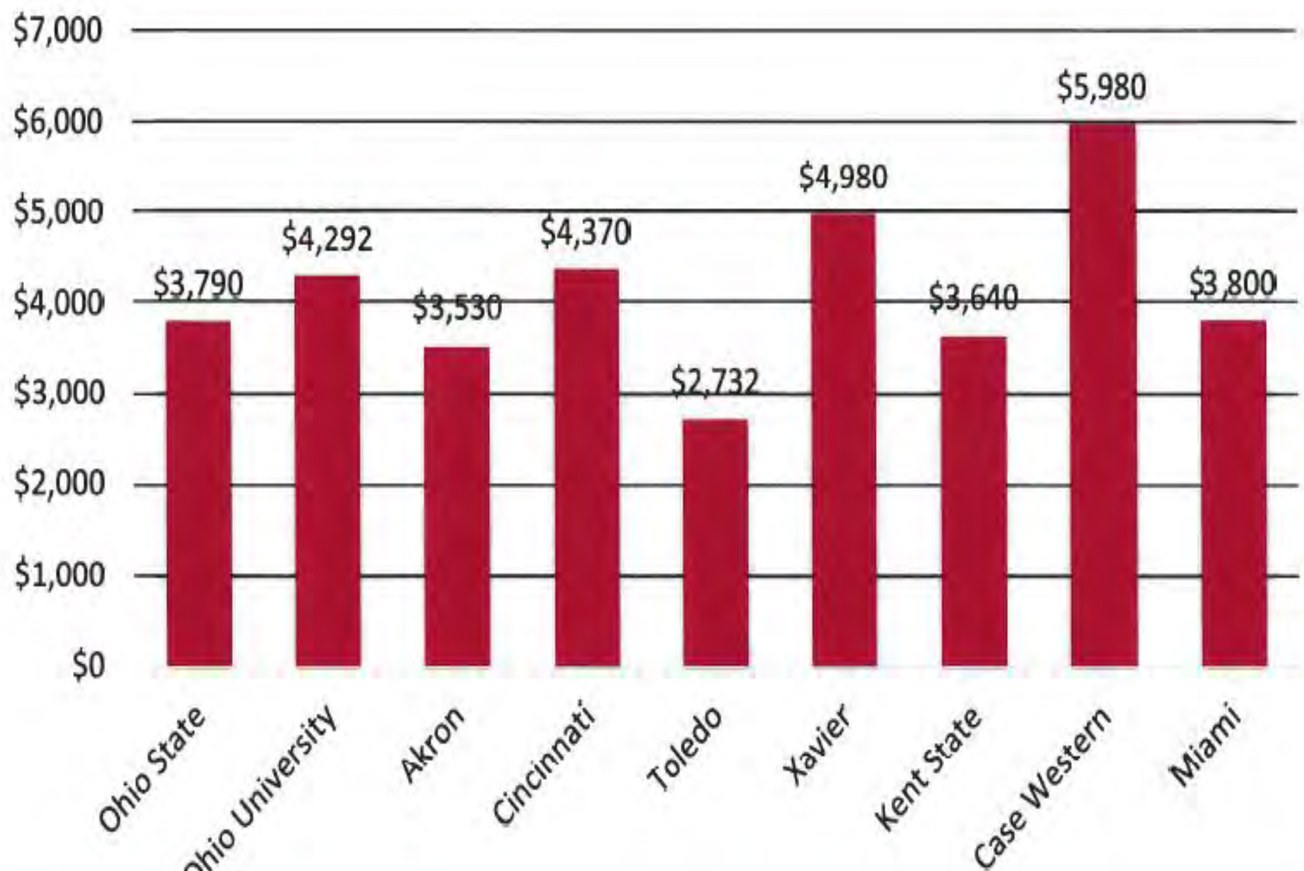
Consolidated Model, Cost per Year

Room Type	2016 Cohort	2017 Cohort	Non-Cohort
Non-Renovated	$6,460 (0%)	$6,654 (3.0%)	$6,490 (3.0%)
Renovated	$7,300 (0%)	$8,030 (5.19%)	$7,810 (5.06%)
New	$8,000 (0%)		

MIAMI UNIVERSITY

2016-17 Annual Meal Plan Rates

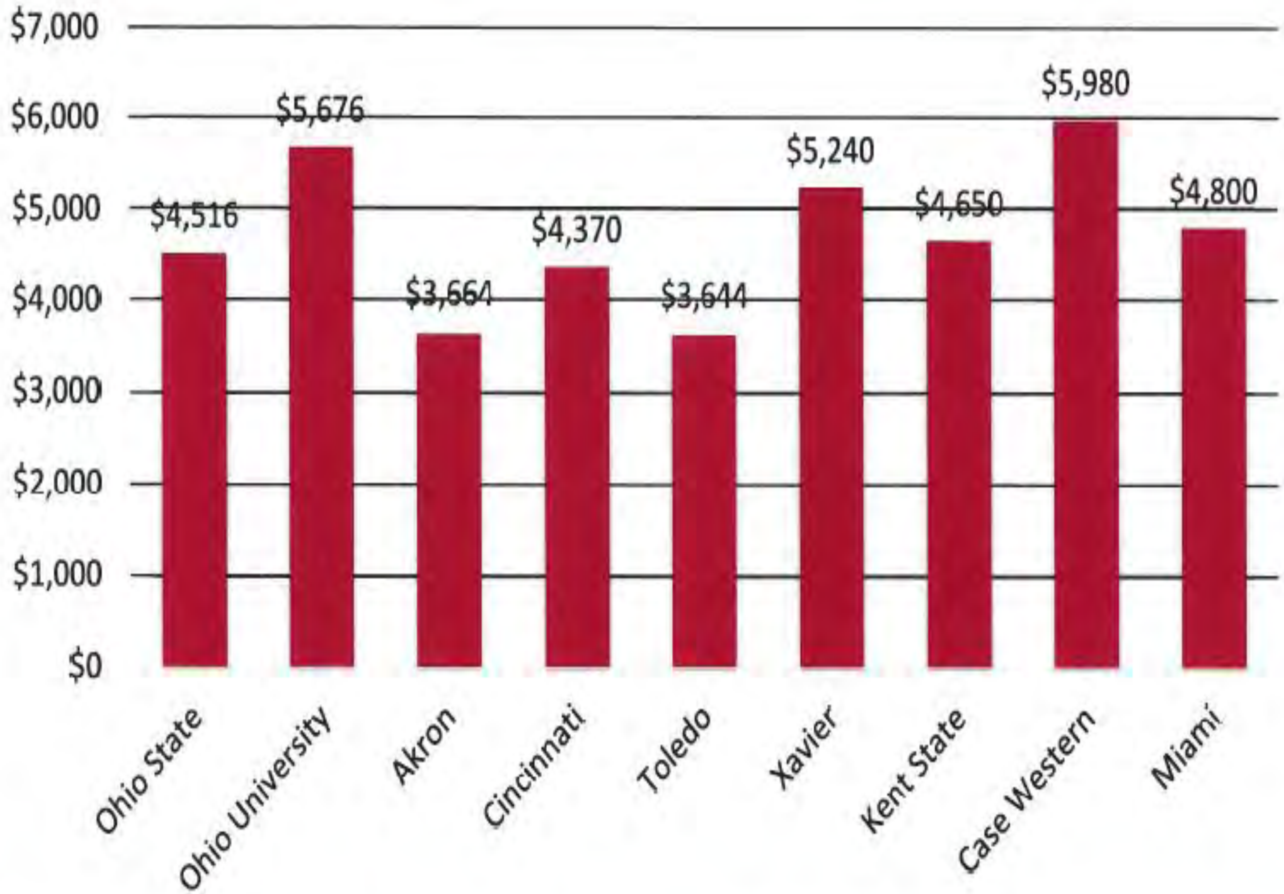
Current Year Benchmarks for Minimum Plans



MIAMI UNIVERSITY

2016-17 Annual Meal Plan Rates

Current Year Benchmarks for Standard Plans



MIAMI UNIVERSITY

2017-2018 On-Campus Meal Plans

Cost per Semester, 4.0% increase

Meal Plan	2016 Cohort	2017 Cohort	Non-Cohort
Minimum	$1,900 (0.0%)	$1,976 (4.0%)	$1,924 (4.0%)
Standard	$2,400 (0.0%)	$2,496 (4.0%)	$2,444 (4.0%)
Plus *(New)*	$2,550 (NA)	$2,600 (NA)	$2,575 (NA)
Premium / A	$2,925 (0.0%)	$3,042 (4.0%)	$2,964 (4.0%)
Premium B			$2,600 (4.0%)
Premium C			$2,080 (4.0%)

MIAMI UNIVERSITY

2017-2018 On-Campus Meal Plans

Plan descriptions, per semester

Meal Plan	Buffet Meals	Declining Balance
Minimum	225	$100
Standard	262	$500
Plus *(New)*	115	$1,100
Premium	Unlimited	$800
Premium A	0	$3,000
Premium B	0	$2,500
Premium C	0	$1,750

MIAMI UNIVERSITY

Room & Board Talking Points

Assumptions and Strategies

- Maintained 0% increase for Fall 2016 Tuition Promise cohort.
- Moving to updated and streamlined model that combines Renovated and New rooms into the same rate category.
- In response to student/parent feedback, new meal plan level added (Diplomat Plus), incorporating a lower number of buffet meals and higher amount of declining balance money.

MIAMI UNIVERSITY

Questions?

Oxford Campus FY18 Budget Planning

December 8, 2016

FY2018 Key Budget Assumptions

Draft 11/2/2016

	Oxford	Hamilton & Middletown
Fall Class – First Time Students	3,700	N/A
Fall Class & Other Incoming Students	740	N/A
Enrollment mix - Non-Resident (first year)	44%	N/A
State Share of Instruction - Change from FY15	3%	0%
Change in Investment Income	$0	$0
Salary Increment Pool & Market Adjustments	4.0%	3.0%
Health Care Trend	3.0%	3.0%
Undergraduate Scholarships (Increase)	$8.1 M	$0
Utilities Trend	3%	3%
Non-Personnel Inflation	2%	2%
Staff Benefit Rate	No Change	No Change
Strategic Priorities Initiatives		
New Revenue		
Expense Reductions - Productivity	($586,747)	

FY2018 Key Budget Assumptions

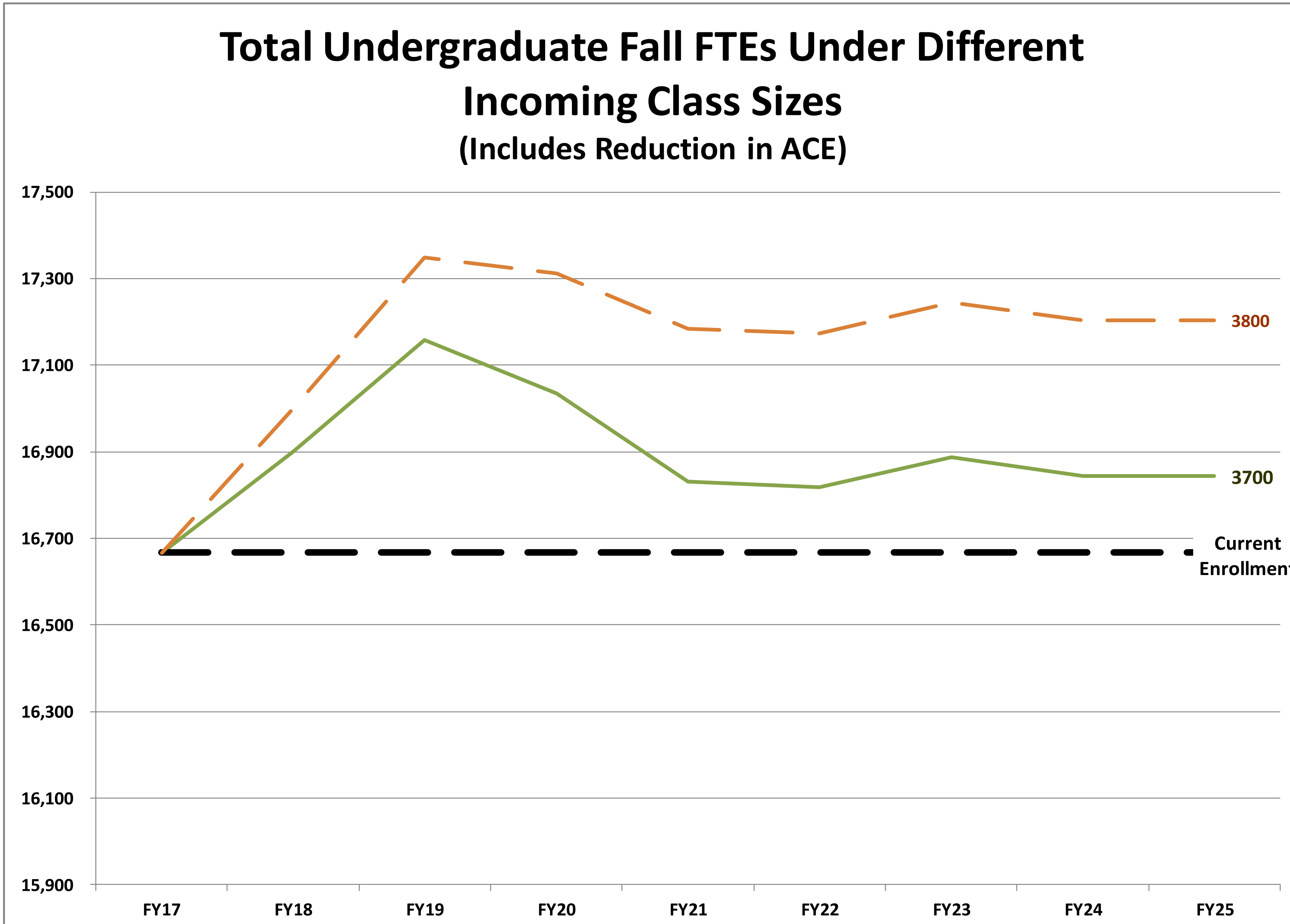
Draft - 11/2/2016

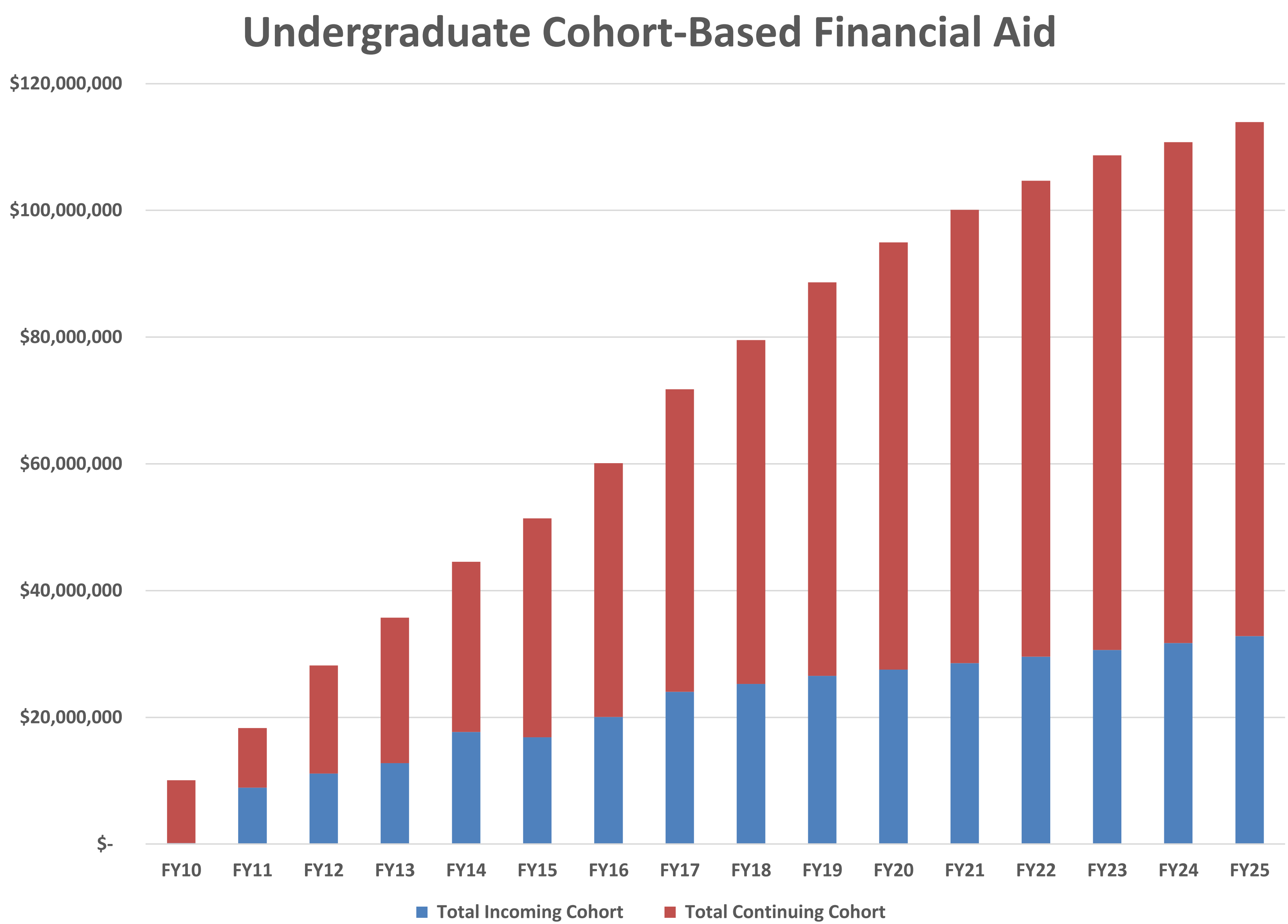
	Oxford	Hamilton & Middletown
Tuition Increase Undergraduate (UG):		
UG Continuing – Non Resident	2%	
UG Continuing – Resident	0%	
UG New Cohort – Non Resident	5%	
UG New Cohort – Resident	1.5%	
Tuition Increase Graduate – Non Resident	2%	2%
Tuition Increase Graduate – Resident	2%	2%
Undergraduate All Students – Non Resident		2%
Undergraduate All Students – Resident		0%

FY18 Fall Class

Draft 11-2-2016

	Oxford
Fall Class – First Time Students	
First Time Attending Post Secondary Education	3,700
Fall Class – Other Incoming Students	
Transfer Students	215
Relocated Students	240
American Culture & English (ACE) Students	275
Total Fall Class – Other Incoming Students	730
Total Fall Class	4,430
Other – Oxford Pathway (TOP) Program Students	40
Total Fall Class & Other Students	4,470


Total Undergraduate Fall FTEs Under Different Incoming Class Sizes
(Includes Reduction in ACE)
17,500
17,300
17,100
16,900
16,700
16,500
16,300
16,100
15,900
3800
3700
Current Enrollment
FY17
FY18
FY19
FY20
FY21
FY22
FY23
FY24
FY25


Undergraduate Cohort-Based Financial Aid
$120,000,000
$100,000,000
$80,000,000
$60,000,000
$40,000,000
$20,000,000
$-
FY10
FY11
FY12
FY13
FY14
FY15
FY16
FY17
FY18
FY19
FY20
FY21
FY22
FY23
FY24
FY25
Total Incoming Cohort
Total Continuing Cohort

Oxford Campus
Budget Planning Assumptions for Fiscal Year 2018

New Revenue

	High	Low	Notes & Assumptions
Enrollment Growth	$ 12,532,060	$ 10,310,062	
Resident Tuition	$ 2,396,642	$ 396,546	Returning Students 0-2%; New Cohort (3700-3800) 1.3%-3.3%
Non-Resident Tuition	$ 5,027,326	$ 4,958,960	Returning Students 2%; New Cohort (3700-3800) 5%
State Appropriation	$ 3,281,576	$ -	Zero - 5%
Total	$ 23,237,604	$ 15,665,568	

New Spending

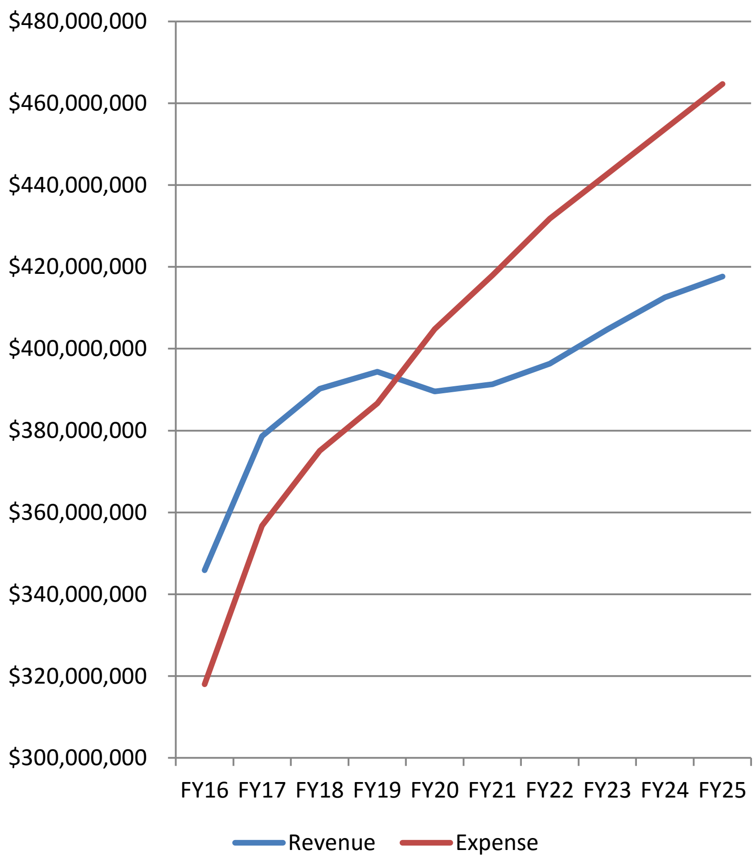
	High	Low	Notes & Assumptions
Compensation	$ 10,075,610	$ 10,075,610	4% (3% annual increment and 1% market and equity)
Need Based Aid	$ 3,528,499	$ 2,973,475	
Academic Improvements	$ 4,893,013	$ 4,893,013	
Support Cost Inflation	$ 1,036,918	$ 1,036,918	
Other Enhancements	$ 1,899,172	$ 1,899,172	
ERP	$ 3,500,000	$ 3,500,000	Estimated Cost for FY 2018 and FY 2019
Total	$ 24,933,212	$ 24,378,188	

Long-Tem Spending Commitments

	FY18	FY19	FY20	FY21	FY22
Need Based Student Aid	$ 2,973,475	$ 2,784,741	$ 1,981,379	$ 923,091	$ 269,217
Other Student Aid	$ 5,044,053	$ 6,627,315	$ 4,588,110	$ 4,511,251	$ 4,616,772
ERP Migration	$ 3,500,000	$ 3,500,000	$ -	$ -	$ -
Convergence Building	$ -	$ 3,000,000	$ -	$ -	$ -
Capital Gift Campaign	$ -	$ -	$ 3,500,000	$ 4,000,000	$ 2,500,000
Total	$ 11,517,527	$ 15,912,056	$ 10,069,489	$ 9,434,342	$ 7,385,989

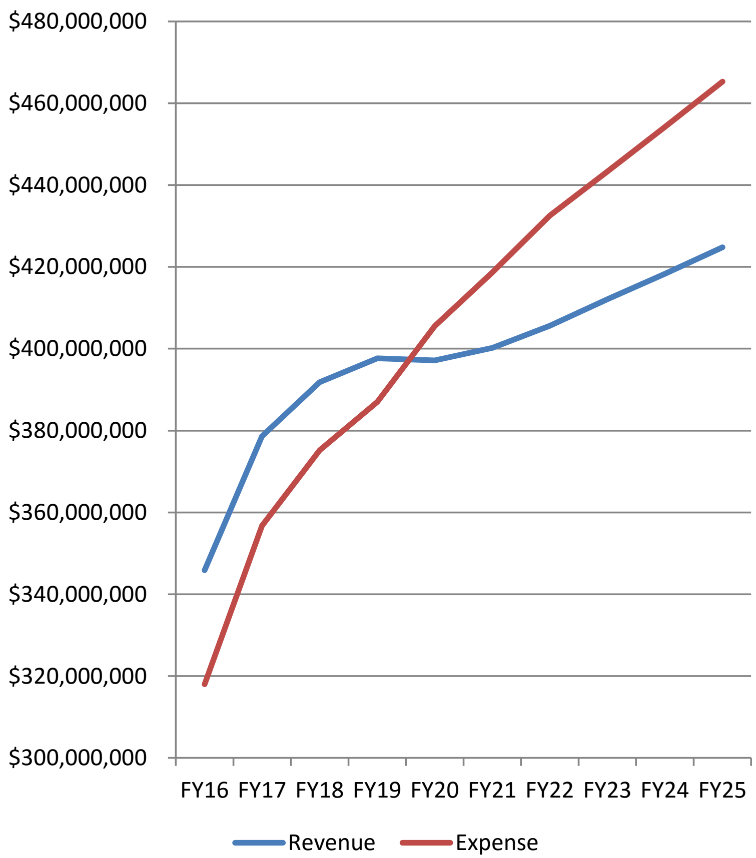
		Preliminary & Unaudited	
Miami University			
Unrestricted Net Position			
Central Funds			
	FY2016	FY2015	Change
Unallocated Fund Balance	$5,365,265	$3,908,946	$1,456,319
Reserve for Future Budgets	12,744,512	12,744,512	0
Reserve for Investment Fluctuations	14,879,475	23,874,823	(8,995,348)
Reserve for Health Care Stabilization	15,000,000	15,000,000	0
Reserve for Financial Aid	6,735,262	6,485,129	250,133
Renewals and Replacement Funds (Not Committed)	8,001,205	10,035,313	(2,034,109)
Encumbrances/Purchase Orders for Prior Years	3,994,395	3,559,330	435,065
Miscellaneous Reserves	1,547,953	1,547,953	0
Central Carryforward and Designated Funds	8,793,289	7,140,021	1,653,268
Subtotal Central Funds	77,061,356	84,296,028	(7,234,672)
Ohio Pension Liability	(278,108,595)	(276,154,949)	(1,953,646)
Total Central Funds (deficit)	($201,047,239)	($191,858,921)	($9,188,318)

Long Range Budget Forecast
(Revenue Net of Scholarships)



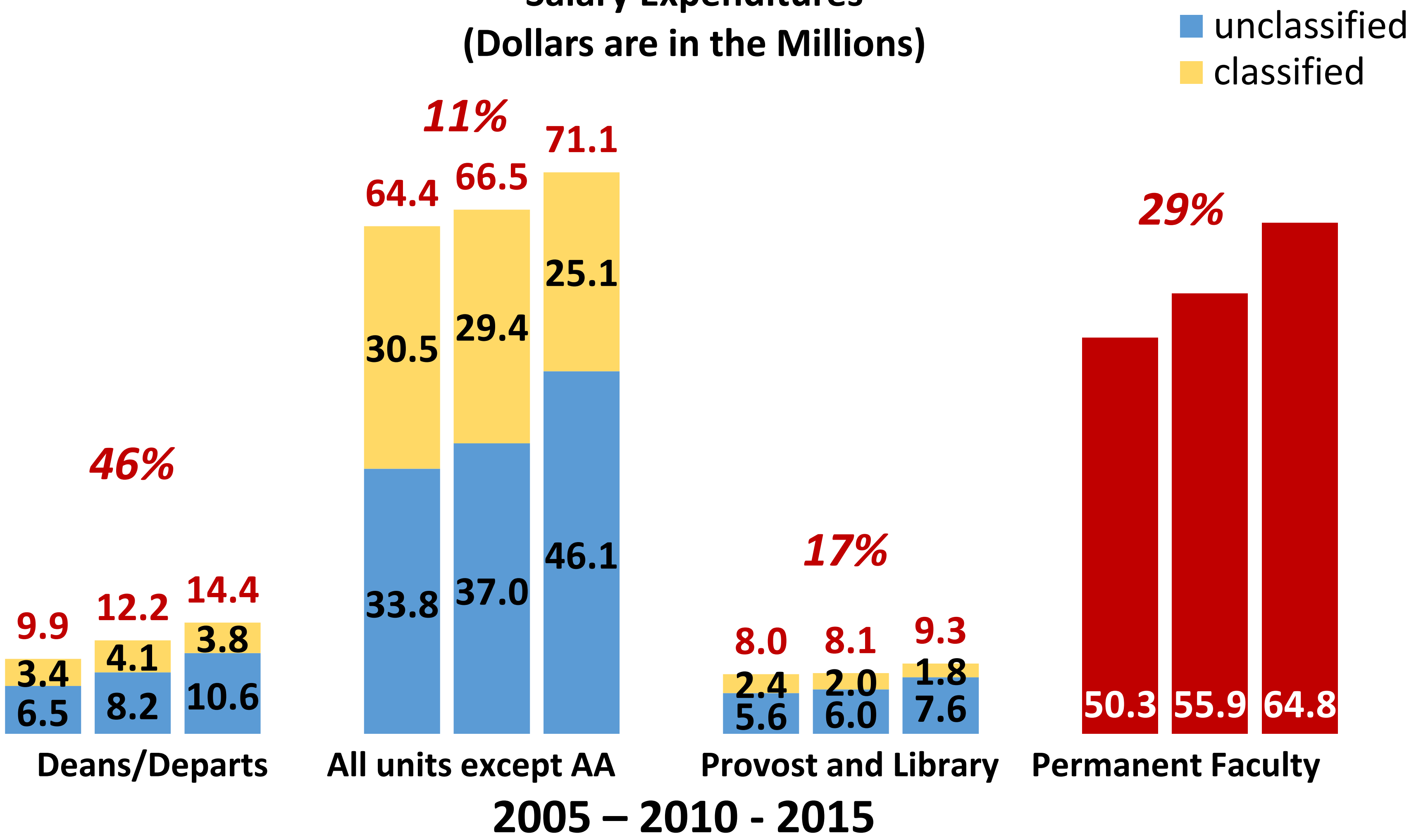
- Classes of 3700, 4% non-resident
- Resident tuition increases 1.5% in FY18 & FY19, and 2% after
- Non-resident tuition increases 5% in FY18 & FY19, and then 2% per year
- Financial aid at FY17 discount rate with added investment for diversity
- 3% salary increment pool in FY18, and then 2% per year
- Benefits grow no more than salaries
- Increases for new faculty lines, and market adjustments

Long Range Budget Forecast
(Revenue Net of Scholarships)



- Classes of 3800, 4% non-resident
- Resident tuition increases 1.5% in FY18 & FY19, and then 2%
- Non-resident tuition increases 5% in FY18 & FY19, and then 2% per year
- Financial aid at FY17 discount rate with added investment for diversity
- 3% salary increment pool in FY18, and then 2% per year
- Benefits grow no more than salaries
- Increases for new faculty lines, and market adjustments

Administrative Permanent Staff Compared to Faculty Salary Expenditures (Dollars are in the Millions)



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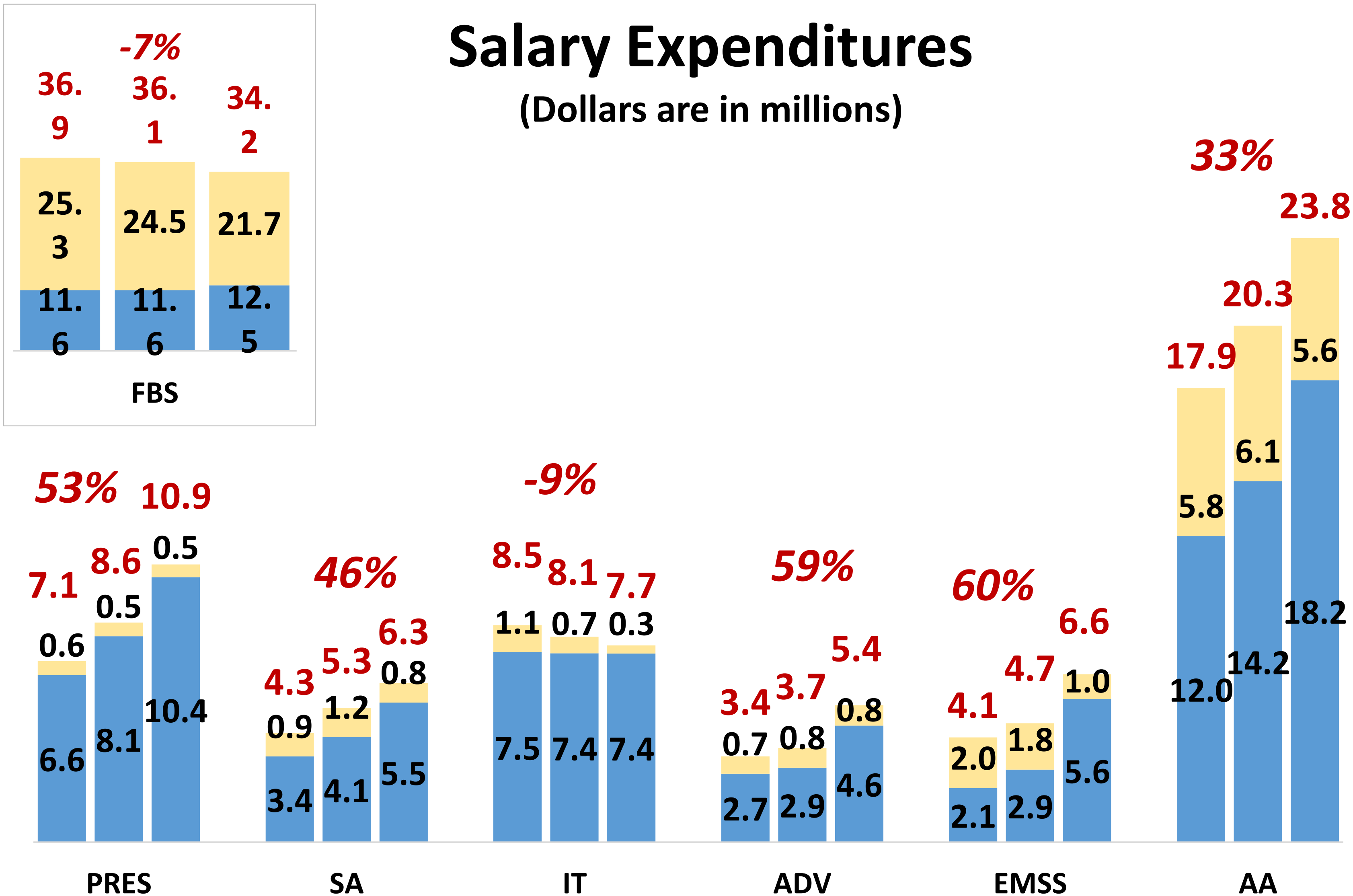
Administrative Permanent Staff Salary Expenditures

(Dollars are in millions)



2005 - 2010 - 2015

Miami University Foundation Financial Trends For Fiscal Years 2004 to 2016

December 8, 2016

Trends in Net Assets

	Fiscal Year 2004	Fiscal Year 2008	Fiscal Year 2012	Fiscal Year 2016
Unrestricted	$829,255	$3,350,208	($104,812)	$1,629,836
Temporarily Restricted	44,827,506	103,248,353	115,915,292	105,835,972
Permanently Restricted	111,982,069	178,980,438	160,563,050	197,035,479
	$157,638,830	$285,578,999	$276,373,530	$304,501,287

Classification of Net Asset Trends

	Fiscal Year 2004	Fiscal Year 2008	Fiscal Year 2012	Fiscal Year 2016
Scholarships and Fellowships	$56,976,476	$92,717,541	$93,498,802	$116,664,175
Academic Support	47,803,939	84,154,282	86,144,015	98,913,077
Student Services/Athletics	N/A	8,785,891	8,143,686	8,746,286
Campus Improvements	2,821,474	7,158,680	7,257,674	6,972,757
Other and Undesignated	50,036,941	92,762,605	81,329,353	70,945,320
	$157,638,830	$285,578,999	$276,373,530	$302,241,615

Financial Statement Contribution Trends

(Accrual Basis)

	Fiscal Years 2005-2008	Fiscal Years 2009-2012	Fiscal Years 2013-2016
Unrestricted	$2,089,303	$209,375	$16,688
Temporarily Restricted	56,151,191	25,485,031	33,072,613
Permanently Restricted	46,984,501	34,686,373	35,386,475
	$105,224,995	$60,380,779	$68,475,776

Foundation Cash Flow From Contributions

Fiscal Year 2005-2008	Fiscal Year 2009-2012	Fiscal Year 2013-2016
$69,294,935	$70,774,301	$77,687,859

Foundation Program Support
(Distributions)

	Fiscal Year 2004	Fiscal Year 2008	Fiscal Year 2012	Fiscal Year 2016
Scholarships and Fellowships	$2,288,559	$4,234,830	$4,035,616	$4,465,478
Academic Support	2,680,345	4,009,679	4,424,455	3,908,361
Student Services/Athletics	N/A	399,388	629,636	352,508
Campus Improvements	729,918	1,490,286	7,275,649	6,643,240
Other	774,964	914,117	2,297,026	3,031,627
	$6,473,786	$11,048,300	$18,662,382	$18,401,214

Advancement Spending

	Fiscal Year 2008	Fiscal Year 2016
Unrestricted E&G	$6,349,355	$5,854,209
Designated	2,465,183	5,685,674
Restricted	344,455	748,629
	$9,158,993	$12,288,512

Questions?

Miami University
Finance and Audit Committee
FY 2017 Forecasted Operating Results
Projections Based upon Activity through September 30, 2016

OXFORD

The projection for the Oxford General Fund based on performance through September is a surplus of approximately $20.1 million. Details of the specific items are highlighted below.

Revenues

The Oxford campus student fee revenues (instructional, general out-of-state, and other) are forecast to be approximately $6.5 million over the $342.7 million budget. Gross instructional revenue (including the out of state surcharge) are forecast to be $6.1 million higher than budget and financial aid is forecast to be $0.5 million under budget. The projections include billing from fall semester. The forecast may change as the fiscal year progresses based on winter, spring and summer term performance.

The forecast for the Oxford campus state appropriations is approximately equal to budget. The Ohio Department of Higher Education is expected to update subsidy payment with final estimates for the fiscal year in December.

Investment income booked through September 30, 2016 was approximately $623,000. This amount does not include an estimate of the year-end mark-to-market, which is virtually impossible to predict at this time. If we had marked the portfolio to market as of September 30, an unrealized gain of $6.7 million would have been recorded. Given the volatility of the current market, this number could improve or decrease further as the year progresses. Therefore, we are forecasting investment income to be equal to budget.

Other revenue categories are projected as budgeted.

Expenditures and Transfers

Employee salaries and staff benefits are projected to be on budget. Through the first three months of the fiscal year health care claims were lower than budgeted. However, medical claims, including claims in the high cost category, are above prior years' experience. Healthcare expense is difficult to estimate due to the volatility of high cost claims.

Departmental support costs are forecast on budget through the first quarter. However, academic divisions have transferred $9.3 million from carryforward to fund an array of capital projects ($8.5 million) and to provide funding for scholarships and other awards ($0.8 million). Most of the transfer supports of improvements to Pearson and Hughes Halls, which are also supported by state appropriations. This activity is recorded as a decrease in Division Budgetary Carryforward.

HAMILTON & MIDDLETOWN

The Hamilton campus student fee revenue (instructional, general and out-of-state) is estimated to be on budget. The instructional fee, out-of-state surcharge and general fee for the Middletown campus are forecast to be $.03 million below budget. However, enrollments on both campuses are below budget. The effect of under enrollment on revenues is being offset from greater than budgeted revenues from cross campus enrollments (Oxford students taking courses on the regional campuses net of Regional students taking courses on the Oxford campus). State subsidy and other revenues are forecast on budget based on the first quarter.

Expenditures on both campuses are either at or below budget. Notably, personnel and benefit costs are $1 million below budget on the Hamilton campus and $0.2 million below budget on the Middletown campus. The actual performance in these categories has exceed the underspending in these categories assumed in the budget.

Overall, the General Fund for Hamilton is projected to end the fiscal year with a $973,806 surplus. The budget for the Hamilton campus assumed a transfer of $533,861 from their unobligated fund balance. The transfer may not be necessary based on the projected performance. The Middletown campus is projected to have an operating deficit of approximately $60,724. The Middletown budget assumed a transfer of $403,863 from the unobligated fund balance to achieve a balance budget for the fiscal year. The net effect of these activities is a balanced budget for the year.

VOICE OF AMERICA LEARNING CENTER

The Voice of America Learning Center (VOALC) is projected to end the fiscal year on budget. As in the prior fiscal year, the funding support for the VOALC has been separately displayed for all three campuses and the VOALC. This transfer represents the budgeted financial support from each campus for funding the VOALC administrative operations.

MIAMI UNIVERSITY
FY2017 Forecast
Oxford General Fund Only
As of September 30, 2016

	Original Budget	September End-of-Year Forecast	September Budget to Forecast
REVENUES:			
Instructional & OOS Surcharge	$ 364,975,073	$ 370,525,389	$ 5,550,316
Less Cohort Financial Aid Discount	$ 72,274,305	$ 71,768,602	$ (505,703)
Net Instructional Fee & Out-of-State Surcharge	$ 292,700,768	$ 298,756,787	$ 6,056,019
General	$ 46,399,379	$ 46,894,049	$ 494,670
Other Student Revenue	$ 3,611,500	$ 3,611,500	$ -
Tuition, Fees and Other Student Charges	*$ 342,711,647*	*$ 349,262,336*	*$ 6,550,689*
State Appropriations	$ 65,631,521	$ 65,631,521	$ -
Investment Income	$ 5,325,000	$ 5,325,000	$ -
Other Revenue	$ 1,374,000	$ 1,374,000	$ -
Total Revenues	***$ 415,042,168***	***$ 421,592,857***	***$ 6,550,689***
EXPENDITURES:			
Salaries	$ 179,281,324	$ 179,281,324	$ -
Benefits	$ 34,985,668	$ 34,985,668	$ -
Healthcare Expense	$ 31,410,391	$ 31,410,391	$ -
Graduate Assistant, Fellowships & Fee Waivers	$ 31,389,193	$ 31,389,193	$ -
Undergraduate Scholarships & Student Waivers	$ 13,393,938	$ 13,393,938	$ -
Utilities	$ 13,177,636	$ 13,177,636	$ -
Departmental Support Expenditures	$ 27,576,091	$ 27,576,091	$ -
Multi-year Expenditures	$ 5,578,792	$ 5,578,792	$ -
Total Expenditures	***$ 336,793,033***	***$ 336,793,033***	***$ -***
DEBT SERVICE AND TRANSFERS:			
General Fee	$ (45,909,512)	$ (45,909,512)	$ -
Capital, Renewal & Replacement	$ (7,980,000)	$ (7,980,000)	$ -
Debt Service	$ (7,883,690)	$ (7,883,690)	$ -
Support for VOALC (50%)	$ (578,114)	$ (578,114)	$ -
Other Miscellaneous Operational Transfers	$ (2,359,047)	$ (2,359,047)	$ -
Total Debt Service and Transfers	***$ (64,710,363)***	***$ (64,710,363)***	***$ -***
Net Revenues/(Expenditures) Before Adjustments	$ 13,538,772	$ 20,089,461	$ 6,550,689
ADJUSTMENTS:			
Departmental Budgetary Carryforward		$ -	$ -
Divisional Budgetary Carryforward		$ (9,286,687)	$ (9,286,687)
Reserve for Encumbrances		$ -	$ -
Reserve for Investment Fluctuations		$ -	$ -
Reserve for Future Budgets		$ -	$ -
Net Increase/(Decrease) in Fund Balance	***$ 13,538,772***	***$ 10,802,774***	***$ (2,735,998)***

MIAMI UNIVERSITY
FY2017 Forecast
Hamilton General Fund Only
As of September 30, 2016

	Original Budget	September End-of-Year Forecast	September Budget to Forecast
REVENUES:			
Instructional & OOS Surcharge	$ 17,537,473	$ 17,604,869	$ 67,396
Less Continuing & New Scholarships	$ 723,638	$ 808,056	$ 84,418
Net Instructional Fee & Out-of-State Surcharge	$ 16,813,835	$ 16,796,813	$ (17,022)
General	$ 962,407	$ 952,998	$ (9,409)
Other Student Revenue	$ 193,500	$ 193,500	$ -
Tuition, Fees and Other Student Charges	*$ 17,969,742*	*$ 17,943,311*	*$ (26,431)*
State Appropriations	$ 6,726,272	$ 6,726,272	$ -
Investment Income	$ 50,000	$ 50,000	$ -
Other Revenue	$ 79,500	$ 79,500	$ -
Total Revenues	***$ 24,825,514***	***$ 24,799,083***	***$ (26,431)***
EXPENDITURES:			
Salaries	$ 14,948,666	$ 14,948,666	$ -
Allowance for Unspent Salaries	$ (587,938)	$ (1,477,118)	$ (889,180)
Benefits	$ 2,817,153	$ 2,883,820	$ 66,667
Allowance for Unspent Benefits	$ (219,536)	$ (330,593)	$ (111,057)
Healthcare Expense	$ 2,288,885	$ 2,222,218	$ (66,667)
Anticipated Benefit Recovery	$ (290,404)	$ (290,404)	
Graduate Assistant Fee Waivers	$ -	$ -	$ -
Utilities	$ 673,000	$ 673,000	$ -
Departmental Support Expenditures	$ 5,005,031	$ 5,005,031	$ -
Multi-year Expenditures	$ -	$ -	$ -
Total Expenditures	***$ 24,634,857***	***$ 23,634,620***	***$ (1,000,237)***
DEBT SERVICE AND TRANSFERS:			
General Fee	$ (435,461)	$ (435,461)	$ -
Capital, Renewal & Replacement	$ -	$ -	$ -
Debt Service	$ -	$ -	$ -
Support for VOALC (25%)	$ (289,057)	$ (289,057)	$ -
Other Miscellaneous Operational Transfers	$ -	$ -	$ -
Transfer in from Fund Balance	$ 533,861	$ 533,861	$ -
Total Debt Service and Transfers	***$ (190,657)***	***$ (190,657)***	***$ -***
Net Revenues/(Expenditures) Before Adjustments	$ -	$ 973,806	$ 973,806
ADJUSTMENTS:			
Departmental Budgetary Carryforward	$ -	$ -	$ -
Divisional Budgetary Carryforward	$ -	$ -	$ -
Reserve for Encumbrances	$ -	$ -	$ -
Reserve for Investment Fluctuations	$ -	$ -	$ -
Reserve for Future Budgets	$ -	$ -	$ -
Net Increase/(Decrease) in Fund Balance	***$ -***	***$ 973,806***	***$ 973,806***

MIAMI UNIVERSITY
FY2017 Forecast
Middletown General Fund Only
As of September 30, 2016

	Original Budget	September End-of-Year Forecast	September Budget to Forecast
REVENUES:			
Instructional & OOS Surcharge	$ 13,554,834	$ 13,424,952	$ (129,882)
Less Continuing & New Scholarships	$ 865,638	$ 1,020,422	$ 154,784
Net Instructional Fee & Out-of-State Surcharge	$ 12,689,196	$ 12,404,530	$ (284,666)
General	$ 545,848	$ 552,344	$ 6,496
Other Student Revenue	$ 80,700	$ 80,700	$ -
Tuition, Fees and Other Student Charges	*$ 13,315,744*	*$ 13,037,574*	*$ (278,170)*
State Appropriations	$ 4,725,160	$ 4,725,160	$ -
Investment Income	$ 50,000	$ 50,000	$ -
Other Revenue	$ 70,402	$ 70,402	$ -
Total Revenues	***$ 18,161,306***	***$ 17,883,136***	***$ (278,170)***
EXPENDITURES:			
Salaries	$ 11,249,473	$ 11,249,473	$ -
Allowance for Unspent Salaries	$ (1,140,942)	$ (1,407,870)	$ (266,928)
Benefits	$ 2,272,146	$ 2,319,591	$ 47,445
Allowance for Unspent Benefits	$ (440,403)	$ (390,921)	$ 49,482
Healthcare Expense	$ 1,628,948	$ 1,581,503	$ (47,445)
Anticipated Benefit Recovery	$ (209,596)	$ (209,596)	$ -
Graduate Assistant Fee Waivers	$ -	$ -	$ -
Utilities	$ 412,500	$ 412,500	$ -
Departmental Support Expenditures	$ 4,071,655	$ 4,071,655	$ -
Multi-year Expenditures	$ -	$ -	$ -
Total Expenditures	***$ 17,843,781***	***$ 17,626,335***	***$ (217,446)***
DEBT SERVICE AND TRANSFERS:			
General Fee	$ (157,837)	$ (157,837)	$ -
Capital, Renewal & Replacement	$ -	$ -	$ -
Debt Service	$ (274,494)	$ (274,494)	$ -
Support for VOALC (25%)	$ (289,057)	$ (289,057)	$ -
Other Miscellaneous Operational Transfers	$ -	$ -	$ -
Transfer in from Fund Balance	$ 403,863	$ 403,863	$ -
Total Debt Service and Transfers	***$ (317,525)***	***$ (317,525)***	***$ -***
Net Revenues/(Expenditures) Before Adjustments	$ -	$ (60,724)	$ (60,724)
ADJUSTMENTS:			
Departmental Budgetary Carryforward	$ -	$ -	$ -
Divisional Budgetary Carryforward	$ -	$ -	$ -
Reserve for Encumbrances	$ -	$ -	$ -
Reserve for Investment Fluctuations	$ -	$ -	$ -
Reserve for Future Budgets	$ -	$ -	$ -
Net Increase/(Decrease) in Fund Balance	***$ -***	***$ (60,724)***	***$ (60,724)***

MIAMI UNIVERSITY
FY2017 Forecast
Voice of America Learning Center General Fund Only
As of September 30, 2016

	Original Budget	September End-of-Year Forecast	September Budget to Forecast
REVENUES:			
Instructional & OOS Surcharge	$ -	$ -	$ -
Less Continuing & New Scholarships	$ -	$ -	$ -
Net Instructional Fee & Out-of-State Surcharge	$ -	$ -	$ -
General	$ -	$ -	$ -
Other Student Revenue	$ -	$ -	$ -
Tuition, Fees and Other Student Charges	*$ -*	*$ -*	*$ -*
State Appropriations	$ -	$ -	$ -
Investment Income	$ -	$ -	$ -
Other Revenue	$ 35,000	$ 35,000	$ -
Total Revenues	***$ 35,000***	***$ 35,000***	***$ -***
EXPENDITURES:			
Salaries	$ 237,884	$ 237,884	$ -
Benefits	$ 50,765	$ 50,765	$ -
Healthcare Expense	$ 45,578	$ 45,578	$ -
Graduate Assistant Fee Waivers	$ -	$ -	$ -
Utilities	$ 59,900	$ 59,900	$ -
Departmental Support Expenditures	$ 277,426	$ 277,426	$ -
Multi-year Expenditures	$ -	$ -	$ -
Total Expenditures	***$ 671,553***	***$ 671,553***	***$ -***
DEBT SERVICE AND TRANSFERS:			
General Fee	$ -	$ -	$ -
Capital, Renewal & Replacement	$ (35,300)	$ (35,300)	$ -
Debt Service	$ (484,375)	$ (484,375)	$ -
Support for VOALC Transfers	$ 1,156,228	$ 1,156,228	$ -
Other Miscellaneous Operational Transfers	$ -	$ -	$ -
Total Debt Service and Transfers	***$ 636,553***	***$ 636,553***	***$ -***
Net Revenues/(Expenditures) Before Adjustments	$ 0	$ 0	$ -
ADJUSTMENTS:			
Departmental Budgetary Carryforward	$ -	$ -	$ -
Divisional Budgetary Carryforward	$ -	$ -	$ -
Reserve for Encumbrances	$ -	$ -	$ -
Reserve for Investment Fluctuations	$ -	$ -	$ -
Reserve for Future Budgets	$ -	$ -	$ -
Net Increase/(Decrease) in Fund Balance	***$ 0***	***$ 0***	***$ -***

MIAMI UNIVERSITY
Financial Analysis - by Operational Unit
FY2017/FY2016 / FY2015

	FY2015	FY2016	FY2017	Thru September Year To Date			FY 2017	
	Year-end Actual	Year-end Actual	Budget	FY2017	FY2016	FY2015	% of '17 Budget	% Change from '16 YTD
College of Arts & Sciences								
Salary	$ 49,577,235	$ 50,511,533	$ 56,873,024	$ 8,503,529	$ 8,049,115	$ 7,871,880	15%	6%
Benefits	$ 13,531,242	$ 14,885,426	$ 19,350,219	$ 2,846,688	$ 2,690,917	$ 2,584,750	15%	6%
Scholarships & Fellowships	$ 8,688,453	$ 8,598,542	$ 10,888,343	$ 1,535,857	$ 1,647,200	$ 17,008	14%	-7%
Departmental Support Expenses	$ 2,887,680	$ 5,036,229	$ 7,114,916	$ 1,042,281	$ 1,024,830	$ 660,226	15%	2%
Total Expenses	$ 74,684,610	$ 79,031,730	$ 94,226,502	$ 13,928,355	$ 13,412,062	$ 11,133,864	15%	4%
College of Education, Health, and Society								
Salary	$ 12,660,948	$ 13,241,064	$ 14,183,513	$ 2,269,496	$ 2,103,125	$ 2,146,911	16%	8%
Benefits	$ 3,555,743	$ 4,004,222	$ 4,890,220	$ 756,835	$ 710,788	$ 710,512	15%	6%
Scholarships & Fellowships	$ 1,607,878	$ 1,478,657	$ 2,133,303	$ 227,811	$ 230,385	$ 32,788	11%	-1%
Departmental Support Expenses	$ 1,051,840	$ 1,464,698	$ 2,396,290	$ 322,321	$ 315,014	$ 169,155	13%	2%
Total Expenses	$ 18,876,409	$ 20,188,641	$ 23,603,326	$ 3,576,463	$ 3,359,312	$ 3,059,366	15%	6%
College of Engineering and Computing								
Salary	$ 6,622,190	$ 7,429,027	$ 6,920,506	$ 1,369,881	$ 1,275,507	$ 1,222,997	20%	7%
Benefits	$ 1,954,333	$ 2,354,964	$ 2,598,732	$ 482,789	$ 462,855	$ 433,277	19%	4%
Scholarships & Fellowships	$ 505,709	$ 545,205	$ 609,515	$ 37,017	$ 38,093	$ -	6%	-3%
Departmental Support Expenses	$ 525,757	$ 841,509	$ 587,197	$ 171,237	$ 172,133	$ 96,048	29%	-1%
Total Expenses	$ 9,607,989	$ 11,170,705	$ 10,715,950	$ 2,060,924	$ 1,948,588	$ 1,752,322	19%	6%
Farmer School of Business								
Salary	$ 20,391,366	$ 20,226,232	$ 20,375,808	$ 3,908,612	$ 3,936,878	$ 3,695,872	19%	-1%
Benefits	$ 5,990,636	$ 6,345,196	$ 7,903,660	$ 1,371,462	$ 1,364,967	$ 1,255,111	17%	0%
Scholarships & Fellowships	$ 494,014	$ 739,669	$ 914,273	$ 35,420	$ 36,306	$ -	4%	-2%
Departmental Support Expenses	$ 1,176,750	$ 1,977,983	$ 3,134,410	$ 665,483	$ 471,929	$ 282,033	21%	41%
Total Expenses	$ 28,052,766	$ 29,289,080	$ 32,328,151	$ 5,980,977	$ 5,810,080	$ 5,233,016	19%	3%
College of Creative Arts								
Salary	$ 9,117,628	$ 9,366,603	$ 10,027,185	$ 1,573,602	$ 1,506,962	$ 1,499,735	16%	4%
Benefits	$ 2,692,484	$ 2,893,580	$ 3,666,675	$ 561,607	$ 529,340	$ 516,532	15%	6%
Scholarships & Fellowships	$ 1,273,236	$ 1,306,539	$ 1,579,199	$ 178,580	$ 180,875	$ 1,607	11%	-1%
Departmental Support Expenses	$ 722,677	$ 970,307	$ 1,196,567	$ 175,796	$ 235,651	$ 118,539	15%	-25%
Total Expenses	$ 13,806,025	$ 14,537,029	$ 16,469,626	$ 2,489,585	$ 2,452,828	$ 2,136,413	15%	1%
Dolibois European Center - Luxemburg								
Salary	$ 929,736	$ 805,509	$ 1,348,032	$ 105,608	$ 121,682	$ 113,986	8%	-13%
Benefits	$ 261,895	$ 251,490	$ 548,293	$ 48,014	$ 56,645	$ 51,212	9%	-15%
Scholarships & Fellowships	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
Utilities	$ 27,203	$ 30,662	$ 37,620	$ 5,026	$ 5,357	$ 1,766	13%	-6%
Departmental Support Expenses	$ 228,264	$ 308,792	$ 355,336	$ 48,965	$ 118,553	$ 51,561	14%	-59%
Total Expenses	$ 1,447,098	$ 1,396,453	$ 2,289,281	$ 207,613	$ 302,237	$ 218,525	9%	-31%

MIAMI UNIVERSITY
Financial Analysis - by Operational Unit
FY2017/FY2016 / FY2015

	FY2015	FY2016	FY2017	Thru September Year To Date			FY 2017	
	Year-end Actual	Year-end Actual	Budget	FY2017	FY2016	FY2015	% of '17 Budget	% Change from '16 YTD
Graduate School								
Salary	$ 2,420,009	$ 2,327,333	$ 2,448,179	$ 699,493	$ 586,626	$ 580,409	29%	19%
Benefits	$ 495,082	$ 541,621	$ 611,403	$ 187,109	$ 158,432	$ 167,349	31%	18%
Scholarships & Fellowships	$ 14,873,780	$ 14,214,615	$ 13,085,983	$ 11,847,252	$ 10,964,322	$ 13,404,187	91%	8%
Departmental Support Expenses	$ 252,783	$ 362,381	$ 523,779	$ 102,838	$ 95,861	$ 81,187	20%	7%
Total Expenses	$ 18,041,654	$ 17,445,950	$ 16,669,344	$ 12,836,692	$ 11,805,241	$ 14,233,132	77%	9%
Other Provost Departments								
Salary	$ 7,848,019	$ 8,207,028	$ 10,373,169	$ 1,877,325	$ 2,109,773	$ 2,033,225	18%	-11%
Benefits	$ 2,709,275	$ 2,661,391	$ 4,176,642	$ 745,695	$ 834,202	$ 769,112	18%	-11%
Scholarships & Fellowships	$ 528,507	$ 1,051,063	$ 632,308	$ 47,338	$ 49,877	$ -	7%	-5%
Utilities	$ 395	$ 349	$ -	$ -	$ -	$ 2,272	0%	0%
Departmental Support Expenses	$ 5,912,645	$ 5,880,645	$ 6,483,138	$ 3,262,230	$ 3,050,702	$ 2,951,244	50%	7%
Total Expenses	$ 16,998,841	$ 17,800,476	$ 21,665,257	$ 5,932,588	$ 6,044,554	$ 5,755,853	27%	-2%
Total Provost Office								
Salary	$ 109,567,131	$ 112,114,329	$ 122,549,416	$ 20,307,546	$ 19,689,668	$ 19,165,015	17%	3%
Benefits	$ 31,190,690	$ 33,937,890	$ 43,745,844	$ 7,000,199	$ 6,808,146	$ 6,487,855	16%	3%
Scholarships & Fellowships	$ 27,971,577	$ 27,934,290	$ 29,842,924	$ 13,909,275	$ 13,147,058	$ 13,455,590	47%	6%
Utilities	$ 27,598	$ 31,011	$ 37,620	$ 5,026	$ 5,357	$ 4,038	13%	-6%
Departmental Support Expenses	$ 12,758,396	$ 16,842,544	$ 21,791,633	$ 5,791,151	$ 5,484,673	$ 4,409,993	27%	6%
Total Expenses	$ 181,515,392	$ 190,860,064	$ 217,967,437	$ 47,013,197	$ 45,134,902	$ 43,522,491	22%	4%
Physical Facilities								
Salary	$ 11,940,718	$ 12,170,905	$ 13,648,791	$ 2,865,576	$ 3,014,328	$ 3,067,482	21%	-5%
Benefits	$ 3,741,925	$ 4,183,538	$ 5,479,958	$ 1,153,717	$ 1,208,534	$ 1,193,612	21%	-5%
Utilities	$ 13,159,466	$ 13,103,268	$ 13,140,016	$ 3,336,381	$ 3,265,830	$ 3,291,725	25%	2%
Scholarships & Fellowships	$ 2,423	$ -	$ -	$ -	$ -	$ -	0%	0%
Departmental Support Expenses	$ 781,433	$ (124,222)	$ 519,269	$ (92,303)	$ 106,693	$ 288,186	-18%	-187%
Total Expenses	$ 29,625,965	$ 29,333,489	$ 32,788,034	$ 7,263,371	$ 7,595,385	$ 7,841,005	22%	-4%
Other Finance & Business Services Departments								
Salary	$ 8,035,713	$ 7,542,931	$ 8,579,680	$ 1,864,212	$ 1,804,534	$ 1,959,410	22%	3%
Benefits	$ 2,470,382	$ 2,601,860	$ 3,454,841	$ 752,609	$ 726,218	$ 784,496	22%	4%
Departmental Support Expenses	$ 1,201,466	$ 1,757,983	$ 2,194,147	$ 591,434	$ 641,704	$ 329,243	27%	-8%
Total Expenses	$ 11,707,561	$ 11,902,774	$ 14,228,668	$ 3,208,255	$ 3,172,456	$ 3,073,149	23%	1%
Enrollment Management & Student Success								
Salary	$ 6,139,014	$ 6,633,030	$ 7,445,306	$ 1,704,520	$ 1,581,090	$ 1,327,796	23%	8%
Benefits	$ 1,943,430	$ 2,299,750	$ 2,988,421	$ 680,182	$ 636,728	$ 516,110	23%	7%
Scholarships & Fellowships	$ 62,640,323	$ 71,314,121	$ 86,187,663	$ 41,684,246	$ 34,839,010	$ 30,491,652	48%	20%
Departmental Support Expenses	$ 2,713,887	$ 3,563,021	$ 3,913,715	$ 1,348,699	$ 1,205,310	$ 828,260	34%	12%
Total Expenses	$ 73,436,654	$ 83,809,922	$ 100,535,105	$ 45,417,647	$ 38,262,138	$ 33,163,818	45%	19%

MIAMI UNIVERSITY
Financial Analysis - by Operational Unit
FY2017/FY2016 / FY2015

	FY2015 Year-end Actual	FY2016 Year-end Actual	FY2017 Budget	Thru September Year To Date FY2017	Thru September Year To Date FY2016	Thru September Year To Date FY2015	FY 2017 % of '17 Budget	FY 2017 % Change from '16 YTD
President								
Salary	$ 4,060,901	$ 4,425,363	$ 4,848,513	$ 1,218,007	$ 1,008,131	$ 951,686	25%	21%
Benefits	$ 1,230,793	$ 1,455,222	$ 1,959,260	$ 492,357	$ 405,128	$ 370,379	25%	22%
Departmental Support Expenses	$ 3,957,743	$ 4,425,995	$ 3,690,085	$ 1,018,824	$ 808,512	$ 521,280	28%	26%
Total Expenses	$ 9,249,437	$ 10,306,580	$ 10,497,858	$ 2,729,188	$ 2,221,771	$ 1,843,345	26%	23%
Student Affairs								
Salary	$ 5,031,600	$ 5,474,271	$ 6,078,046	$ 1,337,414	$ 1,275,689	$ 1,336,851	22%	5%
Benefits	$ 1,550,085	$ 1,865,580	$ 2,271,085	$ 529,263	$ 496,696	$ 503,820	23%	7%
Scholarships & Fellowships	$ 907,265	$ 718,069	$ 1,026,849	$ 80,946	$ 85,629	$ 1,471	8%	-5%
Departmental Support Expenses	$ (1,788,320)	$ (1,469,010)	$ (215,741)	$ (424,695)	$ (416,386)	$ (429,896)	197%	2%
Total Expenses	$ 5,700,630	$ 6,588,910	$ 9,160,239	$ 1,522,928	$ 1,441,628	$ 1,412,246	17%	6%
University Advancement								
Salary	$ 4,127,538	$ 4,210,985	$ 4,541,334	$ 1,067,201	$ 1,068,914	$ 1,033,489	23%	0%
Benefits	$ 1,312,412	$ 1,473,292	$ 1,829,703	$ 426,381	$ 427,093	$ 408,056	23%	0%
Departmental Support Expenses	$ 350,349	$ 279,421	$ 378,434	$ 122,954	$ 79,920	$ 221,496	32%	54%
Total Expenses	$ 5,790,299	$ 5,963,698	$ 6,749,471	$ 1,616,536	$ 1,575,927	$ 1,663,041	24%	3%
Information Technology								
Salary	$ 7,195,604	$ 7,219,908	$ 8,832,139	$ 1,984,510	$ 1,759,576	$ 1,845,274	22%	13%
Benefits	$ 2,278,002	$ 2,500,693	$ 3,577,018	$ 803,081	$ 711,711	$ 741,788	22%	13%
Departmental Support Expenses	$ 1,714,435	$ 2,510,991	$ 3,393,680	$ 1,969,561	$ 1,765,062	$ 1,997,104	58%	12%
Total Expenses	$ 11,188,041	$ 12,231,592	$ 15,802,837	$ 4,757,152	$ 4,236,349	$ 4,584,166	30%	12%
Centrally Budgeted Funds								
Salary	$ 626	$ 4,803	$ 2,758,099	$ -	$ 3,690	$ -	0%	-100%
Benefits	$ 11,123	$ 11,662	$ 1,089,938	$ -	$ 2,219	$ -	0%	-100%
Departmental Support Expenses	$ 849,447	$ 774,838	$ 6,074,670	$ 741,475	$ 688,441	$ 803,880	12%	8%
Total Expenses	$ 861,196	$ 791,303	$ 9,922,707	$ 741,475	$ 694,350	$ 803,880	7%	7%
Grand Total								
Salary	$ 156,098,845	$ 159,796,525	$ 179,281,324	$ 32,348,986	$ 31,205,620	$ 30,687,003	18%	4%
Benefits	$ 45,728,842	$ 50,329,487	$ 66,396,068	$ 11,837,789	$ 11,422,473	$ 11,006,116	18%	4%
Scholarships & Fellowships	$ 91,521,588	$ 99,966,480	$ 117,057,436	$ 55,674,467	$ 48,071,697	$ 43,948,713	48%	16%
Utilities	$ 13,187,064	$ 13,134,279	$ 13,177,636	$ 3,341,407	$ 3,271,187	$ 3,295,763	25%	2%
Departmental Support Expenses	$ 22,538,836	$ 28,561,561	$ 36,161,100	$ 10,380,748	$ 9,382,335	$ 7,670,987	29%	11%
Admin Service Charge	$ (8,079,403)	$ (8,106,724)	$ (8,585,290)	$ (2,146,323)	$ (2,026,681)	$ (2,030,600)	25%	6%
Multi Year Accounts	$ 5,110,493	$ 5,450,650	$ 5,578,792	$ 686,352	$ 981,594	$ 1,298,559	0%	-30%
Total Expenses	$ 326,106,265	$ 349,132,258	$ 409,067,066	$ 112,123,426	$ 102,308,225	$ 95,876,541	27%	10%

Note: Excludes Transfers

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2017/FY2016/FY2015

	FY2015	FY2016	FY2017	Through September YTD			FY 2017	
	Year-end Actual	Year-end Actual	Original Budget	FY 2017	FY2016	FY2015	% of 17 Budget	% Change From '16 YTD
Residence & Dining Halls								
Revenue	95,376,089	99,638,990	107,228,472	54,388,933	50,836,265	49,404,131	51%	7%
General Fee Support	-	-	-	-	-	-		
Total Sources	95,376,089	99,638,990	107,228,472	54,388,933	50,836,265	49,404,131	51%	7%
Salary	15,732,386	15,804,557	16,085,567	3,799,883	3,523,569	3,913,862	24%	8%
Benefits	4,046,864	4,652,453	5,351,973	1,334,762	1,228,822	1,301,194	25%	9%
Utilites	6,179,598	5,944,432	6,459,987	1,479,174	1,356,666	1,391,005	23%	9%
Charge Outs	(2,695,243)	(2,643,816)	(2,824,498)	(472,547)	83,114	(219,481)	17%	-669%
Operating Expenses	33,518,415	36,201,431	34,542,320	4,093,324	9,204,738	7,822,036	12%	-56%
Inventory Purchases	13,939	110,809	870,000	977,169	654	-	112%	149326%
Debt Service	30,866,290	33,873,421	33,908,759	8,568,569	8,568,421	7,725,834	25%	0%
Total Uses	87,662,249	93,943,287	94,394,108	19,780,334	23,965,984	21,934,450	21%	-17%
Net Before Non-Mandatory Transfers	7,713,839	5,695,703	12,834,364	34,608,600	26,870,281	27,469,681	270%	29%
Net Transfers	(7,706,422)	(5,695,116)	(12,834,364)	(3,008,062)	(1,509,937)	(1,860,244)	23%	99%
Net Total	7,417	586	-	31,600,538	25,360,344	25,609,437		25%
Shriver Center								
Revenue	26,044,832	24,823,840	23,338,675	7,262,900	9,382,576	8,301,434	31%	-23%
General Fee Support	855,000	872,081	913,124	228,281	218,020	213,750	25%	5%
Total Sources	26,899,832	25,695,921	24,251,799	7,491,181	9,600,596	8,515,184	31%	-22%
Salary	4,232,203	3,935,687	3,737,910	881,837	969,213	1,103,079	24%	-9%
Benefits	1,046,556	1,011,391	1,080,253	278,656	322,517	351,434	26%	-14%
Utilities	413,065	357,640	397,015	70,892	126,249	288,865	18%	-44%
Charge Outs	(688,444)	(568,324)	(643,123)	(227,125)	(203,980)	(49,445)	35%	11%
Operating Expenses	5,247,135	4,742,294	3,974,297	557,364	872,548	823,494	14%	-36%
Inventory Purchases	14,127,443	14,311,319	13,893,623	5,694,257	5,313,098	5,091,813	41%	7%
Debt Service	47,326	47,197	47,219	11,960	11,932	11,959	25%	0%
Total Uses	24,425,284	23,837,205	22,487,194	7,267,841	7,411,577	7,621,199	32%	-2%
Net Before Non-Mandatory Transfers	2,474,548	1,858,716	1,764,605	223,340	2,189,019	893,986	13%	-90%
Net Transfers	(2,416,642)	(2,211,453)	(1,764,605)	(408,401)	(644,564)	(203,910)	23%	-37%
Net Total	57,906	(352,737)	-	(185,061)	1,544,455	690,076		-112%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2017/FY2016/FY2015

	FY2015	FY2016	FY2017	Through September YTD			FY 2017	
	Year-end Actual	Year-end Actual	Original Budget	FY 2017	FY2016	FY2015	% of 17 Budget	% Change From '16 YTD
Marcum Conference Center								
Revenue	1,428,869	1,525,633	1,531,274	335,685	384,105	360,103	22%	-13%
General Fee Support	-	-	-	-	-	-		
Total Sources	1,428,869	1,525,633	1,531,274	335,685	384,105	360,103	22%	-13%
Salary	535,093	486,118	616,040	127,368	114,569	167,025	21%	11%
Benefits	144,168	145,333	191,895	43,415	39,286	55,218	23%	11%
Utilities	137,654	174,657	183,206	44,029	43,189	46,060	24%	2%
Charge Outs	(43,000)	46,856	46,856	13,746	-	-	29%	
Operating Expenses	454,496	523,221	474,305	113,698	112,503	70,918	24%	1%
Inventory Purchases	24,525	(387)	1,500	964	544	52	64%	77%
Debt Service	-	-	-	-	-	-		
Total Uses	1,252,936	1,375,798	1,513,802	343,220	310,090	339,274	23%	11%
Net Before Non-Mandatory Transfers	175,932	149,835	17,472	(7,535)	74,015	20,829	-43%	-110%
Net Transfers	(141,119)	(20,782)	(17,472)	(4,368)	(5,981)	(22,780)	25%	-27%
Net Total	34,813	129,053	-	(11,903)	68,034	(1,951)		-117%
Intercollegiate Athletics								
Revenue	5,987,974	6,291,209	7,075,535	1,882,788	2,951,009	1,853,685	27%	-36%
General Fee Support	16,107,965	16,740,318	17,930,301	4,102,575	4,142,580	3,954,492	23%	-1%
Designated Revenue	692,406	821,856	1,160,000	191,321	150,756	280,308	16%	27%
Restricted Revenue	1,112,975	1,640,967	1,477,805	636,316	402,043	220,731	43%	58%
Total Sources	23,901,320	25,494,350	27,643,641	6,812,999	7,646,388	6,309,216	25%	-11%
Salary	7,618,940	7,678,815	7,928,103	1,964,465	1,833,742	1,848,119	25%	7%
Benefits	2,314,442	2,575,561	3,085,678	763,570	709,907	708,231	25%	8%
Utilities	9,869	10,623	2,500	810	560	111	32%	45%
Charge Outs	(123,173)	(112,697)	-	-	-	-		
Operating Expenses	13,628,179	14,192,624	14,134,167	5,089,476	5,128,939	4,910,985	36%	-1%
Inventory Purchases	-	-	-	-	-	-		
Debt Service	-	-	-	-	-	-		
Designated Expense	746,950	812,397	1,160,000	288,514	303,996	117,364	25%	-5%
Restricted Expense	1,349,553	1,689,041	1,477,805	491,189	307,555	207,941	33%	60%
Total Uses	25,544,760	26,846,365	27,788,253	8,598,025	8,284,699	7,792,751	31%	4%
Net Before Non-Mandatory Transfers	(1,643,440)	(1,352,015)	(144,612)	(1,785,026)	(638,311)	(1,483,535)	1234%	180%
Net Transfers	895,565	857,801	144,612	574,612	187,500	207,500	397%	206%
Net Total	(747,875)	(494,214)	-	(1,210,414)	(450,811)	(1,276,035)		168%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2017/FY2016/FY2015

	FY2015	FY2016	FY2017	Through September YTD			FY 2017	
	Year-end Actual	Year-end Actual	Original Budget	FY 2017	FY2016	FY2015	% of 17 Budget	% Change From '16 YTD
Recreation Center								
Revenue	3,191,209	3,133,044	3,231,940	828,403	977,603	1,037,706	26%	-15%
General Fee Support	3,706,729	3,754,534	3,890,157	972,539	938,633	926,683	25%	4%
Total Sources	6,897,938	6,887,578	7,122,097	1,800,942	1,916,236	1,964,389	25%	-6%
Salary	2,660,057	2,669,289	3,016,681	689,967	633,845	632,419	23%	9%
Benefits	599,473	623,838	818,683	184,979	178,965	173,630	23%	3%
Utilities	717,230	761,447	758,877	210,043	237,754	195,916	28%	-12%
Charge Outs	-	-	351,514	29,293	-	-	8%	
Operating Expenses	1,429,918	1,490,471	1,111,275	290,249	248,349	239,442	26%	17%
Inventory Purchases	312,791	330,915	295,550	86,875	74,638	70,061	29%	16%
Debt Service	-	-	-	-	-	-		
Total Uses	5,719,468	5,875,960	6,352,580	1,491,406	1,373,550	1,311,467	23%	9%
Net Before Non-Mandatory Transfers	1,178,470	1,011,618	769,517	309,536	542,685	652,922	40%	-43%
Net Transfers	(1,105,247)	(854,128)	(769,517)	(181,379)	(212,407)	(201,311)	24%	-15%
Net Total	73,223	157,490	-	128,157	330,278	451,611		-61%
Goggin Ice Arena								
Revenue	3,529,955	3,546,023	1,711,300	779,323	1,571,209	1,268,377	46%	-50%
General Fee Support	2,182,739	2,201,527	4,286,039	1,574,085	550,383	545,684	37%	186%
Total Sources	5,712,694	5,747,550	5,997,339	2,353,408	2,121,592	1,814,061	39%	11%
` Salary	1,156,649	1,191,765	1,296,430	272,155	264,538	268,833	21%	3%
Benefits	323,471	346,204	442,962	96,236	96,624	96,686	22%	0%
Utilities	950,515	1,057,027	1,068,409	295,604	298,811	259,293	28%	-1%
Charge Outs	-	-	-	5,608	-	-		
Operating Expenses	414,371	491,666	586,573	108,943	78,612	71,103	19%	39%
Inventory Purchases	203,240	207,398	180,000	81,607	25,762	70,001	45%	217%
Debt Service	2,039,936	1,755,722	1,827,949	460,820	558,692	515,802	25%	-18%
Total Uses	5,088,182	5,049,782	5,402,323	1,320,974	1,323,040	1,281,718	24%	0%
Net Before Non-Mandatory Transfers	624,512	697,769	595,016	1,032,434	798,553	532,343	174%	29%
Net Transfers	(579,832)	(263,883)	(595,016)	(136,754)	(66,528)	(66,141)	23%	106%
Net Total	44,681	433,885	-	895,680	732,025	466,202		22%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2017/FY2016/FY2015

	FY2015	FY2016	FY2017	Through September YTD			FY 2017	
	Year-end Actual	Year-end Actual	Original Budget	FY 2017	FY2016	FY2015	% of 17 Budget	% Change From '16 YTD
Parking and Transportation								
Revenue	3,999,221	4,457,992	2,270,000	908,457	1,842,975	1,726,264	40%	-51%
General Fee Support	200,003	199,000	2,500,954	1,200,264	49,750	50,000	48%	2313%
Total Sources	4,199,224	4,656,992	4,770,954	2,108,721	1,892,725	1,776,264	44%	11%
Salary	429,872	313,145	239,275	46,311	94,632	107,111	19%	-51%
Benefits	130,932	77,098	82,811	16,464	35,913	40,865	20%	-54%
Utilities	-	-	-	-	-	-		
Charge Outs	(19,603)	(81,152)	(20,000)	(51,531)	(44,654)	(10,047)	258%	15%
Operating Expenses	1,903,328	2,122,157	2,397,744	210,748	314,404	313,869	9%	-33%
Inventory Purchases	-	-				-		
Debt Service	1,716,098	1,532,933	1,581,022	398,970	460,676	434,206	25%	-13%
Total Uses	4,160,626	3,964,181	4,280,852	620,962	860,971	886,005	15%	-28%
Net Before Non-Mandatory Transfers	38,597	692,811	490,102	1,487,758	1,031,754	890,258	304%	44%
Net Transfers	(64,355)	(360,511)	(490,102)	(260,026)	(90,343)	(16,090)	53%	188%
Net Total	(25,758)	332,300	-	1,227,732	941,411	874,168		30%
Utility Enterprise								
Revenue	-	-	-	-	-	-		
Total Sources	-	-	-	-				
Salary	1,258,056	1,317,931	1,632,275	344,200	320,500	292,319	21%	7%
Benefits	425,303	446,472	655,046	138,147	128,850	117,998	21%	7%
Utilities	10,470,089	9,677,943	11,794,167	2,081,562	2,050,493	1,880,318	18%	2%
Charge Outs	-	(798)	(35,000)	1,540	-	-	-4%	
Expense Recovery	(23,175,972)	(23,156,304)	(23,900,761)	(6,193,220)	(5,965,676)	(5,888,707)	26%	4%
Operating Expenses	1,216,450	1,560,709	1,696,845	296,963	319,978	354,551	18%	-7%
Inventory Purchases	-	-	-	-	-	-		
Debt Service	2,407,322	2,349,215	2,364,668	598,315	617,983	609,085	25%	-3%
Total Uses	(7,398,751)	(7,804,832)	(5,792,760)	(2,732,493)	(2,527,871)	(2,634,437)	47%	8%
Net Before Non-Mandatory Transfers	7,398,751	7,804,832	5,792,760	2,732,493	2,527,871	2,634,437	47%	8%
Net Transfers	(6,964,248)	(5,616,865)	(5,792,760)	(1,430,690)	(1,374,217)	(1,349,858)	25%	4%
Net Total	434,503	2,187,967	-	1,301,803	1,153,654	1,284,579		13%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2017/FY2016/FY2015

	FY2015	FY2016	FY2017	Through September YTD			FY 2017	
	Year-end Actual	Year-end Actual	Original Budget	FY 2017	FY2016	FY2015	% of 17 Budget	% Change From '16 YTD
Student Health Services								
Revenue	1,853,078	2,530,643	2,641,260	668,658	422,552	141,211	25%	58%
General Fee Support	477,049	-	-	-	-	119,263		
Total Sources	2,330,127	2,530,643	2,641,260	668,658	422,552	260,474	25%	58%
Salary	865,807	717,171	685,973	165,277	167,956	209,427	24%	-2%
Benefits	274,447	251,677	277,819	66,937	68,022	84,597	24%	-2%
Charge Outs	-	-	8,663	-	1,065	841	0%	-100%
Operating Expenses	728,478	1,173,305	1,542,573	367,818	110,658	183,028	24%	
Inventory Purchases	109,335	110,130	112,560	-	19,008	31,090	0%	-100%
Debt Service	-	-	-	-	-	-		
Total Uses	1,978,067	2,252,283	2,627,588	600,032	366,710	508,984	23%	64%
Net Before Non-Mandatory Transfers	352,060	278,360	13,672	68,626	55,842	(248,510)	502%	23%
Net Transfers	(165,439)	(10,189)	(13,672)	(3,418)	(2,548)	(16,360)	25%	34%
Net Total	186,621	268,171	-	65,208	53,294	(264,870)		22%
Armstrong - Student Affairs								
Revenue	3,778,234	3,859,489	110,500	89,504	1,803,238	1,759,025	81%	-95%
General Fee Support	699,997	841,160	4,860,188	2,840,626	210,290	175,000	58%	1251%
Total Sources	4,478,231	4,700,649	4,970,688	2,930,130	2,013,528	1,934,025	59%	46%
Salary	334,192	341,912	401,060	91,550	75,757	80,068	23%	21%
Benefits	66,444	70,818	92,708	22,086	17,177	20,236	24%	29%
Utilities	275,395	295,226	279,332	61,897	66,628	61,290	22%	-7%
Charge Outs	-	-	-	-	-	-		
Operating Expenses	701,089	598,892	661,776	84,451	431,533	80,757	13%	-80%
Inventory Purchases	-	-	-	-	-	-		
Debt Service	2,407,128	2,454,491	2,450,000	612,500	613,623	-	25%	0%
Total Uses	3,784,248	3,761,338	3,884,876	872,484	1,204,717	242,351	22%	-28%
Net Before Non-Mandatory Transfers	693,983	939,312	1,085,812	2,057,646	808,810	1,691,674	190%	154%
Net Transfers	(647,121)	(919,317)	(1,085,812)	(902,323)	(194,540)	(192,940)	83%	364%
Net Total	46,862	19,995	-	1,155,323	614,270	1,498,734		88%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2017/FY2016/FY2015

	FY2015	FY2016	FY2017	Through September YTD			FY 2017	
	Year-end Actual	Year-end Actual	Original Budget	FY 2017	FY2016	FY2015	% of 17 Budget	% Change From '16 YTD
Other Auxiliary								
Revenue	193,706	184,898	176,668	17,725	39,221	27,641	10%	-55%
General Fee Support	5,163,646	5,868,206	960,689	908,984	230,073	230,074	95%	295%
Total Sources	5,357,353	6,053,104	1,137,357	926,709	269,294	257,715	81%	244%
Salary	66,003	68,584	71,967	18,099	17,159	17,106	25%	5%
Benefits	18,744	22,097	23,948	5,961	5,807	5,646	25%	3%
Utilities	-	-	-	-	-	-		
Charge Outs	-	-	-	-	-	-		
Operating Expenses	815,995	552,276	623,962	168,512	189,610	328,415	27%	-11%
Inventory Purchases	-	-				-		
Debt Service	345,510	298,062	402,273	77,982	94,308	87,365	19%	-17%
Total Uses	1,246,252	941,019	1,122,150	270,553	306,885	438,531	24%	-12%
Net Before Non-Mandatory Transfers	4,111,101	5,112,085	15,207	656,156	(37,590)	(180,816)	4315%	-1846%
Net Transfers	(4,486,650)	(5,041,471)	(15,207)	-	47,311	(30,000)	0%	-100%
Net Total	(375,550)	70,613	-	656,156	9,721	(210,816)		6650%
Total Auxiliary								
Revenue	145,383,166	149,991,760	149,315,624	67,162,376	70,210,754	65,879,576	45%	-4%
General Fee Support	29,393,128	30,476,826	35,341,452	11,827,354	6,339,729	6,214,946	33%	87%
Designated Revenue	692,406	821,856	1,160,000	191,321	150,756	280,308	16%	27%
Restricted Revenue	1,112,975	1,640,967	1,477,805	636,316	402,043	220,731	43%	58%
Total Sources	176,581,676	182,931,409	187,294,881	79,817,366	77,103,282	72,595,560	43%	4%
Salary	34,889,259	34,524,974	35,711,281	8,401,111	8,015,482	8,639,368	24%	5%
Benefits	9,390,845	10,222,942	12,103,776	2,951,214	2,831,889	2,955,736	24%	4%
Utilities	19,158,812	18,278,994	20,943,493	4,244,011	4,180,350	4,122,857	20%	2%
Expense Recovery	(23,175,972)	(23,156,304)	(23,900,761)	(6,193,220)	(5,965,676)	(5,888,707)	26%	4%
Charge Outs	(3,569,463)	(3,359,930)	(3,467,102)	(730,309)	(164,455)	(278,131)	21%	344%
Operating Expenses	60,052,456	63,649,045	60,986,076	11,120,590	16,763,522	14,959,156	18%	-34%
Inventory Purchases	14,791,271	15,070,184	16,168,958	7,044,246	5,607,415	5,432,398	44%	26%
Debt Service	39,829,612	42,311,041	42,877,440	10,815,992	11,000,273	9,454,311	25%	-2%
Designated Expense	746,950	812,397	1,160,000	288,514	303,996	117,364	25%	-5%
Restricted Expense	1,349,553	1,689,041	1,477,805	491,189	307,555	207,941	33%	60%
Total Uses	153,463,323	160,042,385	164,060,966	38,433,338	42,880,352	39,722,293	23%	-10%
Net Before Non-Mandatory Transfers	23,118,353	22,889,024	23,233,915	41,384,028	34,222,929	32,873,267	178%	21%
Net Transfers	(23,381,510)	(20,135,915)	(23,233,915)	(5,760,809)	(3,866,255)	(3,752,134)	25%	49%
Net Total	(263,157)	2,753,109	-	35,623,219	30,356,675	29,121,133		17%

Business Session
Item 7

012/08/16 Agenda Item
Finance and Business Services

APPROPRIATION ORDINANCE O2017-
Appropriation Ordinance to Suspend Price Increase
for the Professional MBA Program

WHEREAS, the Board of Trustees of Miami University in December 2014 adopted a series of price increases for the Professional MBA (PMBA) offered by the Farmer School of Business; and

WHEREAS, the per credit hour price was increased from $825 to $950 effective for the fall 2015 and spring 2016 student cohorts and to $1,050 for the fall 2016 and spring 2017 cohorts; and

WHEREAS, the adopted ordinance authorized an additional increase from $1,050 to $1,150 effective for the fall 2017 cohort; and

WHEREAS, after evaluating the competitive position of the Miami PMBA program in the greater Cincinnati market, the Farmer School of Business is now recommending that the increase from $1,050 to $1,150 be delayed until the fall 2018 cohort.

NOW, THEREFORE, BE IT ORDAINED: that the Board of Trustees of Miami University suspends the previously approved increase of $1,150 per credit hour for the Miami PMBA program in fall 2017 until fall 2018.

MIAMI UNIVERSITY

ERP Implementation Plan

Enterprise Resource Planning @ Miami University

2017 IT Strategy

RECAP of May Board Presentation

- Strengthen the Core
- Accelerate Solution Delivery
- **Next Generation ERP**
- Workforce Planning
- Service-based Financial Management

MIAMI UNIVERSITY
INFORMATION TECHNOLOGY

Miami's ERP Environment

ERP Decision Point

Factors that make staying more attractive…

- **Backward Integration** – if the current vendor provides backward integration, where newer versions of their products seamlessly operate with older ones, then the implementation risk can be substantially reduced, as the need for wholesale change can be replaced by a series of smaller incremental changes.
- **Institutional Knowledge** – if the current vendor's work process design philosophy remains consistent – and that philosophy meets the future needs of the university – then the embedded process knowledge that has been built up across the institution over time can be leveraged, lowering both the cost and the risk of institution-wide change.
- **Assessment of Implementation Risk and Return** – if the level of competitive advantage enabled by migrating to a different ERP platform does NOT offset the level of operational disruption and incremental cost that a wholesale re-implementation will create, then it will be difficult to justify the migration to a new ERP.

Factors that make migrating more attractive…

"Because the risk of staying with the current vendor is too great."

- If there are issues with the current vendor related to:
  - Financial Stability
  - Product Quality
  - Product Relevancy
  - Future Projected TCO (Total Cost of Ownership)
  - Other factors hindering the university's ability to operate

"Because the opportunities with a different ERP are too attractive."

- **Game Changer** – if a different vendor's ERP offers functionality that will create competitive differentiation for Miami that cannot be replicated by the current vendor.
- **Mission Alignment** – if a different vendor offers an important and unique brand or reputational advantage for the university.

MIAMI UNIVERSITY
INFORMATION TECHNOLOGY

Miami's ERP Environment

Evaluation of Critical Success Factors

These factors reinforce the decision to STAY with Banner...

Miami's ERP Environment

ERP Decision Point

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"Because the risk of staying with the current vendor is too great."

If there are issues with the current vendor related to:

- Financial Stability
- Product Quality
- Product Relevancy
- Future Projected TCO (Total Cost of Ownership)
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"Because the opportunities with a different ERP are too attractive."

- **Game Changer** – if a different vendor's ERP offers functionality that will create competitive differentiation for Miami that cannot be replicated by the current vendor.
- **Mission Alignment** – if a different vendor offers an important and unique brand or reputational advantage for the university.

These factors do not support migrating AWAY from Banner...

MIAMI UNIVERSITY
INFORMATION TECHNOLOGY

Miami's ERP Environment

The Path Forward

Current State

- The ERP system in use at Miami is Banner, a product developed for Higher Education by the Ellucian Company. Miami implemented Banner in 1998 to resolve Year2K compatibility issues within the institution's legacy environment.
- Today, Miami uses a number of Banner v8 modules, including:
  - Accounts Receivable
  - Document Management
  - Financial Aid
  - Human Resources
  - Student
  - Workflow
  - Advancement
  - Finance
  - General
  - Self-service
  - Travel & Expense
- In addition, Miami maintains over **800** interfaces between Banner and the university's other transactional and reporting systems. Last year, Miami processed **13+ million** transactions through Banner.
- **ISSUE →** Ellucian has notified clients that they intend to end support for their Version 8 product – the version in use at Miami. Most Banner modules will reach end-of-life in December of 2018; the *Advancement* and *Travel & Expense* modules have a slightly different end-of-life path.

Future State

- **Upgrade** – Miami will upgrade Banner from Version 8 to XE. Since the majority of Miami's customizations in Banner 8 are not compatible with XE, each customization will need to be removed or re-engineered.
- **Advancement** – Ellucian is discontinuing their development of Banner *Advancement* after Version 9. To stay on a supported platform, Miami will upgrade to v9. At the same time, Miami will launch a parallel effort to architect a long-term solution. NOTE: With *Advancement* planning still in the initial *Discovery Phase,* the scope, budget, and resourcing required to implement the selected technology will be addressed separately.
- **Travel & Expense** – new cloud applications are currently being evaluated to replace Banner's *Travel & Expense* functionality, including Concur and Chrome Technologies.
- **Cloud ERP Potential** – Migrating Miami's ERP to the Cloud may yield lower operating costs, but before a migration can occur, Miami must:
  - Eliminate all Banner customizations
  - Based on a standard configuration, assess cloud service providers
  - Migrate IT staff to cloud practices, tools, and technologies
  - Adopt Ellucian Ethos for cloud data model & integration services

MIAMI UNIVERSITY
INFORMATION TECHNOLOGY

Finance & Audit Committee

Identified Next Steps from September Board Meeting

- **Expectation Management** – work with the Banner Users Group to institutionalize core implementation principles, including the establishment of the project's **Primary Implementation Driver** (scope, schedule, or budget) and the implementation of a formal **Evaluation and Approval Process** to drive clear decision-making and adjudicate all requests to customize the base solution.
- **Build Documented Project Plan** – build a schedule that defines the scope and timing of all implementation activities, complete with milestones and task-level accountability for deliverables.
- **Establish Implementation Budget** – identify funding requirements to fully implement the scope of the proposed solution.
- **Define Staffing Requirements** – identify key skills, subject matter experts, temporary staffing needs, and potential resource gaps.
- **Develop Risk Abatement Plan** – based on *Industry Best Practice*, create a management plan that identifies potential risks to the implementation, complete with risk probability scores and mitigation strategies.
- **Management Review** – review plans and budget with University Management, followed by Board of Trustee request for funding.

UPDATE: Perform Functional Assessment as a prerequisite to the ERP Project

MIAMI UNIVERSITY
INFORMATION TECHNOLOGY

ERP Implementation Plan

Miami Planning Team

- Alan Ferrenberg – IT Services
- Amy Shaiman – Human Resources
- Brian Henebry – IT Services
- Celia Ellison – Academic Personnel
- Daniel Johnson – IT Services
- David Schaefer – IT Services
- Dawn Fahner – Human Resources
- Janet Elliott – Academic Personnel
- Jen Herman - EMSS
- Karen Fares – Human Resources
- Kent Covert – IT Services
- Kristen Taylor – EMSS, Regionals
- Nkosi Shanga – Academic Affairs
- Pat Powers – IT Procurement
- Patricia Makaroff – Controller's Office
- Phyllis Wykoff – IT Services
- Sean Poley – Accessible Technologies
- Steve Thole – IT Services
- Suzanne Brack – EMSS
- Tim Jones - Advancement
- Timothy Kresse – Student Affairs
- William Miley – IT Services

MIAMI UNIVERSITY
INFORMATION TECHNOLOGY

Implementation Strategy

2-Phase Implementation Approach

The recommended 2-phase implementation approach is designed to leverage Miami's strengths, mitigate execution risk, and align with the university's Miami 2020 objectives:

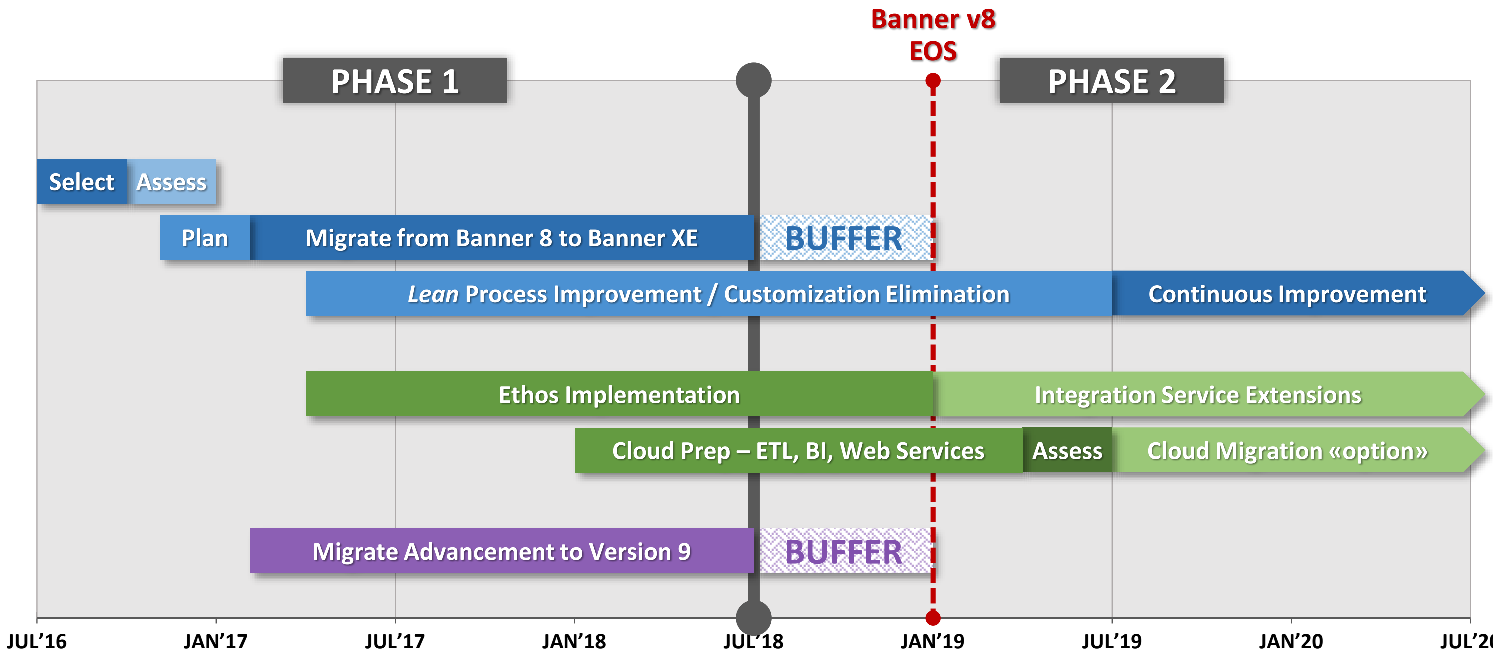
FOCUS

- **Phase 1:** Upgrade ERP modules, with an implementation focus on process improvement through ***Lean*** and automation. Establish a governance process to guide project decisions and adjudicate all customization requests. Leverage ***Lean*** concepts to assess process alternatives within the standard technology stack.
- **Phase 2:** From a cloud vendor perspective, allow the Phase 1 time horizon to flush out winners and losers in the marketplace, differentiating cloud hype from sustainable capability. Assess viable cloud contenders based on critical criteria – operating costs, multi-tenant architectures, comprehensive data models, and cloud integration services. If resulting cloud business case is favorable, launch Phase 2 project to migrate capabilities to the Cloud, which will require the removal of <u>all</u> customizations.

MIAMI UNIVERSITY
INFORMATION TECHNOLOGY

Project Schedule

2-Phase Implementation Timeline



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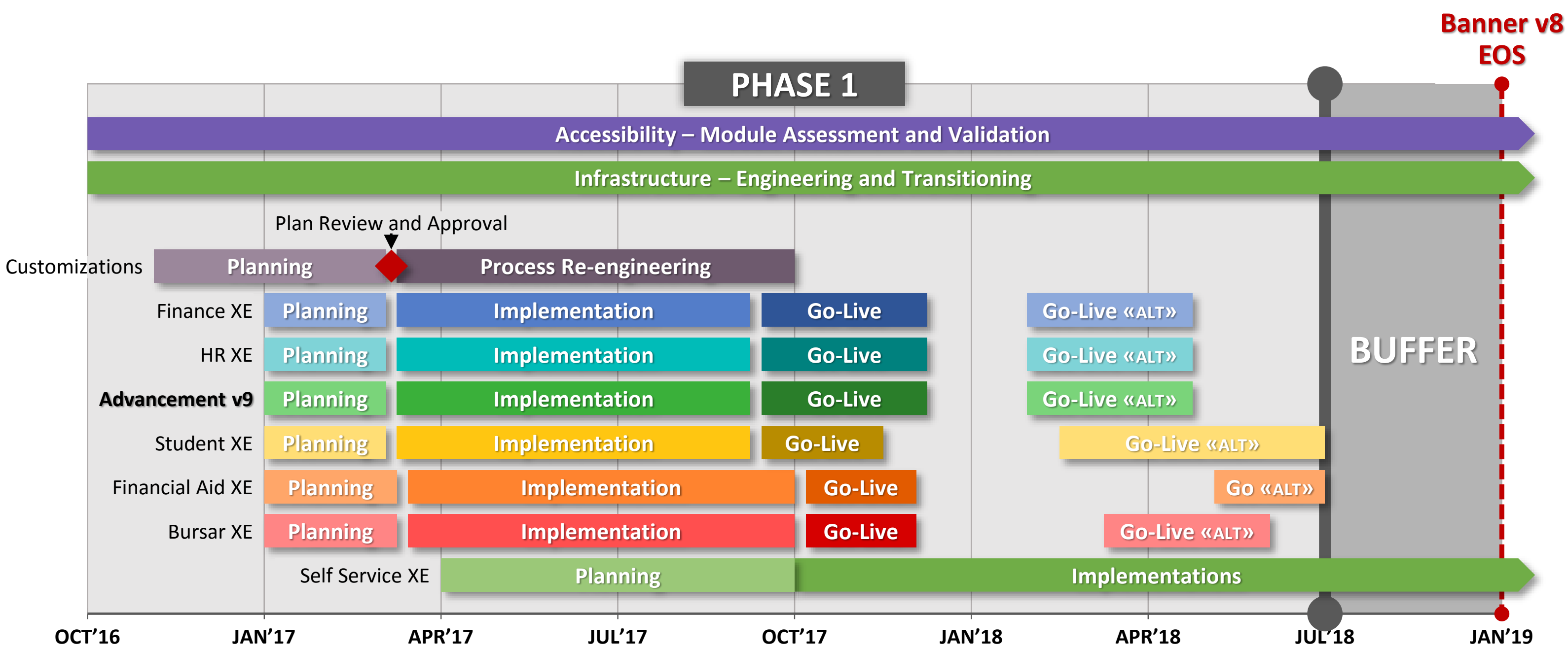
Phase 1 Project Workstreams

Banner XE Administrative Modules



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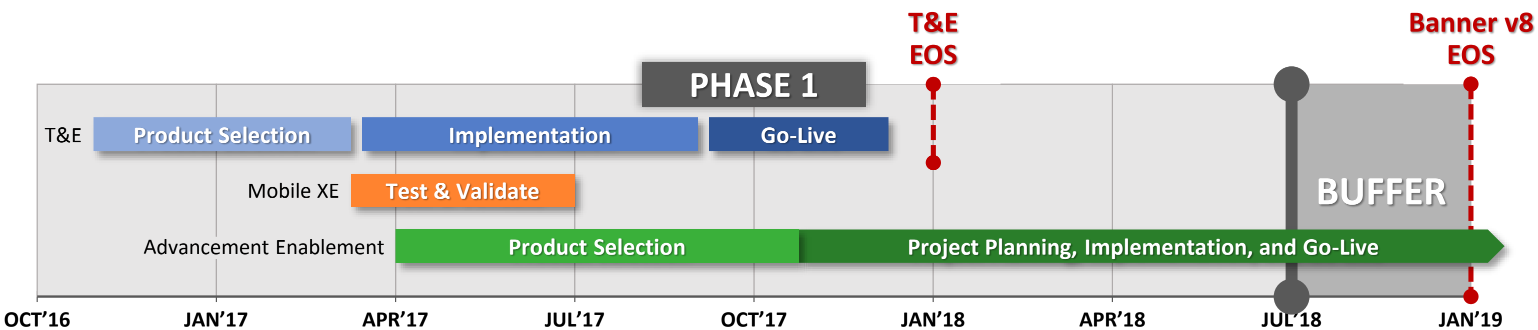
Phase 1 Project Workstreams

Non-administrative Components



- **Travel & Expense** – the EOS (End-of-Support) date for the *Travel & Expense* module is 12 months earlier than Banner v8.
- **Ellucian Mobile®** – Banner mobile functionality is embedded within the administrative and self-service modules of XE. The Mobile XE workstream *(above)* focuses specifically on testing, validating, and documenting the new capabilities – and where necessary, establishing workarounds – for users of these mobile services.
- **Advancement Enablement** – this workstream highlights the projected timing for the implementation of <u>new</u> technologies in support of the university's upcoming campaign.

MIAMI UNIVERSITY
INFORMATION TECHNOLOGY

Phase 1 Project Budget

5-year Forecast

ERP COST DESCRIPTION		TOTAL 5-YEAR PROJECT COST	2017		2018		2019		2020		2021	
			1-TIME	ANNUAL	1-TIME	ANNUAL	1-TIME	ANNUAL	1-TIME	ANNUAL	1-TIME	ANNUAL
LICENSING & SUBSCRIPTION FEES		590,000	-	118,000	-	118,000	-	118,000	-	118,000	-	118,000
TRAINING		242,560	72,768	-	169,792	-	-	-	-	-	-	-
INFRASTRUCTURE		1,496,630	602,186	138,768	150,547	149,339	-	150,435	-	151,582	-	153,773
CONSULTING		740,500	296,200	-	444,300	-	-	-	-	-	-	-
IMPLEMENTATION SERVICES		225,000	90,000	-	135,000	-	-	-	-	-	-	-
PROJECT OPERATIONS		2,900,000	725,000	-	1,740,000	-	435,000	-	-	-	-	-
SUB-TOTAL		**6,194,690**	**1,786,154**	**256,768**	**2,639,639**	**267,339**	**435,000**	**268,435**	**-**	**269,582**	**-**	**271,773**
CFO CONTINGENCY	**13.0%**	**805,310**										
GRAND TOTAL		**7,000,000**										

- **1-TIME** – Expenses that are tied directly to the ERP implementation; these costs end at the conclusion of the project.
- **ANNUAL** – Recurring operating expenses that are required to support the new ERP environment, net of current expenses.
- **NOT-IN-SCOPE** – *Advancement Enablement* still in Discovery Phase; *Travel & Expense* covered under current F&BS budget.
- **CLIENT OFFICES** – Client offices continuing to validate the timing and estimated cost of temporary staffing requirements.

MIAMI UNIVERSITY
INFORMATION TECHNOLOGY

Risk Management

ERP Implementations Pose Significant Institutional Risk

- ERP projects are expensive, high risk, labor-intensive activities. According to Gartner Research, despite focused commitment by the software industry to provide clients with better services and technical capabilities, nearly **75% of all ERP implementations still fail**.
- Even with strong executive support, a clear and binding governance process, highly visible institutional agreement on priorities, and a strong alignment between accountability for outcomes and decision-making authority, the financial and operational risks posed by ERP

ERP Implementations Require Institution-wide Focus and Engagement… *Tone At The Top*.

Reasons ERP Implementations Fail / ERP Research and Consulting Firms	Bista Solutions	Clients First Consulting	ERP Focus	Exactly	Faye Business Systems	Gartner	Panorama Consulting	ProfitKey Consulting	Rockford Consulting	RSM	Workwise	Ziff Davis
Establishing Unrealistic Expectations	✓					✓	✓		✓		✓	✓
Lack of Governance / Inability to Make Binding Project Decisions		✓				✓	✓			✓		
Failure to Manage Organizational Change / Organizational Resistance to Change			✓	✓	✓			✓	✓	✓		✓
Poor Project Management / Part-time Project Management	✓	✓		✓	✓				✓			✓
Underestimating Resource Needs / Project Team Instability / Part-time Deployments	✓	✓	✓		✓		✓		✓	✓	✓	
Over-reliance on Consultants	✓											
Customizations / Insistence on Making New ERP Look Like Legacy	✓	✓	✓			✓						
Poor Project Planning / Poor Implementation Planning	✓			✓			✓	✓				
Insufficient Testing	✓		✓	✓								
Lack of Uniform Senior-level Commitment and Ownership			✓					✓	✓	✓	✓	✓
Lack of Clear, Transparent Communication						✓			✓			
Poor Data Quality / Insufficient Data Cleansing / Lack of Clear Data Ownership			✓	✓	✓							
Insufficient End-user Training / Relying on "Train-the-Trainer" or "On-the-Job"	✓		✓	✓	✓			✓	✓	✓	✓	
Inadequate Funding / Viewing Implementation as a Cost versus an Investment			✓						✓		✓	
Treating Initiative as a "Technology Project" versus a "Process & Data Initiative"		✓				✓		✓		✓	✓	✓
No Clearly Defined Objectives for the ERP Implementation	✓	✓			✓		✓					
Poorly Managing Scope / Taking On Too Much Scope / Scope Creep				✓	✓							
Misalignment of "Accountability for Outcomes" and "Authority to Drive Change"			✓			✓		✓		✓		

MIAMI UNIVERSITY
INFORMATION TECHNOLOGY

ERP Risk Abatement Plan

ERP Implementation Risks	Risk Mitigation Activities
Establishing Unrealistic Expectations	Document project objectives. *ERP Steering Committee* must approve plan, along with any proposed changes.
Lack of Governance / Inability to Make Binding Project Decisions	Establish and empower *ERP Steering Committee* to oversee project; membership at senior leadership level.
Failure to Manage Organizational Change / Organizational Resistance to Change	Clear ownership for outcomes. A cross-functional communication committee. Execute "Phased Activities" vs "Big Bang".
Poor Project Management / Part-time Project Management	Implementation Plan includes retaining full-time external project manager with extensive ERP implementation experience.
Underestimating Resource Needs / Project Team Instability / Part-time Deployments	Project Team to review resource needs with *ERP Steering Committee*. Establish escalation path for all staffing issues.
Over-reliance on Consultants	Assign consultants to managing legacy activities; focus internal resources on capabilities central to Miami's future state.
Customizations / Insistence on Making New ERP Look Like Legacy	*ERP Steering Committee* will be accountable for adjudicating (approving or denying) all customization requests.
Poor Project Planning / Poor Implementation Planning	Implementation Plan includes retaining full-time external project manager with extensive ERP implementation experience.
Insufficient Testing	Implementation Plan will leverage dedicated QA capability not aligned with project teams; independent testing sign-off.
Lack of Uniform Senior-level Commitment and Ownership	*ERP Steering Committee* must be actively engaged, represent the entire university, and speak with one voice.
Lack of Clear, Transparent Communication	Establish cross-functional communication committee to keep relevant, time-sensitive issues in front of key constituencies.
Poor Data Quality / Insufficient Data Cleansing / Lack of Clear Data Ownership	**«TBD»** – Industry *Best Practice* recommends Master Data teams to oversee data quality, integrity, governance issues.
Insufficient End-user Training / Relying on "Train-the-Trainer" or "On-the-Job"	Implementation Plan to include dedicated workstream focusing on end-user training and technology adoption.
Inadequate Funding / Viewing Implementation as a Cost versus an Investment	Executive visibility into implementation plan, objectives, and budget. Use Business Case method to manage change.
Treating Initiative as a "Technology Project" versus a "Process & Data Initiative"	*ERP Steering Committee* to ensure that appropriate functional and technical resources are assigned to the project.
No Clearly Defined Objectives for the ERP Implementation	Document project objectives. *ERP Steering Committee* must approve plan, along with any proposed changes.
Poorly Managing Scope / Taking On Too Much Scope / Scope Creep	Document project objectives. *ERP Steering Committee* must approve plan, along with any proposed changes.
Misalignment of "Accountability for Outcomes" and "Authority to Drive Change"	Where an accountable entity may not "own" the outcome, escalate to *ERP Steering Committee* for alignment.

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INFORMATION TECHNOLOGY

Finance & Audit Committee

December Update

Current Status

- Two sandbox systems containing Banner XE have been installed. Client and technical teams are now able to access and explore Banner XE capabilities.
- The team evaluating alternatives for *Travel & Expense* are considering Chrome River and Concur as potential Banner replacements.
- WSU and Toledo have agreed to partner with Miami in negotiations with Ellucian. All three schools have also agreed to engage in a collaborative process to assess each institution's implementation plans.
- The ERP project team is currently evaluating Ellucian's new Ethos® technologies – data model, integration hub, workflow – to enable the elimination of customizations.
- Advancing functional assessment of key IT capabilities.

Next Steps

- Establish backward integration between the Banner XE and Banner v8 environments.
- Engage President Crawford and members of the PEC to select membership in the ERP Steering Committee.
- Begin first round of Customization Assessment Planning with the Finance Team; IT Lean Leader assigned.
- Schedule implementation plan assessment meetings with WSU and Toledo; IT Procurement Leader now assigned to the Ellucian negotiating team.
- Identify a campus location where the ERP project teams can work together; SUG meeting December 8th.
- Advance selection process for external Project Manager.
- Review full project plan with BOT at the February meeting; scope, schedule, budget, resourcing, and risk.

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ERP Implementation Plan

Questions?

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APPENDIX

Enterprise Resource Planning

What is it?

- Enterprise resource planning (ERP) is a category of business management software. ERP systems are designed to operate as a suite of integrated applications. Organizations use ERP systems to collect, store, manage, apply, and interpret data across a wide range of activities. Within Higher Education, these activities typically include:
    - *Academic Administration*
    - *Finance and Accounting*
    - *Recruiting and Admissions*
    - *Student Billing*
    - *Degree Advising and Faculty Support*
    - *Financial Aid Processing*
    - *Registration and Enrollment*
    - *Talent Acquisition and Management*
- ERP systems enable the benefits derived from standardized work processes and data, allowing organizations to efficiently and effectively utilize large volumes of real-time operational data to improve performance, reduce costs, and maintain compliance.

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INFORMATION TECHNOLOGY

Banner XE Evaluation

Commercial Summary

- **Market Leader** – The Ellucian Company remains a leading provider of software and services for the Higher Education vertical; 2015 market share estimates holding at 47%.
- **Customer Base** – Ellucian's installed base contains over 2,400 institutions across 40 countries. With over 1,400 institutions already subscribed to their cloud and SaaS products, Ellucian is positioning themselves to retain their share as the marketplace continues its migration to cloud-based solutions.
- **Product Portfolio** – with the Banner suite of products, Ellucian offers comprehensive functionality, which includes a Student Information System, Finance and HR, Recruiting, Retention, Analytics, and Advancement software solutions.
- **Backward Compatibility** – Ellucian has made backward compatibility a core principle in their product design methodology, which translates into less disruptive migrations for clients seeking to implement newer versions of their software. It will also allow Miami to leverage (and build upon) our deep base of institutional process knowledge.

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Banner XE Evaluation

Technical Summary

- **Extensibility** – the new Banner XE (Extensible Ecosystem) allows institutions to extend, configure, and add new technologies as needs evolve – and do so without sacrificing their existing investments. This technology design approach will help Miami to protect our investments, while at the same time support the expansion and adoption of new solutions as priorities shift.
- **Accessibility** – Ellucian has adopted W3C's Accessibility Guidelines and incorporated them into their product development methodology. All *Banner Administrative Forms*, which Ellucian developed using *Oracle Forms* technology, supports the JAVA Access Bridge, which is capable of integrating with screen readers and magnifiers (e.g. JAWS, Dragon Naturally Speaking, ZoomText). Based on Ellucian's current product roadmap, all Banner XE products are scheduled to be W3C compliant by **December 2016**.
- **Supports Mobile-first Strategy** – Ellucian's mobile product optimizes the user experience for mobile devices, allowing us to extend Miami's Banner ERP functionality to a student's mobile device. As this platform enables cross-platform integration between Banner and other university systems, giving MU the opportunity to create seamless *"single face experiences"* for students and faculty, it will also significantly enhance system accessibility.

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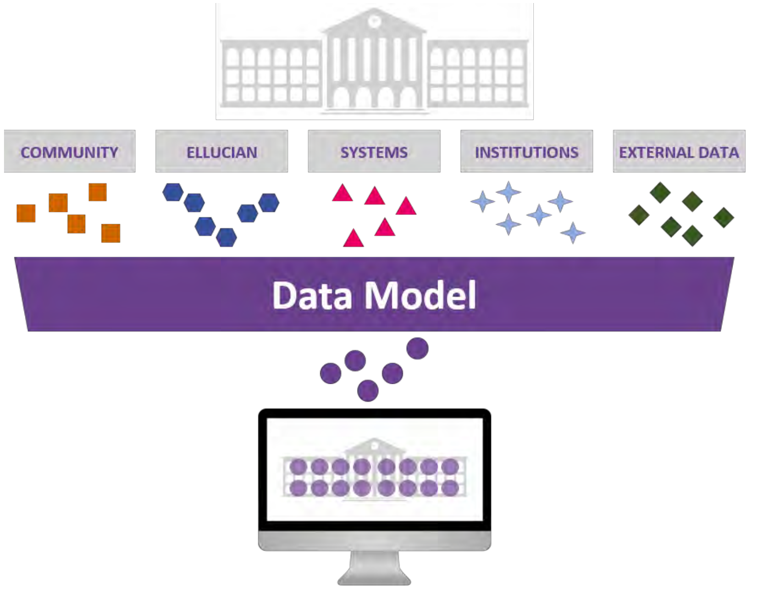
Banner XE Evaluation

Product Technology Roadmap

- Ellucian is investing in a new platform to unleash the next generation of learning and innovation within the Banner ERP suite of products – Ellucian Ethos®.
- Ethos brings together an Open Standards Data Model and full Integration Services with Workflow and a new Mobile® platform to create a sustainable ecosystem for BIG DATA analytics; data coming from a wide range of applications, stored in a single repository, in a standard language, in a standard format, in real-time.
- Many of the ERP vendors we evaluated have similar product technology roadmaps. Configuration engines and workflow tools are now a part of many ERP product suites. Potentially, the key differentiator for Ellucian will be the data model. With extensive experience in Higher Education, Ellucian could leverage that insight in a way that differentiates them from their competitors.



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ERP Product Evaluation

Vendor Performance Against Key Criteria

Level 1 Assessment Criteria		Banner 8	Banner XE	Oracle Cloud	Workday	PeopleSoft
Vendor Viability	Financial Stability, Operational Stability					
Software Viability	Product Quality, Technology Roadmap Relevance	MIGRATION PATH TO XE				INCREMENTAL UPDATES ONLY
Functionality	Vendor Supports Required Business Functionality [1]		SUNSETTING ADV	NO STUDENT, NO ADV	NO ADV, STUDENT V1	
Software Flexibility	Ability to Configure w/out Customizing Base Code	LIMITED CONFIGURABILITY				LIMITED CONFIGURABILITY
Mobility Support	Provides Native Mobile-first Architecture	NO NATIVE INTEGRATION				NO MOBILE STUDENT APPS
Advanced Analytics	Supports Open Standards for Data Analytics			MAJOR REWORK REQUIRED	MAJOR REWORK REQUIRED	
Accessibility	Software Complies with WCAG 2.0 AA		DECEMBER-2016			DOCUMENTED ON ROADMAP
Game Changer	Potential Competitive Differentiator for Miami	VENDOR END-OF-SUPPORT	HIGH-ED DATA MODEL, PLUS…	HOSTING, USABILITY	HOSTING, USABILITY	
Project Costs	1-time Cost of Implementing Available Scope [2]	NA				
Cloud Support	Vendor Support for Suite of XaaS Hosting Options	ON-PREMISE ONLY	MULTIPLE XAAS SUPPORT	MULT-TENANT ONLY	MULTI-TENANT ONLY	ON-PREMISE ONLY
Compliance Support	Vendor Support for Regulatory Compliance					
Security Support	Vendor Support for Security Updates/Patches					

↑ **LEGACY** ↑

1 For functionality not available through the vendors, the path forward will involve other 3rd-party solution providers.

2 Does not include implementation costs for functionality not available through the vendor. Detailed implementation costs to be defined in "Next Steps".

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Reasons ERP Implementations Fail / ERP Research and Consulting Firms	Bista Solutions	Clients First Consulting	ERP Focus	Exactlly	Faye Business Systems	Gartner	Panorama Consulting	ProfitKey Consulting	Rockford Consulting	RSM	Workwise	Ziff Davis
Establishing Unrealistic Expectations	✓					✓	✓		✓		✓	✓
Lack of Governance / Inability to Make Binding Project Decisions		✓				✓	✓			✓		
Failure to Manage Organizational Change / Organizational Resistance to Change			✓	✓	✓			✓	✓	✓		✓
Poor Project Management / Part-time Project Management	✓	✓		✓	✓				✓			✓
Underestimating Resource Needs / Project Team Instability / Part-time Deployments	✓	✓	✓		✓		✓		✓	✓	✓	
Over-reliance on Consultants	✓											
Customizations / Insistence on Making New ERP Look Like Legacy	✓	✓	✓			✓						
Poor Project Planning / Poor Implementation Planning	✓			✓			✓	✓				
Insufficient Testing	✓		✓	✓								
Lack of Uniform Senior-level Commitment and Ownership			✓					✓	✓	✓	✓	✓
Lack of Clear, Transparent Communication						✓			✓			
Poor Data Quality / Insufficient Data Cleansing / Lack of Clear Data Ownership			✓	✓	✓							
Insufficient End-user Training / Relying on “Train-the-Trainer” or “On-the-Job”	✓		✓	✓	✓			✓	✓	✓	✓	
Inadequate Funding / Viewing Implementation as a Cost versus an Investment			✓						✓		✓	
Treating Initiative as a “Technology Project” versus a “Process & Data Initiative”		✓				✓		✓		✓	✓	✓
No Clearly Defined Objectives for the ERP Implementation	✓	✓			✓		✓					
Poorly Managing Scope / Taking On Too Much Scope / Scope Creep				✓	✓							
Misalignment of “Accountability for Outcomes” and “Authority to Drive Change”			✓			✓		✓		✓		

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INFORMATION TECHNOLOGY

Questions?

Reporting Update
Item 1

Board of Trustees

December 2016

MIAMI UNIVERSITY

University Advancement Report

Tom Herbert, J.D.

Vice President, University Advancement

Executive Director, Miami University Foundation

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Topics

» 2020 Plan Fundraising Update

» Fundraising Focus in FY'17

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2020 Plan Fundraising Update

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2020 Plan Fundraising Update

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2020 Plan Fundraising Update

- FY’17:
  - Goal: $49,500,000
  - Raised: $55,540,000 (112% of goal)

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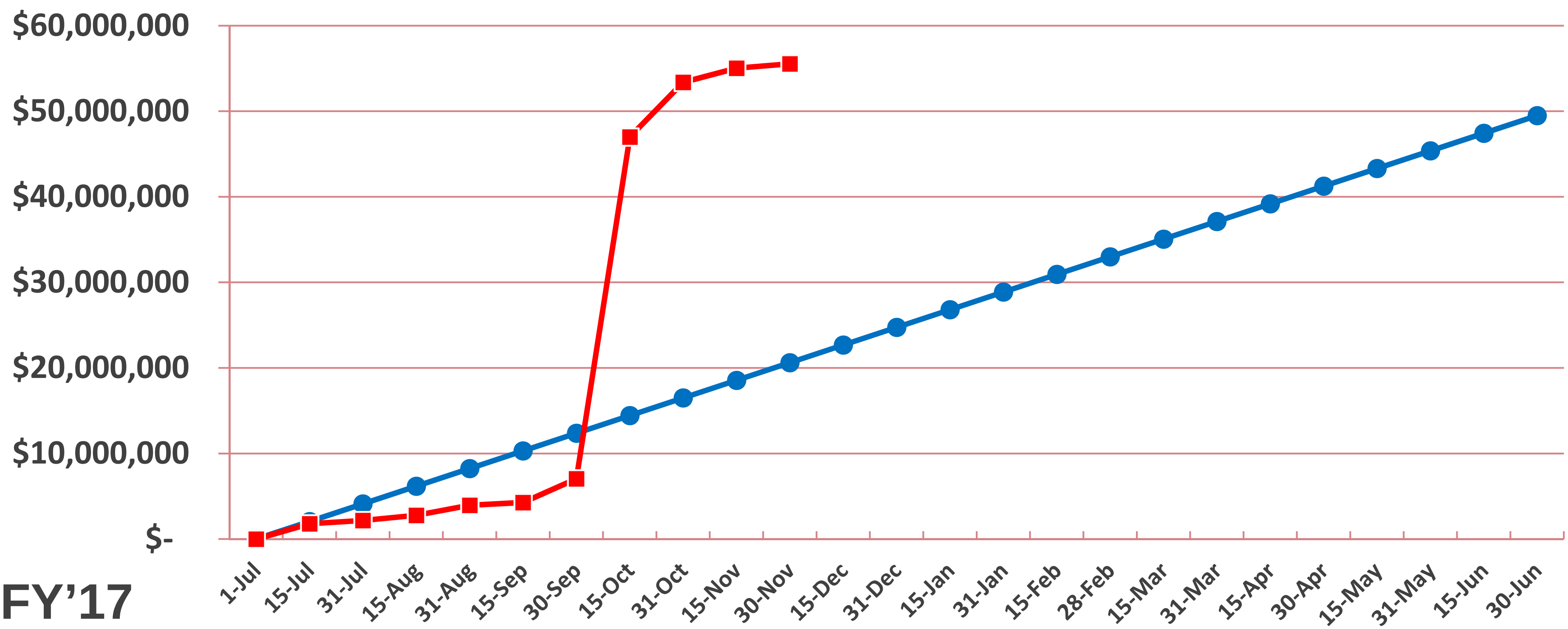
2020 Plan Fundraising Update



FY'17

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2020 Plan Fundraising Update

- Previous 3 year rolling average: $33.8 million
- Current 3 year rolling average: $56.27 million
- Increase of approximately 60%

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Fundraising Focus FY'17

MIAMI UNIVERSITY

Miami Promise Scholarship Campaign Goals

- FY’15: $18.0 million -- $19.8 million raised
- FY’16: $18.0 million -- $30.3 million raised
- FY’17: $18.7 million -- $4.3 million raised to date
- FY’18: $20.7 million
- FY’19: $24.6 million

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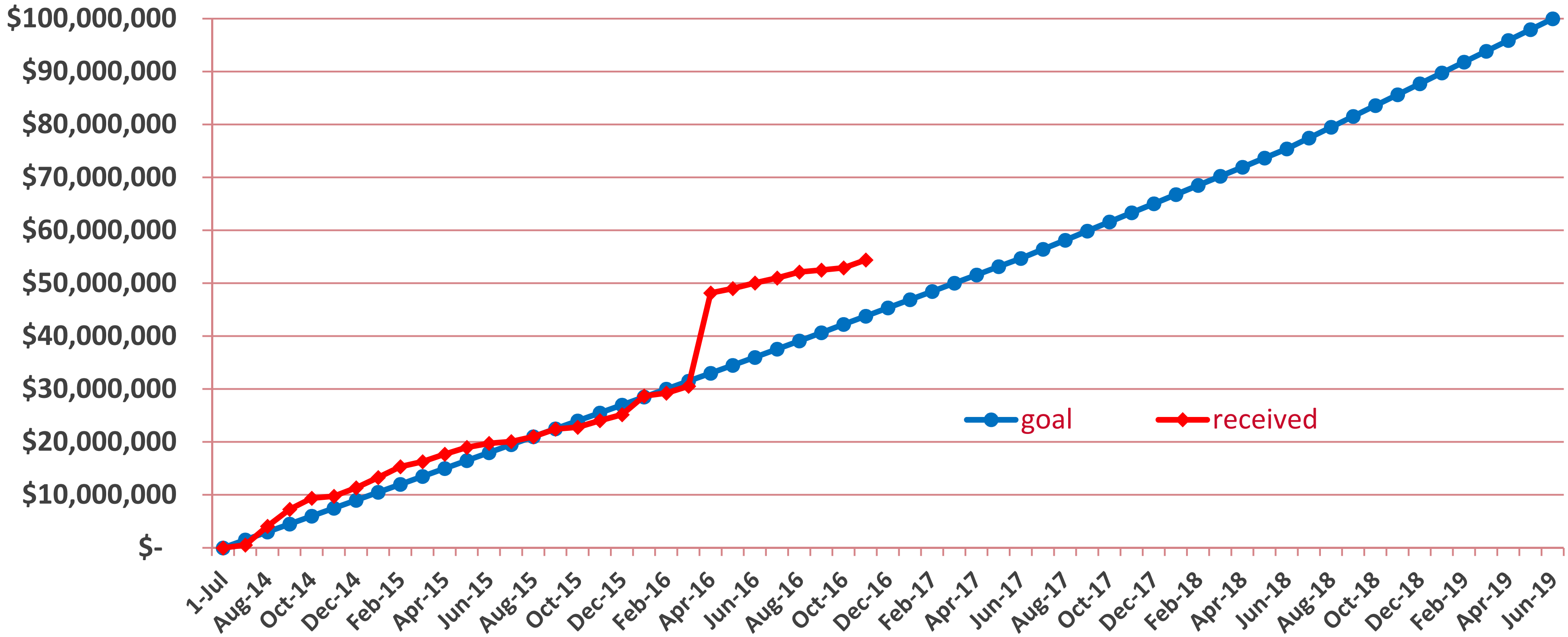
Miami Promise Scholarship Campaign



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Graduating Champions Campaign

- $80 million campaign publicly announced
- Raised: $60.4 million to date

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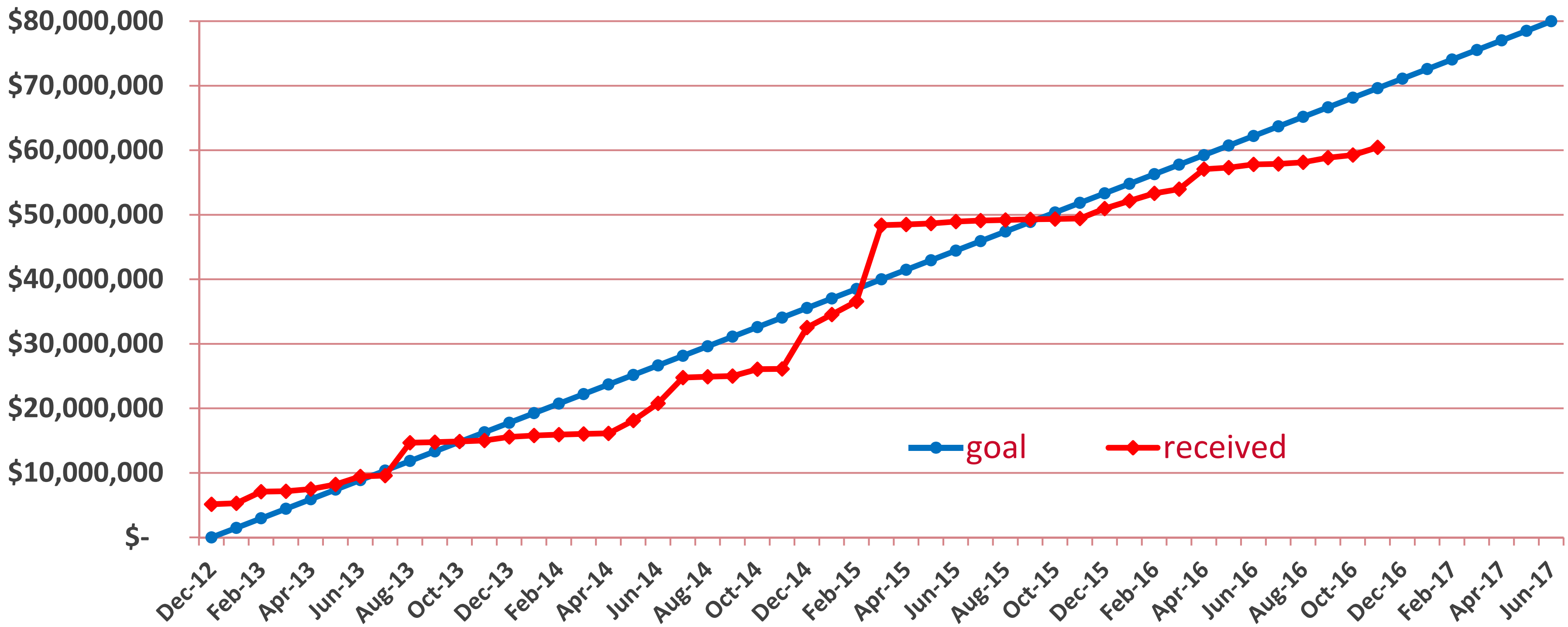
Graduating Champions Campaign



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The Humanities Center

- Fundraising target: $1.5 million (NEH Challenge Grant, by July 2019)
- Raised $460,776 in FY’16, for $150,000 match
- Have raised $150,000 in FY’17, toward goal of $525,000
- Total raised since challenge began: $782,416

MIAMI UNIVERSITY

Thank you!

MIAMI UNIVERSITY

Reporting Update
Item #2

REPORT ON CASH AND INVESTMENTS
Finance and Audit Committee
Miami University
December 8, 2016

Non-Endowment Fund

For the first fiscal quarter ending September 30, 2016, the non-endowment's return was +1.4%. Solid gains in all of the absolute return strategies offset flat results in short term bond strategies as interest rates increased in anticipation of Federal Reserve tightening later this year. The results for calendar year to date 2016 are +1.8%. A summary of performance is attached.

At September 30, the Operating Cash balance was over $112.3 million due to the influx of first semester tuition receipts. Rebalancing activity is expected to reduce this cash balance.

Current Funds	**Fair Value**	**% of Portfolio**
Operating Cash:		
Short-term Investments*	$112,312,240	17.6%
Core Cash:		
Intermediate-term Investments	$128,610,422	20.1%
Long-Term Capital:		
Debt Investments**	$146,034,396	22.9%
Absolute Return	$251,585,413	39.4%
Total Long-Term Capital	$397,619,809	62.3%
Total Current Fund Investments	**$638,542,471**	**100.0%**

*includes bank account balances not included on performance report
** includes internal loans, some of which are still being drawn and are held in cash but not included in Operating Cash

Endowment Fund

The endowment fund preliminary return was +3.7% for the first fiscal quarter ending September 30, 2016, and 5.2% for the 2016 calendar year to date. These figures exclude the results for the private capital investments, which report on a significant time lag. Results during the recent quarter reflected solid gains in global public equity and public real asset investments. Please see the attached performance report for additional endowment related details.

The Miami University Foundation Investment Committee met on September 23rd (via teleconference), September 30th (via teleconference), and November 2nd (in Oxford). At these meetings, the investment committee approved recommendations by staff and the consultants to:

1. Invest in three new private real asset funds
2. Establish new primary return objectives (absolute return of CPI + 5% from CPI +5.5%) and risk parameters (13% - 17% standard deviation target)
3. Restructure the global debt portfolio
4. Establish new performance benchmarks for each strategic category

Bond Project Funds

Construction activity continued steadily through the summer and fall. Aproximately $11.9 million in draws were made during the September quarter. As of September 30, 2016, the balances were as follows:

Plant Funds

Series 2012 Bond Project Fund	$ 14,391,076
Series 2014 Bond Project Fund	$ 55,478,860
Total Plant Funds	**$ 69,869,936**

Attachments

Non-endowment Performance Summary as of 9/30/2016

MUF Treasurer's Report as of 9/30/2016

Miami University Non-Endowment

Summary of Investment Performance

Report for Periods Ending September 30, 2016

	Qtr	CYTD	1Yr	Annualized 3Yr	5Yr	7Yr	10Yr	Since Inception	Date	Market Value
Total Composite	**1.4%**	**1.8%**	**1.8%**	**2.1%**	**2.6%**	**2.5%**	**1.7%**	**3.2%**	*6/02*	*$608,434,645*
Operating Cash	**0.1**	**0.3**	**0.4**	**0.2**	**0.2**	**0.2**	**1.1**	**1.6**	*6/02*	*87,829,128*
U.S. 91-Day Treasury Bills	0.1	0.2	0.2	0.1	0.1	0.1	0.8	1.2		
BlackRock	**0.0**	**0.1**	**0.1**	**0.0**	**0.0**	**0.0**	**-**	**0.1**	*10/08*	*500,507*
U.S. 91-Day Treasury Bills	0.1	0.2	0.2	0.1	0.1	0.1	-	0.1		
Star Ohio	**0.1**	**0.3**	**0.5**	**0.2**	**0.2**	**0.1**	**1.1**	**1.7**	*6/02*	*11,767,395*
U.S. 91-Day Treasury Bills	0.1	0.2	0.2	0.1	0.1	0.1	0.8	1.2		
Chase Savings	**0.1**	**0.2**	**0.2**	**0.3**	**0.2**	**0.2**	**-**	**0.2**	*10/08*	*50,419,294*
U.S. 91-Day Treasury Bills	0.1	0.2	0.2	0.1	0.1	0.1	-	0.1		
STAROhio Plus	**0.0**	**0.2**	**0.3**	**0.2**	**-**	**-**	**-**	**0.2**	*7/12*	*15,136,301*
U.S. 91-Day Treasury Bills	0.1	0.2	0.2	0.1	-	-	-	0.1		
Huntington ICS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	*9/16*	*10,005,631*
U.S. 91-Day Treasury Bills	-	-	-	-	-	-	-	-		
Core Cash	**0.0**	**2.3**	**1.9**	**1.8**	**1.7**	**2.5**	**2.9**	**3.1**	*6/02*	*128,610,361*
Barclays 1-3 Yr U.S. Gov't Bond Index	-0.1	1.3	0.9	0.9	0.7	1.1	2.3	2.4		
Bartlett A	**-0.1**	**1.2**	**0.8**	**0.7**	**0.7**	**1.0**	**2.2**	**2.3**	*6/02*	*23,319,527*
Barclays 1-3 Yr U.S. Gov't Bond Index	-0.1	1.3	0.9	0.9	0.7	1.1	2.3	2.4		
Bartlett B	**0.0**	**3.5**	**3.0**	**2.5**	**2.2**	**3.2**	**4.1**	**4.0**	*6/02*	*31,405,605*
Barclays 1-3 Yr U.S. Gov't Bond Index	-0.1	1.3	0.9	0.9	0.7	1.1	2.3	2.4		
Commonfund Intermediate Bond Fund	**0.0**	**1.8**	**1.5**	**1.2**	**1.8**	**2.7**	**2.0**	**2.4**	*6/02*	*6,307,456*
Barclays 1-5 Yr Treasury Index	-0.2	2.2	1.5	1.4	1.1	1.7	3.0	2.9		
M.D. Sass - 3 Year	**0.1**	**2.9**	**2.4**	**2.5**	**1.9**	**-**	**-**	**2.7**	*1/11*	*31,036,475*
Barclays Interm. Gov't Bond Index	-0.2	3.3	2.4	2.2	1.6	-	-	2.3		
M.D. Sass - 2 Year	**0.2**	**1.5**	**1.4**	**1.4**	**-**	**-**	**-**	**1.2**	*9/12*	*36,541,298*
Barclays Interm. Gov't Bond Index	-0.2	3.3	2.4	2.2	-	-	-	1.4		
Long Term Capital	**1.9**	**1.6**	**1.9**	**2.8**	**4.6**	**4.3**	**1.6**	**4.4**	*6/02*	*391,995,156*
MSCI AC World Index	5.3	6.6	12.0	5.2	10.6	7.8	4.3	6.8		
Barclays U.S. Aggregate Bond Index	0.5	5.8	5.2	4.0	3.1	4.1	4.8	4.8		

Miami University Non-Endowment

Summary of Investment Performance

Report for Periods Ending September 30, 2016

				Annualized						
	Qtr	CYTD	1Yr	3Yr	5Yr	7Yr	10Yr	Since Inception	Date	Market Value
Public Debt	**0.6%**	**3.8%**	**4.2%**	**2.8%**	**4.1%**	**4.6%**	**5.3%**	**5.1%**	*6/02*	*$140,409,742*
Barclays U.S. Aggregate Bond Index	0.5	5.8	5.2	4.0	3.1	4.1	4.8	4.8		
Bartlett C	**0.2**	**4.9**	**4.4**	**3.6**	**3.0**	**4.0**	**5.0**	**4.8**	*6/02*	*23,385,754*
Barclays U.S. Aggregate Bond Index	0.5	5.8	5.2	4.0	3.1	4.1	4.8	4.8		
Beach Point Loan Fund	**1.9**	**4.9**	**4.8**	**4.0**	-	-	-	**4.2**	*1/13*	*28,949,219*
CS Leveraged Loan Index	3.1	7.4	5.3	3.6	-	-	-	3.8		
Commonfund High Quality Bond Fund	**1.0**	**6.4**	**6.0**	**4.7**	**4.2**	**5.3**	**5.8**	**5.6**	*6/02*	*28,861,476*
Barclays U.S. Aggregate Bond Index	0.5	5.8	5.2	4.0	3.1	4.1	4.8	4.8		
Templeton Global Total Return Fund	**-0.3**	**0.4**	**2.6**	**-0.2**	**4.0**	-	-	**2.0**	*5/11*	*31,085,407*
Barclays Multiverse	1.0	10.2	9.2	2.2	2.0	-	-	2.0		
Internal Loans	**0.0**	-	-	-	-	-	-	**0.0**	*3/16*	*28,127,886*

Miami University Non-Endowment

Summary of Investment Performance

Report for Periods Ending September 30, 2016

	Qtr	CYTD	1Yr	3Yr (Annualized)	5Yr (Annualized)	7Yr (Annualized)	10Yr (Annualized)	Since Inception (Annualized)	Date	Market Value
Absolute Return	2.7%	0.7%	0.8%	3.1%	5.3%	4.2%	-0.3%	3.4%	*6/02*	*$251,585,414*
MSCI AC World Index	5.3	6.6	12.0	5.2	10.6	7.8	4.3	6.8		
Barclays U.S. Aggregate Bond Index	0.5	5.8	5.2	4.0	3.1	4.1	4.8	4.8		
ABS Investment Management	**4.3**	**-4.3**	**-1.8**	**3.7**	**6.0**	**4.8**	-	**5.2**	*5/09*	*25,732,352*
MSCI AC World Index	5.3	6.6	12.0	5.2	10.6	7.8	-	9.8		
HFRI Fund of Funds Index	2.5	-0.1	0.6	2.2	3.2	2.5	-	3.0		
Beach Point Total Return Fund	**4.4**	**10.1**	**7.2**	**3.3**	-	-	-	**4.3**	*3/13*	*24,297,145*
ML High Yield Bond Index	5.5	15.3	12.8	5.3	-	-	-	4.8		
HFRI Event Driven Index	4.4	6.7	6.3	2.6	-	-	-	3.5		
Evanston Weatherlow Fund	**3.9**	**0.1**	**1.4**	**3.4**	**5.7**	**5.0**	-	**5.7**	*5/09*	*25,524,834*
HFRI Fund of Funds Index	2.5	-0.1	0.6	2.2	3.2	2.5	-	3.0		
S&P 500 Index	3.8	7.8	15.4	11.1	16.4	13.2	-	14.8		
GEM Realty Securities LP	**1.9**	**0.0**	**-1.6**	-	-	-	-	**-4.7**	*4/15*	*23,340,278*
MSCI U.S. REIT Index	-1.8	10.8	18.2	-	-	-	-	9.8		
HFRI Equity Hedge Index	4.7	4.2	6.0	-	-	-	-	-0.4		
Lighthouse Diversified Fund	**1.5**	**0.2**	**2.3**	**5.5**	**5.7**	-	-	**5.2**	*5/10*	*26,549,946*
MSCI AC World Index	5.3	6.6	12.0	5.2	10.6	-	-	9.0		
HFRI Fund of Funds Index	2.5	-0.1	0.6	2.2	3.2	-	-	2.6		
Rimrock High Income PLUS Fund	**2.3**	**1.0**	**-2.4**	-	-	-	-	**-1.2**	*9/14*	*24,404,651*
Barclays U.S. Corporate High Yield Index	5.6	15.1	12.7	-	-	-	-	4.3		
Barclays U.S. Aggregate Bond Index	0.5	5.8	5.2	-	-	-	-	4.1		
Sandler Offshore	**0.5**	**0.2**	**2.1**	**3.6**	-	-	-	**3.1**	*3/13*	*26,496,949*
MSCI AC World Index	5.3	6.6	12.0	5.2	-	-	-	6.6		
HFRI Equity Hedge Index	4.7	4.2	6.0	3.2	-	-	-	3.9		
SCS Opportunities	**2.6**	**0.6**	**1.5**	**3.4**	**4.4**	**3.9**	-	**4.1**	*5/09*	*25,401,925*
MSCI AC World Index	5.3	6.6	12.0	5.2	10.6	7.8	-	9.8		
HFRI Fund of Funds Index	2.5	-0.1	0.6	2.2	3.2	2.5	-	3.0		
SkyBridge Series G	**2.1**	**-3.1**	**-3.2**	**0.9**	-	-	-	**5.2**	*4/12*	*23,394,487*
MSCI AC World Index	5.3	6.6	12.0	5.2	-	-	-	7.9		
HFRI Fund of Funds Index	2.5	-0.1	0.6	2.2	-	-	-	3.0		
Waterfall Eden Master Fund, Ltd.	**3.6**	-	-	-	-	-	-	**5.5**	*1/16*	*26,442,847*
HFRI RV: Asset Backed Index	3.5	-	-	-	-	-	-	4.6		
Barclays Asset Backed Index	0.2	-	-	-	-	-	-	1.7		

Miami University Non-Endowment

Summary of Investment Performance

Report for Periods Ending September 30, 2016

Footnotes:

* Performance returns are net of investment management fees.
* Calculated returns may differ from the manager's due to differences in security pricing and/or cash flows.
* Manager and index data represent the most current available at the time of report publication.
* Hedge fund and private capital manager market values and rates of return may be based on estimates and may be revised until completion of an annual audit by the manager.
* For managers and indices that report returns on a lag, 0.0% is utilized for the most recent time period until the actual return data are reported.
* The fiscal year ends in June.

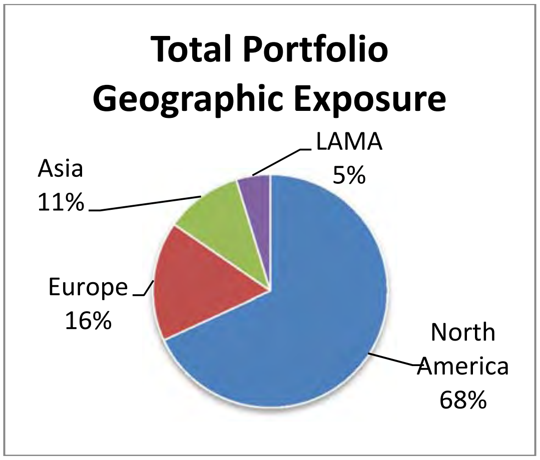
MIAMI UNIVERSITY FOUNDATION
TREASURER'S REPORT
September 30, 2016

The preliminary June 30, 2016 market value for the Miami University Foundation totaled $450,917,006. Most of the private programs have not yet reported September 30 values. The following table summarizes the Foundation's strategic allocation compared with the strategic ranges.

ASSET CATEGORY	MARKET VALUE	% OF TOTAL	STRATEGIC RANGE
Long-Only Global Equity	160,588,888	35.6%	20%-40%
Hedged Equity	26,766,080	5.9%	5%-10%
Private Equity	18,600,287	4.1%	5%-10%
Global Equity	**205,955,256**	**45.7%**	**35% - 55%**
Interest Rate Sensitive	21,448,888	4.8%	5%-20%
Credit Sensitive	78,711,814	17.5%	5%-20%
Global Debt	**100,160,702**	**22.2%**	**10% - 30%**
Natural Resources	45,020,771	10.1%	5%-20%
Real Estate	16,048,053	3.6%	5%-10%
Global Real Assets	**61,068,825**	**13.5%**	**10% - 30%**
Diversifying Strategies	**56,665,185**	**12.6%**	**5% - 25%**
Cash	**27,067,038**	**6.0%**	**0%-10%**
Total Portfolio	**450,917,006**	**100%**	

LIQUIDITY

	Global Equity	Global Debt	Real Assets	Diversifying Strategies	Cash	**Total by Liquidity**	**Policy**
Liquid (< quarter)	34.6%	4.8%	1.1%	2.6%	6.0%	**49.0%**	**40% min**
Semi Liquid (> quarter)	5.0%	15.9%	3.3%	7.8%		**32.0%**	**40% max**
Illiquid (> 2 years)	6.1%	1.6%	9.1%	2.2%		**18.9%**	**35% max**
Total by Category	**45.7%**	**22.2%**	**13.5%**	**12.6%**	**6.0%**	**100.0%**	



During the first quarter of fiscal year 2017, the value of the combined endowment investment pool increased from $445.8 million to $450.9 million. Preliminary investment returns were positive for the quarter. New cash gifts to the Miami University and the Miami University Foundation endowments totaled $1,200,940 for the quarter.

The investment committee met in August in New York, NY, with two subsequent conference calls in September. The staff and consultants recommended and the committee approved the following:

- Redefine portfolio liquidity categories and parameters
- Increase private capital from 15% to 25% over the next five years
- Restructure global equity category exposure, including an increase to passive public equity via pure indexing
- Commit to three new private real asset funds

The committee will next meet in Oxford, OH on November 2, 2016.

Preliminary investment returns were 3.7% for the September quarter, excluding the private programs which report on a significant time lag. Investment performance for the recent quarter was supported by an uptick in Global Public Equity and Global Public Real Assets.

The tables on the following pages report each underlying manager's returns for multiple time periods, including the preliminary fourth fiscal quarter.

Respectfully submitted,

Ellen Schubert
Treasurer

Miami University Foundation

Summary of Allocation and Performance

Report For Periods Ending September 30, 2016

Current Allocation	Market Value		Qtr.	FYTD	Cal. YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	Since Inception	Inception Date
							---------------- Annualized			------------------		
100.0%	**$ 450,941,811**	**Total Composite**	**3.1**	**3.1**	**4.8**	**5.5**	**3.2**	**6.2**	**6.1**	**4.1**	**8.9**	**4/93**
		MUF Custom Index	*3.2*	*3.2*	*8.4*	*10.5*	*4.1*	*7.8*	*6.6*	*4.5*	*-*	
		CPI + 5.5%	*1.8*	*1.8*	*5.3*	*6.9*	*6.6*	*6.8*	*7.1*	*7.2*	*7.7*	
85.2%	$ 384,342,697	**Total Composite ex. Private Capital**	**3.7**	**3.7**	**5.2**	**6.6**	**3.5**	**6.7**	**5.9**	**4.2**	**6.0**	**12/96**
45.7%	$ 205,955,257	**Global Equity**	**4.1**	**4.1**	**4.0**	**7.5**	**5.2**	**8.2**	**7.2**	**4.9**	**6.1**	**3/95**
		MSCI AC World Index	*5.3*	*5.3*	*6.6*	*12.0*	*5.2*	*10.6*	*7.8*	*4.3*	*6.5*	
		S&P 500 Index	*3.8*	*3.8*	*7.8*	*15.4*	*11.1*	*16.4*	*13.2*	*7.2*	*9.1*	
41.5%	$ 187,354,970	**Global Equity ex. Private Equity**	**4.6**	**4.6**	**4.0**	**8.3**	**4.8**	**8.2**	**6.4**	**4.1**	**5.7**	**12/96**
		MSCI AC World Index	*5.3*	*5.3*	*6.6*	*12.0*	*5.2*	*10.6*	*7.8*	*4.3*	*5.7*	
35.6%	$ 160,588,889	**Public Equity**	**5.3**	**5.3**	**5.6**	**10.6**	**5.0**	**8.5**	**7.0**	**4.1**	**5.8**	**12/96**
		MSCI AC World Index	*5.3*	*5.3*	*6.6*	*12.0*	*5.2*	*10.6*	*7.8*	*4.3*	*5.7*	
		S&P 500 Index	*3.8*	*3.8*	*7.8*	*15.4*	*11.1*	*16.4*	*13.2*	*7.2*	*7.6*	
5.9%	$ 26,606,727	Barings	5.8	5.8	6.7	11.2	6.3	-	-	-	8.3	**12/12**
		MSCI AC World Index	*5.3*	*5.3*	*6.6*	*12.0*	*5.2*	-	-	-	*7.9*	
4.0%	$ 18,227,471	Harris Oakmark Global Fund	8.8	8.8	-2.8	2.9	-	-	-	-	-0.2	**10/13**
		MSCI AC World Index	*5.3*	*5.3*	*6.6*	*12.0*	-	-	-	-	*3.9*	
4.2%	$ 18,805,782	Lateef Investment Management	4.7	4.7	1.3	8.9	6.3	13.8	11.8	-	6.1	**10/07**
		Russell 3000 Index	*4.4*	*4.4*	*8.2*	*15.0*	*10.4*	*16.4*	*13.2*	-	*6.2*	
1.0%	$ 4,681,328	Lone Cascade	7.5	7.5	5.5	7.0	-	-	-	-	2.6	**12/13**
		MSCI AC World Index	*5.3*	*5.3*	*6.6*	*12.0*	-	-	-	-	*3.0*	
6.0%	$ 26,908,868	PIMCO RAE Fundamental Global Inst'l	5.3	5.3	9.9	12.3	-	-	-	-	0.6	**3/15**
		MSCI AC World Index	*5.3*	*5.3*	*6.6*	*12.0*	-	-	-	-	*1.1*	
3.5%	$ 15,575,424	Virtus Emerging Opportunities	5.1	5.1	14.3	15.8	3.3	6.1	-	-	3.0	**8/11**
		MSCI Emerging Markets Index	*9.0*	*9.0*	*16.0*	*16.8*	*-0.6*	*3.0*	-	-	*-0.2*	
6.1%	$ 27,692,208	Virtus Global Opportunities	2.4	2.4	6.5	11.6	8.1	-	-	-	10.7	**10/11**
		MSCI AC World Index	*5.3*	*5.3*	*6.6*	*12.0*	*5.2*	-	-	-	*8.5*	
4.9%	$ 22,091,081	William Blair Global Leaders Fund	5.8	5.8	4.2	11.8	-	-	-	-	5.5	**10/13**
		MSCI AC World Index	*5.3*	*5.3*	*6.6*	*12.0*	-	-	-	-	*3.9*	

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Miami University Foundation

Summary of Allocation and Performance

Report For Periods Ending September 30, 2016

Current Allocation		Market Value		Qtr.	FYTD	Cal. YTD	1 Yr	3 Yr (Annualized)	5 Yr (Annualized)	7 Yr (Annualized)	10 Yr (Annualized)	Since Inception	Inception Date
5.9%	**$**	**26,766,081**	**Hedged Equity**	**0.4**	**0.4**	**-4.7**	**-3.8**	**3.3**	**6.0**	**3.3**	**2.0**	**2.8**	**12/01**
			MSCI AC World Index	*5.3*	*5.3*	*6.6*	*12.0*	*5.2*	*10.6*	*7.8*	*4.3*	*5.9*	
			HFRI Equity Hedge Index	*4.7*	*4.7*	*4.2*	*6.0*	*3.2*	*5.6*	*4.3*	*3.3*	*4.9*	
2.0%	$	9,004,347	JHL Capital	-5.1	-5.1	-15.0	-6.1	-	-	-	-	-4.0	**11/14**
			HFRI Equity Hedge Index	*4.7*	*4.7*	*4.2*	*6.0*	-	-	-	-	*1.5*	
			MSCI AC World Index	*5.3*	*5.3*	*6.6*	*12.0*	-	-	-	-	*1.1*	
2.3%	$	10,429,069	Marble Arch Offshore Fund	3.1	3.1	-3.8	-9.0	-	-	-	-	4.6	**10/14**
			HFRI Equity Hedge Index	*4.7*	*4.7*	*4.2*	*6.0*	-	-	-	-	*1.7*	
			MSCI AC World Index	*5.3*	*5.3*	*6.6*	*12.0*	-	-	-	-	*2.0*	
1.6%	$	7,332,665	Starboard Value	4.0	4.0	10.3	8.2	7.7	-	-	-	8.4	**4/12**
			HFRI Equity Hedge Index	*4.7*	*4.7*	*4.2*	*6.0*	*3.2*	-	-	-	*4.5*	
			Russell 2000 Index	*9.0*	*9.0*	*11.5*	*15.5*	*6.7*	-	-	-	*11.7*	
4.1%	**$**	**18,600,287**	**Private Equity**	**0.0**	**0.0**	**3.6**	**1.0**	**6.8**	**8.2**	**11.0**	**9.9**	**9.6**	**3/95**
			Thomson One All Private Equity Index	*0.0*	*0.0*	*3.1*	*4.6*	*9.1*	*10.6*	*11.6*	*8.9*	*14.3*	
			MSCI AC World Index	*5.3*	*5.3*	*6.6*	*12.0*	*5.2*	*10.6*	*7.8*	*4.3*	*6.5*	
0.0%	$	58,766	Commonfund International Private Equity III	0.0	0.0	-5.7	-6.7	-1.3	-2.1	3.3	5.6	2.1	**6/00**
0.0%	$	89,741	Commonfund Private Equity IV	0.0	0.0	7.3	11.1	8.0	12.3	15.0	12.5	9.7	**6/00**
0.1%	$	412,520	Commonfund Private Equity V	0.0	0.0	1.7	3.1	12.3	11.3	13.5	10.6	-1.8	**3/02**
0.2%	$	1,030,049	Goldman Sachs Private Equity Offshore 2004	0.0	0.0	-0.6	-1.1	3.7	7.0	10.1	14.4	-3.6	**11/05**
1.2%	$	5,514,449	Goldman Sachs Private Equity Partners IX	0.0	0.0	5.7	5.6	10.2	9.4	10.2	-	-0.2	**8/07**
1.8%	$	8,056,532	Hamilton Lane Co-Investment Fund II	0.0	0.0	6.1	3.8	9.3	15.5	15.1	-	2.3	**2/08**
0.4%	$	1,599,235	Hamilton Lane Secondary Fund II	0.0	0.0	-3.4	-17.6	-0.8	4.1	7.5	-	5.3	**10/08**
0.3%	$	1,423,047	Pomona Capital VI	0.0	0.0	-1.3	-0.4	1.4	1.9	5.6	6.0	-4.8	**9/05**
0.0%	$	172,980	Commonfund Venture Capital IV	0.0	0.0	-2.1	-2.2	-5.1	-0.3	3.9	4.7	2.8	**3/99**
0.1%	$	242,968	Commonfund Venture Capital V	0.0	0.0	-11.9	-9.9	-6.4	-4.5	0.2	-0.2	-6.4	**1/00**
22.2%	**$**	**100,169,963**	**Global Debt**	**2.2**	**2.2**	**4.4**	**3.6**	**4.0**	**6.5**	**7.5**	**5.7**	**6.3**	**12/96**
			Blended Index [2]	*1.0*	*1.0*	*10.2*	*9.2*	*2.2*	*2.0*	*2.9*	*4.4*	*5.0*	
20.6%	**$**	**93,010,455**	**Global Debt ex-Private Capital**	**2.4**	**2.4**	**4.9**	**4.2**	**4.0**	**6.6**	**7.5**	**6.2**	**6.2**	**12/96**
			Blended Index [2]	*1.0*	*1.0*	*10.2*	*9.2*	*2.2*	*2.0*	*2.9*	*4.4*	*5.0*	

Miami University Foundation
Summary of Allocation and Performance
Report For Periods Ending September 30, 2016

Current Allocation		Market Value		Qtr.	FYTD	Cal. YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	Since Inception	Inception Date
								--------------- Annualized		------------------			
4.8%	**$**	**21,448,888**	**Interest Rate Sensetive**	-0.2	-0.2	1.1	2.8	0.3	2.8	3.8	4.7	5.4	**10/00**
			Barclays Multiverse Index	*1.0*	*1.0*	*10.2*	*9.2*	*2.2*	*2.0*	*2.9*	*4.4*	*5.5*	
0.6%	$	2,553,943	Commonfund High Quality Bond Fund	0.9	0.9	6.3	5.8	4.6	4.1	5.1	5.6	6.0	**10/00**
			Barclays U.S. Aggregate Bond Index	*0.5*	*0.5*	*5.8*	*5.2*	*4.0*	*3.1*	*4.1*	*4.8*	*5.3*	
4.2%	$	18,894,945	Templeton Global Total Return	-0.3	-0.3	0.4	2.6	-0.1	3.9	-	-	3.1	**10/10**
			Baclays Multiverse Index	*1.0*	*1.0*	*10.2*	*9.2*	*2.2*	*2.0*	-	-	*2.1*	
15.9%	**$**	**71,561,567**	**Public & Hedged Credit**	3.2	3.2	6.1	4.7	5.1	8.3	9.3	7.6	7.7	**6/06**
			ML High Yield Bond	*5.5*	*5.5*	*15.3*	*12.8*	*5.3*	*8.2*	*8.6*	*7.6*	*7.8*	
2.8%	$	12,540,911	Beach Point Total Return	4.3	4.3	9.9	6.9	3.3	-	-	-	5.7	**8/12**
			ML High Yield Bond Index	*5.5*	*5.5*	*15.3*	*12.8*	*5.3*	-	-	-	*6.0*	
			HFRI Event Driven Index	*4.4*	*4.4*	*6.7*	*6.3*	*2.6*	-	-	-	*5.1*	
2.5%	$	11,405,813	Beach Point Loan Fund	1.9	1.9	4.9	4.8	4.0	-	-	-	4.2	**1/13**
			CS Leveraged Loan Index	*3.1*	*3.1*	*7.4*	*5.3*	*3.6*	-	-	-	*4.3*	
4.9%	$	22,260,701	Canyon	4.1	4.1	7.2	6.0	4.1	8.7	8.1	7.3	7.4	**6/06**
			ML High Yield Bond Index	*5.5*	*5.5*	*15.3*	*12.8*	*5.3*	*8.2*	*8.6*	*7.6*	*7.8*	
			HFRI Event Driven Index	*4.4*	*4.4*	*6.7*	*6.3*	*2.6*	*5.3*	*5.3*	*4.3*	*4.3*	
5.6%	$	25,354,142	Golden Tree	2.5	2.5	4.4	2.9	7.3	9.0	11.3	8.4	8.5	**6/06**
			ML High Yield Bond Index	*5.5*	*5.5*	*15.3*	*12.8*	*5.3*	*8.2*	*8.6*	*7.6*	*7.8*	
			HFRI Event Driven Index	*4.4*	*4.4*	*6.7*	*6.3*	*2.6*	*5.3*	*5.3*	*4.3*	*4.3*	
1.6%	**$**	**7,159,508**	**Private Credit**	**0.0**	**0.0**	**-2.2**	**-3.4**	**2.6**	**5.0**	**7.4**	**3.0**	**6.6**	**6/03**
			Thomson One Distressed Index	*0.0*	*0.0*	*3.4*	*3.4*	*5.7*	*10.1*	*10.3*	*8.4*	*11.4*	
0.1%	$	317,779	Commonfund Distressed Debt II	0.0	0.0	-12.3	-16.5	-8.4	-6.8	0.3	-2.2	2.6	**6/03**
0.4%	$	1,709,081	Commonfund Distressed Debt III	0.0	0.0	-2.8	-6.6	-1.4	2.6	4.5	0.0	-0.3	**5/06**
1.0%	$	4,404,890	Goldman Sachs Distressed Opportunities	0.0	0.0	-1.0	-0.5	6.1	8.4	12.8	-	4.2	**6/08**
0.2%	$	727,758	Falcon Strategic Partners V	0.0	-	-	-	-	-	-	-	-	**6/2016**
13.5%	**$**	**61,068,824**	**Global Real Assets**	**1.8**	**1.8**	**10.2**	**5.4**	**-3.2**	**1.8**	**2.4**	**-0.9**	**5.1**	**9/95**
			Global Real Assets Benchmark [3]	*1.0*	*1.0*	*13.4*	*12.0*	*0.5*	*4.7*	*6.2*	*4.9*	-	

Miami University Foundation

Summary of Allocation and Performance

Report For Periods Ending September 30, 2016

Current Allocation		Market Value		Qtr.	FYTD	Cal. YTD	1 Yr	3 Yr	5 Yr (Annualized)	7 Yr (Annualized)	10 Yr (Annualized)	Since Inception	Inception Date
4.5%	**$**	**20,229,505**	**Public Real Assets**	**5.6**	**5.6**	**30.6**	**17.4**	**-7.0**	**-**	**-**	**-**	**4.7**	**10/11**
			Blended Index [4]	*1.4*	*1.4*	*17.9*	*19.3*	*2.2*	-	-	-	*2.6*	
			CPI + 5%	*1.7*	*1.7*	*4.9*	*6.4*	*6.1*	-	-	-	*6.2*	
3.3%	$	15,104,732	Eagle Global MLP	6.6	6.6	26.8	12.4	-3.4	-	-	-	6.9	**10/11**
			Alerian MLP Index	*1.1*	*1.1*	*15.9*	*12.7*	*-4.8*	-	-	-	*3.0*	
1.1%	$	5,124,773	Victory Global Natural Resources	3.0	3.0	44.3	35.6	-12.3	-	-	-	-9.9	**6/13**
			S&P North America Nat'l Resources Index	*4.2*	*4.2*	*24.6*	*22.4*	*-3.6*	-	-	-	*-0.8*	
9.1%	$	40,839,319	**Private Real Assets**	**0.0**	**0.0**	**2.2**	**0.6**	**-1.6**	**1.6**	**2.2**	**-1.0**	**5.1**	**9/95**
			Thomson One Private Real Estate Index	*0.0*	*0.0*	*3.4*	*5.0*	*10.4*	*10.5*	*9.9*	*3.8*	*10.0*	
			S&P GSSI Natural Resources Index	*4.2*	*4.2*	*24.6*	*22.4*	*-3.6*	*3.0*	*3.1*	*3.1*	-	
			NCREIF Timberland Index	*0.0*	*0.0*	*0.8*	*2.7*	*7.4*	*6.8*	*4.3*	*6.3*	*7.6*	
3.6%	**$**	**16,048,053**	**Private Real Estate Composite**	**0.0**	**0.0**	**1.3**	**3.7**	**5.9**	**7.1**	**2.8**	**-12.5**	**-12.5**	**5/06**
0.6%	$	2,780,727	GEM Realty Evergreen	0.0	0.0	-	-	-	-	-	-	-1.3	**2/16**
0.4%	$	1,933,138	Metropolitan Real Estate Parrners IV	0.0	0.0	-3.8	0.2	3.4	5.2	1.5	-12.1	-12.1	**5/06**
0.8%	$	3,583,009	Penn Square Global Real Estate	0.0	0.0	-0.9	0.4	0.9	3.0	5.1	-	-4.6	**1/08**
0.4%	$	1,758,353	Penn Square Global Real Estate II	0.0	0.0	6.4	11.2	14.1	13.8	-	-	-68.1	**2/10**
1.3%	$	5,992,826	WCP Real Estate IV	0.0	0.0	3.6	4.5	-	-	-	-	7.3	**3/15**
5.5%	**$**	**24,791,266**	**Private Natural Resources**	**0.0**	**0.0**	**2.9**	**-0.8**	**-5.1**	**-1.0**	**1.8**	**2.8**	**7.1**	**9/95**
0.0%	$	53,865	Commonfund Energy III	0.0	0.0	-1.6	-11.9	-13.1	-4.4	2.5	4.5	11.7	**9/95**
0.3%	$	1,171,476	Commonfund Natural Resources V	0.0	0.0	5.1	-0.8	-13.9	-2.6	2.8	4.5	-9.5	**9/03**
0.2%	$	1,014,371	Commonfund Natural Resources VI	0.0	0.0	15.0	8.4	0.4	3.1	6.9	3.5	5.2	**9/05**
0.4%	$	1,937,980	Commonfund Natural Resources VII	0.0	0.0	3.1	-5.8	-7.6	-0.3	3.3	-	-10.4	**1/07**
1.6%	$	7,262,704	Commonfund Natural Resources VIII	0.0	0.0	9.7	3.6	-1.8	-0.6	1.9	-	0.1	**11/08**
0.6%	$	2,482,340	Goldman Sachs Concentrated Energy	0.0	0.0	-3.2	-13.2	-22.6	-14.1	-7.1	-	-7.7	**4/08**
1.6%	$	7,399,574	Timbevest II	0.0	0.0	-1.3	-0.6	0.9	1.7	0.8	-	0.2	**5/07**
0.8%	$	3,468,956	Timbervest III	0.0	0.0	-0.5	-0.2	3.5	5.7	-	-	4.0	**12/10**

Miami University Foundation

Summary of Allocation and Performance

Report For Periods Ending September 30, 2016

Current Allocation		Market Value		Qtr.	FYTD	Cal. YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	Since Inception	Inception Date
								---------------- Annualized ------------------					
12.6%	**$**	**56,680,729**	**Diversifying Strategies**	**3.9**	**3.9**	**4.5**	**4.4**	**4.0**	**5.6**	**4.9**	**5.1**	**5.8**	**3/04**
			HFRI Fund Weighted Composite Index	*3.0*	*3.0*	*4.2*	*4.9*	*3.2*	*4.4*	*4.1*	*3.8*	*4.7*	
5.2%	$	23,309,651	Evanston Weathrlow Fund	3.9	3.9	0.1	1.3	3.4	5.7	4.9	5.2	5.8	**3/04**
			S&P 500 Index	*3.8*	*3.8*	*7.8*	*15.4*	*11.1*	*16.4*	*13.2*	*7.2*	*7.6*	
			Barclays U.S. Aggregate Bond Index	*0.5*	*0.5*	*5.8*	*5.2*	*4.0*	*3.1*	*4.1*	*4.8*	*4.4*	
2.2%	$	9,717,893	Fir Tree International Value Fund	2.0	2.0	-	-	-	-	-	-	8.0	**4/16**
			HFRI Fund Weighted Comosite Index	*3.0*	*3.0*	-	-	-	-	-	-	*3.8*	
			MSCI AC World Index	*5.3*	*5.3*	-	-	-	-	-	-	*4.8*	
2.6%	$	11,552,961	Sandler Capital	0.5	0.5	0.2	2.1	3.6	-	-	-	3.0	**4/12**
			MSCI AC World Index	*5.3*	*5.3*	*6.6*	*12.0*	*5.2*	-	-	-	*7.9*	
			HFRI Equity Hedge Index	*4.7*	*4.7*	*4.2*	*6.0*	*3.2*	-	-	-	*4.5*	
2.7%	$	12,100,224	Strategic Value Partners	8.9	8.9	17.3	11.4	5.2	-	-	-	6.9	**2/13**
			ML High Yield Bond Index	*5.5*	*5.5*	*15.3*	*12.8*	*5.3*	-	-	-	*4.9*	
			HFRI ED: Distressed Restructuring Index	*5.8*	*5.8*	*9.5*	*5.9*	*1.2*	-	-	-	*2.7*	
6.0%	**$**	**27,067,038**	**Cash**	**0.1**	**0.1**	**0.3**	**0.4**	**0.3**	**0.2**			**0.2**	**6/11**
			U.S. 91-Day Treasury Bills	*0.1*	*0.1*	*0.2*	*0.2*	*0.1*	*0.1*	-	-	*0.1*	
2.1%	$	9,688,442	Star Ohio MUF	0.1	0.1	0.3	0.5	0.2	0.2	-	-	0.2	**6/11**
			U.S. 91-Day Treasury Bills	*0.1*	*0.1*	*0.2*	*0.2*	*0.1*	*0.1*	-	-	*0.1*	
0.0%	$	120,987	Star Ohio Univeristy	0.1	0.1	0.4	0.5	0.3	0.2			0.2	**6/11**
			U.S. 91-Day Treasury Bills	*0.1*	*0.1*	*0.2*	*0.2*	*0.1*	*0.1*	-	-	*0.1*	
1.2%	$	5,252,076	Star Ohio Plus	0.1	0.1	0.3	-	-	-	-	-	0.3	**12/15**
			U.S. 91-Day Treasury Bills	*0.1*	*0.1*	*0.2*	-	-	-	-	-	*0.2*	
0.0%	$	35,035	Blackrock Cash	0.0	0.0	0.1	0.1	0.0	0.0			0.0	**6/11**
			U.S. 91-Day Treasury Bills	*0.1*	*0.1*	*0.2*	*0.2*	*0.1*	*0.1*	-	-	*0.1*	
0.1%	$	635,547	Chase University	0.1	0.1	0.1	0.2	0.3	0.2			0.2	**6/11**
			U.S. 91-Day Treasury Bills	*0.1*	*0.1*	*0.2*	*0.2*	*0.1*	*0.1*	-	-	*0.1*	
2.5%	$	11,334,951	Chase MUF	0.1	0.1	0.1	0.2	0.3	0.2			0.2	**6/11**
			U.S. 91-Day Treasury Bills	*0.1*	*0.1*	*0.2*	*0.2*	*0.1*	*0.1*	-	-	*0.1*	

Miami University Foundation

Summary of Investment Performance

Report for Periods Ending September 30, 2016

Footnotes:

* Performance returns are net of investment management fees.
* Calculated returns may differ from the manager's due to differences in security pricing and/or cash flows.
* Manager and index data represent the most current available at the time of report publication.
* Hedge fund and private capital manager market values and rates of return may be based on estimates and may be revised until completion of an annual audit by the manager.
* For managers and indices that report returns on a lag, 0.0% is utilized for the most recent time period until the actual return data are reported.
* The fiscal year ends in June.

[1] MUF Custom Index is currently comprised of: 45.0% MSCI AC World Index, 7.5% NCREIF Property Index, 15.0% HFRI Fund Weighted Composite Index, 3.0% Alerian MLP Index, 20.0% Barclays Multiverse TR, 3.0% Bloomberg Commodity Index, and 6.5% S&P North America Nat Resources Index. Please see Appendix for benchmark history.

[2] Blended Index is currently comprised of: 100.0% Barclays Multiverse TR. Please see Appendix for benchmark history.

[3] Global Real Assets Benchmark is comprised of: 37.5% NCREIF Property Index, 15.0% Alerian MLP Index, 15.0% Bloomberg Commodity Index, and 32.5% S&P North America Nat Resources Index.

[4] Blended Index is comprised of: 33.3% Alerian MLP Index, 33.4% FTSE NAREIT All Equity Index, and 33.3% S&P North America Nat Resources Index.

Reporting Update
Item 3

To: Finance and Audit Committee

Barbara K. Jena

From: Barbara K. Jena, Director of Internal Audit and Consulting Services

Subject: **Internal Audit & Consulting Services -** Internal Audit Issues

Date: November 04, 2016

This is IACS's semi-annual report of all open internal audit issues. As shown in the below table, since June 2016, six (low risk) issues have been added and nine closed including two high risk issues. One of the high risk issues recently closed pertains to IT vulnerability management and the other pertains to determining academic withdrawal dates in accordance with federal regulation.

Two of the five open high risk issues are the responsibility of the ISO, relating to securing confidential information. IACS plans to perform a follow-up audit once the tools have been functioning for three months and data is sufficient for testing. See page 2, lines 1-2, (117.1-117.2) for more information.

The remaining three open high risk issues are under the responsibility of the University Registrar, who has been in discussions with EMSS and IT Services staff to prioritize IT resources. Current plans are to address two of the issues concurrently (pages 3-4, lines 3-4, 104.2 and 104.3), with a tentative January 2017 start date by IT Services. The University Registrar estimates that the project related to the third issue (page 4, line 5, 104.4) is 60% complete as of 10/20/2016. The expected completion date remains 12/31/2016.

All issues closed after June 2016 are summarized on pages 10-11. Please let me know if you have any questions or comments.

Audit Issue Status

Risk Level	Open audit issues 6/3/2016	Added	Closed	Open audit issues 11/4/2016
High	7	0	2	5
Moderate	12	0	5	7
Low	6	6	2	10
Total	25	6	9	22

Attachments

Cc: David K. Creamer

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
1	**117.1** - Securing Confidential Information-Procedure Review- 1/2015	1/16/2015	3/31/2017	High	IT Services	It is recommended that IT Services work with Human Resources and Academic Personnel management to: 1. require that all new employees (including students) receive appropriate training regarding Miami's information security practices; 2. require that all employees (including students) receive appropriate updates on information security annually; 3. provide appropriate employees with clear documentation detailing the approved mediums for communicating Personally Identifiable Information; and, 4. establish procedures to hold employees who have received training accountable by receiving appropriate disciplinary action for violating Miami's information security practices.	Joe Bazeley, Assistant VP for Security, Compliance & Risk Management	Management concurred and stated that the requested central funding has been provided to purchase the security awareness training (objectives one and two). In an 8/2016 update management reported that the tool has been purchased and IT Services (ITS) is working with the vendor to deploy it. The initial rollout will be during fall 2016 to faculty and staff. Objectives three and four were addressed in the MU Confidential Data Guidelines and Technical Standards document, posted on the ITS website. These two points are considered closed. In a 11/2/2016 update, management stated that they are working with HR on the logistics. IT Services is planning on a pilot in January 2017 and full deployment by the end of March 2017. IACS plans to perform a follow-up audit once the tool has been functioning for three months and data is sufficient to test.
2	**117.2** - Securing Confidential Information- Procedure Review- 1/2015	1/16/2015	2/28/2017	High	IT Services	It is recommended that IT Services management continue to investigate and implement methods to detect and correct exposed Personally Identifiable Information (PII). IT Services should work with General Counsel to define PII.	Joe Bazeley, Assistant VP for Security, Compliance & Risk Management	Management concurred and stated that the requested central funding has been provided to purchase tools to scan for PII both in Miami's on-premise file shares (Identity Finder) and in Google Drive space (CloudLock). In a 8/2016 update, management stated that the CloudLock tool has been installed and is successful in discovering and addressing risk exposures. The Identity Finder tool is functioning as well. In a 11/2/2016 update, management stated that both tools are now operational. Notices are being sent to individuals who have files containing confidential information. IACS plans to perform a follow-up audit once both tools have been functioning for three months and data is sufficient to test.

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
3	**104.2** - Audit of Academic Record Updates - 7/2015	7/28/2015	8/31/2017	High	Enrollment Management & Student Success	IACS recommends that appropriate policies and procedures be established to document if a student began attendance in any class. In order to obtain and maintain such documentation consistently and timely, the Office of the University Registrar should work with the Office of Student Financial Assistance and the Office of the Provost in designing and enforcing the policies and procedures.	David Sauter, University Registrar	IACS completed a follow-up audit 4/2016. An automated solution to document if a student began attendance in any class has not been yet achievable. The Registrar's Office stated that this issue was partially resolved 9/10/2015 with a procedure improvement for those withdrawals that occur as a result of a student's last class being dropped via the faculty photo roster. In addition, IACS verified that Student Financial Assistance has interim manual measures in place to determine if a student began attendance by contacting faculty in cases where students drop all courses via web or are cancelled by Bursar for non-payment. However, interim manual measures are not in place in cases of official and medical withdrawals. As such, the audit issue remains open. In a 5/26/16 update, the University Registrar stated, "Status of collecting last attend/began attendance information for official and medical withdrawals remains an open issue. The volume of these is too great to accommodate manual measures. The Office of the University Registrar continues to press IT Services for resources to develop and implement an automated process for gathering this information, but to date no resources are forthcoming in the foreseeable future." IACS questioned senior IT Services management on whether they could assist in resolving this issue related to a federal regulation that requires the University to document if the students began attendance in any class. IT Services responded by implementing a new project prioritization and governance model. In the 6/2016 meeting, the Finance and Audit Committee directed IT Services to make audit issues a high priority. To summarize, this issue has been partially resolved and IT Service resources are needed to completely address it. As of 11/2/2016, based on recent discussions between EMSS and IT Services, current plans are for IT Services to begin the critical withdrawal/attendance project January 1, 2017, aware that the project impact would be considered along with existing planned projects. Expected completion date is 8/1/2017 for Fall 2017 implementation. The University Registrar stated earlier implementation will be done, if possible, and that this audit issue 104.2 will be addressed concurrent with 104.3, summarized below.

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
4	**104.3** - Audit of Academic Record Updates - 7/2015	7/28/2015	8/31/2017	High	Enrollment Management & Student Success	IACS recommends the Office of the University Registrar: a. Standardize and improve withdrawal policies and procedures as follows: i. Create a standardized withdrawal form for all campuses and withdrawal scenarios. The form should include information such as reason for withdrawal, last date of attendance or never attended information, registrar's date of receipt, processor and date posted. This form should be completed by registrar staff if not provided otherwise and supporting documentation attached. ii. Retain all withdrawal documents in a central location either electronically or in paper form. iii. Process withdrawal requests in the timeframe required by departmental procedures. b. Define Withdrawal and Enrollment Status codes and their use to improve input accuracy and consistency. c. Retrain employees who process withdrawals, including the Office of Student Financial Assistance and Global Initiatives, to gain proficiency in the established policies and procedures, and to minimize inaccurate input, incomplete documentation and non-execution of required procedures.	David Sauter, University Registrar	The University Registrar provided a 5/26/16 update stating, "This remains an open issue as we await IT Services resources to implement the LEAN withdrawal project. As mentioned in April, the Student Success Center (SSC) created an on-line withdrawal form for students to initiate their official withdrawal, which was put into use Spring 2016 for Oxford undergraduate official withdrawals..." IACS questioned senior IT Services management on whether they could assist in resolving this issue. IT Services responded by implementing a new project prioritization and governance model. In the 6/2016 meeting, the Finance and Audit Committee directed IT Services to make audit issues a high priority. To summarize, this issue has been partially resolved and IT Service resources are needed to completely address it. As of 11/2/2016, based on recent discussions between EMSS and IT Services, current plans are for IT Services to begin the critical withdrawal/attendance project January 1, 2017, aware that the project impact would be considered along with existing planned projects. Expected completion date is 8/1/2017 for Fall 2017 implementation. The University Registrar stated earlier implementation will be done, if possible, and that this audit issue 104.3 will be addressed concurrent with 104.2, summarized above.
5	**104.4** - Audit of Academic Record Updates - 7/2015	7/28/2015	1/31/2017	High	Enrollment Management & Student Success	IACS recommends the Office of the University Registrar continue working with IT Services to automate the grade change process. The automated process should be used by all campuses and include these features: a. email confirmations to the student and the instructor of record b. workflow approvals c. required fields such as the reason for the change d. capability to attach supporting documentation if applicable e. audit trail data such as registrar's date of receipt, processor and date posted f. trend analysis to detect possible fraud	David Sauter, University Registrar	The University Registrar provided a 5/26/16 update stating, "Status of notifying faculty and student when a grade change occurs remains an open issue. The volume of these changes is too great to accommodate manual notifications...." While awaiting IT resources, the Enrollment Management & Student Success division hired a temporary programmer to do the development needed for this project. In an 10/2016 update, the University Registrar stated, "As of Oct 20, the project is 60% complete. The full-time/6 month developer for OUR IACS and automation projects ended her consult early (Oct 21 instead of Dec 31) and so EMSS developer is continuing the project. The Banner form is in "test" and so the validation of both the form and the processes (e.g., updating Banner, emailing relevant individuals) is beginning. Expected completion date remains Dec 31, in time for use as faculty submit Fall 2016 grades (and prior)."
6	**103.1** - Audit of Departmental Deposit Policies and Procedures - 10/2015	10/27/2015	6/30/2017	Moderate	Finance & Business Services	IACS recommends update to the cash handling, depositing, and credit card policies and procedures to remove repetitive and conflicting information. The policies should be consolidated where appropriate and communicated widely within the University.	Cyndi Ripberger, Associate Director of Investments and Treasury Services	Management concurred and in a 10/2016 update stated, "Meeting scheduled 10/28 to discuss revisions/consolidations of policies with a goal to have changes completed and internally approved prior to 12/31/16. Web changes will be made and follow-up will be necessary when final website formats, etc are implemented."

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
7	**96.1a** - Locally Administered Construction Audit - Kreger Hall 11/2015	11/30/2015	6/30/2016	Moderate	Finance & Business Services	IACS recommends that the University consistently comply with Ohio Revised Code sections 153.12(A), 153.13, and 153.63(A) by implementing procedures to: a. establish escrow accounts as required	Sarah Persinger, Controller	In conjunction with the Shideler Hall audit, IACS completed a Kreger Hall follow-up audit 10/2016 and concluded that there is an ongoing issue related to establishing escrow accounts as required. University staff have been unable to secure a signed agreement with the construction manager for the Shideler Hall project. Going forward, management stated that escrow agreements will be presented to the contractor for signature at the outset of the construction project with all other required documentation presented by Facilities Contracting. This will be reviewed again in conjunction with the Pearson Hall project.
8	**135.2a** - Financial Audit of Miami Mock Trial Program - 2/2016	2/19/2016	8/15/2016	Moderate	Student Affairs	IACS recommends the Division of Student Affairs: a. work with the Farmer School of Business to develop a sustainable budget funding model for MMT, assuming the MMT program is to be maintained	Tim Kresse, Director of Student Affairs Budget and Technology	The Director of Student Affairs Budget and Technology concurred and in a 10/2016 update stated, "Mock Trial has been continued under the guidance of the College of Arts and Sciences. A new adjunct faculty is in charge of oversight, reporting to the Dean's office. Student Affairs continues to monitor the spend on Mock Trial and is working with the faculty member to develop a budget for Mock Trial. Currently, there is not a budget in place, and SA has contacted the advisor to keep the process alive, and will continue to monitor Mock Trial's spending until a budget is in place."
9	**135.2b** - Financial Audit of Miami Mock Trial Program - 2/2016	2/19/2016	12/31/2016	Moderate	Student Affairs	IACS recommends the Division of Student Affairs: b. prepare quarterly Budget to Actual reports for all student organization agency and designated funds. Such reports should be reviewed with the University Budget Office to address current and emerging issues.	Tim Kresse, Director of Student Affairs Budget and Technology	The Director of Student Affairs Budget and Technology concurred 2/2016 stating, "With over 650 student organizations, it is not feasible for SA to develop and implement budgets for all student organizations. However, SA will work with the University Budget Office to implement budgeting information for key groups. Initially, this will be groups with direct funding transfers from SOR accounts and will include Associated Student Government (ASG), Miami Mock Trial (MMT), Miami Activities and Programming (MAP), and COSMOS groups with budgets over $1,000. Budgets will be in place for these groups and monitored during FY17. SA will arrange meetings with the Budget Office, Controllers Office, and key stakeholders on a quarterly basis to review organizational budget status." In a 5/2016 status update, the Director of Student Affairs Budget and Technology stated, "Working with General Accounting and Student Activities staff to develop sustainable process. General accounting providing deficit reports on student organizations, working with ASG to clear funding issues." In a 10/2016 update, the Director of Student Affairs Budget and Technology stated, "Memo has been drafted and will be sent to all Deans about affiliated student organizations, and the college/school's financial responsibility for affiliated organization. Student Affairs is working with Associated Student Government on their budget. We are meeting regularly (but not quarterly yet) to work through ad hoc issues related to all student org finances and monitoring. Will continue to monitor and plan to have a meeting with ASG and related offices before the end of fall term to further discuss and implement budgets and monitoring."

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
10	**135.3** - Financial Audit of Miami Mock Trial - 2/2016	2/19/2016	12/31/2016	Moderate	Finance & Business Services	IACS recommends the Office of the Controller strengthen internal control over all student organization agency and designated funds. Improvements may include: a. requiring all reimbursements to University employees be approved by an authority to whom the requestor reports; b. pushing monthly financial reports to student organization advisors, rather than simply having them available for download; c. requiring action to resolve deficit balances; and d. disabling the ability to charge student organization agency and designated funds with deficit balances.	Sarah Persinger, Controller	IACS has a follow-up audit in process at 10/2016. Below is a summary of the interim findings: a. The Office of the Controller originally concurred with the recommendation to require all reimbursements to University employees be approved by an authority to whom the requestor reports. However, management has been unable to consistently require proper approval due to system limitations. This issue remains open as mitigating measures have not been implemented. b. Management stated that pushing reports to all student organization advisors is prohibitive, given the over 650 organizations and the high rate of advisor turnover. It appears mitigating controls are being implemented by General Accounting sending monthly deficit reports and pushing monthly (MiNE) financial reports to the Director of Student Affairs Budget and Technology. This part of the issue is considered closed. c. The Controller's Office has worked with Student Affairs and steps to reduce deficit balances have been taken. Although progress has been made to reduce the number of student organization funds in deficit, the dollar amount of deficit remains significant and it does not appear management has a clearly defined plan for resolving the deficit balances by June 30, 2017 as originally stated. d. The Office of the Controller originally concurred with disabling the ability to charge student organization agency and designated funds with deficit balances. However, the current policy does not address deficits of any amount for student org designated funds or student org agency funds with deficits up to $2,500.
11	**105.1** - Gift Processing Audit - 2/2016	2/22/2016	12/31/2016	Moderate	University Advancement	IACS recommends that University Advancement improve current policies and procedures for recording pledges in the Banner Advancement Module and communicate them to all related staff. The policies and procedures should detail under what circumstances the pledge may be recorded, what documentation is needed, and any exceptions that may be allowed. Gift processing staff should verify written evidence of the agreement with the donor before recording a pledge.	Joan Walker, Director of Compliance & Gift Processing	Management concurred stating, "We will review and update our current pledge policy. Given that the policy updates will need to be reviewed and implemented by several departments (Gift Processing, Annual Fund, Development) and potentially approved by our Foundation Board, our goal is to implement the new policy by 12/31/2016." In a 10/2016 update, management stated that they were on track to complete by 12/31/2016.
12	**105.2** - Gift Processing Audit - 2/2016	2/22/2016	12/31/2016	Moderate	University Advancement	IACS recommends that University Advancement establish policies and procedures for modifying an existing gift, pledge, or designation. Written documentation from or to the donor should be verified before making modifications. The policies and procedures should outline under what circumstances modifications may be made, what documentation is needed, and any exceptions that may be allowed.	Joan Walker, Director of Compliance & Gift Processing	Management concurred stating, "We will review and update our current policies regarding modification of existing gifts, pledges and designations. Given that the policy updates will need to be reviewed and approved by several departments (Gift Processing, Annual Fund, Development) and potentially our Foundation Board, our goal is to implement the new policies by 12/31/2016." In a 10/2016 update, management stated that they were on track to complete by 12/31/2016.
13	**130.1** - MiTech Repair Center – Control of Computers - 8/2015	8/18/2015	12/31/2016	Low	Finance & Business Services	In response to a police investigation regarding theft of computers, IACS reviewed internal controls at the Miami University Bookstore's MiTech Repair Center. IACS reviewed the repair center's procedures and made six recommendations to strengthen internal control of both client owned computers and University loaner computers.	Sarah Thacker, Director of Bookstores	IACS completed a follow-up audit 10/2016. Internal controls have been strengthened, as recommended, in all areas except for one pertaining to client-owned computers. Daily and weekly procedures have not been implemented to verify onsite client-owned inventory. As employees have not been changing a customer's repair ticket to resolved when the customer picks up their computer, the inventory was overstated. Comment remains open until a process to verify client computer inventories is established and functioning.

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
14	**105.3** - Gift Processing Audit - 2/2016	2/22/2016	12/31/2016	Low	University Advancement	To avoid re-entry of data, IACS recommends that UA works with IT Services to explore the technologies needed to upload credit card gifts from the CASHNet payment platform to Banner. Automation may not only save staff time on entering gift information, but also decrease paper documentation and risk of input errors.	Joan Walker, Director of Compliance & Gift Processing	Management concurred stating, "University Advancement has hired a new Director of Technology effective February 2016. The Director has stated that University Advancement can work with IT Services to explore the technologies needed to automate the online gift process, and discuss the possibility of conducting a LEAN review of the process; however, given the fact that the additional IT developer has not been hired yet, the completion of this review will need to be pushed to December 31, 2016." In a 10/2016 update, management stated that they were on track to complete by 12/31/2016.
15	**105.4** - Gift Processing Audit - 2/2016	2/22/2016	12/31/2016	Low	University Advancement	IACS recommends that management improve policies and procedures on file and record retention and communicate them to all related staff. The policies and procedures should agree with the Miami University Record Retention Schedule and provide detailed guidance on the retention of gift and pledge related records and information. Records should be retained no longer and no shorter than specified period.	Joan Walker, Director of Compliance & Gift Processing	Management concurred stating, "We will review and update our current policies regarding file and record retention. Given that the policy updates will need to be reviewed and approved by all areas within University Advancement, our goal is to implement the new policies by 12/31/2016." In a 10/2016 update, management stated that they were on track to complete by 12/31/2016.
16	**134.1** - Audit of Reimbursements Paid - 4/2016	4/8/2016	6/30/2016	Low	Finance & Business Services	IACS recommends Accounts Payable increase oversight of reimbursements by enhancing procedures as follows: 1. Encourage use of Miami Purchasing Card (P-Card) where appropriate. 2. Document reason for granting exceptions to policies and procedures. 3. Be more attentive to identify improper requests for reimbursements.	Anne Wheeler, Director of Payroll Services & Payables	Management concurred stating, "1) I agree with this finding and the Accounts Payable office will work with departments to encourage P-Card use going forward. 2) I agree with this finding and our office will document exceptions in writing and attach the approvals in Buyway and the Travel Module. 3) It is extremely difficult to prevent duplication, however, our office will try to be more attentive. Our office will contact the individuals and ask for them to reimburse the University." IACS has a follow-up audit in process at 10/2016, pending information from management.
17	**112.3** - Central Stores Physical Inventory - 8/2016	8/10/2016	6/30/2017	Low	Finance & Business Services	If the physical inventory will not be performed at year-end, IACS recommends PFD management consider expensing maintenance supplies, rather than recording them as inventory on the balance sheet. Expensing supplies is a common practice at several Ohio universities, and avoids costs associated with the year-end inventory. However, the budget impact to expense the inventory in the year of the accounting change should be considered. Regardless, internal controls should be maintained to detect and address potential shrinkage or other risks. Such current internal controls include: ID swipe for after-hours access, security cameras, regular cycle counts, routine spot checks by management, timely resolution of variances, and routine review of on-hand adjustments by management.	Cody Powell, Associate VP for Facility Planning and Operations	Management concurred stating, "PFD has been engaged in a lean project aimed at improving logistics management for supplies and material procurement, distribution to point of use, and a stronger just-in-time delivery. As is typically the case, part of this project was evaluating best practices amongst peers and aspirational peers in for-profit industry. We validated your observations in the recommendation that peer institutions are expensing many of these products. This approach does decrease the time and expense of managing/performing inventory, but does not solve underlying inefficiencies. PFD worked with Purchasing to issue an RFP this past spring. The RFP considers hiring a service to manage and improve the logistics of providing supplies and materials. A provider has been selected. Negotiations have begun the provider to finalize details and commence the transition. The outcome of this process will result in no centralized inventory of maintenance products by the University. Whatever inventory that exists will be owned by the provider. I anticipate full implementation by spring of 2017. While I am confident we are moving forward with this model, it is possible that university-owned inventory may exists as a transition next year. In this case, I think it will be prudent for us to discuss appropriate next steps in the spring of 2017. This will allow us to address remaining inventory during the transition to the new vendor-supplied operating model."

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
18	**132.1** - Audit of Confucius Institute - 8/2016	8/15/2016	10/15/2016	Low	Provost	To improve financial reporting, IACS recommends CIMU staff maintain accurate and complete documentation of all expenditures by doing the following: a. Label all P-card expenditures in the (JP Morgan PaymentNet) system with: who, what, when, where, and why, along with the name of the related project. b. Consistently use an activity code. c. Obtain itemized receipts for all expenditures. d. Use the appropriate expense account codes in accordance with General Accounting's Chart of Accounts - Account Code Definitions. e. Use the Accounts Payable P-Card Training and Resources website to obtain information on how to properly reconcile P-Card expenditures.	Chen Zhao, Director Confucius Institute	Management concurred and in a 10/2016 update stated, "GLI has increased the level of detail required for transactions for all units (including the MUCI). Operations Manager has implemented a requirement to use Banner activity codes for all transactions. The incoming new staff member and the transition staff member reconciling the MUCI p-card transactions and all expenses are using the Banner activity codes and have been trained on all processes and procedures. The Operations Manager is working with Accounts Payable for a refresher training session for all GLI staff, but that is not generally offered; however, all GLI staff have received a refresher e-mail about the importance of the procedures, using Banner activity codes, and detailing all transactions with the 5W's. All transactions are being checked before submitting." IACS will schedule a follow-up audit in FY18 to verify appropriate action has been taken to close these issues.
19	**132.2** - Audit of Confucius Institute - 8/2016	8/15/2016	1/31/2017	Low	Provost	IACS recommends annual reporting to Hanban be improved: a. Based on details provided by CIMU, MU's Grants and Contracts Office should submit the annual report, reconciling the data input to Banner. b. Details of what comprises institution appropriations (cost sharing) should be documented, with supporting calculations.	Chen Zhao, Director Confucius Institute	Management concurred and in a 10/2016 updated stated, "This is ongoing, but a system is set up with Excel workbooks that should make the submission of the annual report seamless once a budget is approved and then the annual report submitted." IACS will schedule a follow-up audit in FY18 to verify appropriate action has been taken to close these issues.
20	**87.1** - MU Bookstore Inventory Audit - 8/2016	8/19/2016	12/31/2016	Low	Finance & Business Services	To help the Bookstore successfully perform inventory related duties, IACS recommends Bookstore management establish, document and maintain written procedures for departmental tasks including but not limited to: a. taking physical inventory at year-end, along with the use and purpose of the various WinPRISM reports in the inventory process. For example, clarify the need to run a final report after all discrepancies are investigated and adjustments recorded. b. making required accounting adjustments depending on the timing of the year-end physical inventory and different circumstances. c. performing inventory analysis, such as turnover.	Sarah Thacker, Director of Bookstores	The Director of Bookstores concurred stating, "I agree with the recommendations above and we will continue to do a year- end inventory as close to June 30th as possible. I will also review the reports that WinPRISM support recommends to understand the purpose and need of each report. Prior to the year- end inventory I will consult with the auditor's office on the recommended reports to ensure that we are using the proper information. Review with the auditor's office what the recommended cutoff date should be for receiving goods for resale during the inventory process and whether to count these items in the report for general accounting. A document giving clear steps for the year-end inventory will be developed and shared with all managers and staff. A complete SOP for the year- end inventory process will be developed by the end of December 2016. Each large department in the store will continue to look at inventory turns and each department manager will keep a rolling turn calculation to review with the director each quarter. The bookstore director will also review with each department manager the importance of inventory turns. Each large department will control inventory levels and keep inventory low at the end of each year. Overall, inventory levels will be less in the future with the removal of textbooks."

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
21	**87.2** - MU Bookstore Inventory Audit - 8/2016	8/19/2016	12/31/2016	Low	Finance & Business Services	In order to improve inventory accuracy on an ongoing basis and identify the root cause of errors timely, IACS recommends cycle counts be scheduled on all three campuses. It is recommended that: a. Cycle counts be scheduled and documented as frequently as possible, with each product counted at least once every quarter. b. Causes of errors be investigated before adjustments are recorded, and action taken to prevent those errors from occurring in the future. c. The cycle counting process be well-defined and documented.	Sarah Thacker, Director of Bookstores	The Director of Bookstores concurred and in a 10/2016 update stated, "We have documented the process and each department has a plan for starting the cycle counts for the second quarter. The textbook department has a map of the floor showing which sections will be counted each week, plus adding these sections to a calendar. The technology department also created a perpetual inventory calendar and has designated product lines to count each week. The counts begin every Saturday to be completed by Tuesday and then discussed by the managers/Directors on Thursdays and Fridays. The clothing department process will also counted each item by product type and will include inventory at the athletic locations."
22	**139.1** - Audit of Center for American & World Cultures - 10/2016	10/6/2016	10/6/2016	Low	Provost	IACS recommends CAWC staff improve documentation and management review of P-Card expenditures as follows: a. label all P-Card expenditures in the system (JP Morgan PaymentNet) with complete and accurate documentation including: who, what, when, where, and why. b. Use the Accounts Payable P-Card Training and Resources website to obtain information on how to properly reconcile P-Card expenditures. c. Approve only expenditures that appear reasonable based on the documentation and note any transactions requiring reimbursement to the University.	Cheryl Young, Assistant Provost	The Assistant Provost concurred stating, " I agree with the recommendations. What action is or will be taken: • The issues identified are all related to transactions made by a Visiting Artist, Srinivas Krishnan, who had an annual appointment at Miami University, and most recently, in the CAWC for many years. This appointment has ceased as of the current academic year and he will not be reappointed. There were significant and concerning issues at multiple levels with this appointment and with the visiting artist who consistently disregarded and resisted following operating policies and appropriate operating procedures. He was informed and notified multiple times, by multiple staff. In the future, all visiting and permanent appointees will be made aware in advance of the appointment regarding the expectations and policies for purchasing and payments. Immediate remediation will be sought if violations are noted, and will not go unheeded due to the real or perceived prominence of the faculty or staff member. • All GLI staff, including the CAWC staff, have been reminded of the imperative for complete and accurate documentation, including the 5 W's. A reminder will be issued annually to all P-card holders. • All CAWC P-card transactions will be reviewed in reconciliation at the GLI level, following the current standard operating procedures for the other units in GLI, to ensure complete and accurate documentation. • Only reasonable and allowable expenses will be approved, and if reimbursement is required, it will be noted on the reconciliation. When will the action be completed: All actions completed."

Closed Internal Audit Issues

Line	Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
1	**104.1** - Audit of Academic Record Updates - 7/2015	7/28/2015	High	Enrollment Management & Student Success	IACS recommends that the Office of the University Registrar work with the Office of Student Financial Assistance to revise current procedures for determining withdrawal dates to align with federal regulation 34 CFR § 668.22. The University Registrar should work with the Office of the Provost to enforce the procedures as needed.	David Sauter, University Registrar	IACS completed a follow-up audit 8/2016, concluding that appropriate action has been taken. The Office of the University Registrar (OUR) has worked with the Office of Student Financial Assistance to revise current procedures for determining withdrawal dates to align with federal regulation 34 CFR § 668.22. Based on audit testing, the only exceptions noted were processed by regional campus staff and by Global Initiatives staff. As such, this audit issue has been closed with a reference to open audit issue 104.3c where it was recommended that OUR "retrain employees who process withdrawals including the Office of Student Financial Assistance and Global Initiatives, to gain proficiency in the established policies and procedures, and to minimize inaccurate input, incomplete documentation and non-execution of required procedures." It should be noted that Regional Records and Registration employees also process withdrawals and will need to be included in the retraining. Comment closed 8/30/2016.
2	**137.1** - IT Vulnerability Management - 1/2016	1/9/2016	High	IT Services	A process should be in place to detect, classify by risk level, and timely remediate vulnerabilities to Miami-owned computing devices. IACS recommends IT Services fully establish and maintain a process to timely remediate vulnerabilities to Miami-owned computing devices.	Joe Bazeley, Assistant VP for Security, Compliance & Risk Management	It appears a process to detect vulnerabilities and classify by risk level is fully established and that it will be maintained. A reporting process is also in place that identifies issues with timely remediation of the vulnerabilities. This comment is being closed with the understanding that the ISO will strengthen analysis and follow-up of cases where remediation is not taking place in accordance with the 30-day standard. Comment closed 11/3/2016.
3	**121.1** - Audit of Fuel Dispensing System-7/2015	7/10/2015	Moderate	Finance & Business Services	IACS recommends PFD management explore options for updating to a reliable, adequately controlled fuel dispensing system. Desirable features include capabilities to: • interface with PFD's inventory management system, thus reducing manual processing currently required to post fuel transactions from Gasboy to WebTMA. •produce customizable electronic reports to facilitate real-time inventory analysis, monitoring of fueling activity, and management of user access. •provide administrative access control including unique usernames, passwords and audit logs that detail updates to the system. •increase control of unauthorized fuel dispensing.	Sandra Mohr, Director of Operations Center/Facility Central Stores	IACS completed a follow-up audit 8/2016. A Lean project to install a new fuel dispensing system was completed 3/2016. The new fuel dispensing system appears reliable and adequately controlled. Implemented features include: reduced manual processing required for uploading transactions to Banner, customizable real-time reports, administrative access controls, and increased control of unauthorized fuel dispensing. Comment closed 8/9/2016.
4	**121.2** - Audit of Fuel Dispensing System-7/2015	7/10/2015	Moderate	Finance & Business Services	IACS recommends PFD management require written supervisory approval before adding users and fuel cards to the fuel dispensing database. Additionally, verify users having such authorization, the index code charged for fuel, and the related vehicles and equipment with supervisors at least annually. The fuel dispensing authorization form and annual verification procedures should be documented.	Sandra Mohr, Director of Operations Center/Facility Central Stores	IACS completed a follow-up audit 8/2016. IACS tested twelve users added to the new Gasboy system. PFD management received supervisory approval for twelve (100%) of the samples IACS tested. In accordance with PFD's terms and conditions, it is the department's responsibility to notify PFD of changes in authorizations. As such, this will be used as a mitigating control for annual verification. Comment closed 8/9/2016.
5	**121.3** - Audit of Fuel Dispensing System-7/2015	7/10/2015	Moderate	Finance & Business Services	IACS recommends PFD management establish and document standard naming conventions and other procedures. Naming conventions should uniquely identify employees, departments, vehicles and equipment. In addition, procedures should address handling lost fuel cards, forgotten access PINs, employee department changes and vehicle replacements.	Sandra Mohr, Director of Operations Center/Facility Central Stores	IACS performed a second follow-up on this issue 10/2016. Management has established and documented standard naming conventions and other procedures for the new fuel dispensing system as recommended. Comment closed 10/19/2016.
6	**121.4** - Audit of Fuel Dispensing System-7/2015	7/10/2015	Moderate	Finance & Business Services	IACS recommends interdepartmental fuel expenses be charged-out monthly, in accordance with General Accounting's Banner Finance monthly close schedule.	Sandra Mohr, Director of Operations Center/Facility Central Stores	IACS completed a follow-up audit 8/2016, testing transactions 11/2015 - 4/2016. PFD management took appropriate action to charge-out fuel transactions monthly, in accordance with General Accounting's Banner Finance monthly close schedule. Comment closed 8/9/2016.
7	**135.1** - Financial Audit of Miami Mock Trial Program - 2/2016	2/19/2016	Moderate	Farmer School of Business	IACS recommends the Farmer School of Business work with the Division of Student Affairs and the Office of the Controller to bring MMT funds out of deficit by fiscal year end 6/30/2016.	Rebekah Keasling, Assistant Dean for Administration	IACS followed up on this issue 10/2016. A five-year (FY17-FY21) deficit reduction plan has been approved by the Sr. Vice President for Finance & Business Services, wherein the Farmer School of Business and Student Affairs will each make one payment of $31K per fiscal year to eliminate the deficit by fiscal year-end 2021. Comment closed 11/2/2016.

Closed Internal Audit Issues

Line	Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
8	**114.1** - Goggin Pro Shop Inventory - 8/2014	8/22/2014	Low	Finance & Business Services	It is recommended that management analyze inventory turnover to measure its inventory management efficiency, ensure inventory is current, and benchmark this data to other operations.	Kevin Ackley, Sr Dir of Goggin Ice Center	Based on a 9/2016 follow-up review, it appears management is taking appropriate action to analyze inventory turnover at the Goggin Pro Shop to measure its inventory management efficiency, ensure inventory is current, and benchmark this data to other operations. Comment closed 9/28/2016.
9	**113.1d** - Recreational Sports Center Pro Shop Inventory Audit - 9/2014	9/4/2014	Low	Finance & Business Services	In order to strengthen internal controls over inventory, it is recommended that management analyze inventory turnover to measure its inventory management efficiency, ensure inventory is current, and benchmark this data to other operations.	Tara Britton, Dir Cust Service & Sponsorship	Based on the 9/2016 follow-up review, it appears management is taking appropriate action to analyze inventory turnover at the Recreational Sports Center Pro Shop to measure its inventory management efficiency, ensure inventory is current, and benchmark this data to other operations. Comment closed 9/28/2016.

Reporting Update
Item 3

To: Finance and Audit Committee

Barbara K. Jena

From: Barbara K. Jena, Director of Internal Audit and Consulting Services

Subject: **Internal Audit & Consulting Services -** Internal Audit Issues

Date: November 04, 2016

This is IACS's semi-annual report of all open internal audit issues. As shown in the below table, since June 2016, six (low risk) issues have been added and nine closed including two high risk issues. One of the high risk issues recently closed pertains to IT vulnerability management and the other pertains to determining academic withdrawal dates in accordance with federal regulation.

Two of the five open high risk issues are the responsibility of the ISO, relating to securing confidential information. IACS plans to perform a follow-up audit once the tools have been functioning for three months and data is sufficient for testing. See page 2, lines 1-2, (117.1-117.2) for more information.

The remaining three open high risk issues are under the responsibility of the University Registrar, who has been in discussions with EMSS and IT Services staff to prioritize IT resources. Current plans are to address two of the issues concurrently (pages 3-4, lines 3-4, 104.2 and 104.3), with a tentative January 2017 start date by IT Services. The University Registrar estimates that the project related to the third issue (page 4, line 5, 104.4) is 60% complete as of 10/20/2016. The expected completion date remains 12/31/2016.

All issues closed after June 2016 are summarized on pages 10-11. Please let me know if you have any questions or comments.

Audit Issue Status

Risk Level	Open audit issues 6/3/2016	Added	Closed	Open audit issues 11/4/2016
High	7	0	2	5
Moderate	12	0	5	7
Low	6	6	2	10
Total	25	6	9	22

Attachments
Cc: David K. Creamer

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
1	**117.1** - Securing Confidential Information-Procedure Review- 1/2015	1/16/2015	3/31/2017	High	IT Services	It is recommended that IT Services work with Human Resources and Academic Personnel management to: 1. require that all new employees (including students) receive appropriate training regarding Miami's information security practices; 2. require that all employees (including students) receive appropriate updates on information security annually; 3. provide appropriate employees with clear documentation detailing the approved mediums for communicating Personally Identifiable Information; and, 4. establish procedures to hold employees who have received training accountable by receiving appropriate disciplinary action for violating Miami's information security practices.	Joe Bazeley, Assistant VP for Security, Compliance & Risk Management	Management concurred and stated that the requested central funding has been provided to purchase the security awareness training (objectives one and two). In an 8/2016 update management reported that the tool has been purchased and IT Services (ITS) is working with the vendor to deploy it. The initial rollout will be during fall 2016 to faculty and staff. Objectives three and four were addressed in the MU Confidential Data Guidelines and Technical Standards document, posted on the ITS website. These two points are considered closed. In a 11/2/2016 update, management stated that they are working with HR on the logistics. IT Services is planning on a pilot in January 2017 and full deployment by the end of March 2017. IACS plans to perform a follow-up audit once the tool has been functioning for three months and data is sufficient to test.
2	**117.2** - Securing Confidential Information- Procedure Review- 1/2015	1/16/2015	2/28/2017	High	IT Services	It is recommended that IT Services management continue to investigate and implement methods to detect and correct exposed Personally Identifiable Information (PII). IT Services should work with General Counsel to define PII.	Joe Bazeley, Assistant VP for Security, Compliance & Risk Management	Management concurred and stated that the requested central funding has been provided to purchase tools to scan for PII both in Miami's on-premise file shares (Identity Finder) and in Google Drive space (CloudLock). In a 8/2016 update, management stated that the CloudLock tool has been installed and is successful in discovering and addressing risk exposures. The Identity Finder tool is functioning as well. In a 11/2/2016 update, management stated that both tools are now operational. Notices are being sent to individuals who have files containing confidential information. IACS plans to perform a follow-up audit once both tools have been functioning for three months and data is sufficient to test.

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
3	**104.2** - Audit of Academic Record Updates - 7/2015	7/28/2015	8/31/2017	High	Enrollment Management & Student Success	IACS recommends that appropriate policies and procedures be established to document if a student began attendance in any class. In order to obtain and maintain such documentation consistently and timely, the Office of the University Registrar should work with the Office of Student Financial Assistance and the Office of the Provost in designing and enforcing the policies and procedures.	David Sauter, University Registrar	IACS completed a follow-up audit 4/2016. An automated solution to document if a student began attendance in any class has not been yet achievable. The Registrar's Office stated that this issue was partially resolved 9/10/2015 with a procedure improvement for those withdrawals that occur as a result of a student's last class being dropped via the faculty photo roster. In addition, IACS verified that Student Financial Assistance has interim manual measures in place to determine if a student began attendance by contacting faculty in cases where students drop all courses via web or are cancelled by Bursar for non-payment. However, interim manual measures are not in place in cases of official and medical withdrawals. As such, the audit issue remains open. In a 5/26/16 update, the University Registrar stated, "Status of collecting last attend/began attendance information for official and medical withdrawals remains an open issue. The volume of these is too great to accommodate manual measures. The Office of the University Registrar continues to press IT Services for resources to develop and implement an automated process for gathering this information, but to date no resources are forthcoming in the foreseeable future." IACS questioned senior IT Services management on whether they could assist in resolving this issue related to a federal regulation that requires the University to document if the students began attendance in any class. IT Services responded by implementing a new project prioritization and governance model. In the 6/2016 meeting, the Finance and Audit Committee directed IT Services to make audit issues a high priority. To summarize, this issue has been partially resolved and IT Service resources are needed to completely address it. As of 11/2/2016, based on recent discussions between EMSS and IT Services, current plans are for IT Services to begin the critical withdrawal/attendance project January 1, 2017, aware that the project impact would be considered along with existing planned projects. Expected completion date is 8/1/2017 for Fall 2017 implementation. The University Registrar stated earlier implementation will be done, if possible, and that this audit issue 104.2 will be addressed concurrent with 104.3, summarized below.

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
4	**104.3** - Audit of Academic Record Updates - 7/2015	7/28/2015	8/31/2017	High	Enrollment Management & Student Success	IACS recommends the Office of the University Registrar: a. Standardize and improve withdrawal policies and procedures as follows: i. Create a standardized withdrawal form for all campuses and withdrawal scenarios. The form should include information such as reason for withdrawal, last date of attendance or never attended information, registrar's date of receipt, processor and date posted. This form should be completed by registrar staff if not provided otherwise and supporting documentation attached. ii. Retain all withdrawal documents in a central location either electronically or in paper form. iii. Process withdrawal requests in the timeframe required by departmental procedures. b. Define Withdrawal and Enrollment Status codes and their use to improve input accuracy and consistency. c. Retrain employees who process withdrawals, including the Office of Student Financial Assistance and Global Initiatives, to gain proficiency in the established policies and procedures, and to minimize inaccurate input, incomplete documentation and non-execution of required procedures.	David Sauter, University Registrar	The University Registrar provided a 5/26/16 update stating, "This remains an open issue as we await IT Services resources to implement the LEAN withdrawal project. As mentioned in April, the Student Success Center (SSC) created an on-line withdrawal form for students to initiate their official withdrawal, which was put into use Spring 2016 for Oxford undergraduate official withdrawals..." IACS questioned senior IT Services management on whether they could assist in resolving this issue. IT Services responded by implementing a new project prioritization and governance model. In the 6/2016 meeting, the Finance and Audit Committee directed IT Services to make audit issues a high priority. To summarize, this issue has been partially resolved and IT Service resources are needed to completely address it. As of 11/2/2016, based on recent discussions between EMSS and IT Services, current plans are for IT Services to begin the critical withdrawal/attendance project January 1, 2017, aware that the project impact would be considered along with existing planned projects. Expected completion date is 8/1/2017 for Fall 2017 implementation. The University Registrar stated earlier implementation will be done, if possible, and that this audit issue 104.3 will be addressed concurrent with 104.2, summarized above.
5	**104.4** - Audit of Academic Record Updates - 7/2015	7/28/2015	1/31/2017	High	Enrollment Management & Student Success	IACS recommends the Office of the University Registrar continue working with IT Services to automate the grade change process. The automated process should be used by all campuses and include these features: a. email confirmations to the student and the instructor of record b. workflow approvals c. required fields such as the reason for the change d. capability to attach supporting documentation if applicable e. audit trail data such as registrar's date of receipt, processor and date posted f. trend analysis to detect possible fraud	David Sauter, University Registrar	The University Registrar provided a 5/26/16 update stating, "Status of notifying faculty and student when a grade change occurs remains an open issue. The volume of these changes is too great to accommodate manual notifications…." While awaiting IT resources, the Enrollment Management & Student Success division hired a temporary programmer to do the development needed for this project. In an 10/2016 update, the University Registrar stated, "As of Oct 20, the project is 60% complete. The full-time/6 month developer for OUR IACS and automation projects ended her consult early (Oct 21 instead of Dec 31) and so EMSS developer is continuing the project. The Banner form is in "test" and so the validation of both the form and the processes (e.g., updating Banner, emailing relevant individuals) is beginning. Expected completion date remains Dec 31, in time for use as faculty submit Fall 2016 grades (and prior)."
6	**103.1** - Audit of Departmental Deposit Policies and Procedures - 10/2015	10/27/2015	6/30/2017	Moderate	Finance & Business Services	IACS recommends update to the cash handling, depositing, and credit card policies and procedures to remove repetitive and conflicting information. The policies should be consolidated where appropriate and communicated widely within the University.	Cyndi Ripberger, Associate Director of Investments and Treasury Services	Management concurred and in a 10/2016 update stated, "Meeting scheduled 10/28 to discuss revisions/consolidations of policies with a goal to have changes completed and internally approved prior to 12/31/16. Web changes will be made and follow-up will be necessary when final website formats, etc are implemented."

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
7	**96.1a** - Locally Administered Construction Audit - Kreger Hall 11/2015	11/30/2015	6/30/2016	Moderate	Finance & Business Services	IACS recommends that the University consistently comply with Ohio Revised Code sections 153.12(A), 153.13, and 153.63(A) by implementing procedures to: a. establish escrow accounts as required	Sarah Persinger, Controller	In conjunction with the Shideler Hall audit, IACS completed a Kreger Hall follow-up audit 10/2016 and concluded that there is an ongoing issue related to establishing escrow accounts as required. University staff have been unable to secure a signed agreement with the construction manager for the Shideler Hall project. Going forward, management stated that escrow agreements will be presented to the contractor for signature at the outset of the construction project with all other required documentation presented by Facilities Contracting. This will be reviewed again in conjunction with the Pearson Hall project.
8	**135.2a** - Financial Audit of Miami Mock Trial Program - 2/2016	2/19/2016	8/15/2016	Moderate	Student Affairs	IACS recommends the Division of Student Affairs: a. work with the Farmer School of Business to develop a sustainable budget funding model for MMT, assuming the MMT program is to be maintained	Tim Kresse, Director of Student Affairs Budget and Technology	The Director of Student Affairs Budget and Technology concurred and in a 10/2016 update stated, "Mock Trial has been continued under the guidance of the College of Arts and Sciences. A new adjunct faculty is in charge of oversight, reporting to the Dean's office. Student Affairs continues to monitor the spend on Mock Trial and is working with the faculty member to develop a budget for Mock Trial. Currently, there is not a budget in place, and SA has contacted the advisor to keep the process alive, and will continue to monitor Mock Trial's spending until a budget is in place."
9	**135.2b** - Financial Audit of Miami Mock Trial Program - 2/2016	2/19/2016	12/31/2016	Moderate	Student Affairs	IACS recommends the Division of Student Affairs: b. prepare quarterly Budget to Actual reports for all student organization agency and designated funds. Such reports should be reviewed with the University Budget Office to address current and emerging issues.	Tim Kresse, Director of Student Affairs Budget and Technology	The Director of Student Affairs Budget and Technology concurred 2/2016 stating, "With over 650 student organizations, it is not feasible for SA to develop and implement budgets for all student organizations. However, SA will work with the University Budget Office to implement budgeting information for key groups. Initially, this will be groups with direct funding transfers from SOR accounts and will include Associated Student Government (ASG), Miami Mock Trial (MMT), Miami Activities and Programming (MAP), and COSMOS groups with budgets over $1,000. Budgets will be in place for these groups and monitored during FY17. SA will arrange meetings with the Budget Office, Controllers Office, and key stakeholders on a quarterly basis to review organizational budget status." In a 5/2016 status update, the Director of Student Affairs Budget and Technology stated, "Working with General Accounting and Student Activities staff to develop sustainable process. General accounting providing deficit reports on student organizations, working with ASG to clear funding issues." In a 10/2016 update, the Director of Student Affairs Budget and Technology stated, "Memo has been drafted and will be sent to all Deans about affiliated student organizations, and the college/school's financial responsibility for affiliated organization. Student Affairs is working with Associated Student Government on their budget. We are meeting regularly (but not quarterly yet) to work through ad hoc issues related to all student org finances and monitoring. Will continue to monitor and plan to have a meeting with ASG and related offices before the end of fall term to further discuss and implement budgets and monitoring."

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
10	**135.3** - Financial Audit of Miami Mock Trial - 2/2016	2/19/2016	12/31/2016	Moderate	Finance & Business Services	IACS recommends the Office of the Controller strengthen internal control over all student organization agency and designated funds. Improvements may include: a. requiring all reimbursements to University employees be approved by an authority to whom the requestor reports; b. pushing monthly financial reports to student organization advisors, rather than simply having them available for download; c. requiring action to resolve deficit balances; and d. disabling the ability to charge student organization agency and designated funds with deficit balances.	Sarah Persinger, Controller	IACS has a follow-up audit in process at 10/2016. Below is a summary of the interim findings: a. The Office of the Controller originally concurred with the recommendation to require all reimbursements to University employees be approved by an authority to whom the requestor reports. However, management has been unable to consistently require proper approval due to system limitations. This issue remains open as mitigating measures have not been implemented. b. Management stated that pushing reports to all student organization advisors is prohibitive, given the over 650 organizations and the high rate of advisor turnover. It appears mitigating controls are being implemented by General Accounting sending monthly deficit reports and pushing monthly (MiNE) financial reports to the Director of Student Affairs Budget and Technology. This part of the issue is considered closed. c. The Controller's Office has worked with Student Affairs and steps to reduce deficit balances have been taken. Although progress has been made to reduce the number of student organization funds in deficit, the dollar amount of deficit remains significant and it does not appear management has a clearly defined plan for resolving the deficit balances by June 30, 2017 as originally stated. d. The Office of the Controller originally concurred with disabling the ability to charge student organization agency and designated funds with deficit balances. However, the current policy does not address deficits of any amount for student org designated funds or student org agency funds with deficits up to $2,500.
11	**105.1** - Gift Processing Audit - 2/2016	2/22/2016	12/31/2016	Moderate	University Advancement	IACS recommends that University Advancement improve current policies and procedures for recording pledges in the Banner Advancement Module and communicate them to all related staff. The policies and procedures should detail under what circumstances the pledge may be recorded, what documentation is needed, and any exceptions that may be allowed. Gift processing staff should verify written evidence of the agreement with the donor before recording a pledge.	Joan Walker, Director of Compliance & Gift Processing	Management concurred stating, "We will review and update our current pledge policy. Given that the policy updates will need to be reviewed and implemented by several departments (Gift Processing, Annual Fund, Development) and potentially approved by our Foundation Board, our goal is to implement the new policy by 12/31/2016." In a 10/2016 update, management stated that they were on track to complete by 12/31/2016.
12	**105.2** - Gift Processing Audit - 2/2016	2/22/2016	12/31/2016	Moderate	University Advancement	IACS recommends that University Advancement establish policies and procedures for modifying an existing gift, pledge, or designation. Written documentation from or to the donor should be verified before making modifications. The policies and procedures should outline under what circumstances modifications may be made, what documentation is needed, and any exceptions that may be allowed.	Joan Walker, Director of Compliance & Gift Processing	Management concurred stating, "We will review and update our current policies regarding modification of existing gifts, pledges and designations. Given that the policy updates will need to be reviewed and approved by several departments (Gift Processing, Annual Fund, Development) and potentially our Foundation Board, our goal is to implement the new policies by 12/31/2016." In a 10/2016 update, management stated that they were on track to complete by 12/31/2016.
13	**130.1** - MiTech Repair Center – Control of Computers - 8/2015	8/18/2015	12/31/2016	Low	Finance & Business Services	In response to a police investigation regarding theft of computers, IACS reviewed internal controls at the Miami University Bookstore's MiTech Repair Center. IACS reviewed the repair center's procedures and made six recommendations to strengthen internal control of both client owned computers and University loaner computers.	Sarah Thacker, Director of Bookstores	IACS completed a follow-up audit 10/2016. Internal controls have been strengthened, as recommended, in all areas except for one pertaining to client-owned computers. Daily and weekly procedures have not been implemented to verify onsite client-owned inventory. As employees have not been changing a customer's repair ticket to resolved when the customer picks up their computer, the inventory was overstated. Comment remains open until a process to verify client computer inventories is established and functioning.

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
14	**105.3** - Gift Processing Audit - 2/2016	2/22/2016	12/31/2016	Low	University Advancement	To avoid re-entry of data, IACS recommends that UA works with IT Services to explore the technologies needed to upload credit card gifts from the CASHNet payment platform to Banner. Automation may not only save staff time on entering gift information, but also decrease paper documentation and risk of input errors.	Joan Walker, Director of Compliance & Gift Processing	Management concurred stating, "University Advancement has hired a new Director of Technology effective February 2016. The Director has stated that University Advancement can work with IT Services to explore the technologies needed to automate the online gift process, and discuss the possibility of conducting a LEAN review of the process; however, given the fact that the additional IT developer has not been hired yet, the completion of this review will need to be pushed to December 31, 2016." In a 10/2016 update, management stated that they were on track to complete by 12/31/2016.
15	**105.4** - Gift Processing Audit - 2/2016	2/22/2016	12/31/2016	Low	University Advancement	IACS recommends that management improve policies and procedures on file and record retention and communicate them to all related staff. The policies and procedures should agree with the Miami University Record Retention Schedule and provide detailed guidance on the retention of gift and pledge related records and information. Records should be retained no longer and no shorter than specified period.	Joan Walker, Director of Compliance & Gift Processing	Management concurred stating, "We will review and update our current policies regarding file and record retention. Given that the policy updates will need to be reviewed and approved by all areas within University Advancement, our goal is to implement the new policies by 12/31/2016." In a 10/2016 update, management stated that they were on track to complete by 12/31/2016.
16	**134.1** - Audit of Reimbursements Paid - 4/2016	4/8/2016	6/30/2016	Low	Finance & Business Services	IACS recommends Accounts Payable increase oversight of reimbursements by enhancing procedures as follows: 1. Encourage use of Miami Purchasing Card (P-Card) where appropriate. 2. Document reason for granting exceptions to policies and procedures. 3. Be more attentive to identify improper requests for reimbursements.	Anne Wheeler, Director of Payroll Services & Payables	Management concurred stating, "1) I agree with this finding and the Accounts Payable office will work with departments to encourage P-Card use going forward. 2) I agree with this finding and our office will document exceptions in writing and attach the approvals in Buyway and the Travel Module. 3) It is extremely difficult to prevent duplication, however, our office will try to be more attentive. Our office will contact the individuals and ask for them to reimburse the University." IACS has a follow-up audit in process at 10/2016, pending information from management.
17	**112.3** - Central Stores Physical Inventory - 8/2016	8/10/2016	6/30/2017	Low	Finance & Business Services	If the physical inventory will not be performed at year-end, IACS recommends PFD management consider expensing maintenance supplies, rather than recording them as inventory on the balance sheet. Expensing supplies is a common practice at several Ohio universities, and avoids costs associated with the year-end inventory. However, the budget impact to expense the inventory in the year of the accounting change should be considered. Regardless, internal controls should be maintained to detect and address potential shrinkage or other risks. Such current internal controls include: ID swipe for after-hours access, security cameras, regular cycle counts, routine spot checks by management, timely resolution of variances, and routine review of on-hand adjustments by management.	Cody Powell, Associate VP for Facility Planning and Operations	Management concurred stating, "PFD has been engaged in a lean project aimed at improving logistics management for supplies and material procurement, distribution to point of use, and a stronger just-in-time delivery. As is typically the case, part of this project was evaluating best practices amongst peers and aspirational peers in for-profit industry. We validated your observations in the recommendation that peer institutions are expensing many of these products. This approach does decrease the time and expense of managing/performing inventory, but does not solve underlying inefficiencies. PFD worked with Purchasing to issue an RFP this past spring. The RFP considers hiring a service to manage and improve the logistics of providing supplies and materials. A provider has been selected. Negotiations have begun the provider to finalize details and commence the transition. The outcome of this process will result in no centralized inventory of maintenance products by the University. Whatever inventory that exists will be owned by the provider. I anticipate full implementation by spring of 2017. While I am confident we are moving forward with this model, it is possible that university-owned inventory may exists as a transition next year. In this case, I think it will be prudent for us to discuss appropriate next steps in the spring of 2017. This will allow us to address remaining inventory during the transition to the new vendor-supplied operating model."

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
18	**132.1** - Audit of Confucius Institute - 8/2016	8/15/2016	10/15/2016	Low	Provost	To improve financial reporting, IACS recommends CIMU staff maintain accurate and complete documentation of all expenditures by doing the following: a. Label all P-card expenditures in the (JP Morgan PaymentNet) system with: who, what, when, where, and why, along with the name of the related project. b. Consistently use an activity code. c. Obtain itemized receipts for all expenditures. d. Use the appropriate expense account codes in accordance with General Accounting's Chart of Accounts - Account Code Definitions. e. Use the Accounts Payable P-Card Training and Resources website to obtain information on how to properly reconcile P-Card expenditures.	Chen Zhao, Director Confucius Institute	Management concurred and in a 10/2016 update stated, "GLI has increased the level of detail required for transactions for all units (including the MUCI). Operations Manager has implemented a requirement to use Banner activity codes for all transactions. The incoming new staff member and the transition staff member reconciling the MUCI p-card transactions and all expenses are using the Banner activity codes and have been trained on all processes and procedures. The Operations Manager is working with Accounts Payable for a refresher training session for all GLI staff, but that is not generally offered; however, all GLI staff have received a refresher e-mail about the importance of the procedures, using Banner activity codes, and detailing all transactions with the 5W's. All transactions are being checked before submitting." IACS will schedule a follow-up audit in FY18 to verify appropriate action has been taken to close these issues.
19	**132.2** - Audit of Confucius Institute - 8/2016	8/15/2016	1/31/2017	Low	Provost	IACS recommends annual reporting to Hanban be improved: a. Based on details provided by CIMU, MU's Grants and Contracts Office should submit the annual report, reconciling the data input to Banner. b. Details of what comprises institution appropriations (cost sharing) should be documented, with supporting calculations.	Chen Zhao, Director Confucius Institute	Management concurred and in a 10/2016 updated stated, "This is ongoing, but a system is set up with Excel workbooks that should make the submission of the annual report seamless once a budget is approved and then the annual report submitted." IACS will schedule a follow-up audit in FY18 to verify appropriate action has been taken to close these issues.
20	**87.1** - MU Bookstore Inventory Audit - 8/2016	8/19/2016	12/31/2016	Low	Finance & Business Services	To help the Bookstore successfully perform inventory related duties, IACS recommends Bookstore management establish, document and maintain written procedures for departmental tasks including but not limited to: a. taking physical inventory at year-end, along with the use and purpose of the various WinPRISM reports in the inventory process. For example, clarify the need to run a final report after all discrepancies are investigated and adjustments recorded. b. making required accounting adjustments depending on the timing of the year-end physical inventory and different circumstances. c. performing inventory analysis, such as turnover.	Sarah Thacker, Director of Bookstores	The Director of Bookstores concurred stating, "I agree with the recommendations above and we will continue to do a year- end inventory as close to June 30th as possible. I will also review the reports that WinPRISM support recommends to understand the purpose and need of each report. Prior to the year- end inventory I will consult with the auditor's office on the recommended reports to ensure that we are using the proper information. Review with the auditor's office what the recommended cutoff date should be for receiving goods for resale during the inventory process and whether to count these items in the report for general accounting. A document giving clear steps for the year-end inventory will be developed and shared with all managers and staff. A complete SOP for the year- end inventory process will be developed by the end of December 2016. Each large department in the store will continue to look at inventory turns and each department manager will keep a rolling turn calculation to review with the director each quarter. The bookstore director will also review with each department manager the importance of inventory turns. Each large department will control inventory levels and keep inventory low at the end of each year. Overall, inventory levels will be less in the future with the removal of textbooks."

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
21	**87.2** - MU Bookstore Inventory Audit - 8/2016	8/19/2016	12/31/2016	Low	Finance & Business Services	In order to improve inventory accuracy on an ongoing basis and identify the root cause of errors timely, IACS recommends cycle counts be scheduled on all three campuses. It is recommended that: a. Cycle counts be scheduled and documented as frequently as possible, with each product counted at least once every quarter. b. Causes of errors be investigated before adjustments are recorded, and action taken to prevent those errors from occurring in the future. c. The cycle counting process be well-defined and documented.	Sarah Thacker, Director of Bookstores	The Director of Bookstores concurred and in a 10/2016 update stated, "We have documented the process and each department has a plan for starting the cycle counts for the second quarter. The textbook department has a map of the floor showing which sections will be counted each week, plus adding these sections to a calendar. The technology department also created a perpetual inventory calendar and has designated product lines to count each week. The counts begin every Saturday to be completed by Tuesday and then discussed by the managers/Directors on Thursdays and Fridays. The clothing department process will also counted each item by product type and will include inventory at the athletic locations."
22	**139.1** - Audit of Center for American & World Cultures - 10/2016	10/6/2016	10/6/2016	Low	Provost	IACS recommends CAWC staff improve documentation and management review of P-Card expenditures as follows: a. label all P-Card expenditures in the system (JP Morgan PaymentNet) with complete and accurate documentation including: who, what, when, where, and why. b. Use the Accounts Payable P-Card Training and Resources website to obtain information on how to properly reconcile P-Card expenditures. c. Approve only expenditures that appear reasonable based on the documentation and note any transactions requiring reimbursement to the University.	Cheryl Young, Assistant Provost	The Assistant Provost concurred stating, " I agree with the recommendations. What action is or will be taken: • The issues identified are all related to transactions made by a Visiting Artist, Srinivas Krishnan, who had an annual appointment at Miami University, and most recently, in the CAWC for many years. This appointment has ceased as of the current academic year and he will not be reappointed. There were significant and concerning issues at multiple levels with this appointment and with the visiting artist who consistently disregarded and resisted following operating policies and appropriate operating procedures. He was informed and notified multiple times, by multiple staff. In the future, all visiting and permanent appointees will be made aware in advance of the appointment regarding the expectations and policies for purchasing and payments. Immediate remediation will be sought if violations are noted, and will not go unheeded due to the real or perceived prominence of the faculty or staff member. • All GLI staff, including the CAWC staff, have been reminded of the imperative for complete and accurate documentation, including the 5 W's. A reminder will be issued annually to all P-card holders. • All CAWC P-card transactions will be reviewed in reconciliation at the GLI level, following the current standard operating procedures for the other units in GLI, to ensure complete and accurate documentation. • Only reasonable and allowable expenses will be approved, and if reimbursement is required, it will be noted on the reconciliation. When will the action be completed: All actions completed."

Closed Internal Audit Issues

Line	Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
1	**104.1** - Audit of Academic Record Updates - 7/2015	7/28/2015	High	Enrollment Management & Student Success	IACS recommends that the Office of the University Registrar work with the Office of Student Financial Assistance to revise current procedures for determining withdrawal dates to align with federal regulation 34 CFR § 668.22. The University Registrar should work with the Office of the Provost to enforce the procedures as needed.	David Sauter, University Registrar	IACS completed a follow-up audit 8/2016, concluding that appropriate action has been taken. The Office of the University Registrar (OUR) has worked with the Office of Student Financial Assistance to revise current procedures for determining withdrawal dates to align with federal regulation 34 CFR § 668.22. Based on audit testing, the only exceptions noted were processed by regional campus staff and by Global Initiatives staff. As such, this audit issue has been closed with a reference to open audit issue 104.3c where it was recommended that OUR "retrain employees who process withdrawals including the Office of Student Financial Assistance and Global Initiatives, to gain proficiency in the established policies and procedures, and to minimize inaccurate input, incomplete documentation and non-execution of required procedures." It should be noted that Regional Records and Registration employees also process withdrawals and will need to be included in the retraining. Comment closed 8/30/2016.
2	**137.1** - IT Vulnerability Management - 1/2016	1/9/2016	High	IT Services	A process should be in place to detect, classify by risk level, and timely remediate vulnerabilities to Miami-owned computing devices. IACS recommends IT Services fully establish and maintain a process to timely remediate vulnerabilities to Miami-owned computing devices.	Joe Bazeley, Assistant VP for Security, Compliance & Risk Management	It appears a process to detect vulnerabilities and classify by risk level is fully established and that it will be maintained. A reporting process is also in place that identifies issues with timely remediation of the vulnerabilities. This comment is being closed with the understanding that the ISO will strengthen analysis and follow-up of cases where remediation is not taking place in accordance with the 30-day standard. Comment closed 11/3/2016.
3	**121.1** - Audit of Fuel Dispensing System- 7/2015	7/10/2015	Moderate	Finance & Business Services	IACS recommends PFD management explore options for updating to a reliable, adequately controlled fuel dispensing system. Desirable features include capabilities to: • interface with PFD's inventory management system, thus reducing manual processing currently required to post fuel transactions from Gasboy to WebTMA. •produce customizable electronic reports to facilitate real-time inventory analysis, monitoring of fueling activity, and management of user access. •provide administrative access control including unique usernames, passwords and audit logs that detail updates to the system. •increase control of unauthorized fuel dispensing.	Sandra Mohr, Director of Operations Center/Facility Central Stores	IACS completed a follow-up audit 8/2016. A Lean project to install a new fuel dispensing system was completed 3/2016. The new fuel dispensing system appears reliable and adequately controlled. Implemented features include: reduced manual processing required for uploading transactions to Banner, customizable real-time reports, administrative access controls, and increased control of unauthorized fuel dispensing. Comment closed 8/9/2016.
4	**121.2** - Audit of Fuel Dispensing System- 7/2015	7/10/2015	Moderate	Finance & Business Services	IACS recommends PFD management require written supervisory approval before adding users and fuel cards to the fuel dispensing database. Additionally, verify users having such authorization, the index code charged for fuel, and the related vehicles and equipment with supervisors at least annually. The fuel dispensing authorization form and annual verification procedures should be documented.	Sandra Mohr, Director of Operations Center/Facility Central Stores	IACS completed a follow-up audit 8/2016. IACS tested twelve users added to the new Gasboy system. PFD management received supervisory approval for twelve (100%) of the samples IACS tested. In accordance with PFD's terms and conditions, it is the department's responsibility to notify PFD of changes in authorizations. As such, this will be used as a mitigating control for annual verification. Comment closed 8/9/2016.
5	**121.3** - Audit of Fuel Dispensing System- 7/2015	7/10/2015	Moderate	Finance & Business Services	IACS recommends PFD management establish and document standard naming conventions and other procedures. Naming conventions should uniquely identify employees, departments, vehicles and equipment. In addition, procedures should address handling lost fuel cards, forgotten access PINs, employee department changes and vehicle replacements.	Sandra Mohr, Director of Operations Center/Facility Central Stores	IACS performed a second follow-up on this issue 10/2016. Management has established and documented standard naming conventions and other procedures for the new fuel dispensing system as recommended. Comment closed 10/19/2016.
6	**121.4** - Audit of Fuel Dispensing System- 7/2015	7/10/2015	Moderate	Finance & Business Services	IACS recommends interdepartmental fuel expenses be charged-out monthly, in accordance with General Accounting's Banner Finance monthly close schedule.	Sandra Mohr, Director of Operations Center/Facility Central Stores	IACS completed a follow-up audit 8/2016, testing transactions 11/2015 - 4/2016. PFD management took appropriate action to charge-out fuel transactions monthly, in accordance with General Accounting's Banner Finance monthly close schedule. Comment closed 8/9/2016.
7	**135.1** - Financial Audit of Miami Mock Trial Program - 2/2016	2/19/2016	Moderate	Farmer School of Business	IACS recommends the Farmer School of Business work with the Division of Student Affairs and the Office of the Controller to bring MMT funds out of deficit by fiscal year end 6/30/2016.	Rebekah Keasling, Assistant Dean for Administration	IACS followed up on this issue 10/2016. A five-year (FY17-FY21) deficit reduction plan has been approved by the Sr. Vice President for Finance & Business Services, wherein the Farmer School of Business and Student Affairs will each make one payment of $31K per fiscal year to eliminate the deficit by fiscal year-end 2021. Comment closed 11/2/2016.

Closed Internal Audit Issues

Line	Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
8	**114.1** - Goggin Pro Shop Inventory - 8/2014	8/22/2014	Low	Finance & Business Services	It is recommended that management analyze inventory turnover to measure its inventory management efficiency, ensure inventory is current, and benchmark this data to other operations.	Kevin Ackley, Sr Dir of Goggin Ice Center	Based on a 9/2016 follow-up review, it appears management is taking appropriate action to analyze inventory turnover at the Goggin Pro Shop to measure its inventory management efficiency, ensure inventory is current, and benchmark this data to other operations. Comment closed 9/28/2016.
9	**113.1d** - Recreational Sports Center Pro Shop Inventory Audit - 9/2014	9/4/2014	Low	Finance & Business Services	In order to strengthen internal controls over inventory, it is recommended that management analyze inventory turnover to measure its inventory management efficiency, ensure inventory is current, and benchmark this data to other operations.	Tara Britton, Dir Cust Service & Sponsorship	Based on the 9/2016 follow-up review, it appears management is taking appropriate action to analyze inventory turnover at the Recreational Sports Center Pro Shop to measure its inventory management efficiency, ensure inventory is current, and benchmark this data to other operations. Comment closed 9/28/2016.

Reporting Update
Item 4

ENROLLMENT UPDATE

Board of Trustees Meeting

Finance and Audit Committee

December 8, 2016

Enrollment Management & Student Success

MIAMI UNIVERSITY

ORIGINAL PUBLIC IVY

EST. 1809

Key Enrollment Goals

Fall 2016

First-Year Objectives

» Meet 3,650 first-year target
» Manage divisional enrollment targets
» Maintain quality
» Increase selectivity
» Increase non-resident enrollment
» Increase ethnic/racial diversity

Other Enrollment Objectives

» Maintain ACE Program enrollment
» Maintain transfer enrollment
» Increase Spring Admit and Pathways
» Meet Net Tuition Revenue targets

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Fall 2016 Confirmations

Key Metrics

	Confirmations	ACT Best	GPA	Curriculum Strength	Non-Resident	Students of Color
2013	3,648	27.5	3.72	13.4	39.2%	13.2%
2014	3,641	27.6	3.70	13.2	43.3%	13.0%
2015	3,806	28.0	3.75	13.7	44.1%	13.6%
2016	3,798	28.5	3.77	13.9	44.0%	15.6%

ORIGINAL PUBLIC IVY

Data as of 10.15.2016

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Fall 2016 Confirmations
by Division

	2014	2015	2016	∆ 2014 to 2016	∆ 2015 to 2016
CAS	1,906	1,855	1,883	-1.2%	1.5%
FSB	753	924	900	19.5%	-2.6%
CEC	398	469	450	13.1%	-4.1%
EHS	404	374	402	-0.5%	7.5%
CCA	180	184	163	-9.4%	11.4%
Grand Total	3,641	3,806	3,798	4.5%	-0.2%

Data as of 10.15.2016

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Other Enrollment Goals

Fall 2016

American Culture and English (ACE) Program

» Fall 2016 enrollment goal was 300 students

» 274 confirmed students or an 8.36% YTD decrease versus Fall 2015

Transfers

» Fall 2016 enrollment goal was 225 students

» 239 confirmed students or a 9.63% YTD increase versus Fall 2015

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Data as of 10.15.2016

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Key Enrollment Goals
Fall 2017

First-Year Objectives

- Increase applications for admission to exceed 31,000
- Enroll a cohort of 3,700 first-year students
- Meet Net Tuition Revenue targets
- Increase non-resident enrollment
    - Increase domestic non-resident enrollment
    - Maintain international non-resident enrollment of 275
- Increase diversity
    - Racial/ethnic
    - Socioeconomic
    - College-going status
- Maintain quality
- Manage divisional enrollment targets

Other Enrollment Objectives

- Maintain ACE Program enrollment of 275
- Maintain transfer enrollment

ORIGINAL PUBLIC IVY

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Fall 2017 Applications
by Residency

	2015	2016	2017	∆ 2015 to 2017	∆ 2016 to 2017
Non-Resident	6,670	7,468	8,108	21.6%	8.6%
Domestic Non-Resident	6,391	7,307	7,715	20.7%	5.6%
International	279	341	393	40.9%	15.2%
Ohio Resident	4,798	5,104	5,759	20.0%	12.8%
Grand Total	11,468	12,752	13,867	20.9%	8.7%

Data as of 11.09.2016

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Lean Project Update
as of 11/1/2016

MU-Lean Project Status Totals					Completed Projects			
Division	Active	Completed	Future	Total	**Cost Avoidance**	**Cost Reduction**	**Revenue Generated**	**Total**
Finance and Business Services	149	908	47	1104	$14,766,883	$6,029,848	$4,968,094	$25,764,825
Procurement Realized*					$11,474,211	$3,785,752	$1,183,324	$16,443,287
President+Intercollegiate Athletics	0	3	0	3	$2,540	$150,000	$1,015	$153,555
Advancement	5	10	0	15	$45,100	$213,790	$100,000	$358,890
Enrollment	5	33	1	39	$469,379	$27,336	$37,705	$534,420
Information Technology Services	1	17	1	19	$433,113	$0	$4,180	$437,293
Provost (including regionals)	11	11	2	24	$2,338,367	$0	$0	$2,338,367
Lean Project Total - MU	171	982	51	1204	$29,529,593	$10,206,726	$6,294,318	$46,030,637

*Procurement Realized through September 2016. Procurement increment reported quarterly- July 2016 through September 2016.

MU-Lean Project Changes since 9-1-16 report					Newly Completed Projects since 9-1-16 report			
Division	Newly Active	Newly Completed	Newly Future	New Total	**New Cost Avoidance**	**New Cost Reduction**	**New Revenue Generated**	**New Total**
Finance and Business Services*	-10	40	-3	27	$645,895	$129,774	$39,038	$814,707
Procurement Realized*					$820,053	$164,413	$72,895	$1,057,361
President+Intercollegiate Athletics	0	0	0	0	$0	$0	$0	$0
Advancement	0	0	0	0	$0	$0	$0	$0
Enrollment	2	2	0	4	$125,625	$27,336	$0	$152,961
Information Technology Services	0	0	0	0	$0	$0	$0	$0
Provost (including regionals)	1	0	1	2	$0	$0	$0	$0
Lean Project Total - MU	-7	42	-2	33	$1,591,573	$321,523	$111,933	$2,025,029